

Dear Investor,

In February 2026, market conditions stabilised following the broad based correction seen in January, with most indices witnessing modest recoveries despite continued caution in the frontline segment. The Nifty 50 declined marginally by 0.56% to 25,179, indicating that large cap performance remained subdued even as broader markets began to regain footing. However, market breadth improved meaningfully, with the Nifty 500 rising 0.38%, suggesting that the earlier phase of aggressive risk reduction had moderated and selective buying interest was returning across segments.

Recovery was more visible across the broader market, particularly in mid cap and emerging segments where valuations had corrected earlier. The Nifty Midcap 150 advanced 1.66%, while the Nifty Smallcap 250 gained 0.75%, reflecting renewed but measured risk appetite. Performance at the lower end of the market remained relatively muted, with the Nifty Microcap 250 increasing only 0.13%, indicating that liquidity conditions were still tight and investor participation remained cautious. Meanwhile, the Nifty Next 50 outperformed with a 2.76% rise, signalling selective rotation within large cap adjacencies, while the Nifty India FPI 150 slipped marginally by 0.17%, suggesting that foreign investor participation remained restrained despite improving domestic sentiment.

Index	Jan-26	Feb-26	1M Change (%)
Nifty 50	25,321	25,179	-0.56%
Nifty Next 50	67,840	69,711	2.76%
Nifty 500	23,080	23,167	0.38%
Nifty Midcap 150	21,491	21,847	1.66%
Nifty Smallcap 250	15,763	15,881	0.75%
Nifty Microcap 250	21,269	21,297	0.13%
Nifty India FPI 150	1,568	1,565	-0.17%

FII & DII Flows

In February 2026, foreign investors remained marginally on the sell side in the cash segment, though the intensity of selling eased significantly compared with January. FIIs recorded a net outflow of ₹6,640.78 crore, with gross purchases of ₹3.39 lakh crore against gross sales of ₹3.46 lakh crore. The moderation in outflows indicates that while global investors remained cautious amid currency volatility and global macro uncertainty, aggressive risk reduction seen earlier had begun to stabilise. DIIs continued to provide market support, posting a net inflow of ₹38,423 crore. Domestic institutions recorded gross purchases of ₹3.47 lakh crore against sales of ₹3.08 lakh crore, supported by sustained mutual fund inflows and steady SIP contributions. Overall, February flows highlight the continued role of domestic capital in absorbing foreign selling and stabilising market conditions.

IPO Highlights

Two new listings : **Accretion Nutraveda Ltd** and **Msafe Equipments Ltd** dominated the market buzz, both delivering exceptional listing gains of nearly 48.06% & 17.07% respectively, from their issue prices.

Accretion Nutraveda Ltd is a Gujarat based Ayurvedic and nutraceutical CDMO, specializing in tablets, capsules, oral liquids, oils and external preparations, serving domestic and select international markets. The company has delivered exceptional financial momentum, revenue surging from ₹5.01 crore in FY24 to ₹16.00 crore in FY25 (~220% YoY), while net profit grew from ₹0.82 crore to ₹2.61 crore (~218%), with EBITDA margins of 22.79% and PAT margins of 16.33% in FY25. However, concerns persist around negative operating cash flows of ₹2.21 crore in FY25, driven by rising receivables and inventory buildup, warranting close monitoring. Accretion Nutraveda's SME IPO, priced at ₹129, listed at ₹191, a 48.06% premium, before hitting day high at ₹200.55 (up 55.43%), reflecting strong investor appetite for India's fast growing nutraceutical contract manufacturing space.

Msafe Equipments Ltd is a Mumbai based manufacturer and rental provider of height access and safety equipment, aluminium and mild steel scaffoldings, ladders and allied access solutions, serving over 2,500 customers across construction, infrastructure, HVAC, MEP, warehousing and safety systems industries. The company has delivered a compelling three year growth arc. Revenue from operations grew 48.22% YoY to ₹71.34 crore in FY25 from ₹48.13 crore in FY24, while EBITDA surged 72.52% to ₹26.08 crore. PAT nearly doubled from ₹6.55 crore to ₹13.01 crore. Margin quality is exceptional, ROE stands at 67.97% and ROCE at 34.56%, with a PAT margin of 18.24% and EBITDA margin of 36.55%. However, total borrowings of ₹37.67 crore nearly match net worth of ₹36.15 crore, indicating moderate leverage that bears watching as the rental fleet scales. Msafe's SME IPO listed at ₹144, a 17.07% premium to its issue price of ₹123 and closed a ₹150.30(22.20%) on the back of a stellar 166.72x overall subscription, underscoring robust institutional and retail appetite for India's fast expanding height safety equipment sector.

Upcoming IPO

In the month of March 2026, the primary market will have the following offerings:

Name	Industry	Subscription Period	Listing Date	Market Cap	PE
Rajputana Stainless Ltd	Stainless Steel Manufacturing	09th Mar - 11th Mar	16th Mar	1,096	109
Innovision Ltd	Security Services & Facility Management	10th Mar - 12th Mar	17th Mar	1,291	32
RaajMarg Infra Investment Trust	InvIT	11th Mar - 13th Mar	24th Mar	NA	NA
APSIS Aerocom Limited	Precision Engineering	11th Mar - 13th Mar	18th Mar	133	20
Skyways Air Services Limited	Air Freight Forwarding & Integrated Logistics	12th Feb - 16th Feb	19th Feb	100	16

Economic Updates

Union Budget 2026-27 Presented

FM Nirmala Sitharaman presented the Union Budget for FY 2026-27 on February 1, projecting the fiscal deficit at 4.3% of GDP for FY27, down from a revised 4.4% in FY26. Capital expenditure was pegged at ₹12.2 lakh crore for FY27, implying 11.5% YoY growth, with the capex to GDP ratio maintained at a healthy 3.1%. Defence allocation rose 17.6%, while roads and railways grew 8.1% and 10.3% YoY respectively. Other landmark announcements included the new Income Tax Act 2025 coming into effect from April 2026, reducing the number of sections from 819 to ~536, a tax holiday until 2047 for foreign cloud companies using Indian data centres and extension of the IFSC tax holiday from 10 to 20 years. Budget also launched ISM 2.0 with ₹40,000 crore for semiconductors, ₹10,000 crore for Biopharma SHAKTI and a Rare Earth Mineral Corridor across Tamil Nadu, Odisha andhra Pradesh and Kerala; signalling a decisive pivot toward strategic and frontier manufacturing.

US Tariff Policy Reversal and Reimplementation After Supreme Court Ruling

In February 2026, global markets reacted after the US Supreme Court ruled that tariffs imposed by former President Donald Trump under the International Emergency Economic Powers Act (IEEPA) were unconstitutional, stating that the law does not authorize the president to impose tariffs without congressional approval. The ruling effectively invalidated the additional tariffs that had pushed duties on several Indian exports as high as ~25-50% during 2025, including a 25% penalty tariff linked to India's Russian oil purchases. Following the ruling, the administration introduced a replacement temporary tariff under Section 122 of the Trade Act, initially 10% on imports from all countries, which was subsequently raised to 15%, restoring some level of trade restriction while staying within legal limits. For Indian exporters, this effectively meant that tariff exposure fell from the earlier ~25-50% range to roughly 10-15%, significantly improving price competitiveness for sectors such as textiles, engineering goods, chemicals and gems & jewellery exporting to the U.S.

New GDP Series (Base Year 2022-23) Released; FY26 Growth Revised to 7.6%

On February 27, 2026, MoSPI released the new series of Annual and Quarterly National Accounts (GDP estimates) with base year 2022-23, replacing the previous series with base year 2011-12, a framework that had been in place for over a decade. Under the new series, real GDP is estimated to grow at 7.6% in FY 2025-26, with nominal GDP growth of 8.6%. The strong performance was driven by robust Q2 growth of 8.4% and Q3 growth of 7.8%. The most important methodological change is the shift from a single deflator to the double deflation method for manufacturing GVA, allowing more accurate measurement of real economic growth by separately adjusting inputs and outputs. The new series also integrates Supply and Use Tables, reducing the discrepancy between production side and expenditure side GDP estimates. A back series reconciling historical data to 1950-51 under the new methodology is expected to be released by December 2026.

India's Forex Reserves Hit All Time High of \$725.7 Billion

India's foreign exchange reserves increased by \$8.663 billion to an all time high of \$725.727 billion in the week ended February 13, 2026, according to data released by the Reserve Bank of India on February 20. The rise was led by an increase in foreign currency assets (FCAs), which rose by \$3.55 billion to \$573.6 billion, while gold reserves contributed \$4.99 billion to reach \$128.5 billion. SDRs edged up by \$103 million. At this level, India's reserves provide cover historically sufficient for nearly a year of goods imports and approximately 96% of external debt, reinforcing the country's external stability buffer and providing the RBI with significant capacity to manage rupee volatility and capital outflows. The record surpassed the prior all time high of \$723.8 billion touched in the week ending January 30, 2026.

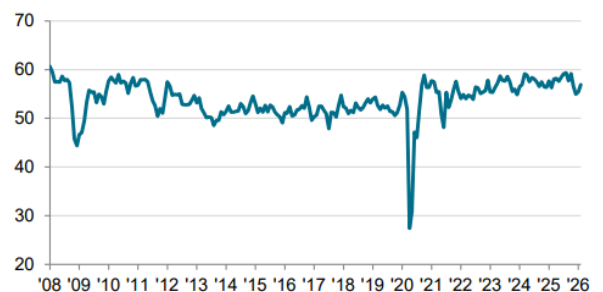
SEBI (Stock Brokers) Regulations, 2026 - First Overhaul in 33 Years

SEBI's notification of the Stock Broker Regulations, 2026 represents the first comprehensive overhaul of broker regulations in more than 30 years, replacing the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992, a framework that had remained largely unchanged since the market reforms of the early 1990s. While formally notified on January 7, 2026, the regulation's compliance obligations and industry implementation were central to market discussions throughout February. Key reforms include: a minimum two year experience requirement for broker registration applicants; a mandatory designated director resident in India for at least 182 days per financial year (with a six month transition period for existing brokers); an extended record retention period; and mandatory whistleblower policies and suspicious activity reporting systems. MLQ Brokers are now permitted to carry out activities under the regulatory frameworks of other financial sector regulators, RBI, IRDAI, PFRDA, IFSCA; subject to SEBI approval, transforming traditional brokerages into potential integrated financial intermediaries.

India Manufacturing Activity Strengthens as PMI Hits Four Month High

India's manufacturing activity strengthened further in February 2026, with the HSBC India Manufacturing PMI rising to 56.9 from 55.4 in January, marking a four month high and signalling a solid improvement in operating conditions. Growth was supported by stronger domestic demand, which lifted new orders and drove the fastest rise in output in four months. However, export growth slowed to its weakest pace in 17 months amid global trade headwinds. Firms responded by increasing input purchases, building inventories and modestly expanding employment. Cost pressures remained moderate, while companies raised selling prices to protect margins. Despite the operational improvement, hiring remained cautious and backlog growth suggested only gradual capacity expansion.

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



Sources: HSBC, S&P Global PMI.
Data were collected 9-23 February 2026.

Small & Mid-cap Update

Equity mutual fund flows remained resilient in February 2026, supported by sustained retail participation, with SIP contributions at ₹29,845 crore, continuing to reflect strong household financialisation and steady retail allocation toward equities. Total net inflows into large, mid and small cap categories stood at ₹9,995.73 crore for the month. The allocation trend remained distinctly growth oriented: mid cap funds attracted ₹4,002.99 crore (40.05%), small cap funds received ₹3,881.06 crore (38.83%), while large cap funds garnered ₹2,111.68 crore (21.13%). Compared to earlier months, the relatively lower allocation toward large caps indicates that investors continued to maintain a stronger preference for higher growth segments of the market. While large cap funds still attracted meaningful inflows due to their stability and liquidity, the dominant share of mid and small cap allocations highlights sustained investor appetite for broader market opportunities despite periodic volatility.

Outlook

February 2026 marked a decisive stabilisation from January's broad based correction. The Nifty 50 edged down just 0.56% to 25,179, but the real story was in breadth, the Nifty Midcap 150 gained 1.66%, the Nifty Next 50 surged 2.76%, and the Nifty 500 rose 0.38%, confirming that the aggressive derisking phase had largely run its course and selective accumulation was underway. Flows reinforced this narrative. FII net outflows collapsed from ₹41,435 crore in January to ₹6,641 crore in February, while DIIs sustained their structural support with ₹38,423 crore in net inflows, the clearest signal yet that the foreign selling overhang is dissipating. The macro backdrop turned equally constructive: FY26 GDP revised up to 7.6%, forex reserves hit an all time high of \$725.7 billion, US tariffs rolled back from ~25-50% to 10-15%, and the Manufacturing PMI climbed to a four month high of 56.9. The correction has matured. The market is transitioning from risk reduction to an earnings driven recovery, with the pace of the next leg hinging on FII stabilisation and global macro clarity.