

India Market Pulse — November 2025

Market Overview: A Rally That Feels Narrow

Indian equities are posting new milestones—even if the celebration feels oddly exclusive. In November, the **Nifty 50 touched an all-time high**, supported by strong domestic macro momentum and resilient corporate earnings. Yet beneath the headline highs lies a **deeply polarised market**:

- **BSE MidCap** index remains **4% below** its peak
- **BSE SmallCap** is **10% below** its all-time high
- Only a *handful* of large-cap heavyweights are powering the index higher

Just **six Nifty names—Reliance, HDFC Bank, Bharti Airtel, SBI, L&T and Axis Bank—have accounted for nearly 60% of the index’s rise** since October. Another seven contributed ~27%. **Half of the Nifty 50 barely moved the needle**, and 11 stocks actually **declined** during the same period. This is a rally carried by the giants—while much of the broader market is still catching its breath. India’s midcap and smallcap universe is undergoing a sector-wide reset.

- Triggered by delays in India–US trade agreements
- Capital rotated aggressively into large-cap safety

Importantly, this is **not** a reflection of deteriorating fundamentals. This is a **classic rotation**, not a structural breakdown. **Quality businesses remain sound—prices don’t reflect intrinsic value right now**. Historically, **mid and small caps rebound sharply once risk appetite normalizes**—often outperforming large caps meaningfully over subsequent 6–12 months. We view the current environment as a **consolidation phase**, not the start of a prolonged downcycle.

Macro Backdrop: India’s Growth Engine Is Still Firing

India’s economy remains strong with Q2 FY26 8.2% GDP growth far ahead of consensus, with low inflation, and robust consumption momentum stays positive, though base effects, nominal GDP weakness, tax pressures, and RBI’s stance need watching.

RNM Universe Performance

Despite short-term turbulence, the **RNM Universe continues to demonstrate resilience.**

Performance Snapshot

- **RNM Universe (Nov MTD): (-1.6%)**
- **Nifty 50 (Nov MTD): +1.9%**
- **RNM YTD Outperformance: +15% vs. Nifty's +11%**

Much of the recent consolidation is a function of early FY26 run-up in our portfolio companies. With **renewed consumption momentum** expected in Q3 FY26 and **improving clarity on India–US tariff negotiations**, we expect sentiment to turn supportive. We continue to **actively engage with management of companies** to validate our investment thesis, monitor execution, and identify dislocations where valuations are misaligned with long-term fundamentals. This environment is **built for investors with conviction:**

Our Playbook

1. **Hold** quality compounders
2. **Add** selectively during corrections
3. **Upgrade** to stronger names where risk-reward improves
4. **Avoid** knee-jerk reactions driven by fear
5. **Stay aligned** with long-term structural trends

This structural consolidation; it is offering **valuation resets** in companies with strong moats, clean balance sheets, and robust earnings visibility.

History suggests that **deep pessimism often precedes powerful recoveries.** We expect a **staggered revival in mid & small caps over the next 6–12 months.**

Closing Thoughts

Markets today are sending mixed signals—new index highs but broad-based fatigue. For long-term allocators, such phases **separate emotion from opportunity**.

Our view remains clear:

Stay disciplined. Stay invested. Lean into volatility—don't fear it.

As always, we're here to guide you through the noise and toward compounding wealth with clarity and conviction.

