

India Market Pulse | September 30, 2025

India's path forward rests on resilient consumption — powered by policy support, and resilient industry

GST Rate Cuts to Support Demand

Effective **Sept 22**, GST cuts are aimed at boosting consumption. India's private consumption already accounts for a historically high **61.4% of GDP (FY25)**. While part of demand may spill into imports, policymakers are focused on swadeshi consumption to offset weak exports. Lower GST is expected to ease inflation, and may spur corporate capex if demand sustains.

US Pharma Tariffs – Implications for India

President Trump announced a 100% tariff on patented/branded drugs imported into the US (effective Oct 1), unless the manufacturer is building a facility in America.

- **Impact:** Ireland, Germany, Switzerland most exposed.
 - **India's position:** 95% of India's pharma exports to the US are generics, largely insulated.
 - **Generic pharma** may benefit from better pricing; CRDMO players could see rising opportunities.
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Industrial Growth Holds Steady

- **IIP Aug'25:** +4% (Jul revised to 4.3%).
 - **Drivers:** Mining (+6%) and electricity (+4.1%) strong; manufacturing slowed to 3.8%.
 - **Infra push:** Capital & infra goods grew at 4.4% and 10.6% respectively.
 - **Risk:** US tariffs may weigh on exports.
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RBI Policy – Steady, With Growth Upgrade

- **Repo rate:** Unchanged at 5.5%, stance neutral.
- **Inflation:** FY25 forecast cut to **2.6% (from 3.1%)** on softer food prices + GST cuts.
- **Growth:** Projection raised to **6.8% (from 6.5%)**.
- **Liquidity:** Comfortable, with avg daily surplus of ₹2.1 lakh cr.
- **FX Reserves:** Cover over **11 months of imports**; external sector resilient.

IPO Boom vs Secondary Market Lull

- **Fundraising 2025:** Already ₹85,000 cr via 74 IPOs, likely to cross ₹1.3 lakh cr (2nd best year ever).
- **Upcoming deals:** Tata Capital (₹16,000 cr), WeWork India (₹3,000 cr), LG India (₹15,000 cr).
- **SME IPOs:** Record-breaking—207 listings, ₹9,129 cr raised YTD.
- **Muted listing gains:** Avg first-day return has fallen to 13% in 2025 vs 30% in 2024, with sharper declines in SME space.
- **Outlook:** Despite subdued secondary sentiment, strong demand + macro uncertainty may drive robust IPO pricing, creating selective opportunities in future.

RNM Capital Trust Performance

- Universe underperformed NIFTY by 40 bps in Sept'25, mainly due to a sharp correction in one company after a strong run-up earlier this year. Excluding that, performance was broadly in line with NIFTY.

Key Takeaways

- GST cuts reinforce already high consumption, boosting capex potential.
- US tariffs negative for branded drugs, positive for generics & CRDMOs.
- Industrial growth resilient; infra goods remain strong.
- RBI on hold, but dovish tilt possible if inflation stays low.

	Q1FY26	July Returns	August Returns	September Returns	Q2Y26	YTD Returns
RNM CAPITAL TRUST UNIVERSE	18.1%	0.9%	-4.0%	-1.2%	-4.3%	14.0%
NIFTY	8.3%	-2.9%	-1.4%	0.8%	-3.6%	4.6%
NIFTY TRAILING P/E		22.33	22.03	22.19		22.19
NIFTY FORWARD P/E		20.30	20.02	20.17		20.17