

November 2025

FUND MANAGERS COMMUNICATION



Global Market:

October month saw positive returns in US equity markets; S&P 500 was up by 1.9% & Nasdaq up by 5%.

US Fed: The FOMC cut rates by 25bps to 3.75 -4%, as was widely expected, its first rate cut of the year – and signalled further easing ahead, supporting US stocks.

IMF World Economic outlook: The International Monetary Fund has given GDP prediction for 2025 - world GDP growth at 3% & 3.1% for CY2026. The outlook for India is relatively stable supported by private consumption & revised upwards to 6.7% in CY2025 & 6.4% in CY2026.



Domestic Market:

GST Collection: GST receipts in October month hit Rs. 1.96 lakhs crore, marking a 4.6% year on year growth.

Credit growth: Credit growth improves marginally to 10.4% in September with credit to industry grew 9.2% for the second straight month, led by strong MSME and infrastructure lending. Despite external headwinds, India's credit growth in FY26 is expected to remain healthy, driven by proactive measures from RBI's policy easing and liquidity support. Further, strong domestic fundamentals including stable inflation and ample public investments and tax relief measures will alleviate credit growth. RBI's recently proposed changes to risk weight norms will boost credit offtake in lagging segments like NBFC's.

RBI Policy August 2025: RBI kept policy repo rate at 5.5% (unchanged). Retained GDP growth projections at 6.5%.

CPI Inflation: Inflation at 8-year low, Headline CPI inflation further declined to lowest levels since Jun'17 to 1.5% y/y in Sep'25, compared to 2.1% y/y recorded in Aug'25.

Auto numbers: Two wheelers delivered a robust performance, The PV pack recorded a healthy volume uptick led by a major rise in bookings due to GST cut- and festive-led demand spike, small-car volumes grew 10%, following several months of a muted performance with hopes of a steady-state recovery in the space. MHCVs saw healthy growth. Tractors continued to fare well, benefiting from the early festive, Per the management, tractor industry continued its positive momentum in Oct, led by increased demand owing to an early festive period, consistent government support, reduced GST rate, and a favourable agricultural condition.

PMI: The S&P Global HSBC Manufacturing PMI for India rose to 58.4 in October, up from 57.7 in September. (Manufacturing PMI data is an economic indicator that measures the activity level in the manufacturing sector. It is based on a survey of purchasing managers across manufacturing industries and provides insights into business conditions, including production, new orders, employment, supplier delivery times, and inventory levels).

IIP: Industrial growth remained resilient at 4% in Sep'25, with the Aug'25 print revised upward by 10 bps to 4.1%. Component-wise, the manufacturing sector remained the star performer, growing 4.8% in Sep'25. On a quarterly basis, average industrial growth for Q2 FY26 stood at 4.1%, compared to 2% recorded in Q1 FY26.

Funds Flow: FII flows were negative in the month of October 2025 at Rs.2346 crores, DII flows remained healthy with positive inflows of Rs.52794 crores during the month.

Equity Market Outlook:

Q2FY26 Results season has started, the earnings growth has been in line with expectations, despite the culmination of adverse factors such as Tariff imbroglio, Delayed Consumption & Festive Demand due to GST Cut and Extended Monsoon. In our PMS Portfolio Holdings, companies from wires & cables, alco-Bev, construction, consumer discretionary, Agri inputs, defense, mid cap IT have reported healthy set of numbers and growth outlook remains bright for these companies.

Foreign fund outflows over the past year were driven by high valuations, slower earnings growth, and global uncertainties, but post-correction, valuations are now reasonable. India's domestic foundations are strengthened through policy measures, bilateral trade negotiations, CRR and repo cuts, GST rate reductions, and revised income tax rules, boosting consumption and liquidity. Ongoing infrastructure expansion and sector-specific policies, such as the National Policy on Geothermal Energy, reinforce the government's commitment to sustained growth. These measures help counter global headwinds like tariffs and protectionism, supporting India's near-term growth and long-term investment appeal.

Recovery in profitability of corporate India is expected from H2FY26 and gain momentum in the coming quarters. Any dip or corrections would provide good opportunity for Lum-sum as well as top up on existing investments. We remain constructive on India economy and Indian equities for long term.



Regards,
Mayur Shah
(Fund Manager-Anand Rathi Advisors Ltd.)

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