

# Arc E q u i t y

October 29, 2025

Quick Snapshot | Fine Print

Sectoral update | Outlook

## IIP print stays steady

### Quick Snapshot

- India's Index of Industrial Production (IIP) rose 4.0% y-o-y in September 2025, unchanged from August, reflecting solid growth in manufacturing output led by metals, electrical equipment, and vehicles, despite a small decline in mining.
- Manufacturing output grew 4.8 % y-o-y and 1.8% m-o-m, the increment is possibly driven by a resumption in tariff negotiations, particularly in the contract manufacturing segment.
- Electricity growth came in at 3.1 % y-o-y in September 2025.
- Mining sector contracts by 0.4%, y-o-y and 2.6% m-o-m led by decline in coal (-1.2%), crude oil (-1.3%), natural gas (-3.8%), and refinery products (-3.7%).

### Fine Print

- Despite the US tariff onslaught, manufacturing output surged led by electrical equipment (28.7% y-o-y) led by strong demand for electric heaters, small transformer and switchgears.
- Growth in vehicles (14.6% y-o-y) were contributed by spares and accessories, axles and commercial vehicles, meanwhile computer & electronics grew at 10.2% y-o-y.
- 13 out of 23 industries tracked recorded positive growth in September 2025 over September 2024.
- Contract manufacturing-linked sectors such as leather, wood products, basic metals witnessed double-digit growth in production.

### Sectoral Updates

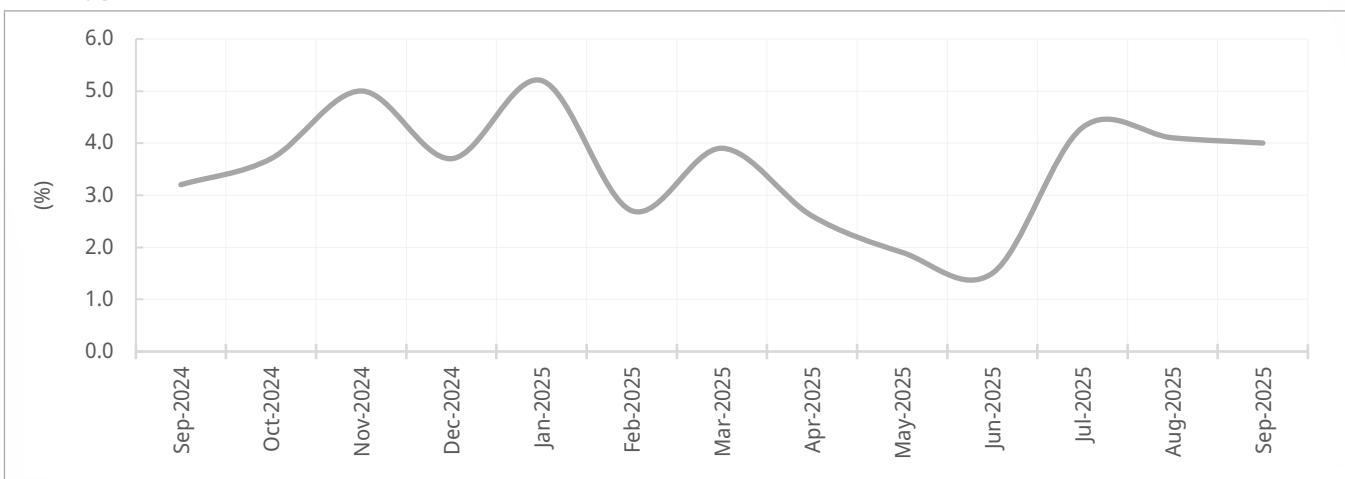
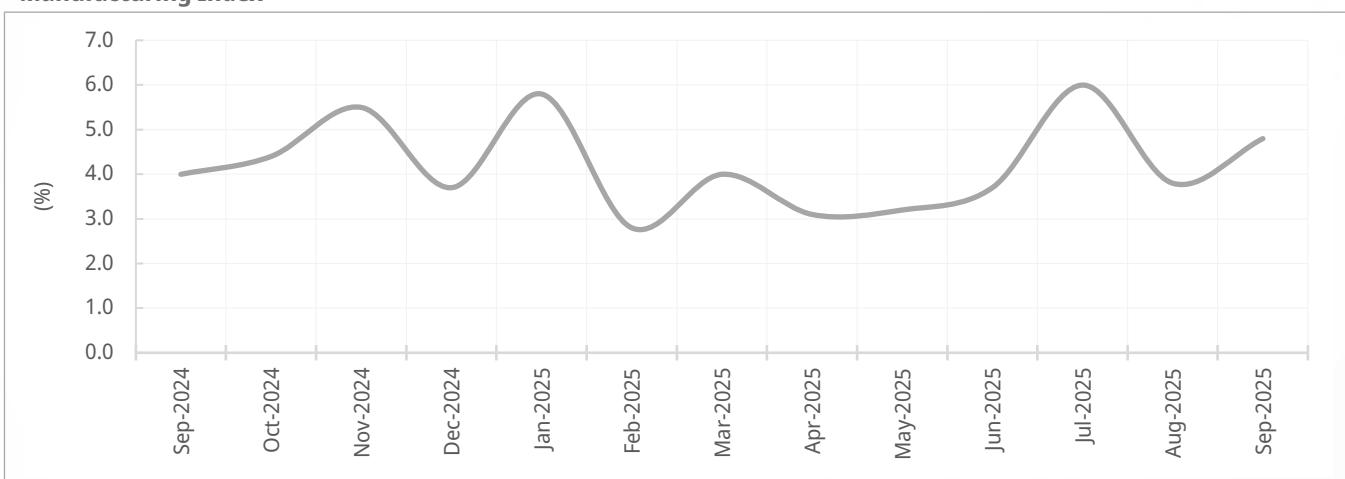
- Infrastructure and construction goods grew 10.5% y-o-y versus 10.4% in the prior month.
- Consumer durables' production significantly rose by 10.2% y-o-y, compared with 3.5% in August 2025, showing positive impact of GST 2.0 led demand.
- Capital goods slightly rose to 4.7% y-o-y as against 4.5% y-o-y in the previous month. Intermediate goods also marginally increased by 5.3% y-o-y versus a 5.2% rise in earlier month.
- India's eight key infrastructure industries grew 3% y-o-y in September 2025, driven by steel production 14.1% year-on-year, and cement output rose 5.3%.

### Outlook

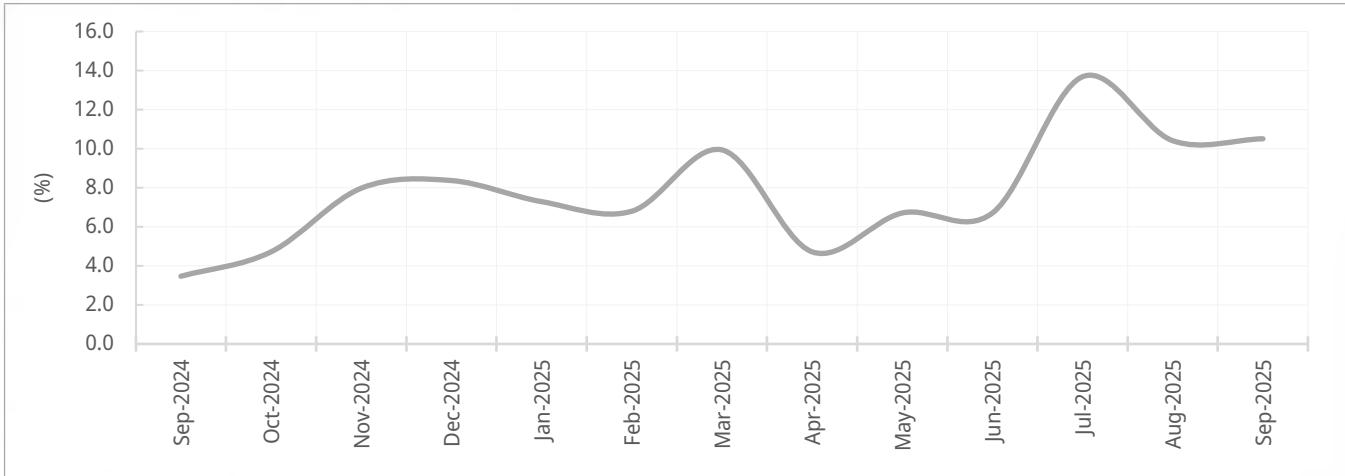
We remain optimistic on India's growth trajectory, with producers poised to gain from stabilizing inflation (CPI at 1.54% in September 2025), anticipated RBI policy easing (repo rate at 6.5%, 50-75 bps cuts expected by mid-2026), enhanced liquidity through fiscal measures, and GST 2.0 rationalisation boosting competitiveness. Festive season demand, supporting sectors like consumer goods and autos. Investment sentiment could surge post clarity on the India-US trade deal, with negotiations potentially easing tariffs to 15-20% from current of 50% on most of goods. Meanwhile, consumption-focused reforms—increased income tax rebate limits and a higher standard deduction—will boost disposable income for middle-income earners, fuelling domestic consumption and supporting a resilient 6.5% GDP expansion in FY26.

**Index of Industrial Production**
**(%)**

| Sector Decomposition              | Weightage | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 | Sep-25 |
|-----------------------------------|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| IIP Index                         | 100.0     | 3.2    | 3.7    | 5.0    | 3.7    | 5.2    | 2.7    | 3.9    | 2.6    | 1.9    | 1.5    | 4.3    | 4.1    | 4.0    |
| Mining                            | 14.4      | 0.2    | 0.9    | 1.9    | 2.7    | 4.4    | 1.6    | 1.2    | -0.2   | -0.1   | -8.7   | -7.2   | 6.6    | -0.4   |
| Manufacturing                     | 77.6      | 4.0    | 4.4    | 5.5    | 3.7    | 5.8    | 2.8    | 4.0    | 3.1    | 3.2    | 3.7    | 6.0    | 3.8    | 4.8    |
| Electricity                       | 8.0       | 0.5    | 2.0    | 4.4    | 6.2    | 2.4    | 3.6    | 7.5    | 1.7    | -4.7   | -1.2   | 3.7    | 4.1    | 3.1    |
| Use Base Classification M/M       | Weightage | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 | Sep-25 |
| Primary goods                     | 34.0      | 1.8    | 2.5    | 2.7    | 3.8    | 5.5    | 2.8    | 3.9    | -0.2   | -1.4   | -2.5   | -0.7   | 5.4    | 1.4    |
| Capital goods                     | 8.2       | 3.5    | 2.9    | 8.9    | 10.5   | 10.2   | 8.2    | 3.6    | 14.0   | 13.3   | 3.0    | 6.8    | 4.5    | 4.7    |
| Intermediate goods                | 17.2      | 4.3    | 4.8    | 4.8    | 6.4    | 5.3    | 1.0    | 3.8    | 4.9    | 4.7    | 5.5    | 6.1    | 5.2    | 5.3    |
| Infrastructure/construction goods | 12.3      | 3.5    | 4.7    | 8.0    | 8.4    | 7.3    | 6.8    | 9.9    | 4.7    | 6.7    | 6.7    | 13.7   | 10.4   | 10.5   |
| Consumer durables                 | 12.8      | 6.3    | 5.5    | 14.1   | 8.1    | 7.1    | 3.7    | 6.9    | 6.2    | -0.9   | 2.8    | 7.3    | 3.5    | 10.2   |
| Consumer non-durables             | 15.3      | 2.2    | 2.8    | 0.6    | -7.1   | 0.1    | -2.1   | -4.0   | -2.7   | -1.0   | -0.9   | 0.5    | -6.4   | -2.9   |

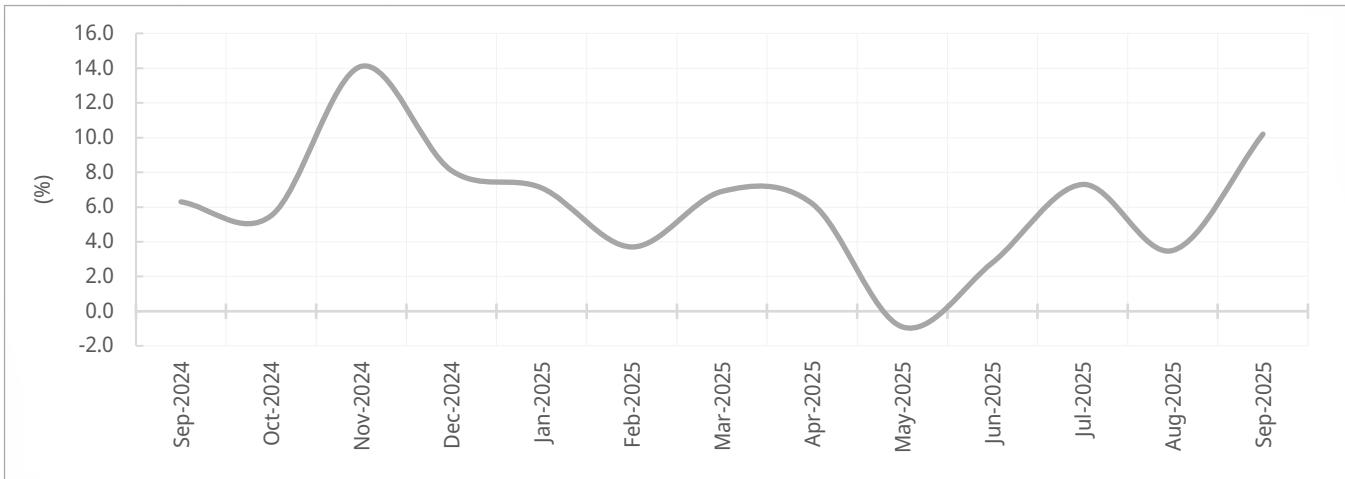
*Source: Ministry of Statistics and Programme Implementation, Mirae Asset Sharekhan Research*
**IIP Index**

*Source: Ministry of Statistics and Programme Implementation, Mirae Asset Sharekhan Research*
**Manufacturing Index**

*Source: Ministry of Statistics and Programme Implementation, Mirae Asset Sharekhan Research*

**Infra & Construction good Index**



Source: Ministry of Statistics and Programme Implementation, Mirae Asset Sharekhan Research

**Consumer Durables Index**



Source: Ministry of Statistics and Programme Implementation, Mirae Asset Sharekhan Research

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