

# Tariffs no dampener for retail investors

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MUMBAI

**T**he first signs of President Trump's tariff tantrums sent foreign investors fleeing, pulling money out of firms with ties to the US market. But guess who stayed put? India's retail investors. Spotting bargains where others saw risks, they quietly went on a buying spree in the June quarter.

A Mint analysis of 26 companies with over 25% of their revenues from US markets in FY25 reveals a significant shift in retail investor behaviour.

In the June quarter, 62% of these firms saw retail investors (those holding up to ₹2 lakh in equity) sequentially raise their stakes, a sharp jump from the March quarter, when only 23% had seen such a rise in shareholding. Individual investors have added their stakes at an accelerated pace since the September quarter.

Toput things in perspective, nearly 240,000 new retail investors bought these stocks in the June quarter, shrugging off tariff worries. As a result, the total shareholder base in more than half of these firms—across sectors like IT, pharmaceuticals, and capital goods—rose to 12.9 million from 12.7 million a quarter ago, data from Capitaline shows.

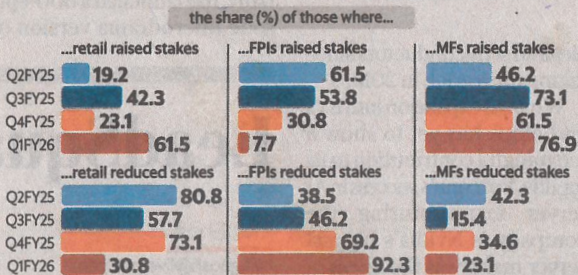
But while retail investors were busy buying, the stocks were telling a different story of steep declines, reeling under the pressures of tariff threats. Within this set, 38% saw declines of over 10% in Q1, 25% saw 1-10% fall, while only 31% managed gains of 1-12%. The

## Retail bets climb

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### Retail investors shrug off Trump's tariff threat in Q1

Sequential shareholding changes in US-exposed firms\*

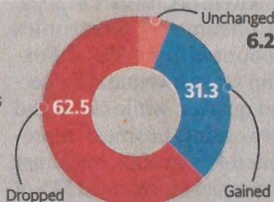


\*firms with over 25% FY25 revenue from US markets; retail investors are defined as individuals holding nominal share capital up to ₹2 lakh; FPIs: Foreign Portfolio Investors; MFs: Mutual Funds

### Strategic accumulation?

Stock performance of US-exposed firms\* with rising retail stake in Q1FY26, by share (%) of companies

\*firms with over 25% FY25 revenue from US markets; retail investors are defined as individuals holding nominal share capital up to ₹2 lakh



Source: Capitaline, Mint analysis

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rest stayed flat. This also signalled an opportunity for buying from investors.

"Domestic retail investors appear to be taking a longer-term and more structural view on US-exposed companies, focusing on the quality of businesses and secular demand rather than near-term tariff headlines," said Sonam Srivastava, founder and fund Manager at Wright Research PMS.

Overseas investors trimmed stakes in over 92% of these 26 US-linked firms. However, mutual funds aligned with retail investors, hiking their holdings in 77% of these firms.

Explaining these contrarian bets, Pranav Haldea, managing director of Prime Database

Group said, "retail, institutional and foreign investors each have distinct risk appetites and investment horizons that shape market behaviour."

While foreign portfolio investors (FPIs) may have trimmed holdings due to global risk-off flows and hedging geopolitical uncertainties, domestic investors tend to look past short-term policy risks, he added. "They bet that structural demand from the US will remain intact, and that any trade disruptions could be navigated through pricing adjustments, diversification of client bases, or negotiating trade terms over time."

Overall, FPIs remained net buyers in Indian equities in Q1,

pouring in ₹43,327 crore. However, they have turned net sellers since then. Domestic institutional investors put in nearly four times ₹1.68 trillion during this period.

The surge in retail buying came against the backdrop of worsening US-India trade ties since the 2 April "Liberation Day" reciprocal tariff plan of President Donald Trump, which was followed by several turns. India is currently staring at a plausible 50% tariff on its shipments to the US, directly targeted due to its crude oil imports from Russia.

Some large-caps with heavy US exposure stood out. For instance, Tata Consultancy Services, which derives more than half its revenue from the US, added 48,265 new shareholders in Q1.

Retail investors increased their stakes by 0.7 percentage points sequentially to 3.93%, while mutual funds added a modest 0.13 percentage points to 5.13%. In contrast, foreign portfolio investors reduced their holdings by 0.56 percentage points to 11.7%.

While retail investors remain optimistic, the broader market is bracing for a decisive Q2 and Q3. "If Q3 earnings again fall short, we could see sharp downgrades to overall growth projections, as the base effect alone won't be enough to deliver the expected 14% earnings growth in FY27," said Hemant Jain, strategist at Yes Securities. With the tariff pain far from over, how investors place their bets this quarter remains to be seen.

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