ECONOMIC TIMES, Delhi, 1.8.2025
Page No. 14, Size:(0.04)cms X (0.04)cms.

**TRUMP TARIFFS DAMPEN MOOD** Gems & jewellery, textiles, oil & gas, auto and pharma could be worst hit

# Squeeze is On, Some Sectors to Feel it More

**Ruchita Sonawane**

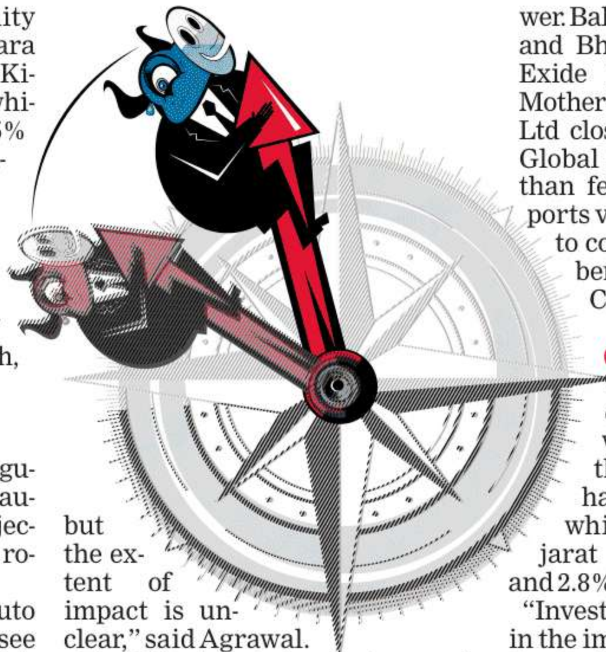
**Mumbai:** All sectoral indices, except FMCG and media, closed lower on Thursday as investor sentiment turned sour after US President Donald Trump announced 25% tariffs on India effective on August 1 along with additional non-tariff penalties for buying crude oil from Russia.

Some sectors like textiles, automobiles, oil & gas and pharmaceuticals are likely to be more susceptible to the adverse impact of tariff imposition. A look at what's in store for the sectors that are expected to bear the brunt of the tariffs:

### TEXTILES, GEMS & JEWELLERY

Textile stocks could remain under pressure as the sector will be among the most impacted by the tariffs given that US is its biggest market.

"Margins are expected to take a hit till global trade stabilises," said Prerna Jhunjhunwala, VP equity research, textile and retail, Elara Capital. Vardhman Textiles and Kitex Garments tumbled 5% each while Gokaldas Exports dropped 4.5% on Thursday. Indo Count Industries and Welspun Living shed 4% each. "Textiles and gems and jewellery stocks are expected to see the most adverse impact due to their high dependence on the US," said Sunny Agrawal, head of Fundamental Equity Research, SBICAPS Securities.



### AUTOMOBILES

Analysts said there is some ambiguity on the impact of tariffs on the auto sector since it was already subjected to 25% tariffs in the earlier round of tariff imposition.

"While domestic focused auto companies are not expected to see major impact, companies which have a high exposure to the US markets are likely to witness impact, but the extent of impact is unclear," said Agrawal.

The Nifty Auto Index shed as much as 1.5% during the day but erased some of the losses and closed 0.4% lower. Balkrishna Industries fell 2.8% and Bharat Forge declined 2.3%. Exide industries, Samvardhana Motherson International and MRF Ltd closed over 1% lower. Emkay Global said auto is better placed than feared (as India barely exports vehicles to the US, while auto components may eventually benefit from tariffs on China, Canada, and Mexico).

### OIL & GAS

The Nifty oil & gas index dropped 1.5% on Thursday with 14 out of 15 stocks on the index ending lower. Mahanagar Gas tumbled 4.1% while Adani Total Gas and Gujarat State Petronet slid 3.4% and 2.8%, respectively.

"Investors are beginning to build in the impact of supply constraints due to the US sanctions on Russia for crude oil purchases by China and India and the non-tariff penalties for buying crude oil from Russia on India," said Swarnendu Bhushan, co-head — Institutional Research, Prabhudas Lilladher. "This could drive up crude oil prices and result in lower gross marketing margins for oil marketing companies." IOC, Hindustan Petroleum, GAIL India Oil India and Bharat Petroleum Corporation moved between 1.5-2.5% lower.

### PHARMACEUTICALS

Nifty Pharma fell 1.3% and Nifty healthcare index dropped 1.1% on Thursday as US is the biggest market for domestic drugmakers. "In absence of overnight alternatives for generic drug makers, US is not likely to impose tariffs on pharma as healthcare cost in US would move up significantly," said Agrawal.

"Although US has allayed domestic manufacturing, there have been concerns on viability to produce and sell in the US."