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India Strategy



Headwinds likely to wane off soon

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Top Picks

Large Cap

Ambuja Cement
Bharat Electronics
Bharti Airtel
Britannia Industries
ICICI Bank
Infosys
InterGlobe Aviation
Larsen & Toubro
Mahindra & Mahindra
Max Healthcare Institute
Polycab India
Reliance Industries
Siemens
Titan Company

Mid / Small Caps

Aster DM Healthcare
Crompton Greaves Consumer Electricals
Cyient
Cyient DLM
DOMS Industries
Jindal Stainless
Lemon Tree Hotels
Praj Industries

Exhibit 1: Model Portfolio v/s Nifty

Returns	Model Portfolio	Nifty	Perf.
Since Nov'18	141.9%	117.7%	24.2%
Since Last Report	-2.8%	-3.3%	0.5%
Since Apr'23	42.2%	32.3%	9.9%

Source: PL

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Headwinds likely to wane off soon

NIFTY EPS has entered a downgrade cycle since 1QFY25 with successive cuts amounting to 7.5/6.1/2.1 on FY25/26/27. NIFTY has shown a decline of 3.5% since our last strategy report as the market is adjusting to the reality of slowdown in economy triggered by 1) decline in Govt capex during 1H25 2) tepid consumer demand triggered by prolonged rains and sharp spike in food inflation to 10.9% by Oct24 and 3) rising probability of cash dole outs and election freebies crowding out Govt capex and casting shadow on overall fiscal discipline in the country. Reduction of gap between 10-year G-sec and US treasury by 140bps has added to currency volatility with lower elbow room for RBI to cut interest rates aggressively.

With food inflation having peaked out at 10.9% in Oct and Govt trying to accelerate capex spending, we expect gradual economic recovery to set in. we are already witnessing uptick in ordering momentum in Railways, Defense, Power, Data centers etc. the execution of which will accelerate growth in FY26 and beyond.

We believe upcoming budget and Trump 2.0 hold key to market returns. While GOI might miss out on revenue collection, lower capex will help sustain fiscal discipline in FY25. We expect a growth-oriented budget with an attempt to pump prime the economy and incentivize the middle class to increase spending.

We believe India Capex story (Capital Goods, Infra, Ports, EMS, New Energy, Data centers, Railways, Defense), Healthcare (Hospitals, Pharma), Tourism (Aviation, Hotels, Accessories), Discretionary consumption (E-com, Jewellery, Food Services, Retail), Financialization (Capital market entities, Digital Public Infra) are some of the key themes to play for long term gains. We cut our base case NIFTY target to 27381 (27867 earlier) on Nifty EPS cut by 0.5/2.0/1.5 for FY25/26/27. We recommend selective buying on dips.

3Q25 - PL coverage shows 4% PBT growth, FY25/26 EPS cut by 3/1%, more cuts might follow

We estimate a growth of 2.8% in sales, 6% in EBIDTA and 4% in PBT of our coverage universe. Ex oil & Gas, we estimate 8.3% growth in EBIDTA and 6.6% in PBT. Auto, Capital Goods, Hospitals, AMC's, Pharma, Telecom, Durables and EMS will lead PBT growth. Cement, Metals, O&G and Building Materials will report a decline in PBT. Banks, Chemicals, HFC, Travel and Consumer will have single digit PBT growth.

- Above teens EBIDTA growth will continue in Hospitals, Capital Goods, Durables, Travel, Telecom, Media and EMS. Auto, banks, chemicals, Logistics and Pharma will also show double-digit EBIDTA growth.
- Building Material, consumer, Cement and Metals will report a decline in EBIDTA margins while all other sectors will show an increase led by EMS, Hospitals, Durables and Pharma by 175, 121, 79, 95 bps.

- Rural demand is showing a sustained recovery, although high inflation has impacted urban demand. The festival and wedding season has provided boost to demand for travel, Jewellery, watches, QSR, Footwear, apparel and durables. However, building materials and auto remain mixed.
- Consumer staples are expected to show broad based pressure in 3Q with hopes of gradual recovery in 4Q25 and beyond, as calibrated price hikes and cooling off in inflation revives urban demand.
- Retail is on the verge of big transformation as Quick commerce is changing the dynamics of not only grocery but also other discretionary segments. We believe extension of QC in discretionary segment and Food services can create near term disruptions in respective segments and impact profitability.
- Cement should show better growth and profitability led by revival of construction activity and expected price hikes. Steel industry fortunes depend upon import duty and trend in global prices.
- Banks are likely to see some pressure on credit growth and higher provisions, interest rate cut in Feb25, trend in unsecured loans and MFI NPA remain key monitorable.
- Capital goods and defense should see improved ordering momentum and execution in coming quarters. Budget will hold key to sustainability of capex given likely miss in target spending in FY25. However, Defense, Power, Data Centers, railways and energy transition remain a potent theme.
- NIFTY EEPS has seen a cut of 3/1/0.7% for FY25/26/27 with 14.1% CAGR over FY24-27 and EPS of Rs1157/1331/11512. Our EPS estimates are lower by 3.2/3.5/4.3% for FY25/26/27. NIFTY is currently trading at 18.2x 1-year forward EPS, which is at a discount of 4.2% to 15-year average of 19x.
- **Base Case:** We value NIFTY at 2.5% discount to 15-year average (19.0x) PE at 18.5% with Dec 26 EPS of 1467 and arrive at 12-month target of 227172 (27381 earlier). We are applying for a discount as we expect some EPS cut in 3Q25. **Bull Case:** We value NIFTY at PE of 20.1x and arrive at bull case target of 29263 (28750 earlier). **Bear Case:** Nifty can trade at 10% discount to LPA with a target of 25082 (24643 earlier).
- **Model Portfolio:** We are turning IT services to overweight and auto to equal weight. We are increasing weights in Capital goods (540bps overweight now), Healthcare, IT services and Oil and Gas (RIL). We are removing Hero Moto, Avenue Supermart and Nestle from model portfolio. We are increasing the allocation for L&T, Siemens, HDFC Bank, Maruti, Britannia, HUL, ITC, Max Healthcare, Infosys and Reliance Inds.
- **High Conviction Picks:** We are removing HDFC AMC, Safari Inds, Triveni Turbine and Lupin Labs from conviction picks. We believe HDFC AMC might see some earnings cut due to market volatility while safari has industry led headwinds in the near to medium term. Lupin Labs and Triveni Turbine looks good for long term; however, they offer limited upside at the current juncture. We are adding Britannia Inds, Siemens, Praj Inds, Infosys and Cyient DLM in high conviction picks.

2025: Relaying ground for smooth drive

India's economy in 2024 navigated significant challenges stemming from adverse weather conditions, election-driven fiscal delays, and external pressures.

- India had General elections where no single political party got a majority after a decade, which added to an element of uncertainty. The political climate improved only after ruling dispensation has surprise victories in Haryana and Maharashtra assembly polls.
- Lok Sabha elections resulted in Model code of conduct and inordinate delay in Govt projects announcements and ordering. In addition, heatwaves and excessive rainfall impacted economic activity. Higher rains affected crops leading to a spike in food inflation to 10.9%.
- External Pressures: Persistent geopolitical tensions and a widening trade deficit, driven by elevated oil and gold imports, further strained the rupee and external sector stability.

As we enter and navigate through 2025, agriculture seems to be heading for a good Rabi crop and normal weather patterns should help cool down inflation 4.3%-4.7% in FY26. Higher crop output and increase in construction/factory activity and moderating inflation should bolster demand from fag end of 4QFY25. With limited elections (in West Bengal, Delhi, and Bihar), infrastructure spending is set to accelerate with big order announcements in Ports, Defense, power and Railways. GDP growth is forecast at ~6%, supported by better fiscal execution and a rebound in capex, though geopolitical risks and currency volatility remain key challenges.

Will headwinds of 2024 translate into tailwinds of 2025

Exhibit 2: India's Economic outlook in 2025

Category	2024	2025
Monsoon Disruptions	Intense heatwaves and delayed rainfall, La Niña led excessive rains damage crops and push up food prices	Reservoirs at 75% capacity (63% average) and better rainfall support a 2.3% rise in rabi output.
Capex and Infrastructure	Elections delayed execution and ordering; H1 FY25 capex fell 12.7% YoY.	Ordering picks up across segments like Railways, Power, Defence, Roads and Ports etc.
Inflation Trends	CPI inflation >6%; food inflation peaked at 10.9% in October.	CPI eases to 4.3%-4.7%; better rabi yields lower food prices.
Rupee and Trade	INR fell by 3% YTD on lower exports (-3%) and steady crude prices, gold imports surged.	Rupee to fall 2.5%; exports +1.4%, gold imports to stabilize.
FII Flows	Flows volatile; \$9.3B net Outflows driven by debt, equity outflows.	FII inflows stable; focus on tech, banking, consumer goods.
Geopolitics	Russia-Ukraine war and Middle East unrest hit energy markets.	2025 might see reduction in wars in Russia- Ukraine and Middle East, but tensions between China – Taiwan, Israel - Iran and Pakistan- Afghanistan might escalate.

Source: Company, PL

Monsoon Disruptions and Agricultural Output

- **Erratic monsoon disrupts Agriculture and spurs inflation:** In 2024, India's agriculture faced severe disruptions due to pre-monsoon heatwaves (temperatures exceeding 45°C in Hindi heartland), combined with delayed and uneven monsoon rainfall. While the monsoon ended with 8% above-average rainfall, La Niña-driven excessive rains damaged standing crops, capping rabi production growth at just 0.5% and driving food inflation to 10.9% in October. As La Nina or El Nino is unlikely to play out in 2025, normal weather cycle should result in less hear waves and normal crop cycles.

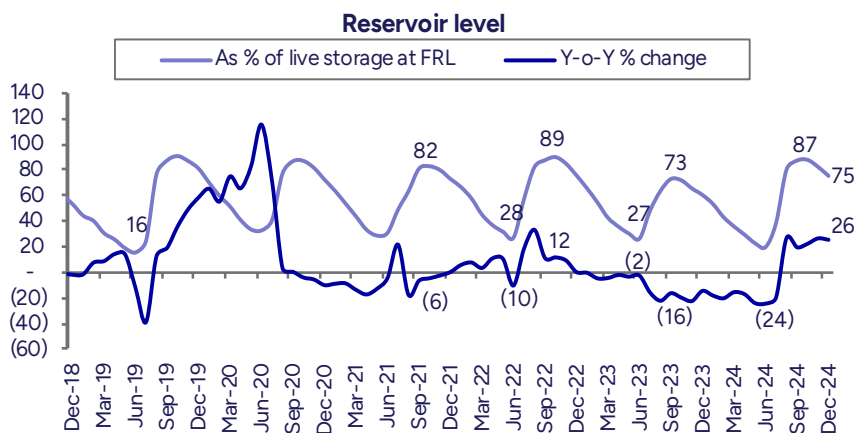
Exhibit 3: In 2024, India's South-west monsoon ends with 8% above average rainfall

Period ending	% Deviation from Normal				
	Country as a whole	Northwest India	Central India	South Peninsula	Northeast & East India
11-Jun-24	(1.0)	(49.0)	(1.0)	69.0	(31.0)
03-Jul-24	(4.0)	(21.0)	(7.0)	12.0	(3.0)
24-Jul-24	1.0	(16.0)	12.0	24.0	(14.0)
14-Aug-24	4.9	-	9.0	21.0	(12.0)
21-Aug-24	3.7	-	9.0	21.0	(12.0)
28-Aug-24	6.8	2.0	17.0	18.0	(11.0)
04-Sep-24	8	3	17	26	(13.0)
19-Sep-24	7	7	18	17	(14.0)
25-Sep-24	5	4	16	16	(17.0)
02-Oct-24	8	7	19	14	(14.0)

Source: IMD, PL

- **Rabi output growth projected at 6%:** In 2025, India's agricultural outlook reflects cautious optimism. Kharif output in 2024 (June–Nov) increased by 5% on a below normal monsoon base. Rabi output is expected to increase by 6% to 164.5MT bolstered by higher soil moisture, improved water reservoir level at 75% in Dec24 (Average of 63%), increased availability and flat prices. However, on a high base, Kharif 2024–25 output growth is unlikely to increase.

Exhibit 4: Storage levels have increased since Aug-24



Source: CWWG, PL

Exhibit 5: Rabi Crop – Rabi sowing flattish versus 2023

(Lac Ha)	Till 27 th December		
	2023	2024	YoY %
Rabi Crops			
Wheat	313.0	319.7	2.2%
Rice	13.6	14.4	5.6%
Pulses	136.1	136.1	0.1%
Coarse grains	47.8	48.6	1.6%
Oilseed	101.4	96.2	-5.1%
Total	611.8	614.9	0.5%

Source: Agriwelfare, PL

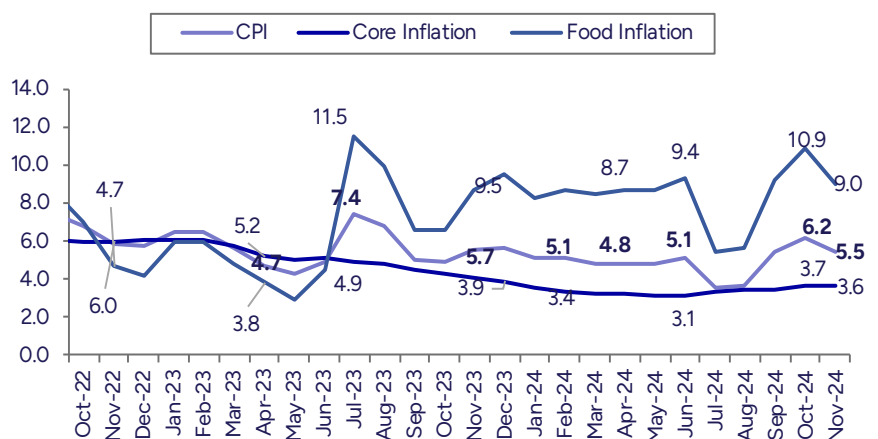
Ordering momentum picks up significantly

- Election driven delays stall Government capex in 2024:** India’s economic momentum in 2024 was curtailed by lower ordering and capex push due to the Model Code of Conduct during the Lok Sabha Elections and state polls in Maharashtra, Andhra Pradesh, Haryana, Odisha, Jharkhand, and Jammu & Kashmir. This resulted in a 12.7% YoY contraction in general government capex during H1 FY25. Central Govt. capex plummeted by 35% YoY in Q1 before recovering modestly to grow 10.3% YoY in Q2. States redirected focus to populist schemes also resulted in bigger hits on capex spends.
- Ordering momentum picks up across segments:** With a reduced electoral calendar in 2025 (limited to West Bengal, Delhi, and Bihar), public capex is poised to rebound, supported by central Govt thrust on infrastructure projects. The ordering momentum has picked up in roads (+41.7% YoY in Q2 FY25) and ports (+17.8% YoY in Q2 FY25). 3Q25 has seen big order inflows in power (~Rs700bn), Defense (Rs~500bn), and Railways (Kavach Rs~70bn).

Prospects for Price Stability as Inflation peaks out

- Surging Food Prices Created Inflationary Pressures in 2024:** 2024 witnessed inflationary pressures peaking as food inflation surged due to extreme weather events, including heatwaves and erratic rainfall, which disrupted agricultural yields. CPI inflation breached 6% in October, with food inflation crossing double digit mark after 14 months mainly due to impact of higher import duty on edible oils and higher prices of vegetables (Onion, Tomato etc.) and cereals.

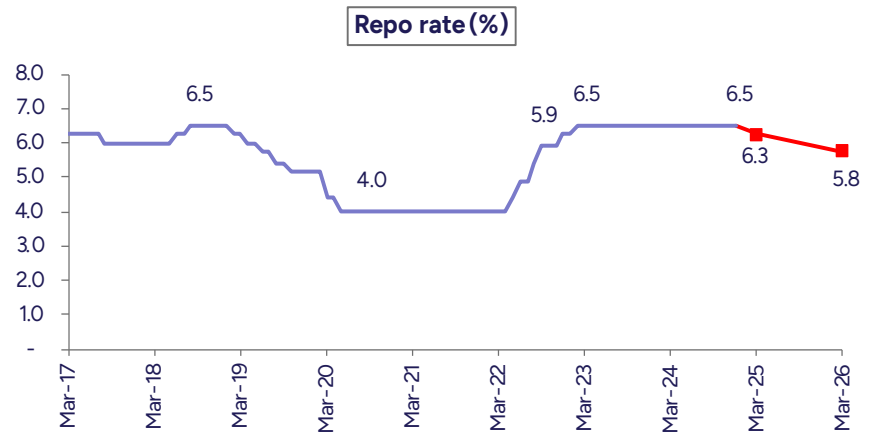
Exhibit 6: Food inflation at 10.9% has peaked out in Oct-24



Source: MOSPI, PL

■ **Inflation is likely to average around 4.3-4.7% in FY26, monetary policy easing likely:** Food inflation seems to have peaked out and overall trend is likely to moderate in 2025, driven by easing food prices as agricultural production stabilizes and the impact of improved rabi yields comes into play. We believe any reduction in import duty on key products in the wake of rising global prices can also soothe the inflationary impact. Core inflation is forecast to remain stable, with CPI projected to average around 4.3%-4.7% for FY26. We expect a 25-bps rate reduction in FY25, followed by an additional 50 bps reduction in H1 FY26.

Exhibit 7: Repo rate to be cut by 25bps in FY25 followed by 50bps in FY26

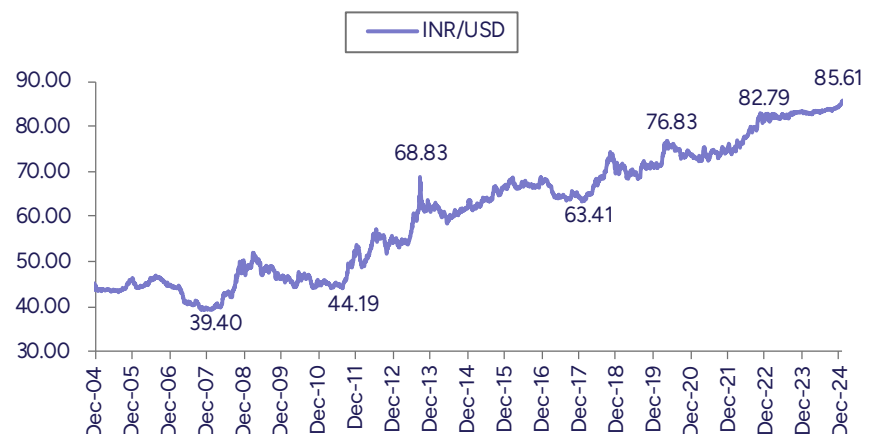


Source: RBI, PL

Rupee Depreciation and Trade Balance Concerns

■ **Rupee Depreciation Highlighted External Vulnerabilities in 2024:** In 2024, the Indian rupee depreciated by 2.84% against the USD, closing at an average of ₹85.6 per dollar, outperforming major EM currencies such as the Brazilian Real (-16.6%), Argentine Peso (-15.0%), and Turkish Lira (-6.7%). It also recorded the lowest volatility among EM peers at 0.4%. Despite pressures from a \$202.4 billion trade deficit, elevated crude oil prices averaging \$88 per barrel, and a 49% surge in gold imports, the rupee's performance was supported by robust macroeconomic fundamentals. 14.5% (Apr-Nov 2024 YTD) in growth in service exports (led by 23.1% CAGR of GCC exports from FY21 to FY25) cushioned the impact of a higher trade deficit. The CAD remained manageable at 1.2% of GDP, and forex reserves provided significant coverage at 99% of external debt, ensuring stability despite global headwinds.

Exhibit 8: INR/USD touches record low of 86 in 2024



Source: MOSPI, PL

- **Global factors might increase currency volatility:** The rupee is projected to experience moderate depreciation of approximately 2.5% in 2025 amid volatile crude oil prices and ongoing global monetary policy normalization. Export growth is anticipated to recover gradually as Europe remains under pressure. We believe an increase in import duties by the USA can spike inflation and reduce the pace of monetary easing. Any further increase in bond yields in the USA can result in increased pressure on INR in the medium term.

FII outflows at USD2.3bn YTD, expect volatile trends to continue

- **Volatile FII Flows highlighted 2024 Uncertainty:** FII flows remained volatile in 2024. While there was a buying by FII post elections, however the selling picked pace as Indian economy received mild setbacks. Post the 2Q we saw a sharp increase in FII selling as inflation spiked, corporate and GDP growth slackened amidst Govt capex slowdown and rising geopolitical uncertainties. As against an inflow of USD23.9bn in April – dec23, 2024 saw an out flow of USD2.3bn in the same period.
- The debt segment witnessed sustained inflows due to India's inclusion in global bond indices. Debt inflows during April–Dec24 increased to USD9.45bn (USD8.02bn in same period previous year).

Exhibit 9: FIIs outflows at USD2.3bn, Debt flows show positive momentum

Fiscal Year	FII flows	DII flows	MF flows	Debt flows
2016	-1,512	12,258	10,137	-81
2017	8,325	4,526	8,412	-1,217
2018	3,381	17,711	21,982	18,712
2019	1,543	10,254	12,556	-5,722
2020	-595	17,882	12,819	-7,539
2021	37,302	-18,199	-16,362	-6,121
2022	-17,093	29,481	22,942	20
2023	-5,971	32,168	21,776	-1,107
2024	25,267	25,298	24,113	15,155
9mFY24 (Apr-Dec23)	23,909	12,200	14,303	8,023
9mFY25 (Apr-Dec24)	-2,228	49,308	42,026	9,455

Source: RBI, PL

We expect FII flows to remain erratic in the near term given uncertainties around US interest rates, Import duties and policies. 2025-26 Budget will also play a critical role in defining the growth paradigm given moderate expectations in India. We expect FII flows to turn positive once there is more clarity on fiscal targets, capex plans and likely trend in consumer demand in the coming couple of months. India's robust growth outlook relative to other emerging markets, along with policy certainty post-state elections, could attract sustained inflows.

Geopolitics – Gain some, lose some

- **Geopolitical Tensions Strain Trade:** Persistent geopolitical tensions, including the Russia-Ukraine war, Red Sea shipping crisis, U.S. Presidential elections and Middle East unrest, disrupted energy markets and global trade due to the uncertainty. Crude oil prices averaged \$88 per barrel, driven by supply uncertainties, while India's trade deficit widened to \$202.4 billion as POL imports surged by 8.3% YoY. The uncertainty also constrained container availability and increased freight costs, disrupting India's export supply chains, particularly for engineering goods and textiles.
- **Stabilization Amid Persistent Volatility in Global Trade:** While a new U.S. presidency may recalibrate trade relations and geopolitical issues, resolving long standing conflicts in Middle East might remain a pipe dream. While there exists some possibility of relief in Russia- Ukraine war, more fronts might open in volatile regions in Middle east and southeast Asia.

Has Urban Demand bottomed out?

Urban demand, which has traditionally fueled India's economic momentum, faces headwinds from high food inflation, elevated interest rates, and stress in lower and middle-class. Normal monsoons and benefits from various welfare schemes are improving growth outlook in rural demand. We believe that 1Q/2Q-25 trends had many one offs in terms of intense heat wave, excessive and prolonged rains, double digit food inflation from October and very weak marriage and festival season. 3Q trends are suggesting a seasonal uptick suggesting that we might be close to trough and witness some green shoots in urban demand by March 25.

Key factors affecting Urban Demand

- **Muted personal income growth and employment:** Real wage growth in urban sectors remains subdued at under 2% YoY throughout 2024, with IT hiring showing consistent contraction (-1% YoY in Q2 FY25). This has significantly constrained discretionary spending in metro regions.
- **K-Shaped recovery across consumer segments:** Urban consumption reflects a polarized recovery, with high-ticket and premium branded segments outperforming mass-market, low-ticket consumption.
- **High food inflation and interest rates:** Persistently high food inflation, which averaged over 8% in FY24 (10.9% in October), and elevated interest rates have eroded household purchasing power. Borrowing for big-ticket items, such as vehicles and homes, remains subdued despite monetary policy easing measures like the 50-bps CRR cut.
- **Bottoming out of household financial savings:** Household net financial savings as a percentage of GDP rebounded to 7% in Q4 FY24, after a historic low of 4% in Q3 FY23. While this signal easing financial stress, the savings rate remains below pre-pandemic levels, limiting the capacity for sustained spending recovery.

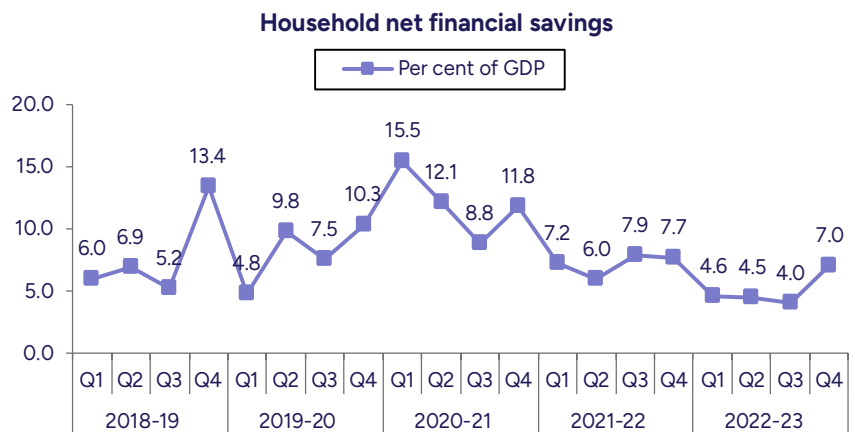
Structural Weakness persists, although recovery likely

The urban consumption slowdown has a mix of structural and cyclical factors. While from a macroeconomic perspective the combination of muted income growth, constrained household savings, and polarized recovery across consumer segments points to a long-term structural challenge in urban lower middle class. Affluent segments have continued to thrive and so have the consumption levels, leading to rising sales of premium goods.

- **Wage growth stabilization points to inflection in urban incomes:** Inflation-adjusted wage growth for urban formal employees remained below 2% YoY throughout 2024, significantly lower than the 10-year average of 4.4%, curbing disposable incomes and dampening discretionary consumption. However, corporate wage costs improved to 1.9% YoY in Q3 FY25, up from 1.6% YoY in Q2 FY25, setting stage for a base in urban employment sectors.

- Household savings took a hit post covid:** Household net financial savings (HNFS) as a percentage of GDP declined from 15.5% during 1Q21 to as low as 4% in 3Q23. Erosion in savings during covid for lower middle class aided the decline. While urban affluent borrowed and spent ~70% of that on asset creation, lower middle class spent ~50% on consumption. Household savings rose to 7.0% in Q4FY23, marking the first significant sequential improvement since Q3 FY22, however they are still lower than recent peaks, indicating a potentially gradual recovery in consumer demand.

Exhibit 10: Household Net Financial Savings deteriorated post 1Q21



Source: RBI, PL

Cyclical factors indicate a gradual recovery

High inflation and interest rates, while temporary, continue to weigh on big-ticket consumption. Monetary policy easing in FY25 and FY26, with a 25-bps and 50-bps rate cut respectively, could provide a cyclical boost, but the impact may be limited without wage growth recovery.

Inflation eroded purchasing power, but has peaked out

- Persistently elevated food inflation, averaging over 8% in FY24 (10.9% in October), squeezed urban household budgets.
- Inflation is projected to moderate to 4.3-4.7% in FY26, supported by easing food prices as agricultural output stabilizes with robust rabi crop yields in 2025. Core inflation is expected to remain stable, benefiting from contained global commodity prices.

Cut in interest rates likely to support demand

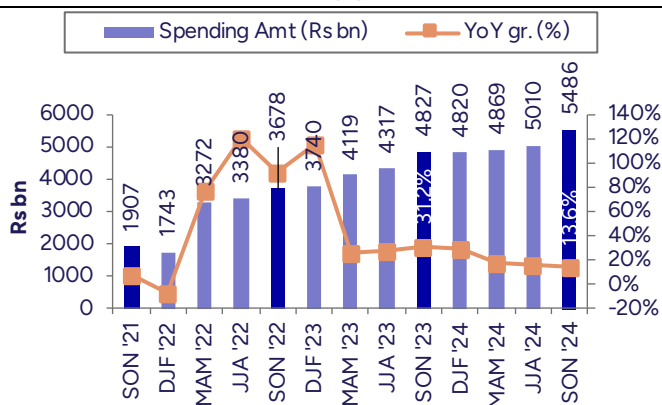
- Post covid there were relaxations by RBI and banks on disbursing unsecured loans and MFI clients getting loans from multiple institutions. This has resulted in significant growth in unsecured loans which were used for consumption purposes, reaching a peak of 28.9% YoY in FY23. With the change in stance by RBI on unsecured books and MFI, the flow of credit to lower and lower middle class has got hampered, to 5.81% YTD FY 25 in the 8M period (Apr-Nov 24) from 13% in the corresponding period of FY24. This has been one of the reasons for the pressure on consumption.

- Gold Loans Surge 62% YTD in Nov '24, Highlighting Urban Financial Strain and Weak Spending Power:** Within secured loans, loans against gold jewelry increased sharply by 62% YTD April-November 2024, compared to a modest growth of 9.3% in 2023. This surge reflects heightened financial stress among households, where access to quick liquidity has become a necessity amid subdued income growth and higher living costs. As highlighted in the RBI's Financial Stability Report, the demand for such collateral-backed credit often spikes during periods of constrained discretionary spending.
- High borrowing costs suppress demand for big-ticket items:** The RBI's aggressive rate hikes have pushed borrowing costs by 250bps over FY21-23, discouraging urban middle class households from financing homes, vehicles, and durables. While the 50 bps CRR cut in December 2024 injected liquidity, its impact remains limited without complementary repo rate reductions.
- Monetary policy easing to provide relief:** The anticipated moderation in inflation in FY26 creates room for monetary policy easing, with a 25-bps rate cut expected in Feb 25 and an additional 50-bps reduction in H1 FY26. Decline in interest rate will provide a tailwind for urban demand recovery.

New card issuances and spending slows down

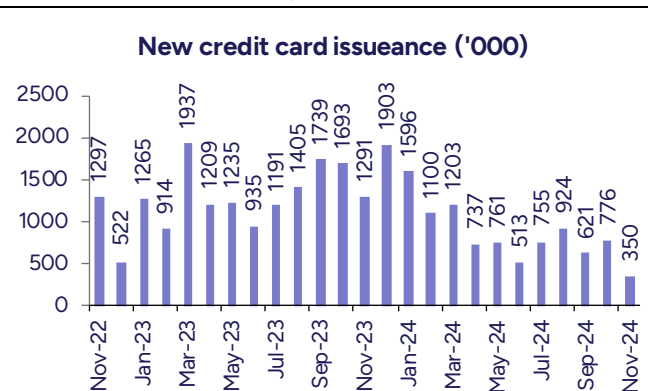
- Credit card spending suggests urban demand has bottomed out:** Credit card spending slowed to 13.6% YoY in the 3 month (Sept, Oct, Nov 2024) from 31.2% in the corresponding period a year ago. This correction needs to be juxtaposed with RBI's regulatory measures on unsecured lending announced last year, as well as a recent warning by the RBI Governor to NBFCs to curb aggressive lending practices, which could accelerate slowdown.
- Slowdown in credit card growth reflects tightened lending:** New credit card issuance fell sharply to 350k in Nov '24, highlighting lenders' cautious approach following RBI's regulatory tightening on unsecured lending, mirroring lender caution amid RBI's regulatory tightening on unsecured lending and recent warnings to NBFCs against aggressive practices.

Exhibit 11: Credit Card spending growth slows down



Source:

Exhibit 12: Credit Card stagnate (107Mn), new issuances down



Source:

Urban demand close to trough, expect gradual recovery from 4Q25/1Q26

- **Light sales see gradual recovery amid subdued urban demand:** Light sales are estimated to grow 3% YoY in Q3FY25, marking a slight improvement from 2% YoY in Q2FY25. Government-led electrification initiatives and rural infrastructure projects have supported growth, partially offsetting urban weaknesses.
- **Resilient ECD demand points to a gradual urban demand recovery:** ECD sales are projected to grow 9% YoY, maintaining a strong trajectory compared to 10% YoY in Q2FY25. Increased sales of cooling appliances and air conditioners due to intense heatwaves have driven growth.
- **Two-Wheeler demand recovers gradually:** 2W sales for Q3FY25 are expected to grow by 3% YoY. This reflects a normalization of growth after the high base of FY24 and increased competitive intensity in the domestic market.
- **PV sales contraction highlights urban demand struggles amid high borrowing costs:** PV sales are projected to decline by 5% YoY from a contraction of 2% in Q2FY25. High financing costs, subdued real wage growth, and tight liquidity conditions continue to weigh on urban PV buyers.
- **Staples volumes volatile, higher realisations improve sales growth:** Staples sales showed stable growth at 6% YoY in Q3FY25, up from 5% in Q2 FY25. While volume growth remains jittery in most segments, calibrated price increase in segments like Detergents, Soaps, processed food and a sharp 15-20% increase in prices of edible oils have contributed to higher growth.
- **QSR's show seasonal uptick as demand seems to have bottomed out:** QSR sales grew 15% YoY in Q3 FY25 from 5% in Q2 FY25. 3Q25 is showing seasonal revival in demand in a stable pricing environment as most players have launched and focused on value priced options in QSR segment. Although some players are looking at calibrated price hikes. The demand scenario seems to have bottomed out.
- **Jewellery demand bounces back in festival season:** Jewellery sales grew 24% YoY in Q3 FY25 from 13% YoY in Q2 FY25. Sharp cut in import duty on Gold (from 12% to 5%) revived demand for the wedding and festival season.
- **Retail sales bounce back in festival season:** Retail sales grew at 18% YoY in Q4FY25 from 14% YoY in Q2FY25. Growth has seen a bounce back due to festival season and higher FMCG inflation despite some impact from hyper growth in quick commerce segment. Similarly, sales in segments like footwear, apparel, watches, eyewear have shown a smart double-digit growth in 3Q25.
- **Naukri Jobs peak Index Improves in Q3 FY25, Indicating Gradual Recovery in Urban Hiring Sentiment:** The Naukri Jobspeak Index shows early signs of stabilization, with growth improving sequentially from -4% in Q1 FY25 to 7% in Q3FY25, marking a decent recovery in job market activity. The improvement after a stress of 7 months indicates a possible bottoming out of hiring sentiment in urban-centric sectors

Exhibit 13: Early signs of recovery in Durables, Jewellery, QSR, Retail: Naukri Jobspeak index shows positive momentum

	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E
Light sales (Rs mn)	14,267	14,350	14,552	16,010	13,804	14,275	14,750	16,368	14,475	14,495	15,226
YoY gr.(%)	88%	4%	-3%	34%	-3%	-1%	1%	2%	5%	2%	3%
ECD sales (Rs mn)	35,883	32,683	35,804	36,138	37,401	34,050	36,708	39,436	43,132	37,520	39,867
YoY gr.(%)	43%	-2%	2%	-4%	4%	4%	3%	9%	15%	10%	9%
2W Sales ('000 nos)	3,725	4,674	3,859	3,605	4,141	4,598	4,731	4,504	4,986	5,179	4,865
YoY gr.(%)	54%	13%	6%	6%	11%	-2%	23%	25%	20%	13%	3%
PV Sales ('000 nos)	910	1,026	935	1,018	996	1,074	1,012	1,136	1,026	1,055	965
YoY gr.(%)	41%	38%	23%	11%	9%	5%	8%	12%	3%	-2%	-5%
Staples Sales (Rs mn)	605,091	610,025	611,907	605,065	621,078	628,735	628,012	617,090	643,994	661,172	665,739
YoY gr.(%)	29%	18%	7%	9%	3%	3%	3%	2%	4%	5%	6%
QSR (Rs mn)	21,151	22,272	22,979	21,736	23,463	24,130	24,008	23,327	25,464	25,770	27,688
YoY gr.(%)	64%	29%	18%	16%	11%	8%	4%	7%	9%	7%	15%
Jewellery (Rs mn)	89,610	87,300	108,750	97,040	111,450	116,600	130,520	112,570	120,530	132,150	162,497
YoY gr.(%)	176%	22%	14%	33%	24%	34%	20%	16%	8%	13%	24%
Retail (Rs mn)	105,461	111,146	121,678	111,382	124,479	131,801	142,080	133,096	146,452	150,300	167,183
YoY gr.(%)	98%	37%	25%	21%	18%	19%	17%	19%	18%	14%	18%
Naukri Jobspeak Index	2,868	3,034	2,817	2,916	2,786	2,691	2,435	2,631	2,675	2,727	2,605
YoY gr.(%)	33%	13%	28%	1%	-3%	-11%	-14%	-10%	-4%	1%	7%

Source: Company, PL

We are witnessing early signs of demand recovery during the festival and wedding season in segments like jewellery, watches, apparel, QSR etc. We have also seen strong retail sales by Maruti during the year-end discount cycle.

- Govt. capex order announcements have seen a sharp pick up across Railways, Defense, Power T&D, Data Centers, Urban Infra etc., the full impact and execution of which will be reflected in coming quarters. This will increase the economic activity and employment at all levels as evident in the Naukri Jobspeak index which has shown a decisive uptick after a gap of 7 months.
- Rural demand is steady amidst normal monsoons, expected increase of 5% and 6% in Kharif and Rabi output and steadily rising MSP and market linked crop prices. Higher subsidy allocations by GOI will also support farm income which will drive rural demand.
- We have seen a spate of welfare schemes in various states at the time of elections which will provide income support to lower segment of population, in addition to free and subsidized food grain scheme of central Govt. we note that such welfare cash payouts, although negative for state finances, will support consumption for basic goods by improving purchasing power of consumers.

Budget 2025-26 - Need pump priming in a tough environment

India's Union Budget FY25-26 arrives at a critical juncture, with GDP growth slowing to 6.4% in FY25, the weakest in four years, amid global headwinds, muted domestic demand, and weaker private investments. Policymakers face the challenge of pump priming economy for fostering growth and maintaining fiscal consolidation, while navigating geopolitical uncertainties. These challenges demand strategic interventions in the upcoming budget to reignite growth while addressing structural vulnerabilities.

Key Expectations:

- **Reviving the "Animal Spirit", GDP growth estimated at 6.5-6.8% in FY26:** India's GDP growth is projected to slow to 6.4% in FY25, its weakest in four years, driven by subdued private investment, manufacturing deceleration, and global economic headwinds. However, the economy is expected to see a recovery in FY26 at 6.5%-6.8%, supported by government spending, monetary policy easing and improved consumer demand.
- **Expect further rationalization in direct taxes:** we expect GOVT to continue rationalization of direct taxes in a bid to support consumption and provide relief to middle class
 - The middle class will be given some relief by increasing standard deduction, reduction in tax rates and tinkering with tax slabs.
 - Some relief on taxation on income for senior citizens
- **Capital Expenditure to remain a Growth Lever:**
 - **Capex shrinks 12.3% YTD (Apr-Nov FY25) due to election induced constraints:** Capital expenditure contracted by 12.3% YTD (Apr-Nov FY25), highlighting execution challenges due to election induced restrictions in FY25. The capex-to-revenue expenditure ratio fell from 28% in FY24 to 23%. By November FY25, only 42% of the budgeted capital expenditure had been utilized, significantly lower than the 51% execution rate in the same period in FY24.
 - **FY25 Capital Expenditure target will be missed:** Although ordering momentum has significantly increased in Railways, Power, Defense, Ports and Data Centers etc., execution will be back ended. We estimate that GOI will miss the FY25 budget target of Rs11.1trln. However, on a reduced level, we expect a decent increase in capex allocation in FY26. Budget
 - FY26 may witness increased focus on infrastructure projects with timebound execution timelines, such as highways, renewable energy, Railways, Data centers, and logistics hubs, that can deliver high multiplier effects.
 - Recent trend of announcing populist welfare measures involving cash payouts in various state elections can add to fiscal pressures at the state level. This can impact the growth of projects which require matching grants from state Govts. We are already witnessing pressure on state finances in Karnataka, Punjab, Himachal Pradesh and Uttarakhand which can potentially impact state-level capex.

- **Tax revenues driven by direct taxes:** 8mFY25 revenue receipts are up by 8.7% as against annual target of 14.7%. Higher-than-expected collections, particularly in income tax (+23.5% YoY) offset weaker corporate tax (-0.5%), Excise duty (-0.6%) and GST growth (+9.9%).
- The Capex during 8m period contracted by 12.3% due to elections and prolonged rains, expect it to catch up in 2H, but it might still fall short of FY25 target.

Exhibit 14: Capital expenditure contracted 12.3% YoY (Apr-Nov FY25), reaching only 42% of the budget estimate

INR tn	Apr-Nov			YTD YoY Gr. FY25	Total		FY25 (BE) YoY gr.
	FY23	FY24	FY25		FY24 (A)	FY25(BE)	
Total Revenue	14.6	17.5	18.9	8.5%	27.9	32.1	15.0%
-Revenue receipt	14.2	17.2	18.7	8.7%	27.3	31.3	14.7%
--Net tax revenue	12.2	14.4	14.4	0.5%	23.3	25.8	11.0%
--Non-tax revenue	2.0	2.8	4.3	50.2%	4.0	5.5	35.8%
-Non debt capital receipt	0.4	0.3	0.2	-5.9%	0.6	0.8	29.0%
Total Expenditure	24.4	26.5	27.4	3.3%	44.4	48.2	8.5%
-Revenue Expenditure	20.0	20.7	22.3	7.8%	34.9	37.1	6.2%
--Interest Payment	5.5	6.1	6.6	8.3%	10.6	11.6	9.3%
--Revenue ex. Interest	14.5	14.6	15.7	7.6%	24.3	25.5	4.8%
-Capital exp.	4.5	5.9	5.1	-12.3%	9.5	11.1	17.1%
Capex/Revex (%)	22%	28%	23%		27%	30%	
Primary Deficit	4.3	3.0	1.9	-37.0%	5.9	4.5	-23.6%
Revenue deficit	5.7	3.5	3.6	3.1%	7.7	5.8	-24.2%
Fiscal Deficit	9.8	9.1	8.5	-6.6%	16.5	16.1	-2.4%
Nominal GDP					295.3	329.2	
FD as % of Nominal GDP					5.6%	4.90%	

Source: CGA, PL

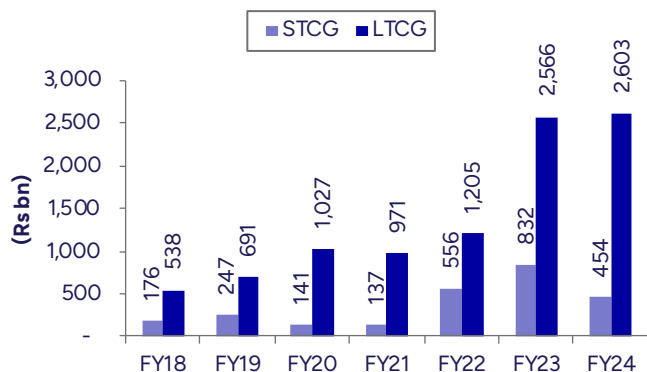
Exhibit 15: Robust Income Tax Growth (+23.5% YoY) Strengthens Revenue Outlook for FY26

(INR t)	Apr-Nov			YTD YoY Gr. FY25	Total		FY25 (BE) YoY gr.
	FY23	FY24	FY25		FY24 (A)	FY25(BE)	
Net Tax Revenue	12.2	14.4	14.4	0.5%	23.3	25.8	11.0%
Direct Tax	8.7	10.8	12.1	12.1%	19.2	22.1	14.8%
Corporate Tax	4.3	5.1	5.1	-0.5%	9.1	10.2	12.0%
Income Tax	4.4	5.7	7.0	23.5%	10.1	11.9	17.4%
Indirect Tax	9.1	9.6	10.5	9.2%	15.4	16.3	5.9%
Goods & Services Tax (GST)	5.6	6.1	6.8	9.9%	9.6	10.6	11.0%
Excise duties	1.9	1.8	1.8	-0.6%	3.1	3.2	4.5%
Customs	1.4	1.4	1.5	8.7%	2.3	2.4	2.0%
Less transfers to states, UTs, etc.	5.6	6.1	8.2	34.8%	11.4	12.6	10.4%

Source: CGA, PL

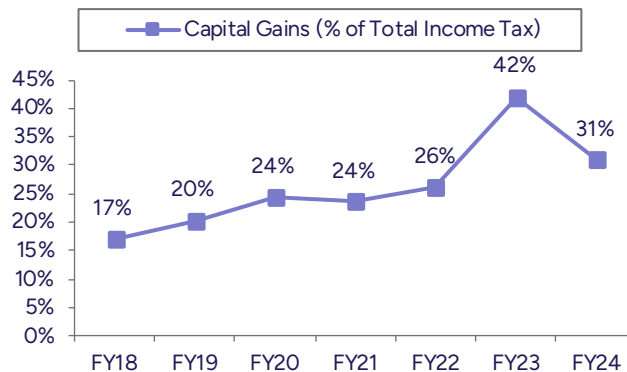
- Corporate tax collections are flattish while income tax has shown robust growth of 23.5% during 8mFY25. We note that high growth in income tax numbers has been driven by 2.5-3x growth in collections under LTCG and STCG. The share of capital gains in total income tax collections has increased by 84% from 17% in 2018 to 31% in 2024. As the growth in the income tax collections is directly linked to capital gains in investments and property, volatility in the same can impact the overall tax collections in 2H25.

Exhibit 16: STCG and LTCG has been 3-2.5x since 2021



Source: PL *Individuals and HUF are considered

Exhibit 17: Share of Capital gains up by 80% since 2018



Source: PL *Individuals and HUF are considered

- Fiscal Deficit likely to meet FY25 budget targets:** Revenue collections in FY25 have been constrained by subdued GST performance, lower urban demand, and flat corporate tax collections, despite robust income tax growth of 23.5% during 8mFY25, driven by capital gains from investments and property. However, volatility in capital markets poses a risk to income tax collections in 2H25. Historical trends suggest revenue spending may exceed its full-year target, while weaker-than-expected nominal GDP growth and reduced capex execution align the fiscal deficit with the targeted 4.9% of GDP for FY25. Balancing Budget Realities and Economic Recovery in FY25-26

Exhibit 18: Balancing budget realities and economic recovery in FY25-26 is the heading for the table

Category	FY25 (Current Estimate)	FY26 (Outlook)	Key Implications
GDP Growth	6.40%	6.70%	Consumer demand recovery, public investment, and rural incomes to drive growth. Risks include global slowdown.
Nominal GDP Growth	9.7% (Revised, vs. 10.5% assumed in Budget)	~10.5%	Recovering consumer demand, fiscal expansion, and robust rural incomes, but faces risks from global demand slowdown, US trade barriers, and domestic manufacturing pressures.
Fiscal Deficit (% of GDP)	4.8-4.9% vs. 4.9% target)	4.6% (as targeted)	Subdued GST, flat corporate taxes, probability of lower income tax growth in 2H25, and reduced capex execution, despite potential overspending in revenue.
Net Tax Revenue Growth	Might be 3-4% shortfall against targets	Moderate (10-12% YoY growth)	Likely to be a shortfall in corporate and income tax due to slowdown in economy and likely hit in LTCG given volatility in markets.
Non-Tax Revenue	+50.2% YoY (One-off sources)	Lower (~flat growth)	Telecom auctions, RBI dividend and PSU dividends boosted FY25 and will cushion overall revenues. PSU disinvestment remains slow and there might be a push for the same next year.
Capital Expenditure	-12.3% YoY (Apr-Nov, 42% utilized)	+15-17% (Planned recovery)	FY25 budget estimate might be missed based on 8m FY25 numbers. We expect the momentum to remain strong in FY26 on a low base.
Interest Payments	37.3% of revenue receipts	High (similar proportion expected)	Rising interest payments crowd out growth-oriented spending. Structural fiscal reforms needed to reduce pressure.
Public Investment	Underutilized (FY25)	Significant recovery expected	Central and state governments likely to scale up spending in infrastructure and rural development. However, states investment might suffer due to focus on too many freebies during Vidhan Sabha elections.
Consumer Demand	Weak (FY25, inflation impact)	Moderate recovery	Supported by lower food inflation, pick up in Agri production and construction activity, overall demand should show green shoots by end of 4Q25. Potential cut in interest rates by RBI will also support demand growth from 1Q26.

Source: PL

Sectoral Budget Expectations

Automobile

- Allocation of funds by government towards replacement of older buses and vehicles with new EVs can benefit CV OEMs.
- Reduction in Hybrid vehicles taxes across states which is currently implemented in few states.
- Any changes in personal tax reforms in form of increasing exception limits or lowering tax rates can indirectly benefit automotive industry.
- Allocation/Incentives towards setting up of charging stations across country to address the overall low penetration rate.

Aviation

- Enhanced funding for the UDAN scheme to sustain and expand regional air connectivity.
- Introduction of new routes to connect remote areas like Northeast and island territories.

Consumer Durables, Building Materials & EMS

- Investment in Urban Housing through PM Awas Yojana to address the housing need of poor and middle-class families to drive demand for building materials.
- Increasing budgetary allocation to Infrastructure by State and Central government into power sector. Which will drive growth of W&C Segment
- Incentives for domestic manufacturing of White goods & EMS through PLI Scheme.

Capital Goods:

- **Defense:** MoD has announced 2025 as the 'year of reforms', with a focus on streamlining acquisition procedures, new age technologies, private participation, and R&D. We expect continued thrust on defense capex in the upcoming budget, with significant allocation towards electronics, vehicles, shipbuilding, and aircraft.
- **Railways:** The ministry has already spent ~76% of the FY25 budgetary allocation in 9MFY25 with heavy investment in capacity augmentation.
 - We expect continued investment in rolling stock capacity enhancement (Vande Bharat, non-AC coaches) and upgradation (converting 40,000 bogies to Vande Bharat standards).
 - Investments in Kavach will also be an important focus area with several tenders lined up as the government aims to cover 10,000km of rail network with Kavach ATCS systems over the next 2 years.

- **Power transmission & distribution (T&D):** The government finalized the latest national electricity plan (NEP) for 2023-32 with an envisaged outlay of Rs9.15trn to augment T&D capacity, primarily integration of renewable energy into the grid.
 - 1,052 GVA transformation capacity, 2.57 lakh ckm of transmission lines, and 9 HVDC lines of ~33GW will be added over the next 10 years.
 - Of the 335GW ISTS network required to connect 280GW of renewable energy, ~157GW is yet to be tendered out. Therefore, we expect significant thrust on T&D capex in FY26.
- **Thermal Power:** In FY25 so far, ~19GW of thermal projects have been awarded (to BHEL and L&T).
 - Another ~36GW are under various stages of planning, clearances, and bidding, as the government aims to tender out all thermal power projects by FY28 so that they can be added to capacity by FY32.
 - Therefore, we expect thermal power to remain a core focus area in the upcoming budget.

Cements

- Higher allocation for infrastructure capex, "housing for all" scheme

FMCG

- There has been no change in the excise duty on cigarettes for the past 4-5 years, so a mid-single digit increase in the duty can't be ruled out.
- The government recently raised the import duty on edible oils from 5.5% to 27.5%, and there is a potential for a reduction in this duty.
- Some Govt intent on guidelines relating to Lab-Grown diamonds and Quick Commerce can be highlighted in the budget.

Healthcare and Pharma

- **Increasing government spending towards healthcare as % of GDP:** Expect substantial hike in healthcare spending to over 2.5% of GDP.
- **Improving Healthcare Accessibility and Affordability:** Expect further expansion of Ayushman Bharat Scheme to more sections of society. Currently, senior citizens aged 70 and above are included in the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana health insurance scheme.
- **Reducing Healthcare Costs:** Expect removal of customs duties and reduce GST to 5% on oncology radiation equipment, such as LINACs
 - To expand cancer treatment capacity in underserved regions to make healthcare more affordable.
 - Some hint on reduction in GST on diagnostic services (currently taxed between 12-18% for diagnostic kits, X-ray equipment and hospital furniture).

Hospitality:

- Reduction in GST rate for budget accommodations and hostels to lower travel costs.
- Grant of infrastructure status is anticipated.

Logistics:

- Focus on development of multi-modal logistics parks to enhance connectivity and streamline operations is anticipated

Metals

- Measures to curb subsidized Chinese steel imports in India via countries having FTAs and increase basic custom duty. DGTR has recommended imposition of safeguard duty but awaiting FinMin approval.
- Incentives to use higher proportion of indigenous raw materials such as coking coal
- Incentives on capex required for steel decarbonization

Oil & Gas/ Specialty chemicals

- Thrust on asset monetization of PSUs
- Schemes for encouraging green energy investment
- PLI Scheme in Specialty chemicals

Real Estate

Affordable Housing:

- **Price Cap Revision:** Expect price revision in affordable housing segment to align with rising development costs as the current price cap of Rs 4.5mn is considered unrealistic in many metro cities.
- **Re-introduction of Credit-Linked Subsidy Scheme (CLSS) under PMAY:** The CLSS, which provided subsidies for affordable housing, has been discontinued. Expect its revival is a key demand to boost demand in this segment.

Others

- **Home Loan Interest Deduction:** Expect an increase in the tax deduction limit on home loan interest from current Rs. 0.2mn to make homeownership more affordable.
- **Industry Status:** Granting industry status to the real estate sector could unlock access to various benefits and boost investment.
- **Focus on Infrastructure Development:** Expect continued investment in infrastructure is crucial for long-term growth in the real estate market.
- **Simplification of Regulations:** Streamlining and simplifying regulations can reduce project timelines and improve ease of doing business.

Nifty Valuation

	Weight-age (%)	FY24	FY25E	FY26E	FY27E		Weight-age (%)	FY24	FY25E	FY26E	FY27E
Banking & Fin.	34.0					Telecom	4.1				
PER (x)		18.8	17.7	16.2	14.0	PER (x)		71.4	51.8	35.4	30.0
PAT Growth (%)		22.2	6.5	9.0	15.8	PAT Growth (%)		61.4	37.9	46.2	18.1
Technology	14.2					Cement	1.2				
PER (x)		32.1	29.5	25.9	22.7	PER (x)		46.4	45.9	33.3	27.1
PAT Growth (%)		3.8	8.9	14.0	13.8	PAT Growth (%)		38.3	1.1	37.7	22.9
Oil & Gas	9.5					Others	1.4				
PER (x)		14.1	17.6	16.1	15.0	PER (x)		50.8	35.2	30.1	22.6
PAT Growth (%)		59.9	(20.1)	9.5	7.0	PAT Growth (%)		(4.6)	44.3	17.0	33.4
Consumer	11.7					Ports & Logistics	0.8				
PER (x)		48.4	49.6	43.6	39.0	PER (x)		30.2	22.8	19.5	17.3
PAT Growth (%)		14.3	(2.5)	13.8	11.9	PAT Growth (%)		52.8	32.0	17.0	12.9
Auto	7.7					Nifty as on Jan 10	23,432				
PER (x)		21.6	22.4	19.3	17.9	EPS (Rs) - Free Float - PL		1,018.4	1,157.3	1,331.2	1,512.0
PAT Growth (%)		154.0	(3.3)	16.1	7.4	Growth (%)		17.7	13.6	15.0	13.6
Eng. & Power	7.6					PER (x)		23.0	20.2	17.6	15.5
PER (x)		24.1	22.1	19.2	17.2	EPS (Rs) - Free Float - Nifty Cons.		1,018.4	1,196.1	1,379.2	1,580.0
PAT Growth (%)		16.9	9.2	15.2	11.4	Var. (PLe v/s Cons.) (%)		0.0	(3.2)	(3.5)	(4.3)
Pharma	4.1					Sensex as on Jan 10	77,379				
PER (x)		38.4	34.3	29.2	27.8	EPS (Rs) - Free Float - PL		3,012.3	3,575.9	4,141.4	4,751.3
PAT Growth (%)		21.5	11.9	17.5	5.3	Growth (%)		9.8	18.7	15.8	14.7
Metals	3.4					PER (x)		25.7	21.6	18.7	16.3
PER (x)		12.6	13.2	9.1	7.8	EPS (Rs) - Free Float - Sensex Cons.		3,012.3	3,700.2	4,290.0	4,908.7
PAT Growth (%)		8.6	(4.3)	45.4	16.2	Var. (PLe v/s Cons.) (%)		-	(3.4)	(3.5)	(3.2)

Source: Company Data, PL

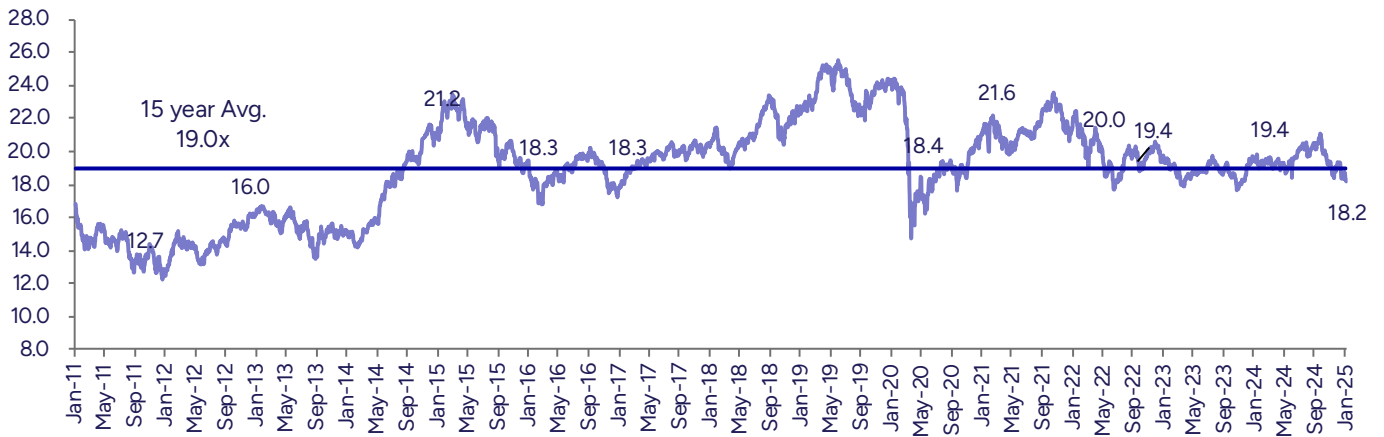
Note: Sector Weightages updated as on January 10, 2025

Exhibit 19: FY26: Cement, Metals, Telecom to see strong growth; BFSI and Oil and Gas to drag earnings

	NIFY Sectoral EPS - PLe (Rs)				% Gr.				% Contribution to total EPS			
	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
Auto	88.8	94.8	109.7	117.7	142.6%	6.7%	15.6%	7.3%	8.7%	8.2%	8.2%	7.8%
BFSI	428.6	506.5	554.0	639.8	12.7%	18.2%	9.4%	15.5%	42.1%	43.8%	41.6%	42.3%
Cement	6.3	7.0	9.7	11.9	29.2%	12.5%	37.7%	22.9%	0.6%	0.6%	0.7%	0.8%
Cosnumer	62.1	68.1	77.8	86.9	6.2%	9.5%	14.3%	11.8%	6.1%	5.9%	5.8%	5.7%
Eng. & Power	69.8	86.1	101.2	114.1	10.3%	23.5%	17.5%	12.7%	6.8%	7.4%	7.6%	7.5%
Healthcare	26.8	33.1	38.7	39.5	15.1%	23.9%	16.9%	1.9%	2.6%	2.9%	2.9%	2.6%
Metals	57.8	65.0	99.3	116.9	-6.1%	12.4%	52.8%	17.8%	5.7%	5.6%	7.5%	7.7%
Oil & Gas	145.5	127.9	139.6	151.0	40.6%	-12.1%	9.1%	8.1%	14.3%	11.1%	10.5%	10.0%
Others	8.8	12.0	14.9	19.5	-17.5%	37.3%	24.0%	30.4%	0.9%	1.0%	1.1%	1.3%
Ports & Logistics	6.3	9.2	10.8	12.2	42.7%	46.9%	17.0%	12.9%	0.9%	1.0%	1.1%	1.3%
Technology	103.4	125.4	143.3	164.6	-5.2%	21.4%	14.3%	14.8%	0.6%	0.8%	0.8%	0.8%
Telecom	14.4	22.0	32.2	38.1	50.7%	53.5%	46.2%	18.1%	10.1%	10.8%	10.8%	10.9%
Nifty	1,018.4	1,157.3	1,331.2	1,512.0	17.7%	13.6%	15.0%	13.6%				

Source: PL

Exhibit 20: Nifty trading at 4.2% discount to 15- year average 1-year forward PE

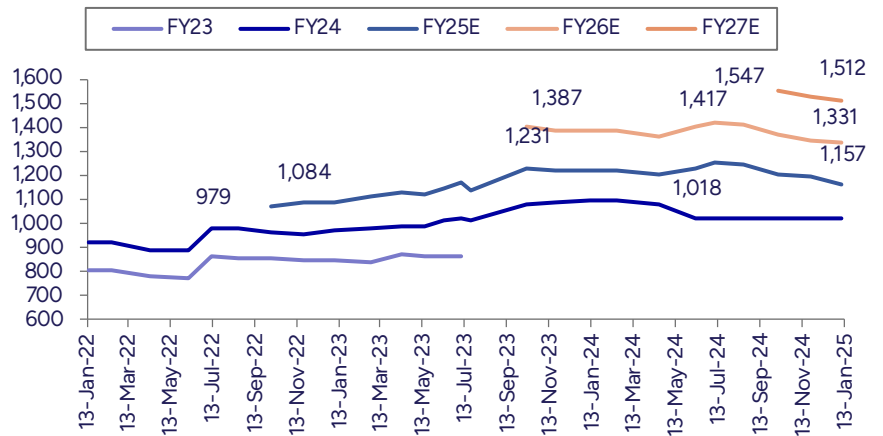


Source: PL

FY25/26/27 EPS has seen a cut of 3/1/0.6% while consensus EPS has seen a cut of 0.3/0.5/1.1%

PL estimates for FY25/26/27 are 3.2/3.5/4.3% lower than consensus.

Exhibit 21: NIFTY EPS trend – FY24-27 CAGR at 14.1%



Source: PL

Exhibit 22: Model Portfolio v/s Nifty

Returns	Model Portfolio	Nifty	Perf.
Since Nov'18	141.9%	117.7%	24.2%
Since Last Report	-2.8%	-3.3%	0.5%
Since Apr'23	42.2%	32.3%	9.9%

Source: PL

Model Portfolio

Sectors	Mcap (Rs bn)	Nifty Weightage (%)	PL Weightage (%)	Weights
Automobiles		7.7	7.7	Equalweight
Mahindra & Mahindra	3,846	2.6	3.6	
Maruti Suzuki	3,657	1.5	2.6	
Tata Motors	3,245	1.6	1.5	
Banks		29.2	29.5	Overweight
Axis Bank	3,221	2.9	2.9	
HDFC Bank	12,671	12.0	12.0	
ICICI Bank	8,823	8.4	9.0	
Kotak Mahindra Bank	3,492	2.5	2.8	
State Bank Of India	6,633	2.8	2.8	
Cement		1.2	2.5	Overweight
Ambuja Cement	1,259		1.3	
UltraTech Cement	3,137	1.2	1.3	
Capital Goods & Engineering		7.6	13.0	Overweight
ABB	1,360		2.5	
Larsen & Toubro	4,863	3.9	4.5	
Siemens	2,174		3.5	
Bharat Electronics	1,981	1.0	1.3	
Polycab India	984		1.3	
Consumer		11.7	10.5	Underweight
Britannia Industries	1,190	0.6	2.5	
Hindustan Unilever	5,738	2.1	1.5	
Interglobe Aviation	1,634		2.0	
ITC	5,566	4.0	2.0	
Titan Company	3,054	1.4	2.5	
Healthcare		4.1	6.0	Overweight
Max Healthcare	1,117.85		3.5	
Sun Pharmaceutical Industries	4,282	1.9	2.5	
IT		14.2	14.5	Overweight
Infosys	8,167	6.5	6.5	
HCL Technologies	5,414	1.9	2.0	
LTI Mindtree	1,814.57		2.0	
Tata Consultancy Services	15,433	3.9	4.0	
Metals		3.4	1.0	Underweight
Hindalco Industries	1,291	0.8	1.0	
Diversified Financials		4.8	1.5	Underweight
HDFC AMC	822		1.5	
Oil & Gas		9.5	9.6	Overweight
Reliance Industries	16,806	8.1	9.6	
Telecom		4.1	4.2	Overweight
Bharti Airtel	9,674	4.1	4.2	
Others		2.5	-	Underweight
Cash				

PL Model Portfolio has outperformed NIFTY by 24.2% since Nov 2018, 9.9% since April 23 and 0.5% since last report.

- **Automobiles: Equal weight:** We change our stance from overweight to equal weight. We are removing Hero Moto from model portfolio given sustained loss of market share to Honda. We are slightly increasing weights on M&M and Maruti given strong growth prospects of M&M in both tractors and PV, Maruti seems well placed to gain from demand revival given rising share in SUV segment and potential revival in the entry level segment.
- **Banks: overweight:** Near term issues with regards to slowing loan growth, unsecured loans, MFI and credit card spending remains. The CD gap has been narrowing which will benefit most private banks, which have higher LDR. However, the sector lacks big triggers except for the expected interest rate cut in Feb25, prompting us to reduce weight by 50bps. However, within the sector we tinker with weights and are now equal weight on HDFC Bank (underweight earlier) and Axis Bank and SBI (Overweight earlier).
- **Capital Goods – Overweight:** We are increasing overweight from 430bp to 540bps given strong growth prospects given expected pick up in Govt capex/ordering. We turn overweight on L&T given attractive valuations, expected pick up in IT subs and strong growth prospects in core business. We are also increasing weight on Siemens India given strong growth prospects, expected value unlocking from demerger.
- **Consumer: Underweight:** We turn underweight on consumer given near term headwinds in demand, although we expect the demand to start recovering by 4Q25. We are removing Avenue Supermart and Nestle India from model portfolio. We are increasing weights on Britannia (50bps), HUL (20bps), ITC (20bps). We expect FY25 EPS to be cut in most of the consumer names.
- **Healthcare: Overweight:** We remain structurally positive on Hospitals led by Max healthcare, and we further increase weight by 50bps, given expected gains from recent acquisitions and brownfield expansion in Mumbai and NCR. We retain Sun Pharma in the model portfolio, as growing the specialty portfolio will enable strong growth in earnings in coming years.
- **IT services: Overweight:** IT services is showing initial signs of recovery in BFSI, telecom and manufacturing. Segments like EDS, Data Analytics, Digital, Artificial intelligence and supply chain etc. will drive growth in next cycle. We expect demand environment to change for better in Trump 2.0 which will provide a gradual tailwind to the sector. We are increasing weights behind Infosys on expected growth revival.
- **Oil and Gas: Overweight:** we turn overweight as we increase weight behind Reliance Inds by 80bps. We are banking on value unlocking in Jio Platforms, growth revival in retail and new energy segments to drive stock price.
- **Telecom:** we retain overweight on Bharti Airtel as a structural play on rising data usage in telecom. While recent tariff hikes have been absorbed, we expect more tariff hikes after a lag, which will further improve profitability.
- **Cement – Overweight:** We remain positive on cement demand and industry consolidation. We expect an improvement in demand led by government capex and higher profitability in coming quarters.

Conviction Picks Changes

High Conviction Picks: We are removing HDFC AMC, Safari Inds and Lupin Labs from conviction picks. We believe HDFC AMC might see some earnings cut due to market volatility while safari has industry led headwinds in the near to medium term. Lupin Labs and Triveni Turbine looks good for long term; however, they offer limited upside at the current juncture. We are adding Britannia Inds, Siemens, Praj Inds, Infosys and Cyient DLM in high conviction picks.

Britannia Industries: BRIT's business prospects continue to remain strong given 1) retained market leadership in core segments 2) little risk of disruption from B2C brands and 3) strong innovation pipeline and on track cost saving & GTM initiatives. Next couple of quarters may seem some moderation in volume growth (demand and price hikes) and margins (High base of 19.3-19.4%), broader performance should likely bottom out by the end of 3Q25. Margins should start recovery post 4Q25 which will provide 17% EPS growth over FY25-27. BRIT provides an attractive entry price for medium term gains, post its ~30% correction from recent high.

Cyient DLM: Cyient DLM (CYIENTDL) revenue is likely to grow by 44.7% YoY with continued addition of global clients and consolidation of Altek, which is expected to contribute ~17% to the topline. We expect sales to grow by 44.7% YoY. Aerospace/Defence to grow by 15%/35% YoY. Margin is expected to be contracted by ~67bps to 8.5% due to one-off effect related to Altek acquisition. PAT is expected to grow by 39.9%. We believe CYIENTDL is well positioned to capitalize on key opportunities supported by its 1) plans to tap into new geographic locations, 2) strategic entry into emerging industries like EVs, 3) recent strategic acquisitions, and 4) focus on strengthening its existing segments. We estimate revenue/EBITDA/PAT CAGR of 32.7%/41.1%/53.1% over FY24-27E. The company added 6 new clients in H1FY25. With long-term partnerships averaging over 11 years with major clients like Honeywell and Thales, and new additions, including a global semiconductor firm and a medtech company.

Infosys: Infosys reported steady USD revenue growth of 2.9% in H1FY25 and with the steady H1 performance it is on track to meet revenue guidance of 3.75-4.5% YoY CC growth in FY25. The large deal wins are also robust at USD 6.5 bn for H1FY25. The anticipated revival in discretionary spending in core segments of BFSI & Retail along with the easing macro environment places Infy well to capture large scale transformation projects compared to its large peers. We expect Infy to report USD & Earnings CAGR of 7.8% & 12.3% between FY24-27E.

Praj Industries: We remain positive on PRJ in the long run given 1) its leadership in domestic ethanol projects (50-55% market share), 2) healthy export outlook in Engineering driven by ETCA, 3) large pipeline in SAF in the US and domestic CBG, 4) focus on new technologies such as 2G ethanol and biopolymers, and 5) improving margins owing to growing share of exports & services. We expect PRJ to report revenue/adj. PAT CAGR of 21.2%/26.9% over FY24-27E.

Siemens: We remain positive on SIEM from a long-term perspective given 1) its strong and diversified presence across industries through focus on electrification, digitalization & automation, 2) product localization, 3) strong balance sheet, 4) healthy public & private capex and 5) value-unlocking from demerger for Energy business. We expect SIEM to report revenue/adj. PAT CAGR of 17.5%/19.5% over FY24-27E.

High Conviction Picks

	CMP (Rs.)	TP (Rs)	Upside	Mcap (Rs bn)	Mcap (US\$ m)	Revenue Gr. (%)			Earnings Gr. (%)			RoE (%)			RoCE (%)*			PER (x)			P/BV (x)*		
						2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2026E	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Large Cap																							
Ambuja Cement	511	707	38.3%	1,259.3	14,628	6.3	24.3	9.7	(25.0)	89.1	6.5	5.9	9.6	9.4	10.1	14.8	15.0	45.5	24.1	22.6	2.4	2.2	2.0
Bharat Electronics	271	341	25.7%	1,981.0	23,010	17.3	17.9	12.9	14.3	20.4	13.0	26.3	26.7	25.6	30.6	31.5	30.5	43.1	35.8	31.7	10.5	8.8	7.5
Bharti Airtel	1,616	1,783	10.3%	9,177.3	1,06,602	13.1	15.6	9.4	37.9	46.2	18.1	20.9	24.9	23.1	13.8	16.2	16.8	49.4	33.8	28.6	9.6	7.5	5.9
Britannia Industries	4,939	5,815	17.7%	1,189.9	13,821	5.7	9.1	10.5	(4.2)	16.5	17.5	51.5	55.3	56.1	45.6	52.7	56.0	58.1	49.9	42.5	29.6	25.8	22.1
ICICI Bank	1,250	1,640	31.2%	8,808.0	1,02,312	10.0	13.0	15.2	11.9	10.1	17.3	18.0	17.0	17.3	2.3	2.2	2.2	19.2	17.4	14.9	3.3	2.8	2.5
Infosys	1,967	2,270	15.4%	8.1	95	6.3	9.4	12.0	8.5	13.1	15.3	29.9	33.7	38.8	27.7	31.2	36.0	30.9	27.3	23.7	9.2	9.2	9.2
InterGlobe Aviation	4,229	4,919	16.3%	1,632.2	18,960	12.7	17.4	16.5	(5.5)	15.0	8.7	131.9	62.7	41.2	129.7	72.7	56.2	21.1	18.4	16.9	16.8	8.8	5.8
Larsen & Toubro	3,536	4,088	15.6%	4,862.2	56,478	15.5	12.1	12.9	20.9	28.7	18.6	16.7	18.3	18.4	11.6	13.3	14.2	31.0	24.1	20.3	4.8	4.1	3.5
Mahindra & Mahindra	3,093	3,541	14.5%	3,709.1	43,084	15.5	14.7	14.2	17.8	10.8	13.3	22.1	20.8	20.1	21.5	20.8	20.3	29.4	26.5	23.4	6.0	5.1	4.3
Max Healthcare Institute	1,150	1,200	4.4%	1,117.6	12,982	23.6	32.6	20.0	15.2	35.6	30.6	14.8	17.5	19.4	16.5	19.2	21.6	75.9	56.0	42.9	10.6	9.1	7.7
Polycab India	6,539	8,741	33.7%	982.6	11,413	20.3	17.4	14.8	7.0	24.7	15.3	21.2	21.9	21.0	29.5	30.2	29.0	51.5	41.3	35.8	10.0	8.3	6.9
Reliance Industries	1,242	1,453	17.0%	16,805.4	1,95,207	6.1	6.2	4.3	(15.4)	13.0	12.0	7.1	7.5	7.8	8.6	9.2	9.6	28.5	25.3	22.5	2.0	1.8	1.7
Siemens	6,105	7,716	26.4%	2,173.3	25,245	13.7	19.6	19.1	24.9	27.6	21.6	17.1	18.6	19.2	19.2	20.5	21.4	89.5	70.2	57.7	14.2	12.1	10.3
Titan Company	3,440	3,882	12.8%	3,061.8	35,565	16.4	19.0	14.2	5.2	30.9	18.4	23.8	26.3	25.6	21.5	23.2	23.8	83.2	63.6	53.7	18.6	15.2	12.5
Mid / Small Caps																							
Aster DM Healthcare	505	620	22.9%	252.3	2,930	14.1	17.1	17.6	77.0	59.3	27.0	8.0	13.4	15.3	11.4	16.0	18.6	75.7	47.5	37.4	6.7	6.1	5.5
Crompton Greaves Consumer Electric	360	536	49.0%	231.4	2,687	13.0	13.3	12.3	32.6	25.4	17.0	18.2	20.5	21.5	22.4	26.5	28.2	39.7	31.6	27.0	6.8	6.2	5.5
Cyient	1,741	2,120	21.8%	193.2	2,244	6.6	16.7	16.2	(1.1)	15.6	21.4	16.4	17.4	19.3	15.3	16.6	18.0	26.6	23.0	18.9	4.2	3.8	3.5
Cyient DLM	619	831	34.4%	49.1	570	37.9	41.8	19.6	60.6	74.1	28.4	10.2	15.4	16.8	14.9	20.6	22.4	49.9	28.7	22.3	4.8	4.1	3.5
DOMS Industries	2,626	3,337	27.1%	159.4	1,851	23.1	32.8	23.1	29.1	29.7	26.2	22.7	23.7	23.9	26.5	28.4	29.1	77.3	59.6	47.2	15.9	12.7	10.2
Jindal Stainless	626	739	18.2%	515.1	5,983	10.6	20.7	7.0	8.8	38.8	17.1	18.3	21.1	20.3	19.8	23.0	24.1	17.9	12.9	11.0	3.0	2.5	2.0
Lemon Tree Hotels	140	179	27.7%	111.1	1,291	19.2	14.2	8.7	40.8	37.5	21.0	19.6	22.2	22.0	17.8	21.8	24.6	53.1	38.7	31.9	9.5	7.8	6.4
Praj Industries	739	804	8.8%	135.8	1,577	6.9	34.0	24.2	9.9	39.5	33.1	22.5	26.3	28.8	24.0	28.3	32.2	43.6	31.3	23.5	9.1	7.5	6.1

* For Banks P/BV = P/ABV & RoCE = RoAA

Added: Britannia Industries, Infosys, Siemens, Cyient DLM and Praj Industries

Removed: HDFC Asset Management Company, Lupin, Safari Industries (India) and Triveni Turbine

Exhibit 23: Current Valuations in ~52% (48% earlier) Nifty50 companies are lower than 2016-20 avg. levels

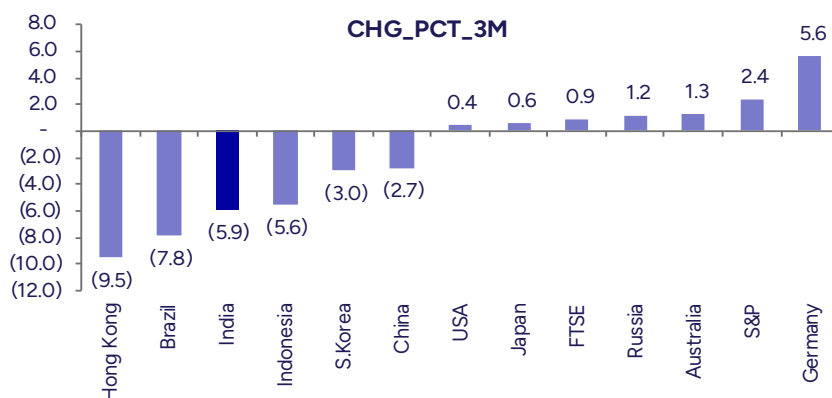
12 Month Forward Average PE	2009-11	2011-13	2013-16	2016-20	2022	2023	2024	Current Valuations*
Nifty Index	16.3	14.7	18.8	22.0	20.4	18.4	18.3	18.2
Adani Enterprises	3.0	2.8	4.2	13.4	114.0	112.1	61.3	37.1
Adani Ports & Special Economic Zone Ltd	28.8	18.5	18.3	18.1	31.2	25.4	20.6	20.4
Apollo Hospital Enterprises	24.5	29.9	58.6	81.2	66.5	71.8	64.6	55.1
Asian Paints Ltd	21.5	30.1	39.9	51.7	82.7	61.8	59.8	45.2
Axis Bank Ltd	13.1	9.9	14.0	72.8	20.2	15.0	12.1	11.4
Bajaj Auto Ltd	9.7	15.1	17.5	17.7	17.4	15.6	19.5	24.4
Bajaj Finance Ltd	10.2	10.8	15.5	11.4	10.5	7.2	8.8	10.7
Bajaj Finserv Ltd	5.5	6.6	9.9	26.9	43.2	32.4	26.9	22.3
Bharat Electronics Ltd	15.8	12.7	14.4	17.8	16.8	19.7	24.3	38.2
Bharat Petroleum Corp Ltd	15.6	13.7	8.6	11.0	15.3	7.5	4.8	8.5
Bharti Airtel Ltd	20.9	45.4	29.3	72.6	57.3	54.2	41.6	34.9
Britannia Industries Ltd	28.8	23.3	28.3	47.3	46.9	44.5	53.7	48.3
Cipla Ltd/India	23.5	19.3	34.3	29.8	28.3	24.1	21.6	23.6
Coal India Ltd	2.9	13.7	15.8	14.2	4.0	3.8	5.3	6.3
Dr Reddy's Laboratories Ltd	27.6	16.8	26.8	30.2	24.3	14.3	16.4	19.3
Eicher Motors Ltd	7.0	12.0	NA	34.7	31.9	24.8	22.9	28.2
Grasim Industries Ltd	6.0	8.2	19.1	20.0	14.5	17.1	30.4	42.1
HCL Technologies Ltd	13.3	9.0	14.1	12.9	21.3	18.4	21.3	28.1
HDFC Bank Ltd	20.7	18.5	18.0	21.5	19.9	17.3	17.0	16.1
HDFC Life Insurance Co. Ltd.	NA	NA	-	42.8	103.0	80.4	75.2	58.0
Hero MotoCorp Ltd	16.0	17.5	17.4	18.0	20.4	15.4	15.7	16.4
Hindalco Industries Ltd	9.9	9.0	17.2	9.9	8.6	9.4	8.8	9.1
Hindustan Unilever Ltd	24.3	25.2	37.1	50.1	60.2	58.1	57.4	49.9
ICICI Bank Ltd	19.5	13.6	15.0	30.5	17.7	16.0	15.8	17.9
IndusInd Bank Ltd	12.3	14.4	17.6	26.4	13.0	10.1	13.1	8.0
Infosys Ltd	20.5	16.0	16.5	16.4	29.9	25.2	22.7	27.2
ITC Ltd	19.4	22.9	30.5	24.2	16.1	19.0	25.0	24.6
JSW Steel Ltd	16.2	25.2	25.6	10.2	15.7	26.1	22.5	16.1
Kotak Mahindra Bank Ltd	17.6	18.6	25.9	29.1	27.1	21.8	19.9	19.1
Larsen & Toubro Ltd	20.9	18.0	26.2	19.8	24.7	22.6	27.8	26.3
Mahindra & Mahindra Ltd	12.0	13.5	22.6	34.4	17.5	16.5	16.1	27.7
Maruti Suzuki India Ltd	17.2	15.9	17.5	31.9	38.1	24.5	22.5	22.7
Nestle India Ltd	32.3	40.5	63.5	55.6	78.7	65.4	70.4	61.2
NTPC Ltd	17.9	11.9	10.8	10.7	7.2	8.3	11.2	13.2
Oil & Natural Gas Corp Ltd	10.8	9.2	17.1	10.4	4.3	4.3	5.2	6.8
Power Grid Corp of India Ltd	17.6	12.5	11.5	10.5	8.1	10.0	12.5	16.8
Reliance Industries Ltd	13.5	10.5	9.4	13.4	21.9	22.8	22.2	18.4
SBI Life Insurance Co.	NA	NA	-	32.4	68.3	66.2	64.5	58.4
State Bank of India	11.9	8.9	25.1	200.4	8.9	7.8	7.8	8.8
Sun Pharmaceutical Industries Ltd	18.1	20.6	37.2	42.0	32.8	25.1	27.0	34.2
Tata Consultancy Services Ltd	16.3	16.9	20.1	20.7	32.0	27.5	26.9	26.9
Tata Consumer Products	19.9	18.1	3.7	32.6	65.2	60.5	66.6	52.8
Tata Motors Ltd	5.3	6.5	11.6	-0.8	-13.5	14.7	9.8	11.3
Tata Steel Ltd	-6.7	NA	-13.6	7.5	7.2	-1.0	-3.9	12.4
Tech Mahindra Ltd	12.9	7.2	15.6	13.4	23.0	27.7	32.4	27.1
Titan Co Ltd	21.2	29.4	38.8	56.5	67.8	64.1	80.1	67.4
Trent Ltd	NA	-117.4	81.6	36.7	140.2	52.5	52.0	99.0
UltraTech Cement Ltd	13.7	16.1	28.4	35.4	33.5	31.7	35.9	36.0
UPL Ltd	5.9	6.7	13.3	33.9	48.6	34.7	30.3	23.3
Wipro Ltd	15.6	13.2	15.1	14.8	27.7	20.3	19.0	23.0

Source: PL * as of January 9, 2025

Budget and Trump 2.0 hold key to returns

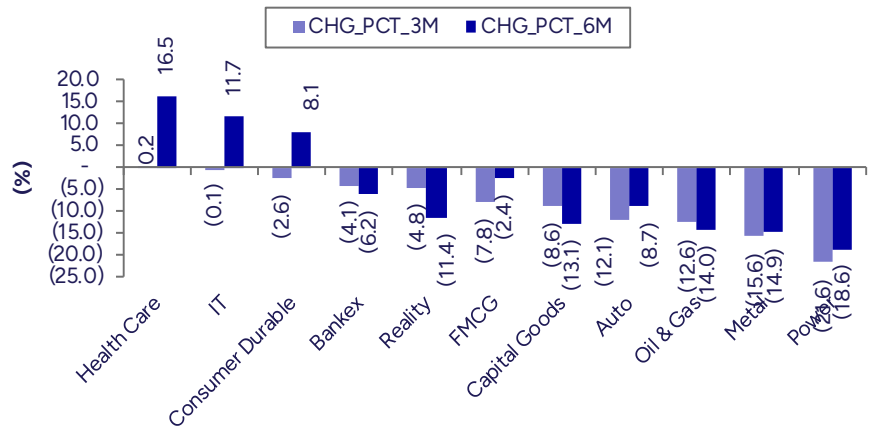
- NIFTY EPS has entered a downgrade cycle since 1QFY25 with successive cuts amounting to 7.5/6.1/2.1 on FY25/26/27. NIFTY has shown a decline of 3.5% since our last strategy report as the market is adjusting to the reality of slowdown in economy triggered by 1) decline in Govt capex during 1H25 2) tepid consumer demand triggered by prolonged rains and sharp spike in food inflation to 10.9% by Oct24 and 3) rising probability of cash dole outs and election freebies crowding out Govt capex and casting shadow on overall fiscal discipline in the country.
- India is 3rd worst performers amongst major markets which shows the impact of domestic slowdown in addition to volatile geopolitical scenario. US 10-year yields have increased by 108bps from the bottom while G-Sec yields have dropped by 30bps. The gap between them has reduced from ~350bps to 210bps adding to the currency volatility. The possibility of lower rate cuts in the US and any uptick in inflation following higher import duty imposition by US, will reduce elbow room for RBI to cut interest rates aggressively.
- Demand conditions remain mixed with a steady uptick in rural demand given low base and normal monsoons. 3Q has also shown an uptick in festival/weddings demand in a hyper inflationary environment. With food inflation having peaked out at 10.9% in Oct and Govt trying to accelerate capex spending, we expect gradual economic recovery to set in. we are already witnessing uptick in ordering momentum in Railways, Defense, Power, Data centers etc. the execution of which will accelerate growth in coming quarters.
- We believe upcoming budget and unfolding events in Trump 2.0 hold key to growth and market returns. While GOI might miss out on revenue collection, lower capex will help sustain fiscal discipline in FY25. We expect a growth-oriented budget with an attempt to pump prime the economy and provide some incentive to middle class to increase disposable income to spend.
- We expect markets to remain volatile in the near term but stabilize towards the end of 4Q25. we believe budget and policies of Trump 2.0 will shape the flow of markets. We would recommend selective buying in current turbulent times for long term gains given reasonable valuations as long-term India growth story remains intact.

Exhibit 24: Nifty50 down 5.9% YTD amidst high volatility and FII selling



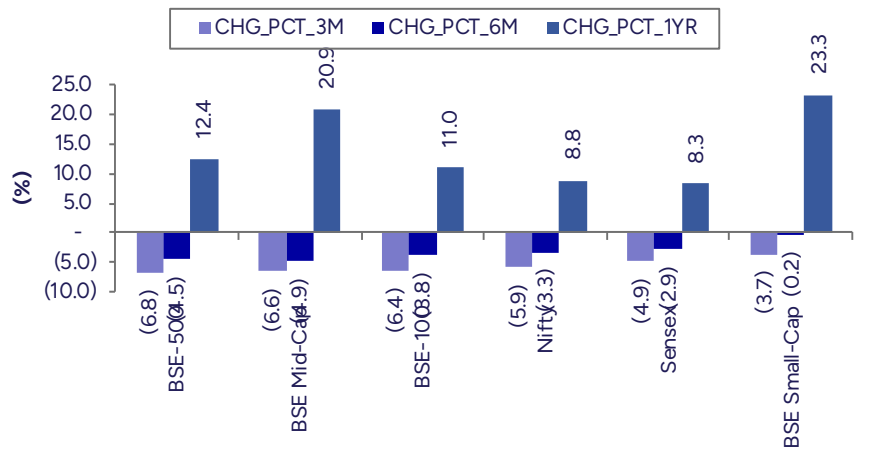
Source: PL

Exhibit 25: Healthcare, IT and Durables resilient; Metals, Power and O&G hard hit



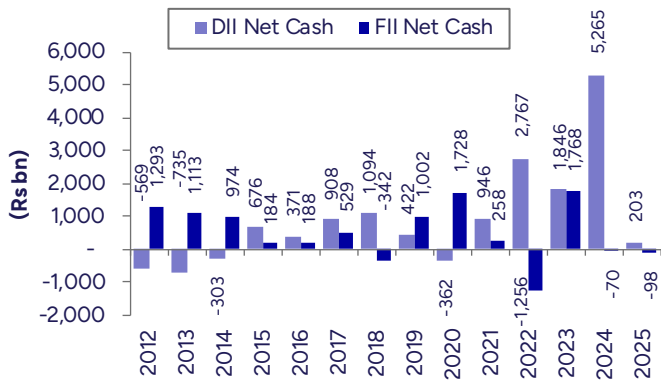
Source: PL

Exhibit 26: All indices in negative, Nifty and Sensex outperform 70-190bps



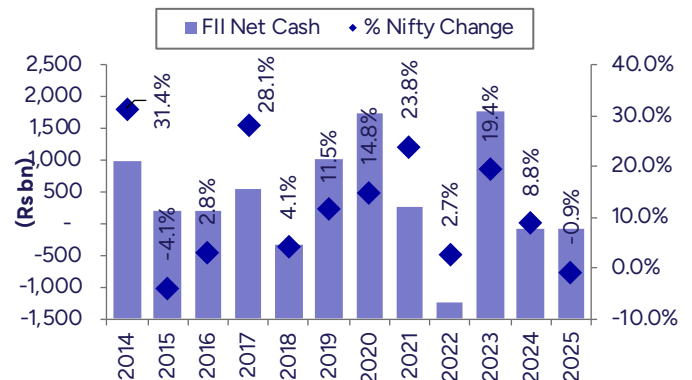
Source: PL

Exhibit 27: DII flows Rs631bn, FII inflows at Rs66bn (~6 weeks)



Source: PL

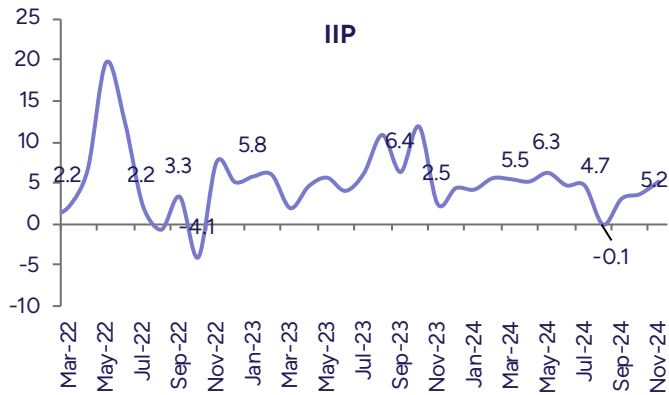
Exhibit 28: NIFTY down 0.9% YTD amidst high volatility



Source: PL

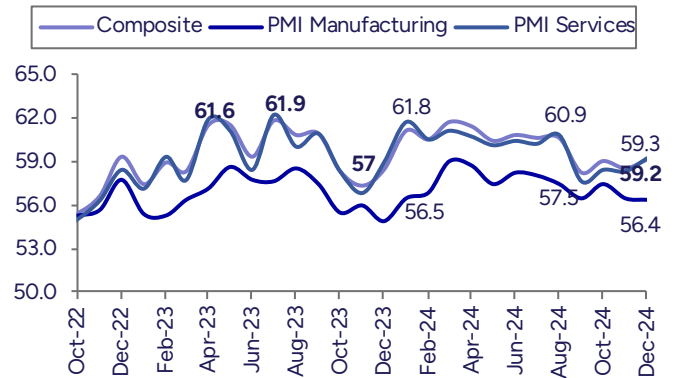
High Frequency indicators remain resilient

Exhibit 29: IIP growth reaches 6M high at 5.2% YoY in Nov'24



Source: Ministry of commerce, PL

Exhibit 30: PMI up to 59.2 due to uptick in Services



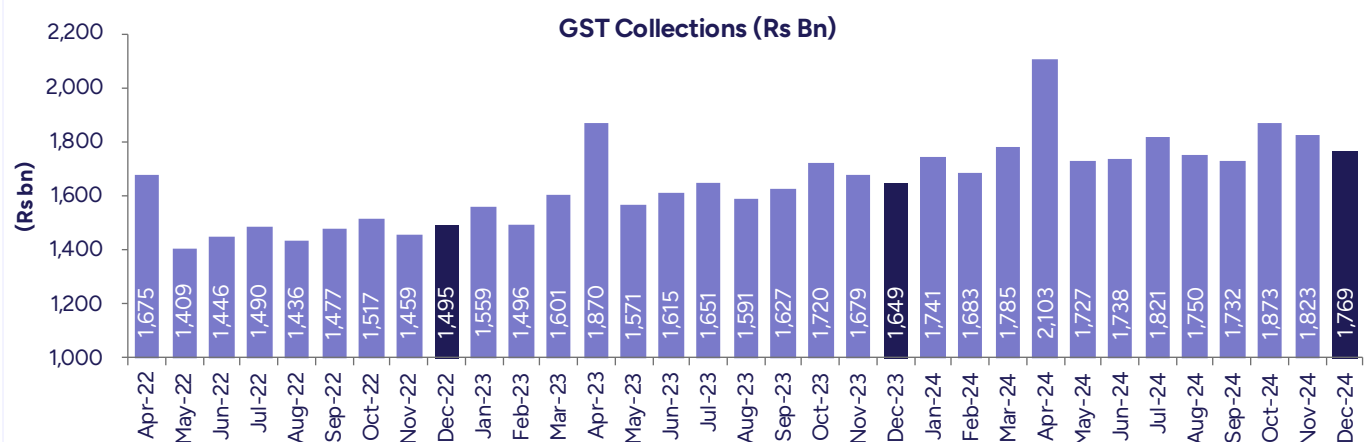
Source: Ministry of commerce, PL

Exhibit 31: IIP growth in Nov'24 led by Consumer durables (up 22.1%), while only non-durables registered -ve YoY gr. of 23.3%

	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
General	2.5	4.4	4.2	5.6	5.5	5.2	6.3	4.7	4.7	-0.1	3.1	3.7	5.2
Mining	7.0	5.2	6.0	8.1	1.3	6.8	6.6	10.3	3.8	-4.3	0.2	0.9	1.9
Manufacturing	1.3	4.6	3.6	4.9	5.9	4.2	5.1	3.2	4.4	1.1	3.9	4.4	5.8
Electricity	5.8	1.2	5.6	7.6	8.6	10.2	13.7	8.6	7.9	-3.7	0.5	2.0	4.4
Use-Based													
Basic goods	8.4	4.8	2.9	5.9	3.0	7.0	7.3	6.3	5.9	-2.6	1.8	2.5	2.7
Intermediate goods	3.4	3.7	5.3	8.6	6.1	3.8	3.5	3.0	6.4	3.0	3.6	4.6	5.0
Capital goods	-1.1	3.7	3.2	1.7	7.0	2.8	2.6	3.8	11.8	0.5	3.6	3.1	9.0
Infra/Construction Goods	1.5	5.5	5.5	8.3	7.4	8.5	7.6	7.1	4.6	2.2	3.2	4.8	10.0
Consumer Durables	-4.8	5.2	11.6	12.6	9.5	10.5	12.6	8.7	8.3	5.3	6.5	5.9	22.1
Consumer Non-durables	-3.4	3.0	0.3	-3.2	5.2	-2.5	2.8	-1.5	-4.3	-4.5	2.2	2.7	-23.3

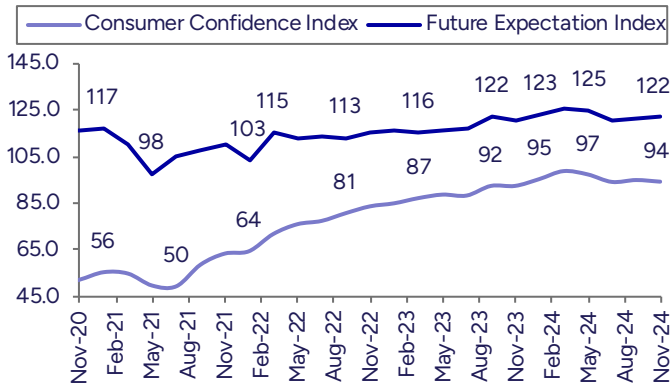
Source: MOSPI, PL

Exhibit 32: Dec'24 GST Collection at Rs.1.77bn, up 7.3% YoY led by IGST collection; 9MFY25 collection at Rs16.3bn, up 9.1% YoY



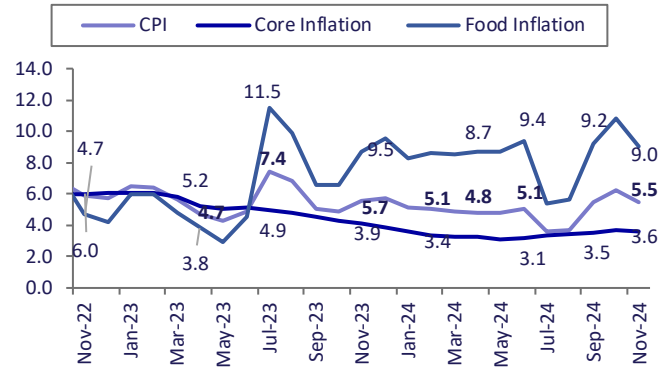
Source: GOI, PL

Exhibit 33: FEI-CCI gap increases to 27.9 in Nov'24



Source: CMIE, PL

Exhibit 34: CPI at 5.5% in Nov vs 6.2% in Oct, gradual easing



Source: MOSPI, PL

Exhibit 35: Food Inflation peaked out and softens to 9%, while core inflation remains sticky at 3.6% YoY in Nov'24

Consumer Price Index (CPI)	Weight	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
		Food, Beverages and Tobacco	45.9	8.0	8.7	7.6	7.8	7.7	7.9	7.9	8.4	5.1	5.3	8.4
Pan Tobacco and Intoxicants	2.4	3.8	3.6	3.3	3.1	3.1	3.0	3.0	3.1	3.0	2.7	2.5	2.5	2.3
Clothing and Footwear	6.5	3.9	3.6	3.4	3.1	3.0	2.9	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Housing	10.1	3.6	3.6	3.2	2.9	2.7	2.7	2.6	2.7	2.7	2.7	2.7	2.8	2.9
Fuel and Light	6.8	-0.8	-1.0	-0.6	-0.8	-3.4	-4.0	-3.7	-3.6	-5.5	-5.3	-1.3	-1.7	-1.8
Miscellaneous	28.3	4.4	4.1	3.8	3.6	3.5	3.5	3.4	3.4	3.8	3.9	4.0	4.3	4.3
Consumer Food Price Index	39.1	8.7	9.5	8.3	8.7	8.5	8.7	8.7	9.4	5.4	5.7	9.2	10.9	9.0

Source: MOSPI, PL

Exhibit 36: India's Trade Deficit up by 49% YoY on strong gold imports and 5% decline in exports in Nov'24

Merchandise Trade (USD bn)	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
Exports	33.7	38.4	37.3	41.4	41.7	35.3	39.6	35.2	33.9	34.7	34.6	39.2	32.0
YoY %	-3%	1%	4%	12%	-1%	2%	13%	2%	-2%	-9%	0%	17%	-5%
Imports	55.1	56.4	53.3	60.1	57.3	54.7	62.1	56.7	57.5	64.3	55.3	66.2	63.9
YoY %	-3%	-8%	1%	12%	-6%	10%	8%	7%	9%	3%	2%	4%	16%
- Oil	14.9	14.9	15.5	16.9	17.2	16.5	19.9	15.0	13.9	11.0	12.5	18.3	15.9
YoY %	-8%	-23%	-2%	0%	-4%	9%	28%	20%	18%	-32%	-11%	13%	7%
- Gold	3.4	3.0	1.9	6.1	1.5	3.1	3.3	3.1	3.1	10.1	4.4	7.1	9.8
YoY %	2%	156%	174%	134%	-54%	178%	-10%	-39%	-11%	104%	7%	-1%	186%
- Non Oil Non Gold	36.7	38.5	35.9	37.1	38.5	35.1	38.8	38.6	40.5	43.3	38.4	40.8	38.1
YoY %	-2%	-5%	-1%	9%	-3%	4%	2%	8%	7%	5%	6%	1%	4%
Trade Deficit	(21.3)	(18.1)	(16.0)	(18.7)	(15.6)	(19.4)	(22.5)	(21.5)	(23.6)	(29.6)	(20.7)	(27.0)	(31.8)
YoY %	-3%	-22%	-6%	13%	-18%	28%	0%	15%	28%	23%	3%	-11%	49%

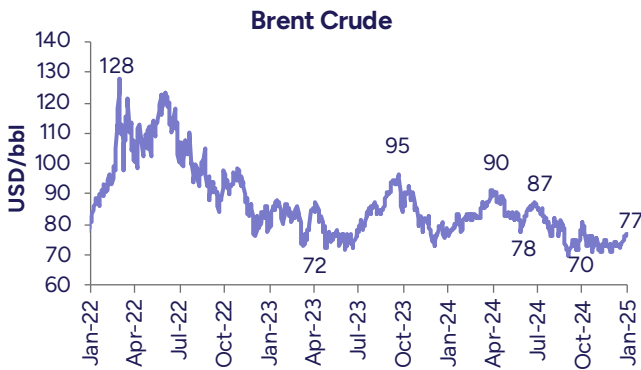
Source: Ministry of Commerce, PL

Exhibit 37: India's Service exports up 27% YoY and imports 29% in Nov, leads to rise in Services Balance to USD18bn, up 25%

Services	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
Exports (Receipts)	28.1	27.9	32.8	32.2	28.5	29.6	30.2	30.3	28.4	30.7	30.6	34.0	35.7
YoY %	7%	-11%	2%	17%	-6%	15%	12%	9%	8%	7%	8%	21%	27%
Imports (Payments)	13.7	13.3	16.1	15.4	15.8	17.0	17.3	17.3	14.6	15.7	16.3	17.0	17.7
YoY %	2%	-16%	2%	3%	-7%	22%	9%	11%	6%	4%	12%	26%	29%
Services balance	14.4	14.6	16.8	16.8	12.7	12.6	12.9	13.0	13.9	15.0	14.3	17.0	18.0
YoY %	13%	-5%	2%	35%	-6%	7%	16%	7%	11%	10%	3%	17%	25%

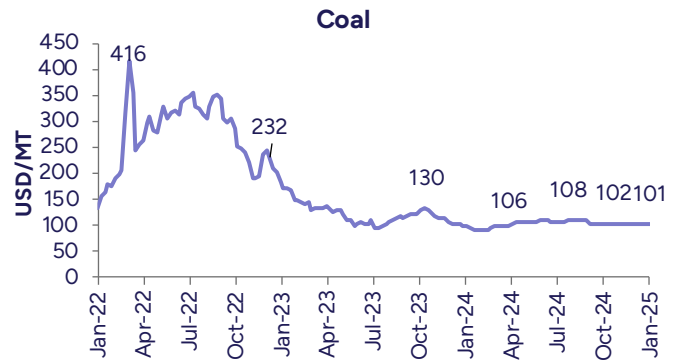
Source: Ministry of Commerce, PL

Exhibit 38: A slight uptick in crude at \$77, up 5% since Nov



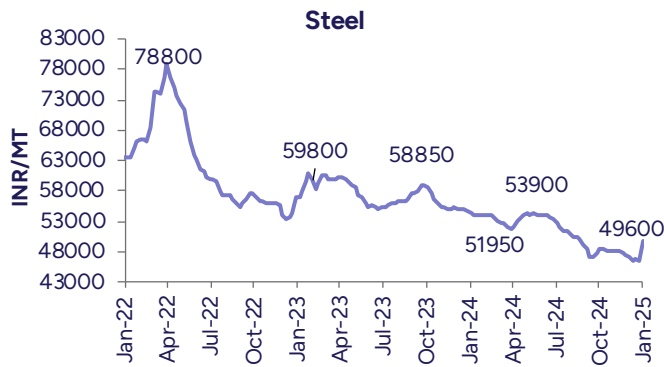
Source: PL

Exhibit 39: Coal prices remain steady around 100 USD/MT



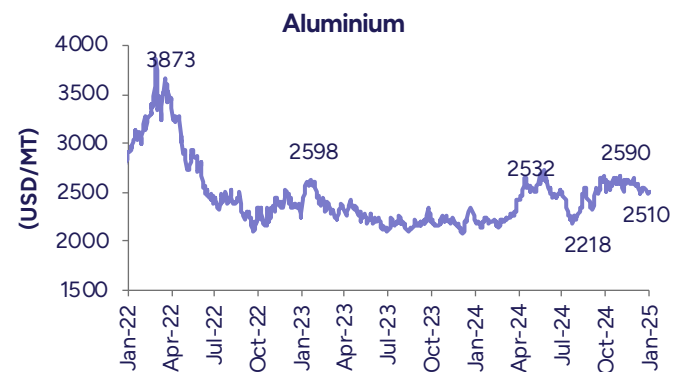
Source: Bigmint, PL

Exhibit 40: Steel prices witnessed an uptick in Jan'25



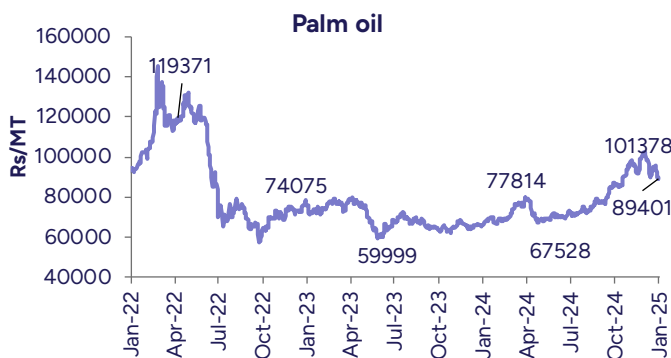
Source: Bigmint, PL

Exhibit 41: Aluminium price down 3% from recent high of 2590



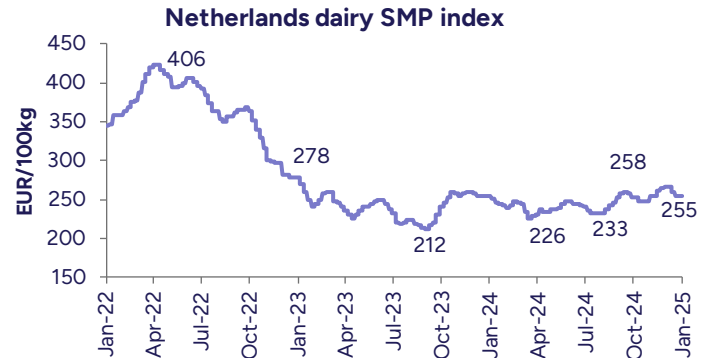
Source: PL

Exhibit 42: Palm oil prices down 5% from recent high



Source: PL

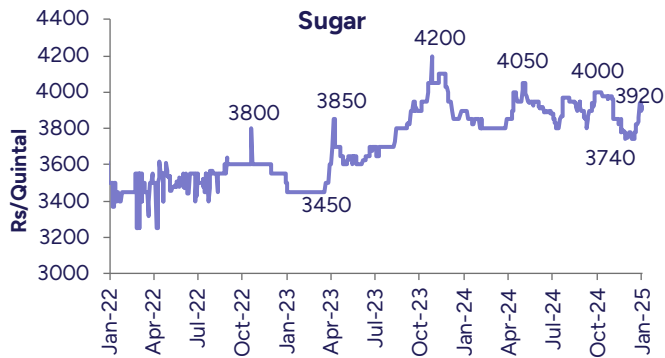
Exhibit 43: SMP prices wobbles around 255-265



Source: PL

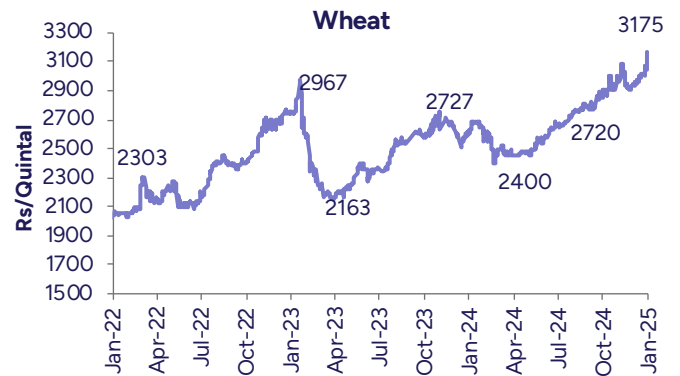


Exhibit 44: Sugar prices up by 5% since recent low at 3920



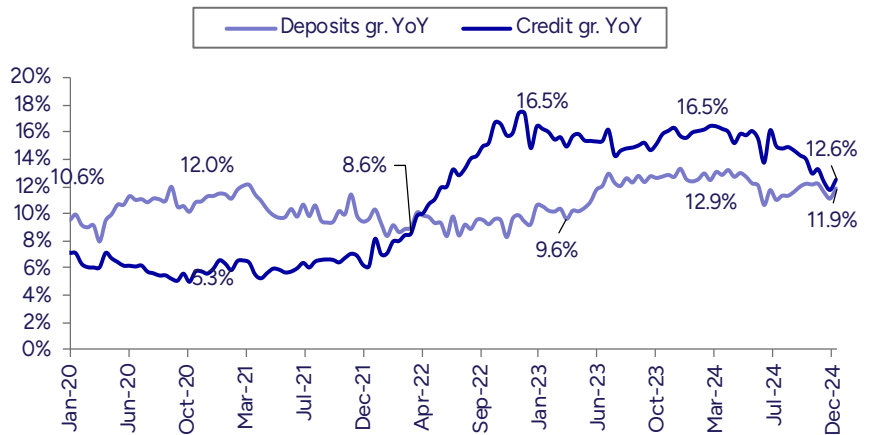
Source: PL

Exhibit 45: Wheat reached an all-time high of 3175 in Jan'25



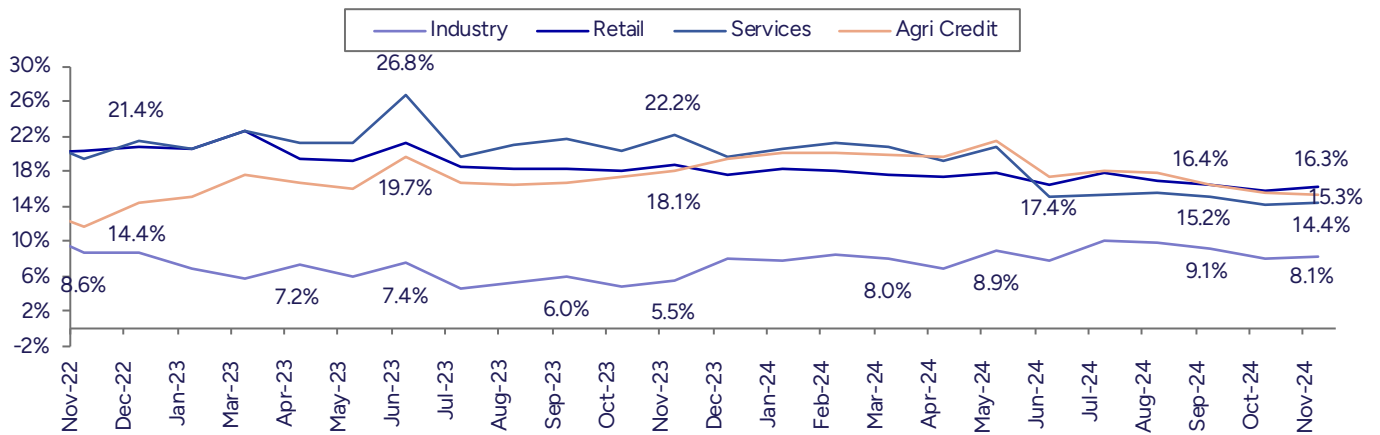
Source: PL

Exhibit 46: C-D gr. gap narrowed to 70bps in Dec



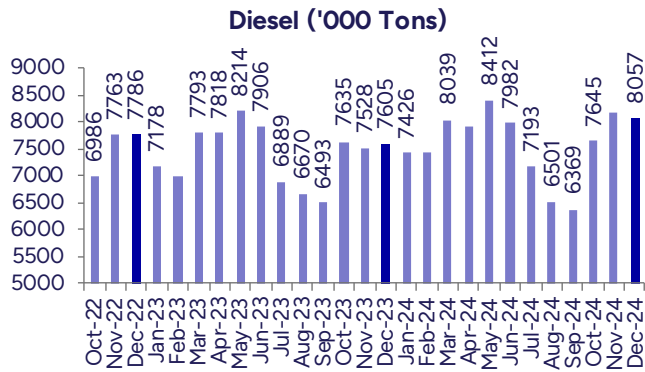
Source: RBI, PL

Exhibit 47: Agri and Retail credit growth softens by ~250bps in Nov'24, Industrial credit up ~250 bps as compared to last year



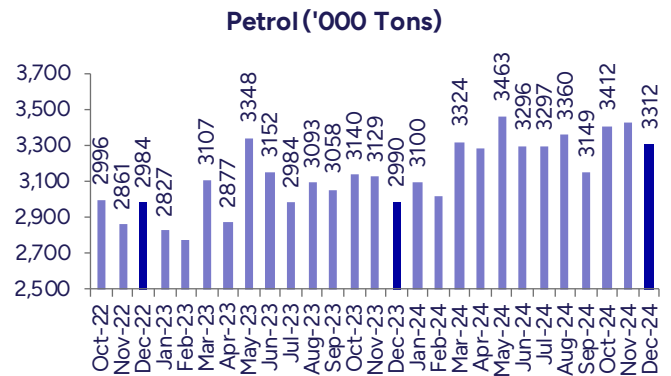
Source: RBI, PL

Exhibit 48: Diesel usage in Dec'24 is up 6% YoY at 8.1MMT



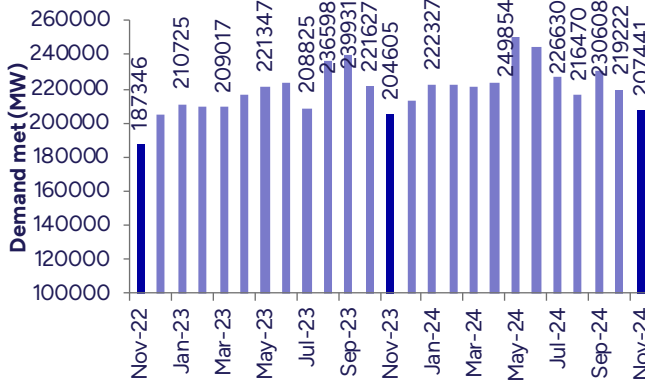
Source: PPAC, PL

Exhibit 49: Dec'24 consumption rises 11%YoY to 3.3MMT



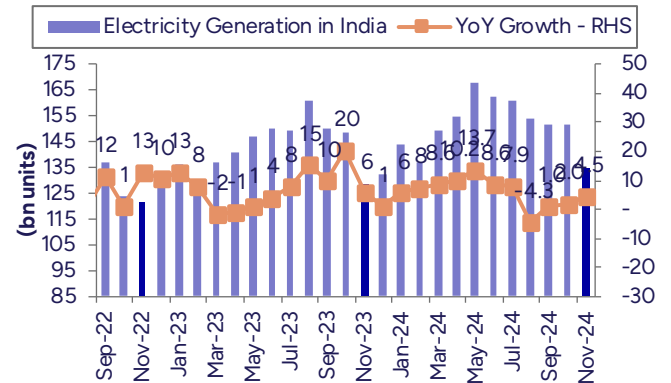
Source: PPAC, PL

Exhibit 50: Nov'24 Power demand remained flattish



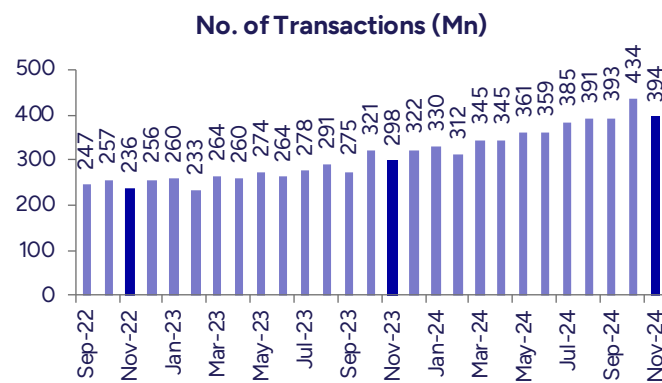
Source: CEA, PL Research

Exhibit 51: Energy generation up 4.5%YoY in Nov'24



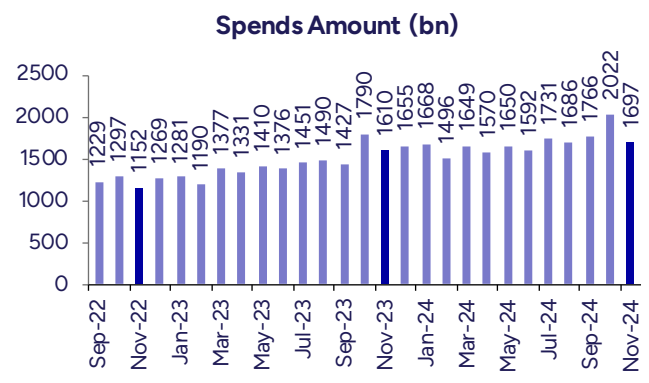
Source: CEA, PL

Exhibit 52: Nov'24 Credit Card transaction up 32%



Source: RBI, PL

Exhibit 53: While Spending rose by only 5% YoY (post festive)



Source: RBI, PL

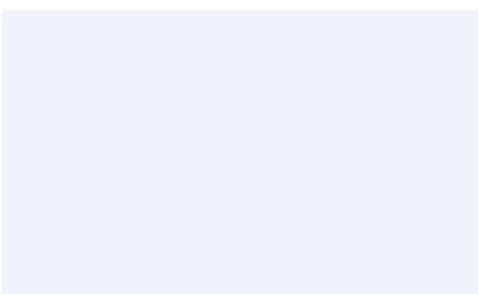
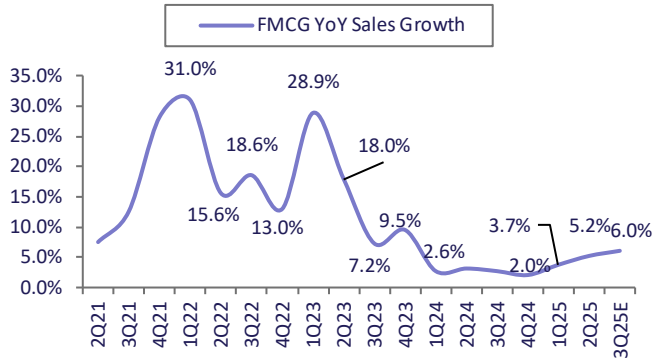
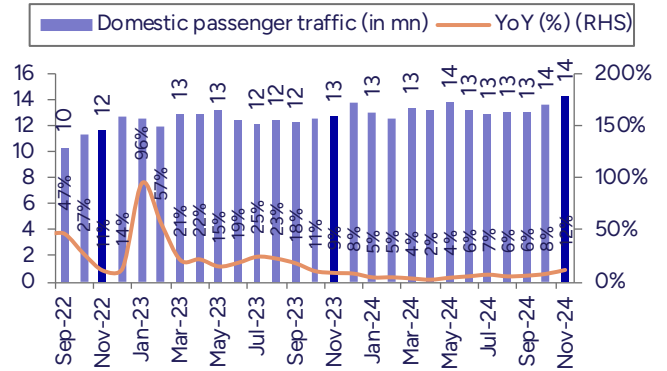


Exhibit 54: FMCG sales growth likely to come 6.0% YoY in 3Q



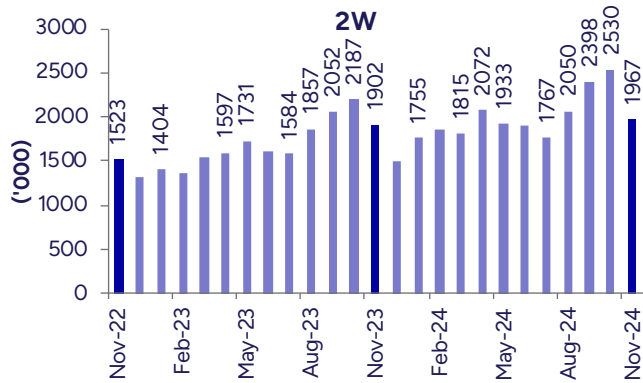
Source: Company, PL

Exhibit 55: Nov Air traffic rises by 12% YoY to 14mn



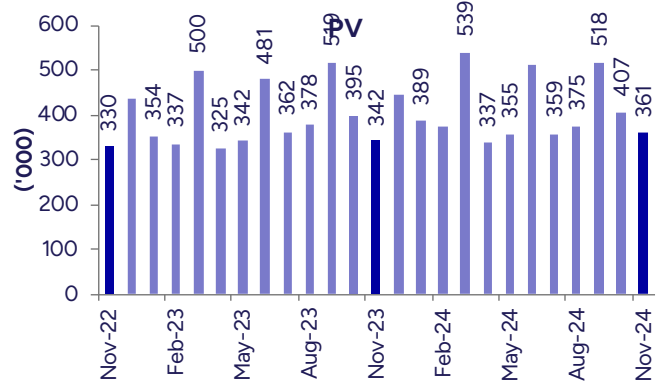
Source: DGCA, PL

Exhibit 56: Nov'24 2W Sales remains flattish at 1.97mn



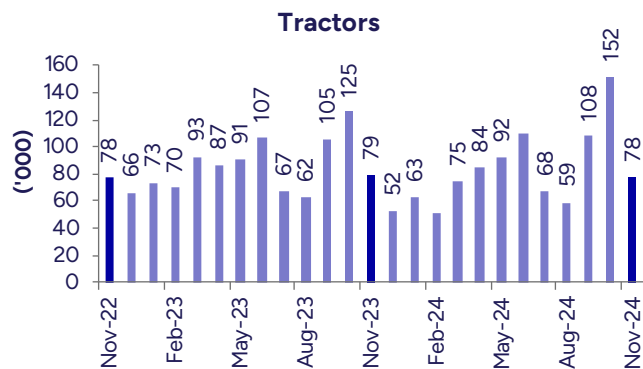
Source: SIAM, PL

Exhibit 57: PV sales are up by 5.6%YoY in Nov'24



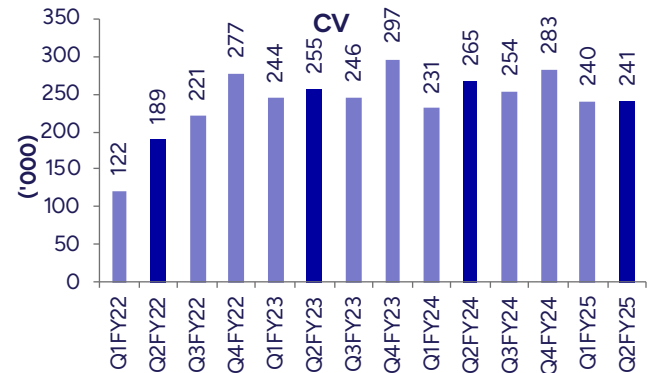
Source: SIAM, PL (*TATA motors only gives Quarterly numbers)

Exhibit 58: Nov Tractor volumes declined by 0.9% at 78,263

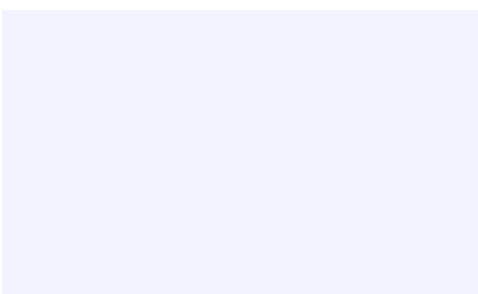


Source: SIAM, PL

Exhibit 59: 2QFY25 CV volumes up to 241k, down 9.1% YoY



Source: SIAM, PL



FY25/26 EPS cut by 3/1%, more might follow

We estimate a growth of 2.8% in sales, 6% in EBIDTA and 4% in PBT of our coverage universe. Ex oil & Gas, we estimate 8.3% growth in EBIDTA and 6.6% in PBT. Auto, Capital Goods, Hospitals, AMC's, Pharma, Telecom, Durables and EMS will lead PBT growth. Cement, Metals, O&G and Building Materials will report a decline in PBT. Banks, Chemicals, HFC, Travel and Consumer will have single digit PBT growth.

- Above teens EBDTA growth will continue in Hospitals, Capital Goods, Durables, Travel, Telecom, Media and EMS. Auto, banks, chemicals, Logistics and Pharma will also show double-digit EBIDTA growth.
- Building Material, consumer, Cement and Metals will report a decline in EBIDTA margins while all other sectors will show an increase led by EMS, Hospitals, Durables and Pharma by 175, 121, 79, 95 bps.
- Rural demand is showing a sustained recovery, although high inflation has impacted urban demand. The festival and wedding season has provided boost to demand for travel, Jewellery, watches, QSR, Footwear, apparel and durables. However, building materials and auto remain mixed.
- Consumer staples are expected to show broad based pressure in 3Q with hopes of gradual recovery in 4Q25 and beyond as calibrated price hikes and cooling off in inflation revives urban demand. Competitive intensity is likely to remain intense.
- Retail is on the verge of big transformation as Quick commerce is changing the dynamics of not only grocery but also other discretionary segments. We believe extension of QC in discretionary segment and Food services can create near term disruptions in respective segments and impact profitability.
- We believe Capital Goods (govt capex and PLI), Travel, Hospitals, Telecom and Pharma seem well placed for sustained growth in coming quarters.
- Cement should show better growth and profitability led by revival of construction activity and expected price hikes. Steel industry fortunes depend upon import duty and trend in global prices.
- Banks are likely to see some pressure on credit growth and higher provisions, interest rate cut in Feb25, trend in unsecured loans and MFI NPA remain key monitorable.
- Capital goods and defense should see improved ordering momentum and execution in coming quarters. Budget will hold key to sustainability of capex given likely miss in target spending in FY25. However, Defense, Power, Data Centers, railways and energy transition remain a potent theme.

While Ex- Oil and Gas sales growth has shown an uptick, EBIDTA and PAT growth has shown a declining trend. 2Q had shown EPS cut by 33 and 41 companies for FY25/26; we expect more earnings downgrade for FY25 and FY26 even as we cut FY25/26/27 EPS by 3/1/0.7% now.

Exhibit 60: PL Universe – Auto, Capital Goods, Hospitals, Durables lead growth; Cement, O&G, Media drag

3QFY25 Results	Revenue (%)		EBITDA Growth (%)		EBITDA Margin (bps)		PBT Growth (%)		PAT Gr. (%)	
	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ
AMC	36.0	2.8					43.2	(3.4)	2.3	(16.7)
Automobiles	9.1	9.0	12.9	20.7	48	140	22.0	14.2	9.2	25.5
Banks	8.3	2.4	11.6	(6.4)	207	(663)	3.6	(8.5)	1.0	(9.5)
Building Material	5.3	6.6	(2.2)	20.3	(103)	154	(3.5)	25.1	(4.4)	22.3
Capital Goods	17.6	6.6	18.7	3.7	10	(33)	20.1	1.0	20.3	1.5
Cement	1.1	12.6	(17.3)	45.7	(367)	373	(29.8)	94.2	(30.5)	79.2
Chemicals	9.6	1.3	10.8	4.4	18	51	6.9	3.9	0.4	3.3
Consumer Durables	13.6	3.4	24.0	11.0	79	64	26.6	11.0	35.7	11.9
Consumer Staples	10.6	5.5	3.6	7.1	(135)	29	1.2	7.3	(2.5)	7.1
Education	20.4	10.9	81.1	92.8	236	299	(317.0)	(1,699.7)	(307.6)	(763.7)
EMS	38.7	17.4	66.3	19.7	175	20	74.2	16.7	83.9	21.3
HFCs	(1.6)	1.9	(4.8)	(0.4)	(292)	(201)	7.0	(6.8)	6.9	(6.6)
Hospitals	14.7	(2.8)	22.5	(6.8)	121	(80)	17.9	(6.4)	17.9	(6.4)
IT	5.3	1.0	7.2	2.4	36	27	8.3	1.7	8.5	2.3
Logistics	8.6	5.4	11.1	42.3	12	141	63.0	132.9	234.3	271.5
Media	5.7	5.6	22.2	10.7	293	100	65.4	34.0	55.1	24.4
Metals	4.0	3.2	(11.3)	(6.9)	(206)	(129)	(24.9)	(19.9)	(29.4)	(33.3)
Oil & Gas	(5.8)	0.5	(0.9)	19.4	63	200	(4.5)	20.3	(5.3)	19.6
Pharma	9.4	(0.5)	13.5	(0.6)	95	(1)	15.9	(1.3)	14.3	(0.5)
Telecom	15.5	5.5	16.4	5.6	42	2	68.1	4.7	88.9	9.3
Travel	12.5	26.6	19.7	142.5	181	1,439	9.7	(1,155.8)	6.3	(564.0)
Total	2.8	3.2	6.0	6.5	59	59	4.0	4.5	1.8	4.6
Ex BFSI	2.4	3.3	4.3	11.7	29 bps	117 bps	4.2	10.6	2.0	11.5
Ex Oil and Gas	8.6	4.9	8.3	3.0	(5)bps	(45)bps	6.6	0.9	3.8	1.3

Source: PL

3QFY25 Results – Trading BUY & SELL Ideas



Divis Laboratories

Lupin

IPCA Laboratories

Max Healthcare

BPCL

HPCL

Voltamp Transformers

Triveni Turbine

Cummins India

Chalet Hotels

Infosys

Cipla

Zydus Lifescience

Bajaj Electricals

Greenpanel Industries

Hero Motocorp

PVR Inox

VIP Industries

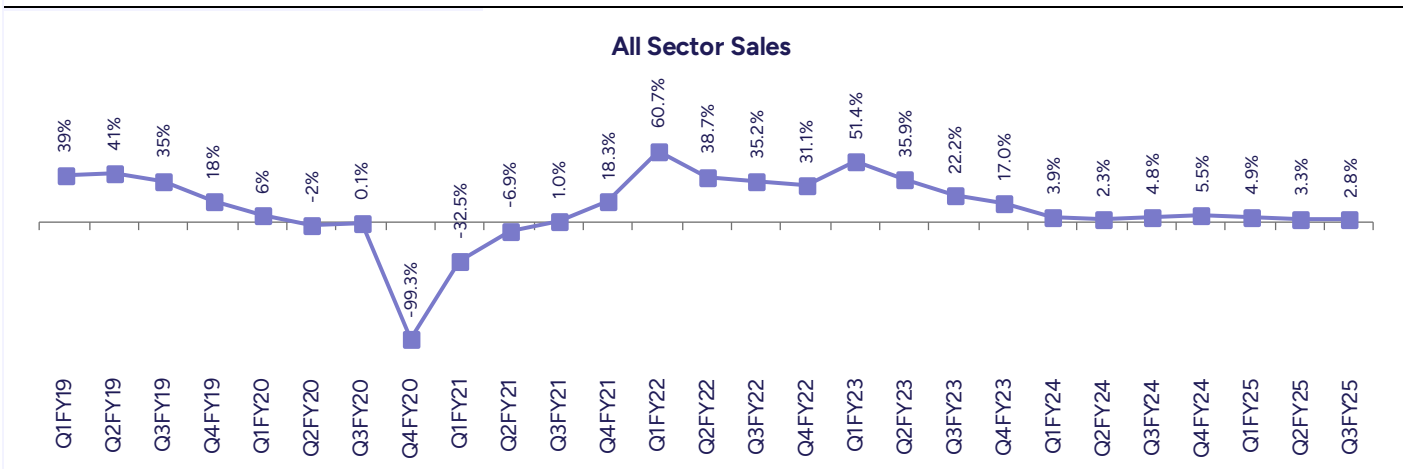
Colgate Palmolive

Dabur India

These are purely tactical trades and don't reflect our long term fundamental calls.

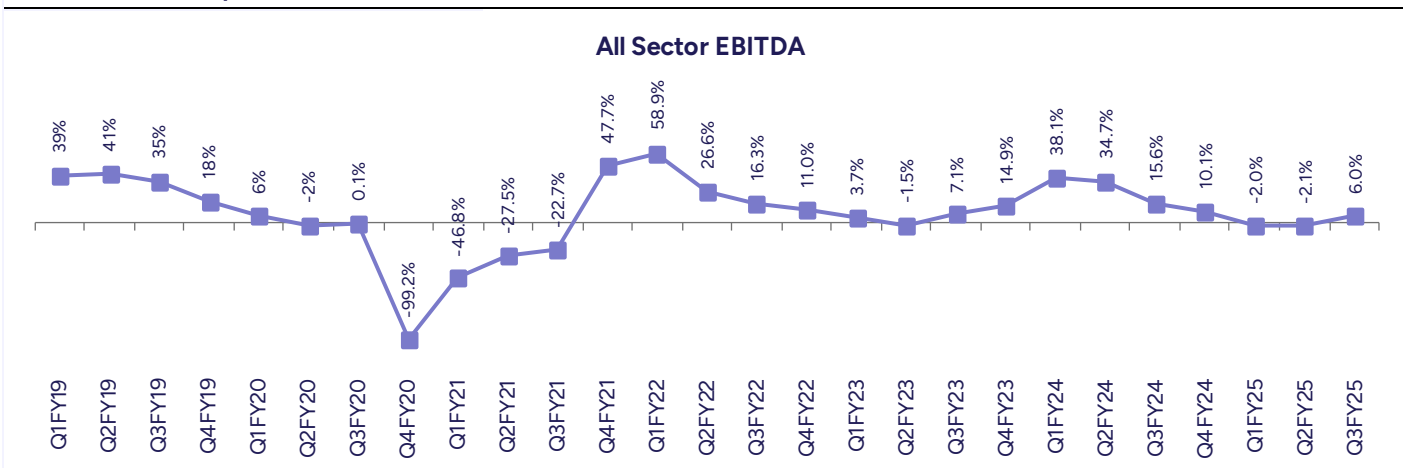
3Q shows impact of tepid demand and slow Govt capex

Exhibit 61: AMC, Hospitals, CG, Telecom boost sales



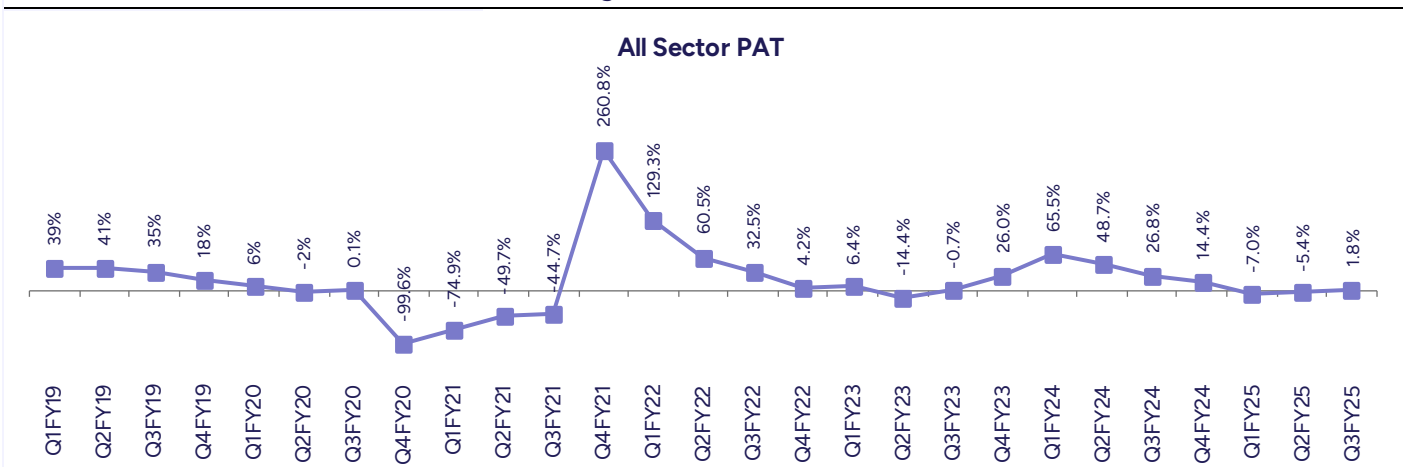
Source: Company, PL

Exhibit 62: CG, Hospitals, EMS and Durables lead



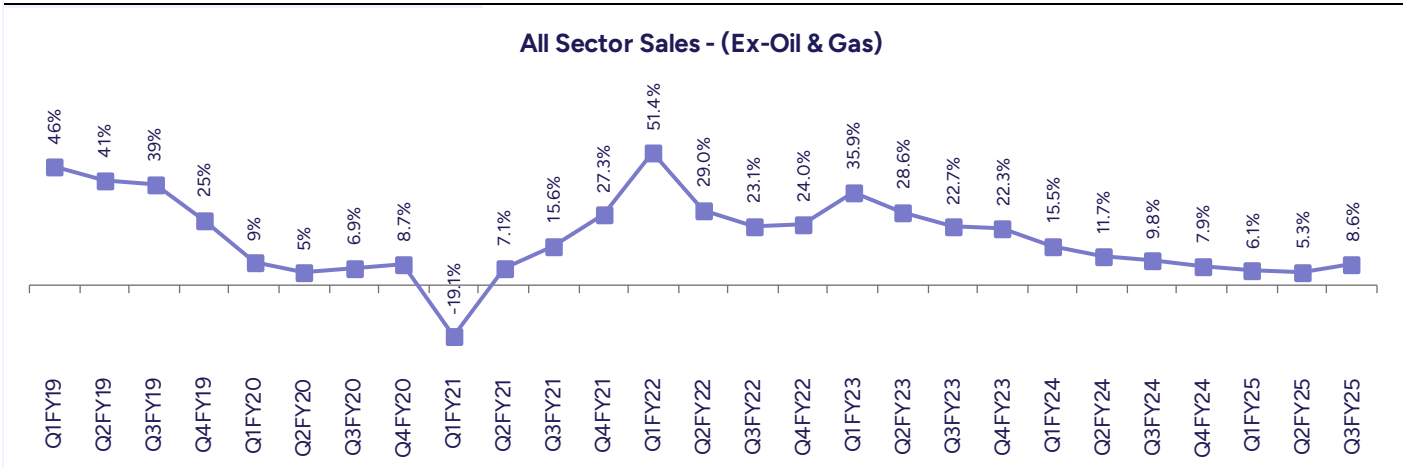
Source: Company, PL

Exhibit 63: AMC, Auto, CG, Telecom and Durables led growth



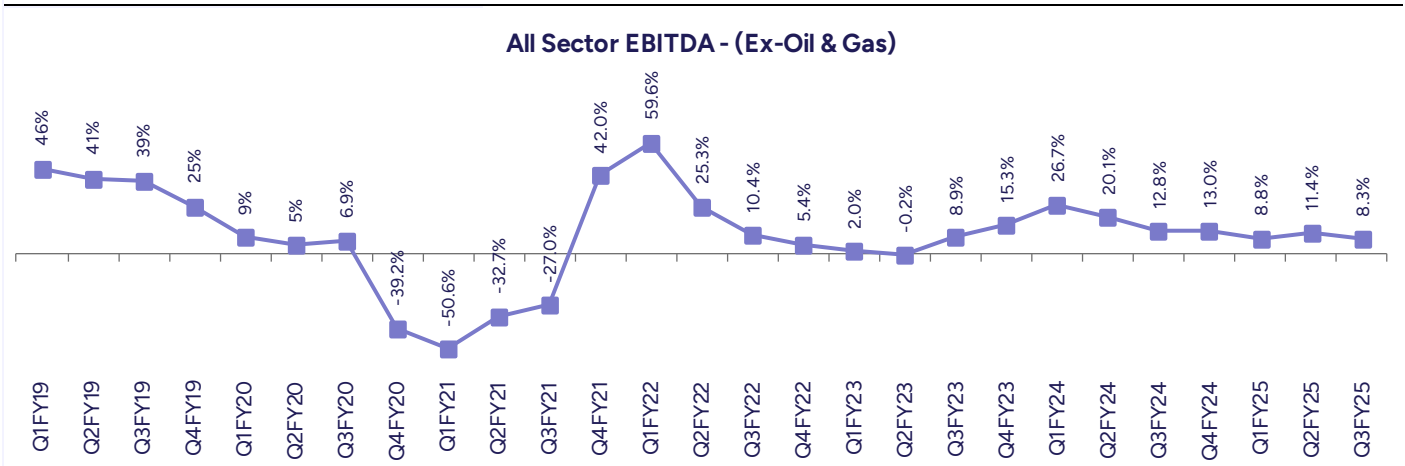
Source: Company, PL

Exhibit 64: Cement, Metals, IT services drag sales



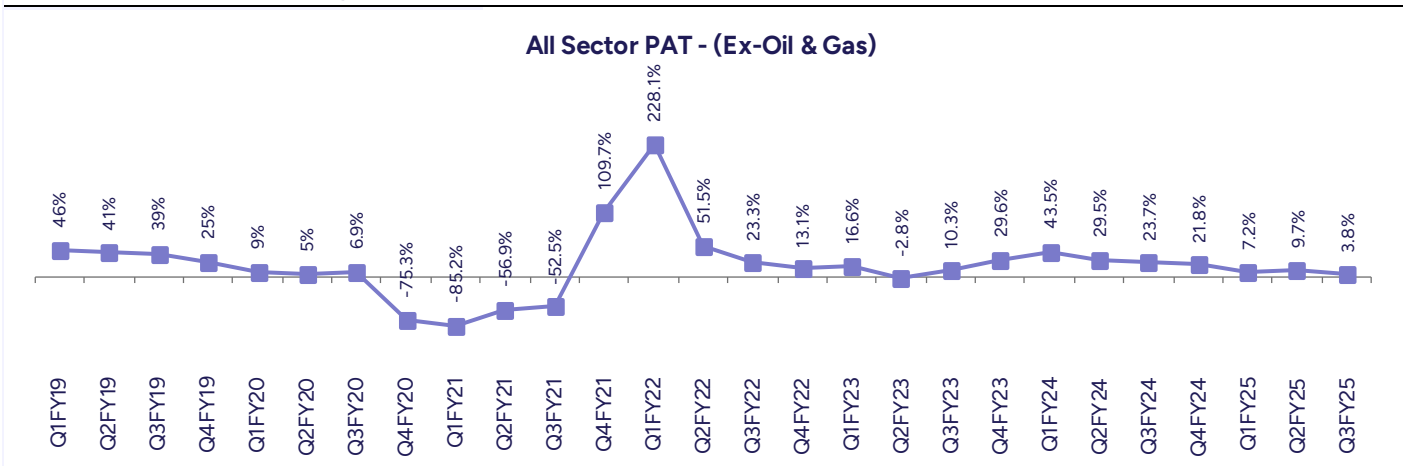
Source: Company, PL

Exhibit 65: Cement, Metals, Bld. Material and Consumer drag



Source: Company, PL

Exhibit 66: Cement, Metal drag PAT to decline 30.5/29.4%



Source: Company, PL

Exhibit 67: 1QFY25 Result Snapshot

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	
Automobiles																
Ashok Leyland	91,873	92,730	-0.9	87,688	4.8	11,117	11,139	-0.2	10,173	9.3	6,671	5,804	14.9	6,793	-1.8	
Bajaj Auto	1,30,844	1,21,135	8.0	1,31,275	-0.3	26,726	24,299	10.0	26,522	0.8	21,587	20,419	5.7	20,050	7.7	
Bharat Forge	43,768	38,664	13.2	36,885	18.7	7,659	6,979	9.8	6,473	18.3	3,148	2,443	28.8	2,436	29.2	
CEAT	32,595	29,631	10.0	33,045	-1.4	3,895	4,175	-6.7	3,623	7.5	1,494	1,815	-17.7	1,219	22.6	Q3FY25 saw robust growth in PV and tractor segments, driven by UVs, exports, and improved rural sentiment. 2W domestic sales lagged due to high base and competition, while exports remained strong. Overall, OEM revenues are expected to grow ~9% YoY with modest ~50bps margin expansion. Auto ancillaries project ~11% revenue growth with stable margins. Top picks include Mahindra & Mahindra, Bajaj Auto, and Maruti Suzuki.
Divgi Torqtransfer Systems	579	630	-8.2	540	7.3	107	129	-17.0	113	-5.6	81	94	-13.6	78	3.3	
Eicher Motors	50,879	41,788	21.8	42,631	19.3	13,229	10,903	21.3	10,877	21.6	11,964	9,960	20.1	11,003	8.7	
Endurance Technologies	29,453	25,611	15.0	29,127	1.1	3,991	2,990	33.5	3,820	4.5	2,139	1,523	40.5	2,030	5.4	
Exide Industries	40,710	38,405	6.0	42,673	-4.6	4,580	4,399	4.1	4,836	-5.3	2,561	2,403	6.6	2,978	-14.0	
Hero Motocorp	99,932	97,237	2.8	1,04,632	-4.5	14,090	13,621	3.4	15,159	-7.0	10,897	10,734	1.5	12,035	-9.5	
Mahindra & Mahindra	3,12,042	2,52,885	23.4	2,75,533	13.3	44,778	32,364	38.4	39,042	14.7	31,093	24,540	26.7	38,409	-19.0	
Maruti Suzuki	3,87,953	3,33,087	16.5	3,72,028	4.3	46,554	39,079	19.1	44,166	5.4	37,196	31,300	18.8	30,692	21.2	
Tata Motors	11,52,959	11,05,771	4.3	10,14,500	13.6	1,65,399	1,53,333	7.9	1,16,710	41.7	68,886	70,284	-2.0	28,560	141.2	
TVS Motors	91,861	82,450	11.4	92,282	-0.5	10,840	9,244	17.3	10,798	0.4	6,727	5,934	13.4	6,626	1.5	
Total	24,65,447	22,60,027	9.1	22,62,838	9.0	3,52,964	3,12,654	12.9	2,92,311	20.7	2,04,444	1,87,251	9.2	1,62,910	25.5	
Banks																
Axis Bank	1,39,059	1,25,322	11.0	1,34,832	3.1	1,03,818	91,412	13.6	1,07,125	-3.1	64,363	60,711	6.0	69,176	-7.0	Banks expected to witness a soft quarter as core earnings could fall by 2.9% QoQ to Rs554bn (vs 3.1% QoQ in Q2FY25).
Bank of Baroda	1,19,672	1,11,013	7.8	1,16,221	3.0	74,405	70,151	6.1	94,770	-21.5	37,526	45,793	-18.1	52,379	-28.4	
City Union Bank	5,719	5,159	10.8	5,825	-1.8	3,979	3,640	9.3	4,282	-7.1	2,585	2,530	2.2	2,852	-9.4	Loan/deposit growth is expected at +2.6%/+2.7% QoQ (+3.0%/+4.3% in Q2FY25).
DCB Bank	5,421	4,740	14.4	5,092	6.5	2,442	2,115	15.5	2,551	-4.3	1,499	1,266	18.4	1,555	-3.6	LDR is likely to be flat on a QoQ basis at 84.4%; PSU banks may report better NIM movement. Q4FY25 could see margin cushion of 2-4bps owing to CRR cut of 50bps in Dec'24. Fees might grow at 1.5% QoQ, to Rs368bn (vs +8.1% QoQ in Q2FY25), which would be more than offset by rise in opex to Rs846bn (+2.0% QoQ). Core PPOP may come in at Rs905bn (-0.5% QoQ). Banks' PAT is expected to decrease by 9.5% QoQ to Rs590bn due to lower treasury gains.
Federal Bank	24,489	21,234	15.3	23,672	3.5	15,048	14,373	4.7	15,654	-3.9	10,019	10,067	-0.5	10,567	-5.2	
HDFC Bank	3,05,849	2,84,713	7.4	3,01,139	1.6	2,45,563	2,36,473	3.8	2,47,057	-0.6	1,60,973	1,63,725	-1.7	1,68,210	-4.3	
ICICI Bank	2,06,300	1,86,786	10.4	2,00,480	2.9	1,65,066	1,47,236	12.1	1,67,232	-1.3	1,11,800	1,02,715	8.8	1,17,459	-4.8	
IndusInd bank	53,212	52,956	0.5	53,473	-0.5	35,671	40,022	-10.9	35,918	-0.7	13,253	22,979	-42.3	13,255	-0.0	
Kotak Mahindra Bank	71,864	65,535	9.7	70,196	2.4	51,040	45,662	11.8	50,993	0.1	33,476	30,050	11.4	33,437	0.1	
State Bank of India	4,27,952	3,98,157	7.5	4,16,195	2.8	2,56,273	2,03,360	26.0	2,92,937	-12.5	1,54,632	1,44,321	7.1	1,83,314	-15.6	
Total	13,59,536	12,55,615	8.3	13,27,125	2.4	9,53,304	8,54,446	11.6	10,18,518	-6.4	5,90,125	5,84,158	1.0	6,52,203	-9.5	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	
Building Materials																
Astral Ltd.	14,649	13,702	6.9	13,704	6.9	2,168	2,161	0.3	2,101	3.2	1,227	1,243	-1.3	1,087	12.9	BM are expected to report moderate revenue growth due to weak demand and higher base, along with contraction in margins due to higher overhead expenses in plastic pipe companies and higher timber prices in the woodpanel segment. We anticipate moderate volume growth of 5.5% YoY in the plastic pipe sector. Tiles and bathware sectors are likely to experience moderate growth with demand anticipated to pick up in coming quarters.
Century Plyboard (I)	10,724	9,374	14.4	11,836	-9.4	1,287	1,061	21.3	1,113	15.6	676	627	7.8	400	69.0	
Cera Sanitaryware	4,771	4,389	8.7	4,926	-3.1	725	614	18.0	721	0.6	585	515	13.6	686	-14.7	
Finolex Industries	9,916	10,197	-2.8	8,284	19.7	997	1,199	-16.8	106	843.2	870	954	-8.8	407	113.9	
Greenpanel Industries	3,870	3,857	0.3	3,369	14.9	464	603	-23.0	299	55.5	227	346	-34.6	185	22.4	
Kajaria Ceramics	11,763	11,518	2.1	11,793	-0.3	1,706	1,788	-4.6	1,589	7.3	1,005	1,045	-3.8	872	15.3	
Supreme Industries	25,968	24,491	6.0	22,730	14.2	3,625	3,788	-4.3	3,192	13.6	2,384	2,562	-6.9	2,066	15.4	
Total	81,662	77,528	5.3	76,641	6.6	10,972	11,214	-2.2	9,121	20.3	6,974	7,292	-4.4	5,703	22.3	
Capital Goods																
ABB	32,385	27,575	17.4	29,122	11.2	6,101	4,172	46.2	5,402	12.9	4,805	3,452	39.2	4,405	9.1	We expect our capital goods coverage universe to report healthy performance in Q3FY25 owing to the 1) execution of robust opening order books, 2) continued demand in the domestic market, and 3) traction in key export segments such T&D, energy transition and turbines. Overall, we expect revenue/EBITDA growth of ~18%/19% YoY (~16%/21% YoY excl. L&T). Execution pace, domestic capex momentum, and impact of Chinese dumping will be key monitorables. Our top picks are Cummins India, Bharat Electronics, Voltamp Transformers and Triveni Turbine.
Apar Inds Ltd	48,030	40,085	19.8	46,445	3.4	3,794	4,050	-6.3	3,565	6.4	1,964	2,176	-9.8	1,939	1.3	
BEML	10,995	10,470	5.0	8,598	27.9	1,121	559	100.7	730	53.7	733	482	52.1	539	36.0	
Bharat Electronics	49,187	41,367	18.9	45,834	7.3	11,411	10,494	8.7	13,885	-17.8	9,188	8,933	2.9	10,913	-15.8	
BHEL	75,813	55,038	37.7	65,841	15.1	5,307	2,165	145.1	2,750	93.0	2,978	463	543.0	967	208.0	
Carborandum Universal	12,862	11,514	11.7	12,241	5.1	2,045	1,925	6.3	1,950	4.9	1,232	1,113	10.7	1,159	6.4	
Engineers India	9,360	8,676	7.9	6,889	35.9	889	501	77.6	624	42.5	1,132	633	78.7	996	13.6	
GE Vernova T&D India	12,296	8,390	46.6	11,078	11.0	2,262	965	134.3	2,047	10.5	1,464	493	196.6	1,446	1.2	
Grindwell Norton	7,179	6,599	8.8	6,939	3.5	1,350	1,278	5.6	1,292	4.4	943	925	1.9	962	-2.0	
Harsha Engineering	3,557	3,245	9.6	3,526	0.9	443	398	11.5	418	5.9	297	297	0.0	290	2.5	
Hindustan Aeronautics	64,856	60,613	7.0	59,763	8.5	15,371	14,353	7.1	16,400	-6.3	13,588	12,614	7.7	15,061	-9.8	
KEC International	53,532	50,067	6.9	51,133	4.7	3,694	3,079	20.0	3,202	15.3	1,544	969	59.4	854	80.8	
Cummins India	28,107	25,341	10.9	24,923	12.8	5,762	5,379	7.1	4,810	19.8	5,185	4,562	13.6	4,506	15.1	
Kalpataru Power Transmission	46,940	41,470	13.2	41,361	13.5	3,849	3,440	11.9	3,485	10.5	1,518	1,440	5.4	1,323	14.7	
Larsen & Toubro	6,54,360	5,51,278	18.7	6,15,546	6.3	67,104	57,590	16.5	63,620	5.5	35,320	29,474	19.8	33,953	4.0	
Praj Industries	10,038	8,286	21.1	8,162	23.0	1,255	965	30.1	941	33.3	915	704	29.9	538	70.0	
Siemens	55,312	48,252	14.6	64,611	-14.4	7,522	5,961	26.2	9,381	-19.8	6,015	4,863	23.7	7,794	-22.8	
Thermax	26,624	23,244	14.5	25,456	4.6	2,290	1,874	22.2	2,120	8.0	1,612	1,437	12.2	1,479	9.0	
Triveni Turbine	5,652	4,317	30.9	5,011	12.8	1,226	837	46.5	1,114	10.1	1,003	682	47.1	909	10.3	
Voltamp Transformers	4,577	4,085	12.0	3,977	15.1	840	1,048	-19.9	750	12.0	762	946	-19.4	757	0.6	
Total	12,11,661	10,29,912	17.6	11,36,456	6.6	1,43,637	1,21,034	18.7	1,38,487	3.7	92,196	76,658	20.3	90,789	1.5	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	
Cement																
ACC	49,525	49,144	0.8	46,135	7.3	6,816	9,047	-24.7	4,364	56.2	3,906	5,376	-27.4	2,244	74.1	We expect cement companies in our coverage to report strong sequential EBITDA performance led by 2.7% QoQ increase in pricing across regions; highest increase being observed in East (5%), West (4%), North (3%) followed by Central (2%). Volumes started picking up in second half of quarter although Govt funded projects were delayed and we expect it to aid volumes in next few months. Industry volume growth was 5-6% YoY with UTCCEM and ACEM gaining market share & set to deliver double digit volume growth. Cement universe EBITDA/t to improve by Rs203 QoQ as pet coke too declined 7% QoQ.
Ambuja Cement	47,406	44,395	6.8	40,752	16.3	7,644	8,511	-10.2	5,425	40.9	5,342	5,137	4.0	3,965	34.7	
Dalmia Bharat	33,299	36,040	-7.6	30,870	7.9	5,444	7,790	-30.1	4,340	25.4	1,207	2,630	-54.1	460	162.3	
Nuvoco Vistas Corporation	25,716	24,210	6.2	22,686	13.4	3,386	4,104	-17.5	2,188	54.8	-334	310	NA	-852	NA	
Shree Cement	44,402	49,008	-9.4	37,270	19.1	8,865	12,337	-28.1	5,925	49.6	2,494	7,342	-66.0	931	167.8	
Ultratech Cement	1,67,747	1,61,342	4.0	1,49,052	12.5	28,415	31,488	-9.8	19,327	47.0	13,761	17,178	-19.9	7,969	72.7	
Total	3,68,095	3,64,139	1.1	3,26,766	12.6	60,570	73,277	-17.3	41,569	45.7	26,376	37,974	-30.5	14,717	79.2	
Chemicals																
Aarti Industries	17,364	17,320	0.3	16,280	6.7	2,560	2,600	-1.6	1,960	30.6	839	1,240	-32.4	510	64.4	Specialty chemical companies within our coverage are expected to report modest sequential marginal increase in revenue by 1.3% and 9.6% YoY, while increase in margins by 18bps YoY and 51bps QoQ. As per our channel checks, agrochemical-focused companies are expected to remain under pressure for the rest of FY25. Companies with exposure to fluorination such as SRF, Navin Fluorine International and Gujarat Fluorochemical are likely to benefit from higher refrigerant prices. Other sectors such as dyes, pigments and polymer additives may see some uptick.
Clean Science and Technology	2,312	1,947	18.7	2,381	-2.9	906	866	4.6	897	1.1	624	626	-0.3	587	6.3	
Deepak Nitrite	20,409	20,092	1.6	20,320	0.4	2,869	3,047	-5.8	2,975	-3.6	1,805	2,020	-10.6	1,942	-7.0	
Fine Organic Industries	5,891	4,884	20.6	5,958	-1.1	1,457	1,182	23.2	1,506	-3.3	1,150	952	20.9	1,179	-2.4	
Gujarat Fluorochemicals	11,886	9,917	19.8	11,880	0.0	2,984	2,062	44.7	2,950	1.2	1,305	801	63.0	1,210	7.9	
Jubilant Ingrevia	10,505	9,664	8.7	10,452	0.5	1,279	956	33.8	1,246	2.6	614	385	59.3	590	4.0	
Laxmi Organic Industries	7,505	6,936	8.2	7,713	-2.7	765	516	48.3	747	2.4	339	272	24.5	281	20.5	
Navin Fluorine International	5,679	5,018	13.2	5,186	9.5	1,184	757	56.4	1,074	10.3	669	780	-14.2	588	13.8	
NOCIL	3,702	3,406	8.7	3,627	2.1	375	489	-23.2	378	-0.7	245	300	-18.4	421	-41.9	
SRF	34,420	30,530	12.7	34,243	0.5	5,631	5,658	-0.5	5,380	4.7	2,200	2,534	-13.2	2,014	9.2	
Vinati Organics	5,478	4,480	22.3	5,533	-1.0	1,345	1,146	17.3	1,340	0.3	936	769	21.6	1,061	-11.8	
Total	1,25,152	1,14,196	9.6	1,23,573	1.3	21,354	19,278	10.8	20,453	4.4	10,727	10,681	0.4	10,385	3.3	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	
Consumer Durables																
Bajaj Electricals	12,597	12,282	2.6	11,183	12.6	579	806	-28.1	516	12.3	329	374	-12.0	129	154.9	Consumer durables sector experienced healthy demand in cables segment from private capex and govt projects outforming wires demand. FMEG has a subdued demand due to moderate consumer demand. RAC segment is expected to report 16.4% YoY growth for coverage companies during the quarter. We expect our consumer durables universe to register sales/EBITDA/PAT growth of 13.6%/24.0%/35.7% YoY in 3QFY25.
Crompton Greaves Consumer Electricals	18,089	16,927	6.9	18,960	-4.6	1,827	1,498	22.0	2,034	-10.2	1,151	860	33.8	1,249	-7.9	
Havells India	50,614	44,139	14.7	45,393	11.5	4,707	3,932	19.7	3,751	25.5	3,351	2,484	34.9	2,678	25.2	
KEI Inds	24,268	20,594	17.8	22,796	6.5	2,524	2,146	17.6	2,206	14.4	1,731	1,507	14.9	1,548	11.8	
Polycab India	51,098	43,405	17.7	54,984	-7.1	6,622	5,695	16.3	6,316	4.9	4,508	4,129	9.2	4,398	2.5	
R R Kabel	18,660	16,335	14.2	18,101	3.1	1,120	1,126	-0.5	858	30.5	710	710	0.0	495	43.3	
Voltas	29,056	26,257	10.7	26,191	10.9	1,831	284	544.1	1,622	12.9	1,465	-304	NA	1,340	9.4	
Total	2,04,382	1,79,939	13.6	1,97,610	3.4	19,210	15,486	24.0	17,302	11.0	13,246	9,758	35.7	11,837	11.9	
Consumer Staples																
Asian Paints	90,576	91,031	-0.5	80,275	12.8	16,938	20,561	-17.6	12,395	36.6	11,277	14,467	-22.0	9,111	23.8	We estimate our coverage universe to report Sales, EBITDA growth of 10.6%/3.6% while PAT will decline by 2.5% on 135bps EBITDA margin contraction. Rural grew ahead of urban in staples while QSR, Jewellery, Watches and Paints reported seasonal uptick in growth. Staples universe will post a growth of 6.9/2.2% in sales and EBITDA while PBT will be flattish. 3Q will show the impact of input cost inflation in Edible oils, coffee, cocoa, and other inputs. Demand has been improving in rural India while late onset of winter and high inflation has been a drag on urban demand growth. Competitive intensity across Detergents, Hair Oil, Skin, Deo, Instant Noodles, Juices, mass skin care etc. remains intense. Decline in food inflation and calibrated price might stem further erosion in margins. Demand across QSR, Footwear, Jewellery, Paints etc. showed a seasonal improvement led by wedding & festive season. Although some QSR's remained impacted by geopolitical issues, there is a clear uptick in LTL sales of most players QoQ.
Britannia Industries	44,650	42,563	4.9	46,676	-4.3	7,278	8,211	-11.4	7,834	-7.1	4,967	5,586	-11.1	5,317	-6.6	
Colgate Palmolive	15,029	13,957	7.7	16,191	-7.2	4,606	4,684	-1.7	4,974	-7.4	3,214	3,301	-2.6	3,530	-9.0	
Dabur India	33,527	32,551	3.0	30,286	10.7	6,705	6,678	0.4	5,526	21.4	5,076	5,064	0.2	4,175	21.6	
Avenue Supermarts	1,59,748	1,35,725	17.7	1,44,445	10.6	13,019	11,199	16.3	10,938	19.0	8,059	6,906	16.7	6,596	22.2	
Emami	10,461	9,963	5.0	8,906	17.5	3,306	3,149	5.0	2,505	32.0	2,741	2,643	3.7	2,127	28.9	
Hindustan Unilever	1,57,196	1,51,880	3.5	1,55,080	1.4	36,469	35,400	3.0	36,470	-0.0	25,629	25,410	0.9	26,110	-1.8	
ITC	1,82,964	1,64,833	11.0	1,93,277	-5.3	63,122	60,243	4.8	63,352	-0.4	52,403	55,776	-6.0	50,795	3.2	
Jubilant FoodWorks	16,112	13,551	18.9	14,669	9.8	3,303	2,827	16.8	2,842	16.2	778	610	27.7	521	49.5	
Kansai Nerolac Paints	19,147	18,149	5.5	18,638	2.7	2,317	2,399	-3.4	2,150	7.8	1,516	1,576	-3.8	1,302	16.5	
Metro Brands Asia	7,435	6,355	17.0	5,855	27.0	2,268	1,990	14.0	1,548	46.5	1,164	978	19.0	698	66.9	
Marico	27,611	24,220	14.0	26,640	3.6	5,301	5,130	3.3	5,220	1.6	3,887	3,860	0.7	3,880	0.2	
Mold Tech Packaging	1,919	1,655	16.0	1,913	0.3	359	303	18.4	336	6.9	142	142	0.1	141	0.7	
Nestle India	48,074	46,004	4.5	51,040	-5.8	10,817	11,130	-2.8	11,677	-7.4	6,926	7,808	-11.3	7,595	-8.8	
Pidilite Industries	34,586	31,300	10.5	32,349	6.9	8,785	7,425	18.3	7,688	14.3	6,187	5,109	21.1	5,403	14.5	
Restaurant Brands Asia	5,033	4,454	13.0	4,922	2.3	785	708	11.0	701	12.0	-177	-64	NA	-165	NA	
Titan Company	1,62,497	1,30,520	24.5	1,32,150	23.0	18,444	14,570	26.6	14,230	29.6	12,224	10,400	17.5	9,225	32.5	
Westlife Development	6,543	6,003	9.0	6,180	5.9	864	920	-6.1	760	13.6	32	172	-81.4	4	792.6	
Total	10,23,109	9,24,711	10.6	9,69,492	5.5	2,04,685	1,97,526	3.6	1,91,145	7.1	1,46,045	1,49,744	-2.5	1,36,363	7.1	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	
Education																
DOMS Industries	4,831	3,716	30.0	4,578	5.5	831	693	19.8	859	-3.3	504	388	29.8	537	-6.1	Education companies under our coverage universe are expected to report 20.4% YoY growth in top-line led by DOMS and S Chand. Consolidation of the diaper business will drive growth for DOMS, while S Chand is likely to benefit from the introduction of semester system (aids in volume and realization) for grades 11th and 12th by the state board in West Bengal. However, NELI's struggle for growth is likely to continue amid increasing usage of second-hand books. On the operating performance front, S Chand's EBITDA loss is likely to be lower amid increasing contribution from state board supplementary books, while DOMS is likely to witness margin erosion due to consolidation of the personal hygiene business.
Navneet Education	2,667	2,588	3.1	2,718	-1.9	83	40	105.1	26	224.2	-12	-131	NA	-49	NA	
S Chand & Co	1,012	763	32.6	374	170.2	-314	-403	NA	-574	NA	-302	-349	NA	-517	NA	
Total	8,509	7,067	20.4	7,670	10.9	600	331	81.1	311	92.8	191	-92	NA	-29	NA	
EMS																
Avalon Technologies	2,771	2,143	29.3	2,750	0.7	313	165	89.2	301	3.9	186	66	182.2	175	6.2	Electronics manufacturing services (EMS) companies continue to see healthy revenue growth despite a high base. In 3QFY25, we expect EMS coverage companies to see strong revenue growth on account of (1) healthy order flow and execution, (2) customer addition, (3) diversification in sector penetration, and 4) wide product portfolio. We expect our EMS universe to register sales/EBITDA/PAT growth of 38.7%/66.3%/83.9% YoY, on the back of robust order execution and margin improvement led by cost rationalization and increased contribution from high margin segments. We continue our positive view on EMS companies with healthy growth.
Cyient DLM	4,646	3,210	44.7	3,895	19.3	395	294	34.2	316	24.8	258	184	39.9	155	66.9	
Kaynes Technology India	7,978	5,093	56.6	5,721	39.4	1,197	699	71.3	821	45.7	820	452	81.3	602	36.1	
Syrma SGS Technology	8,900	7,067	25.9	8,327	6.9	668	388	71.9	710	-5.9	312	155	102.2	368	-15.0	
Total	24,295	17,513	38.7	20,693	17.4	2,572	1,547	66.3	2,149	19.7	1,576	857	83.9	1,299	21.3	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	
Healthcare																
Apollo Hospitals Enterprise	54,625	48,506	12.6	55,893	-2.3	7,659	6,137	24.8	8,155	-6.1	3,421	2,453	39.5	3,788	-9.7	Historically, Q3 is typically a period of softer performance for hospital companies in India. This seasonality is often attributed to the confluence of festival seasons, which can lead to a decline in elective procedures and overall patient volumes, impacting occupancy rates sequentially. However, on YoY basis, both occupancy and ARPOB should report healthy growth. Overall, hospital companies are expected to post 23% YoY growth (7% QoQ del1]growth) in post-IND AS EBITDA (~17% YoY EBITDA growth ex of Rs1.3bn loss in Apollo 24x7) in Q3. We remain structurally positive on hospitals and expect momentum to continue in FY26 with 1) improvement in occupancy, 2) better case mix and 3) new capacity additions.
Aster DM Healthcare	10,394	9,547	8.9	10,864	-4.3	1,923	1,517	26.8	2,227	-13.7	821	584	40.7	968	-15.2	
Fortis Healthcare	18,644	16,797	11.0	19,884	-6.2	3,697	2,840	30.2	4,348	-15.0	1,779	1,347	32.1	1,765	0.8	
HealthCare Global Enterprises	5,503	4,699	17.1	5,535	-0.6	978	786	24.4	1,023	-4.4	69	57	21.2	180	-61.6	
Jupiter Life Line Hospitals	3,256	2,726	19.4	3,226	0.9	744	619	20.3	750	-0.8	512	437	17.3	515	-0.6	
Krishna Institute of Medical Sciences	7,572	6,058	25.0	7,773	-2.6	2,018	1,471	37.1	2,181	-7.5	949	718	32.1	1,074	-11.6	
Max Healthcare Institute	21,392	16,890	26.7	21,250	0.7	5,733	4,720	21.5	5,660	1.3	3,610	3,450	4.7	3,490	3.5	
Narayana Hrudayalaya	13,117	12,036	9.0	14,000	-6.3	2,823	2,790	1.2	3,084	-8.5	1,725	1,882	-8.3	1,990	-13.3	
Total	1,34,504	1,17,259	14.7	1,38,426	-2.8	25,575	20,879	22.5	27,428	-6.8	12,888	10,928	17.9	13,769	-6.4	
Housing Finance																
Aavas Financiers	2,572	2,208	16.5	2,418	6.4	1,913	1,577	21.3	1,948	-1.8	1,438	1,166	23.3	1,479	-2.8	For our coverage HFCs, AuM could see 1.9% QoQ growth to Rs3.6trn in Q3FY25 (vs 2.2% in Q2FY25) with flat disbursements sequentially, due to 1% QoQ reduction in credit flow for LICHF. Housing segment for banks may grow by 2.5-3.0% QoQ. Disbursement run-rate of LICHF is the key monitorable given weak credit flows in the last few quarters. NIM of coverage HFCs could remain flat QoQ to 3.03%. NII may inch up by 1.9% QoQ to Rs26.1bn. Other income might fall by 21.3% QoQ to Rs1.4bn after a seasonal jump in off book income for AAVAS in Q2FY25. Opex could increase by 4.2% QoQ to Rs5.3bn led by AAVAS. Hence, PPoP could decline by 0.4% QoQ to Rs22.2bn. We see provisions normalizing to 27bps (vs 11bps in Q2FY25) mainly due to LICHF. PAT might fall by 6.6% QoQ to Rs15.8bn.
Can Fin Homes	3,484	3,288	5.9	3,398	2.5	2,896	2,858	1.3	2,878	0.6	2,139	1,964	9.0	2,115	1.2	
LIC Housing Finance	19,996	20,972	-4.7	19,739	1.3	17,344	18,845	-8.0	17,417	-0.4	12,195	11,629	4.9	13,289	-8.2	
Total	26,052	26,468	-1.6	25,554	1.9	22,154	23,280	-4.8	22,244	-0.4	15,772	14,759	6.9	16,883	-6.6	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	
Information Technology																
Cyient	20	18	7.8	18	6.2	3	3	4.2	2	17.5	2	2	1.4	2	5.2	
HCL Technologies	302	284	6.2	289	4.6	58	56	3.3	54	8.2	45	44	3.9	42	6.8	We expect Q3FY25 results to be muted due to seasonality & furlough impact. We expect median CC growth of 0.5% QoQ for our coverage companies but due to the cross-currency headwinds impact reported USD revenue growth will be flat. Also, with the muted revenue growth we anticipate margin movement within our coverage universe to range from a decline of 220bps to an improvement of 80bps in Q3FY25.
Infosys	412	388	6.1	410	0.5	87	80	9.9	86	1.2	68	61	11.2	65	4.2	
LTIMindtree	96	90	6.2	94	1.5	13	14	-8.1	15	-12.6	11	12	-8.2	13	-14.3	
Mphasis	36	33	6.7	35	0.7	5	5	8.2	5	-1.2	4	4	12.6	4	-0.6	
Persistent Systems	30	25	20.5	29	3.9	4	4	21.9	4	9.0	4	3	23.2	3	8.4	
Tata Consultancy Services	645	606	6.4	643	0.3	160	152	5.5	155	3.4	125	117	6.4	119	4.8	
Tech Mahindra	134	131	1.9	133	0.3	14	9	52.4	13	8.5	11	7	53.0	13	-12.1	
Wipro	220	222	-0.7	223	-1.2	36	33	8.1	37	-4.4	30	27	12.7	32	-5.4	
Total	1,894	1,798	5.3	1,874	1.0	380	354	7.2	371	2.4	300	276	8.5	293	2.3	
Logistics																
Delhivery	23,456	21,945	6.9	21,897	7.1	1,173	1,094	7.2	573	104.8	680	162	320.8	102	566.6	For our coverage universe, we expect revenue growth of 9% YoY led by Mahindra Logistics amid improvement in auto volumes given the festive season. However, B2C volumes for Delhivery are likely to remain flat amid increasing competition amongst 3PL players. Even TCI Express is likely to face volume growth challenges given the slowdown in demand environment. On the operating profitability front, EBITDA of our coverage universe is likely to increase 11% YoY led by Mahindra Logistics given the volume growth challenges faced by other two companies (negates operating leverage benefits).
Mahindra Logistics	15,799	13,972	13.1	15,211	3.9	743	522	42.2	664	11.9	9	-197	NA	-107	NA	
TCI Express	3,140	3,119	0.7	3,115	0.8	386	456	-15.2	381	1.4	268	322	-16.6	263	2.0	
Total	42,395	39,036	8.6	40,223	5.4	2,302	2,072	11.1	1,617	42.3	958	286	234.3	258	271.5	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	
Media																
Imagicaaworld Entertainment	992	676	46.8	400	148.1	438	252	73.9	-38	NA	146	98	49.1	-69	NA	<p>Media: Industry-wide BO collections increased by 31.7% YoY to ~Rs33.7bn in 3QFY25E driven by movies like Pushpa 2, Bhool Bhulaiyaa 3, and Singham Again, coupled with strong performances from Amaran, Vettaiyan, and Mufasa-The Lion King. Though industry-wide collections were at par with 2QFY24 (best-ever quarter post COVID), PVR-Inox's BO market share is expected to be lower this time around given the dominance of regional content. As for broadcasting, ZEEL's performance is likely to be impacted by weakness in the advertising environment.</p> <p>Entertainment: While headwinds in Kiddopia, Real Money Gaming & Ad-Tech businesses persist, consolidation of Freaks 4U, Fusebox, and Space & Time is likely to drive the growth trajectory for Nazara. For Imagicaaworld Entertainment (Imagicaa), we expect healthy performance as this is a seasonally strong quarter for theme parks.</p>
Nazara Technologies	4,066	3,204	26.9	3,189	27.5	481	377	27.7	252	91.3	371	254	46.2	238	55.8	
PVR Inox	16,773	15,459	8.5	16,221	3.4	5,247	4,724	11.1	4,793	9.5	240	128	87.3	-118	NA	
Zee Entertainment	20,215	20,457	-1.2	20,007	1.0	2,931	2,092	40.1	3,210	-8.7	1,750	1,137	54.0	1,964	-10.9	
Total	42,046	39,795	5.7	39,817	5.6	9,097	7,444	22.2	8,217	10.7	2,507	1,617	55.1	2,015	24.4	
Metals & Mining																
Hindalco Industries	598	528	13.3	582	2.8	63	59	7.5	79	-20.0	28	23	19.7	49	-43.5	<p>We expect steel companies in our coverage to report 5-8% YoY volume growth affected by weak domestic & export markets. NSR is expected to decline 2-4% QoQ affected falling HRC, lower priced OEM contracts. Long product prices were up 5% QoQ in anticipation of strong infra demand; which would aid JSP/SAIL. EBITDA/t to decline depending upon product mix by Rs1000-1400/t QoQ. Aluminium companies to deliver strong EBITDA growth led by sharp 35% uptick in alumina pricing; although Novelis to get impacted by raising scrap prices.</p>
Jindal Stainless	103	91	13.0	98	5.5	13	12	2.1	12	7.2	7	7	-2.6	6	10.3	
Jindal Steel & Power	122	117	4.2	111	9.5	22	28	-24.0	21	1.6	8	19	-59.7	9	-9.8	
JSW Steel	408	419	-2.6	397	2.9	51	72	-28.6	54	-5.7	8	24	-65.2	7	16.6	
National Aluminium Co.	47	33	40.9	40	17.8	19	8	147.2	15	23.5	13	5	165.0	11	21.9	
NMDC	62	54	14.8	49	26.3	25	20	22.9	14	78.0	20	17	18.1	12	63.7	
Steel Authority of India	225	233	-3.8	230	-2.5	12	21	-41.9	13	-1.9	-5	3	NA	8	NA	
Tata Steel	546	553	-1.3	539	1.3	46	63	-26.1	61	-24.6	-5	6	NA	8	NA	
Total	2,112	2,030	4.0	2,047	3.2	251	283	-11.3	270	-6.9	74	104	-29.4	110	-33.3	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	
Travel & Tourism																
Chalet Hotels	4,658	3,737	24.7	3,771	23.5	2,105	1,660	26.8	1,495	40.8	1,035	706	46.6	-1,385	NA	Typically, 3Q is a seasonally strong quarter for travel. Evidently, the all-India average RevPAR was at its peak at Rs6,417-6,745 in Nov'24. Even occupancy levels surged to 69-71% in Nov'24, reflecting robust demand within the hospitality sector. The aviation sector also witnessed strong tailwinds during the quarter, with Nov'24 registering the highest ever monthly traffic of 14.3mn (up 11.9% YoY) in the history of Indian market. As for the luggage sector, price war persists, driven by aggressive discounting from a leading player, leading to continued margin pressure.
InterGlobe Aviation	2,18,835	1,94,521	12.5	1,69,696	29.0	66,312	54,484	21.7	23,947	176.9	31,889	29,981	6.4	-9,867	NA	
Indian Railway Catering and Tourism Corporation	12,380	11,183	10.7	10,640	16.4	4,085	3,940	3.7	3,728	9.6	3,240	3,145	3.0	3,079	5.2	
Lemon Tree Hotels	3,518	2,887	21.9	2,844	23.7	1,870	1,397	33.8	1,307	43.0	626	354	76.9	296	111.3	
Safari Industries (India)	4,465	3,883	15.0	4,578	-2.5	505	682	-26.0	479	5.4	303	429	-29.5	297	2.0	
V.I.P. Industries	5,492	5,464	0.5	5,443	0.9	154	523	-70.6	-22	NA	-220	72	NA	-366	NA	
Total	2,49,349	2,21,675	12.5	1,96,971	26.6	75,030	62,686	19.7	30,935	142.5	36,873	34,687	6.3	-7,947	NA	
Oil & Gas																
Bharat Petroleum Corporation	999.4	1,154.9	-13.5	1,027.9	-2.8	83.0	62.3	33.4	45.5	82.6	48.6	34.0	43.2	24.0	102.9	Given the rise in Singapore GRM to USD5/bbl, the refining margins of OMCs are expected to improve sequentially. Marketing margins will continue to remain strong in Q3 as well with GMM on petrol/diesel at Rs13.2/9.4/ltr.
GAIL (India)	327.1	342.5	-4.5	329.3	-0.7	34.2	38.2	-10.6	37.4	-8.8	21.7	28.4	-23.7	26.7	-18.8	
Gujarat Gas	40.3	39.3	2.5	37.8	6.5	3.6	4.0	-9.4	5.1	-29.4	1.9	2.2	-13.8	3.1	-38.1	
Gujarat State Petronet	2.7	4.6	-40.5	2.4	13.8	1.9	3.8	-48.9	1.9	0.6	1.3	2.6	-50.3	3.9	-66.6	
Hindustan Petroleum Corporation	874.6	1,041.7	-16.0	916.4	-4.6	54.1	21.6	149.9	27.2	98.4	26.5	5.3	400.2	6.3	319.3	For upstream companies, while ONGC's production is expected to decline QoQ, we anticipate Oil India's oil production to fall 2% QoQ and gas production to rise 2% QoQ.
Indraprastha Gas	34.3	35.5	-3.5	37.0	-7.3	3.5	5.6	-37.2	5.4	-34.5	2.1	3.9	-45.6	4.3	-50.4	
Indian Oil Corporation	1,684.4	1,991.0	-15.4	1,738.5	-3.1	96.1	154.9	-38.0	37.7	154.7	36.1	80.6	-55.2	-9.8	NA	
Mahanagar Gas	14.9	15.7	-4.9	17.1	-12.8	3.0	4.5	-33.8	4.0	-25.5	2.0	3.2	-36.7	2.8	-29.1	Post the APM de-allocation, CGDs are likely to face margin pressures with volume growth of 4-8% YoY for IGL and MGL and flat YoY growth for Gujarat Gas
Manglore Refinery Petrochemicals	208.8	246.7	-15.3	249.7	-16.4	4.1	11.8	-65.0	-4.7	NA	-1.1	3.9	NA	-6.8	NA	
Oil India	53.4	58.2	-8.1	55.2	-3.2	20.5	21.1	-2.5	21.8	-6.0	14.6	15.8	-8.0	18.3	-20.6	
Oil & Natural Gas Corporation	317.4	347.9	-8.8	338.8	-6.3	181.3	171.6	5.6	182.4	-0.6	98.0	98.9	-0.9	119.8	-18.2	Reliance's standalone segment will improve amid rising refining margins although petchem spreads will remain under pressure. Jio's EBITDA to increase 6% QoQ amid tariff hikes undertaken while Retail to continue its steady performance
Petronet LNG	135.6	147.5	-8.0	130.2	4.1	11.4	17.1	-33.4	12.0	-5.4	7.5	11.9	-36.6	8.5	-11.0	
Reliance Industries	2,537.0	2,250.9	12.7	2,315.4	9.6	418.1	406.6	2.8	390.6	7.0	179.5	172.7	4.0	165.6	8.4	
Total	7,229.9	7,676.3	-5.8	7,195.6	0.5	914.8	923.1	-0.9	766.3	19.4	438.7	463.4	-5.3	366.8	19.6	

(Rs mn)	Revenue					EBITDA					PAT					Remarks
	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	
Pharmav																
Aurobindo Pharma	77,016	73,518	4.8	77,960	-1.2	16,525	16,013	3.2	15,661	5.5	9,103	9,400	-3.2	8,169	11.4	
Cipla	69,203	66,038	4.8	70,510	-1.9	17,371	17,475	-0.6	18,800	-7.6	11,976	10,559	13.4	13,029	-8.1	
Divis Lab	22,340	18,550	20.4	23,380	-4.4	6,714	4,890	37.3	7,160	-6.2	4,596	3,580	28.4	5,100	-9.9	Pharmaceutical companies are expected to report strong Q3 results with 14% YoY
Dr. Reddy's Laboratories	80,262	72,148	11.2	80,162	0.1	22,678	20,180	12.4	21,466	5.6	14,846	13,789	7.7	13,415	10.7	EBIDTA growth, driven by niche US launches, consistent domestic sales, and favorable
Eris Lifesciences	7,292	4,863	50.0	7,412	-1.6	2,571	1,755	46.5	2,646	-2.8	892	1,027	-13.2	916	-2.7	currency impacts. Despite high freight costs,
Indoco Remedies	4,142	4,594	-9.8	4,327	-4.3	394	629	-37.3	403	-2.1	-55	238	NA	-104	NA	healthy margins are supported by stable raw
IPCA Labs	22,587	20,529	10.0	23,549	-4.1	4,188	3,310	26.5	4,498	-6.9	2,080	1,119	86.0	2,462	-15.5	material prices and improved product mix.
JB Chem & Pharma	9,854	8,445	16.7	10,006	-1.5	2,568	2,231	15.1	2,705	-5.1	1,637	1,336	22.6	1,746	-6.2	The domestic formulations business is poised
Lupin	57,498	51,974	10.6	56,727	1.4	13,317	10,219	30.3	13,083	1.8	8,474	6,131	38.2	8,526	-0.6	for growth, driven by steady performance in
Sun Pharmaceutical Industries	1,32,703	1,23,807	7.2	1,32,914	-0.2	37,638	33,523	12.3	38,109	-1.2	28,821	25,238	14.2	30,402	-5.2	the chronic portfolio and a recovery in key
Torrent Pharma	29,940	27,320	9.6	28,890	3.6	9,785	8,690	12.6	9,390	4.2	5,165	4,430	16.6	4,530	14.0	acute segments, supporting overall growth
Zydus Lifesciences	52,386	45,052	16.3	52,370	0.0	13,501	10,818	24.8	14,160	-4.7	8,837	7,472	18.3	8,655	2.1	for the quarter.
Total	5,65,223	5,16,838	9.4	5,68,207	-0.5	1,47,249	1,29,733	13.5	1,48,079	-0.6	96,372	84,318	14.3	96,845	-0.5	
Telecom																
Bharti Airtel	4,37,649	3,78,995	15.5	4,14,733	5.5	2,30,641	1,98,148	16.4	2,18,462	5.6	48,583	25,724	88.9	44,469	9.3	
Total	4,37,649	3,78,995	15.5	4,14,733	5.5	2,30,641	1,98,148	16.4	2,18,462	5.6	48,583	25,724	88.9	44,469	9.3	
Total (Rs bn)	19,562	19,036	2.8	18,949	3.2	3,826	3,610	6.0	3,594	6.4	2,117	2,080	1.8	2,023	4.7	

Source: Company, PL

Notes

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Buy	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

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