

Refer to our **Quarter Preview**



Interim review: In line with modest expectations

Downgrades outpace Upgrades by 4:1; Nifty EPS cut 1.2%/1.5% for FY26/27E

- **In this report, we present our interim review of the 3QFY25 earnings season.**
- **As of 31st Jan'25, 183/36 companies within the MOFSL Universe/Nifty announced their 3QFY25 results.** These companies constituted: i) 77% and 78% of the estimated PAT for the MOFSL and Nifty Universe, respectively; ii) 51% of India's market capitalization; and iii) 77% weightage in the Nifty.
- The earnings growth of the aforementioned 183 MOFSL Universe companies grew 3% YoY (est. +4% YoY) in 3QFY25. The aggregate performance was hit by drag from global commodities. Excluding Metals and O&G, the MOFSL Universe and Nifty clocked 8% and 4% earnings growth vs. expectations of +8% and +5%, respectively.
- The modest earnings growth was driven once again by BFSI, with positive contributions from Technology, Real Estate, Healthcare, and Capital Goods. Conversely, earnings growth was weighed down by global cyclicals, such as O&G (OMC's profit declined 18% YoY), which dipped 10% YoY, along with Metals (-9% YoY), Cement (-47% YoY), Automobiles (-9%), and Consumer (-1%). Excluding BFSI, profits for the MOFSL Universe have declined 1% YoY (vs. est. of +2% YoY).
- Earnings of the 36 Nifty companies that have declared results so far have inched up 1% YoY (vs. est. of +2% YoY), fueled by ICICI Bank, Reliance Industries, BPCL, Infosys, and TCS. Conversely, Coal India, ONGC, Tata Motors, JSW Steel, IndusInd Bank, and Ultratech Cement contributed adversely to Nifty earnings. Seven companies within the Nifty reported lower-than-expected profits, while seven recorded a beat and 22 registered in-line results.
- **Downgrades 4x of upgrades:** Until now, 19/78 companies within the MOFSL Coverage Universe have reported an upgrade/downgrade of more than 3% each, leading to an adverse upgrade-to-downgrade ratio for FY26E. Further, the EBITDA margin of the MOFSL Universe (ex-Financials) expanded marginally by 20bp YoY to 16.2%, primarily aided by the Healthcare, Telecom, and Real Estate sectors but dragged down by the Cement, Automobiles, Consumer, and Retail sectors.
- **Nifty EPS saw a downgrade of 1.2%/1.5% for FY26E/FY27E:** The Nifty EPS estimate for FY26 was cut by 1.2% to INR1,205, largely owing to HDFC Bank, JSW Steel, Axis Bank, and Tata Steel. FY27E EPS was also reduced by 1.5% to INR1,378 (from INR1,398) due to downgrades in HDFC Bank, Tata Steel, Reliance Industries, Tata Motors, and Axis Bank.
- **Summary of the 3QFY25 performance thus far: 1) Banks:** Earnings growth for private banks was mixed, with SMIDs witnessing a sharp earnings decline amid accelerated provisions, while large banks were on a much more stable trend. CD ratio remained elevated for the system, as most of the banks reported weak deposit growth amid tight liquidity. Asset quality trends were mixed. PSU Banks, conversely, reported controlled slippages, while credit cost guidance remains largely benign. **2) NBFCs – Lending:** NBFCs reported a minor deterioration in asset quality in the historically seasonally strong 3Q of the fiscal year. Credit costs for NBFC-MFIs remained high because of a sustained deterioration in asset quality. Disbursements and loan growth for mortgage financiers were adversely affected, resulting in delays in property registrations and increased operational challenges. **3) Technology:** The IT Services companies presented a mixed picture in a seasonally weak quarter, with a median revenue growth of 1.8% QoQ CC in

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

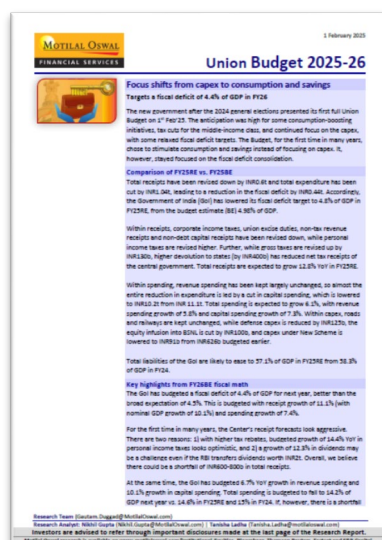
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

3QFY25. The Tier-1 players posted a median revenue growth of 1.3% QoQ CC, while Tier-2 companies recorded a strong growth of 3.2% QoQ CC. **4) Automobiles:** The results were a mixed bag, with revenue for our coverage universe aligning with expectations, while EBITDA fell short of estimates. Management commentary on FY26 demand was uncertain, with signs of moderation across segments, while the commentary appeared more optimistic about rural demand outpacing urban demand. **5) Consumer:** Staples companies had a muted quarter due to sluggish urban demand, weak winter portfolio uptake, high food inflation, and steep inflation in palm oil. Companies are implementing price hikes to offset the inflation. QSRs improved slightly, while Jewelry growth was strong. **6) Healthcare:** The sector has reported double-digit growth in 3QFY25 for the DF segment and a moderate decline in the US business. On an overall basis, we expect earnings growth momentum to be sustained in the coming quarters, fueled by the ongoing niche launches and improved operating leverage. **7) Oil & Gas:** The O&G Coverage Universe has so far reported mixed results. **OMCs:** HPCL's EBITDA beat was primarily led by a higher-than-estimated GRM; IOCL missed our estimate due to lower-than-anticipated reported GRM and high inventory losses. BPCL's performance was in line with our expectations, as weaker-than-expected refining performance was offset by robust marketing margins. RIL's consolidated performance was above our estimate, driven by a recovery in Retail, and O2C. *Refer to page 7 for the detailed 3QFY25 sectoral trends.*

Key result highlights: 3QFY25

- As of 31st Jan'25, **36 Nifty stocks** reported a sales/EBITDA/PBT/PAT growth of 5%/7%/5%/1% YoY (vs. est. of +3%/5%/4%/2%). Of these, 7 companies surpassed/missed our PAT estimates each. On the EBITDA front, 8/3 companies exceeded/missed our estimates during the quarter thus far.
- For the **183 companies within our MOFSL Universe**, sales/EBITDA/PBT/PAT were +5%/8%/7%/3% YoY (vs. est. of +6%/6%/5%/4%). Excluding Metals and O&G, the MOFSL Universe companies recorded a sales/EBITDA/PBT/PAT growth of 10%/10%/11%/8% YoY (vs. est. of +10%/10%/10%/8%) in 3QFY25 so far.
- **View:** The 3QFY25 earnings are in line with modest expectations, but forward earnings revisions are the weakest in recent times, with downgrades far outpacing upgrades, especially in our non-Nifty 50 universe. The Nifty-50 is likely to clock a modest ~5% EPS growth in FY25E (following a 20%+ CAGR during FY20-24). Weakness in consumption coupled with a drag from commodities has put pressure on earnings even as BFSI, Healthcare, Capital Goods, and Tech have posted a healthy print. With the government in its [budget](#) shifting focus from capex to consumption, we expect a realignment in portfolios and further moderation in the multiples of Industrials/Capital Goods/Manufacturing sectors. The underperformance of Consumer Staples may also be behind, in our view, as the INR1t tax relief for middle-class taxpayers works its way through the wallets and reflects in consumer spending in the quarters to come. We expect multiples of Consumption companies, especially Staples, to rebound after a steady de-rating since FY20. The Nifty is trading at a 12-month forward P/E of 20x, below its long-period average (LPA) of 20.6x. Overall, with broader markets trading at significant premiums vs. their own LPA and Nifty, we remain biased toward large-caps with a 76% allocation in our model portfolio. We are OW on Consumption, BFSI, IT, Industrials, Healthcare, and Real Estate, while we are UW on Oil & Gas, Cement, Automobiles, and Metals.

Refer to our Union Budget 2025-26



Performance in line: BFSI drives earnings; global commodities drag

- **Aggregate performance of the MOFSL Universe:** sales/EBITDA/PBT/PAT were +5%/8%/7%/3% YoY (vs. est. of +6%/6%/5%/4%). Excluding Metals and O&G, the MOFSL Universe companies recorded a sales/EBITDA/PBT/PAT growth of 10%/10%/11%/8% YoY (vs. est. of +10%/10%/10%/8%) in 3QFY25 so far.
- **Nifty-50 companies that surpassed/missed our estimates:** Wipro, Ultratech Cement, Cipla, Dr Reddy's Labs, Bharat Electronics, Tata Steel, and SBI Life Insurance exceeded our profit estimates. Conversely, Tata Motors, ONGC, L&T, HUL, Nestle, and Tata Consumer missed our profit estimates for 3QFY25.
- **Top FY26E upgrades:** Tata Motors (4.1%), Kotak Mahindra Bank (3.6%), Tech Mahindra (1.7%), and HCL Technologies (1.2%).
- **Top FY26E downgrades:** JSW Steel (-9.5%), Tata Consumer (-6.5%), Tata Steel (-5.9%), Dr. Reddy's Labs (-5%), and Axis Bank (-4.6%).

Exhibit 1: Sector wise 3QFY25 performance of the MOFSL Universe companies (INR b)

Sector (no of companies)	Sales				EBITDA				PBT				PAT			
	Dec-24	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Dec-24	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Dec-24	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Dec-24	Chg. % QoQ	Chg. % YoY	Var. over Exp. %
Automobiles (11)	2,072	6.4	5.6	-1.1	255	3.8	-6	-6.7	195	10.7	3.1	-1.8	143	12.4	-8.7	-8.2
Capital Goods (4)	725	6.4	19.0	-1.3	82	2.7	17.6	-2.9	73	2	20.9	-3.5	49	4.8	23.4	-3.0
Cement (7)	422	11.0	-0.2	0.3	60	31.5	-30	-9.0	29	45.9	-53.9	-23.5	23	59.5	-47.0	-10.0
Chemicals (5)	61	2.3	17.6	-0.1	12	11.3	24.8	8.0	8	13	25.7	11.8	6	16.4	29.3	12.6
Consumer (12)	473	2.6	6.3	-0.4	99	0.6	1	-3.0	91	0.8	-0.8	-5.1	68	-0.2	-0.9	-5.8
Cons. Durables (5)	175	4.3	15.9	1.4	17	14.9	24.9	2.4	15	5	18.0	-4.8	11	5.3	23.4	-5.5
EMS (5)	146	-3.0	90.3	1.3	8	4.6	89	1.9	5	-27.6	119.2	-11.5	3	-1.2	94.9	-17.5
Financials (50)	2,370	3.6	10.4	-1.6	1,316	-0.7	11.8	0.9	1,047	-1	11.0	2.4	791	-0.5	10.2	3.5
Banks-Private (12)	922	1.3	9.0	-0.3	694	0.7	10	0.1	553	-2.0	4.8	-1.8	420	-2.9	1.5	-0.8
Banks-PSU (5)	473	1.2	3.2	-1.4	344	-6.7	9.0	2.6	285	-2	23.3	12.0	209	-0.4	29.3	14.4
Insurance (5)	633	9.5	13.8	-4.4	31	19.0	11	2.7	26	10.3	36.5	9.4	22	10.4	36.4	9.2
NBFC - Lending (15)	280	3.8	16.7	0.3	213	3.3	16.3	0.6	148	9	7.0	1.8	112	10.0	7.2	2.1
NBFC-Non Len. (13)	63	-0.3	34.0	0.5	35	-3.3	48	0.1	36	-11.3	30.1	-0.5	28	-8.3	27.9	-0.6
Healthcare (11)	464	1.7	10.4	1.6	121	1.2	16.1	4.7	98	-3	16.8	5.5	75	0.2	16.1	3.3
Infrastructure (1)	20	27.7	2.9	20.5	10	28.4	13	21.0	3	20.8	9.7	12.2	2	122.2	18.4	10.2
Logistics (6)	156	8.0	12.7	2.3	62	7.2	13.2	5.1	42	6	6.0	-0.9	36	10.7	15.7	3.6
Media (1)	20	-1.1	-3.3	-4.5	3	-0.8	52	6.3	3	1.2	95.8	10.7	2	23.1	129.5	29.9
Metals (6)	1,903	4.9	1.2	-0.4	409	19.4	3.0	9.3	274	31	1.8	15.7	172	26.4	-9.2	8.6
Oil & Gas (10)	7,658	6.6	0.2	-1.1	919	23.8	3	1.3	599	25.9	-2.4	-1.4	398	16.4	-10.2	-6.8
Ex OMCs (7)	3,483	1.9	2.8	3.7	687	9.5	4.8	1.9	470	5	3.7	3.2	299	-6.9	-7.4	-4.3
Real Estate (8)	114	10.1	19.4	-9.5	41	20.0	29	2.1	32	23.1	32.8	0.7	32	35.0	50.6	12.7
Retail (9)	294	13.2	19.3	-0.2	29	20.6	6.3	-5.4	19	37	1.9	-8.7	14	29.0	1.5	-10.3
Staffing (4)	125	4.8	13.6	2.6	4	4.2	8	-2.2	3	22.2	36.8	-2.7	3	23.6	50.4	-3.1
Technology (12)	1,967	1.2	5.9	0.1	448	2.9	6.9	1.6	419	3	9.0	0.5	309	2.9	8.8	-0.1
Telecom (2)	133	1.6	3.8	-2.6	81	37.3	72	27.1	56	74.5	130.8	54.8	20	29.5	10.8	10.7
Utilities (3)	439	0.5	4.3	0.4	130	13.1	16.5	-3.6	69	-4	8.0	-2.2	49	-5.3	4.6	-9.9
Others (11)	605	12.5	16.7	0.2	123	62.2	36	-6.4	59	526.7	70.9	-14.7	53	1,056.4	33.7	-17.5
MOFSL Univ. (183)	20,343	5.4	5.0	-0.8	4,228	9.9	7.7	1.2	3,140	10.7	7.1	1.5	2,259	9.3	2.8	-0.8
Ex Financials	17,973	5.6	4.4	-0.7	2,913	15.5	6.0	1.3	2,092	17.4	5.3	1.1	1,468	15.4	-0.8	-3.0
Ex Metals & Oil	10,782	4.6	9.5	-0.6	2,900	5.0	10.2	0.1	2,267	5.4	10.7	0.8	1,690	6.3	7.9	-0.2
Ex OMCs	16,167	4.1	7.0	0.3	3,996	7.1	8.5	1.3	3,010	7.3	8.7	2.4	2,161	5.6	4.0	-0.1
Nifty (36)	12,265	4.4	4.7	1.3	2,815	7.7	6.9	1.7	2,140	5.5	5.3	1.3	1,526	3.7	1.3	-0.6
Sensex (23)	8,771	3.5	6.6	0.6	2,154	6.2	8.1	1.5	1,666	6.3	9.1	1.5	1,176	5.4	5.0	-0.6

Note: LP: Loss to Profit; PL: Profit to Loss

Aggregate performance of the MOFSL Universe companies that have announced results so far in 3QFY25

Of the 24 major sectors under MOFSL coverage, 19 have experienced a rise in profits YoY

Exhibit 2: Sectoral PAT growth for 3QFY25 (YoY %)

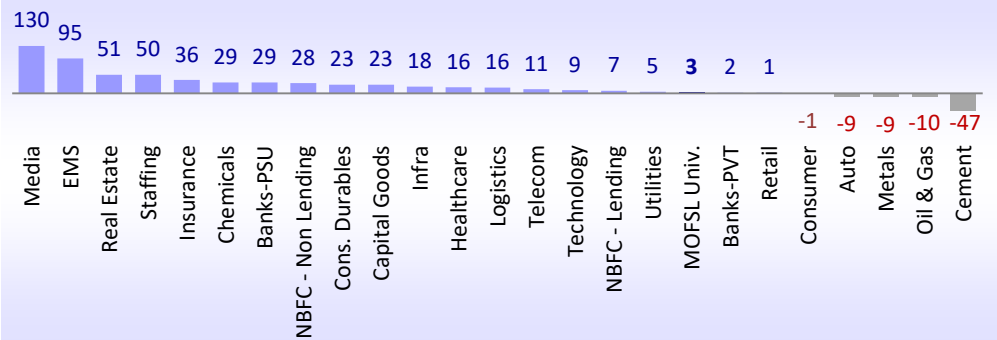


Exhibit 3: Sales grew in line at 5% YoY (vs. est. of +6% YoY)

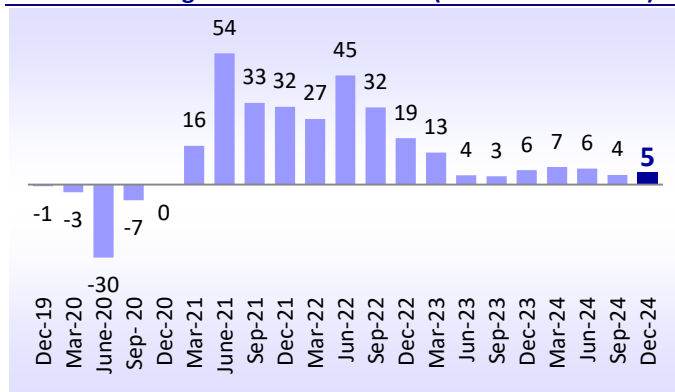


Exhibit 4: PAT up 3% YoY (vs. est. of +4% YoY)

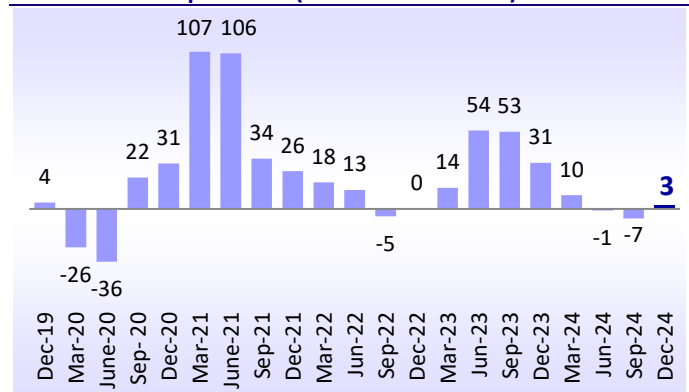


Exhibit 5: EBITDA grew 8% YoY (vs. est. of +6% YoY)

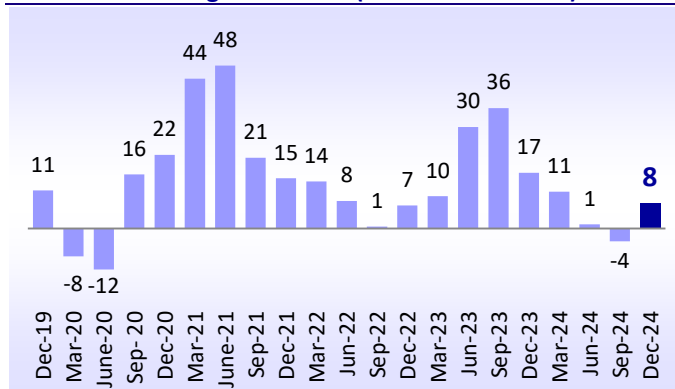


Exhibit 6: EBITDA margin (ex-Financials) expanded 20bp YoY to 16.2%

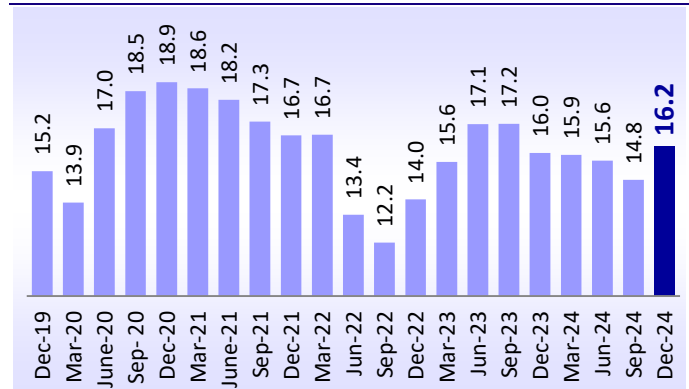
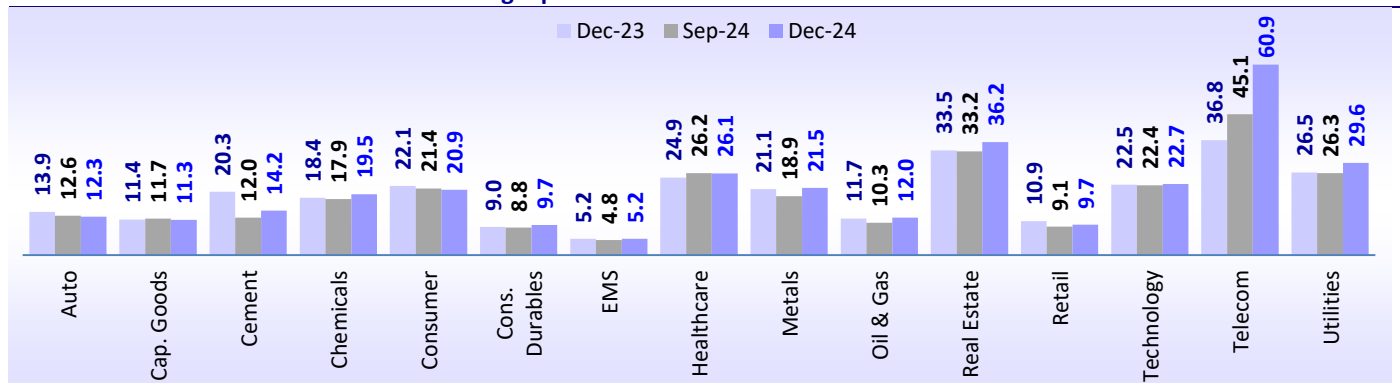


Exhibit 7: MOFSL Universe – sector wise margin performance



Source: Company, MOFSL

Aggregate performance of 36 Nifty companies in 3QFY25

- The Nifty stocks reported a sales/EBITDA/PBT/PAT growth of 5%/7%/5%/1% YoY (vs. est. of +3%/5%/4%/2%). Of these, 7 companies surpassed/missed our PAT estimates each. On the EBITDA front, 8/3 companies exceeded/missed our estimates during the quarter thus far.

Exhibit 8: Nifty sales up 5% YoY (vs. est. of +3% YoY)

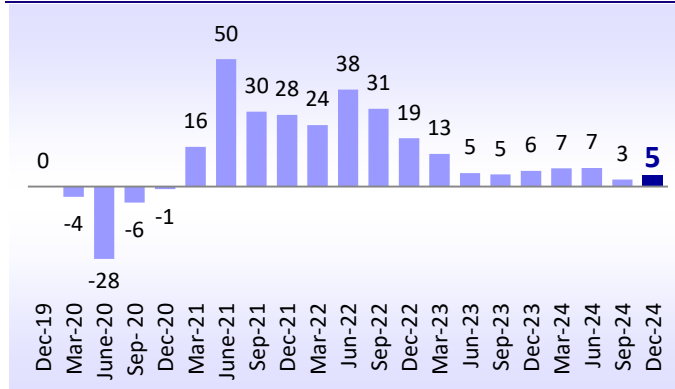


Exhibit 9: Nifty PAT up 1% YoY (vs. est. of +2% YoY)

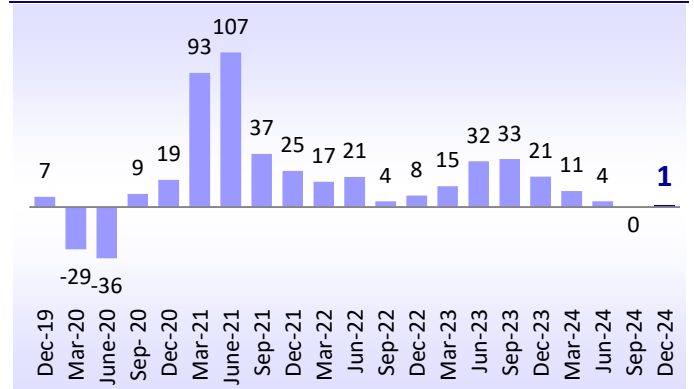
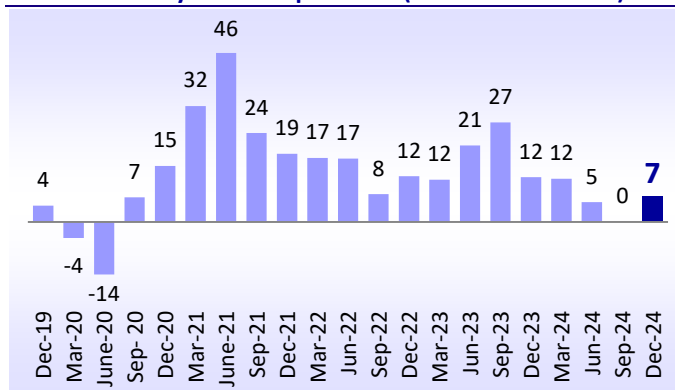
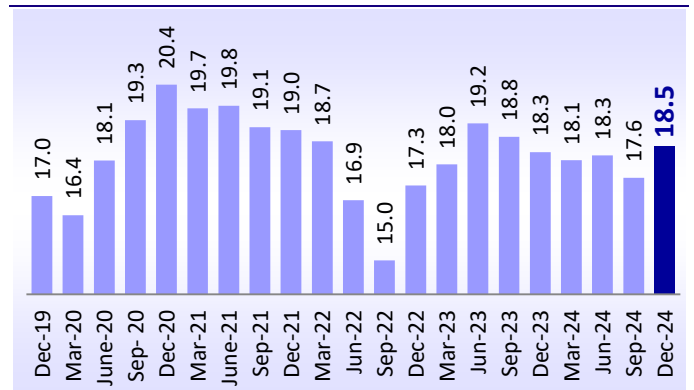


Exhibit 10: Nifty EBITDA up 7% YoY (vs. est. of +5% YoY)



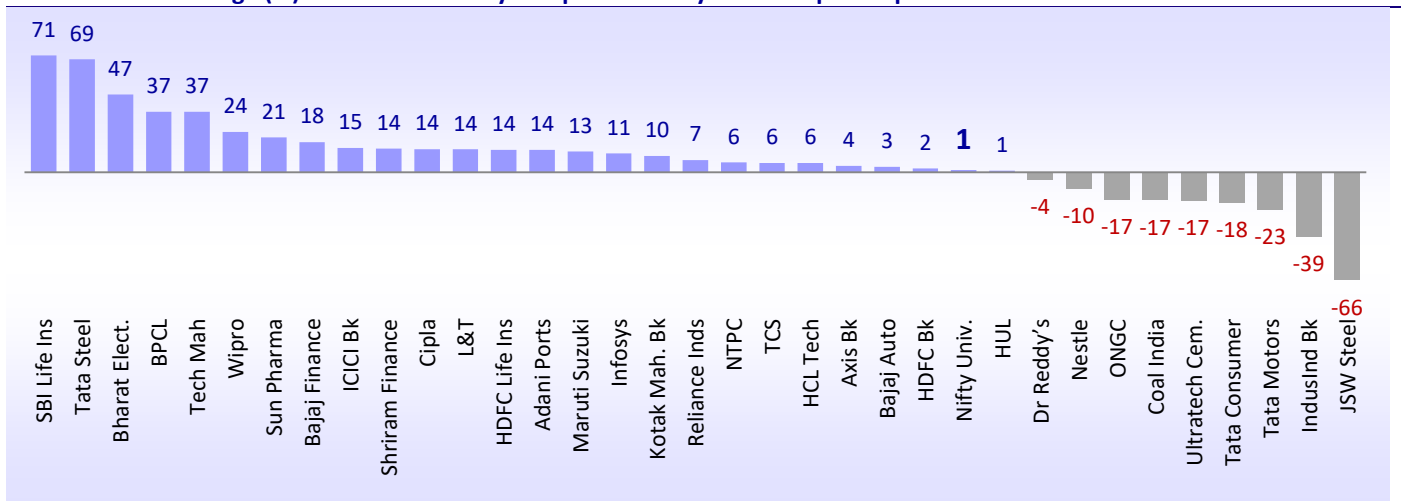
Source: Company, MOFSL

Exhibit 11: Nifty EBITDA margin (ex-Financials) up 20bp YoY to 18.5%



Source: Company, MOFSL

Exhibit 12: YoY change (%) in the PAT of Nifty companies – only nine companies posted a YoY decline in PAT



Aggregate performance of the Nifty companies that have declared their 3QFY25 results thus far

Exhibit 13: 3QFY25 performance of 36 Nifty companies that have announced their results (INR b)

Company	Sector	Sales				EBITDA				PBT				PAT			
		Dec-24	Chg. YoY	%Chg. QoQ	Var. over Exp. %	Dec-24	Chg. YoY	%Chg. QoQ	Var. over Exp. %	Dec-24	Chg. YoY	%Chg. QoQ	Var. over Exp. %	Dec-24	Chg. YoY	%Chg. QoQ	Var. over Exp. %
Bajaj Auto	Automobiles	128	5.7	-2.4	-1.7	26	6.2	-2.7	-0.1	28	4.7	-4.2	-1.9	21	3.3	-4.8	-2.6
Maruti Suzuki	Automobiles	385	15.6	3.5	0.0	45	14.4	1.2	2.0	46	13.5	8.0	1.9	35	12.6	-4.0	1.3
Tata Motors	Automobiles	1,136	2.7	12.0	-1.2	130	-15.0	11.0	-11.6	77	2.1	36.1	-2.9	55	-23.0	63.6	-16.5
Axis Bank	Banks-PVT	136	8.6	0.9	-0.4	105	15.2	-1.7	2.3	84	3.3	-1.5	-1.9	63	3.8	-8.9	-1.3
HDFC Bank	Banks-PVT	307	7.7	1.8	1.0	250	5.7	1.2	1.0	218	12.4	-0.7	-1.0	167	2.2	-0.5	0.5
ICICI Bank	Banks-PVT	204	9.1	1.6	-1.6	169	14.7	1.0	1.0	157	14.5	1.1	3.2	118	14.8	0.4	3.2
IndusInd Bank	Banks-PVT	52	-1.3	-2.2	-1.0	36	-10.9	0.0	-0.1	19	-39.6	4.3	-3.3	14	-39.1	5.3	-2.3
Kotak Mah. Bk	Banks-PVT	72	9.8	2.5	0.9	52	13.5	1.6	-1.0	44	10.0	-1.2	-2.1	33	10.0	-1.2	-2.2
HDFC Life Ins.	Insurance	168	10.1	1.2	-8.3	9	8.6	-0.9	-3.8	4	21.3	1.7	3.3	4	13.7	-4.2	-4.3
SBI Life Ins.	Insurance	250	11.3	22.5	-3.5	19	11.3	29.0	4.5	6	73.7	4.5	11.0	6	71.2	4.0	9.7
Bajaj Finance	NBFC-Lending	94	22.6	6.2	0.6	78	27.1	6.8	2.0	58	17.7	6.7	4.2	43	18.3	7.3	4.8
Bajaj Finserv	NBFC - Lending	258	6.2	-6.8	-11.5	78	17.6	-0.3	-3.8	58	7.0	-2.6	-10.5	22	3.4	6.9	-15.2
Shriram Finance	NBFC - Lending	56	13.8	2.3	-1.2	41	10.7	2.5	-0.9	28	13.1	0.3	-1.7	21	14.4	0.5	-1.2
Bharat Elect.	Cap. Goods	58	39.1	25.6	15.9	17	57.5	19.1	33.2	18	49.6	20.9	28.3	13	47.3	20.6	27.7
L&T	Cap. Goods	647	17.3	5.1	-2.5	63	8.6	-1.7	-9.7	53	11.8	-4.0	-11.1	34	14.0	-1.1	-11.5
Ultratech Cem.	Cement	172	2.7	10.0	0.9	29	-11.3	43.0	3.6	18	-22.0	80.0	6.5	15	-17.3	79.2	13.8
Hind. Unilever	Consumer	158	1.6	-0.7	-1.5	37	0.8	-2.6	-3.7	35	-0.1	-2.5	-4.5	26	1.0	-1.8	-5.5
Nestle	Consumer	48	3.9	-6.4	-1.4	11	-0.8	-5.8	-4.2	10	-6.9	-8.2	-8.9	7	-10.2	-8.9	-11.3
Tata Consumer	Consumer	44	16.8	5.4	0.7	6	-1.3	-9.8	2.4	4	-20.5	-3.8	-17.4	3	-18.4	-26.3	-15.6
Cipla	Healthcare	71	7.1	0.3	1.5	20	13.8	5.5	11.9	18	14.5	3.4	11.1	14	14.0	4.7	15.0
Dr Reddy's Labs	Healthcare	82	14.1	2.7	7.9	22	7.1	-1.4	6.3	18	-3.5	-9.4	12.5	13	-4.3	-3.0	10.7
Sun Pharma	Healthcare	131	7.4	-1.6	-2.4	36	14.2	-5.5	-0.7	36	22.1	3.6	3.6	30	21.3	2.4	1.3
Adani Ports	Logistics	80	15.1	12.7	6.2	48	14.7	9.9	9.3	32	4.6	8.7	0.3	27	13.6	8.6	1.6
Coal India	Metals	358	-1.0	16.6	-2.5	104	-12.8	45.4	0.2	117	-11.4	46.2	6.7	85	-17.0	35.2	1.8
JSW Steel	Metals	414	-1.3	4.3	-1.8	56	-22.3	2.6	10.1	13	-61.6	6.9	12.1	8	-65.8	20.9	-4.9
Tata Steel	Metals	536	-3.0	-0.5	2.6	72	24.6	29.6	58.1	30	80.1	93.4	483.4	7	68.8	64.1	281.5
BPCL	Oil & Gas	1,131	-2.0	10.1	11.6	76	20.7	68.0	-6.1	62	34.8	93.4	-3.7	46	36.9	93.9	-3.2
ONGC	Oil & Gas	337	-3.1	-0.5	5.1	190	10.5	4.0	1.4	110	-12.8	-26.8	-13.0	82	-16.7	-31.2	-12.9
Reliance Inds.	Oil & Gas	2,400	6.6	3.6	4.0	438	7.7	12.1	4.0	286	10.9	14.4	4.5	185	7.4	11.9	4.6
HCL Tech.	Technology	299	5.1	3.6	-0.2	69	2.6	7.8	1.4	61	4.4	7.8	0.8	46	5.5	8.4	1.4
Infosys	Technology	418	7.6	1.9	0.8	100	9.8	2.9	3.0	97	12.2	4.5	3.2	68	11.5	4.6	-0.5
TCS	Technology	640	5.6	-0.4	-0.8	170	3.4	1.1	-0.8	167	5.0	4.0	-2.4	124	5.7	4.1	-2.2
Tech Mahindra	Technology	133	1.4	-0.2	0.7	18	33.5	3.4	5.5	13	46.3	-24.6	-8.6	10	36.8	-21.4	-4.4
Wipro	Technology	223	0.5	0.1	0.7	47	12.5	4.0	6.5	45	25.4	4.1	13.9	34	24.5	4.5	13.5
NTPC	Utilities	414	4.8	2.5	4.1	120	20.3	23.6	2.1	66	11.1	9.5	6.6	46	6.0	9.9	-3.5
Adani Enterp.	Others	228	-8.8	1.1	-	31	-4.9	-18.4	-	6	-75.8	-76.2	-	1	-96.7	-96.5	-
Nifty Universe		12,265	4.7	4.4	1.3	2,815	6.9	7.7	1.7	2,140	5.3	5.5	1.3	1,526	1.3	3.7	-0.6
Ex Financials		10,669	4.1	4.7	2.1	1,977	5.1	10.5	2.2	1,465	3.6	8.1	2.3	1,035	-0.9	5.8	-0.9
Ex Metals & Oil		7,089	7.0	4.0	-0.8	1,880	7.8	3.6	0.0	1,522	7.2	2.3	0.1	1,111	3.7	2.2	-0.9
Ex OMCs		11,134	5.4	3.9	0.4	2,739	6.6	6.6	1.9	2,078	4.7	4.1	1.5	1,479	0.4	2.2	-0.5

Note: LP: Loss to Profit; PL: Profit to Loss

Source: Company, MOFSL

Exhibit 14: Nifty Universe – only three upgrades of more than 3% and eleven downgrades of over 3% for FY26E

Company Name	Sector	EPS PREVIEW (INR)			EPS REVIEW (INR)			% Upgrade / Downgrade			EPS Growth (%)		
		FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
HDFC Life Insur.	Insurance	8.4	9.3	10.3	7.5	9.7	11.1	-10.4	4.7	8.6	3.2	29.2	14.6
Tata Motors	Automobiles	65.6	59.5	64.7	65.6	61.9	60.4	0.0	4.1	-6.6	11.7	-5.5	-2.5
Kotak Mahindra Bank	Banks-Private	93.9	106.0	126.1	96.0	109.8	131.4	2.3	3.6	4.2	4.8	14.3	19.7
Tech Mahindra	Technology	47.8	62.1	69.6	45.2	63.2	74.0	-5.5	1.7	6.3	10.0	39.8	17.1
HCL Technologies	Technology	63.3	71.9	79.7	63.8	72.7	80.7	0.7	1.2	1.3	10.2	14.0	11.0
BPCL	Oil & Gas	28.2	26.1	26.8	26.9	26.3	26.6	-4.6	1.0	-0.7	-57.6	-2.0	1.1
Wipro	Technology	11.5	12.3	13.0	12.0	12.3	13.0	5.0	0.4	0.3	18.0	2.3	6.0
Sun Pharma	Healthcare	49.3	59.3	67.4	49.2	59.5	66.6	-0.3	0.4	-1.2	18.7	21.0	11.9
Bajaj Finance	NBFC - Lending	264.5	342.9	440.0	270.9	343.7	435.6	2.4	0.2	-1.0	15.9	26.9	26.7
Coal India	Metals	56.7	67.4	70.5	56.8	67.4	70.5	0.1	0.0	0.0	-6.4	18.6	4.7
Reliance Inds.	Oil & Gas	49.5	61.2	69.4	50.6	61.0	67.9	2.3	-0.3	-2.1	-1.6	20.5	11.4
TCS	Technology	139.0	153.0	167.3	138.0	152.0	166.2	-0.7	-0.7	-0.7	9.3	10.1	9.3
Shriram Finance	NBFC - Lending	45.0	53.0	64.1	44.2	52.6	63.6	-1.7	-0.7	-0.6	15.5	19.0	21.0
ICICI Bank	Banks-Private	65.6	72.4	82.4	66.3	71.7	82.0	1.1	-0.9	-0.4	13.6	8.2	14.4
Maruti Suzuki	Automobiles	472.2	517.7	579.3	462.3	512.4	573.4	-2.1	-1.0	-1.0	10.0	10.9	11.9
ONGC	Oil & Gas	38.7	46.5	47.4	37.5	46.0	47.1	-3.2	-1.1	-0.7	-19.1	22.6	2.5
Larsen & Toubro	Capital Goods	111.1	137.2	160.3	106.2	135.4	156.5	-4.4	-1.3	-2.4	12.4	27.4	15.6
Adani Ports	Logistics	49.1	59.2	70.8	47.7	58.5	70.0	-2.9	-1.3	-1.0	15.5	22.7	19.8
NTPC	Utilities	20.6	25.8	28.0	20.4	25.4	27.6	-1.1	-1.5	-1.3	-4.9	24.5	8.5
IndusInd Bank	Banks-Private	84.5	112.3	142.1	82.1	110.4	136.5	-2.8	-1.7	-4.0	-28.9	34.4	23.6
Infosys	Technology	63.5	71.5	80.1	63.4	70.0	77.5	-0.3	-2.2	-3.3	0.1	10.4	10.8
Cipla	Healthcare	57.1	62.6	66.0	61.7	61.2	68.2	8.0	-2.3	3.2	17.5	-0.8	11.4
Bajaj Auto	Automobiles	292.3	337.1	388.5	287.3	329.0	377.6	-1.7	-2.4	-2.8	4.0	14.5	14.8
Hind. Unilever	Consumer	44.8	51.0	56.2	44.1	49.3	54.1	-1.7	-3.4	-3.6	0.8	11.9	9.8
HDFC Bank	Banks-Private	87.9	98.8	112.5	88.7	95.4	109.4	0.8	-3.5	-2.8	10.7	7.6	14.7
Nestle	Consumer	33.8	38.3	43.1	32.7	36.7	41.1	-3.2	-4.1	-4.7	-20.2	12.2	11.8
Ultratech Cement	Cement	214.9	311.8	390.8	222.0	298.6	380.3	3.3	-4.2	-2.7	-9.2	34.5	27.3
Bharat Electronics	Capital Goods	6.7	8.2	9.9	6.7	7.8	9.4	0.6	-4.5	-4.5	21.7	16.5	21.0
Axis Bank	Banks-Private	85.4	94.2	108.5	84.6	89.8	104.2	-1.0	-4.6	-3.9	4.8	6.2	16.1
Dr Reddy's Labs	Healthcare	64.3	78.3	68.8	64.7	74.4	68.2	0.6	-5.0	-0.9	2.0	15.0	-8.3
SBI Life Insurance	Insurance	25.1	25.7	28.8	21.2	24.4	27.4	-15.6	-5.1	-4.7	12.0	15.0	12.5
Tata Steel	Metals	3.8	11.9	17.8	3.4	11.2	16.0	-11.9	-5.9	-9.8	24.3	231.9	43.6
Tata Consumer	Consumer	14.8	19.0	20.9	14.5	17.7	20.1	-1.6	-6.5	-3.8	1.2	22.0	13.3
JSW Steel	Metals	19.8	68.2	85.7	17.0	61.7	82.8	-14.1	-9.5	-3.5	-53.8	263.2	34.1

Source: Company, MOFSL

Key sectoral trends – 3QFY25

- **Automobiles:** The 3QFY25 results were a mixed bag, with revenue for our coverage universe aligning with expectations, while EBITDA fell short of estimates. Revenue grew ~6% YoY, driven by higher PV volumes, a recovery in the replacement market, and improved export growth, particularly for TVSL and BJAUT. However, EBITDA declined due to weaker operating performance from EXID, HYUNDAI, and TTMT. Commodity prices remained largely supportive (excluding rubber) and are expected to remain stable in the coming quarters. Management commentary on demand for FY26 was uncertain, with signs of moderation across segments. However, unlike previous quarters, management appeared more optimistic about rural demand outpacing urban. This was yet another quarter of earnings downgrades, with estimates lowered for CEAT,

SONACOMS, BIL, BOS, EXID, HYUNDAI, and CRAFTSMAN. MSIL was the only company where we revised earnings estimates upward.

- **Banks:** Private Banks' earnings growth was mixed, with SMIDs witnessing a sharp earnings decline amid accelerated provisions, while large banks were on a much more stable trend. Margins moderated slightly for both PSBs and Private Banks, with a few banks reporting a double-digit NIM compression. Advances growth has been steady for most of the banks, led by consistent growth in the Retail segment (barring unsecured). The CD ratio was elevated for the system, as most banks reported weak deposit growth amid tight liquidity. CASA ratio continued to decline for most of the banks. Asset quality trends were mixed, with small banks reporting asset quality deterioration, while large banks remained broadly intact. PSU Banks, conversely, reported controlled slippages, while credit cost guidance remains largely benign. We remain watchful on margins as the rate cycle turns along with further stress in MFI, Cards, and PL segments for the private banks.
- **NBFCs – Lending: Stress in unsecured retail notwithstanding, the weak macros took a toll on the asset quality in the secured product segments as well.** NBFCs reported a minor deterioration in asset quality in a seasonally strong 3Q. Credit costs for NBFC-MFIs remained high due to a sustained deterioration in asset quality. However, MFIs have witnessed some green shoots with collection efficiency improving in Dec'24 and Jan'25. It should take another 2-3 quarters before the situation stabilizes, with recovery anticipated in 1QFY26/2QFY26. CV demand remained subdued due to weak government spending and capex. The used vehicle segment also faced sluggish demand, primarily due to limited supply. Further, there were minor blips in asset quality, particularly in M&HCV. Disbursements and loan growth for mortgage financiers were hit by the Karnataka E-Khata and Hyderabad (Project Hydra) issues, resulting in delays in property registrations and increased operating challenges. Asset quality in mortgages faced minor deterioration too. Margin performance for mortgage financiers was a mixed bag, with PNBHF and CanFin maintaining stable margins, while Homefirst saw a contraction due to higher borrowing costs and liquidity. Due to a likely interest rate cut in 1HCY25, large HFCs could exhibit a transitory NIM contraction owing to the pressure on yields from intense competition. Diversified lenders reported decent performance, with lenders showing more confidence to grow their personal loan book. Overall, it is turning out to be a weak quarter with weaker loan growth and concerns around further asset quality deterioration if the macro situation does not improve.
- **NBFC – Non-lending: Capital markets** – Activity in the capital market space was mixed across segments during 3QFY25. F&O/Cash volumes following a decent trend in Oct'24/Nov'24 saw a decline of 35%/7% YoY in Dec'24. The slowdown was also reflected in demat account additions, which are 9.9m in 3QFY25 vs. 13.1m in 2QFY25. The implementation of F&O regulations led to a 20% YoY/14% QoQ decline in the number of orders of ANGELONE. Management guided an 18-20% hit on income from these regulations. Revenues were also hit owing to the implementation of true-to-label charges. All **AMCs** maintained an upward growth trajectory outlook in the SIP flows (INR265b) despite weak market sentiments. The industry's yield trajectory has been improving (flat to marginal decline) owing to: 1) increased TER in a few debt schemes, and 2) a decline in

AUM due to MTM. Other income for all players was hit by adverse equity market movements.

- **Insurance:** The **general insurance** industry's growth rate is currently on a slow trajectory, due to: 1) weak infrastructure investments, 2) slow credit growth, 3) weak trends in motor sales growth, and 4) changes in accounting norms for the long-term business. STARHEAL has done a repricing of 65% of the retail health portfolio to offset the medical inflation impact. It has already adopted the 1/365 method for URR and hence expects no significant impact of the 1/n regulation. ICICI's retail health segment grew strongly due to new product launches, while its group health segment posted weak growth due to lower credit growth and rising competitive intensity. Motor segment loss ratios improved owing to reserve release. ICICI/STARHEAL's YoY NEP grew 17%/15%, whereas their PAT rose 68%/dipped 26% YoY. The private **life insurance** players reported decent growth in premiums. The impact of surrender charges on the margins of private life insurers is minimal as guided by various management teams. However, the shift in product mix towards ULIPs led to a contraction in the VNB margins. HDFCLIFE/SBILIFE/IPRU reported APE growth of 12%/13%/28% YoY. VNB margins for HDFCLIFE/SBILIFE/IPRU contracted 140bp/46bp/170bp YoY.
- **Capital Goods:** 3QFY25 has witnessed a turnaround on the domestic order inflow front, particularly for EPC companies, as spending has started seeing an uptick with the finalization of large orders on the defense, transmission, and thermal side. International ordering too remains healthy, especially from GCC countries. Execution has been strong as companies are sitting on healthy order books. L&T is witnessing an improvement in the domestic macroeconomic situation, resulting in an upward revision in its FY25 order inflow and revenue guidance. The margin trajectory has been stable, with input prices at benign levels. While order inflows for BEL were down YoY, 4Q is expected to see a spike, as major orders were finalized.
- **Cement:** So far, seven cement companies within our Coverage Universe have announced 3QFY25 results – ACC, ACEM, DALBHARA, ICEM, JKCE, SRGM, and UTCM. As expected, cement demand has improved in 3QFY25 led by growth across sectors. The aggregate volume of cement companies under our coverage (for results announced so far) grew ~9% YoY (in line), higher than the industry growth estimate of ~5% led by market share gains by leading players. Blended realization declined ~9% YoY (+1% QoQ; -1% vs. our est.). Hence, aggregate revenue declined ~1% YoY. Opex/t was down 3% YoY (+1% vs. our est.), due to ~2%/3%/4% decline in variable costs/freight costs/other expenses. Average EBITDA/t declined ~34% YoY to INR800/t (vs. est. of INR870). Aggregate EBITDA dipped 28% YoY (8% below our est.) and OPM contracted 5.5pp YoY (up 2.6pp QoQ) to ~15% (est. ~16%). Most of the management teams guided an industry demand growth of ~4-5% YoY in FY25E and ~6-7% YoY in FY26E. Further, they anticipate demand improvement to drive more price hikes going forward. We cut our EBITDA estimate for ACC (18%/13%/11% for FY25/FY26/FY27), ACEM (22%/17%/9% for FY25/FY26/FY27) and DALBHARA (~7%/4%/2% for FY25/FY26/FY27). We retain our EBITDA estimate for UTCM, SRGM, and JKCE.
- **Chemicals:** So far only five companies have reported their results within the MOFSL Chemicals Universe. ATLP reported an in-line EBITDA, while AACL, CLEAN, NFIL, and SRF all reported numbers that were above our estimates. The

margin remained under pressure for CLEAN and SRF. The EBITDA for AACL and ATLP declined sequentially by ~3-8% but was robust for the other companies that have declared earnings to date. On a YoY basis, robust growth was recorded across all five companies helped by the lower base in 3QFY24 as well. Various management teams were skeptical about how Trump's imposition of tariffs on China would play out in CY25. However, they were optimistic about the prospects of their respective companies going forward. Prices appear to have bottomed out with demand recovering on a gradual basis, which should continue going forward as well.

- **Consumer/Consumer Discretionary:** Staples companies had a muted quarter due to sluggish urban demand, weak winter portfolio uptake, high food inflation, and steep inflation in palm oil. Companies are implementing price hikes to offset the inflation. Liquor was strongly driven by Andhra Pradesh's new liquor policy, robust P&A demand, and a higher wedding count. UNSP posted strong 16% P&A revenue growth. QSRs saw a slight improvement, supported by a favorable base and better dine-in footfalls. Jewelry growth was strong; it was fueled by festive and wedding demand. KALYAN reported a strong 40% growth in India. However, operating margins were missed for most companies led by high inflation, mix, and limited price hikes. Among our coverage, UNSP and KALYAN reported double-digit YoY EBITDA growth, PIDI, and HMN saw high single-digit growth, while Dabur, HUVR, and Marico posted low single-digit growth. JYL, CLGT, GCPL, and Nestle saw a YoY EBITDA decline in 3QFY25.
- **Consumer Durables:** Aggregate revenue of consumer durable companies under our coverage grew 16% YoY to INR174.7b (+1% vs. our est.). Aggregate EBITDA grew 25% YoY to INR17.0b (+2% vs. our est.) and average OPM stood at 9.7% (up 70bp YoY; in line). Aggregate PAT grew ~23% YoY to INR11.0b (~6% below). We cut our EPS estimate for HAVL (5-8% for FY25-27), POLYCAB (3-5% for FY25-27), KEII (6-7% for FY25-27), VOLT (8-14% for FY25-27) and RRKABEL (~12% for FY26/FY27, each).
- **Healthcare:** Earnings growth for pharma companies remained healthy. Of the ten companies, three (LAURUS/CIPLA/AJP) delivered better-than-estimated earnings. BIOS/PIRPHARM delivered better-than-expected operational performance, while higher taxes led to lower-than-expected earnings. MANKIND reported a miss on earnings. The remaining four companies (SUN/DRRD/TRP/GRAN) posted in-line 3QFY25 earnings. On an aggregate basis, the **domestic formulation (DF)** business grew ~13% YoY to INR134b for companies under our coverage. This has been better than the industry (up 7.4% YoY), led by sustained growth momentum in chronic therapies supported by moderate growth in the Acute business. All companies reported double-digit growth in 3QFY25 for the DF segment. DRRD/SUNP delivered strong growth of 14% each in DF business led by strong execution and new launches. MANKIND reported a 15.5% growth in DF revenue led by recent acquisitions of BSV. On an aggregate basis, the **US** sales declined 1.2% YoY to USD1.1b, led by lower approvals and pricing erosion. All the companies saw a moderate decline in the US business. The intensity of price erosion has been stable at the mid-single digit on a YoY basis. The gross margin of the DF business expanded led by reduced RM costs. In the **CDMO** space, the earlier quarters' commentary regarding increased RFQs and new order inflows to de-risk the supply chain is yet to convert to business

opportunities. We upgraded our earnings estimates for LAURUS (4.7%/2.3%/2.7% for FY25/FY26/FY27), downgraded our earnings estimate for TRP (-4.3%/-5%/-5.1% for FY25/ FY26/FY27), and Granules (-8.2%/-6.3%/-6.2% for FY25/FY26/FY27).

- **Metals:** Within our coverage Universe, JSTL, JSP, COAL, TATA, and HZ reported their 3Q numbers to date, showcasing a mixed performance. COAL performance came as anticipated, led by volume recovery and a higher e-auction share post-monsoon, while JSTL, TATA, and HZ delivered a healthy and better-than-estimated performances. JSTL/TATA beat was led by muted input costs offsetting the effect of a weak pricing environment. Losses for TATA Europe also reduced from USD76/t in 2QFY25 to USD42/t during the quarter, benefiting from lower fixed costs (BFs closure) and muted coking coal prices. HZ's better performance was driven by healthy non-ferrous (zinc, lead, and silver) prices, while weak volumes limited its growth. On the contrary, JSP reported weak performance primarily due to lower-than-expected volume over lower production headroom. Also, the increase in iron ore cost and lower iron ore production from Tensa mines have dragged performance further, despite the healthy NSR growth QoQ driven by better long steel prices.
- **Oil & Gas:** In 3QFY25, our O&G Coverage Universe has so far reported mixed results. **RIL's** 3QFY25 standalone EBITDA was up 13% QoQ (4% YoY), driven by a slight improvement in volumes, higher gasoil, and ATF cracks, higher domestic product placement, and maximization of ethane feedstock cracking. Consol. EBITDA was also 4% above our est., driven by a recovery in Retail (EBITDA grew 9% YoY; 8% beat) and O2C (+16% QoQ; 10% beat). **OMCs:** While **HPCL's** EBITDA beat our est. by 30%, primarily led by a higher-than-estimated GRM, **IOCL's** EBITDA missed our est. by 11% led by lower-than-anticipated reported GRM and high inventory losses. **BPCL's** performance was largely in line, as weaker-than-expected refining performance was offset by robust marketing margins. In addition, OMC's earnings continue to take a significant hit due to the LPG under-recovery, amounting to INR31b/INR55b/INR31b for HPCL/IOCL/BPCL. **CGD entities:** **MAHGL's** result came in line due to steady margins and strong volume growth. **IGL's** EBITDA beat our est. by 12% due to higher margins and strong volume growth. EBITDA/scm margin contracted to INR8.3/4.3 for MAHGL/IGL because of APM twin de-allocation. Volumes for MAHGL/IGL increased 12%/7% YoY to 4.1/9.1mmscmd. **GAIL's** EBITDA was 25% below our est., primarily due to weak gas marketing segment performance. Petchem EBITDA fell 27% YoY. **PLNG** EBITDA missed our est. by 5%; while its total volumes fell to 228Tbtu (est. of 249.5Tbtu, -2% YoY). **MRPL** reported a substantial beat due to a strong refining performance, with GRM coming in at USD6.2/bbl (est.: USD5/bbl).
- **Real Estate:** The 3QFY25 results were a mixed bag, with revenue for our coverage universe being below our estimates, while EBITDA was in line. Revenue grew ~19% YoY, driven by strong execution and delivery from the developers. However, due to the lower launches, sales, and marketing costs have not dented the EBITDA and resulted in 29% YoY growth (in line). Cumulative pre-sales of the companies that have reported results so far grew 19% YoY to INR250b, higher than our estimates. Additionally, collections were higher by 29% YoY to INR143b driven by strong demand on the ground and swift execution for most of the players. DLF has notably outperformed our estimates, and hence we have raised

its target, while PEPL was short of our expectations due to a lack of launches. Therefore, we have slightly trimmed our expectations on the operational matrices and valuation as well. Additionally, Phoenix Mills has undergone a valuation upgrade.

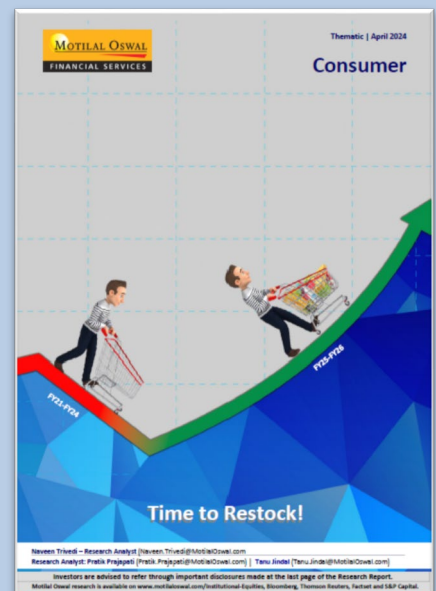
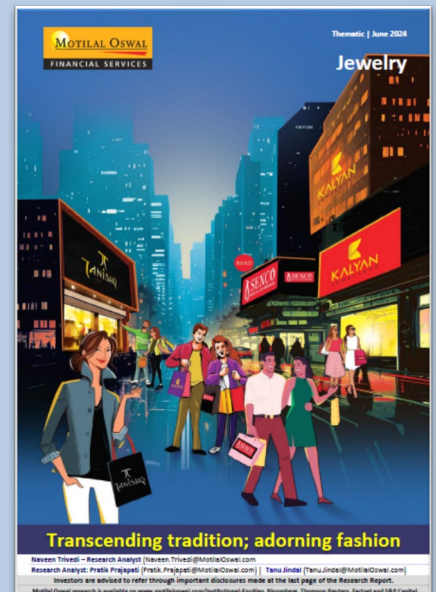
- **Technology:** The IT Services companies (within MOFSL Universe) presented a mixed picture in a seasonally weak quarter, with a median revenue growth of 1.8% QoQ CC in 3QFY25 (2.0%/1.2%/0.7% in 2QFY25/1QFY25/4QFY24). Guidance upgrades in major companies such as INFO (implies a QoQ decline of ~1.0% in 4Q) and HCLT (implying ~0.6% 4Q CC QoQ growth for ITB&S) were disappointing. We believe that post-3Q, revenue expectations for FY26/FY27E have been pared back across the Street. However, the commentary in pockets turned incrementally positive. We believe the tech spending recovery, earlier driven primarily by BFSI over the past six months, is now expanding into other verticals such as Hi-Tech and Retail. This quarter, deal win trends indicate a gradual rebound in shorter-term deals, signaling a return of discretionary spending by clients and setting the stage for improved revenue conversion. The softness in some verticals and geographies continued through 3QFY25, with Communications and Manufacturing reporting muted growth. The Tier-1 players posted a median revenue growth of 1.3% QoQ CC, while Tier-2 companies recorded a strong growth of 3.2% QoQ CC. HCLT (+3.8% QoQ CC in a seasonally strong quarter) and Coforge (+8.4% QoQ CC vs. 4.9% est.) outperformed their peers with strong executions in 3Q. Both Tier-1 and Tier-2 companies reported a ~20bp QoQ expansion in margins. The majority of Tier-1 companies reported stable TCV performance, with LTIM/TCS being an exception in 3Q (up 29.2%/18.6% QoQ). Tier-2 companies also reported robust growth in TCV with MPHL reporting a growth of 69.6% QoQ & 5 large deals. We prefer LTIM and INFO in the Tier-1 space, and COFORGE and PSYS in the Tier-2 space.
- **Utilities:** Within the MOFSL Coverage Universe, JSW Energy, NTPC, and IEX have reported their 3Q financial results until now, reflecting a mixed performance. **IEX's** standalone revenue and PAT both surpassed our estimate, primarily due to a 15.9% YoY rise in electricity volumes and other income. IEX saw strong volume growth in 3Q, with overall volumes up 17% YoY, including a 15.9% rise in electricity and a 31% surge in renewables. **NTPC's** standalone revenue and EBITDA came in line with our estimate. PAT was marginally below due to a higher-than-expected tax rate, previous year adjustments, and changes in regulatory account balances. Gross generation was up 2% YoY in 3QFY25 while plant availability across both coal and gas plants improved on a YoY basis. JSWE substantially missed our EBITDA estimates due to lower short-term merchant spreads and higher opex, while APAT was hit by higher finance costs and lower other income. The commissioning of 377MW wind capacity during the lean season led to higher capitalization, finance costs, and depreciation.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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