

Sharekhan Special

April 09, 2025

INDEX

Q4FY2025 Results Preview	2
• Banking	7
• NBFCs, Insurance, AMC & Diversified Financials	9
• Capital Goods	12
• Consumer Discretionary	15
• Consumer Goods	18
• IT (Information Technology).....	20
• Miscellaneous.....	22

Visit us at www.sharekhan.com

MIRAE ASSET Sharekhan

Q4FY2025 Results Preview

Muted Q4, outlook keenly eyed

Summary:

- ♦ Earnings slowdown in 9MFY25 is likely to continue in Q4FY25. Nifty earnings to grow by 2% y-o-y, translating into a weak FY25 with a mere 5% y-o-y earnings growth on the back of weak revenue growth (~5%).
- ♦ Earnings would be weighed down mainly by banks, O&G and FMCG companies. Automobiles, NBFCs and IT firms would see modest growth, while pharma, cement, telecom and metals to report healthy growth. EBITDA margins to contract for FMCG and auto sector but would improve/ stay broadly stable for others.
- ♦ Management commentary on growth outlook is a key monitorable as downside risks to global growth mount amid global trade tariff war, which may accentuate the weak domestic demand dynamics.
- ♦ Nifty EPS has been revised down by ~3-4%, led by few banks, O&G and auto stocks. Nifty trades at 19.5x/17.0x FY26E/27E, below the long-term period average of ~20.5x. Overall, we retain our cautious view on market for CY25 and recommend a defensive portfolio in line with our cautious view, with overweight on selective Banks, NBFCs, IT, capital goods, power, cement, infra, domestic pharmaceuticals, Telecom and FMCG. We continue to favor large-caps over SMIDs for better risk-reward.
- ♦ **High-conviction investment ideas:**
 - o **Large-caps:** TCS, Reliance Ind, DLF, Bharti Airtel, ICICI Bank, M&M, ICICI, Kotak, PFC, REC, L&T, Tata Consumer Products, Sun Pharma, Cipla, SRF, NTPC, PowerGrid and UltraTech.
 - o **Mid-caps:** Macrotech, Marico, Bata India, Persistent Systems, Bluestar, PNB Housing, HUDCO, Varun Beverages, and Navin Fluorine
 - o **Small-caps:** Radico, Sunteck Realty, ABDL, BSE, IPCA Labs, V2 Retail, Lemon Hotels and ISGEC.

Q4FY25 earnings preview: Subdued earnings growth expectations continued

Nifty 50 companies are expected to deliver a 6% revenue, 6% EBITDA, and 2% PAT growth y-o-y. Earnings would be weighed down mainly by banks, O&G and FMCG. Automobiles, NBFCs, and IT would see modest growth while pharma, cement, telecom and metals would report healthy growth. EBITDA margins to contract for FMCG and auto sector but likely to improve/ remain broadly stable for others.

Earnings Outlook

Multiple headwinds both on global and domestic fronts is creating uncertain demand outlook. Globally, the US's trade tariff announcements have fuelled significant increase in the probability of global recession and significantly higher tariffs on key trading partners could disrupt global supply chains, weaken exports, thereby impacting corporate earnings. However, India is relatively better placed in this regime with lower tariffs. Tariff deal negotiation by countries will determine the course in coming months. Domestically, a slowdown in government spending and weak urban consumption demand is leading to muted corporate earnings growth. We expect a gradual recovery in coming quarters, driven by government spending, uptick in consumption given benign inflation outlook and impact of personal tax cut kicks in. Further, accommodative RBI policy will provide the requisite impetus.

Valuation

The Nifty & Sensex have broadly corrected ~15%/13% from their September 2024 peaks, while the Nifty Midcap 100 and Nifty Smallcap 100 indices have fallen ~19%/22% respectively. The Nifty trades at 19.5x/17.0x FY26E/27E, below the long-term average of ~20.5x. We believe that intermittent market volatility could continue till the time tariff deal negotiation takes place with the US by its key partners. It is very hard to quantify timelines for completion of negotiations and these will be closely monitored over the coming months. But over the medium to long term, India could broadly benefit from global supply chains moving to India due to a relatively lower tariff structure. Thus, we retain a constructive view on equities for the next 2-5 years and maintain a cautious view on the market for CY25 given the uncertainties prevailing and recommend a defensive portfolio in line with our cautious view, with overweight on selective Banks, NBFCs, IT, capital goods, power, cement, infrastructure, domestic pharmaceuticals, telecom and FMCG. We continue to favour large-caps over SMIDs for better risk-reward. Lower bond yields likely to help in adjusting cost of equity lower, making valuations favourable.

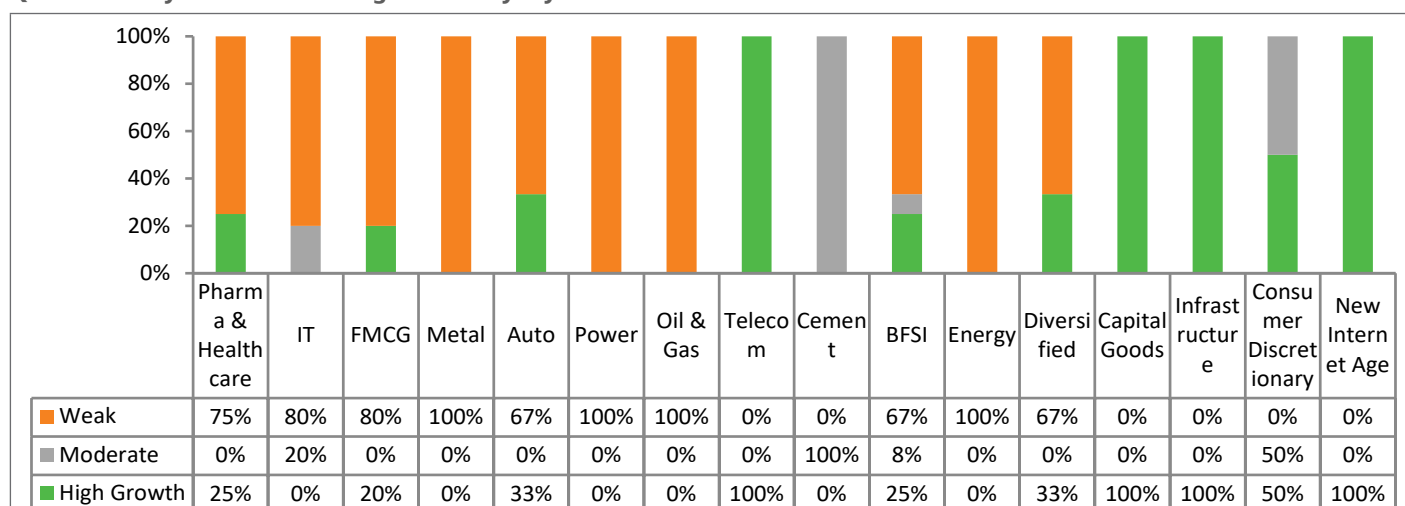
Key risks

No negotiation on tariffs with key partners for a prolonged period, a global recession, slower earnings trajectory are key risks.

Sector-Wise expectations

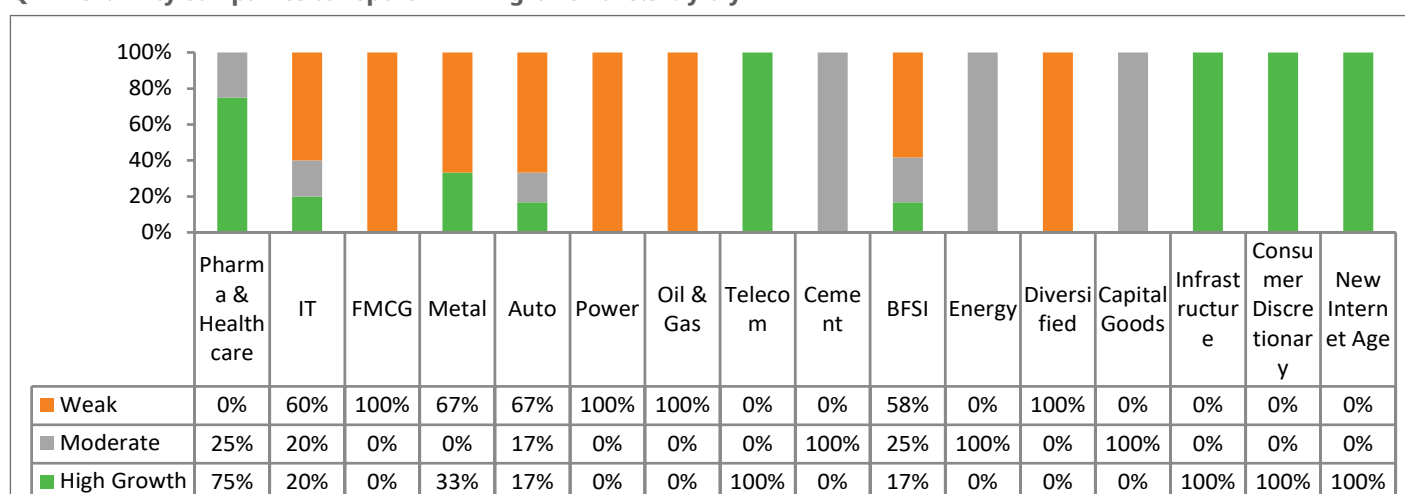
Sector	Key expectations	Leaders	Laggards
Banks and NBFC	Banks' earnings growth would be muted led by moderation in loan growth and marginally lower NIMs. MFIs and other unsecured retail segments would continue to see elevated stress. For NBFCs, loan growth to be calibrated with focus on asset quality. NIMs to be sequentially stable/ marginally lower, while credit cost would stay high.	ICICI Bank, Kotak Bank BoB, SBI, PFC and REC	IndusInd Bank, L&T Finance, AU SFB, LICHF, M&M Finance
Automobiles	The sector is expected to report mixed results with subdued performance in CVs and good traction in the rural focused tractor segment. Both domestic 2W and PV volumes to rise by low single digit. Results to differ based on the export and product mix.	M&M, TVS Motors, Ashok Leyland, Eicher Motors	Apollo Tyres, Tata Motors, CEAT
Capital Goods	Sectors such as Electronic Manufacturing, Railways, Renewables and T&D shall continue to perform well	Bluestar, Triveni Turbines, Cummins India, Amber Enterprises, KEC	Ratnamani Metals, Honeywell Automation, Thermax
IT	Tier 1 companies to report soft revenue growth while Tier 2 companies to report relatively resilient performance on the back of ramp up of earlier deal wins	LTTS, Persistent, Coforge, and Intellect Design	Infosys, HCLTech
Cement	Cement companies are expected to report a good quarter with more than 10% volume growth y-o-y led by increase in government spending. Pricing is also going to improve 1-2% q-o-q and margins will increase q-o-q with decrease in energy costs.	UltraTech Cement, Dalmia Bharat	
Building Materials	Companies to have weak quarter with the slowness in the real estate sector. Plastic pipes, plywood, MDF and tiles all facing subdued demand.	APL Apollo	Astral, Supreme Industries, Kajaria
Infrastructure Logistics	Slow road project awarding throughout the year is affecting the road infrastructure companies. Logistics activity has improved a little after a slew of weak quarters.		TCI Express, KNR, PNC
Real Estate	The volume growth is expected to be soft with the delay in the project launches but there will be decent value growth with higher realizations. The commercial leasing activity has been strong.	DLF	Sunteck Realty, Mahindra Lifespaces
Power & Utilities	Power companies in our coverage are expected to report a moderate growth with Revenue/ EBITDA/PAT growth of 6.8%/5.4%/5.1% y-o-y. While NTPC and Tata Power are anticipated to deliver decent results, a soft quarter is expected for Power Grid and CESC.	Tata Power	Power Grid
Agri and Speciality chemicals	Specialty chemical companies to see an improvement over the previous quarter but overall outlook is still subdued. Agri-chem companies to report soft results with demand and pricing pressure in both domestic and exports.	SRF, Vinati Organics, Coromandel International	Aarti Industries, PCBL
Consumer Discretionary	Hotel companies are expected to continue strong momentum aided by robust demand for domestic tourism, healthy traction in MICE activity and a strong wedding season. Value retailers are likely to sustain strong double-digit revenue growth. Lifestyle fashion companies and QSRs to post another subdued quarter owing to continued weakness in the discretionary demand environment and heightened competitive intensity.	V2 Retail, Titan, Jubilant FoodWorks, Indian Hotels and Samhi Hotels	Bata India, Relaxo Footwears and Himatsingka Seide
Consumer Goods	Domestic volume growth to be muted for yet another quarter due to sluggish urban demand, a gradual recovery in rural demand and price hikes across categories. Gross margins are likely to be under pressure due to sustained input cost inflation and insufficient price hikes. This coupled with a negative operating leverage would keep OPM lower y-o-y.	Allied Blenders & Distillers, Radico Khaitan and Varun Beverages	Asian Paints, Indigo Paints and Dabur India

Source: Mirae Asset Sharekhan Research

Q4FY25E: Nifty cos' revenues to grow 6.1 % y-o-y


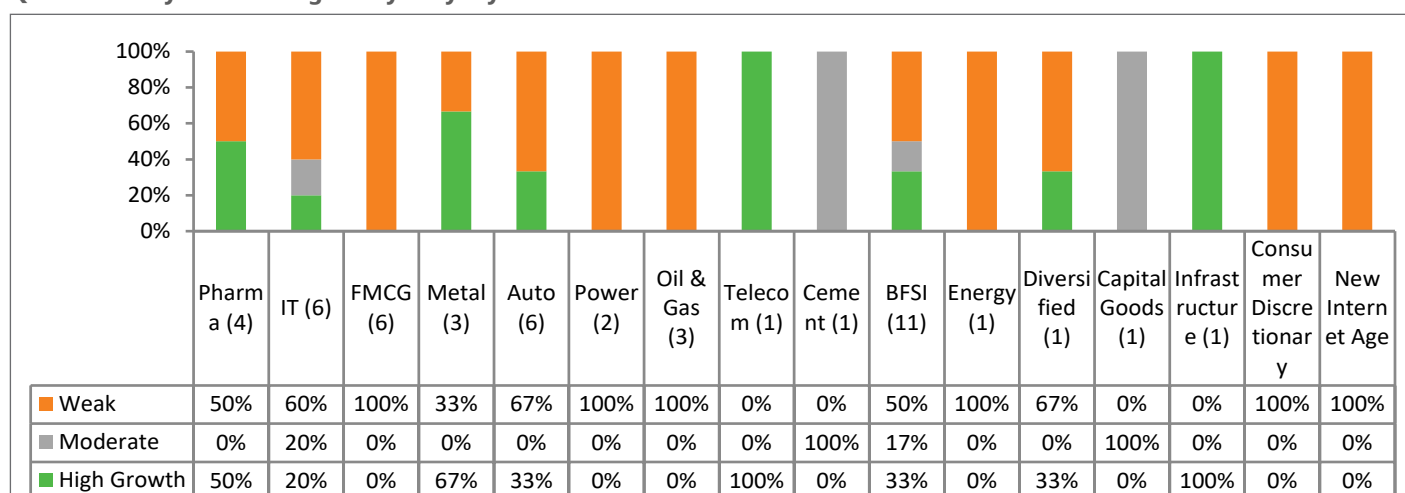
Note: High growth $\geq 15\%$, Moderate growth $>10\% < 15\%$ and Weak growth $< 10\%$

Source: Bloomberg; Mirae Asset Sharekhan Research; Note: Above estimates does not include data for Adani Enterprises

Q4FY25E: Nifty companies to report EBITDA growth of 5.5% y-o-y


Note: High growth $\geq 15\%$, Moderate growth $>10\% < 15\%$ and Weak growth $< 10\%$

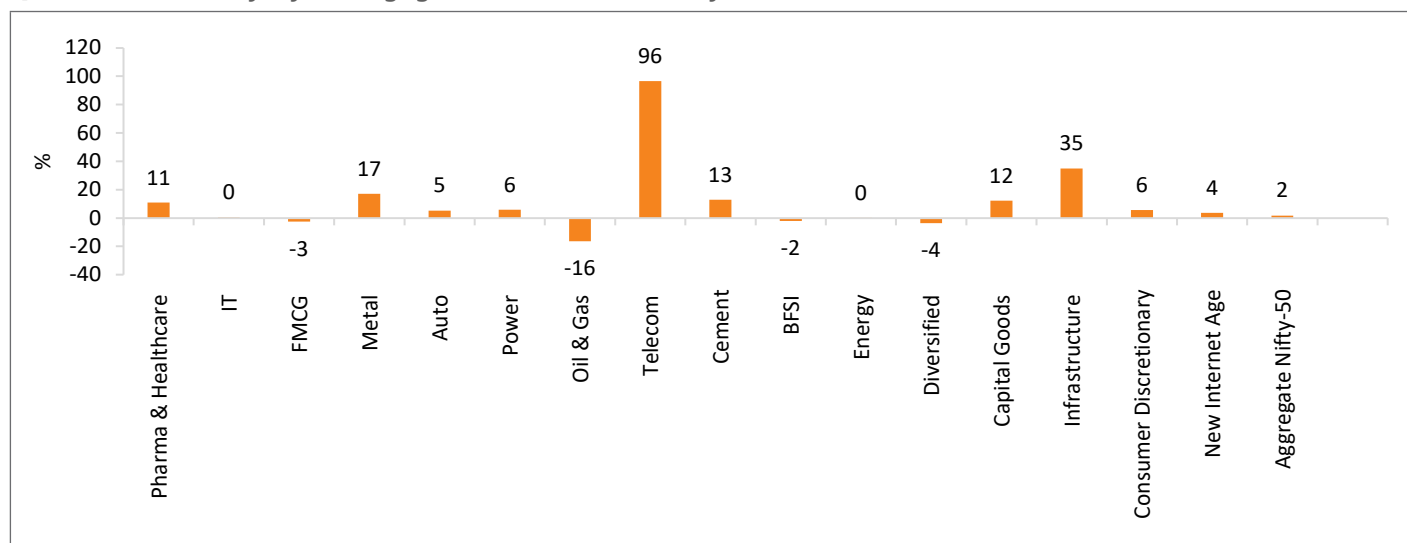
Source: Bloomberg; Mirae Asset Sharekhan Research; Note: Above estimates does not include data for Adani Enterprises

Q4FY25E: Nifty cos' PAT to grow by 2% y-o-y


Note: High growth $\geq 15\%$, Moderate growth $>10\% < 15\%$ and Weak growth $< 10\%$

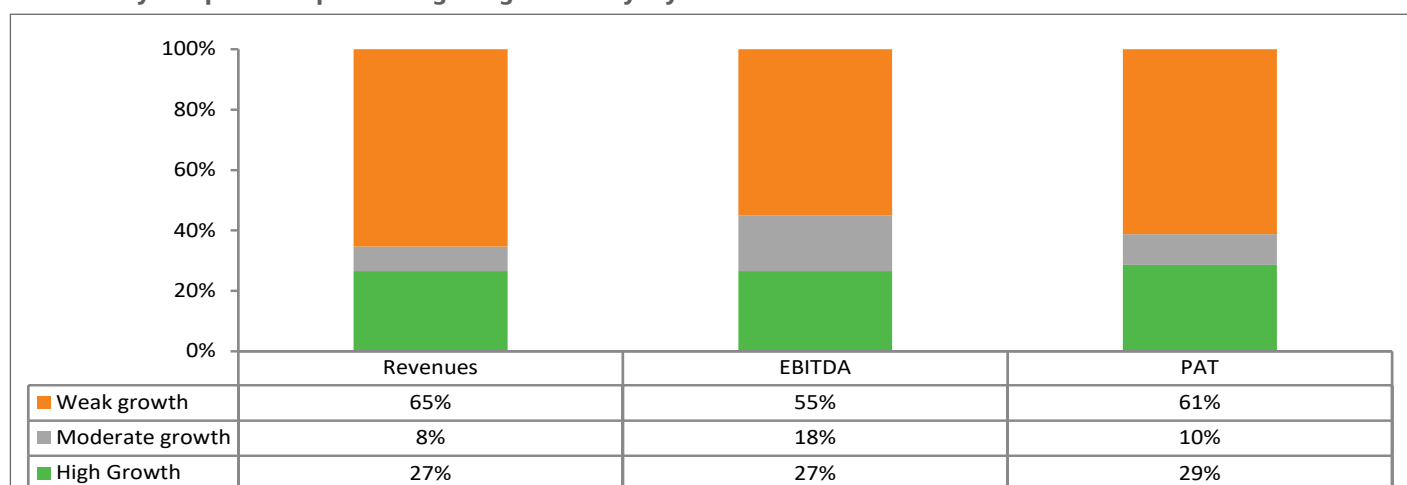
Source: Bloomberg; Mirae Asset Sharekhan Research; Note: Above estimates does not include data for Adani Enterprises

Q4FY25E sector wise y-o-y earnings growth estimates for Nifty constituents



Source: Bloomberg; Mirae Asset Sharekhan Research; Note: Above estimates does not include data for Adani Enterprises

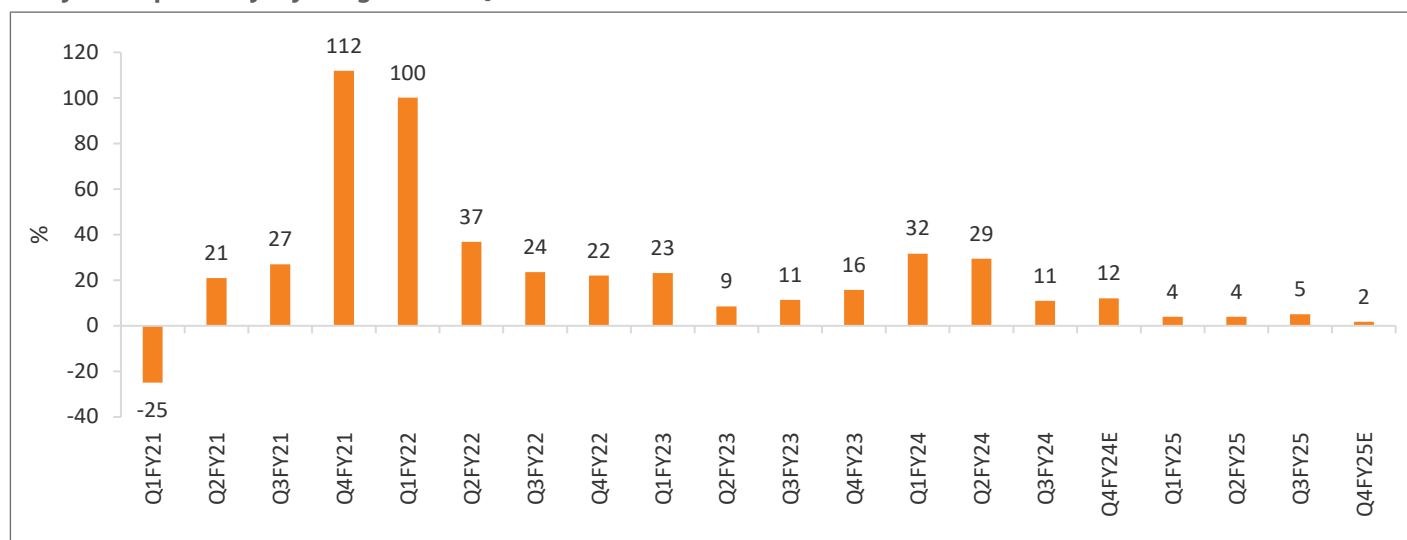
29% of Nifty companies to post strong PAT growth on y-o-y basis



Note: High growth $\geq 15\%$, Moderate growth $>10\% < 15\%$ and Weak growth $< 10\%$

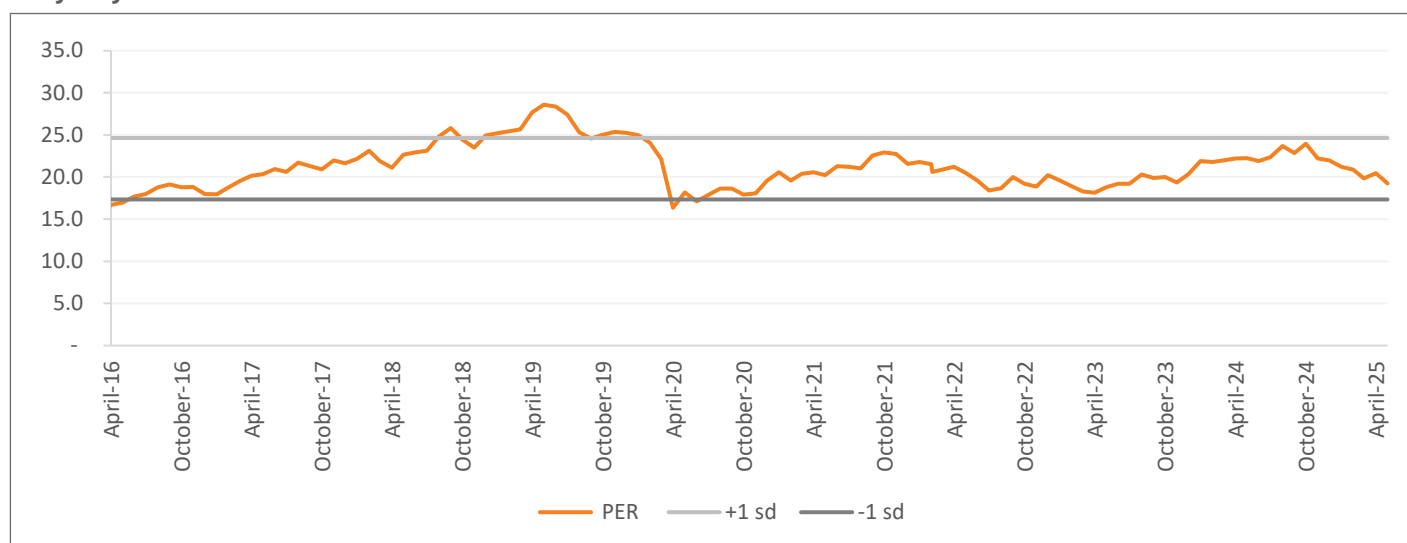
Source: Bloomberg; Mirae Asset Sharekhan Research; Note: Above estimates does not include data for Adani Enterprises

Nifty cos to post 2% y-o-y PAT growth in Q4FY25



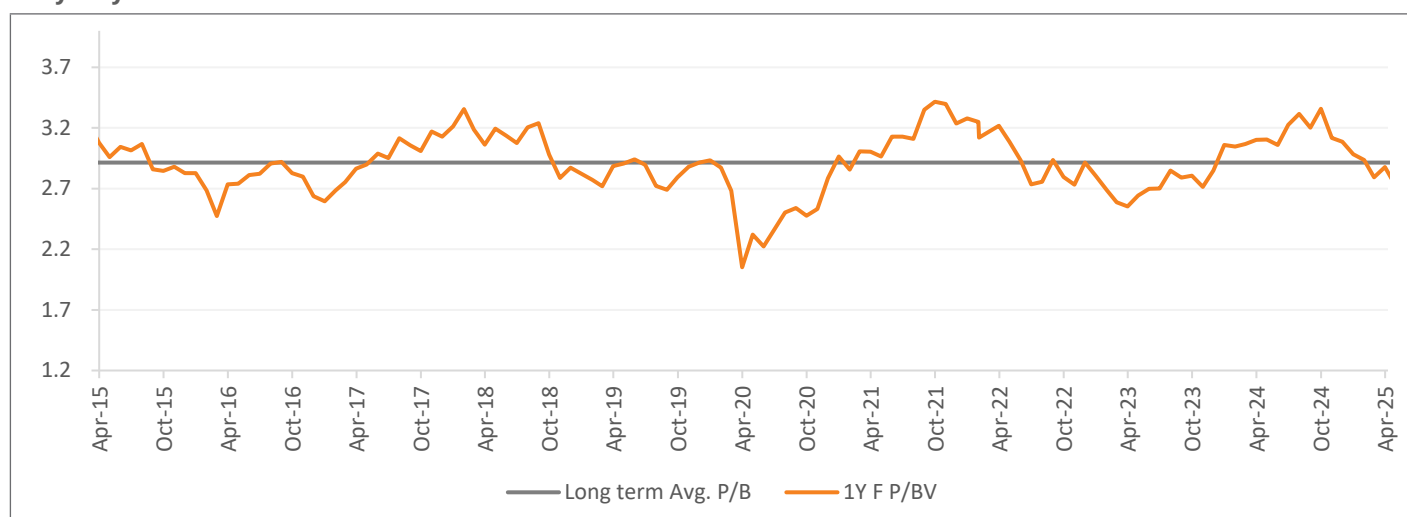
Source: Bloomberg; Mirae Asset Sharekhan Research; Note: Above estimates does not include data for Adani Enterprises

Nifty's 1-year forward P/E band



Source: Bloomberg; Mirae Asset Sharekhan Research

Nifty's 1-year forward P/B band



Source: Bloomberg; Mirae Asset Sharekhan Research

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

Q4FY2025 Results Preview

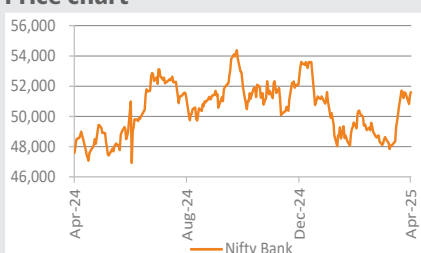
Sector:	Banking
Sector View:	Positive

Coverage universe

Companies	CMP (Rs)	Reco.	PT (Rs)
Large Private Banks			
HDFC Bank	1,817	Buy	2,100
ICICI Bank	1,334	Buy	1,550
Axis Bank	1,090	Buy	1,230
Mid-Tier Private Banks			
Kotak Mahindra Bank	2,131	Buy	2,500
Indusind Bank	682	Hold	750
Federal Bank	195	Buy	220
Small Private Banks			
AU SFB	554	Hold	650
CUBK	162	Hold	185
PSBs			
SBI	768	Buy	980
BOB	234	Buy	280
PNB	97	Buy	125
BOI	112	Buy	130

Source: Company, Mirae Asset Sharekhan Research
CMP as on Apr 04, 2025

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Banking

Weak Q4; Stay selective

Summary

- ♦ NII growth to remain weak for most banks, led by slower loan growth and marginally lower NIMs resulting in weak core PPOP growth.
- ♦ MFIs and other unsecured retail loans would continue to see elevated stress, resulting in higher credit cost but some large private banks (HDFC Bank, ICICI Bank) and PSU banks are relatively better positioned as asset quality would remain healthy.
- ♦ Deposit growth shall pick-up q-o-q seasonally but would remain weak y-o-y (barring HDFCB).
- ♦ Top preferred picks: Large private banks – ICICI Bank, Kotak Mahindra Bank, HDFC Bank, Axis Bank; Mid-tier private banks –Federal Bank; PSBs – SBI & BoB.

Banks are expected to deliver yet another muted quarter with modest earnings growth in Q4FY25. PPOP growth will stay muted, led by weak NII growth (on lower NIMs and slower loan growth). System loan growth has moderated to ~11% y-o-y as per the latest fortnight data versus 16% a year ago. Deposit growth for the system has been broadly at ~10% y-o-y. We expect banks in our coverage universe to report a ~1% y-o-y growth in earnings in Q4FY2025E. PSU banks are expected to report a modest ~5% y-o-y earnings growth, while private banks are likely to report ~3% y-o-y decline in earnings. Net interest income (NII) growth would continue to remain weak, as NIMs are expected to remain under pressure along with slowdown in loan growth. Fee income would improve seasonally and treasury gains are also expected to be slightly higher due to lower bond yields. MFIs and unsecured retail loans would continue to see elevated stress resulting in higher credit cost but some large private banks (HDFCB, ICICIB) and PSU banks are relatively better positioned as asset quality would remain healthy and would report lower credit cost. Given evolving changes in the macroeconomic environment, the outlook for FY26 is expected to hold the key.

Growth to stay modest: System loan growth has moderated to ~11% y-o-y as per the latest fortnight data vs 16% year ago due to slower growth in secured retail segment, stress in the unsecured retail segment, and a higher LDR. Deposit growth for the system has been broadly at ~10% y-o-y. We expect a 5-15% y-o-y loan growth for covered banks, with HDFC, IIB and Axis being particularly weaker. On the other hand, ICICI, Kotak Mahindra Bank and SBI should report relatively stronger growth of 13-15% y-o-y. While deposit growth shall pick-up q-o-q seasonally (except for IIB) but would stay weak y-o-y (barring HDFC Bank).

NIMs to be marginally lower: NIMs would see marginal pressure sequentially in Q4FY25 as CASA accretion remains a challenge, lending yields would drop as repo rate cuts are underway but there has been no transmission of the recent repo rate cut in the term deposit rates. Thus, NIM are expected to fall by 2-5 bps for most banks.

Remain watchful on asset quality: Credit cost is expected to stay high as MFIs and unsecured retail loans segment would continue to see higher stress. Some large Private/PSU banks are relatively better positioned on this front and would report lower credit cost. We remain watchful on asset quality in secured retail, corporate/SME portfolio and factor in higher credit costs for most mid-size banks with exposure to unsecured retail/MFI segments. We would also watch out for potential slippages in some of the reported corporate accounts while banks like ICICI, Axis and SBI should see higher cash recovery due to some of the resolution in corporate segment.

Our View:

We continue to prefer large banks, given their steady outlook relative to their peers and valuations are still reasonable versus the sustainable RoE trajectory. Additionally, an improving regulatory measures and liquidity outlook would be more beneficial to large banks. We will wait for growth/asset-quality outlook to improve for the remaining pack. Nevertheless, the market has largely priced in the concerns but outlook will be closely monitored over the coming quarters as in the near term, the risks remains as Trump tariffs sow fears of trade wars that could result in recession in global economy and consensus estimates for GDP could be lowered.

Top preferred picks: Large Private Banks – ICICI Bank, Kotak Mahindra Bank, HDFC Bank, Axis Bank; Mid-Tier Private Banks –Federal Bank; PSBs – SBI & BoB.

Q4FY25 Result estimates (Standalone)

Banks	NII (Rs cr)					PPoP (Rs cr)					PAT (Rs cr)				
	Q4 FY25E	Q4 FY24	Q3 FY25	YoY %	QoQ %	Q4 FY25E	Q4 FY24	Q3 FY25	YoY %	QoQ %	Q4 FY25E	Q4 FY24	Q3 FY25	YoY %	QoQ %
Large Private Banks															
HDFC Bank	31,136	29,077	30,653	7.1	1.6	25,995	29,274	25,000	-11.2	4.0	17,375	16,512	16,736	5.2	3.8
ICICI Bank	20,716	19,093	20,371	8.5	1.7	17,169	15,039	16,887	14.2	1.7	12,032	10,708	11,792	12.4	2.0
Axis Bank	13,841	13,089	13,606	5.7	1.7	11,046	10,536	10,534	4.8	4.9	6,842	7,130	6,304	-4.0	8.5
Mid-Tier Private Banks															
Kotak Mahindra Bank	7,393	6,909	7,196	7.0	2.7	5,631	5,462	5,181	3.1	8.7	3,628	4,133	3,305	-12.2	9.8
IndusInd Bank	5,012	5,376	5,228	-6.8	-4.1	2,991	4,027	3,599	-25.7	-16.9	-539	2,347	1,401	NA	NA
Federal Bank	2,372	2,195	2,431	8.1	-2.4	1,447	1,110	1,569	30.3	-7.8	910	906	955	0.4	-4.7
Small Private Banks															
AU SFB	2,112	1,337	2,023	57.9	4.4	1,287	664	1,205	93.8	6.8	539	371	528	45.3	2.0
CUBK	608	547	588	11.3	3.5	455	352	436	29.2	4.3	300	255	286	17.8	4.9
PSBs															
SBI	42,704	41,655	41,446	2.5	3.0	27,137	28,748	23,551	-5.6	15.2	19,023	20,698	16,891	-8.1	12.6
BOB	11,733	11,793	11,417	-0.5	2.8	8,132	8,106	7,664	0.3	6.1	5,183	4,886	4,837	6.1	7.1
PNB	11,308	10,363	11,032	9.1	2.5	7,200	6,416	6,621	12.2	8.7	4,550	3,010	4,508	51.2	0.9
BOI	6,252	5,936	6,070	5.3	3.0	4,200	3,557	3,703	18.1	13.4	2,925	1,439	2,517	103.3	16.2

Source: Company, Mirae Asset Sharekhan Research

Valuations (As on Apr 04, 2025)

Banks	Reco.	CMP (Rs.)	TP (Rs.)	RoA (%)		RoE (%)		P/E (x)		P/B (x)	
				FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Large Private Banks											
HDFC Bank	Buy	1,817	2,100	1.8	1.9	13.8	14.0	16.1	14.0	2.1	1.8
ICICI Bank	Buy	1,334	1,550	2.3	2.3	16.9	16.6	14.8	12.7	2.3	2.0
Axis Bank	Buy	1,090	1,230	1.6	1.7	14.7	14.7	10.8	9.3	1.5	1.3
Mid-Tier Private Banks											
Kotak Mahindra Bank	Buy	2,131	2,500	2.1	2.1	13.0	13.0	18.9	16.8	2.3	2.0
IndusInd Bank	Hold	682	750	1.2	1.4	10.1	11.7	7.4	5.8	0.7	0.6
Federal Bank	Buy	195	220	1.2	1.3	13.0	14.2	10.6	8.6	1.3	1.1
Small Private Banks											
AU SFB	Hold	554	650	1.7	1.7	12.8	13.8	15.3	12.4	1.9	1.7
CUBK	Hold	162	185	1.5	1.5	12.0	11.9	9.8	8.8	1.2	1.0
PSBs											
SBI	Buy	768	980	1.0	1.0	15.5	14.8	6.5	5.8	0.9	0.8
BOB	Buy	234	280	1.1	1.0	14.5	13.0	5.9	5.7	0.8	0.7
PNB	Buy	97	125	1.0	0.9	12.6	12.1	6.3	5.8	0.8	0.7
BOI	Buy	112	130	0.9	0.9	12.1	11.7	5.1	4.7	0.6	0.5

Source: Company, Mirae Asset Sharekhan Research

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.



Q4FY2025 Results Preview

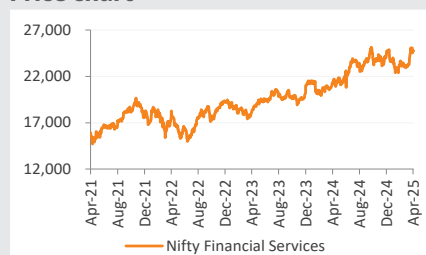
Sector:	NBFCs, Insurance, AMC & Diversified Financials
Sector View:	NBFCs: Positive, Insurance: Neutral, AMCs: Neutral, and Diversified Financials: Positive

Coverage universe

Companies	CMP (Rs)	Reco.	PT (Rs)
NBFC's			
LIC Housing Finance	544	Buy	690
Canfin Homes	640	Buy	850
Cholamandalam	1,387	Buy	1,600
Mahindra Finance	253	Buy	340
Bajaj Finance	8,567	Buy	10,500
L&T Finance Holdings	149	Buy	180
Five Star Business Finance	673	Neutral	765
HUDCO	195	Positive	260
PNBHF	920	Positive	1,060
PFC	395	Positive	560
REC	384	Positive	535
Insurance Co.'s			
HDFC Life	666	Buy	870
ICICI Pru	542	Buy	750
Max Financial	1,130	Buy	1,450
ICICI Lombard	1,746	Buy	2,550
AMC			
Nippon Life India AMC	536	Buy	800
Other diversified Financials			
BSE Ltd	5,227	Positive	6,630
Holding & Investment Companies			
Bajaj Finserv	1,856	Buy	2,350
Bajaj Holdings	10,725	Buy	14,346

Source: Company, Mirae Asset Sharekhan Research
CMP as on Apr 07, 2025

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

NBFCs, Insurance, AMCs, and Diversified Financials

NBFCs, insurers, AMC & diversified eye mixed bag

Summary

- ♦ **NBFCs** – Loan growth to be calibrated with focus on asset quality. NIMs for most players to remain sequentially stable/ marginally lower, while credit cost would stay high.
- ♦ **Insurers** – APE growth is expected to be modest owing to a relatively high base. VNB margins to slightly improve led by better product mix change. For general insurers, especially ICICI, a slowdown in motor segment and change in accounting for long-term health policies would result in lower premium growth.
- ♦ **AMCs and diversified** – For NAM India, we have built in an ~4% q-o-q decline in QAAUM reflecting decline in equity indices but strong flows. In diversified financials, BSE is likely to see strong market share gains in option premium turnover partly offsetting lower cash volumes.
- ♦ **Top Preferred Picks:** **NBFCs:** PFC, REC, HUDCO, Cholamandalam Finance, Bajaj Finance; **HFCs:** PNB Housing; **Insurance:** HDFC Life, Max Financial, ICICI Lombard; **AMCs:** Nippon AMC; **Other diversified:** Bajaj Finserv, Bajaj Holdings.

We expect growth in disbursements to remain muted despite seasonally a strong quarter. Loan growth to be calibrated with focus on asset quality. Vehicle loans, housing loans, MFI, Personal loans are likely to see muted growth however Power financiers are expected to report healthy growth. NIMs for most players to remain sequentially stable/ marginally lower, while credit cost would stay high (barring PFC, REC, HUDCO). Our coverage universe of NBFCs is likely to witness NII, PPOP and PAT growth of ~17.5% y-o-y, 15.6% y-o-y, and 6.4% y-o-y, respectively, for Q4FY2025. For life insurers, APE growth is expected to be modest owing to a relatively high base. VNB margins to slightly improve led by better product mix change.

NBFCs: We expect most NBFCs under coverage to deliver moderation in loan growth QoQ as well as YoY. Overall, AUM growth for our coverage is seen at 16% y-o-y. Cholamandalam Finance is expected to grow by 26% y-o-y / 5% q-o-q, while BAF has grown by 26% y-o-y / 5% q-o-q (in line). LTFH's consolidated AUM is expected to grow by 15% y-o-y despite headwinds from the MFI space and unsecured segments. Five Star Business is likely to see a significant moderation in AUM growth at 24% y-o-y. HUDCO reported lower than expected disbursements numbers. In the HFC space, Can Fin Homes/ PNB Housing is expected to report 10% y-o-y / 15% y-o-y respectively, while LICHF would report single digit growth at 6% y-o-y. For the power financiers, PFC/ REC is expected to see 4% q-o-q growth each. NIMs for most players to remain sequentially stable/ marginally lower, while credit cost would stay high (barring PFC, REC, HUDCO). Thus, outlook on asset quality would be a key monitorable.

Insurers: For life insurers in our coverage universe, In Q4, APE growth is expected to be modest owing to a relatively high base. VNB margins to slightly improve led by better product mix change. We believe the worst in terms of margins seems to be behind as the impact of surrender value regulations has been broadly adjusted. For general insurers, especially ICICI, slowdown in motor segment and change in accounting for long-term health policies will lead to lower premium growth. The loss ratio likely to remain stable/improve marginally.

AMC & diversified financials: Our coverage comprises only NAM India. We have built in an ~4% q-o-q decline in QAAUM reflecting decline in equity indices but strong flows. In diversified financials, BSE is likely to see strong market share gains in option premium turnover partly offsetting lower cash volumes. Decline in regulatory and clearing costs to improve profitability.

Our Call

NBFCs: We remain selective on the NBFC space and prefer PFC, REC, HUDCO, Chola & Bajaj Finance among our NBFC coverage given relatively better outlook in terms of growth/asset quality and placed better than peers. We prefer PNB Housing in HFC space.

Life insurance: The impact of new surrender regulation on VNB margins has been managed better through combination of better pricing and change in payout structures. APE growth is expected to be healthy for FY25E. VNB growth would largely be a function of the product mix and margins have broadly bottomed-out as product mix is unlikely to turn adverse from hereon although focus remains on mid-teen absolute VNB growth. Valuations are reasonable and is a defensive bet in current scenario.

General insurance: Focus on maintaining balanced product mix though multi-channel distribution network and calibrated growth according to the risk assessment will drive premium growth. Gradual improvement in combined ratio is expected going forward.

AMCs: Strong retail flows and new passive schemes would partially support AUM growth for NAM India however persistent weak market sentiments could impact flows/ returns in the near term.

Diversified financials: For BSE Ltd, it is likely to see strong market share gains in option premium turnover partly offsetting lower cash volumes. Weak equity markets will impact book building fees and other corporate services revenues but lower regulatory and clearing costs to improve profitability.

Key Risks:

Economic slowdown could slow down growth and exert pressure on asset quality for the lending business, Higher credit costs for MFI and unsecured lenders. For insurers, AMCs, and diversified financials, regulatory policies pose a key risk.

Preferred picks:

NBFCs: PFC, REC, HUDCO, Cholamandalam Finance, Bajaj Finance; **HFCs:** PNB Housing; **Insurance:** HDFC Life, Max Financial, ICICI Lombard; **AMC:** Nippon AMC; **Other diversified:** Bajaj Finserv, Bajaj Holdings.

Q4FY25 Result estimates

Companies	NII (Rs cr)					PPoP (Rs cr)					PAT (Rs cr)				
	Q4 FY25E	Q4 FY24	Q3 FY25	YoY %	QoQ %	Q4 FY25E	Q4 FY24	Q3 FY25	YoY %	QoQ %	Q4 FY25E	Q4 FY24	Q3 FY25	YoY %	QoQ %
NBFC's															
LIC Housing Finance	2,061	2,238	2,000	-7.9	3.0	1,730	1,904	1,749	-9.1	-1.1	1,249	1,091	1,432	14.5	-12.8
Can Fin Homes	351	328	345	7.2	1.9	295	272	291	8.3	1.1	226	209	212	8.0	6.4
Bajaj Finance	9,874	8,013	9,383	23.2	5.2	8,253	6,406	7,806	28.8	5.7	4,516	3,825	4,308	18.1	4.8
Chola	3,071	2,355	2,887	30.4	6.4	2,141	1,628	2,128	31.5	0.6	1,237	1,058	1,087	16.9	13.8
Mahindra Finance	1,975	1,812	1,911	9.0	3.4	1,298	1,173	1,222	10.6	6.2	588	619	899	-5.0	-34.7
LTFH	2,273	1,987	2,237	14.4	1.6	1,452	1,362	1,553	6.6	-6.5	633	553	626	14.5	1.2
Five Star Business Finance	557	462	540	20.8	3.2	394	333	388	18.5	1.5	276	236	274	16.8	0.7
HUDCO	1,027	761	983	34.9	4.5	978	845	915	15.8	7.0	709	700	735	1.2	-3.6
PNB Housing	700	623	691	12.4	1.4	623	566	580	10.0	7.5	505	439	483	15.0	4.5
PFC	4,669	4,237	4,694	10.2	-0.5	5,028	4,683	5,154	7.4	-2.4	4,367	4,135	4,155	5.6	5.1
REC	5,271	4,272	4,855	23.4	8.6	5,091	4,436	5,021	14.8	1.4	3,666	4,016	4,029	-8.7	-9.0

Source: Company, Mirae Asset Sharekhan Research

Companies	APE (Rs. Cr)					VNB (Rs. Cr)					VNB Margins		
	Q4 FY25E	Q4 FY24	Q3 FY25	YoY %	QoQ %	Q4 FY25E	Q4 FY24	Q3 FY25	YoY %	QoQ %	Q4 FY25E	Q4 FY24	Q3 FY25
Insurance													
HDFC Life	5,400	4,727	3,569	14.2	51.3	1,409	1,234	930	14.2	51.5	26.1	26.1	26.1
ICICI Prudential	3,650	3,616	2,438	0.9	49.7	799	776	517	3.0	54.6	21.9	21.5	21.2
Max Financial	3,100	2,872	2,108	7.9	47.1	822	821	489	0.1	68.0	26.5	28.6	23.2

Source: Company, Mirae Asset Sharekhan Research

Companies	Net Premium Income (Rs. Cr)					PAT (Rs. Cr)				
	Q4 FY25E	Q4 FY24	Q3 FY25	YoY %	QoQ %	Q4 FY25E	Q4 FY24	Q3 FY25	YoY %	QoQ %
HDFC Life	23,912	20,534	16,832	16.5	42.1	540	412	421	31.2	28.2
ICICI Prudential	15,925	14,788	12,261	7.7	29.9	450	174	325	159.1	38.5
Max Financial	11,850	10,736	8,223	10.4	44.1	170	-51	70	NM	142.9

Source: Company, Mirae Asset Sharekhan Research

Companies	Net Premium Income (Rs. Cr)					PAT (Rs. Cr)				
	Q4 FY25E	Q4 FY24	Q3 FY25	YoY %	QoQ %	Q4 FY25E	Q4 FY24	Q3 FY25	YoY %	QoQ %
ICICI Lombard	4,650	4,368	5,045	6.4	-7.8	600	520	724	15.5	-17.2

Source: Company, Mirae Asset Sharekhan Research

Companies	Core Revenue (Rs. Cr)					PAT (Rs. Cr)				
	Q4 FY25E	Q4 FY24	Q3 FY25	YoY %	QoQ %	Q4 FY25E	Q4 FY24	Q3 FY25	YoY %	QoQ %
AMC										
Nippon Life India AMC	568	468	588	21.4	-3.3	278	343	295	-19.0	-6.0

Source: Company, Mirae Asset Sharekhan Research

Companies	Core Revenue (Rs. Cr)					PAT (Rs. Cr)				
	Q4 FY25E	Q4 FY24	Q3 FY25	YoY %	QoQ %	Q4 FY25E	Q4 FY24	Q3 FY25	YoY %	QoQ %
Other diversified Financials										
BSE Ltd	750	488	774	53.6	-3.0	350	107	220	228.6	59.3

Source: Company, Mirae Asset Sharekhan Research

Valuations (As on Apr 07, 2025)

NBFCs	Reco.	CMP (Rs.)	TP (Rs.)	RoA (%)		RoE (%)		P/E (x)		P/B (x)	
				FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
LIC HF	Buy	544	690	1.7	1.7	15.3	15.1	5.7	5.1	0.8	0.7
Can Fin Homes	Buy	640	850	2.2	2.2	17.4	17.1	9.2	8.0	1.5	1.3
Bajaj Finance	Buy	8,567	10,500	3.9	4.1	19.7	21.0	25.3	19.8	4.6	3.9
Chola	Buy	1,387	1,600	2.6	2.7	21.4	22.7	20.7	15.8	3.8	3.0
Mahindra Finance	Buy	253	340	2.0	2.1	14.7	15.5	10.4	8.6	1.4	1.2
LTFH	Buy	149	180	2.7	2.9	12.7	14.5	11.3	8.9	1.4	1.2
Five Star Business Finance	Neutral	673	765	7.9	7.4	18.2	17.9	15.8	13.4	2.6	2.2
HUDCO	Positive	195	260	2.3	2.2	16.7	17.5	12.3	9.9	1.9	1.6
PNBHF	Positive	920	1,060	2.5	2.6	13.1	14.4	10.4	8.4	1.3	1.1
PFC	Positive	395	560	3.0	2.8	18.7	17.6	7.2	7.0	1.5	1.3
REC	Positive	407	535	2.7	2.6	21.4	20.2	5.6	5.1	1.1	1.0

Source: Company, Mirae Asset Sharekhan Research

Life Insurance Co.'s	Reco.	CMP (Rs.)	TP (Rs.)	ROEV (%)		P/EV (x)		P/VNB (x)	
				FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
HDFC Life	Buy	666	870	17.0	17.0	2.2	1.9	29.7	25.2
ICICI Pru	Buy	542	750	14.4	14.3	1.4	1.2	27.3	22.7
Max Financial	Buy	1,130	1,450	17.8	17.8	1.6	1.4	18.8	16.1

Source: Company, Mirae Asset Sharekhan Research

General Insurance Co.	Reco.	CMP (Rs.)	TP (Rs.)	RoE (%)		P/E (x)		P/B (x)	
				FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
ICICI Lombard	Buy	1,746	2,550	19.8	19.5	27.8	24.6	5.1	4.3

Source: Company, Mirae Asset Sharekhan Research

AMC	Reco.	CMP (Rs.)	TP (Rs.)	RoE (%)		P/E (x)		P/B (x)	
				FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Nippon Life India AMC	Buy	536	800	32.0	32.0	22.3	19.2	8.0	7.8

Source: Company, Mirae Asset Sharekhan Research

Other diversified Financials	Reco.	CMP (Rs.)	TP (Rs.)	RoE (%)		Core P/E (x)	
				FY26E	FY27E	FY26E	FY27E
BSE Ltd	Positive	5,227	6,630	43.7	45.6	37.0	30.7

Source: Company, Mirae Asset Sharekhan Research

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.



Q4FY2025 Results Preview

Sector: Capital Goods

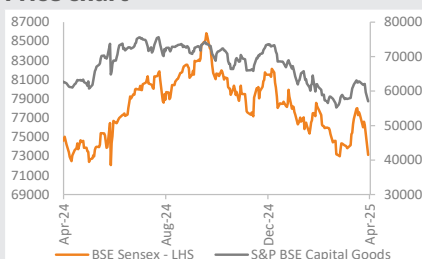
Sector View: Positive

Coverage universe

Company	CMP (Rs)	Reco	PT (Rs)
Project based			
Larsen & Toubro	3,161	Buy	4,550
Bharat Electronics	281	Buy	380
KEC International	665	Buy	1,250
Kalpataru Power	872	Buy	1,570
Ratnamani Metals	2,555	Hold	3,950
Thermax	3,234	Hold	3,553
Triveni Turbines	489	Buy	750
Cummins India	2,750	Buy	4,000
Carborundum Universal	954	Buy	1,100
Hindustan Aeronautics Ltd.	4,060	Positive	5,100
Kirloskar Oil Engines	709	Positive	1,100
Dee Development	236	Positive	300
Va Tech wabag	1,342	Buy	1,650
Honeywell automation	33,366	Hold	39,000
Product based			
Finolex cables	880	Buy	1,300
V-Guard	359	Buy	460
KEI Industries	2,603	Hold	4,600
Polycab India	4,986	Buy	7,300
Amber Enterprises	6,456	Buy	8,142
Blue star Limited	1,975	Buy	2,200
Dixon Technologies	12,993	Buy	19,440
Power			
NTPC	353	Buy	374
Power Grid	289	Buy	350
Tata Power	360	Buy	485
CESC	150	Buy	195

Source: Company, Mirae Asset Sharekhan Research estimates;
UR - Under Review
CMP as on Apr 08, 2025

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Capital Goods

Strong execution to drive the quarter- Cautiously optimistic

Summary

- Sectors such as Electronic manufacturing, Railways, Renewables and T&D will continue to do very well and new energy as a theme will continue to do well.
- Our universe of capital goods companies is likely to report 17% y-o-y revenue growth led by EMS companies' (Dixon and Amber) strong growth. Barring EMS companies, revenue growth is eyed at 13%. The universe's OPM is expected to shrink by 118 bps. Net profit would grow moderately by ~5.7% on a high base of PAT for last year.
- Power companies in our coverage are expected to report a moderate growth with Revenue/EBITDA/PAT growth of 6.8%/5.4%/5.1% y-o-y. While NTPC and Tata Power are anticipated to deliver decent results, a soft quarter is expected for Power Grid and CESC.
- **Preferred Picks:** *Project-based companies* - We prefer BEL, HAL, KOEL, Triveni Turbine, KEC International and Kalpataru Projects.; while in the consumer electricals (products) space, we prefer Dixon Technologies, Amber Enterprises, Polycab India and V-Guard. In power, we like NTPC, Powergrid and Tata Power.

We expect a rebound driven by strong capacity additions in the power sector, particularly in renewable energy and transmission & distribution in 2026. Growing capacity expansion in data centers bodes well for domestic capital goods companies. We believe that sectors such as defence, electronics manufacturing, railways, renewables, and transmission & distribution (T&D) will continue to show robust growth. Additionally, the new energy theme remains promising and is likely to maintain its positive trajectory. Our coverage universe for capital goods sector is likely to post strong results with strong revenue growth backed by execution of existing orderbook. We expect a ~4.5% y-o-y revenue growth for project-based companies, OPM is expected to decline by 138 bps. For product-based companies, revenue growth is likely to be ~45.1% driven by strong revenue growth across EMS companies. Cables & wires (C&W) companies are expected to report decent volume growth on a higher base. OPM is expected to shrink by 86 bps y-o-y. Net profit of consumer electronics (product-based) companies under our coverage are expected to grow by ~21.2% y-o-y. Order inflows were strong for the selective businesses such as T&D, data centres, renewable energy, etc. Strong execution of existing strong order book of the companies will drive performance. For consumer durables/electrical segment, we expect the quarter to start on a strong note continuing the trend of healthy growth for 9MFY25, supported by a strong festive demand.

Healthy execution to drive growth: Our coverage universe (including product-based companies) is expected to post ~17% y-o-y growth. OPM is expected to remain flat y-o-y. Most project-based companies would post healthy double-digit revenue growth backed by strong execution of order book. Project-based companies are expected to see revenue growth of ~4.5%, impacted by slow growth in defence companies. OPM to remain flat. PAT is expected to remain flat as an impact of higher base. Companies like KEC International, Triveni Turbines, Cummins, and Va Tech Wabag are likely to deliver strong results. Order inflows were strong for the selective businesses such as T&D, data centres, renewable energy, etc.

EMS segment to drive momentum: EMS companies (Amber and Dixon) are expected to drive growth for product-based companies. Product-based companies, revenue growth is likely to be ~45.1% driven by strong revenue growth across EMS companies. Cables & wires (C&W) companies are expected to report decent volume growth on a higher base. OPM is expected to contract by 89 bps y-o-y. Net profit of consumer electronics (product-based) companies under our coverage are expected to grow by ~12.7% y-o-y.

Power sector: Power demand in Q4FY25 of 418 billion units (BU) was up 4.2% y-o-y. The consumption was weak in Jan and February, but picked up in March. Demand will be strong in the coming months with the expectation of heatwave like conditions in the country. Among power PSUs, NTPC will have moderate generation and sales growth, with net profit to grow 8.1% y-o-y. Power Grid is expected to have a soft quarter and PAT growth of 3.1% y-o-y due to weak capitalization. Tata Power is likely to report decent results with net profit growth of 7.6% y-o-y due to increased renewable energy capacity and good performance in its solar business. CESC is expected to post a modest quarter with PAT de-growth due to a one-time benefit last year. Our coverage universe is expected to report a Revenue/EBITDA/PAT growth of 6.8%/5.4%/5.1% on a y-o-y basis.

Valuation:

We expect our capital goods universe to continue to perform well, driven by strong execution of highest ever order books. Order intake was encouraging in all the key sectors like power, metro, railways, T&D, data centre and automaton. We continue to like companies with a well-diversified order book and revenue base, margin tailwinds and reasonable valuations. We remain optimistic on the public capex cycle backed by government policies and measurements.

Key Risks:

Delay in uptick in private capex and continuing weak export demand, Power capacity and transmission addition not happening at an expected pace.

Leaders: Blue Star, Triveni Turbines, Cummins India, Amber Enterprises, Dixon Technologies and Tata Power.

Laggards: Ratnamani Metals, Carborundum Universal, Honeywell Automation and PowerGrid

Preferred picks:

Bharat Electronics (BEL), Hindustan aeronautics (HAL), Kirloskar Oil Engines, Cummins, V-Guard, Triveni Turbines, Polycab India, KEC International, Kalpataru Projects, NTPC, PowerGrid, Tata Power.

Capital Goods Sector: Q4FY2025 Result Preview

Particulars	Sales (Rs. crore)				OPM (%)				PAT (Rs. crore)			
	Q4 FY25E	Q4 FY24	YoY (%)	QoQ (%)	Q4 FY25E	Q4 FY24	YoY (%)	QoQ (%)	Q4 FY25E	Q4 FY24	YoY (%)	QoQ (%)
Larsen & Toubro	78490	67079	17.0	21.4	10.5	10.8	-32	79	4830	4303	12.2	43.8
Bharat Electronics	8920	8564	4.2	54.6	26.6	26.7	-8	-231	1873	1786	4.9	44.0
KEC International	7152	6165	16.0	33.7	7.0	6.3	71	1	172	152	13.2	32.3
Kalpataru Projects	6073	5147	18.0	25.8	8.3	7.8	53	-3	213	150	42.0	35.7
Ratnamani Metals	1615	1496	8.0	22.7	16.0	16.4	-42	51	178	193	-7.8	32.8
Thermax	2985	2764	8.0	19.0	8.0	9.9	-187	47	179	190	-5.8	58.4
Triveni Turbines	559	458	22.1	23.2	22.4	19.7	271	69	106	76	39.5	14.0
Cummins India	2700	2316	16.6	8.3	21.3	23.5	-223	196	546	562	-2.8	21.1
Carborundum Universal	1317	1183	11.3	4.9	16.0	17.7	-165	192	198	145	36.6	40.4
Hindustan Aeronautics Ltd.	6789	6061	12.0	13.6	27.0	23.7	332	-52	1561	1262	23.7	3.8
Kirloskar Oil Engines	1567	1392	12.6	34.6	10.5	12.8	-226	48	110	118	-6.8	69.2
Dee Development	277	243	14.0	71.0	15.9	14.4	148	1218	17	12	41.7	-230.8
Va Tech Wabag	1134	934	21.4	23.0	13.0	12.4	108	109	102	72	41.7	28.4
Honeywell Automation	1040	951	9.4	30.2	12.5	17.9	190	-164	114	148	-23.0	15.3
Project based companies	42128	37674	11.8	20.8	17.2	17.2	-4	70	5369	4866	10.3	22.8
Finolex cables	1700	1401	21.3	43.8	10.8	11.6	-74	-9	179	186	-3.8	44.4
V-Guard	1473	1262	16.7	24.3	9.1	7.9	117	209	93	79	17.7	93.8
KEI Industries	2737	2319	18.0	10.9	9.9	10.6	-66	13	192	169	13.6	16.4
Polycab India	6764	5592	21.0	29.4	13.5	13.6	-13	-39	609	546	11.5	29.3
Amber Enterprises	3550	2805	26.6	66.4	8.2	8.2	-3	71	118	100	18.0	156.5
Blue star Limited	4300	3327	29.2	53.2	7.5	7.2	27	7	185	157	17.8	52.9
Dixon Technologies	10481	4658	125.0	0.3	3.9	3.9	0	16	241	97	148.5	12.1
Products based	31005	21364	45.1	21.8	8.1	9.0	-86	53	1617	1334	21.2	35.9
Grand total	151623	126117	20	21.3	11.9	12.4	-55	70	11816	10503	12.5	32.5

Source: Company; Mirae Asset Sharekhan Research

Power Sector: Q4FY25 Result estimates

Particulars	Sales (Rs. crore)				OPM (%)				PAT (Rs. crore)			
	Q4 FY25E	Q4 FY24	YoY (%)	QoQ (%)	Q4 FY25E	Q4 FY24	YoY (%)	QoQ (%)	Q4 FY25E	Q4 FY24	YoY (%)	QoQ (%)
NTPC	44493	42532	4.6	7.6	26.7	26.6	8	-133	5,510	5,097	8.1	16.9
Power Grid	11342	11051	2.6	12.1	82.8	82.7	5	-144	4,257	4,128	3.1	9.3
Tata Power	18343	15847	15.8	19.2	17.1	17.3	-16	-287	963	895	7.6	-6.6
CESC	3590	3387	6.0	0.8	30.2	29.0	117	461	325	400	-18.8	22.6
Total	77768	72817	6.8	10.4	32.8	35.3	-251	-144	11055	10520	5.1	11.7

Source: Company; Mirae Asset Sharekhan Research

Valuations (As on Apr 08, 2025)

Company	CMP (Rs.)	EPS (Rs.)				CAGR over FY2024- FY2027E (%)	PE (x)				Reco.	Price Target (Rs.)
		FY24	FY25E	FY26E	FY27E		FY24	FY25E	FY26E	FY27E		
Project based												
Larsen & Toubro	3,161	94.3	110.4	134.1	159.6	19.2	33.5	28.6	23.6	19.8	Buy	4,550
Bharat Electronics	281	5.5	6.7	7.9	9.2	19.1	51.6	41.8	35.5	30.6	Buy	380
KEC International	665	13.5	21.1	32.6	49.6	54.4	49.3	31.6	20.4	13.4	Buy	1,250
Kalpataru Power	872	32.9	46.9	65.4	76.6	32.6	26.5	18.6	13.3	11.4	Buy	1,570
Ratnamani Metals	2,555	89.3	77.9	92.5	109.7	7.1	28.6	32.8	27.6	23.3	Hold	3,950
Thermax	3,234	52.3	55.2	68.8	80.8	15.5	61.8	58.6	47.0	40.0	Hold	3,553
Triveni Turbines	489	8.5	11.5	16.0	18.0	28.5	57.7	42.7	30.5	27.2	Buy	750
Cummins India	2,750	60.0	67.0	79.9	94.0	16.2	45.9	41.0	34.4	29.3	Buy	4,000
Carborundum Universal	954	24.3	20.9	26.6	35.0	12.9	39.3	45.6	35.9	27.3	Buy	1,100
Hindustan Aeronautics Ltd.	4,060	96.8	101.5	118.2	130.9	10.6	41.9	40.0	34.3	31.0	Positive	5,100
Kirloskar Oil Engines	709	25.0	28.0	35.6	42.4	19.2	28.3	25.4	19.9	16.7	Positive	1,100
Dee Development	236	4.8	8.3	22.7	28.7	81.6	49.3	28.3	10.4	8.2	Positive	300
Va Tech Wabag	1342	39.5	47.8	61.2	78.3	25.6	34.0	28.1	21.9	17.1	Buy	1650
Honeywell automation	33,366	567.2	554.6	685.1	843.2	14.1	58.8	60.2	48.7	39.6	Hold	39,000
Product based												
Finolex cables	880	42.6	44.7	53.9	60.2	12.2	20.7	19.7	16.3	NA	Buy	1,300
V-Guard	359	5.3	6.6	8.2	10.4	24.7	67.2	54.2	43.6	34.7	Buy	460
KEI Industries	2,603	64.4	69.1	91.0	112.3	20.4	40.4	37.7	28.6	23.2	Hold	4,600
Polycab India	4,986	120.5	133.8	172.9	212.0	20.7	41.4	37.3	28.8	23.5	Buy	7,300
Amber Enterprises	6,456	41.3	104.1	154.9	220.0	74.6	156.2	62.0	41.7	29.3	Buy	8,142
Blue star Limited	1,975	21.5	33.9	46.2	58.7	39.8	91.9	58.3	42.8	33.6	Buy	2,200
Dixon Technologies	12,993	56.2	140.9	244.8	341.0	82.4	231.3	92.2	53.1	38.1	Buy	19,440
Power Companies												
NTPC	353	21.5	22.9	25.9	28	9.2%	16.4	15.4	13.6	12.6	Buy	374
Powergrid	289	16.7	16.2	18.1	19.7	5.7%	17.3	17.8	16.0	14.7	Buy	350
Tata Power	360	11.6	14.3	16.8	20	19.9%	31.0	25.2	21.4	18.0	Buy	485
CESC	150	5.8	6.8	7.7	8.5	13.6%	25.9	22.1	19.5	17.6	Buy	195

Source: Company; Mirae Asset Sharekhan Research

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.



Q4FY2025 Results Preview

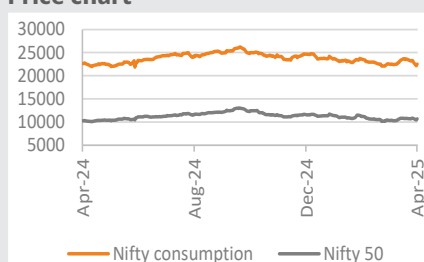
Sector:	Consumer Discretionary
Sector View:	Positive

Coverage universe

Company	CMP (Rs)	Reco	PT (Rs)
Aditya Birla Fashion and Retail	246	Buy	298
Trent	4,622	Buy	6,609
Iris Clothings	47	Positive	80
V2 Retail	1,698	Positive	2,205
Titan Company	3,175	Buy	4,067
Bata India	1,230	Hold	1,440
Relaxo Footwears	405	Hold	741
Jubilant Foodworks	685	Buy	799
Devyani International	147	Hold	180
Restaurant Brands Asia	69	Buy	93
Indian Hotels Company	767	Buy	976
Lemon Tree Hotels	137	Positive	190
Chalet Hotels	796	Positive	1,046
Samhi Hotels	145	Positive	244
Wonderla Holidays	663	Buy	890
Gokaldas Exports	767	Buy	1,140
KPR Mill	929	Buy	1,053
SP Apparels	687	Positive	1,052
Himatsingka Seide	136	Positive	210
Welspun Living	114	Buy	189
PVR-Inox	879	Hold	1,230
Saregama India	516	Positive	640
Zee Entertainment	104	Positive	168

Source: Company, Mirae Asset Sharekhan Research estimates
UR – Under Review

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Consumer Discretionary

Hotels, value fashion continue to outperform

Summary

- Hotels to continue strong momentum in Q4FY25 aided by robust demand for domestic tourism, healthy traction in MICE activity and a strong wedding season. Value retailers are likely to sustain strong double-digit revenue growth.
- Lifestyle fashion companies and QSRs to post another subdued quarter owing to continued weakness in discretionary demand and heightened competitive intensity.
- Hotels and value fashion players are likely to maintain growth momentum, while we expect recovery in lifestyle fashion, QSRs and textiles to be gradual.
- Preferred picks**
 - Lifestyle fashion:** V2 Retail and ABFRL
 - Textiles:** Welspun Living and Gokaldas Exports
 - Out-of-home discretionary:** Indian Hotels Company, Lemon Tree Hotels, Samhi Hotels, and Jubilant FoodWorks
 - Media & entertainment:** Saregama India

In Q4FY25, value retailers (V2 Retail, Trent – Zudio) are expected to continue strong momentum, while premium retailers and footwear players (Bata and Relaxo) will continue to post subdued performance. Growth in jewellery companies is expected to moderate in Q4FY25, compared to 3QFY25 due to a sharp rise in gold prices. We expect our universe of lifestyle fashion companies to register a 14% y-o-y revenue growth. Our universe of QSRs is expected to clock a 24% y-o-y revenue growth, which will be largely driven by store additions and inorganic expansion (DIL and JFL), while like-for-like (LFL) growth is expected to be muted for another quarter amid weak demand and higher competitive intensity. We expect our universe of hotels to post a 25% y-o-y revenue growth driven by higher weddings, healthy traction in MICE activities and a rise in domestic tourism. Our universe of textile companies is likely to post a ~7% y-o-y revenue growth.

- Momentum sustains in value fashion companies and hotels:** In the lifestyle fashion space, value players are expected deliver another quarter of strong performance supported by strong demand for value fashion, while premium players are expected to continue subdued performance. All hotel companies are expected to deliver double-digit y-o-y revenue growth in the range of 17-28% aided by growth in ARR and a marginal rise in occupancy. Key events, including cultural festivals like Mahakumbh and Holi, and concerts featuring artists such as Coldplay and Ed Sheeran, have significantly boosted demand. Additionally, business-oriented gatherings such as Bharat Mobility Global Expo, India Energy Week, and Aero India 2025 have also contributed to higher occupancies.
- Another muted quarter for lifestyle fashion companies and QSRs:** As discretionary demand stays weak, lifestyle fashion companies and QSRs are expected to post another quarter of muted performance. Further, increased competitive intensity will continue to impact performance of QSRs. Hence, inorganic expansion and store additions, continue to drive growth for lifestyle fashion companies and QSRs in Q4FY25. With sharp rise in gold prices, growth in jewellery companies is expected to moderate in 4QFY25.
- Outlook – Hotels poised for continued strong growth; lifestyle fashion, QSR, and textiles to recover gradually:** Hotels are expected to maintain robust performance in the near term fuelled by strong domestic leisure travel, recovering FTAs, and increasing corporate travel, all contributing to sustained high room demand and higher average room rates. Limited new room supply anticipated over the next 2-3 years further supports a positive outlook for hotel companies with updated business models. In contrast, a significant rebound in the lifestyle fashion and QSR sectors is expected to be gradual due to subdued overall demand stemming from reduced consumer discretionary spending and heightened competition. Similarly, the textile industry anticipates a slow demand recovery in the short term. However, the sector's medium-to-long-term growth prospects are promising driven by factors such as the China + 1 strategy, government trade agreements, increasing benefits from the PLI scheme, and opportunities for market share gains in export markets.

Outlook

Valuation and preferred picks: In the discretionary space, we prefer companies with a scalable business model, strong earnings visibility, and lean balance sheets. Among lifestyle fashion players, we prefer ABFRL due to its focus on enhancing shareholders' value through the restructuring strategy. V2 Retail is our preferred pick in the value fashion space due to its consistent strong performance for past few quarters and good outlook supported by strong growth expected in the value fashion category. In the hospitality space, we like Indian Hotels Company on account of strong industry tailwinds and aggressive room expansion strategy in key markets and Lemon Tree Hotels because of its robust development pipeline. Discounted valuations and a consistent growth outlook make Samhi Hotels an interesting play in the hospitality space. We prefer Jubilant FoodWorks due to its strategy of asset-light expansion and expected scale-up of emerging businesses. In the textile space, we prefer Welspun Living and Gokaldas Exports, which are expected to post better performance in the coming years due to focus on scaling up in new geographies supported by industry tailwinds.

Q4FY2025 Leaders: V2 Retail, Titan, Jubilant Foodworks, Indian Hotels and Samhi Hotels

Q4FY2025 Laggards: Bata India, Relaxo Footwear and Himatsingka Seide

Preferred Picks:

- Lifestyle fashion:** V2 Retail and ABFRL
- Textile:** Welspun Living and Gokaldas Exports
- Out-of-home discretionary:** Indian Hotels Company, Lemon Tree Hotels, Samhi Hotels and Jubilant FoodWorks
- Media & entertainment:** Saregama India

Q4FY25 result estimates

Companies	Net sales (Rs. crore)			EBITDA Margin (%)			Adjusted PAT (Rs. crore)		
	Q4 FY25E	Q4 FY24	Y-o-Y (%)	Q4 FY25E	Q4 FY24	Y-o-Y (%)	Q4 FY25E	Q4 FY24	Y-o-Y (%)
Lifestyle fashion									
Aditya Birla Fashion and Retail	3,547	3,407	4.1	10.6	8.3	228	-115	-272	-
Trent	4,079	3,187	28.0	14.8	15.0	-18	272	289	-5.7
Iris Clothings	46	42	10.0	16.0	16.8	-84	4	3	0.9
V2 Retail	499	296	68.5	14.4	10.6	382	17	4	-
Titan Company	14,238	12,494	14.0	10.0	9.5	45	848	771	10.0
Bata India	806	798	1.0	22.3	22.5	-19	60	60	0.1
Relaxo Footwears	722	747	-3.3	16.0	16.1	-13	58	61	-5.0
Total	23,938	20,971	14.1	11.6	10.9	67	1,144	917	24.8
QSR									
Jubilant Foodworks	2,108	1,573	34.0	18.6	19.7	-118	49	76	-35.4
Devyani International	1,232	1,047	17.6	15.9	16.6	-67	-9	-17	-
Restaurant Brands Asia	651	597	9.0	11.9	11.6	29	-48	-92	-
Total	3,990	3,217	24.0	16.7	17.2	-55	-7	-34	-
Hospitality									
Indian Hotels Company	2,440	1,905	28.1	35.4	34.6	75	540	393	37.3
Lemon Tree Hotels	383	327	16.9	52.7	52.4	32	83	74	11.9
Chalet Hotels	518	418	23.9	46.3	45.7	59	124	88	39.8
Samhi Hotels	327	279	17.3	37.3	30.6	666	41	8	-
Wonderla Holidays	106	100	6.4	33.2	36.8	-363	19	24	-20.5
Total	3,774	3,030	24.6	38.7	37.8	96	805	587	37.3
Textile									
Gokaldas Exports	869	812	7.0	9.7	11.3	-159	40	51	-21.1
KPR Mill	1,877	1,697	10.6	20.9	19.7	111	264	214	23.6
SP Apparels	389	295	31.8	14.7	13.8	86	31	28	8.1
Himatsingka Seide	675	697	-3.2	17.0	20.8	-373	13	24	-44.7
Welspun Living	2,664	2,575	3.4	11.4	13.9	-252	134	131	2.8
Total	6,474	6,076	6.5	14.7	16.0	-128	482	447	7.8
Media & Entertainment									
PVR-Inox	1,240	1,256	-1.3	-1.3	0.1	-136	-123	-90	36.0
Saregama India	293	263	11.2	25.8	26.6	-78	55	54	2.4
Zee	2,111	2,170	-2.7	12.1	9.7	241	152	40	-
Total	3,643	3,689	-1.3	8.7	7.6	103	85	4	-
Grand total	41,819	36,983	13.1	14.8	14.2	58	2,509	1,921	30.7

Source: Company; Mirae Asset Sharekhan Research estimates

Valuations

Company	CMP (Rs.)	Reco.	Price Target (Rs.)	EV/EBITDA (x)				PE (x)			
				FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
Lifestyle fashion											
Aditya Birla Fashion and Retail	246	Buy	298	23.8	20.9	17.8	15.0	-	-	-	-
Trent	4,622	Buy	6,609	72.5	53.5	40.4	32.8	-	-	70.2	56.7
Iris Clothings	47	Positive	80	16.0	13.6	9.4	7.2	31.1	25.0	16.6	12.0
V2 Retail	1,698	Positive	2,205	43.1	24.9	16.0	11.6	-	72.9	31.6	20.1
Titan Company	3,175	Buy	4,067	55.2	48.5	38.9	33.0	80.8	74.2	56.4	47.6
Bata India	1,230	Hold	1,440	20.4	19.3	16.8	15.2	52.6	56.7	49.0	44.7
Relaxo Footwears	405	Hold	741	25.1	24.4	20.2	17.6	49.9	48.7	38.5	32.9
QSR											
Jubilant Foodworks	685	Buy	799	43.3	30.5	25.5	22.0	-	-	84.6	64.4
Devyani International	147	Hold	180	24.9	17.0	13.6	10.6	-	-	70.1	47.2
Restaurant Brands Asia	69	Buy	93	15.0	14.6	11.0	8.6	-	-	-	-
Hospitality											
Indian Hotels Company	767	Buy	976	43.1	33.6	27.1	22.6	82.5	62.4	48.5	40.0
Lemon Tree Hotels	137	Positive	190	21.1	17.1	14.3	12.2	59.7	50.9	35.2	26.3
Chalet Hotels	796	Positive	1,046	27.1	21.5	16.6	13.9	73.0	47.1	33.7	28.3
Samhi Hotels	145	Positive	244	10.9	8.5	7.4	6.3	-	38.2	18.6	12.6
Wonderla Holidays	663	Buy	890	15.6	18.7	14.9	11.2	26.6	43.3	36.4	26.7
Textile											
Gokaldas Exports	767	Buy	1,140	19.9	13.4	9.8	8.1	33.8	29.9	18.5	15.2
KPR Mill	929	Buy	1,053	26.4	24.9	20.2	17.3	39.4	38.9	31.3	26.5
SP Apparels	687	Positive	1,052	11.4	9.4	6.9	5.6	19.3	14.5	10.9	8.9
Himatsingka Seide	136	Positive	210	6.8	6.5	5.5	4.7	11.8	10.6	5.7	4.4
Welspun Living	114	Buy	189	8.9	8.6	6.8	5.7	16.4	14.9	12.0	10.3
Media & Entertainment											
PVR-Inox	879	Hold	1,230	14.0	26.1	10.3	8.9	75.5	25.0	15.6	22.3
Saregama India	516	Positive	640	36.3	30.5	24.3	19.6	50.6	50.1	39.4	32.1
Zee Entertainment	104	Positive	168	10.4	7.4	5.2	4.0	21.2	12.2	9.6	8.4

Source: Company; Mirae Asset Sharekhan Research estimates

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

Q4FY2025 Results Preview

Sector: Consumer Goods

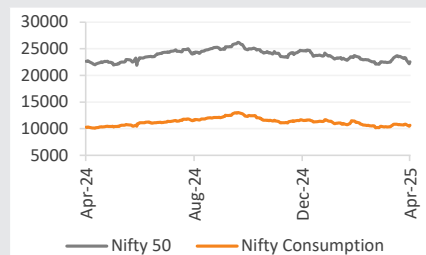
Sector View: Neutral

Coverage universe

Company	CMP (Rs)	Reco	PT (Rs)
Allied Blenders and Distillers	313	Positive	495
Asian Paints	2,394	Hold	2,475
Britannia Industries	5,171	Buy	5,995
Colgate-Palmolive (India)	2,441	Buy	3,146
Dabur India	460	Buy	636
Emami	582	Buy	670
Godrej Consumer Products	1,200	Buy	1,355
Hindustan Unilever	2,289	Buy	2,755
Indigo Paints	965	Buy	1,819
ITC	413	Buy	522
Jyothy Labs	344	Buy	490
Marico	680	Buy	780
Mrs Bectors Food Specialities	1,514	Positive	1,774
Nestle India	2,280	Buy	2,593
Radico Khaitan	2,330	Buy	2,760
Tata Consumer Products	1,071	Buy	1,234
Varun Beverages	541	Positive	688
Zydus Wellness	1,722	Buy	2,121

Source: Company, Mirae Asset Sharekhan Research estimates
CMP as on Apr 08, 2025

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Consumer Goods

Another muted quarter

Summary

- Domestic volume growth is expected to be muted for yet another quarter due to sluggish urban demand, a gradual recovery in rural demand and price hikes across categories.
- Revenue growth for our coverage universe is expected to be at ~6% y-o-y, largely fuelled by price hikes across most companies, while volume growth is likely to be flat/low single-digits.
- Gross margins are likely to be under pressure due to sustained input cost inflation and insufficient price hikes. This coupled with a negative operating leverage would keep OPM lower y-o-y.
- In the near term, revenue growth is likely to be driven by mix of volume and price-led growth, while operating profit growth would lag revenue growth. **Preferred Picks:** Hindustan Unilever, ITC, Britannia, Marico, Varun Beverages, Radico Khaitan and Allied Blenders & Distillers.

In Q4FY25, domestic consumer demand continued to mirror Q3 trends (muted urban demand and a gradual rural recovery). We expect our consumer goods universe's revenues to grow by ~6% y-o-y led by pricing actions taken by companies, while volume growth is expected to be muted (flat/low-single-digits). Premiumisation trend sustained across segments, while the mass category stayed under pressure. Among channels, general trade was still under pressure while the alternative channels (modern trade, e-Commerce, quick commerce) continued to post strong growth. With high commodity prices (tea, cocoa, wheat, copra, palm oil, and edible oils, etc.) and insufficient price hikes, we expect gross margins to decline for most companies. This along with negative operating leverage will lead to lower OPM on a y-o-y basis. We expect our consumer goods universe's OPM to decline by ~150 bps y-o-y. Further, muted revenue growth and contraction in margins would lead to ~1% y-o-y PAT decline for our consumer goods universe.

- Muted volume growth for another quarter:** Volume growth for most consumer companies is expected to be flat/low single-digits due to slowdown in consumption, majorly by urban middle class, even as rural continues to gradually recover. Revenues of our consumer goods universe is expected to grow by 6.3% y-o-y in Q4FY25. Among categories, staple companies continue to be impacted by sluggish urban demand and high palm oil prices, paints companies are still struggling with a lack of demand recovery and increased competition, while alco-beverage companies are expected to clock strong growth, led by premiumisation, favourable Andhra Pradesh policies and the marriage season. Subdued urban demand and elevated palm oil prices is expected to weigh on multiple categories, particularly the personal wash segment.
- OPM to remain under pressure:** Prices of key inputs (tea, coffee, wheat, copra, palm oil, and edible oils) continue to be on elevated levels. Though companies have taken price hikes in the portfolio, we believe it will not be enough to cover inflation in input prices. Hence, we expect gross margins for most companies under our coverage to decline in Q4FY25. However, liquor companies are likely to post expansion in gross margin due to stability in ENA prices, stable glass costs, cost efficiencies and an improved mix (premiumisation). Gross margin pressure and negative operating leverage would keep a check on OPM in Q4 (our consumer goods universe to see ~150 bps y-o-y OPM decline). Overall, muted revenue growth and decline in margins would lead to a ~1% y-o-y decline in PAT for Sharekhan's consumer goods universe.
- Sector outlook - Volumes and margins to recover gradually:** Consumer goods companies are expected to see yet another muted quarter. We expect gradual uptick in volume growth on low base from Q1/Q2FY26 driven by expectations of good monsoon, moderation in urban inflation and government impetus to aid a volume recovery. With sustained input cost inflation, majority of the companies are likely to take further price hikes in Q1FY26. Hence, we believe large improvement in the volume growth could be seen in H2FY26 in a stable demand environment. On the margin front, we expect margins remain lower in the coming quarters and if input prices stabilise in the coming months, we might see margin expansion from H2FY26.

Outlook

Valuation and preferred picks: In an uncertain environment, we remain selective in the consumer goods space and prefer companies in the large cap and mid-cap space having good earnings growth prospects in the medium term and offer good entry opportunity post recent correction. In the large-cap space, we like ITC, HUL and Britannia while in mid-to-large cap space we like Marico and Varun Beverages. Companies such as HUL, Britannia and ITC are play on the recovery in the rural market. In the alco-beverages space, we like Allied Benders & Distillers and Radico Khaitan due to their focus on increasing share of P&A brands.

Q4FY2025 Leaders: Allied Blenders & Distillers, Radico Khaitan and Varun Beverages

Q4FY2025 Laggards: Asian Paints, Indigo Paints and Dabur India

Preferred Picks: Hindustan Unilever, ITC, Britannia, Marico, Varun Beverages, Radico Khaitan and Allied Blenders & Distillers.

Q4FY25 Result estimates

Particulars	Net sales (Rs. crore)			OPM (%)			Adjusted PAT (Rs. crore)		
	Q4 FY25E	Q4 FY24	Y-o-Y (%)	Q4 FY25E	Q4 FY24	Y-o-Y (bps)	Q4 FY25E	Q4 FY24	Y-o-Y (%)
Allied Blenders and Distillers	958	768	24.8	11.4	7.8	358	53	-2	-
Asian Paints	8,630	8,731	-1.2	18.2	19.4	-115	1,074	1,275	-15.8
Britannia Industries	4,358	4,069	7.1	17.5	19.4	-188	510	540	-5.6
Colgate-Palmolive (India)	1,520	1,490	2.0	32.7	35.7	-303	356	380	-6.4
Dabur India	2,824	2,815	0.3	15.0	16.6	-157	311	342	-8.8
Emami	945	891	6.1	23.2	23.7	-43	184	166	11.1
Godrej Consumer Products	3,639	3,386	7.5	20.2	22.5	-223	482	572	-15.7
Hindustan Unilever	15,315	14,857	3.1	23.0	23.1	-13	2,511	2,395	4.8
Indigo Paints	388	385	0.9	20.0	22.0	-194	49	54	-9.8
ITC	17,078	16,579	3.0	35.0	37.2	-213	4,944	5,022	-1.5
Jyothy Labs	687	660	4.0	15.6	16.4	-80	81	78	3.3
Marico	2,661	2,278	16.8	17.6	19.4	-184	340	320	6.2
Mrs Bectors Food Specialities	458	406	12.8	12.8	14.4	-166	32	34	-4.8
Nestle India	5,526	5,268	4.9	23.8	25.6	-180	870	924	-5.9
Radico Khaitan	1,268	1,079	17.5	14.3	11.4	295	95	57	66.6
Tata Consumer Products	4,553	3,927	16.0	13.1	16.0	-293	334	372	-10.2
Varun Beverages*	5,582	4,317	29.3	22.7	22.9	-23	767	548	39.9
Zydus Wellness	876	783	12.0	16.0	20.7	-478	130	150	-13.2
Grand Total	77,268	72,688	6.3	23.3	24.8	-149	13,122	13,226	-0.8

Source: Company; Mirae Asset Sharekhan estimates;

*Varun Beverages is a calendar year-ending company

Valuations (As on Apr 08, 2025)

Company	CMP (Rs.)	Reco.	Target Price (Rs.)	PE (x)			
				FY2024	FY2025E	FY2026E	FY2027E
Allied Blenders and Distillers	313	Positive	495	-	55.9	39.6	28.2
Asian Paints	2,394	Hold	2,475	41.3	53.5	48.5	42.6
Britannia Industries	5,171	Buy	5,995	58.2	58.6	50.9	44.7
Colgate-Palmolive (India)	2,441	Buy	3,146	49.6	46.7	41.1	36.5
Dabur India	460	Buy	636	44.9	44.6	37.9	34.0
Emami	582	Buy	670	31.8	29.2	26.5	23.5
Godrej Consumer Products	1,200	Buy	1,355	60.4	65.3	52.2	43.6
Hindustan Unilever	2,289	Buy	2,755	54.3	51.9	48.3	43.2
Indigo Paints	965	Buy	1,819	30.8	29.9	23.7	20.1
ITC	413	Buy	522	25.2	25.6	23.1	20.9
Jyothy Labs	344	Buy	490	34.2	32.5	29.6	26.7
Marico	680	Buy	780	58.4	53.8	46.9	40.6
Mrs Bectors Food Specialities	1,514	Positive	1,774	63.4	66.1	49.9	38.4
Nestle India	2,280	Buy	2,593	69.9	69.8	62.5	55.4
Radico Khaitan	2,330	Buy	2,760	-	89.6	58.0	45.6
Tata Consumer Products	1,071	Buy	1,234	70.0	79.9	64.1	53.0
Varun Beverages*	541	Positive	688	85.8	70.2	54.6	43.9
Zydus Wellness	1,722	Buy	2,121	39.5	31.0	23.1	19.5

Source: Company; Mirae Asset Sharekhan estimates;

*Varun Beverages is a calendar year-ending company

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

Q4FY2025 Results Preview

Sector: IT

Sector View: Positive

Coverage universe

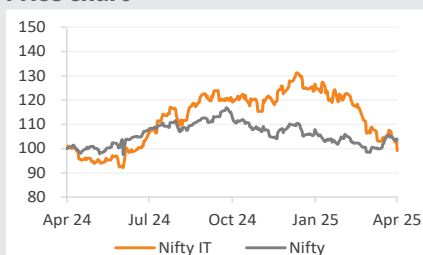
Companies	CMP (Rs)	Reco.	PT (Rs)
TCS	3,404	Buy	5,230
Infosys	1,497	Buy	2,270
HCL Tech	1,471	Buy	2,180
Wipro	256	Hold	325
Tech Mahindra	1,370	Buy	1,950
LTIM	4,342	Buy	7,000
L&T Tech	4,458	Buy	6,500
Coforge	7,157	Buy	10,490
Persistent Systems	4,788	Buy	7,280
Birlasoft Ltd	388	Buy	600
Mastek Ltd	2,177	Buy	3,030
Intellect Design	686	Reduce	UR
NIITMITS	404	Buy	550

Source: Company, Mirae Asset Sharekhan Research;

*UR - Under Review

CMP as on Apr 03, 2025

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

IT

Soft Q4 fueled by increased uncertainty

Summary

- We expect revenue growth of -1.8% to 0.2 % q-o-q for Tier-1 IT service companies and revenue growth of -0.1% to 13.5% q-o-q for Tier-2 IT companies in constant currency (CC) terms.
- EBIT margins across covered companies is likely to be mixed with deal win TCV to be largely modest across covered IT service companies.
- Guidance for FY26E and management commentaries on deal activity, discretionary and IT budgetary spend in the face of increased uncertainty and progress on Gen AI would be key monitorables.
- With sector valuations around long term average levels, we believe the recent corrections have turned the valuation reasonable from medium to long term perspective. We maintain Positive stance and advise investment in our preferred picks.

We expect Tier-1 IT service companies to report muted Q4FY25 impacted by lower working days and marginal deterioration in demand. We expect q-o-q constant currency (CC) revenue growth of -1.8% to 0.2% for Tier-1 and -0.1% to 13.5% q-o-q revenue growth in CC terms for Tier-2 IT companies. Among Tier-2 IT companies, LTTS is expected to lead revenue growth of 13.5% q-o-q in CC terms aided by SWC seasonality and contribution from Intelliswift. Persistent and Coforge among Tier-2 companies are expected to report strong sequential revenue growth of 4%/3% in CC terms aided by ramp of earlier deals. EBIT margin is likely to be largely mixed across the covered IT companies. Deal wins TCV is likely to be modest in the absence of large mega deals. Infosys and HCL Tech are expected to provide conservative growth guidance due to increased macro uncertainties. Management commentaries on deal activity across verticals, cues on discretionary and IT budget spend in the face of increased uncertainty and progress on Gen AI would be key monitorable. With sector valuations around long-term average levels, we believe the recent corrections have turned the valuation reasonable from a medium to long term perspective. We remain positive on the sector from a medium to long-term perspective and advise investment in our preferred picks.

Revenue growth: Tier-1 IT service companies under coverage are expected to report weak Q4FY25, with CC revenue growth of -1.8% to 0.2% q-o-q weighed by lower working days and marginal deterioration in demand. Cross-currency headwinds impact of ~10-40bps is expected across covered companies. Infosys is likely to lead the decline among Tier-1 companies, with revenue decline of 1.8% q-o-q in CC. TCS, Wipro, TechM and HCLTech, are expected to decline 0.3%/0.5%/0.6% and 0.7% q-o-q in CC respectively while LTIM is expected to deliver marginal revenue growth of 0.2% q-o-q in CC terms. Tier 2 IT service companies are expected to show relatively resilient growth of -0.1% to 13.5% q-o-q in CC. Among Tier-2, LTTS is expected to lead with 13.5% q-o-q growth in CC aided by SWC seasonality and contribution from Intelliswift while Persistent, Coforge and Mastek are expected to grow 4%/3% and 1.8% q-o-q respectively in CC. Birlasoft is expected to report a marginal decline of 0.1% q-o-q in CC.

EBIT margin mixed: IT services companies under our coverage are likely to report a mixed EBIT margin trend. EBIT margins for TCS and LTIM are expected to improve ~30 bps each q-o-q while Infosys/HCL Tech are expected to see a ~75/115 bps contraction. EBIT margin for Wipro and Tech M are likely to be sequentially flat. Among Tier-2 companies, Persistent/Coforge are expected to see margin improvement of ~110/60 bps, respectively. EBIT margin for LTTS is expected to decline ~110 bps due to Intelliswift and SWC seasonality. EBITDA margin for Intellect design is expected to improve ~260 bps q-o-q aided by strong revenue growth.

Demand environment and guidance: We expect deal win TCV to be modest for Tier IT service companies with dearth of mega deals. Infosys and HCLT are expected to provide conservative growth guidance due to uncertainties stemming from the Trump administration policy measures fuelling concerns of increased inflation and economic slowdown. Management commentaries on deal activity across verticals, cues on discretionary and IT budgetary spend in the face of increased uncertainty and progress on Gen AI would be key monitorables.

Valuations:

Increased uncertainty elongating the recovery: The Nifty IT index (currently down 1%) which had outperformed Nifty Index (currently up 4%) over the past one year has recently lost its outperformance. The recent paring of outperformance has largely been driven by increased macro uncertainty owing to escalation of tariff wars which threaten to delay the gradual IT recovery. Management commentaries in the face of increased uncertainty resulting from the fallout of Trump tariffs would be pivotal in determining the direction and momentum going ahead. With sector valuations around long-term average levels, we believe the recent corrections have turned the valuation reasonable from a medium to long term perspective. We remain positive on the sector from a medium to long-term perspective and advise investment in our preferred picks.

Key Risks:

Leaders: LTTS, Persistent, Coforge, and Intellect Design

Laggards: Infosys, HCLTech

Preferred picks:

Large caps: TCS, Infosys, HCL Tech, Tech Mahindra, LTIM.

Mid-caps: Persistent Systems, Coforge and Mastek

Q4FY25 Result estimates
Rs cr

Particulars	Sales				OPM				Net Profit			
	Q4 FY25E	Q4 FY24	YoY (%)	QoQ (%)	Q4 FY25E	Q4 FY24	YoY (bps)	QoQ (bps)	Q4 FY25E	Q4 FY24	YoY (%)	QoQ (%)
TCS	64,962	61,237	6.1	1.5	27.0	28.0	-103	37	12,673	12,434	1.9	2.4
Infosys	41,933	37,923	10.6	0.4	23.6	23.2	44	-62	6,772	7,969	-15.0	-0.5
HCL Tech	30,325	28,499	6.4	1.5	21.8	21.4	40	-111	4,349	3,986	9.1	-5.3
Wipro	22,701.2	22,196	2.3	1.5	20.5	22.3	-178	5	3,394	2,835	19.7	1.2
Tech M	13,461.1	12,871	4.6	-0.8	13.7	10.9	279	12	1,095	970	12.9	11.4
LTIM	9,855	8,893	10.8	2.0	16.6	17.3	-67	11	1,123	1,100	2.1	3.4
LTTS	3,054	2,538	20.3	15.1	18.1	19.8	-167	-50	331	341	-2.9	2.7
Coforge	3,534	2,359	49.8	6.5	15.0	18.0	-300	-61	259	233	11.1	11.8
Persistent	3,241	2,591	25.1	5.8	18.5	17.5	100	98	419	315	32.9	12.4
Birlasoft	1,386	1,363	1.7	1.7	12.6	16.3	-372	56	124	180	-31.0	6.3
Mastek	905	780	16.1	4.1	15.9	16.0	-19	-32	87	92	-5.2	-3.8
Intellect	701	612	14.5	15.4	22.5	22.3	15	258	104	73	42.3	48.0
NIITMTS	419	398	5.2	0.0	21.6	24.3	-274	-27	61	54	11.8	-7.7

Source: Company; Mirae Asset Sharekhan Research

Valuations (As on Apr 03, 2025)

Company	Reco	Price Target (Rs)	CMP (Rs)	EPS				P/E			
				FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
TCS	Buy	5,230	3,404	128.8	135.4	147.2	163.5	26.4	25.1	23.1	20.8
Infosys	Buy	2,270	1,497	63.4	63.9	68.9	76.2	23.6	23.4	21.7	19.7
HCL Tech	Buy	2,180	1,471	57.9	64.2	68.3	77.7	25.4	22.9	21.5	18.9
Wipro	Hold	325	256	10.6	12.4	13.0	14.7	24.2	20.7	19.7	17.5
Tech Mahindra	Buy	1,950	1,370	32.0	47.4	60.8	75.3	42.8	28.9	22.5	18.2
LTIM	Buy	7,000	4,342	154.5	154.8	192.4	233.6	28.1	28.0	22.6	18.6
L&T Tech	Buy	6,500	4,458	123.0	121.6	147.6	174.9	36.2	36.7	30.2	25.5
Coforge	Buy	10,490	7,157	129.6	140.4	228.3	275.6	55.2	51.0	31.3	26.0
Persistent	Buy	7,280	4,788	75.1	92.7	113.6	137.5	63.8	51.6	42.1	34.8
Birlasoft	Buy	600	388	22.3	18.4	22.1	27.0	17.4	21.1	17.5	14.4
Mastek	Buy	3,030	2,177	98.2	117.4	122.8	151.1	22.2	18.5	17.7	14.4
Intellect Design	Reduce	UR	686	22.9	21.3	29.6	39.8	30.0	32.3	23.2	17.2
NIITMTS	Buy	550	404	16.1	18.4	20.6	24.9	25.1	22.0	19.6	16.2

Source: Company; Mirae Asset Sharekhan Research; *UR - Under Review

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

Miscellaneous

Q4FY2025 Results estimates

Company	Net sales (Rs Cr)				OPM (%)				Adjusted PAT (Rs Cr)			
	Q4 FY25E	Q4 FY24	YoY (%)	QoQ (%)	Q4 FY25E	Q4 FY24	YoY BPS	QoQ BPS	Q4 FY25E	Q4 FY24	YoY (%)	QoQ (%)
Affle (India)	601	506	18.7	-0.2	21.6	19.4	224	-24	100	87	13.8	-0.7
Bharti Airtel	47528	37599	26.4	5.3	55.5	51.5	400	100	5800	2952	96.5	23.0
Protean eGov	228	222	2.5	12.6	16.4	16.0	48	861	25	19	31.7	10.8
Coal India	37121	37410	-0.8	3.7	28.5	26.3	216	-59	8,870	8,641	2.7	4.5
Info Edge	692	608	13.8	3.1	42.6	40.6	201	-54	262	223	17.4	0.9
JSW Steel	44520	46269	-3.8	7.6	15.5	13.2	223	198	1655	1,299	27.4	113.5
NMDC	6620	6475	2.2	1.4	33.4	33	40	-350	1780	1492	19.3	-8.4
SAIL	28950	27959	3.5	18.2	9.6	6.8	284	133	850	140	507.1	498.6
Balrampur Chini Mills	1,565	1,434	9.1	31.3	25.3	24.0	124	1489	248	203	21.8	251.5
Triveni Engineering	1,709	1,554	10.0	6.8	10.0	12.4	-242	518	99	138	-27.8	134.4
Garware Hi-Tech Films	560	447	25.3	20.2	22	17.4	451	458	92	58	58.6	50.8
Welspun Corp	3926	4461	-12.0	8.6	12	7.4	460	-1	309	268	15.3	-8.0

Source: Company; Mirae Asset Sharekhan Research estimates

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

DISCLAIMER

This information/document has been prepared by Sharekhan Ltd. (SHAREKHAN) and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation and any review, retransmission, or any other use is strictly prohibited. This information/ document is subject to changes without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply for information/document focused on technical and derivatives research and shall not apply to reports/documents/information focused on fundamental research.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. SHAREKHAN will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable and SHAREKHAN has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on reasonable basis, SHAREKHAN, its subsidiaries and associated companies, their directors and employees ("SHAREKHAN and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent SHAREKHAN and affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject SHAREKHAN and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in securities of the company and that all the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of SHAREKHAN. The analyst and SHAREKHAN further certifies that either he or his relatives or Sharekhan associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report. The analyst and SHAREKHAN encourages independence in research report/ material preparation and strives to minimize conflict in preparation of research report. The analyst and SHAREKHAN does not have any material conflict of interest or has not served as officer, director or employee or engaged in market making activity of the company. The analyst and SHAREKHAN has not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd or its associates or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from third party in the past twelve months in connection with the research report.

Either SHAREKHAN or its affiliates or its directors or employees / representatives / clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. SHAREKHAN may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall SHAREKHAN, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements. Sharekhan/its affiliates undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgement before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited, Research Analyst Regn No.: INH000006183. CIN: - U99999MH1995PLC087498.

Registered Office: The Ruby, 18th Floor, 29 Senapati Bapat Marg, Dadar (West), Mumbai - 400 028, Maharashtra, INDIA. Tel: 022-6115000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th Floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000, Fax No. 61169699.

Other registrations of Sharekhan Ltd.: SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE - 748, NSE - 10733, MCX - 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-62263303; Email ID: complianceofficer@sharekhan.com

For any complaints/grievance, email us at igc@sharekhan.com or you may even call Customer Service desk on - 022- 41523200/022-69920600.