## Market snapshot

| Equities - India | Close | Chg .% | CYTD.% |
|---|---|---|---|
| Sensex | 73,730 | 1.0 | -5.6 |
| Nifty-50 | 22,337 | 1.2 | -5.5 |
| Nifty-M 100 | 49,168 | 2.4 | -14.0 |
| **Equities-Global** | **Close** | **Chg .%** | **CYTD.%** |
| S&P 500 | 5,843 | 1.1 | -0.7 |
| Nasdaq | 18,553 | 1.5 | -3.9 |
| FTSE 100 | 8,756 | 0.0 | 7.1 |
| DAX | 23,081 | 3.4 | 15.9 |
| Hang Seng | 8,630 | 3.1 | 18.4 |
| Nikkei 225 | 37,418 | 0.2 | -6.2 |
| **Commodities** | **Close** | **Chg .%** | **CYTD.%** |
| Brent (US$/Bbl) | 70 | -2.7 | -5.8 |
| Gold ($/OZ) | 2,919 | 0.1 | 11.2 |
| Cu (US$/MT) | 9,587 | 2.8 | 10.8 |
| Almn (US$/MT) | 2,666 | 1.5 | 5.5 |
| **Currency** | **Close** | **Chg .%** | **CYTD.%** |
| USD/INR | 87.0 | -0.3 | 1.6 |
| USD/EUR | 1.1 | 1.5 | 4.2 |
| USD/JPY | 148.9 | -0.6 | -5.3 |
| **YIELD (%)** | **Close** | **1MChg** | **CYTD chg** |
| 10 Yrs G-Sec | 6.7 | -0.04 | -0.1 |
| 10 Yrs AAA Corp | 7.4 | -0.01 | 0.2 |
| **Flows (USD b)** | **5-Mar** | **MTD** | **CYTD** |
| FIIs | -0.3 | -1.27 | -14.7 |
| DIIs | 0.39 | 2.34 | 19.4 |
| **Volumes (INRb)** | **5-Mar** | **MTD*** | **YTD*** |
| Cash | 1,032 | 988 | 994 |
| F&O | 1,97,832 | 1,38,978 | 1,85,267 |

Note: Flows, MTD includes provisional numbers.
*Average

## Today's top research idea

### Adani Ports & Sez: Volume growth driven by containers; focus on capacity expansion

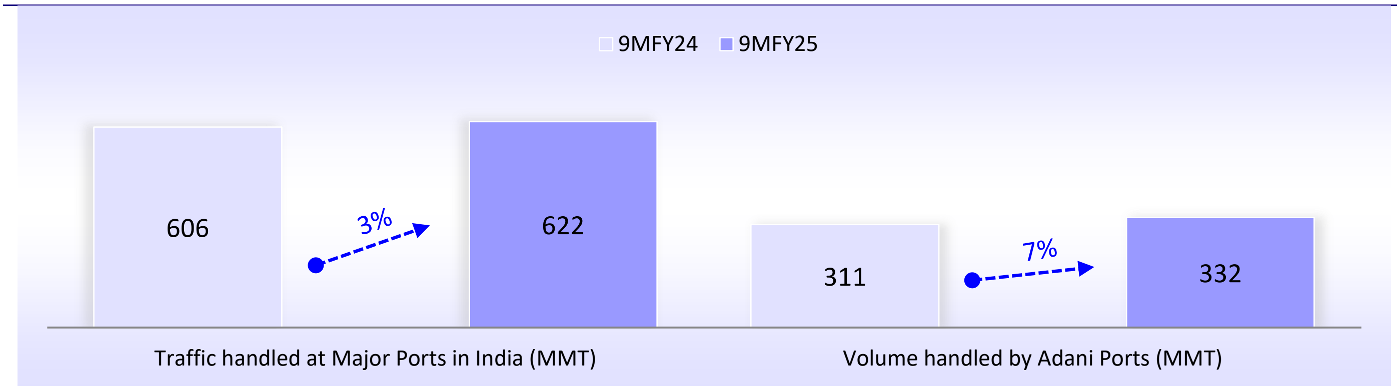
- Adani Ports & SEZ (APSEZ) handled 408.7mmt (+7% YoY) of cargo volumes over Ap'24-Feb'25 (11 months of FY25). During the same period, cargo volume handled at major ports in India grew ~3% YoY. Hence, APSEZ continues to grow over 2x the industry rate, driven by higher efficiency at existing ports and inorganic expansion along the eastern coastline of India.
- The management highlighted its focus on doubling handled volumes over the next five years. This growth will be driven by domestic ports, with volume guidance excluding any potential inorganic opportunities that may arise.
- The logistics business is set to drive port volume growth, as the company expands end-to-end services and adopts advanced technology to boost efficiency and reduce turnaround time.
- APSEZ has a capex target of INR115b in FY25 (INR40b spent in 1HFY25). Of this, ~INR74b will be allocated to the port business (incl. marine services capex), INR23b to the logistics business, and ~INR15b to renewables (for decarburization), under which the company plans to build 1,000MW of renewable power sources with a combination of both solar and wind.
- We believe the company is well placed to continue outpacing industry growth and gaining market share. Further, the logistics business will serve as a value addition to the domestic port business, with a focus on enhancing last-mile connectivity. We expect APSEZ to report 10% growth in cargo volumes over FY24-27. This would drive a CAGR of 14%/15%/19% in revenue/EBITDA/PAT over FY24-27. We reiterate our BUY rating with a TP of INR1,400 (premised on 15x Sep'26E EV/EBITDA).

## Research covered

| Cos/Sector | Key Highlights |
|---|---|
| Adani Ports & SEZ | Volume growth driven by containers; focus on capacity expansion |
| Deepak Nitrite | Entering into a transition phase amid project delays! |
| India Strategy | The Eagle Eye: Weakness persists amid broad-based sell-off! |
| EcoScope | EAI – Monthly Dashboard: Economic activity slowed in Jan'25 |

## Chart of the Day: Adani Ports & SEZ (Volume growth driven by containers; focus on capacity expansion)

**APSEZ volumes grew over 2x the major ports volumes in 9MFY25 (MMT)**




Research Team (Gautam.Duggad@MotilalOswal.com)

# In the news today

Kindly click on textbox for the detailed news link

1

**RBI to inject additional liquidity via OMO purchase, USD/INR Buy/Sell swap auctions**

The central bank will conduct two OMO purchases worth Rs 50,000 crore each on March 12 and March 18, and USD/INR Buy/Sell Swap auction of $ 10 billion for a tenor of 36 months on March 24.

2

**TCS in pact with European telecom tower firm Vantage Towers for tech boost to property partners**

The platform will streamline service processes, enhance property owner retention, and strengthen telecom site partnerships across Europe.

3

**Galaxy Surfactants partners with global customer for overseas plant**

Galaxy Surfactants Ltd, through its group companies, has entered into a strategic collaboration with a global customer to provide engineering, procurement, and construction (EPC) services for a performance surfactants and specialty ingredients manufacturing plant at an overseas location.

4

**Route Mobile parent Proximus Global partners with Nokia to expand network API solutions**

Route Mobile Ltd said Proximus Global, BICS and Telesign have partnered with Nokia to explore opportunities in network API (application programming interface) solutions aimed at supporting developers in building new enterprise applications.

5

**Tata Electronics to set up display chip manufacturing unit in Gujarat**

Tata Electronics will set up a display chip manufacturing unit in Gujarat in partnership with Taiwan-based PSMC and Himax Technologies.

6

**New 'Navratna' PSU IRFC aims to increase margins, NIMs, investment to boost tourism sector**

Newly designated as a Navratna entity by the government, Indian Railway Finance Corporation (IRFC) intends to fund potential opportunities in India's tourism sector at a lower cost.

7

**Elon Musk’s Tesla signs lease deal to open first showroom in Mumbai**

Tesla, the US-based electric vehicle (EV) manufacturer, has finalised a lease agreement to open its first showroom in Mumbai, marking a significant step toward selling imported EVs in India.

# Adani Ports & SEZ

| BSE SENSEX | S&P CNX |
|---|---|
| 73,730 | 22,337 |

Ports and Logistics

**Stock Info**

| | |
|---|---|
| Bloomberg | ADSEZ IN |
| Equity Shares (m) | 2160 |
| M.Cap.(INRb)/(USDb) | 2403.6 / 27.6 |
| 52-Week Range (INR) | 1621 / 994 |
| 1, 6, 12 Rel. Per (%) | 3/-13/-17 |
| 12M Avg Val (INR M) | 5822 |
| Free float (%) | 34.1 |

**Financials Snapshot (INR b)**

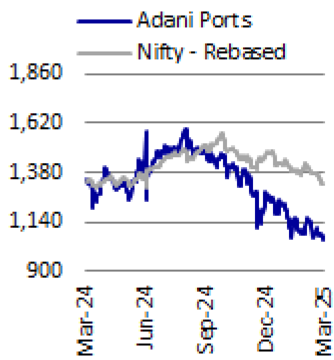
| Y/E March | 2025E | 2026E | 2027E |
|---|---|---|---|
| Net Sales | 297.9 | 341.9 | 396.2 |
| EBITDA | 180.7 | 209.7 | 242.0 |
| Adj. PAT | 102.7 | 126.3 | 151.3 |
| EBITDA Margin (%) | 60.7 | 61.3 | 61.1 |
| Adj. EPS (INR) | 47.6 | 58.5 | 70.0 |
| EPS Gr. (%) | 15.2 | 22.9 | 19.8 |
| BV/Sh. (INR) | 286.7 | 336.4 | 395.9 |
| **Ratios** | | | |
| Net D/E (x) | 0.6 | 0.5 | 0.4 |
| RoE (%) | 17.9 | 18.8 | 19.1 |
| RoCE (%) | 11.8 | 12.8 | 13.6 |
| Payout (%) | 15.4 | 12.6 | 10.5 |
| **Valuations** | | | |
| P/E (x) | 23.4 | 19.0 | 15.9 |
| P/BV (x) | 3.9 | 3.3 | 2.8 |
| EV/EBITDA (x) | 15.4 | 13.1 | 11.2 |
| Div. Yield (%) | 0.7 | 0.7 | 0.7 |
| FCF Yield (%) | 2.7 | 3.4 | 4.4 |

**Shareholding pattern (%)**

| As On | Dec-24 | Sep-24 | Dec-23 |
|---|---|---|---|
| Promoter | 65.9 | 65.9 | 65.9 |
| DII | 14.2 | 13.3 | 12.0 |
| FII | 13.9 | 15.2 | 14.7 |
| Others | 6.0 | 5.6 | 7.4 |

FII Includes depository receipts

**Stock's performance (one-year)**




## CMP: INR1,113 TP: INR1,400 (+26%) Buy

## Volume growth driven by containers; focus on capacity expansion

- Adani Ports & SEZ (APSEZ) handled 408.7mmt (+7% YoY) of cargo volumes over Ap'24-Feb'25 (11 months of FY25). During the same period, cargo volume handled at major ports in India grew ~3% YoY. Hence, APSEZ continues to grow over 2x the industry rate, driven by higher efficiency at existing ports and inorganic expansion along the eastern coastline of India.
- The management highlighted its focus on doubling handled volumes over the next five years. This growth will be driven by domestic ports, with volume guidance excluding any potential inorganic opportunities that may arise.
- The logistics business is set to drive port volume growth, as the company expands end-to-end services and adopts advanced technology to boost efficiency and reduce turnaround time.
- APSEZ has a capex target of INR115b in FY25 (INR40b spent in 1HFY25). Of this, ~INR74b will be allocated to the port business (incl. marine services capex), INR23b to the logistics business, and ~INR15b to renewables (for decarburization), under which the company plans to build 1,000MW of renewable power sources with a combination of both solar and wind.
- **We believe the company is well placed to continue outpacing industry growth and gaining market share. Further, the logistics business will serve as a value addition to the domestic port business, with a focus on enhancing last-mile connectivity. We expect APSEZ to report 10% growth in cargo volumes over FY24-27. This would drive a CAGR of 14%/15%/19% in revenue/EBITDA/PAT over FY24-27. We reiterate our BUY rating with a TP of INR1,400 (premised on 15x Sep'26E EV/EBITDA).**

### Port volumes grow over 2x of volumes at major ports; management targets doubling volumes by 2029

- APSEZ handled 408.7mmt (+7% YoY) of cargo volumes over Ap'24-Feb'25 (11 months of FY25), with container volumes up 20% YoY and liquid and gas cargo rising 9% YoY.
- APSEZ aims to double its handled volumes to 1b tons by 2029, primarily driven by domestic port volumes of 850mt, excluding inorganic growth. Volume growth is expected from market share gains and expanded capacity at existing ports, with the logistics business enhancing last-mile connectivity as a value addition to the domestic port operations.

### Recent acquisitions & development of ports to aid volume growth in 2H

- The Gopalpur Port began contributing to volumes in Oct'24, following the completion of its acquisition in the same month. Management sees considerable potential in Gopalpur, with Oct'24 volume figures showing strong initial results. This solid cargo flow positions Gopalpur as a valuable addition to the portfolio, providing better access to natural resource opportunities along the East Coast.

- Similarly, the Vizhinjam Port Phase 1 has started contributing to volumes since Oct'24, with full capacity utilization projected by FY26. The centrally located port is close to international shipping routes with a draft of 20-24 meters. Additionally, the second and final phase of capex at the port has commenced, with ~INR200b earmarked for investment. As APSEZ scales up and operates the automated terminal, the company's efficiency is likely to improve, allowing it to accommodate more vessels.

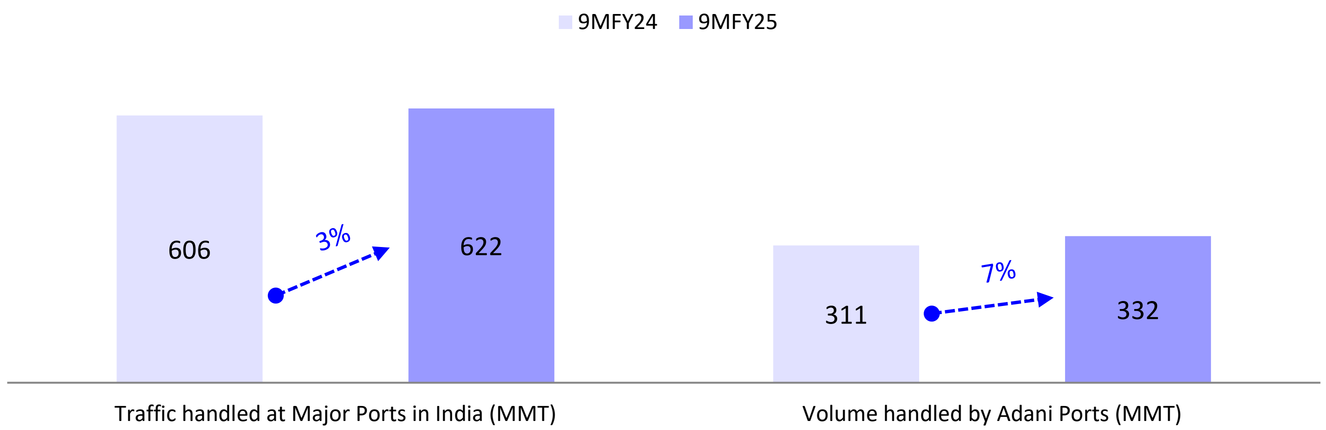
## Building infrastructure for strong growth in the logistics business

- As APSEZ aims to become India's largest integrated transport utility company by 2030, it is strengthening its capabilities in all logistics segments (ports, CTO, warehousing, last-mile delivery, ICDs, etc.). Hence, by offering end-to-end services to its customers, the company captures a larger wallet share and ensures the cargo remains sticky.
- ALL expanded its services to cover container train operations, container handling in logistic parks, and warehouses offering storage and trucking solutions. With 12 multi-modal logistics parks, 132 trains, 3.1m sq. ft. of warehousing space, and 1.2mmt of grain silos, ALL aims to establish a nationwide presence by further developing logistic parks and warehouses.

## Valuation and view

- APSEZ is anticipated to outpace India's overall growth, driven by a balanced port mix along India's western and eastern coastlines and a diversified cargo mix. The company continues to invest heavily in the ports and logistics business to drive growth. The commencement of operations at Gopalpur and Vizhinjham Ports will enable the company to further boost volumes.
- We expect APSEZ to report 10% growth in cargo volumes over FY24-27. This will drive a revenue/EBITDA/PAT CAGR of 14%/15%/19% over FY24-27. **We reiterate our BUY rating with a TP of INR1,400 (premised on 15x Sep-26 EV/EBITDA).**

**APSEZ volumes grew over 2x the major ports volumes in 9MFY25 (MMT)**



# Deepak Nitrite

| BSE SENSEX | S&P CNX |
|---|---|
| 73,730 | 22,337 |

## CMP: INR1,937 TP: INR1,835 (-5%) Neutral

**Stock Info**

| | |
|---|---|
| Bloomberg | DN IN |
| Equity Shares (m) | 136 |
| M.Cap.(INRb)/(USDb) | 264.2 / 3 |
| 52-Week Range (INR) | 3169 / 1790 |
| 1, 6, 12 Rel. Per (%) | -12/-24/-12 |
| 12M Avg Val (INR M) | 993 |
| Free float (%) | 50.8 |

**Financials Snapshot (INR b)**

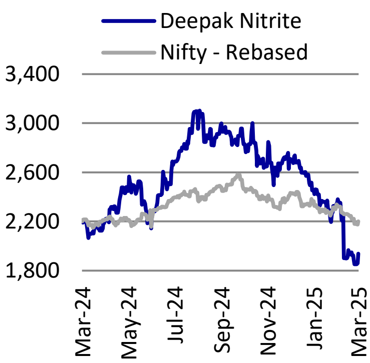
| Y/E March | FY25E | FY26E | FY27E |
|---|---|---|---|
| Sales | 80.6 | 87.2 | 95.7 |
| EBITDA | 9.7 | 14.5 | 16.5 |
| PAT | 6.1 | 9.0 | 10.0 |
| EPS (INR) | 44.8 | 66.2 | 73.4 |
| EPS Gr. (%) | -18.8 | 47.8 | 10.8 |
| BV/Sh.(INR) | 390.8 | 448.7 | 512.8 |
| **Ratios** | | | |
| Net D:E | 0.1 | 0.2 | 0.2 |
| RoE (%) | 12.1 | 15.8 | 15.3 |
| RoCE (%) | 11.1 | 13.2 | 12.0 |
| Payout (%) | 12.6 | 12.6 | 12.6 |
| **Valuations** | | | |
| P/E (x) | 43.2 | 29.3 | 26.4 |
| P/BV (x) | 5.0 | 4.3 | 3.8 |
| EV/EBITDA (x) | 27.6 | 18.9 | 17.1 |
| Div. Yield (%) | 0.3 | 0.4 | 0.5 |
| FCF Yield (%) | -2.0 | -2.1 | -1.7 |

**Shareholding pattern (%)**

| As On | Dec-24 | Sep-24 | Dec-23 |
|---|---|---|---|
| Promoter | 49.2 | 49.2 | 49.1 |
| DII | 23.2 | 22.3 | 18.9 |
| FII | 6.6 | 6.7 | 6.5 |
| Others | 20.9 | 21.8 | 25.5 |

FII Includes depository receipts

**Stock performance (one year)**




## Entering into a transition phase amid project delays!

- **Deepak Nitrite (DN)'s large-scale capex projects, announced with the Gujarat government (through MoUs), have faced delays, albeit some remain on track. The company's INR50b Polycarbonate (PC) resins project, set for CY28 commissioning, aims to replace 240ktpa of imports with 165ktpa capacity in Phase-I. However, it has not finalized any BPA technology partner as yet.**
- **DN is executing large-scale capex for integration, with key projects like MIBK/MIBC in 1HFY26 and multiple plants in 2HFY25, alongside an R&D center commissioning in Mar'25. Through its subsidiary DCTL, it has committed INR140b over five years for specialty chemicals and polymers, strengthening its market leadership in India.**
- **DN's consol. EBIT margin contracted to 7.3% in 3QFY25, the lowest on record, with 9MFY25 at 10.3% vs. 12.6% in 9MFY24, driven by weak demand and pricing pressure. Blended Phenol-Acetone spread dipped 14% YoY/13% QoQ in 4QFY25YTD, signaling continued weakness in DPL's performance.**
- **DN is expanding into certain import substitution and downstream products, with commissioning in FY26, while its fluorination and specialty salts units are already operational. Given its commodity-based portfolio and rich valuations (~29x FY26E EPS), we reiterate our Neutral rating with a TP of INR1,835 (premised on 25x FY27E EPS).**

## New projects delayed time and again!

- DN announced a slew of backward and forward-integrated projects a couple of years back with substantial capex and multiple MoUs signed with the Gujarat government as well. Although the management was confident about the initial commissioning timelines (with some timelines not disclosed until recently), there has been a delay in most projects almost every quarter. Some other projects have been in line with the given timelines *(refer to Exhibit 4)*.
- Ten years back as well, when the Board of Directors had first approved the first Deepak Phenolic plant of DN, it took about four years for that plant to be commissioned. That being said, the phenolic plant (also an import substitution play) coincided with supply chain constraints globally that catapulted DN into its next leg of growth. Similarly, we expect the PC plant to take some time to become operational; however, it could present another golden import substitution opportunity for DN.
- Management announced a Polycarbonate (PC) resins capex of INR50b in 2QFY25 (initially planned and announced ~2 years back), which would be commissioned in CY28. The domestic demand is met completely by imports right now (240ktpa in CY23). There is no royalty that DN would have to pay to Trinseo (the company from which the technology and assets have been purchased) for the technology transfer as of now. DN is setting up a 165ktpa capacity in PC, but the company has not finalized anyone for the BPA technology transfer for PC manufacturing.

## Huge investments lined up

- DN is executing huge capex for backward and forward integration, with phased commissioning from end-FY25. This includes MIBK/MIBC (Acetone integration) in 1HFY26 and Photochlorination, solvent, nitration, and hydrogenation plants in 2HFY25. The company completed Phenol and Acetone debottlenecking in FY24 and commissioned its fluorination plant in Mar'24 for agrochemical integration. Advanced process control has boosted Phenol, Acetone, and IPA output, driving sales. An R&D center in Savli, Vadodara, with advanced labs and pilot plants, is set for Mar'25 commissioning.
- DN, through its subsidiary Deepak Chem Tech (DCTL), has committed an INR140b capex over five years under an MoU with the Gujarat government to expand in specialty chemicals, phenol, acetone, and Bisphenol-A. DCTL plans to manufacture import-substituting polymers like Polycarbonate resins, MMA, PMMA, and Aniline at its new Dahej facilities, giving DN a first-mover advantage and positioning it as a market leader in India.

## Margin deterioration continues

- Consol. EBIT margin for the company slipped to 7.3% in 3QFY25, the worst in the company's history since we started tracking it. Subdued demand and pricing pressures continue to linger on for the company in the standalone business with the Phenol margin also at a trough. For 9MFY25, consol. EBIT margin stood at 10.3% vs. 12.6% in 9MFY24 and 12.4% in FY24.
- Phenol/Acetone prices are down 1%/ 20% YoY in 4QFY25YTD. Benzene prices are down 6% YoY, while Propylene prices are up by 8% YoY during the same period. The blended Phenol + Acetone spread is at INR70/kg (down 14% YoY in 4QFY25YTD, and down 39% from its peak in 4QFY22). Spread is also down 13% QoQ in 4QFY25YTD, which implies that DPL's performance is likely to remain weak in 4QFY25 as well.

## Valuation and view

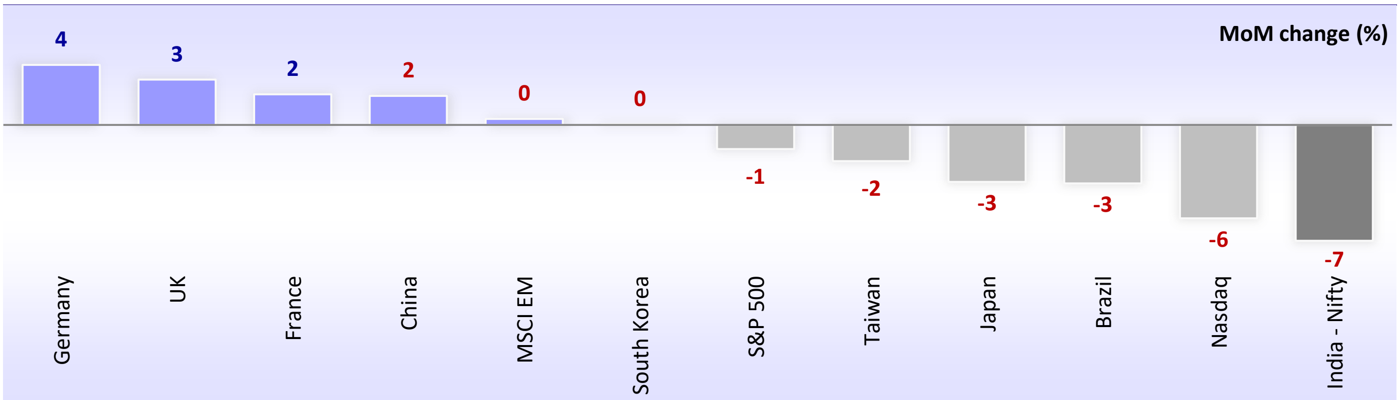
- DN aims to become the largest player in the solvent market by focusing on import substitution. It is foraying into Polycarbonate (PC, 165ktpa), Methyl Isobutyl Ketone (MIBK, 40ktpa), Methyl Isobutyl Carbinol (MIBC, 8ktpa), and Sodium Nitrite/ Nitrate, among other products. These products are taking shape and are likely to be commissioned in FY26. Some other previously announced capex projects have already been commissioned (fluorination plant, specialty salts unit).
- DN is aggressively pursuing both backward and forward integration projects to de-risk its business model and expand its product portfolio. However, its entire product portfolio consists of commodities. The stock trades at ~29x FY26E EPS of INR66.2 and ~19x FY26E EV/EBITDA, which we believe is expensive for a commodity chemical company. **We reiterate our Neutral rating on the stock with a TP of INR1,835 (premised on 25x FY27E EPS).**

## INDIA STRATEGY – Mar'25 (The Eagle Eye): Weakness persists amid broad-based sell-off!

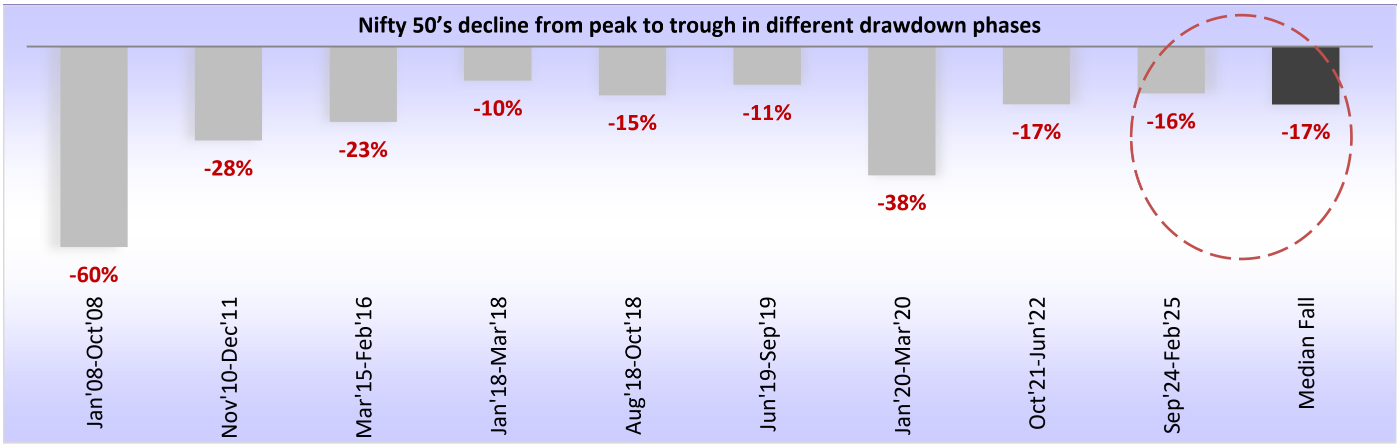
**The key highlights of the 'The Eagle Eye' are as follows:**

- a) India experiences a falloff during the month—the weakest among peers in CY25YTD; b) MSCI China bounces back from lows; MSCI India underperforms; c) Equities have underperformed gold since the Sep'24 highs; d) Market-caps shrink; valuations dip further; e) More stocks fall sharply than reach highs, while the index turns flat YoY; f) Broad-based weakness continues with all sectoral indices reporting a decline MoM; g) 3QFY25 earnings growth remains modest across indices; h) DII inflows strong while FII selling continues; i) Monthly average cash volumes at a 15m low, while F&O volumes decline marginally; j) Current market falloff is close to the historical median; k) Nifty recoups peak-to-trough loss in ~200 days on average.
- **Notable Published reports in Feb'25:** a) Earnings review – A modest 3QFY25; Earnings downgrade ratio worst since 1QFY21!; b) Logistics: Anchoring solutions | Navigating success.

**India experiences a falloff during the month, the weakest among peers in Feb'25/CY25YTD**




**Current market falloff is close to the historical median**



# EAI – Monthly Dashboard: Economic activity slowed in Jan’25

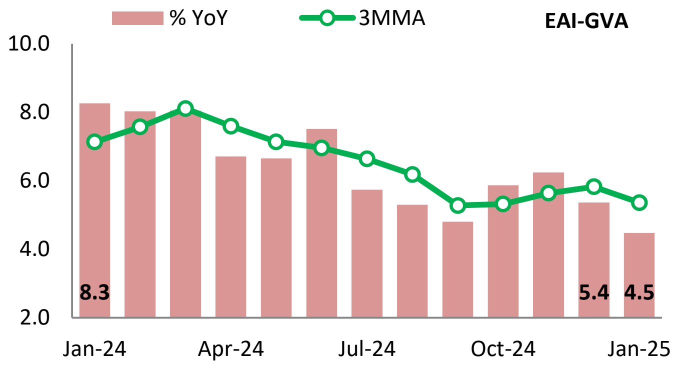
**Expect real GVA growth at 6.0-6.2% in 4QFY25**

- **Preliminary estimates indicate that India's EAI-GVA growth decelerated sharply to a 27-month low of 4.5% YoY in Jan’25 vs. 5.4%/8.3% in Dec’24/Jan’24. The deceleration was primarily due to a 27-month low growth in the services sector. Conversely, growth in the agriculture and industrial sectors remained robust.**
- **EAI-GDP growth came down to 3.7% YoY in Jan’25 from 4.2% YoY in Dec’24 (vs. 3.3% YoY in Jan’24). The deceleration was primarily attributed to negative contribution from external trade. External trade subtracted 2.2pp from EAI-GDP growth in Jan’25 vs. 1.2pp subtraction in Dec’24. On the other hand, consumption grew at a three-month high pace of 6.8% in Jan’25 vs. 5.5% in Dec’24. Additionally, investment growth accelerated to 6.2% in Jan’25 from 5.9% in Dec’24. Excluding fiscal spending, EAI-GDP grew 2.6% YoY in Jan’25 vs. 4.1% growth in Dec’24.**
- **Selected high-frequency indicators (HFIs) portray a mixed picture for economic activity in Feb’25. Toll collections surged at a 25-month high pace of 22.9% in Feb’25; PV sales rose in double digits, albeit lower than Jan’25; power generation grew at an eight-month high pace of 6.7%; and PMIs remained resilient. On the other hand, vahan registrations contracted 7.3% in Feb’25 and CV sales grew at a three-month low rate of 1.3%.**
- **Real GDP growth improved in 3QFY25, printing at 6.2% (vs. our forecast of 5.7%) after dipping shockingly to a seven-quarter low of 5.6% in 2QFY25. Our in-house models suggest that economic growth decelerated in Jan’25, with EAI-GVA printing at 4.5% (lowest growth in 27 months). Additionally, HFIs portray a mixed picture for economic activity in Feb’25. CSO projects a real GVA growth of 6.8% in 4QFY25 (with FY25 growth at 6.4%), which is difficult to achieve considering a high base of 7.3% in 4QFY24. Therefore, we believe that India’s real GVA could grow in the range of 6.0-6.2% YoY in 4QFY25 (with FY25 growth at ~6.0-6.2%), much lower than the official forecast of 6.8%.**

Preliminary estimates indicate that India's EAI-GVA grew 4.5% YoY in Jan’25, the lowest in 27 months.

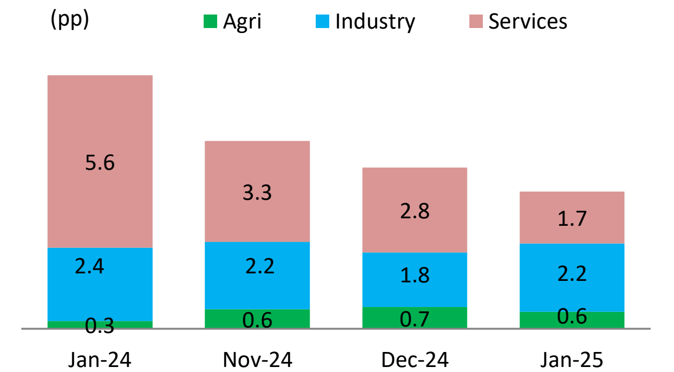
- **EAI-GVA growth at 27-month low in Jan’25:** Preliminary estimates indicate that India's EAI-GVA growth decelerated sharply to a 27-month low of 4.5% YoY in Jan’25 vs. 5.4%/8.3% in Dec’24/Jan’24. The deceleration was primarily due to a 27-month low growth in the services sector. Conversely, growth in the agriculture and industrial sectors remained robust. *(Exhibits 1 and 2)*
- **EAI-GDP growth decelerated to 3.7% in Jan’25:** EAI-GDP growth came down to 3.7% YoY in Jan’25 from 4.2%3.3% YoY in Dec’24 (vs. 3.3% YoY in Jan’24). The deceleration was primarily attributed to negative contribution from external trade. External trade subtracted 2.2pp from EAI-GDP growth in Jan’25 vs. 1.2pp subtraction in Dec’24. On the other hand, consumption grew at a three-month high rate of 6.8% in Jan’25 vs. 5.5% in Dec’24. Additionally, investment growth accelerated to 6.2% in Jan’25 from 5.9% in Dec’24. Excluding fiscal spending, EAI-GDP grew 2.6% YoY in Jan’25 vs. 4.1% growth in Dec’24. *(Exhibits 3 and 4)*

**Exhibit 1: EAI-GVA growth at 27-month low in Jan'25...**



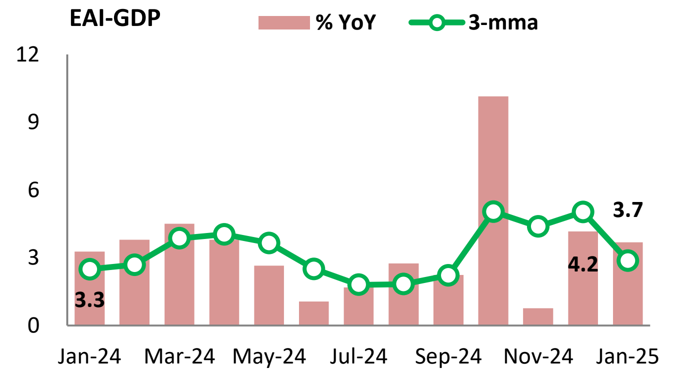

Please refer to our earlier report for details

**Exhibit 2: ...led by deceleration in services sector growth**



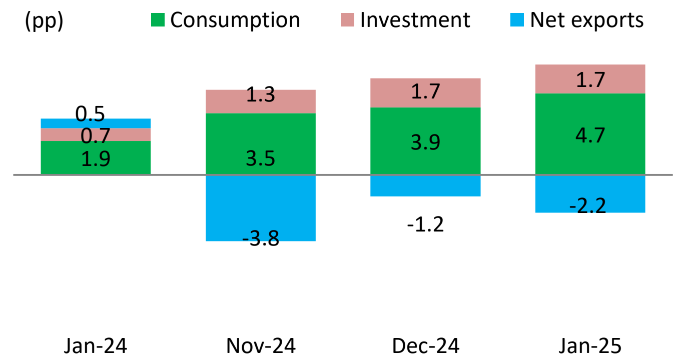

Contribution of various components to EAI-GVA
Source: Various national sources, CEIC, MOFSL

**Exhibit 3: EAI-GDP growth decelerated to 3.7% in Jan'25...**




Please refer to our earlier report for details

**Exhibit 4: ...led by negative contribution from external trade**




Source: Various national sources, CEIC, MOFSL

- **Total consumption growth accelerated to 6.8% YoY in Jan'25:** Total consumption (private + government) grew at a three-month high pace of 6.8% YoY in Jan'25 vs. +5.5%/2.7% in Dec'24/Jan'24, led by three-month high growth in fiscal spending (up 19.4% in Jan'25 vs. 1.3% in Dec'24), three-month high growth in auto sales, strong double-digit personal credit growth, and likely higher growth in consumer non-durables output. Conversely, petrol sales grew at a four-month low rate in Jan'25. Notably, private consumption grew 5.3% in Jan'25 vs. +5.4%/3.8% in Dec'24/Jan'24. (*Exhibit 11)*
- **Investment growth accelerated to 6.2% in Jan'25:** According to our estimates, investment grew 6.2% YoY in Jan'25 (highest in 15 months), following a growth of 5.9% in Dec'24. The acceleration in investment growth is attributed to higher capital goods production, improvement in construction activity, higher industrial credit growth, and robust govt. capex growth. On the other hand, capital goods production, CV sales, steel production, and electricity output witnessed deceleration in Jan'25 as compared to Dec'24 (*Exhibit 12*). Meanwhile, net exports subtracted 2.2pp (vs. 1.2pp in Dec'24) from EAI-GDP growth in Jan'25 as imports grew faster while exports contracted.

The non-farm sector grew at a 27-month slow pace of 4.4% in Jan'25, entirely led by the services sector.

- **Agriculture and industrial sector growth remained robust; services growth decelerated:** In terms of EAI-GVA, the non-farm sector's growth decelerated to 4.4% in Jan'25, the slowest in 27 months, led by lower services sector growth. The services sector grew at a 27-month slow pace of 3.0% YoY in Jan'25 vs. 4.8%/10.0% in Dec'24/Jan'24. This was mainly led by a contraction in services

PMI (-8.6% in Jan’25 vs. 0.5%/8.0% in Dec’24/Jan’24). In contrast, the industrial sector grew decently, at a faster pace than last month, printing at 7.0% in Jan’25 vs. 6.3% in Dec’24. Within the industrial sector, growth decelerated in the mining, electricity and construction sectors, while growth in the manufacturing sector accelerated sharply. At the same time, the farm sector growth remained robust at 4.8% in Jan’25 (5.1% in Dec’24 and 2.1% in Jan’24). *(Exhibit 13)*

- **HFIs portray a mixed picture for economic activity in Feb’25:** Selected HFIs portray a mixed picture for economic activity in Feb’25. Toll collections surged at a 25-month high pace of 22.9% in Feb’25; PV sales rose in double digits, albeit lower than Jan’25; power generation grew at an eight-month high pace of 6.7%; and PMIs remained resilient. On the other hand, vaahan registrations declined 7.3% in Feb’25 and CV sales grew at a three-month low rate of 1.3% *(Exhibit 14)*.

We expect 4QFY25 real GVA growth in the range of 6.0-6.2%, lower than the CSO’s projection of 6.8%.

- **Expect real GVA growth at 6.0-6.2% YoY in 4QFY25, lower than the CSO’s forecast of 6.8%:** Real GDP growth improved in 3QFY25, printing at 6.2% (vs. our forecast of 5.7%) after dipping shockingly to a seven-quarter low of 5.6% in 2QFY25. Our in-house models suggest that economic growth decelerated in Jan’25, with EAI-GVA printing at 4.5% (lowest growth in 27 months). Additionally, HFIs portray a mixed picture for economic activity in Feb’25. CSO projects a real GVA growth of 6.8% in 4QFY25 (with FY25 growth at 6.4%), which is difficult to achieve considering a high base of 7.3% in 4QFY24. Therefore, we believe that India’s real GVA could grow in the range of 6.0-6.2% YoY in 4QFY25 (with FY25 growth at ~6.0-6.2%), much lower than the official forecast of 6.8%. *(Exhibits 9, 10).*

**Exhibit 5: Total consumption accelerated to a three-month high of 6.8% YoY in Jan’25…**

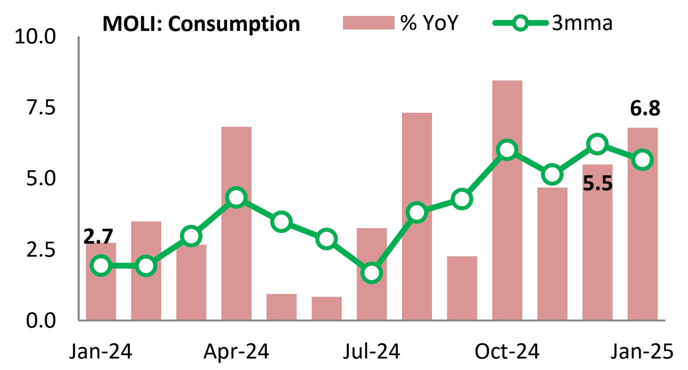



**Exhibit 6: …though investment growth accelerated to 6.2% in Jan’25 from 5.9% in Dec’24**

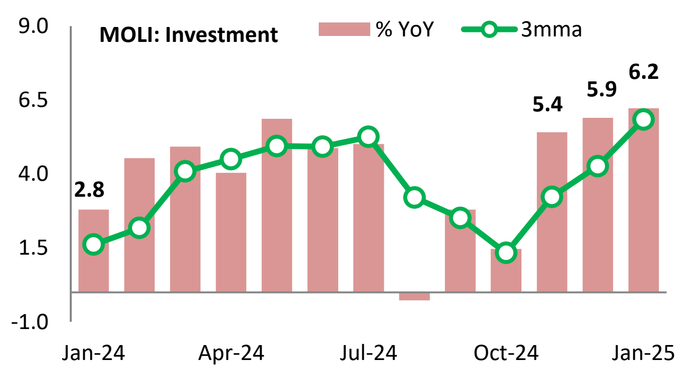
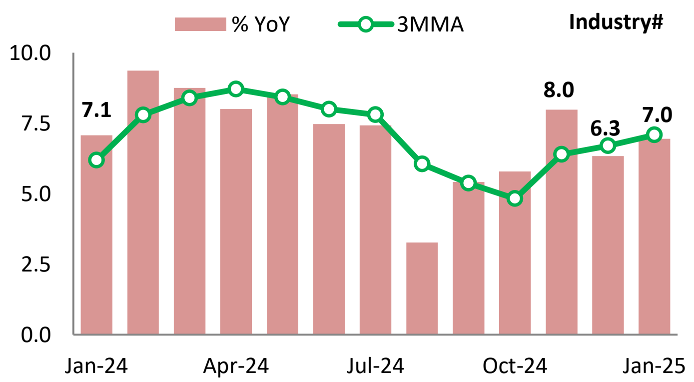
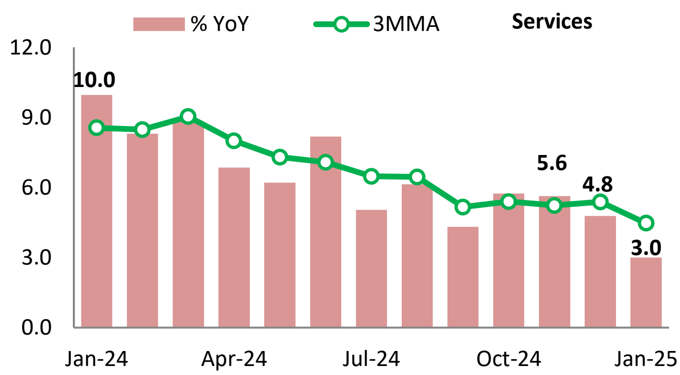



**Exhibit 7: Industrial sector growth accelerated to 7.0% YoY in Jan’25 vs. 6.3% in Dec’24**




# including construction

**Exhibit 8: Services sector grew 3.0% YoY in Jan’25, the slowest in 27 months**



## NSE: Curbing heightened speculation on expiry day is our collective responsibility; Sriram Krishnan, Chief Business Development Officer

- New exchanges are planning to launch equity derivative products
- Decision taken after internal review; SEBI approval not needed for change of expiry day
- Monday will be the optimal day for expiry of Nifty contract
- Solution for speculation on expiry day activity lies in one single expiry for the entire market

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## M&M: Will give FY26 estimates once IMD releases monsoon forecast in April; Hemant Sikka, President - Farm Equipment Sector

- Looking at very strong Q4 after a healthy February sales
- Continue to maintain both Q4 and FY25 estimates for the industry
- Have outperformed the industry, company's growth at 19% vs industry at 13.7% in February
- Will give FY26 estimates once IMD releases monsoon forecast in April

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## Blue Star: Expect 25-30% YoY growth this summer season; B Thiagarajan, MD

- It has been an excellent quarter in Q4 both the industry and Blue Star are expected to grow by 30%
- Expect 25-30% YoY growth this summer season
- Company is targeting 14.25% market share next year
- Took a price hike in February to the tune of 3-4% to compensate for raw material price hike

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## Azad Engineering: Fund raise of Rs 700 Crs will be used as growth capital & for building infra; Vishnu Malpani, ED

- Demand for company's products have picked up
- Fund raise of Rs 700 Crs will be used as growth capital & for building infra
- Are already 30-35% more competitive than the world (Excl China)
- US Tariffs will not impact the company and may even benefit it through tariffs on other geographies
- Sticking to revenue growth guidance of 25-30%
- No pressure on margins expected ahead

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