AUTOMOBILE

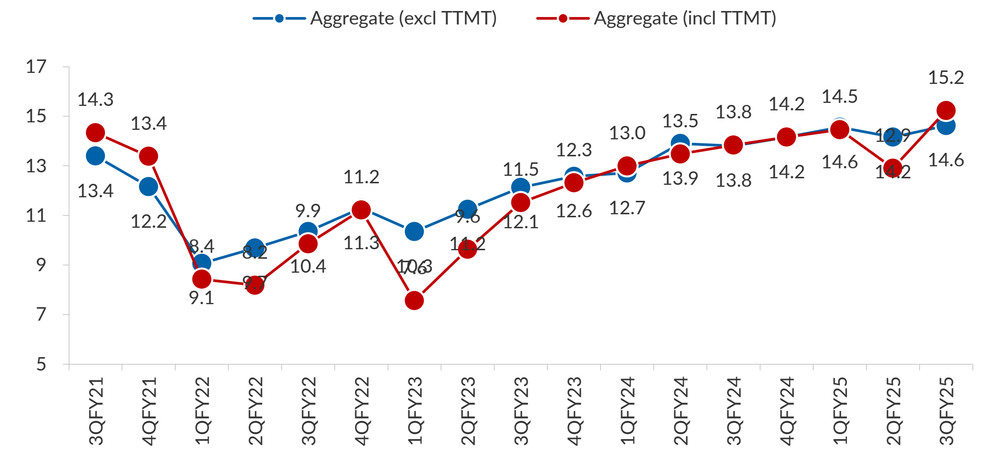
3QFY25 EBITDA margins for OEM coverage (excl TTMT) universe to expand QoQ by 40bp to ~14.6% (v/s 14.2% in 2QFY24). This will be led by, 1) gross margins improvement QoQ led by RM tailwinds (Steel) and 2) higher ASPs led by price hikes and favorable mix, offset by moderate volume growth in 2Ws. Companies with overseas exposure may report a weak quarter given decline in global automotive volumes. We expect QoQ margins expansion for AL (+110bp QoQ at 12.7%), EIM (SA +170bp QoQ at 28%). On a broad basis we expect margins expansion across OEM coverage universe but for TVSL where we expect margins to remain flat QoQ at 11.7%. Key RM prices such as Copper/Aluminum grew QoQ by 9%/1% while for Steel/NR/Lead it declined by 6%/-4%/-1% in 3QFY25.

Demand trends mixed across sub-segments – 3QFY25 dispatches largely remained mixed as 2W (led by post festive slack) registered flat to low single digit growth YoY while the same for tractors it grew by double digit. Within 2Ws, sustenance of demand led by high discounts, new launches helped sustain retails in led rural and urban markets, however the pace of growth moderated led by high base. On the other hand, high base, and increased tonnage capacity to keep the CV growth muted. Tractors to continue growth momentum led by positive farm sentiments.

Change in EPS across global facing coverage universe; valuations comfort selective – We have not seen material change in EPS across our coverage universe (OEMs and Ancs) for FY25E/26E, especially for domestic business. However, cut EPS by 5-8% of global ancs, especially of ENDU, SONACOMS and MOTHERSO to factor in for recent slowdown in Europe. However, receipt of PLI benefits expected to provide an upside risk to our estimates which can partially cushion moderating volume impact on earnings. With recent valuations contraction the sector is trading at slight discount to historical averages at an aggregate level, however for few names the same is at material discount (v/s 10 LPA) such as BHFC (-25%), EIM (-14%), MSIL (-25%), TTMT (-34%). However, names like TVSL is still at premium (+19%), EXID (+17%), AL (in line to 10 year LPA).

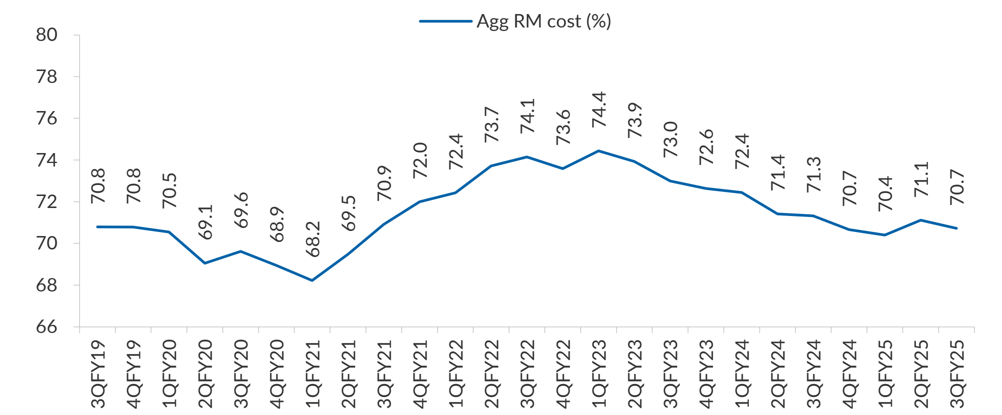
Top Picks – TVSL (ADD), M&M (BUY), HYUNDAI (BUY) from OEMs and ENDU (BUY), CEAT (ADD), EXID (ADD) from ancillaries - We continue to remain positive on 2Ws (owing to the peak-up in replacement, emerging signs of first-time buyers and sustained recovery post festive. However, we continue to be selective in 2Ws as we like TVSL, EIM. Among ancillaries, we prefer MOTHERSO for engine agnostic global PV play, ENDU for 2W recovery and EXID for strengthening EV narrative in favor of traditional OEMs and cell localization.

Exhibit 1: Aggregate margins for OEM coverage universe to contract 40bp QoQ



Source- Company, YES Securities

Exhibit 2: Aggregate RM (ex-TTMT) to contract ~40bp QoQ at 70.7%



Source - Company, YES Securities

Exhibit 3: Automobile- Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (bps)	QoQ (bps)	Q3 FY25	YoY (%)	QoQ (%)	
Ashok Leyland	91,350	(1.5)	4.2	11,567	65	106	7,431	28.0	9.4	We expect revenues to grew by 4.2% QoQ (-1.5% YoY) at ~Rs91.4b led by 2.1% QoQ increase in volumes (-1.4% YoY) along with 2% QoQ growth in ASPs (flat YoY) at ~Rs1.96m/unit, led by price hikes and mix while average discounts were under control. We expect EBITDA of ~Rs11.6b (+13.7% QoQ/+3.8% YoY) with EBITDA margins expected to expand to 12.7% (+110bp QoQ/+70bp YoY) led by benign RM. Adj.PAT to grew by 9.4% QoQ (+28% YoY) at Rs7.4b.
Bharat Forge	21,687	(4.2)	(3.5)	6,191	3	(28)	3,485	(7.7)	(0.8)	We expect standalone revenues to decline by 4.2% YoY (-3.5% QoQ) at Rs23.9b to be driven by 7% YoY decline in shipment tonnage (62.8k ton) partially offset by 3% increase in realizations at Rs345.2k/ton (-1.5% YoY). EBITDA margins expact to be flat YoY (-30bp QoQ) at 28.5% led by benign RM benefits. Adj.PAT to decline by 7.7% YoY (flat QoQ) at ~Rs3.5b.
Bajaj Auto	133,962	10.6	2.0	27,328	34	20	22,640	10.9	1.9	Overall volumes grew 2% YoY/flat QoQ at 1.22m units, while realizations are expected to grow 8.5 YoY/+1.8% QoQ at Rs109.4k/unit. This should result in revenue growth of 10.6% YoY/+2% QoQ at ~Rs134b. We expect EBITDA margins to expand 30bp YoY/+20bp QoQ at 20.4% due to benign RM and higher exports. Adj. PAT to grow 10.9% YoY at Rs22.6b.
CEAT	32,572	9.9	(1.4)	3,456	(348)	(35)	1,149	(36.6)	(5.1)	CEAT is expected to report +9.9% YoY/-1.4% QoQ in revenues at ~Rs32.6b as we expect S/A volumes to increase by 8% YoY (-3% QoQ) along with 2% YoY increase (+1.5% QoQ) in ASPs. ~440bp YoY (-50bp QoQ) gross margins contraction, should result in EBITDA margins contraction by ~350bp YoY (-40bp QoQ) at 10.6%. Adj. PAT to decline by 36.6% YoY (-5.1% QoQ) at Rs1.1b.
Eicher Motors	51,062	24.1	22.0	14,062	105	156	12,924	29.8	17.5	EIM's S/A volumes grew by 19.4% YoY/+19.5% QoQ at ~272.3k units and VECV volumes grew by 1.5% YoY/+1.1% QoQ to 20k units. We expect EIM's consolidated revenue to grow by +24% YoY/+22% QoQ at Rs51b, with EBITDA margins expected to expand by 150bp YoY/+200bp QoQ at 27.6% led by benign RM benefits and operating leverage. Adj. PAT to grow 29.8% YoY (+17.5% QoQ) at Rs12.9b.
Endurance Tech.	29,010	13.3	0.0	3,547	55	(50)	1,804	18.5	(6.5)	ENDU is expected to report revenue growth of 13.3% YoY/flat QoQ at Rs29b as muted 2W volumes to offset by execution of new orders. Better operating leverage to lead EBITDA margin expansion by 50bp YoY/-50bp QoQ at 12.2%. Adj. PAT to grow by 18.5% YoY (-6.5% QoQ) at Rs1.8b.
Escorts Kubota	31,490	35.7	27.2	4,058	(59)	208	3,472	25.2	6.3	ESCORTS tractor volumes grew by 4.5% YoY/+25.2% QoQ along with expected realisations growth of ~1% QoQ to led overall revenue growth by 35.7% YoY/+27.2% QoQ at Rs31.5b. This includes revenue growth in Agri Machinery (+43.7% YoY), CE (+17.4% YoY) and Railways (+10.3% YoY). RM to sales is expected to contract by 50bps YoY (-30bp QoQ) at 68.9% offset by higher other expenses resulting in EBITDA margins to contract by 60bp YoY (+210bp QoQ) at 12.9%. Adj. PAT to grew by 25.2% YoY (+6.3% QoQ) at ~Rs3.5b.
Exide Inds.	43,014	12.0	0.8	5,373	104	116	3,109	29.4	4.4	We expect EXID's revenue to grow 12% YoY/flat QoQ at Rs43b led by seasonal increase in exports. Lead prices in 3QFY25 decreased by 3.8% QoQ (-7.1% YoY) at Rs164.1k/ton. Gross margins to expand ~40bp YoY (+40bp QoQ) at 31.9% led by product mix. Better operating leverage and benign RM led EBITDA margins to expand 100bp YoY (+120bp QoQ) to 12.5%. Adj. PAT to grow 29.4% YoY (+4.4 QoQ) at Rs3.1b.

Co. name (Rs mn)	Revenue			EBITDA			PAT			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (bps)	QoQ (bps)	Q3 FY25	YoY (%)	QoQ (%)	
Hero Motocorp	101,288	4.2	(3.2)	14,822	63	15	11,484	7.0	(4.6)	Volume grew 0.3% YoY/-3.7% QoQ at ~1.46m units coupled with realization growth of +3.9% YoY/+0.5% QoQ at ~Rs69.2k/units on account of favorable mix, revenue to grow +4.2% YoY/-3.2% QoQ at ~Rs101.3b. EBITDA margins are likely to expand by 60bp YoY (+20bps QoQ) at 14.6% led by benign RM. Adj. PAT to grow 7% YoY (-4.6% QoQ) at ~Rs11.5b.
Hyundai Motor India	168,656	NA	(2.3)	21,931	NA	23	13,696	NA	(0.4)	HMIL's volume declined by 2.4% YoY (-2.9% QoQ) to 186.4k to be supported by expected ASP growth of 0.6% QoQ at ~Rs904.8k/unit, to result in revenues at ~Rs168.6b. Led by RM benefits, EBITDA margins are expected to expand ~20bp QoQ at 13%. Adj. PAT to come in flat QoQ at ~Rs13.7b.
M & M	302,570	19.6	9.8	44,181	180	27	30,238	23.2	(21.3)	M&M's overall volumes grew 13.2% QoQ (+17.3% YoY), wherein tractors volume grew by 30.4% QoQ (+19.8% YoY). Tractor contribution in volumes at 33.2% in 3QFY25 (v/s 28.8% in 2QFY25) whereas UV contribution in volumes declined to 59.6% in 3QFY25 (v/s 61.1% in 2QFY25). We expect MM's revenues to grow 19.6% YoY (+9.8% QoQ) at ~Rs302.6b while we expect ASP of Rs823.8k/unit (+2% YoY/-3% QoQ). We expect EBITDA margins at 14.6% (+180bp YoY/+30bp QoQ). Adj. PAT to grow by 23.2% YoY (-21.3% QoQ) at Rs30.2b.
Maruti Suzuki	389,360	16.9	4.7	47,532	48	34	38,147	21.9	24.3	MSIL's volume grew by 13% YoY (+4.6% QoQ) to 566.2k units to be supported by expected ASP growth of 3.5% YoY (flat QoQ) at ~Rs687.7k/unit, to result in +17% YoY (+4.7% QoQ) growth in revenues at ~Rs389.4b. EBITDA margins are expected to expand ~50bp YoY (+30bp QoQ) at 12.2%. Adj. PAT to grow ~22% YoY (+24.3% QoQ) at Rs38.1b.
Samvardh. Mothe.	280,103	9.0	0.7	24,229	(57)	(15)	4,024	(3.0)	(21.3)	We expect MOTHERSO consol revenues to grow by 9% YoY (+0.7% QoQ) at ~Rs280b. Expect consol EBITDA margin to contract 60bp YoY/-20bp QoQ at 8.6% and absolute EBITDA is expected to grow 2.2% YoY/-1% QoQ at Rs24.3b. Adj. PAT to decline 3% YoY (-21% QoQ) at Rs4b.
Sona BLW Precis.	8,919	14.1	(3.3)	2,435	(244)	(3)	1,438	7.7	(5.3)	We expect SONACOMS revenue to grow by 14.1% YoY (-3.3% QoQ) at Rs8.9b. EBITDA margins are expected to contract by 240bp YoY (flat QoQ) at 27.3%. Adj. PAT to grow 7.7% YoY (-5.3% QoQ) at Rs1.4b.
Tata Motors	1,228,445	11.1	21.1	194,245	195	431	77,917	5.9	119.0	We expect TTMT's consol revenue to grow by 11.1% YoY (+21.1% QoQ) at Rs1228.4b. Consol EBITDA margins are expected to expand 190bp YoY (+530bp QoQ) at 15.8%. Adj.PAT to grow +5.9% YoY (+119% QoQ) at Rs77.9b. This will be led by expected sharp improvement in JLR profitability QoQ.
TVS Motor Co.	91,515	11.0	(0.8)	10,687	47	(2)	6,586	11.0	(0.5)	TVSL's volume grew 10.1% YoY/-1.3% QoQ to ~1.21m units. This coupled with expected realizations growth of 0.8% YoY (+0.5% QoQ) at Rs75.5k/unit to result in revenue growth of 11% YoY (flat QoQ) at Rs91.5b. EBITDA margin to expand 50bp YoY (flat QoQ) at 11.7% led by RM cost savings and positive operating leverage. Adj. PAT to grow 11% YoY (flat QoQ) at ~Rs6.6b.

BANKS

- **Asset quality:** Fresh **slippages** in 3QFY25 would remain elevated for banks with high exposure to unsecured retail and microfinance viz. IDFCB, RBL and IIB but may not rise materially on sequential basis from already elevated levels seen in 2QFY25. In general, slippages have been moderately on the rise sequentially for the system and a similar moderate rise may continue. Sequential evolution of **provisions** would be a function of not only slippages but also of recoveries and upgrades and pre-existing provision buffers. Hence, we see a marginal rise in provisions, sequentially, for RBL, ICICI and INBK whereas we see flattish trend in provisions for HDFCB, SBIN, KMB, FED, KVB, CSB and DCB. Provisions would decline sequentially for AXSB, IIB, BOB, IDFCFB and CUB as they have created contingency provision in 2Q.

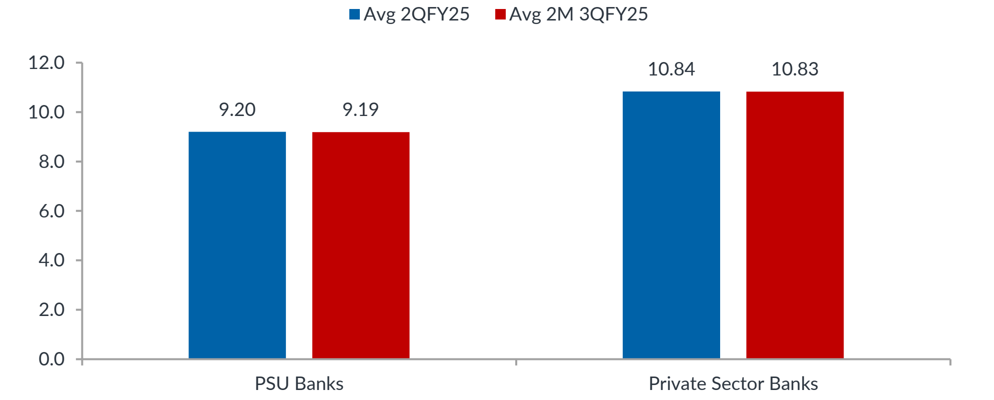
- **Net interest margin:** Most banks will see a sequentially decline in net interest margin (NIM), whereas a few would see stable NIM. Some banks have increased their card rates on deposits and there will also be some residual repricing of legacy low-cost deposits, causing blended cost of deposits to rise but the quantum would be lesser than preceding quarters. On the flip side, some banks may see favourable loan mix change. The average Weighted Average Domestic Term Deposit Rate (WADTDR) for private sector banks for 2M3QFY25 rose 4 bps, to 6.90%, compared with the average for 2QFY25. The corresponding Weighted Average Lending Rate (WALR) was down by -1bp to 10.83%, implying that **Loan Spread** declined -5 bps. For PSU banks, the WADTDR rose around 4 bps to 7.09% and the WALR declined around -1bp QoQ at 9.19%, which implies that Spread declined -5 bps. It may be noted that the WADTDR and WALR for 2M3QFY25 excludes December month. We see NIM for most banks to be marginally lower (2-5 bps) sequentially whereas hold for few banks in coverage universe (See next page for details).

- **Loan growth:** Sequential loan growth has been / will be healthy (>4.5%) for IDFCB, reasonable (3.5-4.5%) for ICICI, KMB, AXSB, IIB, FED, CUB, CSB, and DCB and moderate (2.5-3.5%) for HDFCB, SBI, BOB, INBK, KVB and RBL.

- **Opex growth:** For both private and public sector banks, sequentially opex growth would slightly lag business growth.

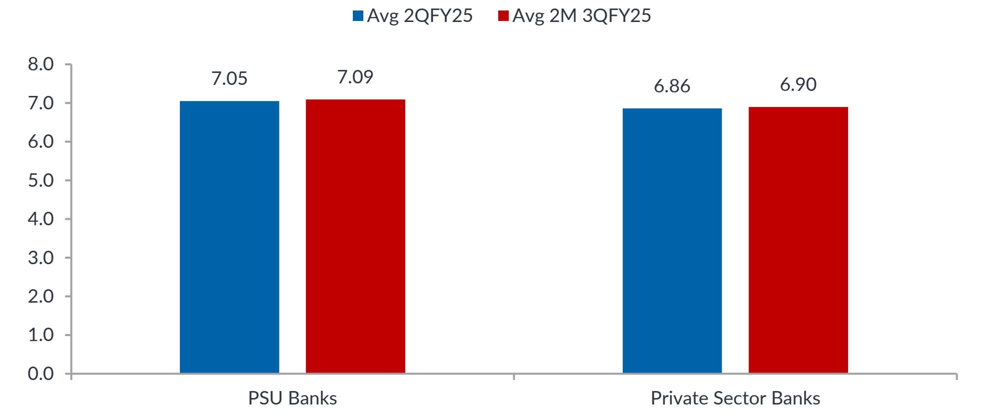
- **Treasury profit:** The long-term bond yields have declined on sequential basis, with the 10-year averaging 6.79% over 3QFY25, lower by -9 bps QoQ. However, due to change in accounting for AFS book, there will be no MTM gain/loss on investment book but any profit actually booked will travel through the P&L.

Exhibit 4: Change in Weighted Average Lending Rate, %



Source: RBI, YES Sec – Research

Exhibit 5: Change in Weighted Average Domestic Term Deposit Rate, %



Source: RBI, YES Sec – Research

N.B. For stock specific trends for various aspects, such as slippages, provisions and net interest margin, kindly refer to the Remarks portion on the next page.

Exhibit 6: Banks - Earnings expectation snapshot – Part 1 – Stocks in respective tables are as per order of Market Capitalisation

Bank (Rs mn)	NII			PPOP			PAT			Remarks (Commentary on sequential evolution)
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (%)	QoQ (%)	
HDFC Bank	308,667	8.4	2.5	253,741	7.3	2.7	172,323	5.3	2.4	Sequential loan growth will be in the 2.5% ballpark due to idiosyncratic growth trajectory. NII growth will be in-line with average loan growth as the rise in yield on advances to be in tandem with rise in cost of deposits. Consequently, NIM will be stable sequentially. Sequential fee income growth will broadly match loan growth. Opex growth would slightly lag business growth. Slippages would be broadly stable on sequential basis. Provisions will be stable on sequential basis.
ICICI Bank	207,884	11.3	3.7	171,692	16.6	2.7	118,644	15.5	1.0	Sequential loan growth will be in the 4.0% ballpark due to idiosyncratic growth trajectory. NII growth will be slightly slower than average loan growth due to rise in cost of deposits outpacing yield on advances. Consequently, NIM will be slightly lower sequentially. Sequential fee income growth will broadly match loan growth. Opex growth would slightly lag business growth. Slippages would be higher on sequential basis due to seasonality. Provisions will be higher on sequential basis.
State Bank of India	425,155	6.8	2.2	273,119	34.3	(6.8)	170,633	86.2	(6.9)	Sequential loan growth will be in the 3.0% ballpark due to idiosyncratic growth trajectory. NII growth will be slightly slower than average loan growth due to rise in cost of deposits outpacing yield on advances. Consequently, NIM will be slightly lower sequentially. Sequential fee income growth broadly match loan growth. Opex growth would slightly lag business growth. Slippages would be higher on sequential basis due to seasonality. Provisions will be stable on sequential basis.
Kotak Mahindra Bank	72,529	10.7	3.3	53,018	16.1	4.0	34,720	15.5	3.8	Sequential loan growth will be in the 4.0% ballpark due to idiosyncratic growth trajectory. NII growth will be slightly slower than average loan growth due to rise in cost of deposits outpacing yield on advances. Consequently, NIM will be slightly lower sequentially. Sequential fee income growth will broadly match loan growth. Opex growth would slightly lag business growth. Slippages would be broadly stable on sequential basis. Provisions will be stable on sequential basis.
Axis Bank	138,607	10.6	2.8	103,904	13.7	(3.0)	65,180	7.4	(5.8)	Sequential loan growth will be in the 3.5% ballpark due to idiosyncratic growth trajectory. NII growth will be in-line with average loan growth as the rise in yield on advances to be in tandem with rise in cost of deposits. Consequently, NIM will be stable sequentially. Sequential fee income growth will broadly match loan growth. Opex growth would slightly lag business growth. Slippages would be marginally higher on sequential basis. Provisions will be lower on sequential basis as the bank has made contingency provision in 2Q.

Source: Companies, YES Sec – Research,

Exhibit 7: Banks - Earnings expectation snapshot – Part 2 - Stocks in respective tables are as per order of Market Capitalisation

Bank (Rs mn)	NII			PPOP			PAT			Remarks (Commentary on sequential evolution)
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (%)	QoQ (%)	
Indusind Bank	54,823	3.5	2.5	36,923	(7.7)	2.8	17,745	(22.8)	33.9	Sequential loan growth was 2.9% ballpark due to idiosyncratic growth trajectory. NII growth will be slightly slower than average loan growth due to rise in cost of deposits outpacing yield on advances. Consequently, NIM will be slightly lower sequentially. Sequential fee income growth will broadly match loan growth. Opex growth would slightly lag business growth. Slippages would be higher on sequential basis. Provisions will be lower on sequential basis as the bank has made contingency provision in 2Q.
Bank of Baroda	119,102	7.3	2.5	81,263	15.8	(14.3)	49,832	8.8	(4.9)	Sequential loan growth was 2.5% ballpark due to idiosyncratic growth trajectory. NII growth will be slightly slower than average loan growth due to rise in cost of deposits outpacing yield on advances. Consequently, NIM will be slightly lower sequentially. Sequential fee income growth will be in-line with loan growth. Opex growth will be in-line with the business growth. Slippages would be broadly stable on sequential basis. Provisions will be lower on sequential basis as the bank has made contingency provision in 2Q.
Indian Bank	63,491	9.2	2.5	45,067	10.0	(4.7)	24,360	14.9	(10.0)	Sequential loan growth will be in the 3.0% ballpark due to idiosyncratic growth trajectory. NII growth will broadly be in-line with the average loan growth as the rise in yield on advances to be in tandem with rise in cost of deposits. Consequently, NIM will be stable sequentially. Sequential fee income growth will broadly match loan growth. Opex growth would slightly lag business growth. Slippages would be broadly stable on sequential basis. Provisions will be higher on sequential basis.
IDFC First Bank	49,783	16.1	4.0	19,860	27.1	1.2	5,880	(17.8)	193.0	Sequential loan growth was 3.7% ballpark due to idiosyncratic growth trajectory. NII growth will be slightly slower than average loan growth due to rise in cost of deposits outpacing yield on advances. Consequently, NIM will be slightly lower sequentially. Sequential fee income growth will broadly match loan growth. Opex growth would be inline with business growth. Slippages would be marginally higher on sequential basis. Provisions will be lower on sequential basis as the bank has made contingency provision in 2Q.
Federal Bank	24,619	15.9	4.0	16,262	13.1	3.9	10,975	9.0	3.9	Sequential loan growth will be in the 4.0% ballpark due to idiosyncratic growth trajectory. NII growth will be in-line with average loan growth as the rise in yield on advances to be in tandem with rise in cost of deposits. Consequently, NIM will be stable sequentially. Sequential fee income growth will broadly match loan growth. Opex growth would slightly lag business growth. Slippages would be broadly stable on sequential basis. Provisions will be stable on sequential basis.

Source: Companies, YES Sec – Research

Exhibit 8: Banks - Earnings expectation snapshot – Part 3 – Stocks in respective tables are as per order of Market Capitalisation

Bank (Rs mn)	NII			PPOP			PAT			Remarks (Commentary on sequential evolution)
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (%)	QoQ (%)	
KVB	10,778	7.9	2.7	7,721	14.6	(4.1)	4,441	8.4	(4.0)	Sequential loan growth was 3.2% due to idiosyncratic growth trajectory. NII growth will be slightly slower than average loan growth due to rise in cost of deposits outpacing yield on advances. Consequently, NIM will be slightly lower sequentially. Sequential fee income growth will broadly match loan growth. Opex growth would slightly lag business growth. Slippages would be broadly stable on sequential basis. Provisions will be stable on sequential basis.
City Union Bank	6,029	16.9	3.5	4,182	14.9	(2.3)	2,927	15.7	2.6	Sequential loan growth will be in the 3.5% ballpark due to idiosyncratic growth trajectory. NII growth will be in-line with average loan growth as the rise in yield on advances to be in tandem with rise in cost of deposits. Consequently, NIM will be stable sequentially. Sequential fee income growth will broadly match loan growth. Opex growth will be in-line with the business growth. Slippages would be broadly stable on sequential basis. Provisions will be lower on sequential basis as the bank has made excess provision to improve PCR in 2Q.
RBL Bank	16,683	8.1	3.5	10,660	39.9	17.7	2,738	19.0	24.7	Sequential loan growth was 3.3% ballpark due to idiosyncratic growth trajectory. NII growth will broadly be in-line with the average loan growth as the rise in yield on advances to be in tandem with rise in cost of deposits. Consequently, NIM will be stable sequentially. Sequential fee income growth will broadly match loan growth. Opex growth would slightly lag business growth. Slippages would be marginally higher on sequential basis. Provisions will be higher on sequential basis as assume that the bank will use the gain from sale of DAM Capital's stake to create excess provision.
CSB Bank	3,914	2.3	6.5	2,156	10.1	7.6	1,508	0.6	8.9	Sequential loan growth was 7.6% ballpark due to idiosyncratic growth trajectory. NII growth will be in-line with average loan growth as the rise in yield on advances to be in tandem with rise in cost of deposits. Consequently, NIM will be stable sequentially. Sequential fee income growth will broadly match loan growth. Opex growth would slightly lag business growth. Slippages would be broadly stable on sequential basis. Provisions will be stable on sequential basis.
DCB Bank	5,295	11.7	4.0	2,364	(7.3)	11.8	1,432	13.1	(7.9)	Sequential loan growth will be in the 4.5% ballpark due to idiosyncratic growth trajectory. NII growth will be in-line with average loan growth as the rise in yield on advances to be in tandem with rise in cost of deposits. Consequently, NIM will be stable sequentially. Sequential fee income growth will broadly match loan growth. Opex growth would be in-line with business growth. Slippages would be broadly stable on sequential basis. Provisions will be stable on sequential basis.

Source: Companies, YES Sec – Research

BUILDING MATERIALS

We foresee no major respite for Building Material companies in Q3FY25: The segment witnessed a decent start to the quarter wherein demand across segments showed initial signs of recovery. However, the demand trajectory paused from the second half of the quarter. Our checks indicated that demand was improving in Oct'24 however, from mid-Nov'24, demand was soft across segments. Plastic pipes segment is witnessing lackluster demand owing to lower infra spends. Further, with leader getting aggressive in terms of volume push, other manufacturers are facing severe pressure. For woodpanels & plywood demand was soft while industry demand for MDF was healthy. However, the pricing pressure continues to weigh on profitability of MDF manufacturers. Worsening the agony, timber prices moved-up even further during Q3FY25. Demand for tiles and ceramics also remained subdued. Also, competitive intensity remained elevated owing to lower exports from Morbi.

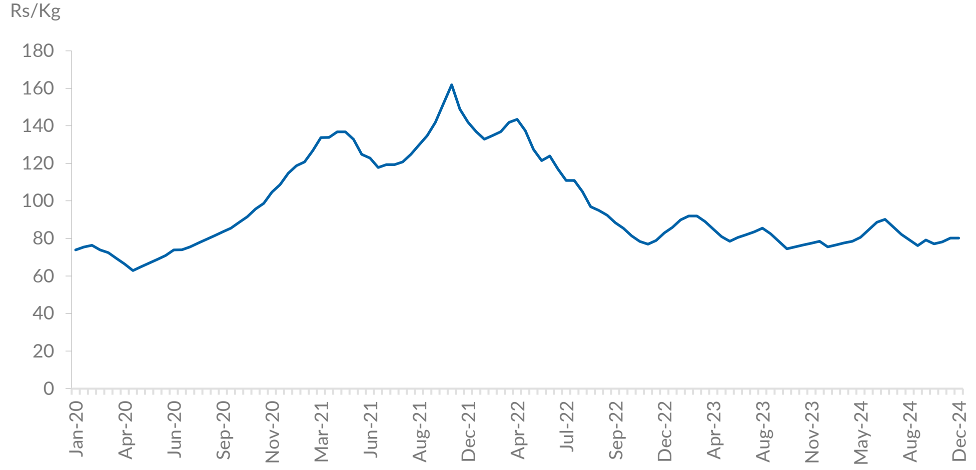
Leader's aggression weighs on growth of peers: Overall demand for plastic pipes has been challenging due to lower infra-activities and government activities. Moreover, there was an expectation of ADD on PVC resins however, the same has been postponed to next year. Hence, channel partners did not resort to re-stocking as expected. Our checks indicate that Supreme has been aggressive in pushing volumes hence, we expect SI to outperform other peers. Astral should also register mid-single digit growth while for other companies we expect a flattish to negative quarter. Moreover, profitability will remain under pressure on account of volume-push scenario in the industry.

Pain for MDFs continue: Laminates demand has been decent; all other segments have witnessed subdued demand. MDF industry continues to grapple with over-capacity. Incrementally, timber prices in both, North & South have surged even further. Though manufacturers are resorting to using mixed species of wood, overall cost will keep margins under pressure. We expect decent performance from Greenlam and Stylam. Greenply's performance could be impacted due to plant shutdown. Century's topline will accelerate with ramp-up of new plants.

Status quo for Tiles and Ceramics: No major respite has been seen for tiles and ceramic industry. Exports from Morbi remained under pressure during the quarter which led to higher competitive intensity in domestic markets. Subdued demand environment coerced the manufacturers to resort to volume-push hence, we expect pricing to remain under check. We do not expect any impactful performance from this segment.

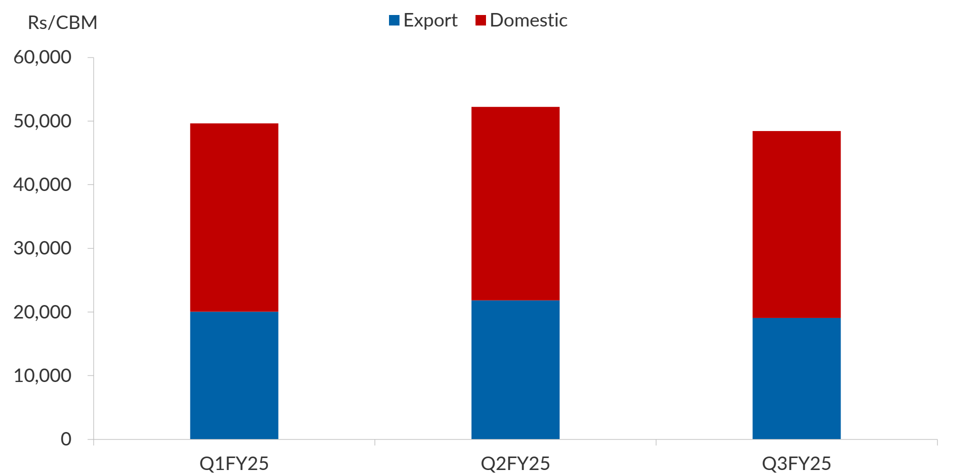
We expect decent performance from APAT, SYIL while GREENP, SOMC, CRS could report weak results.

Exhibit 9: PVC resin prices



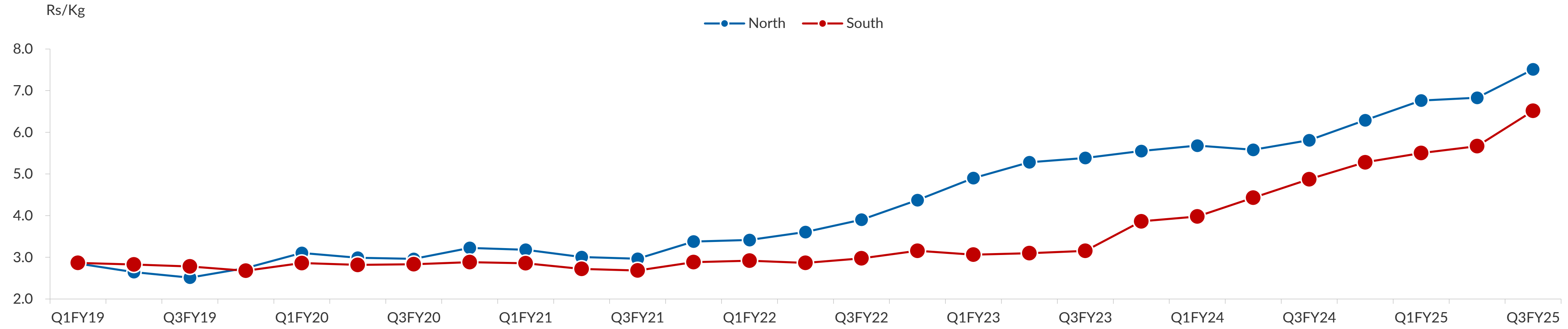
Source - Company, YES Sec

Exhibit 10: MDF pricing



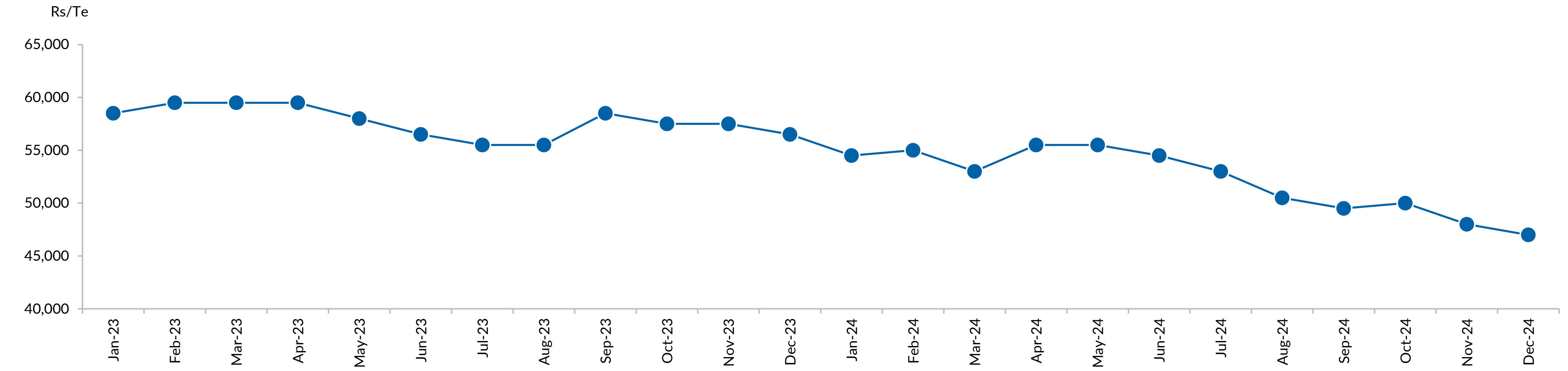
Source - Company, YES Sec

Exhibit 11: Timber price movement



Source - Company, YES Sec

Exhibit 12: HRC Prices



Source - Company, YES Sec

Exhibit 13: Building Materials- Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (bps)	QoQ (bps)	Q3 FY25	YoY (%)	QoQ (%)	
Greenpanel Inds.	3,542	(8.2)	5.1	276	(785)	(109)	83	(76.0)	(55.1)	Greenpanel is likely to report revenue of Rs3.54Bn, a degrowth of 8%YoY & a growth of 5%QoQ. We expect MDF volumes of 116,573cbm which will largely be driven by domestic sales. We expect plywood sales of 1.29msm. Operating margins are likely to come in at 7.8% as compared to 15.6%/8.9% in Q3FY24/Q2FY25 respectively. Company is expected to report a net profit of Rs83Mn, degrowth of 76%YoY & 55%QoQ.
Greenply Industr	5,871	0.9	(8.3)	457	(88)	(121)	129	(54.1)	(26.6)	Revenue is expected to remain flattish YoY & degrow by 8%QoQ to Rs5.87Bn, wherein plywood revenue is likely to increase by 4%YoY & decline by 7%QoQ, and MDF revenue should decrease sequentially by 10%. Margins are expected to contract by 88bps YoY & 121bps QoQ to 7.8%. Net profit should come in at Rs129Mn, a degrowth of 54%YoY & 27%QoQ (degrowth of 40%YoY excl exceptional gain of Rs89Mn in Q3FY24).
Greenlam Industr	6,366	13.0	(6.5)	761	(67)	(0)	283	12.2	(17.8)	Greenlam's revenue is expected to increase by 13%YoY & decline by 6%QoQ to Rs6.37Bn. Margins should come in at 12.0% as compared to 12.6%/12.0% in Q3FY24/Q2FY25 respectively. Absolute EBITDA is expected to increase by 7%YoY & decrease by 6%QoQ to Rs761Mn. Company should report net profit of Rs283Mn, a growth of 12%YoY & degrowth of 18%QoQ.
Century Plyboard	10,941	16.7	(7.6)	988	(229)	(38)	375	(40.2)	(6.3)	CenturyPly is expected to register a revenue of Rs10.94Bn, a growth of 17%YoY & degrowth of 8%QoQ. We expect operating margin to be at 9.0% as compared to 11.3%/9.4% in Q3FY24/Q2FY25 resectively. Hence, absolute EBITDA should decrease by 7%YoY & 11%QoQ to Rs988Mn. Consequently, net profit should decrease by 40%YoY & 6%QoQ to Rs375Mn.
Stylam Industrie	2,425	13.0	(7.7)	497	(178)	(20)	316	0.9	(7.2)	Stylam Industries should report a revenue of Rs2.42Bn, up 13%YoY & down by 8%QoQ. Operating margins are likely to come in at 20.5% in Q3FY25, as compared to 22.3%/20.7% in Q3FY24/Q2FY25 respectively. Hence, absolute EBITDA is expected to expand by 4%YoY & contract by 9%QoQ to Rs497Mn. Net profit is likely to come in at Rs316Mn, flattish YoY & a degrowth of 7%QoQ.
Apollo Pipes	3,100	39.9	23.8	240	(134)	0	78	(14.0)	96.6	Apollo pipes volumes are expected to come in at 25,410Te including Kisan Mouldings. ASP is expected to decrease by 2% to Rs122/Kg Vs previous quarter. Overall, revenue is expected to be Rs3.10Bn. Operating margins are likely to come in at 7.8%. EBITDA/Kg is expected to come in at Rs9.5. Net profit is expected to stand at Rs78Mn Vs Rs40Mn in Q2FY25.
Prince Pipes	5,822	(5.9)	(6.4)	433	(480)	9	128	(66.0)	(13.0)	Prince is expected to report volume decline of 4%YoY & 5%QoQ to 41,000Te. Revenue is expected to decrease by 6%YoY & 6%QoQ to Rs5.82Bn. ASP is expected to contract by 2%QoQ to Rs142/Kg. EBITDA/Kg should remain flat sequentially at Rs10.6. Company is expected to report net profit of Rs128Mn Vs Rs376Mn in Q3FY24 & Rs147Mn in Q2FY25.
Supreme Inds.	26,438	8.0	16.3	3,780	(119)	25	2,366	(4.4)	7.8	Supreme's revenue is expected to improve 8%YoY & 16%QoQ to Rs26.44Bn. Total volumes are expected increase by 5%YoY & 20%QoQ. Pipe biz's volumes are to grow at 7%YoY & 28%QoQ to 130,543Te. Blended margins are likely to come in at 14.3% in Q3FY25 vs 15.5%/14.0% in Q3FY24/Q2FY25 respectively. Net profit should come in at Rs2.37Bn, a decline of 4%YoY & an increase of 8%QoQ.
Finolex Inds.	9,691	(5.0)	17.0	922	(224)	824	982	3.0	141.5	Overall revenue for Finolex is expected to decline by 5%YoY & expand by 17%QoQ to Rs9.69Bn. Pipe volumes are expected to remain flattish YoY & increase by 17%QoQ. ASP is expected to contract by 3%YoY & remain flattish QoQ at Rs118. Operating margin is expected to come in at 9.5% as compared to 11.8% in Q3FY24 & 1.3% in Q2FY25. Net Profit should come in at Rs982Mn, a 3%YoY growth.

Co. name (Rs mn)	Revenue			EBITDA			PAT			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (bps)	QoQ (bps)	Q3 FY25	YoY (%)	QoQ (%)	
Astral	14,232	3.9	3.9	2,180	35	(1)	1,145	1.1	5.4	Company's revenue is expected to grow by 4%YoY & 4%QoQ to Rs14.23Bn. Pipe biz volume is expected to increase by 4%YoY & 8%QoQ to 54,843Te and ASP is expected to contract by 1%YoY & 1% sequentially to Rs183/Kg. Hence, we expect pipe segment's revenue to grow by 3%YoY & 7%QoQ. EBITDA/Kg is expected to decrease by 8%QoQ to Rs33. Adhesive segment is expected to grow by 5%YoY & decline by 3%QoQ. We expect the Sanitaryware & Faucet biz. to remain flattish QoQ. Blended margin should increase by 35bps YoY & remain flattish QoQ to 15.3%. Company should report net profit of Rs1.15Bn, flattish YoY & a growth of 5%QoQ.
Cera Sanitary.	4,696	7.0	(4.6)	687	64	0	549	6.5	(20.0)	Cera is expected to register revenue of Rs4.70Bn, a growth of 7%YoY and a degrowth of 5%QoQ. Operating margins to come in at 14.6% vs 14.0%/14.6% in Q3FY24/Q2FY25 respectively. Absolute EBITDA is expected to increase by 12%YoY & decrease by 5%QoQ to Rs687Mn. Consequently, net profit is expected to come in at Rs549Mn, viz. 7%YoY growth & 20%QoQ degrowth.
Hindware Home In	6,410	(7.5)	1.8	301	(262)	(3)	(126)	NM	NM	Hindware's overall revenue in expected to decrease by 7%YoY & increase by 2%QoQ to Rs6.41Bn, wherein Bathware revenue is expected to decrease by 7%YoY & increase by 4%QoQ to Rs3.73Bn. Pipe revenue is expected to grow by 6%YoY and remain flattish QoQ to Rs1.85Bn. Consumer Biz revenue is expected to decline by 27%YoY & remain flat on a QoQ basis. Blended margin is expected to be 4.7% as compared to 7.3%/4.7% in Q3FY24/Q2FY25 respectively. Company should report net loss of Rs126Mn.
Kajaria Ceramics	11,710	1.7	(0.7)	1,698	(102)	103	986	(8.7)	15.2	Overall revenue is expected to increase by 2%YoY & remain flattish QoQ to Rs11.71Bn. Tile volumes are expected to come in at 28.43msm, a growth of 5%YoY & flattish on a QoQ basis. Tiles revenue is likely to grow by 3%YoY & remain flattish QoQ. KJC's margins should come in at 14.5% as compared to 15.5%/13.5% in Q3FY24/Q2FY25 respectively. Net Profit should come in at Rs986Mn, a degrowth of 9%YoY & a growth of 15%QoQ.
Somany Ceramics	6,107	(0.2)	(8.4)	513	(124)	0	150	(35.9)	(13.4)	Somany's tile volume is expected to increase by 2%YoY and decrease by 10%QoQ to 16.07msm. Tile revenue is likely to remain flattish YoY & decrease by 10%QoQ. Consequently, overall revenue is expected to remain flattish YoY & decline by 8%QoQ to Rs6.11Bn. Margins are expected to stand at 8.4%, as compared to 9.6% in Q3FY24 & 8.4% in Q2FY25. Net Profit is expected to come in at Rs150Mn, a degrowth of 36%YoY (degrowth of 32%YoY excluding exceptional gain of Rs13Mn in Q3FY24) & 13%QoQ.
Carysil	1,950	3.7	(5.8)	350	(77)	(0)	160	4.6	(6.2)	Carysil's revenue is expected to increase by 4%YoY & decrease by 6%QoQ to Rs1.95Bn. Operating margin is expected to come in at 18.0% Vs 18.7% in Q3FY24 & 18.0% in Q2FY25. Absolute EBITDA is expected to remain flattish YoY & degrow by 6%QoQ to Rs350Mn. Net Profit is expected to expand by 5%YoY & decline by 6%QoQ to Rs160Mn.
APL Apollo Tubes	50,056	19.8	4.9	3,396	9	389	2,033	22.8	277.8	APL Apollo's revenue is expected to increase by 20%YoY & 5%QoQ to Rs50.06Bn. Volume is expected to grow by 37%YoY & 9%QoQ to 828K Te while ASP is expected to contract by 13%YoY & 4%QoQ to Rs60,440/Te. EBITDA/Te is expected to come in at Rs4,100, a degrowth of 12%YoY. Operating margin is expected to remain flattish YoY & expand by 389bps QoQ to 6.8% in Q3FY25. Net Profit is expected to increase by 23%YoY to Rs2.03Bn.

CEMENT

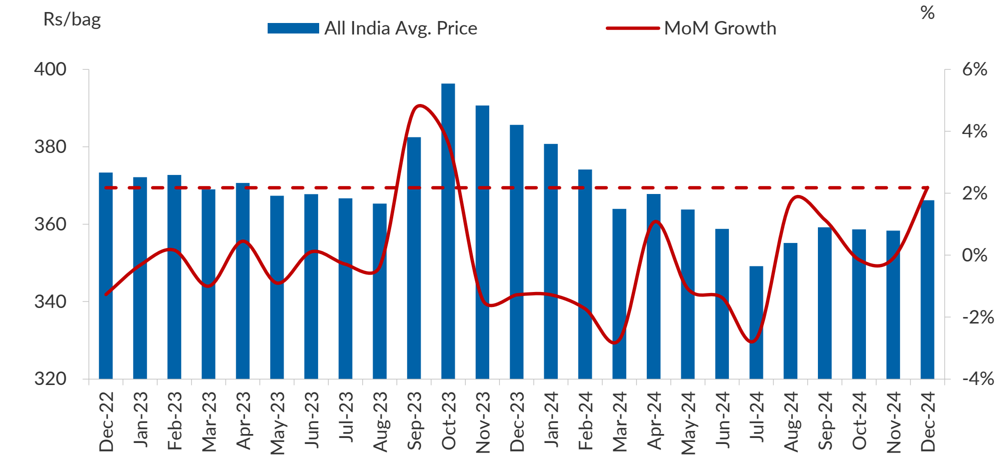
After a slowdown in 1Q and 2Q due to multiple issues i.e., prolonged monsoon impact, festive season and regional fund release issues, cement industry is likely to witness tepid growth in 3Q. Post the budget announcement, we haven't seen any significant improvement in demand across the region, while prices have remained at the level of three years avg. prices. However, in Dec'24 most the pockets have taken a price hike in the range of Rs7-10/ bag (vs. Rs10-20/bag announcement). Although, we may see pressure on top-line growth, but lower operating cost may save margins. Especially players, having regional pricing power, strong market presence and higher usage of green energy to perform well in 3Q.

Although, cement prices have increased in Dec'24, we don't see any significant impact in 3Q realization: Despite a price hike in Dec'24, the All-India avg. price in 3QFY25 remains below the five years avg. price of Rs365/bag. However, our coverage realization to witness de-growth of ~8% YoY and flattish to marginal increase on QoQ basis. We assume, ACC, BCORP, ACL and SRCEM to report realization in the range of 0.5-1% on QoQ basis, led by pricing power in their key market regions amid weak pricing environment, while UTCEM and DALBHARA to deliver flattish to negative realization.

Our coverage to report 8.4% YoY and 9.4% QoQ volume growth: SRCEM's to report strong volume growth of 11.4% YoY and 30.3% QoQ among our coverage mainly led by 1). Strong presence in northern region, 2). Low base impact, 3). Volume addition from new units supported by stable demand in the region. While BCORP to report volume de-growth of 1% YoY but increase of 4.7% QoQ. As a pan-India player UTCEM may see a volume growth of 11% YoY and 9% QoQ, which we believe may be lower than expected at 75% capacity utilization. While ACC and ACL to report decent volume growth of ~6-7% YoY volume growth in 3Q. We assume better volume growth in DALBHARA (6.5% YoY and 8% QoQ) mainly led by strong regional presence in eastern and southern market.

Our View: Despite a price hike in Dec'24, the primary concern is the RD (rate difference), the avg. rate difference is higher at Rs35-45/bag which would ideally go to the dealer and distributor from the company pockets. Similarly, we don't see any significant spike in volume in 3Q due to no major progress in government capex program post-election and budget announcement. So, the recent price hike is meaningless as per our view. We don't see any significant movement in government capex until 1Q/2Q FY26E due to regional, seasonal and liquidity issues in some specific states (i.e., eastern, and southern regions). While private capex to fill the gap to some extent till then. We are neutral to negative for sector for FY25E and may change our view in 2QFY26E.

Exhibit 14: All India avg. prices were up by Rs8/bag on MoM



Source- Company, YES Sec

Exhibit 15: 3QFY25 trade cement avg. prices were up by 2% QoQ but down by 8% YoY

Region	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	QoQ (%)	YoY (%)
North	389	409	391	376	369	385	4.4%	-6%
South	369	389	355	343	332	333	0.2%	-15%
East	392	387	361	363	362	366	1.1%	-5%
West	384	384	369	364	359	363	1.1%	-5%
Central	370	365	352	352	350	358	2.3%	-2%
All India Avg.	371	391	373	363	354	361	1.9%	-8%

Source - Company, YES Sec

Exhibit 16: Cement- Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (bps)	QoQ (bps)	Q3 FY25	YoY (%)	QoQ (%)	
UltraTech Cem.	169,254	1.1	8.3	25,930	(412)	241	11,507	(35.2)	40.3	As a pan-India players, we see 11% YoY and 9% QoQ volume growth in 3Q by factoring 75% CUR (vs. 69% in 2QFY25). We are factoring lower CUR due to intensifying competition from key regional players (i.e., Shree in north/ Dalmia in East/ South, Adani Cement as pan-India etc.). Also, pricing pressure from peer group despite having strong branding and market presence. We see lower (-0.6% QoQ) realization mainly on account of weak realization in white cement and clinker sale. However, improved cost efficiency (especially P&F and Freight Cost) to result EBITDA/tn of Rs855 (+18% QoQ) in 3Q.
Dalmia Bharat Ltd	33,428	(7.2)	8.3	5,328	(568)	188	1,262	(52.0)	174.3	Higher capacity is in eastern and southern region, where both volume and realizations were weak in 3Q. We expect only 60-63% capacity utilization and flattish to marginal increase in realization for the company. However, marginal decline in opex/tn to result EBITDA/tn of Rs736 (+13.6% QoQ) in 3Q. We believe, increase in lead distance due to off-market transport (Eastern to Central) would partially off-set the EBITDA/tn.
Birla Corpn.	20,688	(10.5)	6.0	2,238	(555)	174	87	(92.0)	(134.7)	Well, poised in demand rich region i.e., central and west, where the demand was ok and prices were relatively better in 3Q as compared to other region. We believe, increase in CUR, better realization, reduction in energy cost, higher usage of captive coal mining to result EBITDA/tn of Rs538 (+20.6% QoQ) in 3Q and generate Adj. PAT positive of Rs87mn.
ACC	47,596	(3.2)	3.3	7,099	(345)	560	4,149	(21.3)	77.4	We assume higher capacity utilization (CUR) in its key market region especially east, west, north, and central which may partially off-set by south capacity utilizations. At 40.15mt installed capacity, we are assuming 95% CUR as compared to 93% in 2Q (i.e., seasonal impact qtr). While we can expect inched up (+0.8%) in realization led by price hike in Dec'24 across the region. Better volume, marginal increase in realization coupled with improved cost structure to result strong EBITDA/tn of Rs748 (an increase of 62% QoQ).
Ambuja Cement Ltd	80,222	(1.3)	6.7	1,297	(51)	14	744	(31.8)	29.7	On consolidated basis, we don't see any major contribution to volume from Ambuja's standalone capacity. We don't expect any significant CUR increase in Sanghi as well as Penna. Ambuja's (incl. Sanghi and Penna) major installed capacity are in west/ south where prices/demand were weak in 3Q, However, north prices/demand were relatively better. On consolidated basis, we assume 67% CUR (vs. 63% in 2QFY25), marginal increase (+0.7% QoQ) in realization and improved cost structure to result EBITDA/tn of Rs862 (+10.2% QoQ) in 3Q.
Shree Cement	49,025	0.0	31.5	9,858	(506)	421	3,524	(52.0)	278.4	With strong presence in north and east, we believe SRCM to report better volume as compared to other peers. We are factoring 70% CUR with 9.9mt (+11.4% YoY and 30.3% QoQ) volume, mainly led by 1). Volume addition from recently commissioned south unit, 2). better demand in its key market, 3). Low-base impact. So, expect better volume, marginal increase in realization and low-cost structure to boost EBITDA/tn to Rs995 (+27.7% QoQ) in 3Q.

CONSUMER DURABLES

- Q3 is likely to witness subdued growth after strong H1, which saw the unprecedented revenue growth on back of heat waves and harsh summer. Q3 revenue growth is expected to be bit muted, post the festive season of Diwali in early November there has been lower traction with urban demand slowing down. Large Appliances like RAC, washing machine and refrigerators demand has seen demand growing in mid to high single digit as compared to double-digit growth in the 1HFY25.

- Wires and Cables continue to witness double digit revenue growth aided by volume growth and surge in copper prices. Copper prices have seen increase of ~14% in Q3 on yoy basis. Demand for Cables is expected to see improvement as elections in the key states is behind and projects that were on standby are expected to see revival. Volumes of housing wires should improve as the new interior and home renovation picks up pace post the festive season.

- Inventory filling for the summer products like RAC, coolers and Fans has been at the slower pace as dealers were waiting for inventory liquidation of winter products which was off to slow start in Q3. There have been no price increase for the cooling products post one round of price increase that the brands undertook in the month of June/July.

- B2B sales continues to improve post the moderation that was witnessed in B2B demand in Q1 on back of general elections and slower execution in Q2 on account of monsoons. Q3 has seen improvement in B2B demand however it is not up to the optimal level as envisaged. Dealers are expecting B2B demand to reach normalized levels by Q4 as order enquires have seen pickup as capex cycle is expected to see revival as elections in key states have been done with. This moderation in 9M demand as per the Dealers would be transient in nature and is likely to bounce back strongly in Q4.

- Commodity prices which were relatively stable, sine past few quarters has shot up in current quarter, commodity prices are higher both on yoy while on sequential basis it has remained flat. Gross margins of the companies are unlikely to get impacted as companies have taken price revisions in June and July post that commodity prices have been stable.

- Premium products sales have been outpacing the entry level sales which has continued in Q3 as well, however in Q3 there has been early trend of entry level products gaining initial traction. Proportion of 5 star rated AC to the overall sales have been increasing at the rapid pace. There has been strong demand for large capacity washing machine and refrigerators which has seen demand frenzy during Diwali festival. Customers are also preferring premium products in other categories as well.

- Demand trend has been bit muted in Q3, however dealers are expecting strong demand starting Q4 as they are expecting strong summer sales given the mild winter that has been observed in most part of the country. Current channel inventory is at the normalized levels.

- Our top result picks in the space would be Voltas, Orient electric, Crompton and Stovekraft

Exhibit 17: Avg gross margin of companies under our coverage universe is on improving trend

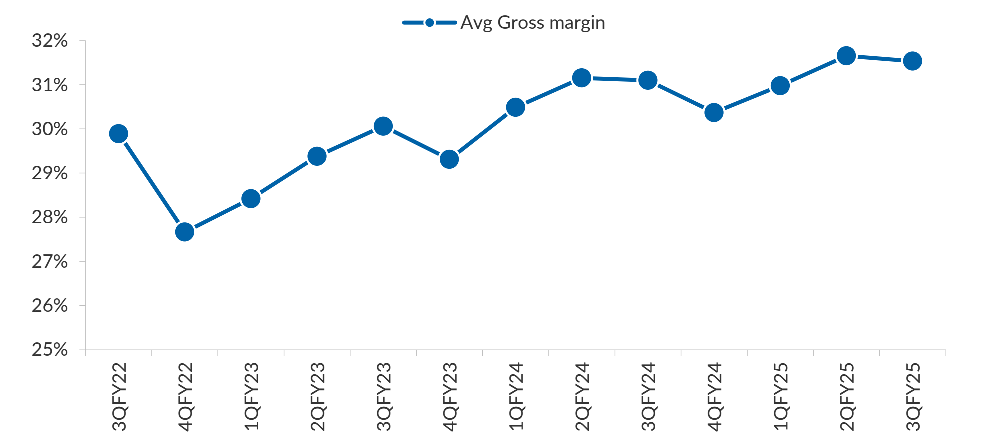


Exhibit 18: Commodity prices has seen surge on yoy basis

Q3FY25 (Avg Prices)	price	% yoy	% qoq
Copper (Rs/kg)	820	14.2%	0.3%
Aluminium (Rs/kg)	241	16.4%	4.4%
Polyprolelene	993	3.7%	-1.0%
Container freight index	3561	207.3%	-27.1%

Exhibit 19: Consumer Durables- Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (bps)	QoQ (bps)	Q3 FY25	YoY (%)	QoQ (%)	
Amber Enterp.	17,180	32.7	2.0	1,087	26	(42)	237	(5,226.6)	13.1	Revenue growth in Q3 is expected to be driven by RAC as brands have started ordering inventory early given the strong RAC growth in 1H and inventory with the brands have been at lower levels. Electronics is expected to continue with its growth momentum, while railways is expected to be muted as there has been delay in ordering from railways.
Bajaj Electrical	13,020	6.0	16.4	828	166	174	315	(15.6)	144.6	Favourable base would result in mid-single digit growth as demand for kitchen segment continues to pose challenges. Margins would see sequential improvement as discounting has reduced on back of normalising inventory and there have been price increases to pass on increased cost resulting in higher gross margins
Blue Star	25,966	15.9	14.1	1,814	5	43	1,209	20.4	25.9	Unitary products is expected to grow in mid to high teens on continued demand for RAC, while commercial refrigeration is expected to bounce back after BIS related regulatory changes. EMPS and PEIS is expected to grow at 16% and 3% respectively. Margins are expected to see slight improvement on yoy basis
Crompton Gr. Con	18,308	8.2	(3.4)	1,821	110	(78)	1,132	32.5	(11.6)	ECD and Lighting segment should register low double digit growth aided by festive season, while Butterfly appliances is expected to remain muted given the subdued demand environment for kitchen products. EBITDA margins are expected to improve on costs control and price hikes in butterfly portfolio
Dixon Technolog.	92,381	91.7	(19.9)	3,589	6	19	1,880	93.7	(54.3)	Growth would be driven by mobile phone volumes from the new customers that it had acquired in the preeceding quarters and ramp-up from the exsisting customers. Refrigerator segment will also aid in revenue growth. EBITDA margin is expected to remain at similar levels as benefit of operating leverage will be off-set by high growth in mobile phones which carries lower margins
Havells India	51,421	16.9	13.4	4,813	(64)	98	3,408	18.4	25.0	Revenue growth will be driven by cables and wires segment which has seen capacity expansion followed by ECD and Others segment which are likely to do well on back of festive season sales. Lloyd is expected to post growth of 14%. EBITDA margin is expected to contract on yoy basis on higher other expenses.
Johnson Con. Hit	4,151	38.6	4.7	(143)	(240)	327	(193)	(28.7)	(35.7)	Favourable base coupled with Continued demand for RAC will drive revenue growth. Company is expected to register EBITDA loss on back of operating deleverage as this is seasonally weak quarter and gross margins are expecte to be lower as company has been pushing for market share gains
IFB Industries	13,437	15.8	10.2	798	31	16	360	106.2	14.5	higher sales from front load washers along with increase in refrigerator sales should result in double digit revenue growth for home appliances. EBITDA margins are expected to improve ~30bps on yoy basis
Orient Electric	8,590	14.2	30.1	609	58	169	275	13.2	163.9	ECD revenue is expected to grow ~16% on back of festive season demand and launch of new products. Lighting & Switchgear should register high single digit growth as LED lighting prices have started to stabalsie. Operating margins are expeced to improve yoy basis as costs will come down as re-structuring is largely done with
Polycab India	53,827	24.0	(2.1)	6,459	(112)	51	4,471	7.3	0.4	Polycab should continue to deliver double digit growth as demand for cables continues to remian strong and also its key raw materials like copper and aluminium prices have surged reslting in higher realisation. EPC is also expected to register strong growth, while FMEG is expected to remain subdued
R R Kabel	18,986	16.2	4.9	1,435	67	282	928	30.8	87.4	Increase in copper prices and improved demand for housing wires should result in double digit revenue growth.

Co. name (Rs mn)	Revenue			EBITDA			PAT			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (bps)	QoQ (bps)	Q3 FY25	YoY (%)	QoQ (%)	
Stove Kraft	4,115	13.8	(1.6)	475	288	(17)	172	154.8	2.9	Revenue growth would be driven by new festive season sales, new product launches and higher export traction. Margin is expected to improve on yoy basis, while it is expected to flat on sequential basis
Symphony	2,850	15.4	(9.5)	576	241	(10)	457	11.6	(18.3)	Growth will be driven by demand in domestic air-cooling segment as inventory with the channel has been at lower than normal levels. International subsidiaries perfromance is expected to remain steady. Margin is expected to improve on yoy basis, while A&P spends are expected to higher on launch of water heaters.
TTK Prestige	7,099	3.4	0.2	779	(141)	29	601	(4.6)	4.4	Lower demand for kitchen products hould result in muted revenue growth. Margins are expected to be on the lower side as there will be additional business restructuring expense which company has undertaken
V-Guard Industri	13,056	12.0	0.9	1,189	39	59	714	22.6	12.7	Growth should be driven by strong traction Electricals followed by consumer durables, electronics growth should be subdued given this is off season for RAC
Voltas	30,060	14.5	14.8	1,939	537	26	1,581	(673.0)	19.1	Improved execution and healthy order book in EMPS along with continued market share gains in RAC should result in strong revenue growth.
Whirlpool India	17,024	10.9	(0.6)	944	146	46	589	96.9	10.1	Festive demand coupled with new launches in washers and refrigerators should result in double-digit growth for the company

CONSUMER STAPLES & DISCRETIONARY

Stable demand– In 3QFY25, the FMCG sector witnessed steady demand trends with YoY rural growth holding up and still growing faster than urban growth. General trade growth still remains under pressure while modern channels of distribution (MT, Ecom & Qcom) seem to have grown faster. Within our coverage, we expect YoY volume growth to be stronger for Varun Beverages (ex-BevCo & DRC volumes), Marico, Britannia, ITC and Jyothy Labs (refer to Exhibit 1).

Pricing cycle has turned positive – We expect all of our coverage companies to have a positive realization growth in 3QFY25. For our Staples coverage, we thus estimate a revenue growth of 9.8% YoY with VBL leading the pack, followed by TATACONS, MRCO and GILL.

Continued pressure on GM visible – We expect majority of the companies to see decline on gross margins on a YoY indicating increasing inflation. GM are expected to remain flat sequentially (but down 210bps YoY) as companies took price hike to counter inflation. We thus build 120bps YoY contraction in EBITDA margins for our Staples universe in 3QFY25.

Companies to watch out for - Within our Staples coverage, we expect strong organic double-digit EBITDA growth only for GILL in 3QFY25.

Consumer Discretionary - For **WESTLIFE**, low base and value focus, should augur for SSSG recovery. We thus build 4% SSSG for the quarter. Delivery business is expected to do slightly better but should start converging from next quarter. We also build double-digit store expansion this quarter. For **UNITDSPR** (Alco-Bev), low base, new liquor policy in Andhra Pradesh market, duty reversal in Karnataka, decent wedding & winter season leading to strong volume growth in P&A at ~9% leading to overall volume growth of 7.7%. This along with ~110bps EM improvement should drive robust 16% APAT growth for the quarter.

Valuation & View: At current valuations, we have a BUY rating on MRCO, TATACONS, VBL, JYL and DABUR. Looking at medium-term opportunity we have a positive view on WESTLIFE (BUY). We also have ADD rating on BRIT, ITC, GILL, & UNITDSPR. Looking at the very near-term results (3QFY25), UNITSPR and GILL are expected to better on earnings. Key monitorable: Growth commentary, near-term commodity prices and competitive pressure on pricing.

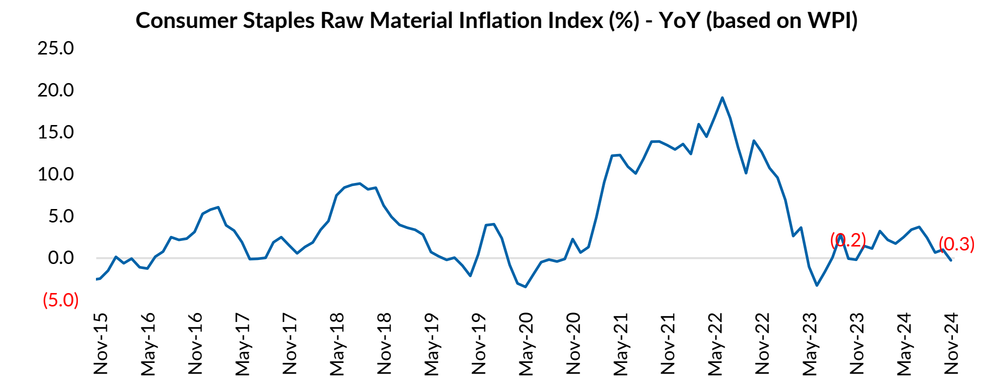
Exhibit 20: Volume growth for coverage FMCG companies over the last few quarters

Volume growth (%)	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25e
Britannia (Base business)	2.5	2.0	0.0	0.2	5.5	6.0	8.0	8.0	6.0
Colgate (Toothpaste)*	-3.0	-1.0	8.0	1.0	3.0	3.5	7.5	8.0	5.0
Dabur (Domestic FMCG)	-3.0	0.0	3.0	3.0	6.0	4.2	5.2	-7.5	-0.5
Hindustan Unilever (UVG)	5.0	4.0	3.0	2.0	2.0	2.0	4.0	3.0	1.5
ITC (Cigarette)*	15.0	11.0	9.0	6.0	-2.0	2.5	2.0	3.0	6.0
Marico (Domestic)	4.0	5.0	3.0	3.0	2.0	3.0	4.0	5.0	6.0
Jyothy Labs	2.1	3.3	9.0	9.0	11.0	7.2	10.8	3.0	6.0
Varun Beverages (Total)	17.9	24.7	5.0	15.8	18.2	7.1	28.0 (19.1)	21.5 (6.0)	32.5 (7.5)
Tata Consumer India Foods	4.0	8.0	6.0	6.0	5.0	5.0	10.0	1.0	1.0
Tata Consumer India Beverages	-5.0	3.0	3.0	3.0	2.0	0.0	0.0	-4.0	2.0
Nestle (Domestic)	-0.8	4.0	4.0	0.0	2.0	4.0	0.5	-1.5	0.0

Source- Company, YES Sec; Ex-BevCo and DRC volumes, VBL volumes to grow by 7.5% indicated in ()

* Our estimate; UVG = Function of volume growth & mix

Exhibit 21: Our internal tracker for Consumer Staples Raw Material Inflation is seeing a minor drop in Nov but seems to have picked up in Dec for some key inputs



Source - Office of Economic Adviser, YES Sec

Exhibit 22: Consumer Staples & Discretionary- Earnings expectation snapshot

Ticker	Console / Standalone	Revenue (Rs mn)	Revenue growth	EBITDA (Rs mn)	EBITDA growth	EBITDA margin (EM)	EM change	APAT (Rs mn)	APAT growth	Comments
		Q3 FY25	YoY (%)	Q3 FY25	YoY (%)	Q3 FY25	YoY (%)	Q3 FY25	YoY (%)	
BRIT IN	Consol	46,225	8.6	7,951	(3.2)	17.2	(2.1)	5,446	(2.6)	We estimate BRIT's base business volumes to grow by ~6% in 3QFY25 (5-yr CAGR: ~4.8%). This along with anniversarization of earlier cuts along with fresh price actions should lead to revenue growth of 8.6%. Recent spike in RM inflation will lead to decline in gross margin by 290bps YoY (-50bps QoQ). However, savings in operating overheads will lead to contraction in EBITDA margin of ~210bps to 17.2%. EBITDA and APAT are thus estimated to decline by ~3% YoY.
CLGT IN	Standalone	15,063	7.9	4,776	2.0	31.7	(1.9)	3,379	2.3	We expect 7.9% revenue growth for 3QFY25 driven by toothpaste volume growth of 5% YoY (5-yr CAGR: ~2.4%). We see gross margins to contract by 250bps YoY. At operating level, we build margin contraction of ~190bps YoY to 31.7%. EBITDA and APAT are thus expected to grow by ~2% YoY.
DABUR IN	Consol	33,234	2.1	6,747	1.0	20.3	(0.2)	5,194	1.0	We expect domestic volume growth to decline by -0.5% in 3QFY25 with positive realization growth leading to revenue growth of 2.1%. Gross margin is expected to expand by just 20bps YoY (-50bps QoQ) to 48.8%. Higher operating overheads means that we see EBITDA margin of 20.3% (down 20bps YoY). Consequently, EBITDA and APAT are expected to grow by just 1% YoY.
GILL IN	Standalone	7,369	15.2	1,842	18.2	25.0	0.6	1,239	19.2	We expect GILL's revenue to grow by 15% YoY led by 17% growth in grooming segment (5yr CAGR: ~12%) and 8% YoY growth in oral care. We expect gross margins to improve by 40bps YoY but savings in overheads will lead to EBITDA margin expansion of ~60bps YoY to 25%. We thus build EBITDA/APAT growth of 18.2%/19.2% YoY, respectively.
HUVR IN	Standalone	157,164	3.5	36,383	2.8	23.2	(0.2)	25,981	2.2	We expect HUL to post UVG of ~1.5% YoY (5-yr CAGR: ~2.9%), this along with recent price hikes in select SKU's would lead to 3.5% YoY revenue growth. With sharp inflation in some key commodities we build GM at 50.5% (down 50bps QoQ; -100bps YoY). EBITDA margins to thus contract by ~20bps YoY to 23.2%. EBITDA and Recurring PAT are expected to grow by 2.8% and 2.2%YoY, respectively.

Ticker	Console / Standalone	Revenue (Rs mn)	Revenue growth	EBITDA (Rs mn)	EBITDA growth	EBITDA margin (EM)	EM change	APAT (Rs mn)	APAT growth	Comments
		Q3 FY25	YoY (%)	Q3 FY25	YoY (%)	Q3 FY25	YoY (%)	Q3 FY25	YoY (%)	
ITC IN	Standalone	186,382	13.1	64,558	7.2	34.6	(1.9)	53,360	(4.3)	We expect ITC's overall topline to grow by 13.1% YoY as we expect YoY volume growth in cigarette business to be ~6% (5yr CAGR: 4.5%; similar to previous quarter). Other-FMCG business, Hotels Agri business, and PPP is expected to grow at 9%, 16%, 30% and 5% YoY respectively. At the company level, we expect Gross margin and EBITDA margin to decline by ~340bps and ~190bps YoY to 55% and 34.6% respectively. While EBITDA is likely to grow by 7.2% YoY but APAT is expected to decline by 4.3% YoY largely due to low tax rate in base quarter.
MRCO IN	Consol	27,861	15.0	5,321	3.7	19.1	(2.1)	3,943	3.0	Marico's domestic business is expected to grow by ~16% led by volume growth of ~6% and price hikes in core portfolios. This along with mid teen constant currency growth in international business, consolidated revenue is expected to grow by 15% YoY. Gross margin to decline 200bps on a YoY basis (down 150bps QoQ) to ~49.3% owing to partial absorption of higher input costs. Consequently, expect EBITDA margin to be down by 210bps YoY to ~19.1%. EBITDA and APAT are thus likely to grow by 3.7% and 3% YoY, respectively.
NEST IN	Standalone	48,123	4.6	10,587	(4.9)	22.0	(2.2)	6,887	(8.5)	We expect NEST to revenue growth of 4.6% largely driven by price+mix. We see gross margins to decline by 360bps on a YoY basis. Savings in overheads would limit the contraction of EBITDA margin to ~220bps YoY to 22%. EBITDA and recurring PAT are likely to be down by 4.9% and 8.5% on a YoY basis, respectively.
WESTLIFE IN	Consol	6,663	11.0	869	(9.5)	13.0	(3.0)	77	(63.1)	We expect WESTLIFE to see 4% SSSG on YoY basis due to negative base, leading to a revenue growth of 11%. We see gross margins/EBITDA margin to decline by 30bps/~300bps on a YoY basis. EBITDA and recurring PAT are likely to be down by 9.5% and 63.1% on a YoY basis, respectively.
TATACONS IN	Consol	43,902	15.4	5,619	(1.8)	12.8	(2.2)	3,304	(10.8)	We expect India Foods & Beverages volume growth to be ~1% YoY and 2% YoY, respectively. Overall revenue growth for the quarter to be 15.4% YoY. Overall GM is expected to contract by 240bps YoY. However, slight savings in overheads will limit the EBITDA margins contraction by 220bps YoY to 12.8%. EBITDA and APAT is expected to decline by 1.8% and 10.8% YoY respectively.

Ticker	Console / Standalone	Revenue (Rs mn)	Revenue growth	EBITDA (Rs mn)	EBITDA growth	EBITDA margin (EM)	EM change	APAT (Rs mn)	APAT growth	Comments
		Q3 FY25	YoY (%)	Q3 FY25	YoY (%)	Q3 FY25	YoY (%)	Q3 FY25	YoY (%)	
UNITDSPR IN	Standalone	33,412	11.8	5,847	19.0	17.5	1.1	4,037	16.0	We expect overall volume growth for UNSP to be 7.7% primarily led by 9% P&A volume growth and 2% growth in Popular segment. Overall realizations are expected to be ~4% which means revenue growth is expected to be ~11.8% YoY. GM to expand by 110bps on a YoY basis to 44.5%. EBITDA margins is expected to improve by 110bps YoY to 17.5%. EBITDA and recurring PAT are likely to be up by 19% and 16% on a YoY basis.
VBL IN	Standalone	35,809	34.2	5,852	39.9	16.3	0.7	1,581	10.1	We expect overall volume growth for VBL to be 32.5% primarily led by BevCo. & DRC volumes not being in the base. Ex. BevCo and DRC, volumes expected to grow by 7.5%. Overall realizations are expected to be 2.1% which means revenue growth is expected to be 34.2% YoY. GM to contract by 50bps on a YoY basis to 56.1%. EBITDA margins is expected to improve by 70bps YoY to 16.3%. EBITDA and recurring PAT are likely to be up by 39.9% and 10.1% on a YoY basis.
JYL IN	Standalone	7,185	6.0	1,221	3.0	17.0	(0.5)	926	1.8	We expect overall volume growth for JYL to be 6% with realizations are expected to be flat which means revenue growth is expected to be 6% YoY. GM to contract by 80bps on a YoY basis to 49%. EBITDA margins is expected to contract by 50bps YoY to 17%. EBITDA and recurring PAT are likely to be up by 3% and 1.8% on a YoY basis.
Consumer Universe		648,391	9.9	157,574	5.0	24.3	(1.1)	115,353	(1.7)	
Consumer Staples Universe		608,316	9.8	150,858	4.7	24.8	(1.2)	111,239	(2.1)	

FOOTWEAR

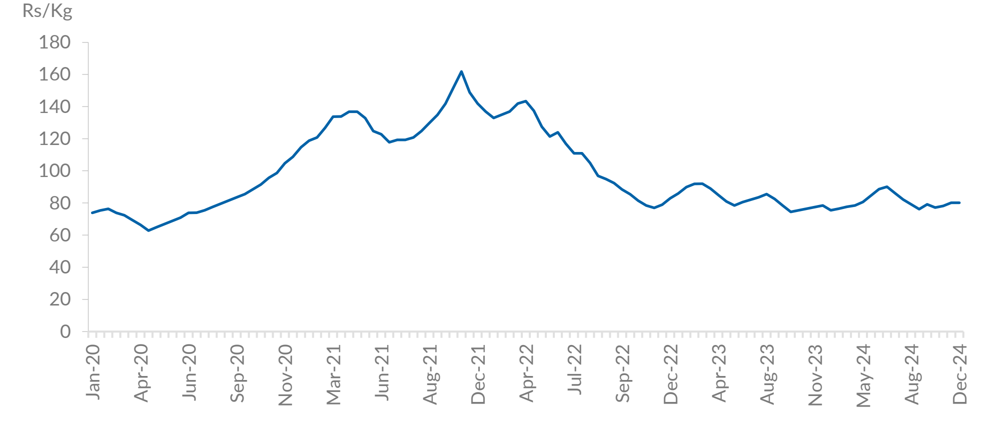
Festive fails to bring any major cheer for the footwear industry in Q3FY25. Though footfalls and overall demand were healthy, we do not foresee any major growth on YoY basis for this segment. Notably, companies resorted to volume-push strategy as competitive intensity is increasing in this segment. Incrementally, in Q3 there is an EOSS across retail and online channels during the quarter. Hence, we expect pricing to remain under-check. Consequently, margins will be capped owing to higher brand and promotional expenses.

During the quarter, we hosted a few expert interactions, and the consensus view was that demand is challenging and bigger brands are facing heat from competition owing to rapidly growing new-age brands on online channels.

For our coverage universe, we reckon overall topline growth to remain flattish to positive for Q3FY25. On YoY basis, we expect 2%/2% growth for Bata/Relaxo respectively, while METRO is likely to post a flattish topline overall, and Campus' sales should witness a marginal decline of 3%. On margin front do not expect any major movement Vs Q3FY24.

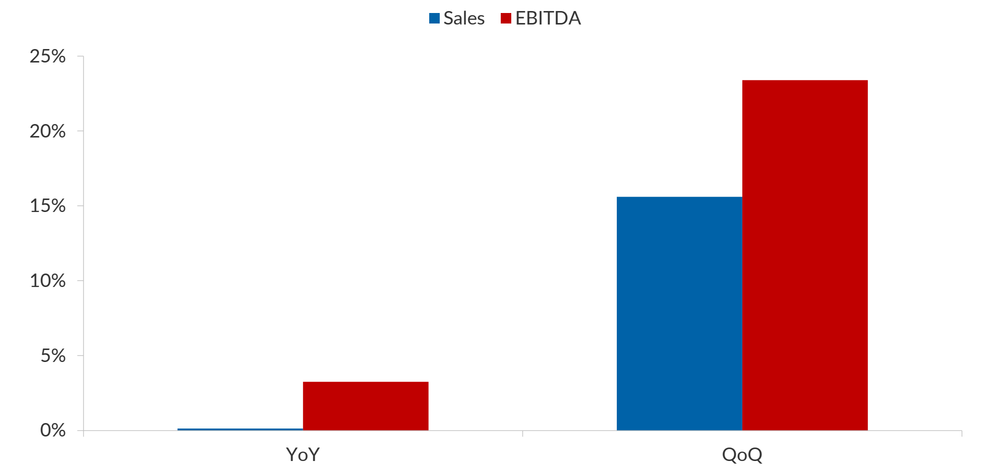
We expect an overall flattish performance from all the companies.

Exhibit 23: PVC resin prices



Source- Company, YES Sec

Exhibit 24: Average Sales & EBITDA growth



Source- Company, YES Sec

Exhibit 25: Footwear- Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (bps)	QoQ (bps)	Q3 FY25	YoY (%)	QoQ (%)	
Bata India	9,215	2.0	10.1	1,889	31	(36)	632	9.0	21.6	Bata's revenue is expected to record a growth of 2%YoY & 10%QoQ to Rs9.22Bn. Operating margin is expected to come in at 20.5% Vs20.2%/20.9% in Q3FY24/Q2FY25 respectively. Net profit is expected to come in at Rs632Mn, a growth 9%YoY & 22%QoQ.
Campus Activewe.	4,570	(3.2)	37.1	571	58	105	277	11.3	93.8	Campus is expected to report a revenue of Rs4.57Bn, down by 3%YoY & up by 37%QoQ. The margin is expected to increase by 58bps YoY & 105bps sequentially to 12.5%. Hence, absolute EBITDA is expected to increase by 2%YoY & 50%QoQ to Rs571Mn. Net profit is expected to improve by 11%YoY to Rs277Mn.
Metro Brands	6,335	(0.3)	8.2	1,980	(6)	481	1,028	4.1	43.3	Metro is expected to report volume sales of 4.0Mn pairs, an increase of 5%YoY & 14%QoQ. We expect Metro's overall revenue to remain flattish YoY & grow by 8%QoQ to Rs6.33Bn. EBITDA margins are expected to come in at 31.3% Vs 31.3%/26.4% in Q3FY24/Q2FY25 respectively. Net profit is expected to increase by 4%YoY & 43%QoQ to Rs1.03Bn.
Relaxo Footwear	7,270	2.0	7.0	945	77	10	422	9.4	14.9	Relaxo's revenues are expected to increase by 2%YoY & 7%QoQ to Rs7.27Bn. Volumes are expected to remain flattish YoY & 9%QoQ to 4.7Mn pairs. ASP is expected to decline by 2% sequentially to Rs155/pair. Margin is expected to improve by 77bps YoY & remain flattish QoQ to 13.0%. Net profit is expected to come in at Rs422Mn, a growth of 9%YoY & 15%QoQ.

INSURERS, ASSET MANAGERS, BROKERS AND FINTECH

LIFE INSURERS

- **New business growth**: Growth trend for 2M3QFY25 (October and November 2024) is publicly available on the IRDA website and we expect new business growth for the whole of 3QFY25 to be broadly along similar lines, penciling in QoQ APE de-growth of -27%, -11% and -7% for LIC, HDFL and IPRU, respectively whereas QoQ APE growth of 20% and 1% for SBIL and MLI, respectively due to seasonality.
- **New business margin**: We expect VNB margin to decline -50bps for SBIL, -20bps for IPRU, -20bps for HDFL and -10bps for MLI due to the impact of surrender value guidelines. IPRU and HDFL margin decline will be kept in check due to late re-pricing and MLI due to seasonality aspects. We expect VNB margin to expand 60bps QoQ for LIC due to idiosyncratic seasonality aspects.

GENERAL INSURERS

- **Net earned premium**: We pencil in NEP de-growth of -16.2% QoQ for ICICGI whereas flat NEP QoQ for Star Health based on the GDP trends observed till November 2024.
- **Under-writing profit**: We expect overall loss ratio to be lower sequentially for both ICICIGI and Star Health. However, we see a sequential increase in under-writing loss for ICICIGI whereas a sequential decrease in underwriting loss for Star Health.
- **Profit after tax**: ICICIGI and Star Health would continue to generate investment return to register reasonable net profit during 3QFY25. We expect PAT to de-grow -19.8% QoQ for ICICIGI whereas we expect PAT to grow 79.7% QoQ for Star Health.

ASSET MANAGERS

- **Revenue growth**: Revenue growth for Asset Managers is a direct function of AUM growth and fund category mix. Overall AUM for all four coverage asset managers witnessed growth in November 2024 compared with September 2024 levels. The share of Equity AUM has marginally decreased sequentially for all coverage Asset Managers. We note that the trend as of December 2024 would have a -2.0% Nifty return and 1.4% Nifty Midcap 100 return overlay over November 2024. We have assumed largely similar revenue yield estimates QoQ for HDFCAMC, NAM, ABSLAMC and UTIAMC. **CAMS**: We assume revenue growth based on AUM growth, telescoping pricing and non-MF business trends for CAMS.
- **EBITDA**: We have assumed marginal decrease in EBITDA margin for all coverage asset managers. **CAMS**: We assume EBITDA margin to marginally decline sequentially.
- **Profit after tax**: Asset managers earn return on their investment book, which is counted below EBITDA as other income. We estimate Other Income to be lower QoQ for all coverage asset managers. Hence, we estimate net profit to be sequentially lower for all asset managers except HDFCAMC which will be flat sequentially. **CAMS**: We assume marginally lower profit margin for CAMS QoQ.

BROKERS

Angel One

- **Revenue:** Growth trend for 2M3QFY25 (October and November 2024) is publicly available on the Exchange's website and we expect order volume growth for the whole of 3QFY25 to be broadly along similar lines. We estimate order volume to decrease by -12% QoQ, based on which we arrive at fees and commission income de-growth of -12% QoQ. The average client funding book is estimated to have grown by 3.6% QoQ, while, for FDs we have assumed a 2% QoQ growth. We factor in MTF interest rate revision to 14.99% effective from 1st November 2024 and hence, we arrive at -1.3% QoQ de-growth in interest income. **Operating Profit:** We assume decrease in fees and commission expense in line with the respective revenue items, while making suitable assumptions for other operating expenses, to arrive at -25.6% QoQ de-growth in operating profit. **Profit After Tax:** We finally arrive at a PAT de-growth of -27% QoQ.

FINTECH

One 97 Communications (Paytm)

- **Revenue**: We assume 10% QoQ growth in Payments Services Revenue and 25% QoQ growth in Financial Services and Others and arrive at an overall growth in Revenue from operations of 11% QoQ. **EBITDA:** We forecast Payment Processing Charges (PPC) as a proportion of Payments Revenue to be at 55.0%, a metric that was 54.6% in 2QFY25. We arrive at a Total Expenses (excl PPC and ESOP Expense) growth of 3% QoQ, compared with a de-growth of -13% in 2QFY25, resulting in an EBITDA margin (excl. Other Income and before ESOP cost) of -5.4%, an improvement (lower negative) of 575 bps QoQ. Paytm will receive an exceptional gain on sale of Paypay Stock Acquisition Rights during Q3.

N.B. For stock specific numbers for various aspects, kindly refer to the next page, including the Remarks portion.

Exhibit 26: Life Insurance - Earnings expectation snapshot- Stocks are as per order of market Capitalisation

Life Insurance (Rs mn)	NBP			APE			VNB			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (%)	QoQ (%)	
LICI IN	444,039	(19)	(24)	120,358	(9)	(27)	22,218	(16)	(24)	We pencil in new business growth assumptions based on trends observed till November 2024, when LIC had displayed NBP/APE de-growth of -23%/-27% for 2M3QFY25 (October and November 2024) over 2M2QFY25 (July and August 2024). We pencil in a VNB margin expansion of 60bps QoQ based on expected business mix changes and the company's accounting policy of actual cost basis.
HDFCLIFE IN	81,702	15	1	34,515	8	(11)	8,322	(3)	(11)	We pencil in new business growth assumptions based on trends observed till November 2024, when HDFC Life had displayed NBP/APE de-growth of -5%/-16% for 2M3QFY25 (October and November 2024) over 2M2QFY25 (July and August 2024). We pencil in a VNB margin contraction of -20bps QoQ based on the impact of change in surrender value norms which will be partially offset by one-off pricing impact on non-par products in 1H.
SBILIFE IN	94,243	(3)	8	64,687	6	20	17,077	2	18	We pencil in new business growth assumptions based on trends observed till November 2024, when SBI Life had displayed NBP/APE de-growth of -8%/-9% for 2M3QFY25 (October and November 2024) over 2M2QFY25 (July and August 2024). We pencil in a VNB margin contraction of -50bps QoQ based on the impact of change in surrender value norms.
IPRU IN	69,557	65	37	23,369	23	(7)	5,422	24	(7)	We pencil in new business growth assumptions based on trends observed till November 2024, when IPRU had displayed NBP/APE growth/de-growth of 49%/-14% for 2M3QFY25 (October and November 2024) over 2M2QFY25 (July and August 2024). We pencil in a VNB margin contraction of -20bps QoQ based on the impact of change in surrender value norms.
MAXF IN	30,960	15	3	21,950	22	1	5,160	6	1	We pencil in new business growth assumptions based on trends observed till November 2024, when Max Life had displayed NBP/APE de-growth of -7%/-8% for 2M3QFY25 (October and November 2024) over 2M2QFY25 (July and August 2024). We pencil in a VNB margin contraction of -10bps QoQ based on the impact of change in surrender value norms and expected business mix changes which will be offset by the company's accounting policy of actual cost basis.

Source: Companies, YES Sec – Research

Exhibit 27: Asset Managers - Earnings expectation snapshot - Stocks are as per order of market Capitalisation

Asset Managers (Rs mn)	Revenue			EBITDA			PAT			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (%)	QoQ (%)	
HDFC AMC	9,097	35.5	2.5	7,096	38.8	0.8	5,770	17.8	0.0	Overall AUM for HDFCAMC grew 3.1% as of November 2024 compared with September 2024. Equity AUM grew by 2.1% over the same period leading to a decrease in share of pure Equity AUM QoQ by -0.5% (excluding Balanced and Arbitrage Funds). We believe that trends as of December 2024 would be dependent on the trends seen till November while we additionally factor in Nifty Return of -2.0% and Nifty Midcap 100 return of 1.4% for December 2024. We pencil in an overall AUM growth of 2.5% QoQ for HDFCAMC. We expect EBITDA margin will marginally deteriorate sequentially and other income to be lower sequentially during the quarter.
Nippon Life AMC	5871	38.7	2.8	3816	47.2	1.9	3098	9.1	(13.9)	Overall AUM for NAM grew 3.1% as of November 2024 compared with September 2024. Equity AUM grew by 1.7% over the same period leading to a decrease in share of pure Equity AUM QoQ by -0.7% (excluding Balanced and Arbitrage Funds). We believe that trends as of December 2024 would be dependent on the trends seen till November while we additionally factor in Nifty Return of -2.0% and Nifty Midcap 100 return of 1.4% for December 2024. We pencil in an overall AUM growth of 2.8% QoQ for NAM. We expect EBITDA margin will marginally deteriorate sequentially and other income to be lower sequentially during the quarter.
ABSL AMC	4,234	24.0	(0.2)	2,477	27.5	(1.1)	2,059	(1.6)	(15.0)	Overall AUM for ABSLAMC grew 0.3% as of November 2024 compared with September 2024. Equity AUM de-grew by -1.0% over the same period leading to a decrease in share of pure Equity AUM QoQ by -0.5% (excluding Balanced and Arbitrage Funds). We believe that trends as of December 2024 would be dependent on the trends seen till November while we additionally factor in Nifty Return of -2.0% and Nifty Midcap 100 return of 1.4% for December 2024. We pencil in an overall AUM de-growth of -0.2% QoQ for ABSLAMC. We expect EBITDA margin will deteriorate sequentially and other income to be lower sequentially during the quarter.
UTI AMC	3,803	31.2	2.0	1,845	62.1	0.9	1,625	(20.1)	(38.2)	Overall AUM for UTIAMC grew 2.4% as of November 2024 compared with September 2024. Equity AUM grew by 0.8% over the same period leading to a decrease in share of pure Equity AUM QoQ by -0.7% (excluding Balanced and Arbitrage Funds). We believe that trends as of December 2024 would be dependent on the trends seen till November while we additionally factor in Nifty Return of -2.0% and Nifty Midcap 100 return of 1.4% for December 2024. We pencil in an overall AUM growth of 2.0% QoQ for UTIAMC. We expect EBITDA margin will marginally deteriorate sequentially and other income to be lower sequentially during the quarter.
CAMS	3,658	26.3	0.2	1,665	28.7	(2.2)	1,189	34.3	(1.6)	Overall mutual fund industry AUM grew 0.1% as of November 2024 compared with September 2024. We additionally factor in Nifty return of -2.0% for December 2024 for industry AUM. Hence, we pencil in a revenue growth of 0.2% QoQ for CAMS. EBITDA margin for 3QFY25 is expected to be lower sequentially due to incremental ESOP cost and other expenses.

Source: Companies, YES Sec – Research

Exhibit 28: General Insurance - Earnings expectation snapshot - Stocks are as per order of market Capitalisation

General Insurance (Rs mn)	NEP			Underwriting Profit			PAT			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (%)	QoQ (%)	
ICICI Lombard	42,122	(2.2)	(16.2)	(2,381)	(15.7)	48.0	5,567	29.0	(19.8)	We pencil in net earned premium growth assumption based on trends observed till November 2024, when ICICIGI had displayed GDPI de-growth of -11% for 2M3QFY25 (October and November 2024) over 2M2QFY25 (July and August 2024). Loss Ratio would be lower sequentially due to CAT losses in Q2 and seasonality.
Star Health	37,001	12.3	(0.1)	(511)	(144.8)	(73.7)	1,999	(30.9)	79.7	We pencil in net earned premium growth assumption based on trends observed till November 2024, when Star Health had displayed GDPI de-growth of -13% for 2M3QFY25 (October and November 2024) over 2M2QFY25 (July and August 2024). Loss Ratio would be lower sequentially due to seasonality.

Source: Companies, YES Sec – Research

Exhibit 29: Brokers - Earnings expectation snapshot

Brokerages (Rs mn)	Revenue			EBITDA			PAT			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (%)	QoQ (%)	
ANGELONE	10,816	31.0	(9.7)	4,439	22.5	(25.6)	3,092	18.8	(27.0)	Growth trend for 2M3QFY25 (October and November 2024) is publicly available on the Exchange's website and we expect order volume growth for the whole of 3QFY25 to be broadly along similar lines. We estimate order volume to decrease by -12% QoQ, based on which we arrive at fees and commission income de-growth of -12% QoQ. The average client funding book is estimated to have grown by 3.6% QoQ, while, for FDs we have assumed a 2% QoQ growth. We factor in MTF interest rate revision to 14.99% effective from 1 November 2024 and hence, we arrive at -1.3% QoQ de-growth in interest income. We assume decrease in fees and commission expense in line with the respective revenue items, while making suitable assumptions for other operating expenses, to arrive at -25.6% QoQ de-growth in operating profit. We finally arrive at a PAT de-growth of -27% QoQ.

Source: Company, YES Sec – Research

Exhibit 30: Fintech - Earnings expectation snapshot

Fintech (Rs mn)	Revenue			EBITDA			PAT			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (%)	QoQ (%)	
PAYTM	18,424	(35.4)	11.0	(998)	(145.7)	(46.1)	19,714	(1004.7)	113.0	We assume 10% QoQ growth in Payments Services Revenue and 25% QoQ growth in Financial Services and Others and arrive at an overall growth in Revenue from operations of 11% QoQ. We forecast Payment Processing Charges (PPC) as a proportion of Payments Revenue to be at 55.0%, a metric that was 54.6% in 2QFY25. We arrive at a Total Expenses (excl PPC and ESOP Expense) growth of 3% QoQ, compared with a de-growth of -13% in 2QFY25, resulting in an EBITDA margin (excl Other Income and before ESOP cost) of -5.4%, an improvement of 575 bps QoQ. Paytm will receive an exceptional gain on sale of Paypay Stock Acquisition Rights during Q3.

Source: Company, YES Sec – Research

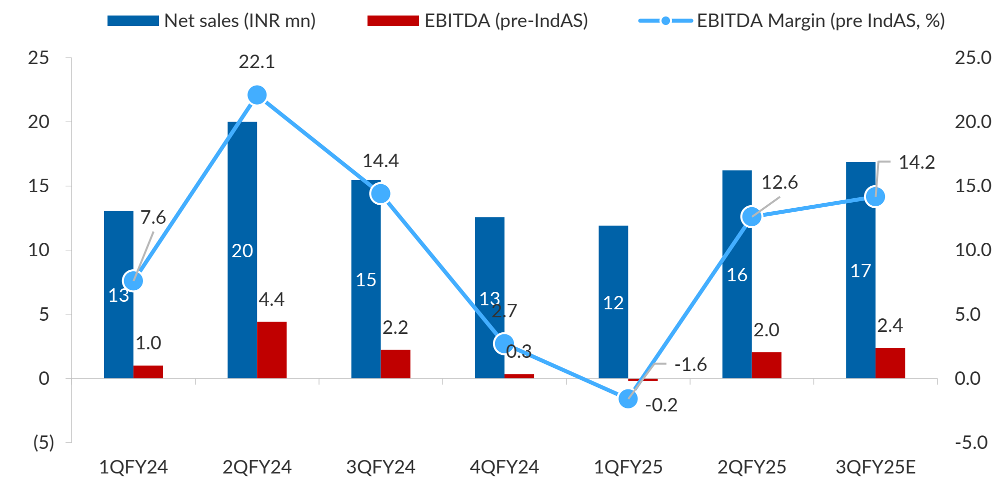
MEDIA & ENTERTAINMENT

For PVR INOX, we expect high-single digit revenue growth (v/s 6.2% in 3QFY24). As subdued box office collection in the month of October is expected to be offset by strong December performance. Benefit of blockbusters such as Pushpa 2, Amaran is expected to be limited for PVR INOX as company has lower market share in regional genre, especially in Southern markets. Further, mass consumption of Pushpa 2 across smaller cities and towns should limit the benefit. However, we expect strong growth in Average Ticket Prices (ATP) for Q3, led by couple of blockbuster movies which witnessed significantly higher ticket prices across regions. This is also expected to result in better Spends per head (SPH). We expect SPH growth in low single digits for Q3. Better ATP and SPH should result in healthy EBITDA margins (Pre-IndAS) for the company, even with moderate increase in footfalls YoY, in our view. Further, we believe, Advertisement income should see some revival for Q3FY25, primarily led by sharp revival in occupancy rates in the month of December, led by Pushpa 2 and Mufasa: the lion king. Response for Baby John – which released in last week of December has been subdued, which will have some impact on footfalls for the quarter for PVR INOX. We expect occupancy levels to remain slightly lower YoY as well as QoQ, mainly due to weak performance in the month of October.

PVR INOX APAT expected to turn positive for Q3 – We expect APAT for PVR INOX to turn positive in Q3, led by better ATP and SPH, after posting net loss in last 3 quarters. APAT is expected to register growth of 95% YoY on a low base of Q3FY24. Revival in occupancy rates will be a key for a better performance in coming quarters, backed by strong content pipeline. Stock is currently trading at attractive valuation with FY27E EV/EBITDA (Pre-IndAS) multiple of 8.3x. Maintain Buy, with TP of Rs1,980.

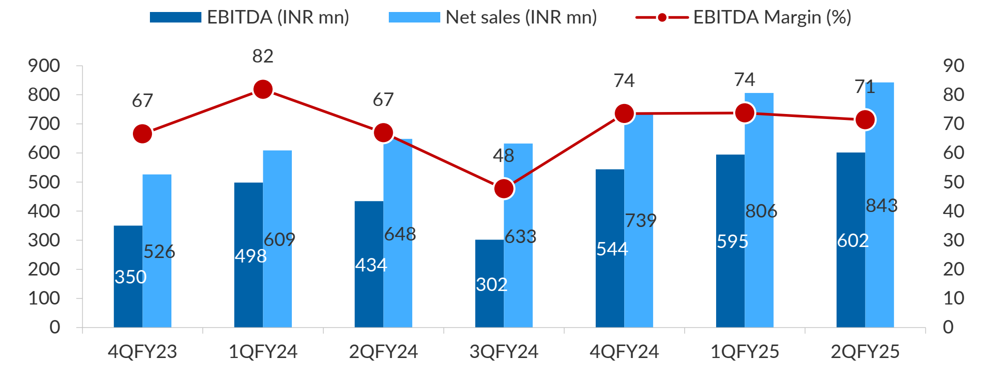
For TIPS Music, we expect strong revenue growth of 30% YoY – We expect TIPS MUSIC to register revenue growth of 30% YoY on the back of 27% growth LY. Revenue growth is expected to be driven by growth in digital revenues. We expect content acquisition cost to increase YoY at ~20% of revenues. However, EBITDA margins are expected to remain healthy at ~70%+. TIPS Music catalogue is expected to continue its growth momentum with contribution of 80-85% to overall revenues. Non-digital segments are also expected to continue their momentum with robust growth for the quarter. We expect EPS to deliver growth of ~37% YoY for Q3 led by strong revenue growth and healthy operating margins. TIPS is currently trading at FY27E P/E Multiple of 28x. Maintain Buy, with TP of Rs1,050.

Exhibit 31: PVR INOX: Quarterly Trend in Revenue, EBITDA and EBITDA Margin



Source- Company, YES Securities

Exhibit 32: TIPS Music: Quarterly Trend in Revenue, EBITDA and EBITDA Margin



Source - Company, YES Securities

Exhibit 33: Media & Entertainment - Earnings expectation snapshot

Bloomberg Ticker	Console / Standalone	Revenue			EBITDA			Adj. PAT		
		Q3 FY25	Q3 FY24	Q2 FY25	Q3 FY25	Q3 FY24	Q2 FY25	Q3 FY25	Q3 FY24	Q2 FY25
PVRINOX IN	Console	16,850	15,459	16,221	5,167	4,724	4,793	249	128	(121)
TIPSMUSIC IN	Console	843	648	806	602	434	595	475	347	482

METALS AND MINING

Steel Producers

Since the start of FY25, Indian steel producers have been facing considerable challenges due to a steady decline in global steel prices. In Q1FY25, the average price of steel in China was around $524/t, which dropped to c.$470/t in Q2 FY25 and has been rangebound between $480-500/t during Q3FY25. The prices being under-pressure have put a strain on the steel producers' earnings. On a positive note, the volatility in coking coal prices seems to have stabilized, and the impact of this is expected to benefit the players in Q3FY25. We see steel producers to benefit by $20-25/t on the coking coal front. Additionally, we anticipate that steel production volumes in Q3FY25 will be higher than Q2FY25, as the monsoons are over. Overall, we expect steel producers to experience margin contraction in Q3FY25, with volatile steel prices, rise in iron ore costs which would be partially offset by the fall in coking coal prices.

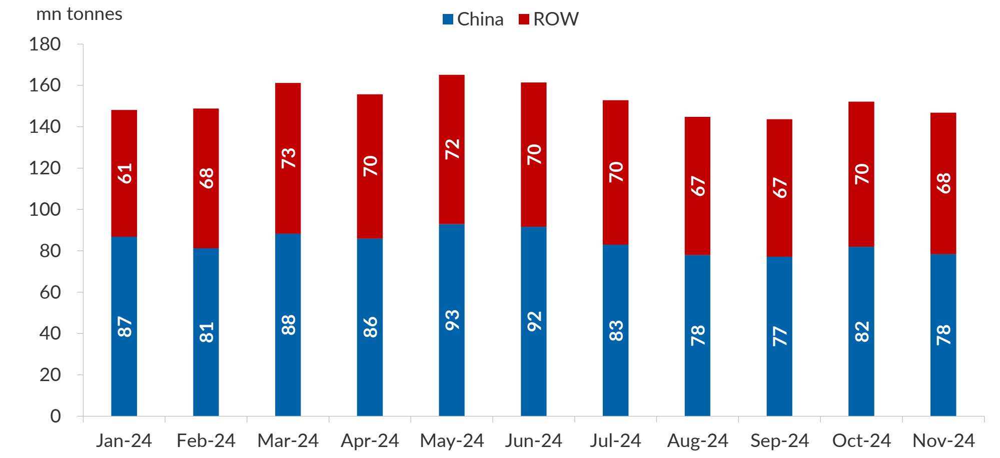
Iron Ore Miners

Indian iron ore producers are expected to see price and volume reversals on a QoQ basis. During this quarter, NMDC took price hikes totaling approximately Rs. 800/t for its iron ore fines. Q3FY25 will also see better operational performance as the mining output is expected to pick up post the subdued monsoons. During Q3FY25, NMDC has reported a jump of 61% QoQ in terms of iron ore production and a 23% increases QoQ for its iron ore sales. We see the rise in volumes clubbed with the two price hikes to bode well for the iron ore miners.

Non-ferrous Sector

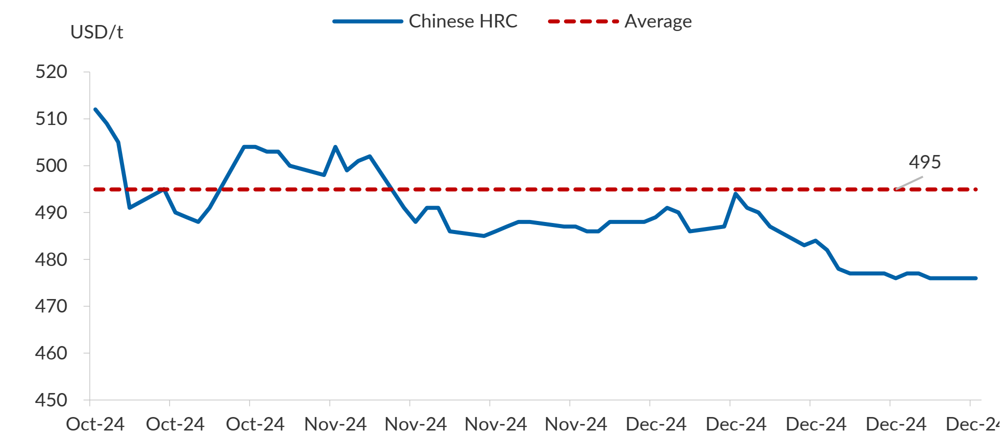
In the non-ferrous sector, the aluminum prices have remained strong, and we project a strong top-line performance for HINDALCO. On the aluminum scrap front, we see the business to suffer on the margins front due to the recent rise of the scrap prices, thereby impacting the spreads for Novelis. Novelis margin contraction clubbed with a normalized run-rate for the copper business, we see the company to post a weaker Q3FY25 vs Q2FY25.

Exhibit 34: Global Steel Production Scenario



Source- Company, YES Sec

Exhibit 35: Chinese steel prices continue to carry on the falling trends



Source - Bloomberg, YES Sec

Exhibit 36: Metals and Mining- Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (bps)	QoQ (bps)	Q3 FY25	YoY (%)	QoQ (%)	
Tata Steel	522,609	(5.5)	(3.0)	54,750	(85)	(92)	5,998	16.8	(28.0)	We expect consolidated revenues to fall by 3% QoQ and c.5.5% YoY at Rs522.6b led by falling realizations. We expect TATA to report an EBITDA of c.Rs54.8b with EBITDA margins of 10.5% on a consolidated basis led by reducing realizations being partially offset with higher volumes and savings on coking coal costs vs Q2FY25.
JSW Steel	396,428	(5.5)	(0.1)	51,543	(412)	(70)	4,206	(82.6)	(4.2)	We expect revenues to remain flat QoQ and fall 5.5% YoY at Rs396.4b primarily led by fall in the realizations for both flat and long steel products. On a QoQ basis, the fall in steel prices are expected to be offset by increasing volumes to achieve the 27.0 mn tonnes sales guidance for the year. We expect JSTL to report an EBITDA of c.Rs51.5b with EBITDA margins of 13% on a consolidated basis.
S A I L	233,351	(0.0)	(5.4)	20,318	(46)	(306)	1,626	(50.9)	(80.5)	We expect revenues to fall by c.5% QoQ and be flat YoY at c.Rs233b primarily led by lower realizations due to weak global steel pricing and rising Chinese exports. We expect SAIL to report an EBITDA of Rs17.4b with EBITDA margins of 8.7% on a standalone basis. In line with the management's overview, we expect that the volumes should pick up during H2FY25 post the subdued Q2FY25 due to heavy monsoons.
Godawari Power	13,038	(0.4)	2.9	2,931	(280)	303	2,033	(11.3)	27.7	We expect revenues to fall by 3% QoQ and be flat YoY at c.Rs13b primarily led by lower realizations for pellets and long products. We expect GPIL to report an EBITDA of Rs2.9b (+19% QoQ/-11% YoY) with EBITDA margins of 22.5% on a consolidated basis, recovering from the Q2FY25 lows owing to higher volumes from the pellet plants and falling imported coal costs/t.
NMDC	65,127	20.4	32.4	25,975	278	1,171	21,013	21.0	73.4	We expect revenues to grow c.32% QoQ (+20% YoY) to Rs65.2b primarily led by higher volumes and improved realizations vs Q2FY25. We expect NMDC to report an EBITDA of Rs25.9b (+88% QoQ/+29% YoY) with EBITDA margins of c.40% on a consolidated basis. The growth in the top-line and margins is expected to come majorly from better volumes as well as NMDC taking two price hikes during the first month of October'24.
Hindalco Inds.	588,970	11.5	1.2	72,702	124	(120)	37,641	61.5	(3.7)	We expect revenues to rise c.1% QoQ (+11.5% YoY) to Rs588.9b primarily led by higher Novelis volumes and strong Aluminium pricing. We expect Hindalco to report an EBITDA of Rs72b (-c.8% QoQ/+24% YoY) with EBITDA margins of 12.3% on a consolidated basis led by strong volumes and realizations. We expect the copper business margins to fall back to the normalized Rs 6,000 mn run-rate for the quarter as well as see impact of Novelis spreads getting diminished due to the higher scrap pricing.

OIL & GAS

- **Macros:** The price of Brent crude for the quarter averaged USD74/bbl down USD4.8 QoQ and USD8.8 YoY. The benchmark Singapore GRM at USD5/bbl, was USD1.4/bbl higher than the previous quarter with an uptick in key product cracks – gasoline flat, gasoil/ATF up by USD/bbl of 1.8/1.5. The gross marketing margins for OMCs improved sharply on a sequential basis due to a fall in crude prices. The spot LNG prices averaged USD13.9/mmbtu versus 13 in the previous quarter.
- **Upstream:** The Upstream companies would report subdued operating profits given net crude realization decline. ONGC's oil production to decrease by 4.7% YoY but gas production to be flat while Oil India's oil production is expected to be flat on YoY basis and gas production to rise by 0.5% YoY. We expect a decline in net crude realizations for both the companies due to a fall in crude prices while gas remains stable.
- **Refineries & OMCs:** The gross marketing margins for MS (petrol) and HSD (diesel) during the quarter averaged Rs10.6 and Rs8.9 a litre respectively. India's petroleum products consumption is expected to be up by 4.4% YoY. In terms of refining, the Singapore GRM had a sharp increase sequentially and Indian refiners to continue to report a premium over the benchmark on a higher share of higher cracks product - HSD. We expect companies to report improved GRMs on a stronger core and marginal inventory losses while marketing adventitious gains to add strength. Overall OMCs reported performance would be stronger QoQ with a possible aid by the government on sharing LPG subsidy burden. However, higher forex losses are also expected to affect the profitability.
- **Gas Utilities:** For the Gas Utilities pack, PLNG volumes would decline on both YoY and QoQ basis with lower Dahej utilization (~95.5%) and a rise in spot LNG prices, a possible inventory and trading gains to add to the earnings. GAIL's performance is expected to be weaker on lower gas transmission volumes but supported by stable gas trading margins. Petchem capacity utilization stronger and stable realizations and better margins, while LPG and LHC to show an improvement. GSPL could report flat volumes YoY and a decline in volumes QoQ on a fall in demand from the fertilizer and other sectors, while lower tariffs to continue impact the earnings.
- **City Gas Distribution (CGDs):** CGDs volumes would decline QoQ for MAHGL and IGL while increase for GUJGA. In terms of volume growth, GUJGA could witness a higher increase, but declining spreads to make things worse. All three leading companies took a price increase on CNG improving realizations which still would not be able to support the spreads on rising gas costs. GUJGA impacted from CNG, despite improved Morbi volumes and price hikes in Propane. IGL & MAHGL to report marginal decline in volumes and steep decline in spreads, which would result in poor profitability.

Exhibit 37: Brent crude prices and Singapore benchmark GRM

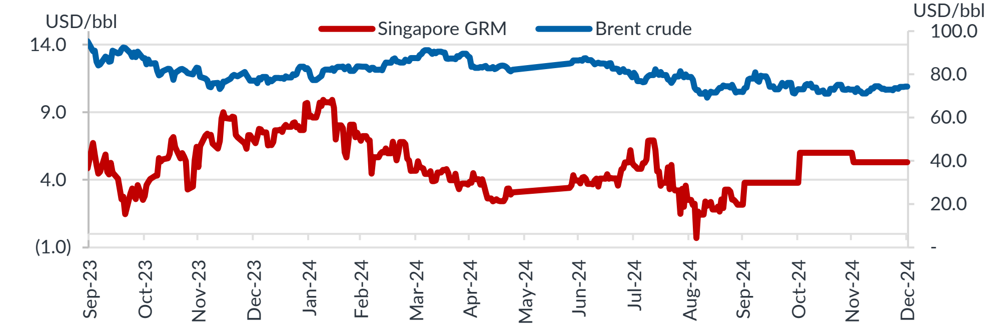


Exhibit 38: Gross marketing margins for OMCs

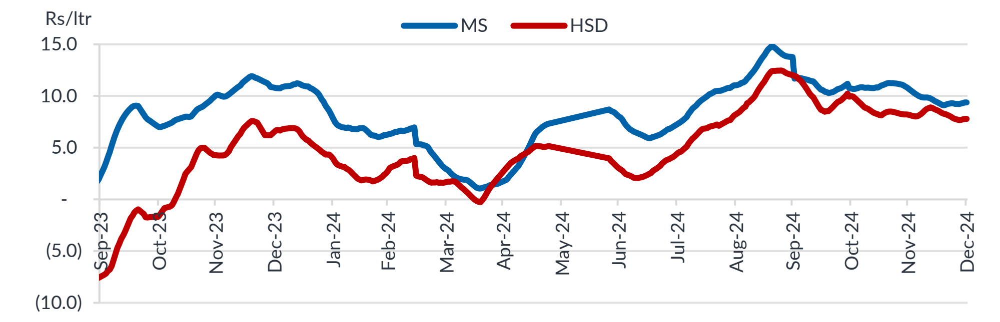


Exhibit 39: Major imported gas prices

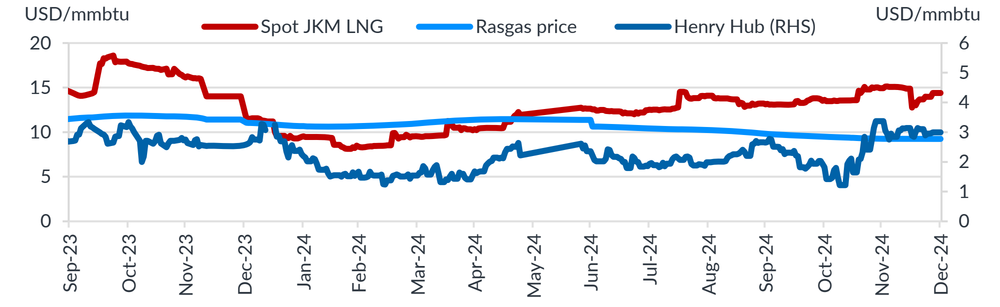


Exhibit 40: Oil & Gas- Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (bps)	QoQ (bps)	Q3 FY25	YoY (%)	QoQ (%)	
Reliance Industries	2,423,452	7.7	4.7	409,683	(116)	4	202,010	2.9	4.5	Refining throughput to increase by 4.3% YoY but decrease 3.4% QoQ to 17.1mmt while GRM expected at USD10.8/bbl, Telecom ARPU to increase to ~Rs203 whereas the subscribers stand at 479mn. Retail revenue to dip 3.1% YoY but grow 5.4% sequentially to Rs804.5bn and EBITDA of Rs 62.75bn at its peak.
O N G C	321,586	(7.6)	(5.1)	181,602	713	265	90,144	(5.5)	(24.8)	Expect a net crude oil realization of USD73.2/bbl, APM gas realization at USD6.5/mmbtu, while the volume for crude oil is expected to slip by 4.7%/3.6% YoY/QoQ, however gas volumes to remain flat YoY and increase by 1.2% QoQ.
Oil India	53,828	1.1	2.6	25,304	746	540	14,506	(8.4)	(20.9)	Expect a net crude oil realisation of USD73.7/bbl, APM gas realization at USD6.5/mmbtu, while the volume for crude oil is expected to be flat YoY and decline by 2.2% QoQ, gas volumes to increase by 0.5% YoY and 3.4% QoQ.
I O C L	1,336,722	(32.9)	(23.1)	128,086	180	741	61,140	(24.2)	(725.6)	Expect core/reported GRM USD/bbl of 5.1/4.6 on a refining/marketing throughput of 16.3/24.3mmt; blended gross marketing margin at Rs7.3/ltr and core integrated EBITDA margin at USD5.5/bbl, up by USD0.2/bbl YoY and USD3/bbl QoQ.
B P C L	1,131,717	(2.0)	10.1	94,002	292	388	60,228	77.3	151.2	Expect core/reported GRM both at USD6.5/bbl on a refining/marketing throughput of 9.1/13.7mmt; blended gross marketing margin at Rs8.2/ltr and core integrated EBITDA margin at USD6.5/bbl, up by USD1.7/bbl YoY and USD1.9/bbl QoQ
H P C L	1,110,127	0.1	11.7	72,507	458	379	38,755	632.6	514.0	Expect core/reported GRM both at USD6.0/bbl on a refining/marketing throughput of 6.4/12.8mmt; blended gross marketing margin at Rs6.7/ltr and core integrated EBITDA margin at USD6.2/bbl, up by USD3.6/bbl YoY and USD2.5/bbl QoQ.
M R P L	217,090	(12.0)	(13.1)	7,325	(133)	527	1,067	(72.4)	(115.6)	Expect core/reported GRM USD/bbl of 5.8/5.4 on a refining throughput of 4.4mmt.
C P C L	125,615	(27.7)	3.9	2,689	(194)	772	532	(86.3)	(108.4)	Expect core/reported GRM USD/bbl of 5.6/4.7 on a refining throughput of 2.5mmt.
GAIL (India)	289,223	(15.5)	(12.1)	32,433	5	(17)	22,609	(20.5)	(15.4)	Expect natural gas transmission/marketing volumes at 128.2/94.2mmscmd, Gas marketing margins expected to shrink by 7.1% QoQ, while petchem utilisation improvement and better realizations to improve margins, while, LPG & LHC realizations are expected to improve QoQ.
Petronet LNG	112,180	(20.6)	(13.9)	11,667	265	118	8,262	11.8	(2.5)	The terminal utilization is expected to be at 95.5%/21.8% for Dahej/Kochi with a total volume of 227tbtu. There is a possibility of trading and inventory gain on certain volumes.
Guj.St.Petronet	2,814	(47.7)	9.1	1,910	(271)	(691)	1,212	(53.8)	(68.9)	Volumes to decline by 2.6% QoQ at 28.9mmscmd; EBITDA/scm to improve by 1.7% QoQ at Rs0.72/scm.
Indraprastha Gas	37,753	6.2	2.1	3,615	(629)	(492)	2,214	(43.5)	(48.6)	Volumes to grow 3.9% YoY but decline 2.2% QoQ to 8.8mmscmd; a 31% QoQ decline in EBITDA/scm to Rs4.5 on higher gas costs due to APM supply reduction.

Co. name (Rs mn)	Revenue			EBITDA			PAT			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (bps)	QoQ (bps)	Q3 FY25	YoY (%)	QoQ (%)	
Gujarat Gas	40,258	2.5	6.5	3,723	(95)	(435)	1,984	(9.9)	(35.3)	Volumes to grow 1.8% YoY and 6.5% QoQ to 9.3mmscmd; on improved Morbi volumes due to price increase of Propane. A 32% QoQ fall in EBITDA/scm to Rs4.3 on higher gas costs due to lower APM gas supply.
Mahanagar Gas	17,155	9.4	0.2	2,979	(1,123)	(592)	2,015	(36.5)	(28.8)	Volumes to grow 8.9% YoY but decline 1.1% QoQ to 4mmscmd; a 24.4% QoQ fall in EBITDA/scm to Rs8.1 on higher gas costs due to reduction in APM gas supply.

PHARMA & HEALTHCARE

Pharma companies set to report Q3 on back of slightly weaker seasonal trends in acute therapies. Albeit the pace of QoQ moderation in domestic business would be governed by extent of decline over what was not-so-strong season in H1. We have presumed Haleon acquisition consolidation for Dr Reddys' which would dampen margin in what otherwise is a strong quarter for US and India. Larger companies like Sun and Lupin might see higher R&D and QoQ declines in domestic business (subject to institutional business performance of Lupin) which would result in lower margin compared to Q2. Mid-sized companies – AJP, IPCA, TRP would continue with strong showing in domestic business while Alembic is likely to undergo another tepid India and US quarter. Gland is expected to report weak earnings on back of sluggish core US and manufacturing lines being unavailable at Cenexi. In contrast Syngene is expected to clock strong double-digit growth as it aims to reach single digit growth in current year. Diagnostics face a sequentially weaker Q3 and expect volume struggle to persist for Dr Lal while Vijaya would report another decent quarter YoY. Key result picks where we see a difference vs consensus – Syngene and Vijaya being better while Alembic and JB Chem might see weaker than expected results.

- **Ajanta Pharma** - Tapering off growth in branded Africa business after exceptional H1. Domestic to chug along at healthy 12-13% YoY while lack of flu season would act as dampener in US. Margin lower compared to H1 due to slightly higher cost of new MR hiring in H2

- **JB Chem** - Healthy domestic growth and rebound in CMO business QoQ. Some increase in RM costs and freight might dampen gross margin QoQ along with higher SG&A costs

- **Alembic Pharma** - US to show better performance likely on back of scale up in 8 launches of Q2 along with Q3 approvals. Domestic to remain muted at ~5-6% YoY though ROW to do well at mid-teens growth in Q3

- **Alkem** – Some seasonal weakness QoQ in domestic business while US to look up on back of scale up in Suprep and Dagibatran launches. Medtech expenses and slightly higher R&D to keep margin under check QoQ

- **Indoco** - Continued pressure in US and Europe business on account of unavailability of lines for former and manufacturing overhaul in latter. Higher R&D QoQ would dent margin further resulting in a successive net loss quarter

- **Sun Pharma** - Double digit growth in India and steady US business to drive Q3; higher R&D to impact margin QoQ

- **Dr Reddys'** - Consolidation of NRT acquisition would add ~Rs6bn to topline while US is expected to rebound QoQ. Russia business saw ~11% depreciation QoQ vs INR which could impact EM revenue growth. Expect gross and EBIDTA margin impact QoQ due to consolidation of NRT

- **Lupin** - US business to get boost from launch of Mirabegron 50mg and Pred Forte CGT though seasonally weaker domestic business might impact gross margin and increased R&D (assumed up Rs500mn QoQ) to lower OPM QoQ

- **Aurobindo** - Sustained momentum in Europe and improvement in US (on lack of lumpy product sales in H1) would help drive revenues. Lower loss in PenG business to support margin which would improve meaningfully in H2 compared to H1 performance

- **IPCA** - Weaker domestic business QoQ would lead to gross margin decline on sequential basis. Branded and generic exports would perform in divergent manner as the former is likely to be weak in current year. No traction or pick up likely in API while institutional business to remain elevated though presumed lower QoQ

- **Dr Lal** - Sluggish volumes growth of ~7% to persist along with mix change of 4-5% which would drive a 12% topline growth coupled with YoY improvement in margin

- **Vijaya Diagnostics** - Q3 would be last quarter before consolidation of PH kicks in; expect ~29% YoY growth (in line with our understanding that Q3 momentum YoY may not be as buoyant as Q2) qualitatively broken up as 16-17% standalone Vijaya growth and rest from PH

Exhibit 41: Pharma & Healthcare- Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (bps)	QoQ (bps)	Q3 FY25	YoY (%)	QoQ (%)	
Ajanta Pharma	11,202	1.4	(5.6)	3,098	(76)	(73)	2,189	4.2	1.1	Tapering off growth in branded Africa business after exceptional H1. Domestic to chug along at healthy 12-13% YoY while lack of flu season would act as dampener in US. Margin lower compared to H1 due to slightly higher cost of new MR hiring in H2
Alkem Lab	33,489	0.8	(1.9)	7,331	60	(16)	6,466	8.7	(6.1)	Some seasonal weakness QoQ in domestic business while US to look up on back of scale up in Suprep and Dagibatran launches. Medtech expenses and slightly higher R&D to keep margin under check QoQ
Alembic Pharma	16,905	3.7	2.6	2,650	(66)	116	1,575	(12.7)	2.7	US to show better performance likely on back of sclae up in 8 launches of Q2 along with Q3 approvals. Domestic to remain muted at ~5-6% YoY though ROW to do well at mid-teens growth in Q3
Aurobindo Pharma	79,254	7.8	1.7	17,072	(24)	145	9,254	(1.2)	13.3	Sustained momentum in Europe and improvement in US (on lack of lumpy product sales in H1) would help drive revenues. Lower loss in PenG business to support margin which would improve meaningfully in H2 compared to H1 performance
Dr Reddy's Labs	88,062	21.7	9.6	21,711	(345)	(233)	13,711	(0.7)	9.2	Consolidation of NRT acquisition would add ~Rs6bn to topline while US is expected to rebound QoQ. Russia business saw ~11% depreciation QoQ vs INR which could impact EM revenue growth. Expect gross and EBIDTA margin impact QoQ due to cosolidation of NRT
Gland Pharma	14,216	(8.0)	1.1	2,818	(324)	(131)	1,650	(14.0)	0.9	Sluggish US growth of ~2% QoQ along with some rebound in Cenexi post shutdown in August; Gross margin might trend lower YoY on supply of Enoxaparin supplies to ROW markets
Indoco Remedies	3,955	(13.9)	(8.6)	171	(936)	(497)	(211)	(229.3)	120.2	Continued pressure in US and Europe business on account of unavailability of lines for former and manufacturing overhaul in latter. Higher R&D QoQ would dent margin further resulting in a successive net loss quarter
Ipca Labs.	22,936	11.7	(2.6)	3,866	72	(189)	2,012	11.9	(12.3)	Weaker domestic business QoQ would lead to gross margin decline on sequential basis. Branded and generic exports would perform in divergent manner as the former is likely to be weak in current year. No traction or pick up likely in API while institutional business to remain elevated though presumed lower QoQ
J B Chemicals &	9,406	11.4	(6.0)	2,362	(273)	(332)	1,369	2.5	(21.6)	Healthy domestic growth and rebound in CMO business QoQ. Some increase in RM costs and freight might dampen gross margin QoQ along with higher SG&A costs
Lupin	55,534	6.9	(2.1)	11,728	146	(194)	6,979	13.8	(18.2)	US business to get boost from launch of Mirabegron 50mg and Pred Forte CGT though seasonally weaker domestic business might impact gross margin and increased R&D (assumd up Rs500mn QoQ) to lower OPM QoQ
Sequent Scien.	3,557	8.0	(3.5)	445	396	76	142	71.7	445.1	0
Sun Pharma.Inds.	133,825	8.1	0.7	37,157	69	(91)	28,646	13.5	(5.8)	Double digit growth in India and steady US business to drive Q3; higher R&D to impact margin QoQ
Syngene Intl.	10,200	19.5	14.5	3,342	419	578	1,747	56.7	64.7	Strong recovery being factored in discovery services which would drive gross and EBIDTA margin YoY along with sustained growth in biologic manufacturing

Co. name (Rs mn)	Revenue			EBITDA			PAT			Remarks
	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY25	YoY (bps)	QoQ (bps)	Q3 FY25	YoY (%)	QoQ (%)	
Torrent Pharma.	29,371	7.5	1.7	9,599	87	18	4,400	(0.7)	(2.9)	Robust domestic business and continued rebound in Brazil (H2 is generally better) would drive growth; US remains under pressure as selling old ANDAs while gross margin to hover around Q2 level
Dr Lal Pathlabs	6,055	12.4	(8.3)	1,726	241	(217)	1,080	32.9	(16.4)	Sluggish volumes growth of ~7% to persist along with mix change of 4-5% which would drive a 12% topline growth coupled with YoY improvement in margin
Metropolis Healt	3,284	12.8	(6.1)	809	237	(105)	381	40.4	(18.0)	Presume 9% volume growth, 2.5% price hike benefit YoY and ~3% mix change driving a 13% topline growth; some bit of volume benefit from South (one-off loss in Q2) coupled with margin improvement YoY as wellness share continues towards the 20% mark
Vijaya Diagnost.	1,708	28.7	(6.6)	665	(50)	(260)	353	36.6	(15.8)	Q3 would be last quarter before consolidation of PH kicks in; expect ~29% YoY growth (in line with our understanding that Q3 momentum YoY may not be as buoyant as Q2) qualitatively broken up as 16-17% standalone Vijaya growth and rest from PH

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