Q3FY25 EARNINGS
A Test For The Bleeding Markets

Are you an investor looking to seize the opportunity presented by a major market correction, investing in beaten-down stocks? Or are you considering averaging your existing investments? This story is a must-read for both! Mandar Wagh delves into the factors behind the market downturn, Q3FY25 performances, the key element you can't afford to overlook, and valuable insights to help you navigate and capitalise on current market opportunities

The Indian markets touched record highs in September 2024, and as investors celebrated, they had no idea what was coming next. The tables have turned with the markets beginning their decline in October. Initially perceived as a healthy correction, the downturn has since deepened, wiping out months of gains and leaving most portfolios deep in the red, raising investor fears. The Nifty VIX, a key indicator of market risk, climbed 55 per cent over the last four months, signalling a significant surge in uncertainty within the stock market. Between October 2024 and January 2025, foreign institutional investors (FIIs) have sold equities worth around ₹2.6 lakh crore.

This outflow by FIIs has been influenced by various factors. Further, despite an equally strong inflow from domestic institutional investors (DIIs), the market struggled to find support, extending its downtrend. The benchmark indices' bear rampage nearly broke a 23-year record with a fourth consecutive month of decline, plunging around 12-13 per cent from record highs. Mirroring the weakness, broader market indices, the BSE mid-cap and BSE small-cap indices, slumped more than 15 per

cent each in the same period. The indices are now showing signs of partial recovery, raising an important question.

FII & DII Activity		
Month	FII Net Purchase / Sales (₹ Crore)	DII Net Purchase / Sales (₹ Crore)
01/25	-87,374.66	86,591.80
12/24	-16,982.48	34,194.73
11/24	-45,974.12	44,483.86
10/24	-1,14,445.89	1,07,254.68
Total	-2,64,777.15	2,72,525.07

Should investors begin averaging out their investments and seize the opportunity to make fresh investments after a significant market correction, or is this merely a short-term uptrend before a larger downturn? One of the most crucial factors shaping the trend will be quarterly earnings, which will determine whether the earnings justify the current valuations of the stocks. This story delves into the factors driving the market's steep decline, provides a detailed analysis of India Inc.'s Q3FY25 performances, and valuable insights to help you capitalise on the current market opportunities.

Reasons Behind the Market's Steep Fall

Overvaluation and Disappointing Q2 Earnings — FIIs have been aggressively offloading Indian equities since October 2024, with net outflows exceeding ₹2.6 lakh crore. One of the primary reasons behind this massive FII exit is the perception that Indian equities had become overvalued. By September 2024, the benchmark indices had touched record highs, leading to stretched valuations, particularly in sectors that had witnessed an unprecedented rally. Despite strong liquidity-driven momentum, fundamental growth factors failed to support these elevated stock prices.

This is what made the market vulnerable to a correction. The Q2FY25 results fell short of market expectations after Q1FY25, with several major companies across key sectors reporting sluggish revenue growth and margin pressures. The earnings' season highlighted that India Inc. was struggling with higher input costs, slowing demand, and global uncertainties, which failed to justify the high valuations. These disconnects between earnings' performance and stock prices triggered a sharp re-evaluation by FIIs, prompting them to reduce their exposure.

Global Shifts — While concerns about India's overvaluation and weak earnings have been the contributing factors, other markets have simultaneously drawn the attention of global investors. In China, the announcement of economic stimulus packages, including fiscal support, interest rate cuts, and incentives to boost industrial and consumer demand, has sparked renewed investor interest. Meanwhile, in the U.S., a combination of a strengthening dollar and rising bond yields has resulted in significant inflows from global investors seeking safety and attractive returns.

India's Economic Slowdown — India's economic momentum has been losing steam, with multiple macroeconomic indicators pointing to a slowdown. The annual economic survey, presented in the parliament by Finance Minister Nirmala Sitharaman, forecasts GDP growth between 6.3 per cent and 6.8 per cent for the upcoming fiscal year starting April 1. This comes as economic expansion is expected to slow to a four-year low this year, down from 8.2 per cent in the previous year. Reduced GDP projections, persistent inflation, a weak manufacturing sector, a widening trade deficit, and falling forex reserves have raised concerns about the country's near-term economic prospects.

Rising inflation remains a key challenge, as elevated food and fuel prices continue to erode purchasing power, impacting both consumer sentiment and business profitability. The manufacturing sector, a crucial driver of economic growth, has struggled in recent months. Sluggish industrial output, supply chain disruptions, and muted domestic demand have led to slower expansion. Meanwhile, India's trade deficit has been widening due to sluggish exports and rising imports, particularly of energy commodities.

The depreciating rupee and global trade uncertainties have further strained the balance of trade. Additionally, forex reserves have been declining, as the Reserve Bank of India (RBI) has been intervening in currency markets to stabilise volatility amid sustained foreign capital outflows. In short, there has been the culmination of several factors that have impacted the Indian economy to the extent that it has produced an overall negative sentiment. Investors who have been keeping a vigil about these factors are but naturally a disappointed lot, hoping that the after-effects of the Union Budget may elevate the mood and the scenario.

Rate Cut Hopes Fade — Expectations for rate cuts by major central banks have weakened following stronger-than-expected economic data. The U.S. economy added 2,56,000 jobs in December, far exceeding the consensus estimate of 1,55,000. Higher job creation boosts incomes and consumer spending, adding to inflationary pressures and reducing the likelihood of near-term rate cuts—a scenario that poses challenges for businesses reliant on lower borrowing costs. Meanwhile, the Bank of Japan (BOJ) raised its benchmark interest rate by 25 basis points, marking its first hike since the 2008 financial crisis. This shift signals tightening global monetary conditions, adding further uncertainty to the financial markets.

Trade War Fears — Rising trade tensions between the U.S. and China have reignited fears of a prolonged economic conflict. The U.S. is considering fresh tariffs on Chinese goods, citing unfair trade practices and national security concerns. In response, China may retaliate with countermeasures, escalating global trade uncertainties. Tariffs could disrupt supply chains, increase costs for businesses, and slow down global economic growth. For India, a renewed trade war may bring both risks and opportunities—potentially benefiting exports but also increasing market volatility.

Q3FY25 Earnings

We have outlined key factors driving the market's sharp decline in recent months. Now, let's shift our focus to potential growth drivers that could fuel a recovery. The foremost factor on every investor, analyst and expert's mind is 'strong corporate earnings.' Robust earnings play a critical role in justifying valuations, offering stability, and shielding stocks from further downside. A solid earnings' trajectory strengthens market confidence and provides a strong foundation for investment decisions. Given this, assessing the ongoing Q3FY25 performance of India Inc. becomes crucial in determining the market's direction.

We have reviewed the Q3 results of listed companies reported until January 31, 2025, and the initial impression from the numbers was underwhelming. Of the approximately 900 companies, 55 per cent reported positive profit growth, 40 per cent witnessed a decline in profits, and 5 per cent remained neutral. On an aggregate basis, the total revenue growth was a modest 4.2 per cent, while operating profit growth stood at around 7.5 per cent. Let's dive into the sectoral performance scenario to gain more detailed insights into the results.

December Ending Result At Glance

Parameters	Growth
Revenue Growth YoY %	10.11
Net Profit Growth YoY %	13.72
Oper. Profit Growth YoY %	12.13
EBIT Growth YoY %	12.24
Oper. Profit Margin Growth YoY %	-2.71
No. of companies that have announced Positive results are	732
No. of companies that have announced Negative results are	314
*02-Feb-2025	

Information Technology

The Indian IT services sector took the spotlight as the earnings' season began, with the release of quarterly results showcasing strong signs of recovery. In Q3FY25, as of January 31, the industry posted a 6 per cent year-on-year growth in aggregate revenue and a 12 per cent rise in net profit, with around 70 per cent of the companies reporting positive profit growth. While revenue growth remained in modest single digits for most industry leaders, a noticeable shift from the previous quarters occurred, with all the major players—except HCL Technologies and LTI Mindtree—achieving double-digit growth in net profit.

Among industry leaders, Infosys led the way with a 7.58 per cent rise in revenue, while Tech Mahindra captured investor attention with an impressive 93 per cent surge in net profit. Netweb Technologies and Persistent Systems delivered a strong overall performance, recording double-digit year-on-year growth in both revenue and net profit. Large-sized and mid-sized IT companies secured significant deals, highlighting steady client demand for digital transformation, cloud services, and AI-driven solutions. While the total contract value (TCV) remained strong, there was a shift towards cost-optimisation projects, impacting revenue growth.

Leading IT companies revised their revenue growth projections in response to improving market conditions. Notably, Infosys increased its constant currency revenue growth guidance for FY25 to 4.5-5 per cent, up from the previous 3.75-4.5 per cent. Despite wage pressures and operational costs, margin expansion was observed, driven by improved utilisation rates, offshore shift in delivery models, and strategic cost-cutting. Rupee depreciation also provided some support to profitability. The IT sector saw mixed hiring trends. While some firms resumed hiring after earlier cutbacks, the overall headcount growth remained cautious due to automation, AI adoption, and cost rationalisation.

In other developments, the government has announced the establishment of a new Centre of Excellence in Artificial Intelligence (AI) for Education with a ₹500 crore outlay. With a strong focus on skill development, AI integration, and infrastructure expansion, experts anticipate a significant impact on the business process management (BPM) sector. Investments in AI centres of excellence, deep technology and upskilling initiatives are expected to accelerate AI-driven automation, enhancing customer experiences, improving efficiency, and strengthening business competitiveness in an evolving digital landscape.

Company Name	Latest Market Cap (₹ Crore)	Net Sales					Net Profit				
		(Q3FY25)	(Q3FY24)	(Q2FY25)	Y-o-Y Growth (%)	Q-o-Q Growth (%)	(Q3FY25)	(Q3FY24)	(Q2FY25)	Y-o-Y Growth (%)	Q-o-Q Growth (%)
Tata Consultancy Services	14,86,672.16	63,973.00	60,583.00	64,259.00	5.60	-0.45	12,444.00	11,097.00	11,955.00	12.14	4.09
Infosys	7,80,648.41	41,764.00	38,821.00	40,986.00	7.58	1.90	6,822.00	6,113.00	6,516.00	11.60	4.70
HCL Technologies	4,68,161.50	29,890.00	28,446.00	28,862.00	5.08	3.56	4,594.00	4,351.00	4,237.00	5.58	8.43
Wipro	3,26,691.30	22,318.80	22,205.10	22,301.60	0.51	0.08	3,366.20	2,701.00	3,226.30	24.63	4.34
LTIMindtree	1,75,329.93	9,660.90	9,016.60	9,432.90	7.15	2.42	1,086.70	1,169.30	1,251.60	-7.06	-13.18
Tech Mahindra	1,63,901.13	13,285.60	13,101.30	13,313.20	1.41	-0.21	982.20	518.90	1,256.90	89.29	-21.86
Persistent Systems	92,959.93	3,062.28	2,498.22	2,897.15	22.58	5.70	372.99	286.13	325.00	30.36	14.77
PB Fintech	79,306.84	1,291.62	870.89	1,167.23	48.31	10.66	71.60	38.59	50.57	85.54	41.59
Oracle Financial Services Software	79,243.55	1,715.20	1,823.60	1,673.90	-5.94	2.47	541.30	740.80	577.70	-26.93	-6.30
L&T Technology Services	57,626.55	2,653.00	2,421.80	2,572.90	9.55	3.11	319.50	336.80	320.00	-5.14	-0.16

Banks

In Q3FY25, Indian banks delivered a mixed performance, with some meeting street estimates on the back of healthy loan growth, while others struggled with rising bad debts and weak credit expansion. Major private banks witnessed an uptick in loan defaults, particularly in unsecured segments like credit cards and personal loans. Additionally, the Reserve Bank of India's measures to curb retail lending led to slower credit growth, higher provisions for bad loans, and an increase in non-performing assets. Despite these challenges, over 75 per cent of the banks that have reported results so far posted positive profit growth.

On an aggregate basis, banks recorded a 12 per cent year-on-year revenue growth, with operating profit rising by 14 per cent. Nifty 50 and Nifty Bank received a much-needed boost as HDFC Bank outperformed the estimates. The country's largest private sector lender reported a 9 per cent rise in interest income and a 3.5 per cent increase in net profit. ICICI Bank led among the industry leaders, registering 15 per cent top-line growth and a 17 per cent surge in net profit. AU Small Finance Bank emerged as a standout performer, with a remarkable 50 per cent year-on-year jump in interest income and a 41 per cent surge in net profit.

On the other hand, RBL Bank, Ujjivan Small Finance Bank and IDFC First Bank were among the weakest performers, with net profits plunging between 50 per cent and 80 per cent year-on-year. Recently, the Reserve Bank of India (RBI) unveiled a comprehensive strategy to infuse approximately ₹1.5 lakh crore into the banking system. This step aims to alleviate liquidity constraints and stabilise the financial markets. The RBI plans to conduct open market operations, purchasing ₹60,000 crore worth of government bonds in three tranches. A ₹50,000 crore auction is scheduled, to provide short-term liquidity to banks, ensuring they have access to necessary funds.

The RBI will conduct a USD 5 billion USD-INR swap auction, with a six-month maturity. This action aims to stabilise the foreign exchange market and manage currency volatility. The liquidity infusion is expected to ease short-term funding pressures for banks, potentially leading to lower interbank lending rates. This environment may encourage banks to reduce lending rates, stimulating credit growth and supporting economic activity. Analysts view these liquidity measures as a precursor to a possible reduction in the repo rate during the upcoming monetary policy review on February 7, 2025.

Bank Name	Latest Market Cap (₹ Crore)	Interest Income					Net Profit				
		(Q3FY25)	(Q3FY24)	(Q2FY25)	Y-o-Y Growth (%)	Q-o-Q Growth (%)	(Q3FY25)	(Q3FY24)	(Q2FY25)	Y-o-Y Growth (%)	Q-o-Q Growth (%)
HDFC Bank	12,99,959.68	85,040.17	78,008.17	83,001.72	9.01	2.46	18,340.11	17,718.00	18,627.44	3.51	-1.54
ICICI Bank	8,85,018.20	47,037.12	40,865.23	46,325.78	15.10	1.54	13,828.61	11,255.19	13,860.80	22.86	-0.23
Kotak Mahindra Bank	3,78,283.00	16,633.14	14,494.96	16,426.97	14.75	1.26	4,639.63	4,202.39	4,997.78	10.40	-7.17
Axis Bank Ltd.	3,05,372.95	32,162.20	28,865.20	31,601.05	11.42	1.78	6,763.10	6,493.36	7,408.90	4.15	-8.72
Punjab National Bank	1,16,251.12	31,894.80	27,851.71	30,447.42	14.52	4.75	4,648.60	2,252.67	4,431.99	106.36	4.89
Bank Of Baroda	1,10,356.87	32,569.84	30,041.75	31,886.92	8.42	2.14	5,116.82	4,748.32	5,455.04	7.76	-6.20
Indian Overseas Bank	96,326.69	7,115.88	6,179.84	6,853.94	15.15	3.82	875.27	724.14	779.62	20.87	12.27
Union Bank Of India	88,129.98	27,134.77	25,520.92	26,886.58	6.32	0.92	4,597.17	3,610.40	4,721.83	27.33	-2.64
IDBI Bank Ltd.	87,180.48	7,819.25	6,548.98	7,445.01	19.40	5.03	1,929.09	1,480.81	1,848.73	30.27	4.35
Canara Bank	84,629.18	30,750.73	28,492.24	30,181.85	7.93	1.88	4,161.00	3,738.26	4,100.32	11.31	1.48

Financial Services

While most banks met street estimates, financial services firms largely underperformed. Among the financial services companies that have reported results, profit growth was evenly split—half posted gains, while the rest saw declines. Industry leader Bajaj Finance delivered strong numbers, with revenue and profit growing 27 per cent and 17 per cent, respectively. In contrast, Jio Financial Services posted marginal growth. Piramal Enterprises grabbed headlines by returning to profitability with a ₹39 crore profit after steep losses in the same period last year.

Meanwhile, Spandana Sphoorty, Credit Access Grameen, Fed Bank Financial Services and SBI Cards and Payment reported significant profit declines, highlighting broader sectoral weakness. The Reserve Bank of India's recent data shows rising stress in the microfinance sector, with stressed assets in the 31-180 days past due (DPD) category doubling from 2.15 per cent to 4.30 per cent between April and September 2024. The microfinance sector's underperformance is driven by rising borrower over-indebtedness, lax loan screening, and soaring non-performing assets (NPAs).

Many borrowers, unaware of repayment risks, have taken multiple loans, leading to financial distress. High interest rates, often ranging from 20 per cent to 50 per cent annually, further strain repayment capacity, raising concerns over sustainability. While micro-finance institutions justify these rates as necessary for operational costs, critics view them as exploitative. Additionally, aggressive lending practices targeting vulnerable borrowers have tarnished the sector's reputation.

The growing stress in asset quality and declining trust signal deep structural challenges that require urgent regulatory intervention. Capital market companies, investment firms, brokerages and rating agencies outperformed lending institutions by a significant margin. These included Central Depository Services (CDSL), KFIN Technologies, Prudent Corporate Services, CARE Ratings, 360 One Wam and Anand Rathi Wealth, which outperformed the lending institutions by a significant margin.

The strong performance was driven by strong equity market activity, rising mutual fund inflows, and robust IPO and fundraising trends. Higher trading volumes and investment banking deals boosted revenue for brokerages, while stable bond yields benefited investment firms. Diversified revenue streams, including advisory, underwriting, and transaction fees, helped capital market players remain resilient, highlighting their advantage over credit-dependent lenders amid growing financial sector stress.

Company Name	Latest Market Cap (₹ Crore)	Net Sales					Net Profit				
		(Q3FY25)	(Q3FY24)	(Q2FY25)	Y-o-Y Growth (%)	Q-o-Q Growth (%)	(Q3FY25)	(Q3FY24)	(Q2FY25)	Y-o-Y Growth (%)	Q-o-Q Growth (%)
Bajaj Finance	4,88,880.10	18,035.11	14,163.60	17,090.27	27.33	5.53	4,305.17	3,637.30	4,010.29	18.36	7.35
Bajaj Finserv	2,77,364.16	32,041.81	29,038.43	33,703.74	10.34	-4.93	4,408.79	4,043.54	4,176.70	9.03	5.56
JIO Financial Services	1,53,685.94	438.35	413.61	693.50	5.98	-36.79	235.70	227.71	463.36	3.51	-49.13
Bajaj Holdings & Invest.	1,28,517.29	126.33	108.05	279.07	16.92	-54.73	87.71	66.94	188.99	31.03	-53.59
Cholamandalam Investment and Finance	1,08,061.21	6,732.98	5,007.42	6,255.12	34.46	7.64	1,087.14	872.13	967.13	24.65	12.41
Shriram Finance	1,02,250.38	10,698.31	8,922.39	10,089.54	19.90	6.03	3,232.07	1,818.33	2,071.26	77.75	56.04
HDFC Asset Management	82,660.10	934.63	671.32	887.21	39.22	5.34	641.36	487.92	576.61	31.45	11.23
Housing & Urban Devp.	45,973.63	2,760.23	2,012.66	2,517.72	37.14	9.63	735.03	519.19	688.62	41.57	6.74
360 One Wam	39,139.21	759.83	629.78	862.76	20.65	-11.93	276.47	192.11	245.49	43.91	12.62
Motilal Oswal Fin. Services	38,236.97	1,998.63	1,791.27	2,837.83	11.58	-29.57	566.00	661.49	1,121.80	-14.44	-49.55

Agriculture And FMCG

In Q3FY25, India's fast-moving consumer goods (FMCG) sector faced several challenges leading to a subdued performance. The primary factor was persistent inflation, which escalated input costs for essential commodities like copra, vegetable oil and palm oil. To mitigate these rising expenses, many companies implemented price hikes during the quarter. However, these increased prices coincided with diminished urban consumption, as high food inflation curtailed consumer spending in cities. This urban slowdown adversely impacted volume growth for FMCG firms.

Conversely, the rural market, accounting for over a third of the total FMCG consumption, demonstrated resilience and outpaced urban areas in growth. Despite this, the overall demand environment remained subdued, with some companies undertaking inventory corrections in response to the challenging macroeconomic conditions. Analysts observed that several FMCG companies reported either flat or low single-digit volume growth during this period. Hindustan Unilever, Nestle India, Godrej Consumer Products, Dabur and Colgate-Palmolive delivered low single-digit revenue growth in the December quarter, with operating profits remaining largely flat.

A positive development emerged on the day of the Union Budget as the shares of FMCG and consumer durables companies surged following Finance Minister Nirmala Sitharaman's announcement of zero Income Tax for individuals earning up to ₹12 lakhs annually. This step would boost disposable income, driving higher consumer spending on essential and discretionary goods. This increased purchasing power could significantly benefit the FMCG sector, leading to stronger demand, improved sales volumes, and overall market expansion.

Also, the finance minister emphasised agriculture as the primary growth driver in Union Budget 2025, introducing the PM Dhan Dhanya Krishi Yojana to strengthen productivity across 100 districts. Implemented in collaboration with states, the initiative aims to boost productivity, expand credit access, and enhance storage at the panchayat level, benefiting 1.7 crore farmers. To promote self-reliance in pulses, a six-year mission will focus on increasing domestic production of tur, masoor and urad dal.

Strengthening the cooperative sector, the government will establish new cooperative societies across states and set up a dedicated Makhana Board in Bihar. Additionally, a National Mission on High-Yielding Seeds and a five-year plan to improve cotton productivity will be introduced. Supporting farmers further, the Kisan Credit Card (KCC) loan limit will be raised from ₹3 lakhs to ₹5 lakhs. These measures reaffirm the government's commitment to food security and rural economic growth. It will help usher in sustainability in the farming sector and provide fresh opportunities to those engaged in the agriculture sector.

Company Name	Latest Market Cap (₹ Crore)	Net Sales					Net Profit				
		(Q3FY25)	(Q3FY24)	(Q2FY25)	Y-o-Y Growth (%)	Q-o-Q Growth (%)	(Q3FY25)	(Q3FY24)	(Q2FY25)	Y-o-Y Growth (%)	Q-o-Q Growth (%)
Hindustan Unilever	5,80,654.49	15,818.00	15,567.00	15,926.00	1.61	-0.68	2,988.00	2,509.00	2,601.00	19.09	14.88
Godrej Consumer Products	1,14,709.88	3,768.43	3,659.64	3,666.33	2.97	2.78	498.31	581.06	491.31	-14.24	1.42
Tata Consumer Products	1,01,379.93	4,443.56	3,803.92	4,214.45	16.82	5.44	299.75	315.53	359.34	-5.00	-16.58
Dabur India	93,826.36	3,355.25	3,255.06	3,028.59	3.08	10.79	515.32	506.84	417.28	1.67	23.50
Marico	86,872.36	2,794.00	2,422.00	2,664.00	15.36	4.88	406.00	386.00	433.00	5.18	-6.24
Adani Wilmar	34,629.94	16,859.31	12,828.36	14,460.45	31.42	16.59	393.16	206.03	281.92	90.83	39.46
Emami	25,692.39	1,049.48	996.32	890.59	5.34	17.84	283.48	261.68	215.61	8.33	31.48
Godrej Agrovet	14,005.28	2,449.63	2,345.21	2,448.75	4.45	0.04	96.15	70.33	83.74	36.71	14.82
LT Foods	13,553.28	2,274.81	1,941.73	2,107.79	17.15	7.92	141.38	140.97	141.77	0.29	-0.27
Sheela Foam	9,968.63	967.11	878.89	812.72	10.04	19.00	18.30	38.46	9.23	-52.42	98.27

Real Estate

After a period of strong growth driven by new projects, unprecedented presales, and a rise in rental incomes, the real estate sector is now grappling with challenges. Housing sales in India's key residential markets fell by 26 per cent across eight major cities during the October-December 2024 period, primarily due to high inflation, which has eroded household purchasing power and dampened discretionary spending. However, the impact is expected to ease, as the government has provided significant tax relief to taxpayers in Union Budget 2025.

Despite some sectoral challenges, the sector has outperformed expectations, with 60 per cent of real estate players reporting positive profit growth. While aggregate revenue growth was modest at 5 per cent, the operating profit saw a notable 21 per cent rise. Industry leaders DLF, Macrotech Developers (Lodha) and Oberoi Realty posted impressive net profit growth ranging from 60 per cent to 85 per cent each. Some players managed to maintain and even boost profitability in the current challenging environment through strategic adjustments. Despite macroeconomic pressures, many developers focused on high-demand residential projects and affordable housing segments.

This was to benefit from strong urban migration and government incentives. Additionally, selective land acquisitions, robust project execution, and timely delivery helped maintain the cash flow. Some players also capitalised on the growing demand for commercial spaces, especially in Tier II and III cities. Prestige Estates, National Standard (India) and Phoenix Mills were among the prominent companies that saw substantial declines in profitability, primarily due to a slowdown in sales, rising raw material costs, higher financing expenses, and delays in project timelines.

In the Union Budget 2025, Finance Minister Nirmala Sitharaman announced a relaxation in Income Tax rules, allowing taxpayers to designate any two houses as self-occupied properties without conditions. Previously, the annual value of such properties could be claimed as nil only under specific criteria. This move aims to ease compliance and provide relief to taxpayers facing challenges in meeting the earlier requirements. It is also a step in the right direction since there has been an evolving trend towards buying and maintaining two homes, one of them being a 'weekend getaway' property.

Company Name	Latest Market Cap (₹ Crore)	Net Sales					Net Profit				
		(Q3FY25)	(Q3FY24)	(Q2FY25)	Y-o-Y Growth (%)	Q-o-Q Growth (%)	(Q3FY25)	(Q3FY24)	(Q2FY25)	Y-o-Y Growth (%)	Q-o-Q Growth (%)
DLF	1,84,435.48	1,528.71	1,521.25	1,975.02	0.49	-22.60	440.40	376.50	1,043.41	16.97	-57.79
Macrotech Developers	1,20,078.43	4,083.00	2,930.60	2,625.70	39.32	55.50	944.50	511.90	423.70	84.51	122.92
Oberoi Realty	65,901.09	1,411.08	1,053.64	1,319.89	33.92	6.91	615.66	357.96	586.95	71.99	4.89
Prestige Estates Projects	58,708.53	1,654.50	1,795.80	2,304.40	-7.87	-28.20	39.20	181.00	245.70	-78.34	-84.05
The Phoenix Mills	58,707.11	975.13	986.09	917.97	-1.11	6.23	350.93	343.99	290.64	2.02	20.74
Brigade Enterprises	28,593.05	1,463.94	1,173.77	1,072.16	24.72	36.54	235.52	55.79	115.08	322.15	104.66
Equinox India Developments	17,211.02	278.50	100.55	245.97	176.98	13.23	22.39	-38.50	24.27	158.16	-7.75
Ganesh Housing Corporation	11,286.86	257.01	181.43	237.22	41.66	8.34	160.84	100.56	158.48	59.95	1.49
Sunteck Realty	6,975.81	161.76	42.45	169.05	281.07	-4.31	42.63	-10.28	34.68	514.64	22.94
Mahindra Lifespace Developers	6,483.37	167.28	81.99	7.61	104.02	2,098.16	-32.43	-25.42	-50.39	-27.58	35.64

Automotive

Similar to the FMCG and real estate sector, automobile sales have also been significantly impacted by the high inflation environment. All categories, except tractors, experienced a decline in sales, with two-wheelers dropping by 18 per cent, passenger vehicles by 2 per cent, commercial vehicles by 5.2 per cent, and three-wheelers by 4.5 per cent in December. Experts point to weak consumer sentiment, fewer new model launches, and fierce price competition among dealers as additional factors hampering sales.

In terms of Q3 performance, TVS Motor Company posted notable double-digit growth, while Bajaj Auto saw more modest single-digit growth in both revenue and profit.

Two of India's largest automakers reported mixed Q3FY25 performance. Tata Motors fell short of expectations due to a decline in JLR's average selling price and lower-than-expected margin expansion. The company slightly lowered its FY25 JLR revenue guidance, citing market challenges, especially in China. Meanwhile, Maruti Suzuki maintained profitability despite higher discounts and marketing expenses, limiting its QoQ EBITDA margin decline to 26bps at 11.6 per cent. In contrast, Hyundai saw a decline of around 150 bps. Management expects Q4 industry retail volume growth to be similar to 9M levels at 3.5 per cent YoY, with the overall outlook remaining subdued.

Looking ahead, the automotive industry stands to gain from the tax exemption on annual income up to ₹12 lakhs. Similar to its impact on FMCG and real estate, this measure is expected to enhance disposable income, fostering higher consumer spending on automobiles.

The resulting surge in purchasing power could drive demand for entry-level and mid-segment vehicles, benefiting automakers and fuelling sectoral growth. Notably, electric vehicle (EV) sales remained quite strong during the third quarter. Olectra Greentech, a leading manufacturer of electric buses, reported a 51 per cent year-on-year revenue growth, with net profit soaring by 72 per cent. With growing environmental awareness, favourable government incentives, and a shift towards sustainable mobility, the future of the EV market looks promising, offering immense opportunities for growth and transformation.

Company Name	Latest Market Cap (₹ Crore)	Net Sales					Net Profit				
		(Q3FY25)	(Q3FY24)	(Q2FY25)	Y-o-Y Growth (%)	Q-o-Q Growth (%)	(Q3FY25)	(Q3FY24)	(Q2FY25)	Y-o-Y Growth (%)	Q-o-Q Growth (%)
Maruti Suzuki India	3,86,979.26	38,764.30	33,512.80	37,449.20	15.67	3.51	3,659.80	3,150.30	3,055.20	16.17	19.79
Tata Motors	2,63,568.54	1,13,575.00	1,10,577.00	1,01,450.00	2.71	11.95	5,616.00	6,952.00	3,368.00	-19.22	66.75
Bajaj Auto	2,47,170.91	13,168.88	12,165.33	13,247.28	8.25	-0.59	2,195.65	2,032.62	1,965.74	8.02	11.70
Hyundai Motor India	1,36,364.71	16,647.99	16,874.71	16,876.17	-1.34	-1.35	1,160.73	1,425.22	1,337.79	-18.56	-13.23
TVS Motor Company	1,16,750.28	11,134.63	10,113.94	11,301.68	10.09	-1.48	630.55	522.37	606.96	20.71	3.89
Bosch	84,750.12	4,465.70	4,205.20	4,394.30	6.19	1.62	458.10	518.00	535.90	-11.56	-14.52
Balkrishna Industries	53,516.00	2,560.33	2,274.41	2,419.74	12.57	5.81	449.48	305.42	346.94	47.17	29.56
Exide Industries	31,828.25	4,016.72	3,979.83	4,450.00	0.93	-9.74	158.34	202.78	233.65	-21.92	-32.23
Sona BLW Precision Forgings	31,343.91	867.91	781.80	922.19	11.01	-5.89	150.71	133.60	143.58	12.81	4.97
Sundram Fasteners	21,941.60	1,441.12	1,367.25	1,486.04	5.40	-3.02	130.73	129.44	143.84	1.00	-9.11

Pharmaceuticals

The Indian Pharmaceutical Market (IPM) saw steady growth in December 2024, recording a 7.7 per cent increase in value and a 1.1 per cent rise in unit sales year-over-year. For the full year, IPM grew 8.3 per cent to ₹2,21,425 crore. The Indian pharmaceutical industry has maintained strong performance, driven by robust domestic demand fuelled by rising healthcare needs, the increasing prevalence of chronic diseases, and better access to healthcare services in both the urban and rural areas.

On the global front, the demand for generic drugs, particularly in the U.S., Europe, and emerging markets, has bolstered revenue growth. The sector's focus on high-margin specialty areas like oncology and biosimilars has enhanced profitability, while new product launches and innovations in treatment options further support continued growth.

Pharmaceutical companies are also heavily investing in research and development, fostering product discovery and expanding their global market presence. For Q3FY25, the Indian pharmaceutical industry showed strong performance, with a majority of companies reporting positive profit growth. On an aggregate basis, the sector posted a 12 per cent year-on-year revenue growth, while operating profit surged by 18 per cent. Mankind Pharma led the revenue growth story, registering a 24 per cent surge in year-on-year sales, while Cipla stood out on the profitability front with an impressive 49 per cent growth in net profit.

Sun Pharma, India's largest pharma company by market cap, delivered a stronger-than-expected Q3FY25 EBITDA, though EBITDA excluding milestone income fell below estimates. The milestone income and PLI-linked benefits could persist until Almirall's Ilumetri reaches peak sales in FY27. While domestic and global speciality sales slightly exceeded expectations, weakness in U.S. generics - driven by lower gRevlimid sales remains a concern. Additionally, a likely QoQ decline in speciality sales in Q4 due to inventory build-up in Q3 poses a marginal downside risk.

The finance minister has proposed key tariff revisions to enhance access to essential medicines. She announced the inclusion of six life-saving drugs under the concessional 5 per cent duty slab, ensuring affordability. Furthermore, to reduce treatment costs, customs duties will be fully waived on 36 additional life-saving drugs, including those used for cancer treatment. Given the fact that healthcare is now at times a prohibitively expensive affair, the finance minister's moves may help bring good quality healthcare and post-operative treatment within the reach of the common man.

Company Name	Latest Market Cap (₹ Crore)	Net Sales					Net Profit				
		(Q3FY25)	(Q3FY24)	(Q2FY25)	Y-o-Y Growth (%)	Q-o-Q Growth (%)	(Q3FY25)	(Q3FY24)	(Q2FY25)	Y-o-Y Growth (%)	Q-o-Q Growth (%)
Sun Pharmaceutical Ind.	4,18,228.08	13,675.46	12,380.70	13,291.39	10.46	2.89	2,917.54	2,568.03	3,030.67	13.61	-3.73
Cipla	1,19,474.38	7,072.97	6,603.81	7,051.02	7.10	0.31	1,583.72	1,068.51	1,306.02	48.22	21.26
Torrent Pharmaceuticals	1,10,306.14	2,809.00	2,732.00	2,889.00	2.82	-2.77	503.00	443.00	453.00	13.54	11.04
Max Healthcare Institute	1,03,265.79	1,868.31	1,334.97	1,707.46	39.95	9.42	238.80	289.34	281.81	-17.47	-15.26
Dr. Reddy's Laboratories	1,01,599.46	8,381.20	7,236.80	8,038.20	15.81	4.27	1,400.00	1,378.20	1,335.80	1.58	4.81
Mankind Pharma	1,00,540.49	3,230.00	2,606.95	3,076.51	23.90	4.99	381.08	455.21	656.31	-16.28	-41.94
Biocon	43,527.75	3,821.40	3,953.70	3,590.40	-3.35	6.43	81.10	777.40	27.10	-89.57	199.26
Ajanta Pharma	33,706.28	1,146.13	1,105.15	1,186.64	3.71	-3.41	232.88	210.03	216.48	10.88	7.58
Laurus Labs	31,484.26	1,415.05	1,194.92	1,223.70	18.42	15.64	90.61	25.17	17.72	259.99	411.34
Piramal Pharma	30,876.67	2,204.22	1,958.57	2,241.75	12.54	-1.67	-13.37	-3.84	5.33	-248.18	-350.84

Companies That Have Shown Growth In Net Profit And Sales (QoQ and YoY)

Company Name	Sales					Net Profit				
	Q3FY24	Q2FY25	Q3FY25	QOQ Change (%)	YOY Change (%)	Q3FY24	Q2FY25	Q3FY25	QOQ Change (%)	YOY Change (%)
Amber Enterp.	1,294.76	1,684.7	2,133.33	26.63	64.77	-0.51	20.96	37.05	76.77	7,364.71
Allied Blenders	894.83	867.67	973.74	12.22	8.82	-3.67	48.45	58.37	20.47	1,690.46
Jagsonpal Pharma	47.23	74.03	74.69	0.89	58.14	3.96	11.46	31.99	179.14	707.83
Gateway Distri	392.95	389.99	402.52	3.21	2.44	64.54	60.14	455.52	657.43	605.79
Sunteck Realty	42.45	161.76	169.05	4.51	298.23	-9.73	34.63	42.52	22.78	537.00
K&R Rail Engine.	143.67	151.82	161.17	6.16	12.18	1.05	5	6.37	27.40	506.67
Cube Highways	753.39	854.77	877.91	2.71	16.53	-14.27	-29.9	52.01	273.95	464.47
Frog Cellsat	44.68	43.77	91.15	108.25	104.01	2.84	2.79	15.64	460.57	450.70
Brigade Enterpr.	1,173.77	1,072.16	1,463.94	36.54	24.72	55.79	115.08	235.52	104.66	322.15
Cartrade Tech	138.59	154.21	176.22	14.27	27.15	-23.55	30.73	45.53	48.16	293.33
Waaree Energies	1,596.18	3,457.29	3,574.38	3.39	123.93	140.81	375.66	506.88	34.93	259.97
Medplus Health	1,441.47	1,561.45	1,576.17	0.94	9.34	13.71	38.7	45.87	18.53	234.57
Blue Jet Health	166.76	208.26	318.38	52.88	90.92	32.11	58.35	98.98	69.63	208.25
Hester Bios	66.98	63.22	83.69	32.38	24.95	4.02	8.39	11.41	36.00	183.83
Cineline India	52.2	55.84	63.31	13.38	21.28	1.63	0.91	4.51	395.60	176.69
Go Digit General	2,285.56	2,234.35	2,436.38	9.04	6.60	42.87	89.47	118.52	32.47	176.46
Bansal Wire Inds	562.12	700.61	929.26	32.64	65.31	13.11	33.43	35.77	7.00	172.85
Ami Organics	166.44	246.73	274.99	11.45	65.22	17.81	37.56	45.44	20.98	155.14
UPL	9887	10907	11090	1.68	12.17	-1607	-585	853	245.81	153.08
ACME Solar Hold.	331.64	259.59	349.01	34.45	5.24	44.45	15.3	112.06	632.42	152.10
Texmaco Rail	896.44	1,326.14	1,345.88	1.49	50.14	30.43	74.11	76.38	3.06	151.00
Khaitan Chemical	127.39	198.76	230.65	16.04	81.06	-26.97	-3.07	12.55	508.79	146.53
Dam Capital Advi	44.88	63.26	103.93	64.29	131.57	21.02	21.7	51.43	137.00	144.67
GMR Airports	2,226.65	2,495.46	2,653.24	6.32	19.16	-486.4	-428.77	202.1	147.13	141.55
Ambuja Cements	8128.8	7,516.11	9,328.56	24.11	14.76	1,090.73	472.89	2,620.09	454.06	140.21
Pokarna	164.6	223.61	251.28	12.37	52.66	21.23	44.96	50.6	12.54	138.34
Ganesha Ecosphe.	284.83	386.81	397.8	2.84	39.66	12.73	27.11	29.71	9.59	133.39
B H E L	5,503.81	6584.1	7,277.09	10.53	32.22	60.32	106.15	134.7	26.90	123.31
Aether Industri.	155.36	196.45	197.4	0.48	27.06	19.06	38.07	40.85	7.30	114.32
Dynamic Cables	192.32	234.15	251.5	7.41	30.77	7.52	13.85	15.8	14.08	110.11
Epigral	471.52	626.06	645.24	3.06	36.84	49.31	80.53	103.54	28.57	109.98
Assoc.Alcohols	190.91	254.63	327.02	28.43	71.30	12.57	15.32	26.09	70.30	107.56
ACC	4,914.36	4,613.52	5,927.38	28.48	20.61	537.67	199.7	1091.79	446.72	103.06
Solara Active	211.94	300.31	346.95	15.53	63.70	-275.34	8.01	8.09	1.00	102.94
AXISCADES Tech.	232.23	264.72	274.53	3.71	18.21	7.54	12.25	14.76	20.49	95.76
EFC (I)	172.08	166.44	177.24	6.49	3.00	21.12	36.56	40.47	10.69	91.62
Capri Global	605.41	751.64	820.77	9.20	35.57	67.98	96.98	128.08	32.07	88.41

**Companies are sorted on YoY profit growth*

Conclusion

In conclusion, India's current macroeconomic landscape appears less favourable for attracting FIIs. Lower GDP projections, a widening trade deficit, and currency depreciation alongside subdued corporate earnings have created a challenging environment, keeping foreign investors cautious. However, India's long-term growth story remains intact, supported by a young population, strong domestic consumption, structural reforms, robust infrastructure development, and a resilient financial system.

Additionally, government initiatives such as the PLI scheme, expanding digital economy, rising middle-class aspirations, and a favourable demographic dividend continue to position India as a key global growth driver. The ongoing push for manufacturing, increased private and public sector investments, and a thriving start-up ecosystem further bolster long-term economic prospects.

Considering the long-term growth potential, investing in India remains a compelling choice. While market weakness presents an opportunity to buy stocks at lower valuations, attempting to time the bottom can be risky—it's advisable to avoid catching a falling knife. Similarly, averaging investments during uncertain phases may not always be prudent. Investors with a higher risk appetite and surplus funds should consider moderate allocations in fundamentally strong stocks and sectors facing fewer challenges.