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EQUITY: EQUITY STRATEGY

3QFY25 corporate earnings review

More misses than beats with FY26/27 estimates revised lower, but expectation of growth acceleration remains

3QFY25: Recovery in earnings growth; but consensus estimates are revised lower

We evaluate the 3QFY25 earnings trends for 228 companies (BSE 200+ our coverage universe). The aggregate PAT growth for this universe was up 16% y-y, with two stocks (BHARTI IN and SBIN IN) contributing ~44% to the aggregate y-y earnings increase in 3QFY25. We estimate that adjusted for significant one-offs in these two companies, the y-y earnings growth for the universe was at +11%, which compares well with the nearly +6% earnings growth in the past two quarters. Excluding Financials, Commodities and Telecom (sectors with volatile earnings), 3QFY25 y-y PAT growth was at ~6%, a slowdown vs the previous two quarters. The sales and EBITDA growth were up 10% and 9%, respectively. Of the 174 companies for which consensus (Bloomberg) estimates are available, ~57% (100) missed consensus estimates. However, on an aggregate basis, the reported earnings were ~4% higher than consensus estimates (driven by one-offs such as in BHARTI IN). Consensus estimates suggest earnings cuts of 2%/3%/3% for FY25/26/27E. Earnings have been revised lower for more than 70% of the companies. Currently, consensus estimates suggest earnings growth of 8.6%/16.1%/13.8% for FY25E/26E/27E. Thus, over FY24-27E, for the BSE 200+ universe, consensus expectation is for an earnings CAGR of 12.7%, ahead of nominal GDP CAGR expectations of ~11.1% (both Nomura and consensus).

We do expect a cyclical recovery in economic growth from the lows of 2QFY25 on the back of a pick-up in government expenditure growth and more accommodative central bank policy. However, we believe there are headwinds for the corporate earnings-to-GDP ratio to improve in the near term, which could limit a material earnings growth outperformance to economic growth in the near term. These headwinds include: (1) a potential dip in the net investment-to-GDP ratio after the recovery over FY21-24, given slower government capex growth and the impact of global trade policy uncertainties on corporate capex. (2) The rise in household savings to relatively higher levels from the cyclical lows of FY23. The impact to a small extent may be negated by comparatively looser credit conditions. (3) The government's commitment to fiscal consolidation, which could limit fiscal stimulus. (4) A decline in the dividend-to-GDP ratio due to slower earnings growth in FY25F. Since Jan 2025, when we published our India *outlook report* , Nifty50 consensus earnings estimates for Dec 2026E have been revised lower by ~3.5%. We had expected potential consensus earnings cuts of 3-6% for FY26-27F. We think an additional low- to mid-single-digit percentage earnings cut remains a possibility.

Market outlook: Modest expectations

From the peak in Sep 2024, the Indian equity market (Nifty50) is down 16% in USD terms as of Feb 2025, with mid caps (-21%) and small caps (-23%) correcting even more. We attribute the correction to market fatigue after the strong run, when expectations were set high. The valuation multiples (P/E) for the market (Nifty50) have moved lower to 19.0x one-year-forward earnings from the Sep 2024 peak of 21.3x. Our Dec 2025F Nifty50 target is 23,784, which is based on 18.5x Dec 2026F Nifty EPS of INR1,286. The Nifty EPS is ~1.5% below current consensus estimates. We project Dec 2025F Nifty in the range of 21,800-25,700 (based on 17.0-20.0x Dec 2026F earnings), implying -5% to +12% return from current levels. We recommend being highly selective and avoiding richly valued stocks. We are OW on Financials, Consumer staples/FMCG, Oil and gas, Telecom, Power, Pharma, Internet, and Real estate. We are Underweight (UW) on Consumer discretionary, Autos, Capital goods, Cement, Hospitals, and Metals.

In our preferred stocks portfolio, we add AXSB, and remove NAM, HYUNDAI, and GVTD. In the least preferred stocks, we add VOLT and ABB, and remove MSIL and HAVL.

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Sector-wise earnings performance

Key highlights of 3QFY25 earnings

- We evaluate and present the 3QFY25 earnings trends for 228 companies (BSE 200+ our coverage universe). In 3QFY25, the aggregate PAT growth for this universe was up +16% y-y, accelerating from +6% y-y growth recorded in 1HFY25. Telecom and Banks contributed 66% to the y-y growth during the quarter. In 3QFY25, BHARTI and SBIN together contributed ~44% to the aggregate y-y PAT growth for the BSE200+ universe. Excluding BHARTI (which had high exceptional gains in 3QFY25 from business combination of Indus Towers) and SBIN (which had high one-off wage revision provisions in 3QFY24), 3QFY25 PAT y-y growth was at 9%. Excluding Financials, Commodities and Telecom (sectors with volatile earnings), 3QFY25 y-y PAT growth was at ~6%, a slowdown from the previous two quarters. The sales and EBITDA growth were up 10% and 9%, respectively.
- Of the 174 companies for which consensus estimates are available, ~57% (100) missed consensus estimates. However, on an aggregate basis, the reported earnings were ~4% higher than consensus estimates. The earnings beat was largely driven by one-off gains in specific companies such as BHARTI IN.
- Consensus earnings growth expectation is at 6% y-y for 4QFY25E; expectations for FY25E/26E/27E earnings growth are at 9%/16%/14%. Consensus estimates suggest earnings cuts of 2%/3%/3% for FY25/26/27E, with earnings cuts for more than 70% of the companies assessed.

Fig. 1: 3QFY25 PAT y-y/q-q growth

Relatively high contribution to y-y earnings growth in 3QFY25 from Telecom and Banks, driven by one-off gains/losses

# of companies	Sector	3QFY24	2QFY25	3QFY25	y-y%	q-q %	3QFY25 (Earning contribution)	3QFY25 yy% growth contribution
20	Banks	710,148	884,160	861,800	21.4%	-2.5%	26.1%	33%
14	Oil and Gas	467,128	370,975	447,893	-4.1%	20.7%	13.6%	-4%
12	IT Services	274,839	300,320	309,130	12.5%	2.9%	9.4%	7%
22	Autos	219,167	201,822	215,297	-1.8%	5.4%	6.5%	-1%
11	NBFCs	169,621	193,740	211,070	24.4%	8.9%	6.4%	9%
10	Power/Coal	207,463	183,430	199,630	-3.8%	-7.8%	6.1%	-2%
8	Insurance	127,462	116,136	149,640	17.4%	28.8%	4.5%	5%
8	Metals/ Mining	125,994	136,930	141,750	12.5%	3.5%	4.3%	3%
13	Consumer Staples/FMCG	127,273	127,995	137,153	7.8%	7.2%	4.2%	2%
22	Healthcare	110,602	130,670	132,340	19.7%	1.3%	4.0%	5%
4	Telecom	(29,584)	(11,340)	124,050	NA	NA	3.8%	33%
25	Consumer Discretionary/Durables	66,178	66,784	74,765	13.0%	10.8%	2.3%	2%
12	Capital Goods/Defense	47,651	60,252	61,701	29.5%	2.4%	1.9%	3%
6	Transport Logistics	60,817	23,530	58,643	-3.6%	149.2%	1.8%	0%
6	Infrastructure	53,348	56,913	40,288	-24.5%	-29.2%	1.2%	-3%
8	Cement	41,773	23,270	39,262	-6.0%	68.7%	1.2%	-1%
9	Div Fin	31,159	56,830	31,950	2.5%	-47.0%	1.0%	0%
4	Real estate	15,842	27,270	27,800	75.5%	1.9%	0.8%	3%
7	Chemicals	913	14,134	22,551	2371.3%	59.5%	0.7%	5%
7	Internet/Media	9,340	10,560	9,780	4.7%	-7.4%	0.3%	0%
228	**Total**	**2,837,135**	**2,974,380**	**3,296,493**	**16.2%**	**10.8%**		
180	**Total ex-fin**	**1,798,745**	**1,723,514**	**2,042,033**	**13.5%**	**18.5%**		
139	**Total ex-fin ex-commodities ex telecom**	**1,192,521**	**1,189,545**	**1,266,527**	**6.2%**	**6.5%**		

Source: Bloomberg Finance L.P., Nomura research

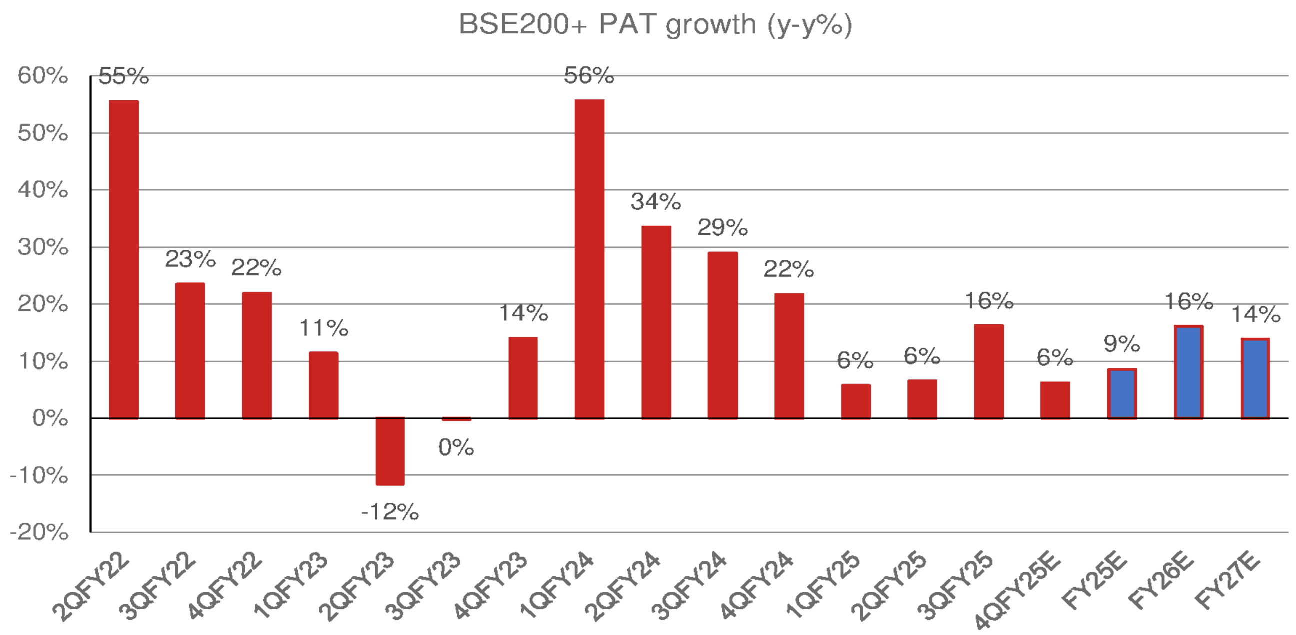
Fig. 2: BSE200+ PAT growth

4QFY25E consensus earnings growth now estimated at ~6% y-y. The expectation is for earnings to accelerate in FY26E

Companies considered	Sector	1QFY25	2QFY25	3QFY25	4QFY25E	FY25E	FY26E	FY27E
25	Consumer Discretionary/Durables	5%	7%	13%	4%	7%	25%	20%
12	Capital Goods/Defense	50%	34%	29%	-32%	15%	26%	18%
8	Cement	-22%	-39%	-6%	37%	-12%	38%	25%
10	Power/Coal	21%	0%	-4%	29%	11%	12%	10%
6	Infrastructure	38%	44%	-24%	114%	34%	20%	12%
6	Transport Logistics	13%	-17%	-4%	18%	2%	24%	13%
22	Autos	30%	4%	-2%	-31%	-2%	17%	8%
22	Healthcare	36%	22%	20%	29%	26%	17%	10%
14	Oil and Gas	-42%	-41%	-4%	5%	-24%	16%	10%
13	Consumer Staples/FMCG	10%	6%	8%	30%	13%	11%	12%
4	Telecom	NA	NA	NA	NA	-135%	113%	113%
7	Chemicals	-43%	-23%	2371%	-61%	44%	45%	27%
12	**IT Services**	9%	10%	12%	3%	9%	12%	12%
7	Internet/Media	81%	30%	5%	91%	47%	34%	38%
4	Real estate	93%	102%	75%	-42%	41%	26%	23%
8	Metals/ Mining	8%	554%	13%	-18%	60%	41%	15%
9	Div Fin	1%	39%	3%	413%	65%	33%	31%
20	Banks	21%	20%	21%	-2%	14%	8%	13%
11	NBFCs	17%	12%	24%	-1%	13%	18%	17%
8	Insurance	14%	2%	17%	-17%	3%	10%	10%
		1QFY25	2QFY25	3QFY25	4QFY25E	FY25E	FY26E	FY27E
228	**Total**	**6%**	**6%**	**16%**	**6%**	**9%**	**16%**	**14%**
180	**Total ex-Fin**	**-1%**	**0%**	**14%**	**13%**	**6%**	**20%**	**14%**
139	**Total ex-Fin, ex-Commodities, ex-Telecom**	**21%**	**11%**	**6%**	**6%**	**11%**	**16%**	**12%**

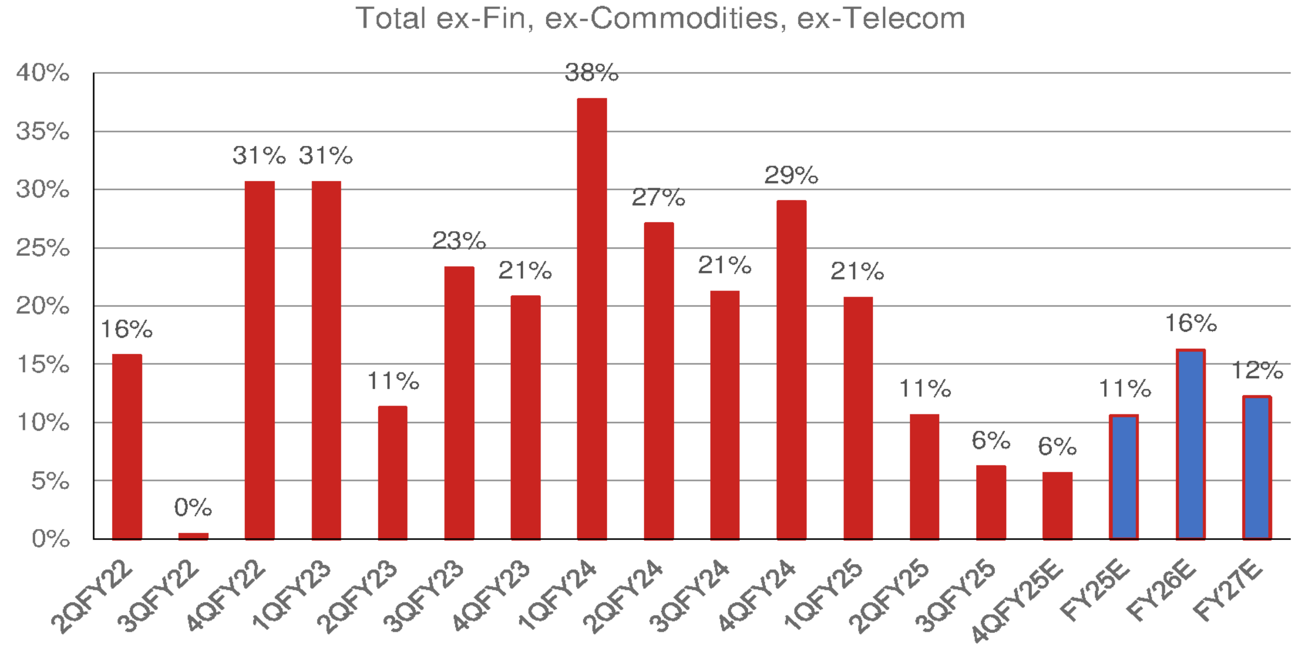
Source: Bloomberg Finance L.P., Nomura research

Fig. 3: BSE200+ PAT growth (y-y%)



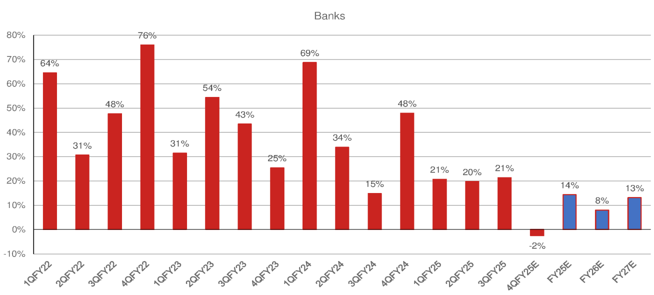
Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

Fig. 4: BSE200+ PAT growth y-y% (ex-Financials, ex-Commodities, ex-Telecom)



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

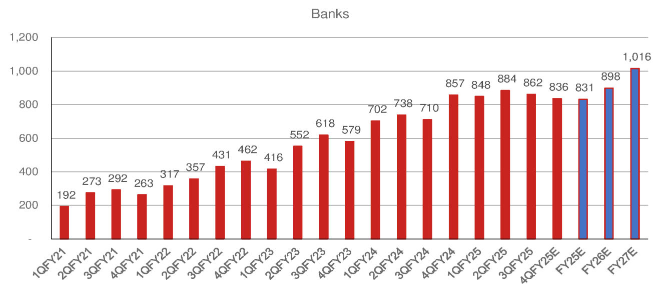
Fig. 5: Banks PAT growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

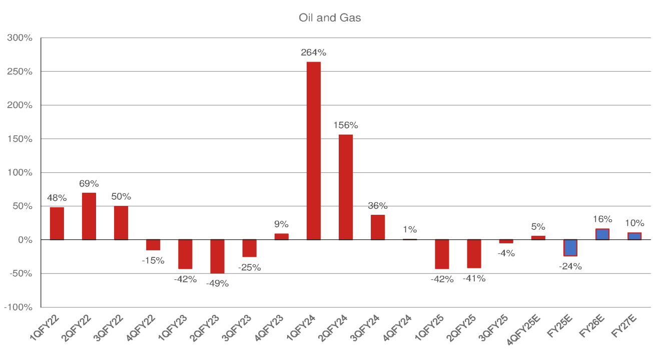
Fig. 6: Banks PAT (INRbn)

FY25-27E CAGR at 11%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

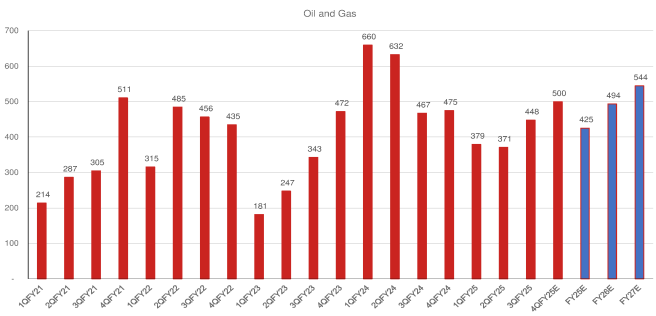
Fig. 7: Oil and Gas PAT growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

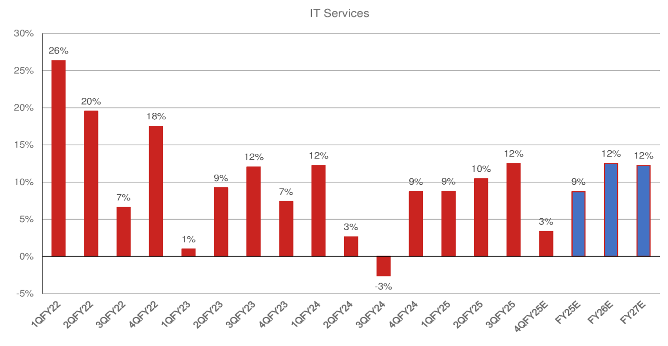
Fig. 8: Oil and Gas PAT (INRbn)

FY25-27E CAGR at 13%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

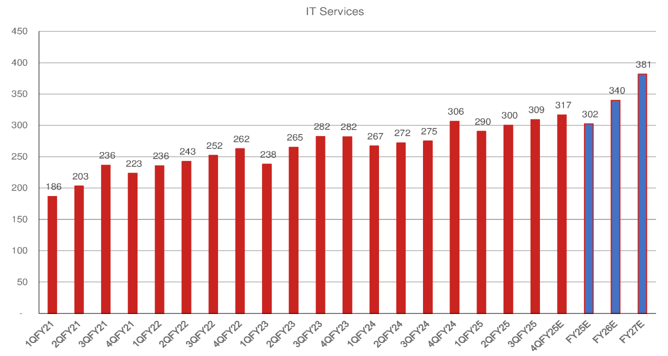
Fig. 9: IT Services PAT growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

Fig. 10: IT Services PAT (INRbn)

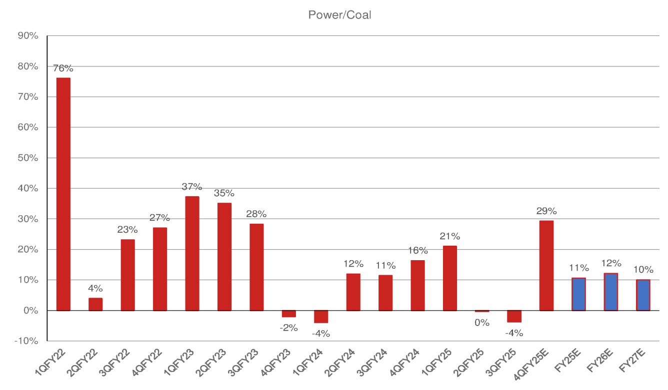
FY25-27E CAGR at 12%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

Fig. 11: Power/Coal PAT growth y-y%

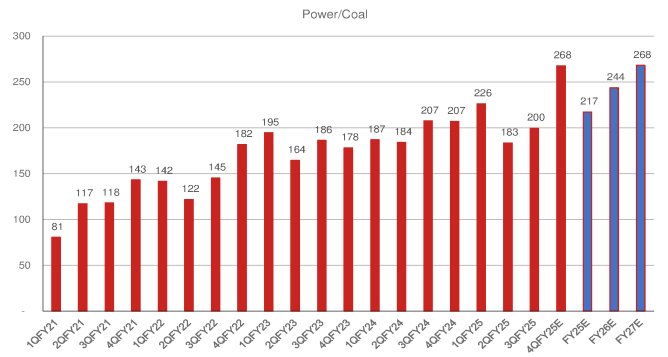
4QFY25E growth led by NTPC IN, NHPC IN



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

Fig. 12: Power/Coal PAT (INRbn)

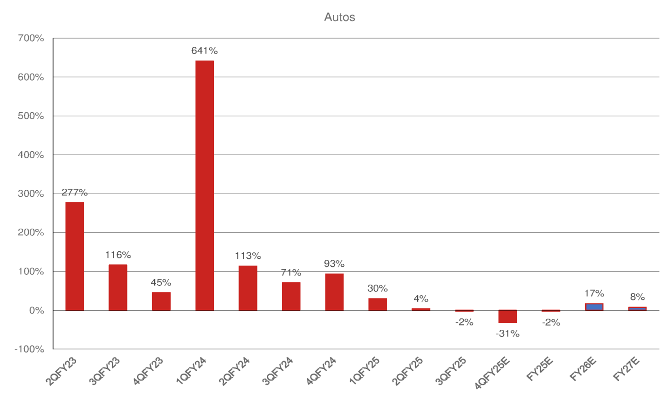
FY25-27E CAGR at 11%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

Fig. 13: Autos PAT growth y-y%

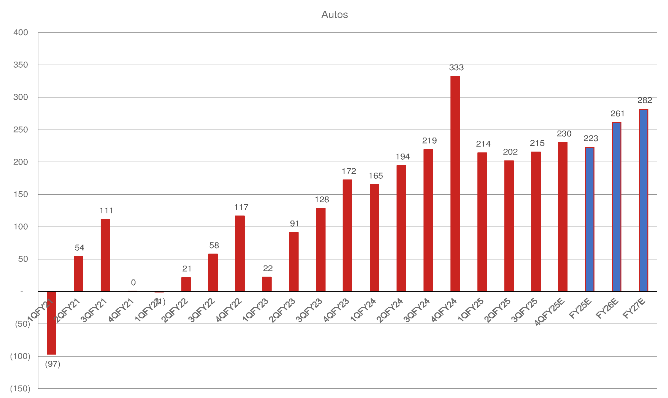
4QFY25E growth led by TTMT IN



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

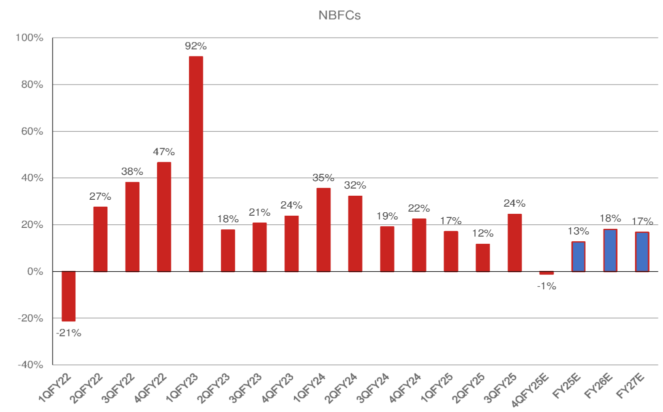
Fig. 14: Autos PAT (INRbn)

FY25-27E CAGR at 12%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

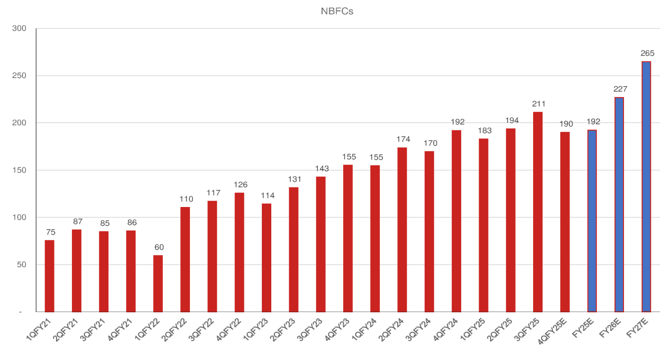
Fig. 15: NBFCs PAT growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

Fig. 16: NBFCs PAT (INRbn)

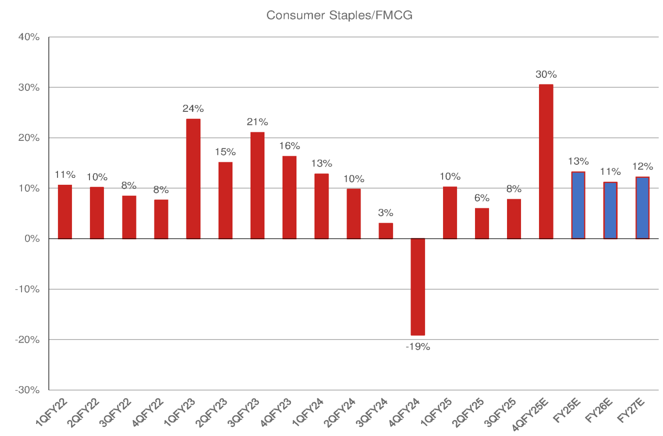
FY25-27E CAGR at 17%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

Fig. 17: Consumer Staples/FMCG PAT growth y-y%

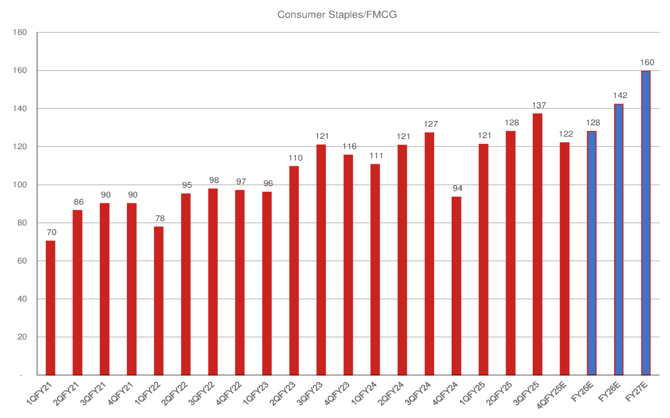
4QFY25E growth led by GCPL IN (GCPL IN had a one-off loss in 4QFY24)



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

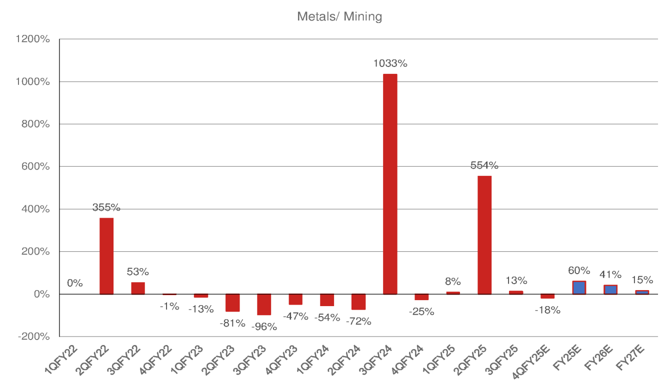
Fig. 18: Consumer Staples/FMCG PAT (INRbn)

FY25-27E CAGR at 12%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

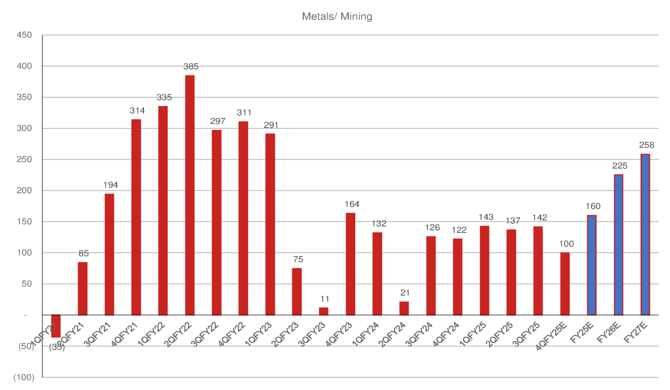
Fig. 19: Metals/ Mining PAT growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

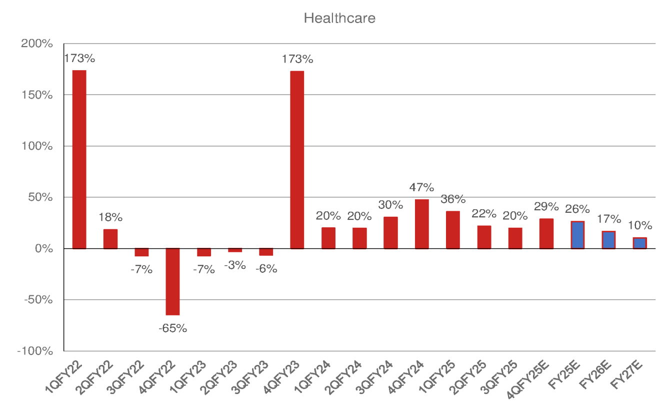
Fig. 20: Metals/ Mining PAT (INRbn)

FY25-27E CAGR at 27%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

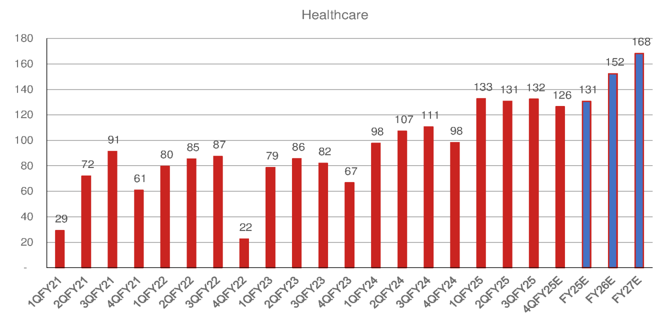
Fig. 21: Healthcare PAT growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

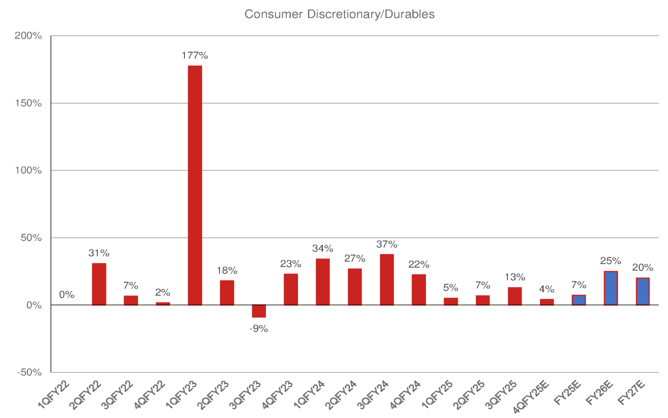
Fig. 22: Healthcare PAT (INRbn)

FY25-27E CAGR at 13%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

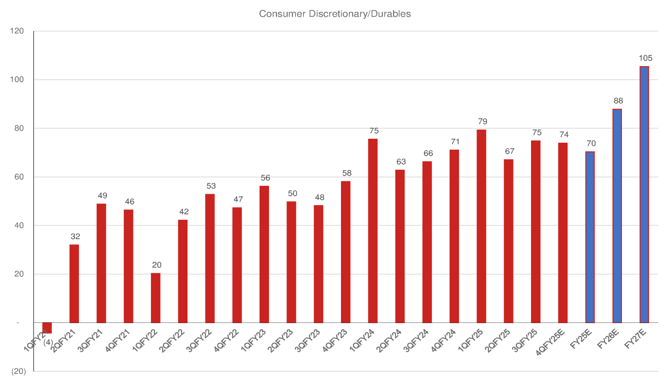
Fig. 23: Consumer Discretionary/Durables PAT growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

Fig. 24: Consumer Discretionary/Durables PAT (INRbn)

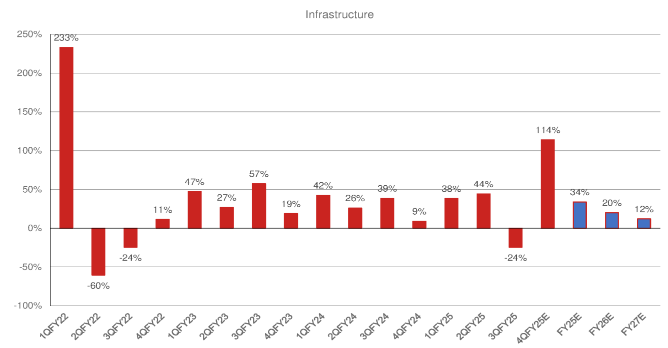
FY25-27E CAGR at 22%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

Fig. 25: Infrastructure PAT growth y-y%

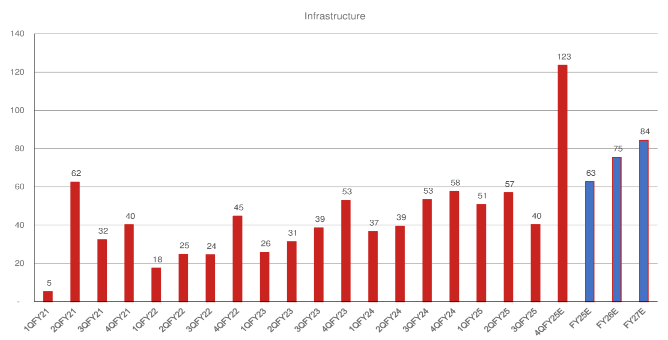
ex-ADE, the 4QFY25E growth at 7% y-y



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

Fig. 26: Infrastructure PAT (INRbn)

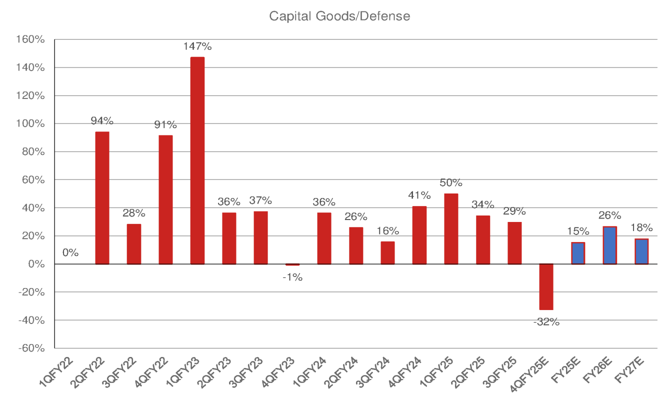
FY25-27E CAGR at 16%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

Fig. 27: Capital Goods/Defense PAT growth y-y%

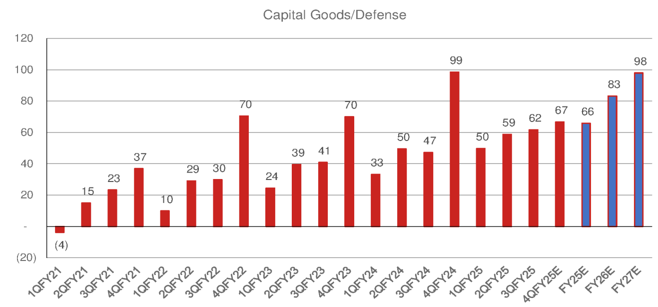
4QFY25E decline led by HNAL IN, KKC IN



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

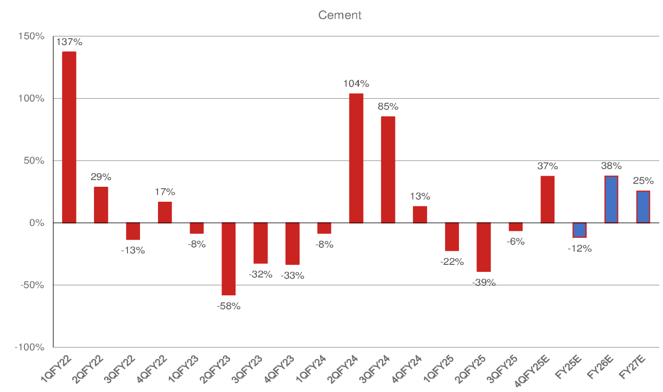
Fig. 28: Capital Goods/Defense PAT (INRbn)

FY25-27E CAGR at 22%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

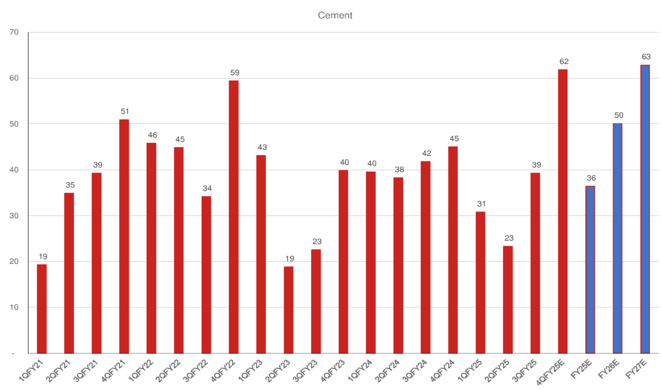
Fig. 29: Cement PAT growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

Fig. 30: Cement PAT (INRbn)

FY25-27E CAGR at 31%

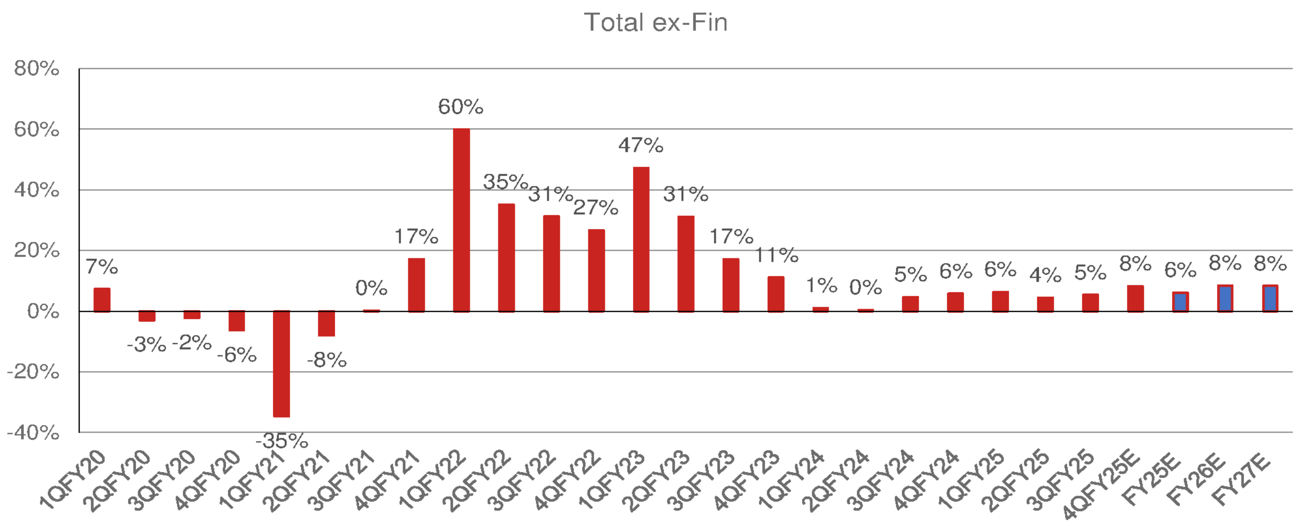


Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

Sales growth

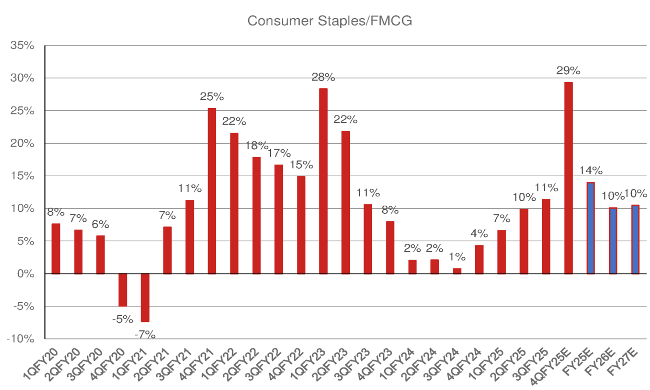
Fig. 31: BSE200+ sales growth (ex-Financials)

The consensus expects Sales growth ex- financials to improve to ~8% y-y from 4QFY25 vs 4-6% in the recent past.



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

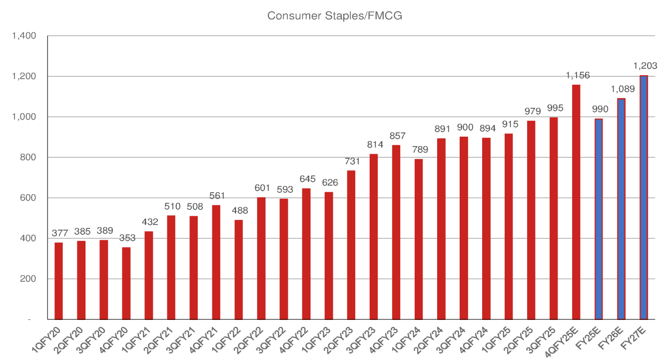
Fig. 32: Consumer Staples/FMCG sales growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

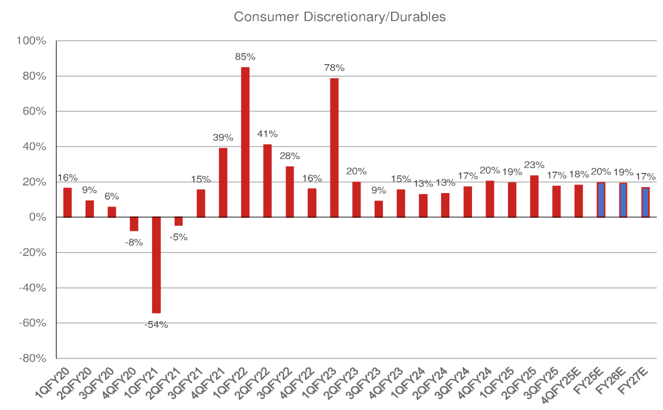
Fig. 33: Consumer Staples/FMCG sales (INRbn)

FY25-27E CAGR at 10%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

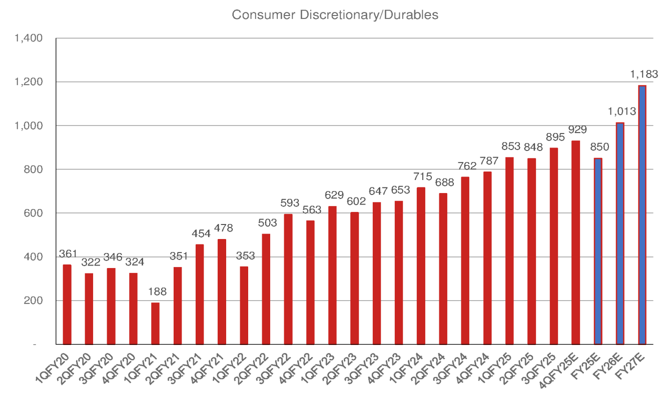
Fig. 34: Consumer Discretionary/Durables sales growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

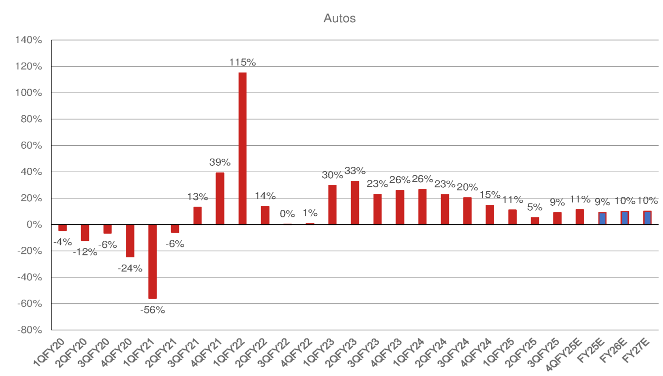
Fig. 35: Consumer Discretionary/Durables sales (INRbn)

FY25-27E CAGR at 18%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

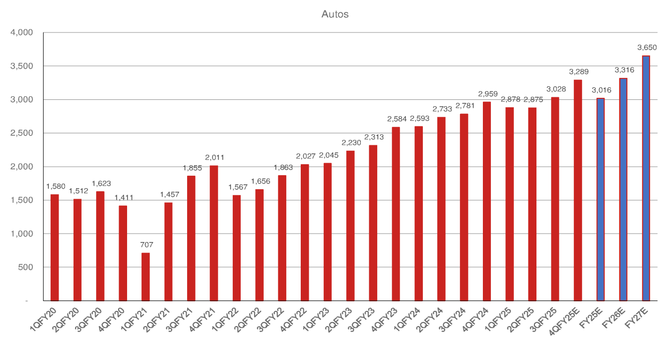
Fig. 36: Autos sales growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

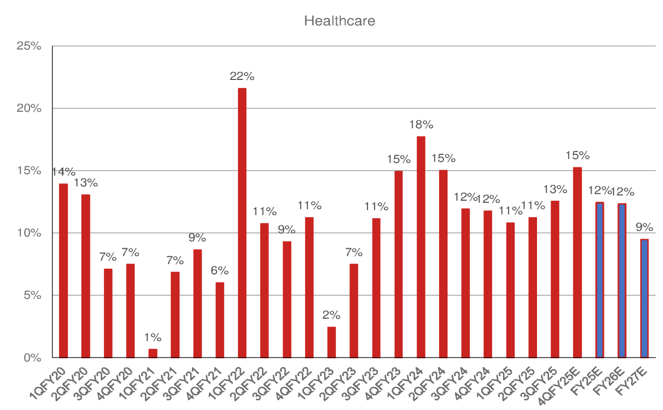
Fig. 37: Autos sales (INRbn)

FY25-27E CAGR at 10%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

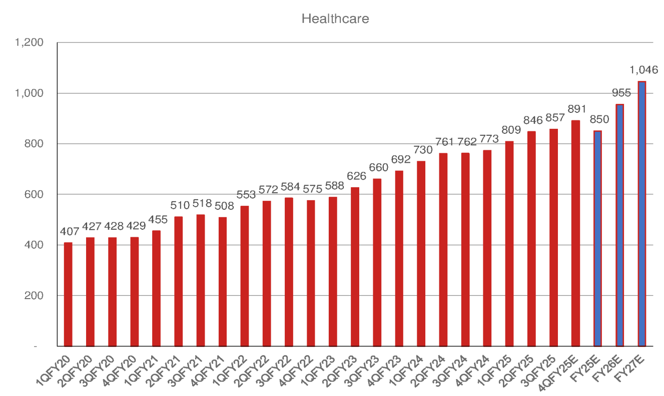
Fig. 38: Healthcare sales growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

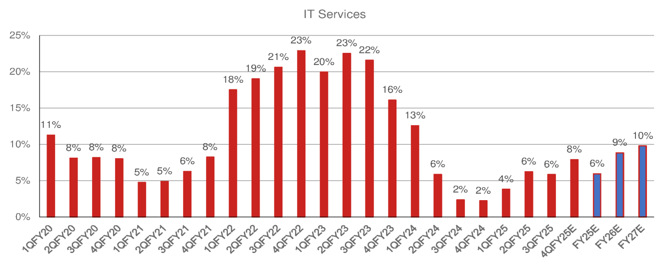
Fig. 39: Healthcare sales (INRbn)

FY25-27E CAGR at 11%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

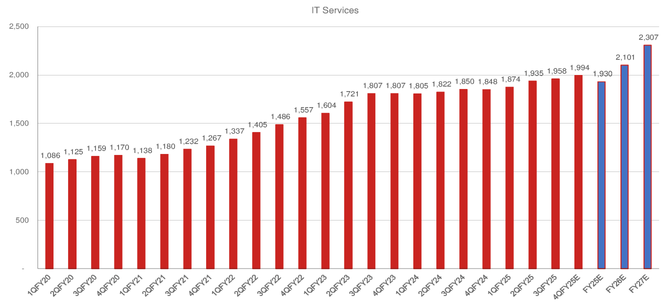
Fig. 40: IT Services sales growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

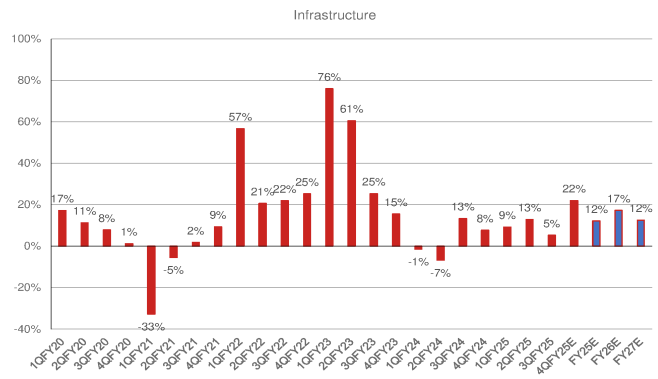
Fig. 41: IT Services sales (INRbn)

FY25-27E CAGR at 9%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

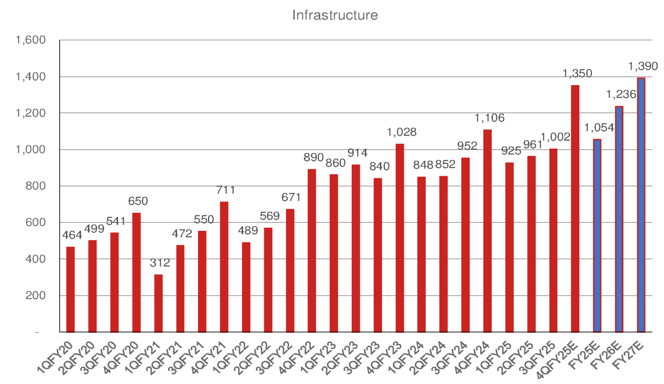
Fig. 42: Infrastructure sales growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

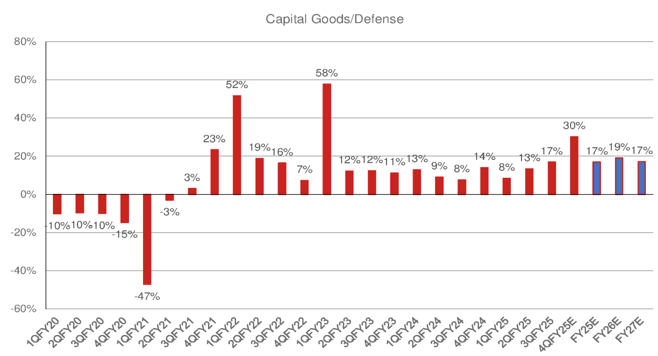
Fig. 43: Infrastructure sales (INRbn)

FY25-27E CAGR at 15%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

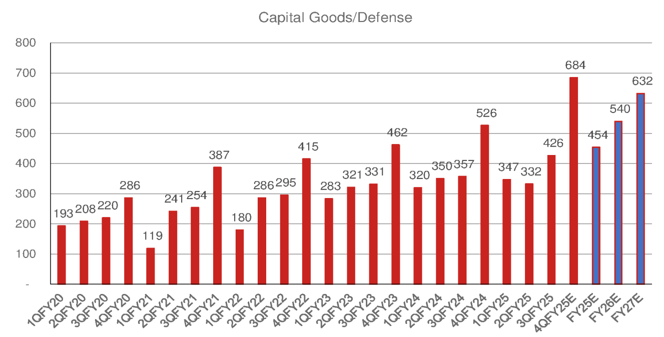
Fig. 44: Capital Goods/Defense sales growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

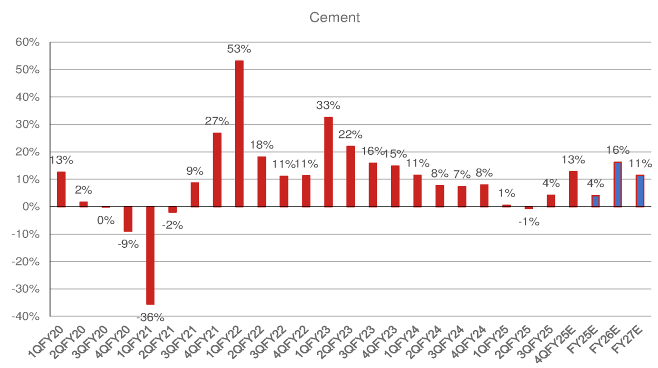
Fig. 45: Capital Goods/Defense sales (INRbn)

FY25-27E CAGR at 18%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

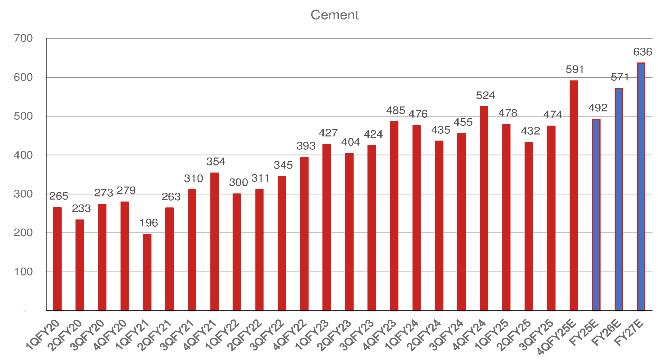
Fig. 46: Cement sales growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

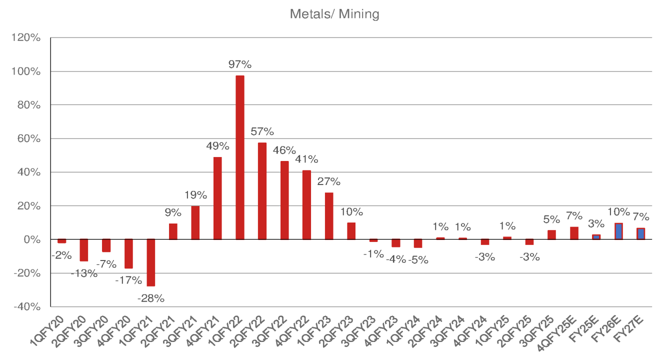
Fig. 47: Cement sales (INRbn)

FY25-27E CAGR at 14%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

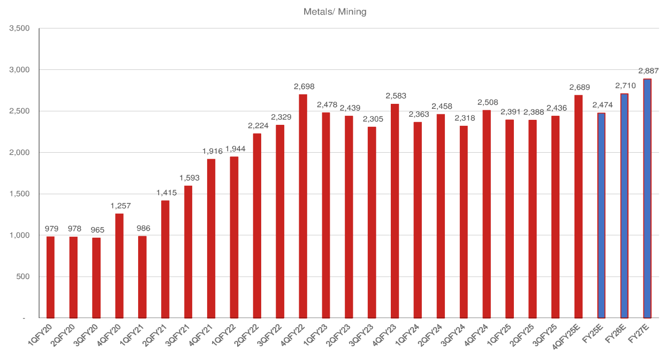
Fig. 48: Metals/ Mining sales growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

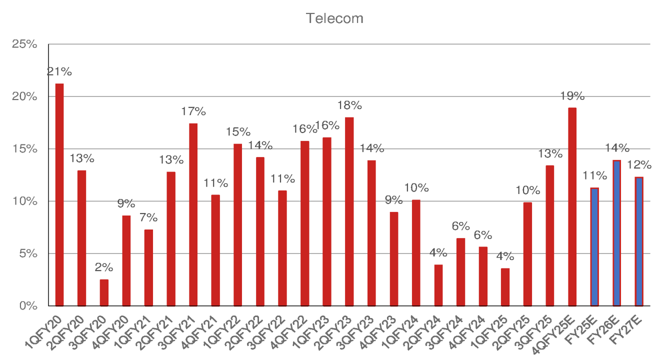
Fig. 49: Metals/ Mining sales (INRbn)

FY25-27E CAGR at 8%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

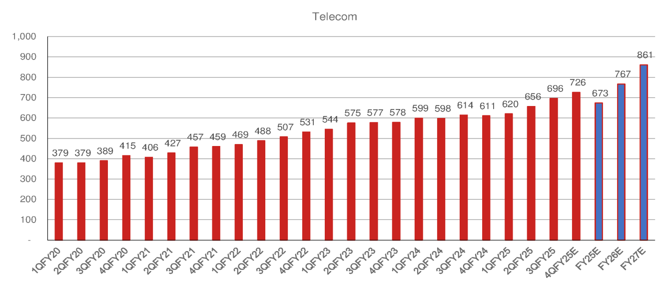
Fig. 50: Telecom sales growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

Fig. 51: Telecom sales (INRbn)

FY25-27E CAGR at 13%

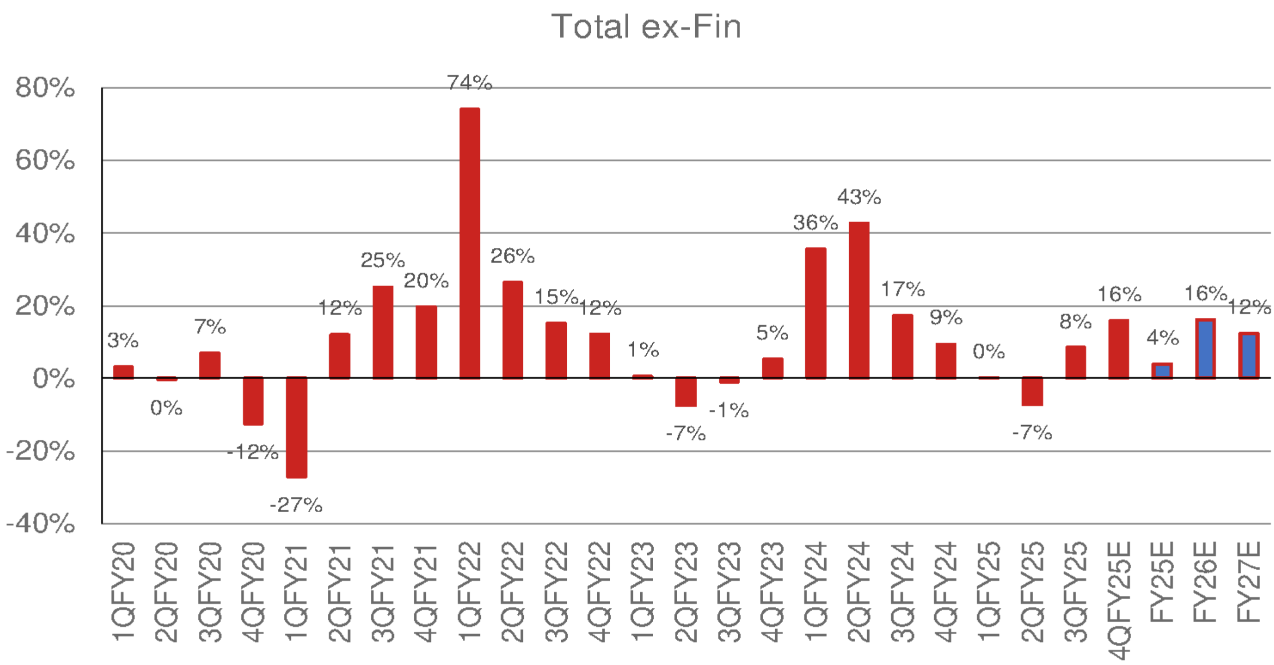


Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

EBITDA growth

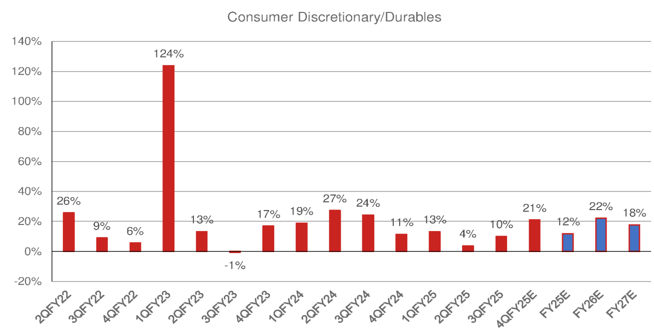
Fig. 52: BSE200+ EBITDA growth

EBITDA growth is expected to accelerate in FY26-27E, with EBITDA margins holding up across most sectors



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

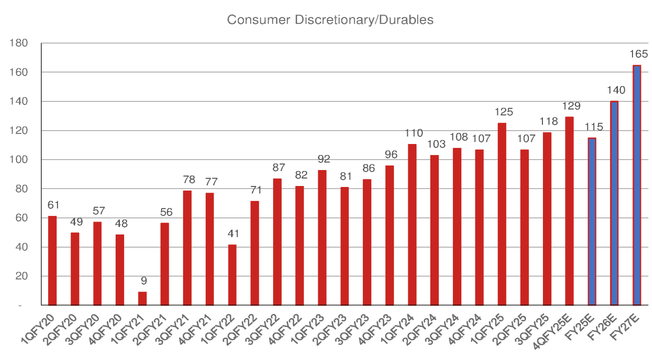
Fig. 53: Consumer Discretionary/Durables EBITDA growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

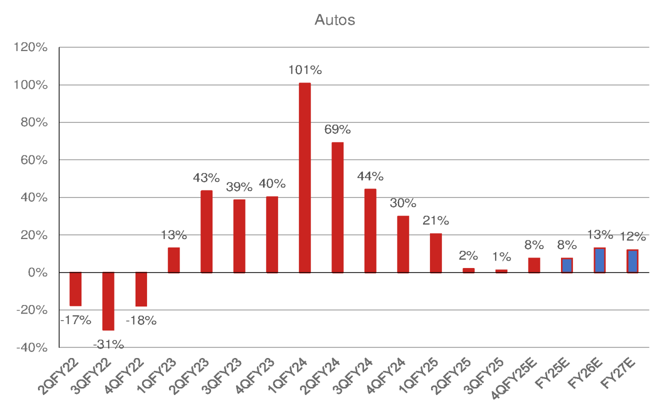
Fig. 54: Consumer Discretionary/Durables EBITDA (INRbn)

FY25-27E CAGR at 20%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

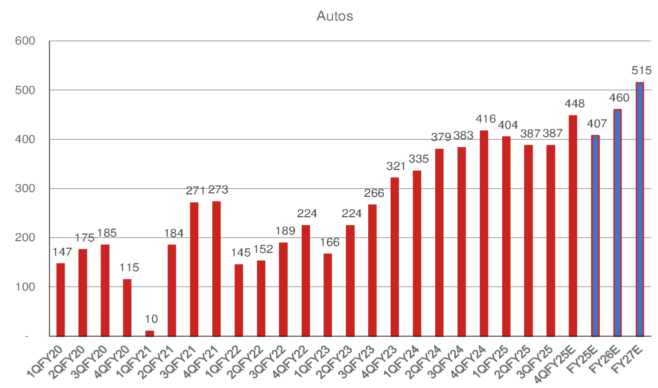
Fig. 55: Autos EBITDA growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

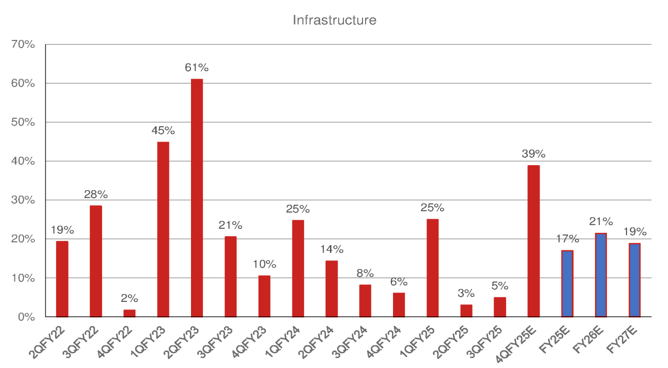
Fig. 56: Autos EBITDA (INRbn)

FY25-27E CAGR at 12%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

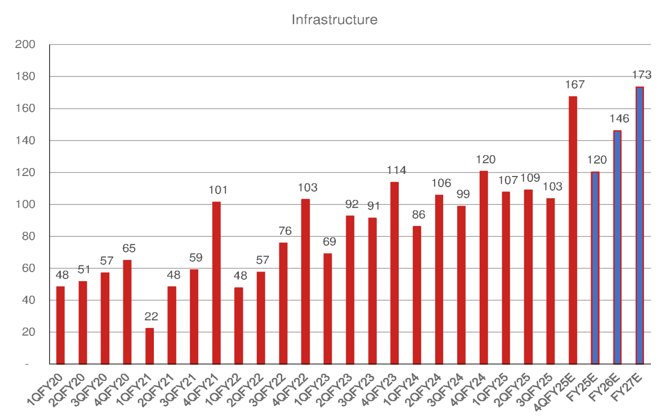
Fig. 57: Infrastructure EBITDA growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

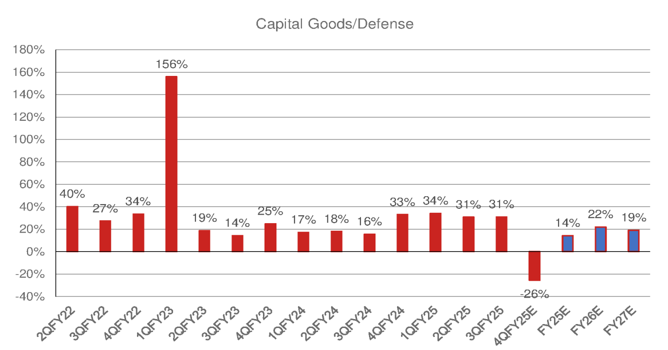
Fig. 58: Infrastructure EBITDA (INRbn)

FY25-27E CAGR at 20%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

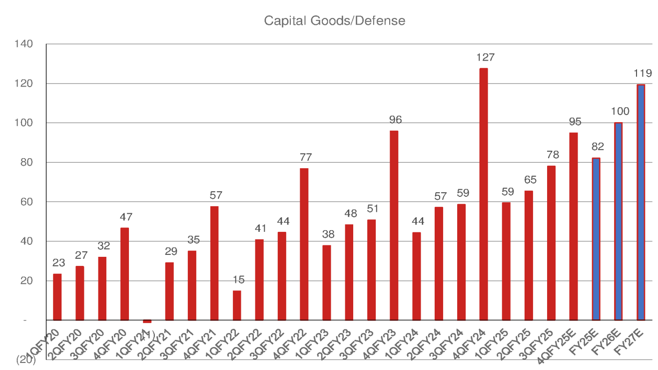
Fig. 59: Capital Goods/Defense EBITDA growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

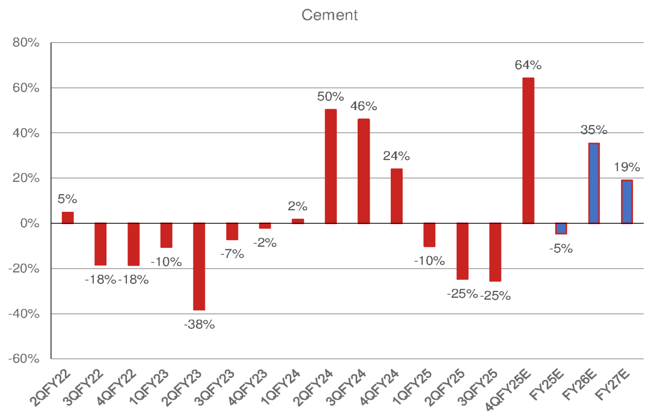
Fig. 60: Capital Goods/Defense EBITDA (INRbn)

FY25-27E CAGR at 21%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

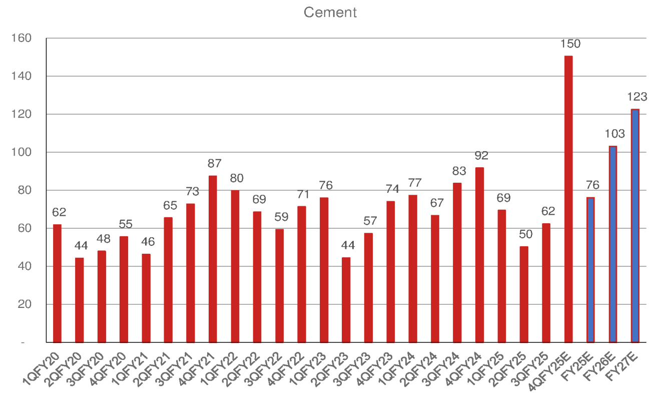
Fig. 61: Cement EBITDA growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

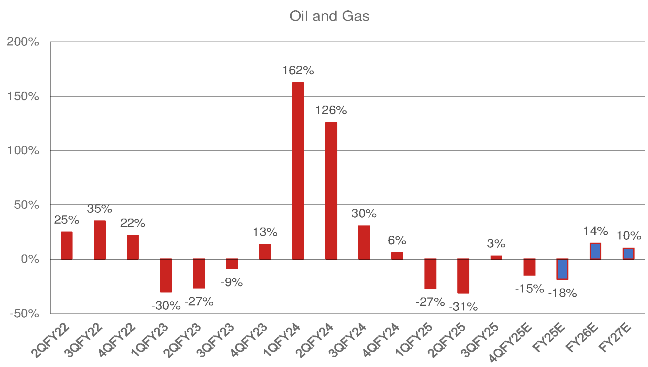
Fig. 62: Cement EBITDA (INRbn)

FY25-27E CAGR at 27%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

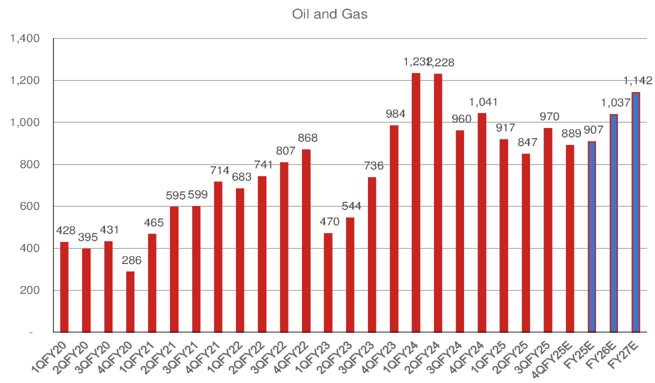
Fig. 63: Oil and Gas EBITDA growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

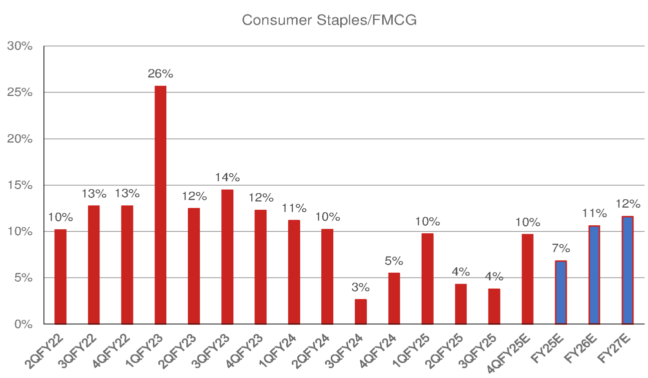
Fig. 64: Oil and Gas EBITDA (INRbn)

FY25-27E CAGR at 12%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

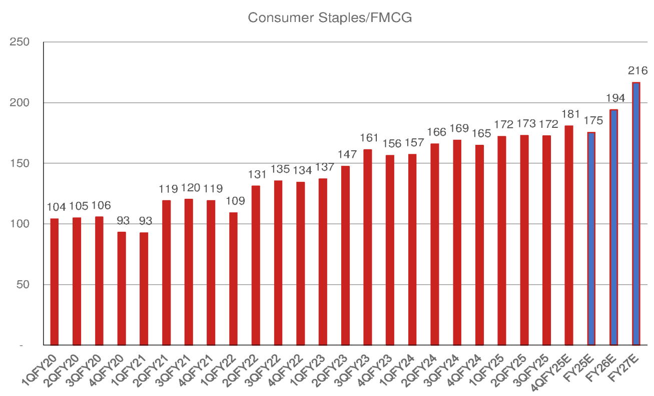
Fig. 65: Consumer Staples/FMCG EBITDA growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

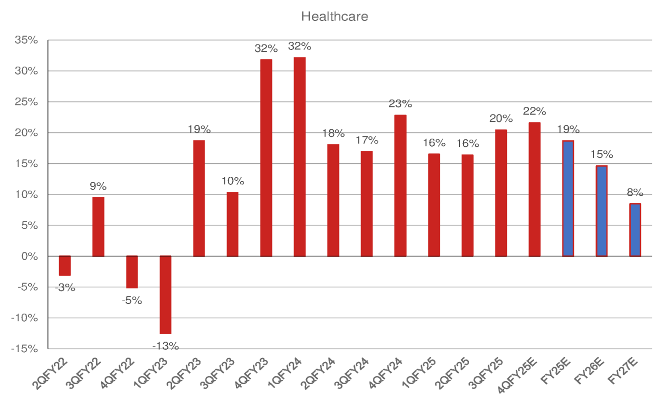
Fig. 66: Consumer Staples/FMCG EBITDA (INRbn)

FY25-27E CAGR at 11%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

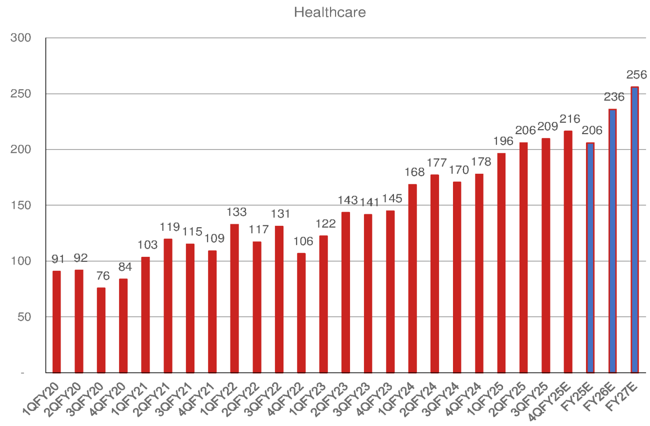
Fig. 67: Healthcare EBITDA growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

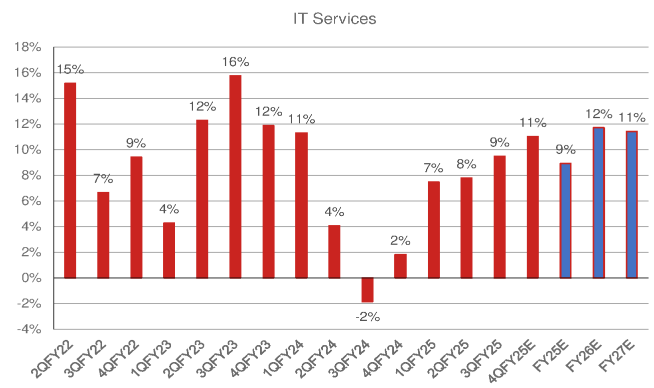
Fig. 68: Healthcare EBITDA (INRbn)

FY25-27E CAGR at 11%



Note: FY25/26/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

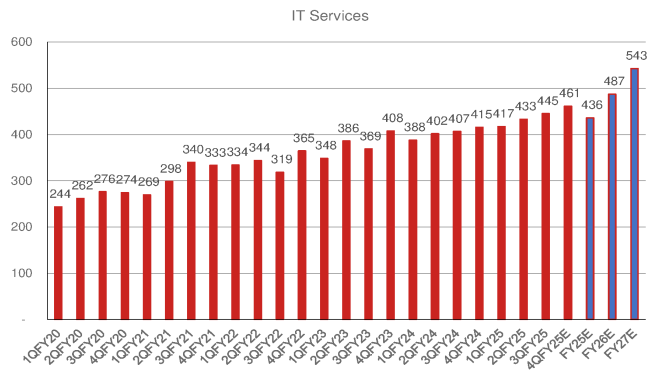
Fig. 69: IT Services EBITDA growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

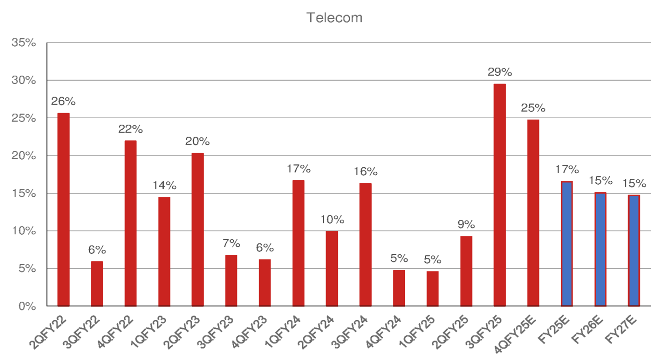
Fig. 70: IT Services EBITDA (INRbn)

FY25-27E CAGR at 12%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

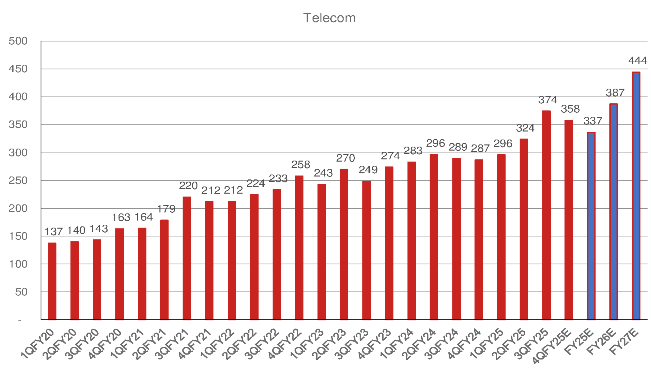
Fig. 71: Telecom EBITDA growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

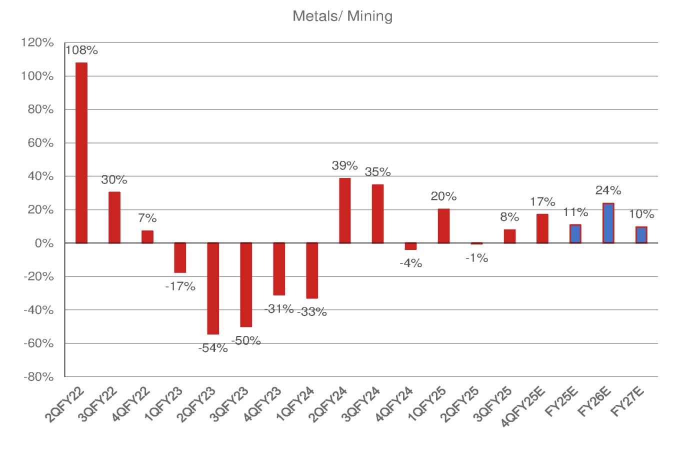
Fig. 72: Telecom EBITDA (INRbn)

FY25-27E CAGR at 14%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

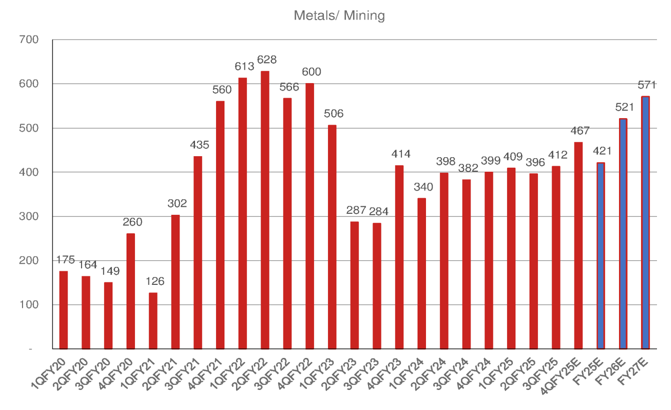
Fig. 73: Metals/ Mining EBITDA growth y-y%



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

Fig. 74: Metals/ Mining EBITDA (INRbn)

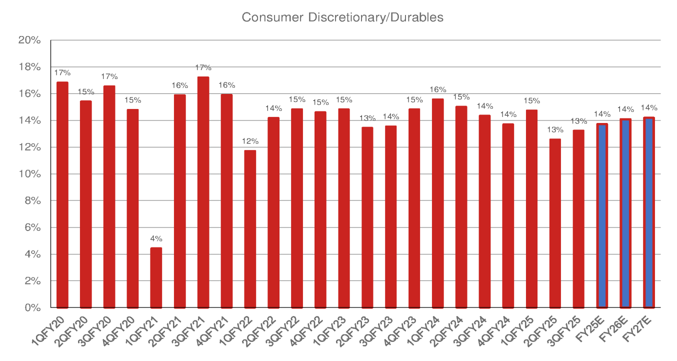
FY25-27E CAGR at 16%



Note: FY25E/26E/27E estimates are quarterly averages
Source: Bloomberg Finance L.P., Nomura research

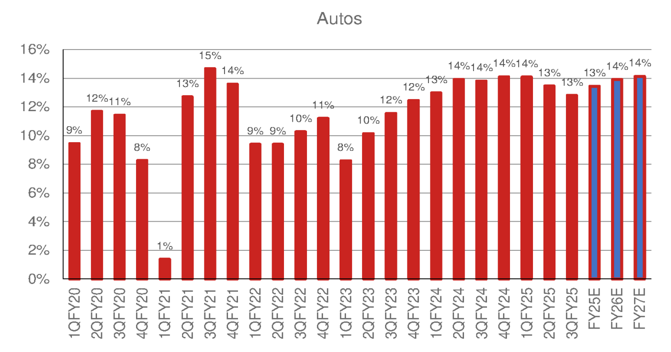
EBITDA margins

Fig. 75: Consumer Discretionary EBITDA margin



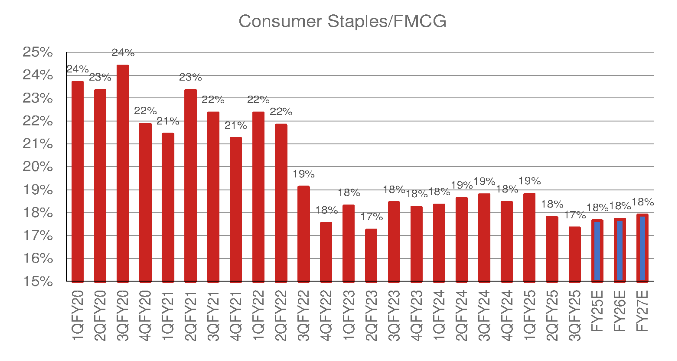
Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

Fig. 76: Autos EBITDA margin



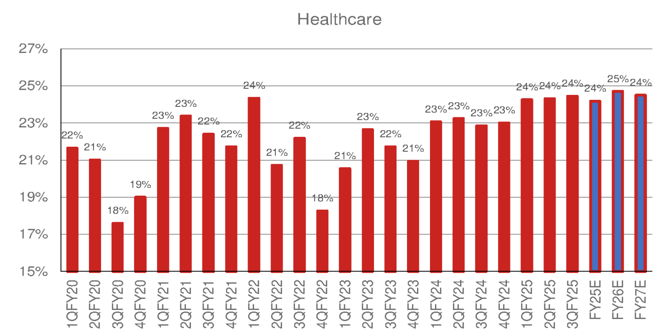
Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

Fig. 77: Staples EBITDA margin



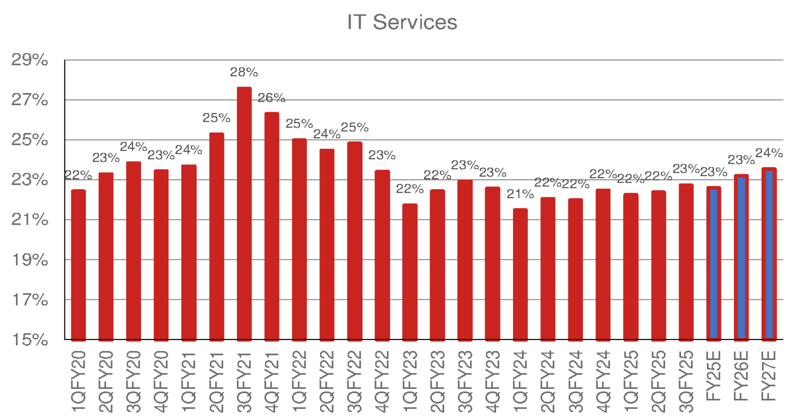
Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

Fig. 78: Healthcare EBITDA margin



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

Fig. 79: IT Services EBITDA margin



Note: Based on consensus estimates
Source: Bloomberg Finance L.P., Nomura research

3QFY25 earnings beat/miss on consensus estimates

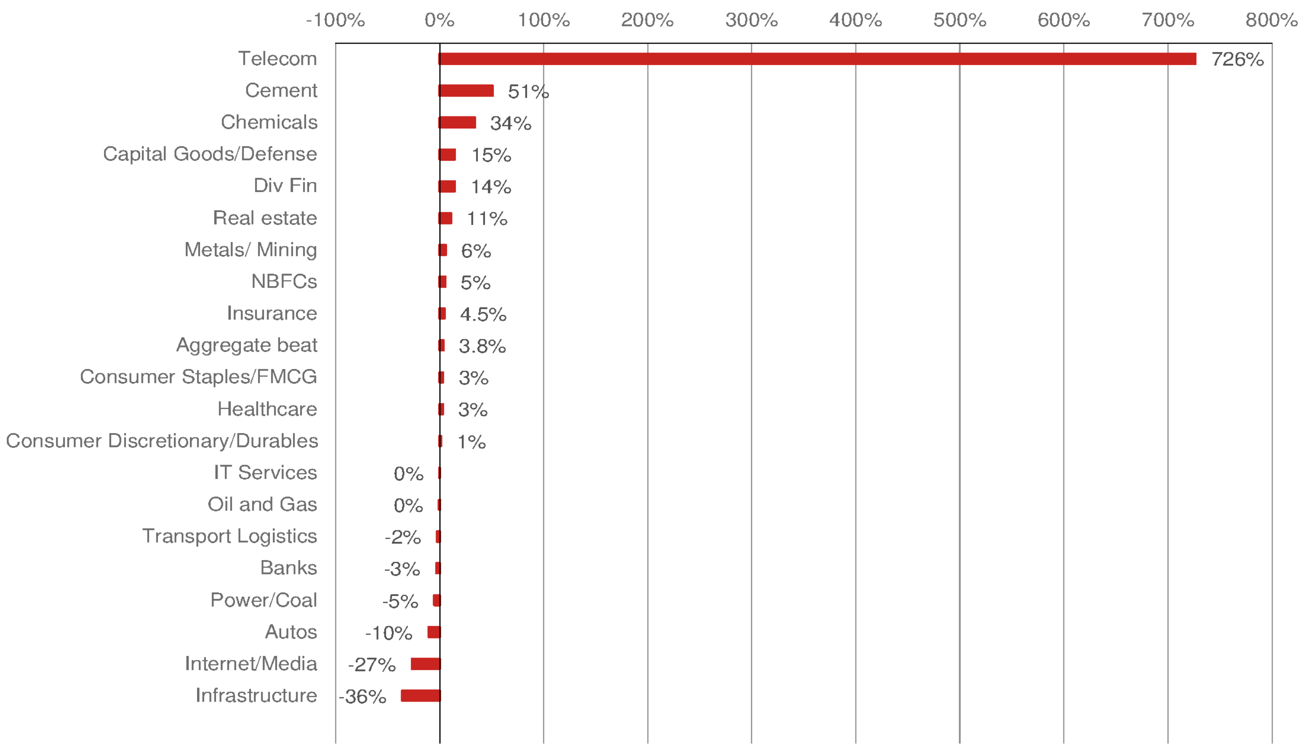
Fig. 80: 3QFY25 PAT beat/miss on consensus estimates

Of the 174 companies for which consensus estimates are available, 100 companies missed estimates whereas 74 were ahead of consensus estimates

Companies considered	Sector	3QFY25	3QFY25E	No of companies which beat estimates	No of companies which missed estimates	Aggregate Beat/Miss	Major movers
23	Consumer Discretionary/Durables	68,895	68,123	8	15	1%	
7	Capital Goods/Defense	31,055	27,057	5	2	15%	BHE (healthy operating leverage)
5	Div Fin	9,250	8,092	2	3	14%	
6	Cement	39,132	25,900	4	2	51%	ACEM (higher other income due to reversal of tax provisions)
8	Power/Coal	192,420	202,735	3	5	-5%	
4	Infrastructure	37,638	58,567	1	3	-36%	ex-ADE, the miss is ~13%, majorly led by LT
2	Transport Logistics	28,633	29,364	-	2	-2%	
17	Autos	159,167	177,754	3	14	-10%	
22	Healthcare	132,340	128,568	13	9	3%	
11	Oil and Gas	432,889	434,645	5	6	0%	
7	Banks	404,920	419,057	2	5	-3%	
9	Consumer Staples/FMCG	119,687	115,836	3	6	3%	
6	NBFCs	71,560	67,893	4	2	5%	
4	Telecom	124,050	15,010	3	1	726%	BHARTI (high exceptional gains)
7	Chemicals	22,551	16,848	4	3	34%	UPLL higher than estimated PAT with reversal from losses to profits, ex-UPLL, the aggregate earnings missed estimates by ~2%
12	IT Services	309,130	309,313	5	7	0%	
6	Internet/Media	7,780	10,610	1	5	-27%	Lower than estimated earnings of Zomato
4	Real estate	27,800	25,108	2	2	11%	LODHA (strong operational performance driven by festive season and low base)
6	Insurance	22,870	21,886	3	3	4%	
8	Metals/ Mining	141,750	133,891	3	5	6%	
174	**Total**	**2,383,517**	**2,296,256**	**74**	**100**	**4%**	
150	**Total ex-fin**	**1,874,917**	**1,779,328**	**63**	**87**	**5%**	
114	**Total ex-fin ex-commodities ex telecom**	**1,114,545**	**1,153,035**	**44**	**70**	**-3%**	

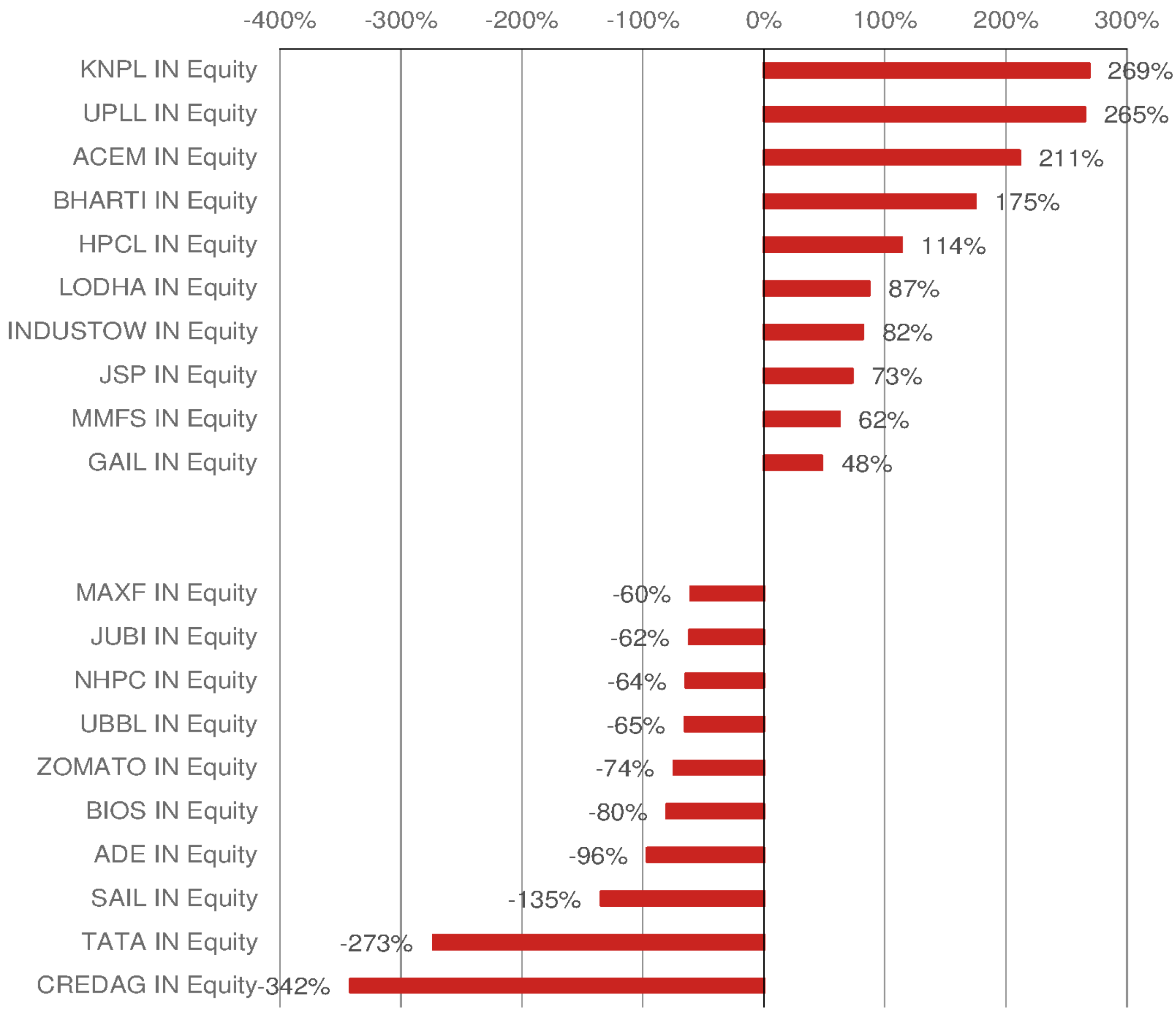
Source: Bloomberg Finance L.P., Nomura research

Fig. 81: Sector-wise 3QFY25 PAT beat



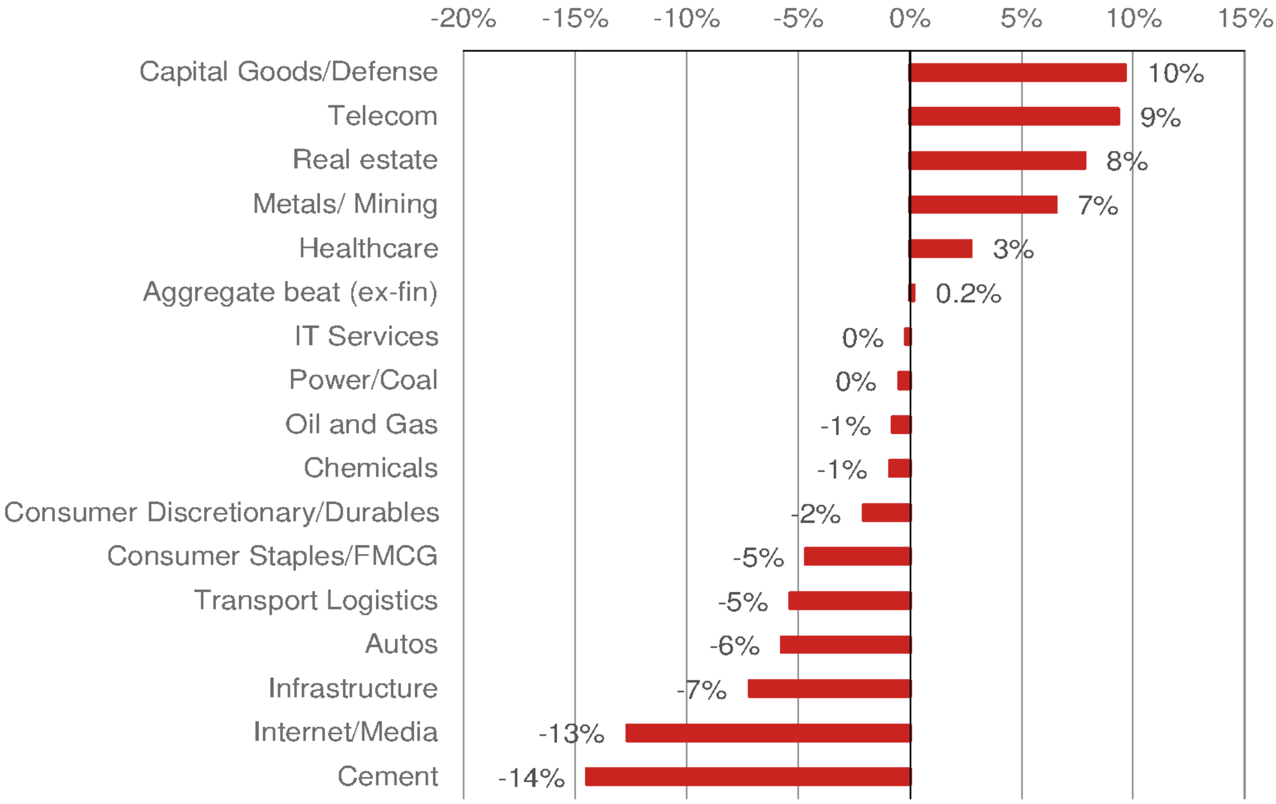
Source: Bloomberg Finance L.P., Nomura research

Fig. 82: Top 10 stocks in the universe to beat/miss PAT estimates



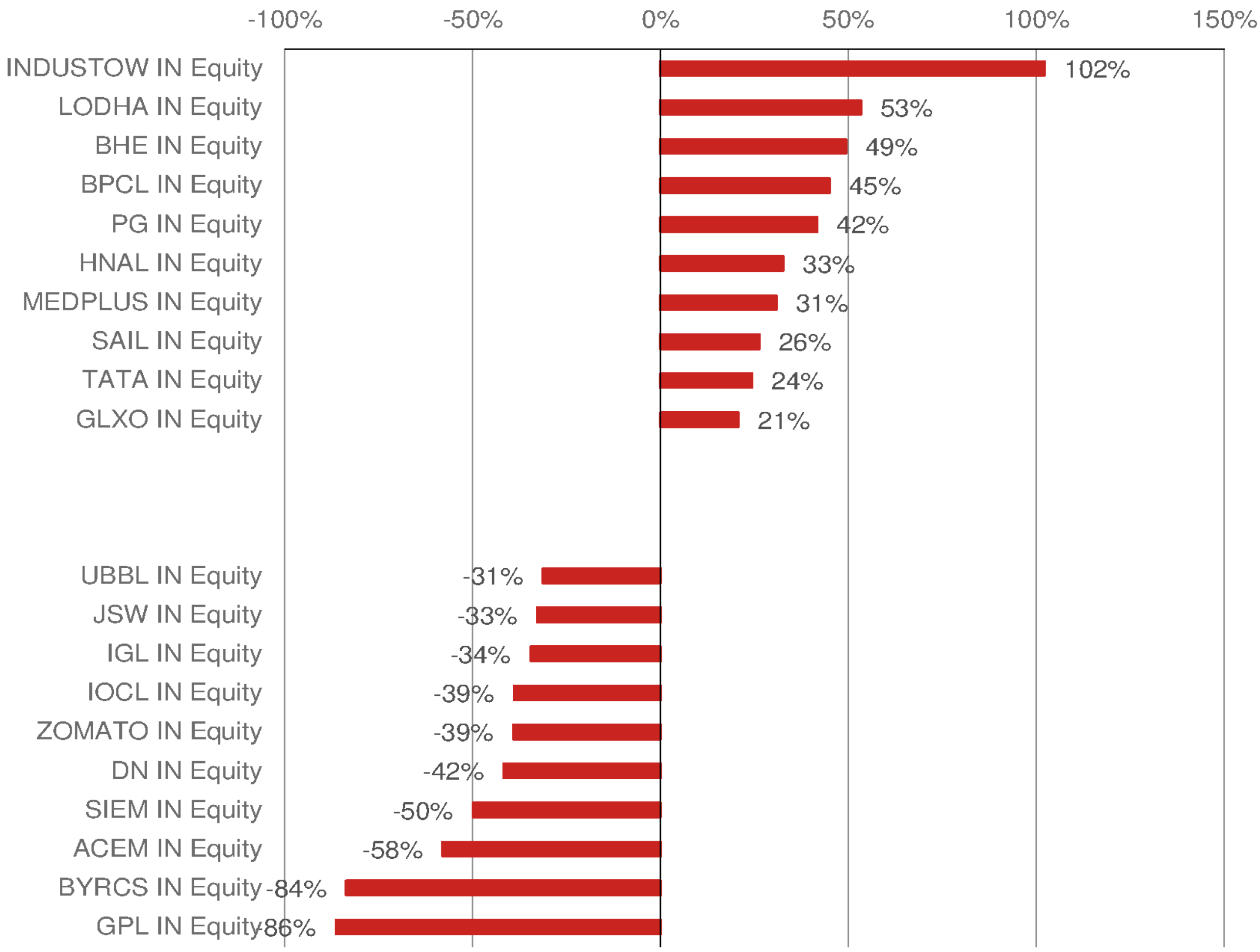
Source: Bloomberg Finance L.P., Nomura research

Fig. 83: Sector-wise 3QFY25 EBITDA beat



Source: Bloomberg Finance L.P., Nomura research

Fig. 84: Top 10 stocks in the universe to beat/miss EBITDA estimates



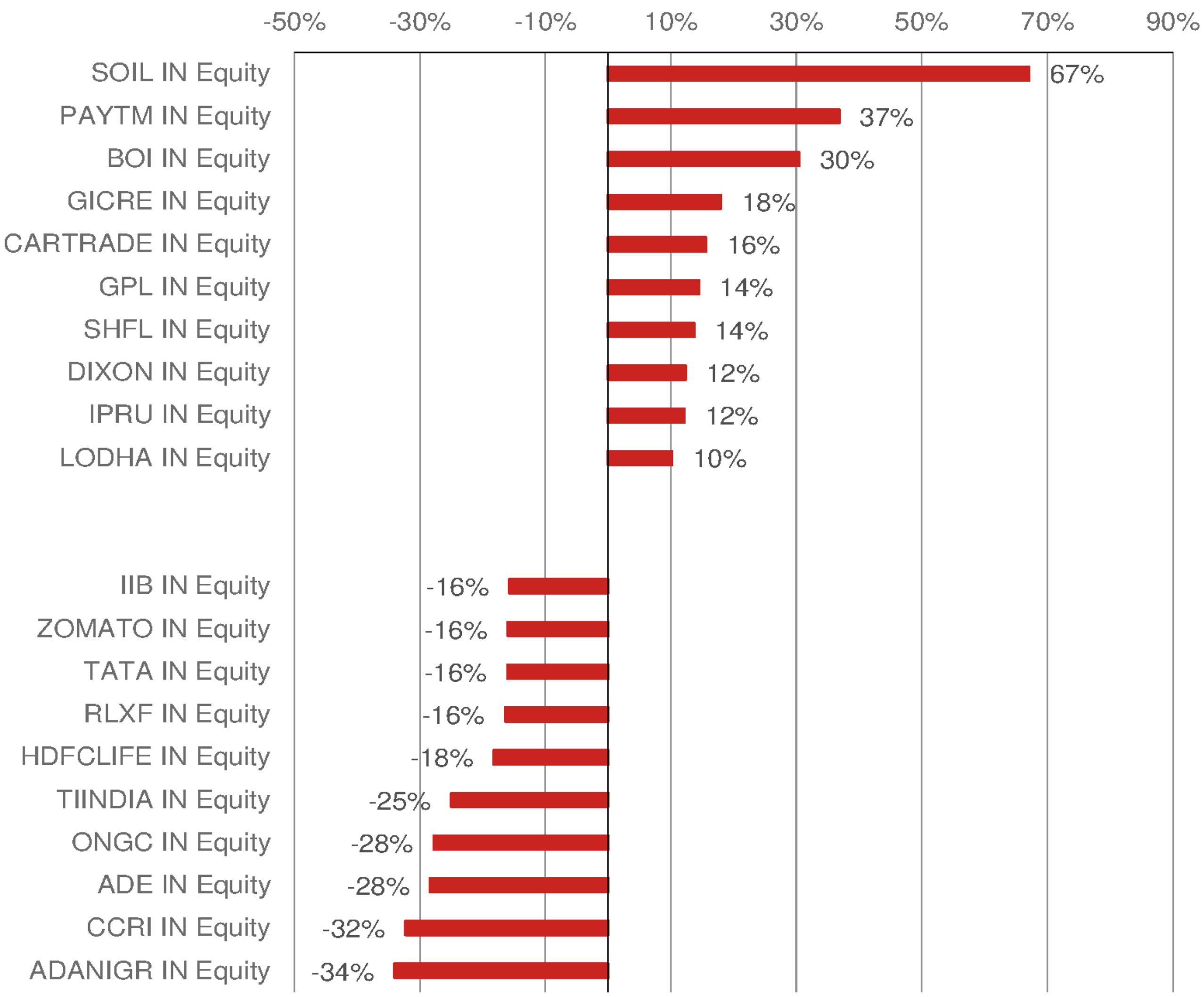
Source: Bloomberg Finance L.P., Nomura research

Fig. 85: Earnings estimates changes since Dec 2024

Companies considered	Sector	Contribution to FY24 earnings	Earnings change since Dec2024		Share of companies with earnings upgrade	
			FY26E	FY27E	FY26E	FY27E
17	Banks	25%	-2%	-3%	29%	12%
13	Oil and Gas	19%	-5%	-10%	15%	23%
11	IT Services	10%	-1%	-1%	27%	27%
22	Autos	8%	-1%	-1%	14%	33%
10	Power/Coal	7%	-4%	-4%	30%	30%
10	NBFCs	6%	0%	1%	50%	50%
7	Insurance	5%	1%	1%	14%	43%
13	Consumer Staples/FMCG	4%	-4%	-4%	0%	8%
22	Healthcare	4%	-1%	-1%	43%	33%
8	Metals/ Mining	3%	-6%	-2%	38%	38%
24	Consumer Discretionary/Durables	2%	-3%	-3%	30%	26%
11	Capital Goods/Defense	2%	2%	2%	30%	50%
5	Transport Logistics	2%	-3%	-5%	17%	25%
6	Infrastructure	2%	1%	-9%	25%	25%
8	Cement	1%	-6%	-5%	0%	0%
4	Real estate	1%	2%	5%	75%	75%
7	Chemicals	0%	0%	1%	29%	71%
6	Div Fin	0%	1%	1%	14%	14%
7	Internet/Media	0%	-12%	-8%	29%	29%
4	Telecom	-1%	-10%	-1%	50%	25%
215	**Total**		**-2.6%**	**-3.3%**	**27%**	**30%**
175	**Total ex-fin**		**-3.2%**	**-4.0%**	**26%**	**31%**
135	**Total ex-fin ex-commodities ex telecom**		**-1.8%**	**-2.3%**	**27%**	**31%**

Source: Bloomberg Finance L.P., Nomura Research

Fig. 86: Top 10 earnings upgrades/downgrades in our assessed universe (BSE 200+)



Source: Bloomberg Finance L.P., Nomura research

Earnings outlook

The corporate earnings momentum has been strong since FY20 with BSE200+ earnings CAGR at 23.5% over FY19-24 vs mid-single-digit average PAT growth over FY14-19. The corporate earnings-to-GDP ratio, which had recorded a steady decline since the Global Financial Crisis (GFC), witnessed a rebound over this period (FY19-24). We estimate, based on macro variables, the corporate earnings-to-GDP ratio reached 12.2% in FY24 vs the peak of 12.7% in FY08.

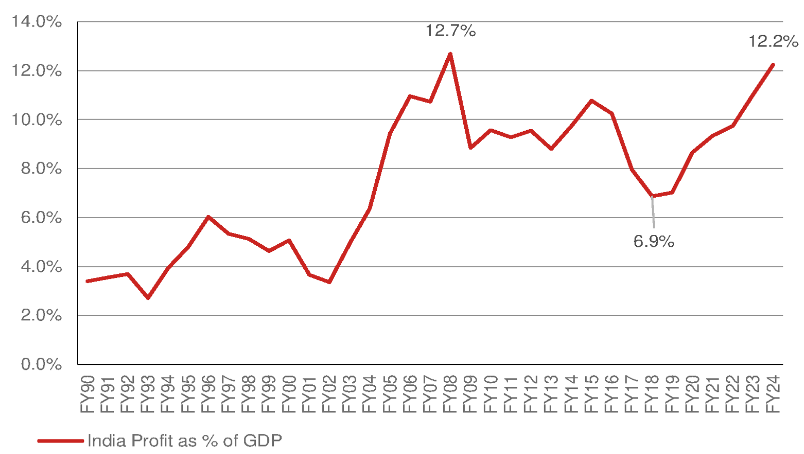
The earnings growth slowed down in FY25. For the BSE 200+ universe that we assess in this report, consensus estimates suggest FY25E earnings growth of 8.6%, with 6.0% growth in 4QFY25E. Consensus, however, expects the growth rate to recover on the low base of FY25 to 16.1%/13.8% in FY26/27E. Thus, over FY24-27E, for the BSE 200+ universe, consensus expectations suggest an earnings CAGR of 12.7%. This compares to the nominal GDP CAGR expectation of ~11.1% for the same period (FY24-27) that Nomura and consensus predict currently. Thus, it appears that consensus is expecting earnings growth to marginally outpace nominal GDP growth.

Since Jan 2025, when we published our *India outlook report*, the Nifty50 consensus earnings for Dec 2026F have been revised lower by ~3.5%. We had argued for potential earnings cuts of 3-6% for FY26-27E. We think an additional low- to mid-single-digit earnings cut remains a possibility.

Earnings growth is a function of nominal GDP growth and the corporate earnings-to-GDP ratio. We do expect a cyclical recovery in nominal GDP growth from the lows of 2QFY25 on the back of a pick-up in government expenditure growth and a more accommodative central bank policy addressing tighter liquidity conditions. However, we believe there are headwinds for the corporate earnings-to-GDP ratio to improve in the near term, which could limit a material earnings growth outperformance to economic growth in the near term. These headwinds include: (1) a potential dip in the net investment-to-GDP ratio after the recovery over FY21-24, due to slower government capex growth and corporate capex impacted by global trade policy uncertainties; (2) the rise in household savings to relatively higher levels from the cyclical lows of FY23; the impact to a small extent could be negated by comparatively looser credit conditions; (3) the government's commitment to fiscal consolidation, which might limit fiscal stimulus; and (4) a decline in the dividend-to-GDP ratio due to slower earnings growth for FY25.

Fig. 87: Corporate earnings to GDP

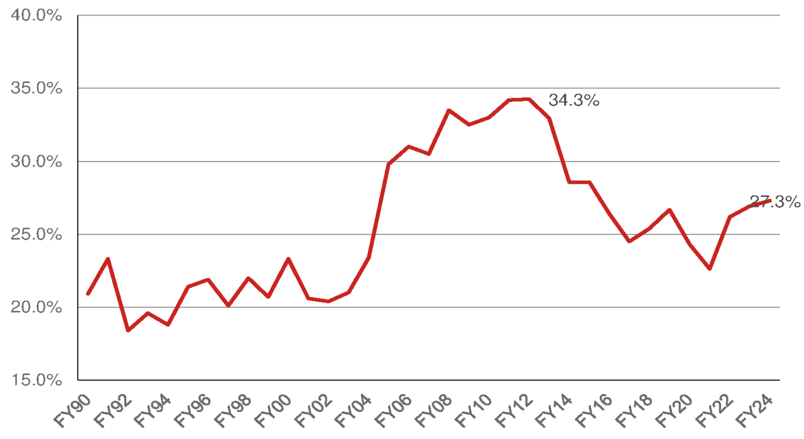
The earnings to GDP is computed based on macro parameters: Total net investments as a % of the GDP – Household total savings as a % of GDP – Government savings as a % of GDP – Current account deficit as a % of GDP + Dividends paid as a % of GDP. Earnings to GDP in FY24 at 12.2% vs 12.7% in FY08.



Source: CMIE, Nomura estimates

Fig. 88: Net investment to GDP

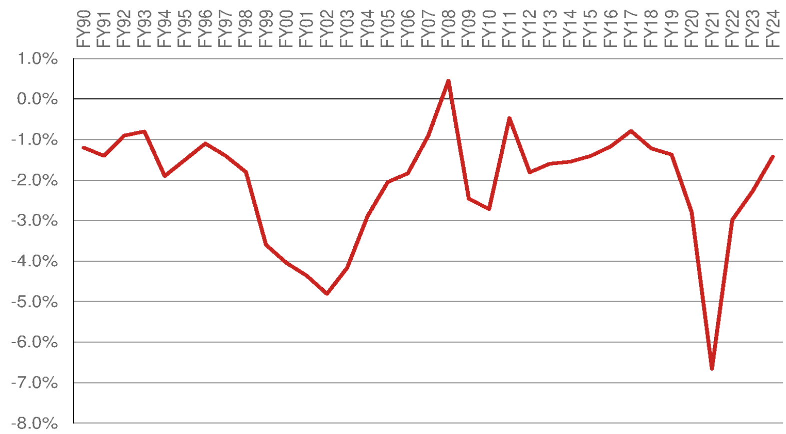
Net investments include investments (gross capital formation) by government, household and corporate sector minus corporate depreciation. Net investment leads to revenues to infrastructure, capital goods, cement, metal companies etc and hence have a positive impact on corporate earnings. The net investments to GDP have risen by ~190bp over FY18-24, in our view, driven largely by capex and real estate demand over the past five years. Net investment to GDP at 27.3% in FY24 is ~700bp below the peak in FY12. We think there is scope for investments to move higher from current levels.



Source: CMIE, Nomura estimates

Fig. 89: Government savings as percentage of GDP

Government savings/deficit: Government savings here imply government receipts minus revenue expenditure. Higher government deficit positively impacts corporate earnings. Higher government spend and lower taxes benefit corporates. For instance, the corporate tax cuts in 2019 increased the government deficit and improved corporate profits. This factor is unlikely to contribute materially to corporate earnings in the medium term with the government reducing the fiscal deficit.



Source: CMIE, Nomura estimates

Fig. 90: Top-down derivation of Corporate net profit as % of GDP

Net investments and CAD are the primary factors which affect Corporate earnings growth and ratio of corporate earnings to GDP

Top-down derivation of India's corporate earnings growth	FY18	FY24	FY18-24	
Drivers	% of GDP	% of GDP	Change (bps)	Contribution to change
Net investments as share of GDP	25.4%	27.3%	191	35%
Less: Govt savings as share of GDP	1.2%	1.4%	20	4%
Less: Household savings as share of GDP	-19.3%	-18.4%	87	16%
Less: CAD as share of GDP	-1.8%	-0.6%	119	22%
Add: Dividends as share of GDP	1.4%	2.6%	120	22%
India corporate earnings as % of GDP	6.9%	12.2%	538	100.0%

Note: The earnings to GDP is computed based on macro parameters: total net investments as % of GDP – household total savings as % of GDP – government savings as % of GDP – current account deficit as % of GDP + dividends paid as % of GDP

Source: CMIE, RBI, MosPI, Nomura estimates

Market outlook

From the peak in September 2024, the Indian equity market (Nifty50) is down 16% in USD terms as of Feb 2025, with the mid and small cap indices correcting 21% and 23%, respectively. The correction in the Indian market is largely similar to other markets in the region – Indonesia, Thailand. The developed market, and China/HK have been the outperformers over the period. Over the past five years (since Dec 2019, including the pandemic period), India has been one of the best-performing markets, with mid cap and small cap indices rising 139% and 116%, respectively.

We attribute the correction to market fatigue after the strong run, when expectations were set high. Incrementally, economic and earnings growth were below the expectations. The valuation multiples (P/E) for the market (Nifty50) have moved lower to 19.0x one-year-forward earnings vs 21.3x at the peak in September 2024.

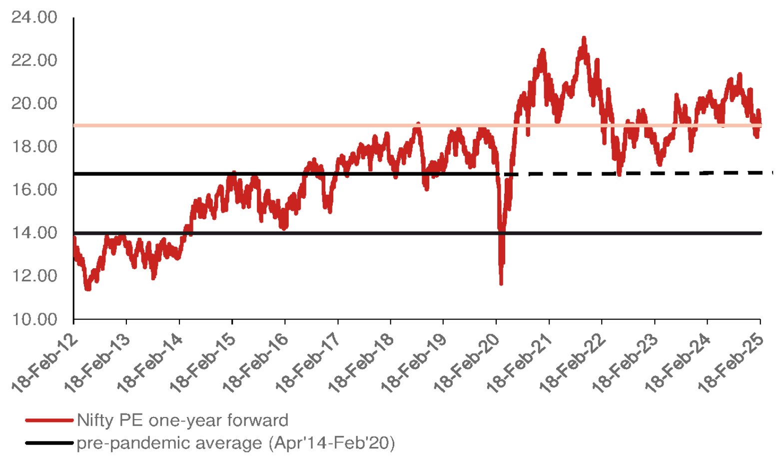
We think the India-specific macro narrative is stable with no material structural risks in the near term. Against this backdrop, we expect the Indian market to trade at high-teen valuation multiples. In our *India outlook report* we have argued for a valuation range of 17-20x one-year-forward earnings for the Nifty50. There are two key reasons for the markets to drift towards the lower end of the range: First, somewhat slower economic growth in the near term. Nomura's Economics team assumes a slower recovery with lower-than-consensus GDP growth in FY26 and a faster growth in FY27. A slowdown in investment growth is the key risk, in our view. Second, the rise in equity risk premium from global trade conflicts and macro uncertainty. Thus far, equity markets globally have fared well despite newsflow on tariffs from the US.

Our Dec 2025F Nifty target is 23,784, based on 18.5x Dec 2026F Nifty EPS of INR1,286. The Nifty EPS is ~1.5% below current consensus estimates. We estimate the Dec 2025F Nifty range at 21,800-25,700 (based on 17.0-20x Dec 2026 earnings), which implies a return of -5% to +12% from current levels. We recommend being highly selective and avoiding richly valued stocks. We are OW on Financials, Consumer staples/FMCG, Oil and gas, Telecom, Pharma, Power, Internet, and Real estate. We are Underweight (UW) on Consumer discretionary, Autos, Capital goods, Cement, Hospitals, and Metals.

In our preferred stocks portfolio, we add AXSB, and remove NAM, HYUNDAI, and GVTD. In the least preferred stocks, we add VOLT and ABB, and remove MSIL and HAVL.

Fig. 91: Nifty P/E one-year forward

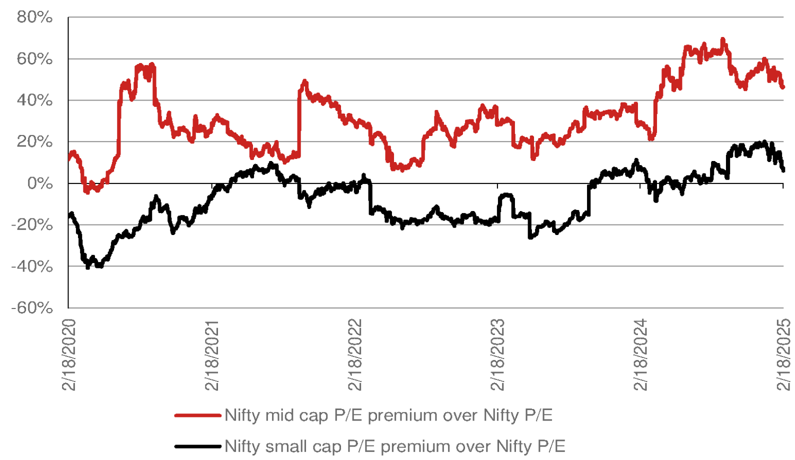
Nifty50 is trading at ~14% premium over pre-COVID levels (Apr'14-Feb'20)



Source: Bloomberg Finance L.P., Nomura research

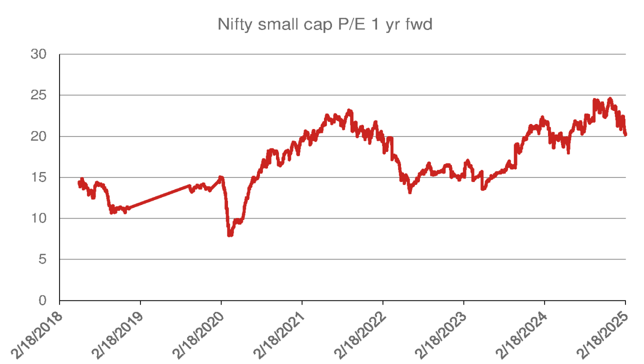
Fig. 92: Nifty midcap and small cap valuation premium over Nifty

Nifty mid cap/ small cap are trading at ~46%/ ~6% premium to Nifty



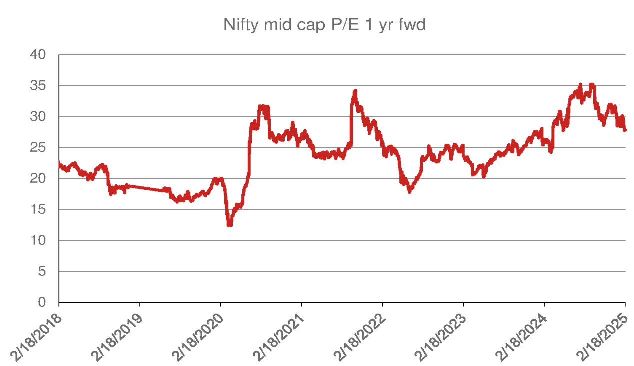
Source: Bloomberg Finance L.P., Nomura research

Fig. 93: Nifty small cap P/E 1 yr fwd



Source: Bloomberg Finance L.P., Nomura research

Fig. 94: Nifty mid cap P/E 1 yr fwd



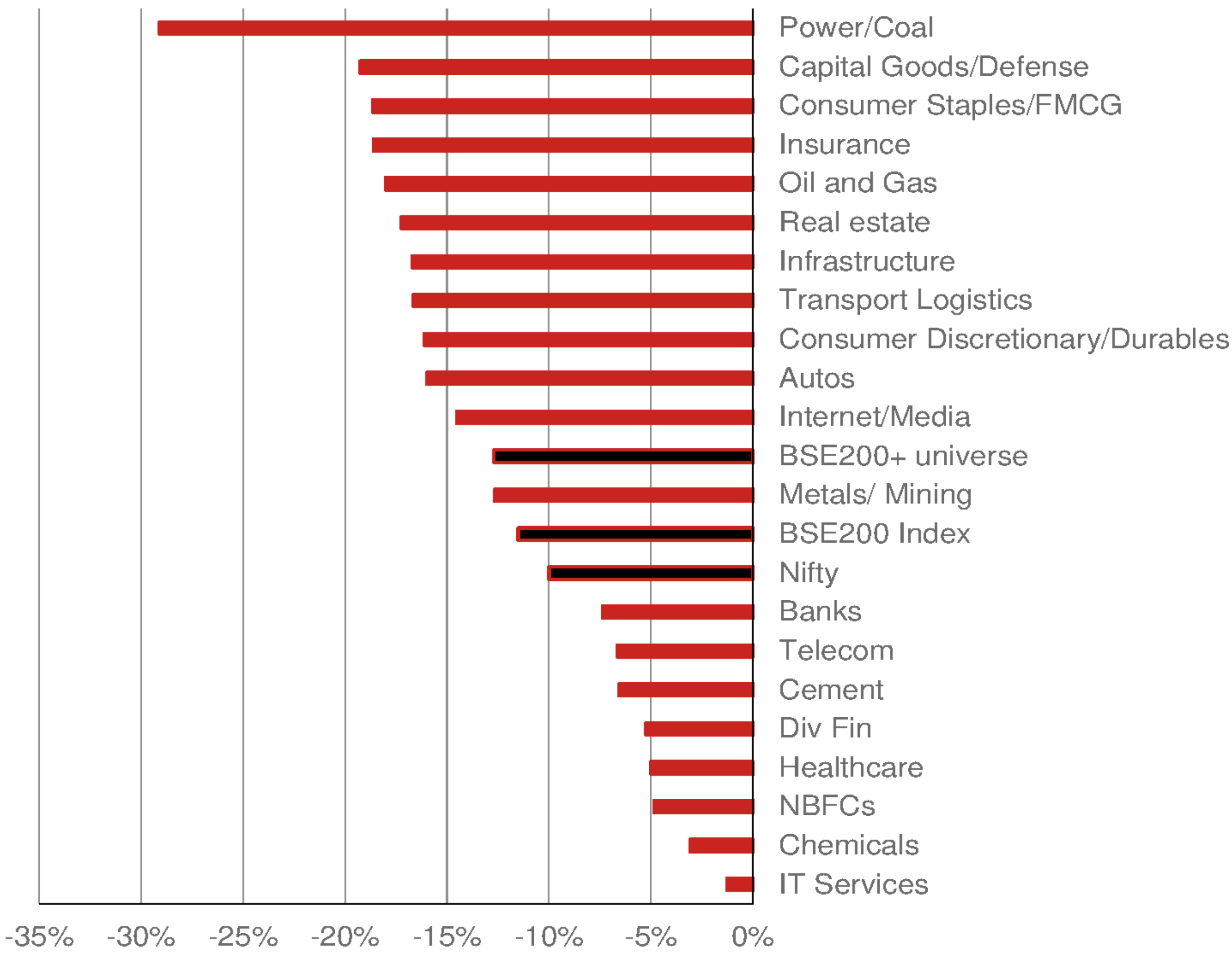
Source: Bloomberg Finance L.P., Nomura research

Fig. 95: Indices USD performance

Country	Index Name	CY20	CY21	CY22	CY23	CY24	since Sept-2024	YTD2025	since Dec 2019
India	**NIFTY Index**	**12%**	**22%**	**-6%**	**19%**	**6%**	**-16%**	**-4%**	**55%**
Nasdaq	NDX Index	48%	27%	-33%	54%	25%	10%	5%	153%
Nifty Mid Cap	NSEMCAP Index	19%	43%	-7%	46%	20%	-21%	-14%	139%
Nifty Small Cap	NSESMCP Index	18%	56%	-22%	55%	21%	-23%	-19%	116%
US	SPX Index	16%	27%	-19%	24%	23%	6%	4%	89%
Turkey	XU100 Index	3%	-29%	110%	-14%	10%	-6%	-2%	41%
Eurozone	SX5E Index	3%	13%	-17%	23%	1%	3%	14%	38%
Singapore	STI Index	-10%	8%	5%	1%	13%	4%	5%	21%
S Africa	Top40 index	2%	14%	-7%	-2%	3%	-5%	10%	21%
Nikkei	NKY Index	22%	-6%	-20%	19%	7%	-4%	2%	19%
Mexico	Mexbol index	-4%	18%	-5%	36%	-30%	-2%	13%	16%
Australia	AS51 Index	8%	7%	-11%	8%	-3%	-4%	8%	16%
UK	UKX Index	-12%	13%	-10%	9%	4%	0%	8%	11%
S Korea	KOSPI Index	39%	-5%	-29%	16%	-21%	-11%	11%	-5%
Indonesia	JCI Index	-6%	8%	-4%	7%	-7%	-18%	-4%	-7%
China	SHSZ300 Index	36%	-3%	-28%	-14%	12%	7%	1%	-8%
HK	HSI Index	-3%	-15%	-16%	-14%	18%	13%	13%	-20%
Brazil	Ibov index	-20%	-18%	10%	33%	-30%	-8%	16%	-22%
Thailand	SET Index	-8%	3%	-3%	-14%	-1%	-17%	-9%	-29%
Philippines	PCOMP Index	-3%	-6%	-15%	-1%	-3%	-23%	-8%	-33%

Source: Bloomberg Finance L.P., Nomura research

Fig. 96: Sector-wise performance (market cap weighed) since Sep 2024



Source: Bloomberg Finance L.P., Nomura research

Fig. 97: Portfolio stance, with top picks and least preferred stocks

Sector	Stance	Thesis	Most preferred	Least Preferred
Financials	OW	Banks: CY23 and 1HCY24 were characterised by strong growth and return metrics. However, in the recent past, the narrative has changed, led by asset quality and tougher deposit conditions. The sector has underperformed the broader market (Nifty Bank vs Nifty) over the past two years. The valuations are, therefore, attractive given the long term prospects, beyond the current headwinds. We think the Street is largely factoring in slower earnings growth in the near term due to low credit growth, NIM compression and rise in credit costs. In the current scheme of things, we prefer banks with strong deposit franchises, strong retail underwriting and lower exposure to unsecured retail segments. Key risks are significant growth slowdown and deeper rate cuts. NBFC: The concerns on asset quality are largely factored in, though some additional disappointment can't be ruled out in 1HCY25. We expect the outlook for NBFCs to improve in 2HCY25 with clean-up being largely done in 1H in stressed segments. Further, policy rate cuts will have a positive impact on growth as well as return ratios. We are positive on players which are a play on old vehicles/MSME/LAP segments. We think the valuations are not excessive and have corrected from the peak. Insurance: The regulatory interventions in the sector are largely behind with private sector has continuing to gain market share. Increasing share of ULIP products in overall product mix, rising commissions/ opex and impact of surrender charges have led to lower VNB margins for most private players in YTD FY25. Going forward, we expect VNB margins to remain lower than FY24 levels and build margins of 23%-27% for our coverage companies over FY25-26F. On the overall sector level, the valuation is still benign with all players trading at discounts to past 5-year average. AMCs: The long-term prospects of the industry remain strong with growth in SIPs and new product avenues (AIFs, PMS, new asset class of INR1-5mn). Companies' expansion to reach lower-tier cities, and widening international presence through offshore funds and passives will provide additional growth triggers. However, the market volatility and a period of low return can impact inflows and adversely impact AUM growth.	SBIN, ICICIBC, AXSB, FB, SHFL, BAF, SBILIFE	AUBANK, IIB, MMFS, CREDAG
Consumer Staples/FMCG	OW	We expect price hikes to make a comeback and support value growth. Volume growth to remain frail in 1HCY25 but can see a cyclical recovery in 2HCY25 with a fall in inflation and improvement in GDP. We expect margin expansion to be limited as companies to focus on driving volumes over profitability. Valuations are at 2-std dev below their five-year averages and are providing comfort. Any relief from the administration to lower taxation / improve disposable incomes can improve the demand environment.	MRCO, HUVR, ITC	
Consumer Discretionary/ Durables	UW	The demand in high income category has remained intact. Therefore, companies with right products in segments like premium skincare and jewellery can continue to record strong growth. For paints, the industry is going through a reset with changing competitive dynamics and hence may have a negative impact on sector profitability. Other discretionary categories like apparel, footwear and quick service restaurants can see some cyclical recovery in 2025F given the low demand base of 2024. We expect modest growth across most durable product segments except for ACs. EMS can continue to see strong ramp-up led by the ramp-up of new clients, export uptick and component manufacturing. The sector valuations are rich and hence we are selective.	DIXON	VOLT
Autos	UW	We expect slower growth across segments. Lower end segments likely to see greater impact while premium segment to grow faster. Margin risks will be from higher competition. We prefer stocks with strong model cycle tailwinds driving market share gains like MM. Structurally, we like domestic auto ancillary plays as content per vehicle increases due to premiumisation and EV adoption. We see more risks to auto component exporters.	MM, UNOMINDA	EIM
Infrastructure	Neutral	The sector provides earnings visibility due to order backlog and prospects of margin improvement on account of execution of fresh orders (with higher margins) and completion of legacy projects. However, order inflow momentum can slowdown with slower growth in public capex.	LT	
Cement	UW	The volume growth is expected to recover y-y supported by improved demand from affordable housing and capex. However, we remain bearish on cement pricing and expect it to remain under pressure amid the consolidation phase going in the industry. Imported fuel prices appear to have settled and we expect limited industry-wide saving. We prefer companies that are actively working on sustainable cost-saving measures as we expect these companies to report higher than industry EBITDA/t.	UTCEM	ACC, DALBHARA, NUVOCO
Capital goods/Defense	UW	We expect a moderation in earnings growth given a slowdown in short cycle business and lack of pick up in broader private capex. We see downside risks for gross margins of product-based companies mostly due to a moderation in pricing power on the back of increased competition and additional capacity in the market. Valuations remain elevated vs the broader market. We are very selective in the sector with preference towards stocks with diversified earnings growth levers.	CGPOWER, BHE	SIEM, ABB
IT services	Neutral	We believe FY25F will likely mark the bottom of revenue growth for India IT companies. While a strong recovery of discretionary demand may take a few quarters, it is unlikely to worsen further, in our view. The onset of the interest rate-cutting cycle and a potential thaw in decision-making by US corporates post-US elections in Nov 2024 could provide a fillip to demand, in our view. We expect GenAI adoption to gather pace in the next 12-18 months, and lead to improved demand for cloud services and data standardisation. Overall, we expect revenue growth for our covered large-caps to increase from ~2.8% in FY25F to ~5.7% in FY26F.	CTSH, INFO, WPRO, COFORGE	LTIM, MPHL
Oil and Gas	OW	We expect oil prices to be range-bound between USD70-75/bbl as the market will remain in a supply surplus underpinned by rising supply from non-OPEC+, inventory build-up will further increase if OPEC+ begins to unwind its production cuts, which we believe it will be unable to do without negatively impacting oil prices. We expect refining margins to remain healthy in CY25F, with Singapore refining margin remaining largely steady y-y at USD5/bbl, around their long-period average. We are positive on OMCs given high margin of safety to estimates across segments	RELIANCE, HPCL	
Pharmaceutical	OW	In 1HCY25, the market may focus on a decline in the contribution from gRevlimid that shall impact select companies. However, post that we expect the narrative on new launches in the US and GLP-1 opportunities in India and EM to emerge. We expect the growth rate in domestic market to remain in high-single digits. The pharma sector profitability is supported by benign raw material prices, stable pricing conditions in the US, USD's strength and price increases in India.	LPC, ZYDUSLIF, DRRD	
Healthcare services	UW	On Hospitals, we expect a moderation in EBITDA margin expansion due to capacity expansion and slower ARPOB growth. We are relatively more positive on diagnostics and pharmacy due to sustained market share shift from unorganised to organised players and some ease in competitive pressures.	MEDPLUS	APHS
Telecom	OW	We expect a 13% increase in ARPU and reduction in capex post 5G roll out to drive strong EBITDA growth and a sharp improvement in FCF generation and higher return ratios in FY26F.	BHARTI	
Power	OW	We expect the sector to benefit from: (1) a sustained increase in power demand driven by households and industries, and (2) robust RE capacity additions in FY26F. Additionally, discom reform has been gaining pace, which could drive a significant opportunity for the sector.	JSW Energy, Tata Power	
Internet	OW	We expect listed companies to continue to increase their focus on profitability while optimizing for growth, a trend seen even in 2024. The funding environment may improve but will continue to chase companies focusing on profitable growth. We expect companies showing proven path to profitability to be a focus area for investors.	INFOE	
Metals	UW	Global slowdown lower prices/spreads can present downside risk to earnings in the near-term amid trade tariffs. While we maintain a positive stance on our coverage due to cost-saving measures, we remain cautious on Indian metals sector due to weaker pricing environment	JSTL	
Real Estate	OW	The narrative is likely to remain intact with resilient residential market in 2025F with supply picking up on improved launch momentum. We expect a gradual increase in residential prices into FY2025 on high base.	Macrotech	

Source: Bloomberg Finance L.P., Nomura research

Appendix A-1

Analyst Certification

We, Saion Mukherjee and Amlan Jyoti Das, hereby certify (1) that the views expressed in this Research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this Research report, (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this Research report and (3) no part of our compensation is tied to any specific investment banking transactions performed by Nomura Securities International, Inc., Nomura International plc or any other Nomura Group company.

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STOCKS

A rating of **'Buy'**, indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of **'Neutral'**, indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of **'Reduce'**, indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of **'Suspended'**, indicates that the rating, target price and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies. Securities and/or companies that are labelled as **'Not rated'** or shown as **'No rating'** are not in regular research coverage. Investors should not expect continuing or additional information from Nomura relating to such securities and/or companies. Benchmarks are as follows: **United States/Europe/Asia ex-Japan:** please see valuation methodologies for explanations of relevant benchmarks for stocks, which can be accessed at: http://go.nomuranow.com/research/m/Disclosures; **Global Emerging Markets (ex-Asia):** MSCI Emerging Markets ex-Asia, unless otherwise stated in the valuation methodology; **Japan:** Russell/Nomura Large Cap.

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A **'Bullish'** stance, indicates that the analyst expects the sector to outperform the Benchmark during the next 12 months. A **'Neutral'** stance, indicates that the analyst expects the sector to perform in line with the Benchmark during the next 12 months. A **'Bearish'** stance, indicates that the analyst expects the sector to underperform the Benchmark during the next 12 months. Sectors that are labelled as **'Not rated'** or shown as **'N/A'** are not assigned ratings. Benchmarks are as follows: **United States:** S&P 500; **Europe:** Dow Jones STOXX 600; **Global Emerging Markets (ex-Asia):** MSCI Emerging Markets ex-Asia. **Japan/Asia ex-Japan:** Sector ratings are not assigned.

Target Price

A Target Price, if discussed, indicates the analyst's forecast for the share price with a 12-month time horizon, reflecting in part the analyst's estimates for the company's earnings. The achievement of any target price may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings differ from estimates.

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