

Weekly Market insights & Strategies



03 February 2025

Weekly Market Recap: India & Global

The week brought a sense of relief as Indian benchmark indices, Sensex and Nifty, gained momentum, shaking off earlier pessimism following the Indian Union Budget. While markets initially absorbed the impact, the indices showed a mixed reaction on Saturday. Nifty and Sensex ended flat at 23,482.15 and 49,506.95, respectively, but both recorded a 2% gain for the week. Post-budget, the manufacturing, cement, defence, and railway sectors faced pressure, whereas the auto and FMCG sectors witnessed gains. During the week, FIIs remained net sellers, offloading equities worth ₹18,294.52 crores, while DIIs provided support to the markets by purchasing equities worth ₹19,647.30 crores. The Indian economy is expected to see improvements on the inflation front, with prices remaining controlled and gradually aligning with the central bank's 4% target. India's FY26 GDP growth is expected in the range of 6.3-6.8% amid global uncertainty. China's DeepSeek took center stage in tech discussions this week, making waves across the industry and sparking significant conversations about its impact.

The US stock market closed the week on a lower note after the White House announced that President Donald Trump would impose tariffs on imports from Canada, Mexico, and China starting Saturday. US inflation increased in December while consumer spending surged. The Dow Jones Industrial Average fell 337.47 points (0.75%) to 44,544.66, while the S&P 500 declined 30.64 points (0.50%) to 6,040.53. The Nasdaq Composite slipped 54.31 points (0.28%) to close at 19,627.44. The major event that took place in US was the Fed Interest rate decision as the benchmark interest rates were kept unchanged at 4.25–4.50%. Gold prices soared to a record high of ₹84,900 per 10 grams in the national capital on Friday, driven by a surge in global gold prices as spot gold crossed the \$2,800 per ounce mark in international markets.

Indian Equity Market Performance & Key Valuation Ratio

Index	31-01-2025	% Change (WOW)	P/E	P/B	Dividend Yield
Broader Indices					
Nifty	23482.15	1.66%	21.33	3.51	1.38
BSE Sensex	77500.57	1.69%	22.05	3.99	1.18
BSE Midcap	43096.45	0.88%	35.23	4.4	0.8
BSE Smallcap	49958.39	-0.30%	30.21	3.47	0.66
BSE 250 LargeMidCap	10100.29	1.50%	23.71	3.95	1.17
Sectoral Indices					
BSE Fmcg	20555.27	0.91%	42.54	9.35	1.68
BSE Commodity	7067.71	0.88%	31.7	2.82	1.23
BSE CD	9176.49	1.75%	38.39	6.59	0.56
BSE Energy	10875.37	1.37%	12.55	1.82	3.62
BSE Financial Services	11054.71	2.54%	15.74	2.57	0.95
BSE Healthcare	41802.57	-0.96%	41.93	6.16	0.51
BSE IT	41955.58	-1.81%	32.02	8.75	1.8
BSE Auto	51526.85	3.03%	22.9	5.87	0.86
BSE Bankex	56257.36	2.73%	13	2.38	0.91
BSE Metal	28569.54	0.23%	15.57	2.26	3.47
BSE Oil & Gas	25428.97	0.97%	12.06	1.55	3.81
BSE Power	6553.29	1.42%	26.64	3.88	1.67
BSE Realty	7150.59	6.07%	49.97	5.81	0.29

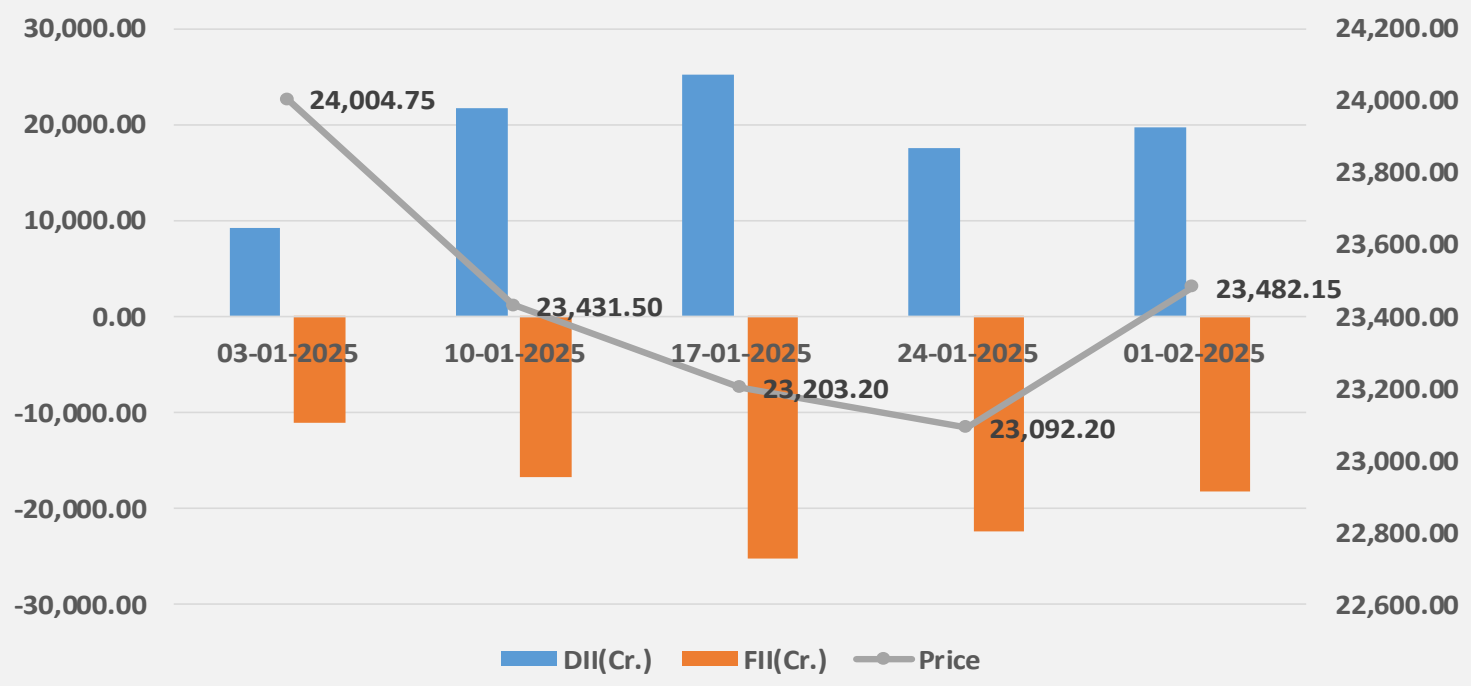
Top Gainers

Symbol	LTP	%Change (WoW)	%Change (MoM)
M&M	3076.75	9.83%	2.32%
Zomato Ltd.	236.32	9.61%	-15.01%
Maruti Suzuki India Ltd.	12916.50	7.93%	18.95%
Bajaj Finance Ltd.	8000.10	7.55%	17.25%
IndusInd Bank Ltd.	1009.40	6.16%	5.13%

Top Losers

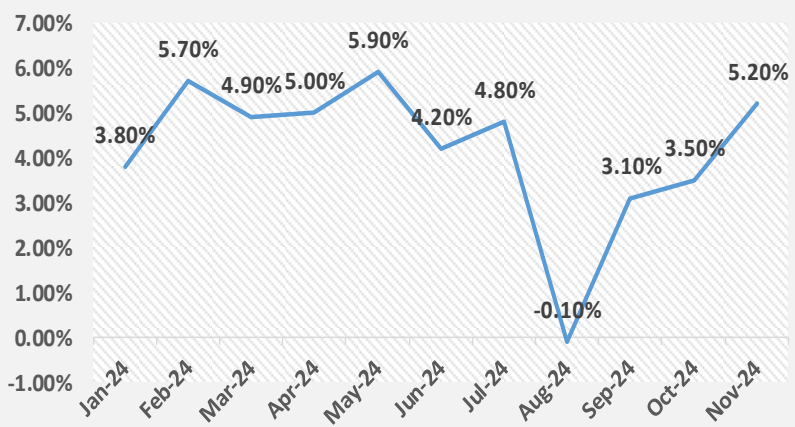
Symbol	LTP	%Change (WoW)	%Change (MoM)
ITC Hotels Ltd.	170.75	-34.33%	-34.33%
HCL Technologies Ltd.	1694.00	-5.51%	-11.65%
Tech Mahindra Ltd.	1646.40	-4.45%	-3.51%
Sunpharma	1742.20	-4.39%	-7.64%
Tata Motors Ltd.	706.55	-3.75%	-4.54%

FII & DII Investment Flow Vs NIFTY50

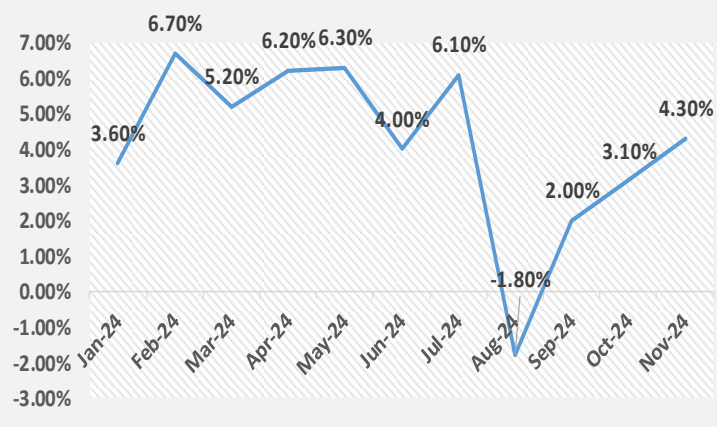


Macro-Economic Performance: India

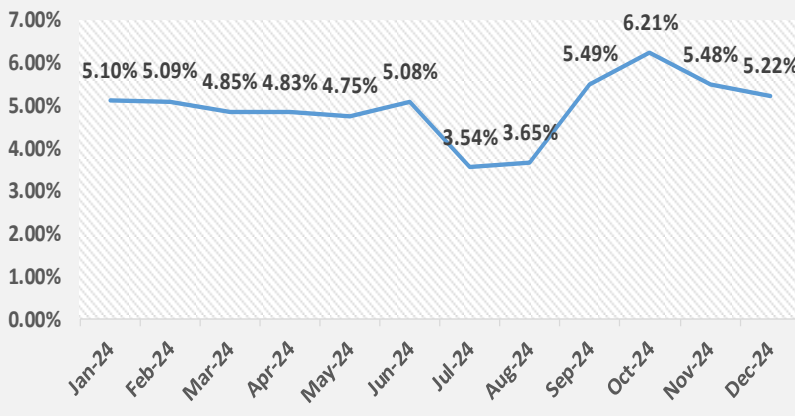
IIP (YoY)



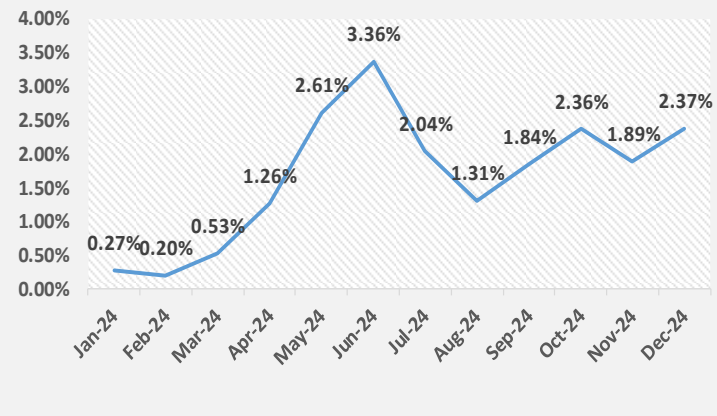
Infrastrucutre Output (YoY)



CPI (YoY)



WPI (YoY)

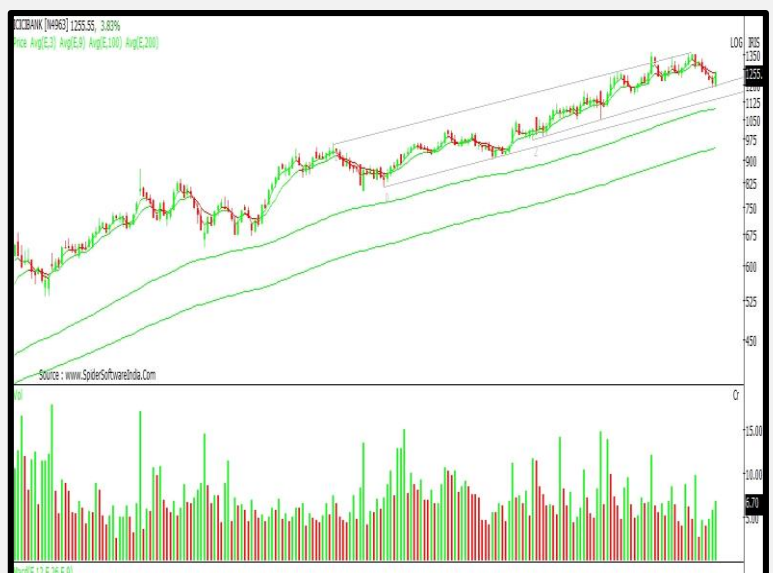


Market View from Research Desk:

We believe, the budget 2025 has openly focused on accelerating the growth with stability despite changeling micro & macro-economic scenario at global level. We continue to remain positive on sectors like FMCG, NBFC, DEFENCE, REALTY, HEALTHCARE, AUTO & AUTO ANCILLARIES & POWER for long term. Technically the domestic equity markets may remain positive in upcoming week as the benchmark index NIFTY50 closed above its key resistance level of 23400-450. The index has formed bullish engulfing candle pattern on weekly chart which is suggesting potential upward movement. The weekly RSI has moved near the average line of 50, reinforcing a minor uptrend and signalling improving market scale. The immediate resistance level remains at 23700/24000-24270, while the support is placed at 23350, followed by 23050/23940. On sectoral front, few sectors could see positive movements after the budget proposals. Bank Nifty is likely to remain in consolidation zone with positive bias and breakout of 50000 could take the index at 50485, while the support will be at 49165/48830. The Nifty FMCG may remain positive as technically the index has given a breakout from resistance trend line on weekly chart. Traders/Investors' are advised to keep an eye on upcoming quarterly earnings for further cues into stocks. Also watch out for RBI policy review meeting which will be a major trigger for the markets next week.

Technical Pick for the Week:

Buy ICICIBANK (1255.55) Upside Potential: 8.52%



The script has exhibited strong positive momentum, maintaining an uptrend for an extended period. This robust rally is evident on both the weekly and monthly charts. Additionally, it has given a trend line breakout on the daily chart, demonstrating relative outperformance. The stock has regained momentum, reclaiming the 200-day EMA with increased volume, signalling renewed buying interest. The RSI has moved upward towards the 50 level, reflecting strengthening momentum, while the MACD indicates a reduction in bearish pressure, with a potential bullish crossover on the horizon. We would remain positive on ICICIBANK and key support levels are seen at 1,221 and 1,190 in near term, while a breakout above 1,325 could drive the stock towards 1362/1380.

Fundamental Pick for the Week:

Pnb Housing Finance Ltd

Rating: Buy

Upside Potential: 14.71%

PNB Housing Finance, the 3rd largest housing finance company by loan asset, has a well-diversified resource base. It offers retail lending for housing construction, purchase, repairs, upgrades, loans against property (LAP), non-residential premises, and lease rental discounting (LRD) for individuals. It also provides wholesale loans, including corporate term loans, construction finance, and LRD. As of December 2024, its outstanding AUM is ₹76,840 crore and total loan books of 71,917 crores.

Investment Rationale

➤ **Higher Q3 Profits**

PNB Housing Finance reported robust growth in Q3, with NII, PPOP, and PAT rising 16.8%, 16.2%, and 42.9% YoY to ₹695 crore, ₹580 crore, and ₹483 crore, respectively. Asset quality improved, with GNPA/NNPA at 1.19%/0.80% (down QoQ), and ₹53 crore was recovered from the write-off pool. The loan book grew 17.5% YoY

to ₹70,676 crore, with disbursements up 30.9% YoY to ₹5,380 crore. Yield on assets improved to 10.12%, while the cost of funds declined slightly to 7.83%. RoA stood at 2.51%, up from 1.92% YoY.

➤ **Robust Business growth:**

PNB Housing Finance achieved a 17.5% YoY growth in its loan book, exceeding its 17% guidance. Disbursements grew ~31%, driven by strong performance in the emerging and affordable segments, which rose 39% and 127% YoY, respectively. The housing/non-housing mix stood at 72.2%/27.8% in Q3FY25, compared to 71.8%/28.2% in Q3FY24. The salaried segment continued to strengthen, accounting for 61.3% of the loan book in Q3FY25, up from 60.5% a year earlier.

➤ **Projected loan book growth exceeding 17% for FY25:**

PNB Housing Finance outperformed its 17% loan book growth guidance in Q3 and reiterated its 17%+ growth target, with potential to exceed projections as Q4 is seasonally strong. The company operates 305 branches, including 161 for Affordable and 50 for Emerging Markets, with plans to add 10 more Emerging branches in Q4FY25, reaching 60 by year-end. The corporate loan book continues to shrink, now comprising 1.7% of the portfolio, down from 3.5% a year ago.

➤ **NPA has reduced**

Gross NPA improved to 1.19% in Q3FY25 from 1.24% in Q2FY25 and 1.73% in Q3FY24. The company recovered ₹53 crore in Q3FY25 and ₹181 crore in 9MFY25 from the written-off pool.

➤ **Targeted Rs 1 lakh cr retail book by 2027:**

The company aims to achieve a ₹1 lakh crore retail book by 2027, with 60% from prime, 25% from emerging, and 15% from the affordable segment.

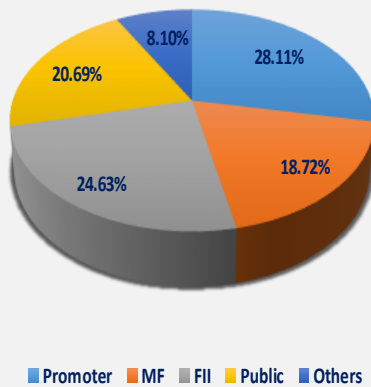
Recommendation	
CMP as on 01st Feb 2025	893.55
Buy & Accumlate	850-900
Target	1025
Upside Potential	14.71%
Time Frame	3-6 Months

Key Stock Data	
Nifty/Sensex	23482/77505
Industry	Housing Finance
Market cap(Cr)	23075.14
52 Week high/low	1202.20/604
Shares O/S(Cr)	25.98
Face Value	10
BSE Code	540173
NSE Code	PNBHOUSING
Bloomberg Code	PNBHOUSI:IN

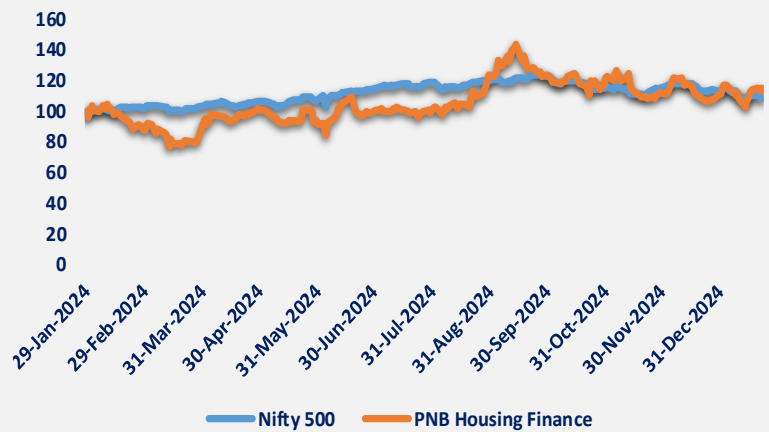
QoQ (Rs. In Cr) :

Particulars	Q3(FY25)	Q3(FY24)	Change(YOY)	Q2(FY25)	Change(QoQ)
Revenue	1,941.76	1,754.75	10.66%	1,878.68	3.36%
EBITDA	1,787.95	1,539.97	16.10%	1,737.08	2.93%
EBITDA Margin	92.08%	87.76%	4.92%	92.41%	-0.36%
NP	483.27	338.44	42.79%	469.68	2.89%
NPM	24.89%	19.29%	29.03%	21.54%	15.55%
Annualised EPS	74.39	52.13	42.70%	72.3	2.89%
PE	12.49	15.69	-20.40%	15.006	-16.77%
P/BV	1.399	1.433	-2.37%	1.612	-13.21%
EV/EBITDA	11.021	12.032	-8.40%	11.81	-6.68%

Shareholding Pattern



Stock Performance



➤ **Outlook and Valuation:**

Source: SSL Research, ACE equity

The company surpassed its 17% loan book growth guidance in Q3 and reaffirmed its 17%+ target, with potential for further upside in a seasonally strong Q4. It expanded its branch network from 93 branches YoY and plans to add 10 more in Q4 within Emerging Markets, enhancing its growth in this segment. The emerging and affordable segments grew 39% and 127% YoY, driven by initiatives like PM Awas Yojana, supporting urban poor and middle-class housing. The real estate sector is projected to grow at a 9.2% CAGR (2024-2028), while India's \$300 billion housing finance market, which has grown at a 13% CAGR over the past five years, is expected to expand at 22.5% CAGR over the next five years, providing strong support for the company. At CMP, the stock trades at a PE/BV of 12.50/1.39 vs. the industry average of 20.65/2.72. With a Q4FY25E PE of 13.02, it offers an 15.42% upside over 3-6 months. we recommend investors to BUY PNBHOUSING with medium term target of 1025.

Q3FY25 Highlights:

- Retail Disbursement: Grew 31% YoY to ₹5,380 Cr in Q3 FY25; Affordable & Emerging Markets contributed 38%.
- Retail Loan Asset: Increased 17.5% YoY to ₹70,676 Cr; Affordable & Emerging Markets formed 24%.
- Branch Presence: 305 branches, including 161 for Affordable & 50 for Emerging Markets.
- NIM: Improved to 3.70% in Q3 FY25 (Q2 FY25: 3.68%).
- Cost of Borrowing: 7.83% in Q3 FY25 (Q2 FY25: 7.84%).
- Deposits: ₹17,275 Cr as of Dec 31, 2024.
- Recoveries: ₹53 Cr in Q3 FY25; ₹181 Cr in 9M FY25 from the written-off pool.
- Gross NPA: Reduced to 1.19% in Q3 FY25 (Q2 FY25: 1.24%, Q3 FY24: 1.73%).
- ROA: 2.51% annualized for Q3 FY25; 2.48% for 9M FY25 (FY24: 2.20%).

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