

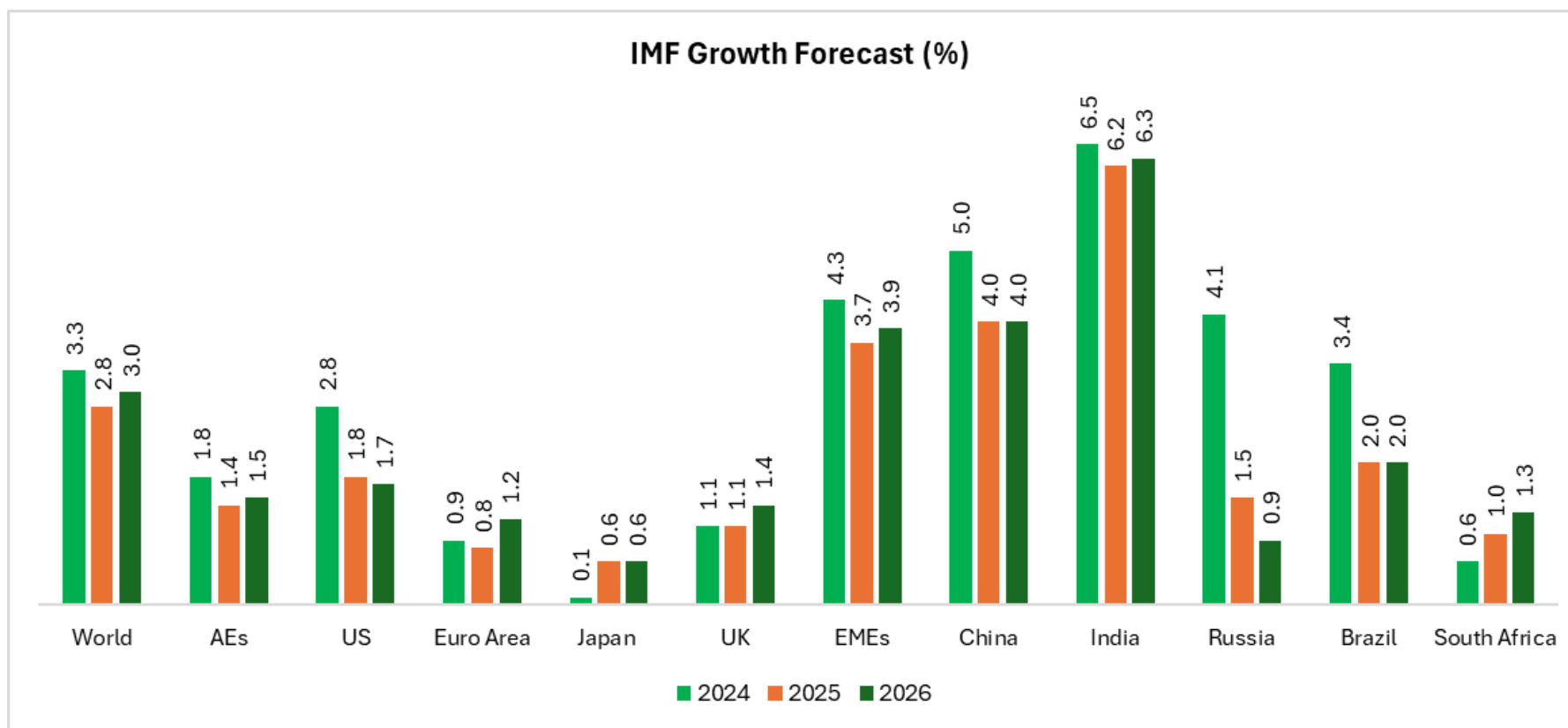
## Initial estimates showcase Q4 FY25 GDP could be ~6.4%-6.5%

Despite weathering effects precipitated by global upheavals, Indian economy stays largely resilient.. Buoyancy in Consumer confidence and Investments would need counter intuitive drivers... Early and better Monsoon forecasts could rejuvenate both the expectations, as also demand... India Inc. witnesses sublime EBIDTA and revenue growth

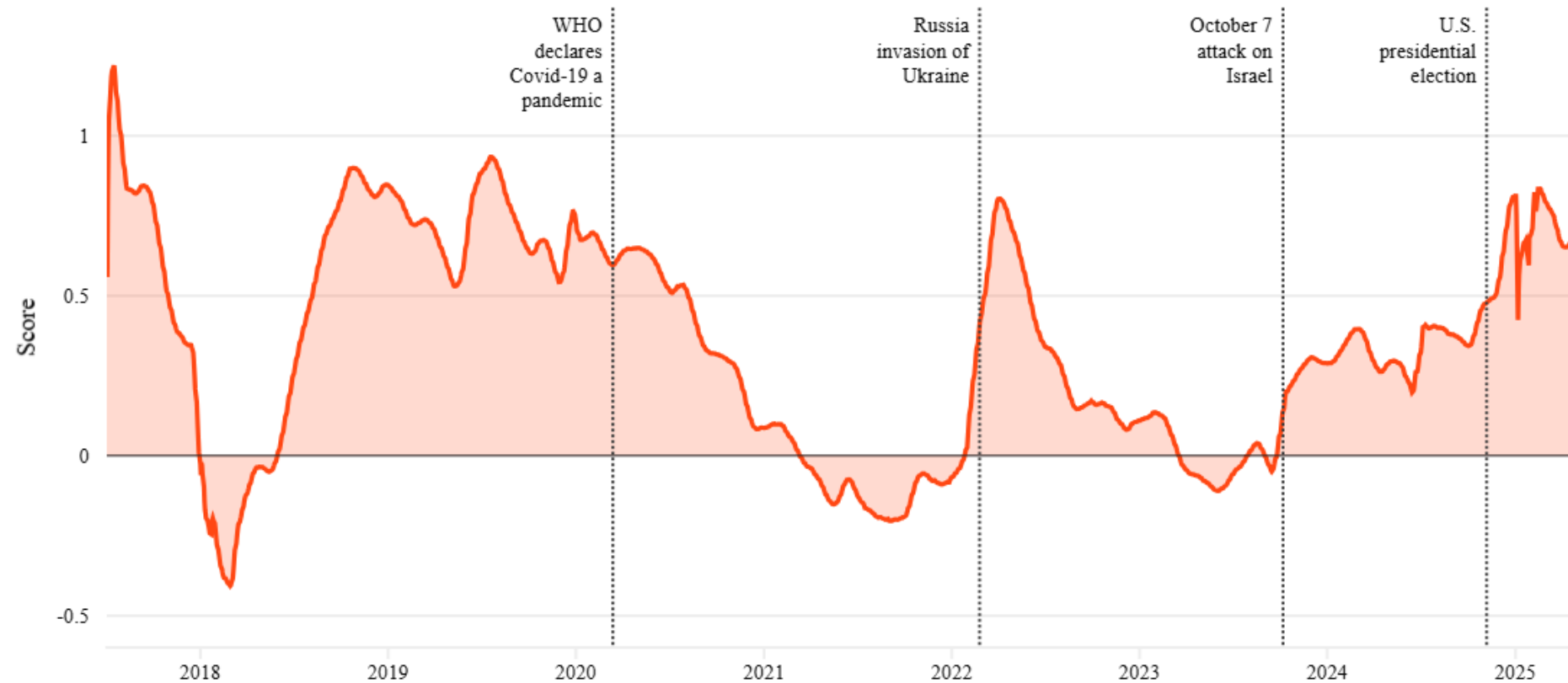
Issue # 06, FY26 21-May-2025

- ❑ The sharp downward revisions being penciled in global growth forecasts on account of trade upheavals, and policy uncertainties in response seem to have little weathering effects on the domestic growth juggernaut in perpetual motion, estimated by IMF at 6.2% in FY25 (6.3% for FY26) chiefly anchored by resilient private consumption, an antithesis to exogenous tumult
- ❑ The geopolitical risk indicator showed an uptick in early 2025, driven by escalating trade tariffs / other barriers and despite some moderation off late, remains susceptible for embracing volatility at the drop of a hat!
- ❑ Our 'in-house' developed 'Nowcasting Model' (first shared in SBI Ecowrap dated 20 Nov'2020) incorporating 36 high frequency indicators associated with consumption and demand across industry/service activities and global economy captures slight moderation in economic activities, and thus forecasts the GDP growth for Q4 FY25 around 6.4-6.5%, imbibing the deceleration in % of leading indicators showing acceleration to 72% in Q4 FY25 as against 74% in Q3 FY25
- ❑ Assuming there are no major revisions in Q1 to Q3 estimates in the upcoming data release by NSO, we expect FY25 GDP to stand at 6.3%
- ❑ Further, taking a cue from household survey, slowdown in current household inflation expectations encourages higher discretionary spending and drives demand-led growth while status quo in consumer confidence suggests that households are uncertain about the global developments and economic prospects – caution somewhat writ large on sustainable growth from a short-term perspective
- ❑ Rural agriculture wage growth is showing sign of some moderation while domestic tractor sales is also showing reduced momentum... Barring a few states, in majority of the states, Capex as % of BE is lower in FY25 as compared to FY24... IIP manufacturing growth has decelerated from 4.1% in Q3 FY25 to 3.6% in Q4 FY25 and SBI Composite Index is also showing negative momentum in Q4
- ❑ On a cheerful note, estimates (IMD's first stage long-range forecast) of pre-arrival of the Southwest monsoon and above average rainfall predictions (~105% of LPA) during southwest monsoon season could boost a bumper crop prospects for the Kharif season
- ❑ Corporate GVA of India Inc., by initial trend, suggest moderation in Q4FY25 (YoY) to 8.70% while EBIDTA margin moderated by around 74 bps

- ❑ The swift escalation of trade tensions and extremely high levels of policy uncertainty are expected to have a significant impact on global economic activity. AS per IMF, global growth is projected to drop to 2.8% in 2025 and 3% in 2026
- ❑ For India, the growth outlook is relatively more stable at 6.2% in FY25 (6.3% for FY26), supported by private consumption, particularly in rural areas, but this rate is 30 bps lower than the earlier estimate on account of higher levels of trade tensions and global uncertainty



- ❑ The geopolitical risk indicator showed an uptick in early 2025, driven by escalating trade tariffs / other barriers and despite some moderation off late, remains susceptible for tumultuous volatility at the drop of a hat!



Source: BlackRock Geopolitical Risk Indicator

- To estimate GDP statistically, we have built a 'Nowcasting Model' with 36 high frequency indicators associated with industry activity, service activity, and global economy. The model uses the dynamic factor model to estimate the common or representative or latent factor of all the high frequency indicators from Q4 of FY13 to Q2 of FY23
- As per our (SBI) 'Nowcasting Model', the forecasted GDP growth for Q4 FY25 should come around 6.4-6.5%. The details of the full model were shared in *SBI Ecowrap dated 20 Nov'20*.

| Real GDP Projections      |                 |                |
|---------------------------|-----------------|----------------|
|                           | SBI             | NSO            |
| Q1 FY25 (Actual)          | -               | 6.5%           |
| Q2 FY25 (Actual)          |                 | 5.6%           |
| Q3 FY25 (Actual)          |                 | 6.2%           |
| Q4 FY25 P                 |                 | 7.6% (Imputed) |
| <b>FY25 P</b>             | <b>6.2-6.3%</b> | <b>6.5%</b>    |
| <b>FY26 P</b>             | <b>6.3%</b>     | -              |
| Source: RBI; SBI Research |                 |                |

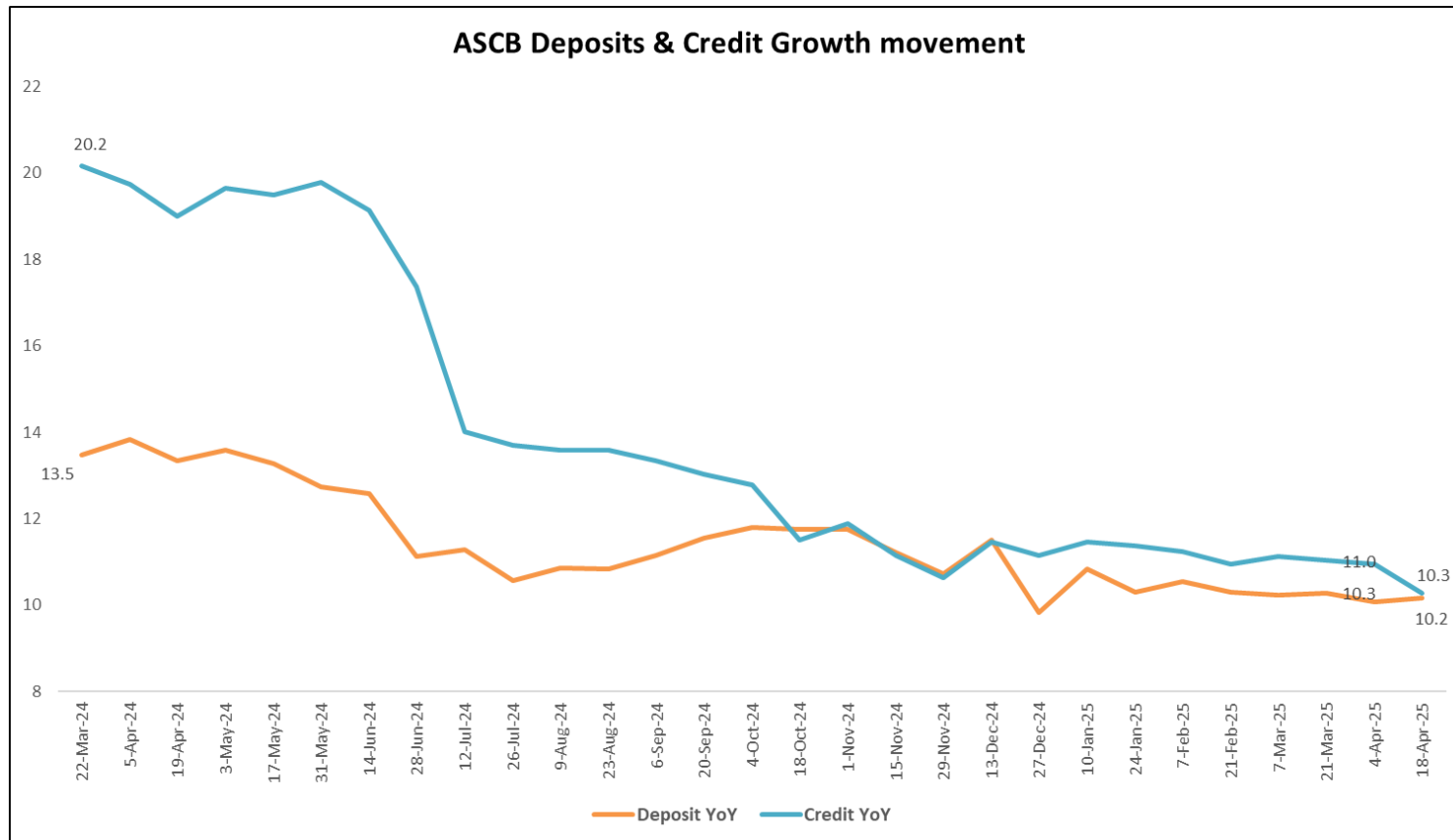
| Mapping of Leading Indicators with GDP Growth |            |                |                                      |
|---|------------|----------------|--------------------------------------|
| Year  | Quarter    | GDP Growth (%) | % of indicators showing acceleration |
|   |            |                | Overall                              |
| FY23  | Q1 FY23    | 13.5           | 79                                   |
|   | Q2 FY23    | 6.0            | 69                                   |
|   | Q3 FY23    | 4.8            | 73                                   |
|   | Q4 FY23    | 6.9            | 76                                   |
| FY24  | Q1 FY24    | 9.7            | 70                                   |
|   | Q2 FY24    | 9.3            | 80                                   |
|   | Q3 FY24    | 9.5            | 80                                   |
|   | Q4 FY24    | 8.4            | 86                                   |
| FY25  | Q1 FY25    | 6.5            | 78                                   |
|   | Q2 FY25    | 5.6            | 71                                   |
|   | Q3 FY25    | 6.2            | 74                                   |
|   | Q4 FY25(P) |                | 73                                   |
| Source: SBI Research                          |            |                |                                      |

- NSO will provide Provisional Estimates for FY25 in the upcoming press release. The entire data from Q1 to Q3 FY25 may also stand revised
- Assuming there are no major revisions in Q1 to Q3, estimates, we are expecting FY25 GDP at 6.3%

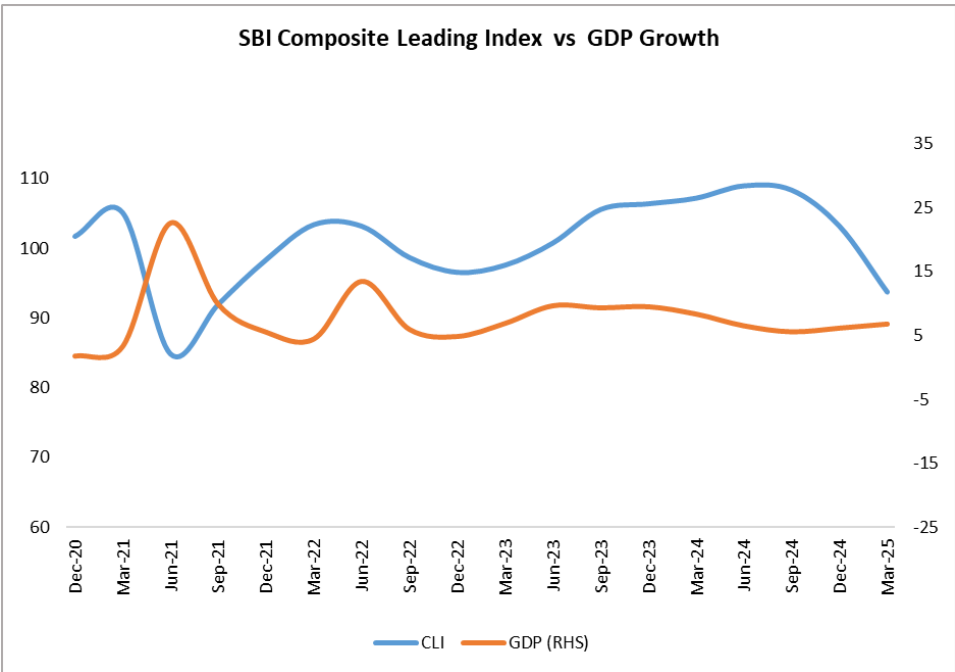
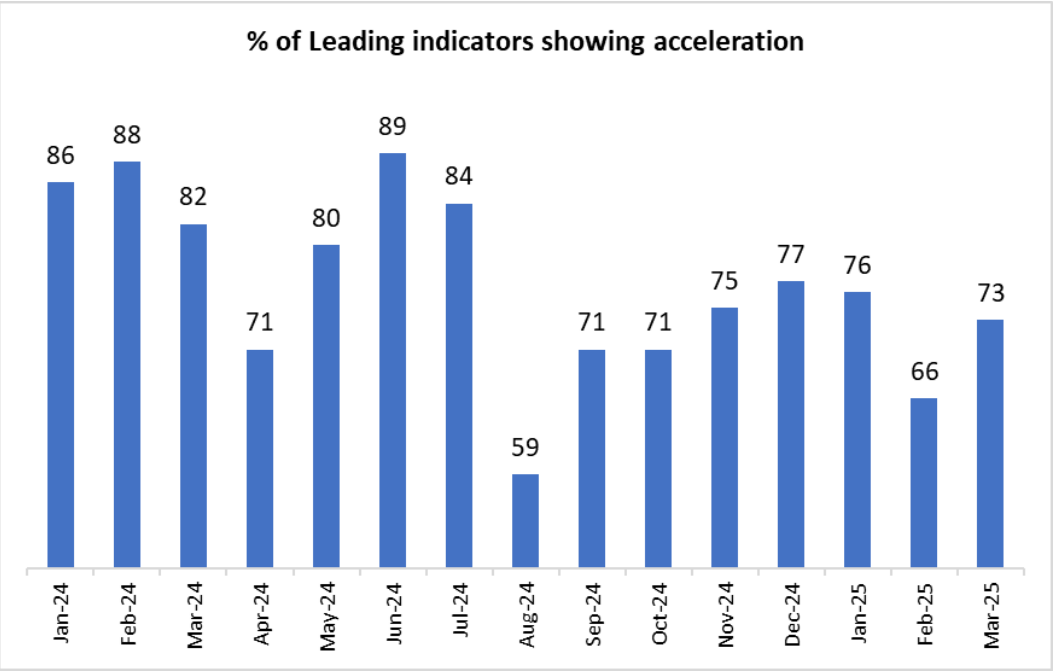
| Revision in Annual Estimates |      |      |      |         |         |         |        |
|------------------------------|------|------|------|---------|---------|---------|--------|
| Year                         | 1AE  | 2AE  | PE   | 1RE     | 2RE     | 3RE     | Change |
| T1 (Current Year)            |      |      |      | T1+1Y   | T1+2Y   | T1+3Y   |        |
|                              | Jan  | Feb  | May  | Feb/Jan | Feb/Jan | Feb/Jan |        |
| 2015-16                      | 7.6  |      | 7.6  | 8       | 8.2     | 8.0     | 0.40   |
| 2016-17                      | 7.1  | 7.1  | 7.1  | 7.1     | 8.2     | 8.3     | 1.20   |
| 2017-18                      | 6.5  | 6.6  | 6.7  | 7.2     | 7.0     | 6.8     | 0.30   |
| 2018-19                      | 7.2  | 7.0  | 6.8  | 6.1     | 6.5     | 6.5     | -0.70  |
| 2019-20                      | 5.0  | 5.0  | 4.2  | 4.0     | 3.7     | 3.9     | -1.10  |
| 2020-21                      | -7.7 | -8.0 | -7.3 | -6.6    | -5.8    | -5.8    | 1.92   |
| 2021-22                      | 9.2  | 8.9  | 8.7  | 9.1     | 9.7     | -       | 0.49   |
| 2022-23                      | 7.0  | 7.0  | 7.2  | 7.0     | 7.6     |         | 0.60   |
| 2023-24                      | 7.3  | 7.6  | 8.2  | 9.2     | -       |         | 1.90   |
| 2024-25                      | 6.4  | 6.5  | -    | -       | -       |         | 0.10   |

Source: NSO, SBI Research, \*from 2023 onwards RE's are released in Feb with 2nd AE, TRE has been discontinued from FY22 onwards

- Data for the fortnight ended 02 May 2025 indicates that ASCBs credit growth (YoY) continues to decline, falling to 9.9% (Last year: 19.6%) while deposits growth also declined to 10.0% (Last year: 13.6%). Both deposits and credit growth have continued to decline since October 2024



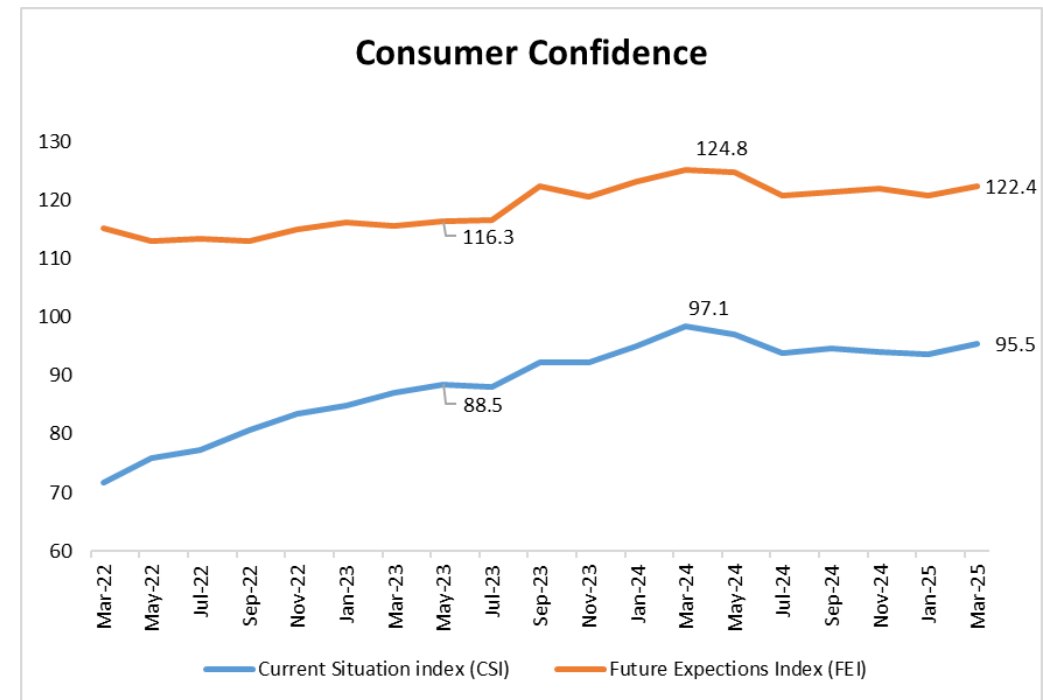
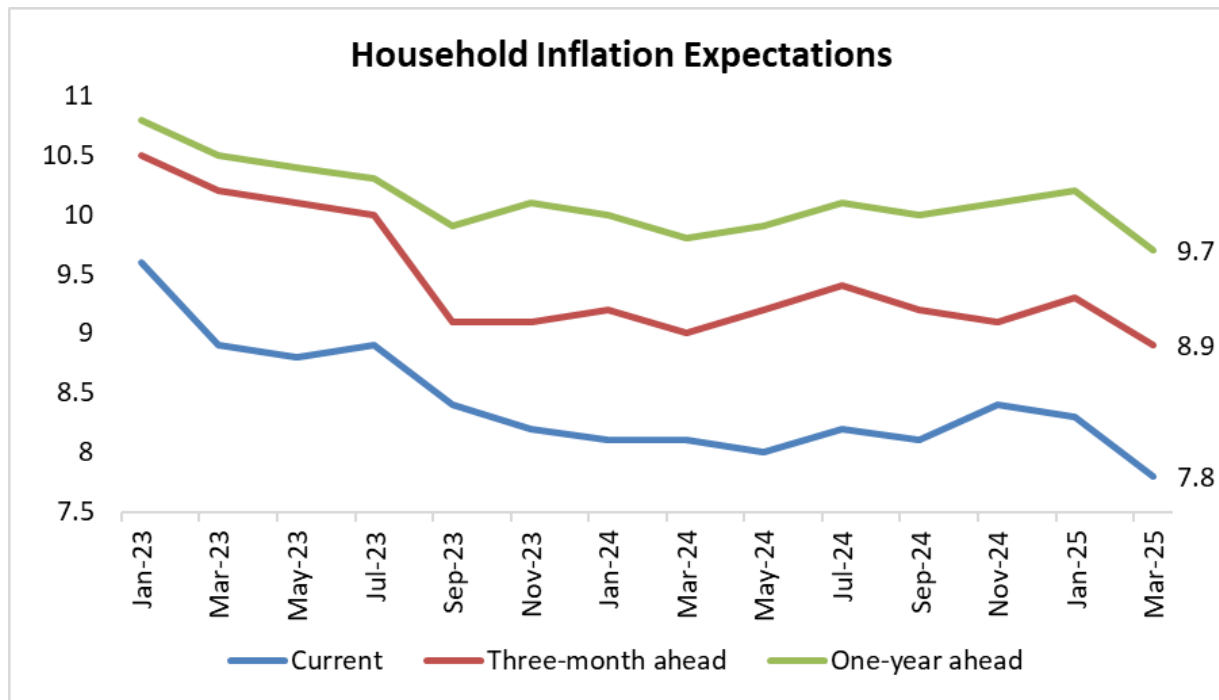
- We track 36 leading indicators in consumption and demand, Agri, Industry, service and other indicators, which indicate a slight moderation in Q4 FY25 growth (as compared to Q3). The % of indicators showing acceleration has decreased to 72% in Q4 FY25 vs 74% in Q3 FY25
- GDP Growth as per SBI composite leading indicator (CLI) Index (a basket of 36 leading indicators which includes parameters from almost all the sectors) based on monthly data shows a slight downtick in economic activity in Q4. This decrease in economic activity in Q4 FY25 indicates GDP may grow in the range of 6.4-6.5%



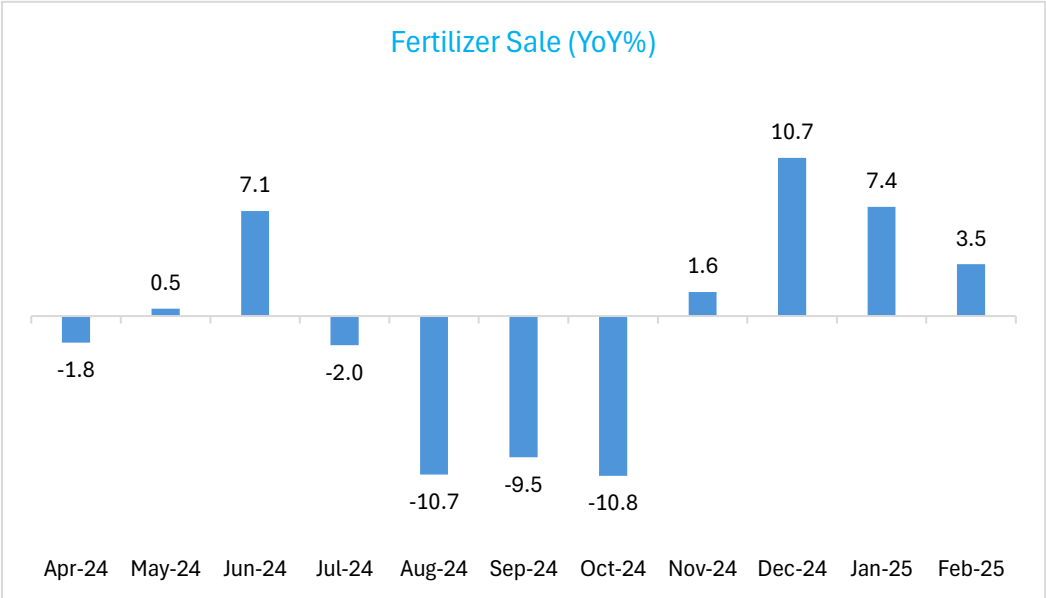
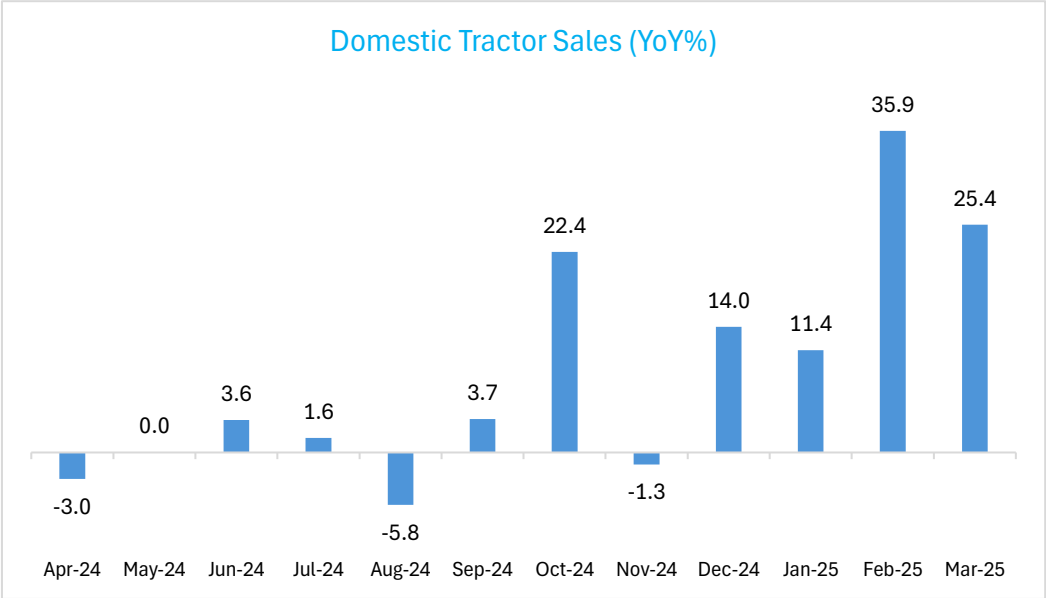
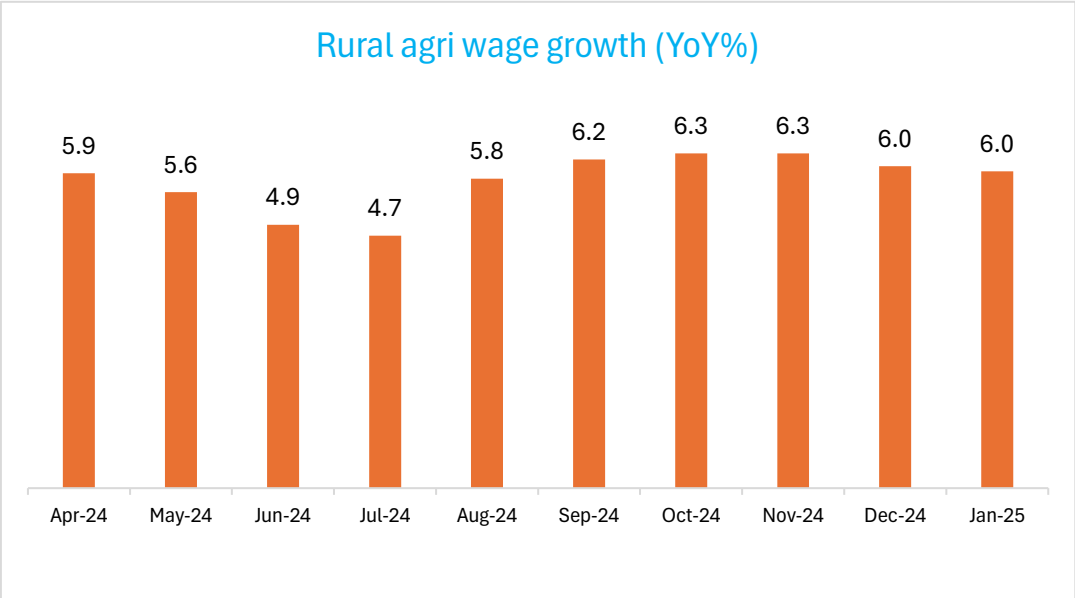
$$\% \text{ of indicators showing acceleration} = \frac{\text{No of indicators showing high and moderate growth}}{\text{Total no of indicators}}$$



- ❑ Slowdown in current household inflation expectations encourages higher discretionary spending and drives demand-led growth
- ❑ Status quo in consumer confidence suggests that households are uncertain about the global developments and economic prospects – caution somewhat writ large on long-term sustainable growth



- ❑ Rural agriculture wage growth is moderating
- ❑ Domestic tractor sales is showing reduced momentum

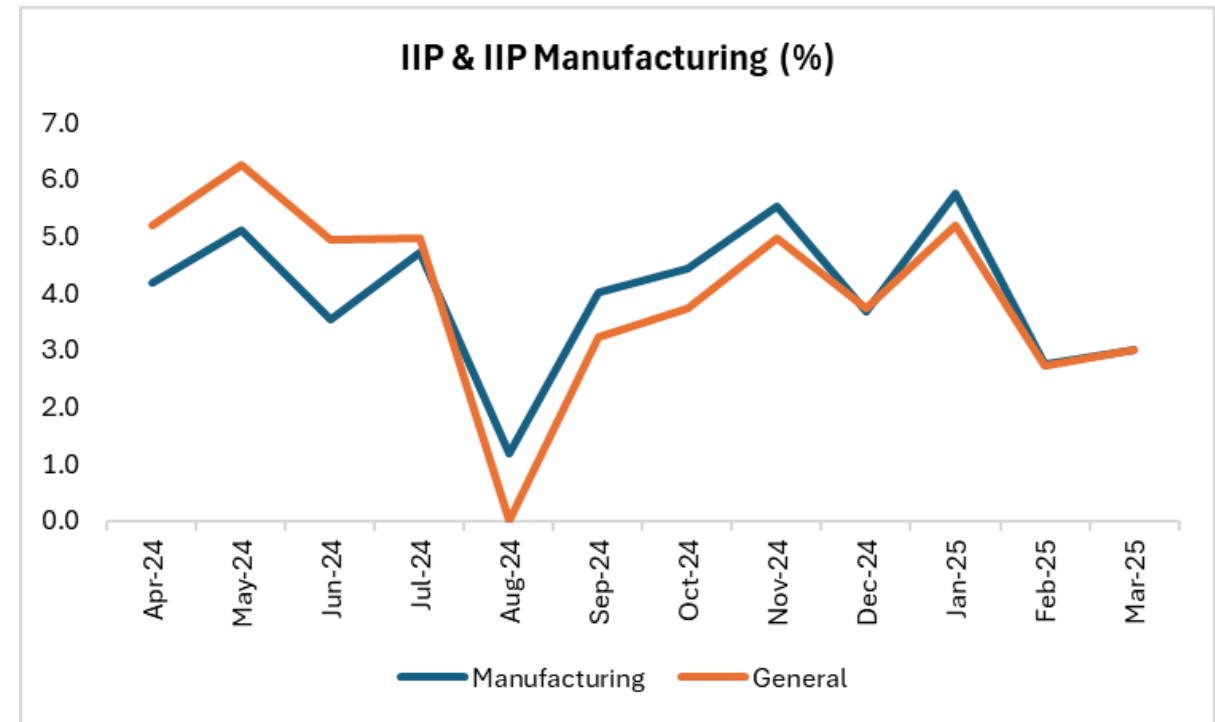
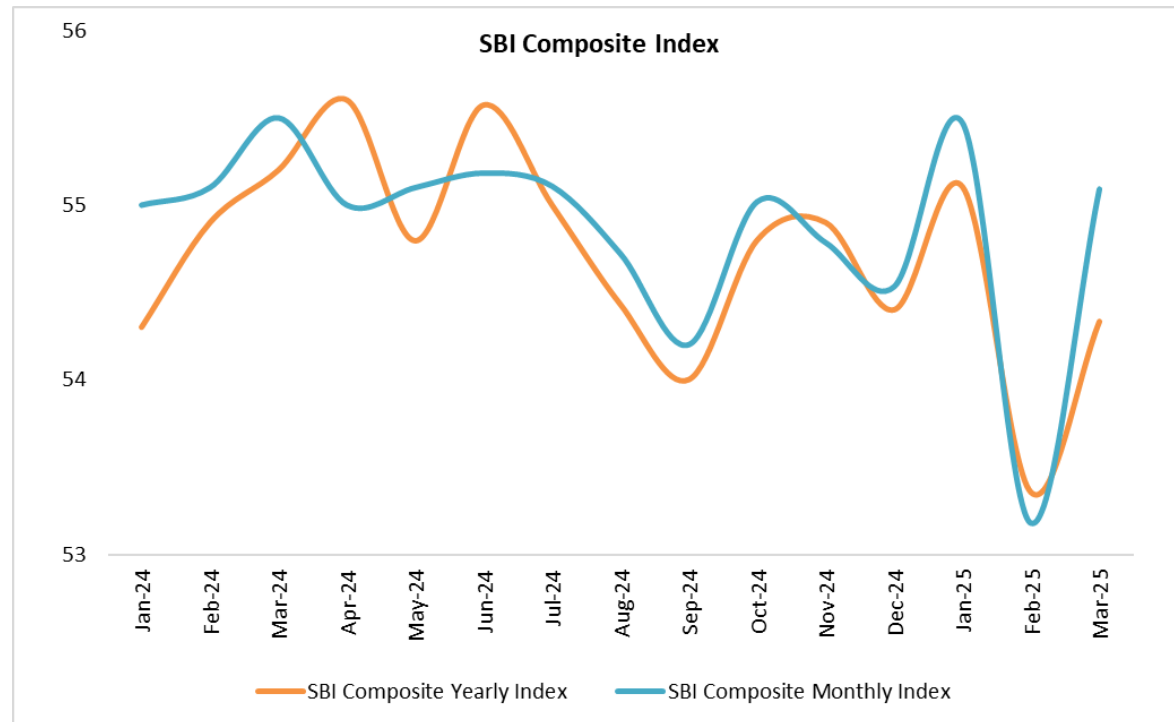


- Baring a few states, in majority of the states Capex as % of BE is lower in FY25 as compared to FY24

| States Expenditure as % of Budgeted estimates                        |                     |       |       |                |                     |       |      |
|--|---------------------|-------|-------|----------------|---------------------|-------|------|
| State  | Capital Expenditure |       |       | State          | Capital Expenditure |       |      |
|  | FY25                | FY24  | FY23  |                | FY25                | FY24  | FY23 |
| Andhra Pradesh   | 42.3                | 86.4  | 24.7  | Madhya Pradesh | 116.3               | 111.1 | 97.2 |
| Assam  | 77.9                | 66.0  | 64.5  | Maharashtra    | 74.0                | 75.1  | 72.7 |
| Bihar*   | 60.3                | 115.6 | 100.5 | Odisha         | 79.1                | 84.9  | 86.9 |
| Chhattisgarh   | 55.1                | 49.7  | 76.6  | Punjab         | 94.2                | 47.0  | 61.2 |
| Gujarat  | 84.4                | 79.7  | 89.4  | Rajasthan      | 76.3                | 73.8  | 62.4 |
| Haryana  | 57.9                | 65.0  | 46.0  | Tamil Nadu     | 84.3                | 80.5  | 89.9 |
| Himachal Pradesh   | 61.3                | 83.0  | 95.3  | Telangana      | 108.1               | 117.9 | 60.6 |
| Jharkhand*   | 61.1                | 94.9  | 98.4  | Uttar Pradesh  | 67.5                | 69.8  | 69.0 |
| Karnataka  | 114.4               | 89.0  | 130.6 | Uttarakhand    | 75.1                | 66.9  | 68.4 |
| Kerala   | 69.7                | 71.9  | 69.6  | West Bengal    | 43.0                | 83.7  | 67.6 |
| Source:SBI Research, CAG, * BR:FY25 till Nov, HP, JK and WB till Feb |                     |       |       |                |                     |       |      |

# Manufacturing growth is decelerating in Q4 FY25

- ❑ IIP manufacturing growth has decelerated from 4.1% in Q3 FY25 to 3.6% in Q4 FY25
- ❑ SBI Composite Index also showing negative momentum in Q4



- ❑ The India Meteorological Department (IMD) on Tuesday said the southwest monsoon is likely to arrive in Kerala within the next four to five days—well ahead of its normal onset date of June 1. If the monsoon arrives in Kerala as anticipated, it would mark the earliest onset over mainland India since 2009, when it began on May 23
- ❑ As per the IMD's first stage long-range forecast, the rainfall during southwest monsoon season (June-September 2025) is most likely to be above normal at 105% of the long period average (with a model error of  $\pm 5\%$ ). The neutral El-Nino-Southern Oscillations (with features similar to La Nina), neutral Indian Ocean Dipole, and below normal snow cover over the northern hemisphere and Eurasia during Jan – Mar'25 are other favourable factors for monsoon precipitation. These developments have boosted the crop prospects for the forthcoming kharif season
- ❑ And hence, India is targeting 354.64 million tonnes of foodgrain production in the 2025-26 crop year starting July on the forecast of better monsoon rains. In the current 2024-25 crop year, the government had set a target of 341.55 million tonnes of foodgrain production (so far: 332.3 million tonnes)

# Corporate Results Q4FY25 – initial trend suggest growth of 6% in revenue, EBIDTA by 10%..

- Around 1200 Corporate in listed space reported revenue growth of 6% while EBIDTA and profit after tax (PAT) grew by around 10% and 14% respectively in Q4FY25 as compared to Q4FY24
- Further, Corporate ex BFSI represented by around 1000 listed entities reported revenue and PAT growth of 4% and 20% respectively, in Q4FY25 as compared to Q4FY24
- What is pertinent to mention is the same set of corporate reported EBIDTA growth of around 6% in Q4FY25 as compared to 5.2% in Q3FY25
- At aggregate level, EBIDTA margin moderated by around 74 bps in Q4FY25 to 14.1% from 14.84% in Q3FY25
- Corporate GVA, initial trend, suggest moderation in Q4FY25 (YoY) to 8.70%

| Corporate GVA |                 |            |
|---------------|-----------------|------------|
| Qtr           | No of Companies | Growth (%) |
| Q3FY23        | 3899            | 11.23      |
| Q4FY23        | 3908            | 20.12      |
| Q1FY24        | 3958            | 28.62      |
| Q2FY24        | 3904            | 46.79      |
| Q3FY24        | 3959            | 26.28      |
| Q4FY24        | 4162            | 17.18      |
| Q1FY25        | 4155            | 10.90      |
| Q2FY25        | 4015            | 6.64       |
| Q3FY25        | 4077            | 9.55       |
| Q4FY25        | 1240            | 8.70       |

Source: SBI Research; CLIne; listed entities; GVA as measured by EBIDTA+Employee expenses

| Corporate Results Key Parameters |                 |                |        |     |
|----------------------------------|-----------------|----------------|--------|-----|
| Qtr.                             | EBIDTA Margin % | Growth % (YoY) |        |     |
|                                  |                 | Net Sales      | EBIDTA | PAT |
| Q3FY23                           | 12.22%          | 15             | -9     | -16 |
| Q4FY23                           | 13.07%          | 9              | -1     | -3  |
| Q1FY24                           | 15.81%          | -2             | 23     | 33  |
| Q2FY24                           | 15.19%          | -0.3           | 41     | 42  |
| Q3FY24                           | 14.95%          | 3.3            | 26     | 42  |
| Q4FY24                           | 14.25%          | 5.2            | 14     | 3   |
| Q1FY25                           | 14.97%          | 5.7            | -1     | 3   |
| Q2FY25                           | 14.40%          | 3.9            | -1.5   | 6   |
| Q3FY25                           | 14.84%          | 5.4            | 5.2    | 9   |
| Q4FY25                           | 14.10%          | 4.0            | 6.0    | 20  |

Source: SBI Research; Cline; around 3500 listed entities ex BFSI ; around 1000 listed entities for Q4FY25

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