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Infra, Mfg, Commodity Stocks may Gain in 2025 on Demand Revival

ICICI Securities also sees benchmark Nifty50 at 26,300 by the end of next yr

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ICICI Securities' top stock picks for CY25

Name	CMP (₹)	YTD Returns (%)	Estimated PE for FY26
L&T	3,889	10.3	30.5
NTPC	358	15.5	14.6
JSW Steel	997	13.6	10.7
Ambuja Cements	573	7.3	25.7
Tata Power	428	29.6	31.9
GAIL (India)	205	23.1	9.8
Jindal Steel	996	33.9	9.8
BHEL	243	22.5	27.9
Solar Industries	10,350	52.7	53.3
HPCL	415	55.6	6.9
Navin Flourine	3,558	-7.8	37.9

Mumbai: Capex-driven themes, including infrastructure, manufacturing, commodities and utilities, could be the biggest beneficiaries of revival in investment demand in 2025, according to ICICI Securities.

There are signs of bottom formation and recovery in commodity prices such as cement, metals and oil, along with gross refining margins of oil companies, the brokerage said in a note to clients.

"Apart from the traditional sectors, the current capex cycle may have additional drivers in the form of new-age sectors such as data centres, AI (artificial intelligence) infrastructure, EVs (electric vehicles), EMS (electronics manufacturing services) manufacturing, green energy, etc," said the note.

Stocks such as L&T, NTPC, JSW Steel, Ambuja Cements, Tata Power, GAIL (India) and Jindal Steel & Power are some of the top picks of ICICI Securities.

Along with the private capex revival, the re-leveraging cycle may pick up, which will benefit large banks, where valuations remain reasonable due to scepticism, and other financial services players, including capital market players.

In its outlook for the next year, ICICI Securities said that 5% earnings yield is fair value for Indian equities which translates to 20x forward P/E (price to earnings) and set a Nifty50 target for 2025-end at 26,300. This indicates an upside of 6.2% in the NSE benchmark from Friday's close.

"We expect domestic cyclical sectors related to 'investment rate' to bounce back in CY25 after re-emerging from the effects of an election slowdown in CY24. Also, election fervour-related social spending may abate going forward which could have an unfavourable base for consumption, although rising agricultural output may have an offsetting effect," its analysts wrote.