CORPORATE
EARNINGS
REPORT

CORPORATE INDIA'S EVOLUTION

SCALE, EARNINGS AND DIVERSIFICATION

Corporate Performance

This publication analyses the corporate performance of the Nifty 500 companies in the last 26 years.

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Corporate India's evolution: Scale, earnings and diversification

The composition and performance of the Nifty 500 over the past 26 years highlight the structural transformation of corporate India—from a commodity- and manufacturing-heavy universe at the turn of the millennium to one increasingly driven by financial intermediation, services and importantly, domestic demand. Financials emerged as the defining growth story, rising from 8% of index constituents and 7% of market capitalisation in March 2000 to 20% and 26%, respectively, by March 2026. The sector also overtook Energy as the largest contributor to revenues in FY25, ending more than two decades of Energy's leadership. Traditional sectors such as Materials and Consumer Staples gradually ceded ground, while Health Care, Utilities and Consumer Discretionary gained prominence, reflecting rising incomes, urbanisation and greater formalisation of the economy.

Earnings growth has outpaced revenue expansion during the past 26 years. Between FY03 and FY26, aggregate net sales of Nifty 500 companies increased 21-fold, while PAT rose 31-fold; the aggregate PAT margin improved from 6.0% in FY00 to 10.9% in FY26. This points to sustained improvements in operating efficiency and profitability across business cycles. The expansion was equally visible across the market-cap spectrum, with the thresholds for large- and mid-cap classification rising 122-fold and 180-fold, respectively, underscoring both the growing scale of listed companies and continued mobility across the broader market.

Equally significant is the structural broadening of corporate performance beyond the index heavyweights. The Nifty 50's share of aggregate Nifty 500 profits fell sharply from 87% in FY18 to 51% in FY26, while the broader universe delivered a superior PAT CAGR of 16.9% during FY17–FY26 (vs 12.5% for the Nifty 50), against 14.4% in the preceding decade—indicating that earnings growth has become increasingly broad-based even as headline revenue growth moderated.

Concentration indicators reinforce this trend. The HHI for Nifty 500 net sales declined from 185 in FY00 to a record low of 88 in FY26, while concentration in EBITDA and PAT fell from 46 to 20 and from 225 to 80, respectively. The sharpest sectoral broadening was visible in Financials, Utilities and Consumer Staples. Although corporate earnings remained sensitive to major macroeconomic and geopolitical shocks—from the dotcom downturn and the global financial crisis to the pandemic—the long-term trajectory repeatedly reverted to growth. Taken together, the 26-year record points to an equity market that is not merely larger, but also structurally deeper and more diversified—one in which revenues, profits and market value are distributed across a wider range of companies and sectors, providing a more balanced and durable foundation for India's corporate earnings cycle.

- **Shifts in sectoral leadership in the Nifty 500 Index reflects India's economic transformation:** Over the past 26 years, the Nifty 500 has undergone a significant structural change, reflecting the broad transformation in the Indian economy and capital markets. The sectoral composition of the Index has progressively shifted towards Financials, Health Care and technology-related sectors, while the representation of traditional sectors such as Materials, Industrials and Consumption has moderated. These shifts are also reflected in the changing composition of market capitalisation, with Financials emerging as the largest sector, supported by sustained financial deepening, while Consumer Discretionary strengthened its market presence amid rising household incomes and changing consumption patterns. In terms of corporate financial performance as well, Financials have become the largest contributor to aggregate revenues and profits, while IT, Health Care and Utilities strengthened their contribution through sustained operating and net profitability. In contrast, the dominance of commodity-linked sectors in revenues and earnings has moderated over successive economic cycles, highlighting a gradual shift towards sectors supported by stronger and more resilient profitability.

Sectoral leadership in the Nifty 500 index has shifted from commodities towards Financials, Technology and Consumption in the last 26 years.

- **Growth moderated in the latest decade, but earnings became increasingly broad-based:** A comparison of the last two decade (FY05-FY15 and FY16-FY26) reveals a structural moderation in revenue growth across both the Nifty 50 and Nifty 500 universes. While net sale CAGR declined during FY16-FY26, the broader Nifty 500 universe recorded an improvement in profit growth, indicating that earnings expansion became increasingly broad-based beyond the Nifty 50 cohort. This divergence suggests that improvements in profitability, operational efficiency and sectoral diversification, partly offset the moderation in top-line growth.

  Over the past 26 years, corporate performance was also shaped by successive macroeconomic and geopolitical events, including the dotcom bust, GFC, taper tantrum, demonetisation, GST implementation, twin balance sheet and NBFC crises, COVID-19 pandemic and Russia-Ukrain war. Although these events led to periodic disruptions in revenue and earnings growth, the overall trajectory has consistently reverted to a sustainable long-term growth path.

The latest decade (FY16-FY26) witnessed slight moderation in revenue growth but stronger earnings resilience among the Nifty 500 (ex-Nifty 50 cohort)

- **Sectoral growth became broader and more balanced over successive business cycles:** The sectoral growth matrix highlights broadening of corporate growth across the Nifty 500 over successive five-year periods. During the early 2000s, earnings growth was concentrated in a few cyclical sectors, particularly Materials and Energy, reflecting the commodity upcycle. By FY11–FY15, growth became more balanced, led by Financials, Consumer Discretionary, Health Care and Information Technology, although investment-linked sectors remained subdued. In FY22–FY26, sectoral revenue growth converged across industries, while profitability broadened further.

  Further analysis of sectoral growth distributions over FY00–FY26 reveals that while cyclical sectors such as Energy and Real Estate exhibited pronounced variability, defensive sectors including Consumer Staples, Health Care and Utilities delivered consistently stable performance. Importantly, the Nifty 500 PAT margin strengthened from 6.0% in FY00 to 10.9% in FY26 – a record high, with profitability and operating metrics across most sectors at or above their historical medians—reflecting resilient and broad-based corporate performance.

Earnings leadership shifted from cyclical sectors to a broader, more balanced growth profile.

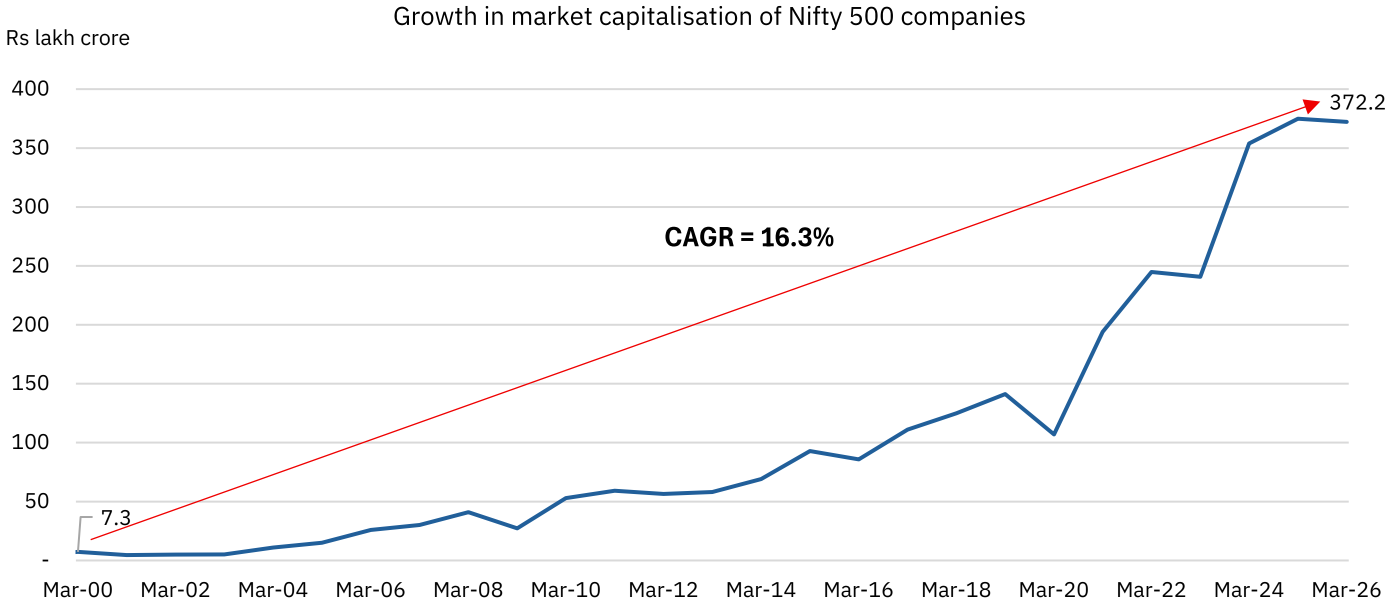
- **Declining concentration across revenues and earnings underscores the structural broadening of corporate India:** Concentration across the Nifty 500 universe has declined structurally over the past 26 years, reflecting an increasingly broad-based distribution of corporate activity. This broadening is reinforced by the Herfindahl-Hirschman Index (HHI), where the Nifty 500 HHI for net sales rose during FY00 to FY03 from 185 to 366, before gradually falling to a record low of 88 in FY26. EBITDA and PAT concentration declined to 20 and 80, respectively, over the same period. The moderation was evident across market segments—including the Nifty 50 and the Nifty 500 excluding Nifty 50—and across most sectors, with Financials, Utilities, Consumer Staples and Energy recording the sharpest declines in concentration. Communication Services remained the most concentrated sector across revenues (HHI of 1,896), EBITDA (2,322) and PAT (2,547) in FY26, and its top four companies accounting for 87.2% of sectoral sales. At the aggregate level, the share of the top four companies in Nifty 500 sales eased to 18.5% in FY26 from over 20% in the early 2000s, reinforcing the structural diversification of revenue and profit generation across the Indian corporate sector.

The long-term decline in concentration metrics such as HHI and CR4 suggests that India's corporate landscape has become progressively more competitive, with earnings and revenues distributed across a wider set of companies.

Market capitalisation growth and composition of Nifty 500

Nifty 500 market capitalisation grew nearly 50x in the last 26 years: Market capitalisation of Nifty 500 companies expanded at a CAGR of 16.3% between FY00 to FY26, rising from Rs 7.3 lakh crore to Rs 372 lakh crore by March 2026. The long-term trajectory remained upward, despite sharp declines during major domestic and global market disruptions. Market capitalisation declined by 33.6% during the global financial crisis and by 24.2% during the COVID-19-led sell-off, before recovering strongly in subsequent periods. The pace of expansion accelerated particularly after March 2020, supported by strong corporate earnings, improved domestic liquidity, rising domestic institutional and retail participation and new listings.

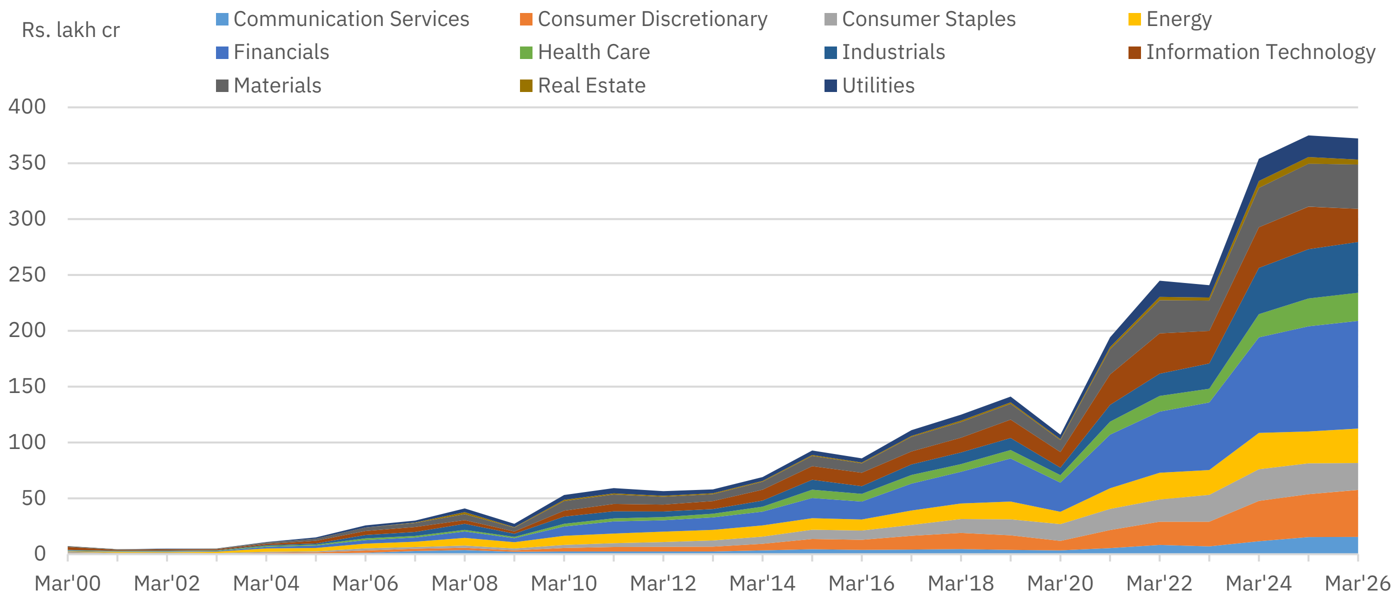
Figure 1: Growth in market capitalisation of Nifty 500 companies during FY00-26



Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Nifty 500 composition shift over the years reflects the evolving economic landscape: The composition of the Nifty 500 Index has undergone a marked shift over the past 26 years, reflecting the evolving India's macroeconomic landscape, business cycles and market leadership. While the index has consistently represented the top 500 NSE-listed companies, encompassing large-, mid- and small-cap constituents, the sectoral mix has changed significantly in terms of both the number of companies and their weight in the index. Traditional sectors such as Materials, Consumer Discretionary and Industrials, which together accounted for nearly 63% of the total count of index constituents in March 2000, have gradually ceded space to Financials, Health Care and Information Technology, reflecting the increasing formalisation of the economy, financial deepening and the rapid expansion of the digital ecosystem.

Figure 2: Sector-wise market capitalisation composition across financial years (Absolute terms)



Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 1: Sector-wise composition of Nifty 500 Index in terms of number of companies and market capitalisation

Sector name	Mar-2000		Mar-2005		Mar-2010		Mar-2015		Mar-2020		Mar-2026	
	Firms (#)	M-Cap (Rs lakh crore)	Firms (#)	M-Cap (Rs lakh crore	Firms (#)	M-Cap (Rs lakh crore	Firms (#)	M-Cap (Rs lakh crore	Firms (#)	M-Cap (Rs lakh crore	Firms (#)	M-Cap (Rs lakh crore
Comm Svcs	6	0.9	26	0.7	27	2.5	25	4.4	17	3.5	14	15.5
Cons Disc	97	0.4	89	1.0	70	3.1	73	9.2	76	8.4	69	42.0
Cons Staples	42	1.0	33	0.9	39	2.8	33	8.4	36	15.0	27	24.1
Energy	15	0.5	18	3.0	17	8.0	16	10.3	13	11.1	14	30.8
Financials	40	0.5	52	2.1	63	8.4	76	18.1	87	26.1	99	96.4
Health Care	38	0.4	43	1.0	40	2.4	33	7.4	44	6.7	50	25.3
Industrials	92	0.3	72	1.0	84	6.5	93	8.8	83	6.7	87	45.4
IT	27	2.6	51	2.3	35	5.2	26	12.2	26	13.8	39	29.6
Materials	125	0.6	101	1.9	93	8.7	85	9.1	84	10.8	70	39.6
Realty	8	0.1	5	0.0	18	1.1	21	0.9	12	0.9	10	4.4
Utilities	10	0.1	10	1.2	14	4.2	19	3.9	22	4.0	21	19.0
Total	**500**	**7.3**	**500**	**15.1**	**500**	**53.0**	**500**	**92.8**	**500**	**107.0**	**500**	**372.2**

Source: LSEG Workspace, CMIE Prowess, NSE EPR. Note: Count of companies and market capitalisation is as of end of respective periods.

Market leadership has shifted across sectors over the last two decades: Financials sector recorded the most notable increase, with its representation rising from 40 companies (8% of the index) in March 2000 to 99 companies (20%) by March 2026. Its share in market capitalisation increased more than threefold from 7% to 26%, reflecting rising financial intermediation and credit growth in the economy, making it the largest sector in the index for more than a decade now. Health Care gained prominence over the period as the pharmaceutical, healthcare services and diagnostics segments expanded. Utilities also increased their representation, reflecting the growing importance of power generation, transmission, renewable energy and other infrastructure-related businesses in supporting India's economic expansion.

IT sector commanded over one-third of the index market capitalisation during the technology-led boom in 2000 despite representing only 5.4% of the constituents. While the number of companies have increased over the years, reflecting India's strength in the sector, its relative weight has moderated over time as leadership broadened across sectors. While the drop in IT sector's weight during the period FY05-10 was on the back of the Global Financial Crisis and consequent tapering of IT spend by global companies, the more recent drop has been led by boom of Artificial Intelligence. On the other hand, Industrials witnessed a decline in the number of constituents over the period, but their market capitalisation share followed a cyclical pattern – increasing from 4.5% in 2000 to 12.2% in 2010, then declining to 6.3% in 2020 before recovering to 12.2% in 2026. The recent increase in consistent with higher public infrastructure expenditure, manufacturing activity and renewed private-sector capital expenditure.

Consumer Discretionary saw a decline in the number of companies represented in the index during the past 26 years, even as its market capitalisation share increased from 5% in 2000 to 9.9% in 2015 and 11.3% in 2026, indicating the growing scale and market value of companies catering to discretionary consumption. In contrast, the market capitalisation share of Consumer Staples declined from 13.2% to 6.5% over the last 26 years. These two sectors, which had broadly comparable weights around 2015, have since diverged, reflecting stronger market performance by businesses linked to rising incomes, urbanisation and discretionary spending.

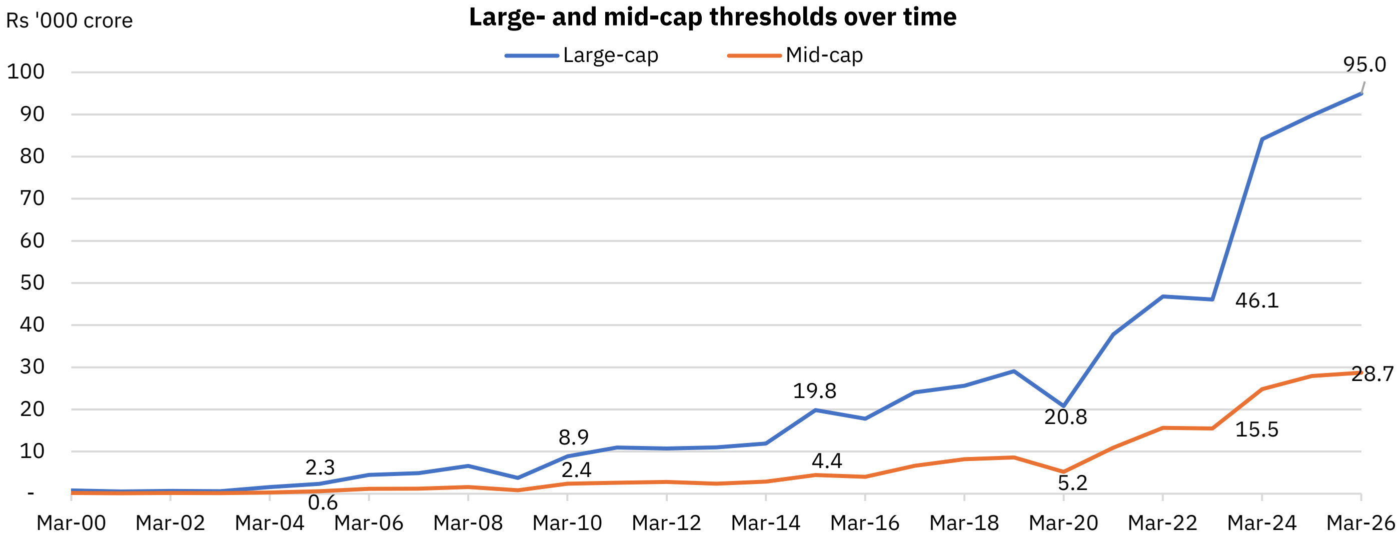
Table 2: Sector-wise share (%) of Nifty 500 Index in terms of number of companies and market capitalisation

Sector name	Mar-2000		Mar-2005		Mar-2010		Mar-2015		Mar-2020		Mar-2026	
	Firms (%)	M-Cap (%)	Firms (%)	M-Cap (%)	Firms (%)	M-Cap (%)	Firms (%)	M-Cap (%)	Firms (%)	M-Cap (%)	Firms (%)	M-Cap (%)
Comm Svcs.	1.2	11.9	5.2	4.5	5.4	4.7	5.0	4.8	3.4	3.3	2.8	4.2
Cons Disc	19.4	5.0	17.8	6.7	14.0	5.9	14.6	9.9	15.2	7.9	13.8	11.3
Cons Staples	8.4	13.2	6.6	6.0	7.8	5.2	6.6	9.0	7.2	14.0	5.4	6.5
Energy	3.0	6.3	3.6	20.1	3.4	15.2	3.2	11.1	2.6	10.3	2.8	8.3
Financials	8.0	7.2	10.4	13.7	12.6	15.9	15.2	19.5	17.4	24.4	19.8	25.9
Health Care	7.6	5.6	8.6	6.3	8.0	4.5	6.6	8.0	8.8	6.3	10.0	6.8
Industrials	18.4	4.5	14.4	6.8	16.8	12.2	18.6	9.5	16.6	6.3	17.4	12.2
IT	5.4	35.3	10.2	15.5	7.0	9.9	5.2	13.2	5.2	12.9	7.8	8.0
Materials	25.0	8.5	20.2	12.3	18.6	16.4	17.0	9.9	16.8	10.1	14.0	10.7
Realty	1.6	0.9	1.0	0.1	3.6	2.1	4.2	1.0	2.4	0.9	2.0	1.2
Utilities	2.0	1.5	2.0	8.1	2.8	7.9	3.8	4.2	4.4	3.7	4.2	5.1
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Large-cap firms remained broadly stable; Mid- and small-cap firms showed gradual transition across size categories: The large-cap companies—defined as the top 100 companies by market capitalisation—displayed a high degree of persistence, with around 3/4th of the large-cap firms retaining their position over successive five-year periods. At the same time, meaningful upward and downward shift was evident among mid-cap companies—defined as the next 150 companies by market capitalisation—while a smaller proportion of small-cap firms—defined as the next 250 companies by market capitalisation—successfully graduated into the mid-cap and, occasionally, the large-cap segment. These transitions occurred against a steadily rising market-cap threshold for each category. The minimum market capitalisation required to qualify as a large-cap or mid-cap increased several-fold over the past 25 years, reflecting the significant expansion of India's equity market. While the large-cap threshold increased 122-fold to Rs 95,000 crore by March 2026, the mid-cap threshold increased even more sharply, rising 180-fold to Rs 28,700 crore. This points to a dynamic corporate landscape characterised by stable market leadership at the top and continued mobility across the broader listed universe.

Figure 3: Rising market capitalisation thresholds for large- and mid-caps



Source: LSEG Workspace, CMIE Prowess, NSE EPR. Note: Large-cap threshold is the market capitalisation of the 100th company by market cap as of end of every period. Mid-cap threshold is the market capitalisation of the 250th company by market cap as of end of every period.

Table 3: Movement of companies across market capitalisation categories over time[1]

FY06 \ FY10	Category	Large	Mid	Small	Total
FY06	Large	72	25	1	98
	Mid	9	71	59	139
	Small	-	12	146	158
	Total	81	108	206	395

FY11 \ FY15	Category	Large	Mid	Small	Total
FY11	Large	75	21	0	96
	Mid	21	68	45	134
	Small	1	26	135	162
	Total	97	115	180	392

FY16 \ FY20	Category	Large	Mid	Small	Total
FY16	Large	74	21	1	96
	Mid	12	72	52	136
	Small	-	11	101	112
	Total	86	104	154	344

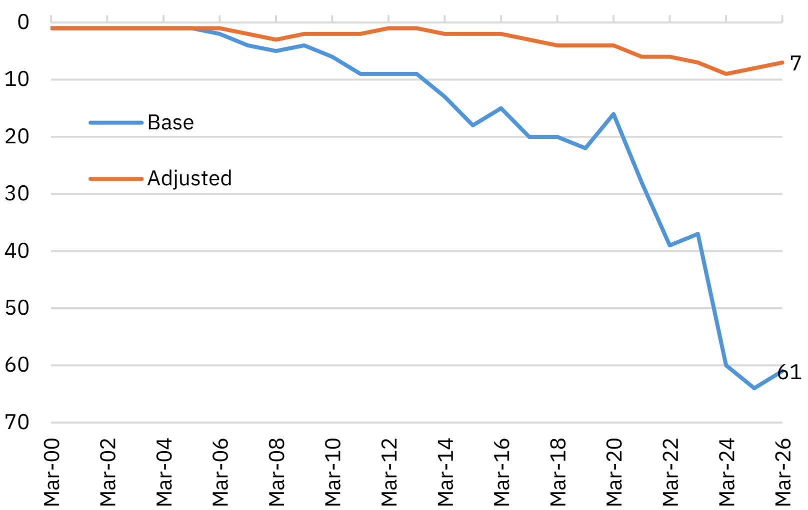
FY21 \ FY26	Category	Large	Mid	Small	Total
FY21	Large	70	23	3	96
	Mid	17	71	46	134
	Small	2	21	85	108
	Total	89	115	134	338

Source: LSEG Workspace, CMIE Prowess, NSE EPR.
Note: 1. Above table is based on Nifty 500 composition as of end of respective periods.
2. Only companies that were constituents of the Nifty 500 Index at both the beginning and the end of the respective five-year period have been considered.
3. Number of companies across financial years varies based on data availability.

[1] To examine the evolution of corporate size over time, the Nifty 500 universe was classified annually into three market capitalisation categories: the top 100 companies as Large-cap, the next 150 as Mid-cap, and the remaining companies as Small-cap. For each quinquennial period (FY06–FY10, FY11–FY15, FY16–FY20 and FY21–FY26), only companies common to both years were considered, and their movement across categories was mapped using transition matrices.

Box 1: How the 2000 market-cap leader's threshold ranks today

Figure 4: Movement of the March 2000 market-cap benchmark rank over years



Source: CMIE Prowess, LSEG Workspace, NSE EPR.
Note: Inflation adjustment is based on the Consumer Price Index for Industrial Workers (CPI-IW). The adjustment rate is calculated using the CPI-IW index from FY00 to FY26.

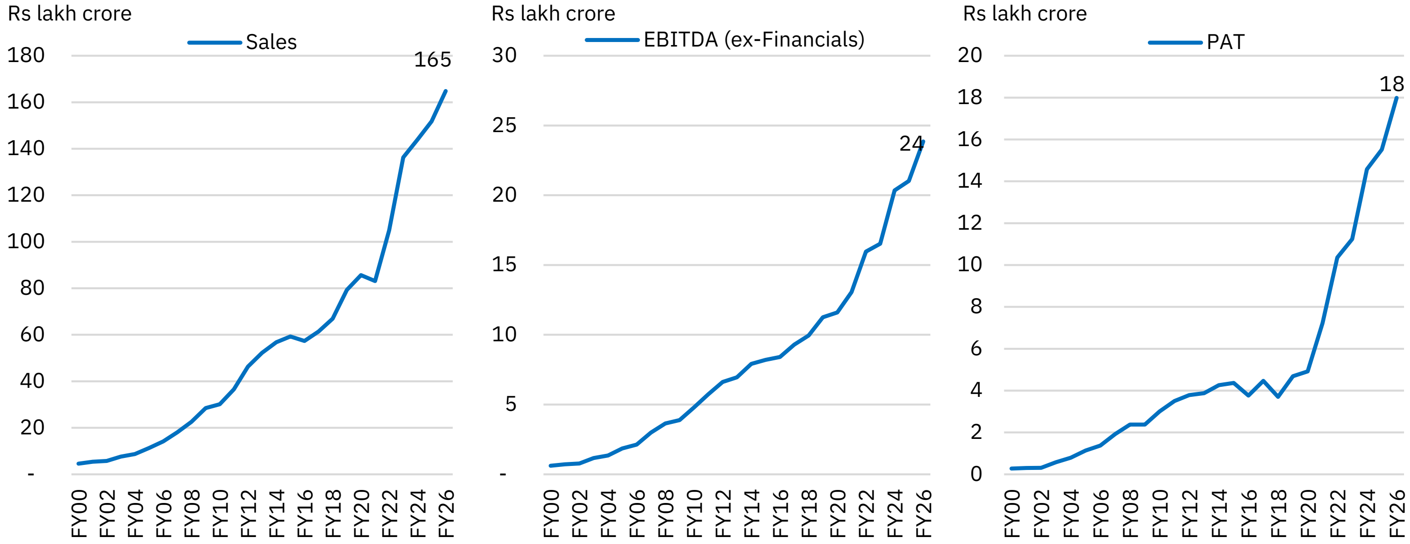
The market capitalisation threshold of the largest company in March 2000 at Rs 1.28 lakh crore has moved from rank 1 to rank 61 in March 2026 highlighting the substantial expansion in the size of listed companies. Even after adjusting the threshold for inflation during this period, the corresponding rank has moved to 7, indicating that market capitalisation growth has significantly outpaced inflation over the period. This trend demonstrates the rapid increase in the size and depth of Indian equity markets over the past 26 years.

Corporate performance: Structural trends and business cycles

Profit growth has outpaced revenue growth over the last 26 years: Aggregate sales of Nifty 500 companies increased at a CAGR of 14.8% over the past 26 years to Rs 164.8 lakh crore in FY26. EBITDA, excluding Financials, grew at a slightly faster pace of 15.1% to Rs 23.9 lakh crore, indicating sustained improvement in operating performance. PAT expanded at a CAGR of 17.4%, exceeding the 16.3% annualised growth in market capitalisation over the same period.

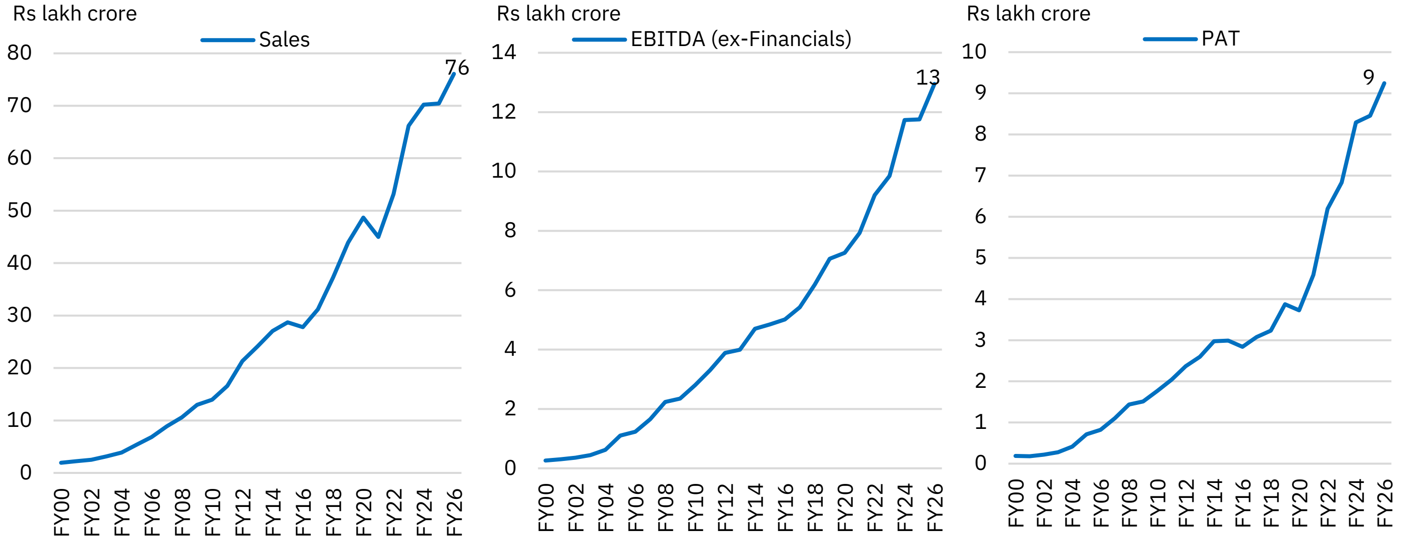
Nifty 50 companies recorded marginally stronger sales growth of 15.2% annually, with aggregate revenues reaching Rs 76 lakh crore in FY26. EBITDA, excluding Financials, increased at a CAGR of 16.2% to Rs 12.9 lakh crore. PAT growth, however, was lower than that of the broader Nifty 500 universe, rising at an annualised rate of 16.2% to Rs 9.2 lakh crore. This points to a gradual broadening of profit growth beyond the largest companies.

Figure 5: Annual Absolute Sales, PAT and EBITDA of Nifty 500 across financial years



Source: CMIE Prowess, NSE EPR. Note: FY aggregates are calculated using available interim financials data.

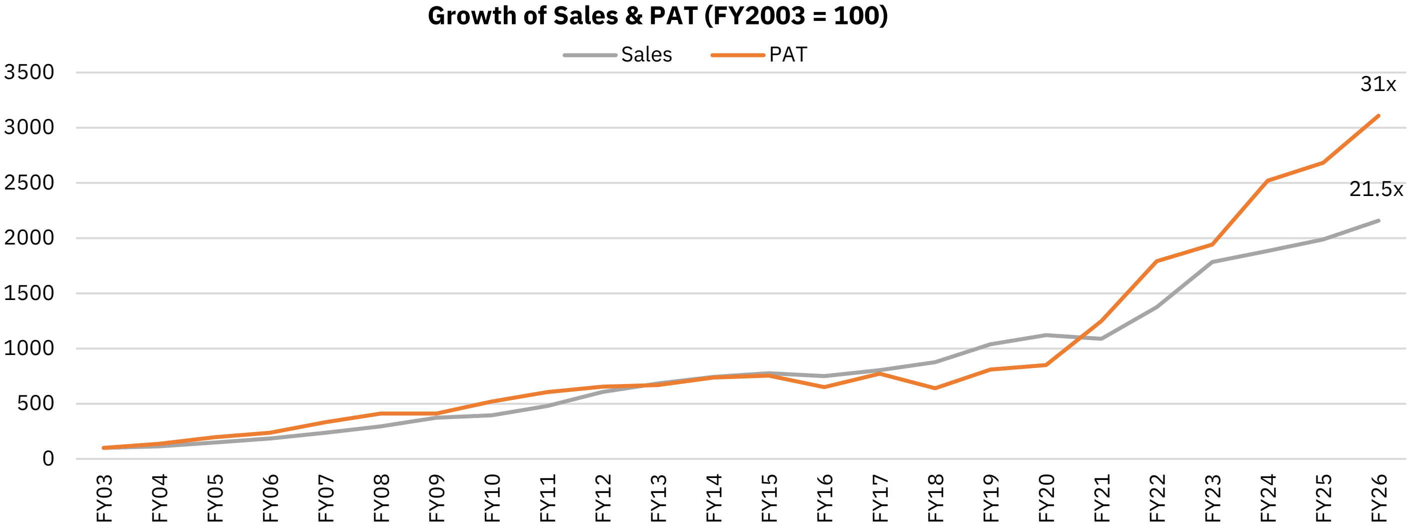
Figure 6: Annual absolute Sales, PAT and EBITDA of Nifty 50 across financial years



Source: CMIE Prowess, NSE EPR. Note: FY aggregates are calculated using available interim financials data.

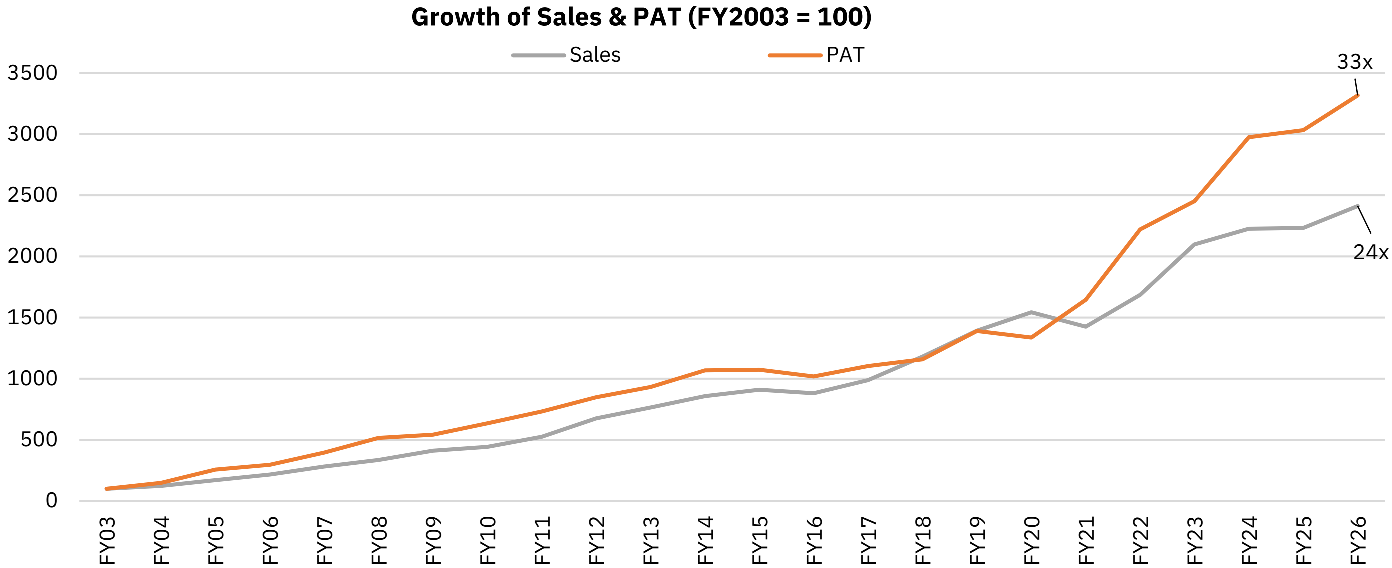
Earnings growth outpaced revenue expansion across both Nifty 500 and Nifty 50 universes: Between FY03 and FY26, both the Nifty 500 and Nifty 50 witnessed earnings growth that consistently outpaced topline expansion. Net sales of Nifty 500 companies increased 21.5x and PAT increased by 31x. Similarly, Nifty 50 companies recorded 24x growth in net sales and PAT expanding by 33x. The stronger growth in PAT relative to sales across both indices suggests sustained improvement in operating efficiency, margin expansion, and earnings generation over the long term, translating revenue growth into stronger profitability.

Figure 7: Growth in net sales and PAT of Nifty 500 (Base year: FY03 = 100)



Source: CMIE Prowess, NSE EPR. Note: FY aggregates are calculated using available interim financials data.

Figure 8: Growth in net sales, EBITDA and PAT of Nifty 50 (Base year: FY03 = 100)



Source: CMIE Prowess, NSE EPR. Note: FY aggregates are calculated using available interim financials data.

Latest decade reflects slower growth but improving earnings breath: An analysis of the two decades (FY06 to FY15 and FY17 to FY26) revealed a broad moderation in revenue growth across both the Nifty 50 and Nifty 500 universes. Aggregate net sales CAGR for the Nifty 50 moderated from 18.2% during FY06-FY15 to 10.6% during FY17-FY26, while Nifty 500 recorded a similar decline from 18% to 11.1%. While the moderation in growth rates was evident across all sectors for the large caps as well as the broader universe, it was particularly pronounced in Communication Services, Consumer Discretionary, Financials, Information Technology, Real Estate and Utilities. In the decade ending March 2015, while Communication Services benefited from rising penetration of data services, increasing global tech spending aided top-line expansion of Information Technology companies. In contrast, commodity-oriented sectors, viz., Energy and Materials, as well as Industrials registered a relatively benign moderation in top-line growth in the last decade, supported by revival in infrastructure spending, and manufacturing activity.

While revenue growth moderated, the earnings trajectory differed across the two universes. The Nifty 50 cohort registered a decline in PAT CAGR from 15.4% in FY06-FY15 to 12.5% in FY17-FY26, alongside a marginal decline in PAT margins 11.5% to 10.6%, reflecting slower earnings growth among large-cap companies. In contrast, the Nifty 500 witnessed an acceleration in PAT CAGR from 14.4% to 16.9% over the same period, accompanied by an improvement in PAT margins from 7.3% to 8.8%, suggesting that earnings growth became increasingly broad-based beyond the largest companies during the latest decade. The improved profitability was supported by greater sectoral diversification, formalisation of the economy and increased infrastructure spending. While the CAGR for Financials in the Nifty 500 improved from 20.0% to 28.0%, the CAGR for non-financial companies also edged up from 12.8% to 13.3%, highlighting that earnings growth remained resilient across the broader corporate universe. Despite this improvement, the Nifty 50 continued to generate higher PAT margins than the broader Nifty 500 universe, reflecting greater profitability of larger companies.

Table 4: Sector-wise decadal CAGR of Net sales and PAT for Nifty 50 Companies (FY06–FY26)

Sectors	Sales		PAT		PAT margin (%)	
	FY06-FY15	FY17-FY26	FY06-FY15	FY17-FY26	FY06-FY15	FY17-FY26
Communication Services	21.7	4.3	11.9	16.2	11.3	8.7
Consumer Discretionary	26.2	7.6	23.0	6.7	6.6	5.6
Consumer Staples	11.2	10.7	15.5	10.7	17.7	20.1
Energy	13.2	11.6	11.4	10.2	9.3	7.6
Financials	22.3	12.3	20.8	20.0	15.4	16.2
Health Care	18.9	7.9	20.4	7.4	17.0	15.7
Industrials	15.7	14.8	6.5	20.9	9.0	8.1
Information Technology	28.4	10.5	27.5	7.9	21.6	17.1
Materials	15.8	12.8	6.1	11.3	10.3	6.7
Utilities	24.0	3.1	18.1	10.1	12.2	15.7
Nifty 50	**18.2**	**10.6**	**15.4**	**12.5**	**11.5**	**10.6**
Nifty 50 ex-Energy	**20.9**	**10.3**	**16.9**	**13.2**	**12.4**	**12.0**
Nifty 50 ex-Financials	**17.5**	**10.1**	**14.2**	**10.0**	**10.8**	**9.3**
Nifty 50 ex-energy ex-fin	**20.5**	**9.5**	**15.6**	**9.9**	**11.7**	**10.4**

Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: FY aggregates are calculated using available interim financials data.

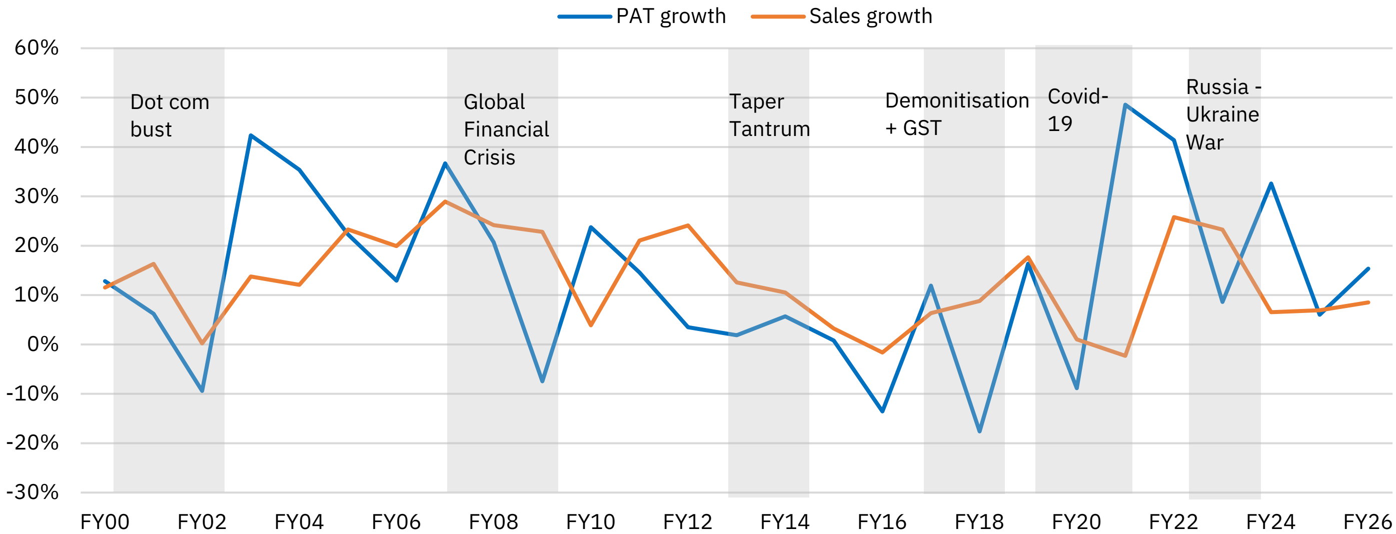
Table 5: Sector-wise decadal CAGR of Net sales and PAT for Nifty 500 Companies (FY06–FY26)

Sectors	Sales		PAT		PAT margin (%)	
	FY06-FY15	FY17-FY26	FY06-FY15	FY06-FY15	FY06-FY15	FY06-FY15
Communication Services	25.4	5.4	17.7	7.1	6.5	-0.9
Consumer Discretionary	23.3	7.3	21.1	10.7	4.5	4.6
Consumer Staples	16.5	11.0	15.8	12.6	8.1	12.5
Energy	14.2	11.7	9.0	12.7	4.8	6.2
Financials	23.4	14.1	20.8	28.0	11.0	12.3
Health Care	17.7	11.0	19.4	11.5	11.1	13.1
Industrials	17.7	11.3	3.9	33.4	4.6	7.0
Information Technology	22.6	11.9	25.0	9.4	14.1	14.5
Materials	15.2	11.3	8.1	16.7	8.3	8.1
Real Estate	44.4	7.2	55.8	23.1	16.0	15.8
Utilities	18.0	8.4	9.2	13.3	10.2	12.5
Nifty 500	**18.0**	**11.1**	**14.4**	**16.9**	**7.3**	**8.8**
Nifty 500 ex-Energy	**19.8**	**11.0**	**16.0**	**18.0**	**8.4**	**9.6**
Nifty 500 ex-Financials	**17.1**	**10.3**	**12.8**	**13.3**	**6.6**	**7.8**
Nifty 500 ex-energy ex-fin	**18.9**	**9.7**	**14.3**	**13.5**	**7.6**	**8.5**

Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: FY aggregates are calculated using available interim financials data.

Corporate earnings remained closely linked to macroeconomic cycles: The growth trajectory of the Nifty 500 universe highlights the strong influence of macroeconomic and geopolitical events on corporate performance over the past 26 years. While revenue growth remained relatively stable across economic cycles, profit growth displayed substantially higher volatility, reflecting the impact of operating leverage of corporate earnings. Major events such as the dotcom downturn, GFC, taper tantrum, twin balance sheet crises, demonetisation, GST implementation and the COVID-19 pandemic each resulted in sharp contraction in earnings, followed by varying degrees of recovery. The post-pandemic period witnessed a strong rebound in profitability, supported by recovery in demand environment, cost rationalisation efforts and favourable commodity price dynamics. The Russia-Ukraine conflict impacted both revenues and earnings through commodity price shocks, underscoring the sensitivity of corporate earnings to external developments. While such events disrupted revenue and earnings growth, the overall trajectory has consistently reverted to a sustainable long-term growth path

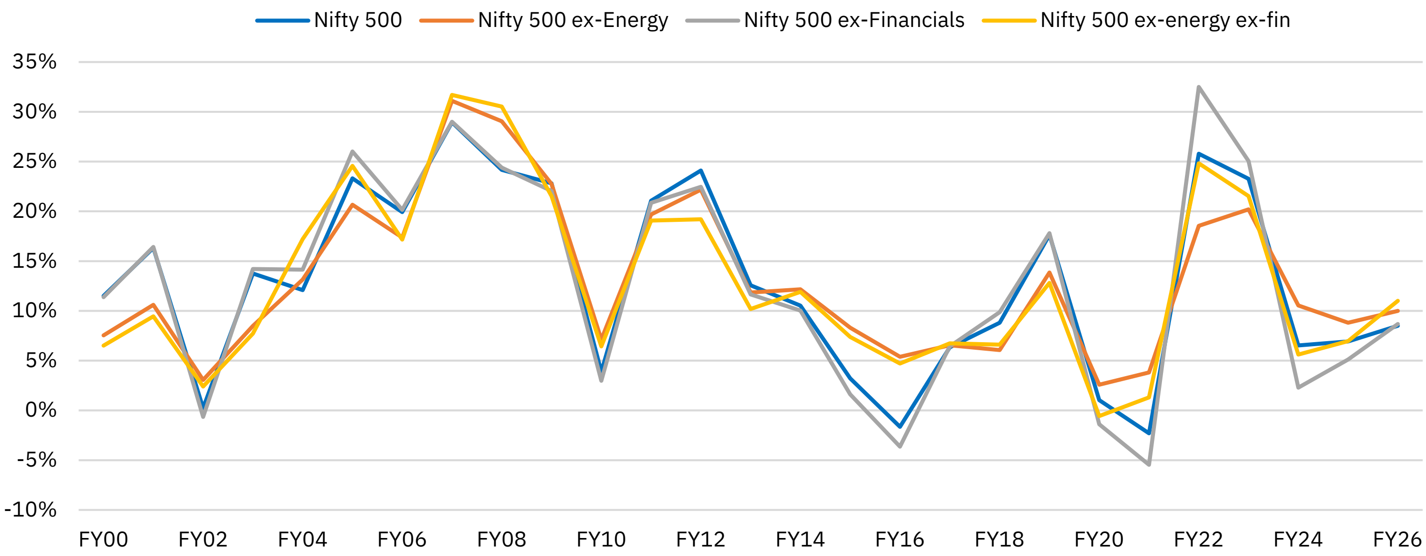
Figure 9: Nifty 500: YoY growth in net sales and PAT across major macro events



Source: CMIE Prowess, NSE EPR. Note: YoY growth is calculated using available interim financials data.

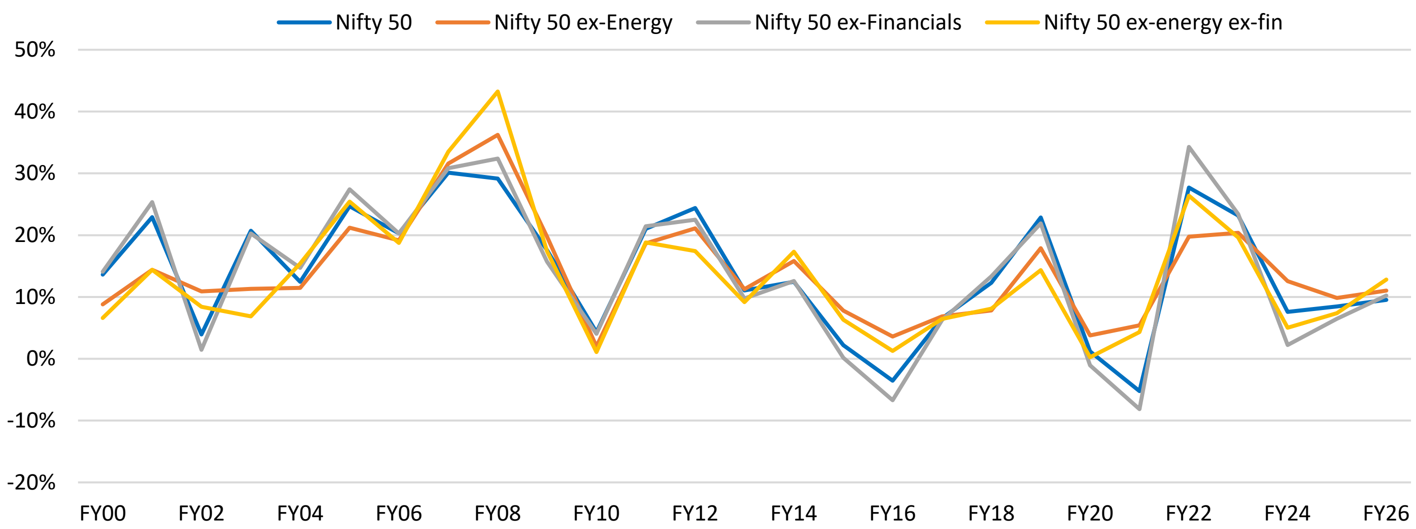
Revenue, EBITDA and PAT growth across both Nifty 50 and Nifty 500 moved broadly in tandem: Over the last 26 years, the earnings trajectory of Indian corporates broadly reflects domestic business cycles, global economic developments and commodity price movements. Revenue and earnings growth for both the universes moved in-line, with periods of strong expansion during FY04-FY08, FY11-FY12 and FY22-FY23, followed by moderation during periods of economic slowdown. Profitability exhibited greater resilience than earnings growth over the long term. EBITDA and PAT margins improved structurally from the early 2000s, peaking during the commodity boom before moderating and subsequently recovering after FY20. The Nifty 50 set of companies largely maintained relatively higher operating and net profit margins than the broader Nifty 500 universe, underscoring the superior profitability of larger companies.

Figure 10: Annual revenue growth trend for Nifty 500 over 26 years (YoY)



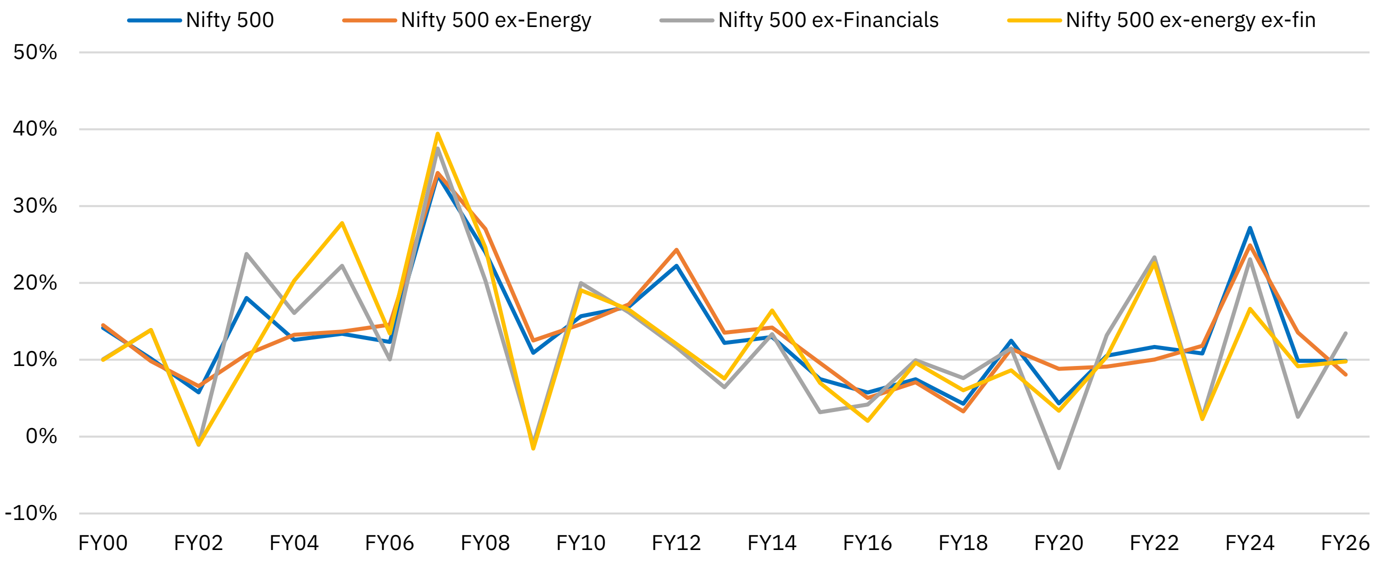
Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: YoY growth is calculated using available interim financials data.

Figure 11: Annual revenue growth trend for Nifty 50 over 26 years (YoY)



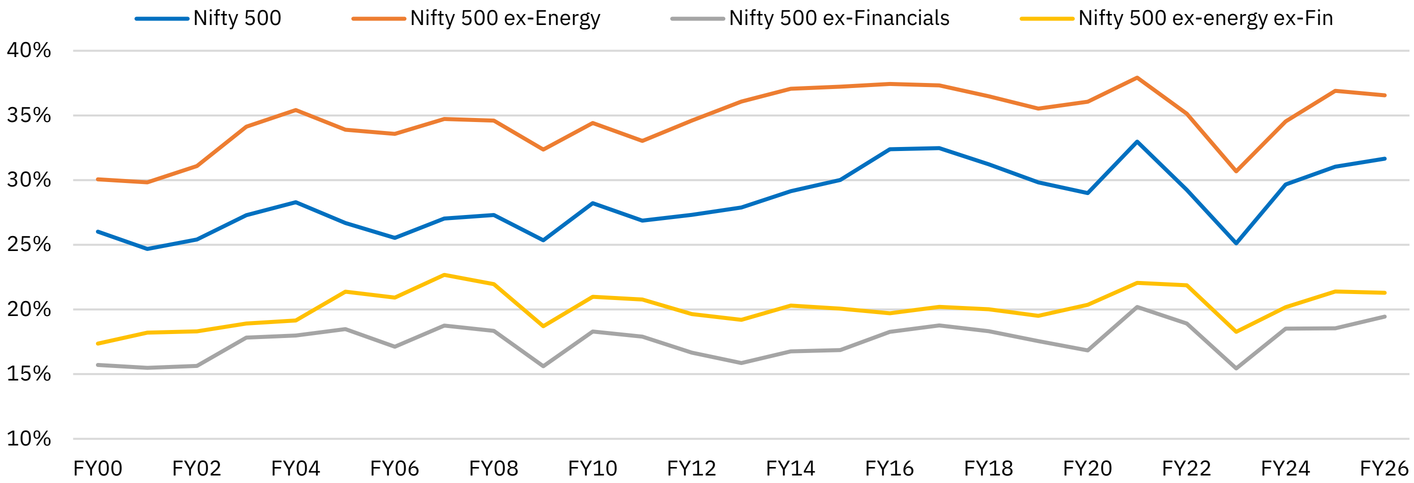
Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: YoY growth is calculated using available interim financials data.

Figure 12: Annual EBITDA growth trend for Nifty 500 over 26 years (YoY)



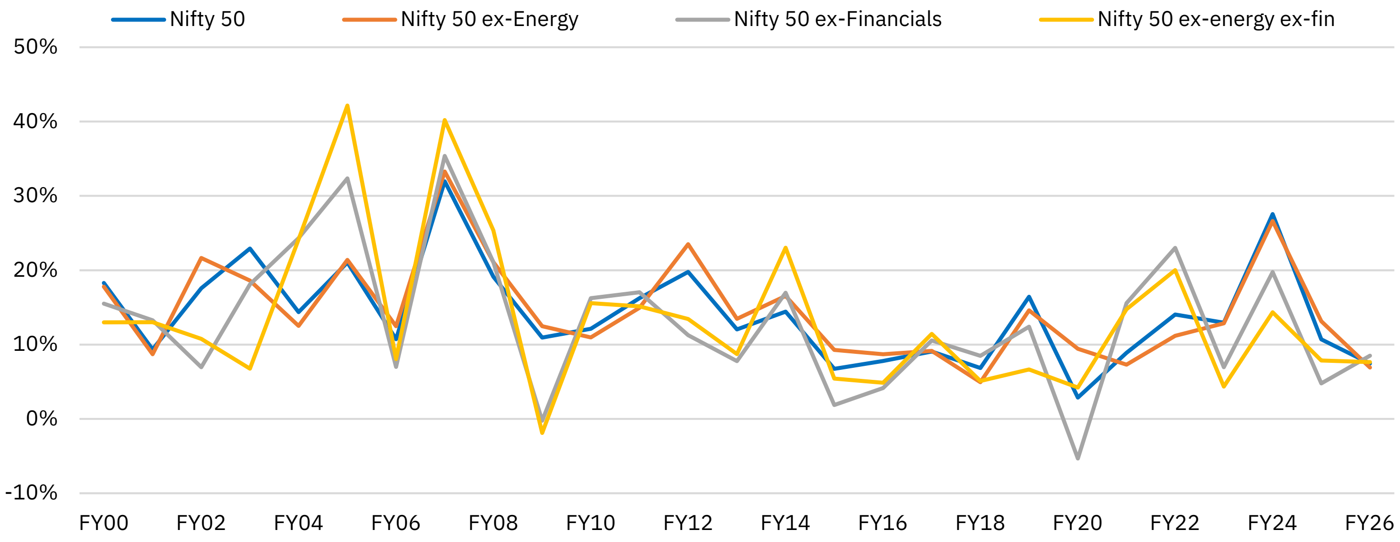
Source: CMIE Prowess, LSEG workspace, NSE EPR. Note: YoY growth is calculated using available interim financials data.

Figure 13: Annual EBITDA Margin growth trend for Nifty 500 over 26 years



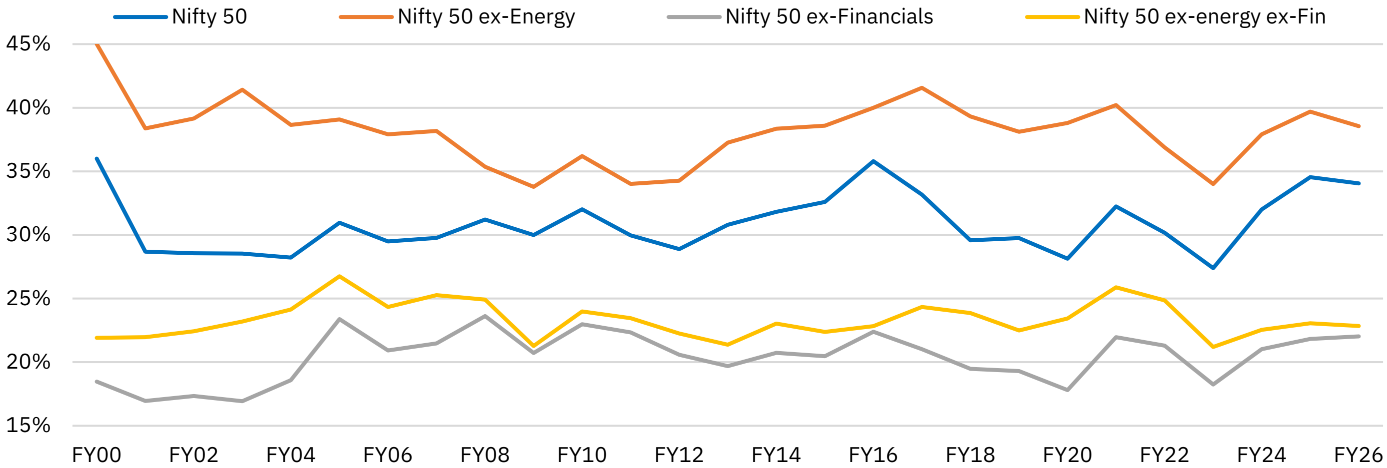
Source: CMIE Prowess, LSEG workspace, NSE EPR. Note: EBITDA is calculated using available interim financials data.

Figure 14: Annual EBITDA growth trend for Nifty 50 over 26 years (YoY)



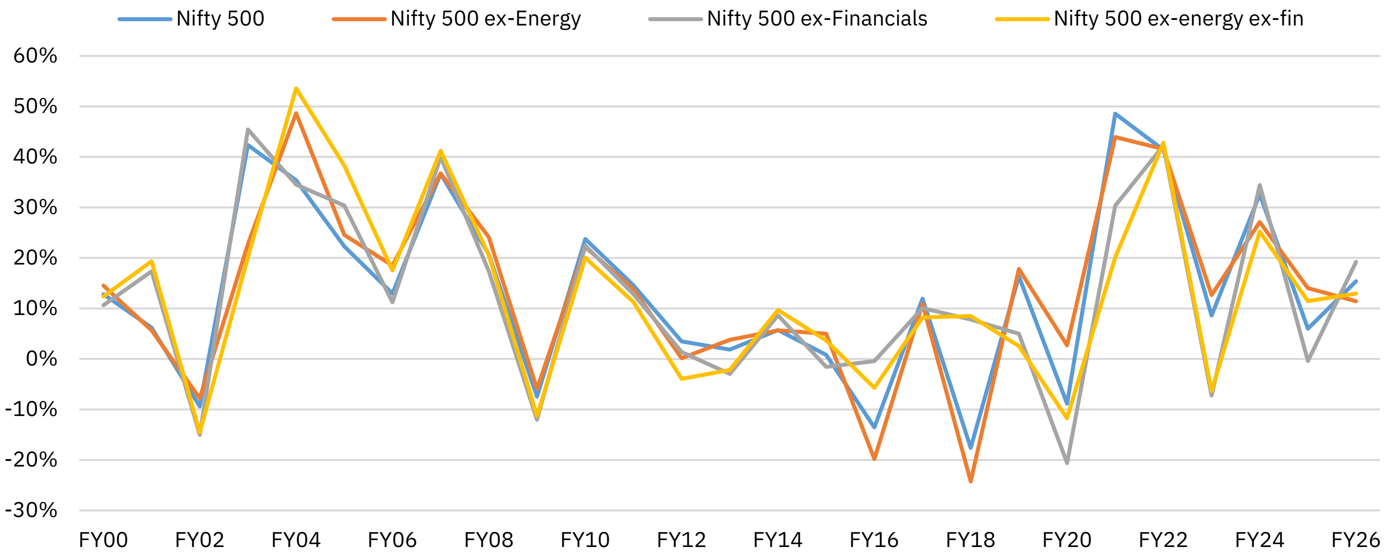
Source: CMIE Prowess, LSEG workspace, NSE EPR. Note: YoY growth is calculated using available interim financials data.

Figure 15: Annual EBITDA margin growth trend for Nifty 50 over 26 years



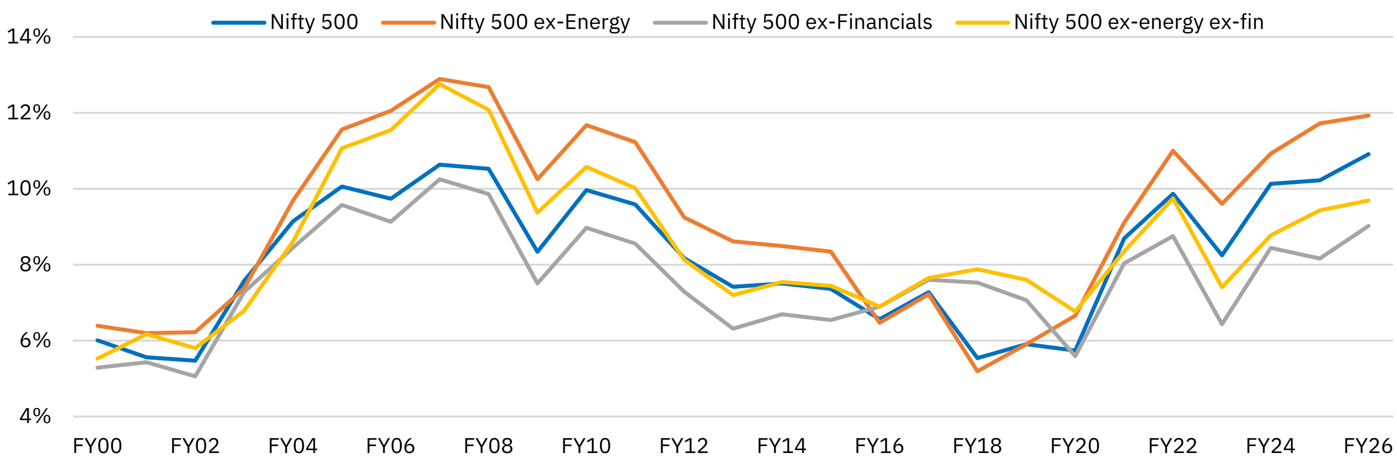
Source: CMIE Prowess, LSEG workspace, NSE EPR. Note: EBITDA margin is calculated using available interim financials data.

Figure 16: Annual PAT growth trend for Nifty 500 over 26 years (YoY)



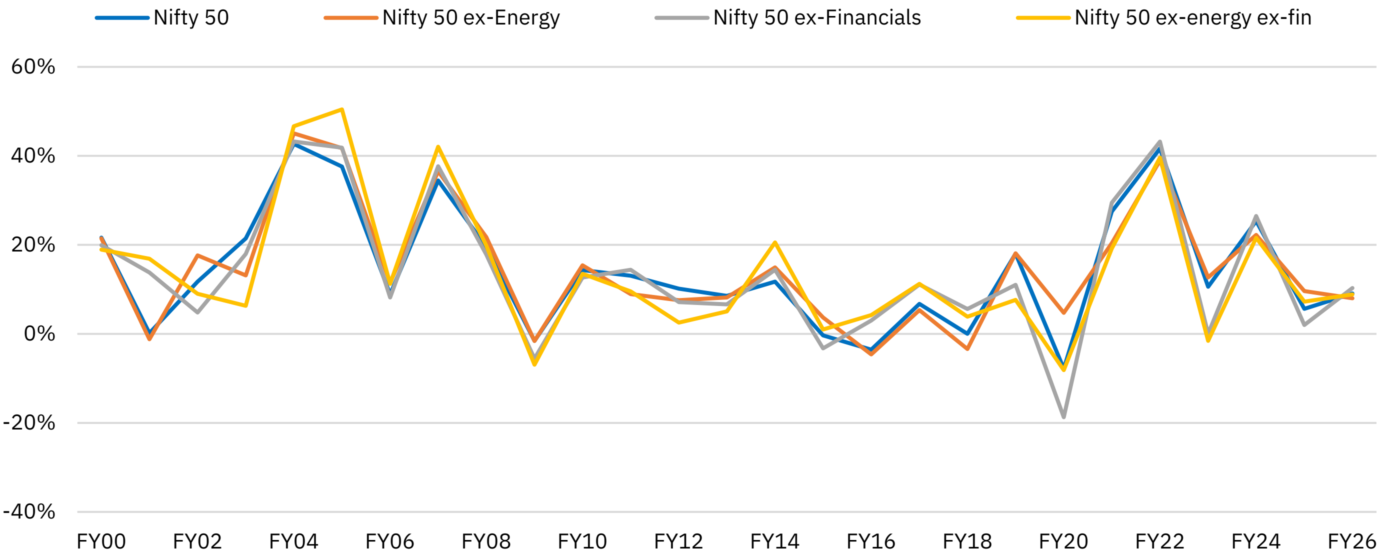
Source: CMIE Prowess, LSEG workspace, NSE EPR. Note: YoY growth is calculated using available interim financials data.

Figure 17: Annual PAT Margin growth trend for Nifty 500 over 26 years



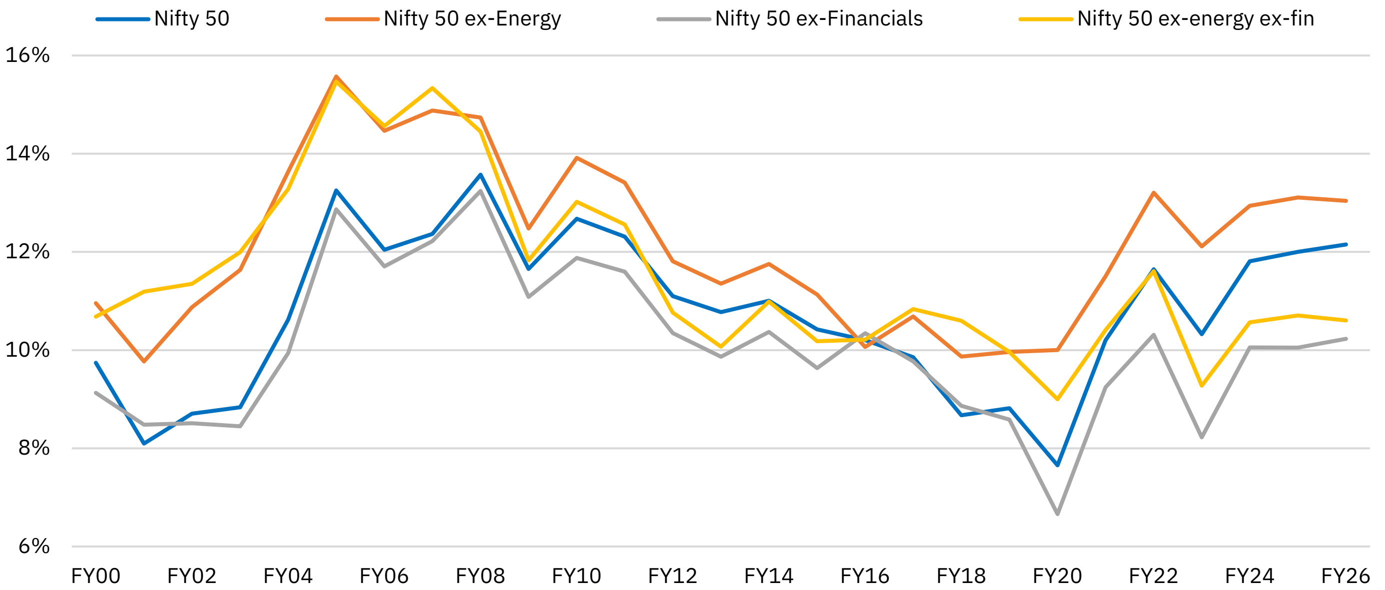
Source: CMIE Prowess, LSEG workspace, NSE EPR. Note: PATmargin is calculated using available interim financials data.

Figure 18: Annual PAT growth trend for Nifty 50 over 26 years (YoY)



Source: CMIE Prowess, LSEG workspace, NSE EPR. Note: YoY growth is calculated using available interim financials data.

Figure 19: Annual PAT Margin growth trend for Nifty 50 over 26 years



Source: CMIE Prowess, LSEG workspace, NSE EPR. Note: PAT margin is calculated using available interim financials data.

Sector-wise trends: Performance, and contribution

Financials surpassed Energy in terms of revenue leadership in the last two years: Energy remained the largest contributor to Nifty 500 net sales throughout the period, except in the last two financial years (FY25 and FY26). The sector accounted for 21% of aggregate revenues in FY00, with its share peaking at 39% in FY03, driven by the deregulation of India's oil sector and a rise in global crude oil prices. Although its contribution declined to 29% by FY10, it retained its position as the largest revenue-generating sector within the Nifty 500 Index. The share subsequently increased to 32% in FY12 and FY13, supported by upswing in crude oil prices, before gradually moderating to 23% in FY26.

Financials recorded the most notable structural gain, with their share of aggregate revenues increasing from 15% in FY00 to 26% in FY26, making it the largest revenue-generating sector in the last two financial years. This expansion reflects sustained credit growth, increasing financial inclusion, greater penetration of banking and financial services, and rising number of companies from this sector in the Index during this period. Materials, on the other hand, witnessed a steady decline in revenue share from 23% in FY00 to 12% in FY26, highlighting the Index's gradual shift away from commodity-oriented sectors towards services and domestic demand-driven industries.

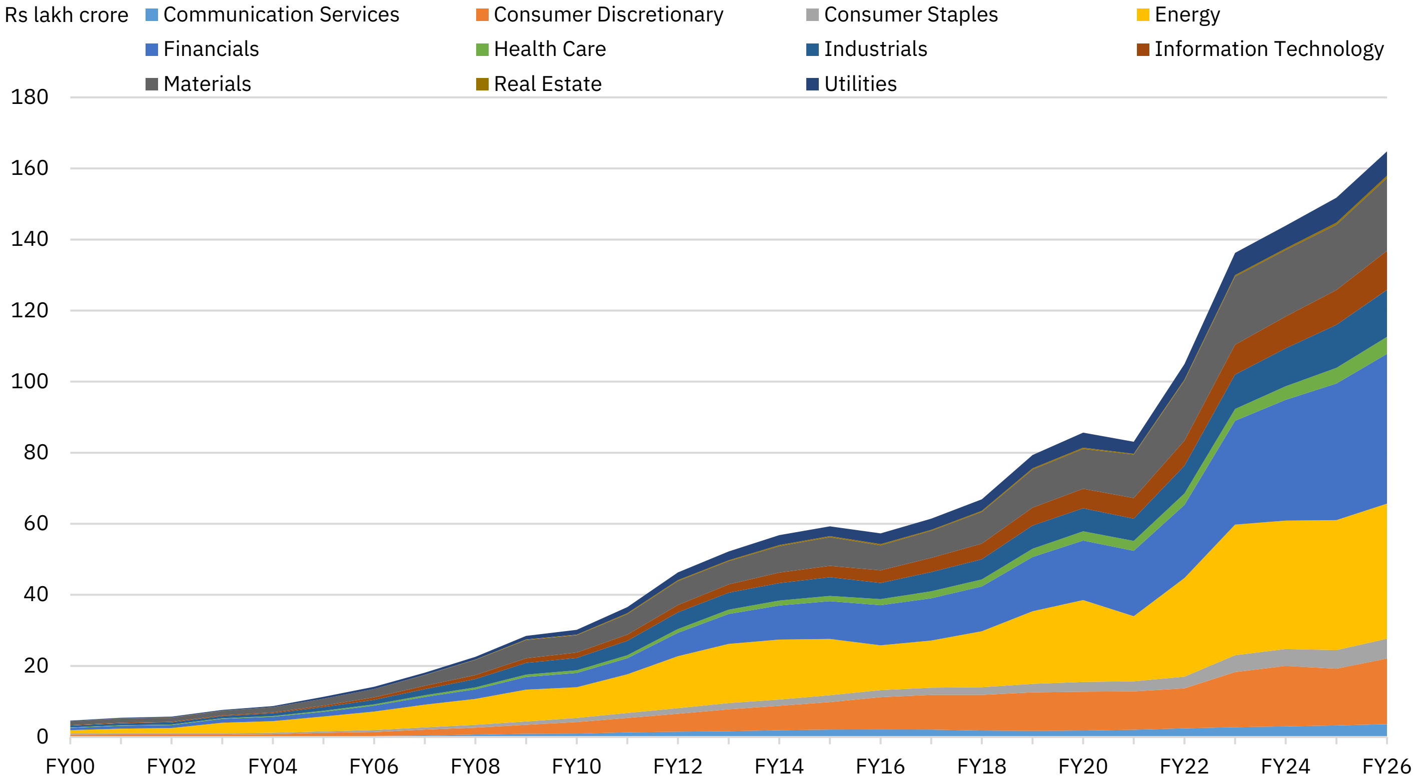
Consumption-related sectors displayed contrasting trends over the period. Consumer Discretionary saw its share in aggregate revenues increasing from 11% in FY00 to 13% in FY15, before moderating marginally to 11% in FY26, reflecting sustained household consumption despite periods of economic slowdowns. Consumer Staples, however, saw its share decline steadily from 6.8% to 3.4% during this period, indicating relatively slower revenue growth compared with Consumer Discretionary. Industrials sector followed a cyclical trajectory, reflecting the investment climate in the economy. IT nearly tripled its revenue share over the period, despite tapering share in the Index market cap. This followed the rapid expansion of India's technology services industry and increasing digitisation. Health Care and Utilities have also registered gradual gains.

Table 6: Sector-wise share of Nifty 500 companies in terms of net sales over years

Sectors	FY00		FY05		FY10		FY15		FY20		FY26	
	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)
Comm Svcs	0.1	2.9	0.2	1.9	1.0	3.2	2.1	3.5	1.8	2.1	3.6	2.2
Cons Disc	0.5	11.5	1.0	8.5	3.2	10.6	7.7	13.1	10.9	12.7	18.5	11.2
Cons Staples	0.3	6.8	0.4	3.7	1.2	3.9	1.9	3.2	2.8	3.2	5.6	3.4
Energy	1.0	20.7	4.2	37.1	8.7	28.8	15.8	26.7	23.1	26.9	38.0	23.1
Financials	0.7	14.6	1.3	11.4	4.0	13.2	10.6	17.9	16.7	19.5	42.1	25.6
Health Care	0.1	2.4	0.3	2.6	0.8	2.5	1.5	2.6	2.6	3.1	4.8	2.9
Industrials	0.5	11.2	1.0	9.1	3.5	11.6	5.3	8.9	6.4	7.5	13.2	8.0
IT	0.1	2.6	0.4	3.7	1.5	5.0	3.2	5.4	5.5	6.4	11.0	6.7
Materials	1.1	23.5	2.0	17.3	4.9	16.1	8.1	13.6	11.2	13.1	20.5	12.4
Realty	0.0	0.4	0.0	0.1	0.2	0.6	0.3	0.6	0.3	0.4	0.7	0.4
Utilities	0.2	3.3	0.5	4.6	1.3	4.5	2.7	4.6	4.3	5.0	6.8	4.1
Total	**4.6**		**11.3**		**30.2**		**59.3**		**85.7**		**164.8**	

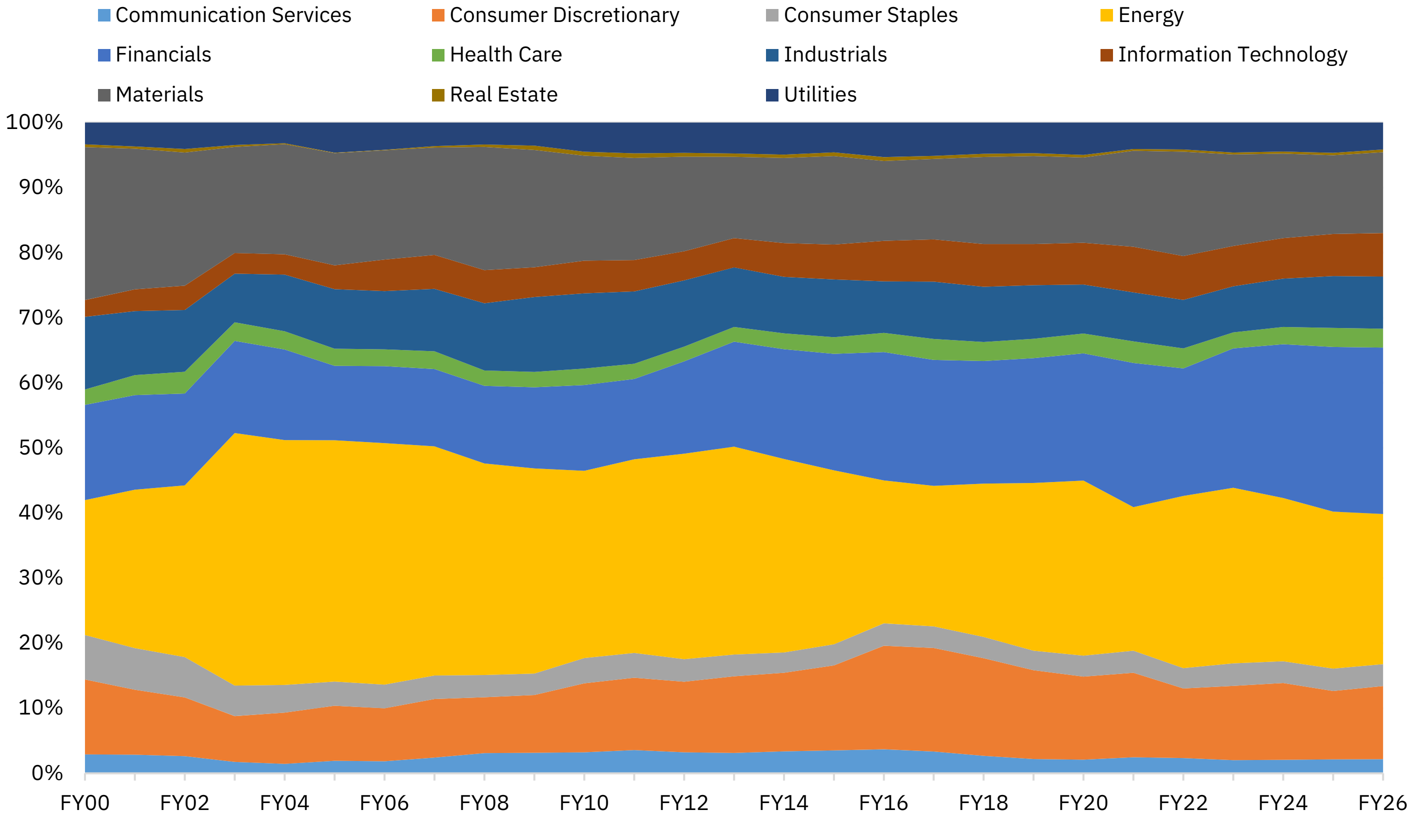
Source: LSEG Workspace, CMIE Prowess, NSE EPR.
Note: Above table is based on Nifty 500 composition as of end of respective periods.
2. Number of companies across financial years varies based on data availability.
3. FY aggregates are calculated using available interim financials data.

Figure 20: Sector-wise net sales composition across financial years of Nifty 500 (Absolute terms)



Source: LSEG Workspace, CMIE Prowess, NSE EPR. Note: FY aggregates are calculated using available interim financials data.

Figure 21: Sector-wise contribution to aggregate sales across financial years



Source: LSEG Workspace, CMIE Prowess, NSE EPR. Note: FY aggregates are calculated using available interim financials data.

Operating profitability has broadened across sectors over time: EBITDA contribution across sectors in the Nifty 500 (ex-Financials) universe reflects both changes in sectoral revenue, operating profitability and lower input cost intensity. Energy remained the largest contributor to aggregate EBITDA throughout the period, with its share rising to 42% in FY03, driven by the regulatory changes in the sector before moderating to 24% in FY26. While its contribution has remained elevated, EBITDA margins displayed cyclical movements, improving from 10.5% in FY00 to peaking at 16.5% in FY03 before easing during commodity downturns and recovering to 15.3% in FY26. Materials, another commodity-linked sector, witnessed a steady decline in its share of aggregate EBITDA from 28% in FY00 to 16% in FY26, alongside contraction in EBITDA margins from a peak of 28% in FY07 to 18.7% in FY26, driven by a global surge in commodity prices and heightened geopolitical tensions in the last several years. This downward trend highlights the waning dominance of commodity-oriented sectors, that are highly correlated to business cycles and geopolitical landscape, in corporate operating profits of the Nifty 500 universe.

Other sectors, on the other hand, strengthened their contribution to aggregate operating profits through sustained margin expansion and improvements in operating efficiency. IT sector more than doubled its share in aggregate EBITDA from 4.2% in FY00 to peaking at 11% in FY20 and FY21, when the sector witnessed high demand for digitisation services in the aftermath of the Covid-induced disruptions in the economy. The sector has sustained its sector contribution at 10% during the post Covid-19 normalisation period, while maintaining steady operating margins of over 20%, reflecting the asset-light nature of the sector. Health Care also witnessed a steady improvement, with EBITDA margins increasing from 20.1% to 27.3%, supported by a sharp decline in raw material intensity from 48.0% in FY00 to 27.8% in FY26. Industrials saw its operating margins rise from 14.3% in FY00 to over 20% in FY25 and FY26 despite moderation in their aggregate share of EBITDA, indicating improved operational efficiency alongside recent recovery in manufacturing and capital expenditure.

Utilities consistently remained among the highest-margin sectors, with EBITDA margins exceeding 25% in most years, while their contribution to aggregate EBITDA increased from 6.2% to 9.3% in the last 26 years, supported by the sector's regulated and largely monopolistic structure, which enables the pass-through of input cost increases to customers. In addition, improved operating scale over the period further strengthened profitability and expanded the sector's contribution to overall earnings. In contrast, Consumer Discretionary and Consumer Staples maintained relatively stable operating margins over the period, suggesting that the changes in their EBITDA contribution were driven primarily by shifts in their revenue share and demand environment in the economy rather than operating cost efficiency.

At the aggregate level, raw material intensity—defined as the ratio of raw material costs to net revenues—f or the Nifty 500 (excluding Financials) declined from 56.9% in FY00 to 52.5% in FY26, indicating improved cost efficiencies over time.

Table 7: Sector-wise share of Nifty 500 companies (ex-Financials) in terms of EBITDA across years

Sectors	FY00		FY05		FY10		FY15		FY20		FY26	
	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)
Comm Svcs	0.05	8.2	0.07	3.8	0.33	6.9	0.68	8.3	0.70	6.1	1.82	7.6
Cons Disc	0.07	12.0	0.14	7.4	0.44	9.2	1.11	13.5	1.18	10.2	2.48	10.4
Cons Staples	0.05	8.5	0.08	4.3	0.22	4.7	0.35	4.2	0.63	5.4	1.02	4.3
Energy	0.10	16.3	0.61	32.8	1.12	23.3	1.62	19.7	2.26	19.5	5.84	24.5
Health Care	0.02	3.5	0.06	3.5	0.20	4.2	0.39	4.7	0.64	5.5	1.31	5.5
Industrials	0.07	11.9	0.13	7.0	0.54	11.3	0.84	10.2	1.09	9.4	2.67	11.2
IT	0.03	4.2	0.09	5.0	0.35	7.4	0.84	10.2	1.29	11.1	2.39	10.0
Materials	0.18	28.5	0.47	25.5	1.09	22.7	1.50	18.3	2.13	18.4	3.84	16.1
Realty	0.00	0.7	0.00	0.1	0.09	1.8	0.12	1.5	0.12	1.0	0.27	1.1
Utilities	0.04	6.2	0.20	10.8	0.40	8.4	0.76	9.3	1.55	13.4	2.23	9.3
Total	**0.61**		**1.85**		**4.79**		**8.20**		**11.60**		**23.86**	

Source: LSEG Workspace, CMIE Prowess, NSE EPR.
Note: Above table is based on Nifty 500 composition as of end of respective periods.
2. Number of companies across financial years varies based on available interim financials data.

Table 8: Sector-wise EBITDA margins of Nifty 500 companies (ex-Financials) across years

Sectors	FY00	FY05	FY10	FY15	FY20	FY26
Comm Svcs	37.8%	32.1%	34.2%	32.6%	39.0%	50.7%
Cons Disc	14.0%	14.3%	13.8%	14.3%	10.8%	13.4%
Cons Staples	16.7%	19.1%	19.1%	18.0%	22.8%	18.2%
Energy	10.5%	14.5%	12.9%	10.2%	9.8%	15.3%
Health Care	20.1%	21.6%	26.2%	25.4%	24.4%	27.3%
Industrials	14.3%	12.5%	15.6%	15.9%	17.0%	20.2%
IT	21.6%	22.2%	23.4%	26.3%	23.5%	21.7%
Materials	16.3%	24.2%	22.4%	18.6%	19.0%	18.7%
Realty	20.7%	14.3%	45.6%	36.5%	36.2%	38.7%
Utilities	24.9%	38.2%	29.9%	28.1%	36.4%	32.7%
Total	**15.7%**	**18.5%**	**18.3%**	**16.9%**	**16.8%**	**19.4%**

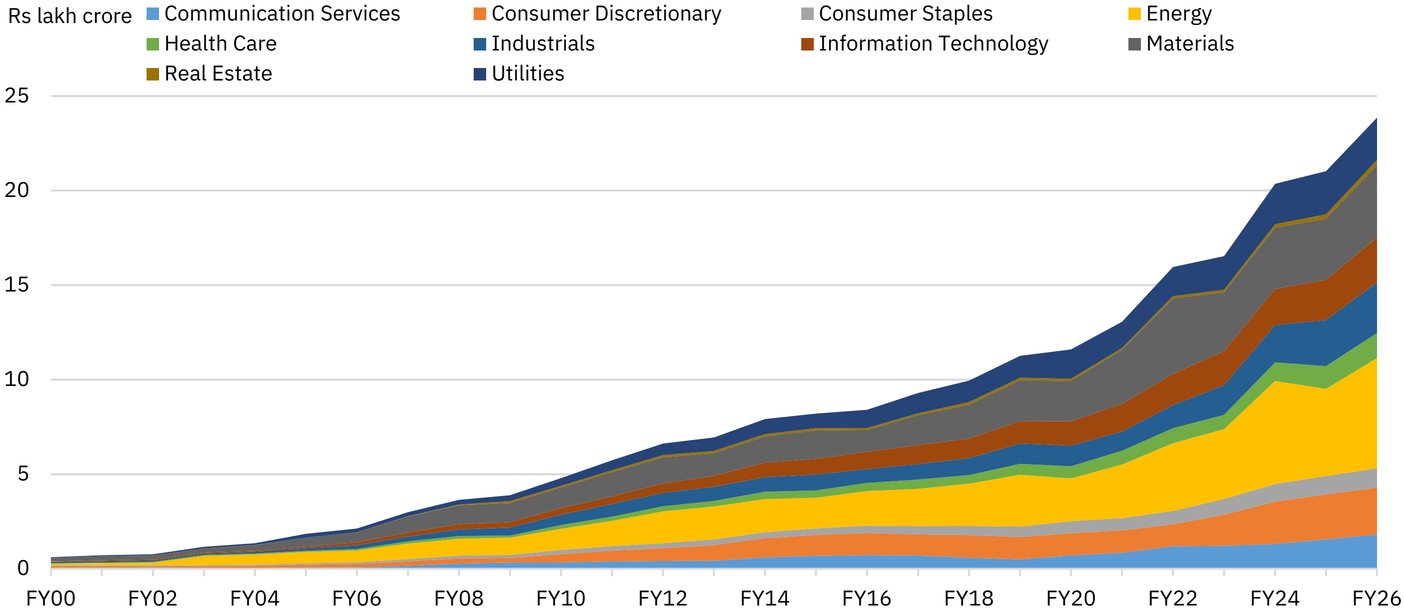
Source: LSEG Workspace, CMIE Prowess, NSE EPR.
Note: 1. Above table is based on Nifty 500 composition as of end of respective periods.
2. Number of companies across financial years varies based on available interim financials data.

Table 9: Sector-wise raw material intensity (%) of Nifty 500 (ex-Financials) across years

Sectors	FY00	FY05	FY10	FY15	FY20	FY26
Comm Svcs	1.8	5.4	2.9	2.2	2.4	1.0
Cons Disc	52.9	64.6	66.5	65.2	67.2	63.9
Cons Staples	58.5	53.6	58.5	56.3	54.6	63.1
Energy	77.7	78.2	81.0	76.6	75.0	71.0
Health Care	48.0	37.5	39.3	34.0	31.2	27.8
Industrials	48.1	61.0	53.7	49.8	38.6	42.9
IT	34.3	26.8	21.8	14.5	10.2	15.1
Materials	48.0	37.5	39.3	34.0	31.2	27.8
Realty	20.1	67.2	6.0	18.7	12.3	33.8
Utilities	51.0	56.5	58.1	58.8	51.4	52.6
Total	**56.9**	**64.6**	**61.0**	**57.2**	**54.9**	**52.5**

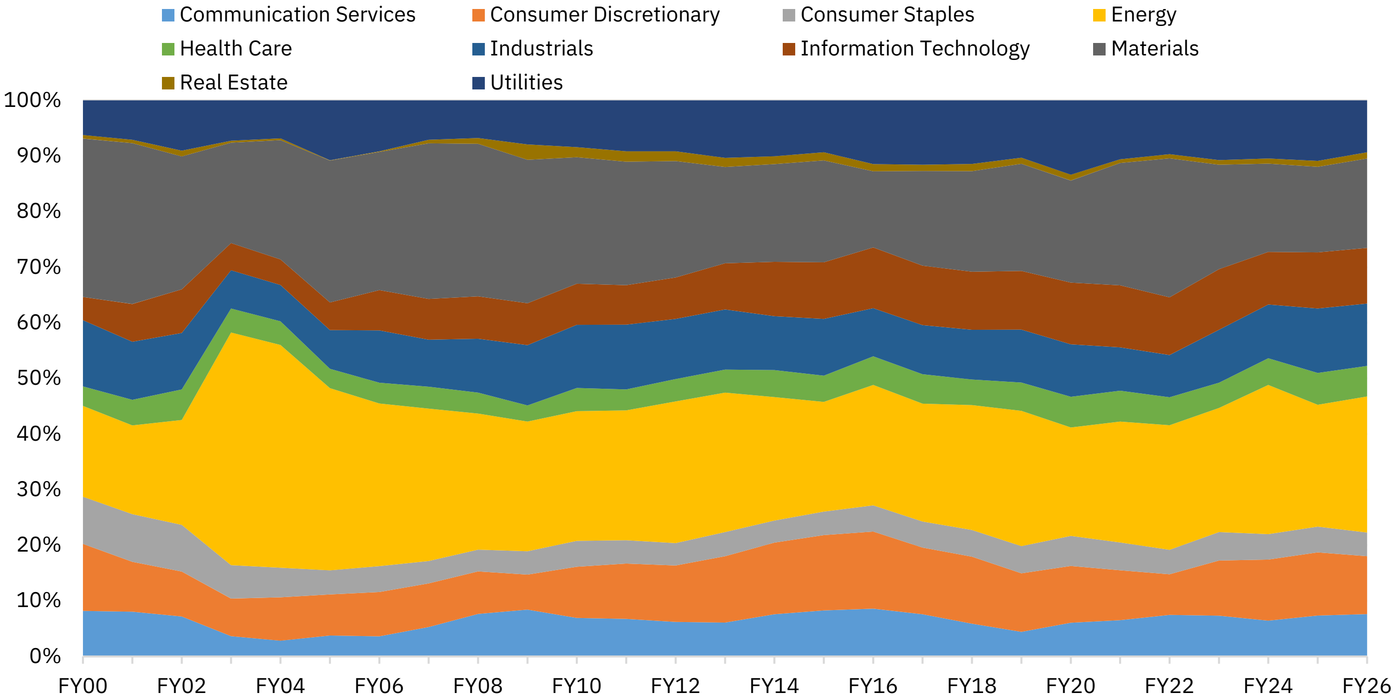
Source: LSEG Workspace, CMIE Prowess, NSE EPR.
Note: Above table is based on Nifty 500 composition as of end of respective periods.
2. Number of companies across financial years varies based on available interim financials data.
3. Raw material intensity is calculated as the ratio of raw material costs to net sales.

Figure 22: Sector-wise EBITDA composition across years of Nifty 500 (Absolute terms)



Source: LSEG Workspace, CMIE Prowess, NSE EPR.
Note: 1. Data for EBITDA is shown ex- financials.
2. FY aggregates are calculated using available interim financials data.

Figure 23: Sector-wise share in aggregate EBITDA (ex-Financials) across years



Source: LSEG Workspace, CMIE Prowess, NSE EPR.
Note: 1. Data for EBITDA is shown ex- financials.
2. FY aggregates are calculated using available interim financials data.

PAT contribution has undergone a more pronounced shift than their revenue share: Financials consolidated their position as the dominant contributor to corporate profitability, with their share in Nifty 500 aggregate PAT increasing from 25% in FY00 to 38% in FY26. The sector, however, recorded losses at an aggregate level in FY18 amid high provisions and mark-to-market losses on the investment book. The sector's PAT margin also strengthened from 10.2% to 16.4%, despite moderating during FY15-FY20 amid the twin-balance sheet and NBFC crises, before recovering with improved asset quality, stronger balance sheets and sustained credit growth. Energy and Materials sector were also major contributor to aggregate profits, although their share and margins fluctuated with global commodity cycles.

IT sector emerged as one of the major contributors, with its share in aggregate PAT rising from 5.4% in FY00 to a peak of 17% in FY20 before easing to 8.5% in FY26, weighed down by AI-driven disruption, falling tech spending, and global economic uncertainties. That said, the sector continued to enjoy the highest PAT margins among other sectors during the last 26 years, consistently exceeding 13%, reflecting its asset-light business model, high operating leverage and strong export competitiveness. Health Care also maintained healthy profitability, with PAT margins rising from 11.5% in FY00 to 15.6% in FY26, accompanied with a steady increase in its contribution to aggregate profits.

Industrials exhibited a notable recovery, with PAT margins rising from 2.1% in FY15 to 8.9% in FY26 alongside a rise in profit contribution, aided by the revival in manufacturing activity and capital expenditure. Utilities also strengthened their earnings profile, with PAT margins improving to 13.5% in FY26, reflecting the sector's operating efficiency.

Table 10: Sector-wise share of Nifty 500 companies in terms of profit after tax (PAT) across years

Sectors	FY00		FY05		FY10		FY15		FY20		FY26	
	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)
Comm Svcs	0.03	11.7	0.03	2.6	0.14	4.8	0.15	3.4	-0.15	-3.1	0.26	1.5
Cons Disc	0.01	5.2	0.06	5.2	0.18	6.1	0.40	9.1	0.27	5.5	1.07	5.9
Cons Staples	0.03	9.9	0.04	3.8	0.13	4.2	0.19	4.3	0.38	7.8	0.66	3.7
Energy	0.04	15.7	0.31	27.7	0.50	16.6	0.74	17.0	0.75	15.2	2.87	15.9
Financials	0.07	24.9	0.18	15.7	0.66	21.8	1.18	27.1	1.06	21.6	6.92	38.5
Health Care	0.01	4.5	0.04	3.3	0.12	4.0	0.22	5.0	0.28	5.7	0.75	4.2
Industrials	0.03	9.6	0.07	6.5	0.24	8.0	0.11	2.5	0.31	6.4	1.17	6.5
IT	0.01	5.4	0.06	5.4	0.25	8.5	0.57	13.1	0.84	17.0	1.53	8.5
Materials	0.02	7.7	0.24	21.0	0.53	17.5	0.52	11.9	0.69	14.0	1.68	9.3
Realty	0.00	0.1	0.00	0.0	0.05	1.5	0.04	1.0	0.03	0.7	0.16	0.9
Utilities	0.01	5.4	0.10	8.8	0.21	7.1	0.24	5.5	0.45	9.1	0.92	5.1
Total	**0.28**		**1.14**		**3.01**		**4.36**		**4.91**		**17.99**	

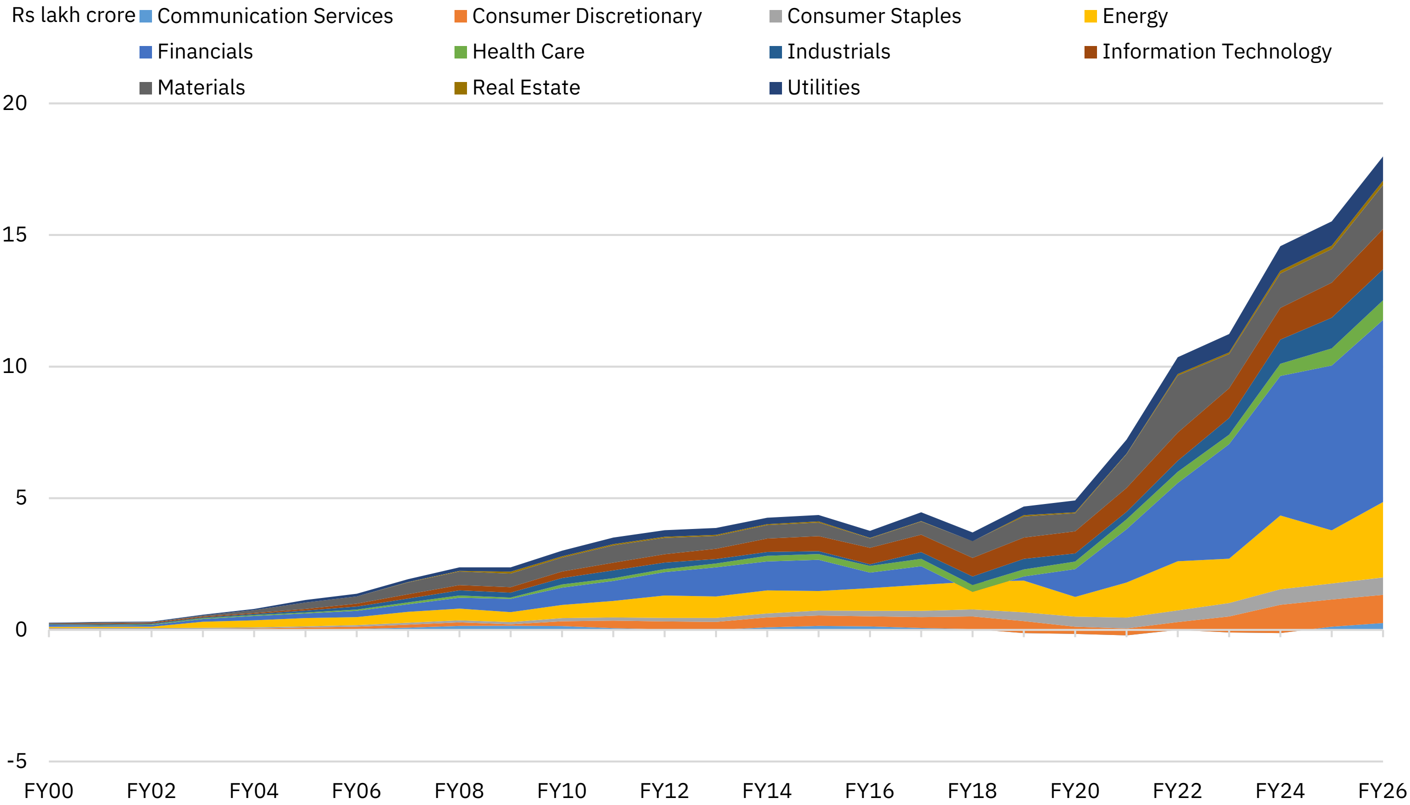
Source: LSEG Workspace, CMIE Prowess, NSE EPR.
Note: Above table is based on Nifty 500 composition as of end of respective periods.
2. Number of companies across financial years varies based on data availability.
3. FY aggregates are calculated using available interim financials data.

Table 11: Sector-wise PAT margins of Nifty 500 companies across years

Sectors	FY00	FY05	FY10	FY15	FY20	FY26
Comm Svcs	24.1%	13.4%	14.8%	7.1%	-8.4%	7.3%
Cons Disc	2.7%	6.2%	5.7%	5.2%	2.5%	5.8%
Cons Staples	8.7%	10.4%	10.7%	9.8%	13.8%	11.8%
Energy	4.5%	7.5%	5.7%	4.7%	3.2%	7.5%
Financials	10.2%	13.8%	16.5%	11.1%	6.3%	16.4%
Health Care	11.5%	12.5%	15.6%	14.4%	10.7%	15.6%
Industrials	5.2%	7.2%	6.9%	2.1%	4.9%	8.9%
IT	12.5%	14.9%	16.7%	18.0%	15.2%	13.9%
Materials	2.0%	12.2%	10.8%	6.5%	6.1%	8.2%
Realty	1.8%	6.1%	24.5%	13.0%	10.3%	23.4%
Utilities	9.6%	19.2%	15.8%	8.9%	10.5%	13.5%
Total	**6.0%**	**10.1%**	**10.0%**	**7.4%**	**5.7%**	**10.9%**

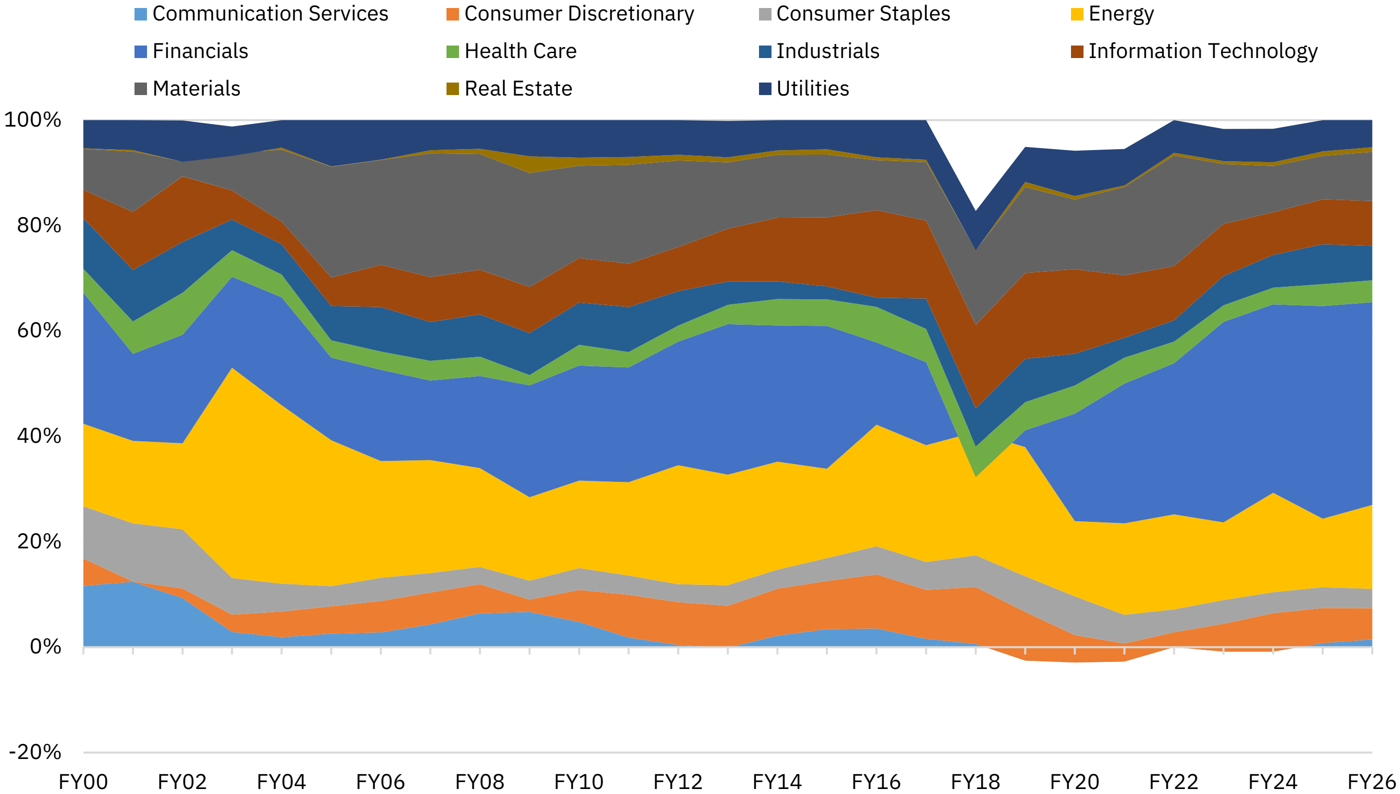
Source: LSEG Workspace, CMIE Prowess, NSE EPR.
Note: Above table is based on Nifty 500 composition as of end of respective periods.
2. Number of companies across financial years varies based on data availability.
3. FY aggregates are calculated using available interim financials data.

Figure 24: Sector-wise PAT composition across financial years of Nifty 500 (Absolute terms)



Source: LSEG Workspace, CMIE Prowess, NSE EPR.
Note: 1. Data for EBITDA is shown ex- financials.
2. FY aggregates are calculated using interim financials data.

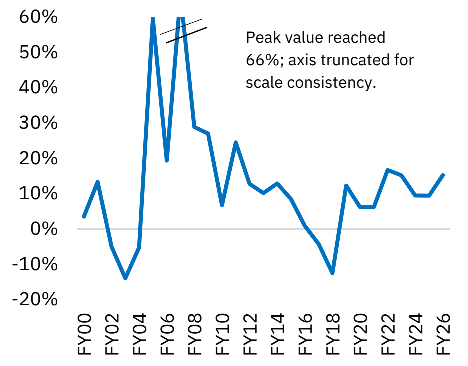
Figure 25: Sector-wise share in aggregate PAT across financial years



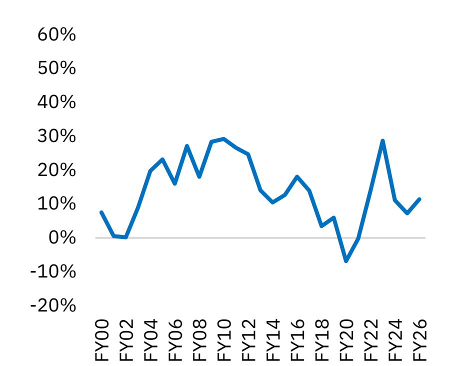
Source: LSEG Workspace, CMIE Prowess, NSE EPR.
Note: 1) Data for EBITDA is shown ex- financials.
2. FY aggregates are calculated using interim financials data.

Sectoral trends in sales growth

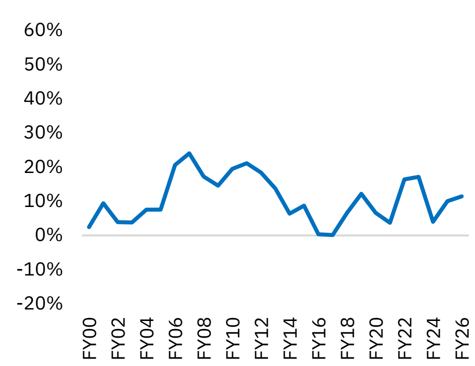
Communication Services



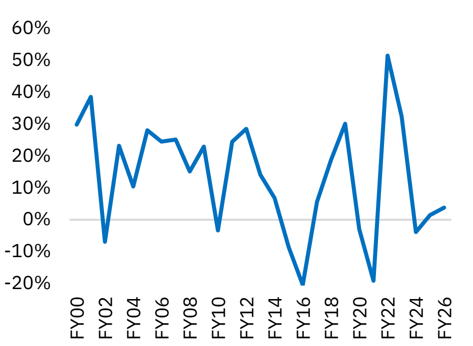
Consumer Discretionary



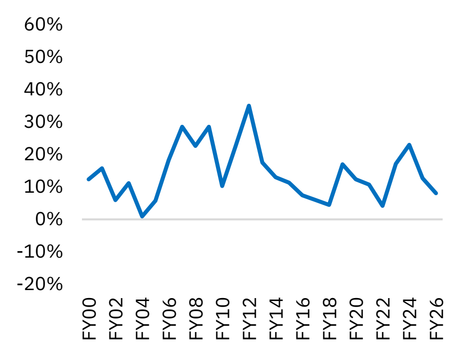
Consumer Staples



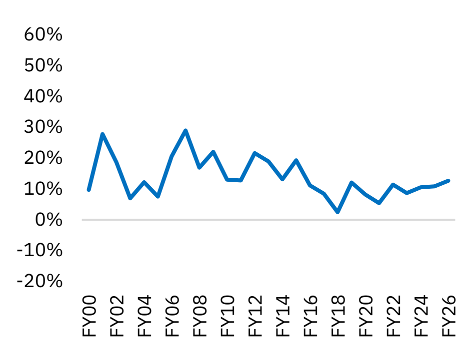
Energy



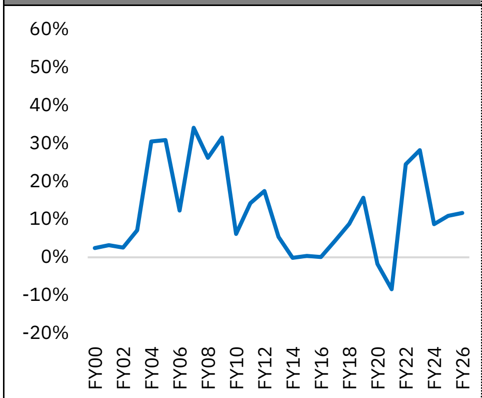
Financials



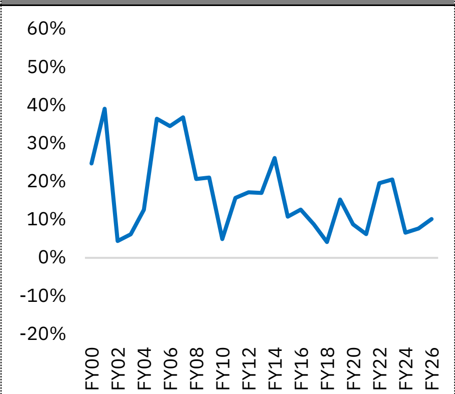
Health Care



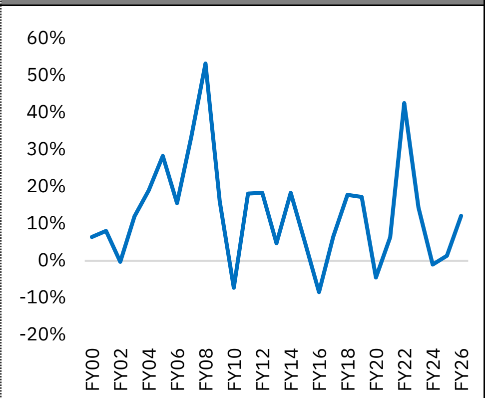
Industrials



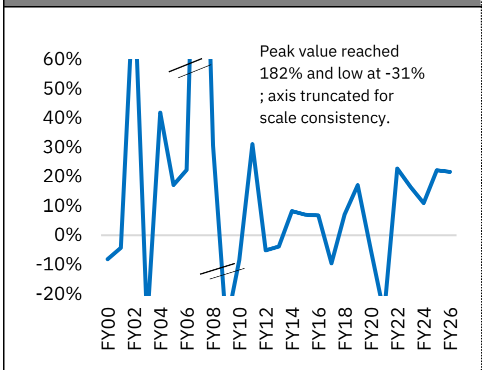
Information Technology



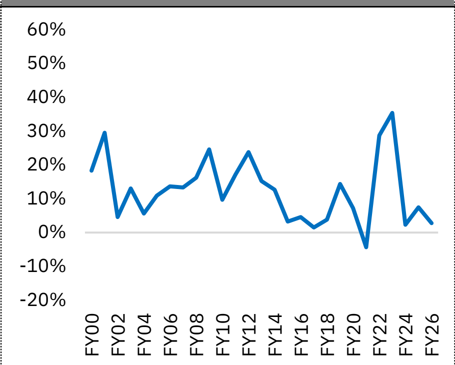
Materials



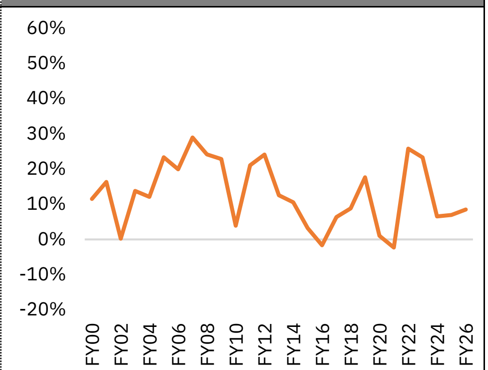
Real Estate



Utilities

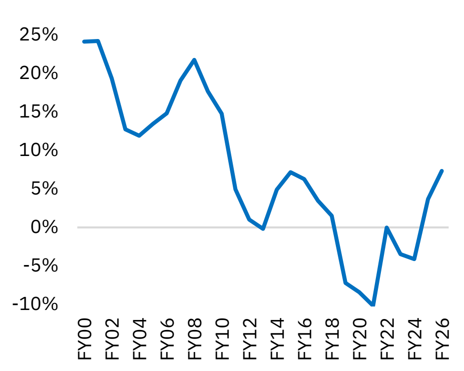


Nifty 500

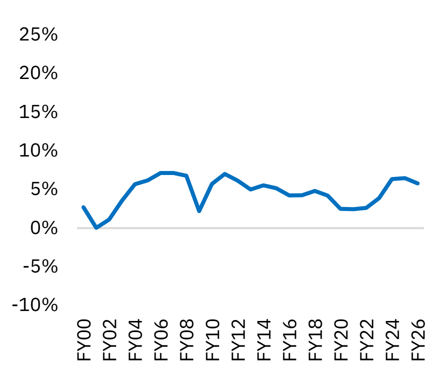


Sectoral trends in PAT margin

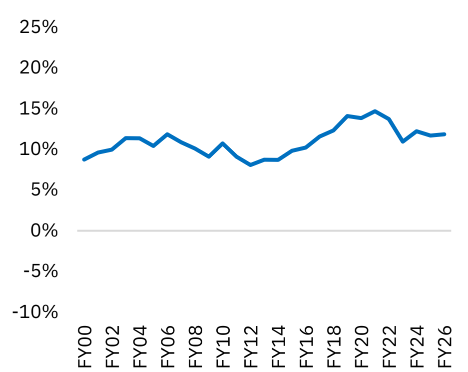
Communication Services



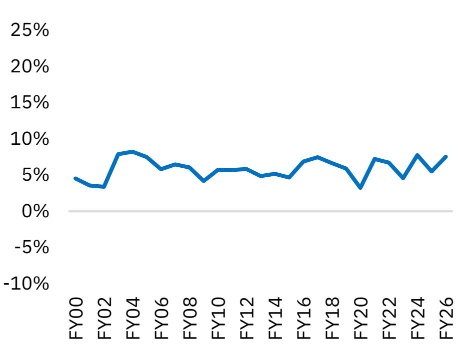
Consumer Discretionary



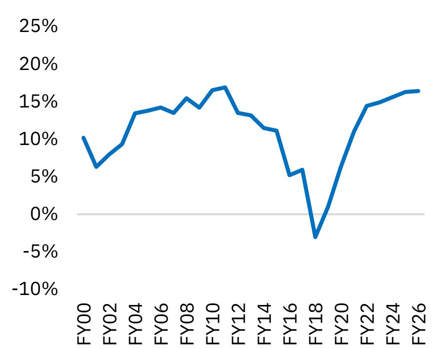
Consumer Staples



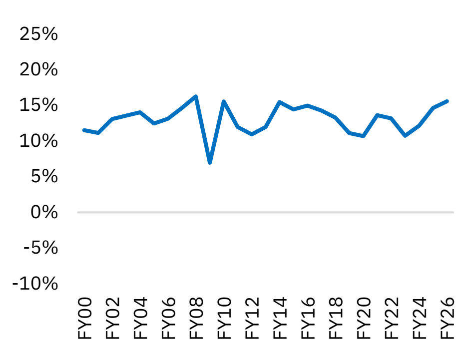
Energy



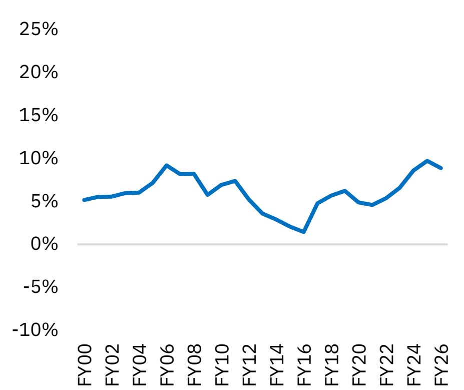
Financials



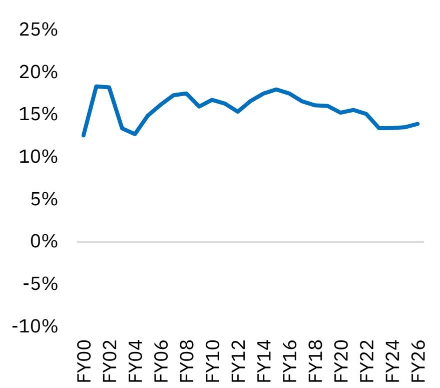
Health Care



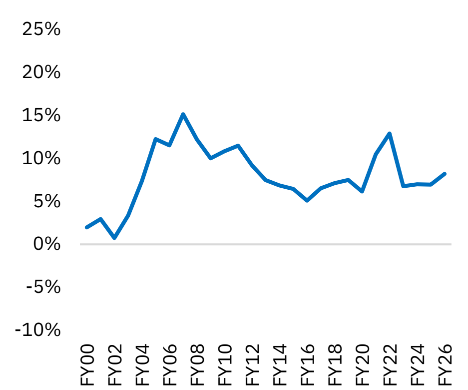
Industrials



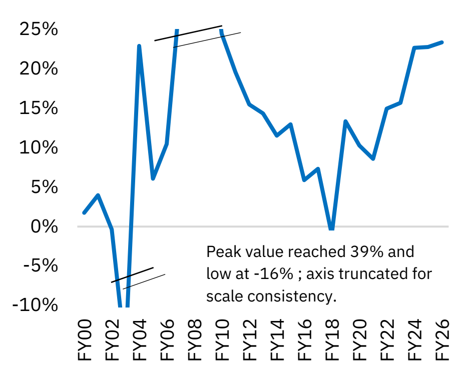
Information Technology



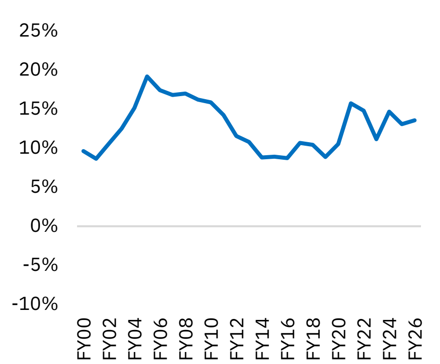
Materials



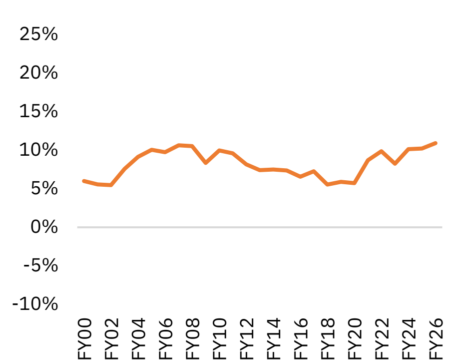
Real Estate



Utilities

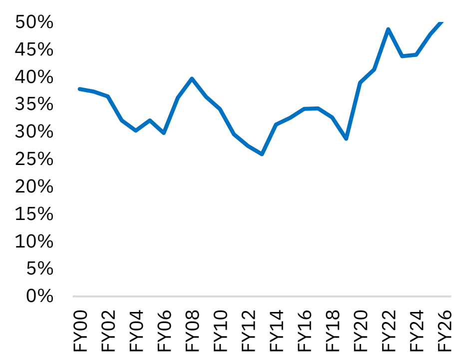


Nifty 500

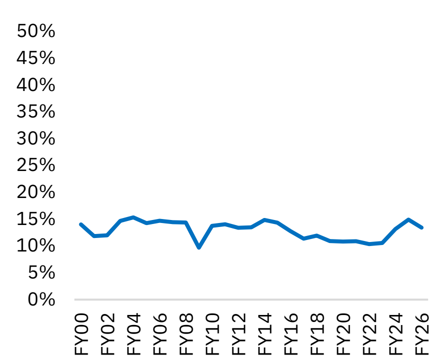


Sectoral trends in EBITDA margin

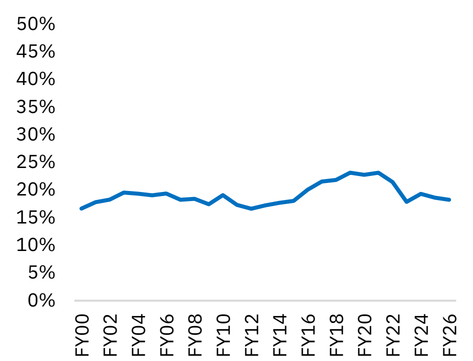
Communication Services



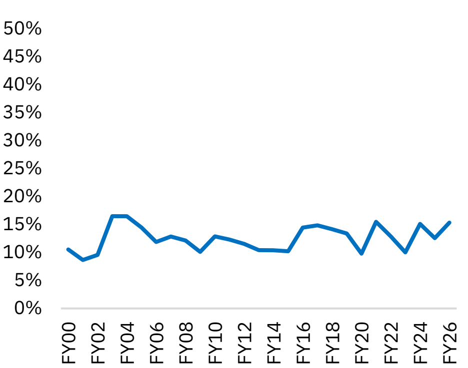
Consumer Discretionary



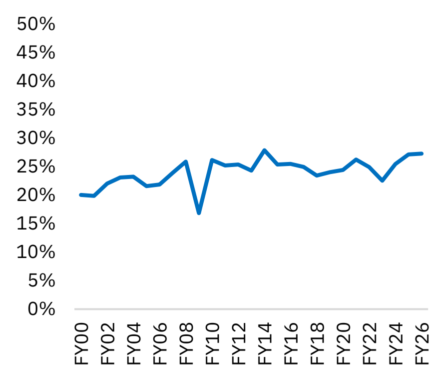
Consumer Staples



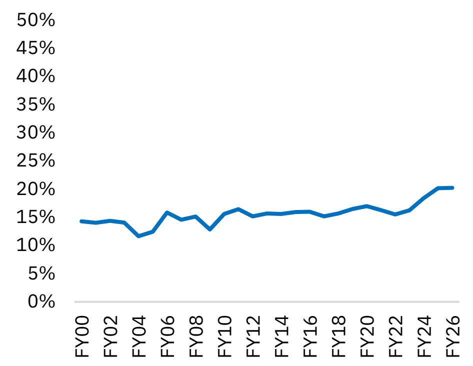
Energy



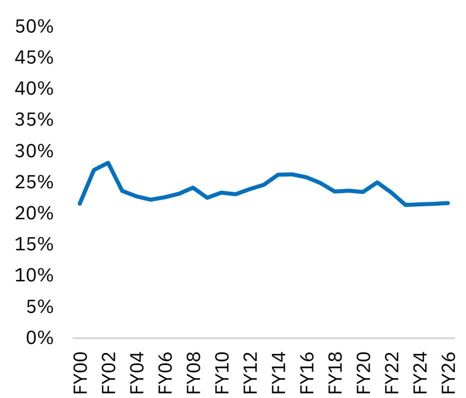
Health Care



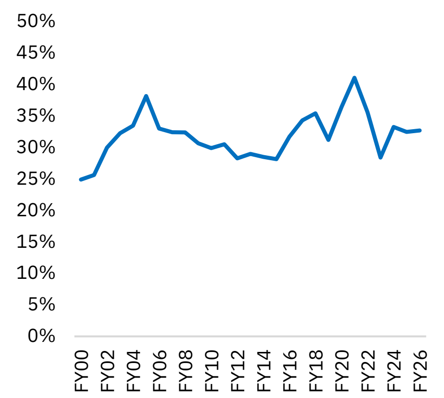
Industrials



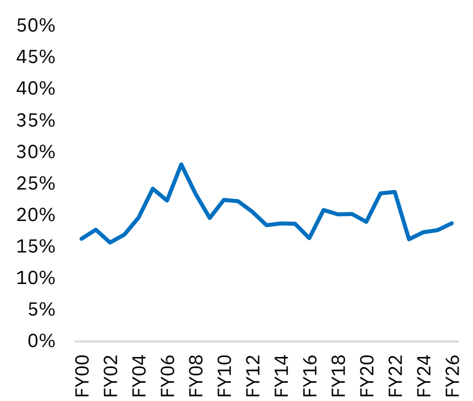
Information Technology



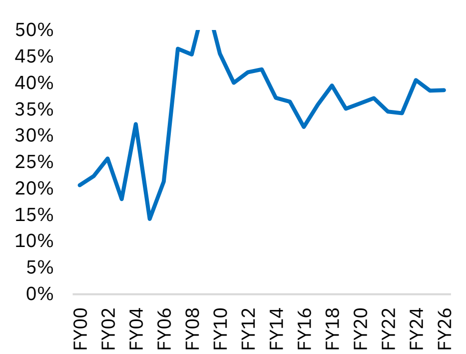
Utilities



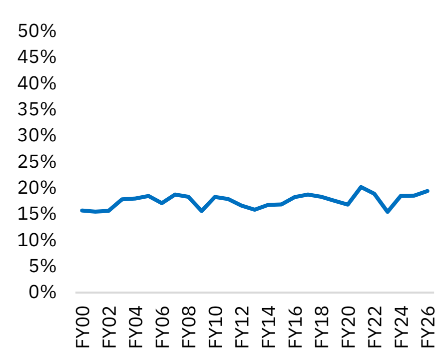
Materials



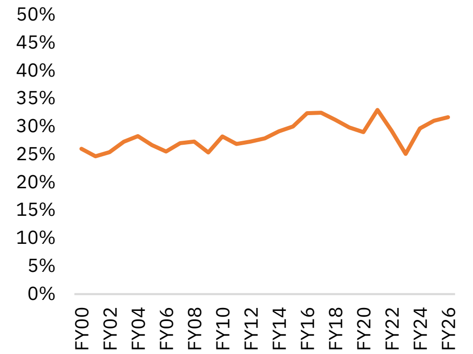
Real Estate



Nifty 500 ex - financials



Nifty 500



Sectoral growth profile reflects broader improvement in revenue and profitability over time: The sectoral growth matrix, based on five-year net sales CAGR, PAT CAGR and average market capitalisation, highlights a broad-based strengthening in sectoral growth by FY26 compared with earlier periods. During FY01-FY05, earnings growth was highly dispersed across sectors, with Materials recording exceptionally strong PAT growth despite moderate sales growth, reflecting the commodity boom of the early 2000s. Energy and Information Technology combined strong revenue growth with healthy profit expansion, while Communication Services recorded negative earnings growth despite double-digit sales growth, highlighting weak profitability conversion.

During FY11–FY15, sectoral performance became more balanced, with Financials, Consumer Discretionary, Health Care and Information Technology occupying the upper-right quadrant, reflecting simultaneous strength in both revenue and earnings growth. In contrast, Industrials, Utilities and Real Estate experienced weaker earnings conversion despite reasonable sales growth, indicating the impact of the investment slowdown and stressed corporate balance sheets post the GFC. Materials also witnessed sharp moderation in PAT growth, reflecting the fading of the commodity upcycle.

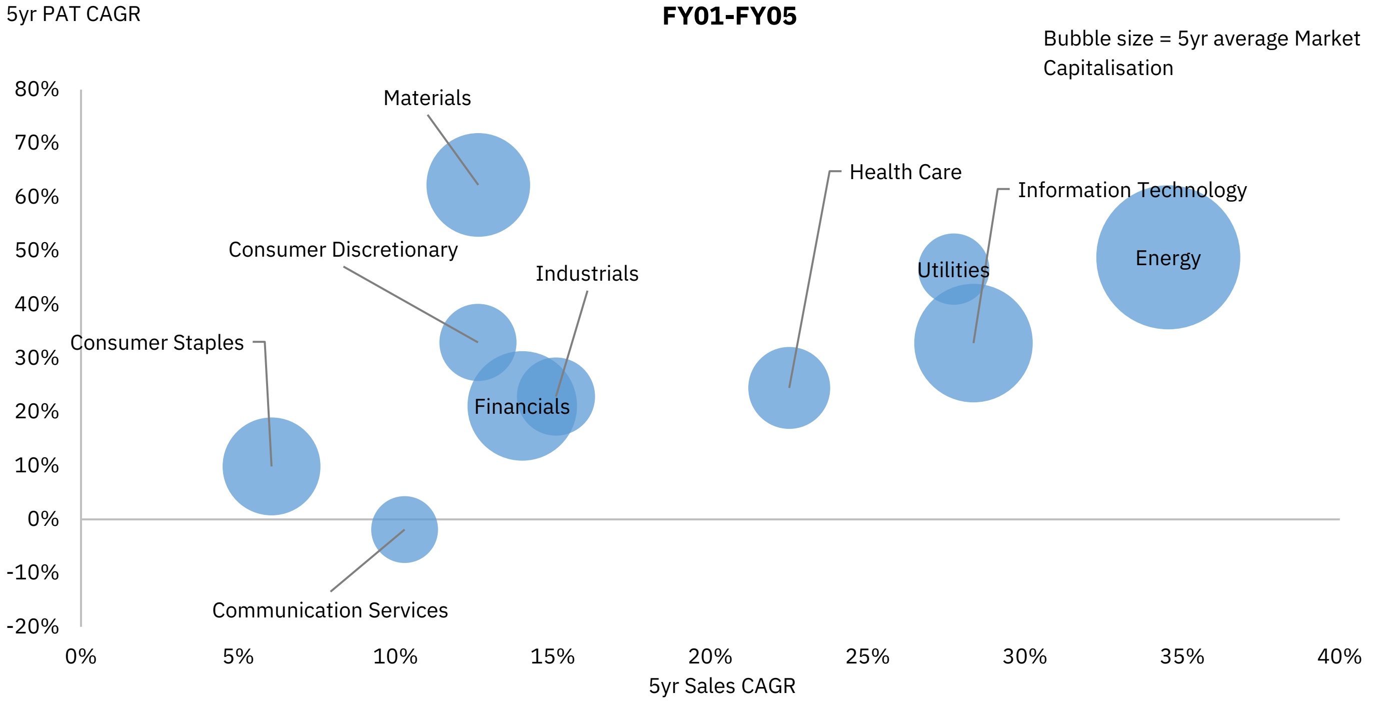
During the FY22-FY26 period, revenue growth across sectors has become more tightly clustered, suggesting a more uniform growth environment than in earlier periods. However, in terms of profitability, Industrials, Financials and Information Technology combined healthy double-digit sales growth with strong PAT expansion, while Consumer Discretionary also recorded robust earnings growth despite relatively moderate revenue growth, indicating improving profitability.

Real Estate emerged as the strongest-performing sector, recording the highest five-year sales CAGR (24.8%) and PAT CAGR (52.4%) during the FY22-FY26 period, reflecting a sharp recovery in both business activity and earnings. Industrials witnessed a notable turnaround, with PAT CAGR improving from -14.8% in FY15 to 32.5% in FY26, accompanied by an acceleration in sales growth to 16.1%, indicating a broad recovery in operating performance. Financials continued to combine strong revenue and earnings growth, recording double-digit sales and PAT CAGRs of 18.0% and 27.8%, respectively, while Energy maintained healthy growth across both metrics (15.7% sales CAGR and 16.7% PAT CAGR).

Among the larger sectors by market capitalisation, Financials remained the dominant sector with an average market capitalisation of approximately Rs 78.3 lakh crore during FY22-FY26 followed by Industrials, Materials and Information Technology, each with market capitalisation exceeding Rs 30 lakh crore. However, larger market capitalisation did not necessarily correspond to the highest growth rates. While Financials continued to deliver robust growth, Information Technology and Health Care exhibited relatively moderate sales and earnings growth compared with earlier periods, reflecting a gradual transition towards a more mature growth trajectory. Consumer Staples also maintained steady, balanced growth, reinforcing its relatively defensive earnings profile.

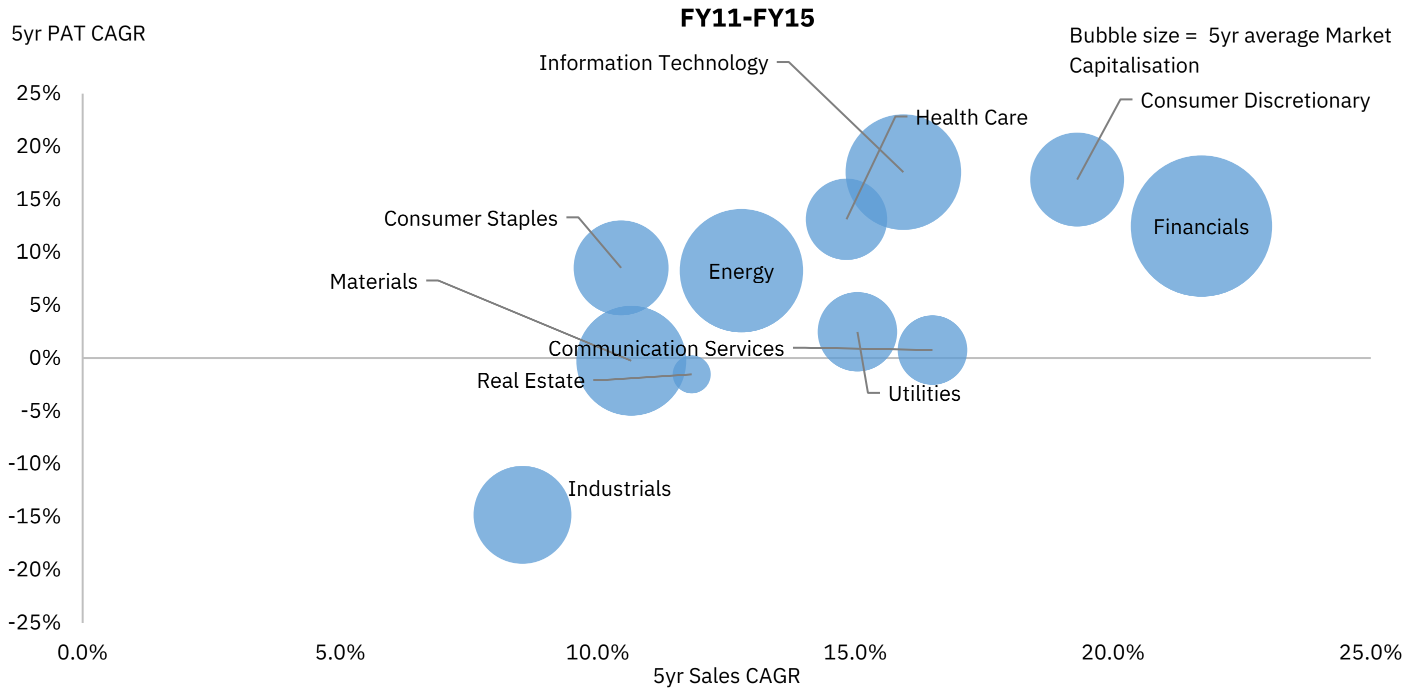
At the aggregate level, the Nifty 500 recorded a five-year sales CAGR of 14.7% and PAT CAGR of 20.0% during FY22-FY26. Overall, the FY22-FY26 matrix indicates a more balanced sectoral growth profile, with cyclical sectors strengthening alongside established large-cap sectors, contributing to a wider dispersion of earnings growth across the market.

Figure 26: Nifty 500 Sector-wise growth quality matrix: Net sales vs. PAT CAGR during FY01-FY05



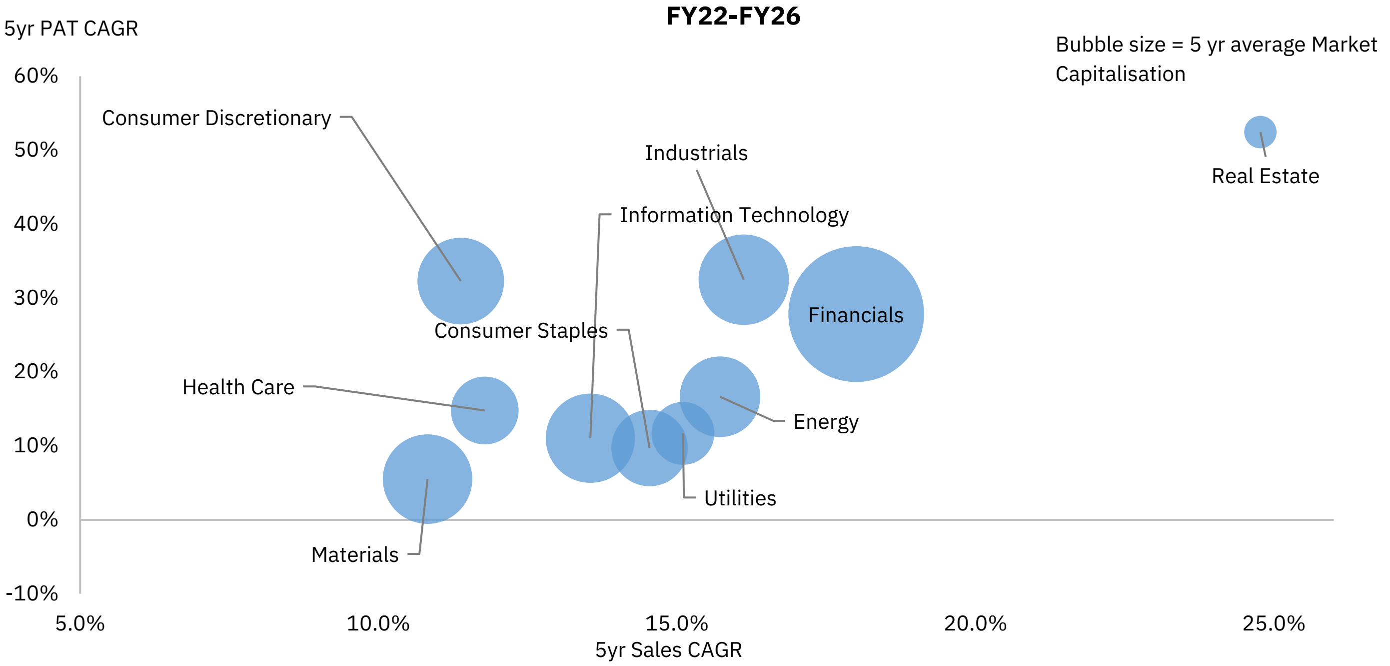
Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: 1. Sales and PAT growth represent the five-year average annual growth calculated using available interim financials data. 2. Bubble size denotes the average sectoral market capitalisation (Rs. crore) over FY01–FY05 as of 31st March of each year.

Figure 27: Nifty 500 Sector-wise growth quality matrix: Net sales vs. PAT CAGR during FY11-FY15



Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: 1) Sales and PAT growth represent the five-year CAGR calculated using available interim financials data. 2) Bubble size denotes the average sectoral market capitalisation (Rs. crore) over FY11–FY15 as of 31st March of each year.

Figure 28: Nifty 500 Sector-wise growth quality matrix: net sales growth vs. PAT Growth (FY22-FY26)



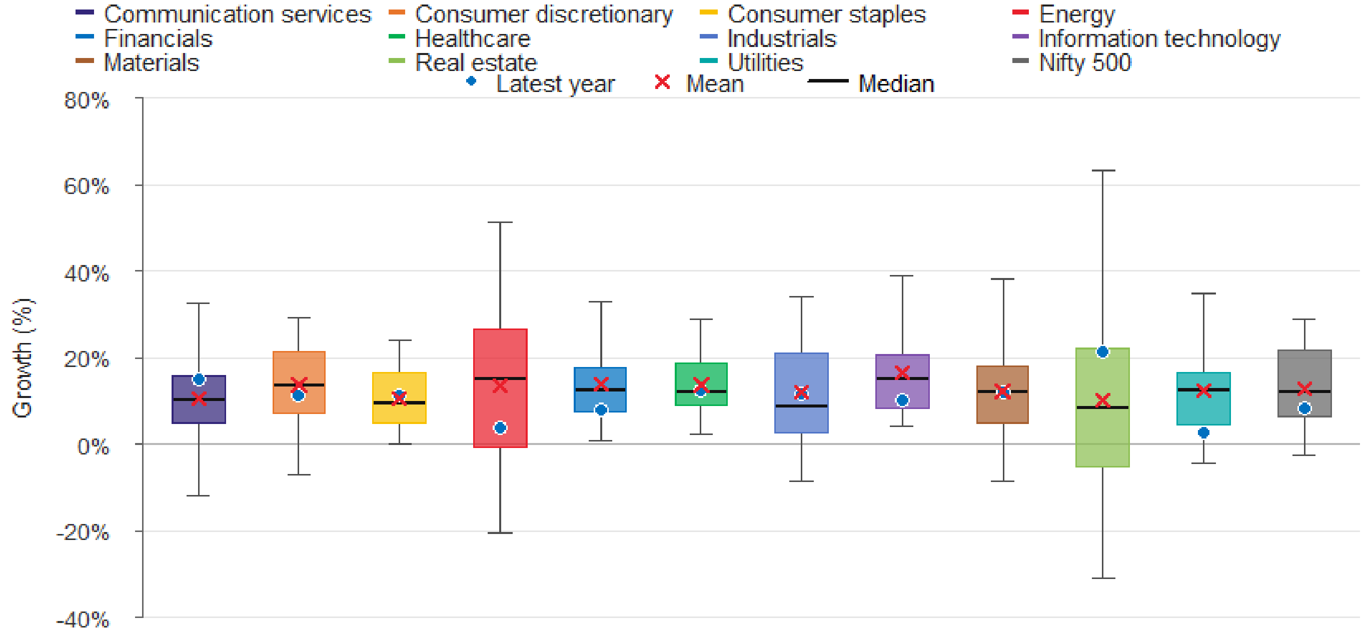
Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: 1) Sales and PAT growth represent the five-year average annual growth calculated using available interim financials data. 2) Bubble size denotes the average sectoral market capitalisation (Rs. crore) over FY22–FY26 as of 31st March of each year.

Sales growth remained relatively stable for Consumer Staples and Health Care; Realty and Energy displayed higher variability: Our analysis of inter-quartile distribution of annual sales growth across sectors over FY00–FY26 indicates varying degrees of growth consistency. Real Estate exhibited the widest dispersion, with annual sales growth ranging from -31.0% to 182.9%, reflecting pronounced cyclicality, while Energy also displayed elevated volatility, ranging from -20% to 51%. Among sectors with narrower inter-quartile ranges over the period, Financials and Health Care recorded relatively higher median sales growth, while Consumer Staples and Utilities recorded more stable sales growth.

The latest observation (FY26) remained above the historical median for sectors such as Communication Services, Industrials, Health Care and Real Estate, suggesting an improvement in revenue growth relative to their long-term trend. Conversely, the latest sales growth for Energy (3.8%) remained well below its historical average, indicating a moderation from the stronger growth recorded in earlier years, partly reflecting the impact of heightened geopolitical tensions last year.

Overall, the box plot suggests that while cyclical sectors continue to exhibit higher variability, sales growth across most sectors remained broadly in line with or above their historical distributions in FY26.

Figure 29: Sector-wise Sales growth distribution for Nifty 500 (FY2000–FY2026)



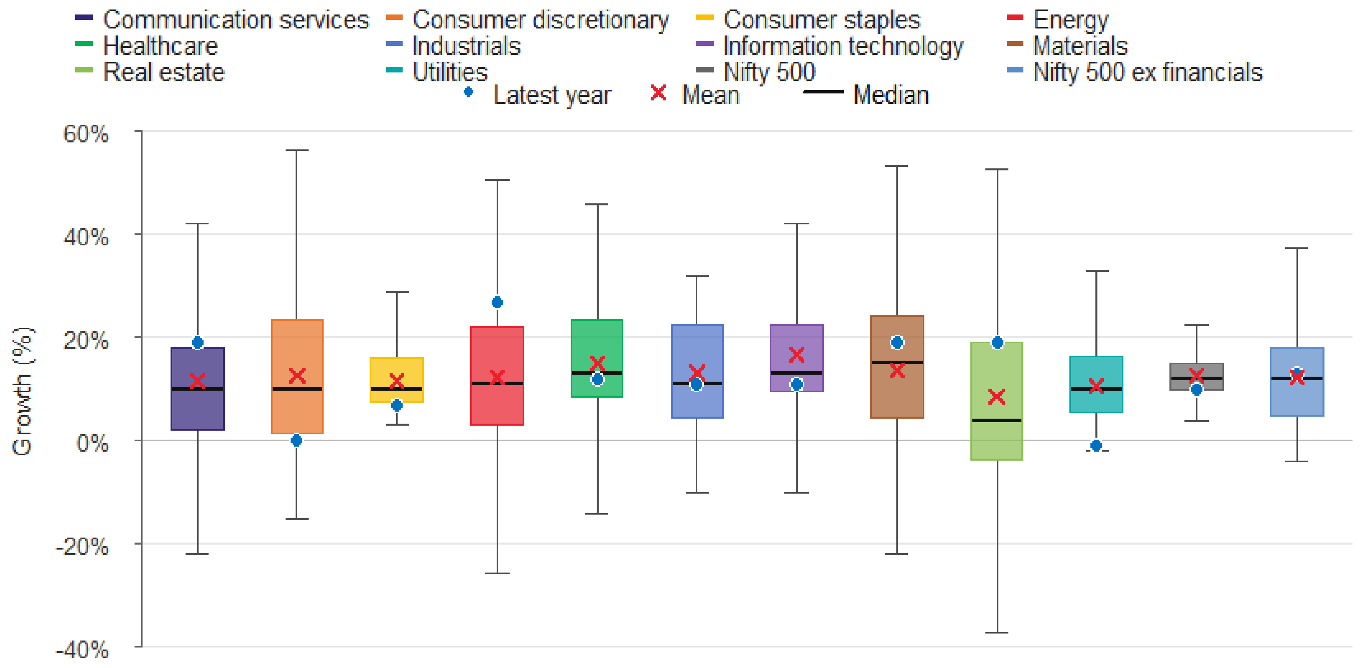
Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: YoY growth is calculated using available interim financials data.

EBITDA performance was shaped by differences in margin strength across sectors: The historical distribution of EBITDA growth and margins over FY00–FY26 highlights distinct operating performance across sectors. Real Estate exhibited the highest variability in operating earnings, with EBITDA growth ranging from -51.1% to 453.5% (Mean/median over the last 26 years: 8.68%/4%), accompanied by a wide EBITDA margin band of 14.3%–56.0% (Mean/Median: 35.4%/37%), reflecting its pronounced cyclical nature. Energy, Materials and Consumer Discretionary also recorder greater variability in EBITDA growth rates, indicating greater sensitivity to economic and commodity cycles. Communication Services also recorded elevated volatility in EBITDA growth, while maintaining the highest operating margins (Mean/Median: 36.1%/34% vs. 28.4%/28% for the overall Nifty 500 universe), reaching 50.7% in FY26. In contrast, Consumer Staples, Health Care and Information Technology exhibited relatively narrower distributions for both EBITDA growth and margins, indicating greater stability in operating performance across business cycles.

EBITDA margins displayed even greater structural differences than EBITDA growth. IT consistently recorded higher margins within a tighter range, with the median exceeding 20% (vs. 28% for Nifty 500), reflecting its asset-light business model and strong operating leverage. Health Care, and Utilities also maintained relatively high and stable margins, while Consumer Staples recorded moderate but resilient profitability. In contrast, Consumer Discretionary, Industrials and Energy operated with lower margins, even as the dispersion over years remained relatively benign. At the aggregate level, the Nifty 500 (ex-Financials) universe displayed relatively stable margin distributions, suggesting that despite sector-specific differences, overall corporate profitability has remained broadly resilient over the past two and a half decades.

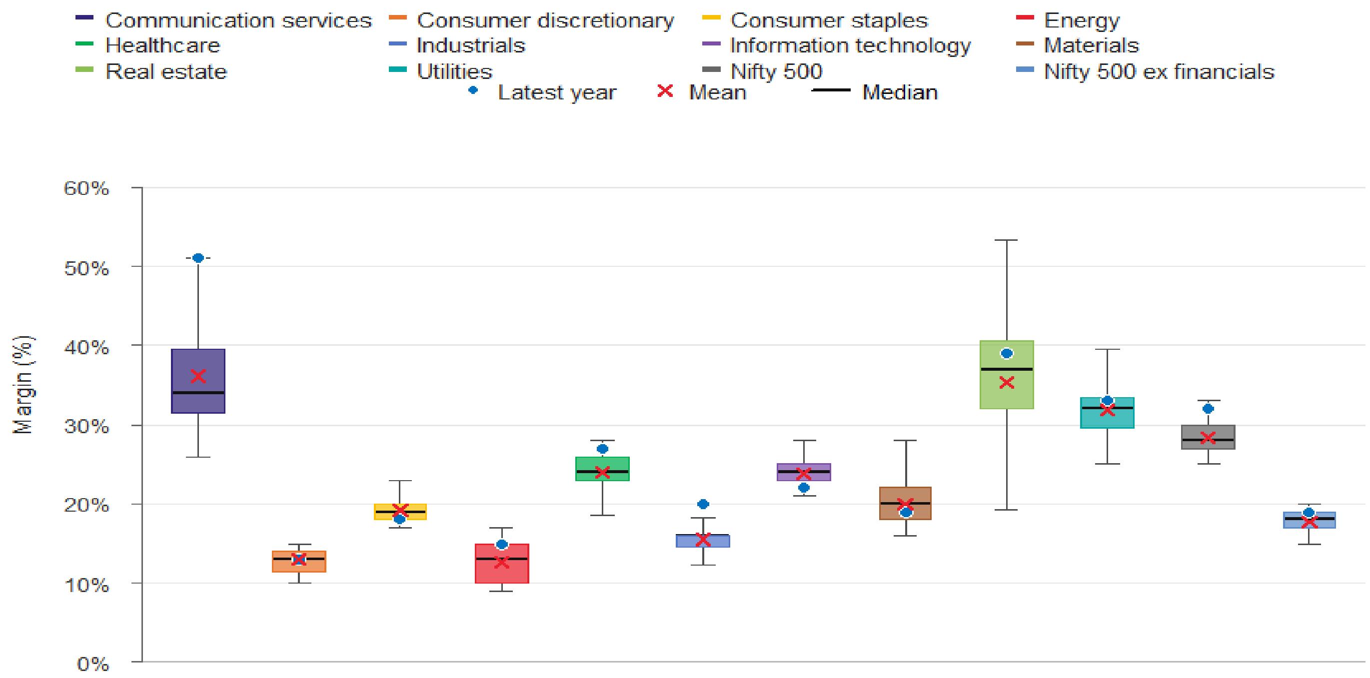
The latest observation (FY26) remained at or above the historical median for EBITDA margins across most sectors, while EBITDA growth for Energy (26.5%), Materials (18.5%) and Real Estate (19.2%) remained above their respective long-term medians, indicating an improvement in operating profitability relative to historical trends. At the aggregate level, the Nifty 500 (ex-Financials) reported EBITDA growth of 13.4% and an EBITDA margin of 19.4% in FY26, both broadly in line with their historical distributions, reflecting resilient operating performance across the broader listed universe.

Figure 30: Sector-wise EBITDA growth distribution for Nifty 500 (FY00–FY26)



Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: YoY growth is calculated using available interim financials data.

Figure 31: Sector-wise EBITDA margin distribution for Nifty 500 (FY00–FY26)



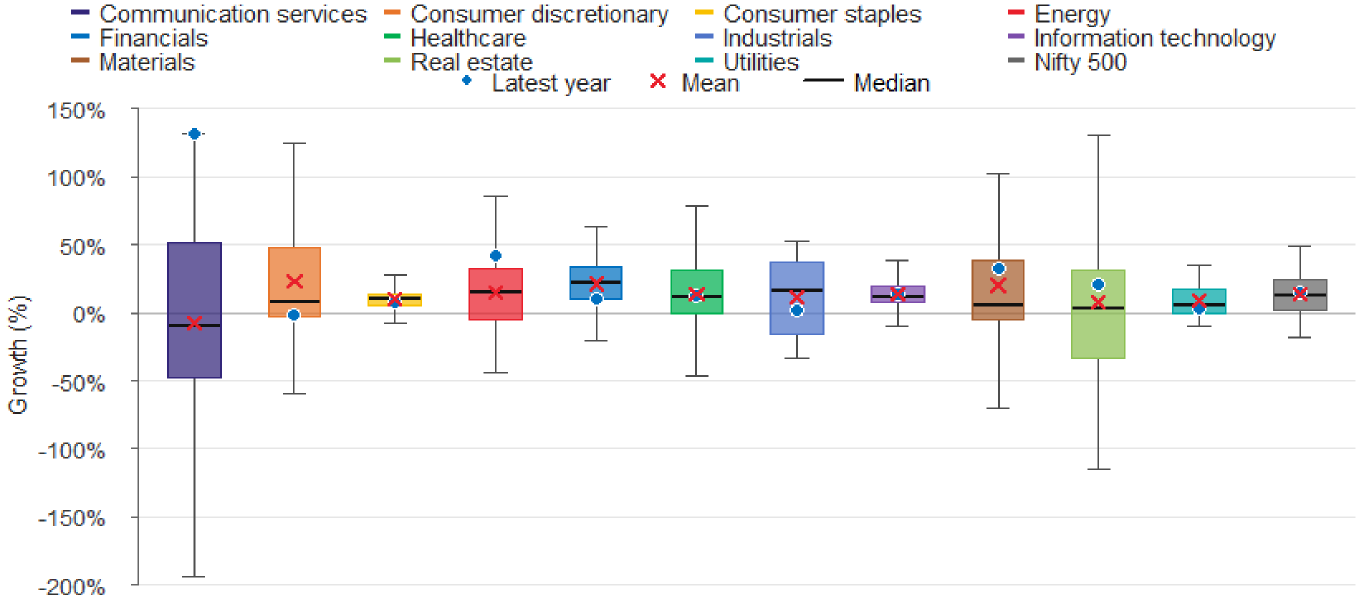
Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: EBITDA margin is calculated using available interim financials data.

Sectoral profitability remained resilient despite varying margin cycles: The Nifty 500 PAT margin improved steadily from 6.0% in FY00 to 10.9% in FY26, even as the range remained wide at 6%-11% during the past 26 years. PAT growth also varied from -18% (in FY18) to 49% (FY21) during this period, averaging at 13.48%, with the current growth rate at 15% in FY26, indicating that profitability has strengthened over the period despite cyclical fluctuations. Cyclical sectors such as Communication Services, Materials, Industrials, Energy and Consumer Discretionary exhibited greater variability in PAT growth outcomes. Financials and Health Care recorded the most consistent improvement in profitability, with PAT margins increasing to 16.4% from 10.2% and 15.6% from 11.5%, respectively, while maintaining positive PAT growth of 10% and 12% in FY26. Consumer Staples also exhibited a stable profitability profile, reflecting the sector's defensive earnings characteristics.

Among cyclical sectors, Energy saw a broad-based improvement in profitability, with PAT margins rising from 4.5% in FY00 to 7.5% in FY26, alongside 42% PAT growth in FY26 (mean/median over the last 26 years: 13.26%/12%), aided by stronger commodity-linked earnings. Materials also recorded healthy earnings momentum, with PAT growth of 33% (mean: 22.71%) and PAT margins improving to 8.2% (mean: 8.03%). Real Estate reported the highest PAT margin at 23.4% and PAT growth of 21%, although both profitability and earnings remained comparatively more volatile, ranging from -16% to 39% (mean: 13.8%) and -115% to 156% (mean: 11.64%) during the last 26 years. In contrast, IT demonstrated a gradual moderation in earnings growth, with PAT growth easing from 62% in FY00 to 14% in FY26, while maintaining robust double-digit profit margins, suggesting a transition towards a more mature earnings profile. Consumer Staples and Utilities recorded relatively stable profitability with limited dispersion. At the aggregate level, the Nifty 500 maintained a relatively stable PAT margin distribution despite periodic fluctuations in earnings growth, indicating that long-term profitability has remained resilient

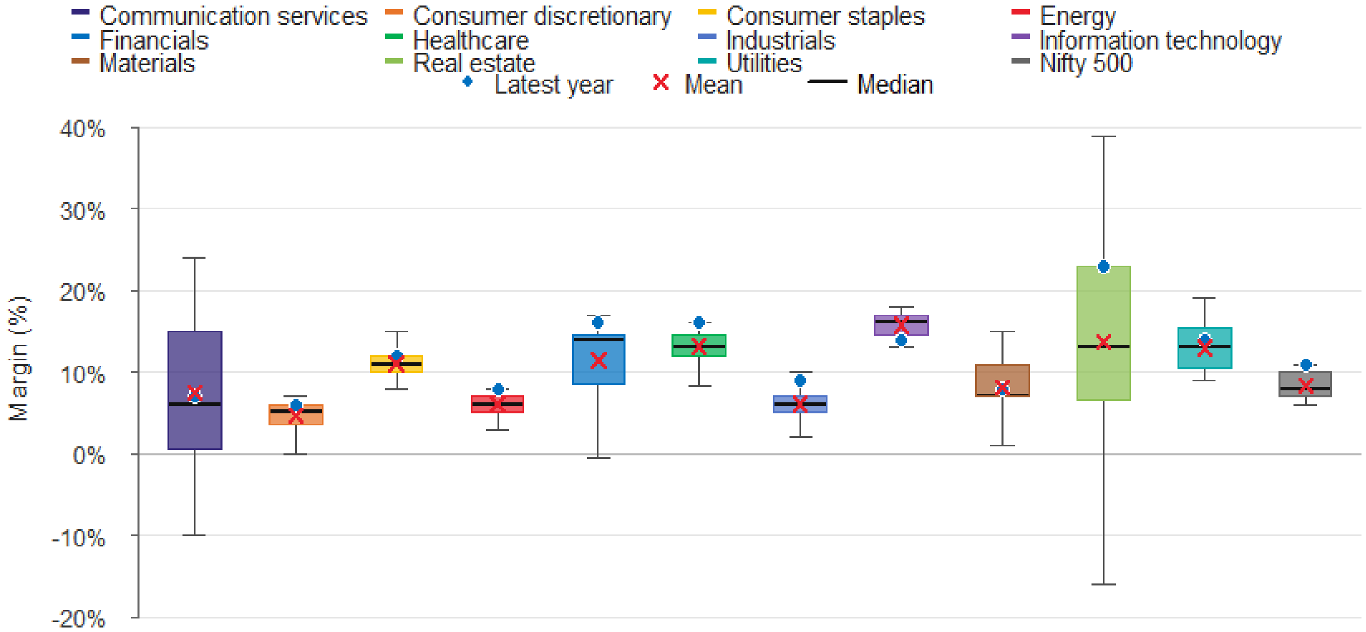
The latest observation (FY26) remained above the historical median for Financials (16.4%), Health Care (15.6%), Real Estate (23.4%) and Industrials (8.9%), indicating sustained improvement in sectoral profitability relative to their long-term distributions. Information Technology continued to report one of the highest and most consistent PAT margins (13.9%), while Consumer Staples maintained stable margins at 11.8%, reflecting the defensive nature of the sector. Overall, the FY26 distribution suggests that profitability across most sectors remained broadly in line with or above historical averages, despite differences in margin volatility.

Figure 32: Sector-wise PAT growth Distribution for Nifty 500 (FY00–FY26)



Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: YoY growth is calculated using available interim financials data.

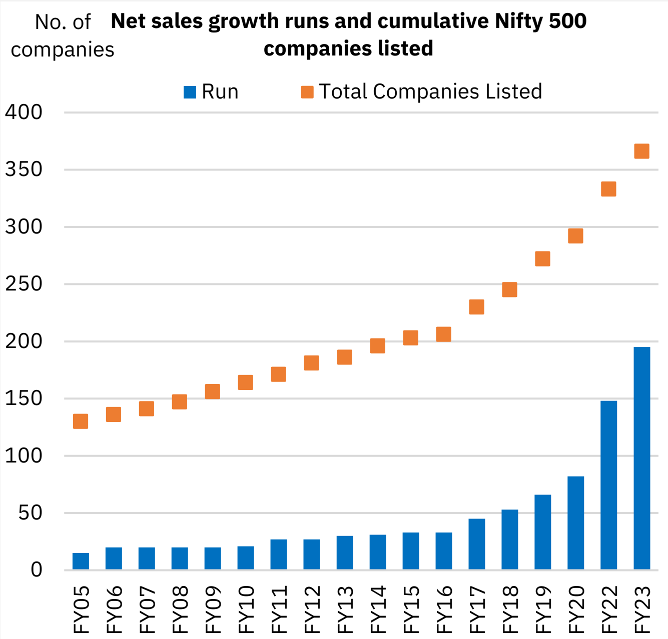
Figure 33: Sector-wise PAT margin growth Distribution for Nifty 500 (FY00–FY26)



Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: PAT margin is calculated using available interim financials data.

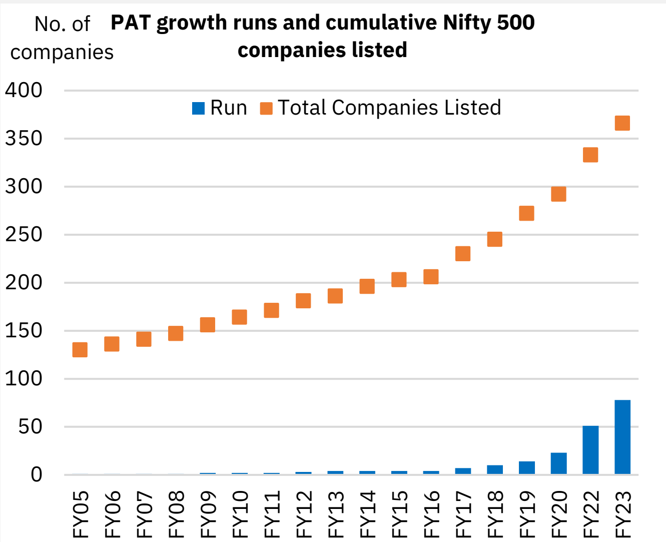
Box 2: Long-term Growth Persistence: A Comparison of Sales, PAT and EBITDA

Figure 34: Net sales growth runs and cumulative Nifty 500 companies listed



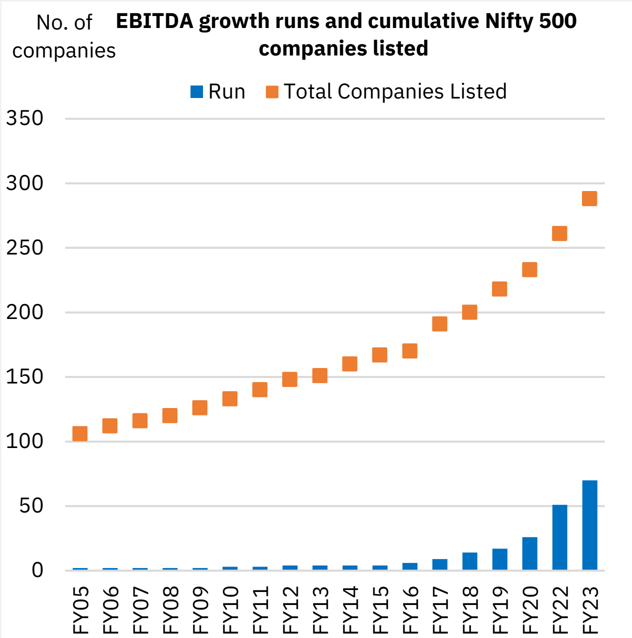
Source: CMIE Prowess, LSEG Workspace, NSE EPR.
Note:1) Run shows number of listed companies in Nifty 500 that recorded positive year-on-year growth continuously from the respective base financial year till FY26.
2) Total Companies Listed shows total number of companies listed from the respective base financial year till FY26.
3) FY21 has been excluded from the run calculation to mitigate the distortion arising from the COVID-19 pandemic.

Figure 35: PAT growth runs and cumulative Nifty 500 companies listed



Source: CMIE Prowess, LSEG Workspace, NSE EPR.
Note:1) Run shows number of listed companies in Nifty 500 that recorded positive year-on-year growth continuously from the respective base financial year till FY26.
2) Total Companies Listed shows total number of companies listed from the respective base financial year till FY26.
3) FY21 has been excluded from the run calculation to mitigate the distortion arising from the COVID-19 pandemic.

Figure 36: EBITDA growth runs and cumulative Nifty 500 companies listed



Source: CMIE Prowess, LSEG Workspace, NSE EPR.
Note:1) Run shows number of listed companies in Nifty 500 that recorded positive year-on-year growth continuously from the respective base financial year till FY26.
2) Total Companies Listed shows total number of companies listed from the respective base financial year till FY26.
3) FY21 has been excluded from the run calculation to mitigate the distortion arising from the COVID-19 pandemic.
4) Financial sector companies have been excluded for EBITDA growth analysis to reduce variability based on sector.

Long-term growth persistence is considerably stronger for sales than for profitability. Among companies listed since FY05 and continuously listed through FY26, around 16% sustained a 10-year positive sales growth run, compared with only 2–3% for PAT and EBITDA. The divergence indicates that while consistent revenue expansion is relatively more common, translating revenue growth into sustained earnings growth remains challenging, reflecting the impact of margin pressures, input cost volatility, operating leverage and business cycle dynamics.

FY26 corporate performance: A snapshot

Table 12: Sector-wise growth of net sales, EBITDA and PAT of Nifty 50 and Nifty 500 companies in FY26

Sectors	Nifty 50			Nifty 500		
	Net sales (% YoY)	EBITDA (% YoY)	PAT (% YoY)	Net sales (% YoY)	EBITDA (% YoY)	PAT (% YoY)
Communication Services	22.0%	24.8%	31.1%	15.3%	18.7%	132.5%
Consumer Discretionary	9.5%	-8.7%	-13.0%	11.4%	-0.2%	-1.5%
Consumer Staples	6.6%	4.4%	7.1%	11.4%	6.5%	8.3%
Energy	5.5%	10.6%	13.9%	3.8%	26.5%	41.8%
Financials	7.4%	6.4%	6.9%	8.0%	7.0%	9.7%
Health Care	8.7%	1.6%	-2.5%	12.7%	12.3%	11.9%
Industrials	10.0%	12.5%	-11.6%	11.7%	11.3%	1.7%
Information Technology	7.1%	6.8%	9.3%	10.2%	10.8%	13.9%
Materials	12.2%	26.3%	58.1%	12.1%	18.5%	32.8%
Real Estate	NA	NA	NA	21.6%	19.2%	21.4%
Utilities	0.1%	-9.2%	9.8%	2.8%	-1.2%	3.0%
Total	**8.1%**	**7.4%**	**9.1%**	**8.5%**	**9.9%**	**15.4%**
Total Ex-Energy	**8.9%**	**6.9%**	**8.0%**	**10.0%**	**8.1%**	**11.4%**
Total Ex-Financials	**8.2%**	**8.5%**	**10.3%**	**8.7%**	**13.4%**	**19.2%**
Total Ex-Energy Ex-Fin	**9.6%**	**7.6%**	**8.9%**	**11.0%**	**9.8%**	**12.9%**

Source: CMIE Prowess, LSEG workspace, NSE EPR.
Note: 1. The above table provides data for companies in the Nifty 50 index as on end of FY26.
2. FY26 aggregate is calculated using interim financials data.

Table 13: Sector-wise margin performance of Nifty 50 and Nifty 500 companies in FY26

Sectors	Nifty 50				Nifty 500			
	EBITDA margin (%)	EBITDA margin chg. (bps)	PAT margin (%)	PAT margin chg. (bps)	EBITDA margin (%)	EBITDA margin chg. (bps)	PAT margin (%)	PAT margin chg. (bps)
Communication Services	58.2%	133	17.7%	123	50.7%	146	7.3%	369
Consumer Discretionary	13.8%	-275	9.3%	167	13.4%	-156	5.8%	-76
Consumer Staples	28.8%	-58	19.8%	9	18.2%	-84	11.8%	-34
Energy	20.3%	94	9.4%	70	15.3%	275	7.5%	202
Financials	75.0%	-71	18.7%	-9	67.2%	-64	16.4%	25
Health Care	26.7%	-189	16.0%	-184	27.3%	-8	15.6%	-10
Industrials	22.0%	48	7.3%	-178	20.2%	-7	8.9%	-87
Information Technology	25.2%	-6	16.5%	35	21.7%	13	13.9%	45
Materials	17.0%	189	6.5%	189	18.7%	101	8.2%	128
Real Estate	NA	NA	NA	NA	38.7%	-81	23.4%	-4
Utilities	40.2%	-411	18.6%	165	32.7%	-131	13.5%	3
Total	**34.0%**	**-19**	**12.7%**	**68**	**31.7%**	**39**	**10.9%**	**65**
Total Ex-Energy	**38.6%**	**-73**	**13.9%**	**70**	**36.6%**	**-65**	**11.9%**	**15**
Total Ex-Financials	**22.0%**	**5**	**10.8%**	**81**	**19.4%**	**82**	**9.0%**	**80**
Total Ex-Energy Ex-Fin	**22.8%**	**-41**	**11.6%**	**90**	**21.3%**	**-24**	**9.7%**	**17**

Source: CMIE Prowess, LSEG workspace, NSE EPR.
Note: 1. The above table provides data for companies in the Nifty 50 index as on end of FY26.
2. FY26 aggregate is calculated using interim financials data.

Figure 37: Sector-wise net sales growth (% YoY) of Nifty 50 companies in FY26

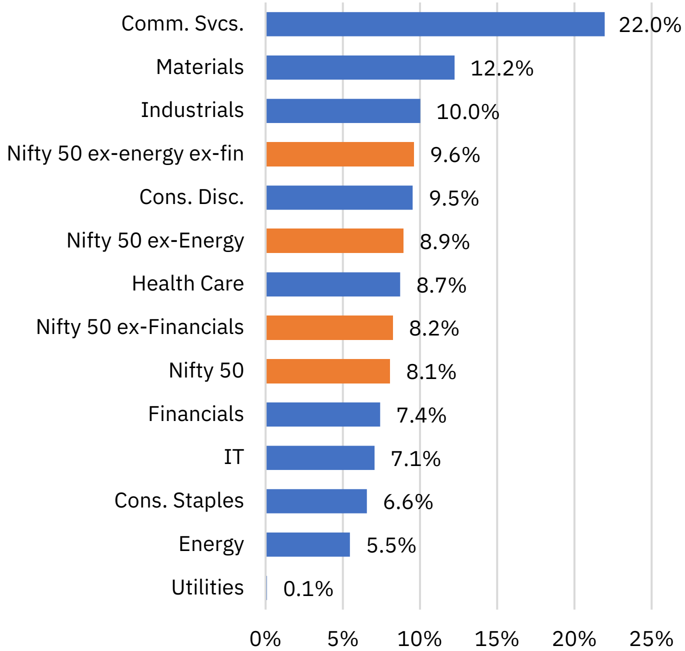
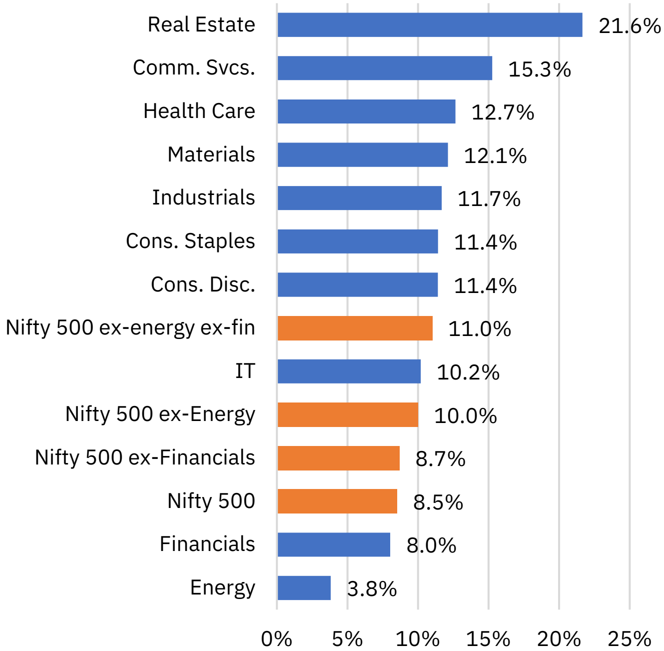


Figure 38: Sector-wise net sales growth (% YoY) of Nifty 500 companies in FY26



Source: CMIE Prowess, LSEG workspace, NSE EPR.
Note: 1. The above table provides data for companies in the Nifty 50 index as on end of FY26.
2. FY26 aggregate is calculated using interim financials data.

Figure 39: Sector-wise EBITDA growth (% YoY) of Nifty 50 companies in FY26

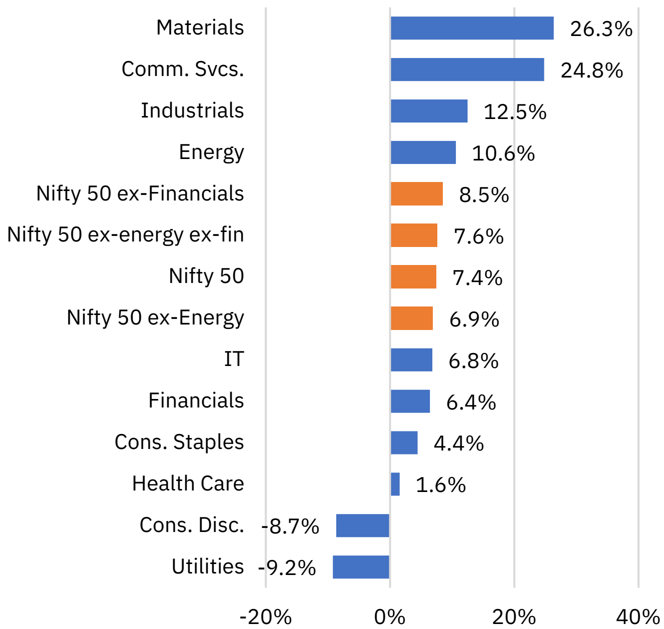
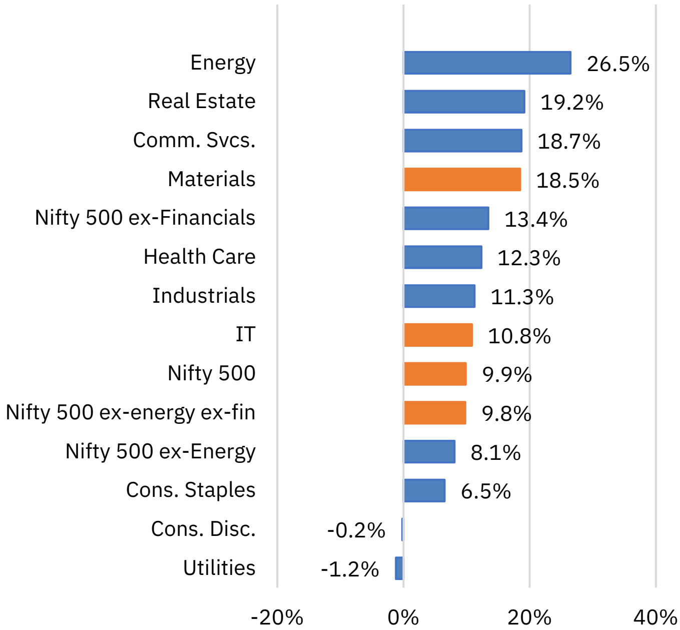


Figure 40: Sector-wise EBITDA growth (% YoY) of Nifty 500 companies in FY26



Source: CMIE Prowess, LSEG workspace, NSE EPR.
Note: 1. The above table provides data for companies in the Nifty 50 index as on end of FY26.
2. FY26 aggregate is calculated using interim financials data.

Figure 41: Sector-wise EBITDA margin of Nifty 50 companies in FY26

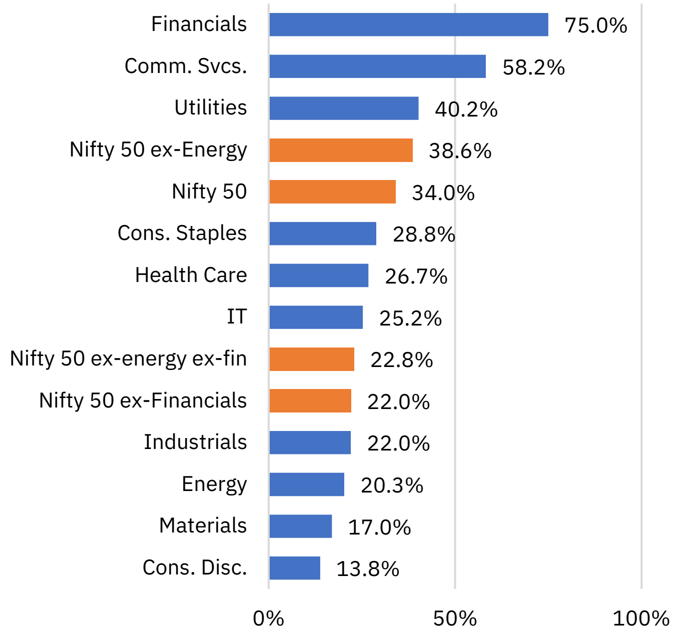
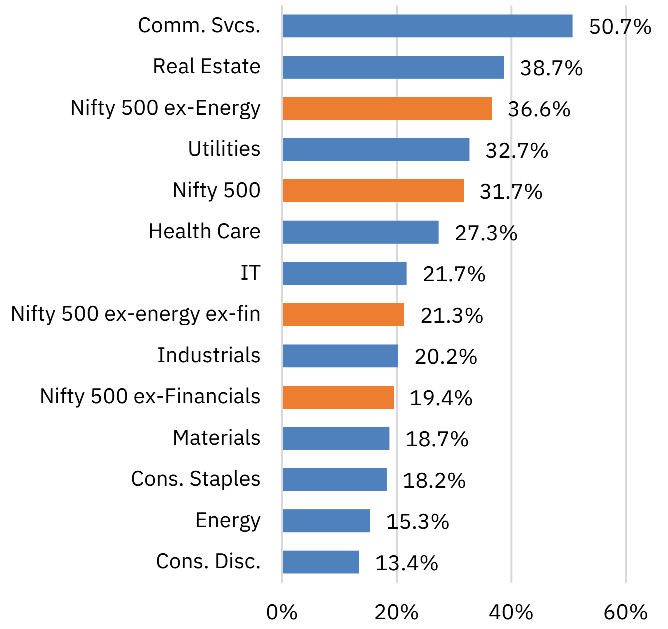


Figure 42: Sector-wise EBITDA margin of Nifty 500 companies in FY26



Source: CMIE Prowess, LSEG workspace, NSE EPR.
Note: 1. The above table provides data for companies in the Nifty 50 index as on end of FY26.
2. FY26 aggregate is calculated using interim financials data.

Figure 43: Sector-wise PAT growth (% YoY) of Nifty 50 companies in FY26

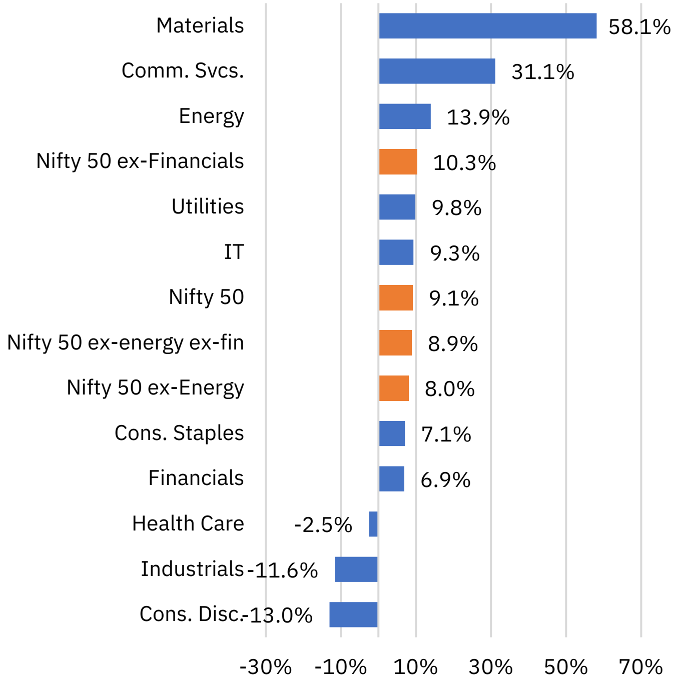
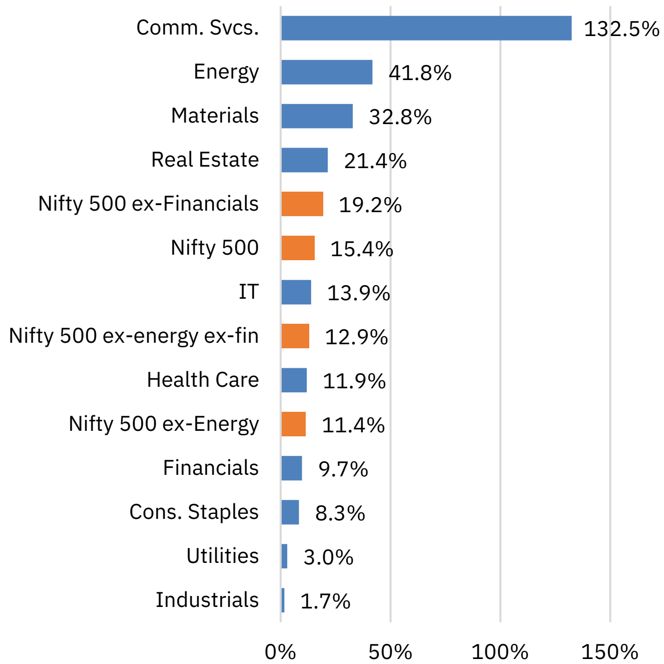


Figure 44: Sector-wise PAT growth (% YoY) of Nifty 500 companies in FY26



Source: CMIE Prowess, LSEG workspace, NSE EPR.
Note: 1. The above table provides data for companies in the Nifty 50 index as on end of FY26.
2. FY26 aggregate is calculated using interim financials data.

Figure 45: Sector-wise PAT margin (%) of Nifty 50 companies in FY26

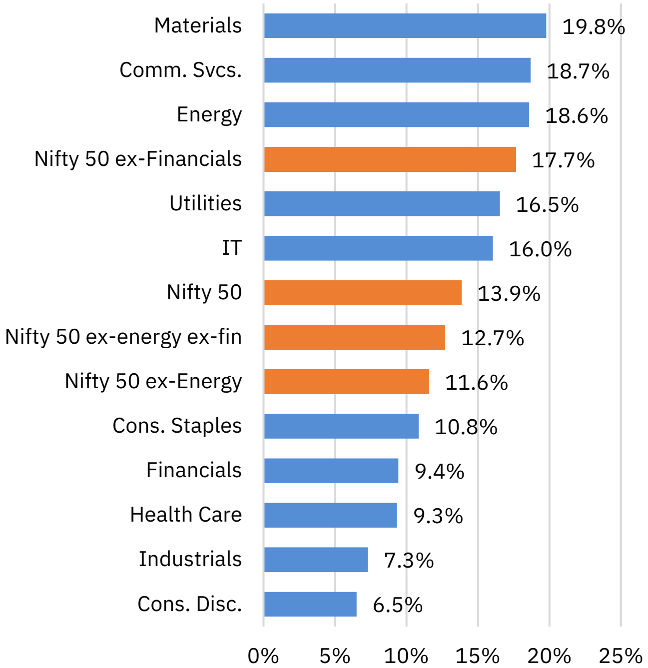
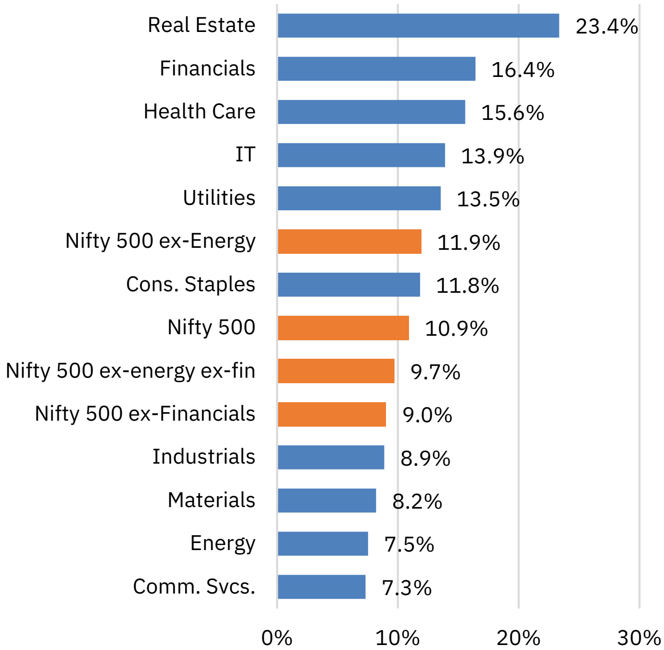
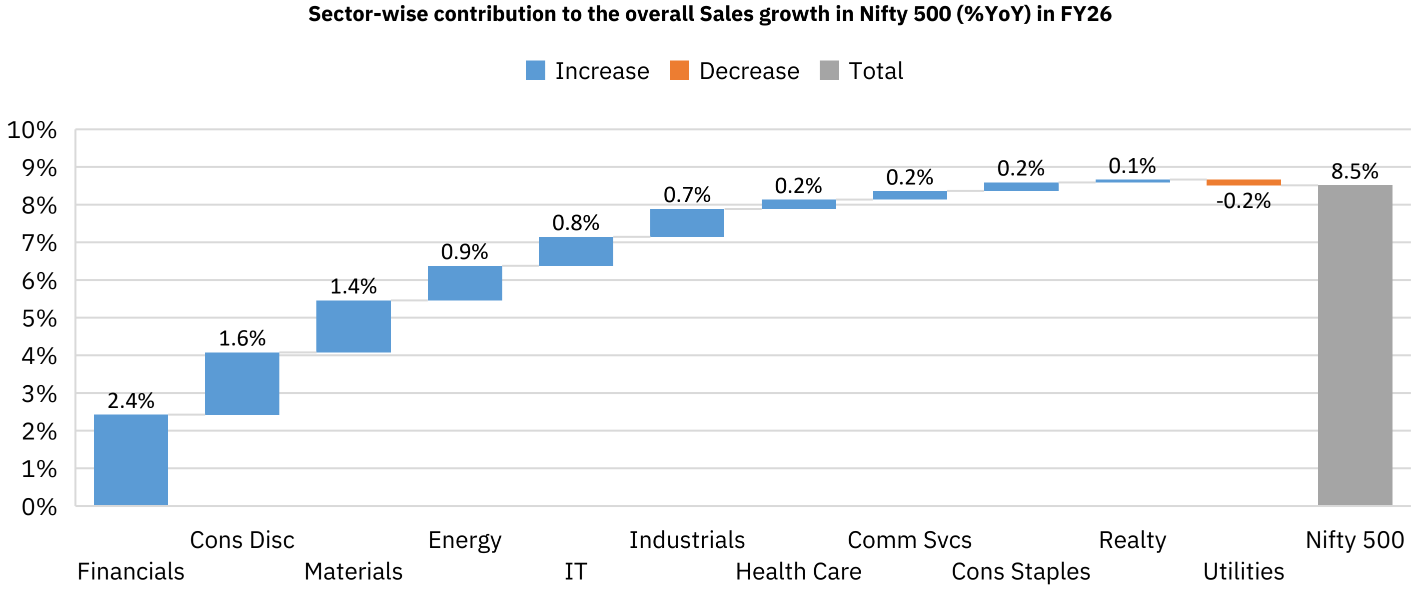


Figure 46: Sector-wise PAT margin (%) of Nifty 500 companies in FY26



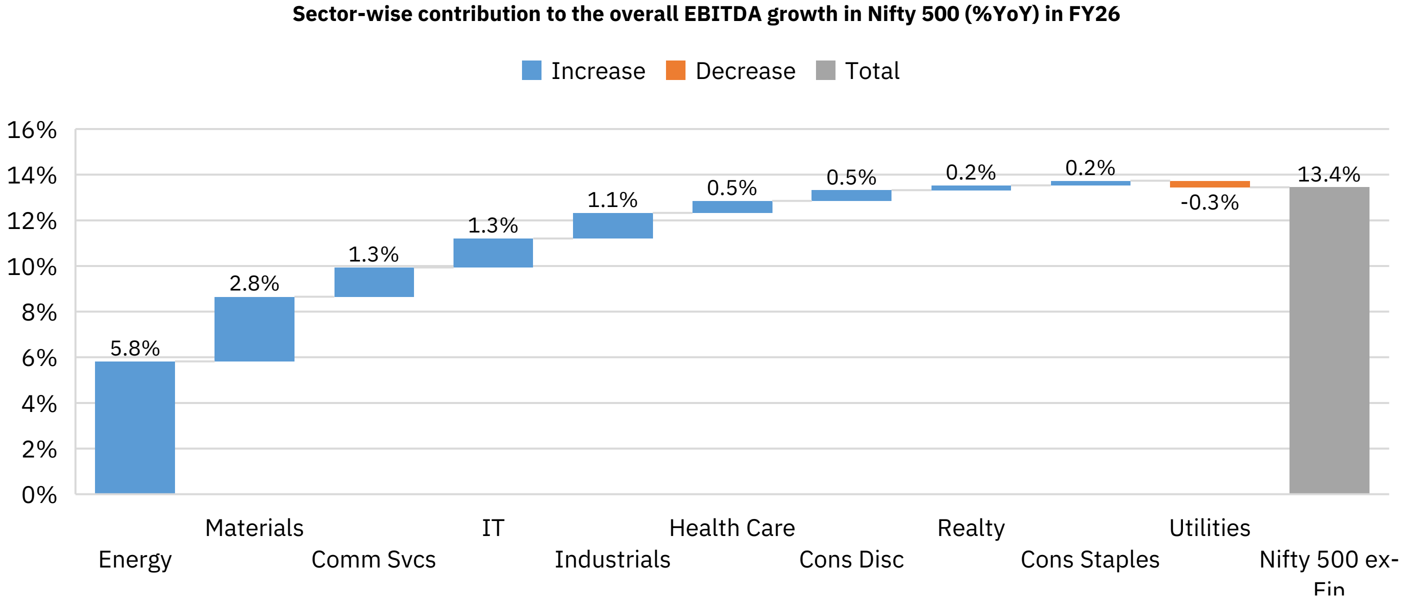
Source: CMIE Prowess, LSEG workspace, NSE EPR.
Note: 1. The above table provides data for companies in the Nifty 50 index as on end of FY26.
2. FY26 aggregate is calculated using interim financials data.

Figure 47: Sector-wise Contribution to Nifty 500 Sales Growth in FY26 (% YoY)



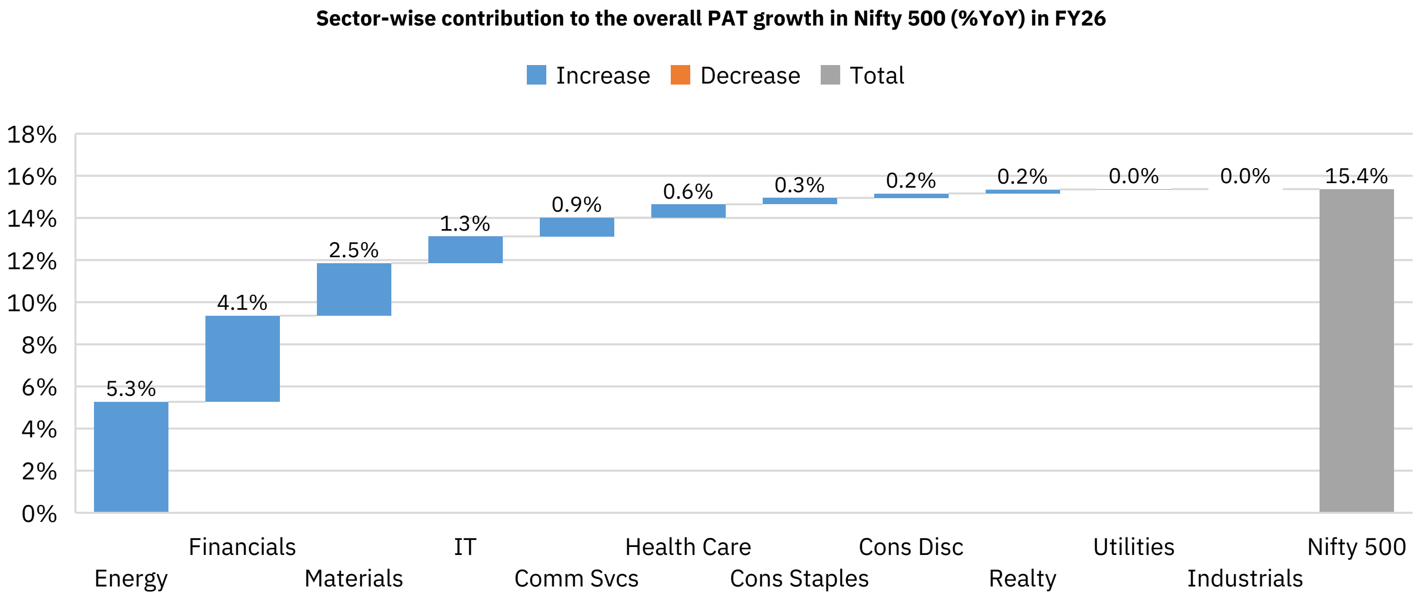
Source: CMIE Prowess, LSEG workspace, NSE EPR. Note: YoY growth is calculated using interim financials data.

Figure 48: Sector-wise Contribution to Nifty 500 EBITDA Growth in FY26 (% YoY)



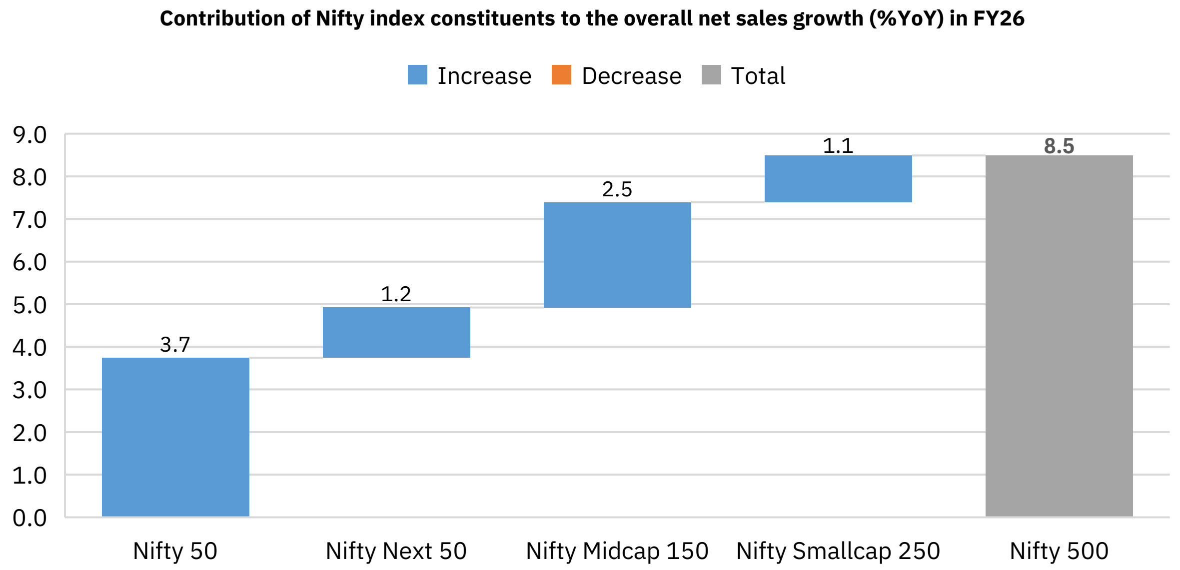
Source: CMIE Prowess, LSEG workspace, NSE EPR.
Note: 1. EBITDA growth is shown ex financials and calculated using interim financials data.

Figure 49: Sector-wise Contribution to Nifty 500 PAT Growth in FY26 (% YoY)



Source: CMIE Prowess, LSEG workspace, NSE EPR. Note: YoY growth is calculated using interim financials data.

Figure 50: Share of Nifty index constituents in overall net sales growth of Nifty 500 universe in FY26



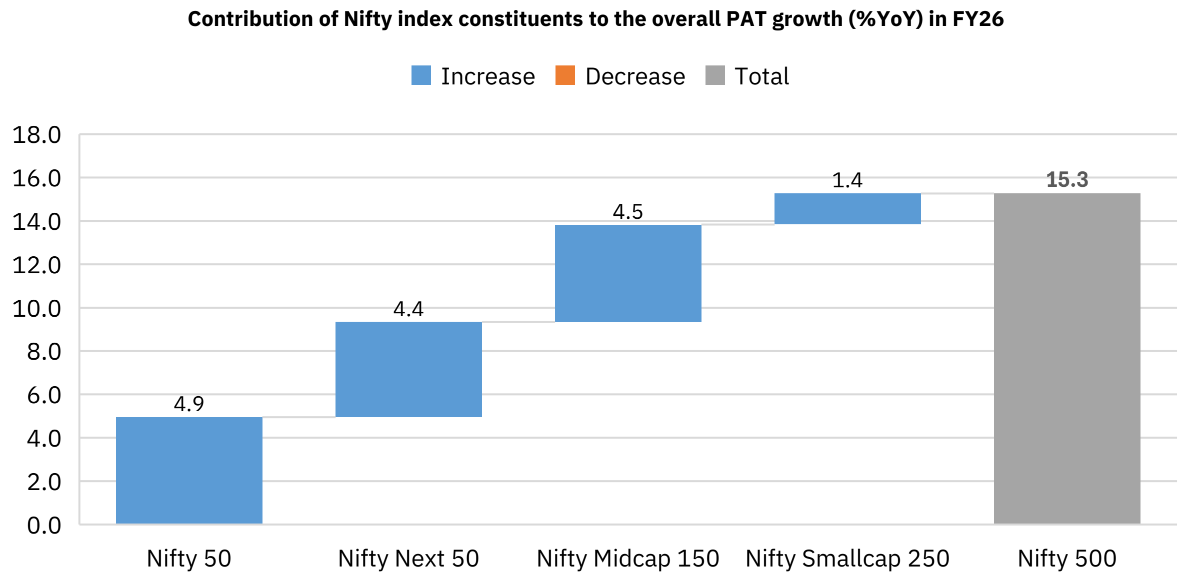
Source: CMIE Prowess, LSEG Workspace, NSE EPR
Note: 1. The above chart provides data for companies in the Nifty 500 index as of March 31st, 2026.
2. YoY growth is calculated using interim financials data.

Table 14: Segment-wise distribution of companies based on YoY aggregate and median topline growth in FY26

Index	<=0%	0% - 10%	10% -20%	20% - 30%	30% - 40%	40% - 50%	> 50%	Median
Nifty 50	3	21	18	5	0	1	2	11.2%
Nifty Next 50	5	17	17	6	1	0	2	11.2%
Nifty Midcap 150	9	46	54	21	5	4	8	13.1%
Nifty Smallcap 250	42	69	60	40	9	12	10	12.0%
Nifty 500	**59**	**153**	**149**	**72**	**15**	**17**	**22**	**12.2%**

Source: CMIE Prowess, LSEG Workspace, NSE
Note: 1. The above table provides data for companies in the Nifty 500 index as of March 31st, 2026.
2. YoY growth is calculated using interim financials data.

Figure 51: Share of Nifty index constituents in overall PAT growth of Nifty 500 universe in FY26



Source: CMIE Prowess, LSEG Workspace, NSE EPR
Note: 1. The above chart provides data for companies in the Nifty 500 index as of March 31st, 2026.
2. YoY growth is calculated using interim financials data.

Table 15: Segment-wise distribution of companies based on YoY aggregate and median PAT growth across Nifty 500 constituents in FY26

Index	<=0%	0% - 10%	10% -20%	20% - 30%	30% - 40%	40% - 50%	> 50%	Median (%)
Nifty 50	11	12	12	4	7	1	3	13.6%
Nifty Next 50	11	8	14	6	3	1	5	11.9%
Nifty Midcap 150	27	24	26	15	16	5	30	18.1%
Nifty Smallcap 250	71	28	33	27	13	12	41	14.8%
Nifty 500	**120**	**72**	**85**	**52**	**39**	**19**	**79**	**14.9%**

Source: CMIE Prowess, LSEG Workspace, NSE
Note: 1. The above table provides data for companies in the Nifty 500 index as of March 31st, 2026.
2. YoY growth is calculated using interim financials data.

Table 16: Segment-wise distribution of companies based on PAT margin across Nifty 500 constituents in FY26

Index	<=0%	0% - 10%	10% -20%	20% - 30%	30% - 40%	40% - 50%	> 50%	Median (%)
Nifty 50	1	20	15	11	2	1	0	14.1%
Nifty Next 50	0	14	19	10	2	0	3	15.4%
Nifty Midcap 150	2	53	55	24	6	1	6	12.2%
Nifty Smallcap 250	17	102	65	42	11	3	2	10.1%
Nifty 500	**20**	**189**	**154**	**87**	**21**	**5**	**11**	**11.6%**

Source: CMIE Prowess, LSEG Workspace, NSE
Note: 1. The above table provides data for companies in the Nifty 500 index as of March 31st, 2026.
2. YoY growth is calculated using interim financials data.

Earnings concentration analysis

To assess the breadth and resilience of India Inc.'s earnings base, we analyse concentration trends across the Nifty 50, Nifty 500, and the Nifty 500 ex-Nifty 50 universes using the Herfindahl–Hirschman Index (HHI). The HHI provides a quantitative measure of how evenly revenues and profits are distributed across listed firms: higher values indicate greater concentration in a few companies, while lower readings signal broader participation. By computing the HHI for sales, EBITDA, and PAT across these three cohorts over the past decade, we evaluate whether India's corporate growth cycle is becoming more top-heavy or more broad-based, and how this dispersion has evolved across large, mid-, and small-cap segments.

Understanding the Herfindahl–Hirschman Index (HHI)

The HHI is a widely used measure of concentration that captures how evenly (or unevenly) activity is distributed across a set of firms. It is calculated by squaring each firm's share of the total and summing these squared shares:

$$\text{HHI} = \sum_{i=1}^{N} (s_i)^2$$

where s_i represents the percentage share of firm i.

Higher values indicate that a small number of firms account for a large portion of activity, while lower values point to a more diffused and competitive structure. The index ranges from **0 to 10,000**, with commonly used thresholds distinguishing low, moderate, and high concentration.

Because larger shares exert a disproportionate influence when squared, the index rises quickly when a few firms dominate.

- **Below 1,500** → activity is spread across many firms.
- **1,500–2,500** → moderate concentration.
- **Above 2,500** → high concentration.
- **10,000** represents a single firm holding the entire market.

Why is HHI relevant for corporate earnings?

HHI serves as a clean indicator of how widely distributed earnings are within an index or sector.

- A higher value means that a small cluster of companies accounts for most of the revenue or profit.
- A lower value means earnings contributions are more evenly spread across the universe.

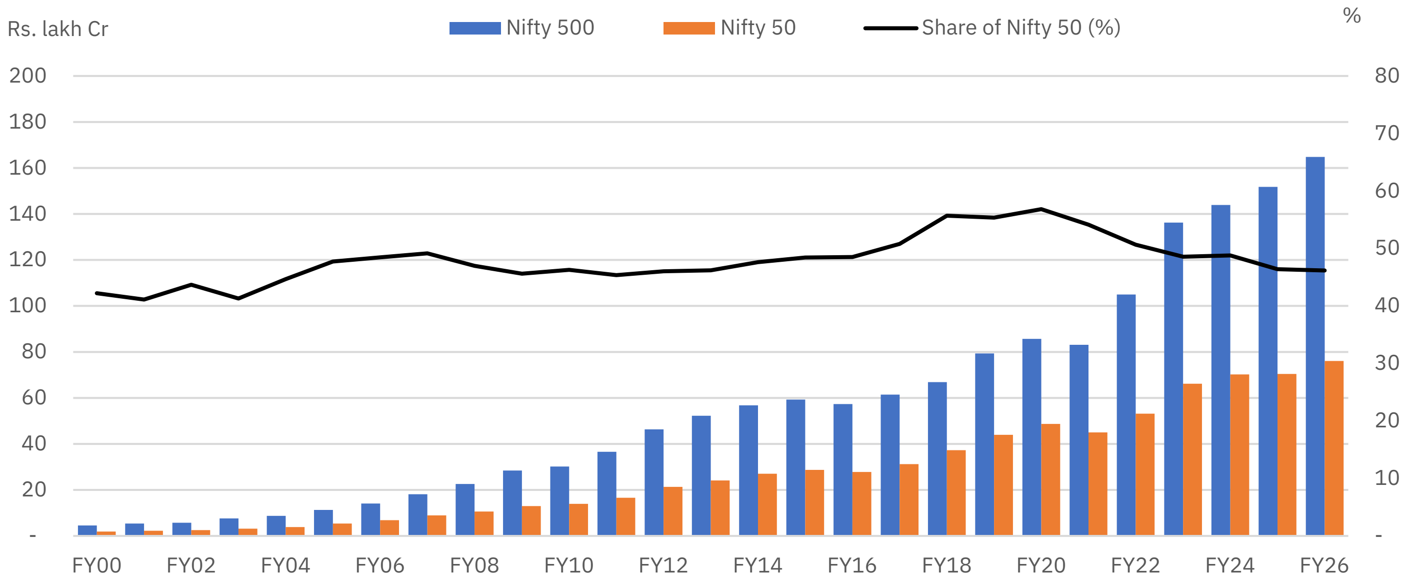
Tracking changes in HHI helps identify whether an earnings cycle is broadening—with greater participation from mid- and small-cap firms—or becoming increasingly top-heavy and dependent on a few leaders. This, in turn, aids in assessing the robustness and sustainability of corporate performance.

Declining concentration of Nifty 50 reflects broadening corporate performance: The contribution of the Nifty 50 to the Nifty 500 across key corporate performance indicators has moderated over the past few years, pointing to a gradual broadening of corporate activity beyond the largest listed companies. While the Nifty 50 universe continues to account for a significant share of aggregate revenues and earnings, underscoring the continued importance of India's largest companies, its dominance has eased, reflecting the increasing contribution of the remaining constituents of the Nifty 500. The moderation is particularly evident in EBITDA and PAT, suggesting that profitability has become progressively diversified beyond the top 50 cohort.

The Nifty 50's share in aggregate revenues rose from 42% in FY00 to a peak of 57% in FY20, before declining to 46% in FY26. Similarly, its share in aggregate profits moderated sharply from 87% in FY18 to 51% in FY26, while its contribution to aggregate operating earnings declined from a peak of 58% in FY00 to 49.6% in FY26.

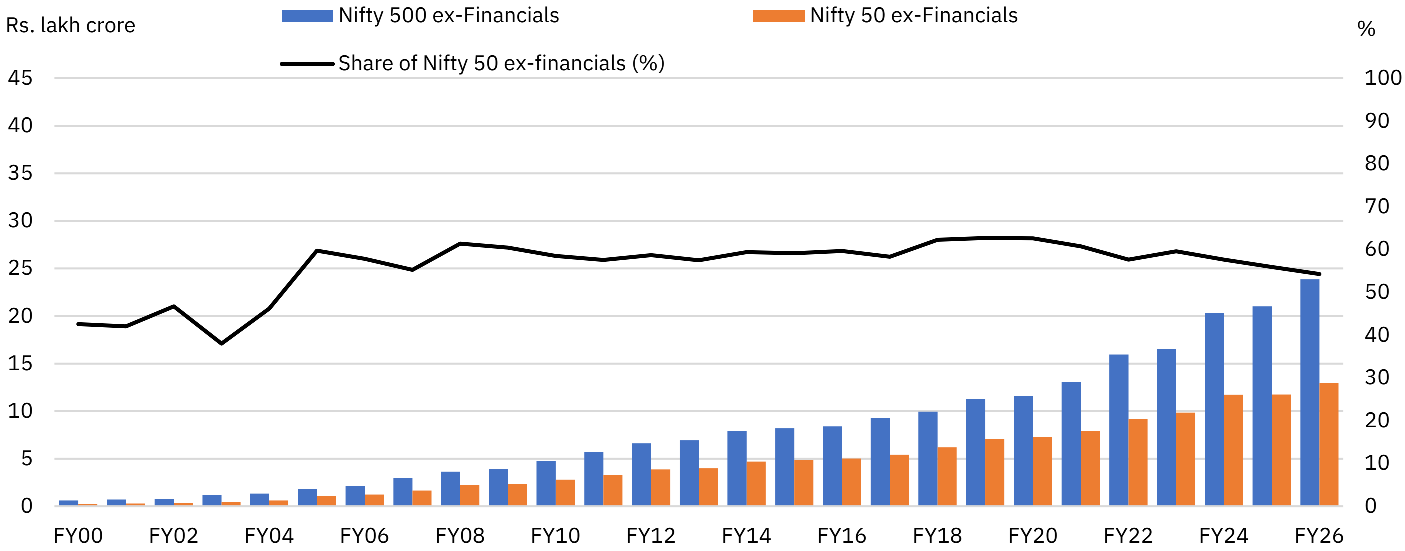
The declining concentration across these key metrics suggests that growth is becoming increasingly broad-based, with the remaining companies in the Nifty 500 registering stronger growth relative to the index heavyweights in recent years. This trend reflects improving business performance across a wider cross-section of listed companies, resulting in a more balanced distribution of revenues and earnings. The broadening of corporate performance also highlights the increasing depth and diversification of India's listed universe and their role in driving growth and profitability.

Figure 52: Trends in the share of Nifty 50 universe in Nifty 500 net sales



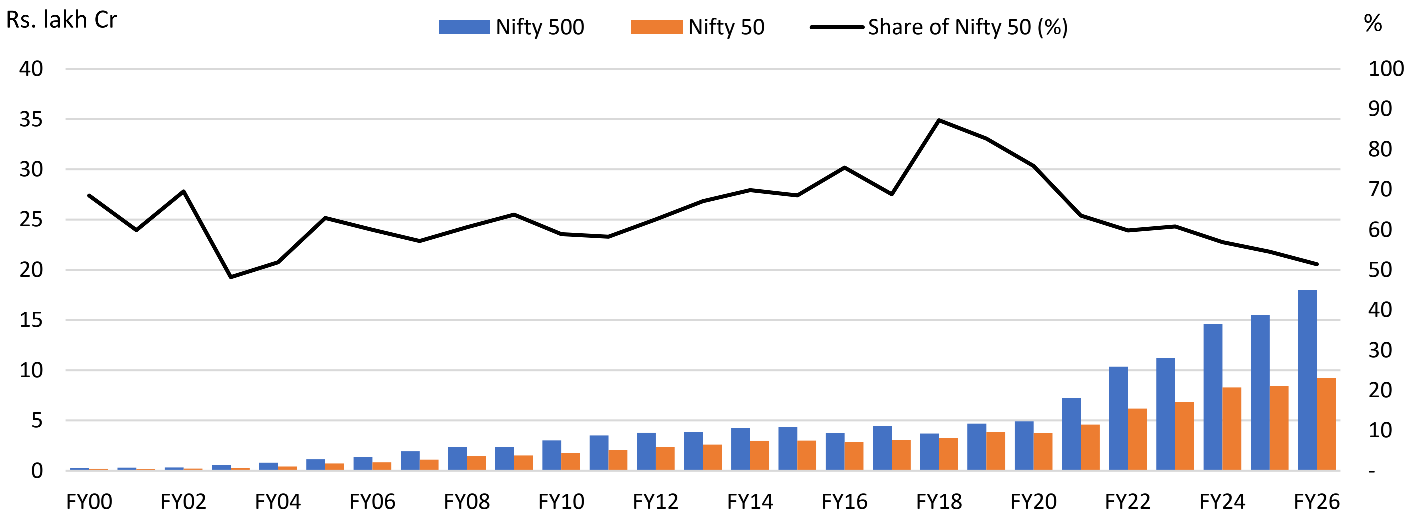
Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: FY aggregates is calculated using available interim financials data.

Figure 53: Trends in the share of Nifty 50 universe in Nifty 500 EBITDA



Source: CMIE Prowess, NSE EPR.
Note: 1. Nifty 500 and Nifty 50 universe excludes Financial companies.
2. FY aggregates is calculated using available interim financials data.

Figure 54: Trends in the share of Nifty 50 universe in Nifty 500 PAT



Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: FY aggregates is calculated using available interim financials data.

Revenue concentration has moderated across most sectors over time: The aggregate HHI for both the Nifty 50 and Nifty 500 declines steadily from the early 2000s, indicating that revenue has become less concentrated over the years. The decline was more pronounced for the broader Nifty 500 universe, suggesting that revenue growth has increasingly been shared by a wider set of companies beyond the top 50 cohort.

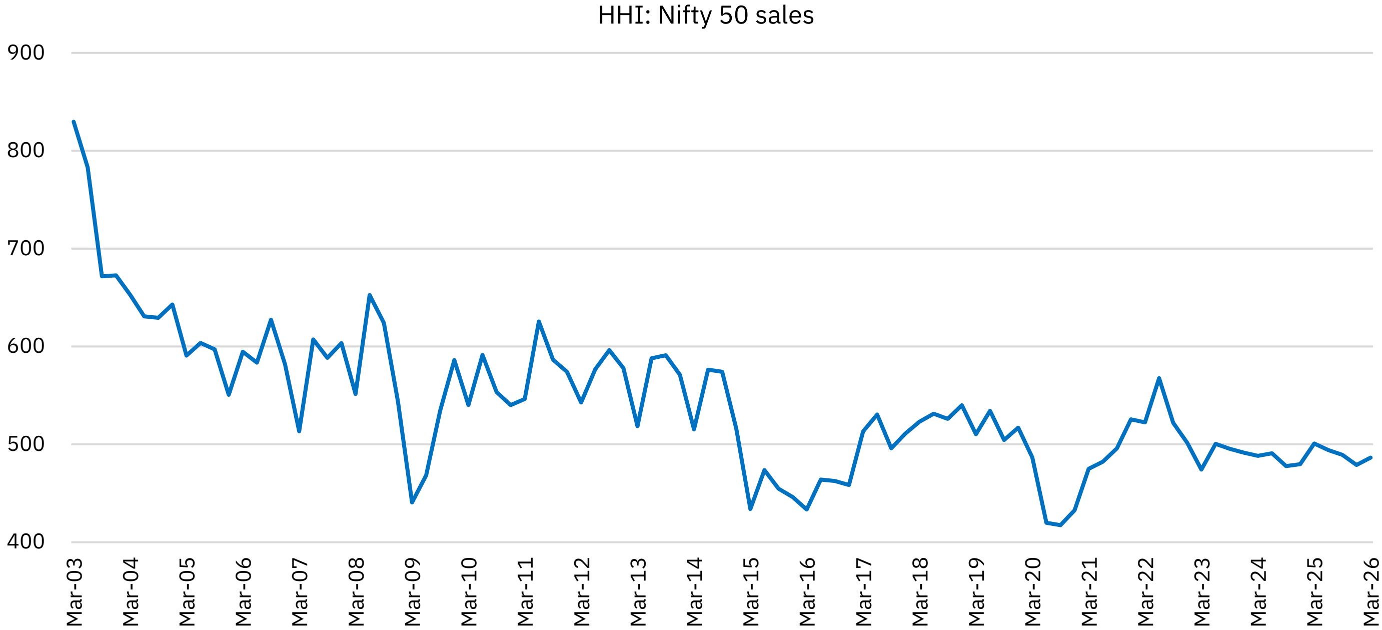
The broadening in revenue distribution was evident across several sectors within the Nifty 500. Financials recorded one of the sharpest declines in HHI, from 1,552 in FY00 to 295 in FY26, followed by Utilities (3,424 to 820), Consumer Staples (1,384 to 454), Energy (2,421 to 971) and Information Technology (955 to 686), indicating that revenues became progressively less dependent on a few dominant companies. Although concentration moderated significantly, Communication Services continued to remain structurally concentrated, with HHI declining from 4,324 in FY00 to 1,896 in FY26, while

Real Estate also witnessed a substantial reduction from 1,830 to 811, despite considerable volatility during the period.

In contrast, Health Care (250), Financials (295), Materials (299), Industrials (316) and Consumer Discretionary (365) exhibited comparatively low concentration levels, reflecting a wider distribution of revenues across constituent companies. Overall, the persistent decline in HHI across the Nifty 500, Nifty 50 and Nifty 500 excluding Nifty 50 points to a structural broadening of revenue generation across the Indian corporate sector over the past 26 years.

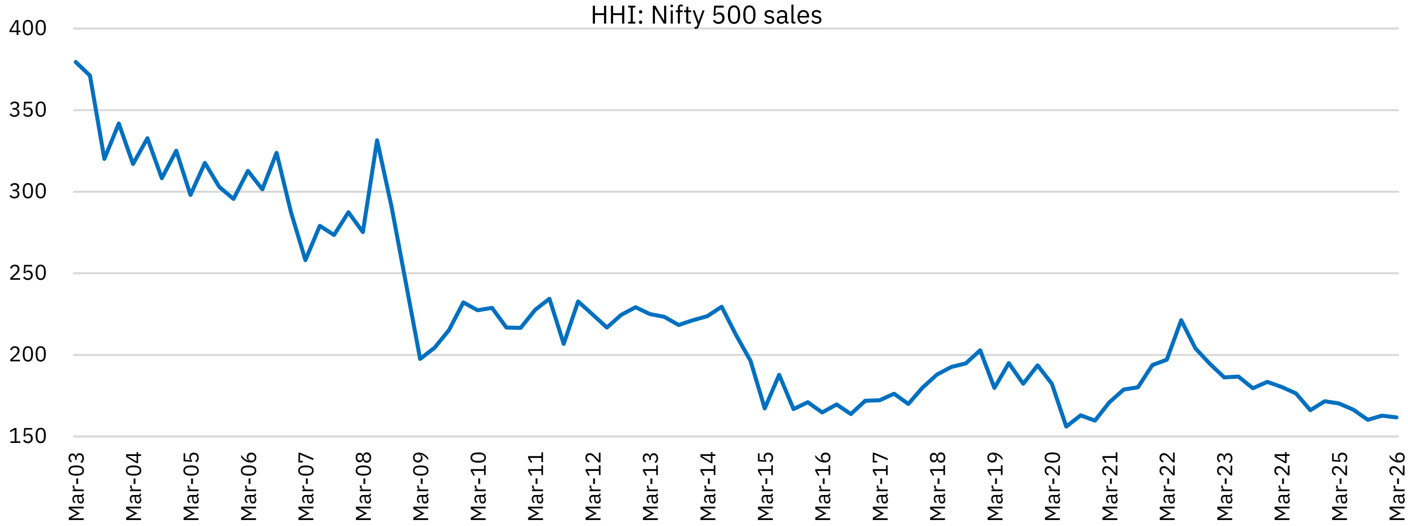
The CR4 analysis broadly supports the HHI results, while highlighting meaningful differences across sectors. Communication Services (87.4%), Energy (77.8%) and Utilities (65.4%) continued to exhibit the highest concentration, with the four largest companies accounting for a substantial share of sectoral revenues throughout the period. Financials recorded one of the sharpest declines in concentration, reflecting the emergence and expansion of a broader set of banks and financial institutions. Consumer Discretionary concentration rose gradually to a peak in FY14 before declining to early-2000s levels, indicating greater competitive depth. Information Technology also experienced a rise in revenue concentration until the late 2010s, followed by a modest easing in recent years.

Figure 55: HHI Index for net sales for Nifty 50 companies



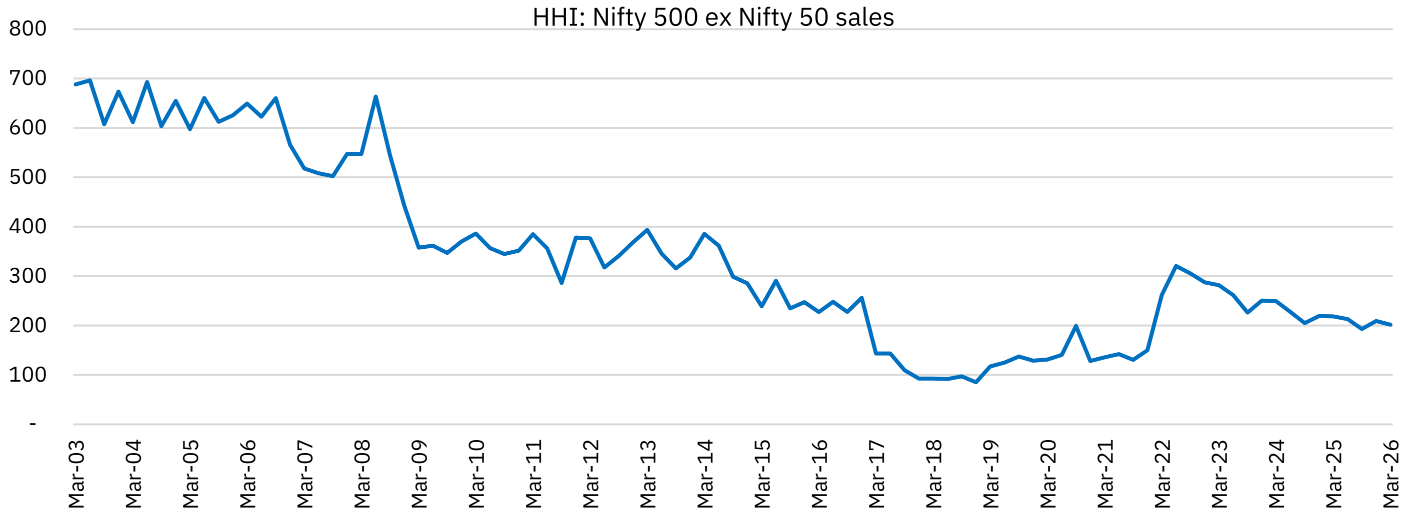
Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: FY aggregates is calculated using available interim financials data.

Figure 56: HHI Index for net sales for Nifty 500 companies



Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: FY aggregates is calculated using available interim financials data.

Figure 57: HHI Index for net sales for Nifty 500 excluding Nifty 50 companies



Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: FY aggregates is calculated using available interim financials data.

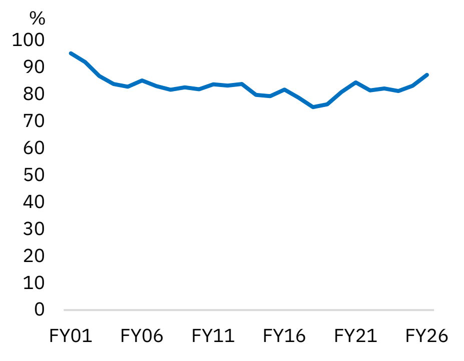
Table 17: Sector-wise HHI for net sales for Nifty 500 companies

Sectors	FY00	FY02	FY04	FY06	FY08	FY10	FY12	FY14	FY16	FY18	FY20	FY22	FY24	FY26
Comm. Svcs	4,324	3,541	2,979	2,086	1,475	1,515	1,531	1,394	1,412	1,376	1,485	1,392	1,495	1,896
Cons. Disc,	389	441	591	606	549	869	999	1,046	979	950	549	630	599	365
Cons. Staples	1,384	1,260	1,246	921	852	607	693	744	688	551	457	502	440	454
Energy	2,421	1,978	2,069	1,864	1,992	1,886	1,690	1,782	1,478	1,546	948	972	936	971
Financials	1,552	1,636	843	974	780	732	436	514	520	518	308	260	322	295
Healthcare	560	580	507	388	324	305	334	369	416	344	282	244	258	250
Industrials	538	533	577	453	356	346	362	341	495	488	312	290	311	316
IT	955	702	745	719	641	643	735	852	927	810	848	800	793	686
Materials	371	340	455	338	900	460	408	454	327	351	262	313	287	299
Real Estate	1,830	4,190	3,036	4,513	1,874	1,156	921	650	702	669	740	855	798	811
Utilities	3,424	2,598	2,607	2,799	3,014	1,643	1,120	1,056	908	1,029	734	925	841	820

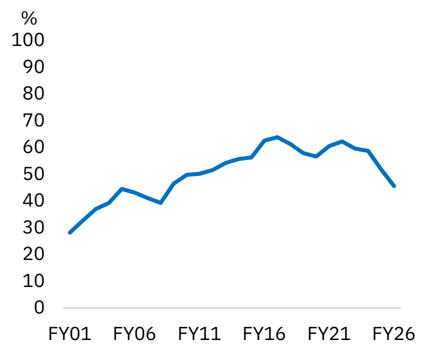
Source: CMIE Prowess, LSEG Workspace, NSE EPR.
Note: FY aggregates are calculated using interim financials.

Sector-wise revenue concentration of the top four companies

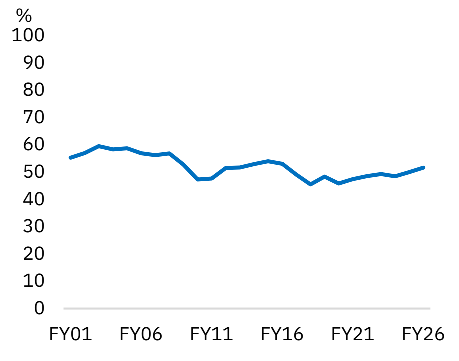
Communication Services



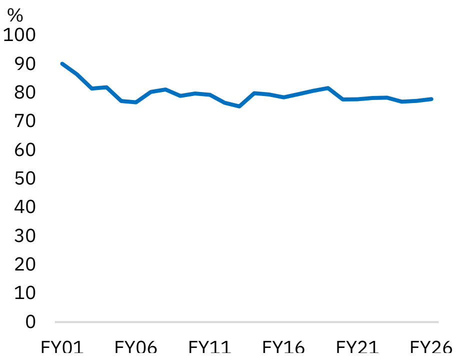
Consumer Discretionary



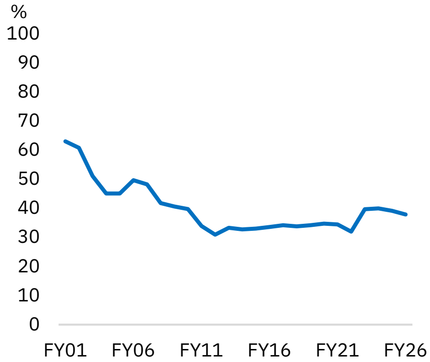
Consumer Staples



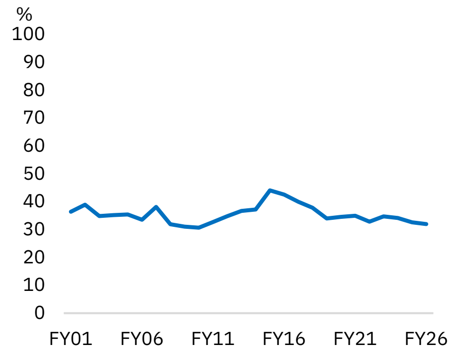
Energy



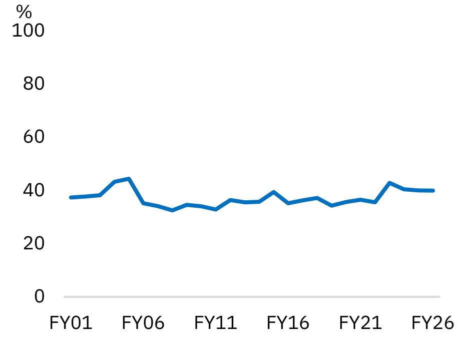
Financials



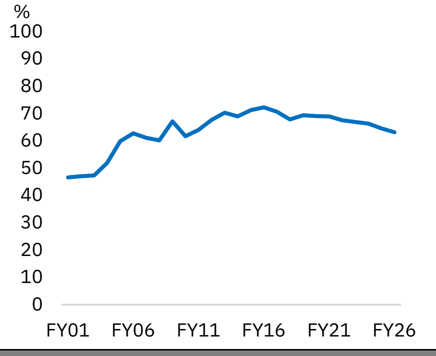
Health Care



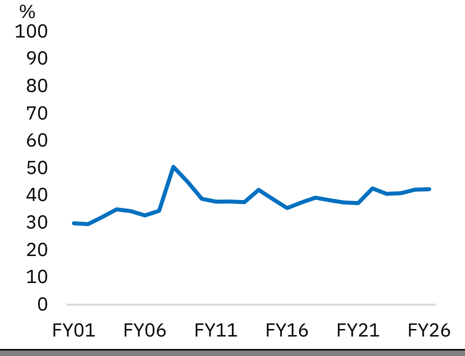
Industrials



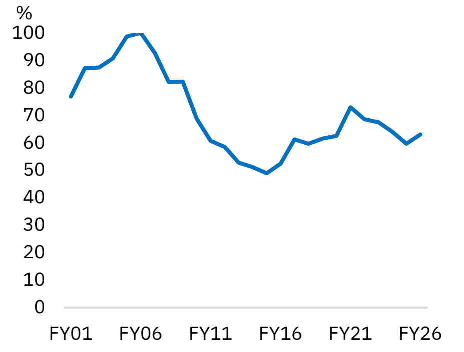
Information Technology



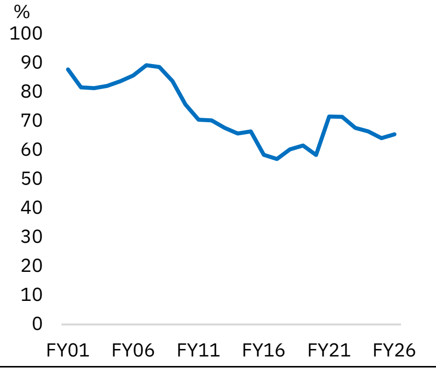
Materials



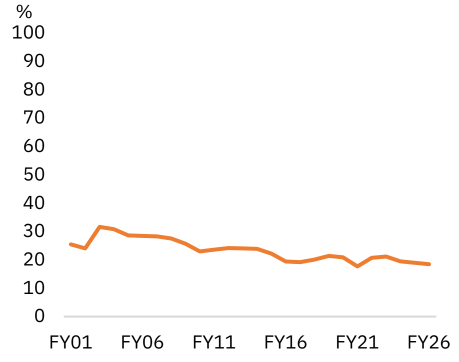
Real Estate



Utilities



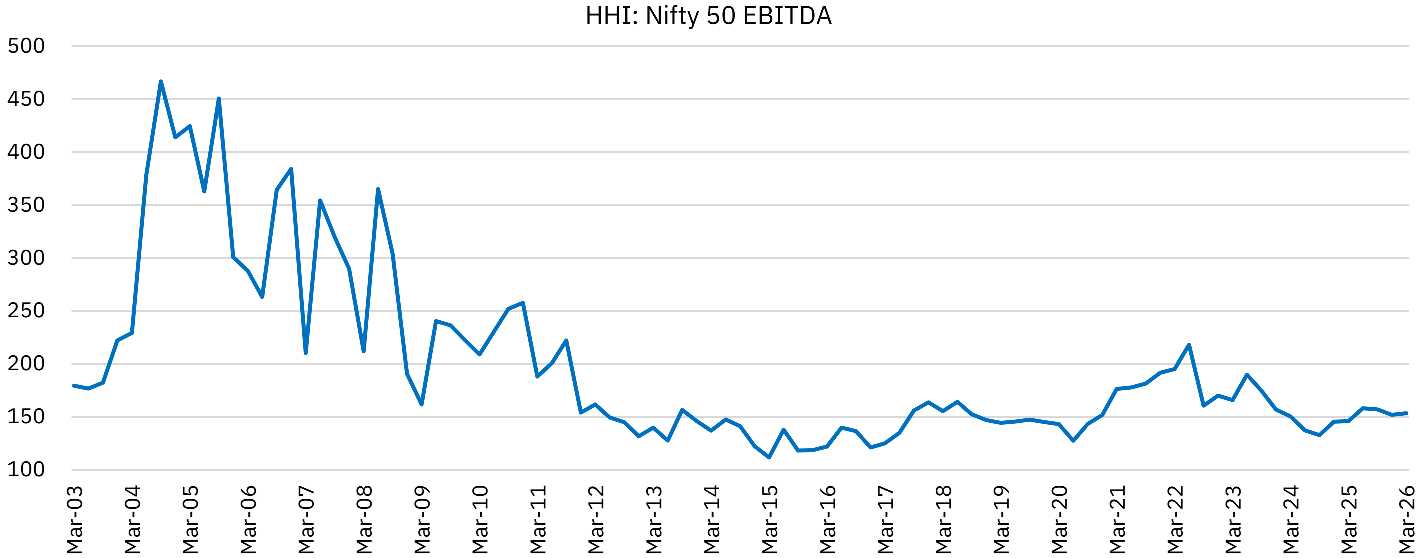
Nifty 500



Trends in EBITDA reflects a broader distribution of operating profits: HHI for Nifty 500 and Nifty 50 EBITDA has witnessed a sustained decline in the last 26 years, indicating that EBITDA generation has become more broad-based. Although concentration increased temporarily during FY21-FY23, reflecting the post-pandemic earnings recovery among larger companies, the indices subsequently moderated, with FY26 remaining well below historical peaks. The decline in EBITDA concentration was evident across several sectors. Consumer Staples (1,824 to 708), Utilities (2,672 to 719), Energy (2,948 to 1,039), Health Care (536 to 262) and Industrials (584 to 293) witnessed sharpest declines in EBITDA concentration, with IT and Consumer Discretionary witnessing high concentration during FY12-FY18 before reverting to early 2000s' levels.

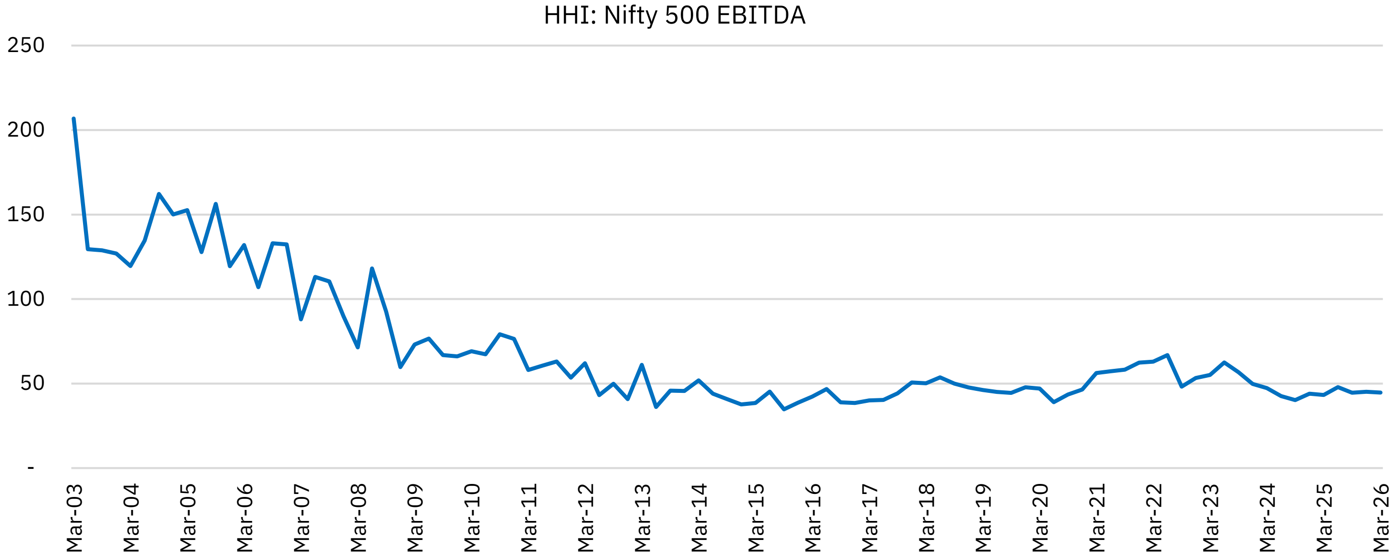
Real Estate witnessed a pronounced moderation from 4,229 in FY00 to 831 in FY26, despite experiencing significant volatility and peaking at 6,826 in FY07. In contrast, Communication Services remained structurally concentrated, although its HHI nearly halved from 4,472 in FY00 to 2,322 in FY26, followed by Energy (1,039) and Information Technology (918). In comparison, Health Care (262), Materials (282), Industrials (293), Financials (312) and Consumer Discretionary (329) exhibited the lowest EBITDA concentration, indicating a relatively broader distribution of operating profits across constituent companies.

Figure 58: HHI Index for EBITDA for Nifty 50 companies (ex-Financials)



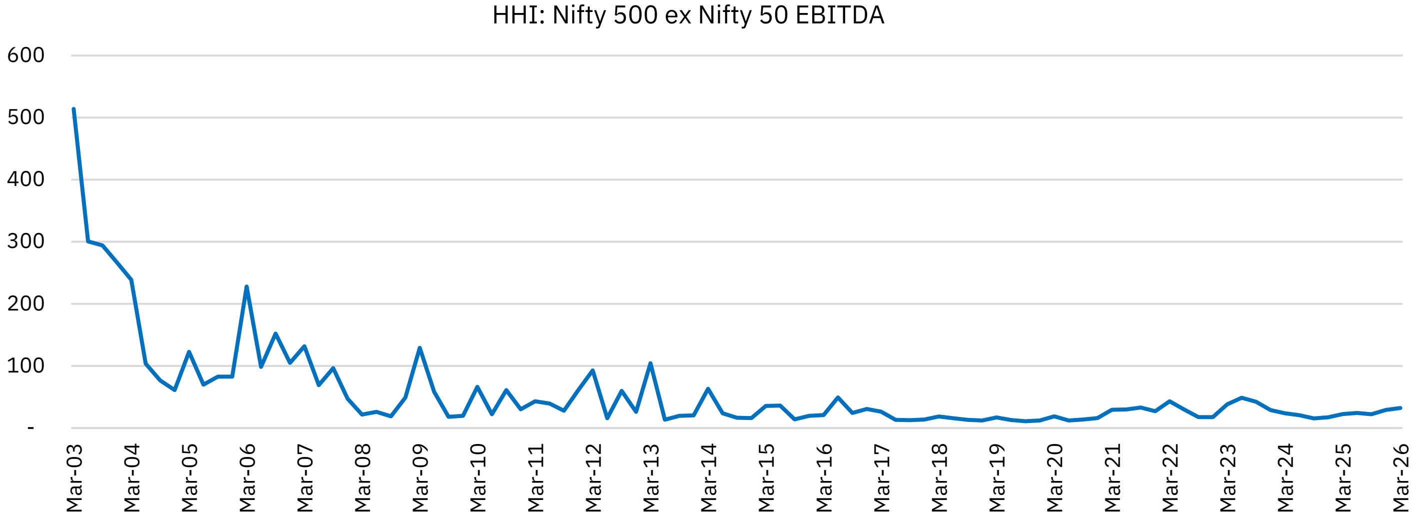
Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: FY aggregates are calculated using interim financials data.

Figure 59: HHI Index for EBITDA for Nifty 500 companies (ex-Financials)



Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: FY aggregates are calculated using interim financials data

Figure 60: HHI Index for EBITDA for Nifty 500 excluding Nifty 50 companies (ex-Financials)



Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: FY aggregates are calculated using interim financials data

Table 18: Sector-wise HHI for EBITDA for Nifty 500 companies (ex-Financials)

Sectors	FY00	FY02	FY04	FY06	FY08	FY10	FY12	FY14	FY16	FY18	FY20	FY22	FY24	FY26
Comm. Svcs	4,472	3,934	4,352	2,493	1,676	1,912	1,886	1,492	1,616	1,731	1,659	1,588	2,060	2,322
Cons.Disc,	325	420	590	602	510	680	1,057	1,124	1,044	861	352	442	577	329
Cons.Staples	1,824	2,116	2,362	1,496	1,408	946	1,253	1,727	1,381	1,153	934	877	800	708
Energy	2,948	2,283	2,276	3,112	2,594	2,393	1,460	1,297	1,273	1,571	1,462	1,100	985	1,039
Financials	1,528	1,739	872	961	776	719	436	495	527	542	330	313	330	312
Healthcare	536	692	536	333	349	412	380	499	480	368	306	269	273	262
Industrials	584	572	645	501	383	411	437	416	444	527	391	356	322	293
IT	905	931	978	928	838	856	1,040	1,091	1,185	1,046	1,085	1,003	1,089	918
Materials	300	284	578	475	605	334	370	471	387	422	265	378	276	282
Real Estate	4,229	4,833	5,195	4,642	2,282	1,377	1,058	875	977	950	767	796	841	831
Utilities	2,672	2,295	2,402	3,223	3,346	1,658	919	925	817	1,029	840	955	786	719

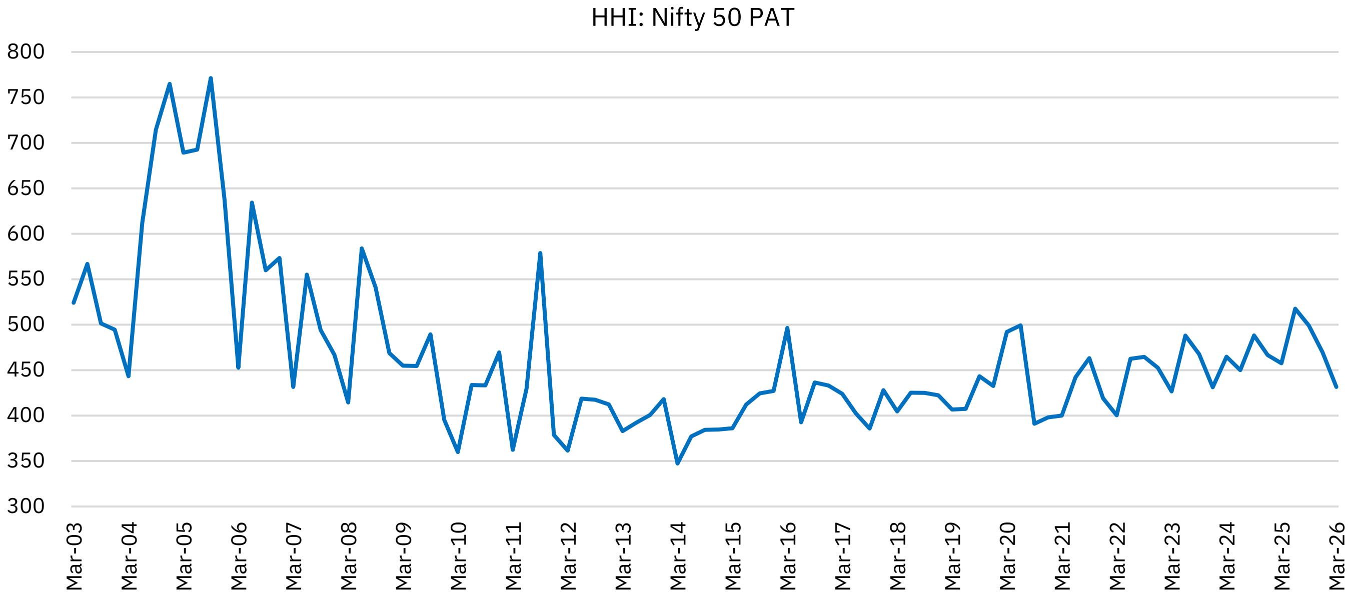
Source: CMIE Prowess, LSEG Workspace, NSE EPR.
Note: FY aggregates are calculated using interim financials data

PAT concentration mirrors trends in revenue and EBITDA over the last two decades: HHI for Nifty 500 profit after tax (PAT) declined from 225 in FY00 to 80 in FY26, despite touching a cyclical high of 438 in FY03. The sustained decline in the index reflects a gradual broadening of corporate profitability, with earnings becoming less concentrated among a handful of large companies and increasingly distributed across a wider set of listed firms. A similar trend is visible across market segments. The Nifty 50 PAT HHI declined from 602 in FY00 to 248 in FY26, indicating lower earnings concentration even among the largest companies, while the Nifty 500 excluding the Nifty 50 recorded a sharper moderation from 476 to 197 over the same period, suggesting that profit generation has broadened materially across the broader listed universe.

The structural decline in earnings concentration was supported by broad-based moderation across most sectors. Financials recorded one of the steepest reductions in HHI, declining from 1,431 in FY00 to 284 in FY26, followed by Utilities (3,716 to 834), Energy (3,368 to 934), Consumer Staples (2,422 to 790) and Health Care (572 to 283). These trends indicate that sectoral profitability has become progressively less reliant on a few dominant companies. While Information Technology (1,083 to 978) also witnessed a moderation in concentration, it continued to remain relatively concentrated compared with several other sectors.

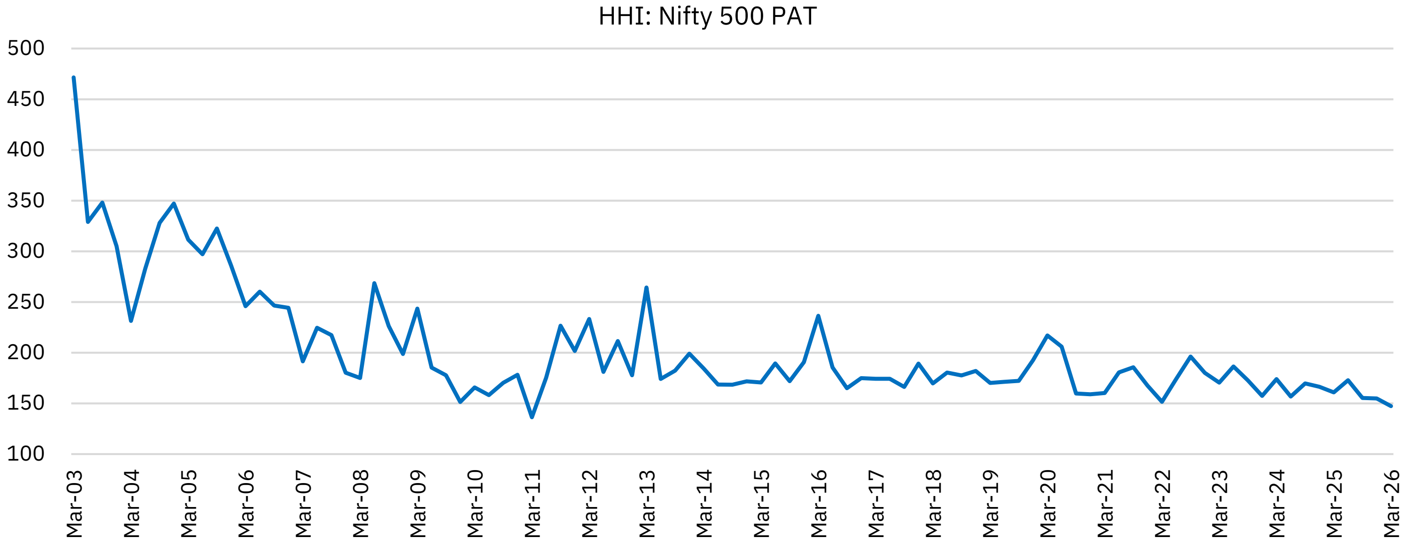
At the sectoral level, Communication Services remained the most concentrated sector in FY26, with a PAT HHI of 2,547, reflecting the continued dominance of a limited number of companies in sectoral earnings. In contrast, Materials (268), Health Care (283), Financials (284) and Industrials (285) exhibited the lowest concentration levels, indicating a relatively wider distribution of profits across constituent companies. Overall, the persistent decline in the aggregate PAT HHI across the Nifty 500, together with the moderation observed in both the Nifty 50 and the Nifty 500 excluding the Nifty 50, highlights a structural broadening of corporate profitability and a more diversified earnings base within the Indian listed equity universe.

Figure 61: HHI Index for PAT for Nifty 50 companies



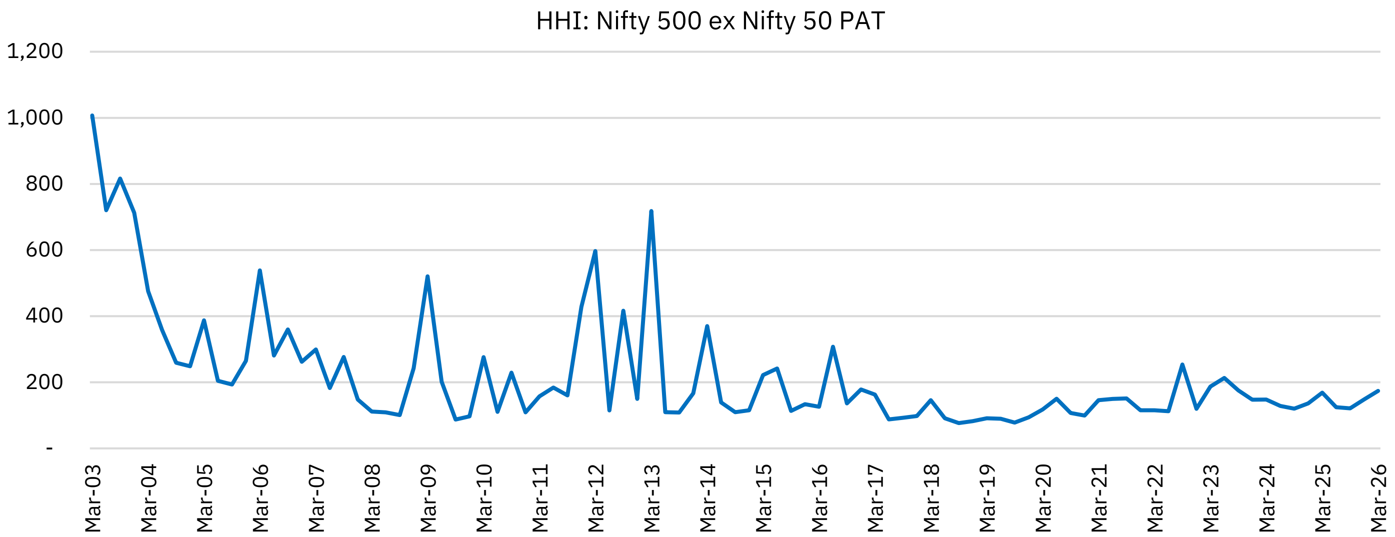
Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: FY aggregates are calculated using interim financials data

Figure 62: HHI Index for PAT for Nifty 500 companies



Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: FY aggregates are calculated using interim financials data

Figure 63: HHI Index for PAT for Nifty 500 excluding Nifty 50 companies



Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: FY aggregates are calculated using interim financials data

Table 19: Sector-wise HHI for PAT for Nifty 500 companies

Sectors	FY00	FY02	FY04	FY06	FY08	FY10	FY12	FY14	FY16	FY18	FY20	FY22	FY24	FY26
Comm. Svcs	4,472	4,047	4,152	2,514	1,807	2,371	2,155	1,441	1,398	1,077	1,046	1,299	1,451	2,547
Cons.Disc,	420	947	769	788	600	701	1,391	1,249	813	507	356	346	570	343
Cons.Staples	2,422	2,776	2,773	1,680	1,758	1,113	1,770	2,071	1,545	1,267	1,040	974	932	790
Energy	3,368	2,570	2,195	3,215	2,707	2,569	1,560	1,386	1,361	1,550	1,717	1,054	871	934
Financials	1,431	1,354	646	765	623	528	403	425	543	524	419	332	296	284
Healthcare	572	948	648	402	434	440	569	749	558	460	311	298	340	283
Industrials	750	632	750	537	444	570	822	683	569	538	374	329	292	285
IT	1,083	1,192	1,106	1,038	910	940	1,154	1,199	1,283	1,107	1,160	1,035	1,170	978
Materials	436	460	869	532	561	392	415	617	983	411	238	393	245	268
Real Estate	3,939	3,201	7,089	4,558	2,110	1,209	866	562	658	1,599	1,194	1,010	949	985
Utilities	3,716	2,918	3,052	3,488	2,961	1,758	1,096	1,617	1,107	1,296	756	883	776	834

Source: CMIE Prowess, LSEG Workspace, NSE EPR.
Note: FY aggregates are calculated using interim financials data

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