

Q1FY25 Earnings Review: Profit growth moderated to low single digits

The first quarter of FY25 saw net revenue growth rate of Nifty50 and Nifty500 companies moderating to a three-quarter low of 9.6% YoY and 9.4% YoY respectively. On a sequential basis, net revenue declined by 2% QoQ and 2.6% QoQ. The YoY expansion in net revenues was primarily led by Financials (gross interest income) accounting for over 50% of the growth, thanks to sustained credit offtake, excluding which growth moderated to 5.5% and 6% YoY for Nifty 50 and Nifty 500 universe respectively. Operating profit growth moderated to 1.4% YoY/-4.9% QoQ and 1.3% YoY/3.6% QoQ for the Nifty 50 and Nifty 500 universe respectively, weighed down by low refining margins and subdued revenue growth in the Energy sector. Excluding Energy, operating profit growth came in at a decent 9.5% YoY and 11.8% YoY, resulting in margin accretion of 82bps YoY and 87bps YoY to 23% and 21.5% respectively in Q1FY25. Aggregate adjusted profit growth, however, declined to a seven-quarter low of 3.3% YoY and 3.7% YoY for Nifty50 and Nifty500 companies, while it fell by 10.2% and 5.9% on a sequential basis. Financials and Consumer Discretionary companies led the profit growth in Q1, excluding which PAT growth declined 5% and 6% YoY respectively.

Earnings growth in Q1FY25, while moderating on a sequential as well as YoY basis, was in line with expectations, led by steady performance from domestic cyclical sectors viz., Financials, Industrials and Consumer Discretionary, while commodity-focused sectors including Energy and Materials reported a weak quarter. This is also reflected in earnings downgrades in Materials and Energy sectors. Consensus earnings estimates (from LSEG Datastream) for FY25 for the top 200 covered companies by market cap saw a modest downgrade of 0.5% in the quarter thus far, while that for FY26 has inched up by 0.4% (As on September 12th, 2024). This translates into an expected aggregate profit growth of 9.8%/17.5% in FY25/FY26 on top of a robust 33.1% growth in FY24, implying a CAGR of 13.4% during FY24-26. In line with modest downgrades, the Earnings Revision Indicator (ERI) also remained in the negative territory, implying a greater number of downgrades than upgrades. Going forward, resilient urban demand, recovery in rural demand amid a normal monsoon, improvement in external demand as the easing cycle kicks in, and uptick in capex spending by the Government should support earnings growth in FY25.

- **Topline growth moderated in Q1FY25:** Aggregate top-line of Nifty 50/Nifty 500 universe grew at a three-quarter low rate of 9.6%/9.4% YoY in Q1FY25 vs. 10.5%/9.9% YoY in the previous quarter. The Financials sector was a major contributor, propelled by a strong growth in credit offtake, contributing ~52% to the revenue growth in the Nifty 500 universe in Q1. This was followed by Consumer Discretionary that accounted for another 13% to aggregate topline growth for Nifty 500 companies, aided by strong auto sales. Energy and Materials were the laggards in Q1, weighed down by lower realisations in the wake of poor demand amid a weak global outlook.
- **Headwinds from low refining margins impacted EBITDA growth in Q1FY25:** EBITDA growth rate for Nifty 50 and Nifty 500 universe (excluding Financials) moderated to 1.4% YoY/-4.9% QoQ and 1.3% YoY/3.6% QoQ in Q1FY25 respectively, as the increase in operating costs overshoot the growth rate in net sales for the universe. Sector-wise, companies in the Energy sector weighed on the EBITDA growth of Nifty 500 universe (ex. Financials), thanks to low refining margins that impacted the overall growth rate for the Nifty 500 and Nifty 500 ex. Nifty 50 by 811 bps and 1,045 bps YoY respectively. Excluding the Energy sector, EBITDA growth rate came in at a decent 9.5% YoY and 11.8% YoY respectively.
- **Financials and Consumer Discretionary drove the PAT growth in Q1:** Aggregate adjusted PAT growth for Nifty 50 and Nifty 500 companies came in at a seven-quarter

Aggregate top-line growth of Nifty 50/Nifty 500 universe grew at a three-quarter low of 9.6%/9.4% YoY in Q1FY25.

EBITDA growth rate moderated on YoY and QoQ basis to 1.3%YoY/-4.9% QoQ and 1.3%YoY/3.6% QoQ for Nifty50 and Nifty 500 companies.

low of 3.3% YoY and 3.7% YoY respectively in Q1FY25. Sector-wise, Financials and Consumer Discretionary have contributed entirely to the PAT growth in Nifty 50 and Nifty 500 companies respectively. Excluding these two sectors, PAT growth declined 5% and 6% YoY respectively. While PAT growth of Nifty 500 companies excluding the top 50 was slightly higher at 4.3% YoY in Q1, excluding financials and consumer discretionary sectors the decline in PAT was higher at 7.4% YoY.

Aggregate adjusted PAT for Nifty50/ Nifty 500 companies grew at a seven-quarter low of 3.3%/ 3.7% YoY in Q1FY25.

- **Earnings estimates for FY25 revised downwards...:** Our analysis of earnings performance of top 200 covered companies by market capitalisation show that aggregate profit estimates for FY25 was revised downwards by 0.5% in the quarter thus far, primarily led by downgrades in Materials and Energy, and it almost entirely offsetting the upgrades seen in the previous quarter. Excluding these two, accounting for ~26% of total earnings, the aggregate profit estimate for FY25 was raised by a total of 0.5% during July-August 2024. The earnings estimate for FY26, however, saw an increase of 0.4% since June-end, with all sectors barring Materials, Financials, and Consumer Staples seeing upgrades. With this, the aggregate earnings of the top 200 companies are now expected to increase by 9.8% and 17.5% in FY25 and FY26 respectively, following a strong 33.1% PAT growth in FY24, implying an earnings CAGR of 13.4% during FY24-26. Sector-wise, Financials and Materials are expected to contribute to nearly 52% of incremental earnings of the top 200 companies over the next two years, much higher than their combined share of 42% in overall corporate earnings in FY24.
- **...With the ERI remaining in the negative territory:** After a sharp drop following the onset of the Russia-Ukraine war in February 2022, the Earnings Revision Indicator (ERI) for the Nifty 50 universe picked up meaningfully in the second half of 2022, indicating higher number of upgrades than downgrades. The ERI moved in a tight band over the subsequent 15 months until March 2024, as in-line corporate earnings kept number of upgrades and/or downgrades contained. In the first five months of this fiscal, however, the ERI has turned volatile again, with most sectors barring IT and Utilities witnessing a moderation in ERI. In fact, Materials and Consumer Staples continued to see a far higher number of downgrades than upgrades, resulting in the ERI falling further deep into negative territory.

Aggregate earnings growth of top 200 companies is pegged at 9.8% and 17.5% in FY25 and FY26 respectively, implying an earnings CAGR of 13.4% during this period.

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Nifty 50 Q1FY25 results

Net sales growth rate of Nifty 50 companies witnessed slight moderation in Q1FY25:

While the Nifty 50 universe saw their topline grow at a three-quarter low growth rate of 9.6% YoY to Rs 18.5 lakh crore, on a sequential basis, the topline contracted by a 12-quarter low of 2% in Q1FY25. Comparing this with the pre-pandemic performance, the topline growth in the quarter gone by was lower than the average of YoY/QoQ growth rate of 10.4%/3% witnessed in the same period over five years prior to the onset of the pandemic (2015- 19). Within the Nifty 50 universe, 45/29 companies registered YoY/QoQ growth in net sales during the June quarter.

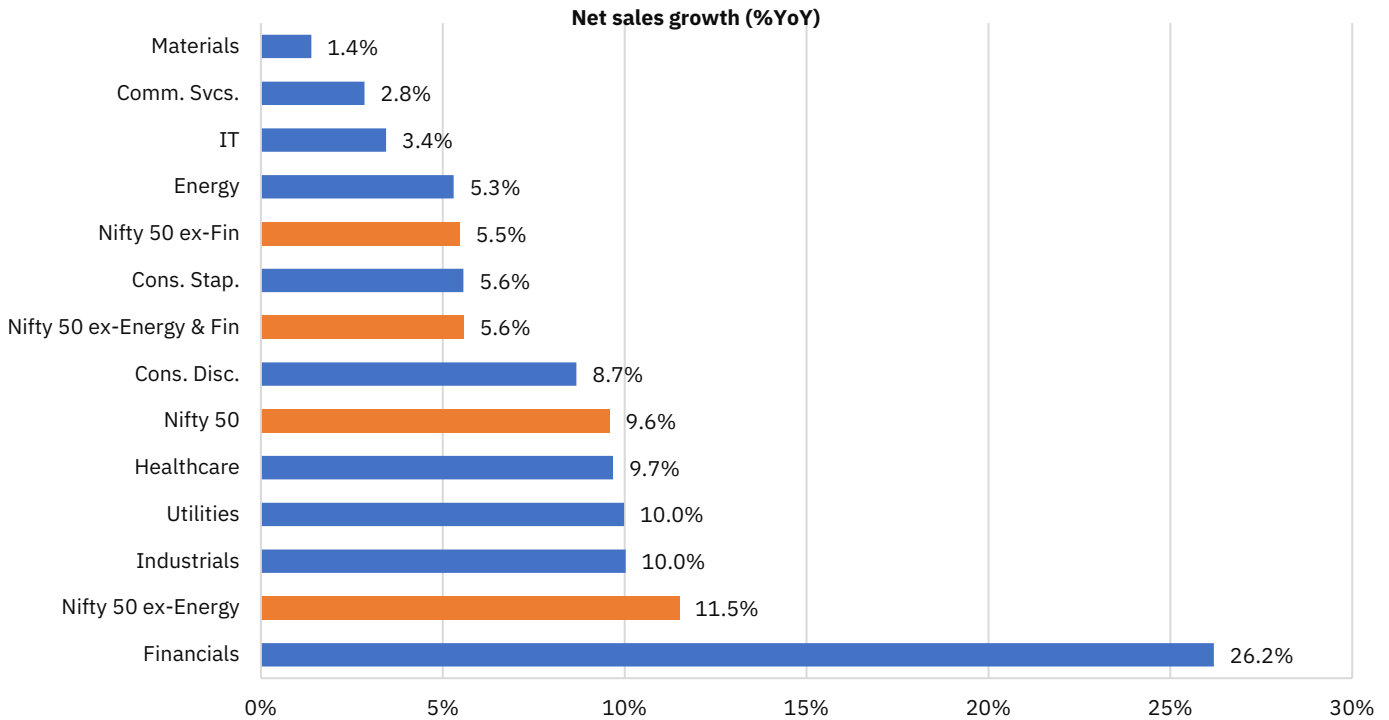
Sector-wise, Financials (gross interest income) continued to be the key driver of expansion in Nifty 50 net sales during the quarter, accounting for over 50% of the YoY rise. While gross interest income for the sector expanded by a robust 26.2% on a YoY basis due to sustained demand for credit, net interest income grew at a slightly lower rate of 19.7% YoY due to higher credit costs, muted treasury gains and lower deposit growth as compared to loan growth. That said, the YoY growth rate for the sector in Q1FY25 was the lowest in the last seven quarters. Industrials and Utilities also posted a double-digit YoY growth rate, aided by a lower base, even as the contribution of these sectors to the overall YoY topline growth of Nifty 50 net sales remained at a modest 4.9% and 3.3% respectively. While lower Government capex spending during General Elections led to some moderation in orders for Industrials' companies in Q1, rising power demand and improved realisation aided the Utilities sector.

Companies in the Energy sector contributed 17% of the overall expansion in Nifty 50 topline growth, led by Reliance Industries, while the YoY growth for the sector remained muted at 5.3% in the June quarter. While higher crude prices improved realisation, demand for crude remained subdued. Excluding companies in the Energy sector, the YoY top line growth for the Nifty 50 universe came in at a double-digit 11.5% in the June quarter. While revenue growth of the Consumer Discretionary sector was driven by steady demand for automobiles in urban and rural markets, slowdown in demand for metals in global and domestic markets weighed on revenue growth of Materials sector.

Table 1: Sector-wise net sales growth of Nifty 50 companies in Q1FY25

Sector	QoQ growth			YoY growth		
	Jun-23	Mar-24	Jun-24	Jun-23	Mar-24	Jun-24
Communication Services	4.0	(0.8)	2.4	14.1	4.4	2.8
Consumer Discretionary	0.6	5.5	(4.8)	30.0	14.8	8.7
Consumer Staples	(0.6)	0.3	2.6	2.0	2.4	5.6
Energy	(2.4)	2.8	(1.7)	(6.8)	4.5	5.3
Financials	7.0	3.3	1.0	52.1	33.7	26.2
Health Care	6.8	(1.3)	5.4	13.9	11.2	9.7
Industrials	(16.7)	14.1	(15.1)	(2.2)	8.0	10.0
Information Technology	(0.3)	(0.3)	1.4	12.6	1.7	3.4
Materials	(6.2)	9.6	(5.4)	0.6	0.5	1.4
Utilities	(4.2)	9.6	(0.1)	0.1	5.5	10.0
Nifty 50	(1.1)	4.3	(2.0)	9.9	10.5	9.6
Nifty 50 ex-Energy	(0.6)	4.9	(2.1)	19.4	13.3	11.5
Nifty 50 ex-Financials	(3.0)	4.6	(2.9)	2.8	5.3	5.5
Nifty 50 ex-energy ex-fin	(3.3)	5.7	(3.6)	9.9	5.9	5.6
Nifty 50 excl HDFCBK	(1.4)	4.4	(2.2)	9.2	8.9	8.0

Source: CMIE Prowess, LSEG workspace, NSE EPR. Note: The above table provides data for companies in the Nifty 50 index as on June 30th, 2024.

Figure 1: Sector-wise net sales growth of Nifty 50 companies in Q1FY25


Source: CMIE Prowess, LSEG workspace, NSE EPR

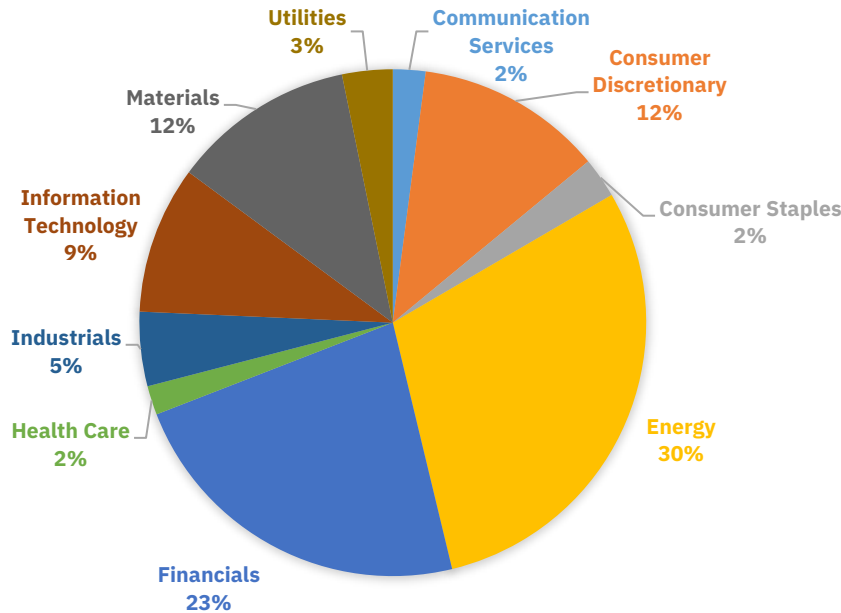
Note: The above table provides data for companies in the Nifty 50 index as on June 30th, 2024.

Table 2: Sector-wise contribution of Nifty 50 companies to net sales growth in Q1FY25

Sector	Net sales (Rs crore)	Contribution to net sales growth	
		% QoQ	% YoY
Communication Services	38,506	0.0	0.1
Consumer Discretionary	2,20,639	(0.6)	1.0
Consumer Staples	47,581	0.1	0.1
Energy	5,47,920	(0.5)	1.6
Financials	4,22,766	0.2	5.2
Health Care	34,246	0.1	0.2
Industrials	87,549	(0.8)	0.5
Information Technology	1,74,097	0.1	0.3
Materials	2,15,627	(0.6)	0.2
Utilities	59,527	(0.0)	0.3
Nifty 50	18,48,458	(2.0)	9.6
Nifty 50 ex-Energy	13,00,538	7.2	7.9
Nifty 50 ex-Financials	14,25,693	10.7	4.4
Nifty 50 ex-energy ex-fin	8,77,772	8.3	2.7

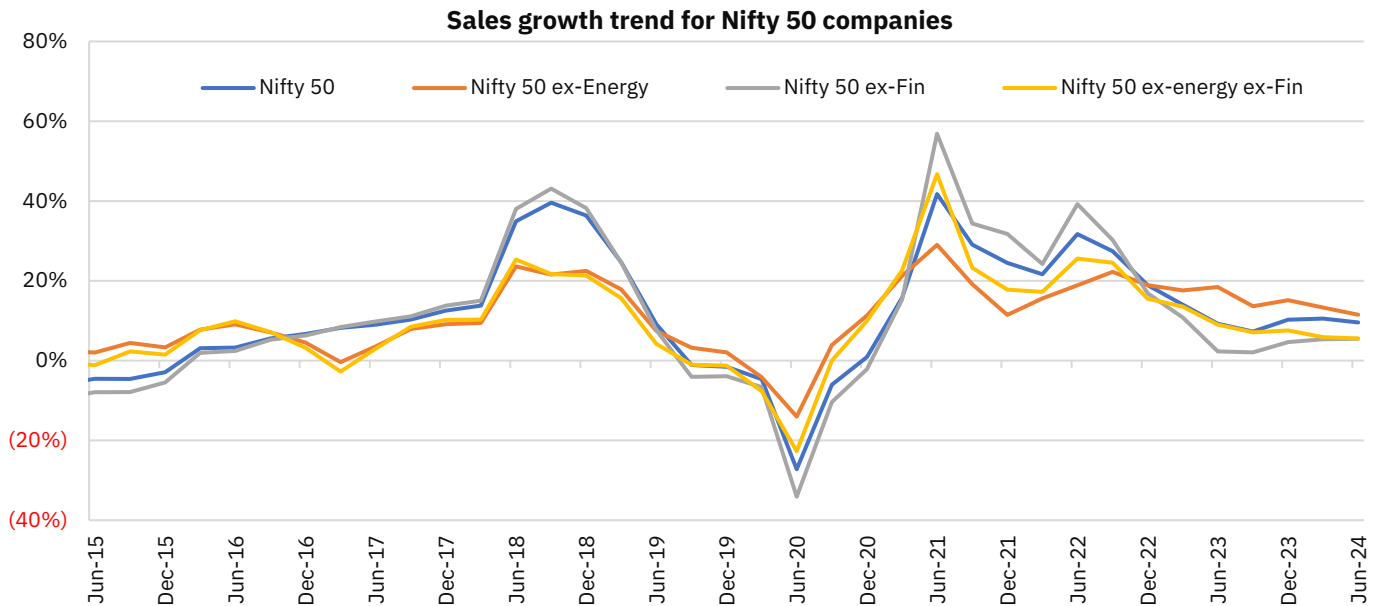
Source: CMIE Prowess, LSEG workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 50 index as on June 30th, 2024.

Figure 2: Share of sectors in net sales of Nifty 50 companies in Q1Y25


Source: CMIE Prowess, LSEG workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 50 index as on June 30th, 2024.

Figure 3: Quarterly trend of Nifty 50 revenue growth (YoY)


Source: CMIE Prowess, LSEG Workspace, NSE EPR

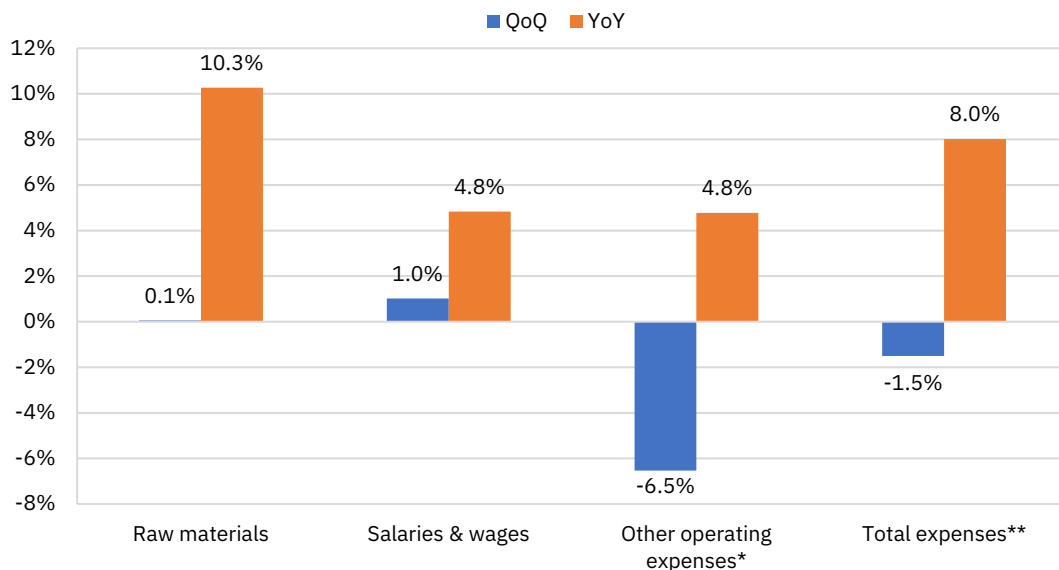
Note: The above chart includes companies in the Nifty 50 index as on end of respective quarters.

Nifty50 companies' EBITDA growth in Q1FY25 declined to a seven-quarter low: The operating profit (EBITDA) of non-financial Nifty 50 companies grew at a modest rate of 1.4% YoY in the first quarter of FY25, much lower than EBITDA growth of 11.3% in the previous quarter and the average growth rate of 8.3% witnessed in the June quarters over five years prior to the onset of the pandemic (2015-19). On a sequential basis, the EBITDA for the same universe declined by 3.9% QoQ. As a result, EBITDA margins contracted by 83bps YoY and 23bps QoQ to 20.5%. While 34 companies registered a YoY growth in EBITDA, 39 companies registered a QoQ growth in EBITDA in the June quarter.

Raw material costs for Nifty50 universe excluding Financials increased 10.3% YoY, resulting in the raw material costs to net sales ratio expanding by 216bps YoY. Energy sector contributed 71% to the YoY rise in raw material costs for the universe with a growth rate of 14.6% YoY/3.6% QoQ, thanks to higher crude oil prices resulting in margin compression of 347bps YoY.

While the wage bill expanded 4.8% YoY, its share as a percentage of net sales expanded marginally by 7bps YoY. The IT sector contributed majorly to the rise in wage bill of the universe, followed by Consumer Discretionary. Total operating expenses increased by 8% YoY, which overtook the net sales growth rate for the non-financial Nifty 50 universe. On a sequential basis, however, total operating expenses contracted marginally by 1.5% QoQ, thanks to savings in other operating expenses and raw material costs.

All sectors, barring Energy, recorded a YoY growth in EBITDA in the quarter gone by. Notably, the aggregate operating profit of the Energy sector witnessed a contraction on a YoY basis for the first time in 14 quarters, the average EBITDA growth during which stood at 33.9% for the sector. Excluding Financials and Energy, the aggregate EBITDA for Nifty 50 companies registered a decent growth of 9.5% YoY on a revenue growth of 5.6% YoY, resulting in margin expansion of 82bps YoY of 23%—the highest in last nine quarters.

Figure 4: Change in expenses for Nifty 50 companies (ex-Financials) in Q1FY25


Source: CMIE Prowess, LSEG workspace, NSE EPR

1. *Other operating expenses include selling, general & administrative expenses, rental expenses, and other operating costs.

2. ** Total expenses exclude interest expenses and depreciation.

3. The above chart provides data for companies in the Nifty 50 index as on June 30th, 2024.

Table 3: Sector-wise EBITDA growth of Nifty 50 companies

Sector	QoQ growth			YoY growth		
	Jun-23	Mar-24	Jun-24	Jun-23	Mar-24	Jun-24
Communication Services	4.9	(2.1)	2.3	21.6	4.7	2.2
Consumer Discretionary	4.9	7.2	(2.0)	104.4	28.3	19.9
Consumer Staples	1.2	1.8	1.0	15.3	3.1	2.9
Energy	21.9	8.8	(7.5)	49.8	14.6	(13.0)
Financials	14.0	8.4	0.3	59.4	44.7	27.3
Health Care	16.5	(4.2)	12.0	15.1	20.4	15.7
Industrials	(14.7)	10.9	(4.7)	19.7	6.3	18.7
Information Technology	(5.2)	6.6	(3.4)	12.6	6.8	8.8
Materials	(4.9)	5.4	(5.6)	(19.7)	4.2	3.4
Utilities	(5.0)	5.1	(4.8)	8.7	6.4	6.6
Nifty 50	9.2	7.2	(1.8)	38.8	25.7	13.1
Nifty 50 ex-Energy	6.4	7.0	(0.7)	36.4	28.1	19.5
Nifty 50 ex-Financials	5.5	6.1	(3.9)	25.5	11.3	1.4
Nifty 50 ex-energy ex-fin	(2.0)	4.9	(2.3)	15.0	9.8	9.5

Source: CMIE Prowess, LSEG Workspace, NSE EPR

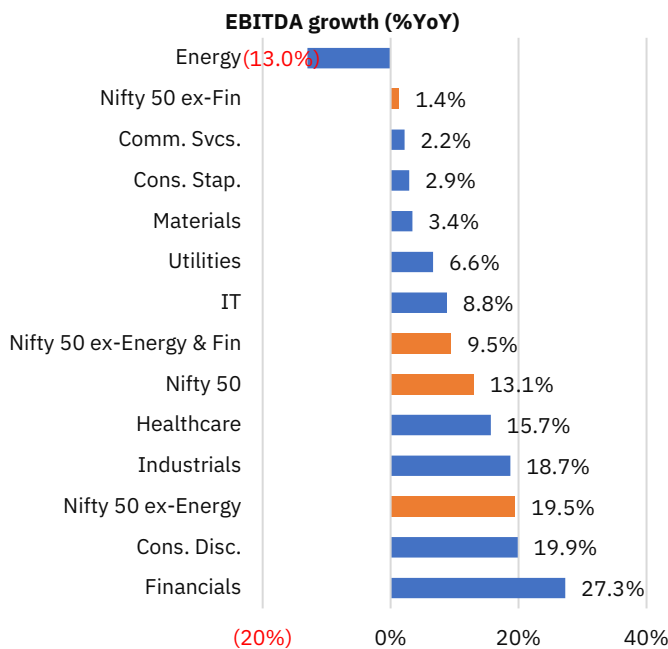
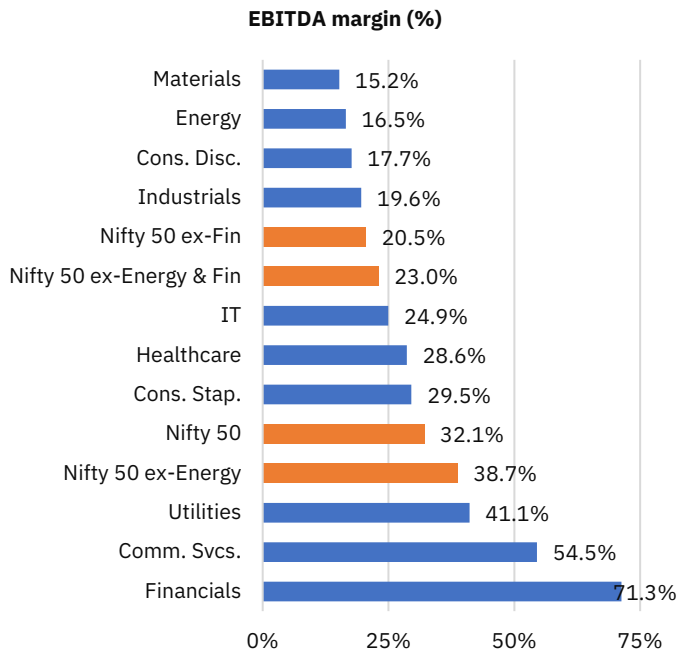
Note: The above table provides data for companies in the Nifty 50 index as on June 30th, 2024.

Table 4: Sector-wise EBITDA margin of Nifty 50 companies in Q1FY25

Sector	EBITDA Margin	QoQ change (bps)	YoY change (bps)
Communication Services	54.5	(6)	(36)
Consumer Discretionary	17.7	50	165
Consumer Staples	29.5	(45)	(76)
Energy	16.5	(103)	(347)
Financials	71.3	(51)	62
Health Care	28.6	169	148
Industrials	19.6	214	143
Information Technology	24.9	(124)	123
Materials	15.2	(4)	30
Utilities	41.1	(202)	(129)
Nifty 50	32.1	6	99
Nifty 50 ex-Energy	38.7	54	259
Nifty 50 ex-Financials	20.5	(23)	(83)
Nifty 50 ex-energy ex-fin	23.0	31	82

Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 50 index as on June 30th, 2024.

Figure 5: Sector-wise EBITDA growth of Nifty 50 companies in Q1FY25

Figure 6: Sector-wise EBITDA margin of Nifty 50 companies in Q1FY25


Source: CMIE Prowess, LSEG Workspace, NSE EPR

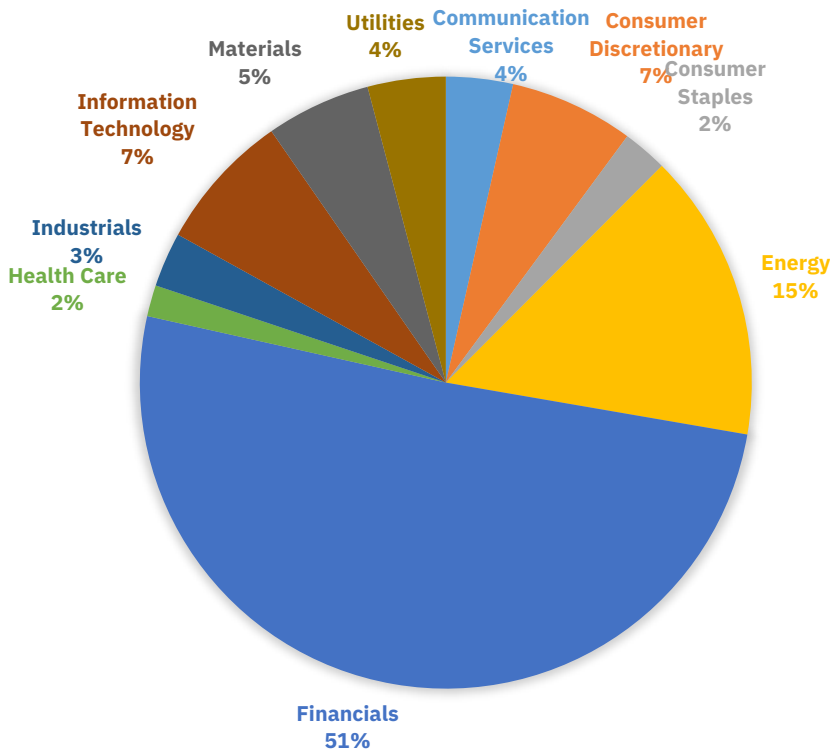
 Note: The above charts provide data for companies in the Nifty 50 index as on June 30th, 2024.

Table 5: Sector-wise contribution of Nifty 50 companies to EBITDA growth in Q1FY25

Sector	EBITDA (Rs crore)	Contribution to EBITDA growth	
		% QoQ	% YoY
Communication Services	20,983	0.1	0.1
Consumer Discretionary	39,004	(0.1)	1.2
Consumer Staples	14,057	0.0	0.1
Energy	90,486	(1.2)	(2.6)
Financials	3,01,397	0.2	12.3
Health Care	9,804	0.2	0.3
Industrials	17,145	(0.1)	0.5
Information Technology	43,419	(0.3)	0.7
Materials	32,848	(0.3)	0.2
Utilities	24,467	(0.2)	0.3
Nifty 50	5,93,610	(1.8)	13.1
Nifty 50 ex-Energy	5,03,124	(0.6)	15.6
Nifty 50 ex-Financials	2,92,213	(2.0)	0.7
Nifty 50 ex-energy ex-fin	2,01,727	(0.8)	3.3

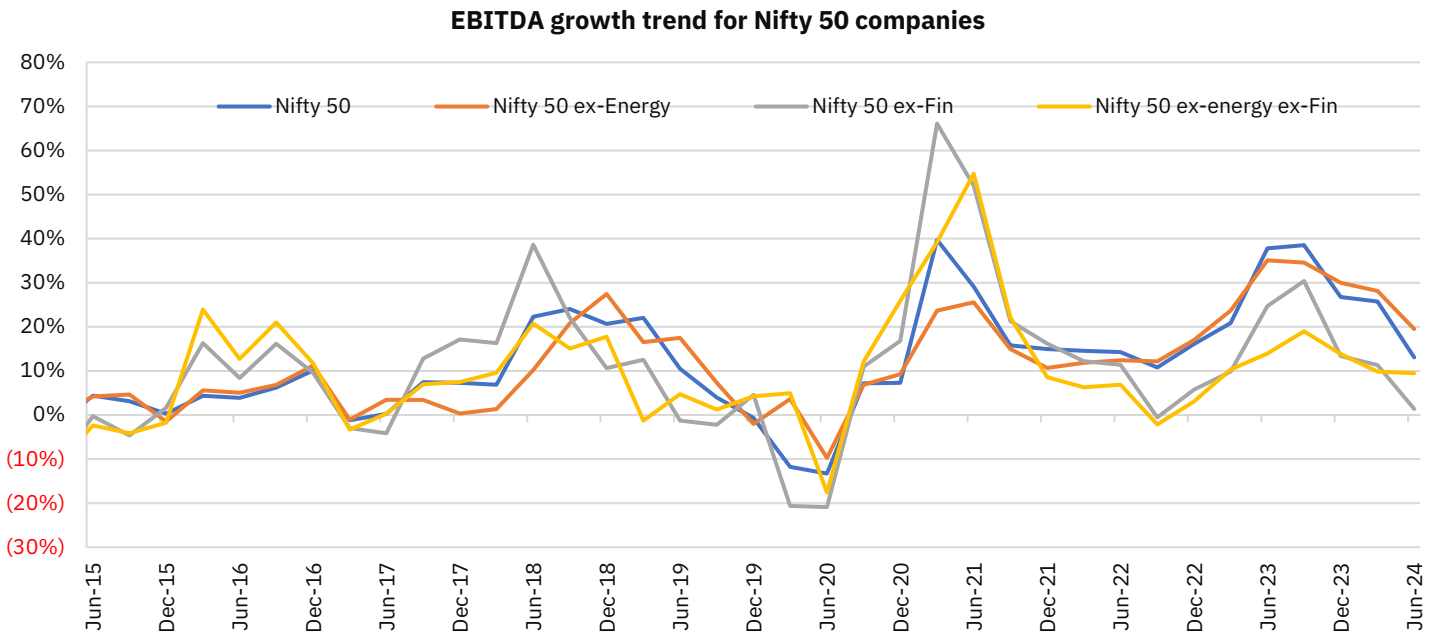
Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 50 index as on June 30th, 2024.

Figure 7: Share of sectors in EBITDA of Nifty 50 companies in Q1FY25


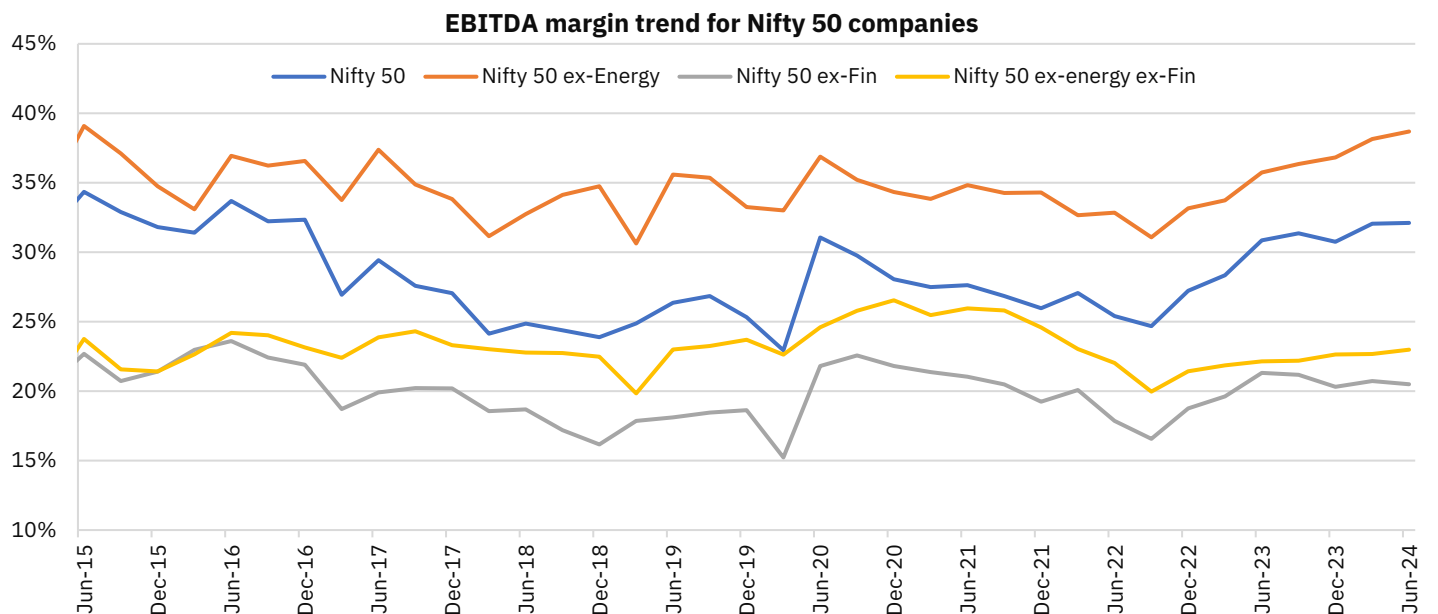
Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 50 index as on June 30th, 2024.

Figure 8: Quarterly trend of Nifty 50 EBITDA growth (YoY)


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart includes companies in the Nifty 50 index as on end of respective quarters.

Figure 9: Quarterly EBITDA margin trend of Nifty 50 companies


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart includes companies in the Nifty 50 index as on end of respective quarters.

PAT growth for Nifty 50 universe dropped to single-digits in Q1FY25: In the quarter ending Jun'24, PAT growth rate for Nifty 50 companies declined to a single digit 3.3% YoY to Rs 2.1 lakh crore – growing at the slowest pace in last seven quarters, thanks to higher costs and lower revenue growth. Within the Nifty 50 universe, 37/21 companies registered YoY/QoQ PAT growth in the June quarter. Financials was the primary contributor to the aggregate PAT growth within the Nifty 50 companies during the June quarter. Excluding Financials, PAT declined by 1.4% YoY for the first time in the last six quarters. While Nifty 50 PAT margin

touched a three-quarter low of 11.2%, it came in at a six-quarter low of 9.3% excluding Financials.

Among other sectors, the YoY PAT growth was led by Consumer Discretionary despite a higher base, notably led by Automobiles, reflecting the impact of strong demand. Information Technology contributed 37% to the YoY expansion in Nifty 50 PAT by registering a four-quarter high growth of 9.6% YoY, thanks to growth momentum witnessed in the June quarter. On the other hand, Energy sector weighed on the PAT growth of Nifty 50 universe with a YoY contraction of 24%, attributed to lower refining margins. Excluding Energy, Nifty 50 PAT grew at a decent pace of 13.6% YoY, with a PAT margin of 12.7% (+23bps YoY). Aggregate PAT of the Materials sector also contracted by 6.7% YoY due to lower realisation amid weak demand and falling prices.

Table 6: Sector-wise PAT growth of Nifty 50 companies in Q1FY25

Sector	QoQ growth			YoY growth		
	Jun-23	Mar-24	Jun-24	Jun-23	Mar-24	Jun-24
Communication Services	(64.0)	(31.2)	53.8	(38.4)	(53.2)	100.2
Consumer Discretionary	(11.0)	58.7	(39.8)	16331.7	93.1	30.6
Consumer Staples	(0.2)	4.0	(1.9)	15.4	2.9	1.1
Energy	21.4	11.3	(13.0)	73.2	6.1	(24.0)
Financials	23.9	19.4	(2.3)	57.6	43.6	13.3
Health Care	20.0	(2.0)	6.8	13.8	33.2	18.6
Industrials	(26.6)	6.3	(6.5)	55.8	3.0	31.1
Information Technology	(6.5)	9.6	(5.5)	12.6	8.5	9.6
Materials	(14.3)	3.4	(13.9)	(38.3)	(7.1)	(6.7)
Utilities	(7.5)	15.3	(12.0)	9.3	15.9	10.2
Nifty 50	6.4	16.3	(10.2)	42.8	22.5	3.3
Nifty 50 ex-Energy	1.7	17.6	(9.5)	34.0	27.7	13.6
Nifty 50 ex-Financials	(0.3)	14.8	(14.1)	36.7	14.4	(1.4)
Nifty 50 ex-energy ex-fin	(11.0)	16.4	(14.5)	19.6	18.5	13.8
Nifty 50 excl HDFCBK	7.0	19.0	(12.4)	43.8	23.4	1.0

Source: CMIE Prowess, LSEG Workspace, NSE EPR

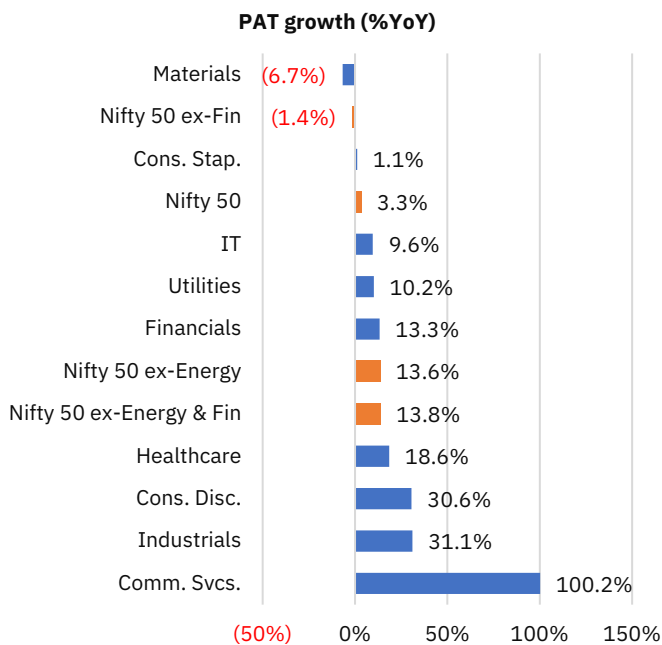
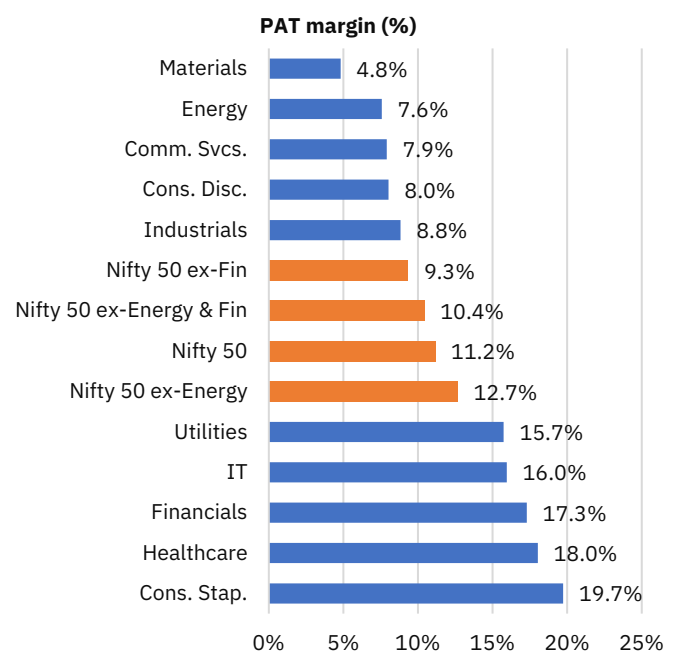
Note: The above table provides data for companies in the Nifty 50 index as on June 30th, 2024.

Table 7: Sector-wise PAT margin of Nifty 50 companies in Q1FY25

Sector	PAT Margin	QoQ change (bps)	YoY change (bps)
Communication Services	7.9	264	384
Consumer Discretionary	8.0	(466)	135
Consumer Staples	19.7	(90)	(86)
Energy	7.6	(99)	(291)
Financials	17.3	(58)	(197)
Health Care	18.0	24	135
Industrials	8.8	81	142
Information Technology	16.0	(117)	90
Materials	4.8	(48)	(42)
Utilities	15.7	(213)	3
Nifty 50	11.2	(102)	(68)
Nifty 50 ex-Energy	12.7	(103)	23
Nifty 50 ex-Financials	9.3	(121)	(65)
Nifty 50 ex-energy ex-fin	10.4	(133)	76

Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 50 index as on June 30th, 2024.

Figure 10: Sector-wise PAT growth of Nifty 50 companies in Q1FY25

Figure 11: Sector-wise PAT margin of Nifty 50 companies in Q1FY25


Source: CMIE Prowess, LSEG Workspace, NSE EPR

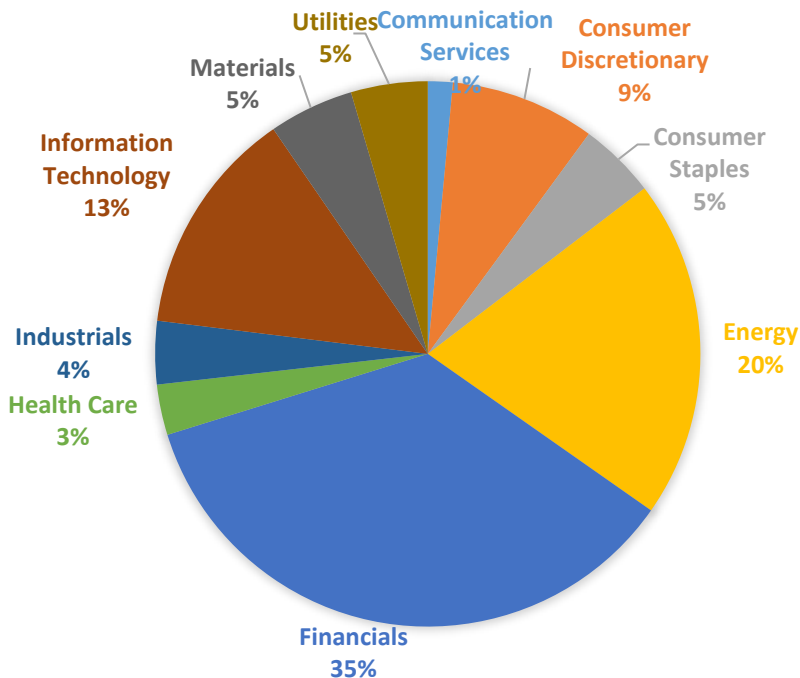
 Note: The above charts provide data for companies in the Nifty 50 index as on June 30th, 2024.

Table 8: Sector-wise contribution of Nifty 50 companies to PAT growth in Q1FY25

Sector	PAT (Rs crore)	Contribution to PAT growth	
		% QoQ	% YoY
Communication Services	3,044	0.5	0.8
Consumer Discretionary	17,705	(5.1)	2.1
Consumer Staples	9,386	(0.1)	0.1
Energy	41,467	(2.7)	(6.6)
Financials	73,129	(0.7)	4.3
Health Care	6,174	0.2	0.5
Industrials	7,725	(0.2)	0.9
Information Technology	27,775	(0.7)	1.2
Materials	10,381	(0.7)	(0.4)
Utilities	9,370	(0.6)	0.4
Nifty 50	2,06,156	(10.2)	3.3
Nifty 50 ex-Energy	1,64,689	(7.5)	9.9
Nifty 50 ex-Financials	1,33,026	(9.5)	(1.0)
Nifty 50 ex-energy ex-fin	91,559	(6.8)	5.6

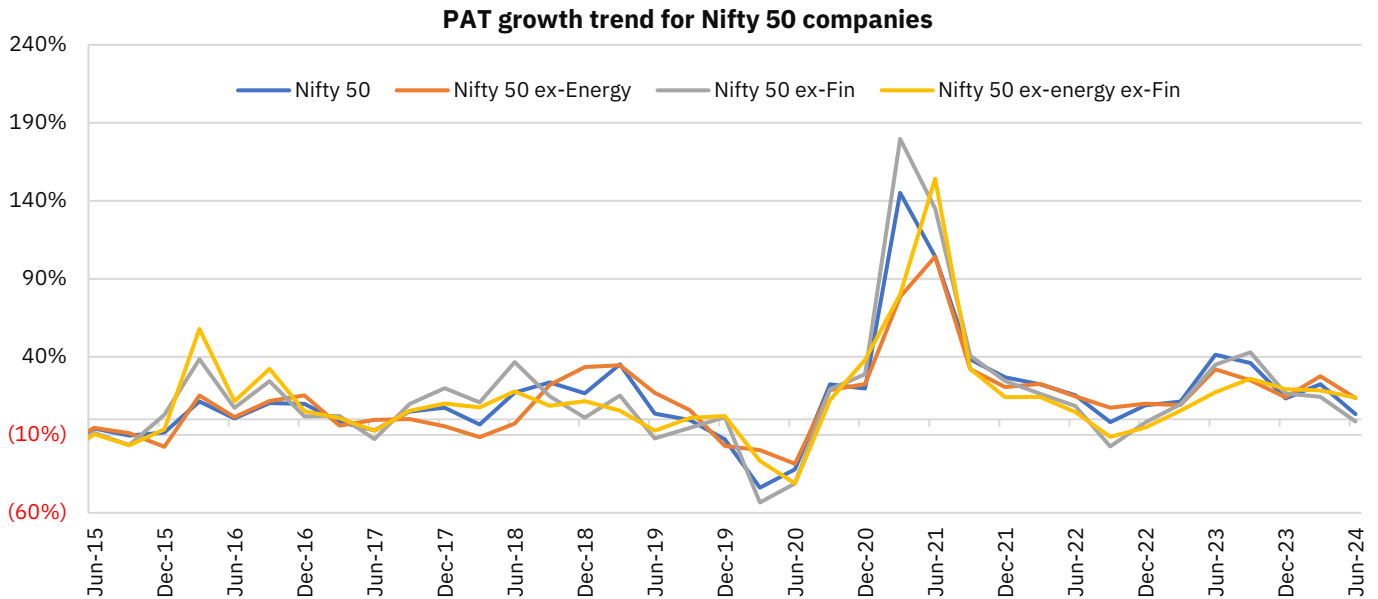
Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 50 index as on June 30th, 2024.

Figure 12: Share of sectors in PAT of Nifty 50 companies in Q1FY25


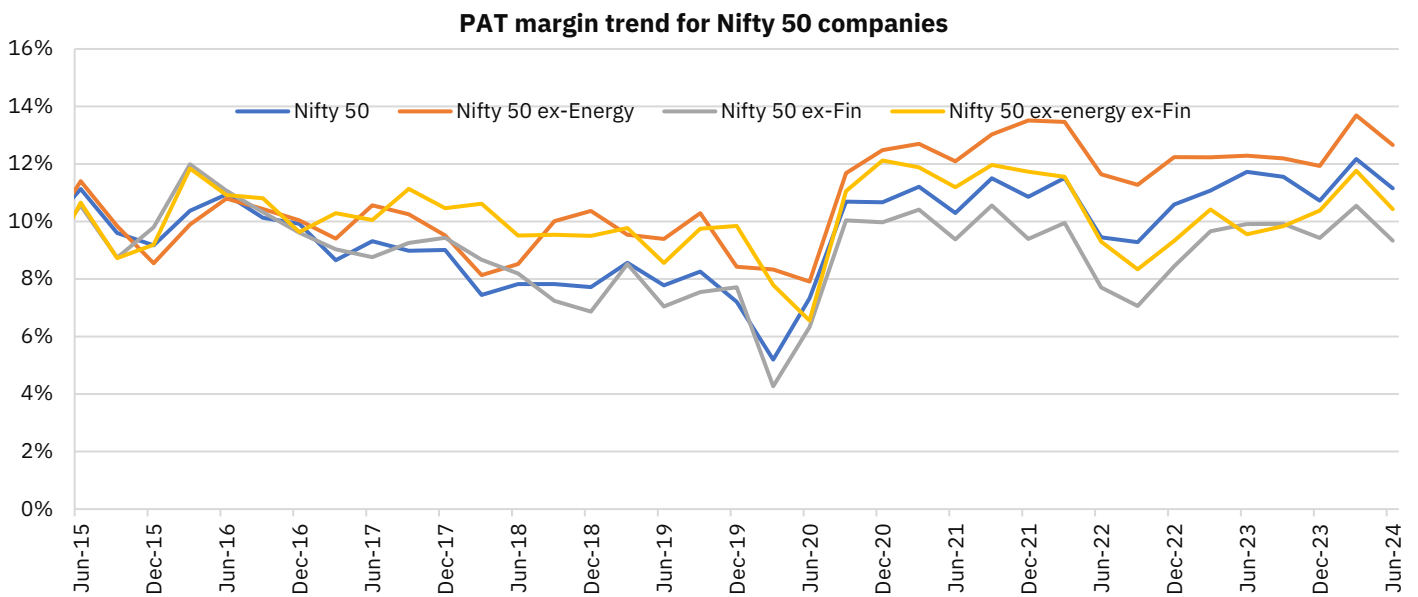
Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 50 index as on June 30th, 2024.

Figure 13: Quarterly trend of Nifty 50 PAT growth (YoY)


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart includes companies in the Nifty 50 index as on end of respective quarters.

Figure 14: PAT margin trend of Nifty 50 companies


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart includes companies in the Nifty 50 index as on end of respective quarters.

Nifty 500 Q1FY25 results

Topline growth for Nifty500 companies slowed to a three-quarter low in Q1FY25:

Aggregate top line for the Nifty 500 companies grew at a moderate rate of 9.4% YoY to Rs 38 lakh crore in Q1FY25, lower than the 9.9% and 8.2% YoY growth in the previous two quarters. On a sequential basis, aggregate revenues of the Nifty 500 universe contracted by a 12-quarter low of 2.6% QoQ. Nifty 50 companies, that account for 48% of the aggregate revenue of Nifty 500 universe, contributed 49% to the YoY expansion in the overall revenue growth of the Nifty 500 universe in the June quarter. Excluding the Nifty 50 companies, the revenue growth of Nifty 500 companies in Q1FY25 came in slightly lower at 9.2% YoY. While Nifty Next 50 companies contributed 23%, Nifty Midcap 150 and Nifty Smallcap 250 contributed 17% and 11% respectively to the revenue growth of Nifty 500 universe. Within the Nifty 500 universe, 399 and 275 companies recorded expansion in revenues on a YoY and QoQ basis respectively in the June quarter. Notably, the Nifty 500 universe fared better in the June quarter as compared to the average YoY growth rate of 8.1% witnessed in the same period over five years prior to the onset of the pandemic (2015- 19).

Sector-wise: The topline growth of Nifty500 companies was led by Financials, thanks to increased demand for credit. Excluding Financials, the YoY growth for the Nifty 500 universe (ex. Nifty 50) touched 6.7% YoY, while the YoY growth for the Nifty 500 universe came in at a slightly lower rate of 6% YoY. Consumer discretionary was the second highest contributor to the topline growth in the Nifty 500 (ex. Nifty 50 universe), benefiting from strong consumer and auto demand. This was followed by Industrials, supported by strong demand for capital goods and logistical services. Robust power and gas demand drove the topline growth of Utilities companies, contributing 9.4% and 6.4% of the expansion in aggregate topline of Nifty 500 and Nifty 500 (ex. Nifty 50 universe).

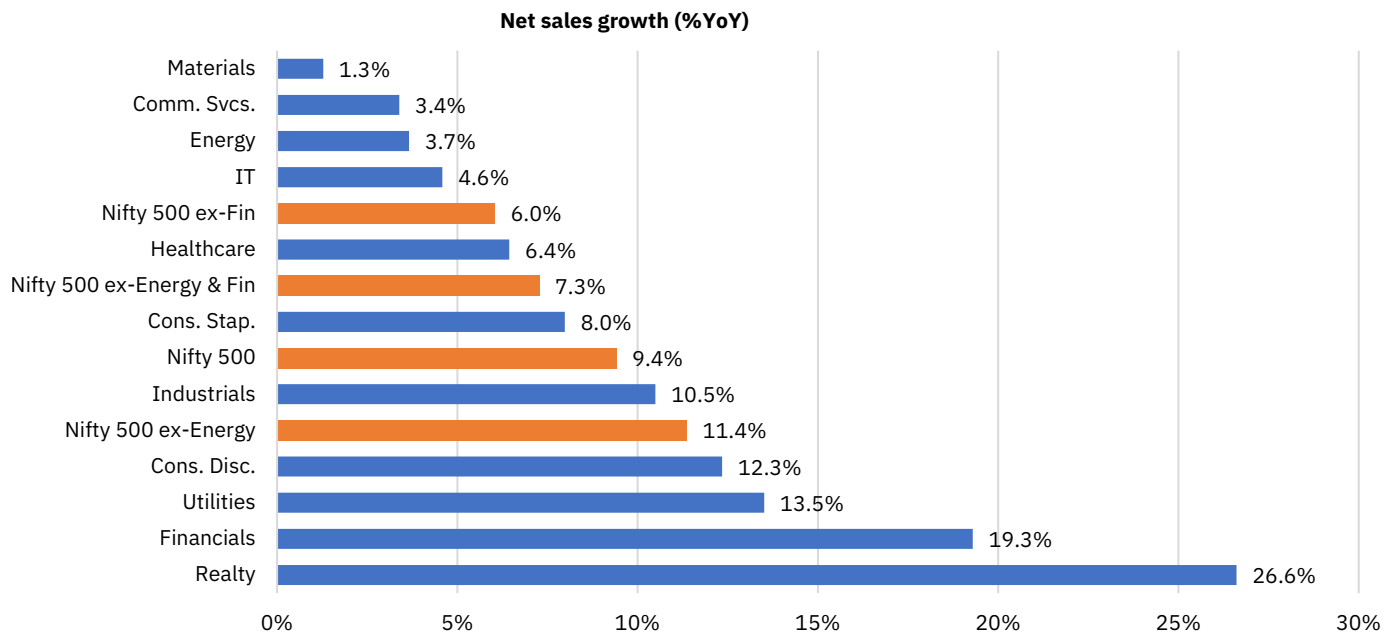
Sectors that were laggards in Q1FY25 include: a) Materials: A slowdown in demand for metals, especially iron and steel, impacted the revenue performance of the sector registering a modest growth of sub-2% in the June quarter. b) Energy: While the sector contributed 10% of the revenue expansion in Nifty 500 universe at a growth rate of 3.7% YoY, its contribution in the ex. Nifty 50 universe languished at a modest 3% with a growth rate of 1.4% YoY, thanks to subdued demand and low refining margins during the quarter.

Table 9: Sector-wise net sales growth of Nifty 500 companies

Sector	QoQ growth			YoY growth		
	Jun-23	Mar-24	Jun-24	Jun-23	Mar-24	Jun-24
Communication Services	7.9	1.9	3.0	16.1	8.3	3.4
Consumer Discretionary	(5.6)	9.9	(1.3)	30.7	6.1	12.3
Consumer Staples	3.2	0.8	5.4	8.1	5.9	8.0
Energy	(2.8)	1.8	(2.0)	(9.5)	2.8	3.7
Financials	4.5	6.6	(2.7)	36.4	28.1	19.3
Health Care	4.6	0.3	2.5	14.5	8.7	6.4
Industrials	(13.5)	19.4	(16.1)	6.7	14.0	10.5
Information Technology	(1.0)	(0.4)	0.6	14.2	2.9	4.6
Materials	(6.8)	7.4	(4.2)	0.0	(1.5)	1.3
Real Estate	(31.7)	38.9	(22.3)	(7.1)	11.3	26.6
Utilities	1.2	3.8	7.8	(4.9)	6.6	13.5
Nifty 500	(2.1)	5.9	(2.6)	9.4	9.9	9.4
Nifty 500 ex-Energy	(1.8)	7.3	(2.8)	17.5	12.3	11.4
Nifty 500 ex-Financials	(4.1)	5.7	(2.6)	2.7	4.4	6.0
Nifty 500 ex-energy ex-fin	(4.7)	7.6	(2.9)	10.0	5.2	7.3

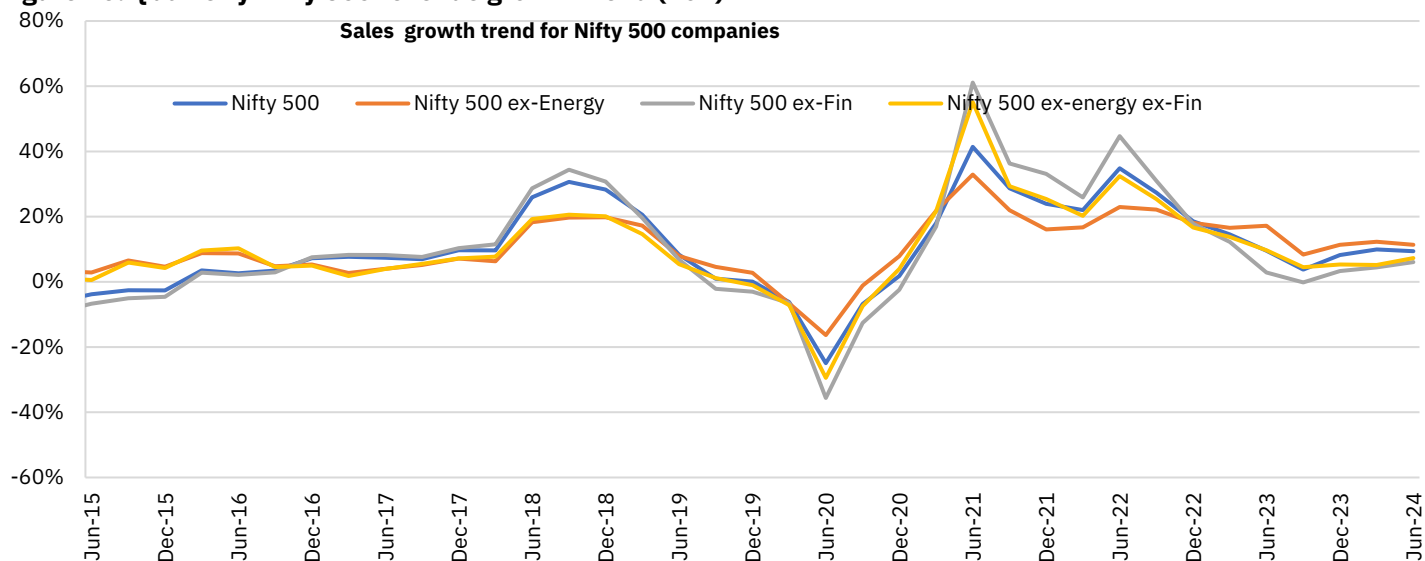
Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 500 index as on June 30th, 2024.

Figure 15: Sector-wise net sales growth of Nifty 500 companies in Q1FY25


Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above chart provides data for companies in the Nifty 500 index as of June 30th, 2024.

Figure 16: Quarterly Nifty 500 revenue growth trend (YoY)


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart includes companies in the Nifty 500 index as on end of respective quarters.

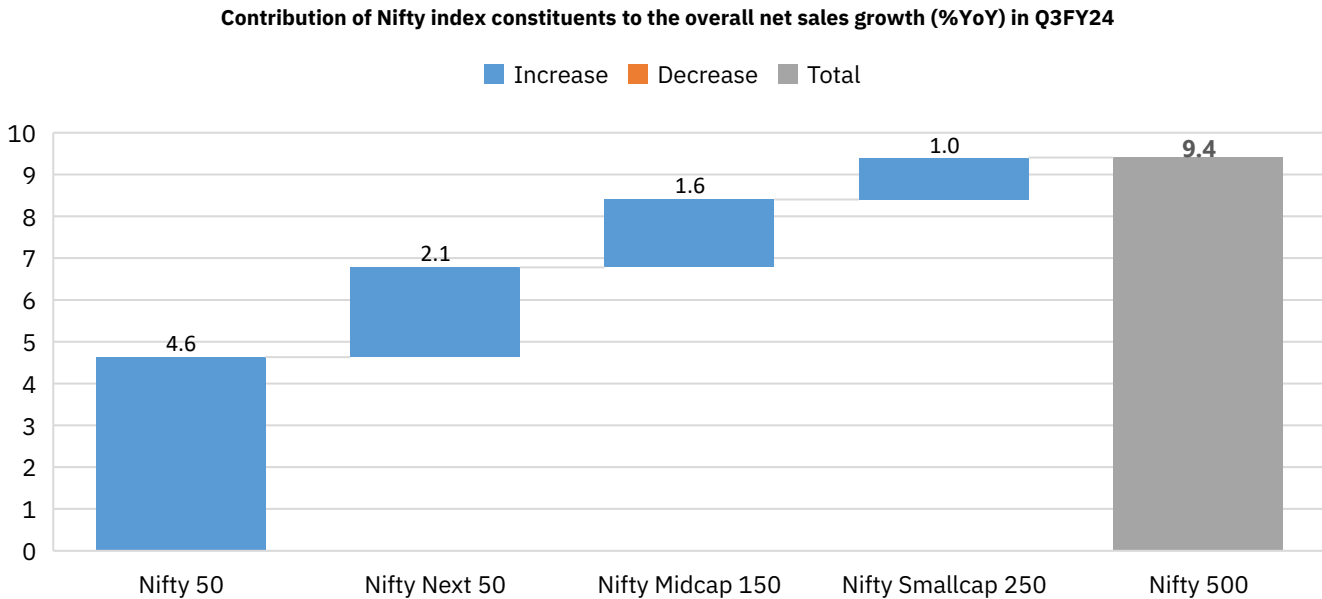
Table 10: Sector-wise contribution of Nifty 500 companies to net sales growth in Q1FY25

Sector	Net sales (Rs crore)	Contribution to net sales growth	
		% QoQ	% YoY
Communication Services	77,700	0.1	0.1
Consumer Discretionary	3,75,273	-0.1	1.2
Consumer Staples	1,27,474	0.2	0.3
Energy	9,21,459	-0.5	0.9
Financials	10,58,018	-0.7	4.9
Health Care	1,01,973	0.1	0.2
Industrials	2,71,987	-1.3	0.7
Information Technology	2,29,870	0.0	0.3
Materials	4,67,157	-0.5	0.2
Real Estate	11,742	-0.1	0.1
Utilities	1,76,446	0.3	0.6
Nifty 500	38,19,099	-2.6	9.4
Nifty 500 ex-Energy	28,97,641	-2.2	8.5
Nifty 500 ex-Financials	27,61,081	-1.9	4.5
Nifty 500 ex-energy ex-fin	18,39,623	-1.4	3.6

Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 500 index as of June 30th, 2024.

Figure 17: Share of Nifty index constituents in overall net sales growth of Nifty 500 universe in Q1FY25



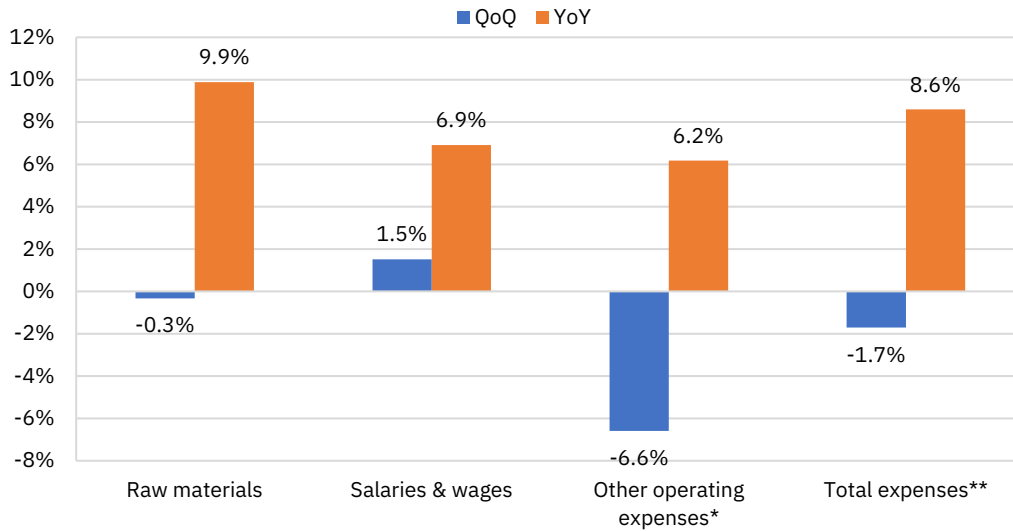
Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart provides data for companies in the Nifty 500 index as of June 30th, 2024.

Increase in operating costs weakened operating margins in Q1: While net sales of Nifty 500 universe (excl. financials) registered a growth of 6% YoY in Q1FY25, total operating expenses increased at a higher pace of 8.6% YoY, resulting in EBITDA growth of mere 1.3% YoY – the lowest in last six quarters. Consequently, EBITDA margin compressed by 86bps YoY to touch 18.4% for Nifty 500 universe, while it expanded by 22bps to 16.2% for the Nifty500 companies excluding the Nifty50 universe. Within the Nifty 500 universe, 293/186 non-financial companies registered a YoY/QoQ growth in EBITDA.

Total raw material costs for the Nifty 500 universe, excluding Financials, rose sharply by 9.9% on a YoY basis, resulting in raw material to net sales ratio expanding by 344bps YoY to 53.7%. In line with the Nifty 50 universe, energy sector accounted majorly for the rise in raw materials costs in the Nifty 500 universe. Excluding Energy and Financials, EBITDA of Nifty 500 universe registered a double-digit growth rate of 11.8% YoY, and a higher rate of 15.3% YoY for Nifty 500 ex. Nifty 50 universe. The operating margins for the respective universes expanded by 87bps YoY and 264bps YoY to 21.5% and 20.2% respectively.

While raw materials costs rose by 9.9% YoY, the wage bill for Nifty 500 universe expanded 6.9% YoY. Consumer discretionary and IT sectors contributed 32% and 20% respectively to YoY increase in the wage bill. Subsequently, total operating expenses increased by 8.6% YoY, beating the net sales growth of 6% YoY, which has resulted in a multi-quarter low EBITDA growth rate for the Nifty 500 universe.

Figure 18: Change in expenses for Nifty 500 companies (ex-Financials) in Q1FY25


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: 1. The above chart provides data for companies in the Nifty 500 index as of June 30th, 2024.

2. *Other operating expenses include selling, general & administrative expenses, rental expenses, and other operating costs.

3. ** Total expenses exclude interest expenses and depreciation.

Table 11: Sector-wise EBITDA growth of Nifty 500 companies

Sector	QoQ growth			YoY growth		
	Jun-23	Mar-24	Jun-24	Jun-23	Mar-24	Jun-24
Communication Services	7.2	(1.8)	1.7	17.8	8.1	2.6
Consumer Discretionary	7.7	5.7	(1.4)	70.8	27.0	16.9
Consumer Staples	15.3	0.5	7.8	17.5	18.9	10.9
Energy	19.8	5.5	(11.3)	80.0	3.0	(23.7)
Financials	14.9	7.7	0.5	60.5	39.1	21.7
Health Care	24.3	(1.0)	14.8	16.6	35.3	25.0
Industrials	(12.0)	30.1	(17.8)	34.9	30.4	21.7
Information Technology	(5.1)	5.7	(4.3)	14.3	7.2	8.1
Materials	(7.5)	5.0	(1.0)	(14.6)	0.6	7.2
Real Estate	(23.5)	42.6	(11.4)	2.9	32.5	53.4
Utilities	20.7	2.5	9.6	13.7	16.9	6.2
Nifty 500	10.6	7.3	(1.4)	42.3	25.2	11.6
Nifty 500 ex-Energy	9.2	7.5	(0.2)	37.3	28.7	17.6
Nifty 500 ex-Financials	6.7	6.8	(3.6)	27.7	12.2	1.3
Nifty 500 ex-energy ex-fin	2.0	7.3	(1.2)	13.9	15.5	11.8

Source: CMIE Prowess, LSEG Workspace, NSE EPR

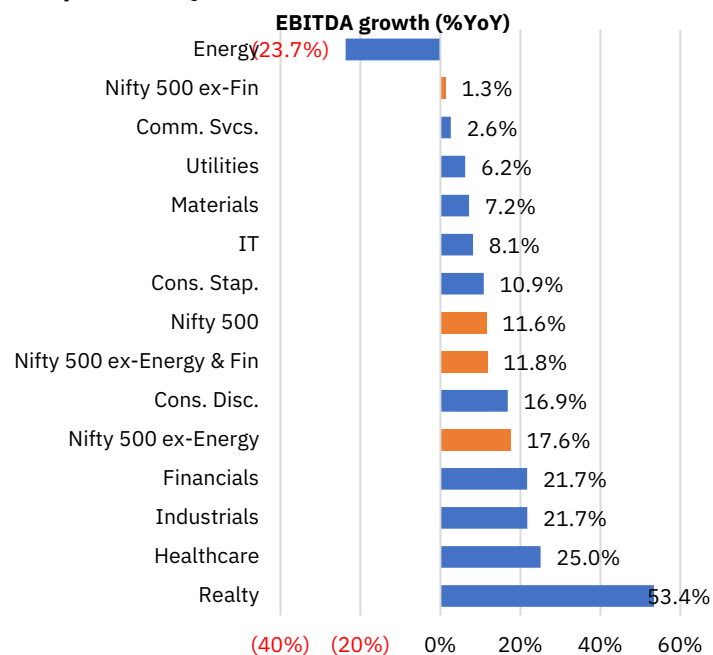
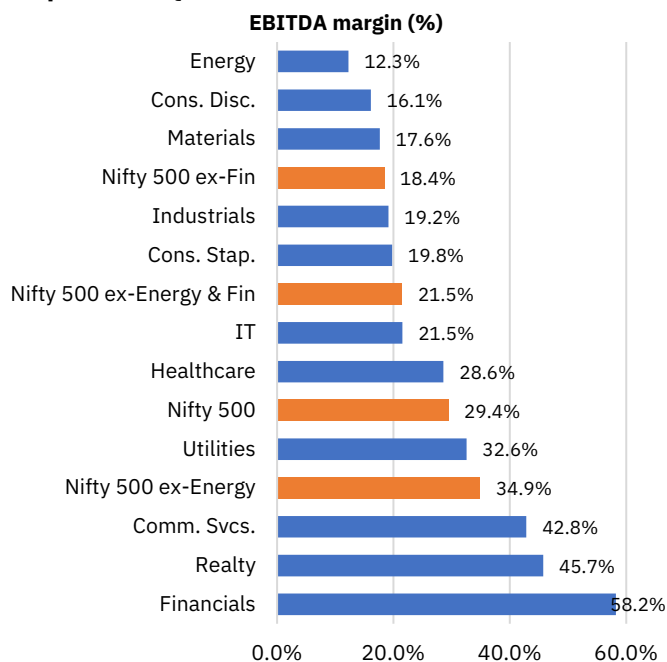
Note: The above table provides data for companies in the Nifty 500 index as of June 30th, 2024.

Table 12: EBITDA margin of Nifty 500 companies in Q1FY25

Sector	EBITDA Margin	QoQ change (bps)	YoY change (bps)
Communication Services	42.8	(57)	(34)
Consumer Discretionary	16.1	(2)	62
Consumer Staples	19.8	45	51
Energy	12.3	(128)	(439)
Financials	58.2	182	115
Health Care	28.6	307	425
Industrials	19.2	(40)	177
Information Technology	21.5	(111)	71
Materials	17.8	73	98
Real Estate	45.7	564	800
Utilities	32.6	54	(224)
Nifty 500	29.4	39	57
Nifty 500 ex-Energy	34.9	96	185
Nifty 500 ex-Financials	18.4	(16)	(86)
Nifty 500 ex-energy ex-fin	21.5	42	87

Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 500 index as of June 30th, 2024.

Figure 19: Sector-wise EBITDA growth of Nifty 500 companies in Q1FY25

Figure 20: Sector-wise EBITDA margin of Nifty 500 companies in Q1FY25


Source: CMIE Prowess, LSEG Workspace, NSE EPR

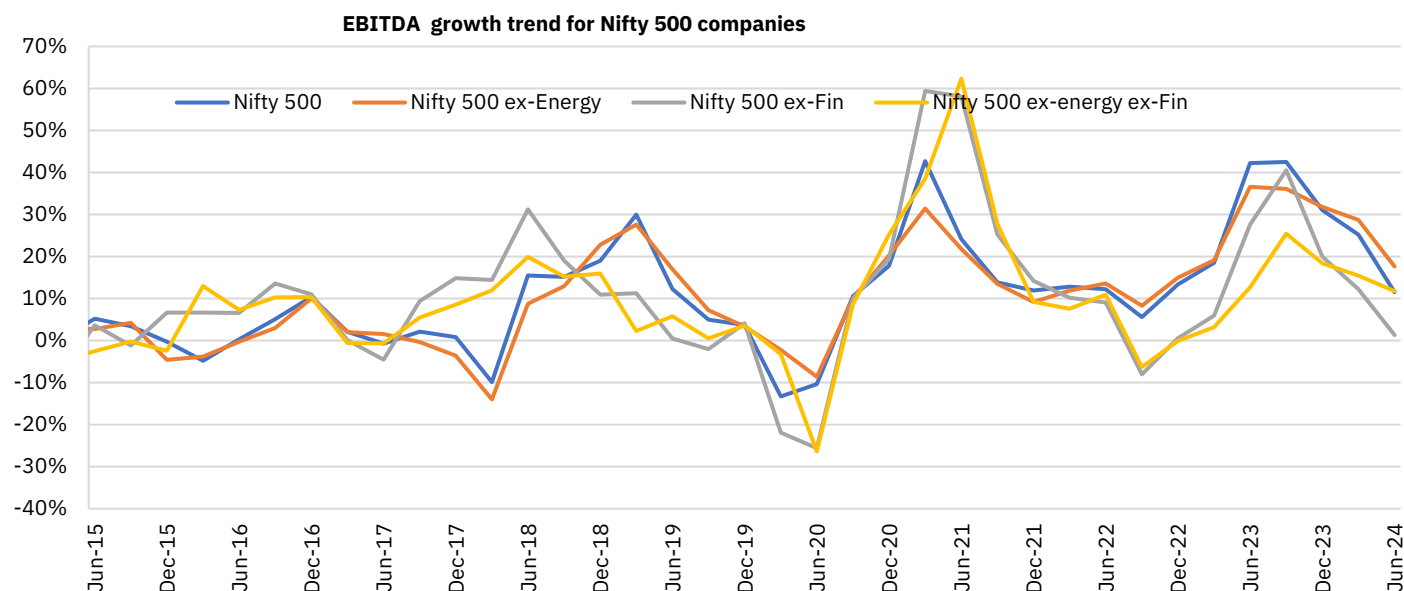
 Note: The above charts provide data for companies in the Nifty 500 index as of June 30th, 2024.

Table 13: Sector-wise contribution of Nifty 500 companies to EBITDA growth in Q1FY25

Sector	EBITDA (Rs crore)	Contribution to EBITDA growth	
		% QoQ	% YoY
Communication Services	33,279	0.0	0.1
Consumer Discretionary	60,515	(0.1)	0.9
Consumer Staples	25,219	0.2	0.2
Energy	1,12,936	(1.3)	(3.5)
Financials	6,15,896	0.2	10.9
Health Care	29,152	0.3	0.6
Industrials	52,098	(1.0)	0.9
Information Technology	49,491	(0.2)	0.4
Materials	83,177	(0.1)	0.6
Real Estate	5,371	(0.1)	0.2
Utilities	57,439	0.4	0.3
Nifty 500	11,24,572	(1.4)	11.6
Nifty 500 ex-Energy	10,11,636	(0.2)	15.0
Nifty 500 ex-Financials	5,08,676	(1.7)	0.7
Nifty 500 ex-energy ex-fin	3,95,740	(0.4)	4.1

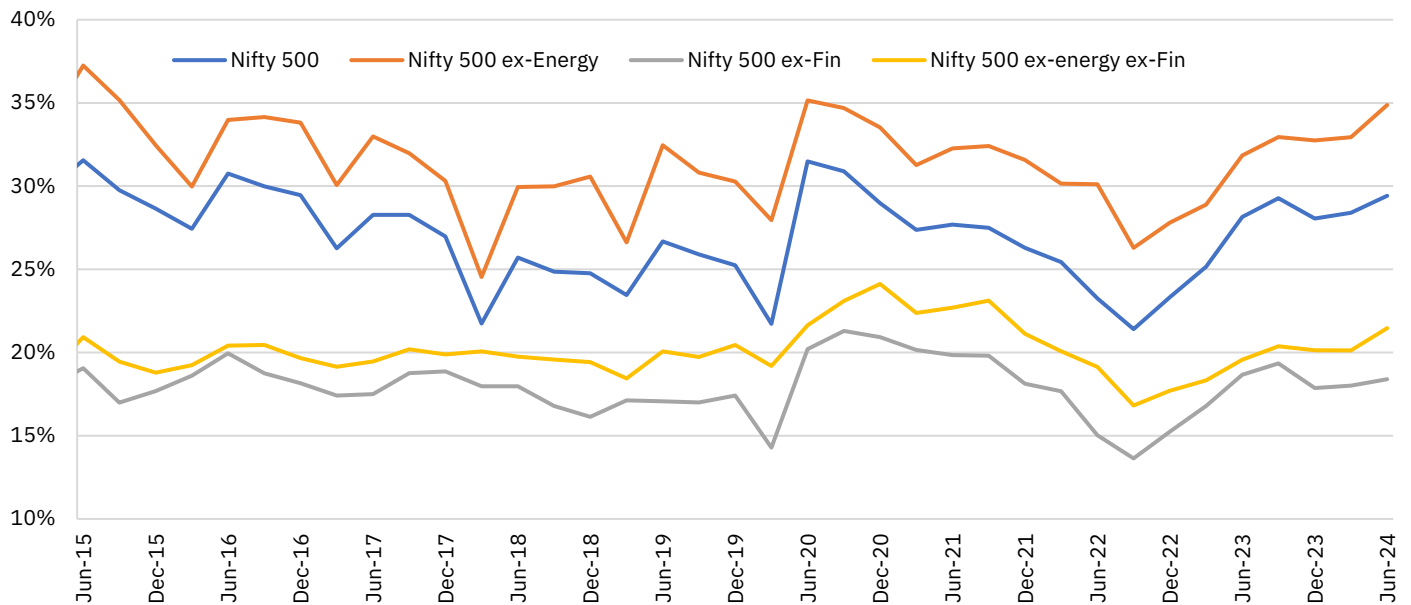
Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 500 index as of June 30th, 2024.

Figure 21: Quarterly Nifty 500 EBITDA growth trend (YoY)


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart includes companies in the Nifty 500 index as on end of respective quarters.

Figure 22: EBITDA margin trend of Nifty 500 companies
EBITDA margin trend for Nifty 500 companies


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart includes companies in the Nifty 500 index as on end of respective quarters.

Financials fueled PAT growth in Q1 for Nifty 500 universe: The aggregate adjusted PAT for the Nifty 500 companies grew by 3.6% YoY to Rs. 3.7 lakh crore in Q1FY25, much lower than 17.9% YoY growth in the previous quarter. Nifty 50 companies, that accounted for 55% of the PAT of the Nifty 500 universe, contributed 49% to the YoY expansion in the adjusted PAT growth of the Nifty 500 universe in the June quarter. Excluding the Nifty 50 companies, the PAT growth of Nifty 500 companies came in at a higher growth rate of 4.3% YoY, led by 16.8% YoY growth in Nifty Smallcap 250 universe followed by 11.4% YoY growth in Nifty Midcap 150 universe. Within the Nifty 500 universe (excluding Financials), 320 and 218 companies reported profit expansion on a YoY and QoQ basis in the June quarter, respectively. The drop in the overall profit growth rate was more pronounced in the Nifty 500 universe excl. the Nifty 50 companies, registering a decline of 6.1% YoY.

The moderate growth in PAT in the June quarter was led by Financials, excluding which PAT growth for the Nifty 500 universe declined by 3.4% YoY and PAT margins contracted by 80 bps YoY to 8.2%. Sector-wise, Energy was a major drag, reporting a profit contraction of 37.3% YoY in the quarter gone by. Excluding companies from this sector in the Nifty 50 universe, the profit contraction in the Energy sector was much steeper at 64.9% YoY. Barring Energy sector, the PAT growth for the Nifty 500 and Nifty500 ex Nifty 50 companies came in at a strong 15.7% and 17.9% YoY respectively.

Table 14: Sector-wise PAT growth of Nifty 500 companies

Sector	QoQ growth			YoY growth		
	Jun-23	Mar-24	Jun-24	Jun-23	Mar-24	Jun-24
Communication Services	NA	NA	NA	NA	NA	NA
Consumer Discretionary	(0.6)	39.6	(30.1)	285.4	70.7	21.8
Consumer Staples	21.2	(0.1)	8.3	15.5	25.5	12.0
Energy	21.9	5.7	(17.8)	138.9	(6.9)	(37.3)
Financials	9.7	17.1	(4.1)	65.9	33.8	17.1
Health Care	49.9	(1.2)	47.6	15.4	36.5	34.4
Industrials	(15.8)	29.2	(18.5)	95.8	30.3	26.1
Information Technology	(6.8)	7.9	(6.9)	14.1	8.1	8.0
Materials	(12.0)	1.1	3.5	(28.8)	(12.1)	2.4
Real Estate	(40.6)	59.7	(18.9)	6.3	22.0	66.6
Utilities	29.8	1.4	19.3	24.6	7.7	(1.0)
Nifty 500	6.9	13.4	(5.9)	50.8	17.9	3.7
Nifty 500 ex-Energy	3.2	15.0	(3.7)	36.1	24.0	15.7
Nifty 500 ex-Financials	5.5	11.2	(7.1)	43.8	9.7	(3.4)
Nifty 500 ex-energy ex-fin	(1.5)	13.2	(3.4)	18.7	16.7	14.5

Source: CMIE Prowess, LSEG Workspace, NSE EPR

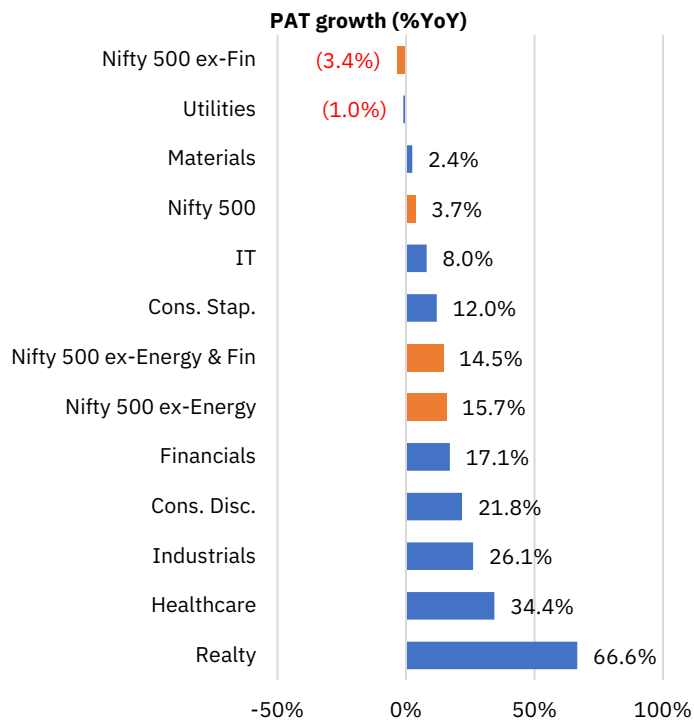
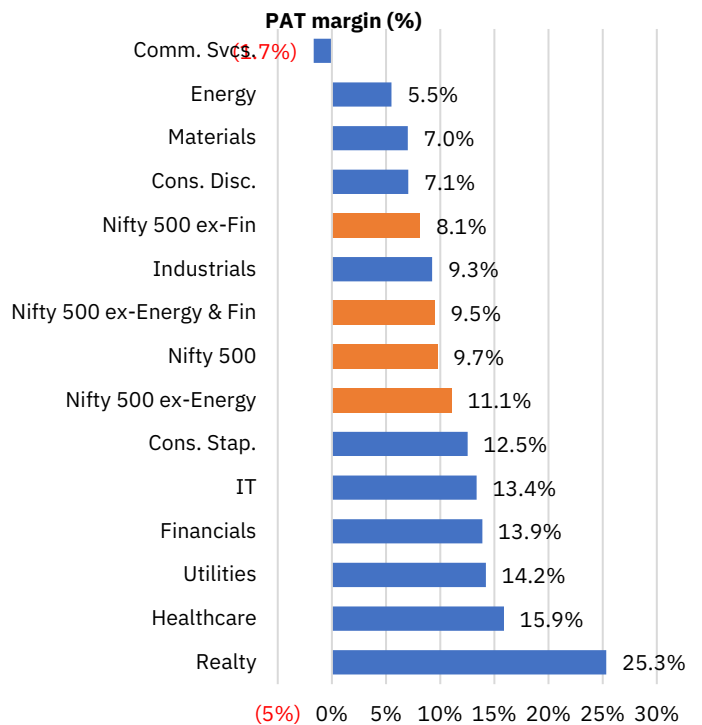
 Note: 1. The above table provides data for companies in the Nifty 500 index as of June 30th, 2024. 2. NA: Not Applicable

Table 15: Sector-wise PAT margin of Nifty 500 companies in Q1FY25

Sector	PAT Margin	QoQ change (bps)	YoY change (bps)
Communication Services	(1.7)	303	317
Consumer Discretionary	7.1	(291)	55
Consumer Staples	12.5	34	45
Energy	5.5	(106)	(359)
Financials	13.9	(20)	(27)
Health Care	15.9	485	330
Industrials	9.3	(27)	115
Information Technology	13.4	(108)	43
Materials	7.2	67	8
Real Estate	25.3	107	608
Utilities	14.2	138	(209)
Nifty 500	9.8	(32)	(53)
Nifty 500 ex-Energy	11.1	(8)	41
Nifty 500 ex-Financials	8.2	(37)	(80)
Nifty 500 ex-energy ex-fin	9.5	(1)	60

Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 500 index as of June 30th, 2024.

Figure 23: Sector-wise PAT growth of Nifty 500 companies in Q1FY25

Figure 24: Sector-wise PAT margin of Nifty 500 companies in Q1FY25


Source: CMIE Prowess, LSEG Workspace, NSE EPR

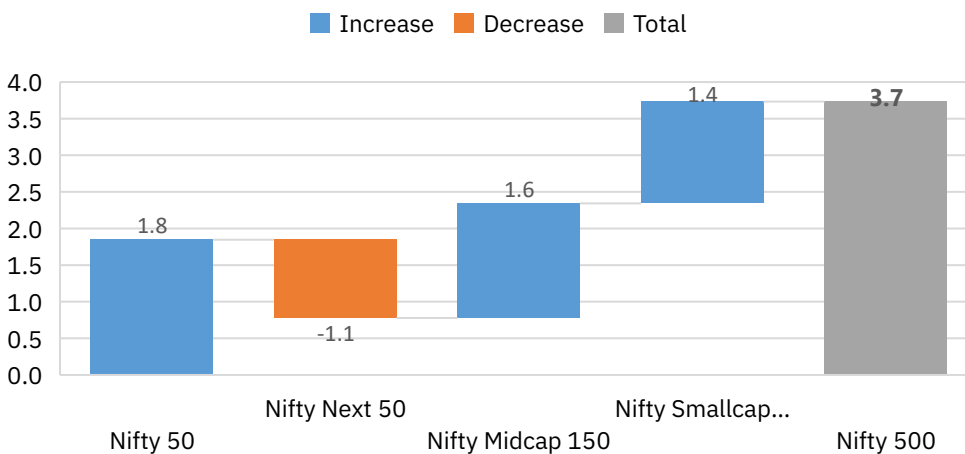
 Note: The above charts provide data for companies in the Nifty 500 index as of June 30th, 2024.

Table 16: Sector-wise contribution of Nifty 500 companies to PAT growth in Q1FY25

Sector	PAT (Rs crore)	Contribution to PAT growth	
		% QoQ	% YoY
Communication Services	-1,302	0.6	0.7
Consumer Discretionary	26,523	(2.9)	1.3
Consumer Staples	15,977	0.3	0.5
Energy	50,698	(2.8)	(8.4)
Financials	1,46,935	(1.6)	6.0
Health Care	16,200	1.3	1.2
Industrials	25,169	(1.4)	1.5
Information Technology	30,730	(0.6)	0.6
Materials	33,419	0.3	0.2
Real Estate	2,975	(0.2)	0.3
Utilities	25,092	1.0	(0.1)
Nifty 500	3,72,416	(5.9)	3.7
Nifty 500 ex-Energy	3,21,718	(3.2)	12.1
Nifty 500 ex-Financials	2,25,481	(4.4)	(2.2)
Nifty 500 ex-energy ex-fin	1,74,783	(1.6)	6.2

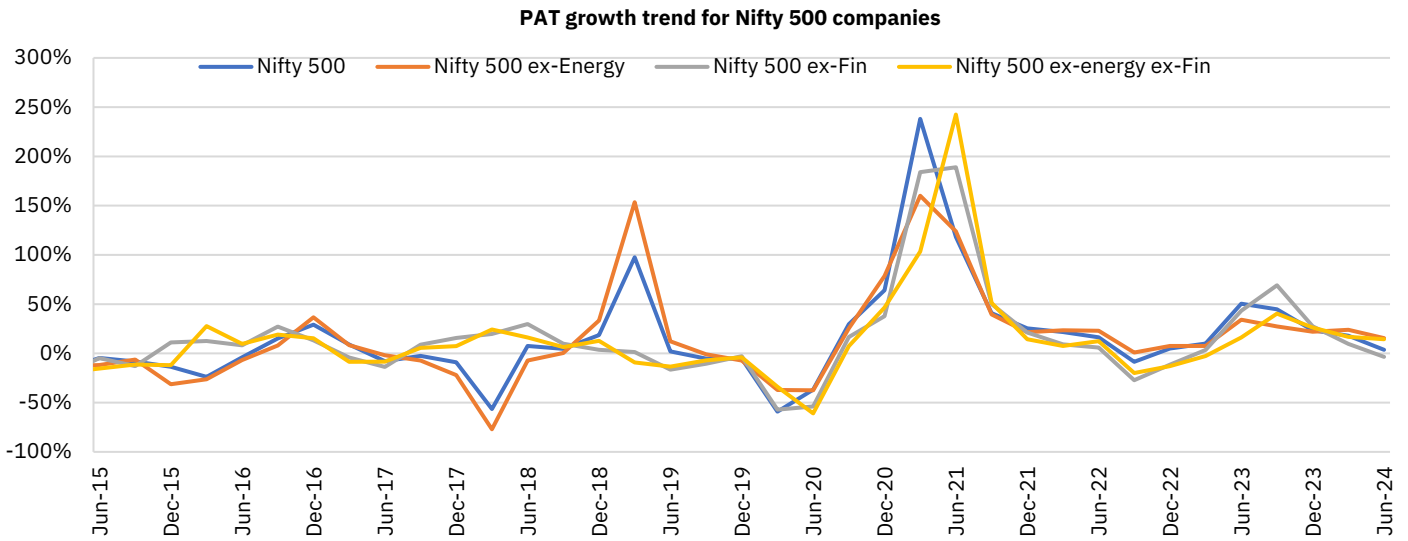
Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 500 index as of June 30th, 2024.

Figure 25: Share of Nifty index constituents in overall PAT growth of Nifty 500 universe in Q1FY25
Contribution of Nifty index constituents to the overall PAT growth (%YoY)


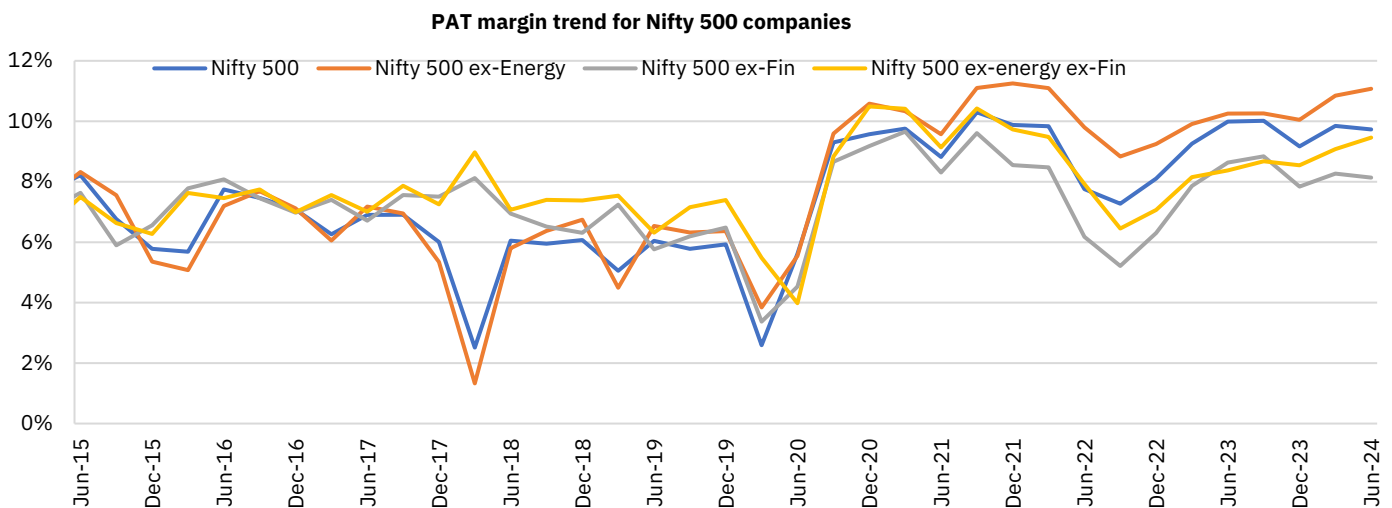
Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above chart provides data for companies in the Nifty 500 index as of June 30th, 2024.

Figure 26: Quarterly Nifty 500 PAT growth trend (YoY)


Source: CMIE Prowess, LSEG Workspace, NSE EPR.

Note: The above chart includes companies in the Nifty 500 index as on end of respective quarters.

Figure 27: PAT margin trend of Nifty 500 companies


Source: CMIE Prowess, LSEG Workspace, NSE EPR.

Note: The above chart includes companies in the Nifty 500 index as on end of respective quarters.

Earnings revision analysis

Consensus FY25/26 aggregate PAT estimates upgraded marginally: Earnings growth in Q1FY25, while moderating on a sequential as well as YoY basis, was in line with expectations, led by steady performance from domestic cyclical sectors viz., Financials, Industrials and Consumer Discretionary, while commodity-focused sectors including Energy and Materials reported a weak quarter. Our analysis of earnings revisions of top 200 covered companies by market capitalisation¹ show that aggregate earnings estimate for FY25 fell by a modest 0.1% in July and further by 0.5% in August, almost entirely reversing the upgrades seen in the first quarter of FY25. The downgrades over the last couple of months were primarily concentrated in Materials and Energy, reflecting the impact of a weak quarter and falling commodity prices. Excluding these two, accounting for ~26% of total earnings, the aggregate profit estimate for FY25 was raised by a total of 0.5% during July-August 2024, thanks to an increase in profit estimates for Communication Services, Industrials and Financials.

Earnings estimate for FY26 also remained broadly steady during July and August, translating into a total increase of 2.5% in this fiscal thus far. Barring Information Technology, and Consumer Staples, all other GICS sectors have seen an increase in their aggregate profit estimates for FY26 in the first five months of this fiscal, led by Energy that accounts for nearly 32% of the absolute upgrade in profit estimate since the beginning of this fiscal year, followed by Financials and Consumer Discretionary that accounted for another 17.6% and 16.6% respectively. Excluding these three, the profit upgrade in FY26 was lower at 2.1%.

With this, the aggregate earnings of the top 200 companies are now expected to increase by 9.8% and 17.5% in FY25 and FY26 respectively, following a strong 33.1% PAT growth in FY24, implying an earnings CAGR of 13.4% during FY24-26.

Figure 28: Aggregate consensus profit growth estimate for top 200 covered companies (% YoY)

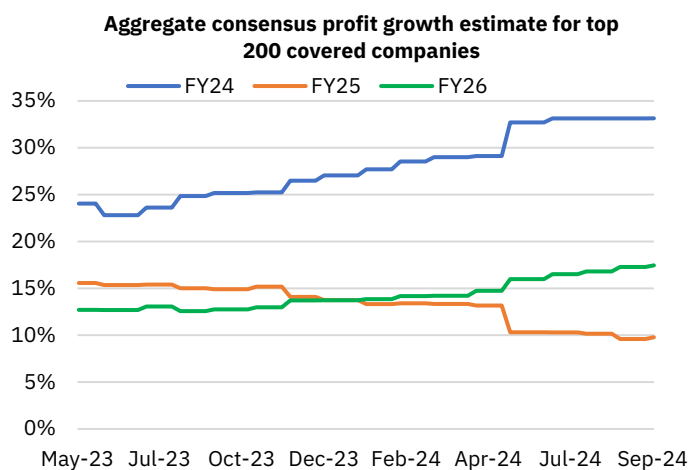
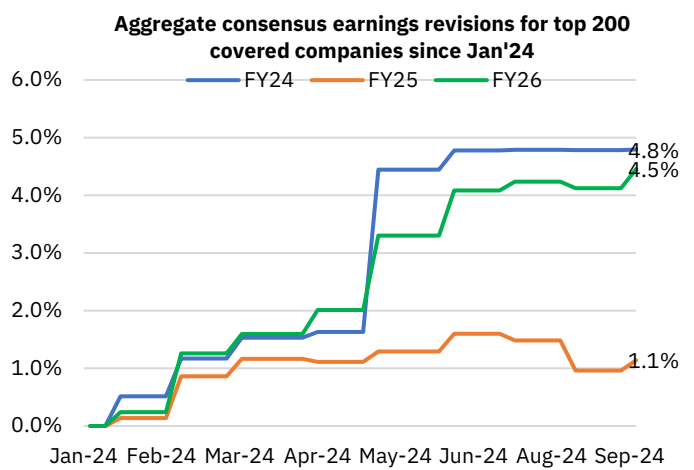


Figure 29: Aggregate consensus earnings revisions since Jan'24 for top 200 covered companies



Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2024, covered by at least five analysts at any given point of time over the last one year. Data is as of September 12th, 2024.

¹ The sample set consists of top 200 companies by one-year average market cap ending June 30th, 2023, covered by at least five or more analysts during the previous 12 months using IBES estimates from LSEG Datastream.

Table 17: Monthly trend of sector-wise FY25 consensus earnings growth estimate (% YoY)

Sectors	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
Comm. Svcs.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Consumer Disc.	20.4	20.3	18.5	18.5	18.8	19.9	20.0	20.2	5.7	6.3	6.2	5.7	5.3
Consumer Staples	14.7	14.9	14.6	14.6	14.6	12.8	12.9	12.9	11.1	10.3	10.0	9.1	9.0
Energy	0.3	0.5	-4.3	-5.9	-8.0	-8.9	-9.3	-10.2	-10.7	-10.1	-10.2	-11.6	-10.9
Financials	16.2	16.2	15.4	15.3	15.2	15.8	15.8	15.7	11.9	10.9	10.8	11.3	11.3
Health Care	20.0	19.6	18.3	18.2	18.6	17.5	18.2	17.9	16.3	18.7	18.6	19.9	20.6
Industrials	19.0	19.1	18.8	19.4	19.3	19.6	19.8	20.1	16.4	17.9	17.6	19.0	19.4
IT	13.2	14.3	14.9	15.0	14.2	14.2	14.4	12.2	10.1	9.9	9.9	10.0	10.1
Materials	21.3	22.5	27.6	28.4	29.6	32.5	33.6	38.7	37.2	43.7	42.4	33.5	33.2
Real Estate	25.9	26.5	24.4	25.5	25.4	27.3	27.1	26.2	23.4	19.5	20.0	23.3	23.4
Utilities	10.7	10.5	11.1	11.2	12.1	11.7	11.8	12.0	13.5	9.9	9.7	10.8	11.2
Total	14.9	15.2	14.1	13.7	13.3	13.4	13.3	13.2	10.3	10.3	10.2	9.6	9.8

Source: LSEG Workspace, NSE EPR

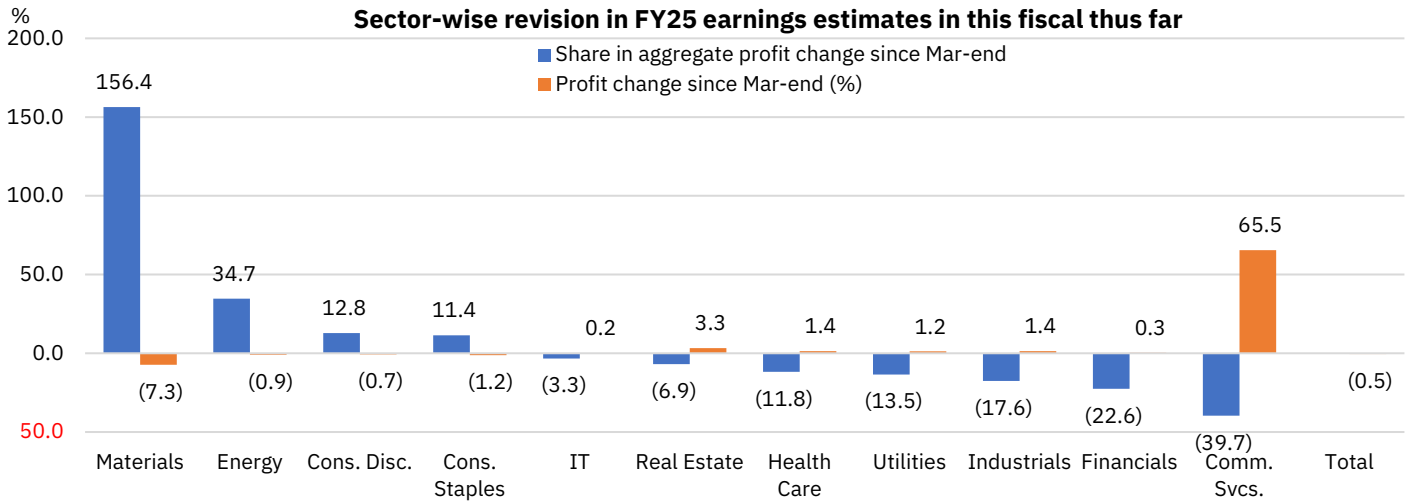
 Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2024, covered by at least five analysts at any given point of time over the last one year. * Data is as of September 12th, 2024.

Table 18: Monthly trend of sector-wise FY26 consensus earnings growth estimate (% YoY)

Sectors	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
Comm. Svcs.	71.7	82.7	137.3	146.7	153.0	273.7	286.9	290.9	228.7	409.4	341.2	233.6	230.0
Consumer Disc.	13.7	14.0	15.8	16.0	16.3	18.3	17.8	18.2	18.9	19.2	19.6	20.7	20.9
Consumer Staples	13.0	12.8	12.6	12.5	12.6	13.0	13.1	13.2	13.8	13.7	13.9	14.4	14.6
Energy	3.8	4.8	5.6	4.9	5.6	5.7	6.0	6.7	10.0	10.7	10.8	13.3	13.9
Financials	16.5	15.7	16.1	16.2	15.9	14.5	14.4	14.6	15.1	15.2	15.4	14.2	14.2
Health Care	16.0	16.0	14.7	14.6	14.8	15.9	16.2	16.2	16.2	17.2	17.4	18.1	18.3
Industrials	15.3	14.6	17.3	17.4	18.7	20.0	20.1	20.2	20.9	21.2	21.3	21.1	21.1
IT	10.4	11.2	11.4	11.8	10.0	10.3	10.5	13.0	12.8	12.8	12.9	13.1	13.1
Materials	10.9	12.3	12.1	12.5	14.1	17.0	17.3	17.8	21.3	22.4	23.4	29.0	29.2
Real Estate	26.2	26.8	28.6	28.9	28.6	29.5	29.8	29.9	28.8	29.1	27.9	27.8	28.1
Utilities	7.9	9.2	9.8	10.0	8.9	9.2	9.1	9.2	8.9	9.8	10.4	10.6	10.8
Total	12.8	13.0	13.7	13.7	13.8	14.2	14.2	14.7	16.0	16.5	16.8	17.3	17.5

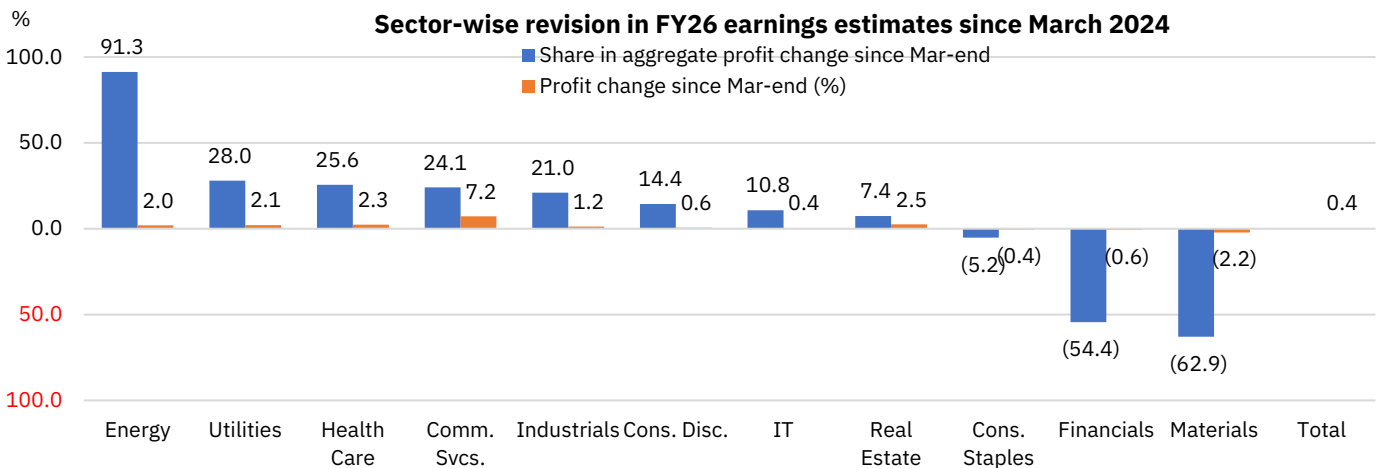
Source: LSEG Workspace, NSE EPR

 Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2024, covered by at least five analysts at any given point of time over the last one year. * Data is as of September 12th, 2024.

Figure 30: Sector-wise revision in FY25 earnings estimates for top 200 companies since March 2024


Source: LSEG Workspace, NSE EPR

Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2024, covered by at least five analysts at any given point of time over the last one year. Data is as on September 12th, 2024.

Figure 31: Sector-wise revision in FY26 earnings estimates for top 200 companies since March 2024


Source: LSEG Workspace, NSE EPR

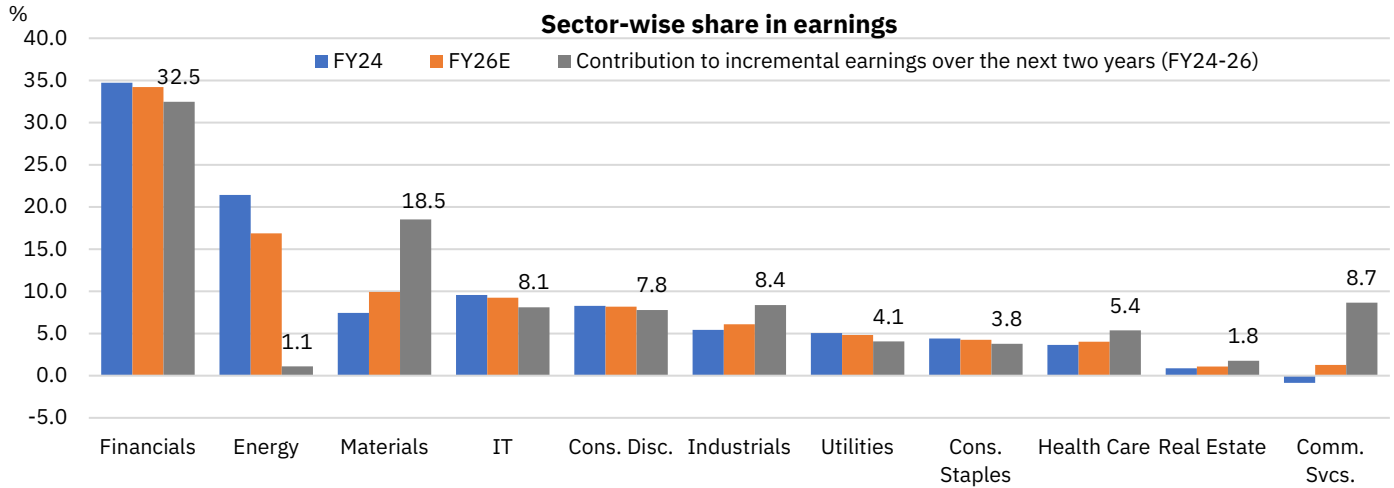
Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2024, covered by at least five analysts at any given point of time over the last one year. Data is as on September 12th, 2024.

Financials and Materials to account for nearly 52% of the incremental earnings over the next two years:

After a sharp drop in earnings over the last two years, the Materials sector is expected to see a recovery over the next two years. This, along with Financials with a steady share in overall earnings of top 200 companies of about 30%, is expected to contribute to ~52% of incremental earnings of this universe over the next two years. Notwithstanding recent downgrades in earnings estimates, the share of Materials in overall earnings is expected to rise from 7.4% in FY24 to 10.0% in FY26. Communication Services, that reported a huge loss in FY24, is expected to report profit amounting to 1.3% of aggregate earnings of top 200 companies by FY26, thereby contributing to a significant 8.7% to aggregate incremental earnings of this universe over the next two years. After seeing earnings downgrades in the last few months, the Energy sector is expected to see a 11.6% YoY drop in aggregate earnings estimate in FY25, only to recover commensurately in FY26. Consequently, its share in aggregate earnings of the top 200 companies is expected to fall from 21.4% in FY24 to 16.7% in FY26. Clearly, the earnings trajectory over the next two years

hinges on persistence of consumption and investment demand as well as global growth recovery.

Figure 32: Sector-wise share and contribution to earnings

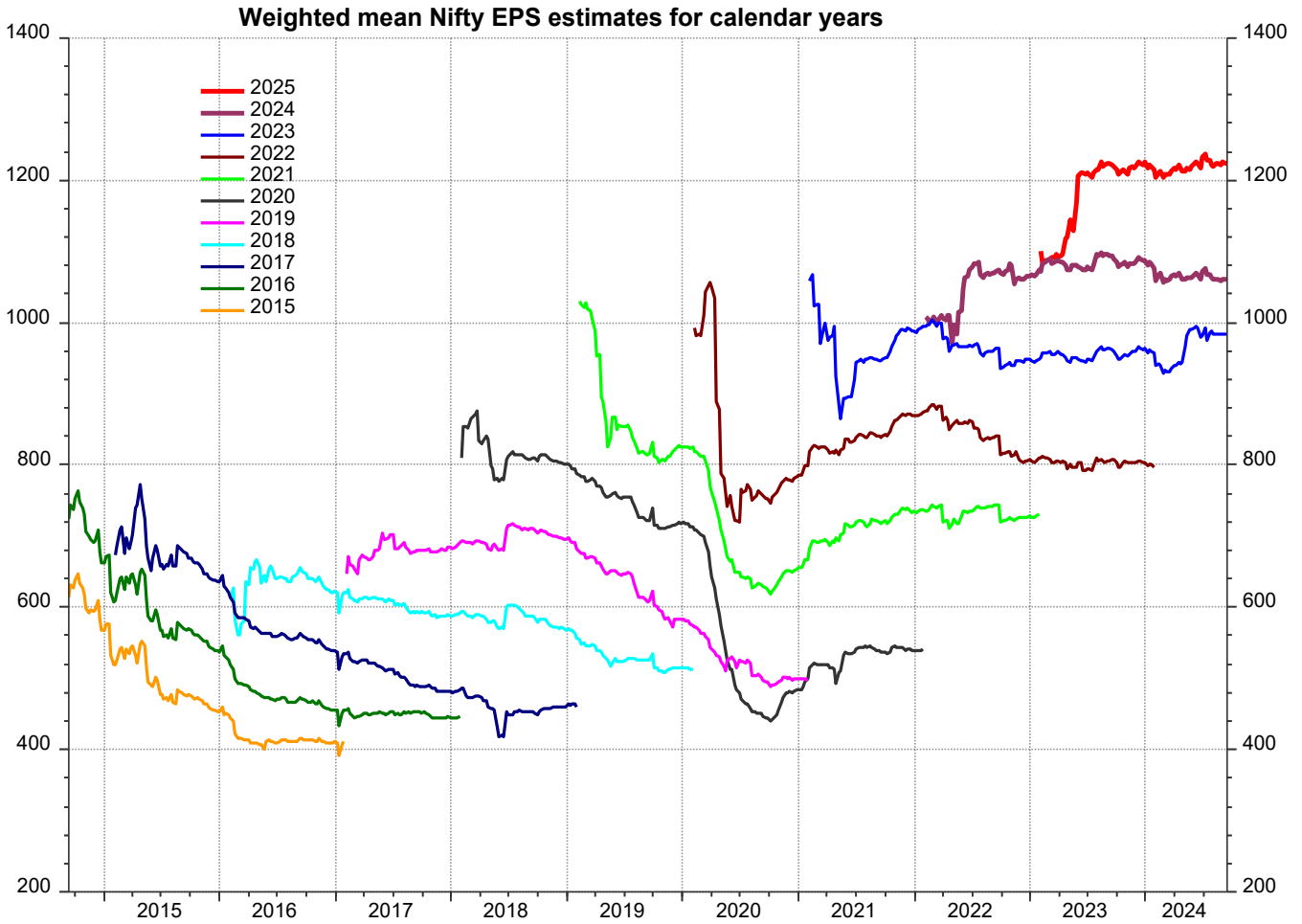


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2024, covered by at least five analysts at any given point of time over the last one year. Data is as of September 12th, 2024.

The chart below shows how Consensus estimates usually begin the year (calendar) with a bullish view on earnings, but are then brought back to *terra firma* with downgrades, year after year, as the macro environment overhang prevails over optimism.

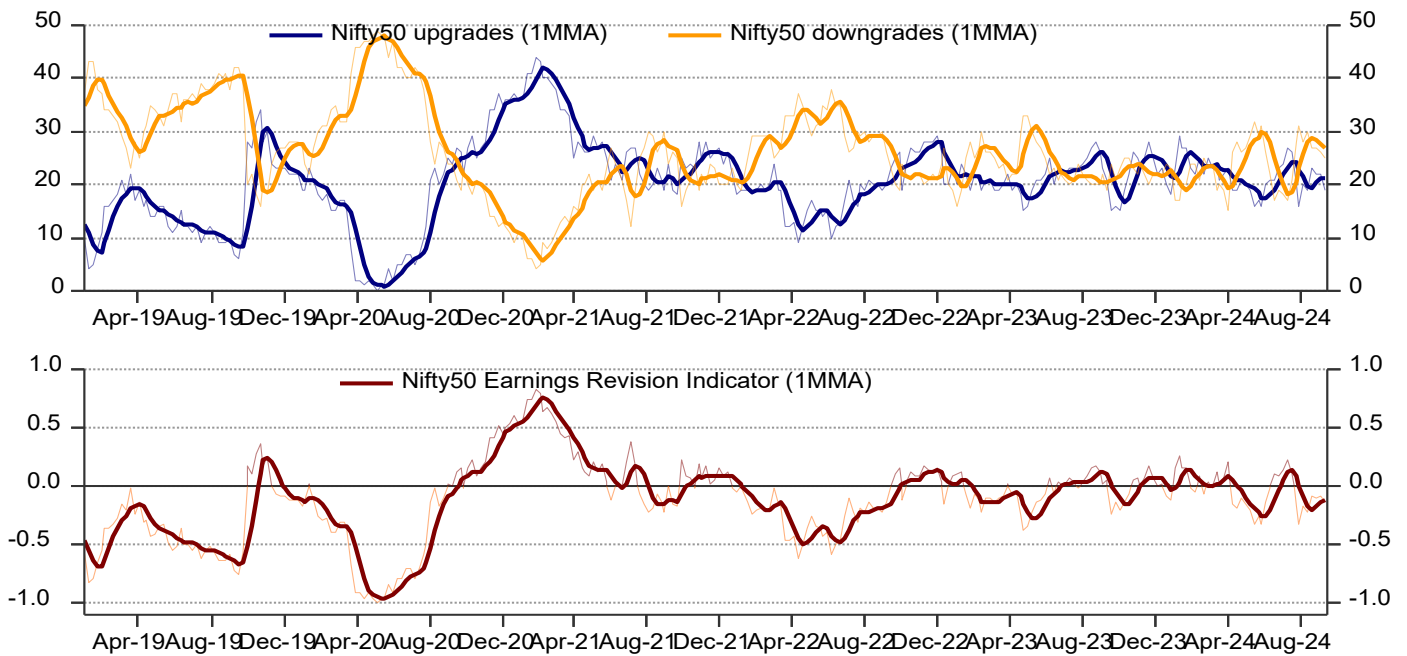
A different story has played out this time, with earnings for the Nifty 50 companies steadily getting revised upwards for 2024 and 2025, barring interim bouts of small cuts. The EPS estimates for Nifty 50 for 2024 and 2025 are up 5.0% and 9.2% each from their initial estimates.

Figure 33: Yearly trend of NIFTY 50 Consensus EPS estimates


Source: LSEG Workspace, NSE EPR

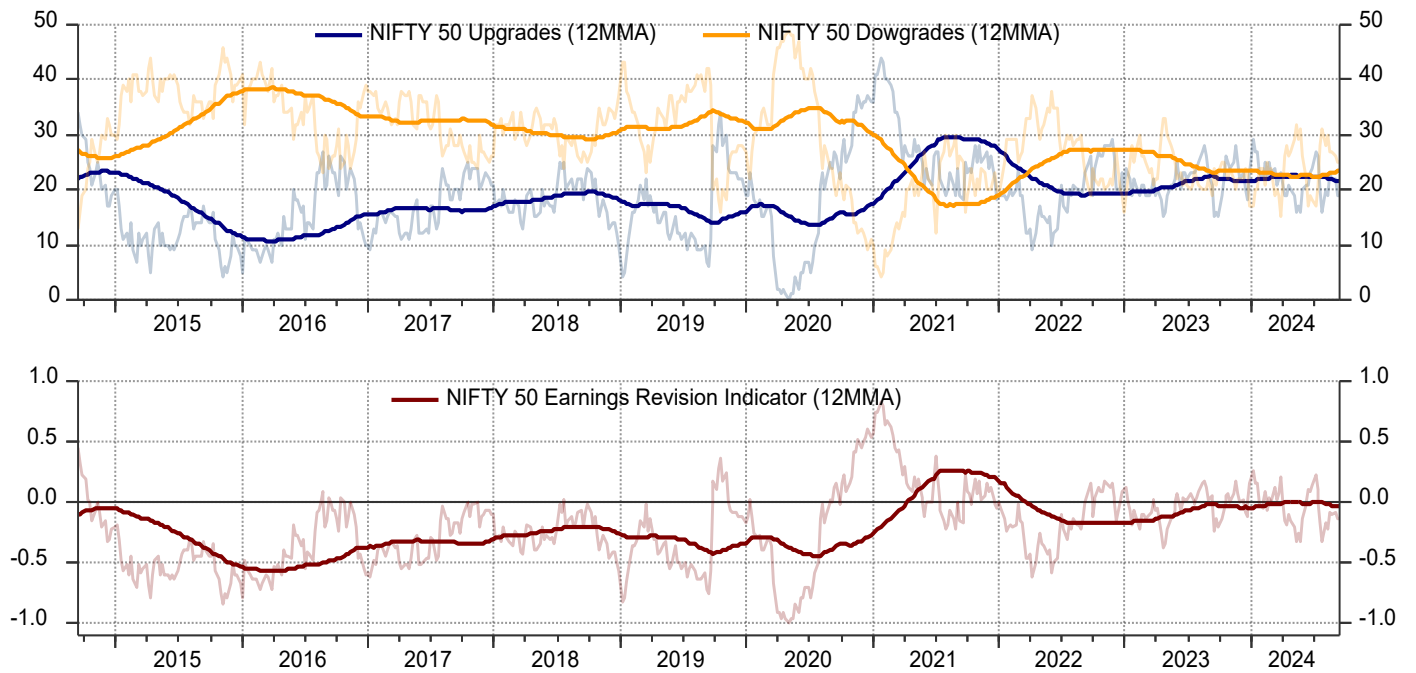
Nifty 50 Earnings Revision Indicator inched up but remained in the negative territory: After a sharp drop following the onset of the Russia-Ukraine war in February 2022, the Earnings Revision Indicator (ERI)² for the Nifty 50 universe picked up meaningfully in the second half of 2022, indicating higher number of upgrades than downgrades. This was aided by resilient economic performance, strong Government capex and robust credit offtake by banks. The ERI moved in a tight band over the subsequent 15 months until March 2024, as in-line corporate earnings kept number of upgrades and/or downgrades contained. In the first five months of this fiscal, however, the ERI has turned volatile again, with most sectors barring IT and Utilities witnessing a moderation in ERI. In fact, Materials and Consumer Staples continued to see a far higher number of downgrades than upgrades, resulting in the ERI falling further deep into negative territory.

Figure 34: Nifty 50 Earnings Revision Indicator (since January 2019)
NIFTY 50 Earnings Revisions

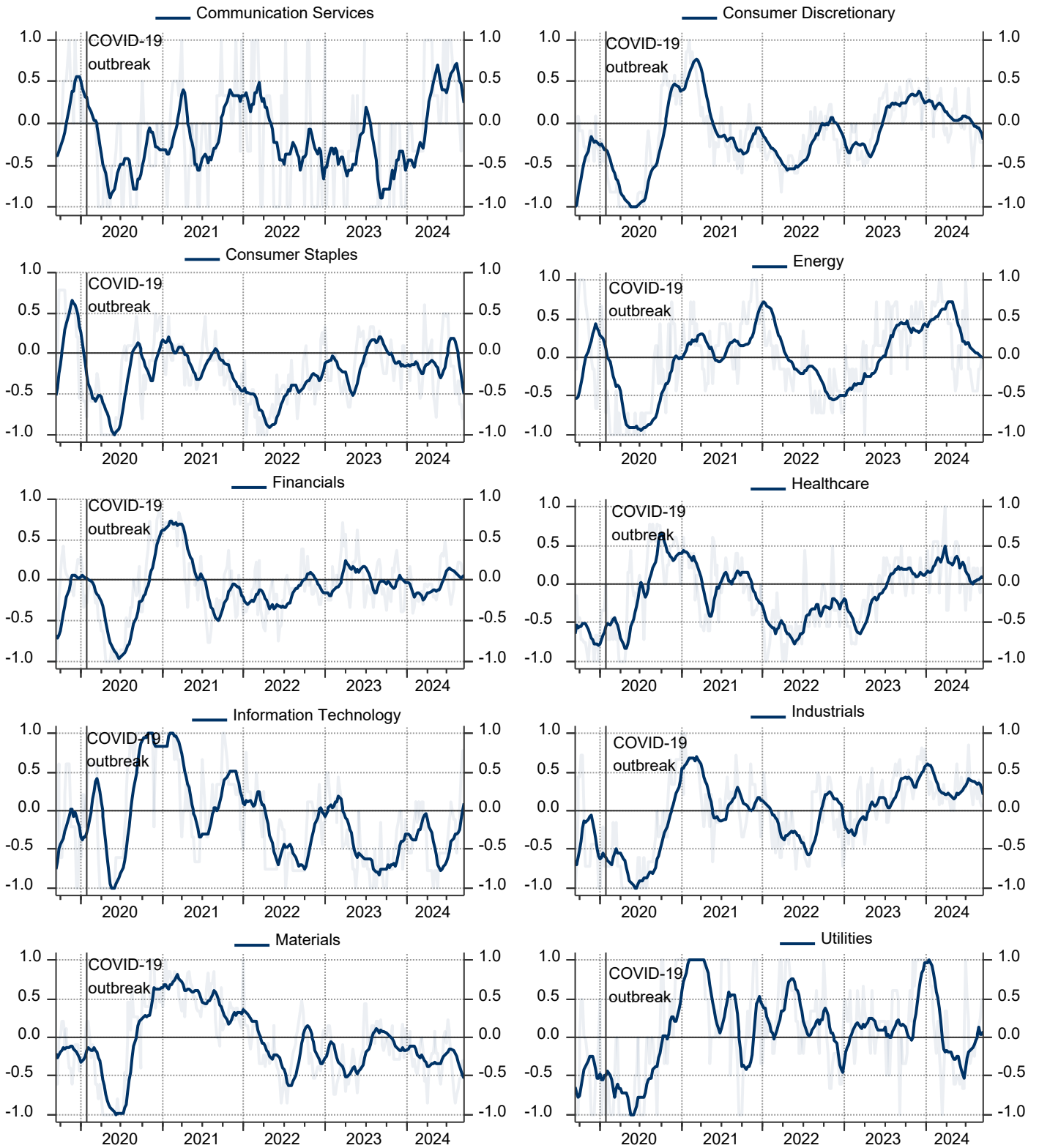


Source: LSEG Workspace, NSE EPR.

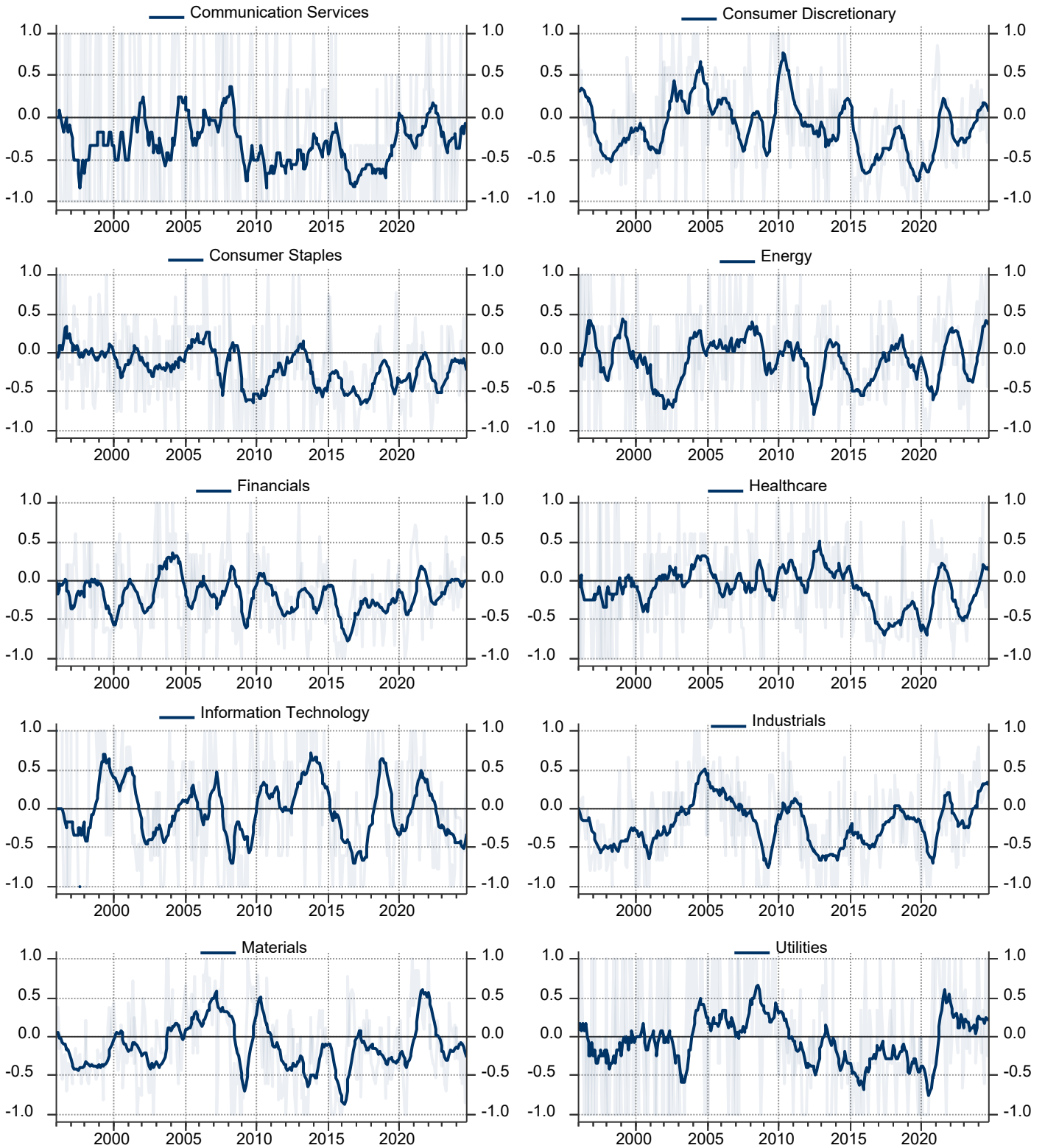
² The ERI is calculated as “(number of upgrades – number of downgrades)/total number of upgrades and downgrades”. It can range between -1 to 1.

Figure 35: Nifty 50 Earnings Revision Indicator (10-year trend)
NIFTY 50 Earnings Revisions


Source: LSEG Workspace, NSE EPR.

Figure 36: Short-term trend of Earnings Revision Indicator across MSCI sectors
India Earnings Revision Indicator across sectors: Short-term (2MMA)


Source: LSEG Workspace, NSE EPR.

Figure 37: Long-term trend of Earnings Revision Indicator across MSCI sectors
India Earnings Revision Indicator (ERI) across sectors: Long-term (12MMA)


Source: LSEG Workspace, NSE EPR.

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