

Q2FY25 Earnings Review: A muted quarter

Topline growth for Nifty 50 and Nifty 500 companies moderated to a 15-quarter low of 6.6% and a three-quarter low of 8.3% YoY, respectively. Mid- and small-cap companies (Nifty 500 ex-Nifty 50) performed better with a robust 9.8% YoY growth in net sales, the highest in six quarters. Financials drove over 50% of topline growth, supported by strong credit offtake, while Consumer Discretionary contributed 27.5%, led by consumer durables and apparel. In contrast, Materials and Energy faced a weak quarter due to softer demand, lower realizations, and weaker refining margins. Industrials showed resilience benefitting from a pick-up in government spending post-election. Rising costs pressured profitability, as operating profit (EBITDA) for Nifty 50/Nifty 500 (ex-Financials) contracted 0.5%/4.1% YoY and 1.7%/4% QoQ. Operating expenses rose 6.4%/8.7% YoY, outpacing revenue growth, leading to margin compression of 83bps/172bps YoY to 20.4%/17.6%, respectively. Nifty 500 ex-Nifty 50 companies saw a sharper margin decline of 256bps YoY to a six-quarter low of 14.7%, despite better topline performance. Adjusted PAT growth fell to an eight-quarter low of 0.8% YoY for Nifty 50 and -4.1% YoY for Nifty 500. Financials offset declines in commodity sectors (Energy, Materials) impacted by weaker demand and falling prices. The Nifty 500 ex-Nifty 50 universe underperformed on profitability with -10.1% YoY, despite stronger revenue growth.

A weak second quarter resulted in downward revisions in earnings estimates across the board, and starkly so in commodity-oriented sectors including Energy and Materials. Consensus earnings estimates (from LSEG Datastream) for FY25 for the top 200 covered companies by market cap witnessed earnings cut of 3.6% since September-end (As of December 12th), with Energy and Materials accounting for ~64% of the change in aggregate earnings during this period. Earnings estimate for FY26 was also curtailed by 2.9% during this period, even as the revisions were relatively more broad-based across sectors. This translates into an expected aggregate profit growth of 5.9%/18.3% in FY25/FY26 on top of a robust 33.4% growth in FY24, implying a CAGR of 11.9% during FY24-26. In line with significant downgrades, the Earnings Revision Indicator (ERI)¹ also fell deep in the negative territory, implying a greater number of downgrades than upgrades. Notwithstanding a disappointing performance in the second quarter, corporate profitability over the coming quarters should see an improvement, thanks to higher Government spending, festive-led boost to urban consumption and continued recovery in rural demand. Escalation in geopolitical tensions, and consequent surge in commodity price volatility, coupled with weather-related disruptions, pose key downside risks.

- Topline growth remained muted in Q2FY25:** The topline growth of Nifty 50 and Nifty 500 companies slowed to a 15-quarter and a three-quarter low of 6.6% and 8.3% respectively in Q2FY25. Excluding the Nifty 50 companies, the topline growth of the remaining companies stood at a robust 9.8% YoY—the highest in the last six quarters, indicating relatively better performance of mid- and small-cap companies. Within Nifty 500 companies, Financials drove over 50% of the topline growth, aided by strong credit offtake, while Consumer Discretionary contributed 27.5%, led by consumer durables and apparel. Commodity sectors, viz., Materials and Energy, reported a weak quarter, reflecting the impact of weaker demand, lower realisations and weaker refining margins, while Industrials showed resilience, aided by a pick-up in government spending after election-led halt.
- Rising costs weighed on operating profits in Q2FY25:** Operating profit (EBITDA) for Nifty 50/Nifty 500 universe (ex. Financials) contracted 0.5%/4.1% YoY and 1.7%/4% QoQ, reflecting rising cost pressures that accentuated the slowdown in consumption demand. Operating expenses surged 6.4%/8.7% YoY, outpacing revenue growth of 3.5%/5.3% YoY, resulting in margin contraction of 83bps/172bps YoY to 20.4%/17.6%. For Nifty 500 universe ex-Nifty 50, margins fell by a

While Nifty 500 companies reported a three-quarter low net sales growth of 8.3%, Nifty 50 companies reported a 15-quarter low growth of 6.6% YoY.

EBITDA growth rate moderated to -0.5% YoY/-1.7% QoQ and 4.1%YoY/4% QoQ for Nifty50 and Nifty 500 universe respectively.

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

higher 256bps YoY to a six-quarter low of 14.7%, despite better revenue performance. Higher share in incremental raw material costs of Energy (25%) and Consumer Discretionary (48%) sectors, yielded margin compression in Q2. Excluding Energy, Financials, and Consumer Discretionary, EBITDA grew by a decent 7.3% YoY, resulting in a margin accretion of 49bps to 22.7%.

- **Adjusted PAT growth declined to an eight-quarter low in Q2:** Aggregate adjusted PAT growth for Nifty 50 and Nifty 500 companies fell to an eight-quarter low of 0.8% YoY and -4.1% YoY respectively in Q2FY25. Sector-wise, companies in the Financials sector have contributed majorly to the PAT growth in both Nifty 50 and Nifty 500 companies, counterbalancing the drag on overall profitability from commodity sectors including Energy and Materials. Weaker demand, falling prices and weaker refining margins for oil marketing companies weighed on the profitability of commodity-linked companies in the quarter gone by. Notably, five out of 11 GICS sector within the Nifty 500 universe reported a YoY contraction in aggregate profits. Further, while the Nifty 500 ex-Nifty 50 universe outperformed Nifty 50 companies in terms of topline growth, its performance in terms of profitability was weaker than that of the Nifty 50 companies at -10.1% YoY.
- **A disappointing performance in Q2 triggered downward revisions in earnings estimates:** Our analysis of earnings revisions of top 200 covered companies by market capitalisation show that aggregate earnings estimate for FY25 fell by 3.6% since September-end, translating into earnings growth falling to 5.9% (As on December 12th) from 9.8% as of September-end. Notably, all sectors, barring Real Estate, have seen downgrades in earnings estimates during this period, led by Energy and Materials, reflecting the impact of a disappointing quarter and rising geopolitical uncertainty. Excluding these two—accounting for 64% of the change in aggregate earnings since September-end, the downward revision in aggregate profit estimate was relatively modest at 1.7%. Earnings estimate for FY26 was also cut by 2.9% since Sep-end, almost entirely reversing the upward revision seen in H1FY25, translating into an expected profit growth of 18.3% (CAGR over FY24-26: 11.9%). The downward revision in FY26 earnings was relatively broad-based, with Energy, Financials and Materials together accounting for nearly two-third to the absolute decline in FY26 profit estimate.
- **...With the ERI falling deep in the negative territory:** After a sharp drop following the onset of the Russia-Ukraine war in Feb'22, the Earnings Revision Indicator (ERI)² for the Nifty 50 universe picked up in H2-2022, 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 downgrades contained. In FY25 thus far, however, the ERI has turned volatile again, and has fallen deep in the negative territory over the last three months. All sectors barring Healthcare IT, and Communication Services have the ERI values hovering in the negative territory, indicating a greater number of downgrades than upgrades

Aggregate adjusted PAT growth for Nifty 50 and Nifty 500 companies came in at an eight-quarter low of 0.8% YoY and -4.1% YoY respectively in Q2FY25.

Aggregate earnings growth of top 200 companies is pegged at 5.9% and 18.3% in FY25 and FY26 respectively, implying an earnings CAGR of 11.9% during this period.

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.

Table of Figures

Figure 1: Sector-wise net sales growth of Nifty 50 companies in Q2FY25.....	6
Figure 2: Sector-wise share in net sales of Nifty 50 companies in Q2FY25	7
Figure 3: Quarterly trend of Nifty 50 revenue growth (YoY)	8
Figure 4: Change in expenses for Nifty 50 companies (ex-Financials) in Q2FY25	9
Figure 5: Sector-wise EBITDA growth of Nifty 50 companies in Q2FY25.....	10
Figure 6: Sector-wise EBITDA margin of Nifty 50 companies in Q2FY25.....	10
Figure 7: Sector-wise share in EBITDA of Nifty 50 companies in Q2FY25	11
Figure 8: Quarterly trend of Nifty 50 EBITDA growth (YoY).....	12
Figure 9: Quarterly EBITDA margin trend of Nifty 50 companies	12
Figure 10: Sector-wise PAT growth of Nifty 50 companies in Q2FY25.....	14
Figure 11: Sector-wise PAT margin of Nifty 50 companies in Q2FY25.....	14
Figure 12: Sector-wise share in PAT of Nifty 50 companies in Q2FY25	15
Figure 13: Quarterly trend of Nifty 50 PAT growth (YoY).....	16
Figure 14: PAT margin trend of Nifty 50 companies	16
Figure 15: Sector-wise net sales growth of Nifty 500 companies in Q2FY25	18
Figure 16: Quarterly Nifty 500 revenue growth trend (YoY).....	19
Figure 17: Share of Nifty index constituents in overall net sales growth of Nifty 500 universe in Q2FY25.....	20
Figure 18: Change in expenses for Nifty 500 companies (ex-Financials) in Q2FY25.....	21
Figure 19: Sector-wise EBITDA growth of Nifty 500 companies in Q2FY25	22
Figure 20: Sector-wise EBITDA margin of Nifty 500 companies in Q2FY25	22
Figure 21: Quarterly Nifty 500 EBITDA growth trend (YoY)	23
Figure 22: EBITDA margin trend of Nifty 500 companies.....	24
Figure 23: Sector-wise PAT growth of Nifty 500 companies in Q2FY25	26
Figure 24: Sector-wise PAT margin of Nifty 500 companies in Q2FY25.....	26
Figure 25: Share of Nifty index constituents in overall PAT growth of Nifty 500 universe in Q2FY25	27
Figure 26: Quarterly Nifty 500 PAT growth trend (YoY).....	28
Figure 27: PAT margin trend of Nifty 500 companies.....	28
Figure 28: Aggregate consensus profit growth estimate for top 200 covered companies (% YoY)	30
Figure 29: Aggregate consensus earnings revisions since Jan'24 for top 200 covered companies	30
Figure 30: Sector-wise revision in FY25 earnings estimates for top 200 companies since September 2024	31
Figure 31: Sector-wise revision in FY26 earnings estimates for top 200 companies since September 2024	32
Figure 32: Sector-wise share and contribution to earnings.....	33
Figure 33: Yearly trend of NIFTY 50 Consensus EPS estimates.....	34
Figure 34: Nifty 50 Earnings Revision Indicator (since January 2019).....	35
Figure 35: Nifty 50 Earnings Revision Indicator (10-year trend)	36
Figure 36: Short-term trend of Earnings Revision Indicator across MSCI sectors	37
Figure 37: Long-term trend of Earnings Revision Indicator across MSCI sectors	38

Table of Tables

Table 1: Sector-wise net sales growth of Nifty 50 companies in Q2FY25.....	6
Table 2: Sector-wise contribution of Nifty 50 companies to net sales growth in Q2FY25	7
Table 3: Sector-wise EBITDA growth of Nifty 50 companies in Q2FY25.....	9
Table 4: Sector-wise EBITDA margin of Nifty 50 companies in Q2FY25.....	10
Table 5: Sector-wise contribution of Nifty 50 companies to EBITDA growth in Q2FY25	11
Table 6: Sector-wise PAT growth of Nifty 50 companies in Q2FY25	13
Table 7: Sector-wise PAT margin of Nifty 50 companies in Q2FY25	14
Table 8: Sector-wise contribution of Nifty 50 companies to PAT growth in Q2FY25.....	15
Table 9: Sector-wise net sales growth of Nifty 500 companies in Q2FY25.....	18
Table 10: Sector-wise contribution of Nifty 500 companies to net sales growth in Q2FY25	19
Table 11: Sector-wise EBITDA growth of Nifty 500 companies in Q2FY25	21
Table 12: EBITDA margin of Nifty 500 companies in Q2FY25	22
Table 13: Sector-wise contribution of Nifty 500 companies to EBITDA growth in Q2FY25.....	23
Table 14: Sector-wise PAT growth of Nifty 500 companies in Q2FY25.....	25
Table 15: Sector-wise PAT margin of Nifty 500 companies in Q2FY25.....	26
Table 16: Sector-wise contribution of Nifty 500 companies to PAT growth in Q2FY25	27
Table 17: Monthly trend of sector-wise FY25 consensus earnings growth estimate (% YoY)	30
Table 18: Monthly trend of sector-wise FY26 consensus earnings growth estimate (% YoY)	31

Nifty 50 Q2FY25 results

Aggregate topline growth for Nifty50 companies moderated for the second quarter in a row:

The Nifty 50 companies experienced a slowdown in their topline growth for two straight quarters, with the YoY growth falling from 9.7% in Q1FY25 to a 15-quarter low of 6.6% in Q2FY25. On a sequential basis, the topline growth fell by a modest 0.1% QoQ as compared to a 2.2% QoQ drop in the previous quarter. Comparing this with the pre-pandemic performance, the topline growth in Q2FY25 was lower than the average of YoY/QoQ growth rate of 11.1%/1.2% witnessed in the same period over five years prior to the onset of the pandemic (2015-19). Within the Nifty 50 universe, 40 and 36 companies registered a YoY and QoQ expansion in net sales during the September quarter as compared to 45 and 29 companies respectively in the previous quarter.

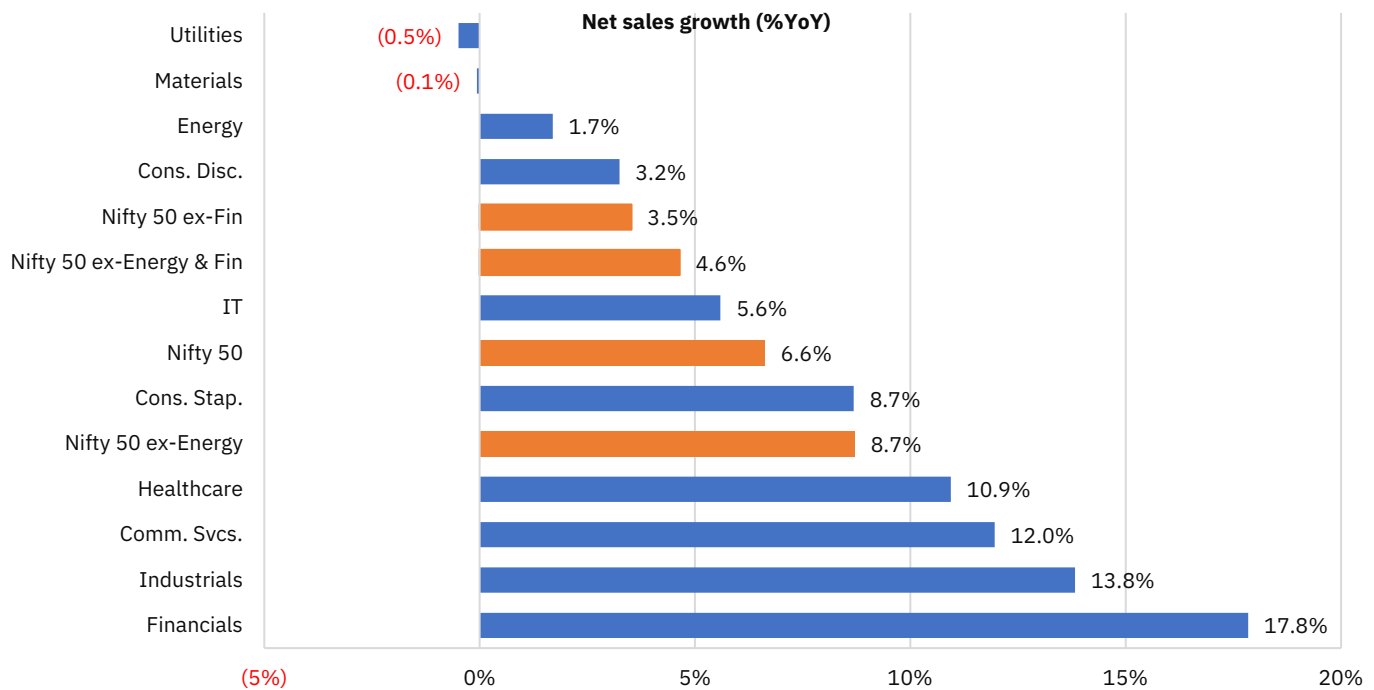
Sector-wise, Financials (gross interest income) continued to be the key driver of expansion in Nifty 50 net sales during the quarter, accounting for over 55% of the YoY rise, aided by strong recoveries and lower credit costs. That said, the sector's topline growth slowed for the third consecutive quarter, marking its weakest performance in the past eight quarters due to asset quality challenges. Excluding Financials, Nifty 50 universe posted a subdued topline growth of 3.5% YoY, reflecting the impact of weak external and domestic urban consumption demand. On the other hand, the industrials sector reported an improvement in topline growth, contributing slightly over 10% of the YoY rise in Nifty50 aggregate topline. This growth was driven by robust order books and increased government spending on infrastructure projects following the elections.

Among other sectors, Energy, contributing 29% to the Nifty 50's revenue, reported a modest 1.7% YoY growth in the September quarter. This was primarily led by declining refining and marketing margins, impacted by lower crude oil prices and weak demand. The Consumer Discretionary sector reported a 10-quarter low topline growth, due to muted commercial and passenger vehicle demand, partially offset by robust two-wheeler sales. Materials and Utilities sector reported YoY and QoQ decline in the September quarter, weighed by poor demand and lower commodity prices.

Table 1: Sector-wise net sales growth of Nifty 50 companies in Q2FY25

Sector	QoQ growth			YoY growth		
	Sep-23	Jun-24	Sep-24	Sep-23	Jun-24	Sep-24
Communication Services	(1.1)	2.4	7.7	7.3	2.8	12.0
Consumer Discretionary	5.3	(4.4)	(0.6)	24.8	9.3	3.2
Consumer Staples	3.4	2.6	6.4	4.5	5.6	8.7
Energy	(1.1)	(1.7)	(4.5)	(5.3)	5.3	1.7
Financials	11.7	1.0	4.3	33.3	26.2	17.8
Health Care	4.0	6.4	5.7	11.9	9.1	10.9
Industrials	1.3	(17.8)	4.4	(6.6)	10.5	13.8
Information Technology	0.7	1.4	2.9	5.6	3.4	5.6
Materials	(1.7)	(5.4)	(3.1)	0.7	1.4	(0.1)
Utilities	3.9	(0.1)	(6.0)	1.7	10.0	(0.5)
Nifty 50	2.8	(2.2)	(0.1)	7.5	9.7	6.6
Nifty 50 ex-Energy	4.6	(2.4)	1.8	14.0	11.7	8.7
Nifty 50 ex-Financials	0.6	(3.1)	(1.4)	2.0	5.6	3.5
Nifty 50 ex-energy ex-fin	1.7	(4.0)	0.6	7.1	5.8	4.6
Nifty 50 excl HDFCBK	1.4	(2.4)	(0.2)	5.5	8.1	6.4

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

Figure 1: Sector-wise net sales growth of Nifty 50 companies in Q2FY25


Source: CMIE Prowess, LSEG workspace, NSE EPR

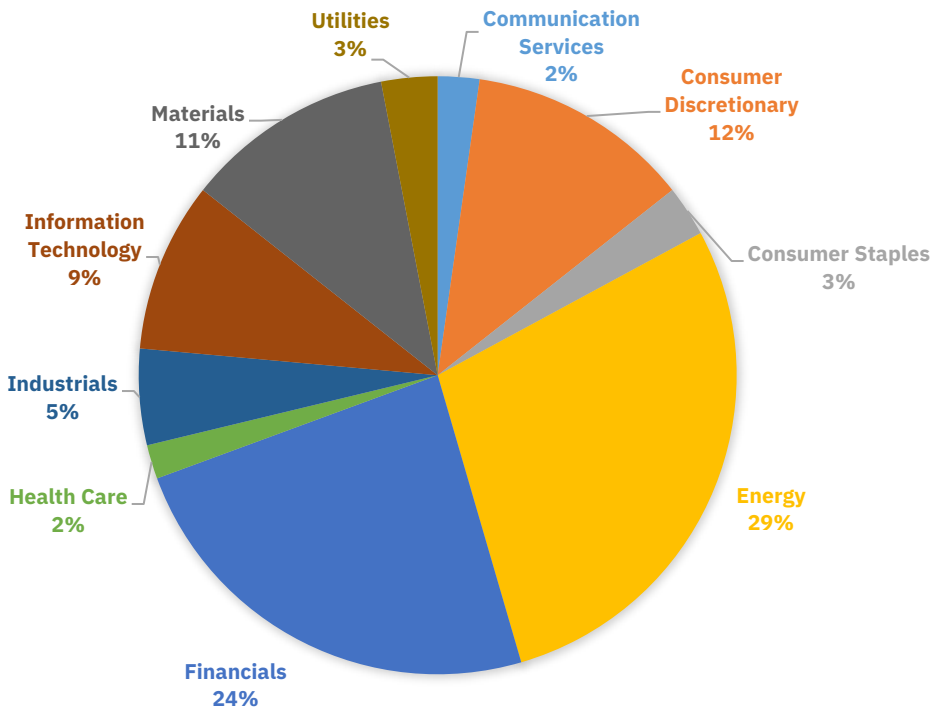
Note: The above chart provides data for companies in the Nifty 50 index as on September 30th, 2024.

Table 2: Sector-wise contribution of Nifty 50 companies to net sales growth in Q2FY25

Sector	Net sales (Rs crore)	Contribution to net sales growth	
		% QoQ	% YoY
Communication Services	41,473	0.2	0.3
Consumer Discretionary	2,23,507	(0.1)	0.4
Consumer Staples	50,648	0.2	0.2
Energy	5,23,322	(1.3)	0.5
Financials	4,40,855	1.0	3.9
Health Care	33,970	0.1	0.2
Industrials	95,835	0.2	0.7
Information Technology	1,69,722	0.3	0.5
Materials	2,09,017	(0.4)	(0.0)
Utilities	55,974	(0.2)	(0.0)
Nifty 50	18,44,323	(0.1)	6.6
Nifty 50 ex-Energy	13,21,000	(126.6)	6.1
Nifty 50 ex-Financials	14,03,468	104.6	2.8
Nifty 50 ex-energy ex-fin	8,80,145	(28.6)	2.3

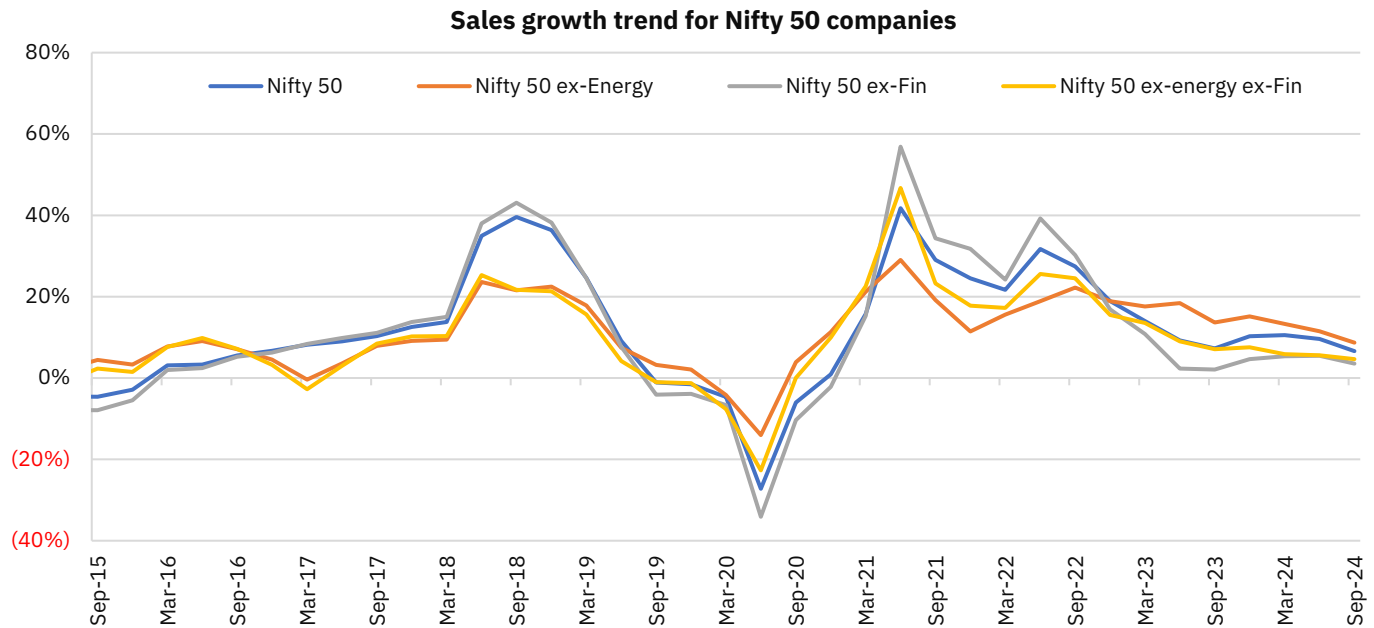
Source: CMIE Prowess, LSEG workspace, NSE EPR

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

Figure 2: Sector-wise share in net sales of Nifty 50 companies in Q2FY25


Source: CMIE Prowess, LSEG workspace, NSE EPR

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

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


Source: CMIE Prowess, LSEG Workspace, NSE EPR

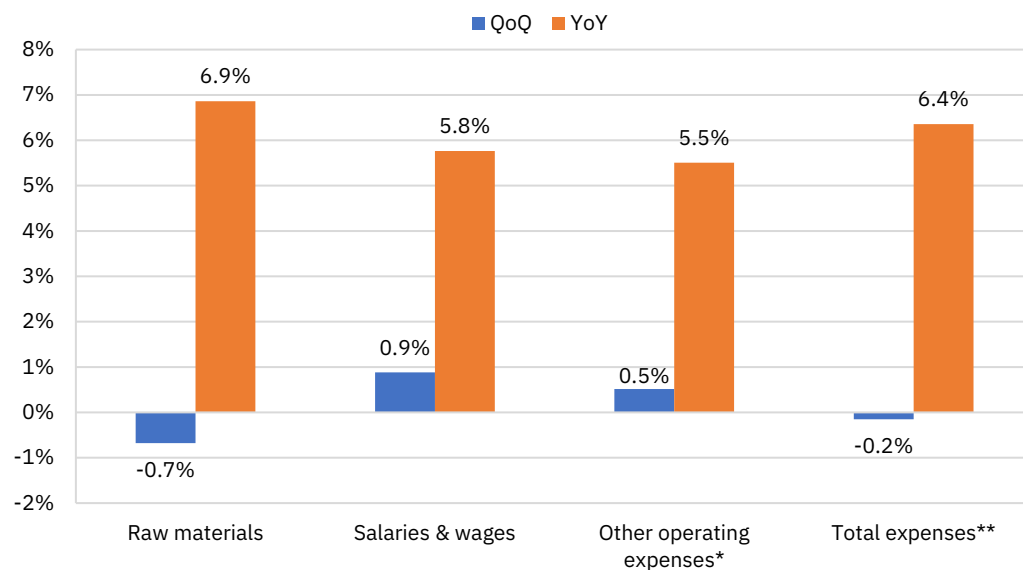
Note: The above chart includes companies in the Nifty 50 index as on end of respective quarters.

Nifty50 companies' EBITDA growth in Q2FY25 declined to an eight-quarter low: The operating profit (EBITDA) growth rate of non-financial Nifty 50 companies moderated for the four consecutive quarters. In Q2FY25, aggregate EBITDA contracted by 0.5% YoY and 1.7% QoQ, much lower than the average YoY growth rate of 7% witnessed in the September quarters over five years prior to the onset of the pandemic (2015-19). As a result, EBITDA margins contracted by 83bps YoY and 8bps QoQ to 20.4%. Out of 39 non-financial companies in the Nifty50 Index, 28 and 20 companies registered a YoY and QoQ expansion in EBITDA in Q2FY25 vs. 34 and 39 companies respectively in the previous quarter. These trends highlight a broad-based pressure on profitability, driven by a combination of slowing demand and rising operational costs.

Raw material costs for Nifty50 universe excluding Financials surged 6.9% YoY, resulting in an expansion of the raw material costs to net sales ratio by 64bps YoY/108bps QoQ, driven by slowdown in revenue growth and rising input costs. Energy sector contributed a significant 54% to the YoY rise in raw material costs for the universe, with a growth rate of 7.2% YoY. This was primarily influenced by softer product prices and weaker demand amid global uncertainties and subdued domestic industrial activity.

The wage bill for non-financial Nifty 50 companies grew by 5.8% YoY, with its share of net sales rising by a modest 4bps YoY in Q2FY25. Notably, IT and Consumer Discretionary sectors accounted for 57% of the increase. Total operating expenses of non-financial Nifty 50 companies rose by 6.4% YoY, outpacing the net sales growth of 3.5% YoY for this universe, indicating cost pressures. Sequentially, operating expenses contracted by a modest 0.2% QoQ, more than offset by a higher 1.4% QoQ decline in net sales.

Barring Energy that reported the steepest decline in the last 17 quarters, all other sectors registered a YoY expansion in EBITDA in the quarter gone by. Excluding Financials and Energy, aggregate EBITDA of the Nifty 50 companies grew by 7.5% YoY, exceeding the revenue growth of 4.6% YoY, thereby resulting in a margin accretion of 60bps YoY to 22.9% for this universe.

Figure 4: Change in expenses for Nifty 50 companies (ex-Financials) in Q2FY25


Source: CMIE Prowess, LSEG workspace, NSE EPR

- *Other operating expenses include selling, general & administrative expenses, rental expenses, and other operating costs.
- ** Total expenses exclude interest expenses and depreciation.
- The above chart provides data for companies in the Nifty 50 index as on September 30th, 2024.

Table 3: Sector-wise EBITDA growth of Nifty 50 companies in Q2FY25

Sector	QoQ growth			YoY growth		
	Sep-23	Jun-24	Sep-24	Sep-23	Jun-24	Sep-24
Communication Services	(0.5)	2.3	10.4	12.5	2.2	13.4
Consumer Discretionary	7.6	(1.7)	(8.4)	57.1	20.4	2.5
Consumer Staples	1.9	1.0	0.1	10.4	2.9	1.0
Energy	(3.5)	(7.5)	(6.1)	59.2	(13.0)	(15.4)
Financials	10.4	0.3	4.3	50.0	27.3	20.3
Health Care	6.3	14.6	6.7	15.9	15.3	15.9
Industrials	9.9	(10.8)	8.2	18.9	19.9	18.1
Information Technology	2.7	(3.7)	0.1	4.9	9.0	6.3
Materials	(6.4)	(5.6)	(4.2)	32.8	3.4	5.9
Utilities	3.2	(4.8)	3.4	9.0	6.6	6.8
Nifty 50	4.8	(2.0)	1.3	39.6	13.2	9.4
Nifty 50 ex-Energy	6.9	(1.0)	2.7	35.9	19.6	14.9
Nifty 50 ex-Financials	0.3	(4.3)	(1.7)	31.4	1.5	(0.5)
Nifty 50 ex-energy ex-fin	2.4	(2.9)	0.2	20.1	9.8	7.5

Source: CMIE Prowess, LSEG Workspace, NSE EPR

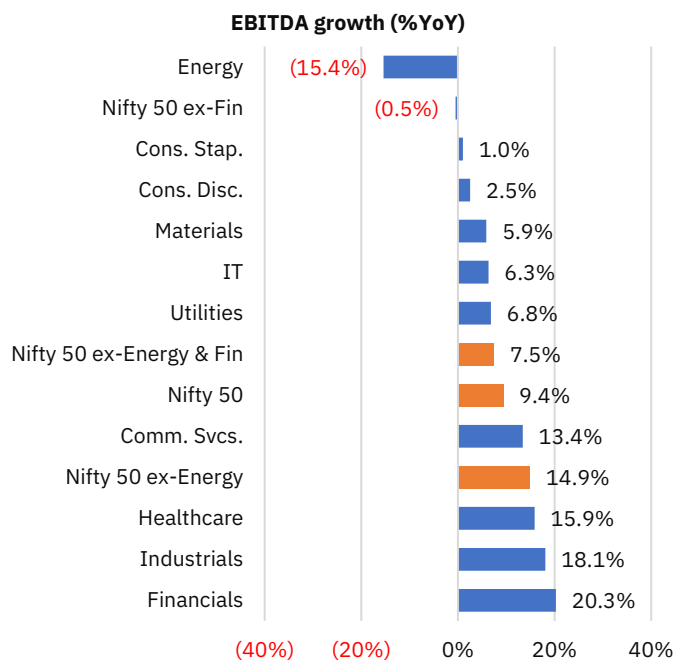
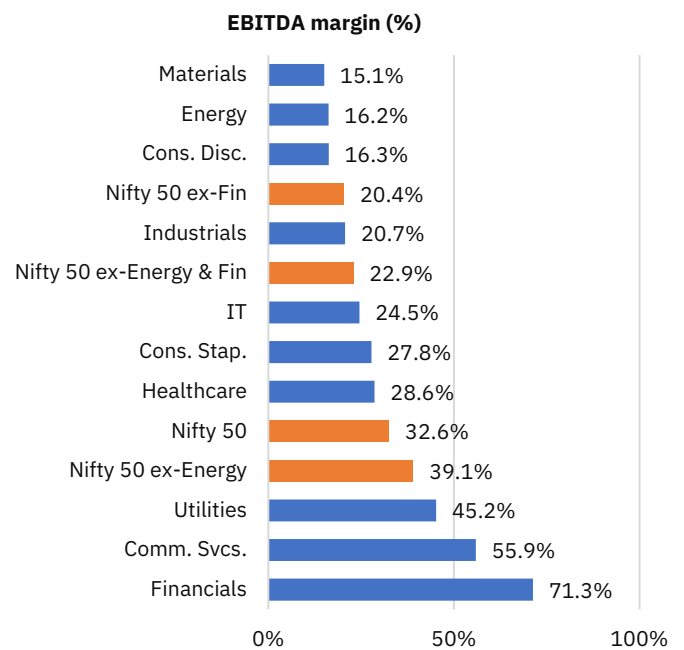
Note: The above table provides data for companies in the Nifty 50 index as on September 30th, 2024.

Table 4: Sector-wise EBITDA margin of Nifty 50 companies in Q2FY25

Sector	EBITDA Margin	QoQ change (bps)	YoY change (bps)
Communication Services	55.9	139	73
Consumer Discretionary	16.3	(140)	(11)
Consumer Staples	27.8	(177)	(210)
Energy	16.2	(28)	(328)
Financials	71.3	1	143
Health Care	28.6	27	122
Industrials	20.7	72	75
Information Technology	24.5	(67)	17
Materials	15.1	(17)	84
Utilities	45.2	409	309
Nifty 50	32.6	45	82
Nifty 50 ex-Energy	39.1	33	211
Nifty 50 ex-Financials	20.4	(8)	(83)
Nifty 50 ex-energy ex-fin	22.9	(8)	60

Source: CMIE Prowess, LSEG Workspace, NSE EPR

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

Figure 5: Sector-wise EBITDA growth of Nifty 50 companies in Q2FY25

Figure 6: Sector-wise EBITDA margin of Nifty 50 companies in Q2FY25


Source: CMIE Prowess, LSEG Workspace, NSE EPR

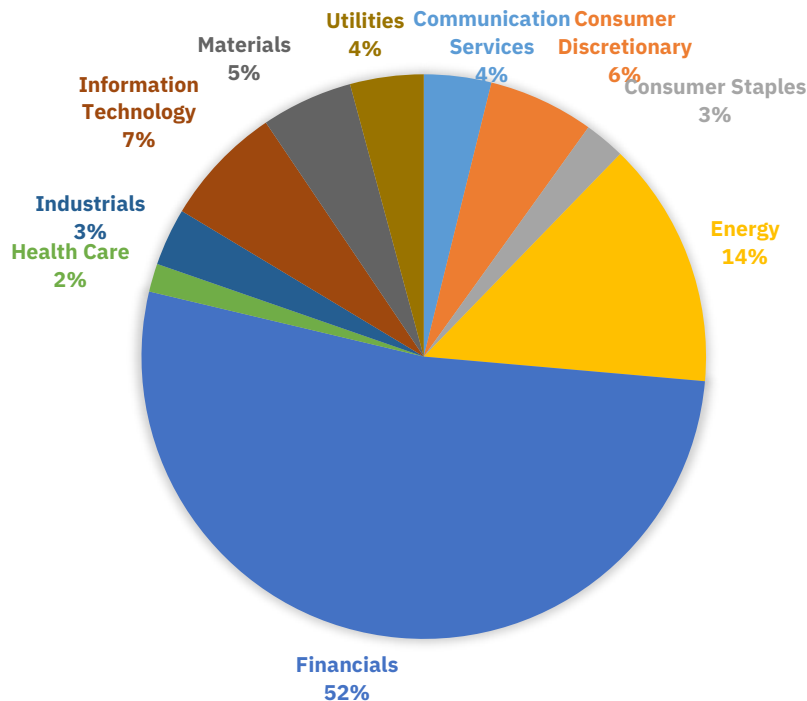
Note: The above charts provide data for companies in the Nifty 50 index as on September 30th, 2024.

Table 5: Sector-wise contribution of Nifty 50 companies to EBITDA growth in Q2FY25

Sector	EBITDA (Rs crore)	Contribution to EBITDA growth	
		% QoQ	% YoY
Communication Services	23,175	0.4	0.5
Consumer Discretionary	36,380	(0.6)	0.2
Consumer Staples	14,069	0.0	0.0
Energy	84,944	(0.9)	(2.8)
Financials	3,14,316	2.2	9.6
Health Care	9,717	0.1	0.2
Industrials	19,806	0.3	0.6
Information Technology	41,647	0.0	0.5
Materials	31,478	(0.2)	0.3
Utilities	25,293	0.1	0.3
Nifty 50	6,00,823	1.3	9.4
Nifty 50 ex-Energy	5,15,880	2.3	12.2
Nifty 50 ex-Financials	2,86,508	(0.9)	(0.3)
Nifty 50 ex-energy ex-fin	2,01,564	0.1	2.5

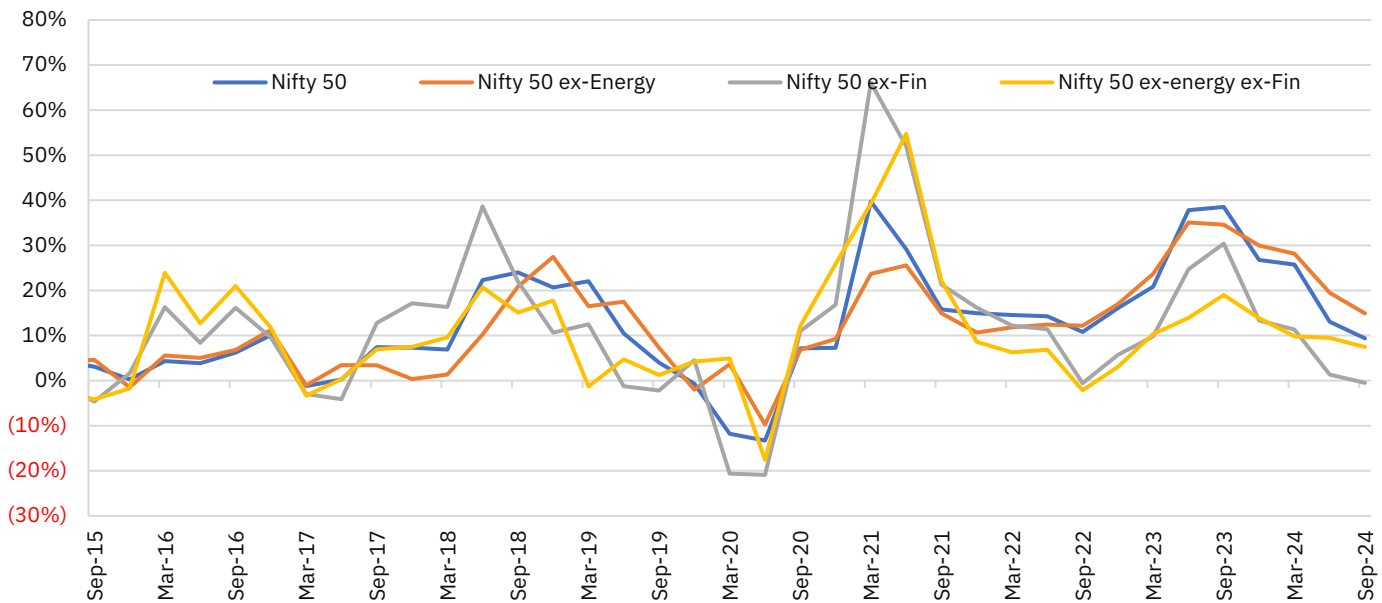
Source: CMIE Prowess, LSEG Workspace, NSE EPR

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

Figure 7: Sector-wise share in EBITDA of Nifty 50 companies in Q2FY25


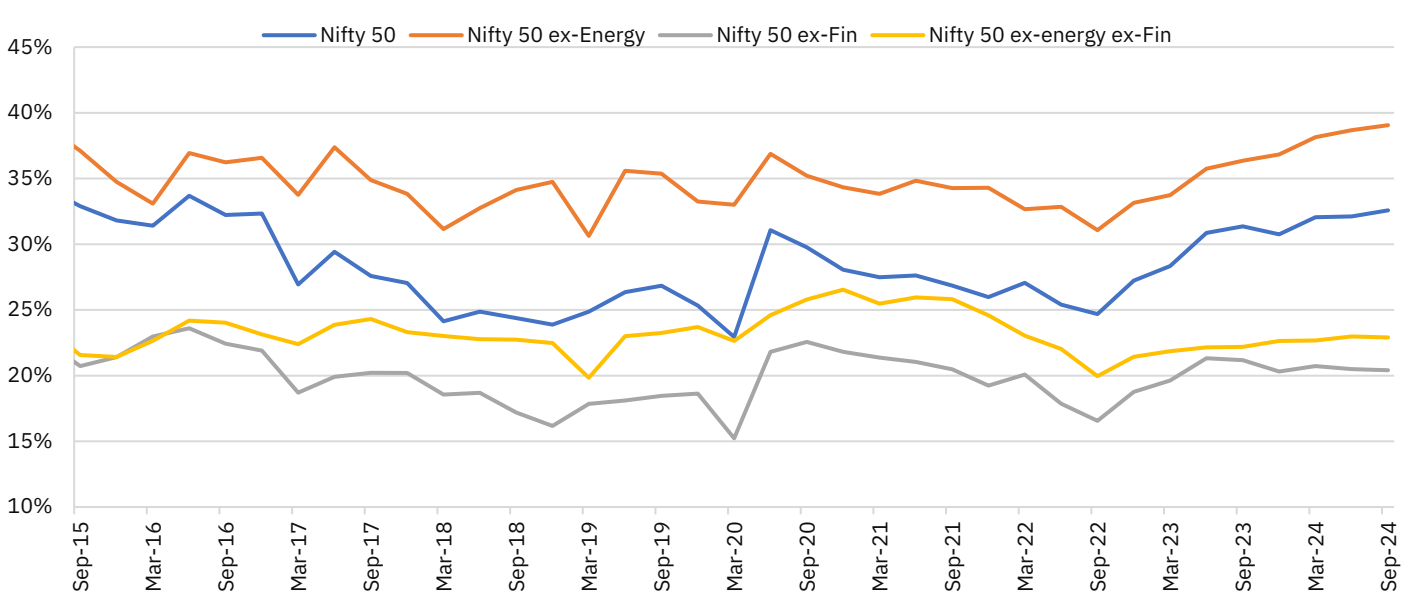
Source: CMIE Prowess, LSEG Workspace, NSE EPR

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

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

Figure 9: Quarterly EBITDA margin trend of Nifty 50 companies
EBITDA margin trend for 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 an eight-quarter low in Q2FY25: In the quarter ending September 2024, the PAT growth rate for Nifty 50 companies came in at a modest 0.8% YoY to Rs 2.03 lakh crore. This marked the slowest YoY expansion in the last eight quarters, attributed to rising costs and moderation in revenue growth. Within Nifty 50 companies, 23 and 15 companies reported a YoY and QoQ growth in PAT in the September quarter, down from 37 and 21 companies respectively in the June quarter. The Financials sector, which accounts for 38% of the total PAT for Nifty 50 companies, was the primary contributor to PAT growth in Q2. Excluding Financials, aggregate PAT actually declined by 7.4% YoY, marking the second consecutive decline in the last seven quarters. While the Nifty

50 PAT margin fell to a three-quarter low of 11%, it dropped to a seven-quarter low of 8.9% when excluding Financials.

Among other sectors, the YoY PAT growth was led by Industrials supported by robust revenue performance in Q2 in the wake of pick up in government capex spending. On the other hand, Energy sector dragged the PAT lower, with a YoY contraction of 26.8%, marking the steepest YoY decline in the last eight quarters, attributed to lower refining margins. Excluding Energy, Nifty 50 PAT grew at a decent pace of 10.3% YoY, with a PAT margin of 12.5% (+18bps YoY). Consumer Discretionary, Consumer Staples and Materials sectors also weighed on profitability of Nifty 50 universe, primarily due to weak urban consumption demand, lower realisations and reduced industrial activity.

Table 6: Sector-wise PAT growth of Nifty 50 companies in Q2FY25

Sector	QoQ growth			YoY growth		
	Sep-23	Jun-24	Sep-24	Sep-23	Jun-24	Sep-24
Communication Services	141.0	53.8	36.5	23.0	100.2	13.4
Consumer Discretionary	11.2	(38.7)	(18.8)	112.3	31.9	(3.8)
Consumer Staples	1.3	(1.9)	(0.8)	6.6	1.1	(0.9)
Energy	(5.3)	(13.0)	(8.7)	83.1	(24.0)	(26.8)
Financials	2.9	(2.3)	6.8	24.5	13.3	17.6
Health Care	8.7	9.6	7.5	20.4	18.4	17.0
Industrials	13.1	(14.8)	12.7	30.4	32.4	32.0
Information Technology	2.1	(5.8)	(1.5)	3.1	10.1	6.3
Materials	(12.3)	(13.9)	(19.9)	87.2	(6.7)	(14.8)
Utilities	0.0	(12.0)	(2.1)	18.3	10.2	7.8
Nifty 50	1.6	(10.5)	(1.0)	37.5	3.5	0.8
Nifty 50 ex-Energy	4.2	(9.8)	0.9	26.6	14.0	10.3
Nifty 50 ex-Financials	1.0	(14.4)	(5.4)	44.9	(1.1)	(7.4)
Nifty 50 ex-energy ex-fin	5.3	(15.0)	(3.9)	28.4	14.5	4.5
Nifty 50 excl HDFCBK	(0.0)	(12.6)	(1.9)	37.2	1.2	(0.7)

Source: CMIE Prowess, LSEG Workspace, NSE EPR

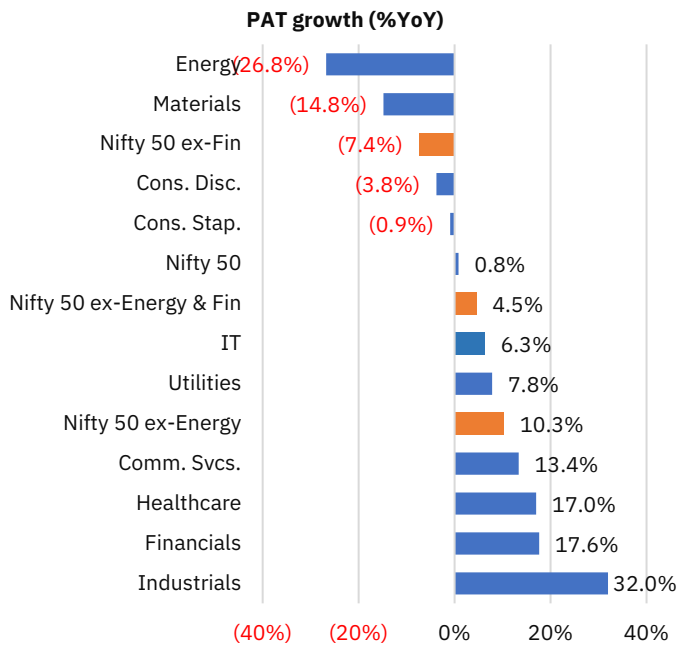
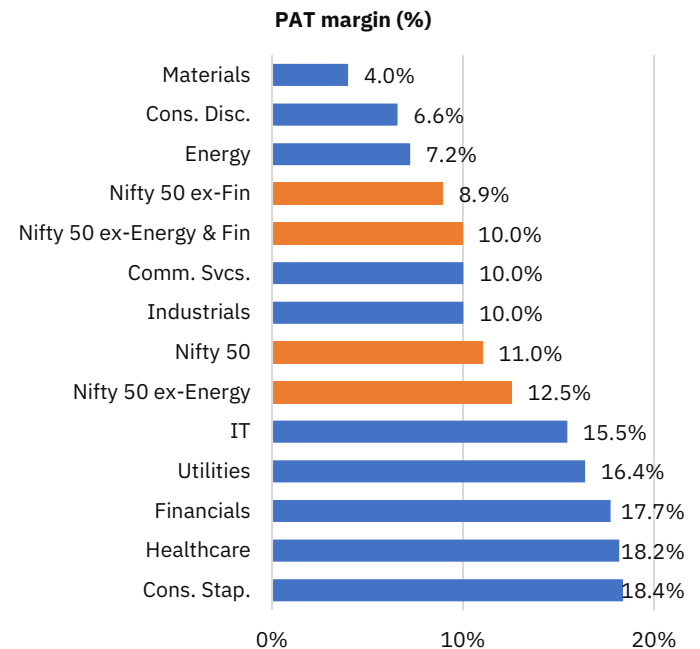
Note: The above table provides data for companies in the Nifty 50 index as on September 30th, 2024.

Table 7: Sector-wise PAT margin of Nifty 50 companies in Q2FY25

Sector	PAT Margin	QoQ change (bps)	YoY change (bps)
Communication Services	10.0	211	12
Consumer Discretionary	6.6	(148)	(48)
Consumer Staples	18.4	(135)	(178)
Energy	7.2	(34)	(281)
Financials	17.7	43	(3)
Health Care	18.2	29	94
Industrials	10.0	74	138
Information Technology	15.5	(69)	10
Materials	4.0	(84)	(69)
Utilities	16.4	65	126
Nifty 50	11.0	(11)	(63)
Nifty 50 ex-Energy	12.5	(11)	18
Nifty 50 ex-Financials	8.9	(38)	(105)
Nifty 50 ex-energy ex-fin	10.0	(46)	(1)

Source: CMIE Prowess, LSEG Workspace, NSE EPR

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

Figure 10: Sector-wise PAT growth of Nifty 50 companies in Q2FY25

Figure 11: Sector-wise PAT margin of Nifty 50 companies in Q2FY25


Source: CMIE Prowess, LSEG Workspace, NSE EPR

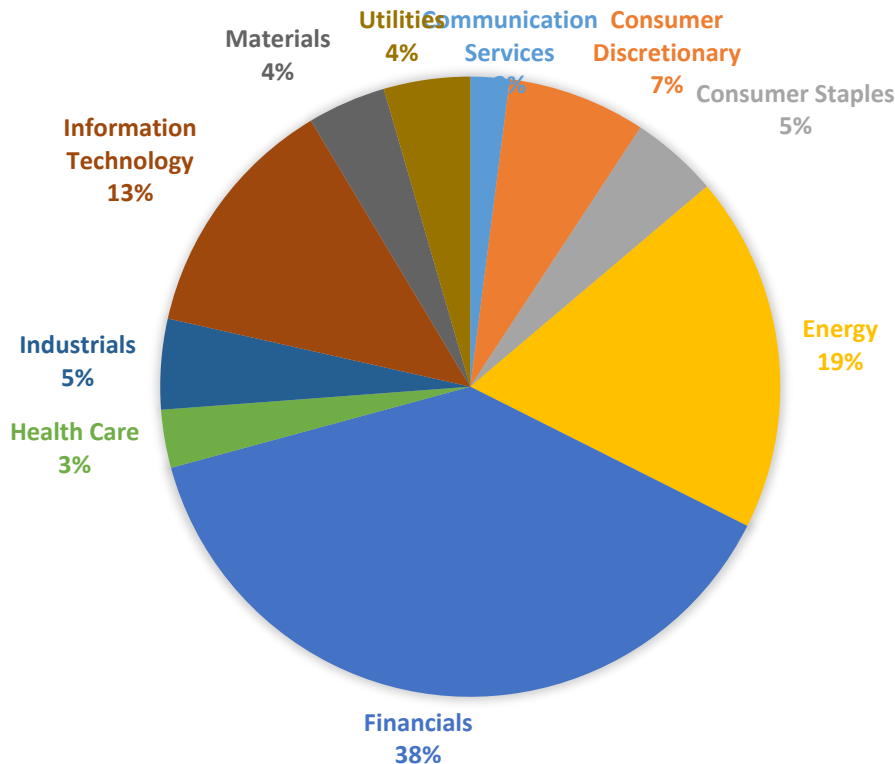
 Note: The above charts provide data for companies in the Nifty 50 index as on September 30th, 2024.

Table 8: Sector-wise contribution of Nifty 50 companies to PAT growth in Q2FY25

Sector	PAT (Rs crore)	Contribution to PAT growth	
		% QoQ	% YoY
Communication Services	4,153	0.5	0.2
Consumer Discretionary	14,685	(1.7)	(0.3)
Consumer Staples	9,309	(0.0)	(0.0)
Energy	37,849	(1.8)	(6.9)
Financials	78,133	2.4	5.8
Health Care	6,172	0.2	0.4
Industrials	9,599	0.5	1.2
Information Technology	26,236	(0.2)	0.8
Materials	8,313	(1.0)	(0.7)
Utilities	9,173	(0.1)	0.3
Nifty 50	2,03,622	(1.0)	0.8
Nifty 50 ex-Energy	1,65,774	0.7	7.7
Nifty 50 ex-Financials	1,25,489	(3.5)	(5.0)
Nifty 50 ex-energy ex-fin	87,641	(1.7)	1.9

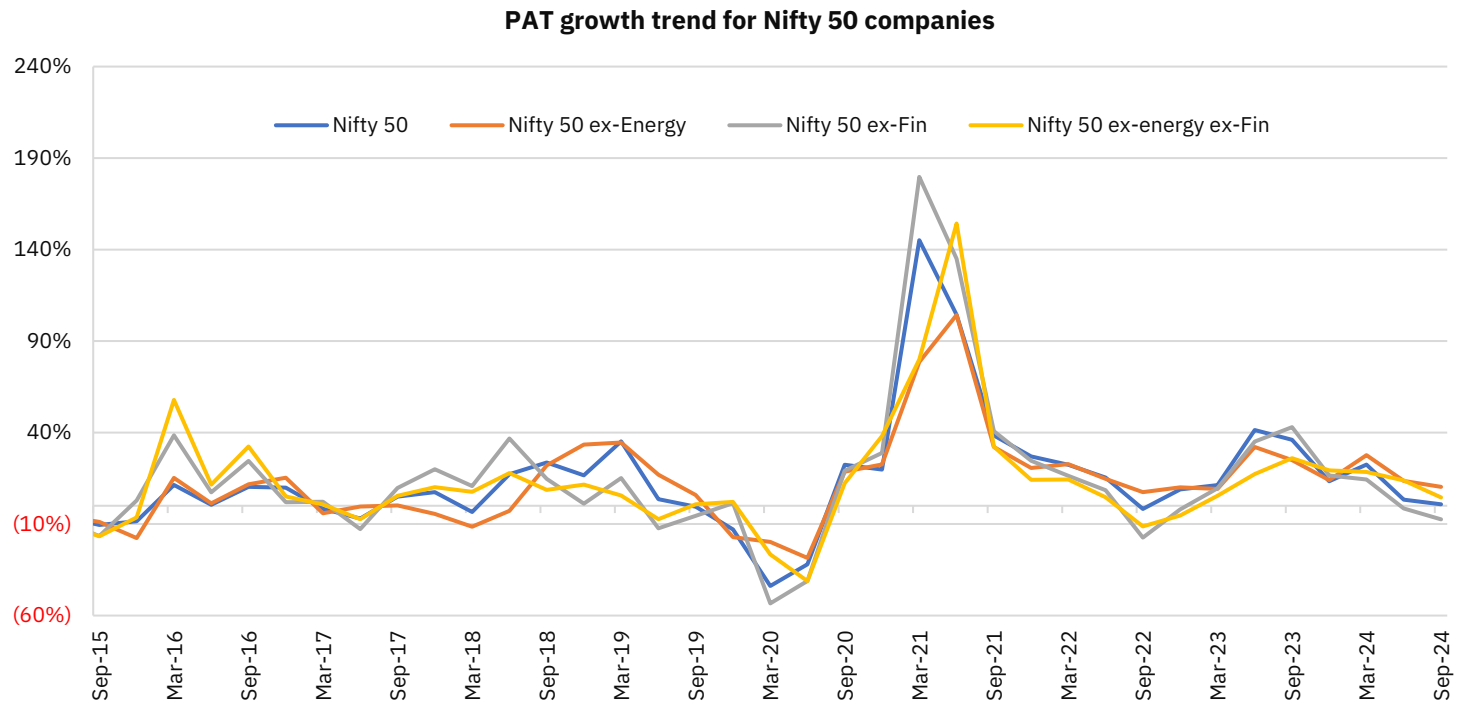
Source: CMIE Prowess, LSEG Workspace, NSE EPR

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

Figure 12: Sector-wise share in PAT of Nifty 50 companies in Q2FY25


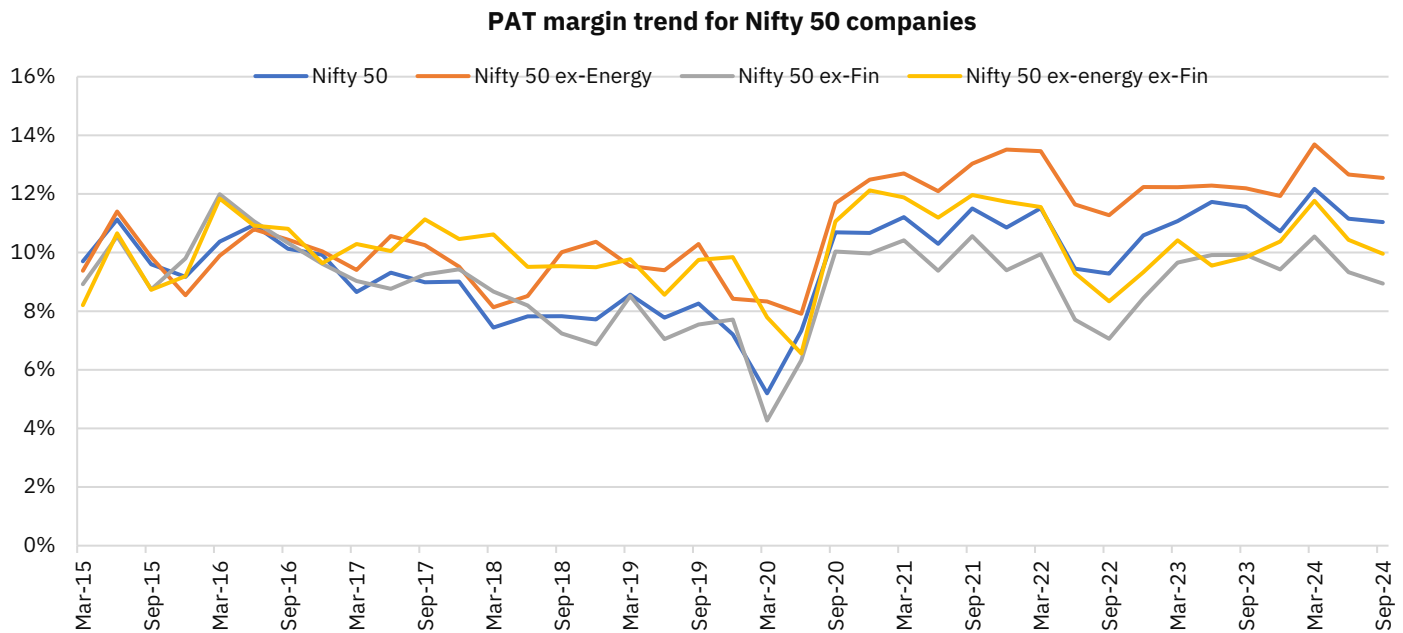
Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above chart provides data for companies in the Nifty 50 index as on September 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 Q2FY25 results

Topline growth for Nifty500 companies slowed to a three-quarter low in Q2FY25:

Aggregate top line for the Nifty 500 companies increased by 8.3% YoY to Rs 39 lakh crore in Q2FY25, slowing down from 8.5% and 9.9% YoY growth in Q1FY25 and Q4FY24 respectively. On a sequential basis, aggregate revenues saw a modest 0.5% QoQ rise, weighed down by weak consumer demand, higher input costs and global economic uncertainties.

Nifty 50 companies, that represent 48% of the aggregate revenue of Nifty 500 universe, accounted for 38% to the YoY expansion in the overall revenue growth of the Nifty 500 universe in the September quarter, down from 49% in the previous quarter. Excluding the Nifty 50 companies, the revenue growth of Nifty 500 companies in Q2FY25 stood at a robust rate on 9.8% YoY – the highest in the last six quarters. Among these, Nifty Next 50, Nifty Midcap 150 and Nifty Smallcap 250 companies contributed 24%, 23% and 15% respectively to the overall revenue growth of Nifty 500 universe.

Within the Nifty 500 universe, 394 and 351 companies recorded expansion in the revenues on a YoY and QoQ basis respectively in the September quarter. Notably, the Nifty 500 universe (ex. Nifty 50) fared better in the September quarter as compared to the average YoY growth rate of 6.4% 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 primarily driven by the Financials sector (gross interest income), accounting for more than half of the overall growth in the Nifty 500 universe. This was due to higher credit offtake, better recoveries, and reduced credit costs. Excluding Financials, the YoY growth for the Nifty 500 (excluding Nifty 50) was 7.2%, while the overall YoY growth for the Nifty 500 stood at a slightly lower 5.3%.

Consumer Discretionary sector was the second-largest contributor (27.5%) to the topline growth in the Nifty 500 (ex. Nifty 50 universe), supported by strong demand in consumer durables and apparels segment, which grew by a solid 53.3% YoY. This was partially offset by weak demand in auto sector, which saw a modest 10% YoY growth in the September quarter. Consumer Staples also witnessed a decent growth, driven by rural demand although urban demand remained subdued.

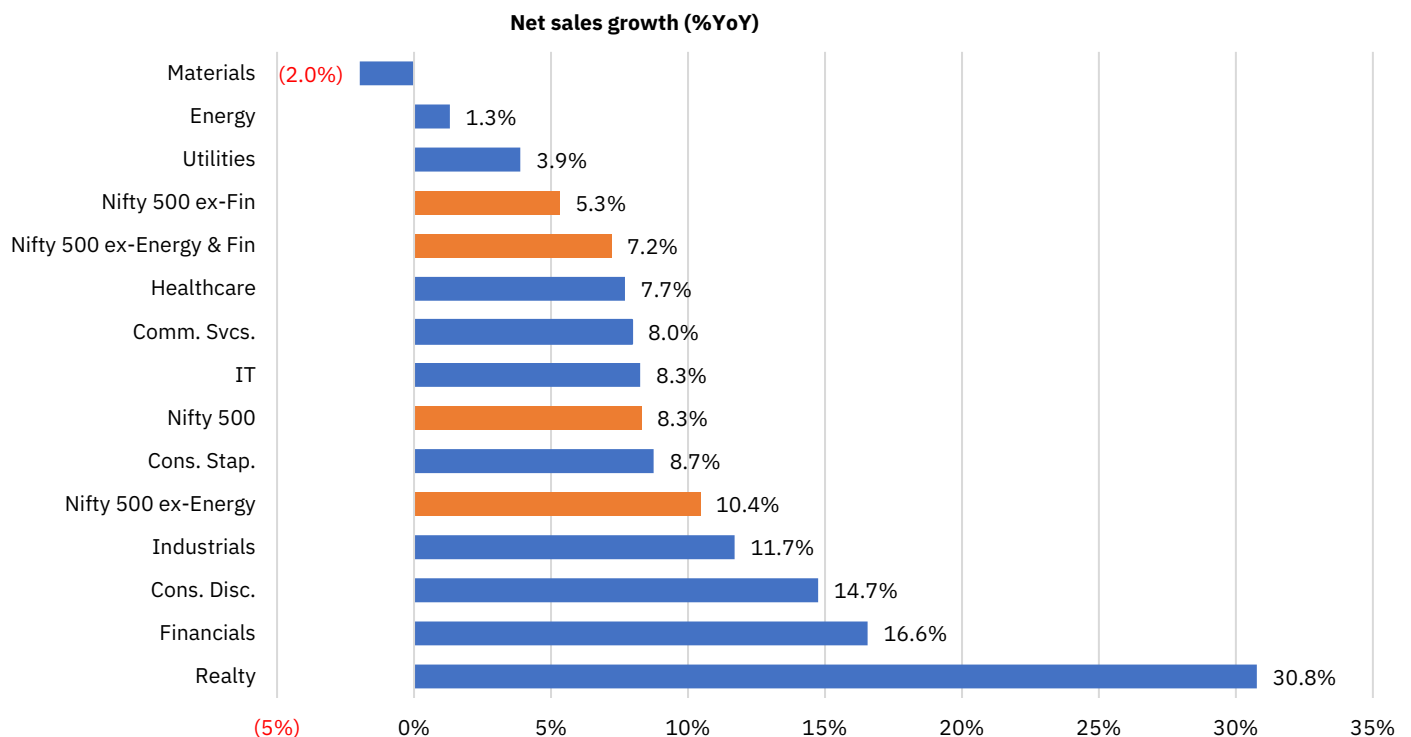
Sectors that underperformed in Q2FY25 include a) Materials: Declining prices and falling demand affected the sector's revenue growth (+2% YoY/-0.6% QoQ in the September quarter). b) Energy: The sector recorded its weakest performance in the past three quarters with a modest 1.3% YoY and -6.7% QoQ, due to weak demand and lower refining and marketing margins, caused by drop in crude prices during the quarter.

Table 9: Sector-wise net sales growth of Nifty 500 companies in Q2FY25

Sector	QoQ growth			YoY growth		
	Sep-23	Jun-24	Sep-24	Sep-23	Jun-24	Sep-24
Communication Services	(2.3)	3.0	3.5	7.7	3.4	8.0
Consumer Discretionary	(7.5)	(7.7)	2.5	4.9	3.8	14.7
Consumer Staples	1.3	5.4	2.1	3.9	7.9	8.7
Energy	(4.6)	(2.0)	(6.7)	(9.1)	3.7	1.3
Financials	7.5	(2.7)	5.0	16.6	19.3	16.6
Health Care	3.2	2.2	4.5	13.6	6.4	7.7
Industrials	2.6	(16.5)	3.2	6.3	10.2	11.7
Information Technology	1.7	0.6	5.1	10.0	4.8	8.3
Materials	2.3	(4.2)	(0.6)	1.4	1.4	(2.0)
Real Estate	8.6	(22.2)	13.5	29.1	24.1	30.8
Utilities	3.5	7.8	(5.4)	2.6	13.5	3.9
Nifty 500	0.7	(3.4)	0.5	4.0	8.5	8.3
Nifty 500 ex-Energy	2.4	(3.8)	2.8	8.9	10.1	10.4
Nifty 500 ex-Financials	(1.6)	(3.6)	(1.1)	0.1	4.9	5.3
Nifty 500 ex-energy ex-fin	(0.1)	(4.4)	1.6	5.1	5.5	7.2

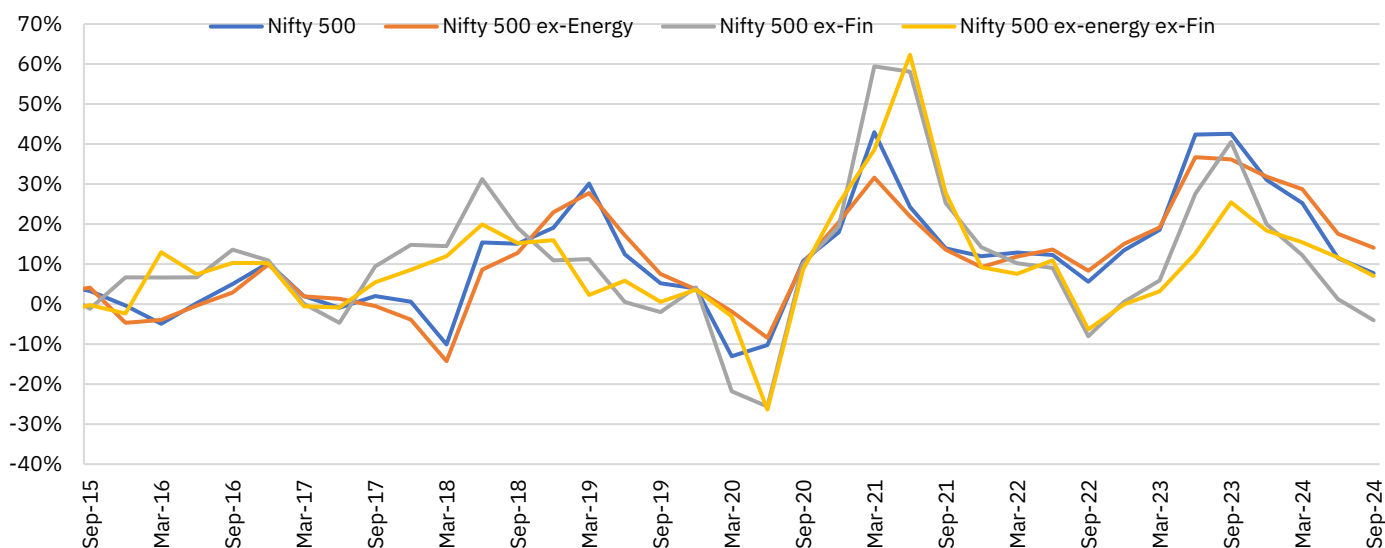
Source: CMIE Prowess, LSEG Workspace, NSE EPR

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

Figure 15: Sector-wise net sales growth of Nifty 500 companies in Q2FY25


Source: CMIE Prowess, LSEG Workspace, NSE EPR

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

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

Table 10: Sector-wise contribution of Nifty 500 companies to net sales growth in Q2FY25

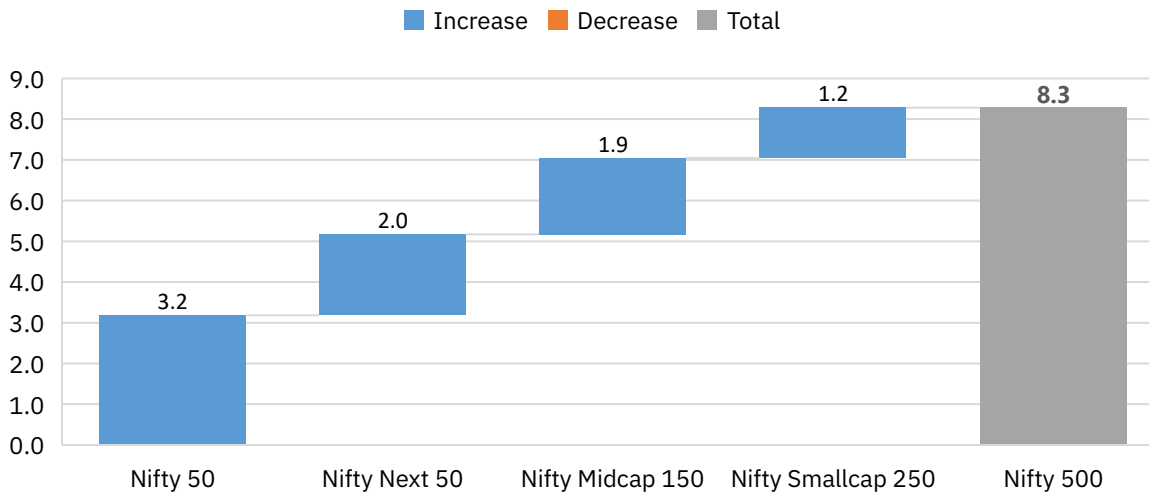
Sector	Net sales (Rs crore)	Contribution to net sales growth	
		% QoQ	% YoY
Communication Services	79,196	0.1	0.2
Consumer Discretionary	4,47,626	0.3	1.6
Consumer Staples	1,31,458	0.1	0.3
Energy	8,59,299	-1.6	0.3
Financials	11,12,119	1.4	4.4
Health Care	1,06,378	0.1	0.2
Industrials	2,78,024	0.2	0.8
Information Technology	2,40,842	0.3	0.5
Materials	4,60,373	-0.1	-0.3
Real Estate	13,591	0.0	0.1
Utilities	1,68,491	-0.3	0.2
Nifty 500	38,97,396	0.5	8.3
Nifty 500 ex-Energy	30,38,097	2.2	8.0
Nifty 500 ex-Financials	27,85,277	-0.8	3.9
Nifty 500 ex-energy ex-fin	19,25,978	0.8	3.6

Source: CMIE Prowess, LSEG Workspace, NSE EPR

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

Figure 17: Share of Nifty index constituents in overall net sales growth of Nifty 500 universe in Q2FY25

Contribution of Nifty index constituents to the overall net sales growth (%YoY) in Q3FY24

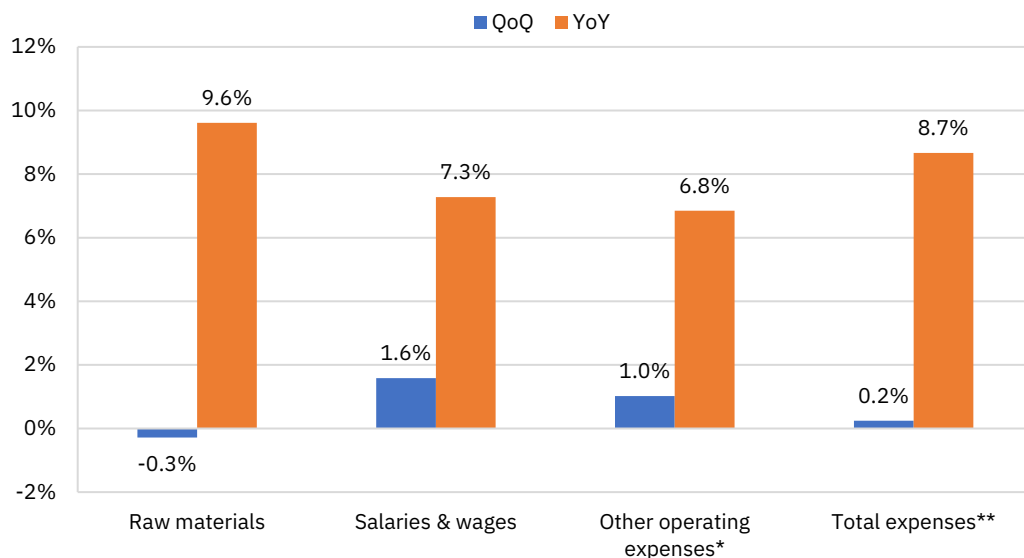


Source: CMIE Prowess, LSEG Workspace, NSE EPR

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

Rising operating costs eroded margins in Q2: While net sales of Nifty 500 universe (excl. financials) grew 5.3% YoY in Q2FY25, operating expenses surged 8.7% YoY, leading to a 4.1% YoY decline EBITDA of mere 1.3% YoY, marking the sharpest decline in EBITDA in last eight quarters. This resulted in a 172bps YoY compression in EBITYDA margins to 17.6%. For Nifty 500 companies excluding Nifty 50, margins fell by 256bps YoY to 14.7, the lowest in last six quarters. Within the Nifty 500 universe, 269/218 (vs. 293/186 in Q1FY25) non-financial companies registered a YoY/QoQ growth in EBITDA.

Raw material costs for the Nifty 500 universe, excluding Financials, surged 9.6% on a YoY basis, pushing the raw material to net sales ratio up by 344bps YoY to 55.8%. While Energy sector accounted for over half of the rise in raw materials costs in Nifty 50 universe, Consumer Discretionary led the rise in raw materials costs in Nifty 500 universe, contributing 37%, closely followed by Energy sector at 35%. Excluding Energy, Financials and Consumer Discretionary, EBITDA of Nifty 500 companies grew by 7.3% YoY, outpacing net sales growth of 5.1% YoY, resulting in an operating margin expansion of 49bps YoY to 22.7%.

Figure 18: Change in expenses for Nifty 500 companies (ex-Financials) in Q2FY25


Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: 1. The above chart provides data for companies in the Nifty 500 index as of September 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 in Q2FY25

Sector	QoQ growth			YoY growth		
	Sep-23	Jun-24	Sep-24	Sep-23	Jun-24	Sep-24
Communication Services	1.0	1.7	8.9	14.8	2.6	13.1
Consumer Discretionary	3.8	(1.4)	(6.2)	45.8	16.3	5.5
Consumer Staples	0.0	7.5	(3.6)	15.3	11.1	7.1
Energy	(2.6)	(11.3)	(13.6)	105.0	(23.7)	(32.3)
Financials	7.4	0.4	4.5	44.3	21.7	18.8
Health Care	8.2	14.4	1.7	28.8	25.6	18.3
Industrials	2.9	(18.0)	(1.5)	26.0	21.4	18.8
Information Technology	2.9	(4.3)	3.0	8.9	8.5	8.6
Materials	3.8	(0.6)	(2.2)	30.7	7.5	(1.1)
Real Estate	34.8	(9.7)	(15.0)	191.8	52.6	(7.0)
Utilities	1.6	9.6	(3.2)	27.5	6.2	2.4
Nifty 500	4.5	(1.4)	0.6	43.1	11.6	7.7
Nifty 500 ex-Energy	5.7	(0.2)	2.2	36.6	17.6	14.1
Nifty 500 ex-Financials	1.6	(3.6)	(4.0)	41.9	1.3	(4.1)
Nifty 500 ex-energy ex-fin	3.3	(1.1)	(1.3)	26.5	11.8	7.1

Source: CMIE Prowess, LSEG Workspace, NSE EPR

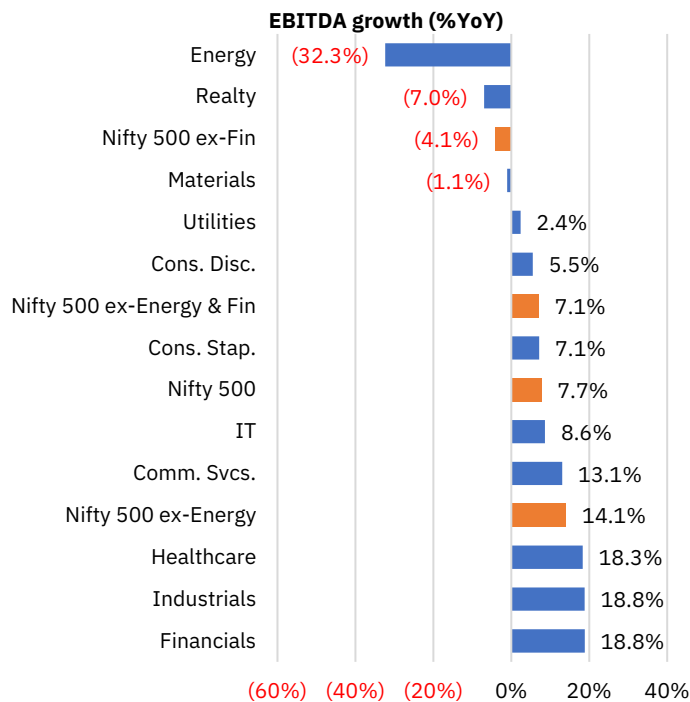
 Note: The above table provides data for companies in the Nifty 500 index as of September 30th, 2024.

Table 12: EBITDA margin of Nifty 500 companies in Q2FY25

Sector	EBITDA Margin	QoQ change (bps)	YoY change (bps)
Communication Services	46.9	233	212
Consumer Discretionary	12.7	(118)	(111)
Consumer Staples	18.7	(111)	(28)
Energy	11.3	(91)	(564)
Financials	57.9	(31)	111
Health Care	27.8	(77)	250
Industrials	18.7	(91)	112
Information Technology	21.2	(44)	7
Materials	17.4	(28)	16
Real Estate	34.2	(1146)	(1386)
Utilities	33.5	79	(49)
Nifty 500	29.1	3	(15)
Nifty 500 ex-Energy	34.1	(20)	109
Nifty 500 ex-Financials	17.6	(52)	(172)
Nifty 500 ex-energy ex-fin	20.4	(59)	(2)

Source: CMIE Prowess, LSEG Workspace, NSE EPR

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

Figure 19: Sector-wise EBITDA growth of Nifty 500 companies in Q2FY25


Source: CMIE Prowess, LSEG Workspace, NSE EPR

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

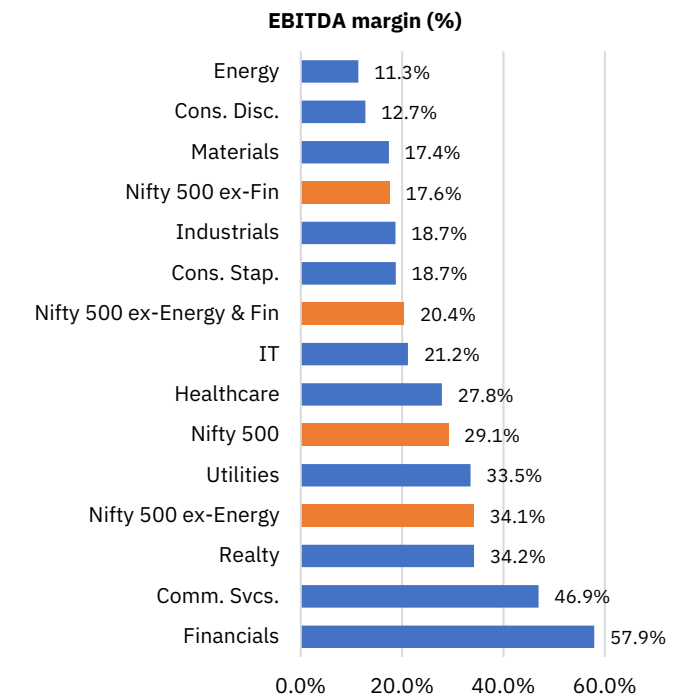
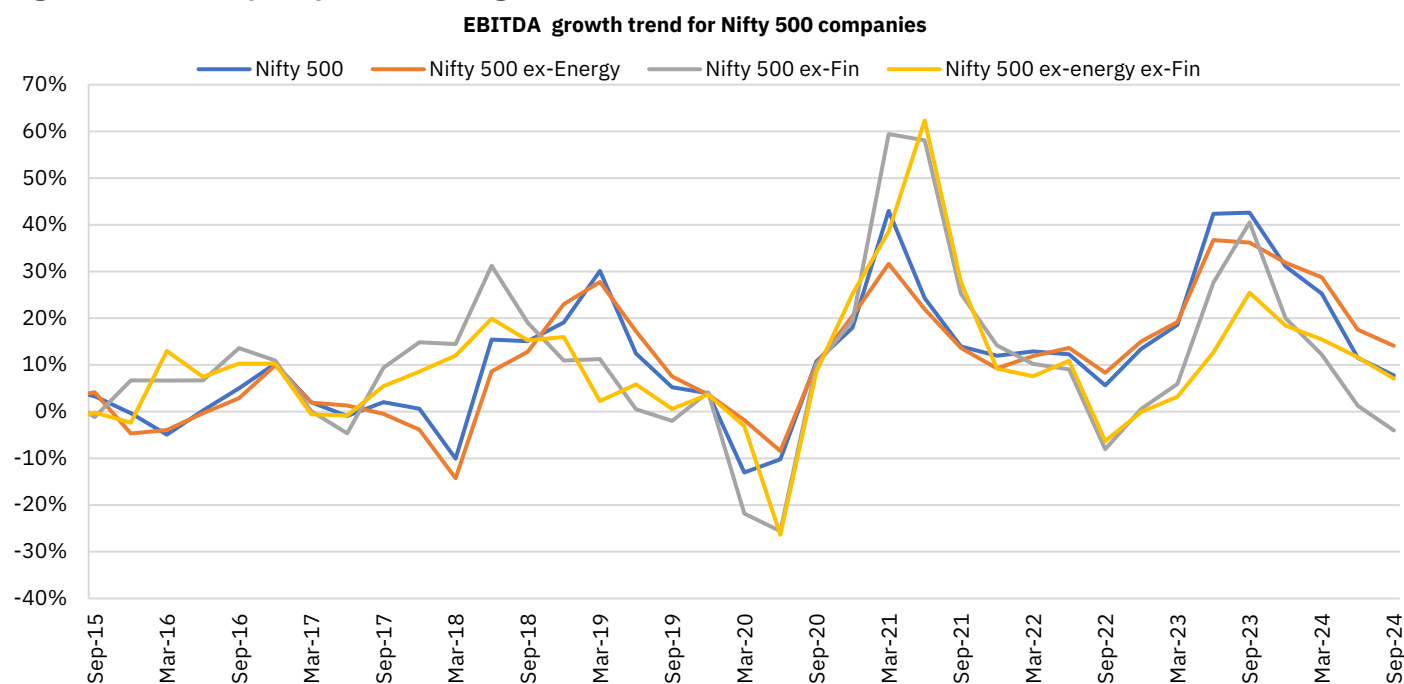
Figure 20: Sector-wise EBITDA margin of Nifty 500 companies in Q2FY25


Table 13: Sector-wise contribution of Nifty 500 companies to EBITDA growth in Q2FY25

Sector	EBITDA (Rs crore)	Contribution to EBITDA growth	
		% QoQ	% YoY
Communication Services	37,159	0.3	0.4
Consumer Discretionary	57,040	(0.3)	0.3
Consumer Staples	24,629	(0.1)	0.2
Energy	97,524	(1.4)	(4.4)
Financials	6,44,083	2.4	9.7
Health Care	29,613	0.0	0.4
Industrials	51,913	(0.1)	0.8
Information Technology	50,957	0.1	0.4
Materials	80,025	(0.2)	(0.1)
Real Estate	4,647	(0.1)	(0.0)
Utilities	56,416	(0.2)	0.1
Nifty 500	11,34,007	0.6	7.7
Nifty 500 ex-Energy	10,36,483	2.0	12.2
Nifty 500 ex-Financials	4,89,923	(1.8)	(2.0)
Nifty 500 ex-energy ex-fin	3,92,400	(0.4)	2.5

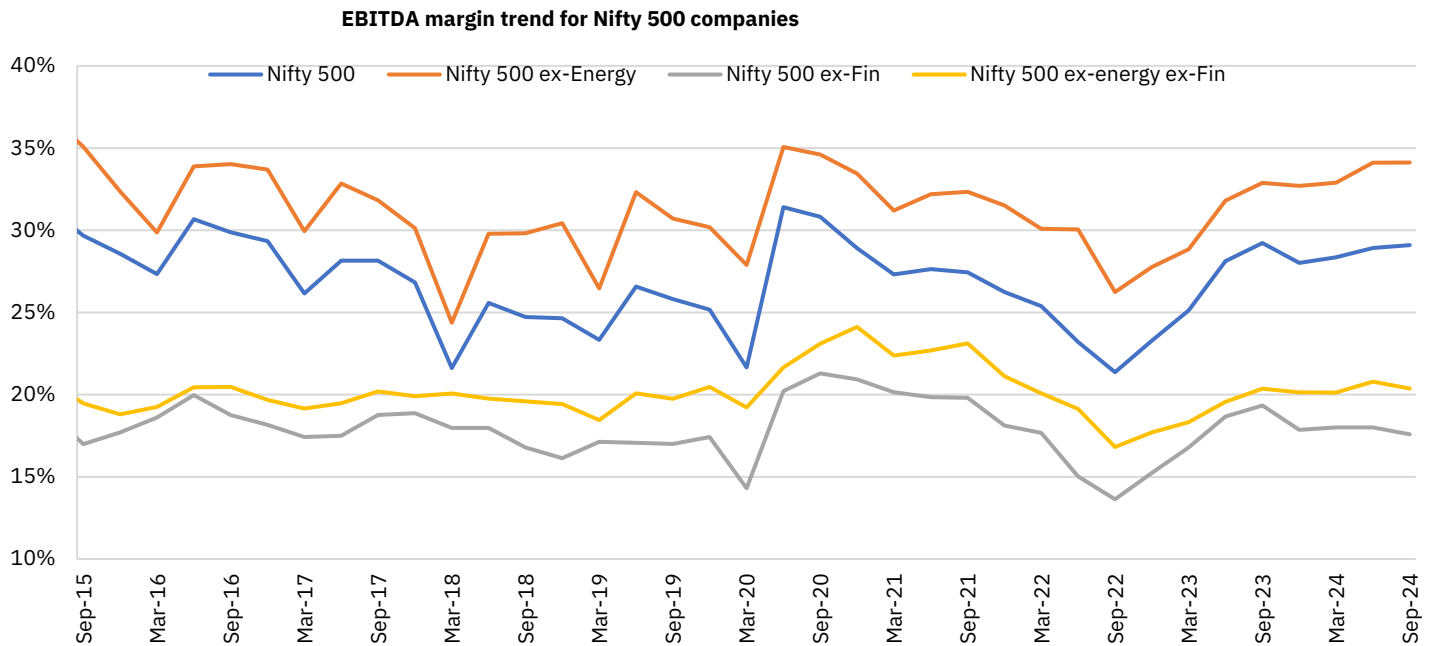
Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 500 index as of September 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


Source: CMIE Prowess, LSEG Workspace, NSE EPR

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

PAT growth for Nifty 500 universe declined for the first time in the last eight quarters: The aggregate adjusted PAT for the Nifty 500 companies declined 4.1% YoY in Q2FY25 to Rs 3.5 lakh crore, marking the first YoY contraction in the last eight quarters. While the Nifty 500 universe outperformed the Nifty 50 companies in terms of topline growth, its performance in terms of profitability was weaker than that of the Nifty 50 companies. Excluding the Nifty 50 companies, the PAT growth for Nifty 500 companies worsened to -10.1% YoY, primarily attributed to a decline in aggregate profits for the Nifty Next 50 companies. Within the Nifty 500 universe, 224 and 186 companies reported PAT expansion on a YoY and QoQ basis respectively in the September quarter.

Sector-wise, the drop in profitability was led by Energy (-50.7% YoY), reflecting the impact of weak demand, poor realisations and declining margins. This was partly offset by Financials, that reported a YoY PAT growth of 16.9% in Q2FY25 within the Nifty 500 universe. Excluding Energy and Financials, Nifty 500 and Nifty 500 (ex. Nifty 50) universe reported a modest growth of 1.7% YoY and a decline of 1.6% YoY respectively in Q2FY25.

Table 14: Sector-wise PAT growth of Nifty 500 companies in Q2FY25

Sector	QoQ growth			YoY growth		
	Sep-23	Jun-24	Sep-24	Sep-23	Jun-24	Sep-24
Communication Services	NA	NA	NA	NA	NA	NA
Consumer Discretionary	1.2	(30.0)	(16.6)	77.5	20.2	(2.2)
Consumer Staples	0.4	8.1	(5.3)	13.2	12.4	6.1
Energy	(3.9)	(17.8)	(24.4)	194.3	(37.3)	(50.7)
Financials	1.5	(4.1)	2.5	14.4	17.1	16.9
Health Care	12.0	47.1	0.6	45.7	35.5	21.4
Industrials	(6.3)	(18.6)	(9.7)	45.8	25.6	22.6
Information Technology	2.6	(6.9)	2.2	7.2	8.4	7.9
Materials	0.4	4.2	(14.8)	51.9	3.1	(16.7)
Real Estate	48.8	(17.2)	(10.1)	1721.6	64.7	(2.4)
Utilities	3.8	19.3	(7.2)	63.3	(1.0)	(11.3)
Nifty 500	0.8	(5.9)	(6.0)	46.5	3.8	(4.1)
Nifty 500 ex-Energy	2.2	(3.7)	(3.1)	28.7	15.7	8.5
Nifty 500 ex-Financials	0.5	(7.1)	(11.5)	72.8	(3.4)	(15.5)
Nifty 500 ex-energy ex-fin	2.8	(3.4)	(7.8)	43.3	14.6	1.7

Source: CMIE Prowess, LSEG Workspace, NSE EPR

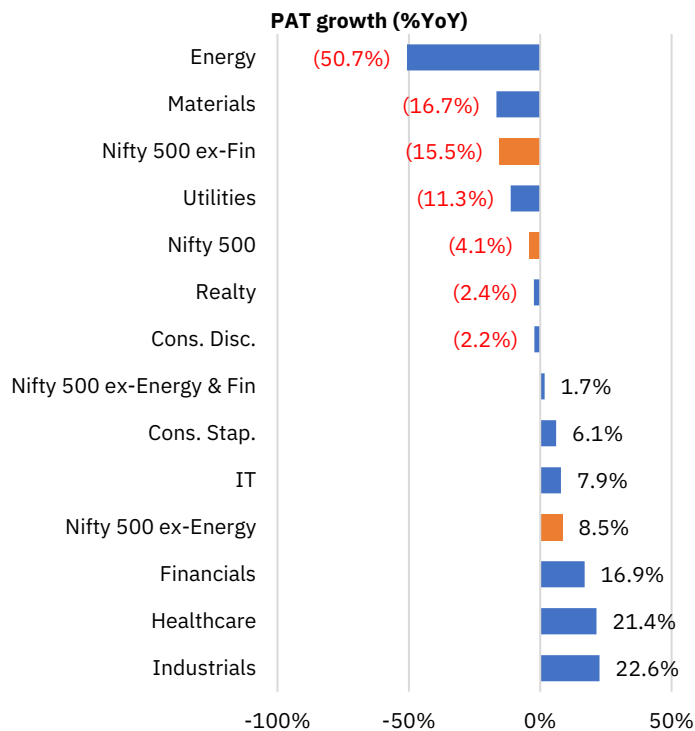
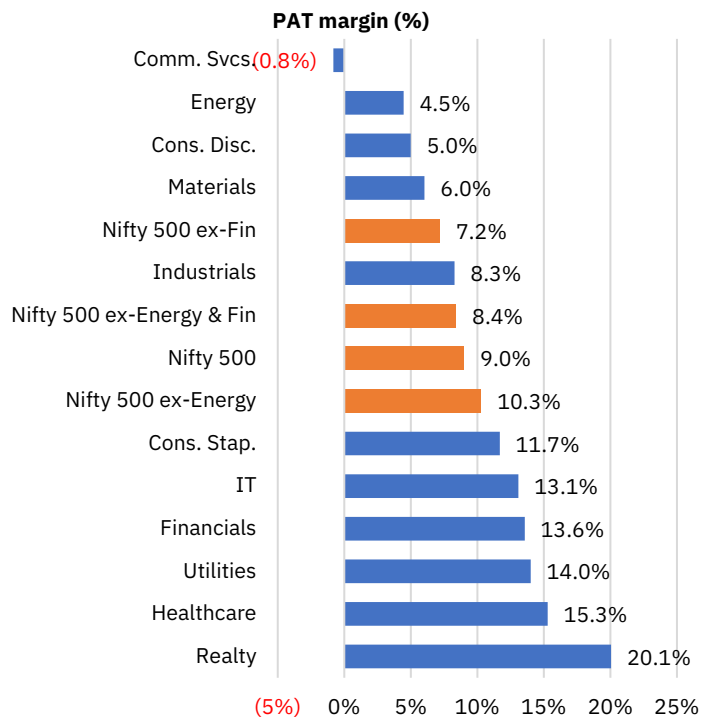
 Note: 1. The above table provides data for companies in the Nifty 500 index as of September 30th, 2024. 2. NA: Not Applicable

Table 15: Sector-wise PAT margin of Nifty 500 companies in Q2FY25

Sector	PAT Margin	QoQ change (bps)	YoY change (bps)
Communication Services	(0.8)	47	206
Consumer Discretionary	5.0	(114)	(87)
Consumer Staples	11.7	(91)	(29)
Energy	4.5	(104)	(470)
Financials	13.6	(33)	4
Health Care	15.3	(60)	173
Industrials	8.3	(118)	74
Information Technology	13.1	(37)	(5)
Materials	6.0	(101)	(106)
Real Estate	20.1	(525)	(681)
Utilities	14.0	(26)	(239)
Nifty 500	9.0	(63)	(116)
Nifty 500 ex-Energy	10.3	(63)	(19)
Nifty 500 ex-Financials	7.2	(84)	(177)
Nifty 500 ex-energy ex-fin	8.4	(85)	(46)

Source: CMIE Prowess, LSEG Workspace, NSE EPR

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

Figure 23: Sector-wise PAT growth of Nifty 500 companies in Q2FY25

Figure 24: Sector-wise PAT margin of Nifty 500 companies in Q2FY25


Source: CMIE Prowess, LSEG Workspace, NSE EPR

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

Table 16: Sector-wise contribution of Nifty 500 companies to PAT growth in Q2FY25

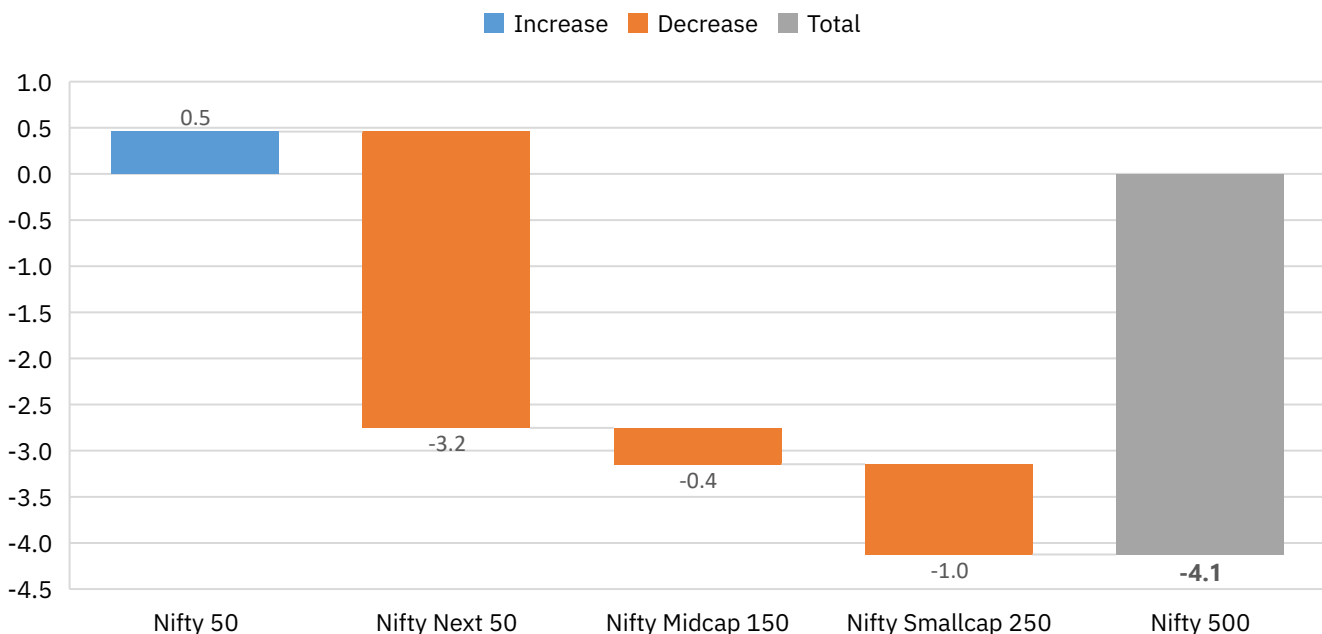
Sector	PAT (Rs crore)	Contribution to PAT growth	
		% QoQ	% YoY
Communication Services	-651	0.1	0.4
Consumer Discretionary	22,350	(1.2)	(0.1)
Consumer Staples	15,361	(0.2)	0.2
Energy	38,321	(3.3)	(10.8)
Financials	1,50,818	1.0	6.0
Health Care	16,265	0.0	0.8
Industrials	23,025	(0.7)	1.2
Information Technology	31,517	0.2	0.6
Materials	27,758	(1.3)	(1.5)
Real Estate	2,725	(0.1)	(0.0)
Utilities	23,611	(0.5)	(0.8)
Nifty 500	3,51,099	(6.0)	(4.1)
Nifty 500 ex-Energy	3,12,778	(2.7)	6.7
Nifty 500 ex-Financials	2,00,281	(7.0)	(10.0)
Nifty 500 ex-energy ex-fin	1,61,960	(3.7)	0.7

Source: CMIE Prowess, LSEG Workspace, NSE EPR

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

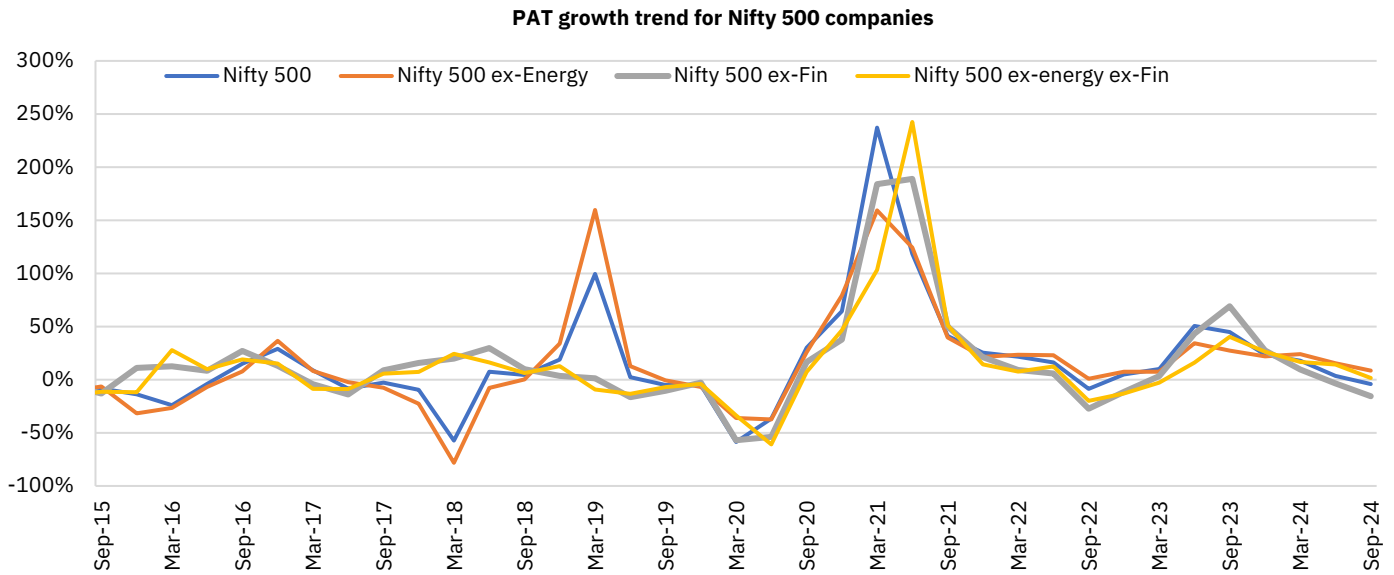
Figure 25: Share of Nifty index constituents in overall PAT growth of Nifty 500 universe in Q2FY25

Contribution of Nifty index constituents to the overall PAT growth (%YoY)



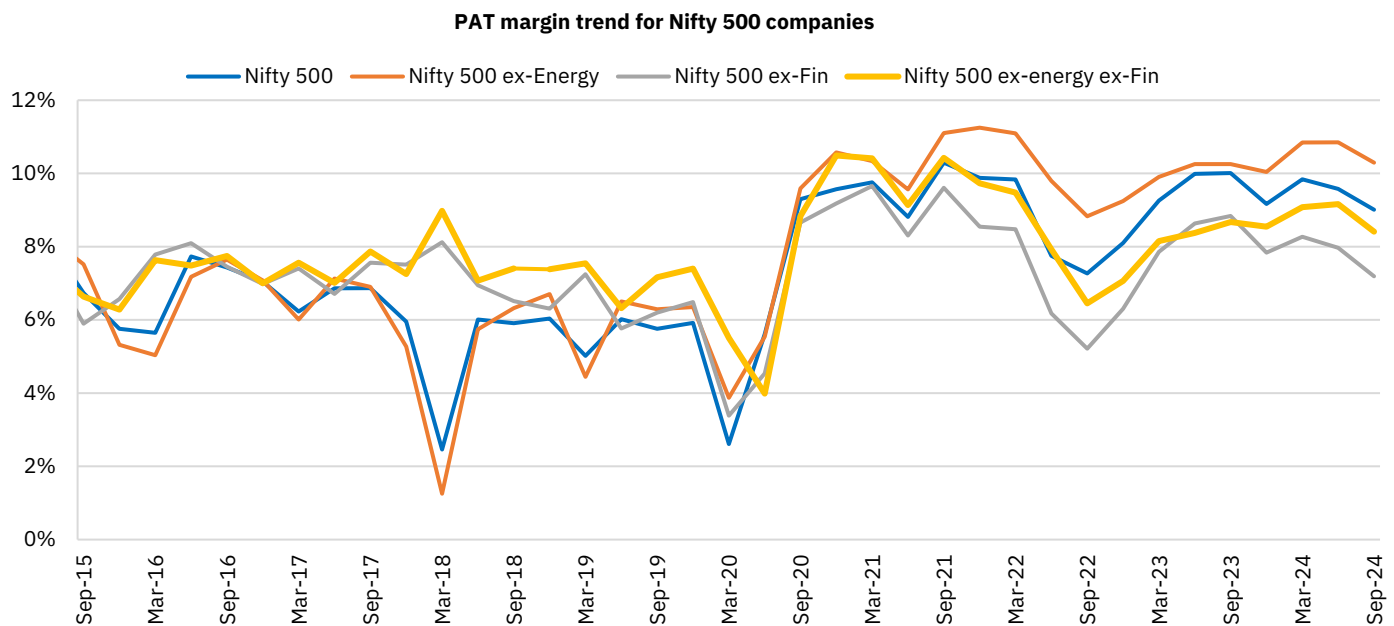
Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above chart provides data for companies in the Nifty 500 index as of September 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.

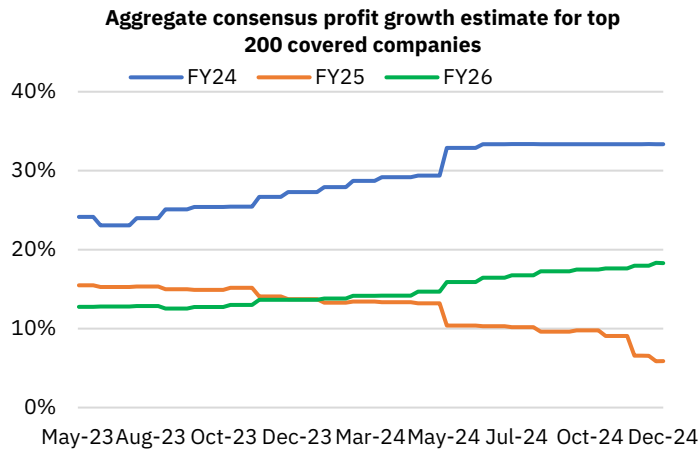
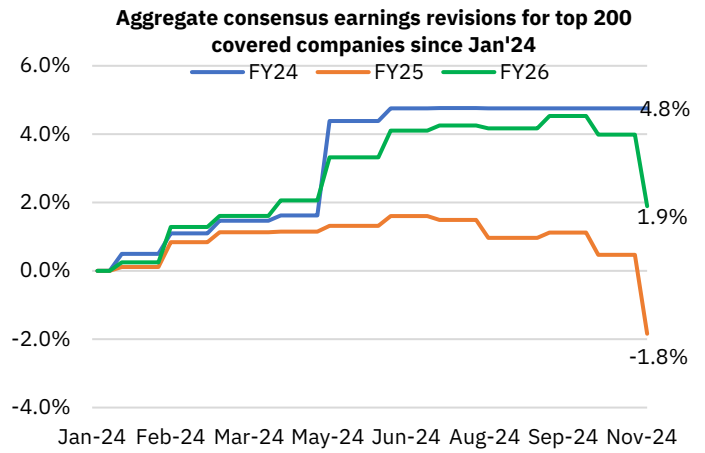
Note: The above chart includes companies in the Nifty 500 index as on end of respective quarters.

Earnings revision analysis

Consensus FY25/26 aggregate PAT estimates downgraded meaningfully following a weak quarter: Earnings growth in Q2FY25 moderated for the second quarter in a row, falling short of consensus expectations. The moderation was primarily led by a significant YoY drop in commodity-sectors, viz., Energy and Materials, partly reflecting the impact of falling commodity prices and muted demand. In fact, four out of 11 sectors reported a YoY contraction in earnings growth. Our analysis of earnings revisions of top 200 covered companies by market capitalisation³ show that aggregate earnings estimate for FY25 fell by 3.6% since September-end. Notably, all sectors, barring Real Estate, have seen downgrades in earnings estimates during this period, led by Energy and Materials, reflecting the impact of falling commodity prices. These two sectors are expected to account for a quarter to FY25 earnings but contributed to nearly 64% to the total drop in earnings for this universe since September-end. Excluding these two, the downward revision in aggregate profit estimate was relatively modest at 1.7%.

With this, the aggregate earnings of the top 200 companies are now expected to grow at 5.9% and 18.3% in FY25 and FY26 respectively, vs. 9.8% and 17.5% as of September-end, following a strong 33.4% PAT growth in FY24. This translates into an annualised growth of 11.9% during FY24-26 (As of December 11th, 2024), falling from 13.4% as of September-end.

³ 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.

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 December 12th, 2024.

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

Sectors	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Comm. Svcs.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Consumer Disc.	18.8	19.9	19.9	20.2	5.7	6.0	5.9	5.4	5.1	4.5	1.0	0.6
Consumer Staples	14.6	12.8	12.9	12.9	11.1	10.3	10.0	9.1	9.0	8.0	5.2	5.0
Energy	-8.1	-8.8	-9.3	-10.1	-10.5	-10.0	-10.3	-11.5	-10.9	-13.2	-16.6	-17.1
Financials	15.2	15.8	15.8	15.7	11.9	10.9	10.8	11.3	11.3	11.3	11.1	10.8
Health Care	18.6	17.5	18.2	17.9	16.3	18.7	18.6	20.1	20.5	20.7	20.4	20.8
Industrials	19.1	19.4	19.7	20.4	16.8	17.9	18.2	19.0	19.5	19.8	15.7	15.5
IT	14.2	14.2	14.4	12.2	10.1	9.9	9.9	10.0	10.1	9.1	9.2	9.2
Materials	29.6	32.4	33.6	38.7	37.2	43.7	42.4	33.5	32.9	31.1	18.0	17.2
Real Estate	25.4	27.3	27.1	26.2	23.4	19.5	20.0	23.3	23.4	22.7	28.4	28.5
Utilities	12.1	11.7	11.8	12.0	13.5	9.9	9.7	10.8	11.3	11.5	9.5	9.1
Total	13.3	13.4	13.3	13.2	10.4	10.3	10.2	9.6	9.8	9.1	6.6	5.9

Source: LSEG Workspace, NSE EPR

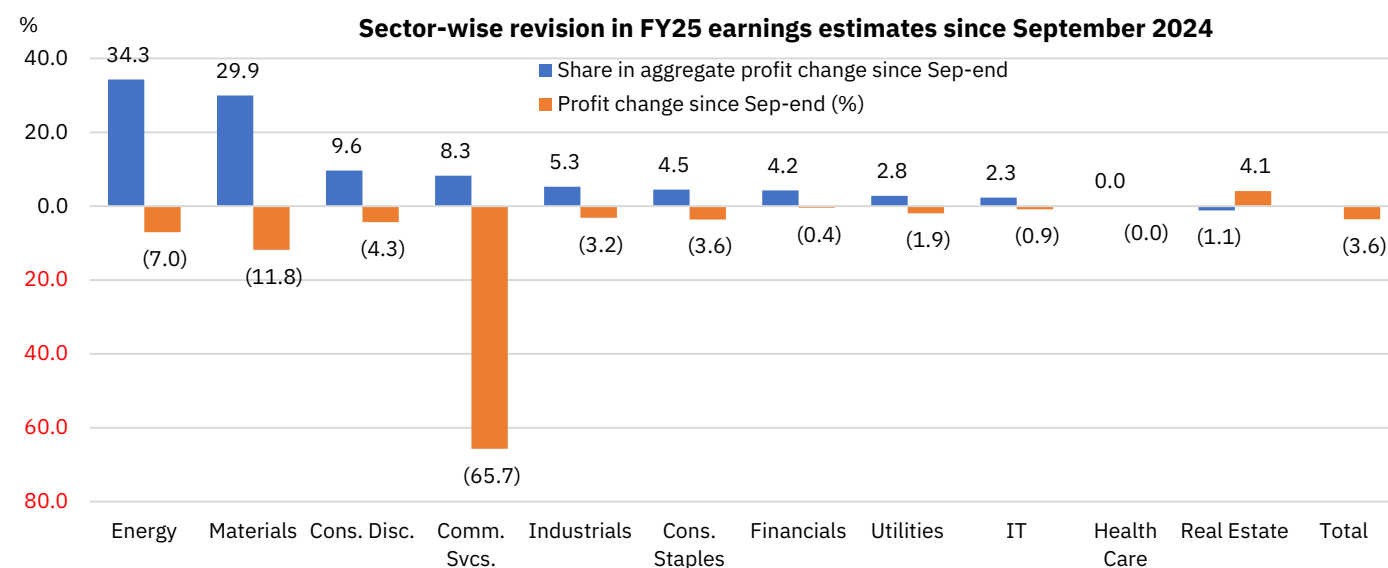
 Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2024, covered by at least five analysts at any given point of time over the last one year. * Data is as of December 12th, 2024.

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

Sectors	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Comm. Svcs.	153.0	273.7	286.9	290.9	228.7	409.4	341.2	233.6	232.6	180.2	176.3	711.2
Consumer Disc.	16.3	18.3	17.8	18.2	18.8	19.2	19.6	20.8	20.8	20.9	21.7	21.7
Consumer Staples	12.6	13.0	13.1	13.2	13.8	13.7	13.9	14.4	14.6	14.4	14.4	14.4
Energy	5.5	5.6	5.9	6.6	9.9	10.6	10.6	13.2	13.9	14.1	15.8	16.4
Financials	15.9	14.5	14.4	14.5	15.1	15.2	15.4	14.1	14.1	14.1	12.8	12.6
Health Care	14.8	15.9	16.2	16.2	16.2	17.2	17.4	18.0	18.3	18.0	18.1	18.1
Industrials	18.4	19.9	20.1	19.6	19.7	20.6	20.5	20.9	21.3	21.1	22.5	22.5
IT	10.0	10.3	10.5	13.0	12.8	12.8	12.9	13.1	13.1	13.9	13.5	13.5
Materials	14.1	17.0	17.3	17.9	21.4	22.4	23.4	29.0	29.5	31.5	39.4	39.7
Real Estate	28.6	29.5	29.8	29.9	28.8	29.1	27.9	27.8	28.1	28.1	23.9	24.2
Utilities	8.9	9.2	9.1	9.2	8.9	9.8	10.4	10.6	10.9	10.9	11.0	10.9
Total	13.8	14.1	14.2	14.7	15.9	16.4	16.7	17.3	17.5	17.6	18.0	18.3

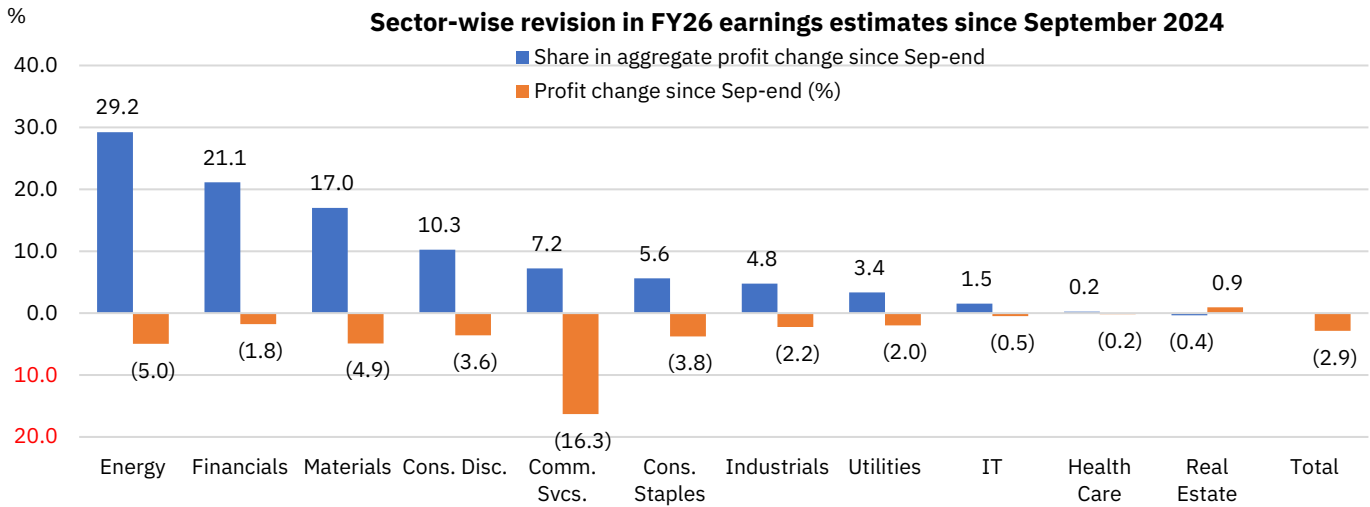
Source: LSEG Workspace, NSE EPR

 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 December 12th, 2024.

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


Source: LSEG Workspace, NSE EPR

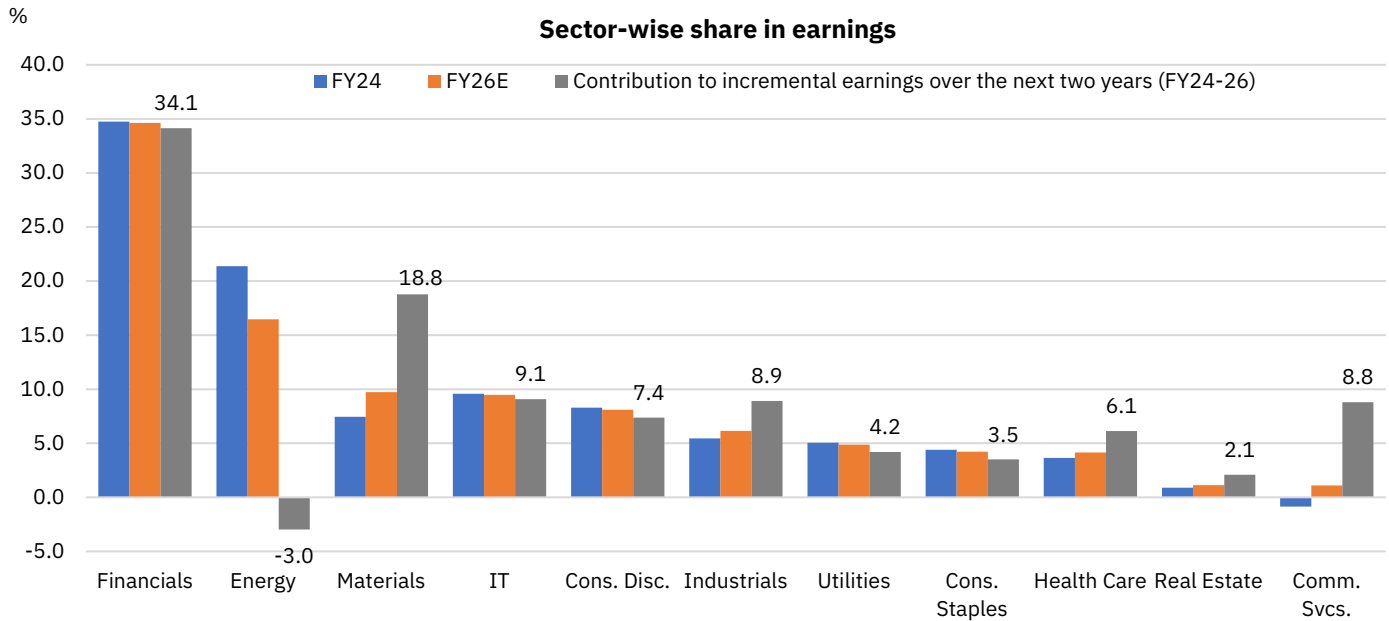
 Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2024, covered by at least five analysts at any given point of time over the last one year. Data is as on December 12th, 2024.

Figure 31: Sector-wise revision in FY26 earnings estimates for top 200 companies since September 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 December 12th, 2024.

Financials and Materials to account for nearly 53% of the incremental earnings over the next two years: Financials, with a share of slightly over 34% in aggregate earnings of top 200 companies, is expected to contribute a similar share to incremental earnings between FY24 and FY26. This is followed by Materials, contributing 18.8% to the absolute change in earnings during this period, despite significant earnings downgrades this year, resulting in its share in total earnings rising from 7.4% to 9.7%. Communication Services, that reported a huge loss in FY24, is expected to report profit amounting to 1.1% of aggregate earnings of top 200 companies by FY26, thereby contributing to a significant 8.8% to aggregate incremental earnings of this universe over the next two years. Industrials and IT are expected to contribute a similar 8.9% and 9.1% to absolute change in corporate earnings between FY24 and FY26. After seeing earnings downgrades in the last few months, the Energy sector is expected to see a 17.1% 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 16.5% 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.

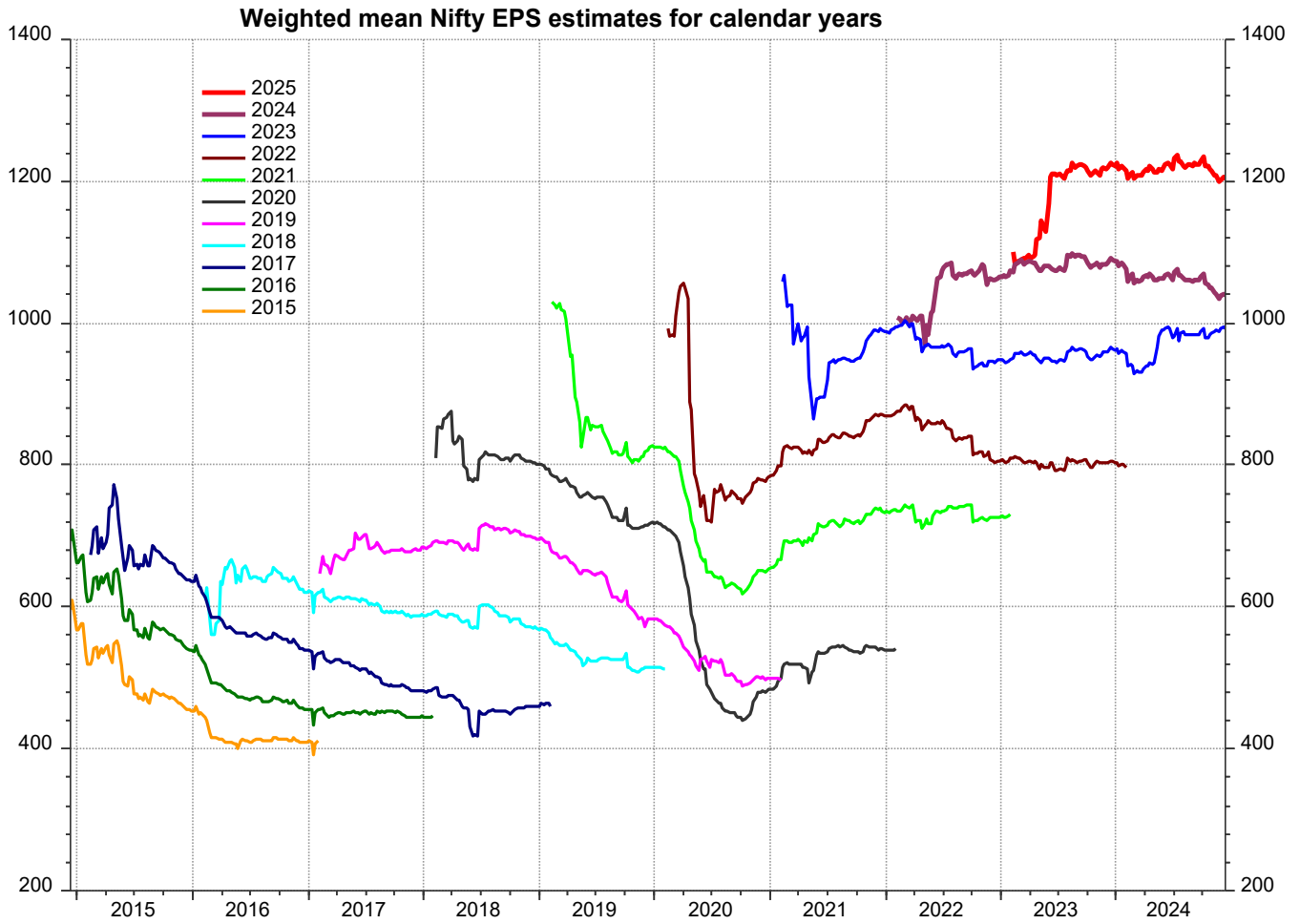
Figure 32: Sector-wise share and contribution to earnings


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 December 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.

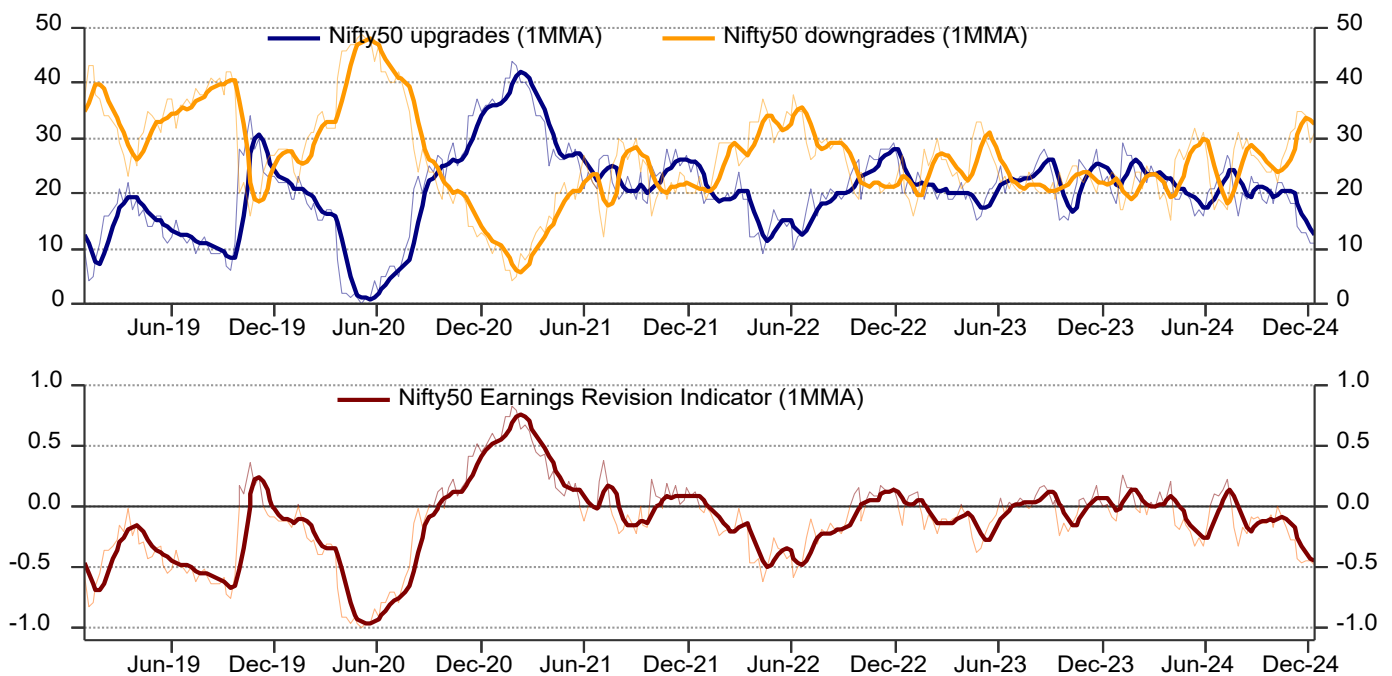
A different story was playing out this time until recently, with earnings for the Nifty 50 companies for both 2024 and 2025 seeing a steady downward trend over the last few months. The EPS estimates for Nifty 50 for 2024 and 2025 have been curtailed by 2.9% and 2.5% since October-beginning after a weaker-than-expected performance during the second quarter, more than offsetting the upward revisions seen in the early part of this year.

Figure 33: Yearly trend of NIFTY 50 Consensus EPS estimates


Source: LSEG Workspace, NSE EPR

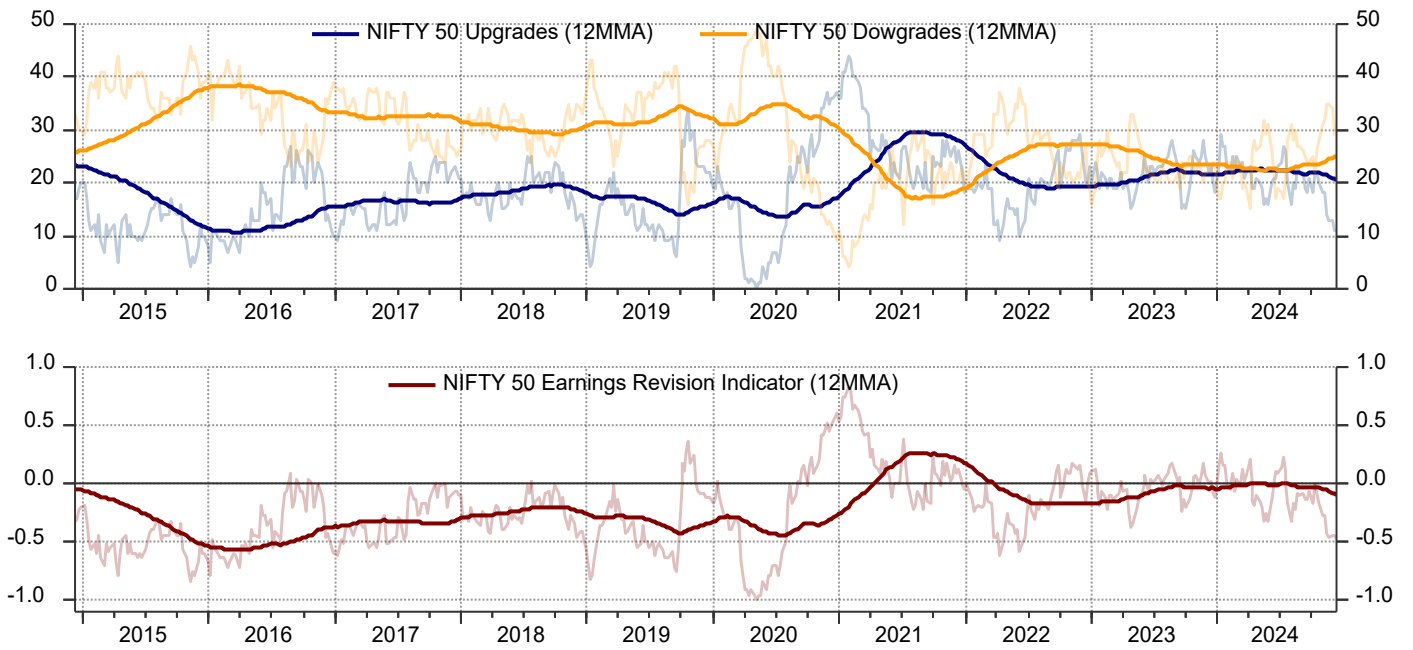
Nifty 50 Earnings Revision Indicator fell deep in the negative territory: After a sharp drop following the onset of the Russia-Ukraine war in February 2022, the Earnings Revision Indicator (ERI)⁴ for the Nifty 50 universe picked up meaningfully in the second half of 2022, indicating higher number of 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 this fiscal thus far, however, the ERI has turned volatile again, and in fact has been steadily falling deep in the negative territory since the last three months. All sectors barring IT, Healthcare and Communication Services have the ERI values hovering in the negative territory, indicating a greater number of downgrades than upgrades.

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

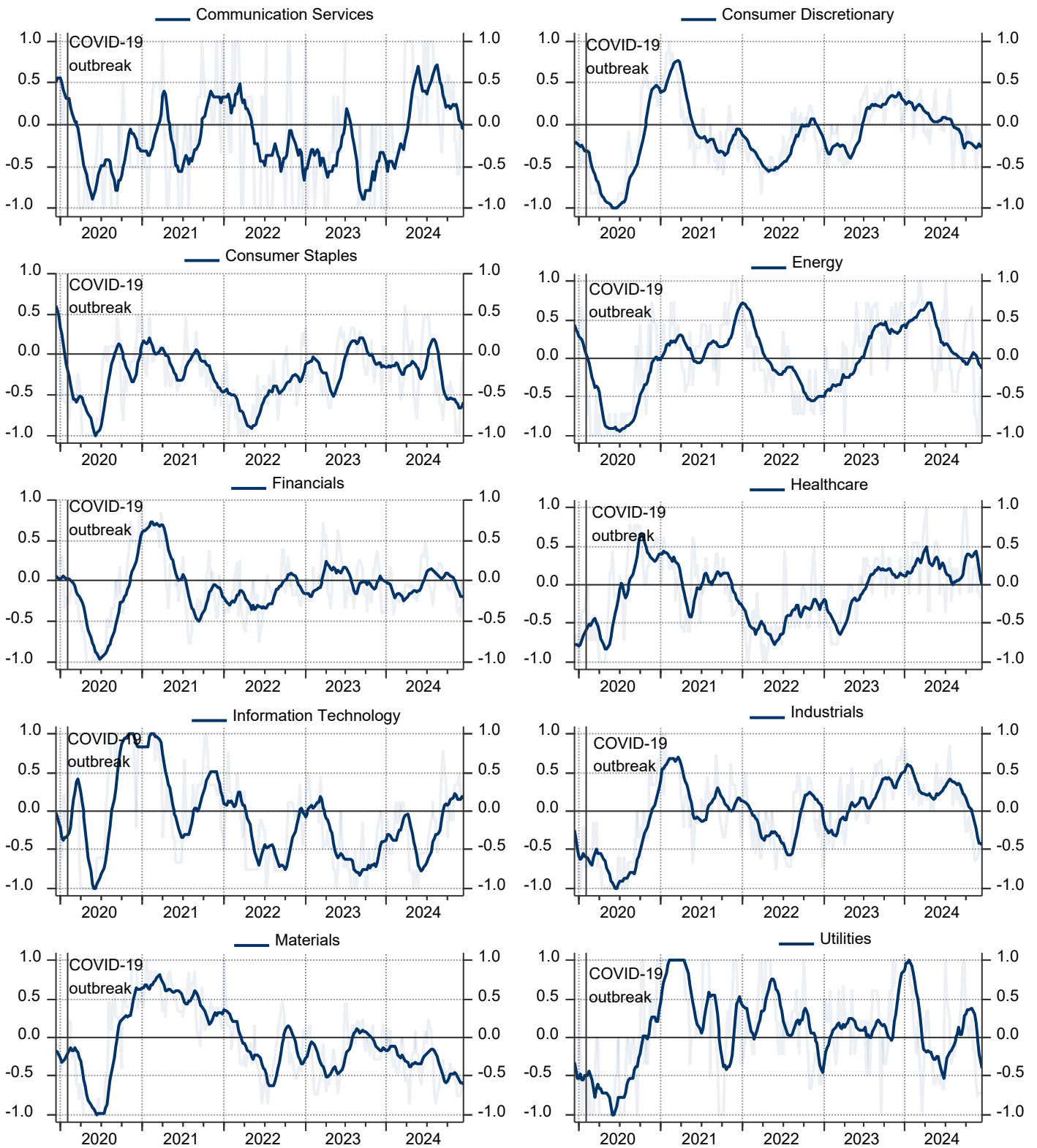


Source: LSEG Workspace, NSE EPR.

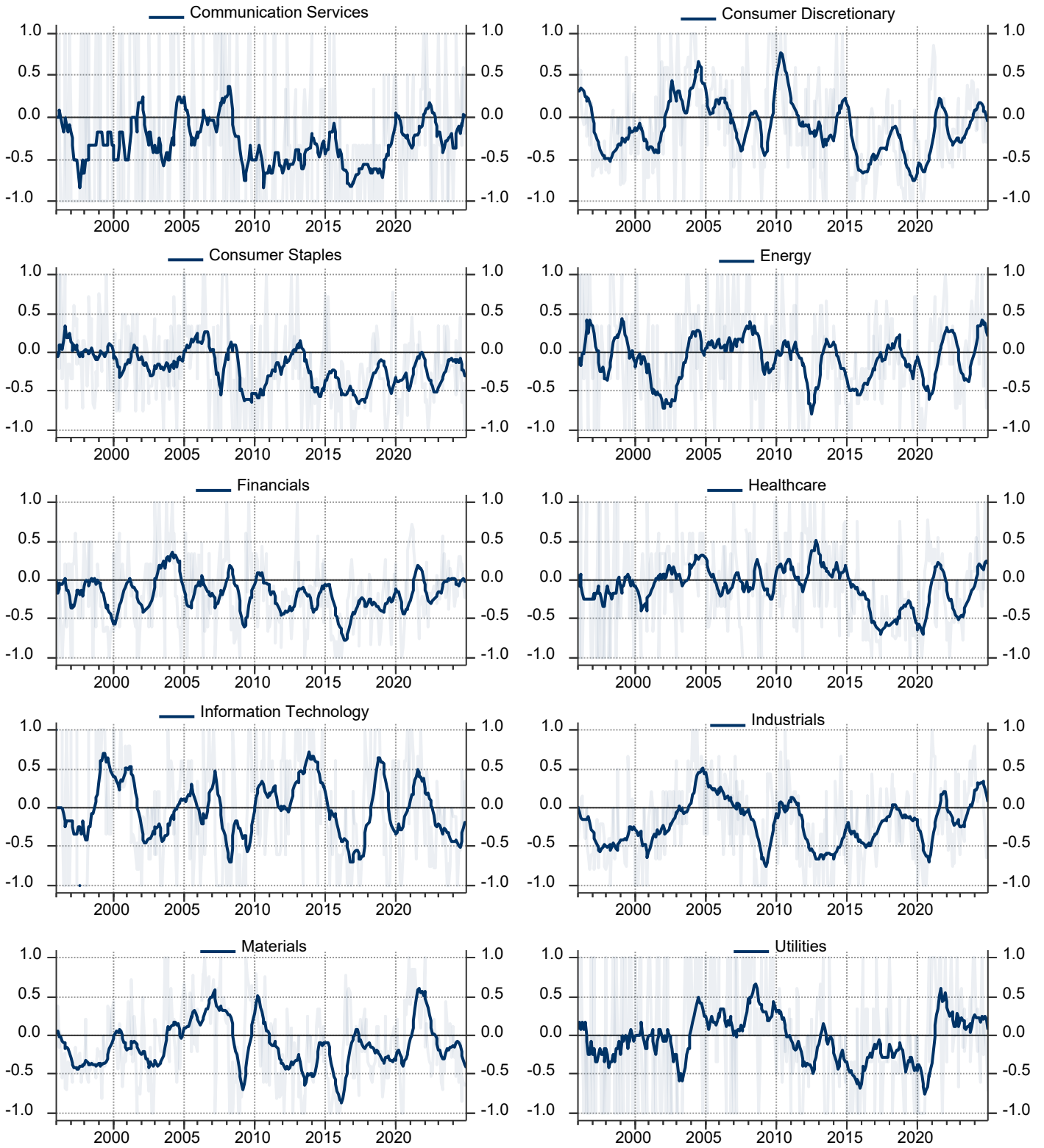
⁴ The ERI is calculated as “(number of upgrades – number of downgrades)/total number of upgrades and downgrades”. It can range between -1 to 1.

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.

Economic Policy & Research

Tirthankar Patnaik, PhD	tpatnaik@nse.co.in	+91-22-26598149
Prerna Singhvi, CFA	psinghvi@nse.co.in	+91-22-26598316
Ashiana Salian	asalian@nse.co.in	+91-22-26598163
Prosenjit Pal	ppal@nse.co.in	+91-22-26598163
Sushant Hede	shede@nse.co.in	+91-22-26598237
Anand Prajapati	aprajapati@nse.co.in	+91-22-26598163
Sounak Ghosh	sounakg@nse.co.in	
Gautam Sodani	gsodani@nse.co.in	
Sumiti Manchanda	smanchanda@nse.co.in	
Aratrik Chakraborty	aratrikc@nse.co.in	

We gratefully acknowledge the contribution of Shantanu Sharma, Abhijay Nair, Dhruvi Shah, Mihir Raravikar, Ranjeet Singh and Shashidharan Sharma (Research Associates) to this publication.

Disclaimer

Any/all Intellectual Property rights in this report including without limitation any/all contents/information/data forming a part of this report shall at all times vest with NSE. No part of this report may be sold/distributed/licensed/ produced/transmitted in any form or manner by any means (including without limitation—electronic, mechanical, photocopying, recording or otherwise) to any person/entity whatsoever without the prior written permission of NSE. Extracts from this report may be used or cited provided that NSE is duly notified and acknowledged as the source of such extract.

This report is intended solely for information purposes. This report is under no circumstances intended to be used or considered as financial or investment advice, a recommendation or an offer to sell, or a solicitation of any offer to buy any securities or other form of financial asset. The Report has been prepared on a best effort basis, relying upon information obtained from various sources. NSE does not guarantee the completeness, accuracy and/or timeliness of this report neither does NSE guarantee the accuracy or projections of future conditions from the use of this report or any information therein. In no event, NSE, or any of its officers, directors, employees, affiliates or other agents are responsible for any loss or damage arising out of this report. All investments are subject to risks, which should be considered prior to making any investments.