

Q4FY24 Earnings Review: Resilient revenue growth amid cost pressures

Net revenue growth of Nifty50 and Nifty500 companies came in at a steady 10.2% and 9.9% YoY, driven predominantly by Financials and Consumer Discretionary, reflecting the impact of strong credit offtake and robust demand for auto sales. These two sectors together contributed 76% and 73% to the overall revenues growth of Nifty 50 and Nifty 500 companies respectively. That said, the full-year growth stood at a lower 9.3%/7.9% for Nifty50/Nifty 500 companies, moderating sharply from 23%/29.6% in the previous year. Operating profit growth moderated sequentially to 10.7%/12.2% YoY for Nifty50/Nifty500, weighed down by higher salaries and other operating expenses, even as it surpassed the top-line growth, resulting in significant margin accretion. Adjusted net profit growth, however improved sequentially to 21.5% for the Nifty50 companies, with full-year growth at 27%, while it moderated marginally for the Nifty500 companies to 17.9%, even as the full-year growth was much higher at 33%. Financials and Consumer Discretionary accounted for 90% of aggregate earnings growth of Nifty 50 and Nifty 500 companies, excluding which PAT growth was fairly modest at 3.4% and 2.9% in Q4FY24 respectively.

Export-oriented (Information Technology) and commodity companies (Materials, Energy) have continued to face headwinds from weak external demand, while lagging rural demand has weighed on the earnings of Consumer Staples. Domestic cyclical sectors viz., Financials, Industrials and Consumer Discretionary, on the other hand, drove overall earnings last year, aided by resilient urban consumption demand, strong capex thrust by the Government and improving private investment. This is reflected in continued downgrades in Information Technology, Materials and Consumer Staples. Consensus earnings estimates (from Refinitiv) for FY25/26 for the top 200 covered companies by market cap saw a modest increase of 0.1%/2.3% since March-end (As on June 26th, 2024). This translates into an expected aggregate profit growth of 10.9%/16.7% in FY25/FY26 on top of a robust 34.5% growth in FY24, implying a CAGR of 13.8% during FY24-26. Notwithstanding modest upgrades, the Earnings Revision Indicator (ERI) deteriorated in this quarter and fell into the negative territory, implying a greater number of downgrades than upgrades.

Going forward, resilient urban demand, recovery in rural demand amid expectations of a normal monsoon, improvement in external demand as the easing cycle kicks in, and sustained capex spending by the Government should support earnings growth in FY25, partly offset by rising input cost pressures.

- **Buoyant credit and urban consumption demand drove revenue growth in Q4FY24:** Aggregate top-line of Nifty 50/Nifty 500 universe grew by 10.2%/9.9% YoY in Q4FY24 vs. 10.3%/8.4% YoY in the previous quarter. For the full year FY24, top-line growth stood at 9.3%/7.9%, moderating significantly from 22.8%/28.6% in the previous year. The Financials sector was a major contributor, propelled by a strong growth in credit offtake, contributing ~59%/74% to the revenue growth in the Nifty 500 universe in Q4/FY24. This was followed by Consumer Discretionary, aided by strong auto sales, accounting for 17%/16% of the overall revenue growth in Nifty 500 in Q4/FY24, marginally higher than its share in overall earnings (38% in FY24). Energy and Materials were the laggards in FY24, weighed down by decline in global crude and metal prices and poor demand amid a global slowdown led by China.
- **EBITDA growth moderated even as margin tailwinds sustained:** EBITDA growth rate for Nifty 50 and Nifty 500 universe (excluding Financials) moderated to 10.7% YoY/6.7% QoQ and 12.2% YoY/6.8% QoQ in Q4FY24 respectively, thanks to modest increase in operating costs, even as the extent of increase came off sequentially. Sector-wise, EBITDA growth was led largely by Consumer Discretionary, excluding which growth fell to 8.5% and 10.5% YoY for Nifty 50 and Nifty 500 companies (excluding Financials). Operating margins for the

Aggregate top-line growth of Nifty 50/Nifty 500 universe grew by 10.2%/9.9% YoY in Q4FY24, translating into full-year growth of 9.4%/7.9% YoY.

EBITDA growth moderated sequentially but came in higher than the revenue growth at 10.7%/12.2% YoY for Nifty50/Nifty 500 companies.

Nifty50 and Nifty 500 companies expanded sharply by 105 and 125bps YoY to 20.7% and 18% respectively. Notably, the Nifty 500 universe excluding the top 50 companies exhibited better management of operating costs and posted relatively higher EBITDA growth of 14.3% YoY and margin expansion of 138bps YoY in Q4, much higher than the revenue growth of 3.7% YoY (vs. 5.1% YoY for Nifty 50).

- **PAT growth in Q4/FY24 led by Financials and Consumer Discretionary:** Aggregate adjusted PAT growth for Nifty 50 and Nifty 500 companies came in at a robust 21.5% and 17.9% in Q4FY24, translating into full-year growth of 27% and 33% respectively. This was marginally higher than the topline growth, aided by significant margin accretion. Sector-wise, PAT growth was primarily led by Financials and Consumer Discretionary, contributing to 89.7%/59.3% and 90.4%/48.3% of aggregate earnings growth in Q4/FY24 for Nifty 50 and Nifty 500 companies, respectively. Excluding these two sectors, PAT growth for Nifty 50 and Nifty 500 was fairly modest at 3.4%/17.3% and 2.9%/25.5% for Q4/FY24 respectively. Interestingly, PAT growth of Nifty 500 companies excluding the top 50 was much lower at 13.4% in Q4, indicating a significant contribution of larger companies in the Financials (SBI) and Consumer Discretionary (Tata Motors) sectors.
- **Earnings estimates upgraded marginally:** Our analysis of earnings performance of top 200 covered companies by market capitalisation show that aggregate profit estimates for FY25 and FY26 were revised upwards by a modest 0.1% and 2.3% since March 2024, led by upgrades in Energy, Consumer Discretionary and Industrials. Excluding these sectors, comprising about 33% of overall earnings in FY25, aggregate profit estimate of the top 200 companies actually fell by 0.5% for FY25 over the last three months. With this, the aggregate earnings of the top 200 companies are now expected to increase by 10.9% and 16.7% in FY25 and FY26 respectively, following a strong 34.5% PAT growth in FY24, implying an earnings CAGR of 13.8% 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 38.4% in overall corporate earnings in FY24.
- **...Even as the ERI moved 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. The first quarter of FY25, however, saw ERI falling sharply, partly attributed to earnings downgrades for companies from the Information Technology, Materials and Consumer Staples sectors, that have outnumbered the number of upgrades in Energy, Consumer Discretionary and Industrials sector.

Aggregate adjusted PAT for Nifty50 and Nifty 500 companies grew by 21.5%/27% and 17.9%/33% in Q4FY24/FY24 respectively.

Aggregate earnings growth of top 200 companies is pegged at 10.9% and 16.7% in FY25 and FY26 respectively, implying an earnings CAGR of 13.8% during this period.

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Nifty 50 Q4FY24 results

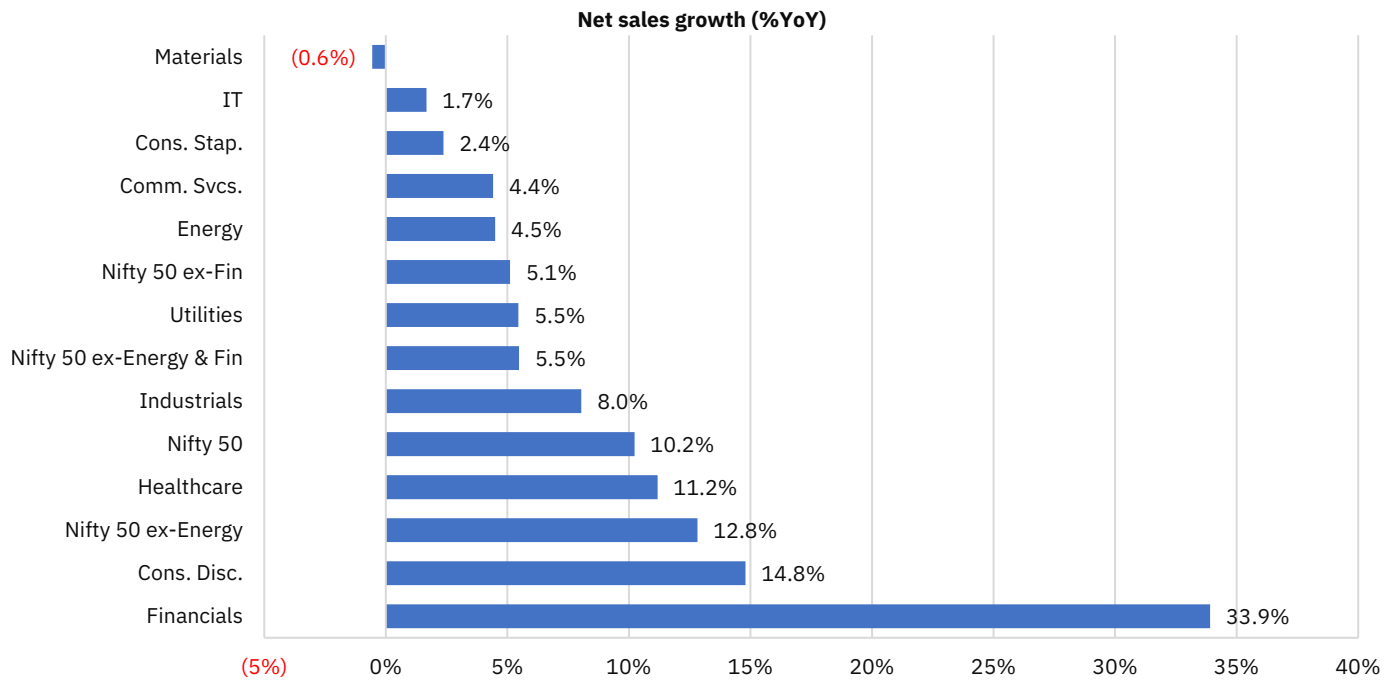
Nifty50 revenue growth remained broadly steady in Q4: In Q4FY24, the topline of Nifty50 companies grew by 10.2% YoY, marginally lower than last quarter (10.3% YoY). On a sequential basis, however, top-line grew at a four-quarter high of 4.5% QoQ. For the full year FY24, top-line growth stood at a marginally lower 9.3% to Rs 71 lakh crore, moderating sharply from near-23% growth in the previous year. Among sectors, Financials led the topline expansion, posting a robust growth of 33.9% YoY/3.2% QoQ in Q4, fueled by strong credit growth, improved interest income, and steady fee-based income and treasury gains. Notably, Financials contributed to 59% of the YoY growth in the Nifty50 topline in the quarter gone by, excluding which the topline growth stood at a modest 5.1% YoY/4.8% QoQ. Consumer Discretionary also reported a strong 14.8% YoY/5.5% QoQ growth in aggregate topline, with all companies in the sector registering a double-digit growth led by Tata Motors. Within Consumer Discretionary, automobile companies contributed to ~16% of the revenue growth in Nifty 50 universe.

After a lackluster performance in the first three quarters of FY24, Energy posted a top-line growth of 4.5% YoY, supported by higher crude oil prices during the quarter. The sector contributed 13.7% to the YoY revenue growth in Nifty 50 universe, led by Reliance Industries and ONGC. This was followed by Healthcare that reported a strong 11.2% YoY growth in aggregate top-line, led by sustained growth in US sales. Materials was the only sector that registered a decline in top-line in Q4FY24 of 0.6% YoY—the lowest in the last 15 quarters, thanks to lower realisations. Information Technology also reported the lowest topline growth in the March quarter in the last 37 quarters due to sustained weakness in demand for IT services amid global uncertainty. Within the Nifty 50 universe, 39 and 34 companies reported YoY and QoQ growth in net sales in Q4.

Table 1: Net sales growth of Nifty 50 companies

Sector	QoQ growth			YoY growth			FY24	
	Mar-23	Dec-23	Mar-24	Mar-23	Dec-23	Mar-24	(Rs crore)	Growth (%)
Communication Services	0.6	2.3	(0.8)	14.3	5.9	4.4	1,49,982	7.8
Consumer Discretionary	11.6	2.9	5.5	28.1	21.4	14.8	8,67,881	22.2
Consumer Staples	0.2	(0.8)	0.3	10.5	2.2	2.4	1,84,315	2.8
Energy	(1.4)	5.4	2.8	6.6	0.3	4.5	21,34,508	(1.9)
Financials	5.0	8.4	3.2	28.8	36.3	33.9	14,96,409	37.8
Health Care	(1.9)	1.2	(1.3)	11.4	10.4	11.2	1,29,186	11.7
Industrials	22.7	12.7	14.1	17.1	16.2	8.0	3,53,296	3.7
Information Technology	(0.0)	1.5	(0.3)	18.3	2.0	1.7	6,81,750	5.8
Materials	12.7	(0.7)	11.1	1.2	0.9	(0.6)	9,00,618	(0.1)
Utilities	1.2	(3.3)	9.6	18.3	(2.7)	5.5	2,24,344	1.2
Nifty 50	4.5	4.3	4.5	13.9	10.3	10.2	71,22,290	9.3
Nifty 50 ex-Energy	7.4	3.9	5.2	17.5	15.1	12.8	49,87,782	15.0
Nifty 50 ex-Financials	4.4	3.2	4.8	11.1	4.7	5.1	56,25,881	3.6
Nifty 50 ex-energy ex-fin	8.2	1.9	6.1	14.0	7.6	5.5	34,91,373	7.3
Nifty 50 excl HDFCBK	4.5	4.3	4.6	13.4	8.5	8.6	68,38,641	7.8

Source: CMIE Prowess, LSEG workspace, NSE EPR. Note: The above table provides data for companies in the Nifty 50 index as on March 27th, 2024.

Figure 1: Sector-wise net sales growth of Nifty 50 companies in Q4FY24


Source: CMIE Prowess, LSEG workspace, NSE EPR

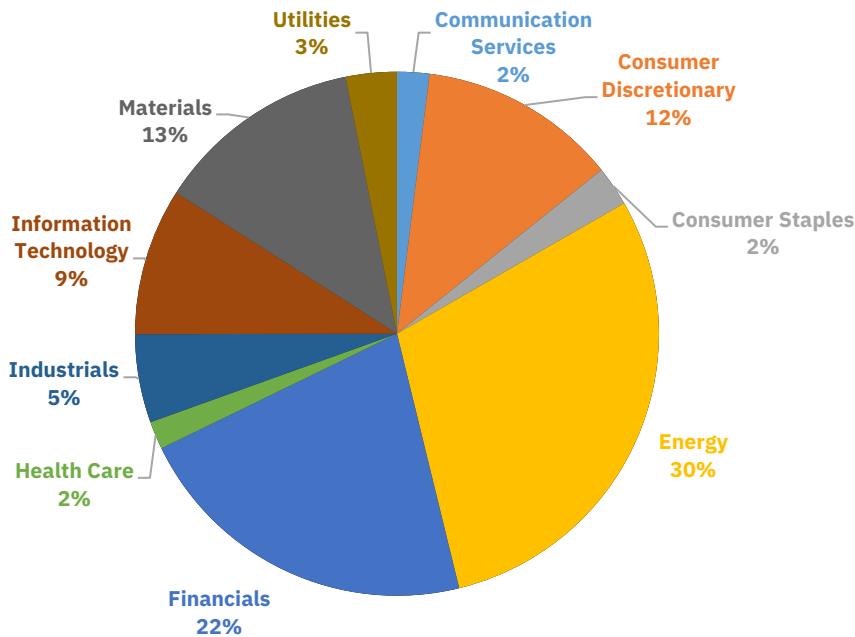
 Note: The above chart provides data for companies in the Nifty 50 index as on March 27th, 2024.

Table 2: Sector-wise contribution of Nifty 50 companies to net sales growth in Q4FY24

Sector	Net sales (Rs crore)	Contribution to net sales growth	
		% QoQ	% YoY
Communication Services	37,599	(0.0)	0.1
Consumer Discretionary	2,31,753	0.7	1.7
Consumer Staples	46,397	0.0	0.1
Energy	5,57,269	0.8	1.4
Financials	4,08,533	0.7	6.0
Health Care	32,507	(0.0)	0.2
Industrials	1,03,155	0.7	0.4
Information Technology	1,71,632	(0.0)	0.2
Materials	2,41,905	1.3	(0.1)
Utilities	59,600	0.3	0.2
Nifty 50	18,90,349	4.5	10.2
Nifty 50 ex-Energy	13,33,080	8.3	8.8
Nifty 50 ex-Financials	14,81,816	8.6	4.2
Nifty 50 ex-energy ex-fin	9,24,547	6.7	2.8

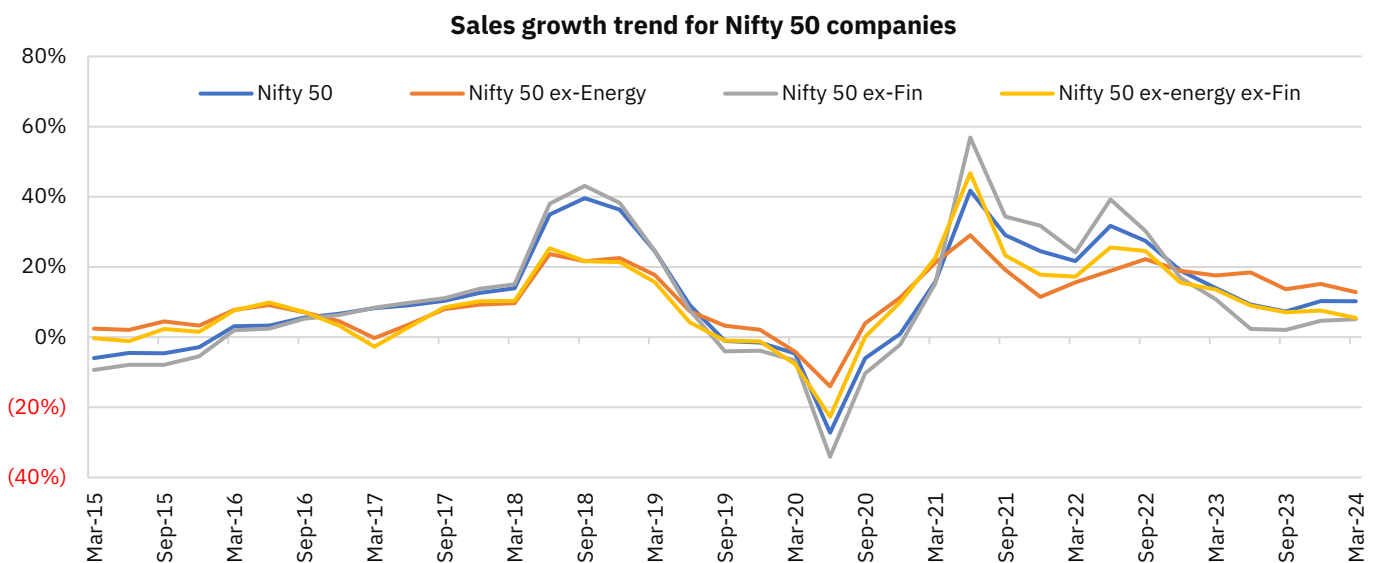
Source: CMIE Prowess, LSEG workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 50 index as on March 27th, 2024.

Figure 2: Share of sectors in net sales of Nifty 50 companies in Q4Y24


Source: CMIE Prowess, LSEG workspace, NSE EPR

Note: The above chart provides data for companies in the Nifty 50 index as on March 27th, 2024.

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


Source: CMIE Prowess, LSEG Workspace, NSE EPR

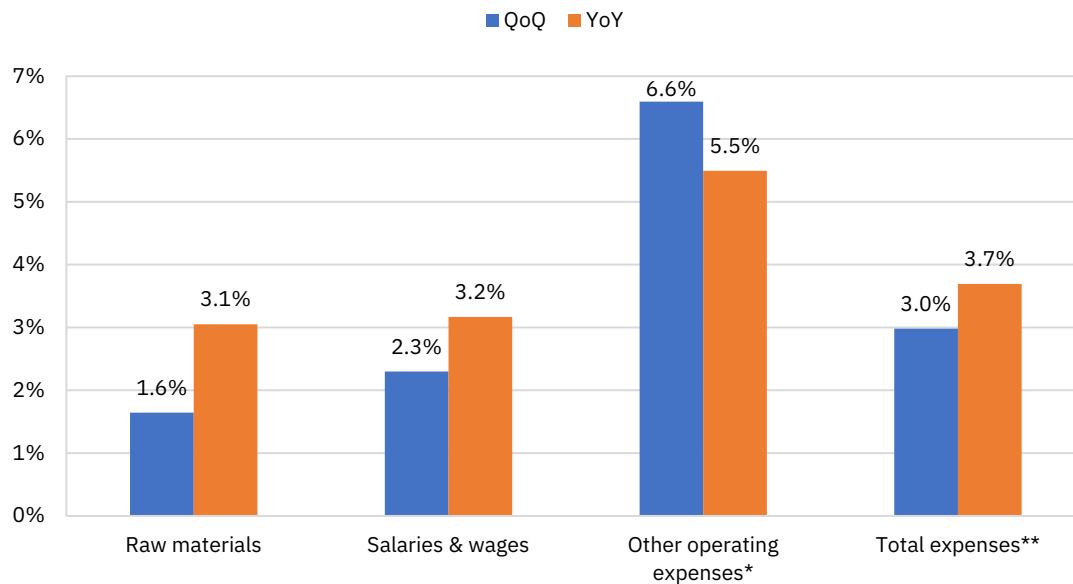
Note: The above chart includes companies in the Nifty 50 index as on end of respective quarters.

EBIDTA growth moderated further amid higher operating costs: The NIFTY 50 universe (excl. Financials) registered an EBITDA growth of 10.7% YoY/6.7% QoQ in Q4FY24 (vs 13.4% YoY/-1.0% QoQ in Q3FY24), due to a rise in operating costs by 3.7% YoY/ 3% QoQ. While operating costs grew on a YoY and QoQ basis, the growth rate in expenses moderated on a sequential basis, thanks to a controlled increase in raw materials costs. Raw materials costs, that comprise ~59% of total operating costs, moderated as a percentage of total operating costs by 37bps YoY/78bps QoQ and 95 bps YoY/150 bps QoQ as a percentage of net sales in Q4. This, in turn, resulted in an expansion in the EBITDA margin by 105 bps YoY/36bps QoQ to 20.7% vs. 19.6% in

Q4FY23 and 20.3% in the previous quarter. For the full year FY24, EBITDA growth came in at 19.2% YoY, supported by lower input costs in the first two quarters, resulting in a margin expansion of 272bps to 20.9%.

Sectors that contributed to overall EBITDA growth in Q4 included Energy and Consumer Discretionary, contributing 42% and 30% to the overall growth. Companies in the Energy sector within the Nifty50 universe posted a growth of 14.6% YoY/8.8% QoQ, supported by operating leverage. Notwithstanding a 1.9% decline in overall topline for the sector in FY24, EBITDA growth came in at a robust 31.5% YoY, thanks to strong margins reported by oil marketing companies (OMCs). Excluding Energy, the EBITDA growth for non-financial Nifty50 companies came marginally lower at 9% YoY/5.7% QoQ in Q4 and 13.8% YoY in FY24. This was followed by Consumer Discretionary that reported a strong 28.3% YoY growth in Q4, supported by strong top-line growth. Within the Nifty 50 universe, 29 and 25 non-financial companies reported YoY and QoQ growth in EBITDA.

Figure 4: Change in expenses for Nifty 50 companies (ex-Financials) in Q4FY24



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 March 27th, 2024.

Table 3: EBITDA growth of Nifty 50 companies

Sector	QoQ growth			YoY growth			FY24	
	Mar-23	Dec-23	Mar-24	Mar-23	Dec-23	Mar-24	(Rs crore)	Growth (%)
Communication Services	10.8	2.6	(2.1)	19.0	18.6	4.7	82,437	14.0
Consumer Discretionary	12.8	6.3	7.2	43.2	34.9	28.3	1,44,377	49.3
Consumer Staples	0.1	(1.8)	1.8	17.7	1.4	3.1	55,172	7.2
Energy	6.6	(10.5)	8.8	8.8	12.3	14.6	3,92,046	31.6
Financials	8.7	6.1	8.4	38.6	45.0	44.6	10,45,160	48.7
Health Care	(6.2)	2.1	(4.2)	16.7	17.9	20.4	35,322	16.5
Industrials	32.4	3.9	10.9	32.9	26.9	6.3	64,269	17.0
Information Technology	0.3	3.0	6.6	14.7	0.5	6.8	1,67,939	6.4
Materials	30.5	7.4	9.9	(20.2)	19.1	0.3	1,35,196	2.2
Utilities	0.8	3.3	5.1	11.9	2.0	6.4	96,775	6.4
Nifty 50	9.0	2.3	7.5	20.6	26.8	25.0	22,18,694	31.5
Nifty 50 ex-Energy	9.5	5.2	7.3	23.5	30.0	27.3	18,26,648	31.5
Nifty 50 ex-Financials	9.2	(1.0)	6.7	10.1	13.4	10.7	11,73,534	19.2
Nifty 50 ex-energy ex-fin	10.4	4.0	5.7	10.7	13.8	9.0	7,81,488	13.8

Source: CMIE Prowess, LSEG Workspace, NSE EPR

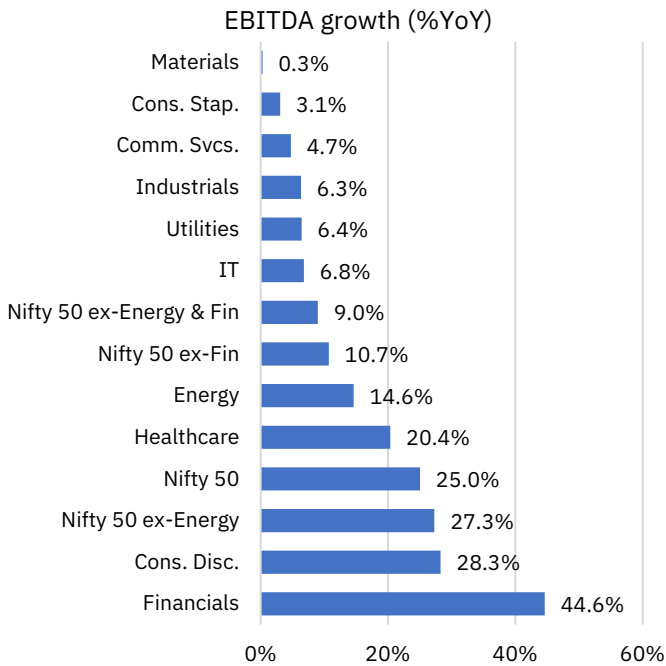
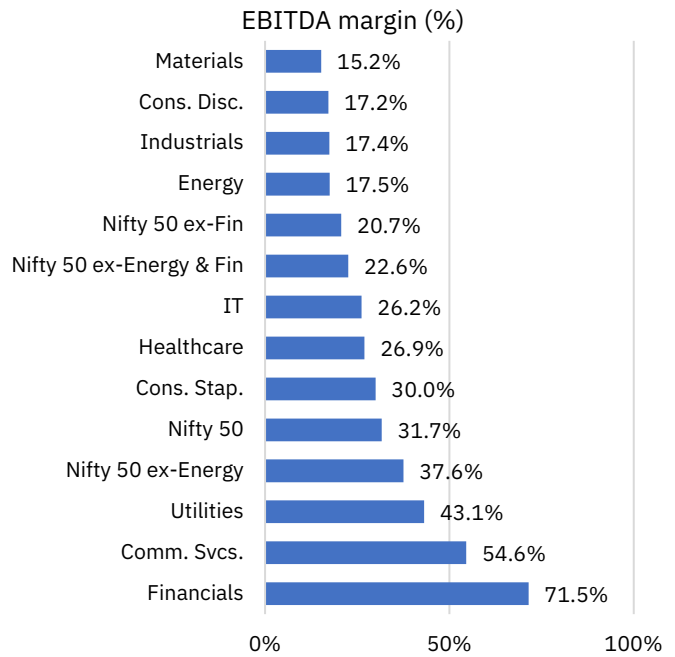
Note: The above table provides data for companies in the Nifty 50 index as on March 27th, 2024.

Table 4: EBITDA margin of Nifty 50 companies in Q4FY24

Sector	EBITDA Margin	QoQ change (bps)	YoY change (bps)
Communication Services	54.6	(74)	17
Consumer Discretionary	17.2	27	180
Consumer Staples	30.0	42	20
Energy	17.5	97	155
Financials	71.5	346	530
Health Care	26.9	(82)	205
Industrials	17.4	(50)	(28)
Information Technology	26.2	169	125
Materials	15.2	(17)	13
Utilities	43.1	(185)	39
Nifty 50	31.7	90	375
Nifty 50 ex-Energy	37.6	73	427
Nifty 50 ex-Financials	20.7	36	105
Nifty 50 ex-energy ex-fin	22.6	(9)	72

Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above table provides data for companies in the Nifty 50 index as on March 27th, 2024.

Figure 5: Sector-wise EBITDA growth of Nifty 50 companies in Q4FY24

Figure 6: Sector-wise EBITDA margin of Nifty 50 companies in Q4FY24


Source: CMIE Prowess, LSEG Workspace, NSE EPR

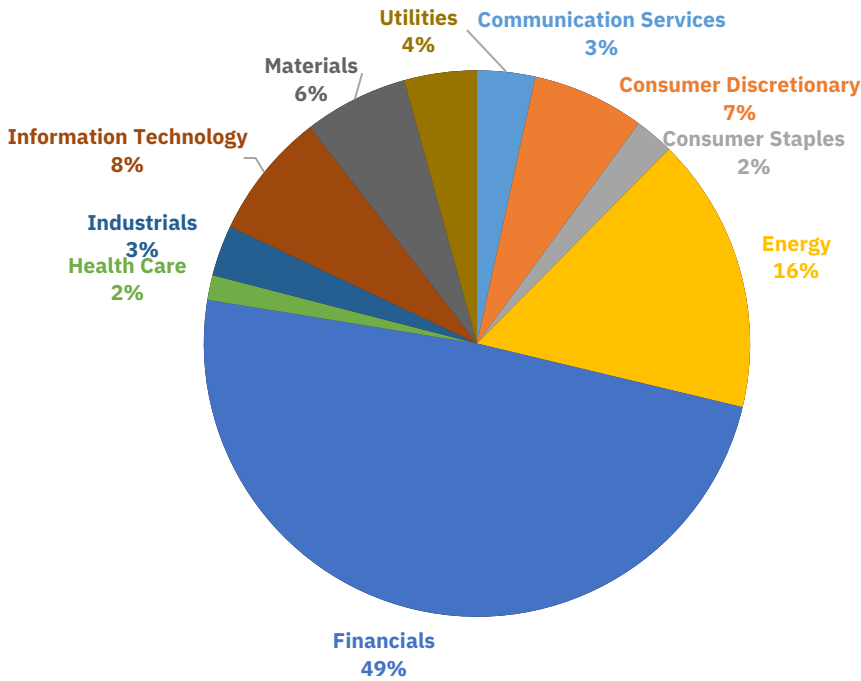
 Note: The above charts provide data for companies in the Nifty 50 index as on March 27th, 2024.

Table 5: Sector-wise contribution of Nifty 50 companies to EBITDA growth in Q4FY24

Sector	EBITDA (Rs crore)	Contribution to EBITDA growth	
		% QoQ	% YoY
Communication Services	20,512	(0.1)	0.2
Consumer Discretionary	39,801	0.5	1.8
Consumer Staples	13,915	0.0	0.1
Energy	97,775	1.4	2.6
Financials	2,92,099	4.1	18.8
Health Care	8,756	(0.1)	0.3
Industrials	17,994	0.3	0.2
Information Technology	44,932	0.5	0.6
Materials	36,888	0.6	0.0
Utilities	25,702	0.2	0.3
Nifty 50	5,98,374	7.5	25.0
Nifty 50 ex-Energy	5,00,599	6.1	22.4
Nifty 50 ex-Financials	3,06,275	3.4	6.2
Nifty 50 ex-energy ex-fin	2,08,500	2.0	3.6

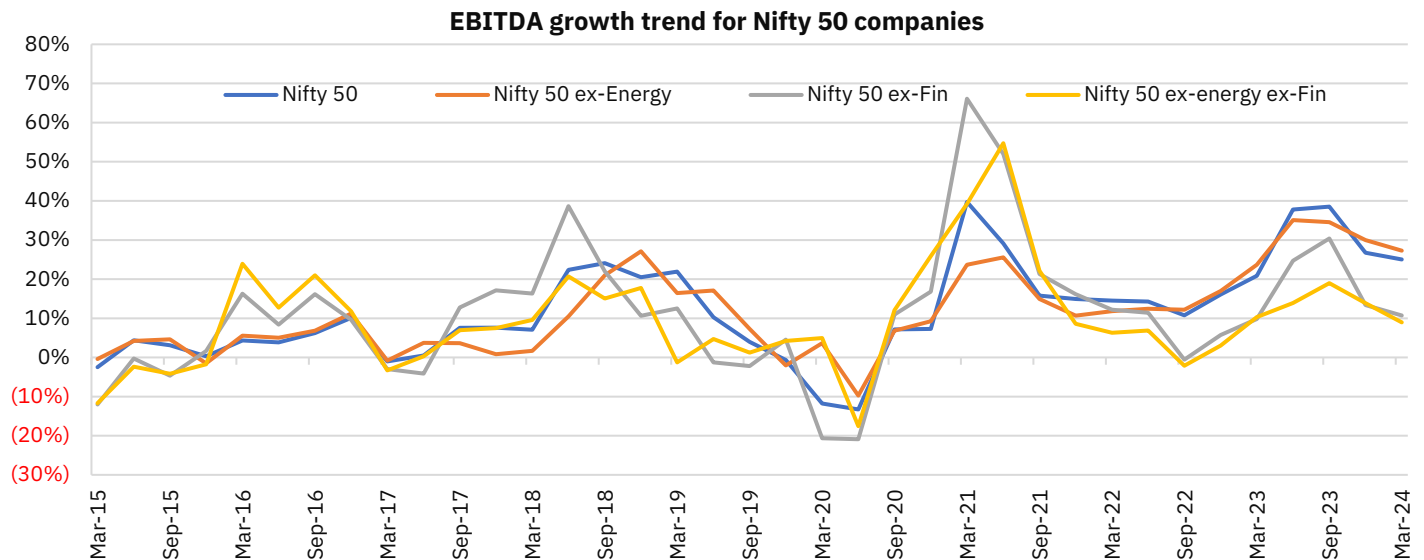
Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 50 index as on March 27th, 2024.

Figure 7: Share of sectors in EBITDA of Nifty 50 companies in Q4FY24


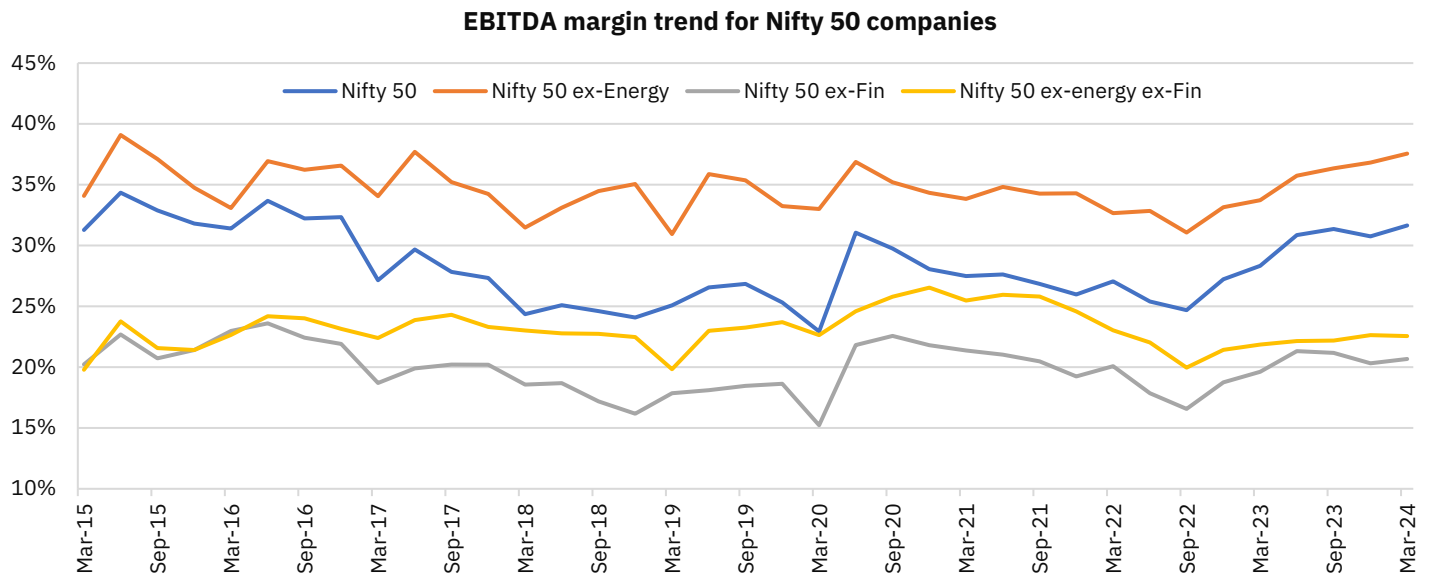
Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above table provides data for companies in the Nifty 50 index as on March 27th, 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.

Financials and Consumer Discretionary drove PAT growth in Q4FY24: After witnessing moderation in growth rate for two consecutive quarters from 41.4% YoY in Q1 to 36.1% YoY in Q2 to 13.4% YoY in Q3, adjusted net profit growth rate for the Nifty 50 universe improved in Q4 to 21.5% YoY. This translated into a 27% growth in aggregate PAT in FY24.

Sector-wise, Financials and Consumer Discretionary drove the profit growth, contributing over 89.7% of the overall profit growth of Nifty50 companies in Q4 and over 59.3% in FY24. Within Consumer Discretionary that reported a 93% YoY PAT growth in Q4, all seven companies in the sector registered YoY growth, with Tata Motors leading with a 3x YoY rise in net profit in Q4. Excluding Tata Motors, PAT growth for Consumer Discretionary within the Nifty50 universe came in at much lower 15.5% YoY and 22.2% YoY in Q4 and FY24 respectively. Financials reported a strong 43.3% YoY growth in adjusted PAT in Q4, benefiting from strong credit offtake, robust fee-based income and lower provisions due to improved asset quality. Excluding the two sectors, adjusted PAT growth for the Nifty 50 universe came in at modest 3.4% YoY/9.3% QoQ and 17.3% YoY in FY24. Within the Nifty 50 universe, 36 and 34 companies reported YoY and QoQ growth in PAT respectively.

Table 6: PAT growth of Nifty 50 companies

Sector	QoQ growth			YoY growth			FY24	
	Mar-23	Dec-23	Mar-24	Mar-23	Dec-23	Mar-24	(Rs crore)	Growth (%)
Communication Services	61.7	(21.5)	(31.2)	69.9	10.1	(53.2)	10,039	(18.3)
Consumer Discretionary	29.2	23.2	58.7	125.1	57.2	93.1	76,519	123.7
Consumer Staples	1.8	(2.1)	4.0	20.0	0.7	2.9	37,446	6.1
Energy	16.5	(17.1)	11.3	18.9	11.0	6.1	1,96,731	37.4
Financials	(10.6)	(6.0)	19.8	15.3	7.0	43.3	2,61,060	30.6
Health Care	(8.0)	4.9	(2.0)	11.5	25.1	33.2	22,510	21.6
Industrials	60.5	19.9	6.3	45.9	55.5	3.0	28,415	30.6
Information Technology	0.7	3.8	9.6	10.6	(0.3)	8.5	1,07,398	6.2
Materials	96.9	5.1	19.6	(46.6)	40.6	(14.6)	43,072	(7.8)
Utilities	9.1	8.6	15.3	2.0	9.6	15.9	36,903	13.2
Nifty 50	9.4	(3.2)	17.3	11.3	13.4	21.5	8,20,093	27.0
Nifty 50 ex-Energy	7.4	1.6	19.0	9.1	14.0	26.4	6,23,362	24.1
Nifty 50 ex-Financials	19.4	(1.9)	16.2	9.9	16.5	13.4	5,59,034	25.4
Nifty 50 ex-energy ex-fin	20.8	7.4	18.5	6.0	19.3	17.0	3,62,302	19.8
Nifty 50 excl HDFCBK	10.2	(3.8)	20.2	10.7	12.2	22.3	7,61,845	27.1

Source: CMIE Prowess, LSEG Workspace, NSE EPR

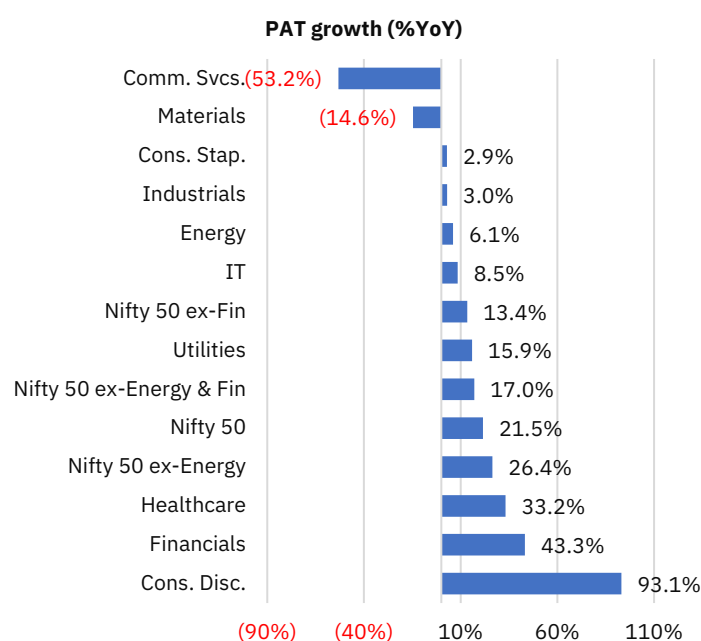
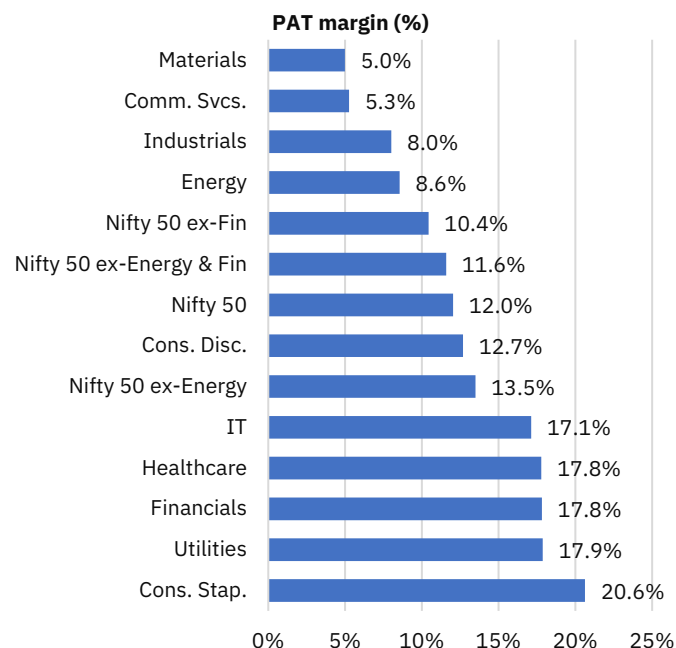
Note: The above table provides data for companies in the Nifty 50 index as on March 27th, 2024.

Table 7: PAT margin of Nifty 50 companies in Q4FY24

Sector	PAT Margin	QoQ change (bps)	YoY change (bps)
Communication Services	5.3	(233)	(647)
Consumer Discretionary	12.7	425	514
Consumer Staples	20.6	74	11
Energy	8.6	66	13
Financials	17.8	247	116
Health Care	17.8	(13)	294
Industrials	8.0	(59)	(39)
Information Technology	17.1	154	107
Materials	5.0	35	(82)
Utilities	17.9	89	161
Nifty 50	12.0	132	112
Nifty 50 ex-Energy	13.5	156	145
Nifty 50 ex-Financials	10.4	102	77
Nifty 50 ex-energy ex-fin	11.6	121	114

Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above table provides data for companies in the Nifty 50 index as on March 27th, 2024.

Figure 10: Sector-wise PAT growth of Nifty 50 companies in Q4FY24

Figure 11: Sector-wise PAT margin of Nifty 50 companies in Q4FY24


Source: CMIE Prowess, LSEG Workspace, NSE EPR

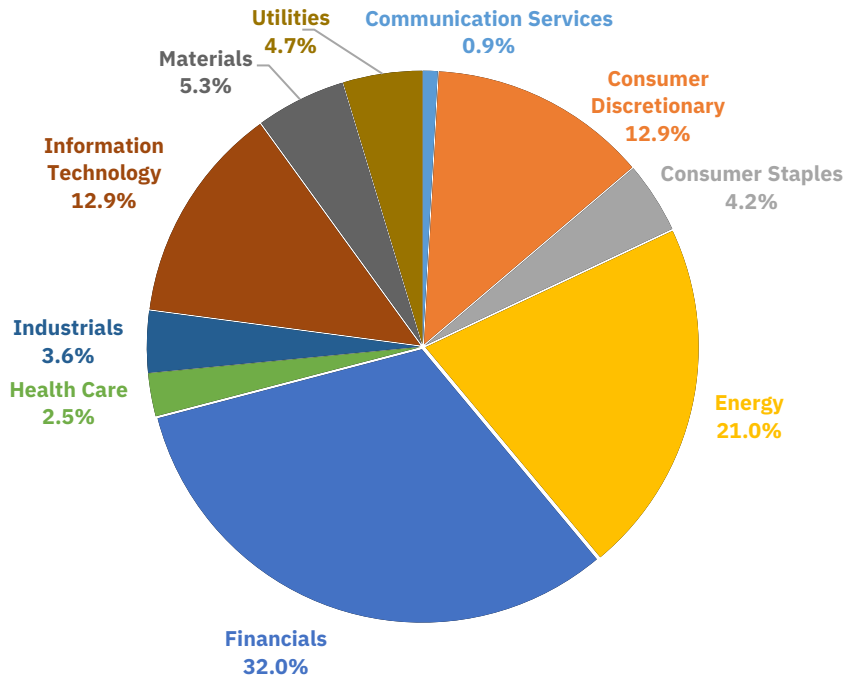
 Note: The above charts provide data for companies in the Nifty 50 index as on March 27th, 2024.

Table 8: Sector-wise contribution of Nifty 50 companies to PAT growth in Q4FY24

Sector	PAT (Rs crore)	Contribution to PAT growth	
		% QoQ	% YoY
Communication Services	1,979	(0.5)	(1.2)
Consumer Discretionary	29,402	5.6	7.6
Consumer Staples	9,571	0.2	0.1
Energy	47,680	2.5	1.5
Financials	72,795	6.2	11.7
Health Care	5,781	(0.1)	0.8
Industrials	8,265	0.3	0.1
Information Technology	29,390	1.3	1.2
Materials	12,058	1.0	(1.1)
Utilities	10,654	0.7	0.8
Nifty 50	2,27,576	17.3	21.5
Nifty 50 ex-Energy	1,79,896	14.8	20.1
Nifty 50 ex-Financials	1,54,781	11.1	9.8
Nifty 50 ex-energy ex-fin	1,07,101	8.6	8.3

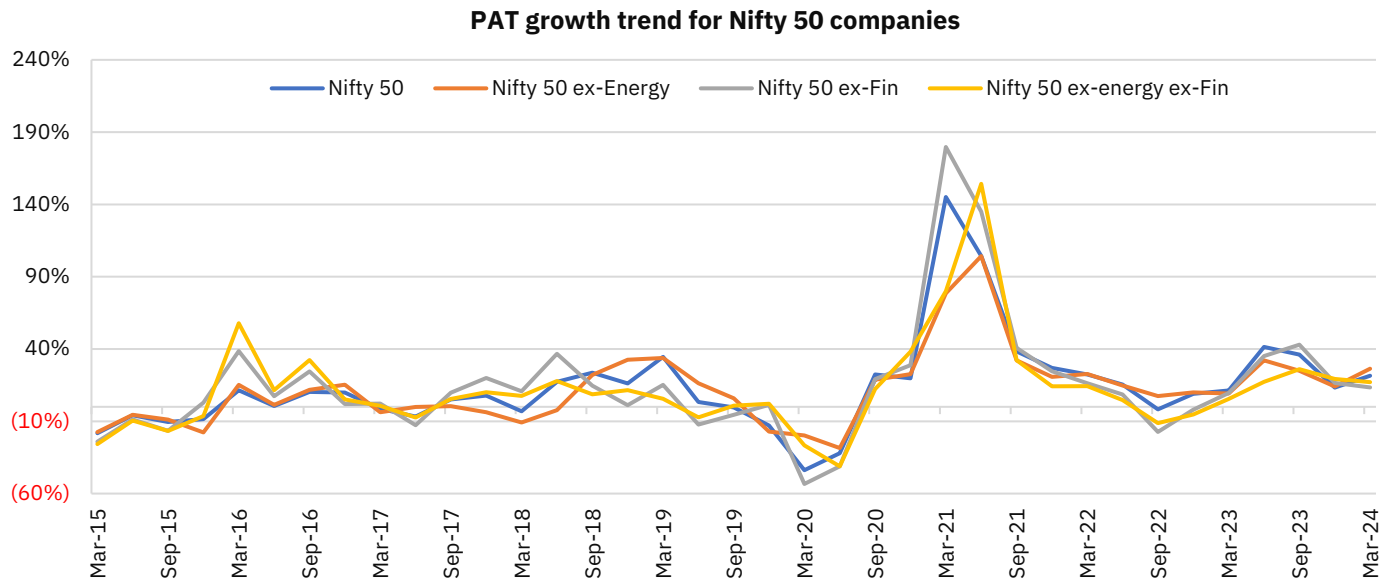
Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 50 index as on March 27th, 2024.

Figure 12: Share of sectors in PAT of Nifty 50 companies in Q4FY24


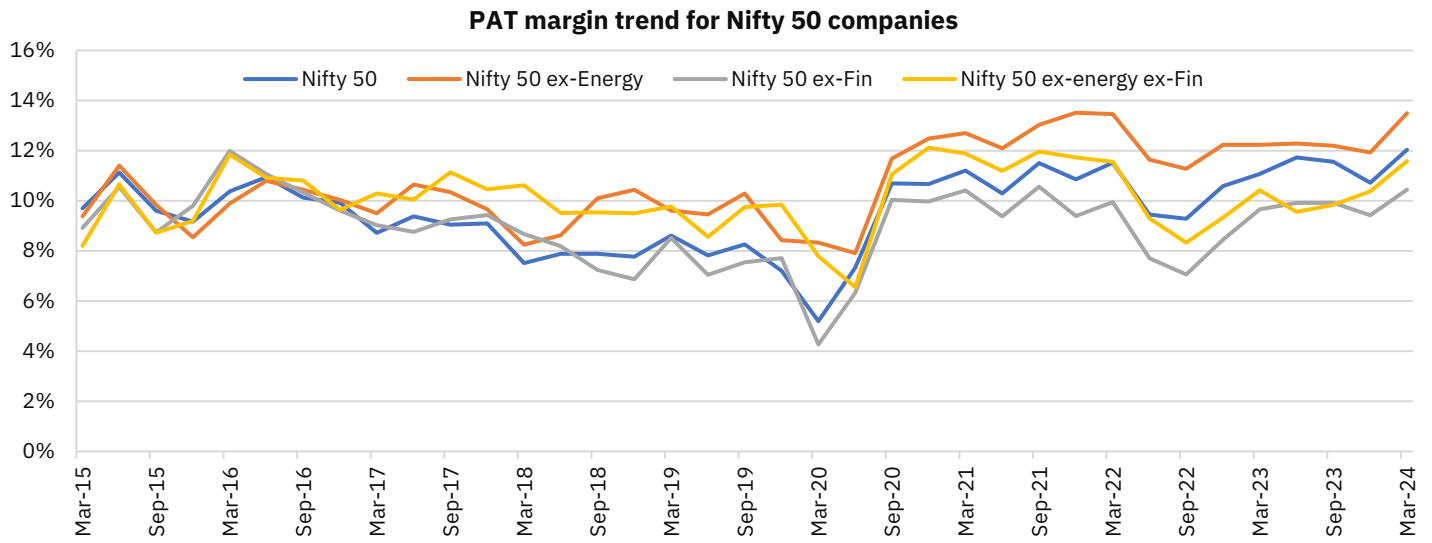
Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above table provides data for companies in the Nifty 50 index as on March 27th, 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 Q4FY24 results

Revenue growth of Nifty 500 rose to a four-quarter high of 9.9% YoY: Aggregate top-line growth rate for the Nifty 500 companies improved for the second quarter in a row to a four-quarter high of 9.9% YoY in Q4 to Rs 40 lakh crore (vs. 8.4% YoY in Q3), after registering a 11-quarter low of 3.8% YoY in Q2. This translated into a revenue growth of 7.9% in FY24, significantly lower than 22.8% YoY growth registered in the previous year. That said, the March quarter was at par with the average growth rate of 9.3% witnessed during the corresponding quarters over the last nine years (2015-2023). On a sequential basis, revenue growth in the March quarter came in at a six-quarter high of 5.9% QoQ (vs 5.3% QoQ in Q3). Within the Nifty 500 universe, 389 out of 496 companies recorded an YoY expansion in revenues, while QoQ expansion was reported by relatively fewer companies (364/498). While the Nifty 50 universe contributed 48% of the overall YoY net sales growth of the Nifty 500 universe, Nifty Next 50 contributed 31% followed by Nifty Midcap 150 at 19% and Nifty Smallcap 250 at a mere 2%.

Sector-wise revenue growth: Sector-wise, revenue growth for Nifty500 companies was led by Financials, contributing nearly 65.7% and 29.9% of the YoY and QoQ growth respectively, thanks to healthy credit growth supported by strong demand in both retail and MSME segment, and improved fee-income and treasury gains. Excluding Financials, revenue growth remained muted at 4.4% YoY/5.7% QoQ in the March quarter and 2.6% YoY in FY24. This was followed by Industrials, recording a five-quarter high revenue growth of 14% YoY in the March quarter, translating into a robust 29.9% growth for the full year, aided by sustained spending on infrastructure projects by the government, along with modest revival in private capex. This sector contributed 11% and 23.4% to the YoY and QoQ revenue growth of Nifty 500 companies.

While Consumer Discretionary registered an optically modest YoY growth of 6.1% YoY in Q4FY24 (vs. 26.3% YoY in Q4FY23) due to high base effect, the sector was the third highest contributor to the YoY revenue growth of Nifty 500 companies with a share of 7.5%. This was supported by a healthy growth in auto sales, especially in the two-wheeler and SUV segment. On the other hand, while YoY revenue growth in the real estate sector came in at 11.3% (vs. 7% in Q3) due to sustained demand in the premium housing segment, its share in the revenue growth remained at a modest 0.4%.

Energy registered a mixed performance with a modest topline growth of a 2.8% YoY/1.8% QoQ, contributing 7.1% and 7.5% to the revenue growth of Nifty 500 companies in Q4FY24. On the other hand, increased demand for power and gas utilities resulted in 6.6% YoY/3.8% growth for Utilities in Q4. Consumer Staples registered a topline growth of 6.3% YoY in Q4 (vs 3.4% in Q3), aided by strong urban demand and modest pickup in rural demand.

Improved average revenue per user (ARPU) and higher US sales drove revenue growth in Communication Services and Healthcare respectively. The IT sector showed a QoQ decline (0.4%), while expanding marginally on a YoY basis (2.9%), as demand for IT services remained muted amid an uncertain global macroeconomic environment.

While all sectors registered revenue growth, the Materials sector was a drag on the overall performance of the Nifty 500 universe. The sector registered a decline in net sales by 1.5% YoY. Weak demand for fertilisers and pesticides, lower metal prices and muted external demand impacted revenue growth in Q4, offset by buyout demand in the cement segment, resulting in a better QoQ performance (+7.4% QoQ) during the quarter.

Table 9: Net sales growth of Nifty 500 companies

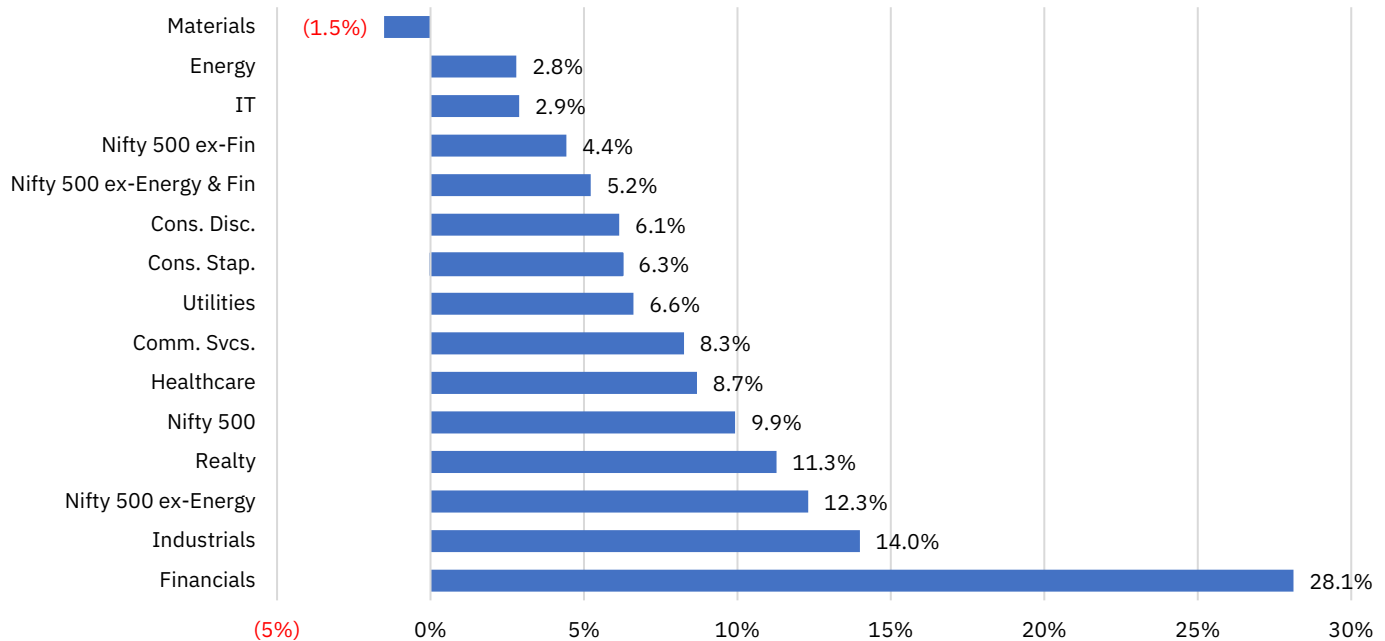
Sector	QoQ growth			YoY growth			FY24	
	Mar-23	Dec-23	Mar-24	Mar-23	Dec-23	Mar-24	(Rs crore)	Growth (%)
Communication Services	0.3	0.8	1.9	9.5	6.5	8.3	2,97,976	9.5
Consumer Discretionary	12.3	10.4	9.9	26.3	8.4	6.1	17,07,083	11.6
Consumer Staples	(1.9)	0.8	0.8	13.0	3.4	6.3	4,78,216	5.4
Energy	(1.4)	8.9	1.8	9.1	(0.5)	2.8	36,01,284	(4.2)
Financials	3.5	7.0	6.6	24.6	24.3	28.1	39,36,423	25.8
Health Care	1.0	0.4	0.3	11.6	9.5	8.7	3,93,294	11.5
Industrials	19.0	7.4	19.4	13.0	13.5	14.0	10,85,780	10.2
Information Technology	0.6	2.6	(0.4)	19.2	3.9	2.9	8,97,188	7.4
Materials	8.8	(3.2)	7.4	3.2	(0.1)	(1.5)	18,70,801	(0.3)
Real Estate	33.6	8.6	38.9	7.8	7.0	11.3	45,294	9.0
Utilities	1.2	(1.9)	3.8	17.6	3.9	6.6	6,37,765	1.9
Nifty 500	4.4	5.3	5.9	14.4	8.4	9.9	1,49,51,104	7.9
Nifty 500 ex-Energy	6.5	4.2	7.3	16.4	11.6	12.3	1,13,49,820	12.4
Nifty 500 ex-Financials	4.7	4.7	5.7	12.2	3.5	4.4	1,10,14,681	2.6
Nifty 500 ex-energy ex-fin	8.0	2.7	7.6	13.8	5.6	5.2	74,13,397	6.3

Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 500 index as on March 31st, 2024.

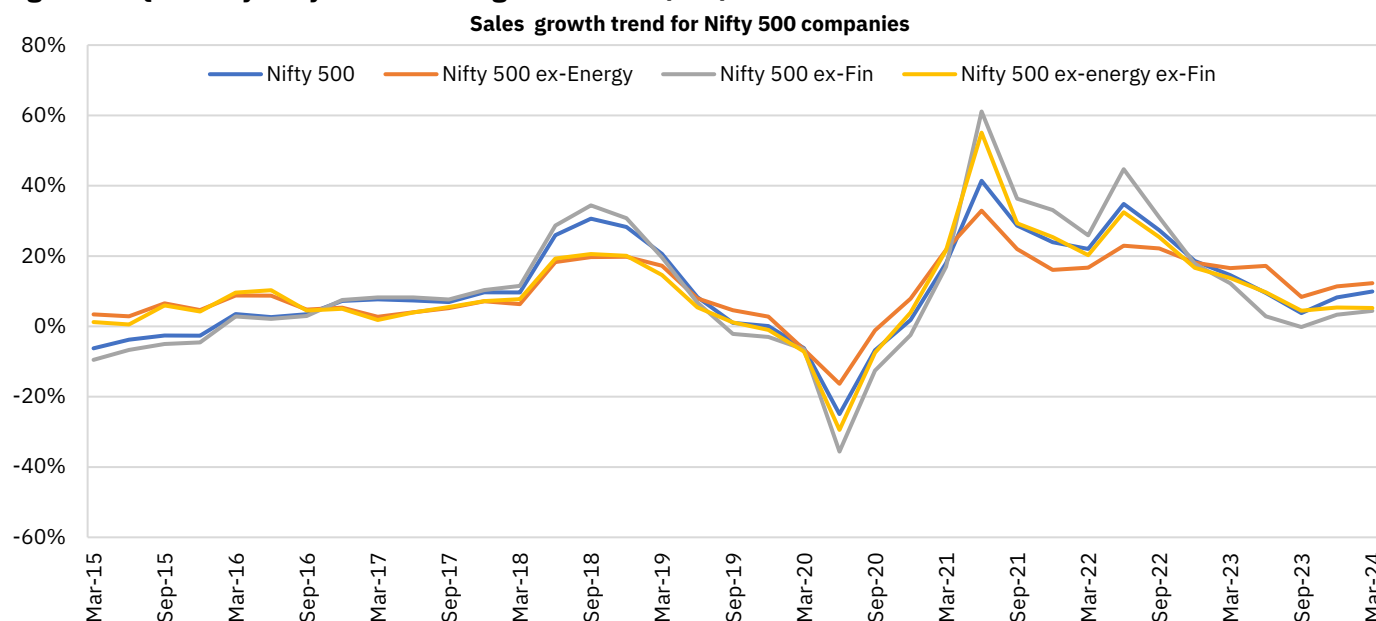
Figure 15: Sector-wise net sales growth of Nifty 500 companies in Q4FY24

Net sales growth (%YoY)



Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above chart provides data for companies in the Nifty 500 index as of March 31st, 2024.

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


Source: CMIE Prowess, LSEG Workspace, NSE EPR

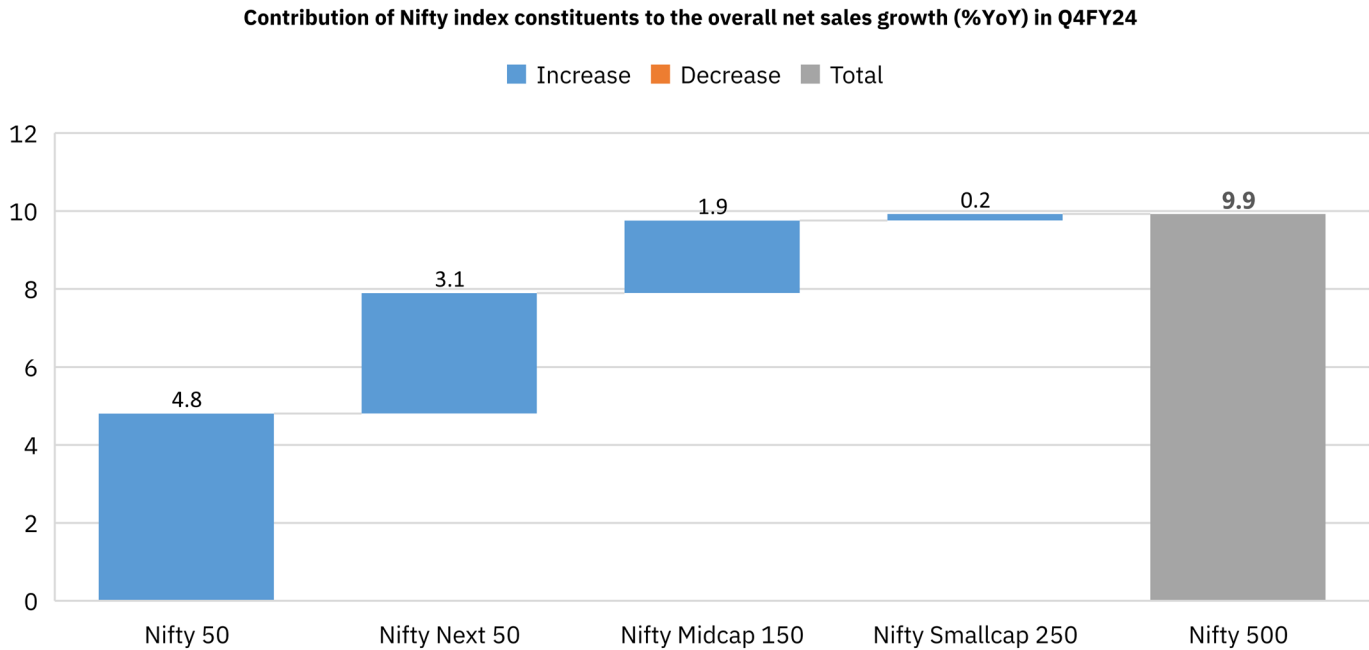
Note: The above chart includes companies in the Nifty 500 index as on end of respective quarters.

Table 10: Sector-wise contribution of Nifty 500 companies to net sales growth in Q4FY24

Sector	Net sales (Rs crore)	Contribution to net sales growth	
		% QoQ	% YoY
Communication Services	75,423	0.0	0.2
Consumer Discretionary	4,71,210	1.1	0.7
Consumer Staples	1,21,377	0.0	0.2
Energy	9,40,484	0.4	0.7
Financials	10,84,494	1.8	6.5
Health Care	99,494	0.0	0.2
Industrials	3,24,366	1.4	1.1
Information Technology	2,28,414	-0.0	0.2
Materials	4,87,650	0.9	-0.2
Real Estate	15,119	0.1	0.0
Utilities	1,63,721	0.2	0.3
Nifty 500	40,11,752	5.9	9.9
Nifty 500 ex-Energy	30,71,268	5.5	9.2
Nifty 500 ex-Financials	29,27,257	4.2	3.4
Nifty 500 ex-energy ex-fin	19,86,774	3.7	2.7

Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 500 index as of March 31st, 2024.

Figure 17: Share of Nifty index constituents in overall net sales growth of Nifty 500 universe in Q4FY24


Source: CMIE Prowess, LSEG Workspace, NSE EPR

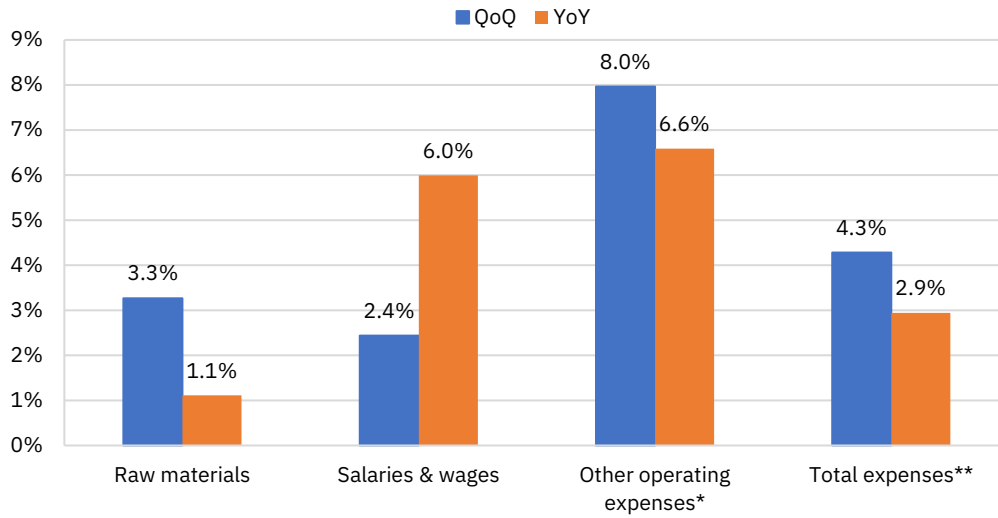
Note: The above chart provides data for companies in the Nifty 500 index as of March 31st, 2024.

Controlled increase in raw material costs improved operating margins in Q4: While net sales of Nifty 500 universe (excl. financials) registered a growth of 4.4% YoY/5.7% QoQ in Q4, total operating expenses increased at a lower rate of 2.9% YoY/4.3% QoQ resulting in EBITDA growth of 12.2% YoY/6.8% QoQ to Rs 5.3 lakh crore. While the YoY growth in Q4 was the lowest in the last four quarters, the sequential growth was the highest during the same period.

The raw material to net sales ratio contracted by 214bps YoY/135bps QoQ to 53.8%, resulting in margin expansion of 125bps YoY/23bps QoQ to 18% for the Nifty 500 universe excluding Financials. Sectors that contributed the most to the moderation in raw material costs included Materials and Consumer Discretionary. While the wage bill to net sales ratio contracted by 32bps QoQ, it registered a modest increase of 7bps YoY to 9.5%. Reduction in wage bill of Materials, IT and Realty sectors, that account for 36% of the non-financial Nifty 500 universe, counterweighed the overall rise in the wage bill. Other operating expenses, however, registered a decent increase of 6.6% YoY/8% QoQ, partly offsetting the margin gains from moderation in input prices.

Among sectors, Industrials and Consumer Discretionary showed the highest contribution to the overall EBITDA growth, resulting from improved sales and decreased input costs, while Materials contributed the least due to lower commodity prices and subdued demand impacting realisations. Within the Nifty 500 universe, 297 out of 408 non-financial companies reported YoY growth while a slightly lower number of 246 companies reported QoQ growth in operating revenue.

Notably, non-financial Nifty 500 companies excluding the top 50 companies posted a higher EBITDA growth of 14.3% YoY (vs. 10.7% YoY for Nifty 50) and margin expansion of 138bps YoY, even as revenue growth for the same universe came in at 3.7% YoY (vs. 5.1% YoY for Nifty 50), thanks to the low operating leverage.

Figure 18: Change in expenses for Nifty 500 companies (ex-Financials) in Q4FY24


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: 1. The above chart provides data for companies in the Nifty 500 index as of March 31st, 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: EBITDA growth of Nifty 500 companies

Sector	QoQ growth			YoY growth			FY24	
	Mar-23	Dec-23	Mar-24	Mar-23	Dec-23	Mar-24	(Rs crore)	Growth (%)
Communication Services	13.3	1.8	(1.8)	3.1	24.8	8.1	1,31,284	16.1
Consumer Discretionary	11.8	7.3	5.7	36.1	34.2	27.0	2,25,594	41.8
Consumer Staples	(9.0)	1.1	0.5	6.6	7.8	19.2	93,110	14.8
Energy	27.9	(16.3)	5.5	14.6	25.0	3.0	5,40,062	44.9
Financials	10.2	4.8	7.7	35.6	42.3	39.2	22,27,401	45.7
Health Care	(14.7)	2.3	(1.0)	(2.8)	16.6	35.3	99,423	24.0
Industrials	25.2	9.5	30.1	26.5	25.3	30.4	1,97,821	29.9
Information Technology	1.5	3.7	5.7	15.3	3.0	7.2	1,92,992	8.2
Materials	24.0	(2.6)	5.0	(15.7)	18.2	0.6	3,22,616	6.0
Real Estate	19.1	(9.6)	42.6	22.3	10.7	32.5	18,515	37.6
Utilities	6.3	(6.9)	2.5	(8.1)	21.3	16.9	2,12,606	19.7
Nifty 500	12.5	0.7	7.3	18.6	31.3	25.2	42,61,423	34.8
Nifty 500 ex-Energy	10.4	3.4	7.5	19.2	32.1	28.7	37,21,360	33.5
Nifty 500 ex-Financials	14.8	(3.6)	6.8	6.3	20.4	12.2	20,34,022	24.6
Nifty 500 ex-energy ex-fin	10.7	1.3	7.3	3.6	19.0	15.5	14,93,960	18.6

Source: CMIE Prowess, LSEG Workspace, NSE EPR

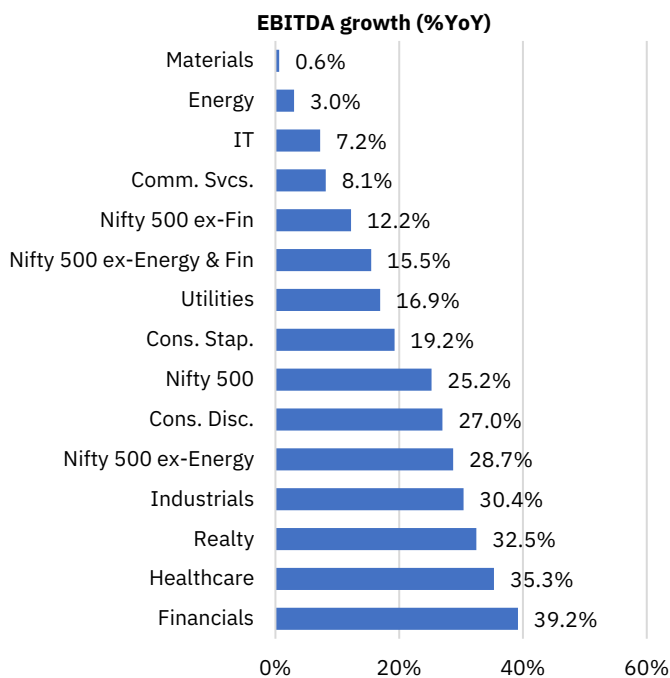
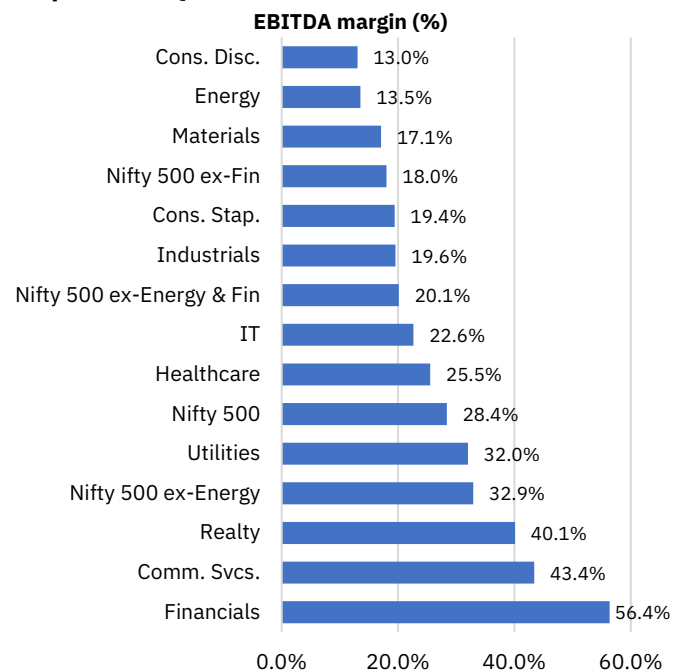
Note: The above table provides data for companies in the Nifty 500 index as of March 31st, 2024.

Table 12: EBITDA margin of Nifty 500 companies in Q4FY24

Sector	EBITDA Margin	QoQ change (bps)	YoY change (bps)
Communication Services	43.4	(167)	(5)
Consumer Discretionary	13.0	(53)	213
Consumer Staples	19.4	(6)	211
Energy	13.5	47	3
Financials	56.4	57	448
Health Care	25.5	(34)	502
Industrials	19.6	161	246
Information Technology	22.6	130	92
Materials	17.3	(15)	36
Real Estate	40.1	103	641
Utilities	32.0	(42)	283
Nifty 500	28.4	39	347
Nifty 500 ex-Energy	33.0	13	420
Nifty 500 ex-Financials	18.0	23	125
Nifty 500 ex-energy ex-fin	20.2	(1)	179

Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 500 index as of March 31st, 2024.

Figure 19: Sector-wise EBITDA growth of Nifty 500 companies in Q4FY24

Figure 20: Sector-wise EBITDA margin of Nifty 500 companies in Q4FY24


Source: CMIE Prowess, LSEG Workspace, NSE EPR

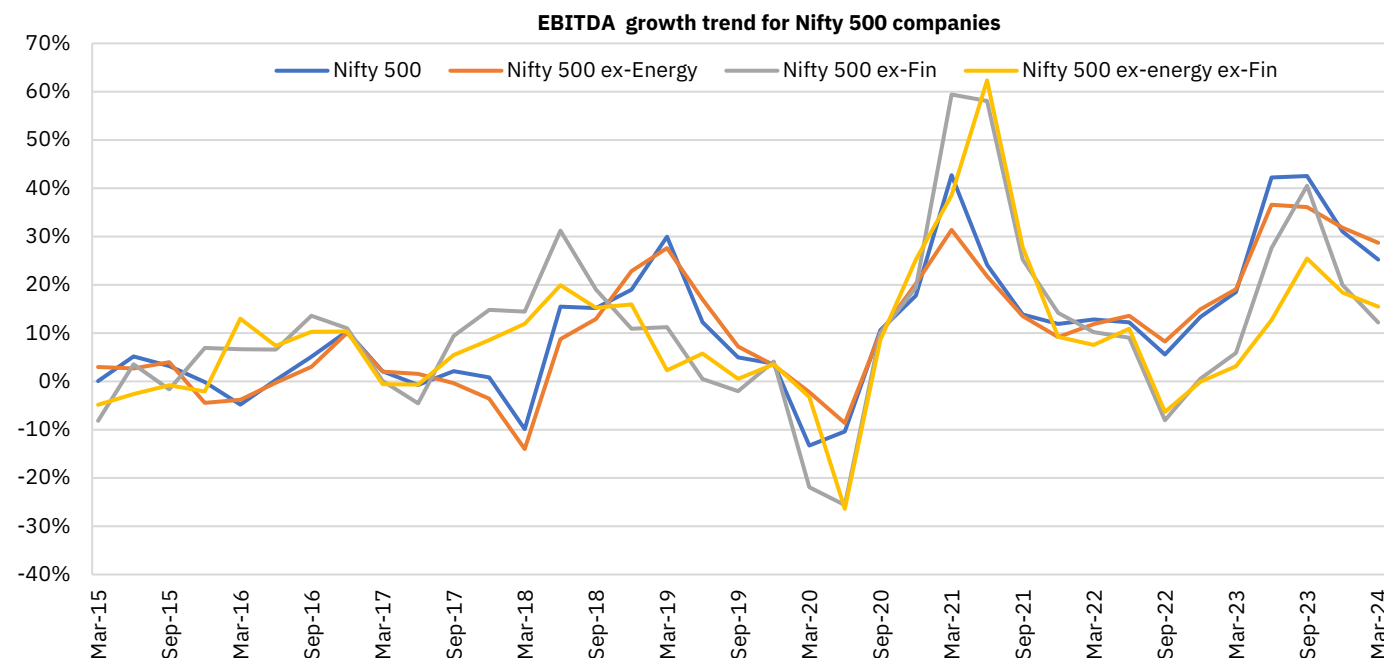
 Note: The above charts provide data for companies in the Nifty 500 index as of March 31st, 2024.

Table 13: Sector-wise contribution of Nifty 500 companies to EBITDA growth in Q4FY24

Sector	EBITDA (Rs crore)	Contribution to EBITDA growth	
		% QoQ	% YoY
Communication Services	32,735	(0.1)	0.3
Consumer Discretionary	61,302	0.3	1.4
Consumer Staples	23,563	0.0	0.4
Energy	1,27,262	0.6	0.4
Financials	6,11,213	4.1	18.9
Health Care	25,390	(0.0)	0.7
Industrials	63,417	1.4	1.6
Information Technology	51,705	0.3	0.4
Materials	84,469	0.4	0.1
Real Estate	6,061	0.2	0.2
Utilities	52,410	0.1	0.8
Nifty 500	11,39,527	7.3	25.2
Nifty 500 ex-Energy	10,12,265	6.7	24.8
Nifty 500 ex-Financials	5,28,314	3.2	6.3
Nifty 500 ex-energy ex-fin	4,01,052	2.6	5.9

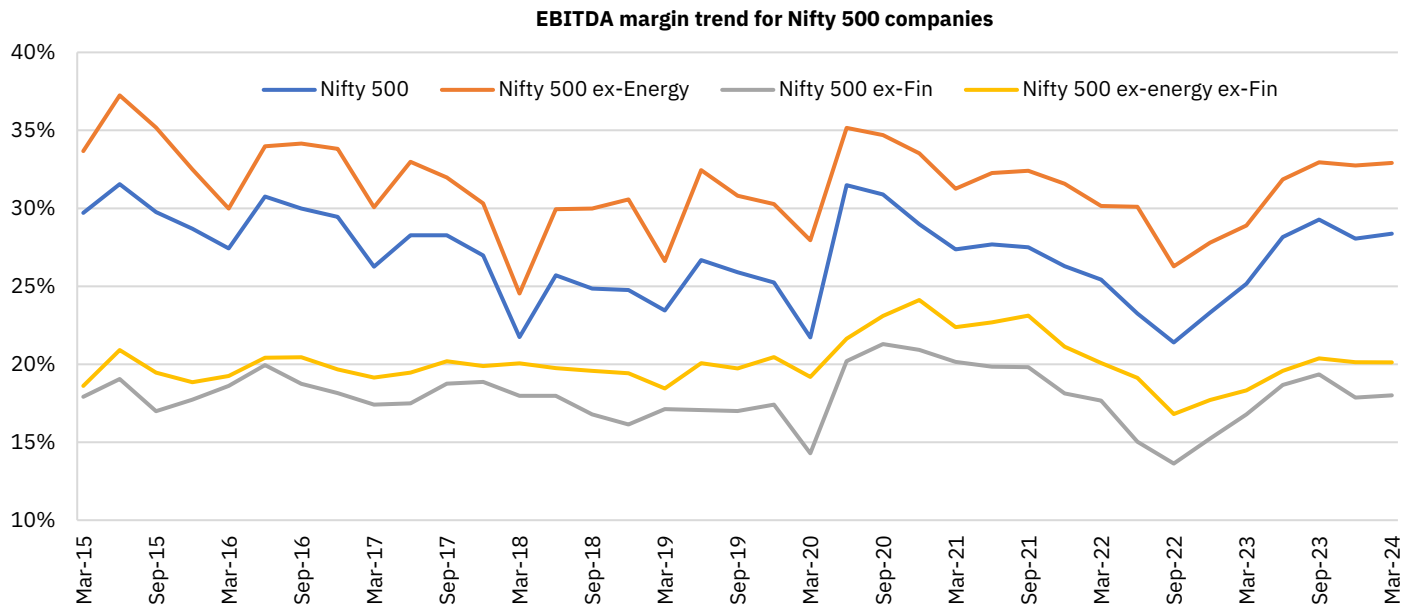
Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 500 index as of March 31st, 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.

Financials fueled PAT growth in Q4 for Nifty 500 universe: The aggregate adjusted PAT for the Nifty 500 companies increased 17.9% YoY (+13.5% QoQ) to Rs 4 lakh crore in Q4FY24, albeit lower than 24.2% growth in the previous quarter. PAT margin improved marginally by 67bps YoY and 68bps QoQ to 9.9% in the March quarter. Growth was led by Financials, excluding which, PAT growth for the Nifty 500 universe came in at much lower 9.7% YoY/11.2% QoQ, while PAT margins fell further to 8.3%.

Financials contributed 64.4% and 47.9% respectively to the YoY and QoQ growth in PAT in the March quarter. Improved asset quality, decreased provisioning, robust credit growth and treasury incomes were the major drivers of profit growth in the BFSI space, even as NIMs remained under pressure due to higher cost of funds. Other sectors that posted improved profitability in the March quarter are Consumer Discretionary and Industrials, aided by a robust demand environment and rationalisation in input costs, while higher marketing margins aided PAT growth in the Energy sector.

Within the Nifty 500 universe, 321 and 284 companies reported profit expansion on a YoY and QoQ basis in the March quarter respectively. The Nifty 500 universe excl. Nifty 50 companies accounted for 33% of the PAT growth in Q4FY24, while their share in the net sales growth was at 52% growing at 13.4% YoY/9.2% QoQ. While the financial sector contributed to 55% of the YoY PAT growth in Nifty 50 universe, it contributed to 84% of the YoY PAT growth in Nifty 500 universe (excl. Nifty 50). Excluding financials, the PAT growth for Nifty 500 companies excluding the top 50 came in at much lower 3.7% YoY/-4% QoQ.

While the Nifty 50 universe contributed 67% of the overall YoY PAT growth of the Nifty 500 universe, Nifty Next 50 contributed 13% followed by Nifty Midcap 150 at 7% and Nifty Smallcap 250 at 13%.

Table 14: PAT growth of Nifty 500 companies

Sector	QoQ growth			YoY growth			FY24	
	Mar-23	Dec-23	Mar-24	Mar-23	Dec-23	Mar-24	(Rs crore)	Growth (%)
Communication Services	NA	NA	NA	NA	NA	NA	-12,401	NA
Consumer Discretionary	26.4	21.6	39.6	87.8	54.4	70.7	1,09,285	88.6
Consumer Staples	(14.7)	3.0	(0.1)	(2.2)	7.5	26.2	58,605	15.0
Energy	48.9	(24.9)	5.7	21.5	31.1	(6.9)	2,78,706	62.9
Financials	2.8	3.0	17.2	26.5	17.2	34.0	5,35,060	30.2
Health Care	(26.1)	(16.9)	(1.2)	(20.0)	2.2	36.5	47,518	23.3
Industrials	39.2	28.7	29.2	39.8	40.6	30.3	92,530	47.3
Information Technology	1.8	4.9	7.9	11.1	2.1	8.1	1,20,801	7.8
Materials	51.3	(5.4)	1.1	(33.6)	30.5	(12.1)	1,29,016	0.0
Real Estate	44.0	(13.4)	59.7	69.1	10.1	22.0	10,406	50.3
Utilities	43.9	(21.2)	1.4	(15.0)	52.9	7.7	93,425	34.3
Nifty 500	19.6	(3.8)	13.5	10.4	24.2	17.9	14,62,951	33.1
Nifty 500 ex-Energy	14.1	2.0	15.0	7.9	22.9	24.1	11,84,244	27.6
Nifty 500 ex-Financials	30.7	(7.5)	11.2	4.2	28.9	9.7	9,27,891	34.8
Nifty 500 ex-energy ex-fin	24.3	1.2	13.2	(1.8)	28.1	16.8	6,49,184	25.5

Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: 1. The above table provides data for companies in the Nifty 500 index as of March 31st, 2024.

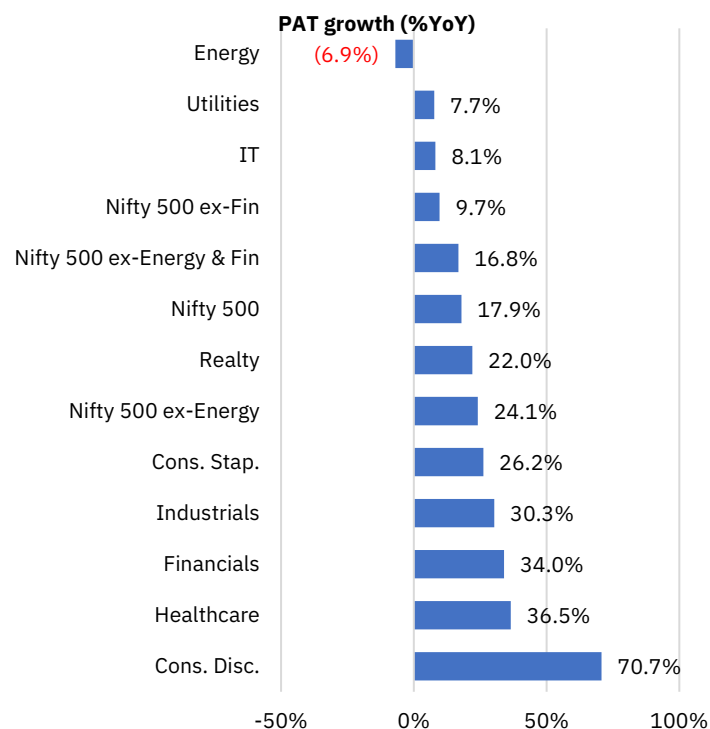
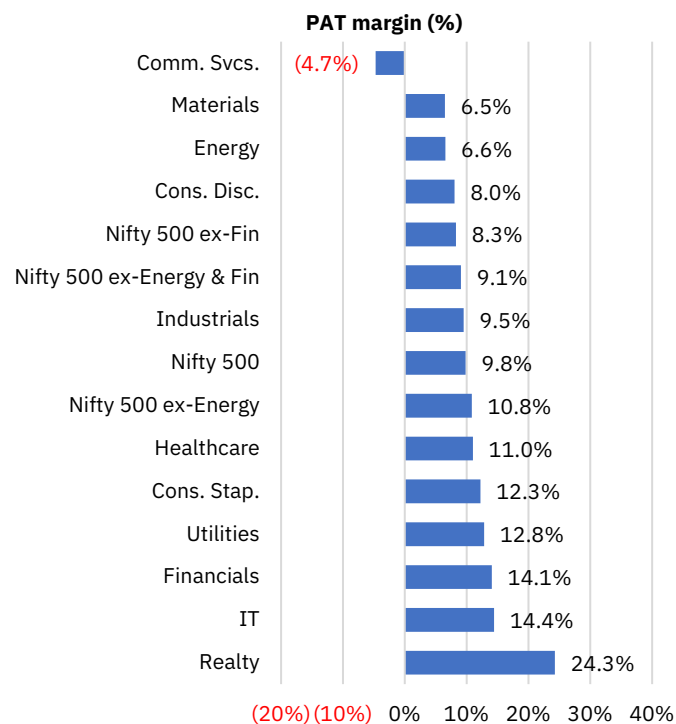
2. NA: Not Applicable

Table 15: PAT margin of Nifty 500 companies in Q4FY24

Sector	PAT Margin	QoQ change (bps)	YoY change (bps)
Communication Services	(4.7)	(114)	(388)
Consumer Discretionary	8.0	170	303
Consumer Staples	12.3	(11)	193
Energy	6.6	24	(69)
Financials	14.1	127	62
Health Care	11.0	(17)	225
Industrials	9.5	73	119
Information Technology	14.4	111	70
Materials	6.7	(21)	(80)
Real Estate	24.3	316	214
Utilities	12.8	(30)	13
Nifty 500	9.9	68	67
Nifty 500 ex-Energy	10.9	76	103
Nifty 500 ex-Financials	8.3	44	40
Nifty 500 ex-energy ex-fin	9.1	50	90

Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 500 index as of March 31st, 2024.

Figure 23: Sector-wise PAT growth of Nifty 500 companies in Q4FY24

Figure 24: Sector-wise PAT margin of Nifty 500 companies in Q4FY24


Source: CMIE Prowess, LSEG Workspace, NSE EPR

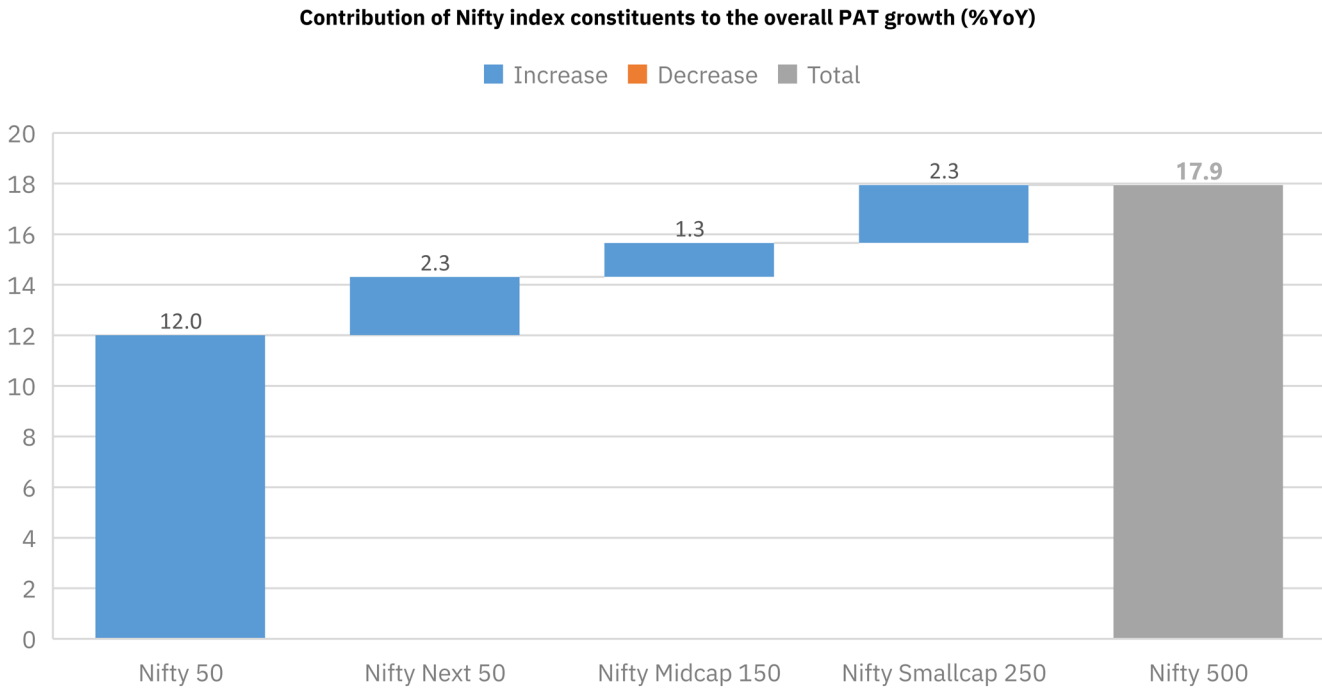
 Note: The above charts provide data for companies in the Nifty 500 index as of March 31st, 2024.

Table 16: Sector-wise contribution of Nifty 500 companies to PAT growth in Q4FY24

Sector	PAT (Rs crore)	Contribution to PAT growth	
		% QoQ	% YoY
Communication Services	-3,550	(0.3)	(0.9)
Consumer Discretionary	37,798	3.1	4.7
Consumer Staples	14,869	(0.0)	0.9
Energy	61,709	1.0	(1.4)
Financials	1,52,767	6.4	11.5
Health Care	10,977	(0.0)	0.9
Industrials	30,900	2.0	2.1
Information Technology	32,992	0.7	0.7
Materials	32,615	0.1	(1.3)
Real Estate	3,669	0.4	0.2
Utilities	21,027	0.1	0.4
Nifty 500	3,95,774	13.5	17.9
Nifty 500 ex-Energy	3,34,065	12.5	19.3
Nifty 500 ex-Financials	2,43,007	7.0	6.4
Nifty 500 ex-energy ex-fin	1,81,298	6.1	7.8

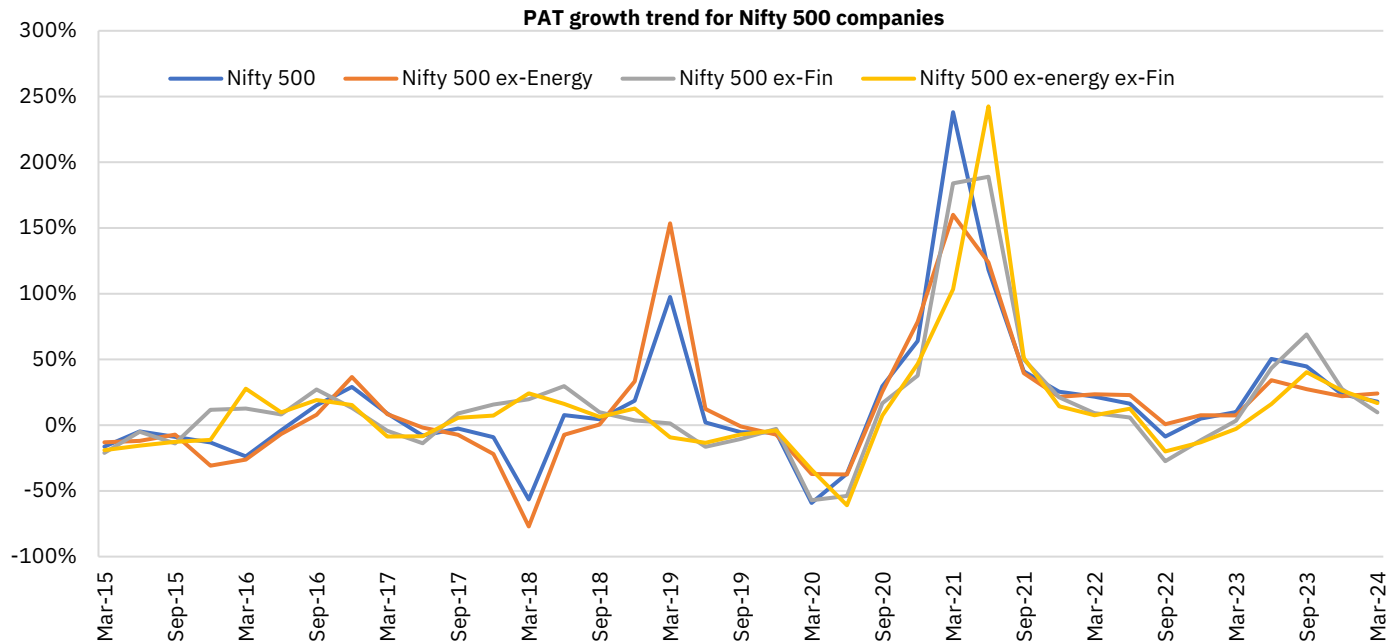
Source: CMIE Prowess, LSEG Workspace, NSE EPR

 Note: The above table provides data for companies in the Nifty 500 index as of March 31st, 2024.

Figure 25: Share of Nifty index constituents in overall PAT growth of Nifty 500 universe in Q4FY24


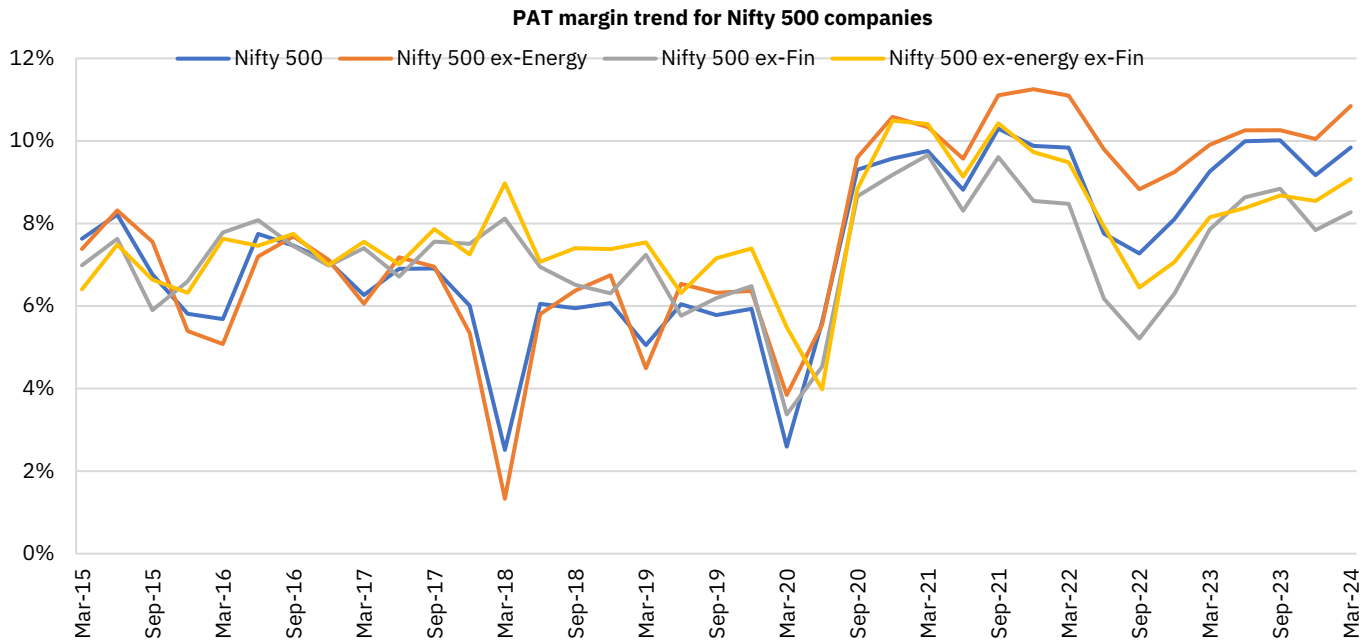
Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart provides data for companies in the Nifty 500 index as of March 31st, 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 Q4FY24 was primarily led by domestic cyclical sectors viz., Financials, Industrials and Consumer Discretionary, aided by strong investment and urban consumption demand. Global and domestic defensive sectors, viz., IT and Consumer Staples, on the other hand, reported a weak quarter, weighed down by slowing demand for IT services amid weak global growth and lagging rural demand. Our analysis of earnings revisions of top 200 covered companies by market capitalisation¹ show that aggregate earnings estimate for FY25 rose by a modest 0.2% in May and remained broadly steady in June, translating into a total increase of 1.2% since December-end. This was primarily led by upgrades in Energy, Consumer Discretionary and Industrials. Excluding these three sectors, accounting for ~33% of total earnings, the aggregate profit estimate for FY25, however, was cut by 1% in this year thus far, led by downgrades in Information Technology, Materials, Communication Services and Consumer Staples.

Earnings estimate for FY26 saw an upgrade of 2.3% since March-end, taking the total upgrade to 4.2% since December-end. Barring Information Technology, and Consumer Staples, all other GICS sectors have seen an increase in their aggregate profit estimates for the year, led by Energy that accounts for nearly 48% of the absolute upgrade in profit estimate since the beginning of this year, followed by Consumer Discretionary that accounted for another 20%. Excluding these two, profit upgrade in FY26 was relatively modest at 1.8% this year.

With this, the aggregate earnings of the top 200 companies are now expected to increase by 10.9% and 16.7% in FY25 and FY26 respectively, following a strong 34.5% PAT growth in FY24, implying an earnings CAGR of 13.8% during FY24-26.

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

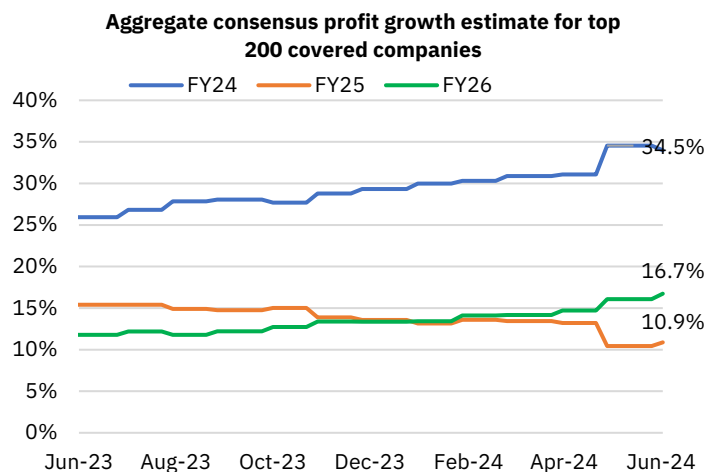
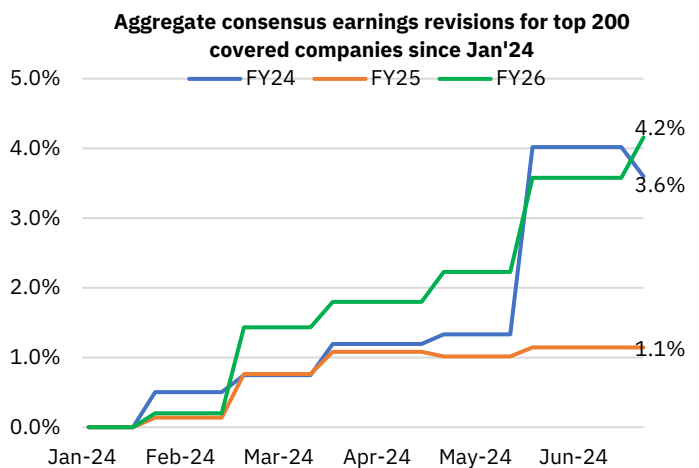


Figure 29: Aggregate consensus earnings revisions since Jan'24 for top 200 covered companies



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, 2023, covered by at least five analysts at any given point of time over the last one year. Data is as of June 26th, 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	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Comm. Svcs.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Consumer Disc.	22.3	21.0	20.9	20.7	19.0	19.0	19.3	20.5	20.6	20.7	5.8	6.4
Consumer Staples	14.2	14.6	14.7	14.8	14.6	14.6	14.6	12.8	12.9	12.8	11.1	10.4
Energy	3.7	1.1	0.3	0.5	-4.3	-5.9	-8.0	-8.9	-9.3	-10.2	-10.7	-9.9
Financials	17.1	16.5	16.3	16.3	15.4	15.3	15.3	17.2	17.1	16.8	12.4	12.7
Health Care	20.1	19.8	19.7	19.4	18.1	17.9	18.4	17.3	17.3	17.0	15.7	14.6
Industrials	20.7	18.9	18.7	18.6	18.2	18.8	18.7	19.3	19.5	19.7	19.7	19.2
IT	12.2	12.8	12.9	14.0	14.6	14.7	14.1	14.1	14.3	12.1	10.0	9.8
Materials	18.0	20.1	20.6	21.7	26.8	27.8	28.9	31.8	32.8	37.4	36.2	43.3
Real Estate	23.8	24.8	25.0	25.7	23.8	24.7	24.7	26.5	26.4	25.6	23.6	19.8
Utilities	9.9	10.7	10.7	10.5	11.1	11.2	12.1	11.7	11.8	12.0	13.5	12.4
Total	15.4	14.9	14.8	15.0	13.9	13.6	13.2	13.6	13.4	13.2	10.4	10.9

Source: LSEG Workspace, NSE EPR

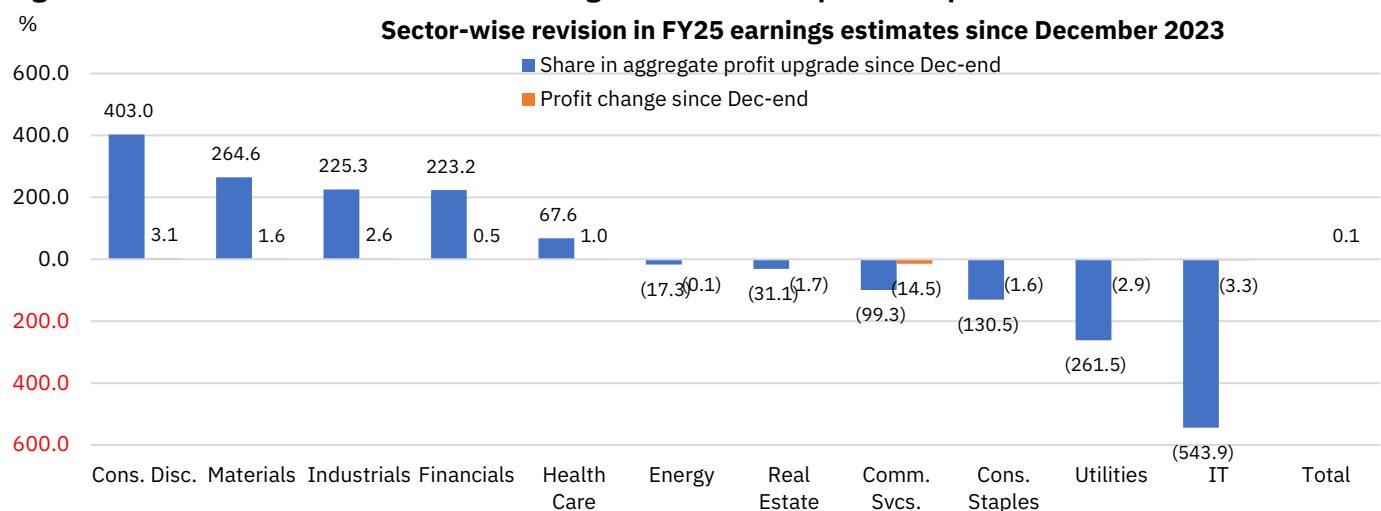
 Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2023, covered by at least five analysts at any given point of time over the last one year. * Data is as of June 26th, 2024.

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

Sectors	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Comm. Svcs.	67.4	68.6	68.6	78.4	121.1	124.6	131.3	229.8	243.8	247.5	203.7	339.2
Consumer Disc.	18.9	14.1	14.1	14.3	16.0	16.3	16.6	18.6	18.1	18.5	19.2	19.7
Consumer Staples	11.8	12.8	13.0	12.8	12.6	12.5	12.6	13.0	13.1	13.2	13.8	13.6
Energy	6.4	3.2	3.8	4.8	5.6	4.9	5.6	5.7	6.0	6.7	10.0	10.8
Financials	16.2	15.9	15.9	15.7	15.8	15.8	15.3	14.8	14.7	14.8	15.6	15.9
Health Care	13.3	15.1	15.5	15.5	14.1	14.1	14.6	15.8	15.8	15.9	15.9	17.3
Industrials	13.2	14.1	14.1	13.1	16.4	16.7	17.8	19.2	19.4	19.3	19.8	20.2
IT	9.9	10.1	10.0	10.8	11.0	11.4	9.6	9.9	10.1	12.8	12.5	12.6
Materials	3.6	8.1	10.5	12.5	12.4	12.6	14.1	16.7	17.1	17.6	21.0	21.6
Real Estate	25.1	25.8	25.6	26.2	27.9	28.3	27.9	28.7	28.9	29.0	28.0	28.4
Utilities	9.8	8.0	7.9	9.2	9.8	10.0	8.9	9.2	9.1	9.2	8.9	10.4
Total	12.2	11.8	12.2	12.7	13.4	13.4	13.4	14.1	14.2	14.7	16.1	16.7

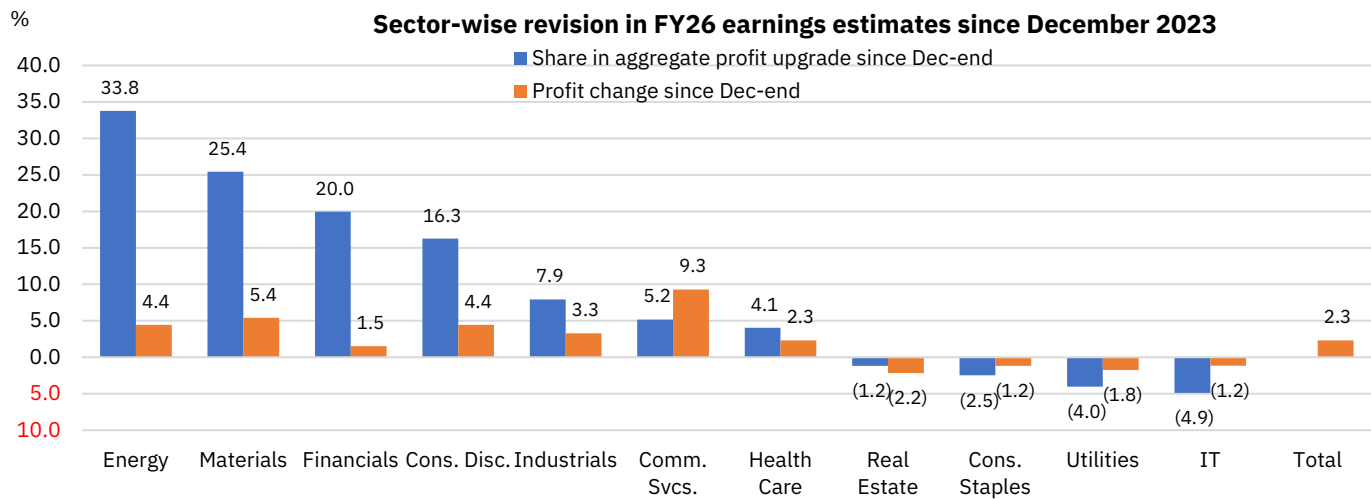
Source: LSEG Workspace, NSE EPR

 Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2023, covered by at least five analysts at any given point of time over the last one year. * Data is as of June 26th, 2024.

Figure 30: Sector-wise revision in FY25 earnings estimates for top 200 companies since December 2023


Source: LSEG Workspace, NSE EPR

 Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2023, covered by at least five analysts at any given point of time over the last one year. Data is as on June 26th, 2024.

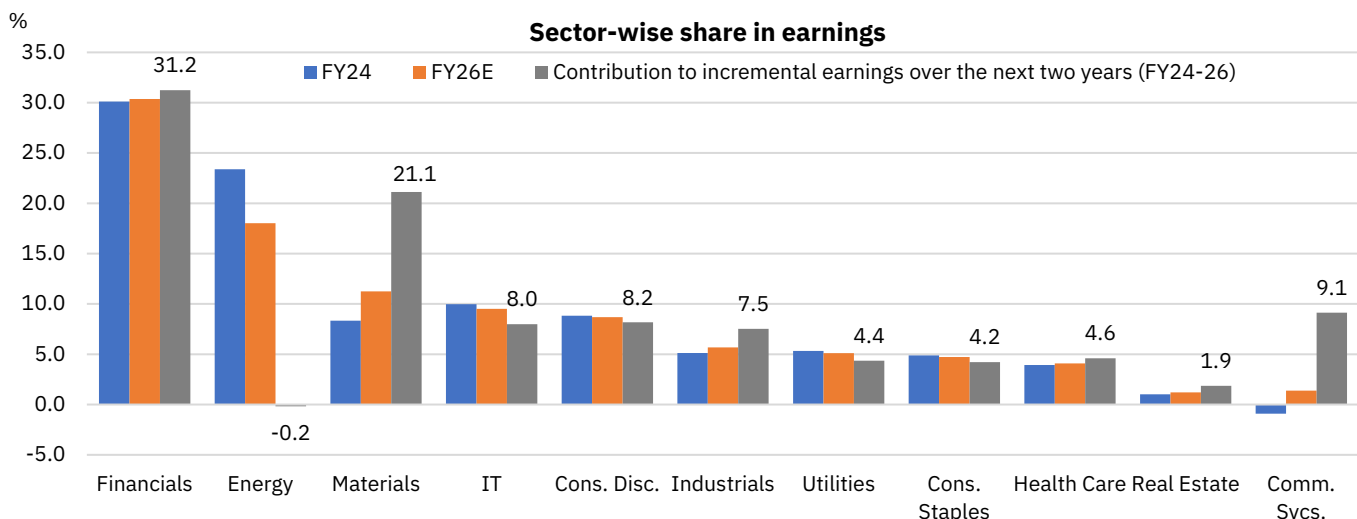
Figure 31: Sector-wise revision in FY26 earnings estimates for top 200 companies since December 2023


Source: LSEG Workspace, NSE EPR

Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2023, covered by at least five analysts at any given point of time over the last one year. Data is as on June 26th, 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 benefit from recovering global demand and impending monetary easing by global central banks. This, along with Financials with a steady share in overall earnings of top 200 companies of about 30%, is expected to contribute to nearly 52% of incremental earnings of top 200 companies over the next two years. Notably, the share of Materials in aggregate earnings is expected to rise from 8.3% in FY24 to 11.2% in FY26. Communication Services, that reported a huge loss in FY24, is expected to report profit amounting to 1.2% of aggregate earnings of top 200 companies by FY26, thereby contributing to a significant 9.1% to aggregate incremental earnings of this universe over the next two years. Notwithstanding significant upgrades over the last six months, Energy is the only sector that's expected to see a drop of 0.2% in earnings between FY24 and FY26, attributed to an expected 10% YoY decline in FY25. Consequently, its share in aggregate earnings of the top 200 companies is expected to fall from 23.4% in FY24 to 18% 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


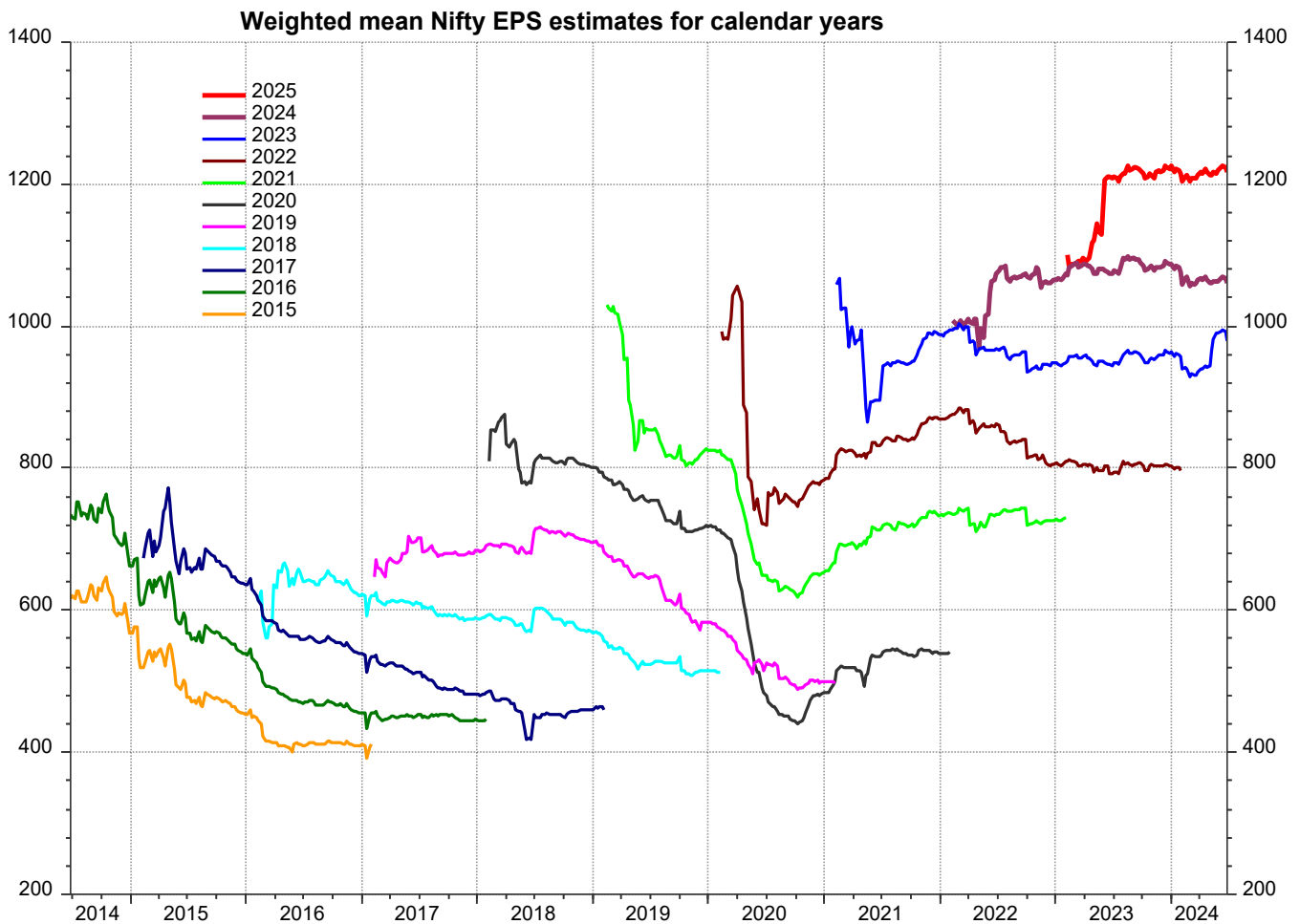
Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2023, covered by at least five analysts at any given point of time over the last one year. Data is as of June 26th, 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 5.3% and 10.7% each from their initial estimates.

Figure 33: Yearly trend of NIFTY 50 Consensus EPS estimates

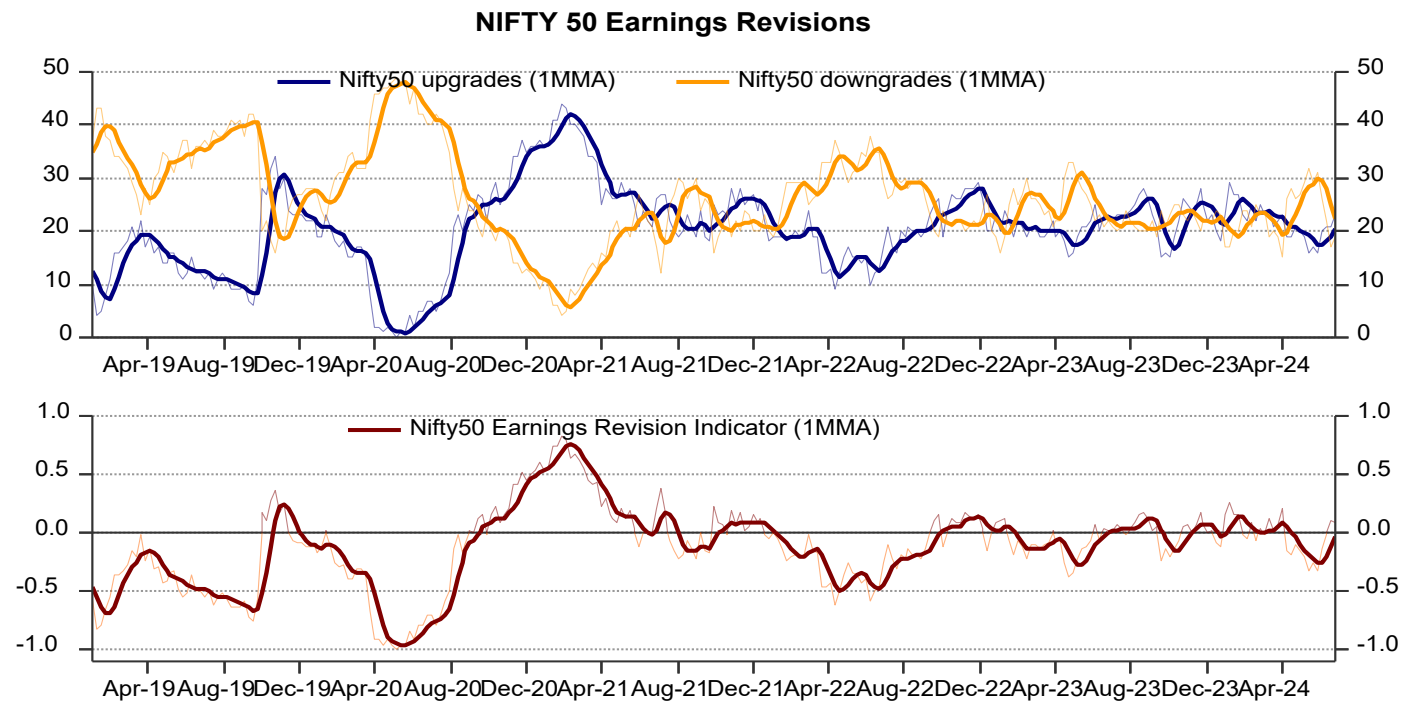


Source: LSEG Workspace, NSE EPR

Nifty 50 Earnings Revision Indicator inched up but remained in the negative territory:

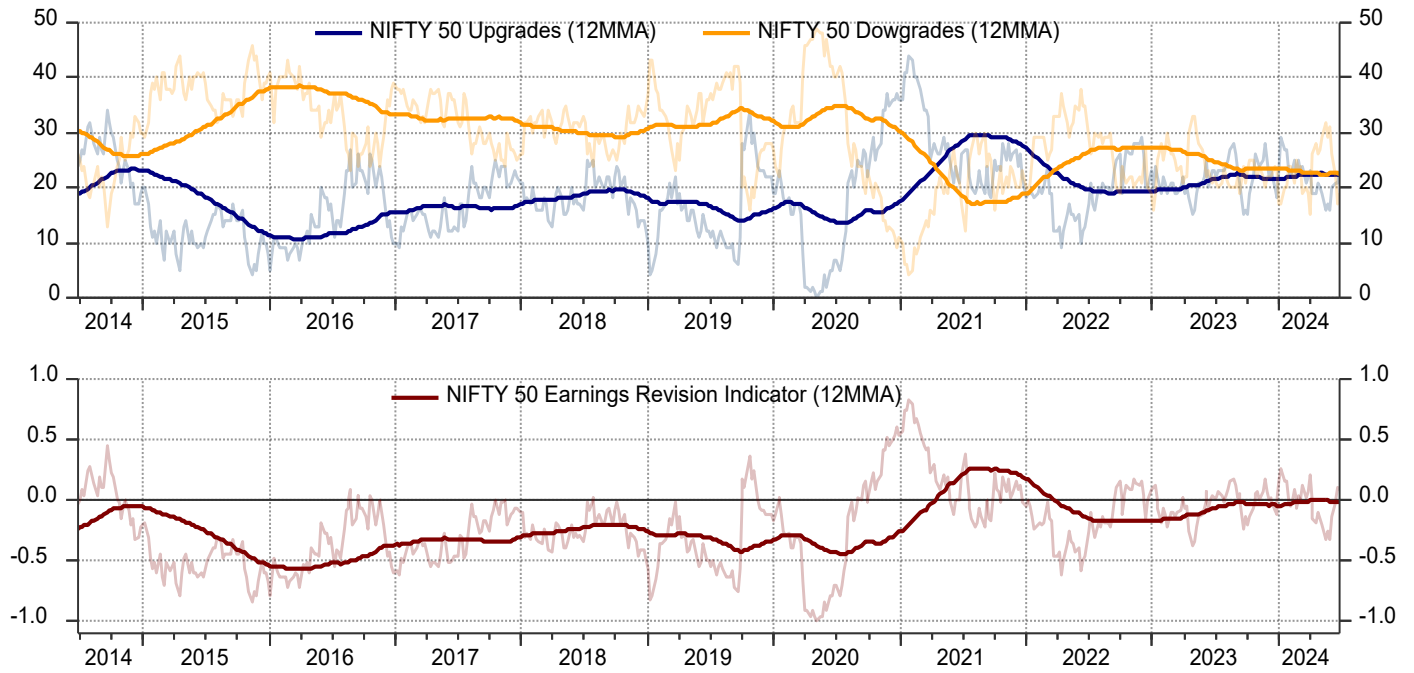
After a sharp drop following the onset of the Russia-Ukraine war in February 2022, the Earnings Revision Indicator (ERI)² for the Nifty 50 universe picked up meaningfully in the second half of 2022, indicating higher number of upgrades than downgrades. This was aided by resilient economic performance, 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. The first quarter of FY25, however, saw ERI falling sharply, partly attributed to earnings downgrades for companies from the Information Technology, Materials and Consumer Staples sectors, that have outnumbered the number of upgrades in Energy, Consumer Discretionary and Industrials sector. It is also a function of the number of companies in each of these sectors in the Nifty 50 universe. For instance, the number of companies in Information Technology, Materials and Consumer Staples sectors within the Nifty 50 universe stood at 17 as of March 31st, 2024, vs. 14 for Energy, Consumer Discretionary and Industrials.

Figure 34: Nifty 50 Earnings Revision Indicator (since January 1919)

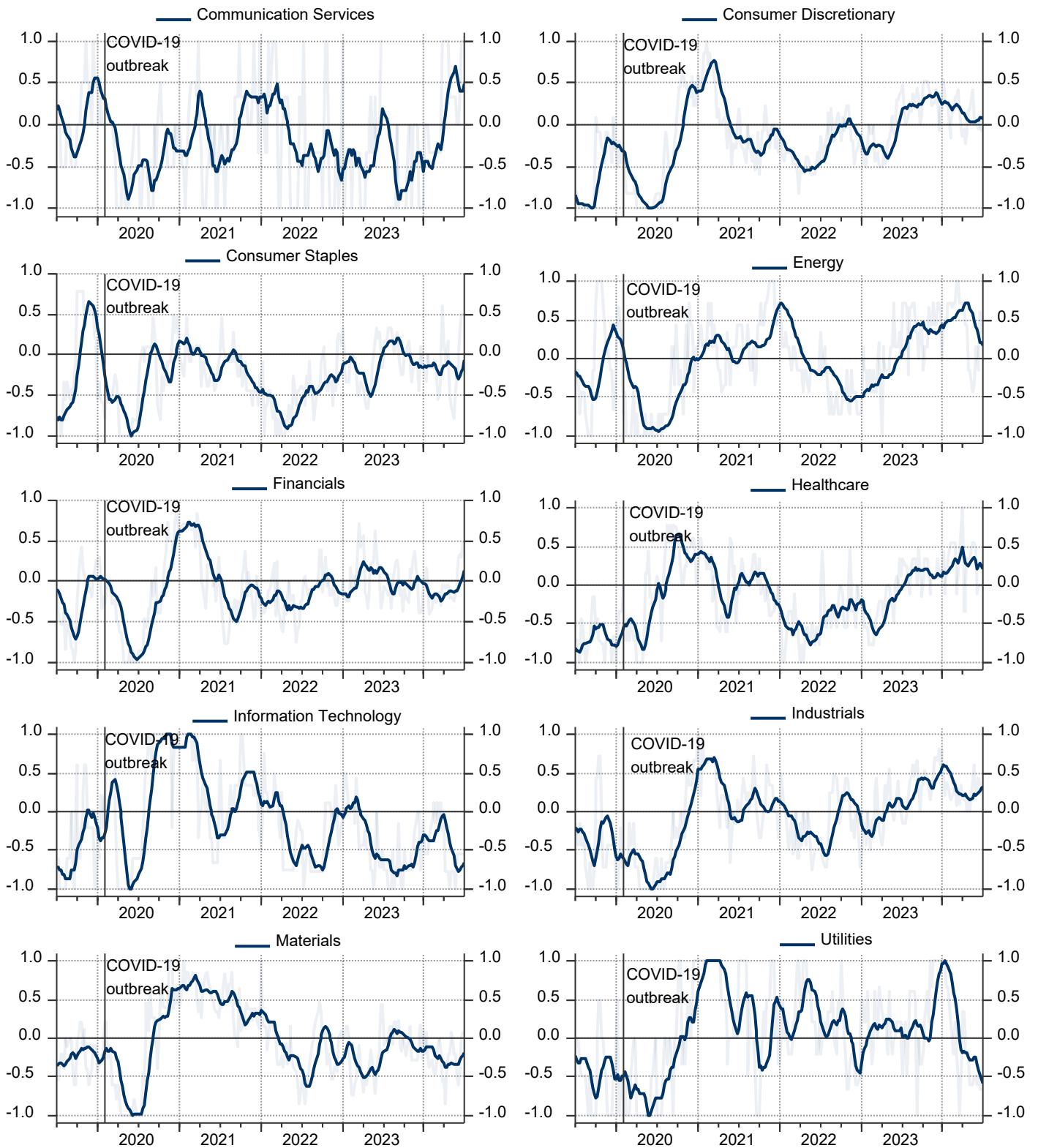


Source: LSEG Workspace, NSE EPR

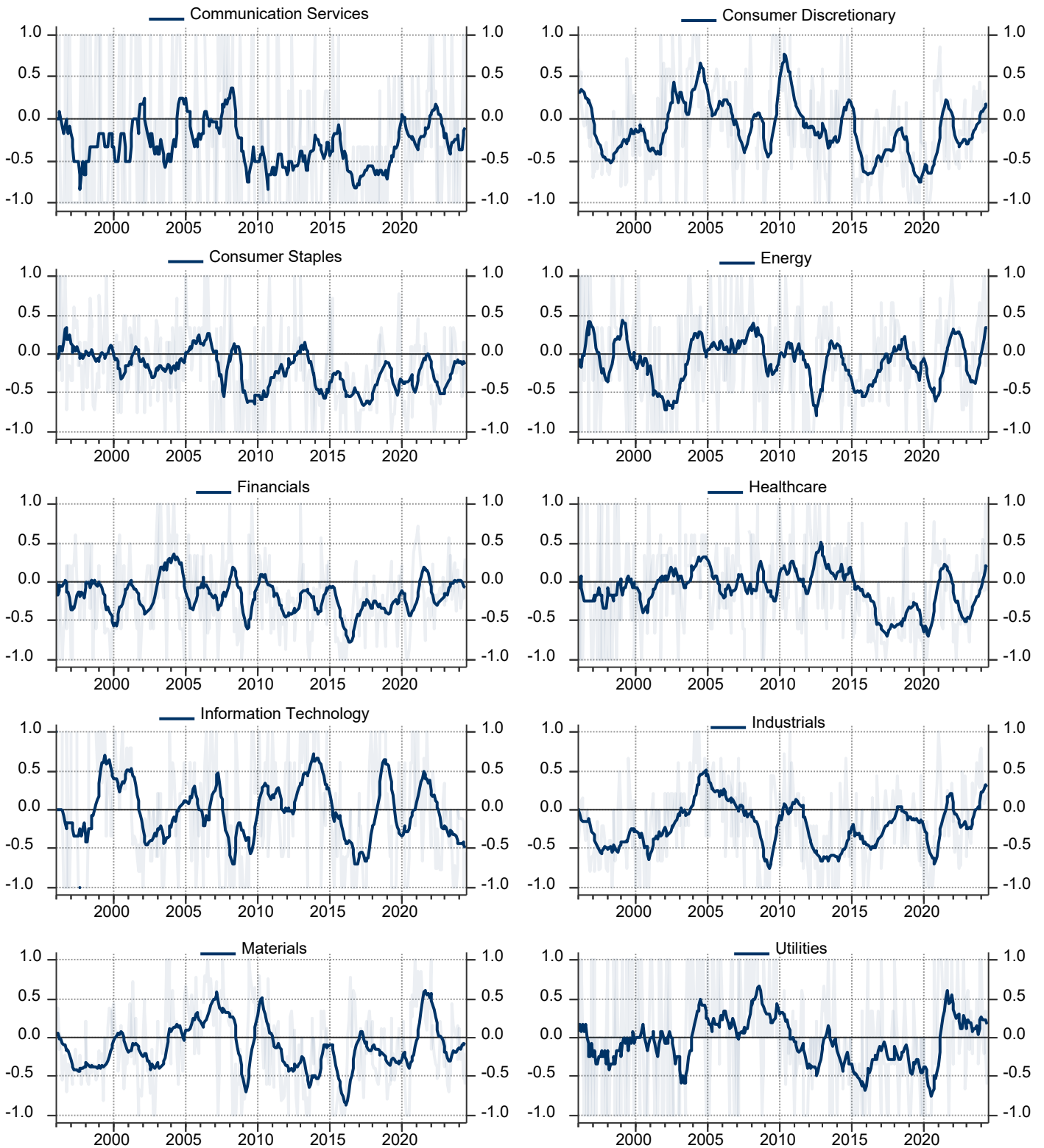
² The ERI is calculated as “(number of upgrades – number of downgrades)/total number of upgrades and downgrades”. It can range between -1 to 1.

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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