

India Inc revenue up, but profit grows at slowest pace in 6 qtrs

BFSI, auto firms key drivers of net sales, profit in Q4

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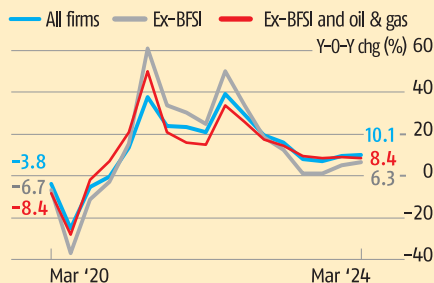
India Inc reported an uptick in revenue growth in the January-March quarter (Q4) of 2023-24 (FY24), but it came at the cost of a deceleration in earnings growth.

The numbers also show a skew in the sectoral contribution of revenue and profit growth during the quarter. Most of the gains in net sales and net profit came from banking, financial services, and insurance (BFSI) companies, and auto-makers. The combined net sales (gross interest income in the case of banks and other lenders) of 631 listed companies in the *Business Standard* sample were up 10.1 per cent year-on-year (Y-o-Y) in Q4FY24, up from 9.4 per cent growth in Q3 and the highest in the past four quarters. However, the combined net profit (adjusted for exceptional gains & losses) of these companies was up 13.4 per cent Y-o-Y in the fourth quarter, down from 24.2 per cent Y-o-Y growth in Q3 and growing at the slowest pace in the past six quarters.

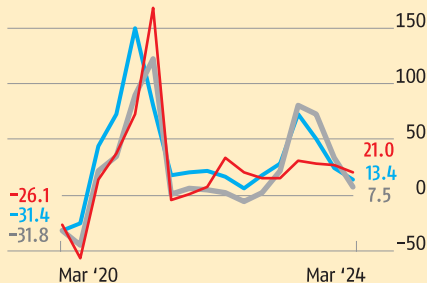
Non-financial companies did worse, and the combined adjusted net profit of ex-BFSI companies was up 7.5 per cent Y-o-Y in Q4, down sharply from 33.5 per cent Y-o-Y growth reported in Q3 and their worst show in the past five quarters. Similarly, the combined profit of ex-BFSI & oil & gas companies was up 21 per cent Y-o-Y in Q4FY24, down from 26.5 per cent Y-o-Y growth in Q3Y24 and their worst show in the past four quarters.

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SALES GROWTH HIGHEST IN 4 QTRS



PROFIT IN SLOW LANE



BFSI: Banks, non-banking finance companies, insurance, and stock-broking firms

Note: Based on a common sample of 631 companies that have declared Q4FY24 results, excluding their listed subsidiaries
Source: Capitaline; compiled by BS Research Bureau

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India Inc revenue up, but profit grows at slowest pace in 6 quarters

The combined net profit (adjusted for exceptional gains & losses) of all 631 companies in the sample grew to around ₹2.6 trillion in Q4FY24 from ₹2.29 trillion in Q3FY24 and ₹2.29 trillion in Q4FY23. In comparison, the combined net profit of 496 ex-BFSI companies grew to around ₹1.5 trillion in Q4FY24 from around ₹1.32 trillion in Q3FY24 and around ₹1.4 trillion in Q4FY23. The combined net profit of 484 companies ex-BFSI & oil & gas grew to around ₹1.16 trillion in Q4FY24 from around ₹1 trillion in Q3FY24 and ₹0.96 trillion in Q4FY23.

The numbers also show large variance in revenue growth across sectors. The combined net sales of ex-BFSI companies was up 6.3 per cent Y-o-Y in Q4FY24, an improvement from 4.9 per cent Y-o-Y growth in Q3FY24 but down from 12.3 per cent growth in Q4FY23. In comparison, the combined net sales of ex-BFSI and oil & gas companies was up 8.4 per cent Y-o-Y in the fourth quarter, down from 8.9 per cent Y-o-Y growth in Q3FY24 and growing at the slowest pace in the past 13 quarters, hinting at a demand slowdown in the core manufacturing and services sector.

The Y-o-Y gains in overall revenues and net profit largely came from BFSI and the automobile sector. The BFSI companies added nearly ₹20,100 crore to their combined net

profit in Q4FY24 on a Y-o-Y basis, and they accounted for two-thirds of the overall growth in net profit in the fourth quarter on a Y-o-Y basis. The combined net profit of all listed companies in the Business Standard sample was up ₹30,600 crore Y-o-Y in Q4FY24. Similarly, BFSI companies accounted for 54 per cent of the overall growth in net sales (gross interest income in the base of banks & non-bank lenders) in Q4FY24 on a Y-o-Y basis.

“The corporate earnings scorecard for Q4FY24 has been in line so far with 70 per cent of our coverage universe either meeting or exceeding profit expectations. However, growth has primarily been led by the BFSI and automobile sectors,” write analysts at Motilal Oswal Financial Services in their interim review of Q4FY24 earnings.

Among individual companies, Tata Motors has been the top contributor to earnings growth, accounting for 39 per cent of the entire incremental growth in overall corporate profit in Q4FY24 on a Y-o-Y basis. The automaker’s adjusted net profit jumped to ₹17,483 crore in Q4FY24 from ₹5,574 crore a year ago. It was followed by State Bank of India (13.1 per cent contribution to incremental earnings growth), Axis Bank (8.1 per cent), Punjab National Bank (6 per cent).

On the revenue side, Reliance Industries was the top contributor to incremental net sales growth at 10.9 per cent, followed by SBI (8.3 per cent) and Tata Motors (6.5 per cent).

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