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Corporate Performance Q4-FY25

In Q4 FY25, aggregate net sales of a sample of 1,893 companies was recorded at 5.4%, while net profits rose by 7.6%. Expenditure and interest costs remained muted leading to an improvement in debt serviceability of companies. Some moderation in sales is observed in a few large sectors, such as oil and gas, textiles and iron and steel, which weighed on the aggregate sample. However, this appears to be a one-off phenomenon and not a structural issue. Similarly, the BFSI segment witnessed some slowdown after a strong run last year and can be associated with slowdown in growth in credit.

Net sales of India Inc. increased by 5.4% in Q4 FY25, compared with 8.6% in the same period last year. In the context of a tumultuous global trading environment as well as considering the high base of last year, the performance seems quite stable. In terms of costs, both expenditure and interest costs have declined in comparison to last year. Further, profitability indicators continue to post strong growth rates. In fact, operating and net profits rose by 8.2% and 7.6% respectively in Q4 FY25, on a high base of 20.7% and 14.3% last year. It is interesting to note that, net sales in the BFSI segment rose by 9.3% in Q4 FY25 compared with 24% in the same period last year. This had a bearing on the top line growth numbers.

Table 1: Summary Performance of companies for Q4 FY25 (1,893 companies)

	Amount in Rs. crore			% YoY	
Indicator	**Q4 FY23**	**Q4 FY24**	**Q4 FY25**	**Q4 FY24**	**Q4 FY25**
Net sales	26,45,131	28,73,836	30,30,214	8.6	5.4
Expenditure	20,03,562	21,45,289	22,15,861	7.1	3.3
Interest	3,03,568	3,96,748	4,39,695	30.7	10.8
PBDIT	6,50,541	7,84,888	8,49,413	20.7	8.2
PAT	2,88,252	3,29,345	3,54,410	14.3	7.6

Source: AceEquity, Bank of Baroda Research

Sector wise picture

Growth in net sales and PAT in Q4 FY25 has been presented in Table below on a disaggregated sectoral level. A total of 39 sectors have been identified, with the sectors been sorted based on the net sales in Q4 FY25. Some key observations are:

- A total of 24 sectors have noted a higher growth rate in net sales than the comparative net sales for the aggregate sample i.e. 5.4%.
- For PAT, 16 sectors have witnessed higher growth than the sample average (7.6%).
- Only 12 sectors out of 39, have noted a lower growth in both net sales as well as PAT in Q4 FY25. These include a few key sectors such as crude oil, iron and steel and textiles. In fact, if we exclude these three sectors, net sales of the sample increases to 9.4% in Q4 FY25 compared with 6.6% last year. There are idiosyncratic factors which can explain the lower growth in these sectors which have been discussed in the next section.
- On the other hand, a total of 13 sectors noted a higher growth in both net sales and PAT vis-à-vis the sample average. These included: FMCG, chemicals, construction materials as well as telecom amongst others.

Table 2: Sector wise growth in net sales and PAT in Q4 FY25 (YoY)

S.No.	Sector	Net sales, % YoY	PAT, % YoY
1	Crude Oil	-3.8	-7.9
2	Banks	8.4	3.3
3	Automobile & Ancillaries	8.5	7.3
4	IT	8.0	2.2
5	Finance	14.3	-0.7
6	Iron & Steel	-2.9	-6.0
7	FMCG	13.5	12.8
8	Power	1.8	17.2
9	Insurance	8.0	-5.4
10	Infrastructure	7.7	-20.2
11	Capital Goods	8.3	2.8
12	Chemicals	10.6	44.8
13	Healthcare	15.6	3.9
14	Construction Materials	5.6	16.7
15	Non - Ferrous Metals	16.9	74.5
16	Inds. Gases & Fuels	4.6	7.6
17	Telecom	13.7	187.4
18	Textile	1.9	-7.8
19	Retailing	16.0	15.3
20	Trading	0.2	385.6
21	Consumer Durables	13.7	36.9
22	Diamond & Jewellery	31.5	41.0
23	Alcohol	3.8	28.6
24	Agri	5.5	41.8
25	Electricals	25.6	177.5
26	Logistics	4.0	-29.4
27	Realty	8.8	41.0
28	Plastic Products	4.0	-7.0
29	Diversified	26.8	-31.5
30	Gas Transmission	5.2	-25.3
31	Business Services	14.0	2.2
32	Media & Entertainment	0.1	-72.8
33	Paper	-1.5	-53.8
34	Hospitality	10.8	25.3
35	Ship Building	43.4	41.4
36	Mining	3.4	-3.5
37	Ferro Manganese	-20.5	5.7
38	Miscellaneous	2.9	0.5
39	Education & Training	9.1	-49.6
	Total	**5.4**	**7.6**

Source: AceEquity, Bank of Baroda Research

Key takeaways from results transcripts

Some key takeaways from the call transcripts of major players in different sectors have been noted down below:

- Crude oil: Losses in LPG business due to subsidy issues continued to impact growth of OMCs. Several key OMCs reported a decline in profit growth and sales. However, with the government's decision to hike LPG prices some respite can be expected. Government also hiked excise duty on petrol and diesel, with the extra revenue likely to be used to cover losses of OMCs.
- Textiles: Higher cotton prices on account of elevated minimum support prices impacted growth in this sector. Apart from this, India's lack of access to duty free import of cotton and quality control standards put up by the government also impacted the sector. Outlook remains mostly positive with companies highlighting India's tariff advantage to aid competitiveness against countries such as Vietnam and Bangladesh. The additional 10% tariff imposed by the US is likely to be absorbed by suppliers. Trade deals with major partners as well PLI scheme are also added positives for the sector.
- Iron and steel: Steel prices remained largely downbeat in the year due to increased exports from China. Further, lower consumption in China also kept prices largely in check which weighed on this sector. However, the outlook is positive led by the government's decision on imposing safeguard duties. Further, prices in Europe have shown signs of a pickup.
- Auto and auto ancillaries:
    - Growth in passenger vehicle (PV) market was lower this year due to the base effect as well as lower demand. Even so, rural demand remained strong. Within the PV segment, there was a greater preference for SUVs and MUVs. Exports showed healthy growth. External headwinds can impact growth in the segment. Growth is also projected to be muted.
    - Boosted by strong rural demand, two-wheeler sales also showed steady growth this year. Urban demand is also picking up. Outlook is positive, supported by buoyant rural demand and recovery in urban demand.
    - Tractor segment performed well on the back of improved agricultural activity. This year as well, growth is likely to be higher supported by a normal monsoon, higher reservoir storage and good rabi harvest.
- IT: Strong growth led by a low base last year. BFSI segment continues to see strong growth underlined by digital upgradation, demand for AI, and cost optimization. Exports markets continued to do well, led by Europe. For FY26, the outlook is cautious given the uncertain economic outlook.
- FMCG: Premiumization trend continued. Rural segments continued to perform better than urban areas. Edible oils witnessed a strong growth due to higher selling prices. Input prices showed divergent trends with some segments such as palm oil, tea, coffee etc. witnessing an upward trend leading to calibrated price increase. On the other hand, crude prices remained largely downbeat leading to softer input prices. Demand conditions are expected to improve this year supported by tax incentives, positive monsoon and lower food inflation.
- Capital goods: The sector continues to grow at a brisk pace led by government's capex push and increased defence spending. Outlook is favourable with major industry leaders signalling steady growth of new orders.
- Chemicals:
    - Paints: Demand conditions remained challenging, led by urban demand. The Industrial segment performed better. Limited pass through of lower input prices. Outlook is

    positive with pickup in government spending, demand from luxury real estate and positive rural demand prospects.
  - Fertilizers: Aided by a positive agricultural season and the government's focus on improving agricultural productivity, the sector did reasonably well. With a normal monsoon projected, the outlook remains bright.
  - Chemicals: Pickup in demand for agrochemicals contributed to the rebound in this sector. However, continued oversupply from China kept prices in check. Further, demand for fluoro chemicals was robust led by higher usage of fridges and ACs.
- Infrastructure: This sector continued to show robust growth performance, despite an unfavourable base. Order inflows remained strong, despite external challenges. Export orders also remained largely steady.
- Telecom: The industry maintained a diversified and resilient portfolio. Hike in telecom tariffs led to a sharp turnaround in sales and net profit growth for this sector. Apart from this, increased rural rollout, smartphone upgradation, prepaid to post-paid upgradation, data monetisation and higher penetration of international roaming also contributed to growing demand.
- Consumer Durables: Net sales have been buoyant supported by higher discretionary spending. Trend of 'premiumization' and 'contemporarization' continued to be supported by a shift in household consumption pattern, rising per capita income and growing middle class aspirations. Additionally, early onset of summer season drove demand for products such as ACs, fridge etc. Forward guidance from companies suggests that growing consumer confidence due to income tax benefits and favourable inflation will contribute positively in FY26. Rural demand will also be supportive amidst expectation of a favourable monsoon and better sowing.
- Hospitality: Travel and tourism boom continued, led by both domestic and international travellers which was reflected in the growth numbers for this sector. Demand received boost from Mahakumbh, concerts and strong wedding season. Outlook remains optimistic, supported by a steady increase in disposable income.
- Real estate: Growth remained steady driven by demand for premium housing. Future prospects remain bright and are likely to be supported by rate cuts and income tax exemptions which will improve disposable income. Demand for mid-range housing is expected to pick up.

Concluding remarks:

Corporate performance in Q4 FY25 was on the whole satisfactory and there is scope for an upward movement once consumption pick up in FY26. There are sectors which are witnessing green shoots of recovery. Infrastructure linked sectors continue to witness steady growth notwithstanding a negative base effect. For consumer linked sectors, such as FMCG and consumer durables, strong rural demand and seasonal demand continues to aid a steady recovery. Industries in the services sector also continued to post steady growth amidst sustained demand momentum. Importantly, despite a challenging global environment, companies remain positive on future growth prospects. Stable commodity prices, low domestic inflation, favourable monsoon trajectory, trade deals, government capex, tax incentives are likely to be key drivers of growth and demand.

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