

INDIAN CORPORATE
SECTOR: Q4 FY2024
PERFORMANCE REVIEW
AND OUTLOOK

India Inc. braces for revenue uncertainties in Q1 FY2025

JUNE 2024



Agenda











Highlights



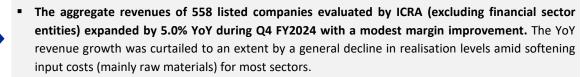


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Corporate India reported a moderate 5.0% YoY revenue growth in Q4 FY2024, ending FY2024 with a 3.7% YoY increase. Along with the softening in input costs, this supported expansion in earnings by 180 bps to 17.4% in FY2024.

The evolving global economic scenario will remain a key monitorable over the near term.







Operating leverage benefits coupled with easing of certain input costs led to a YoY expansion in operating profit margin (OPM) of India Inc. by 92 bps to 17.2% in Q4 FY2024. Although input costs softened in recent months, they remain elevated over historic levels; consequently, India Inc.'s OPM of 17.4% in FY2024 is yet to reach the 19% level witnessed during FY2022.



Despite the variations in debt levels, India Inc. reported largely stable credit metrics over the recent past. The improvement in earnings on the back of recovery in demand across sectors arrested any sharp increase in gearing and Debt/OPBITDA levels during FY2024. India Inc. is expected to report stable credit metrics, going forward, despite expectations of some debt addition to support growth prospects.



■ ICRA expects India's gross domestic product (GDP) to grow by 6.8% in FY2025 after 8.2% in FY2024. While signs of revival in rural demand have emerged, headwinds such as a slowdown in Gol spending during elections and the monsoon period are likely to weigh down on growth in H1. Nevertheless, a pick-up in growth is likely in H2, owing to back-ended rise in Gol spending and private capex, as well as improvement in rural demand in case the monsoon is favourable.



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