



INDIAN CORPORATE SECTOR: Q4 FY2024 PERFORMANCE REVIEW AND OUTLOOK

India Inc. braces for revenue
uncertainties in Q1 FY2025

JUNE 2024



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2 Financial performance of the corporate sector in Q4 FY2024



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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.



- **The aggregate revenues of 558 listed companies evaluated by ICRA (excluding financial sector entities) expanded by 5.0% YoY during Q4 FY2024 with a modest margin improvement.** The YoY revenue growth was curtailed to an extent by a general decline in realisation levels amid softening input costs (mainly raw materials) for most sectors.



- **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 Govt 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 Govt spending and private capex, as well as improvement in rural demand in case the monsoon is favourable.



ICRA Analytical Contact Details

Name	Designation	Email	Contact Number
Shamsher Dewan	Group Head	shamsherd@icraindia.com	0124 – 4545 328
Kinjal Shah	Co-Group Head	kinjal.shah@icraindia.com	022 – 6114 3442
Sahil Udani	Sector Head	sahil.udani@icraindia.com	022 – 6114 3465
Trisha Agarwal	Senior Analyst	trisha.agarwal@icraindia.com	022 – 6114 3457
Aman Mundhada	Analyst	aman.mundhdada@icraindia.com	022 – 6114 3458





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	vinita.baid@icraindia.com	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





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