

Banking & finance, telecom, select auto, FMCG and capital goods cos could post strong numbers

# Nifty 50 Cos Likely to Report Double-Digit Revenue, Profit Growth for Q3

ET Intelligence Group

**Mumbai:** The Nifty 50 companies are expected to report a year-on-year double-digit revenue and net profit growth for the December 2022 quarter at the aggregate level following stellar show by banking and finance companies, telecom and select automakers, fast moving consumer goods (FMCG) and capital goods companies. While operating profit margin may continue to show weakness on a year-on-basis, a sequential recovery cannot be ruled out due to moderation in raw material prices.

According to the ETIG estimates, revenue and net profit of the nifty 50 companies are expected to grow by 11.8% and 18.7% respectively, for the third quarter of the current fiscal year. The expected growth will

be over a solid growth of 25.4% and 30.9% in revenue and profit in the year-ago quarter.

"In Q3FY22, we expect topline growth to be subdued as the effect of inflation begins to wear out but margins to improve sequentially," said Deepak Jasani, retail research head, HDFC Securities.

Hemang Jani, equities head at Motilal Oswal Financial Services, expects banking and finance, and automobile companies to drive the growth momentum for the December quarter. "Growth momentum in banking will be propelled by healthy loan growth, margin expansions and continued moderation in provisions," Jani said.

The operating margin is expected to drop by 350 basis points year-on-year to 17.6% while it may improve by 60 basis points from

## Nifty 50 Dec '22 Estimates



the previous quarter.

"On a YoY basis, metals and cement companies could pull down the overall margins while banks and industrials could boost them," said Jasani.

Jani expects that the benefit of lower input costs to margins may be partially offset by high-cost inventory.

On a sequential basis (QoQ), the

sample's revenue may fall by 3.8% after showing growth in each of the previous six quarters while net profit may grow by 25.6% aided by an expected sequential recovery in the performance of select metals, oil and gas and telecom companies.

In the coming quarters, global macroeconomic trends will play an important role. Jani draws at-

tention to two major themes for Indian companies: credit growth and capex on the back of strong domestic macros. "We prefer sectors like BFSI, capital goods, infrastructure, cement, housing, defence, and railways," he said while citing that any moderation in the demand may affect corporate earnings.

## AUTOMOBILES

A moderation in volume growth on sequential basis and some supply side challenges may affect the earnings growth of the vehicle makers. India's largest carmaker Maruti is likely to report a double-digit revenue and profit growth. Two-wheeler makers will have flat to moderate growth amid pressure on volumes barring Eicher Motors, which reported improved volumes after launching low-priced bikes.

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