India FY25: Growth, Profits & Future Prospects

Sectoral Trends, Earnings Analysis & Outlook

BRICKWORK RESEARCH

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Macroeconomic Overview

INDIA'S ECONOMY REBOUNDS STRONGLY IN Q4FY25; GDP GROWTH HITS 7.4%

Real GDP Growth (Q4FY25): 7.4% YoY

India's real GDP grew by 7.4% year-on-year in the fourth quarter (January–March) of FY25, outpacing both market expectations and the Reserve Bank of India's (RBI) projection of 7.2%. This marks the strongest quarterly performance of the year, with Q4 growth accelerating from 6.2% in Q3.

Nominal GDP Growth (Q4FY25): 10.8% YoY

Nominal GDP, including inflation effects, increased by 10.8% YoY in Q4, reaching ₹88.18 lakh crore, while for FY25, it stood at 9.8%.

Annual GDP Growth (FY25): 6.5%

FY25 growth moderated to 6.5%, the slowest in four years, reflecting persistent global headwinds. The construction sector led the charge with 10.8% growth, supported by public infrastructure and urban real estate recovery.

Gross Value Added (GVA) Growth: 6.8% in Q4

GVA, the value of goods and services produced, experienced a 6.8% YoY growth in Q4 and 6.4% growth in FY25, largely driven by the services sector, including public administration, defence, financial, real estate, and professional services

Construction Sector: Standout Performer

Construction experienced the highest sectoral growth in Q4 at 10.8% YoY, and FY25 at 9.4% due to robust infrastructure activity and capex-driven demand

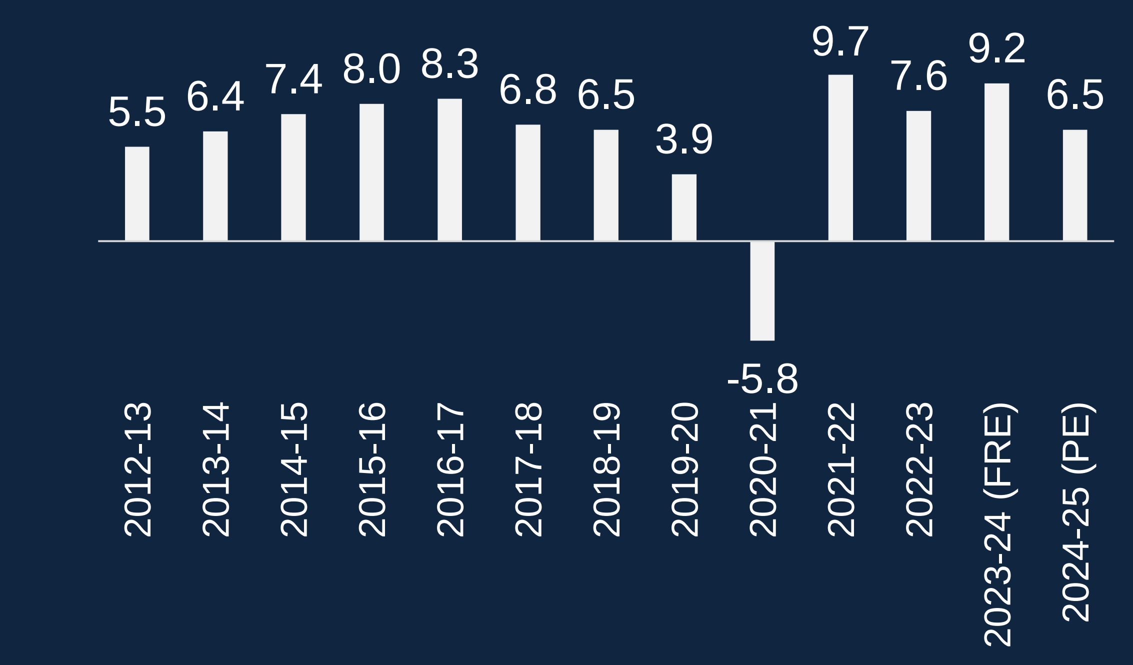
Retail Inflation: 4.2% in Q4, Within RBI Target

In Q4, retail inflation averaged 4.2%, within the RBI's medium-term target range of 2-6%, which supported real income growth and consumption

RBI's FY26 Inflation Forecast Revision

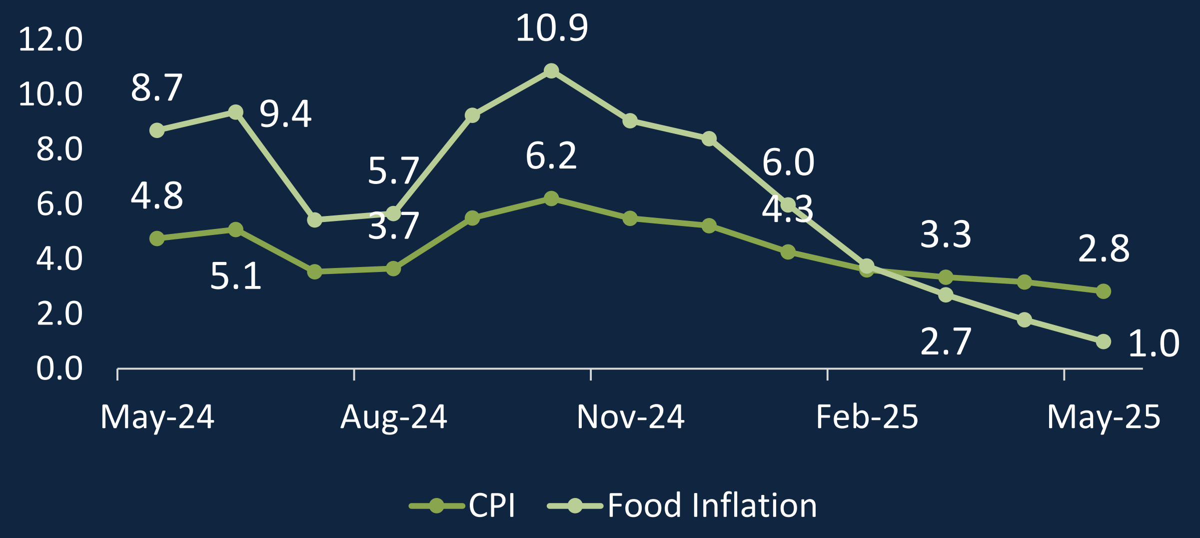
The RBI revised its inflation forecast for FY26 downward to 3.7%, citing easing food prices, robust agricultural supply, and favorable base effects.

Annual GDP Growth Rates at Constant Prices (% Y-o-Y)



Source: Ministry of Statistics & Programme Implementation

Retail Inflation (% Y-o-Y)



Source: Ministry of Statistics & Programme Implementation

MACROECONOMIC DRIVERS

1. **Private Final Consumption Expenditure (PFCE) reported a robust 7.2% growth in FY2024-25, up from 5.6% the previous year, signaling a strong recovery in consumer spending. The outlook for private consumption remains positive, especially with expectations of a normal monsoon supporting rural incomes in FY26**

2. **Investment Spending: Capex Momentum:** Investment activity, measured by Gross Fixed Capital Formation (GFCF), increased by 7.1% in FY25 and 9.4% in Q4FY25, primarily driven by business and infrastructure investments. Government capital expenditure reached ₹11.11 lakh crore, representing 3.4% of GDP. The construction sector saw a 10.8% growth in Q4, driven by housing, infrastructure, and urbanization projects

3. **Export Performance: Resilience Amid Global Headwinds:** India's exports grew by 6.01% in FY25, reaching $824.9 billion. However, the pace was slowed due to global slowdown, trade disruptions, and weak demand from key markets. Sectors linked to global supply chains, like electronics and textiles, faced pressure, while services exports provided some cushion. Oil price volatility and geopolitical tensions continue to pose risks

4. **Monsoon Outlook: Rural Recovery on the Horizon:** The India Meteorological Department predicts a normal monsoon for FY26, boosting agricultural output and supporting rural incomes. The primary sector, including agriculture, experienced a 5.0% growth in Q4FY25, compared to just 0.8% a year earlier. This monsoon outlook is expected to drive broader rural recovery in the coming year

5. **Global Uncertainties:** Navigating Volatility: Global uncertainties, including oil price swings and geopolitical tensions, pose a significant threat to India's import bill, inflation, and export competitiveness, necessitating prudent macroeconomic management

6. **Monetary Policy:** In response to easing inflation and a stable macro backdrop, the RBI executed its third consecutive policy rate cut in June 2025, marking a cumulative reduction of 100 basis points (bps) since February 2025. This aggressive monetary easing cycle has brought the repo rate down from 6.5% at the start of the year to 5.5% as of June 2025

7. **CRR Reduction:** The RBI also cut the Cash Reserve Ratio (CRR) by 100 bps to 3%, releasing additional liquidity into the banking system. However, future rate actions are expected to be more cautious as the RBI adopts a neutral policy stance, shifting its policy stance from "accommodative" to "neutral," signaling a possible pause in the rate cut cycle

8. **Fiscal and Tax Trends:** GST collections reached a record high of ₹2.37 lakh crore in April 2025, a 12.6% year-on-year increase, attributed to improved compliance, economic formalization, and strong consumption

Construction Led With 9.4% GVA Growth Rate in FY25

Agriculture – 4.6%
Agriculture boosted by strong crop output & livestock

Construction – 9.4%
Construction grew fastest in secondary sector, driven by infrastructure and housing demand

Electricity & Other Utilities – 5.9%
Registered a stable growth

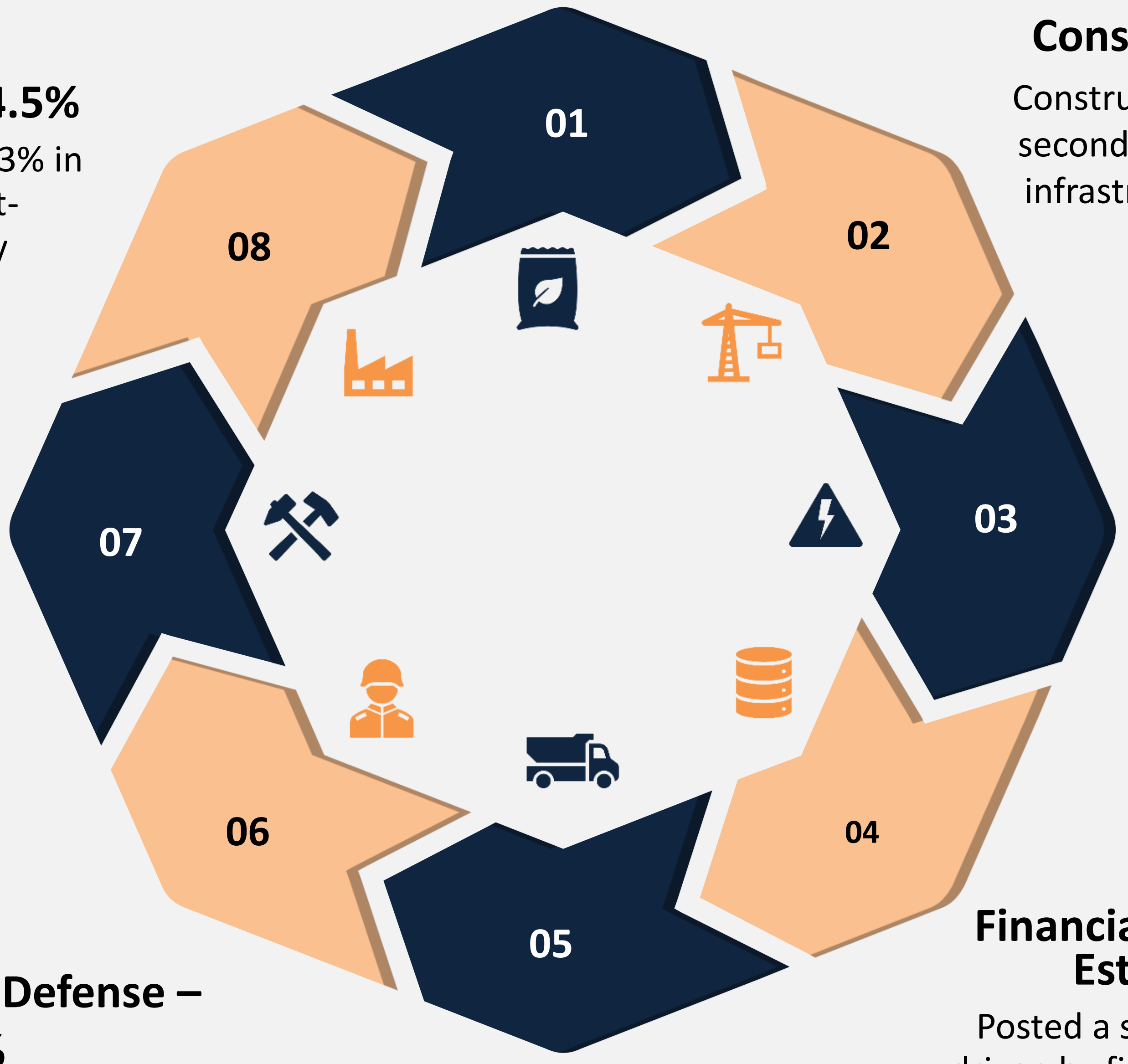
Financial Services, Real Estate – 7.2%
Posted a strong 7.3% growth, driven by finance and real estate

Trade, Hotels, Transport – 6.1%
Tourism rebound, festive demand

Public Admin, Defense – 8.9%
Experienced highest sectoral growth, driven by increased government spending on welfare and services

Mining - 2.7%
Mining growth slowed after prior expansion, reflecting moderation in mineral output levels

Manufacturing – 4.5%
Growth eased from 12.3% in FY24, signaling post-pandemic recovery normalization



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The **Construction** sector led all others with a robust 9.4% growth in FY25 and a sharp 10.8% in Q4 alone. This performance was driven by:

- Continued government capex in roads, railways, and urban infrastructure
- Revival in real estate investments, especially in Tier 1 and Tier 2 cities
- Resilient demand for cement and construction materials
- Construction's strong growth also created a multiplier effect across sectors like cement, steel, labor markets, and financial services

Public Administration and Financial Services also recorded high growth, reflecting both increased government activity and a buoyant services sector

- Public Administration and Financial Services experienced high growth due to increased government spending and service delivery, while the financial sector’s solid performance was due to buoyant markets, real estate activity, and professional services demand, reflecting ongoing reforms and digitalization. The services sector remains a critical pillar, supporting both employment and domestic demand

Agriculture sector’s healthy growth is a positive sign for rural incomes and food security with growth supported by favorable monsoons and rural consumption recovery

Manufacturing and Mining showed moderate growth, reflecting subdued private investment and global trade headwinds, suggesting areas for policy focus to further boost industrial output

Source: Ministry of Statistics & Programme Implementation

Overview of FY2025 Earnings Season

- **Record Profits:** Top 500 Indian firms posted a record ₹15 lakh crore net profit in FY25, up from ₹10.66 lakh crore in FY23, showcasing resilience amid global headwinds.
- **Profit Growth:** The overall profit growth for NSE500 companies stood at 11.4% for the year, a slowdown compared to the stellar 26% CAGR seen from FY21 to FY24.
- **Sectoral Profit Dynamics:** Excluding oil & gas and metals, FY25 earnings surged 18.9%, indicating robust core sector performance.
- **Profit-to-GDP Ratio:** Corporate profit-to-GDP for Nifty 500 hit a 17-year peak at 4.7%, while all listed firms reached a 14-year high at 5.1%.
- **Export Sector Pressure:** Export-driven sectors faced margin compression due to weak global demand.
- **Domestic Demand Boost:** Strong domestic consumption and infrastructure investment lifted core sector earnings.

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India Inc.'s FY25 performance showed resilience with record profits, sectoral outperformance in telecom, agriculture, and chemicals, and strong domestic demand. Despite moderate growth from post-pandemic highs, the medium- to long-term outlook remains positive due to macroeconomic stability, policy initiatives, and a revival in rural consumption. The broad-based earnings recovery demonstrates the adaptability and strength of Indian corporates for FY26. Export-oriented sectors faced pressure due to the global slowdown and trade realignments, while domestic demand remained robust. Domestic consumption boosted revenue and profit expansion across multiple sectors, with FMCG, automobiles, and consumer durables benefiting from rural recovery and festive spending. Government-led infrastructure spending supported upstream and allied sectors like cement, steel, and engineering. Sectoral offsets were balanced by strong performers in banking, infra, and domestic consumption, with margin tailwinds from falling input prices offset external drag

Source: BWR Research, ET, CNBCTV18

Top Companies by Net Profit - ₹ Crore (FY25)

State Bank of India (SBI)	**₹ 77,561**	Largest lender, 31% CAGR in profits over 5 years
HDFC Bank	**₹ 70,792**	Largest private sector bank, 21% CAGR in profits over 5 years
Reliance Industries	**₹ 69,648**	First Indian company to surpass ₹10 lakh crore in net worth, ₹9.8 lakh crore in annual revenue
ICICI Bank	**₹ 51,029**	Crossed ₹50,000 crore profit for the first time, surpassed TCS in profit
Tata Consultancy Services (TCS)	**₹ 48,553**	Slowest profit growth among top earners (8.5% CAGR over 5 years)
Life Insurance Corp (LIC)	**₹ 48,320**	State-owned insurer, up from ₹39,031 crore last year
Oil & Natural Gas Corp (ONGC)	**₹ 36,226**	26% decline in profit, slipped in rankings
Coal India	**₹ 35,358**	16.2% CAGR profit growth over 5 years
ITC	**₹ 34,747**	70% surge in profit, re-entered top 10 after absence last year
Bharti Airtel	**₹ 33,556**	21% revenue growth, 27% EBITDA growth, 44.2% EBITDA margin

Top Companies by Net Profit - ₹ Crore (FY25)

State Bank of India (SBI)

- SBI's net profit increased 15.6% YoY to ₹77,561 crore in FY25, representing a 15.6% YoY increase from FY24. Key drivers include strong credit growth, digital transformation, and improved asset quality. Gross advances grew 14.84% YoY to ₹42.2 lakh crore, and gross NPA improved to 1.82%. SBI became the first Indian bank to feature in the Global Top 100 by net profit

HDFC Bank

- HDFC Bank, India's largest private sector bank, reported a 10.5% YoY net profit in FY25 and five-year compounded annual profit growth of 21%

Reliance Industries

- Reliance Industries, the first Indian company to surpass ₹10 lakh crore in net worth, reported a net profit of ₹69,648 crore, a flat YoY growth rate

ICICI Bank

- ICICI Bank has achieved a significant milestone by overtaking Tata Consultancy Services (TCS) in annual net profit for FY25, reporting ₹51,029 crore, (up 15.3% year-on-year). This is the first time India’s second-largest private lender has crossed the ₹50,000 crore profit threshold, marking a five-year annualised profit growth of 40%

Tata Consultancy Services (TCS)

- Tata Consultancy Services (TCS) reported a slower growth in net profit at ₹48,553 crore in FY25, up by 5.8% YoY, due to global IT sector headwinds

Life Insurance Corp (LIC)

- Life Insurance Corporation of India (LIC) reported a record net profit (Profit After Tax) of ₹48,151 crore for the financial year ended March 31, 2025. This marks an 18.4% increase compared to the previous year's profit of ₹40,676 crore

Oil & Natural Gas Corp (ONGC)

- ONGC reported a consolidated net profit of ₹38,329 crore for the financial year 2024–25 (FY25), which represents a sharp decline of 30.7% compared to the previous fiscal year. The decline was attributed to lower price realisation, higher costs, and a drop in profitability ratios, despite stable revenues and increased capital investments

Coal India

- Coal India Limited reported a net profit of around ₹35,300 crore for FY2025, a 5.5% decrease from the previous year's net profit of around ₹37,369 crore. Despite the year-on-year decline in annual net profit, Coal India remains one of the most profitable companies in India, ranking among the top public sector undertakings for FY2025

ITC

- ITC Limited reported a net profit of around ₹35,052 crore for the financial year ending March 31, 2025, a 69% increase from the previous year. The surge was primarily due to a one-time exceptional gain of ₹15,179 crore from the demerger of ITC's Hotels business.

Bharti Airtel

- Bharti Airtel's consolidated net profit for the financial year ending March 2025 increased by 349% compared to the previous year, reaching ₹33,556 crore, making it one of the top 10 most profitable companies in India for the year driven by Premiumization and Higher ARPU along with Network and Broadband Expansion, Product and Service Diversification (launched IPTV services), Subscriber Growth, Cost Optimization and Margin Expansion

Sectoral Trends and Performance - Q4 FY25

Q4 FY25 Trends & Performance

Automobiles

Strong profit growth, driven by robust domestic consumption

FMCG & Consumer

Benefited from rural demand and seasonal factors; steady recovery

Capital Goods

Notable growth (+30% YoY), supported by government spending and infra push

Infrastructure

Continued steady growth; resilient despite high base effect

Pharmaceuticals

Strong profit growth, driven by robust domestic consumption

Oil & Gas, Textiles, Iron & Steel

Experienced a temporary slowdown in sales

BFSI

Growth moderated due to slower credit expansion

Energy & Renewables

Renewables (Suzlon, SJVN) outperformed, reflecting policy shifts

Major Highlights

- In Q4FY25, Nifty 500 companies saw revenue growth of around 6-8% year-on-year, down from around 9-10% in Q4FY24
- EBITDA margin expansion (by 120–150 bps) was a key highlight
- Net profit growth for the Nifty 500 companies stood in the range of 10–15% YoY, also lower than the 21% seen a year earlier
- Cost rationalization, lower commodity costs, and stable interest rates aided margin performance
- Rural demand showed green shoots, while urban discretionary spending stayed firm

Outperformers: Top Sectors by Profitability

- Banks & NBFCs
- Auto
- Capital Goods
- FMCG

Laggards: Underperforming Sectors

- IT Services
- Metals & Mining
- Oil Marketing Companies (OMCs) due to base effects and global demand constraints)

Source: BWR Research, ET, CNBCTV18

Sector-wise Performance - FY25

- **Telecom:** The Indian telecom sector has significantly contributed to the country's profits in FY25, overcoming a seven-year net loss trend. Key drivers include strategic tariff revisions, data monetization, subscriber upgrades, enterprise and fixed broadband push, operational efficiency, cost optimization, and network sharing. Industry-wide revenue grew by 10-12% YoY, with the sector expected to contribute more to India Inc's profit pool in FY26-FY27

- **Banking and Financial Services:** The banking and financial services sector experienced a profit surge due to lower provisioning, rising credit offtake, and improved asset quality. PSU Banks, particularly SBI and BoB, posted record profits due to healthy NIMs and recovery in stressed assets. Private banks' healthy credit growth, improved asset quality, and robust net interest margins supported earnings

- **Automobiles:** The Indian automobile sector in FY25 sustained its growth trajectory, but the pace moderated compared to the previous year. The industry achieved a 7.3% increase in domestic sales and a robust 19.2% rise in exports with passenger vehicles (PVs) hitting a record 4.3 million units—a 2% increase over FY24. Two-wheeler sales saw a robust 9.1% increase, reaching 19.6 million units. The growth was supported by strong demand, favorable government policies, and infrastructure investments. However, profitability was pressured by rising input costs, resulting in a scenario where revenue growth did not fully translate into higher profits

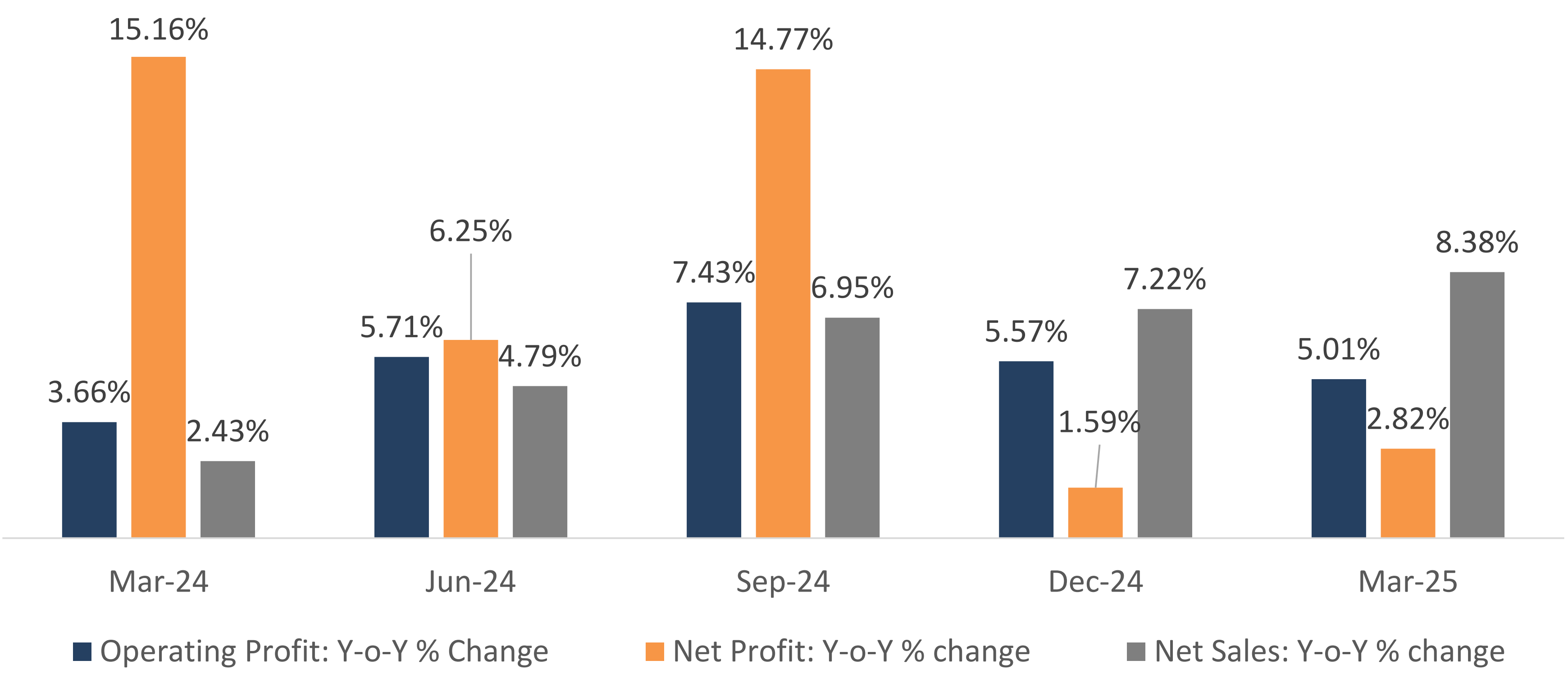
- **Capital Goods and Infra** experienced a strong profit increase due to large orders and healthy order books. Government Capex spending increased order books and execution rates. Private Capex Revival in manufacturing and renewables boosted demand. Profitability gains were supported by operational leverage and backward integration

- **IT Services:** IT firms experienced modest revenue growth, but escalating costs squeezed margins and reduced profitability. The IT sector faced soft demand, with clients paused projects and cutting discretionary spending, particularly on digital transformation initiatives. Global macroeconomic uncertainties, including tariff wars and recessionary concerns, delayed new project flows, and vendor consolidation, further impacting revenue visibility and profit growth

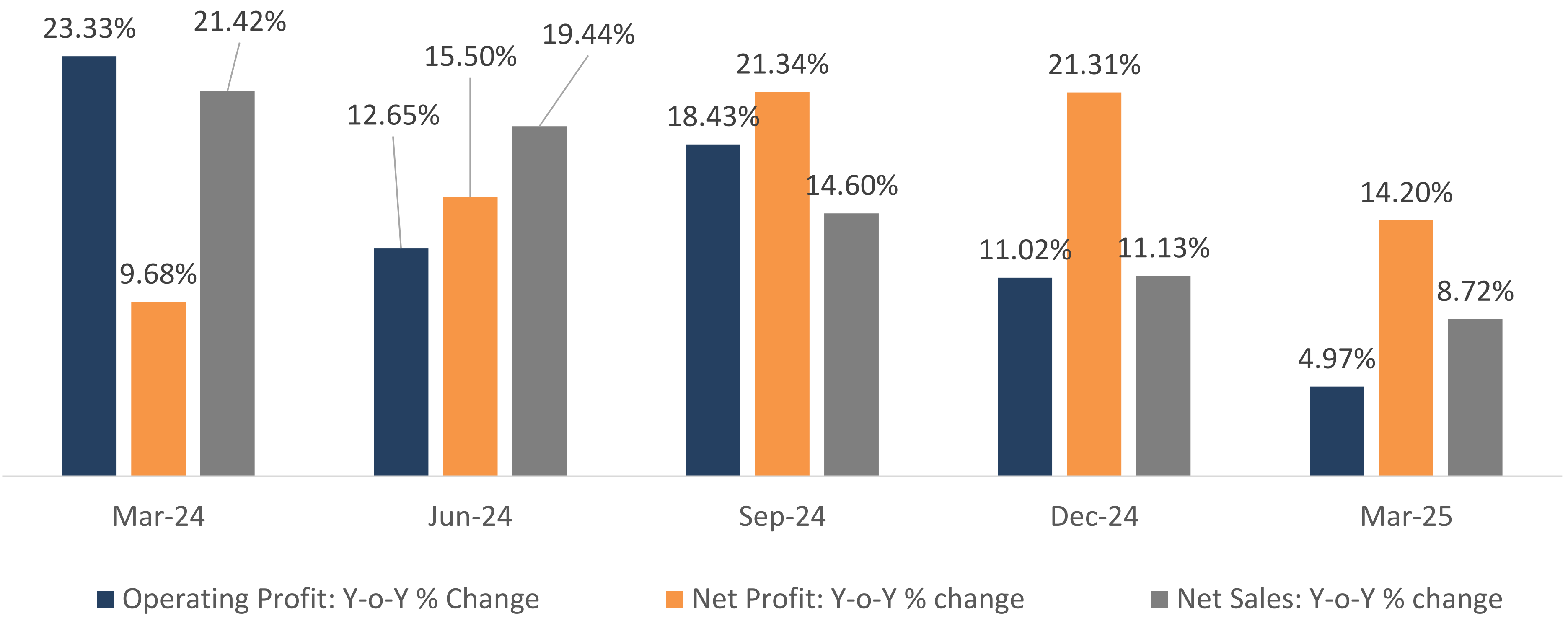
- **Oil & gas sector** was a notable laggard in FY25 with decline in profits, affecting overall corporate profit growth. The sector faced headwinds from global crude price declines, which affected revenues and profitability, especially for upstream companies. Geopolitical volatility and global financial market uncertainties remain risks for future profitability and growth

Sector-Wise Q4 FY25 – Key Metrics

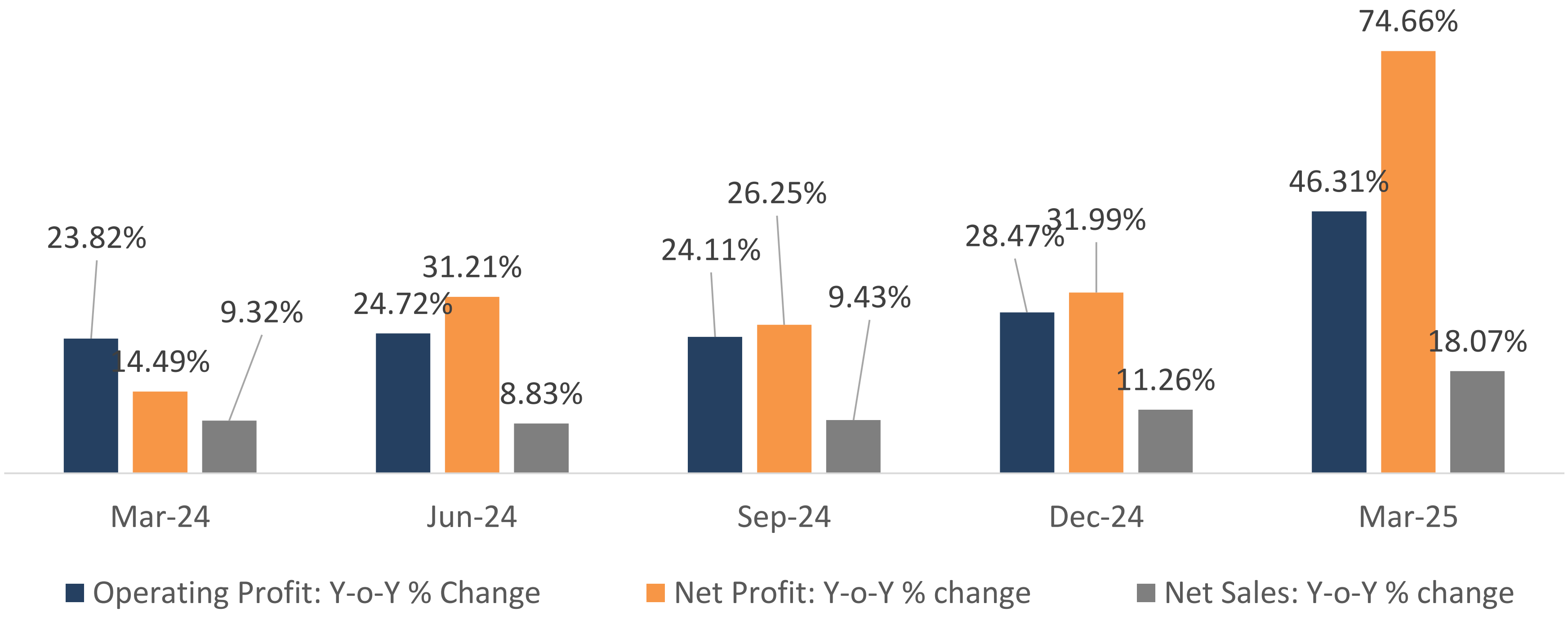
IT industry’s sales grow by 8.4% in March 2025 quarter



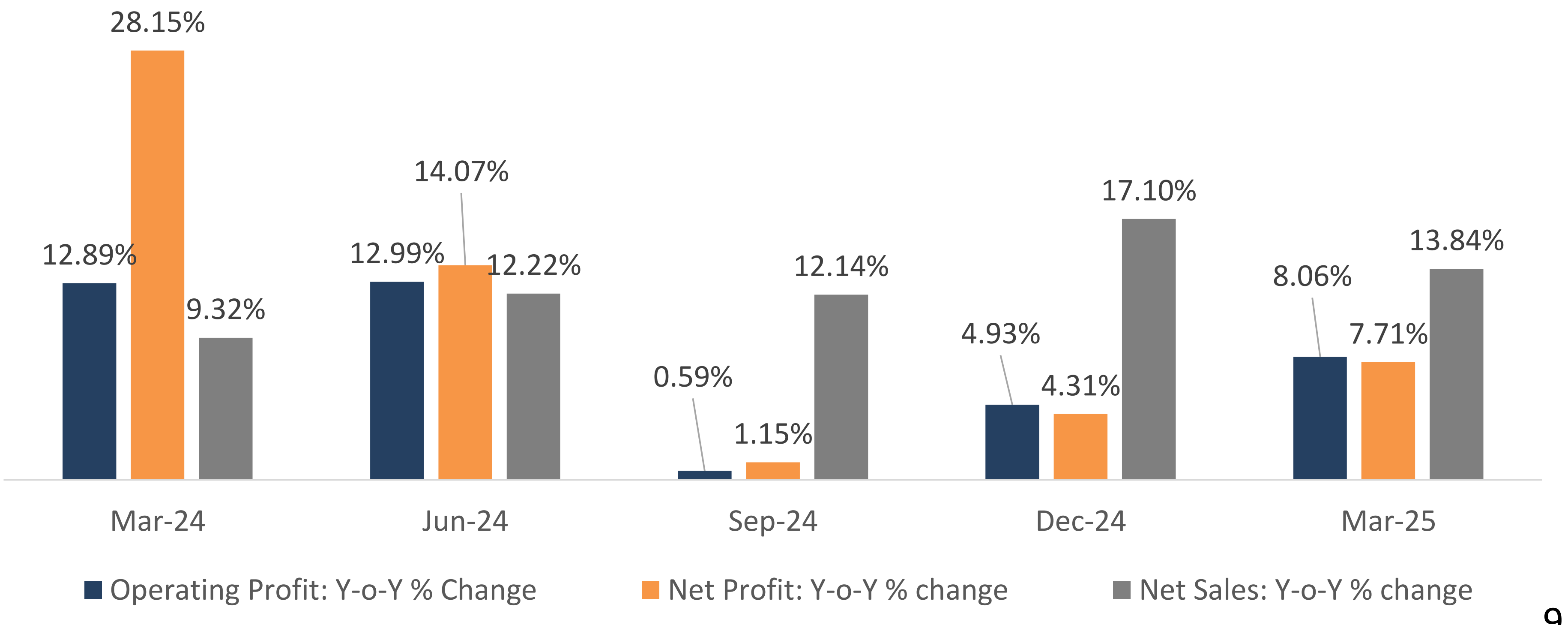
Banking industry’s income grows by 8.7% in March 2025 quarter



Pharma industry’s sales grow by 18.1% in March 2025 quarter



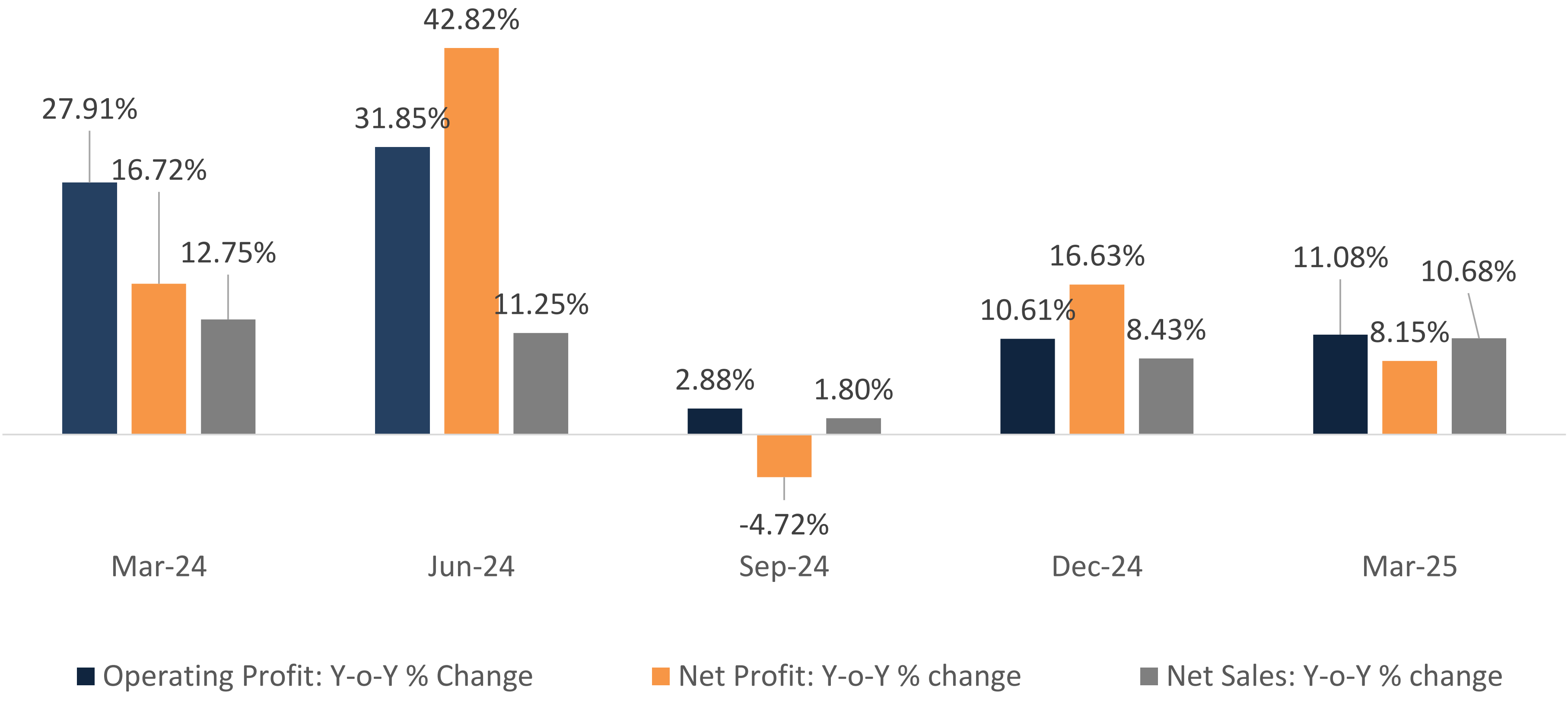
Consumer goods industry’s sales grow by 13.8% in March 2025 quarter



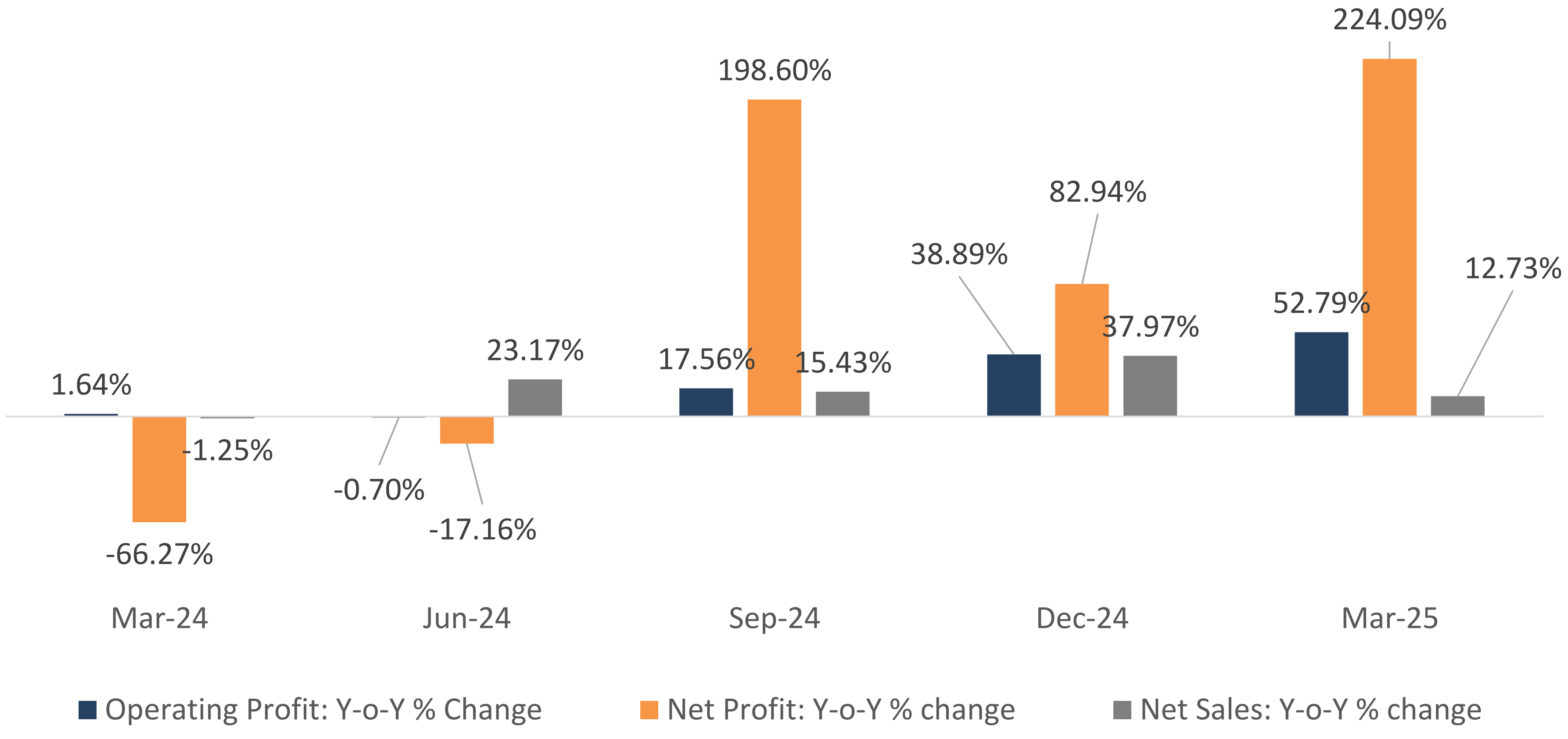
Source: B2K Analytics

Sector-Wise Q4 FY25 – Key Metrics

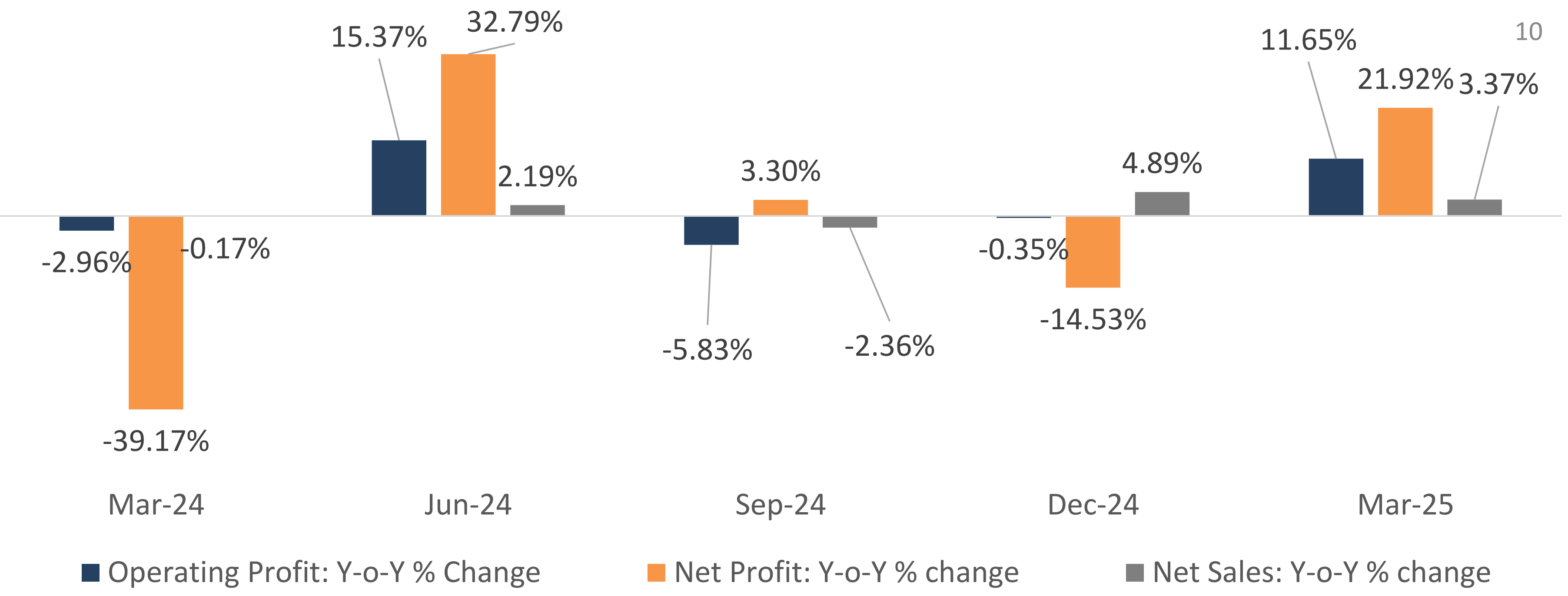
Auto sector sales grow by 10.7% in March 2025 quarter



Realty sector sales grow by 12.7% in March 2025 quarter



Metals & metal products industry's sales grow by 3.4% in March 2025 quarter



Source: B2K Analytics

Sectoral Interest Coverage and Debt-to-EBITDA Ratios (Quarterly FY25)

- Across India Inc., interest coverage ratios have improved gradually over the past four quarters due to margin expansion and lower interest costs
- Debt-to-EBITDA ratios have remained stable or slightly improved, reflecting cautious leverage and improved operating performance

Sector	Metric	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	BWR View
India Inc. (Aggregate)	Interest Coverage (x)	4.4	4.4	4.5	4.6–4.7	
	Debt/EBITDA (x)	2.2	2.1	2.0	2.0	
Manufacturing	Interest Coverage (x)	4.3	4.4	4.5	4.5	Margin stability; some commodity sectors under pressure
	Debt/EBITDA (x)	2.1	2.1	2.0	2.0	
Power	Interest Coverage (x)	2.5	2.5	2.5	2.5	Higher leverage typical; PFC, a key player, shows strong profit growth
	Debt/EBITDA (x)	3.6	3.5	3.5	3.5	
Metals/Mining	Interest Coverage (x)	3.8	3.9	4.0	4.0	Margin improvement due to operating efficiencies
	Debt/EBITDA (x)	2.6	2.5	2.5	2.5	
Cement	Interest Coverage (x)	3.3	3.4	3.5	3.5	Margin contraction due to higher input costs
	Debt/EBITDA (x)	2.3	2.2	2.2	2.2	
FMCG/Retail	Interest Coverage (x)	5.8	5.9	6.0	6.0	Stronger coverage due to low leverage, high margins
	Debt/EBITDA (x)	1.1	1.0	1.0	1.0	
Hotels	Interest Coverage (x)	4.8	4.9	5.0	5.0	Margin improvement driven by demand recovery
	Debt/EBITDA (x)	1.6	1.5	1.5	1.5	
Oil & Gas	Interest Coverage (x)	4.3	4.4	4.5	4.5	Margin improvement on better product mix
	Debt/EBITDA (x)	2.1	2.0	2.0	2.0	
Pharma	Interest Coverage (x)	4.8	4.9	5.0	5.0	Margin improvement due to efficiencies
	Debt/EBITDA (x)	1.9	1.8	1.8	1.8	

****Q4 FY 2025 are calculations by BWR Research analysts based on available data*

Looking ahead into FY 2026

Sector	Potential Growth Drivers for FY26	Credit Rating Outlook
Pharmaceuticals and Healthcare	Pharma companies demonstrated strong Q4 performance, with further earnings growth anticipated in FY26 due to increased sales of complex drugs and cost efficiencies.	Stable
Real Estate	Expected to benefit from improved demand and lower financing costs, supporting earnings growth in FY26.	Stable to Positive
Banking and Financial Services	Banks and NBFCs are key drivers of FY26 earnings growth due to demand recovery, lower costs, and reduced business risks.	Positive
Capital Goods & Industrials	Poised for robust growth, supported by renewed government capital investment and infrastructure spending. Industrials are also expected to benefit from policy support and domestic demand.	Positive
Telecom	Tariff hikes, 4G/5G subscriber upgrades, ARPU improvement	Stable

Looking ahead into FY 2026

Sector	Potential Growth Drivers for FY26	Credit Rating Outlook
FMCG/Consumer Goods	Rural/urban demand, e-commerce, rising incomes, normal monsoon	Stable to Positive
Automobiles/EV	Private Consumption, EV policy, new investments, scarcity of rare earth minerals	Stable
Information Technology	AI/digital demand, tech adoption, low debt	Stable
Metals & Mining	Volatile global prices, subdued export demand	Stable to Negative

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** Views are personal*

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