# companies of these sectors; margin pressure to hit these sectors

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From rising input costs to supply chain issues, the October-December quarter earnings for the financial year 2021-22 (Q3FY22) will continue to witness pressure on the margins across sectors, majority of the analysts say, citing that overall results season will be good, however, mixed.

Second quarter so far was recovering from the second wave impact and had also faced the demand and supply chain issue as well as the raw material costs jump impacted the overall results in the previous quarter. This was mainly seen in manufacturing sectors such as auto, paint among others.

The market analyst and TradeSwift Director Sandeep Jain stated that the margins pressure during the third quarter results will continue as many companies', from various sectors are battling the raw materials cost issue, besides third quarter more or less will be same of last quarter, mostly mixed.

"Sectors such as auto will be seen being impacted by chip shortage issue in the third quarter earnings too as compared to previous one. The issue has faded but hasn't gone completely. Similarly, building construction companies such as cement, paint are also battling with rising input cost", TradeSwift Director said.

On the contrary, banking, and financial heavyweights, may report good results as well as high expectations from information and technology companies, especially from mid-cap segment to report better performance in the December-quarter results, Jain said in his expectations.

**Brickwork Rating Principal Director BK Piparaiya expects the revenue and profit growth momentum to improve in Q3FY22 as it was sans Covid related restrictions after a long time coupled with improved sales during various festivals loaded consumption period, in almost all the segments.**

**"The average corporate revenue and Net Profit growth in Q3 is expected to be in double digits YoY, while in some sectors such as BFSI, Technology, Consumer durables, real estate, healthcare and cyclical segments such as Oil and gas, metals etc, it is expected to be higher, he added.**

In December, we saw record high exports that were ever reported in a month, indicating companies which derive major part of their revenue from exports shall also do well, the market analyst said, adding further that even GST figures are indicative of healthy recovery in the economy.

Due to limited revival in demand, all companies were absorbing input price hike rather than passing it on to end consumers over concern that it may negatively impact the volumes, Nath noted, and "expects better margin than last quarter, however this might still be less than normalised margins."

"The pressure on margins will continue in sectors such as Hospitality, Chemicals, Automobiles, Capital goods, Cement which were impacted by inflationary input costs, logistic issues and low demand. These industries may show flat/muted performance," Piparaiya said to ZeeBiz.com.

Heavy expansion is seen by the analyst amid China plus one and announcement of multiple PLI schemes, the analyst mentioned, believing that companies will perform well.

**The overall performance of Q3 will exceed expectation substantially coupled with strong growth in Consumer durables, Metals, Banking, Real Estate, Retail, IT and telecommunication, Brickwork Ratings Principal Director said before concluding.**

Stating that all macro indicators are indicating a healthy growth across sectors, Raghvendra Nath, Managing Director of Ladderup Wealth Management believes that most companies would continue with their previous quarter performance and report strong numbers.