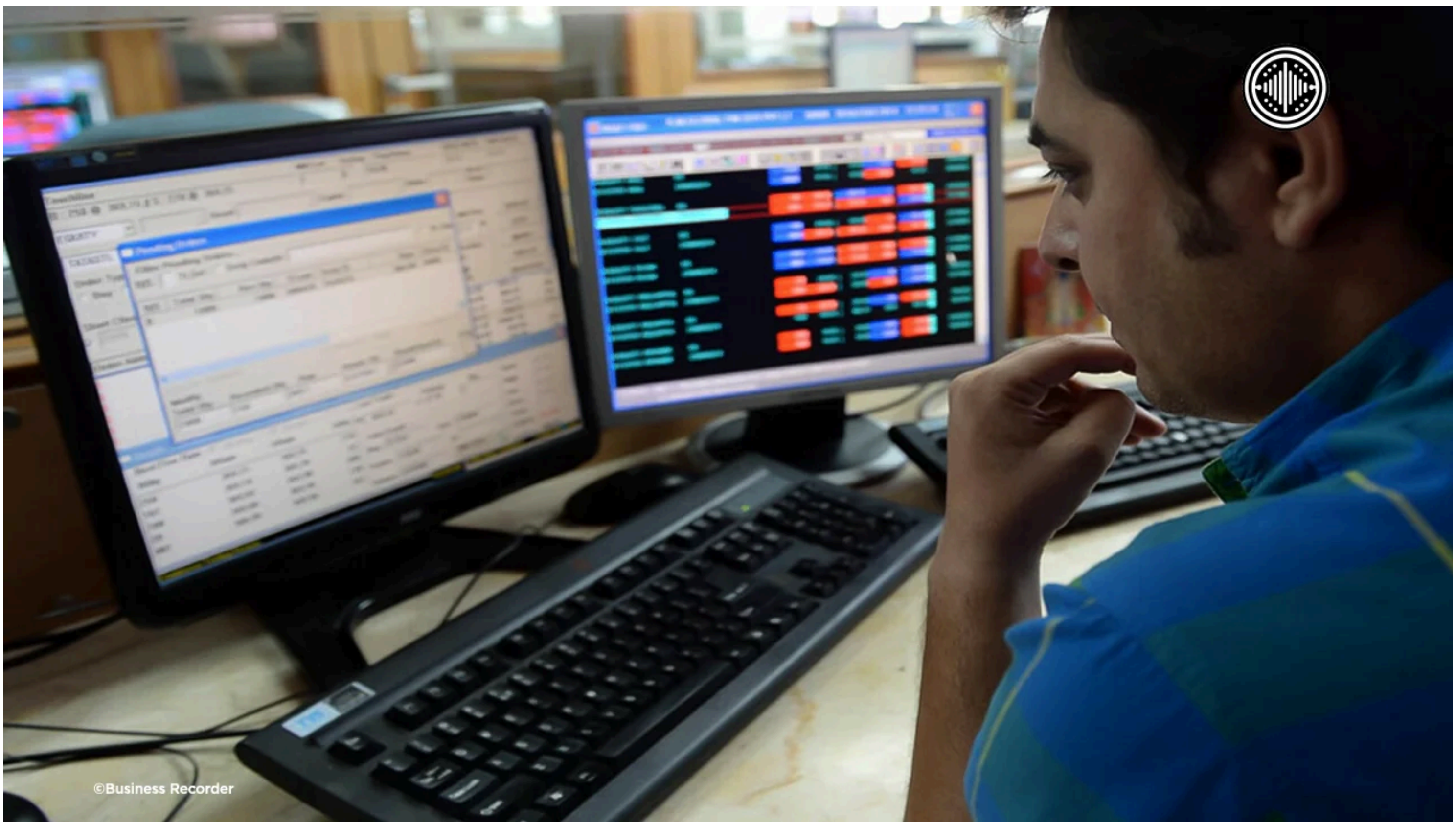
OpenVoiceNews India

Transparent. Unbiased. Yours.

# India Corporate Earnings Growth Remains Subdued

*August 6, 2025*
*— Categories: Economics*




Download IPFS

India's listed companies recorded another quarter of subdued earnings in the April-June period, marking the continuation of a slowdown that began last year and has weighed on benchmark stock indexes. Despite the economy being on track to expand by a robust 6.5% in the current fiscal year, one of the fastest growth rates globally, and inflation staying at low levels, several key sectors are struggling to deliver strong financial performance.

Banks and IT services, two of the country's most prominent industries, have been among the notable laggards. Earnings pressure is being felt from weaknesses in both domestic and global demand, leading to modest profit gains. According to Motilal Oswal Financial Services, the aggregate profit growth for 38 of the Nifty 50 companies that have reported so far stands at just 7.5%. Similarly, Jefferies reported that full-year earnings per share estimates for 113 firms on the MSCI India Index have been revised downward by 1.7%, with overall growth now projected at 8%.

The earnings softness is particularly concerning given the contrast with the 15%-25% annual profit growth recorded between 2020-21 and 2023-24. That earlier surge in corporate earnings helped propel the Nifty 50 index higher by 160% during the period. Now, with growth stuck in single digits for five consecutive quarters, the momentum in India's equity markets has clearly slowed.

Adding to the uncertainty, U.S. President Donald Trump's recent trade actions have the potential to further dampen sentiment. On August 1, a 25% tariff on Indian exports to the United States came into effect, targeting a wide range of goods. Trump has also threatened additional punitive measures in response to India's continued imports of Russian oil, a stance New Delhi has labelled "unjustified." The export-heavy sectors of the economy, such as IT services, pharmaceuticals, and select manufacturing industries, could be particularly vulnerable to these measures.

The banking sector, while still posting positive results, is contending with margin pressures as competition for deposits increases and credit demand shows uneven growth. Loan growth has been steady in retail lending but slower in corporate lending. In IT services, global demand for outsourcing remains under strain due to economic slowdowns in key client markets like the U.S. and Europe, coupled with tighter technology budgets.

Analysts note that while India's macroeconomic fundamentals remain strong, buoyed by domestic consumption, infrastructure spending, and favorable demographics, corporate earnings growth is not yet reflecting the broader economic resilience. A recovery in profits will likely depend on improvements in global demand, resolution of trade disputes, and better cost management across industries.

Market watchers will be closely monitoring the next two quarters for signs of a turnaround. Festive season demand, rural spending trends, and any shifts in U.S.-India trade relations could be decisive factors influencing corporate profitability. Until then, investors may need to temper expectations, as earnings growth remains well below the highs seen in the immediate post-pandemic years.