

Q2 results season kicks off this week. 32 companies may report over 100% profit growth

Synopsis

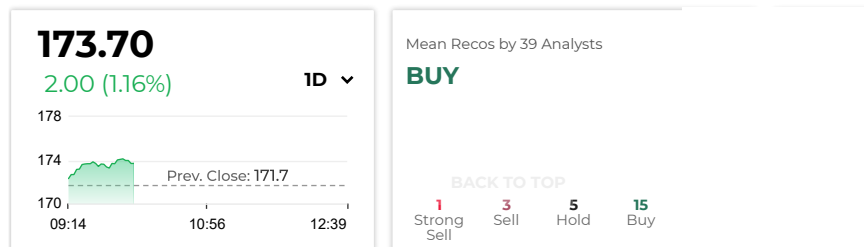
Domestic cyclicals like banks, auto and capital goods are likely to lead earnings growth while healthcare and technology may clock a moderate earnings growth. Motilal Oswal sees Nifty earnings growing by 21% YoY in Q2 while Kotak Equities has predicted 23% growth.

With global macro worries showing no signs of slowing down, the bulls are busy reshuffling their portfolios while keeping in mind expectations from the September quarter earnings season which begins this week.

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"We have marginally cut our FY24/FY25E Nifty EPS by 0.3%/0.9% to INR986/INR1,132. We now forecast the Nifty EPS to grow 22%/15% in FY24/FY25," Motilal said.

We have filtered out a list of 32 companies across sectors that are expected to report over 100% YoY growth in their quarterly net profit.

Auto

The September quarter was a mixed bag for auto companies as the demand for passenger vehicles and commercial vehicles continued to expand YoY but those of two-wheelers and tractors declined. PV volumes are expected to have grown about 11% YoY in Q2.

Kotak Equities expects automotive OEM revenues (except Tata Motors) to

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Motilal Oswal has predicted that the profit of [Apollo Tyres](#) would likely grow 130.5% YoY, 196% for [Ashok Leyland](#), 366% for [MRF](#) and 564% for [CEAT](#).

Antique Broking sees Ashok Leyland, which is one of its top picks, reporting 173% YoY growth in PAT.

Financials

Banks are expected to report a 15-20 bps decline in NIMs from the previous quarter as the impact of deposit rate hikes starts to reflect in the topline.

"There is very limited operating leverage, as public banks may continue to make higher provisions for wage settlement, while private banks have been looking to increase their presence," Kotak Equities said.

Brokerage firm JM Financial sees the net profit of [Bandhan Bank](#) and [PNB](#) growing by 226% and 129%, respectively, in Q2. Motilal expects [Max Financial](#) to report a 117% growth in PAT, [LIC Housing Finance](#) 274% and [Spandana Sphoorty](#) 115%.

Stock exchange BSE's profit is also seen going up nearly three times on an increase in derivative volumes.

Cement

Strong volumes and low base are expected to drive earnings growth of cement companies during the quarter. Motilal expects profits of [Ambuja Cements](#) and [Dalmia Bharat](#) to go up more than 3 times while [Shree Cement](#)'s PAT may go up by 127% and [The Ramco Cements](#) by 410%.

[Heidelberg Cement](#)'s PAT is seen growing 177% during the quarter.

Healthcare

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Pharma companies are expected to report a healthy quarter, aided by improved stability in US generics pricing for both injectables and OSDs, strength across most branded markets (ex-India) amid gradual easing of cost pressures. The profitability of hospitals is seen improving due to favorable seasonality and better operating leverage.

[Lupin](#)'s profit may jump 183% as US sales may grow 32% led by new launches.

Oil and gas

Excluding OMCs, Motilal expects oil and gas companies within its coverage list to report EBITDA growth of 82% YoY. Blended marketing margins for IOCL, BPCL and HPCL are expected to be Rs 5/5.4/5.1 per litre in Q2, primarily due to an increase in Brent prices and stable retail fuel prices during this period.

Mahanagar Gas' profit may jump 113% but the margin could be under pressure because of higher spot LNG prices and discounts being given to bulk customers.

Real Estate

In the residential realty segment, pre-sales is expected to improve as the quarter saw big pre-launches and launches from large developers like Godrej and Prestige Estates.

Motilal sees the PAT of Prestige Estates growing 216% on the back of 48% jump in revenues.

Technology

Despite Q2 being a seasonally strong quarter, Tier-1 IT services companies are expected to report a 0.6-0.8% sequential cc revenue growth rate. Zensar Tech's PAT may grow 123% YoY, Motilal said.

Metals

The metals sector is expected to post a sequential decline of 5%/17%/27% in Revenue/EBITDA/PAT. "This downturn can be attributed to a decrease in ASP, low ferrous and LME prices, seasonally slow quarter, and global macroeconomic volatility. We expect ferrous, non-ferrous, and mining companies to report a mixed performance," Motilal said.

Nalco's profit may double during the quarter.

Others

Among other stocks, brokerages expect companies like Kaveri Seed, Trident, Paradeep Phosphates, Supreme Industries, BEML, BHEL, GE T&D, JWL, Titagarh, MOIL and Welspun India to also report a growth of more than 100%.

(Disclaimer: Recommendations, suggestions, views and opinions given by the experts are their own. These do not represent the views of Economic Times)

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