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India Inc growth forecast cut despite robust Q4 showing: Analysts

But analysts optimistic about Nifty outlook for FY26, FY27

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Interestingly, despite FY26 and FY27 earnings downgrades, analysts remain optimistic about the Nifty's outlook, raising target prices. | Illustration: Binay sinha

Analysts have scaled back earnings growth expectations for 2025-26 (FY26) and 2026-27 (FY27) despite the fourth quarter (Q4FY25) earnings scorecard surprising on the upside. The Street expects Nifty earnings per share (EPS) to grow less than 9 per cent year-on-year (Y-o-Y) — down from 15 per cent six months ago — to ₹1,135. Meanwhile, the Nifty EPS for FY27 is expected to grow 15 per cent (down from 18 per cent earlier) Y-o-Y to ₹1,305.

In a note, Nomura said FY27 earnings growth could be further cut by 4-8 per cent. “The corporate earnings-to-GDP ratio is close to its peak, and significant outperformance to nominal GDP growth is unlikely in the near term, in our view. Potential earnings headwinds include weak investment cycle, fiscal consolidation by

the government, reduced household financial savings, and weak export demand.

These, to an extent, could be negated by lower oil prices, inflation, and interest rates,

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