



# INDIAN CORPORATE SECTOR: Q1 FY2025 PERFORMANCE REVIEW AND OUTLOOK

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**Improvement in revenues and  
margins to continue in Q2 FY2025  
supported by festive season**

**AUGUST 2024**



## 1 Summary



## 2 Financial performance of the corporate sector in Q1 FY2025



## 3 Key macroeconomic trends



## 4 Key trends in the Indian corporate sector





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*Corporate India reported a moderate 6.2% YoY revenue growth in Q1 FY2025. Softening in input costs supported expansion in earnings by 30 bps to 17.6% in Q1 FY2025.*

*The evolving global economic and political scenario, potential slowdown in developed markets along with domestic rural demand will remain key monitorables over the near term.*



- **The aggregate revenues of 595 listed companies evaluated by ICRA (excluding financial sector entities) expanded by 6.2% YoY during Q1 FY2025 with a 30 bps margin improvement.** The YoY revenue growth was led by an improvement in demand across sectors like auto OEMs, consumer durables, FMCG, pharmaceuticals and power, despite some general decline in realisation levels due to moderation in input costs. However, the General Elections and heatwaves impacted revenues for sectors like construction, cement, iron and steel, hotels and auto OEMs, on a QoQ basis.



- **Operating leverage benefits coupled with easing of certain input costs led to a YoY expansion in operating profit margin (OPM) of India Inc. by 30 bps to 17.6% in Q1 FY2025.** Although input costs softened in recent months, they remain elevated over historic levels; consequently, India Inc.'s OPM of 19% witnessed during FY2022 is yet to be achieved.



- **The interest coverage ratio of India Inc. improved marginally to 4.7 times in Q1 FY2025 over 4.5 times in Q1 FY2024.** Better profitability amid the festive season and stable finance cost should aid in the improvement of the interest coverage ratio in Q2 FY2025.



- **ICRA expects India's gross domestic product (GDP) to grow by 6.8% in FY2025 after rising by 8.2% in FY2024.** We expect a transient slowdown in growth in H1 FY2025, followed by a pick-up to above the 7.0% mark in H2 FY2025 aided by a back-ended Government capex, some pick-up in private capex, and an improvement in rural demand following visibility around the kharif crop output and farm cash flows.



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