



# INDIAN CORPORATE SECTOR: Q3 FY2025 PERFORMANCE REVIEW AND OUTLOOK

**India Inc. enters CY2025 with  
optimism, driven by improving  
consumer sentiments**

**FEBRUARY 2025**



## 1 Summary



## 2 Financial performance of the corporate sector in Q3 FY2025



## 3 Key macroeconomic trends



## 4 Key trends in the Indian corporate sector





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*Corporate India reported a moderate 6.8% YoY revenue growth in Q3 FY2025. Elevated demand across consumption-oriented sectors and some moderation in input costs led to expansion in OPM by 31 bps on YoY basis to 18.1% in Q3 FY2025.*

*The evolving global economic and political scenario, ramp-up in Government spending along with a pick-up in urban demand will remain key monitorables over the near term.*



- **The aggregate revenues of 602 listed companies evaluated by ICRA (excluding financial sector entities) increased by 6.8% YoY during Q3 FY2025.** This was supported by improved demand across consumption-oriented sectors like consumer durables, retail, FMCG, gems and jewellery, and hotels. Rural demand witnessed improvement while urban demand remained muted.



- **Corporate India also reported a slight expansion in OPM in Q3 FY2025, by 31 bps to 18.1% on a YoY basis** on the back of increased revenues, coupled with some moderation in input costs. Further, the recovery in the operating profit margins (OPM) for India Inc witnessed over the past quarter is likely to be sustained at ~18.2-18.4% in Q4 FY2025, supported by an increase in demand, led by improved consumer sentiments.



- **The interest coverage ratio of India Inc. improved to 4.5 times in Q3 FY2025** over 4.3 times in Q3 FY2024. Increased profitability more than offset the slightly higher interest outgo (due to a rise in debt levels), which led to the improvement in interest coverage ratio. With expected improvement in earnings (owing to higher demand) and lower interest costs (led by recent repo rate cut), interest coverage ratio is expected to improve marginally to ~4.6-4.7 times in Q4 FY2025.



- **ICRA projects the GDP growth at 6.5% in FY2026 (vs. expected 6.4% in FY2025),** aided by some improvement in domestic consumption and investment, even as headwinds like the potential trade war and exchange rate volatility pose risks to the outlook.



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# Analytical Contact Details

Name	Designation	Email	Contact Number
Shamsher Dewan	Group Head	<a href="mailto:shamsherd@icraindia.com">shamsherd@icraindia.com</a>	0124 – 4545 328
Kinjal Shah	Co-Group Head	<a href="mailto:kinjal.shah@icraindia.com">kinjal.shah@icraindia.com</a>	022 – 6114 3442
Sakshi Suneja	Sector Head	<a href="mailto:sakshi.suneja@icraindia.com">sakshi.suneja@icraindia.com</a>	022 – 6169 3345
Taanisha Sharma	Senior Analyst	<a href="mailto:taanisha.sharma@icraindia.com">taanisha.sharma@icraindia.com</a>	022 – 6169 3344
Viren Jhunhunwala	Senior Analyst	<a href="mailto:viren.jhunhunwala@icraindia.com">viren.jhunhunwala@icraindia.com</a>	+91-9326585462





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# Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	<a href="mailto:shivakumar@icraindia.com">shivakumar@icraindia.com</a>	022-61693304
Neha Agarwal	Head – Research Sales	<a href="mailto:neha.agarwal@icraindia.com">neha.agarwal@icraindia.com</a>	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	<a href="mailto:rohitg@icraindia.com">rohitg@icraindia.com</a>	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	<a href="mailto:vivek.bhalla@icraindia.com">vivek.bhalla@icraindia.com</a>	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	<a href="mailto:vinita.baid@icraindia.com">vinita.baid@icraindia.com</a>	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	<a href="mailto:shivam.bhatia@icraindia.com">shivam.bhatia@icraindia.com</a>	0124-4545803
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	<a href="mailto:communications@icraindia.com">communications@icraindia.com</a>	0124-4545860





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