



# INDIAN CORPORATE SECTOR: Q1 FY2026 PERFORMANCE REVIEW AND OUTLOOK

**India Inc. delivers resilient Q1  
FY2026 performance; prepares for a  
cautious remainder of the fiscal year**

**AUGUST 2025**



## 1 Summary



## 2 Financial performance of the corporate sector in Q1 FY2026



## 3 Key macroeconomic trends



## 4 Key trends in the Indian corporate sector





[Click to see full report](#)

*Corporate India recorded a moderate 5.5% YoY revenue growth in Q1 FY2026, driven by steady—though subdued—demand across consumption and infrastructure-linked sectors. Margin pressures were evident in consumption and export-oriented industries, even as easing input costs provided relief to commodity-linked sectors such as steel manufacturing and oil marketing. Overall, operating margins remained resilient, with a modest 7 bps improvement YoY, notwithstanding a mixed demand and cost environment.*



- **Aggregate revenues of 585 listed companies in ICRA's sample (excluding financial sector entities) rose 5.5% YoY in Q1 FY2026**, supported by consumption-led sectors like consumer durables, retail, hotels, gems & jewellery, and infrastructure-linked sectors like capital goods, cement, and construction. Consumption sector growth was supported by premiumisation and the continuing value shift towards organised players, while infrastructure sector growth benefitted from a low base due to last year's election-related slowdown, amid early monsoons and lower energy demand this year weighing on revenue growth of construction and energy sector companies.
- **Corporate India reported a steady operating profit margin (OPM) of 18.1% in Q1 FY2026 (on a YoY basis)**. Margin expansion in sectors like cement, steel, oil marketing, and telecom was offset by a margin contraction in sectors like auto, consumer durables, IT services, and textiles. The OPM is likely to be sustained at 18.0-18.2% in Q2 FY2026, supported by resilient rural demand and softening of some input costs like crude oil and coal.
- **The interest coverage ratio of India Inc. declined marginally to 4.9 times in Q1 FY2026** vis-a-vis 5.0 times in Q1 FY2025. Commodity-linked sectors experienced an improvement in the interest coverage ratio, while export-linked sectors saw a decline of a similar magnitude. The interest coverage ratio of India Inc. is forecast to improve slightly in Q2 FY2026 benefitting from the festive season demand impulses and greater transmission of policy rate cuts on the borrowing rates.
- **India Inc. is set to post steady YoY revenue growth in Q2 FY2026** supported by healthy rural demand amid continued urban sluggishness. While income tax relief and easing food inflation offer support, a broader recovery in consumer sentiment remains key to reviving urban spending. A potential GST rate cut promises to be that demand stimulator. Meanwhile, geopolitical tensions and the US tariff turbulence continue to weigh on export-oriented sectors, including agro-chemicals, textiles, auto components, cut and polished diamonds, and IT services.



ICRA

# Analytical Contact Details

Name	Designation	Email	Contact Number
Jitin Makkar	Senior Vice-President and Group Head	<a href="mailto:jitinm@icraindia.com">jitinm@icraindia.com</a>	0124 – 4545 328
Kinjal Shah	Senior Vice-President and Co-Group Head	<a href="mailto:kinjal.shah@icraindia.com">kinjal.shah@icraindia.com</a>	022 – 6114 3442
Sakshi Suneja	Vice President and Sector Head	<a href="mailto:sakshi.suneja@icraindia.com">sakshi.suneja@icraindia.com</a>	022 – 6169 3345
Viren Jhunhunwala	Senior Analyst	<a href="mailto:viren.jhunhunwala@icraindia.com">viren.jhunhunwala@icraindia.com</a>	+91-9326585462
Aman Mundhada	Analyst	<a href="mailto:aman.mundhdada@icraindia.com">aman.mundhdada@icraindia.com</a>	022 – 6114 3458





ICRA

# 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
Sai Krishna	Head – Research Sales and Investor Connect	<a href="mailto:sai.krishna1@icraindia.com">sai.krishna1@icraindia.com</a>	9840774883
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 – East	<a href="mailto:vinita.baid@icraindia.com">vinita.baid@icraindia.com</a>	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	<a href="mailto:shivam.bhatia@icraindia.com">shivam.bhatia@icraindia.com</a>	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	<a href="mailto:sanket.kulkarni@icraindia.com">sanket.kulkarni@icraindia.com</a>	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	<a href="mailto:communications@icraindia.com">communications@icraindia.com</a>	0124-4545860





***© Copyright, 2025 ICRA Limited. All Rights Reserved.***

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

# Thank You!