



# INDIAN CORPORATE SECTOR: Q2 FY2026 PERFORMANCE REVIEW AND OUTLOOK

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**GST changes and global trade  
challenges defined Q2 FY2026;  
festive season poised to spark Q3  
performance**

**NOVEMBER 2025**



## 1 Summary



## 2 Financial performance of the corporate sector in Q2 FY2026



## 3 Key macroeconomic trends



## 4 Key trends in the Indian corporate sector





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*Corporate India recorded a 9.2% YoY revenue growth in Q2 FY2026, driven by improved demand across consumption and infrastructure-oriented 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 refining and marketing. The OPM remained resilient, with a 140 bps improvement YoY, notwithstanding a mixed demand and cost environment.*



- **Aggregate revenues of 2,966 listed companies in ICRA's sample (excluding financial sector entities) increased by 9.2% YoY in Q2 FY2026**, supported by consumption-led sectors like retail, hotels, and auto, and infrastructure-oriented sectors like capital goods and cement. Consumption sector growth was supported by rising premiumisation and the continuing value shift towards organised players, while infrastructure sector benefitted from the high capital expenditure (capex) spending by the Government on a YoY basis.



- **Corporate India reported a 140 bps YoY improvement in operating profit margin (OPM) to 16.1% in Q2 FY2026**. Margin expansion in sectors like cement, oil & gas, telecom and power was partly offset by a margin contraction in sectors like retail, construction, and airlines. The OPM is likely to improve by 50-100 bps YoY in Q3 FY2026, supported by resilient rural demand, revenue growth spurred by festive season demand momentum and goods & services tax (GST) rate reductions, alongside the easing of input costs such as crude oil and coal.



- **While total debt for ICRA's sample set rose to an all-time high of Rs. 23.8 lakh crore as on September 30, 2025, marking a 4% increase over September 30, 2024, credit metrics remained broadly stable supported by healthy OPM**. Higher debt levels were driven by debt-funded capex across sectors such as industrial, capital goods, power and construction. Oil & gas and telecom reported decline in debt levels backed by strong cash flow generation. Expected normalisation of debt levels along with expansion in OPM will result in an improvement in credit metrics over the near term.



- **India Inc. is set to post 8-10% YoY revenue growth in Q3 FY2026** supported by healthy rural demand. The GST rate rejig, income tax relief announced during the Union Budget 2025, 100 bps interest rate cut between February 2025 and November 2025, leading to lower borrowing costs and easing food inflation offer support, acting as tailwinds to reviving urban spending. Meanwhile, geopolitical tensions and the steep US tariffs continue to weigh on export-oriented sectors, including agro-chemicals, textiles, auto components, cut and polished diamonds, and IT services.

Note: OPBDITA – operating profit before depreciation Interest tax and amortisation



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