



# INDIAN CORPORATE SECTOR: Q2 FY2024 PERFORMANCE REVIEW AND OUTLOOK

**India Inc. maintains improved  
margin trajectory in Q2 FY2024 with  
festive period likely to aid further  
improvement**

**NOVEMBER 2023**



## 1 Summary



## 2 Financial performance of the corporate sector in Q2 FY2024



## 3 Key macroeconomic trends



## 4 Key trends in the Indian corporate sector



*Corporate India reported a moderate 1.6% YoY growth in revenues in Q2 FY2024. Along with the softening in input costs, this supported expansion in earnings.*

*Evolution of the global economic scenario would remain a key monitorable over the near term.*



- **The aggregate revenues of 601 listed companies evaluated by ICRA (excluding financial sector entities) expanded by 1.6% on a YoY basis during Q2 FY2024 with a decent margin expansion.** The YoY revenue expansion was curtailed to an extent by a general decline in realisation levels amid softening input costs (mainly raw materials) for most of the sectors.
- **Operating leverage benefits coupled with easing of some input costs led to a YoY and sequential expansion in operating profit margin (OPM) of India Inc.** by 398 bps and 64 bps, respectively, in Q2 FY2024. However, while input costs softened in recent months, they remain elevated than the historic levels, and as a result, India Inc.'s OPM is yet to reach the levels witnessed during Q2 FY2022.
- **Despite the variations in debt levels, India Inc. reported largely stable credit metrics over the recent past.** The improvement in earnings on the back of recovery in demand across sectors arrested any sharp increase in gearing and Debt/OPBITDA levels during H1 FY2024. India Inc. is expected to report stable credit metrics going forward despite expectations of some debt addition to support growth prospects.
- **While India Inc.'s performance in Q3 FY2024 is expected to be supported by the seasonally strong festive period,** the uncertainties in the global economic environment, ongoing geopolitical developments and inflationary pressures on rural sentiments and related sectors are potential headwinds. Accordingly, India Inc.'s ability to navigate these challenges remains critical.



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