

# Icra sees India Inc revenue growing by 5-6% in 2nd quarter

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**NEW DELHI:** Rating agency Icra expects India Inc to report muted revenue growth of 5-6% in the second quarter of the fiscal as against 5.5% in the preceding three months. Coupled with softening of input costs such as crude oil and coal, this will result in a steady Operating Profit Margin (OPM) in the range of 18-18.2% on a year-on-year (y-o-y) basis, it said in a release.

As a result, the credit metrics of India Inc. in Q2 FY2026 are likely to remain largely stable, with the interest coverage ratio at 4.9-5.1 times, against 4.9 times in Q1 FY2026, it said.

"The ongoing geopolitical tensions and steep US tariffs continue to impact demand sentiments, especially for export-oriented sectors such as agro-chemicals, textiles, auto and auto components, seafoods, cut and polished diamonds, and IT services," said Kinjal Shah, Senior vice president and co-Group head - Corporate Ratings at Icra Limited.

She further said that while domestic rural demand remains resilient, urban demand is yet to recover meaningfully.

Despite tailwinds such as income tax relief and easing food inflation, a recovery in sentiments would be key to a pickup in urban demand. In that context, the expected GST rate cuts could provide some stimulus to demand, Shah added.

Icra said its analysis of the performance of 585 listed companies (excluding financial sector entities) in the first quarter



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of FY2026 revealed 5.5% y-o-y revenue growth, led by healthy demand in consumption-oriented sectors and infrastructure-oriented sectors.

Following a seasonally strong Q4 FY2025, revenues of India Inc declined sequentially by around 4.1% in Q1 FY 2026, led primarily by sectors like real estate, construction, capital goods, hotels and airlines, the rating agency said. It added that while the overall urban demand growth has been tepid over the past 18 months, premiumisation of consumption is apparent across several product categories - from automobiles to FMCG to watches.

The product mix change is supporting headline revenue growth at a time when volume growth has been soft, it said.

Likewise, organised players in sectors, including hospitality, hospitals, and jewellery retail, are expanding their footprint through a mix of acquisitions and other commercial arrangements supporting overall revenue growth, Icra said.