14 August 2026

Corporate results Q1 FY27

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India Inc.'s registered a resilient corporate performance in Q1 FY27. For a sample of 2,623 companies, net sales rose at a solid pace of 17.1% compared with a growth of 4.6% in Q1 FY26. Profit too improved to 12.5% this year, compared with 10% growth in the same period last year. Within this, the BFSI segment recorded stable growth in net sales, even as profit growth was significantly higher. Excluding the BFSI sector, while growth in sales shows a significant uptick to 20.5% in Q1 FY27 compared with just 3.3% in Q1 FY26, there is a sharp deceleration in profits. However, this deceleration can be largely traced back to a sharp decline in profits in the petroleum sector due to the increase in global oil prices. In fact, if we remove both BFSI and petroleum sector from the aggregate sample, the results show a marked improvement in financial performance. Net sales for the sample increased sharply from 5% in Q1 FY26 to 17.5% in Q1 FY27. Profit growth is also much higher at 23.7% in Q1 this year, compared with 7.3% in Q1 FY26.

Table 1: Summary results of India Inc in Q1 FY27 (2,623 companies)

Category	Q1 FY26, Rs crore		Q1 FY27, Rs crore		Q1 FY26, % YoY		Q1 FY27, % YoY	
	Net sales	PAT	Net sales	PAT	Net sales	PAT	Net sales	PAT
BFSI	8,88,448	1,48,189	9,63,970	1,70,790	8.1	8.8	8.5	15.3
Non-BFSI	22,25,375	2,01,867	26,80,933	2,23,053	3.3	11.0	20.5	10.5
Non-BFSI, Non-Crude	16,78,439	1,76,895	19,72,323	2,18,873	5.0	7.3	17.5	23.7
Total	**31,13,823**	**3,50,056**	**36,44,903**	**3,93,844**	**4.6**	**10.0**	**17.1**	**12.5**

Source: AceEquity, Bank of Baroda Research

Non-BFSI, Non-Crude sector: Aggregate picture

A closer look at the non-BFSI sector could offer greater insight into the performance of the corporate sector. However, as noted earlier, the inclusion of crude oil sector greatly mirages the actual performance. Hence, we have presented a more nuanced analysis below which also excludes the crude oil sector. It must be noted that in terms of net sales, crude oil is one of the most important sector accounting for over 19% of the total sales. However, for our analysis here, we have excluded the crude oil sector as it greatly skews the profit picture.

Table 2: Summary results of non-BFSI non-oil companies in Q4 FY26 (1,282 companies)

Indicator	Q1 FY25, Rs crore	Q1 FY26, Rs crore	Q1 FY27, Rs crore	Q1 FY26, % YoY	Q1 FY27, % YoY
Net Sales	15,98,810	16,78,439	19,72,323	5.0	17.5
PBDIT	3,33,969	3,54,215	4,13,980	6.1	16.9
PBIT	2,64,110	2,80,025	3,33,447	6.0	19.1
PAT	1,64,840	1,76,895	2,18,873	7.3	23.7
Interest expense	45,868	46,171	46,341	0.7	0.4
Interest cover	5.8	6.1	7.2	-	-
Expenditure	13,27,079	13,91,684	16,28,031	4.9	17.0
--Cost of Services & Raw Materials	5,58,747	6,08,654	7,40,842	8.9	21.7
-- Operating & Manufacturing Expenses	2,92,447	3,03,909	3,48,205	3.9	14.6
--Employee Cost	1,79,803	1,91,556	2,09,335	6.5	9.3

Source: AceEquity, Bank of Baroda Research

For the non-BFSI non-crude sector, there was a marked improvement in net sales in Q1 FY27. Compared with 5% last year, net sales increased by 17.5% in Q1 FY27. Profit indicators too showed a marked improvement, despite an increase in expenditure. Expenditure growth accelerated from 4.9% in Q1 FY26 to 17% in Q1 FY27. Within expenditure, the increase is largely led by higher costs of services and raw materials which account for over 45% of the total expenditure. Cost of services and raw materials for the given sample of companies increased sharply by 21.7% in Q1 FY27 compared with 8.9% growth in the same period last year. This likely reflects the impact of higher global commodity prices due to the war in West Asia. Operating and manufacturing expenses also increased by 14.6% in Q1 FY27 versus a growth of 3.9% in the same period last year.

On the positive side, interest expense of firms remained stable. As a result, the debt servicing of companies, as measured by the interest cover ratio (ICR) showed improvement. ICR is calculated as the ratio of PBIT to interest expense and gauges whether the company is earning enough profits to cover its debt obligations. For the given sample, the interest cover ratio improved from 6.1 in Q1 FY26 to 7.2 in Q1 FY27.

<u>Segment wise analysis (including crude oil)</u>

A more disaggregated picture shows some interesting trends. Industries have been categorised into 8 broad categories based on the final use of the finished products. Some interesting observations which can be drawn are:

- For all the segments, there has been an improvement in net sales. This can partly be attributed to base effect as sales in Q1 FY26 were generally subdued for most of the sectors. A part of the increase in sales can also be due to price impact as several industries raised prices to combat higher input prices.
- For profits, barring consumer oriented and crude oil, all other segments noted an improvement. For crude oil, the impact is largely due to higher global oil prices. It must be noted that global crude oil prices averaged about US$ 97/bbl in Q1 FY27, compared with US$ 67/bbl in the same period last year. As a result, the cost of raw materials for OMCs increased by about 78% in Q1 FY27. At the same time, retail fuel prices were increased only in May’26 which resulted in OMCS absorbing a large part of the increase in oil prices, thus denting profitability.

Table 3: Broad use-based category wise performance of companies (non-BFSI)

Category	Q1 FY26, Rs crore		Q1 FY27, Rs crore		Q1 FY26, % YoY		Q1 FY27, % YoY	
	Net sales	PAT	Net sales	PAT	Net sales	PAT	Net sales	PAT
Consumer oriented	4,96,885	48,410	6,02,840	48,384	7.2	13.4	21.3	-0.1
Export oriented	1,84,836	14,224	2,24,262	20,361	10.0	24.6	21.3	43.1
Infra	4,38,926	28,860	4,98,143	42,622	5.0	17.4	13.5	47.7
Metals and Mining	45,996	10,328	63,196	15,869	-15.6	10.2	37.4	53.7
Crude oil	5,46,936	24,973	7,08,609	4,180	-1.6	46.5	29.6	-83.3
Power	99,704	13,459	1,10,199	16,649	-2.9	-19.4	10.5	23.7
Real Estate	12,940	1,123	16,096	2,193	-6.0	-19.0	24.4	95.2
Services	3,99,153	60,491	4,57,587	72,796	5.6	3.1	14.6	20.3
Total non-BFSI	**22,25,375**	**2,01,867**	**26,80,933**	**2,23,053**	**3.3**	**11.0**	**20.5**	**10.5**

Source: AceEquity, Bank of Baroda Research

- Consumer based industries have done well in terms of both sales, even though the profit part was impacted due to rising costs. Within consumer oriented segment, FMCG and auto sector reported a decline in profits despite strong sales. This is due to higher prices of raw materials as well as elevated freight and shipping charges. Cost of services and raw materials for the auto sector almost doubled from 15% in Q1 FY26 to over 30% in Q1 F27. For FMCG companies, the higher expenditure was on account of both higher costs for raw materials as well as higher operational and manufacturing expenses.
- Export-oriented industries performed well on both sales and profit metrics. These include sectors such as textiles, chemicals and diamond and jewellery. A weaker rupee could explain a part of the increase in sales as it likely resulted in improving export competitiveness.
- Infra and related sectors continued to do well supported by a sustained focus on capex.
- Sales and profitability growth for the metals and mining sector was driven by higher prices of metals.
- For the power sector, a positive base effect impacted the financial performance. At the same time, seasonal demand also helped in higher sales.
- The real estate sector showed a strong performance driven by continued demand for premium housing and data centers. Demand for commercial real estate too showed improvement.
- For the services sector, growth in net sales was robust driven by strong demand momentum seen in the IT sector due to AI.

Disaggregated sectoral analysis

FMCG: Despite a challenging quarter and higher inflation, the FMCG industry delivered strong sales growth. Rural demand continued to show momentum, even as urban demand was marked by a further shift towards premiumization. However, the impact of West Asia crisis was visible in lower profitability as prices of key inputs such as palm oil, continued to remain elevated. Segment wise, performance drivers are discussed below:

- Cigarettes: Sharp increase in tax rate led to impact on profitability, even as sales growth remained robust. Companies have taken measures to mitigate the impact of the tax hike in a staggered manner in order to maintain the customer base.
- Home and personal care: Underlying demand drivers remained strong, with a continued shift towards premiumization. Personal care and beauty continue to drive growth, with strong noted in both mass as well as premium segments. Costs have increased which have been offset by calibrated price increases.
- Consumer food: Strong demand was witnessed across premium categories. Demand for lifestyle and healthy alternatives showed momentum. Packaged food demand also picked up further pace. For staples, West Asia conflict led to an increase in costs. Growth has been much stronger across e-commerce and quick commerce channels.
- Edible oils: The segment continued to witness high input price volatility due to the West Asia conflict. Growth was driven by demand for palm and mustard oil. The underlying trend of premiumization also continued.

Overall, for the FMCG industry, the outlook remains positive with stable demand trends. Input price volatility and risks associated with El-Nino, however, remain a key monitorable.

IT: IT sector reported a strong earning quarter driven by sustained demand momentum. Major players in the segment reported momentum in large deals. Strong demand was noted for AI services covering a range of services ranging from AI-led optimization programs such as modernization, cyber-security, cloud infrastructure etc, to more large-scale AI-driven transformation. In terms of geographical distribution, North and Latin America and Europe continued to drive growth. India business also expanded at a healthy pace. Segment wise, BFSI, technology, software and services and manufacturing sector accounted for a large part of the growth in sales.

Crude oil: Net sales were higher due to increase in retail fuel prices. Consumption of both petrol and diesel was healthy in this quarter. On the other hand, consumption of ATF was lower due to suspension of several international air routes. Similarly, LPG sales were also lower due to restrictions on domestic consumption of commercial LPG. On the positive side, companies reported that despite challenges, uninterrupted supplies were ensured by a mix of diversification of imports from countries such as Russia, Venezuela and Brazil. Profits were impacted due to continued volatility in international crude oil prices which squeezed marketing margins on retail fuels. Firms remain optimistic of a recovery in margins as global situation stabilizes.

Automobiles:

- Passenger cars: There was a steady growth in sales driven by domestic sales as the impact of GST cuts is still visible in demand momentum. Sales of smaller cars picked up, even as sales of mid-size and SUVs maintained traction. EV penetration also continued to increase. There was increase in sales to first-time buyers. Further, both urban as well as rural markets showed significant traction. Exports were impacted, especially to the Middle East due to the West Asia crisis. Margins were impacted due to higher global commodity prices which led to increase in energy, logistics and material costs. At the same time, depreciation in INR also adversely impacted profitability. On the other hand, companies resorted to cost reduction strategies to offset the impact of higher global prices. Companies also resorted to calibrated price increases.
- Two-wheelers/3wheelers: Sales growth was driven by both domestic sales as well as exports. Demand for EV variants increased further. Traction was also seen in demand for 2W with over 150cc engines. In terms of exports, while there was a decline in exports to MENA region, this was offset by an increase in exports to African countries. Cost pressures increased further due to elevated prices, particularly for metals. This was offset by pricing actions. Regarding 3W business, demand was robust particularly for Electric variants.
- Tractors: Significant traction in sales of tractors due to a continued shift towards farm mechanization. There has been an increase in rabi cash flows, leading to higher rural incomes. Increased spending by state governments too has been contributing to higher rural spending. Margins were impacted due to higher costs of imported inputs and supply chain disruptions. While prices have not increased so far, price hikes are likely in the future.
- **Auto ancillary:** Healthy demand for tyres led by continued tailwinds from GST rationalization. Exports also recovering well. Input price inflation remained high due to elevated rubber prices, leading to effective cost management for other operational costs.

Insurance: The sector continued to perform well driven by several factors such as high share of working population, rapid urbanization and rising affluence. Rapid spread of digital insurance products is also underpinning the growth of the sector. With insurance penetration in India still low compared to other countries, the sector is expected to continue to grow.

Iron and steel: Steel demand continued to be driven by automotive industry. On the other hand, construction demand slowed down due to onset of monsoons. Global supply chain issues continued to impact business due to higher logistics and freight costs. Prices of coking coal and iron ore too increased in this quarter. Government's decision to impose safeguard duty on steel and higher domestic steel prices aided growth and profitability.

Power: Power demand was strong in Q1 FY27 due to summer season. Higher than normal temperature in peak summer season, ongoing heatwaves and delay in onset of monsoon led to a strong demand surge in this quarter. Growth in profitability was aided by higher volumes and improved realizations.

Chemicals: Growth continued to be strong driven by both B2C and B2B businesses. Domestically, both urban and rural demand showed traction. Higher raw material prices were managed through efficient cost management strategy. Prices increases and utilization of existing inventory helped maintain profit margins.

Fertilizers: Demand momentum was maintained despite several challenges. Monsoon activity remained downbeat throughout the quarter but picked up pace. Inventory levels remain comfortable despite global shortages. In terms of input price inflation, prices of key raw material continued to remain elevated. While the government announced an increase in subsidy rates under the NBS regime, this is not deemed to be enough to compensate for the higher input prices.

Paints: Sales momentum was strong driven by decorative segments. The trend of premiumization continued. Demand drivers were strong across both rural and urban markets, with rural markets continuing to outperform. At the same time, B2B business also reported strong growth. On the paints side, price increases helped maintain healthy growth in profits. Other businesses such as automotive and industrial segments also did well even though margins were impacted due to higher costs and competition.

Retailing: Demand momentum remained strong. Traction was seen in both food and non-food categories. Within retailing, e-commerce segment continued to grow at a much sharper pace led by food ordering as well as quick commerce. This is led by expanding customer base and changing spending habits.

Telecom: Customer base continues to expand. The average revenue per user (ARPU) increased due to a shift towards premiumization and change in product mix. Home internet is a growing segment for major players due to increased penetration of smart TVs.

Diamond and jewllery: Sales growth was driven by festive demand (Akshaya Trithiya) and wedding season. Sharp increase in custom duty on gold (from 6% to 15% w.e.f May 2026) impacted business. However, this was offset by targeted campaigns aimed at gold recycling and reducing import dependence. Sales were also driven by comprehensive digital marketing campaigns. Growth in North American and GCC regions was higher.

Real Estate: Housing demand has continued to grow supported by a steady increase in nominal wages and a large proportion of working age population. Higher demand for large ticket houses, which is also being reflected in developers focusing more on the luxury segment. At the same time, demand for business and office spaces has also been picking up. Data centres are another segment which is witnessing significant traction, especially in Tier 2 and Tier 3 centres.

Drugs and pharmaceuticals: Sales and profit growth were impacted due to base effect. Companies reported strong growth in sales in domestic as well as exports markets, especially North America. However, increased competition is likely to taper growth in the rest of the year. In the domestic market, prescription and chronic segments continued to grow at a stable pace. Sales was driven by volume led growth, new product launches and product mix.

Textiles: For the spinning business, there is a strong demand from China. Yarns prices inched up significantly in Q1, which aided profitability. Further, cotton prices are likely to inch up further due to a supply and demand mismatch, which will also strengthen profitability. Fabrics business underperformed but is showing signs of recovery.

Consumer durables: For air conditioners, household demand was stable even though operational headwinds kept profitability weak. Higher input prices, rupee depreciation and climate related uncertainty were key headwinds. On the positive side, strong demand was noted from the B2B channels, especially from data centres. Commercial AC system also continued to do well on the back of strong demand from retail, industrial and health care sectors. Profit margins were impacted by both war-related disruptions as well as regulatory changes. This was despite higher prices. For other consumer electronics, demandmaintained momentum. Growing trend of premiumization. Urban demand is growing, but demand is also stemming from Tier 2 and Tier 3 cities.

Cement: Demand from the infrastructure sector was driven by construction of highways, expressways and metros in almost all major regions of the country. At the same time, demand from the housing and rural sector was also strong. Labor unavailability in some regions, particularly in Eastern region impacted demand. Companies resorted to price increase due to elevated input costs and further cost pass through is likely.

Ceramics: Business was impacted due to the war in West Asia which led to significant increase in gas prices. Large part of the impact was felt in Apr'26 due to shutdown in a key plant as well as labour shortages due to state elections. Companies had to resort to price hikes to account for the higher costs. Demand situation is stable from both retail as well as institutional channels.

Wood: Price increases were undertaken in the plywood business to account for the higher costs due to geo-political situation in West Asia. In the laminate business, strong demand was observed. Growth was driven by continuous innovation and new product launches.

Conclusion:

Corporate sector performance in Q1 FY27 was robust given the operational conditions. The quarter was market by several headwinds, including persisting commodity and currency volatility. However, India Inc. was able to manage these challenges by a prudent mix of supply chain reorganization, inventory management, calibrated price hikes and cost optimization. Sales growth was strong, while profitability indicators too showed marked improvement over last year. Almost all industries were impacted by the

West Asia crisis and noted a significant increase in their input costs. While some have passed on the higher costs to consumers, others are opting for a more measured and calibrated price response, to protect their margins. The robust growth in sales, notwithstanding the higher price scenario, suggests that the underlying growth momentum remains strong. On the companies' side, war related uncertainty still lingers on which will continue to impact their investment decisions. Overall, the financial performance of India Inc. continues to paint the picture of an economy which is strong and resilient to external shocks, with both the consumption and manufacturing engines fueling growth.

Annexure 1: Growth in net sales Q1 FY27

Sector	Number of companies	Net Sales, Rs. crore	Growth in net sales, % YoY
Crude Oil	17	7,08,609	29.6
Bank	40	5,89,738	7.0
Automobile & Ancillaries	167	3,08,591	26.4
Insurance	10	2,09,538	8.6
IT	138	1,94,823	14.7
Iron & Steel	79	1,71,773	13.1
Finance	343	1,64,694	14.2
FMCG	119	1,40,048	18.2
Chemicals	177	1,16,988	15.9
Power	24	1,10,199	10.5
Capital Goods	187	1,00,145	25.7
Infrastructure	81	90,201	7.6
Healthcare	156	87,655	11.3
Construction Materials	74	74,730	11.2
Telecom	28	62,556	9.2
Non - Ferrous Metals	24	60,512	38.5
Gas Transmission	6	58,188	19.2
Retailing	36	50,488	19.9
Trading	155	49,109	36.4
Diamond & Jewellery	24	39,767	42.9
Textile	171	39,744	7.1
Alcohol	17	29,662	15.2
Electricals	38	27,763	46.2
Agri	71	26,853	7.2
Consumer Durables	38	23,952	17.7
Logistics	49	20,683	22.1
Business Services	56	17,367	11.6
Realty	73	16,096	24.4
Plastic Products	71	15,496	9.4
Media & Entertainment	47	10,558	12.9
Hospitality	62	10,496	8.4
Paper	29	7,750	12.3
Inds. Gases & Fuels	8	7,446	-44.0
Mining	8	2,684	16.3
Total	**2,623**	**36,44,903**	**17.1**

Source: AceEquity, Bank of Baroda Research

Annexure 2: Growth in PAT Q1 FY27

Sector	Number of companies	Net Sales, Rs. crore	Growth in net sales, % YoY
Bank	40	1,07,243	16.0
Finance	343	45,491	14.4
IT	138	39,415	22.2
Automobile & Ancillaries	167	25,631	-4.9
Insurance	10	18,057	13.1
Power	24	16,649	23.7
Healthcare	156	15,944	3.6
Non - Ferrous Metals	24	15,272	55.0
Iron & Steel	79	15,124	19.2
FMCG	119	14,273	-5.1
Chemicals	177	12,643	33.5
Capital Goods	187	10,537	24.4
Infrastructure	81	7,655	33.6
Gas Transmission	6	5,804	76.6
Construction Materials	74	5,432	33.4
Logistics	49	4,553	97.2
Crude Oil	17	4,180	-83.3
Telecom	28	3,919	*
Retailing	36	3,259	28.8
Diamond & Jewellery	24	2,701	52.8
Textile	171	2,701	78.3
Electricals	38	2,317	57.6
Realty	73	2,193	95.2
Hospitality	62	1,680	3.5
Consumer Durables	38	1,513	62.7
Business Services	56	1,461	-0.9
Inds. Gases & Fuels	8	1,395	35.4
Media & Entertainment	47	1,256	-18.0
Trading	155	1,243	-28.3
Alcohol	17	1,196	29.5
Agri	71	1,071	12.1
Plastic Products	71	1,040	29.0
Mining	8	597	26.6
Paper	29	401	43.3
Total	**2623**	**3,93,844**	**12.5**

Source: AceEquity, Bank of Baroda Research |Note: * indicates abnormally high or low growth rates

Annexure 3: Sector wise ICR for non-BFSI

Sector	Q1 FY25	Q1 FY26	Q1 FY27
Agri	2.45	2.90	3.23
Alcohol	6.20	6.13	6.56
Automobile & Ancillaries	18.31	23.99	20.37
Business Services	6.45	6.74	6.14
Capital Goods	12.31	12.43	13.32
Chemicals	8.71	10.10	12.15
Construction Materials	4.78	5.56	6.29
Consumer Durables	8.94	7.47	10.45
Crude Oil	5.74	8.07	1.86
Diamond & Jewellery	5.28	5.66	7.43
Electricals	5.21	7.91	9.45
FMCG	20.04	20.68	20.22
Gas Transmission	22.08	18.43	22.31
Healthcare	16.67	13.82	12.43
Hospitality	5.96	7.45	8.62
Inds. Gases & Fuels	22.16	19.01	26.46
Infrastructure	3.36	3.43	4.55
Iron & Steel	4.10	4.63	5.34
IT	45.82	45.20	43.19
Logistics	4.25	3.72	5.95
Media & Entertainment	5.36	5.64	5.49
Mining	53.48	15.82	27.53
Non - Ferrous Metals	6.15	19.55	23.90
Paper	4.06	2.42	3.88
Plastic Products	7.89	5.17	6.44
Power	3.62	3.08	3.42
Realty	2.11	1.99	2.96
Retailing	4.83	6.41	7.12
Telecom	0.92	0.98	1.57
Textile	2.90	3.09	4.67
Trading	5.99	4.93	4.03
Total	**5.76**	**6.25**	**6.73**

Source: AceEquity, Bank of Baroda Research

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