"While headline earnings show resilience, ex-petro performance is considerably weaker; Near-term outlook hinges on the forthcoming U.S.-India trade agreement and extent of GST rate cut-led domestic demand revival "

यूनियन बैंक ऑफ इंडिया
भारत सरकार का उपक्रम
Union Bank of India
A Government of India Undertaking

CORPORATE EARNINGS

Q2 FY26

December 2025

BANKING RESEARCH TEAM

Executive Summary of corporate earnings releases in Q2 FY26

Overall

- Net sales growth inched up to 6.5% from 4.4% in Q1 FY26, marking a mild uptick versus the softness seen through early FY25, suggesting a gradual recovery in topline momentum.
- Operating profit growth softened to 7.9%, indicating margin pressures persist, and profitability remains below the earlier peaks seen in FY23–FY24.
- PAT growth moderated to 8.4%, reflecting stable but subdued earnings traction, with profit growth now normalised and showing k-shaped recovery across sectors while lacking broad sectoral strength.
- Overall, corporate earnings in Sep-25 appear resilient but no decisive acceleration in profitability if adjusted for petro sector.

Capex

- Total capex growth has sharply decelerated to just 0.7% in H1 FY26, marking the weakest expansion in the multi-year series and signalling a clear slowdown in fresh investment activity.
- The downward trend suggests corporates have mostly delayed their envisioned capex plan broadly due to the impending India US trade deal and uncertain trade dynamics.
- Wait for return of animal spirit may get prolonged owing to the lack of clarity in fast changing trade dynamics and uncertain geopolitical environment.

Outlook

- **Corporate earnings are expected to remain steady but uneven, with manufacturing showing early signs of recovery, services facing margin pressures, and BFSI normalising from its high-growth phase. However, the overall trajectory remains highly sensitive to global trade tensions, posing meaningful risks to export led sectors.**

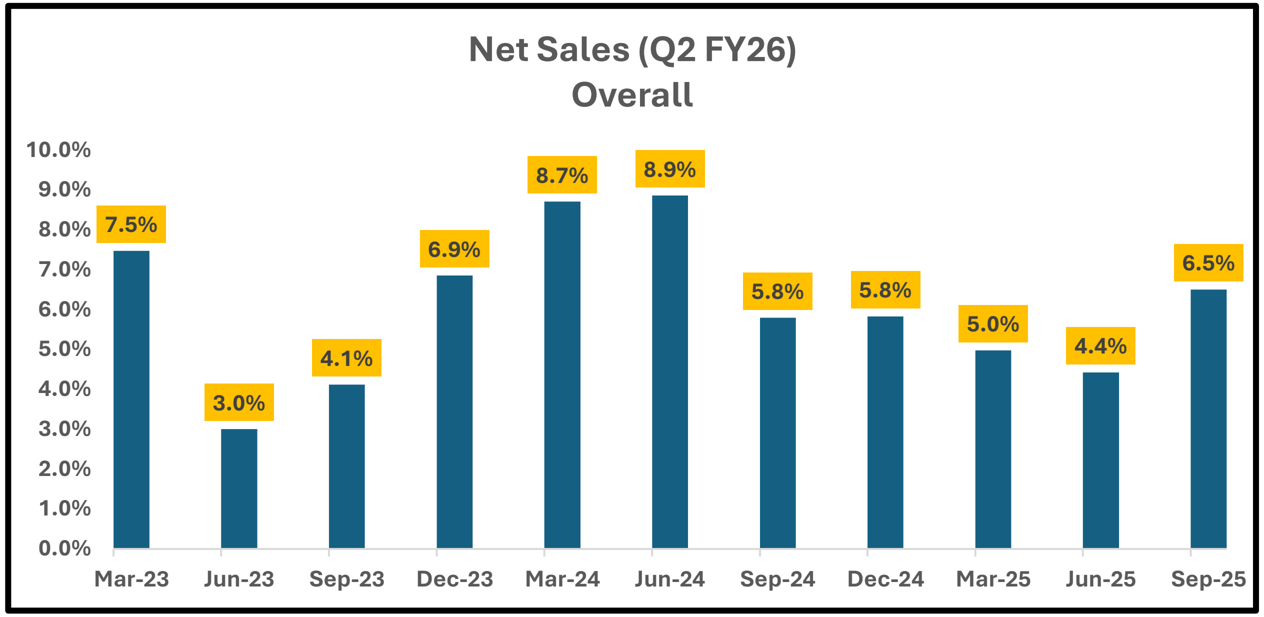
Manufacturing

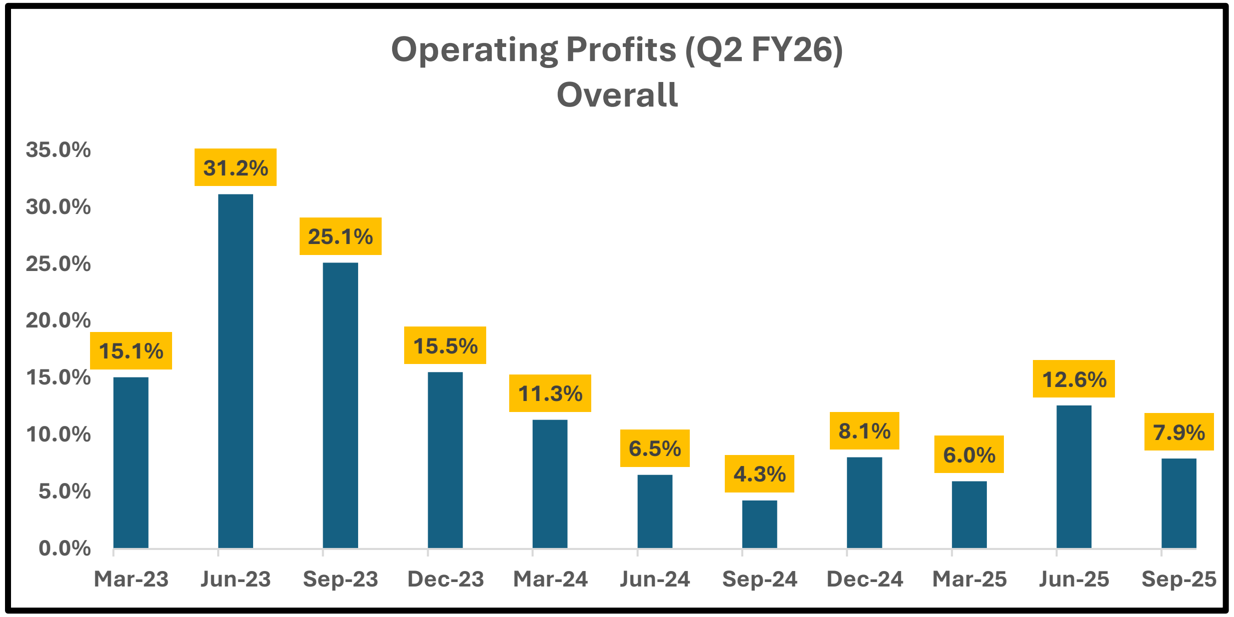
- Net sales grew 6.3%, marking the strongest print in five quarters and reflecting a modest improvement in underlying demand after a prolonged period of subdued revenue momentum.
- Operating profit increased 14.0%, indicating a meaningful rebound in profitability compared to the contraction seen through FY24, though broad-based recovery hinges on the impending India US trade deal.
- PAT rose 15.2%, signalling continued normalisation of earnings as margin pressures ease and cost structures stabilise across key sectors.
- Overall, the Sep-25 quarter shows a steady recovery, supported by improving sales traction and better operating leverage. However, the rebound remains subdued on account of slow down in sectors like textiles, FMCG, Metals and healthcare.

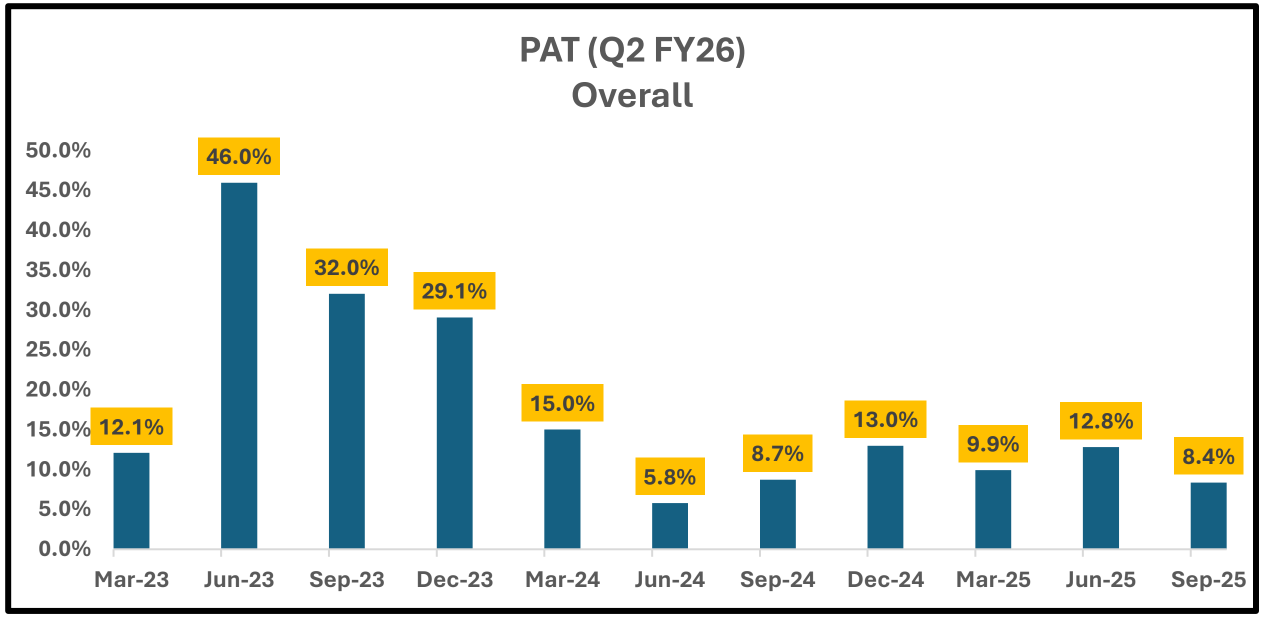
Services

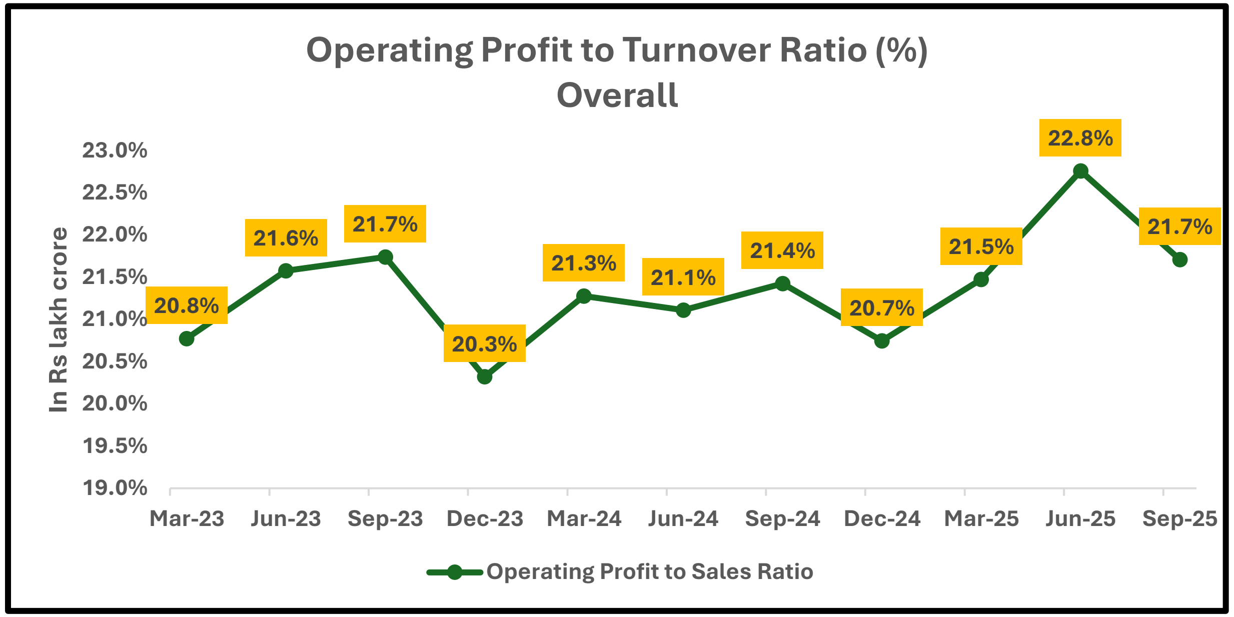
- Net sales grew 6.1%, reflecting stable but not accelerating demand conditions across key service segments, broadly in line with the trend of the last few quarters.
- Operating profit increased only 0.7%, marking a sharp slowdown and indicating significant margin compression despite steady revenue growth.
- PAT declined 12.2%, signalling pronounced earnings pressure, driven by higher costs and weaker operating leverage seen in the previous quarters.
- Overall, the Sep-25 quarter points to a weakening services sector, where topline stability is overshadowed by erosion in margins and profitability, suggesting that the earnings cycle for services is entering a benign phase.

Corporate earnings reflect a gradual recovery, with better outlook in H2 FY26





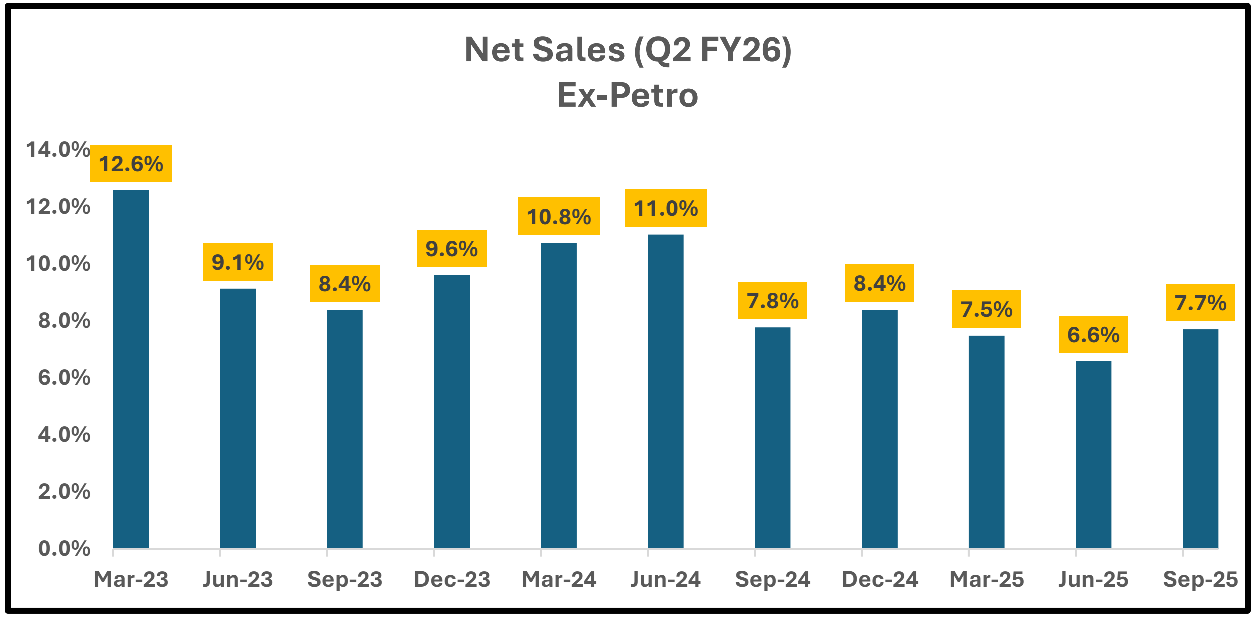


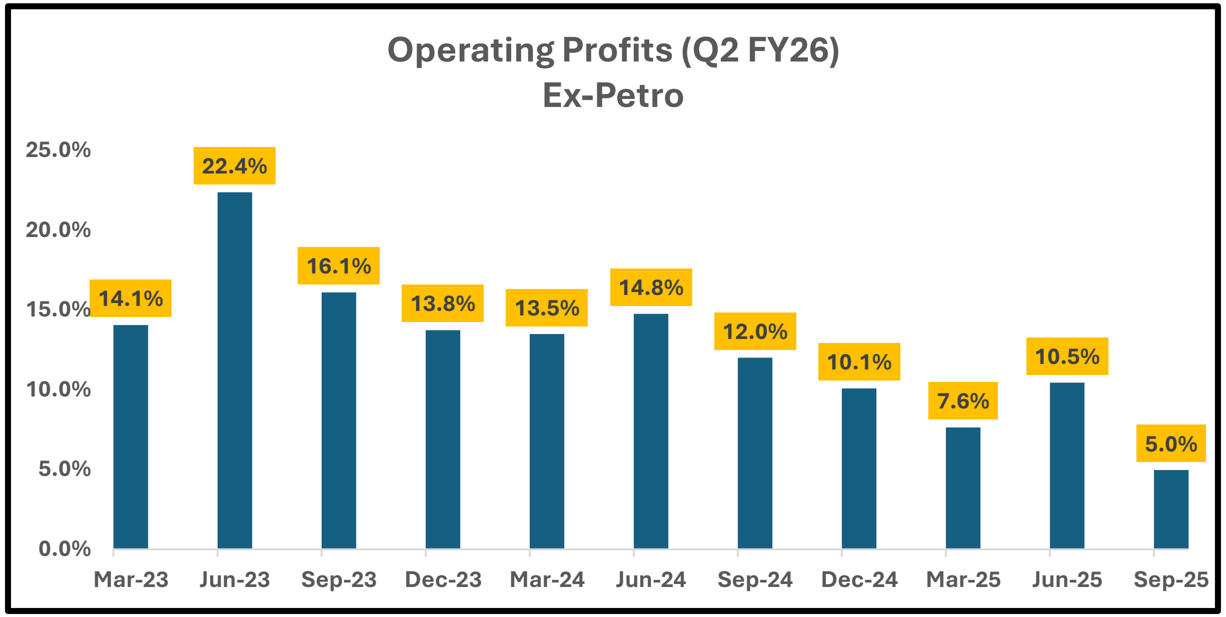


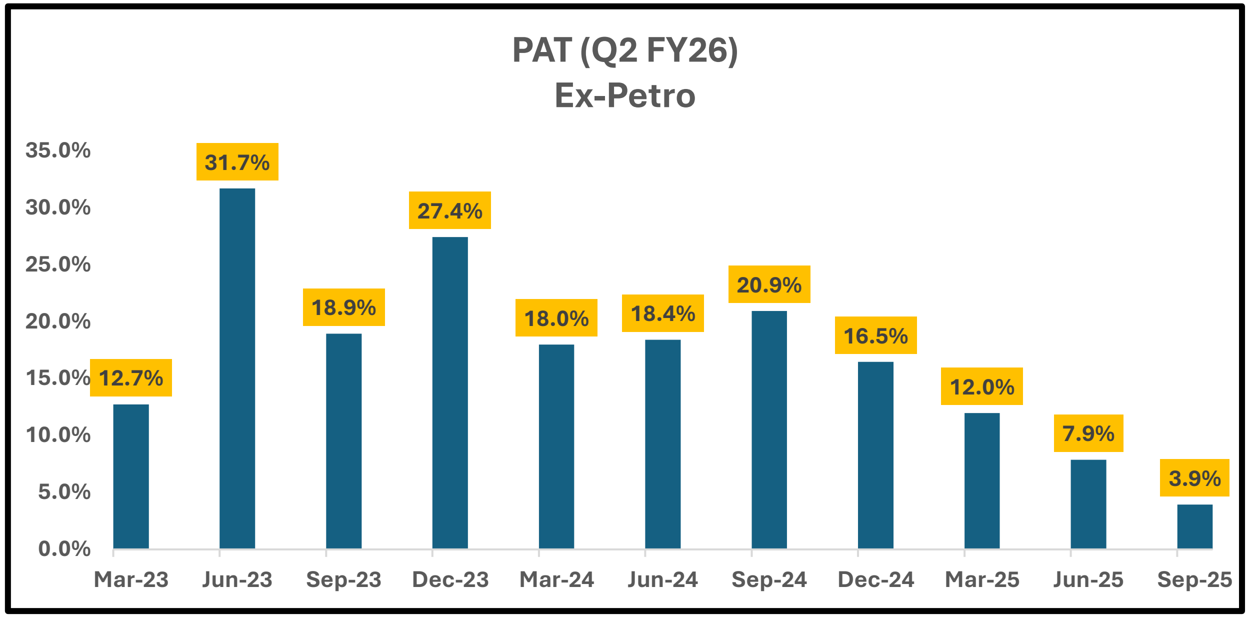
Sample Size -Total companies -2519, Manf.- 1,444, Services- 548, BFSI - 390, Others- 137

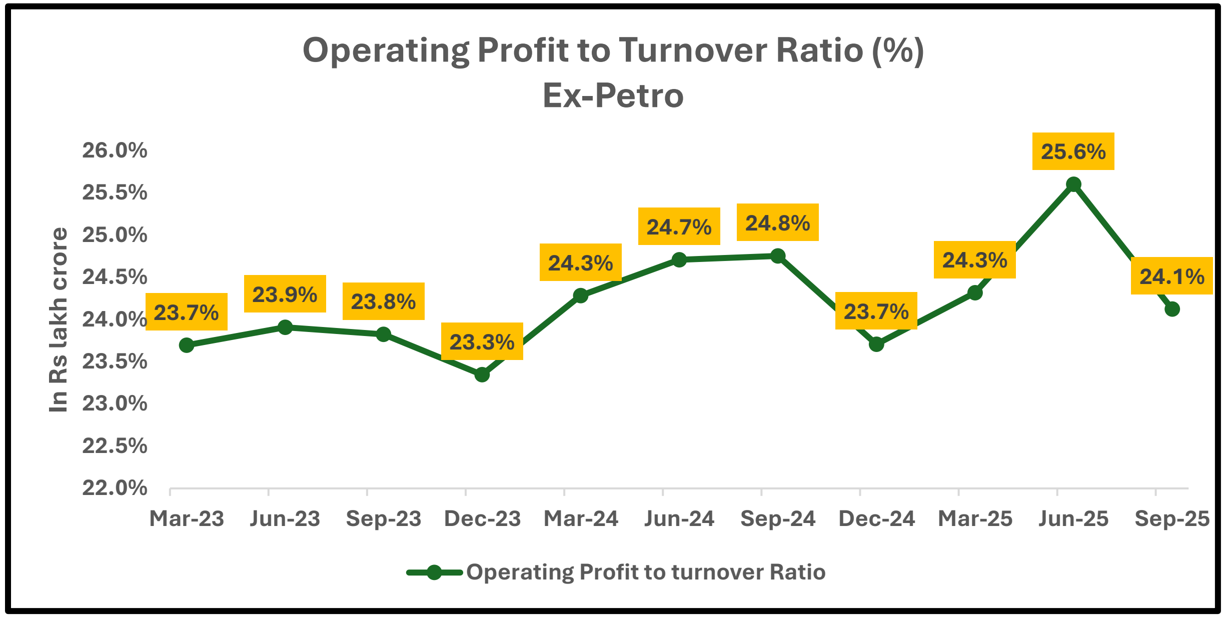
Source: UBI Research & Ace equity

Adjusted for petro sectors, corporate earnings present a far more benign picture









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Operating Profit Y-o-Y Growth (%) Sep'25 (Winners vs Laggards)

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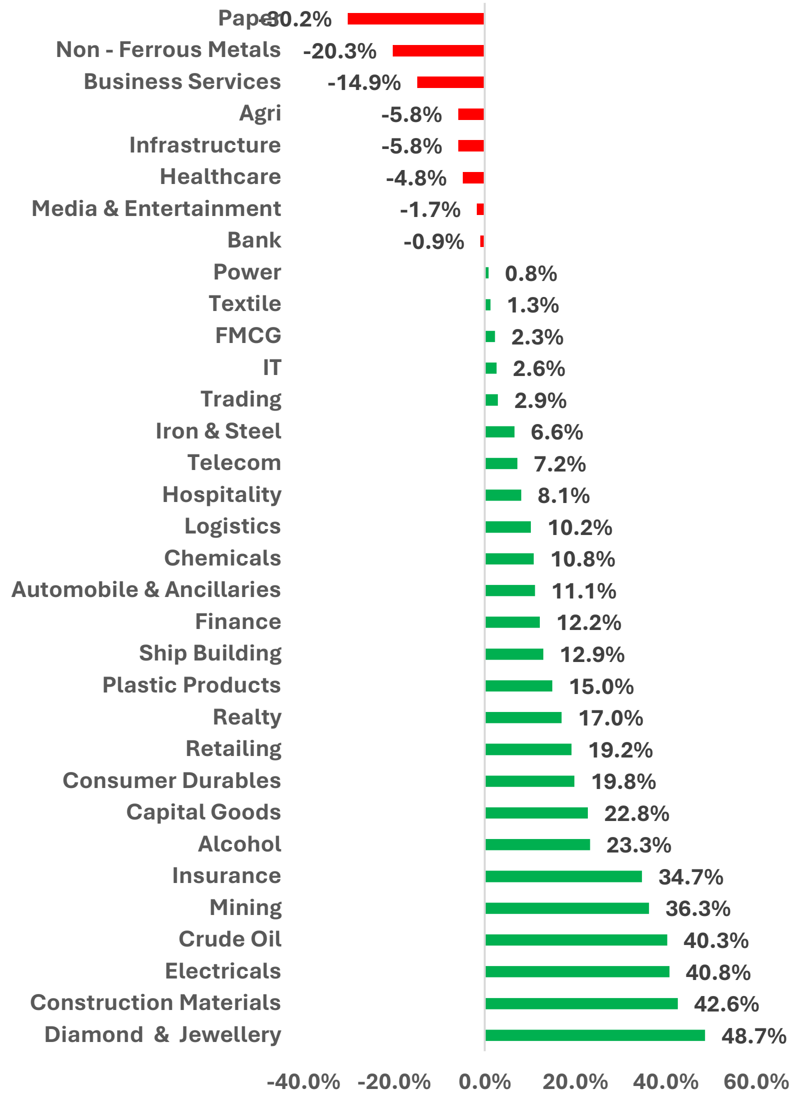
Top 5 Winners	Growth (%)	Underlying Reason
Diamond & Jewellery	48.70%	Front loading of export and improved domestic discretionary spending spurring demand
Construction Materials	42.60%	Robust infra-led demand, strong cement offtake, and firm pricing environment driven by government capex.
Electricals	40.80%	Solid domestic demand and easing metal input costs improving profitability.
Crude Oil	40.30%	Higher refining margins, favourable spreads, over recovery and inventory-led gains.
Mining	36.30%	Improved commodity prices, higher volumes, and operational efficiency gains.

Bottom 5 Laggards	Growth (%)	Underlying Reason
Paper	-30.20%	Weak demand, pricing pressure from imports, and industry overcapacity.
Non-Ferrous Metals	-20.30%	Global commodity softness, weak export demand, and high energy costs.
Business Services	-14.90%	Corporate cost-cutting, muted hiring, and lower traction in IT-enabled services.
Agri	-5.80%	Erratic monsoons, weak rural income, and softer commodity realisations.
Infrastructure	-5.80%	Execution delays, elevated project costs and slow growth in private capex

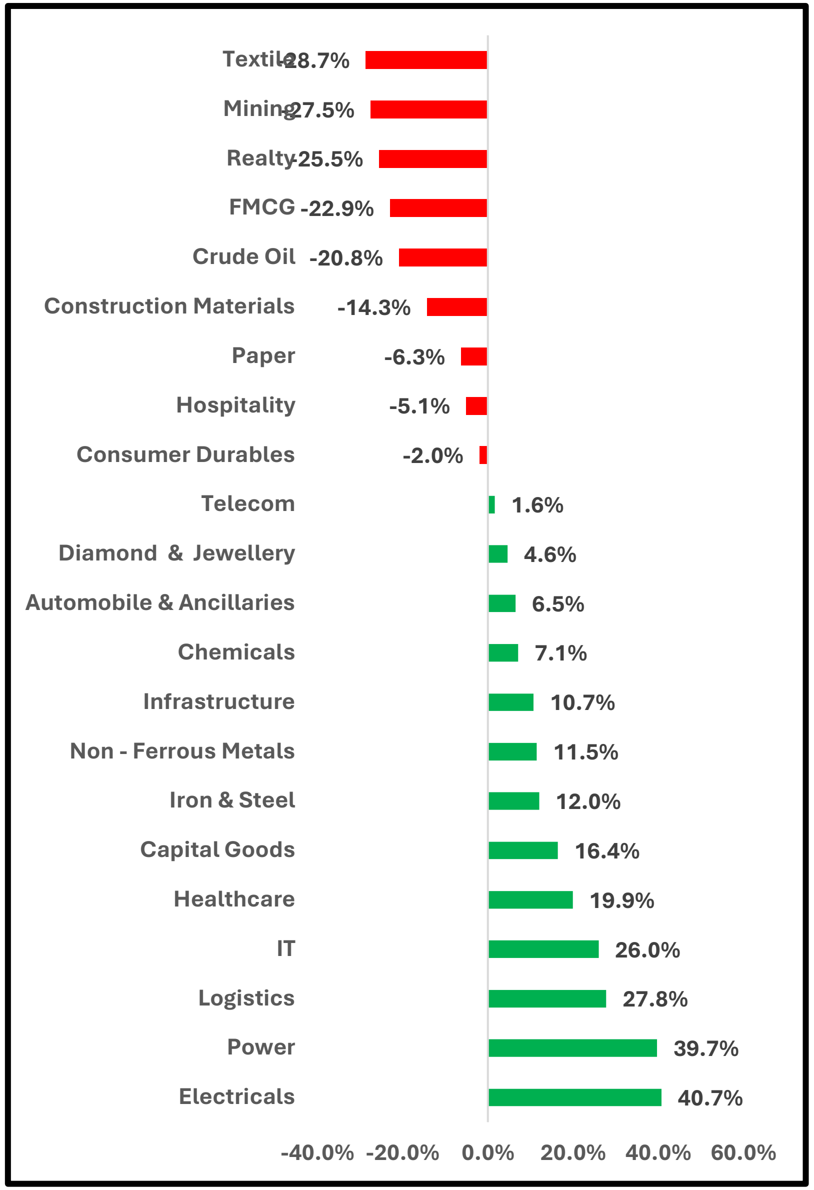


Source: UBI Research & Ace equity

Capex Y-o-Y Growth (%) Sep'25 (Winners vs Laggards)

Top 5 Sectors	Growth (%)	Underlying Reason
Electricals	~48%	Strong demand for appliances, robust infra/residential electrification and easing metal costs.
Power	~45%	Higher generation output, improved PLFs, strong merchant tariffs, and better distribution efficiency.
Logistics	~38%	Higher freight volumes, e-commerce strength, container movement recovery, and improved asset utilisation.
IT	~32%	Stabilising global tech spending, improved deal pipeline, and cost optimisation measures boosting margins.
Healthcare	~28%	Higher hospital occupancy, strong diagnostic volumes, improved case mix, and sustained margin expansion.

Bottom 5 Sectors	Growth (%)	Underlying Reason
Textile	~–38%	Weak export demand, global destocking, soft yarn prices, and pressure from cheaper imports.
Mining	~–32%	Lower commodity prices, slower global demand, and volume moderation impacting profitability.
Realty	~–30%	High base effect, elevated construction costs, slower new project launches, and selective demand weakness.
FMCG	~–27%	Rural demand weakness, muted volume growth, and consumer down-trading due to inflationary pressures.
Crude Oil	~–25%	Weaker refining margins, lower petrochemical spreads, and inventory-related losses.

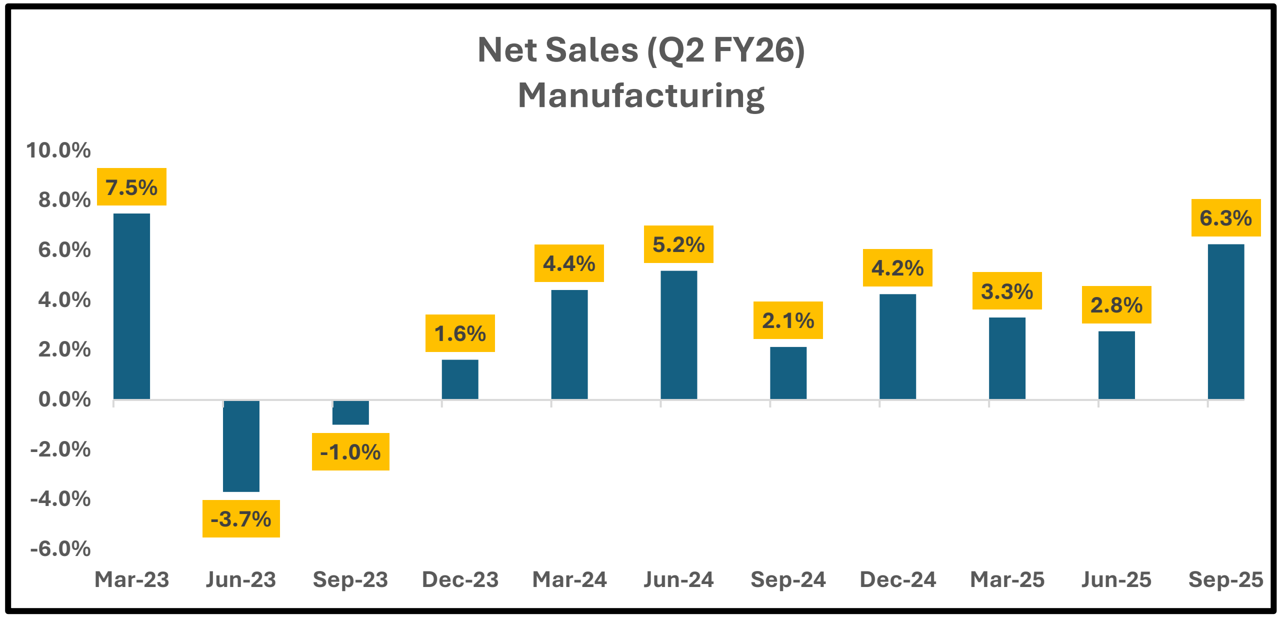


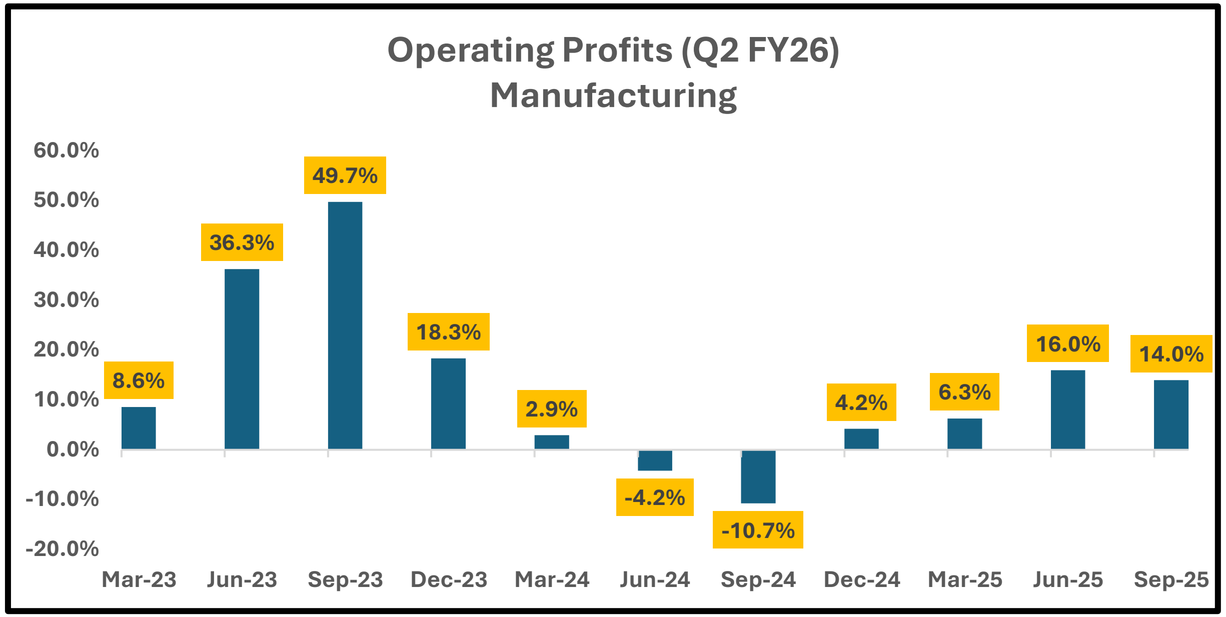
Source: UBI Research & Ace equity

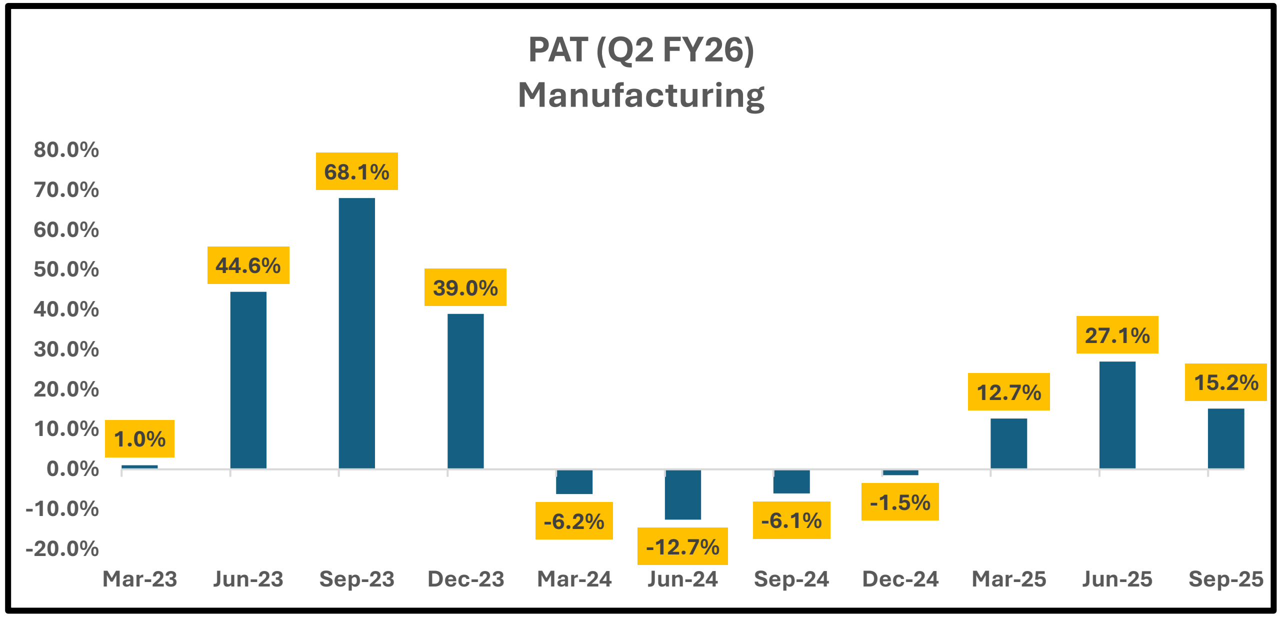
"Manufacturing showed a steady recovery with improving sales traction and a rebound in profitability, however, ex-petro performance remained subdued"

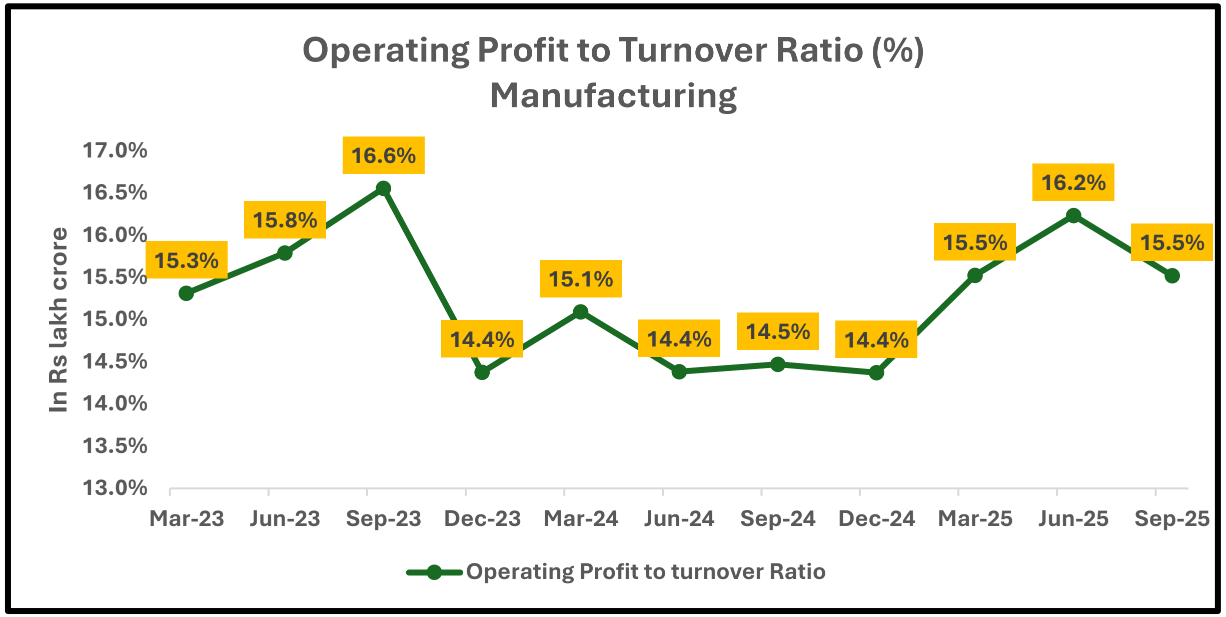
Manufacturing

Overall manufacturing earnings performance appears resilient









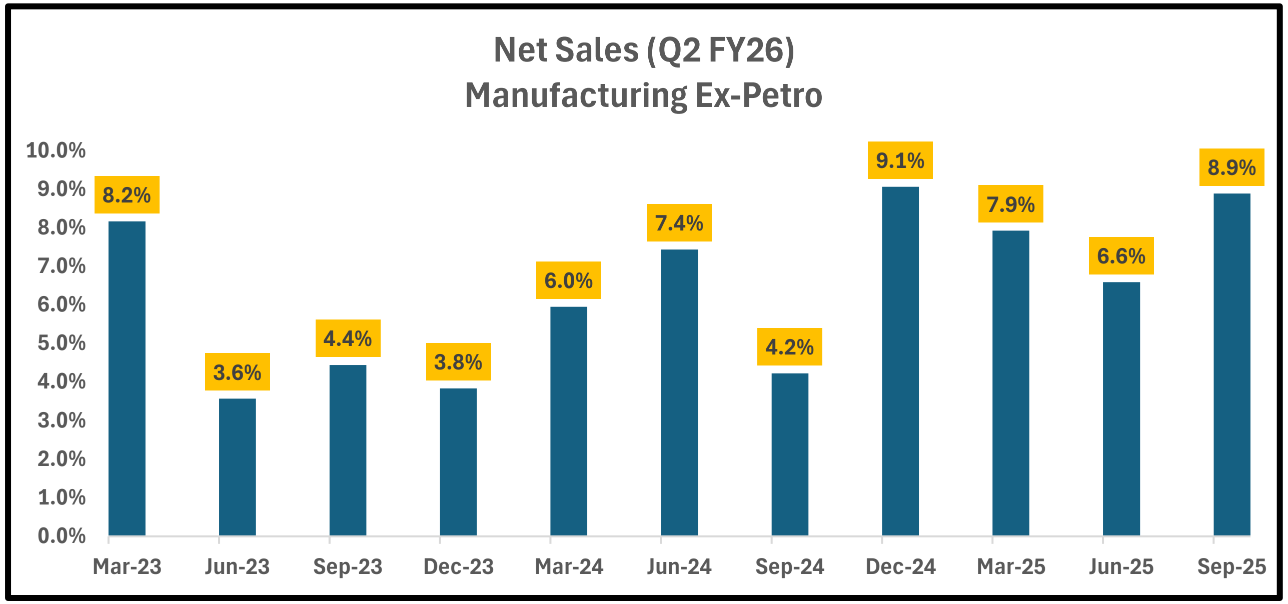
Sample Size -Total companies -2519, Manf.- 1,444, Services- 548, BFSI – 390, Others- 137

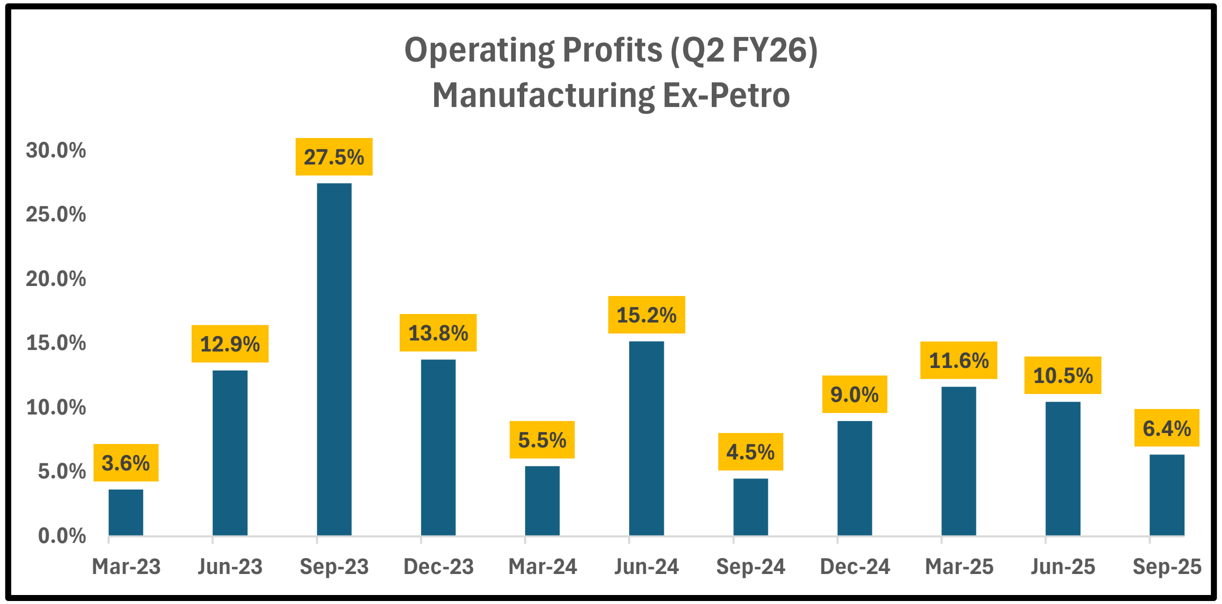
Source: UBI Research & Ace equity

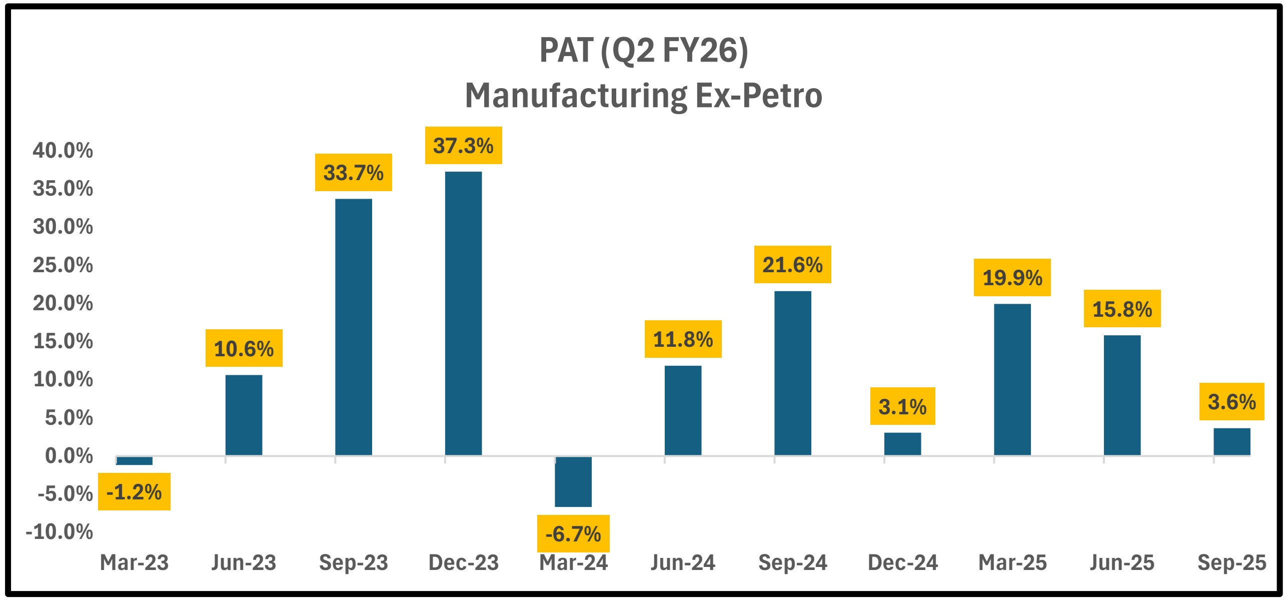
"Adjusted for crude oil, manufacturing sector's underlying performance is much weaker than the headline earnings trend""

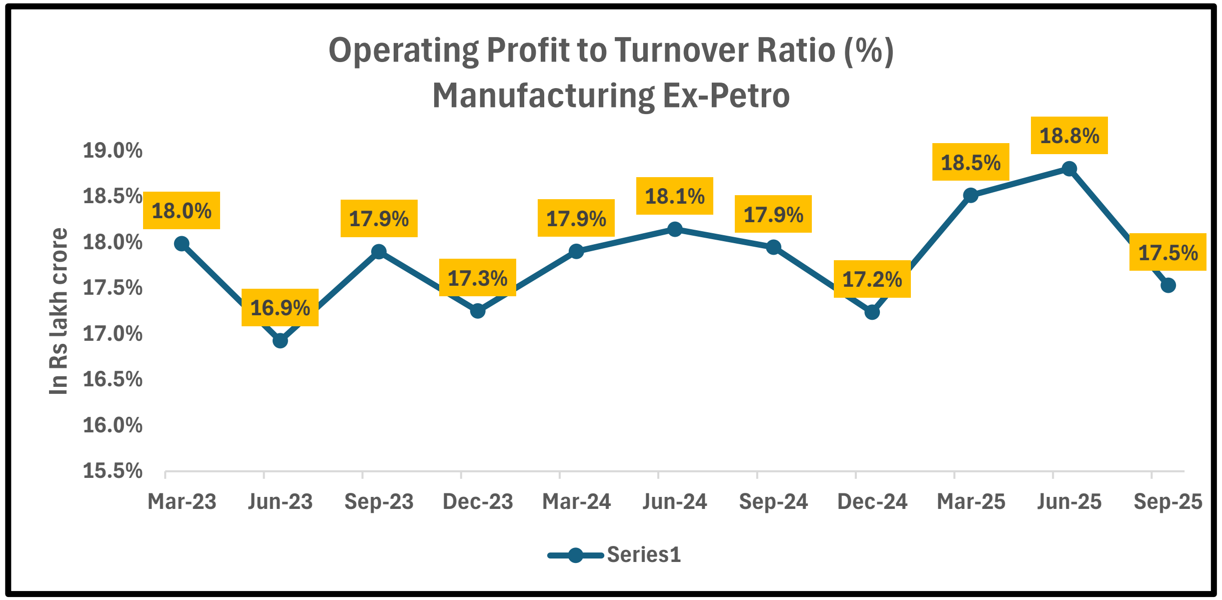
Manufacturing ex-petro

Manufacturing (ex-petro): Adjustment for one sector leads to a subdued earnings performance









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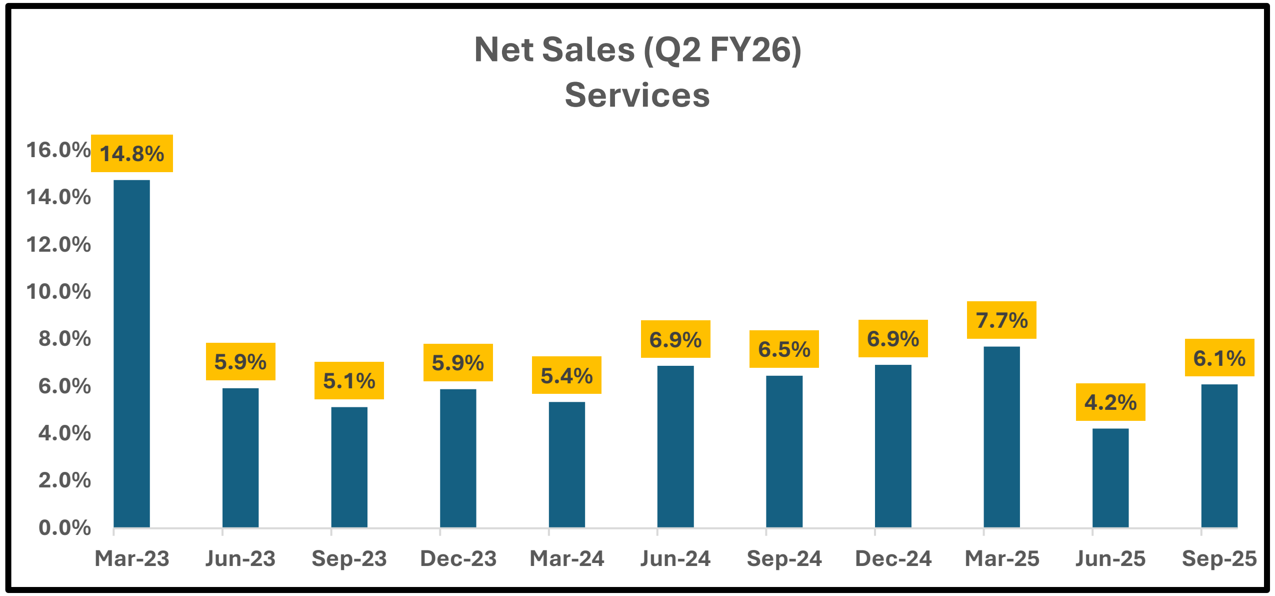
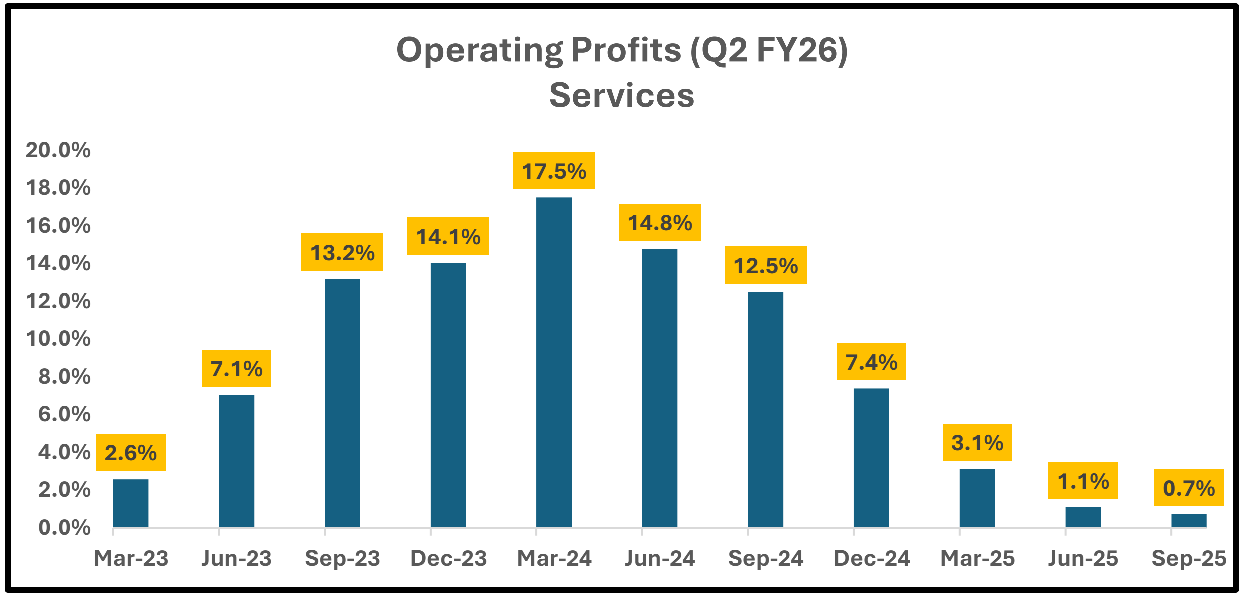
Source: UBI Research & Ace equity

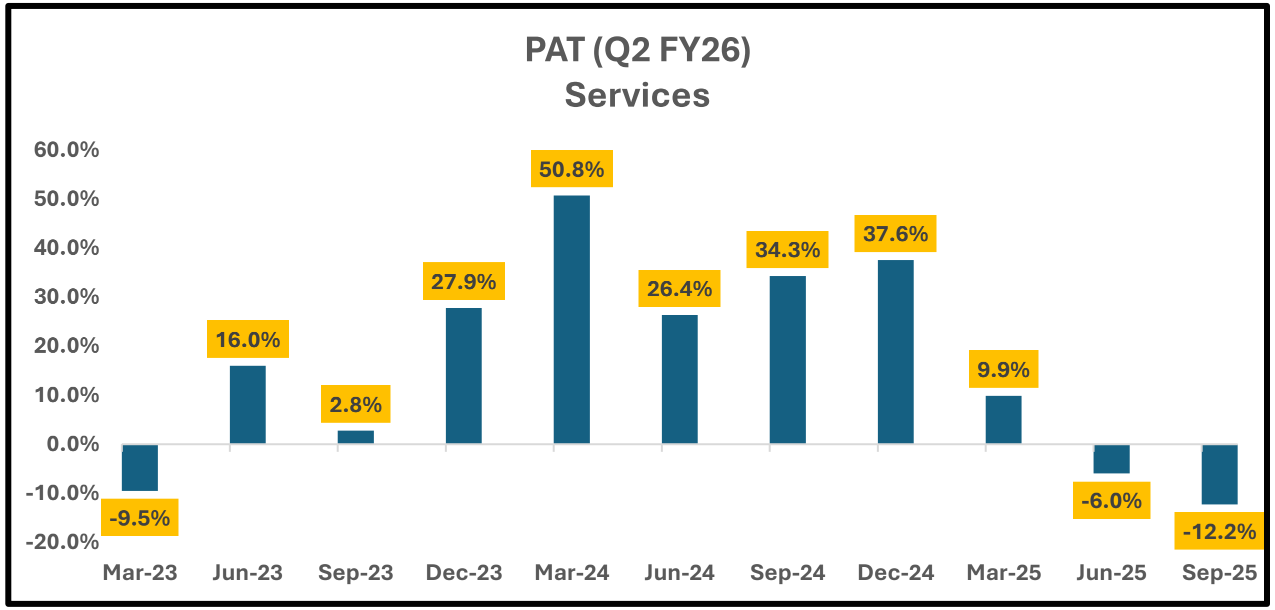
“Services sector delivered stable revenue growth but faced sharp margin pressures impacting overall profitability”

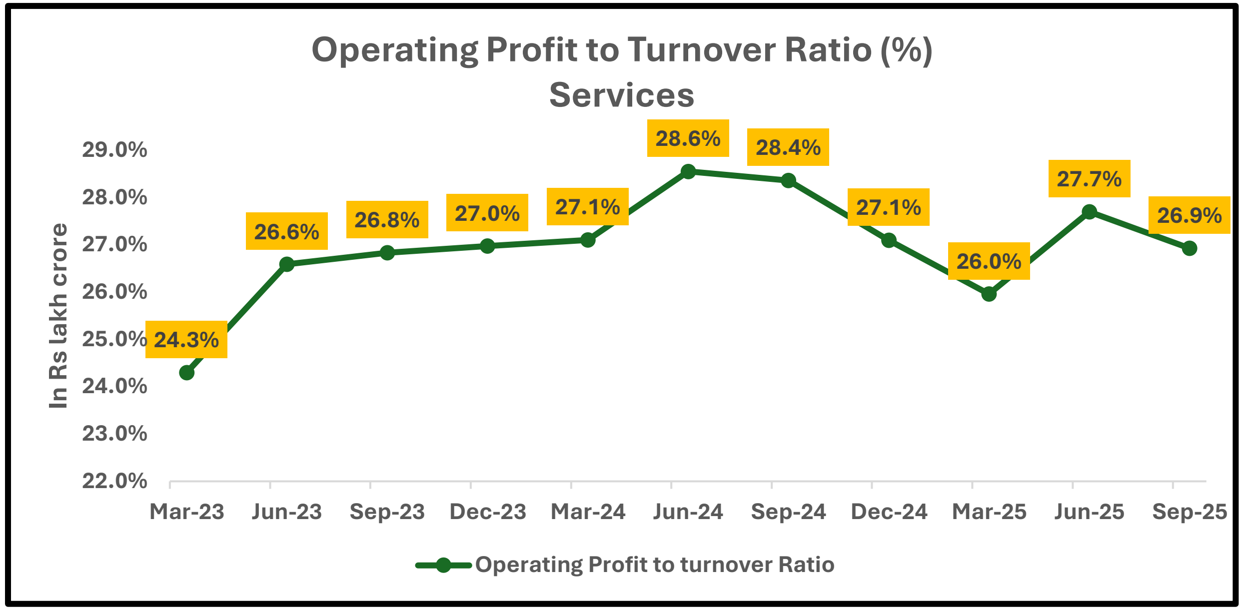
Services

Operating profit growth has steadily moderated due to demand normalization









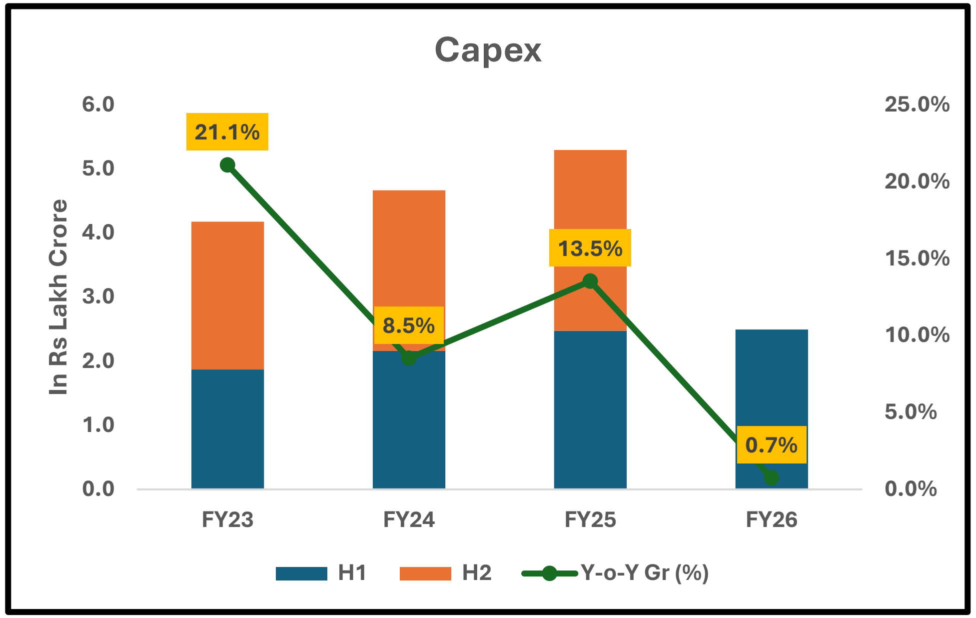
Sample Size -Total companies -2519, Manf.- 1,444, Services- 548, BFSI - 390, Others- 137

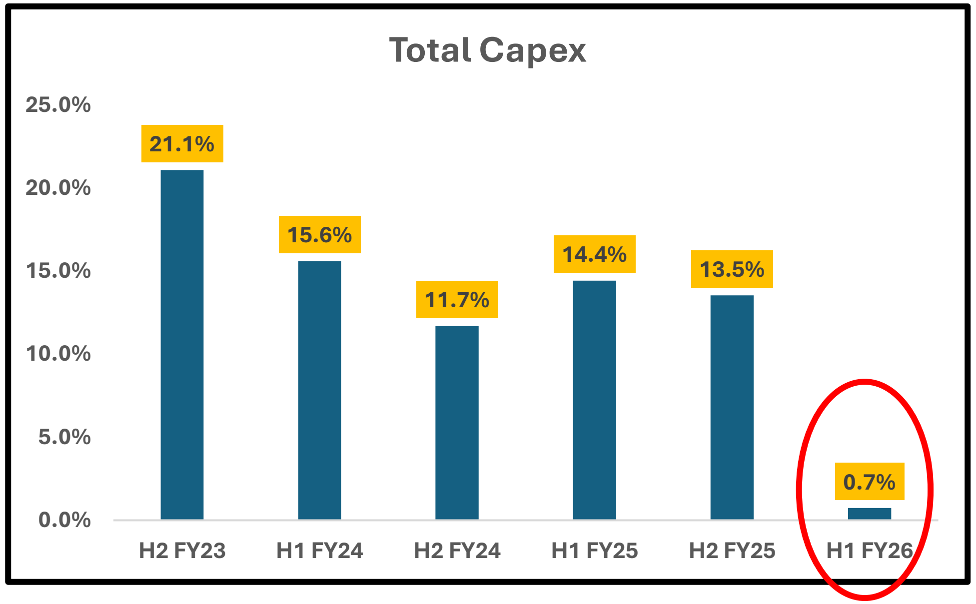
Source: UBI Research & Ace equity

"Capex momentum remains subdued, with investments largely restricted to modernisation, automation and energy-efficiency upgrades rather than major capacity expansion"

Capex

Broad-based capex cycle yet to pickup on account of uncertain trade environment





Sectors	Net Cash Flow towards purchase of PPE (Y-o-Y Gr %)					
	Mar-23	Sep-23	Mar-24	Sep-24	Mar-25	Sep-25
Automobile & Ancillaries	23.7%	10.0%	7.5%	16.3%	17.5%	6.5%
Capital Goods	28.9%	51.7%	48.2%	3.2%	14.7%	16.4%
Chemicals	19.4%	3.9%	1.7%	-12.9%	-7.6%	7.1%
Construction Materials	44.7%	26.8%	19.6%	19.8%	13.3%	-14.3%
Consumer Durables	37.2%	-14.1%	-9.2%	-15.6%	-11.9%	-2.0%
Crude Oil	29.1%	19.9%	6.9%	18.6%	12.4%	-20.8%
Diamond & Jewellery	66.8%	151.2%	89.2%	-24.2%	3.5%	4.6%
Electricals	-14.0%	115.0%	116.9%	51.2%	51.2%	40.7%
FMCG	25.5%	26.0%	22.1%	2.5%	-7.2%	-22.9%
Healthcare	-2.4%	8.0%	2.9%	17.2%	28.0%	19.9%
Hospitality	68.3%	49.3%	32.3%	25.4%	8.1%	-5.1%
Infrastructure	59.1%	7.0%	-9.2%	10.2%	46.2%	10.7%
Iron & Steel	22.5%	11.7%	11.7%	24.2%	17.8%	12.0%
IT	7.7%	-20.4%	-17.2%	-5.4%	2.6%	26.0%
Logistics	62.5%	9.9%	-32.7%	-1.6%	34.4%	27.8%
Mining	-28.9%	80.9%	81.1%	75.7%	42.4%	-27.5%
Non - Ferrous Metals	40.7%	-5.7%	9.5%	26.1%	17.6%	11.5%
Paper	-42.1%	47.1%	49.8%	48.0%	25.0%	-6.3%
Power	3.2%	6.6%	9.1%	17.4%	41.6%	39.7%
Realty	-5.1%	19.5%	11.1%	8.2%	54.3%	-25.5%
Telecom	-7.6%	47.4%	51.7%	31.9%	13.3%	1.6%
Textile	34.0%	0.0%	41.3%	-8.9%	-42.2%	-28.7%
Grand Total	**21.1%**	**15.6%**	**11.7%**	**14.4%**	**13.5%**	**0.7%**

Sample Size -Total companies -2519, Manf.- 1,444, Services- 548, BFSI - 390, Others- 137

Source: UBI Research & Ace equity

Crude oil, power, telecom and iron & steel dominate private capex, highlighting capex volume shift toward energy security and core infrastructure

Sectors	No of cos	Net Cash Flow towards purchase of PPE					%Share in total Capex
		Mar-22	Mar-23	Mar-24	Mar-25	Sep-25	
Crude Oil	21	64,385	83,133	88,844	99,839	37,585	15.1%
Power	32	32,224	33,255	36,295	51,395	27,568	11.1%
Telecom	22	28,551	26,370	40,013	45,341	25,751	10.3%
Iron & Steel	70	24,767	30,344	33,908	39,953	21,641	8.7%
Automobile & Ancillaries	163	27,229	33,675	36,215	42,547	21,354	8.6%
Construction Materials	67	14,856	21,496	25,703	29,118	12,453	5.0%
Healthcare	156	16,697	16,302	16,771	21,460	11,409	4.6%
Chemicals	183	18,954	22,633	23,028	21,279	10,741	4.3%
Non - Ferrous Metals	21	10,337	14,545	15,933	18,741	10,253	4.1%
Capital Goods	176	5,487	7,075	10,485	12,030	5,901	2.4%
IT	144	10,531	11,342	9,390	9,635	5,575	2.2%
FMCG	129	10,161	12,748	15,568	14,441	5,519	2.2%
Logistics	40	5,128	8,331	5,610	7,539	3,986	1.6%
Infrastructure	62	4,277	6,805	6,177	9,032	3,289	1.3%
Textile	172	6,046	8,103	11,450	6,615	2,416	1.0%
Electricals	35	1,397	1,201	2,605	3,939	2,384	1.0%
Mining	10	1,787	1,270	2,300	3,275	1,677	0.7%
Hospitality	54	998	1,679	2,221	2,402	1,132	0.5%
Realty	72	2,498	2,372	2,634	4,064	1,041	0.4%
Consumer Durables	41	1,885	2,585	2,348	2,068	967	0.4%
Paper	26	1,728	1,000	1,499	1,873	760	0.3%
Diamond & Jewellery	20	314	523	990	1,026	433	0.2%
Grand Total		3,45,114	4,17,917	4,66,797	5,29,984	2,49,405	

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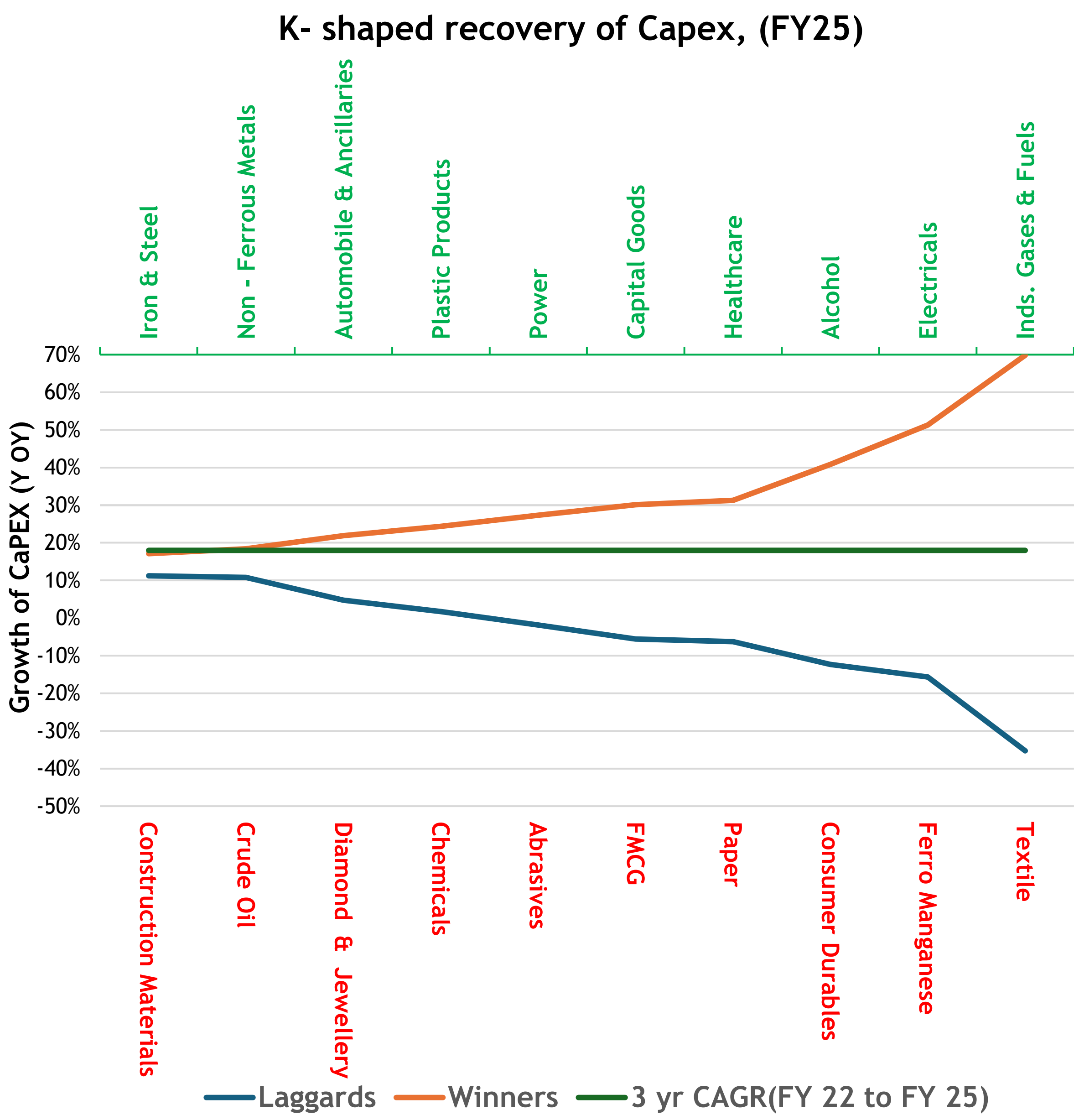
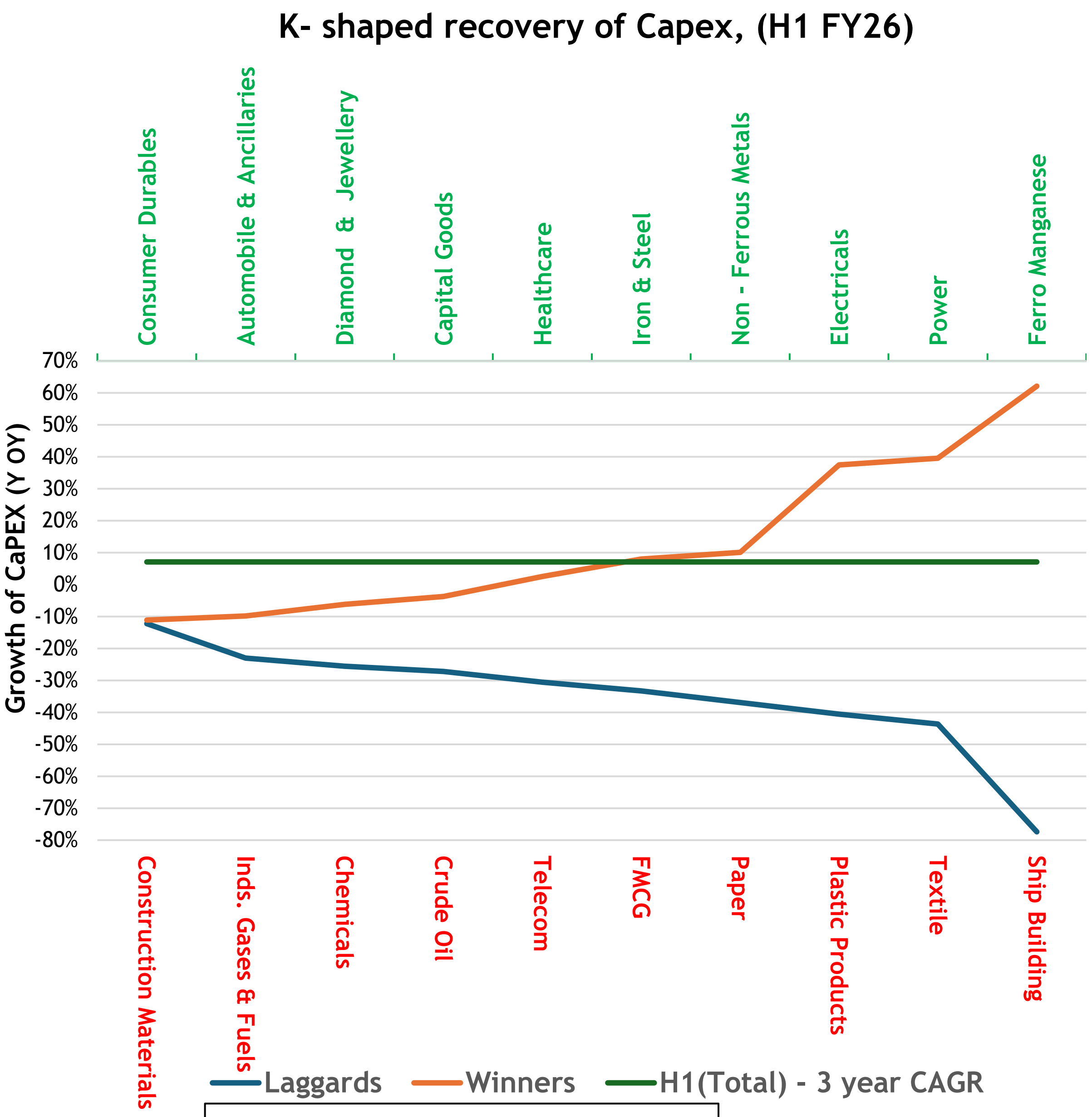
Source: UBI Research & Ace equity

Q2FY26 – Capex (Manufacturing Sector)





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Capex is represented by Net Cash Flow towards purchase of PPE

Source: UBI Research & Ace equity

Sector affected by tariff & shift in export destination (Gap as of Sept 25 over Sept 24)

(Change in bps)

Auto components

Country	Sep'24	Sep'25	Change
US	23.11	19.95	-3.16
Brazil	5.6	6.95	1.35
UAE	2.85	5.72	2.87
GERMANY	5.53	6.87	1.34
BANGLADESH	3.99	4.97	0.98
ITALY	2.7	3.18	0.48
BELGIUM	1.05	1.82	0.77

Organic chemicals

Country	Sep'24	Sep'25	Change
US	14.59	14.46	-0.13
Brazil	3.11	5.12	2.01
SOUTH AFRICA	0.32	0.5	0.18
FRANCE	1.5	2.16	0.66
NETHERLAND	4.97	5.2	0.23

Marine products

Country	Sep'24	Sep'25	Change
US	38.36	32.55	-5.81
China	16.2	16.59	0.39
U K	1.63	1.71	0.08
GERMANY	0.79	1.03	0.24
France	1.12	1.3	0.18
BELGIUM	2.88	4.99	2.11
MALAYSIA	0.92	1.29	0.37

Cotton fabrics etc

Country	Sep'24	Sep'25	Change
US	40.36	36.99	-3.37
BANGLADESH	6.89	7.17	0.28
FRANCE	2.06	2.38	0.32
UAE	2.69	2.9	0.21
China	0.22	0.33	0.11

Gold, precious metal jewelary

Country	Sep'24	Sep'25	Change
US	31.73	19.74	-11.99
UAE	36.66	49.41	12.75
France	1.62	2.03	0.41
SAUDI ARAB	1.06	1.7	0.64
AUSTRALIA	1.74	2.04	0.30

Pearls & precious stones

Country	Sep'24	Sep'25	Change
US	36.17	19.78	-16.39
UAE	11.70	19.47	7.77
HONG KONG	24.31	32.13	7.82
NETHERLAND	0.22	0.41	0.19
China	0.14	0.33	0.19

Source: UBI Research & GOI Ministry of commerce & industry/ftpa

Sectoral Highlights

Automobile & Ancillaries Sector

- **Strong recovery in topline growth:** Net sales growth accelerated sharply to 13.1% in Sep'25, compared with a modest 3.3% in Sep'24, reflecting stronger domestic demand owing to earlier timing of festive season this year and significant effect of GST rate cuts made effective from 22nd Sep'25.
- **Improved operating performance:** Operating profit growth rose to 11.1% in Sep'25 versus 3.6% in Sep'24
- **Substantial turnaround in profitability:** PAT growth surged to 13.6% in Sep'25, a notable reversal from the -2.7% contraction in Sep'24, underscoring stronger operating leverage and margin discipline.
- **Healthy sectoral investment appetite:** With an 8.6% capex share of total private capex in Sep'25, the sector remains one of the more active contributors to India's investment cycle, driven by EV capacity creation and pent-up demand.
- **Sectoral outlook:** The industry is poised for steady momentum in FY26, supported by robust passenger vehicle demand, accelerating EV adoption, improving rural sentiment and GST rate cut effect.

Capital Goods Sector

- **Broad-based revenue strength:** Net sales growth improved to 17.4% in Sep'25 from 12.9% in Sep'24, reflecting sustained order inflows from infrastructure, power, railways, defence and private industrial capex.
- **Operating performance remains robust:** Operating profit grew 22.8% Y-o-Y in Sep'25, only marginally lower than 23.8% in Sep'24, indicating stable margins despite input cost volatility.
- **Sharp improvement in profitability:** PAT growth accelerated strongly to 35.3% in Sep'25 versus 10.8% in Sep'24, suggesting benefits from operating leverage and lower finance costs.
- **Limited exposure to tariff volatility:** The sector faces only a marginal impact from global trade tariff tensions, as a large share of demand is domestically driven and supported by government-led infrastructure investment.
- **Sectoral outlook:** Sector to remain on a multi-year upcycle, driven by government focus on infrastructure, energy transition (renewables, grid, transmission) and defence indigenisation.

Sectoral Highlights

Chemicals Sector

- **Revenue recovery gaining traction**: Net sales growth strengthened to 13.4% in Sept ’25 from 2.3% in Sept ’24, signalling a rebound driven by improved realisations and gradual recovery in both domestic and export-oriented segments.
- **Improving operating performance**: Operating profit growth rose to 10.8% versus 2.2% a year earlier, reflecting better product mix and stronger utilisation of specialty-chemical capacities.
- **Solid profitability turnaround**: PAT growth jumped to 36.7% in Sept ’25, reversing the -8.6% decline in Sept ’24, supported by operating leverage, easing pricing pressure and partial recovery in global demand.
- **Limited direct hit from tariff tensions**: The sector faces only a contained impact from global tariff frictions, as many Indian chemical players have passed on the increased cost taking advantage of specialized product mix.
- **Sectoral outlook**: The industry appears to be entering a more stable phase, supported by domestic demand recovery, and strategic global outsourcing shifts. The upcycle to expected to remain gradual with the expectation of a favourable trade deal, although global demand variability and competitive pressures will require close monitoring.

Construction Materials

- **Sharp rebound in topline**: Net sales growth improved to 14.9% in Sept ’25 from a contraction of -4.7% in Sept ’24, reflecting strong demand from housing, infrastructure and urban-development projects after a weak base year.
- **Significant operating turnaround**: Operating profit growth surged 42.6% Y-o-Y against a steep decline of -25.2% a year earlier, indicating better pricing discipline and softer input costs (coal, petcoke, freight).
- **Extraordinary recovery in profitability**: PAT growth jumped to 238.2% in Sept ’25 from -64.5% in Sept ’24, underscoring powerful operating leverage and normalisation from a depressed earnings base.
- **Healthy investment appetite**: With a 5.0% share in total private capex, the sector remains an important capex contributor, driven by capacity additions in cement, tiles, pipes and other building materials to cater to sustained construction demand.
- **Sectoral outlook**: Sector is well placed for continued growth, supported by government infrastructure push, urban housing demand and ongoing capex in logistics and industrial parks.

Sectoral Highlights

Consumer Durables sector

- **Demand softness after strong base:** Net sales declined 1.1% Y-o-Y in Sept '25 after a robust 12.0% growth in Sept '24, indicating weaker discretionary spend and some impact from slowing rural demand.
- **Margins still improving despite flat revenues:** Operating profit grew 19.8% versus 16.9% a year earlier, suggesting continued benefits from lower commodity/input costs, better product mix (premiumisation) and cost efficiencies.
- **Profit growth has moderated sharply:** PAT growth slowed to 4.3% in Sept '25 from a very strong 44.0% in Sept '24, reflecting the impact of weaker revenue traction, higher competitive intensity and a tough base for earnings.
- **Impact of global trade-tariff tensions:** The sector is moderately exposed, as many components (electronics, compressors, chips) are still imported; however, rising localisation and impact of GST rate cut may provide tailwind to the sector.
- **Sectoral outlook:** Near-term outlook is cautious but not structurally weak—urban premium and replacement demand should support gradual recovery, while sustained competitive pressures and uneven rural consumption will keep revenue growth and pricing power in check.

Crude Oil Sector

- **Muted revenue growth on a low base:** Net sales growth is modest at 1.9% in Sept '25 versus a contraction of -1.2% in Sept '24, suggesting relatively stable realisations after a volatile price phase rather than a strong demand-led uptrend.
- **Sharp turnaround in operating performance:** Operating profit growth has swung to 40.3% Y-o-Y in Sept '25 from a steep -40.7% decline a year earlier, indicating improved refining margins and over-recoveries are elevated as domestic retail fuel prices have not been adjusted in line with easing in global crude oil prices.
- **Strong recovery in profitability:** PAT growth of 66.2% in Sept '25 compared with -53.1% in Sept '24 underscores powerful operating leverage and normalisation from a depressed earnings base, likely aided by inventory gains.
- **High capex intensity:** With a 15.1% share of total private capex, the crude oil (upstream and downstream) complex remains a dominant investor, channelling funds into exploration, refinery upgrades and petrochemicals integration.
- **Sectoral outlook:** Near-term outlook is constructive but volatile—earnings should remain supported by ongoing capex, integration into petrochemicals and steady domestic demand, but global oil price swings, energy-transition policies and geopolitical risks will continue to drive cyclicality and valuation dispersion within the sector.

FMCG Sector

- **Steady but not accelerating topline**: Net sales growth is 8.1% in Sept '25, broadly unchanged from 8.0% in Sept '24, indicating stable volumes/value growth driven by urban consumption and premium portfolio, while rural demand is still only gradually recovering.
- **Margin momentum has softened**: Operating profit growth has slowed to 2.3% from 5.4% a year earlier, suggesting that the big benefit from earlier commodity softening has normalised and competitive intensity/advertising spends are again weighing on operating leverage.
- **Earnings growth has moderated**: PAT growth has eased to 3.1% in Sept '25 versus 5.9% in Sept '24, reflecting subdued margin expansion and continued investments in distribution, digital, and brand-building.
- **Sectoral outlook** : FMCG remains a defensive, with steady growth rather than a high projectile growth story in the near term; gradual rural recovery, premiumisation and market share gains should support earnings growth. Also, GST rate cut impact, augurs well for the sector.

Pharmaceuticals Sector

- **Topline has flattened after a strong year**: Net sales growth has slowed sharply to 0.6% in Sept '25 from 9.3% in Sept '24, indicating subdued export demand in key markets (US & EU), partly offset by stable domestic formulations.
- **Erosion in operating performance:** Operating profit has declined 6.3% Y-o-Y versus a strong 24.9% growth a year earlier, reflecting higher R&D and compliance costs, and sluggish demand in key export markets limiting scale benefits.
- **Profits under pressure**: PAT has contracted 10.9% in Sept '25 after 29.3% growth in Sept '24, showing that margin stress and regulatory costs are more than offsetting any currency tailwinds.
- **Impact of trade tariff war**: Direct tariff risk is limited, as most pressures in pharma come from regulatory and pricing controls; however, ongoing trade frictions can disrupt API/intermediate supply chains and procurement costs.
- **Sectoral outlook:** The sector is in a consolidation phase—domestic branded formulations and specialty/complex generics offer growth pockets, but US generic pricing pressure and regulatory overhang will keep overall earnings momentum moderate and performance more stock-specific than broad-based.

Sectoral Highlights

Infrastructure Sector

- **Marked slowdown in topline growth:** Net sales growth has moderated sharply to 2.6% in Sept ’25 from 10.5% in Sept ’24, indicating delays in project execution even though the order pipeline remains sizeable.
- **Operating profitability under strain:** Operating profit has declined 5.8% Y-o-Y after a 2.2% increase a year earlier, reflecting cost overruns, higher expenses and compressed project margins.
- **Severe pressure at the bottom line:** PAT has plunged 175.9% in Sept ’25 versus a 6.6% decline in Sept ’24, suggesting a shift into losses for several players due to poor realization and flat revenue base owing to companies engaged in long gestation period as airport management companies, roads and engineering-constructions etc.
- **Subdued private capex:** The sector continues to rely predominantly on government-led spending; balance sheets remain leveraged, keeping large private greenfield infra capex growth very limited.
- **Sectoral outlook:** Near-term earnings may remain constrained by tight margins, high leverage and execution challenges, but medium-term prospects stay supported by the government’s infrastructure push (roads, rail, metro, logistics)

Iron & Steel Sector

- **Topline recovery after contraction:** Net sales growth improved to 5.3% in Sept ’25 from a -6.9% decline in Sept ’24, indicating better domestic demand from construction, engineering and auto.
- **Return to positive operating momentum:** Operating profit grew 6.6% Y-o-Y versus a -14.4% decline a year earlier, reflecting rationalised input costs (especially coking coal/iron ore) and higher capacity utilisation.
- **Profit growth normalising from an abnormal base:** PAT increased 6.0% in Sept ’25, which was driven by a depressed base. Current earnings suggest a consolidation phase rather than a fresh spike in profitability.
- **Strong capex commitment:** The sector remains a major investor, channelling funds into brownfield expansions, value-added steel and green-steel initiatives.
- **Sectoral outlook:** Domestic infra and manufacturing capex may support volumes, while margins will hinge on global steel prices and raw material trends. Safeguards via anti-dumping duties continue to provide a protective buffer, helping stabilise prices and reduce the risk of import-led margin pressure during periods of global oversupply.

Sectoral Highlights

Power Sector

- **Soft revenue trend despite stable demand:** Net sales have declined 1.8% in Sept ’25 versus 3.1% growth in Sept ’24, indicating margin pressures and weak realisations
- **Marginal improvement at operating level:** Operating profit is up a modest 0.8% Y-o-Y after a 3.0% decline in Sept ’24, suggesting efficiency gains and cost headwinds.
- **Earnings under clear pressure:** PAT has fallen 20.4% in Sept ’25 compared with a 13.0% decline in Sept ’24, reflecting higher interest/depreciation on new capacity and delayed receivables from discoms
- **High capex intensity focused on transition:** The sector remains a major investment driver, with capital being channeled towards renewable capacity and transmission networks.
- **Sectoral outlook:** Renewable businesses should see relatively steady cash flows supported by the energy-transition agenda, while thermal assets will continue to face profitability pressure from environmental constraints and rising competition from renewables.

Textile Sector

- **Stagnant topline:** Net sales growth has slowed to 0.8% in Sept ’25 from 2.7% in Sept ’24, signalling weak export orders and only modest domestic demand, despite some support from apparel and home-textile consumption.
- **Sharp moderation in operating performance:** Operating profit growth has cooled to 1.3% from 9.7% a year earlier, reflecting pressure from higher power and wage costs and limited pricing power with global buyers.
- **Earnings have turned negative:** PAT has declined 10.4% in Sept ’25 after a strong 37.1% growth in Sept ’24, indicating that thinner margins and higher interest/depreciation charges are dragging profitability despite broadly flat revenues.
- **Impact of trade-tariff tensions:** The sector is relatively vulnerable to tariff and non-tariff barriers given its export dependence; Yet, it is key to note that impact has been relatively less than feared as domestic businesses have attempted to consider alternative export partners.
- **Sectoral outlook:** Near-term outlook as challenging—demand softness, high cost structure and global competition will keep profitability under pressure, while gradual benefits from policy support (PLI, FTAs, removal of ban on cotton exports) and global supply-chain diversification offer a more constructive medium-term outlook.

Thank You !

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