

OMCs, banks drove India Inc's steepest profit rise in 8 qtrs

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Corporate earnings in October-December 2025 (Q3FY26) were better than expected owing to a surge in the profits of public-sector oil-marketing companies (OMCs), banks, non-bank lenders, and firms in the business of metals and mining.

The net profits (adjusted for exceptional gains and losses) of the listed companies grew 14.7 per cent year-on-year (Y-o-Y) in Q3FY26, increasing at the fastest pace in the last eight quarters.

For comparison, these companies' adjusted net profits were up 5.7 per cent Y-o-Y in Q3FY25 and they have grown 10.6 per cent in Q2FY26. (See the adjoining charts.)

The combined net profits (adjusted) of the 3,353 companies in the *Business Standard* sample grew to around ₹3.97 trillion in October-December from around ₹3.47 trillion in Q3FY25 and ₹3.67 trillion in Q2FY26.

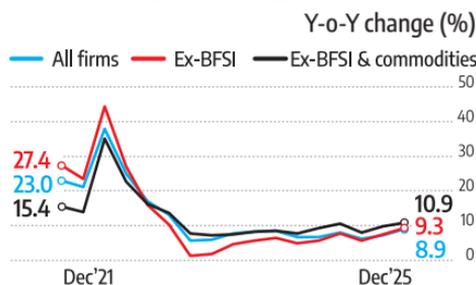
An earnings windfall in these cyclical sectors from lower prices of crude oil, a cut in the repo rate by the Reserve Bank of India (RBI), and a rally in metal prices more than made up for the one-time financial hit from the implementation of the new labour Codes.

Many large companies, especially in labour-intensive industries such as information-technology services, and banks and other financial services, made a one-time provision for costs related to the Codes, leading to a hit on their net profits adjusted for exceptional gains & losses. Turn to Page 6 ▶

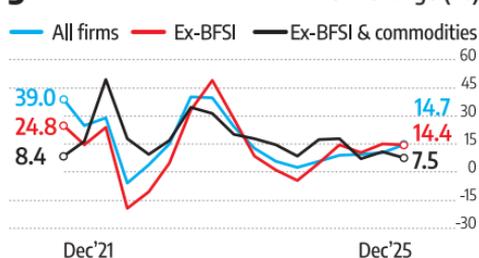
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Revenue growth gains pace



Non-cyclical sectors' earnings growth slows



BFSI: Banks, non-banking financial companies, insurers and stock brokers; Commodities include oil & gas and mining & metals; Note: Based on quarterly results of 3,353 companies, excluding their listed subsidiaries; Source: Capitaline; Compiled by BS Research

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The firms' reported net profits in the third quarter show the financial impact of the labour Codes. The companies' reported net profits were up just 9.5 per cent Y-o-Y in Q3FY26, slowing from 11.9 per cent in Q3FY25 and 33.4 per cent Y-o-Y growth in Q2FY26.

Indian Oil Corporation (IOC), a state-run company, was the single-biggest earnings contributor in Q3FY26, accounting for 22.4 per cent of incremental earnings growth in Q3FY26.

The company's net profits jumped nearly eight times to ₹13,007 crore from ₹1,630 crore a year earlier.

It was followed by the State Bank of India, which reported a 24.5 per cent Y-o-Y rise in net profits, accounting for 8.1 per cent of growth in corporate earnings during the quarter.

Other big earnings contributors include Bharat Petroleum Corporation (6.8 per cent), Tata Steel (4.8 per cent), and HDFC Bank (3.8 per cent).

Together these big five contributors accounted for nearly 46 per cent of incremental earnings growth in Q3FY26.

Other large earnings drivers include Mahindra & Mahindra, JSW Steel, Muthoot Finance, Oil & Natural Gas Corporation, and Vedanta.

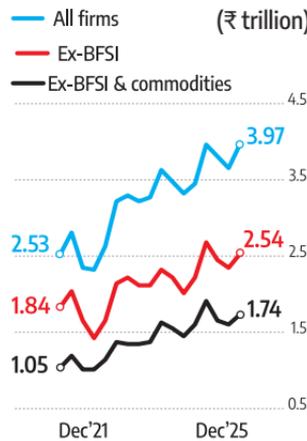
The companies in these cyclical sectors accounted for 56.2 per cent of corporate profits in Q3FY26, up from 53.3 per cent a year earlier and 55.8 per cent in Q2FY26. In contrast, traditional big earnings hitters such as Reliance Industries, Tata Consultancy Services, Infosys, ITC, and Hindustan Unilever disappointed with below par earnings growth.

This shows in the numbers of the companies excluding the following sectors: Banking, financial services, and insurance (BFSI); oil and gas; and mining and metals (cyclical sectors).

The combined net profits of the listed companies excluding these cyclical sectors were up



Overall profits remain range-bound



BFSI: Banks, non-banking finance companies, insurance and stock broking; Commodities include oil & gas and mining & metals; Note: Based on quarterly results of 3,353 companies, excluding their listed subsidiaries; Source: Capitaline, Compiled by BS Research Bureau

just 7.5 per cent Y-o-Y, decelerating from 17.2 per cent in Q3FY25 and 10.9 per cent in Q2FY26.

Revenue growth, however, picked up pace across the board with the exception of banks, which reported a further slowdown in their gross interest income from a decline in the benchmark lending rate after the rate cuts by the RBI.

The net sales of all companies (gross interest income in the case of lenders) were up 8.9 per cent in Q3FY26, grow-

ing at the fastest pace in the last 11 quarters.

Their net sales (or gross interest income) grew to around ₹41.17 trillion from around ₹37.80 trillion in Q3FY25 and ₹39.2 trillion in Q2FY26.

In comparison, the net sales of companies in the non-cyclical sectors were up 10.9 per cent Y-o-Y in Q3FY26, up from 9.2 per cent in Q3FY25 and 9.7 per cent in Q2FY26.

These companies' net sales grew to ₹32.47 trillion in Q3FY26 from ₹29.69 trillion a year earlier and ₹30.76 trillion in Q2FY26.

The results also show the adverse impact of the recent rally in prices of metals and commodities. Higher commodity prices led to a faster rise in the companies' raw material costs but the increase was more than compensated by a decline in the interest costs after the rate cuts by the RBI.

The Ebitda (earnings before interest, tax, depreciation, and amortisation) margin of the companies apart from BFSI was down 20 basis points Y-o-Y to 17.9 per cent of revenues. This was, however, compensated by a similar decline in the companies' interest burden.

Interest expenses as a percentage of revenues declined to 2.7 per cent in Q3FY26 from 2.9 per cent in Q3FY25 and 2.77 per cent in Q2FY26.