

# Commodities spur India Inc's Sep qtr showing

Other key sectors continue to struggle with low single-digit growth in revenues and earnings

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Companies' growth in earnings during July-September (Q2FY26) went up, but the increase was led largely by producers of commodities.

Earnings for the rest of India Inc worsened during the quarter with a further slowdown in revenues and profit growth.

Net profits of all 2,647 listed companies that declared their results for the quarter were up 10.8 per cent, the best in the last six quarters.

Companies excluding banks, financial services and insurance (BFSI) performed even better with 15.3 per cent year-on-year (Y-o-Y) growth in their combined earnings in the second quarter, the best since Q3FY24.

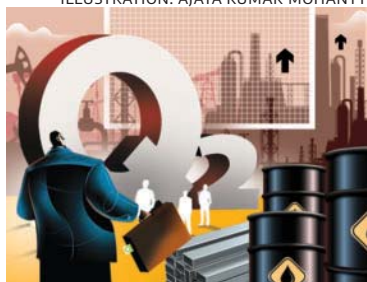
However, net profits of companies other than BFSI and commodity producers were up just 6.3 per cent Y-o-Y in Q2FY26, growing at the slowest pace in at least the last 17 quarters.

For comparison, net profits of these companies (ex-BFSI and commodities) were up 11.4 per cent Y-o-Y in Q2FY25 and increased 6.8 per cent Y-o-Y in Q1FY26.

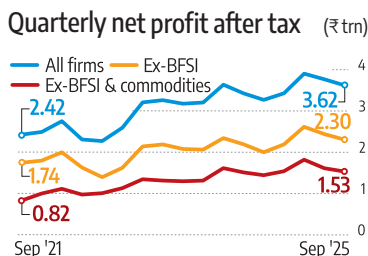
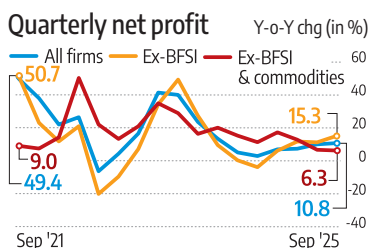
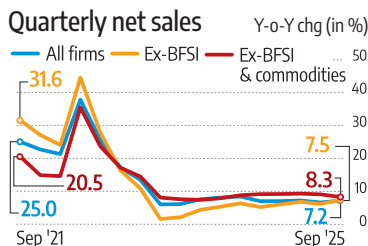
"Overall corporate earnings in Q2FY26 beat earlier estimates driven by commodities such as oil & gas, cement and metals. Barring global commodities — metals and oil & gas — our universe posted 6 per cent Y-o-Y earnings growth vs our estimate of 2 per cent," wrote analysts at Motilal Oswal Financial Services in their interim earnings review for Q2FY26.

Dhananjay Sinha, co-head (research and equity strategy), Systematix Institutional Equity, said: "The Q2FY26 earnings indicated continued weakness in consumer demand including automobiles, information-technology (IT) services, and banking. In contrast some of the cyclicals and investment-related sectors such as metals, oil & gas, and capital goods outperformed."

ILLUSTRATION: AJAYA KUMAR MOHANTY



## Tracking the trend



BFSI: Banks, non-banking financial companies, insurers and stock brokers; commodities include oil & gas, metals & mining and cement

Note: Based on quarterly results of 2,647 companies excluding their listed subsidiaries

Source: Capitaline

Compiled by BS Research Bureau

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# Commodities spur India Inc's Sep quarter showing

Adjusted net profits of all listed companies in the *Business Standard* sample grew to around ₹3.62 trillion in Q2FY26 from around ₹3.27 trillion a year ago but a decline from about ₹3.77 trillion in Q1FY26.

Earnings of companies other than BFSI grew to around ₹2.3 trillion in Q2FY26 from around ₹2 trillion a year ago but a decline from around ₹2.44 trillion in Q1FY26.

In comparison, the combined net profits of companies ex-BFSI and commodities grew to around ₹1.53 trillion from ₹1.44 trillion a year ago but down from ₹1.61 trillion in Q1FY26.

Similarly, net sales (gross interest income in the case of banks and other lenders) were up 7.2 per cent Y-o-Y in Q2FY26, an improvement from 7 per cent in Q2FY25 and 6.6 per cent in Q1.

Net sales of companies ex-BFSI were up 7.5 per cent Y-o-Y in Q2FY26, growing at the fastest pace in the last 10 quarters. However, net sales of firms ex-BFSI and commodities were up 8.3 per cent, growing at the slowest pace in the last six quarters.

For comparison, their net sales were up 9.2 per cent Y-o-Y in Q2FY25 and 9.1 per cent Y-o-Y in Q1FY26.

Earnings growth in the quarter was led by oil refiners including Reliance Industries, mining & metal companies, and cement producers.

Companies in other key sectors such as IT services, fast-moving consumer goods, automobiles, power, and construction and infrastructure underperformed with low

single-digit growth in revenues and earnings in Q2FY26.

Both oil & gas, and cement companies benefited from a low base as they had reported a sharp earnings contraction in Q2FY25.

Net profits of companies in the oil & gas business, including Reliance Industries, had declined by 42.6 per cent Y-o-Y in the September 2024 quarter while cement makers' combined net profits shrank 64.6 per cent Y-o-Y in the quarter.

The picture changed this financial year and net profits of oil & gas firms were up 43.1 per cent Y-o-Y in Q2FY26 to ₹47,072 crore, while cement makers' corporate profits more than quadrupled to ₹4,236 crore in Q2FY26 from ₹1,023.1 crore.

Oil & gas companies' net sales were up 8.8 per cent Y-o-Y in Q2FY26, growing at the fastest pace since the March 2023 quarter.

Cement companies' net sales were up 16.2 per cent Y-o-Y in Q2FY26, growing at the fastest pace since the December 2022 quarter.

Net profits of mining and metal companies such as Tata Steel, Hindalco, Coal India, and JSW Steel were up 18.9 per cent Y-o-Y to ₹25,709 crore in Q2FY26 from ₹21,623 crore a year ago and ₹29,531 crore in Q1FY26 a year ago.

Their net sales were up 10.5 per cent Y-o-Y in Q2FY26, growing at the fastest pace in the last 12 quarters.

Banks, the single-biggest contributor to corporate earnings, struggled during the quarter owing to a slowdown in loan growth and a contrac-

tion in net interest margins.

Banks' combined gross interest income was up just 4.3 per cent Y-o-Y, down sharply from 13.2 per cent Y-o-Y growth in Q2FY25 and growing at the slowest pace in the last 15 quarters. Banks' combined net profits (adjusted for exceptional gains and losses)

were up just 0.2 per cent Y-o-Y, growing at the slowest pace in at least the last 17 quarters.

Banks reported combined net profits of ₹94,037 crore in Q2FY26, accounting for 26 per cent of the combined net profits of all companies, a decline from their 28.7 per cent share in Q2FY25.

## Compliance cost may rise for companies after notification of DPDP Act

While companies may eventually be able to absorb the initial cost, despite the staggered timeline of up to 18 months, there could be other challenges to DPDP Act compliance, experts said.

Under the rules, the government has placed additional obligations on significant data fiduciaries. These include an annual data protection impact assessment, a yearly audit to ensure compliance with the provisions of the Act, and continuous due diligence to verify that the technology being used by the company, including the software and algorithm, is not likely to "pose a risk to the rights of data principals".

All companies, social media platforms, and internet intermediaries that deal with the digital personal data of users will fall under the category of data fiduciaries. All users whose personal data is sought to be processed by these entities will now be referred to as data principals.

Several large public sector lenders like State Bank of India, Bank of Baroda, Union Bank of India, among others are developing advanced data governance tools, encryption technologies, and automated compliance monitoring sys-

tems.

Though the government has notified the additional compliances for significant data fiduciaries, it has not yet set out the parameters which will define this class of data fiduciaries, said Shreya Suri, partner at law firm CMS INDUSLAW.

Experts said that while firms may eventually be able to absorb the initial cost of implementing the new framework, despite the staggered timeline of up to 18 months, there could be other challenges to it as well.

Micro, small, and medium enterprises (MSMEs) often lack awareness and capacity to conduct comprehensive data protection impact assessments and appoint dedicated Data Protection Officers, said Anandamay Misshra, founder and managing partner at AMLEGALS.

Apart from MSMEs, most other organisations lack the visibility into their own data inventory and face the daunting task of comprehensive data mapping across fragmented legacy systems and vendor ecosystems, said Akshay S Nanda, partner at law firm Saraf and Partners.

"Data mapping is not just a compliance checkbox but a foundational, resource-inten-

