



# INDIAN CORPORATE SECTOR: Q4 FY2022 PERFORMANCE REVIEW AND OUTLOOK

**India Inc. pens a story of revenue growth even as it grapples with margin headwinds**

June 2022



## 1 Summary



## 2 Financial Performance of the Corporate Sector in Q4 FY2022



## 3 Macroeconomic Environment



## 4 Key trends in the Indian corporate sector



*While Corporate India reported positive revenue trends in Q4 FY2022 across sectors, the earnings faced significant headwinds from commodity and energy cost inflation, and supply chain disruptions, among others.*

*The margin recovery is expected from H2 FY2023; however, these challenges may constrain the recovery and thus remain key monitorable.*



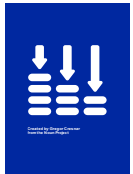
- The revenue growth of Corporate India in Q4 FY2022 was, expectedly, positive aided by economic growth due to healthy demand scenario and price hikes seen across several sectors, leading to higher realisation levels.



- Accordingly, the aggregate revenues of 583 listed companies evaluated by ICRA (excluding financial sector entities) grew by 22.7% YoY and 10.7% sequentially during Q4 FY2022. These trends were visible across sectors, although to a varying degree. While sectors like airlines, construction, iron & steel, oil & gas, among others had significant QoQ growth in Q4 FY2022, few other sectors like hotels, retail and FMCG witnessed sizeable sequential revenue decline for the quarter.



- While revenues grew at a healthy pace, operating profit margin (OPM) of India Inc. for the quarter contracted both on a sequential as well as YoY basis. In addition to sharp increase in input costs due to rising commodity prices, energy inflation and supply chain disruptions, several sectors also faced rural distress, which hampered demand prospects and thus impacted revenues and margins to an extent.



- These operational challenges, especially inflationary pressures, which could not be passed on entirely to the customers, contracted the OPM by 135 bps on a YoY basis, despite operating leverage benefits from higher revenues. Although companies have been exploring several ways to protect their earnings such as periodic price hikes, cost rationalisations, design and process optimisation etc., these have been inadequate to arrest the margin decline.



- ICRA believes that Q1 FY2023 performance of Corporate India would face similar constraints as supply chain issues are easing only gradually, while commodity-led headwinds continue, especially in the wake of rising crude oil prices and geo-political developments.



ICRA

## Analytical Contact Details



**Shamsher Dewan**

*Group Head*

**Kinjal Shah**

*Co-Group Head*

**Yashowardhan Swami**

*Senior Analyst*

**Trisha Agarwal**

*Analyst*



shamsherd@icraindia.com

kinjalshah@icraindia.com

yashowardhan.swami@icraindia.com

trisha.agarwal@icraindia.com



0124 – 4545 328

022 – 6114 3400

020 – 6606 9923

022 – 6114 3457





ICRA

## Business Development/Media Contact Details



**L. Shivakumar**

*Executive Vice-President*

**Jayanta Chatterjee**

*Executive Vice-President*

**Naznin Prodhani**

*Head Media & Communications*



shivakumar@icraindia.com

jayantac@icraindia.com

communications@icraindia.com



022- 6114 3406

080 – 4332 6401

0124 – 4545 860





***© Copyright, 2022 ICRA Limited. All Rights Reserved.***

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

**Thank You!**