



2Q FY26 Earnings: Closing Strong

A comprehensive review of corporate performance across sectors, highlighting broad-based recovery and margin-driven profitability gains as the reporting season concludes.



Earnings Season Overview: Broad-Based Recovery Confirmed

We are nearing the close of the 2Q FY26 reporting season, with over 3,500 companies having disclosed results. The data now provides a statistically robust picture of corporate India's performance trajectory.

The headline figures underscore the breadth and depth of the recovery. Aggregate revenues climbed 8.2% year-on-year, whilst EBITDA surged 14.1% and profit after tax (PAT) advanced 16.0%. Excluding Financial Services, profit growth accelerated to an impressive 22.5%, driven predominantly by margin expansion rather than volume-led gains—a defining characteristic of this reporting cycle.

3,500+

Companies Reported

Representative coverage

8.2%

Revenue Growth

Year-on-year basis

16.0%

PAT Growth

Aggregate increase

Profit Growth Breakdown: Margin Leverage at Work

Two-Part Structure

- Aggregate and sectoral trend analysis across industries
- Deep dive into standout company performances from the final reporting week

Key Insight

Margin gains and cost discipline—rather than pure top-line acceleration—have emerged as the primary drivers of profitability this season, even in sectors facing demand headwinds.

Sectoral Performance: Winners and Watchpoints

The strongest momentum came from Commodities, Energy, Healthcare, and Industrials, where operational leverage and mix improvements drove outsized profit gains. Below is a summary of key sectoral trends.

Commodities +44.1%

Metals led the charge with Tata Steel, Lloyds Metals, and Jindal Stainless posting strong delivery and margin gains. Fertilisers showed mixed results as input cost pressures offset subsidy support.

Energy +52%

Gandhar Oil, ONGC, and gas producers delivered robust profitability on improved pricing and efficiency. City-gas distributors faced margin compression from rising input costs.

Healthcare +16%

Broad-based strength across biologics, biosimilars, and pharma. Biocon, Max Healthcare, JB Chemicals, and Glenmark led with scale and margin expansion.

Industrials and Discretionary: Divergence Emerges

Industrials: Defence and Engineering Shine

Profit growth of 18.7% was led by defence contractors and capital goods firms. Bharat Dynamics more than doubled revenue on missile execution, whilst KEC International doubled profits on record order books and margin discipline.

Traditional EPC players faced headwinds from monsoon delays and execution bottlenecks, though underlying order momentum remained healthy.

Consumer Discretionary: Premium vs. Volume

Profits rose 17.5%, but performance was sharply bifurcated. Hero MotoCorp, PN Gadgil, and Asian Paints capitalised on festive demand and mix upgrades.

Conversely, Voltas struggled with weak seasonal demand, whilst Welspun Living faced the brunt of US tariffs and subdued global appetite.



FMCG, Financials, and Utilities: Mixed Signals



FMCG: Top-Line Strength, Margin Pressure

Revenues climbed 10%, but PAT growth stalled at 1.7% as raw material inflation and brand investment eroded profitability. KRBL and Parag Milk outperformed on mix and export traction.



Financial Services: Steady as She Goes

PAT rose 6.2% on the back of loan growth and stable asset quality. Bajaj Finance and Muthoot Finance led, whilst smaller players faced spread compression and regulatory headwinds.



Utilities: Cost Pressures Bite

Sector profits declined 17% due to elevated input costs and tough comparatives. Torrent Power and Tata Power bucked the trend with strong operational execution.



Conclusion: Margin Discipline Defines the Cycle



Key Takeaways

- Margin expansion and cost control—not volume growth—are driving profitability across most sectors
- Commodities, Energy, Healthcare, and Industrials emerged as clear outperformers with operational leverage
- Consumer-facing sectors show bifurcation: premium segments thrive whilst volume plays face headwinds
- Even in challenging pockets (durables, infrastructure), disciplined execution has supported earnings resilience

Outlook: The earnings cycle remains on firm footing, underpinned by corporate discipline and selective demand strength. Margin sustainability will be the key watchpoint in coming quarters.