

Q3 FY 2025-26

INDIA RISK INSIGHT QUARTERLY (IRIQ)

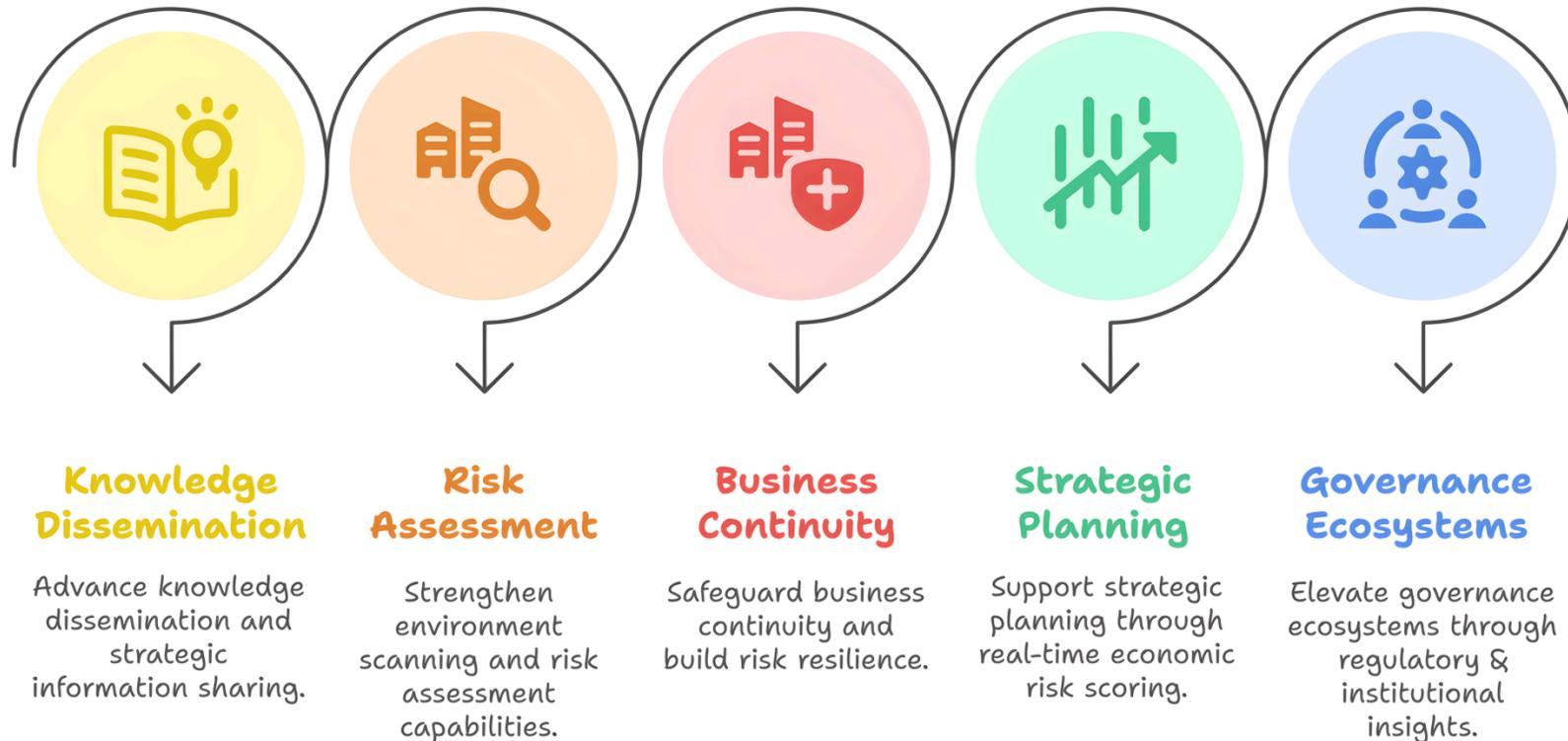
*From Data to Decisions— India's Risk
Pulse, Every Quarter.*

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Background

Key Objectives



Purpose: The India Risk Insight Quarterly (IRIQ) is a strategic intelligence report designed to decode India's evolving macroeconomic and corporate landscape. It aggregates risk signals from financial, operational, and governance vectors across industries, delivering actionable insights to business leaders.

Usage by CXOs

- **CEOs:** Leverage narrative intelligence for strategic pivots and market positioning
- **CFOs:** Utilize risk and performance signals for liquidity management and capital planning
- **CROs:** Monitor cross-sectoral threats and fine-tune internal risk frameworks for compliance and resilience

Methodology – How Risk Scores Are Assigned



IRIQ applies a multidimensional scoring rubric to benchmark risk indicators across macroeconomic and corporate domains, enabling consistent comparisons, scenario modelling, and strategic response planning



Scoring Dimensions

- Magnitude: Severity of deviation from equilibrium
- Volatility: Sharpness and frequency of shifts over the quarter
- Propagation: Sectoral linkages and systemic spillovers
- Duration: Short-term blip vs. structural persistence.

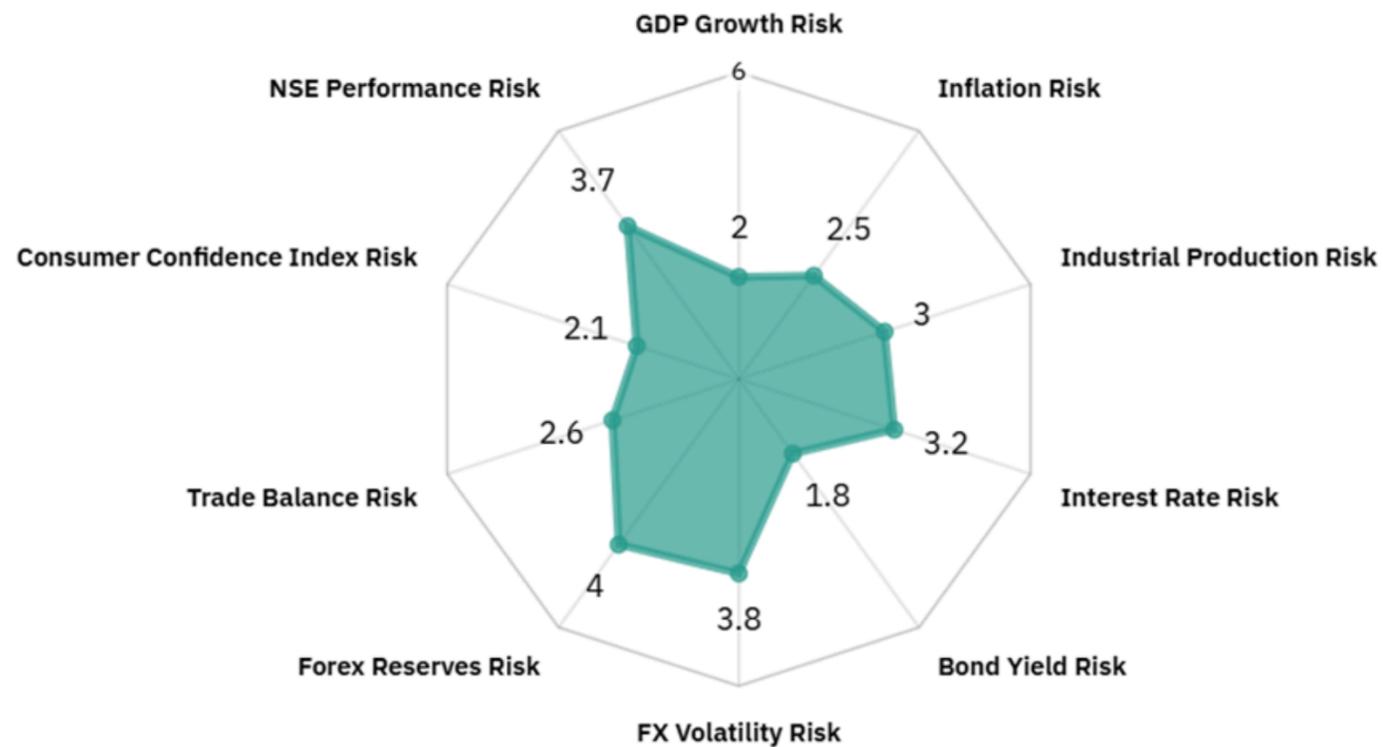
Score	Impact
1	Business as usual – no material risk to operations or strategy
2	Low-level signals – keep monitoring, minor fluctuations possible
3	Noticeable strain – may affect liquidity, profitability, or stakeholder confidence
4	Systemic stress – risk across multiple fronts; activate mitigation levers
5	Severe disruption – threat to business continuity, financial integrity, and sector exposure

Executive Commentary

Q3 FY 2025–26

Risk Radar Chart

Macroeconomic Stability Risk Radar Chart Q3 FY 25-26



Macro-economic Indicators

[Click here to know in details](#)

Economic Indicators



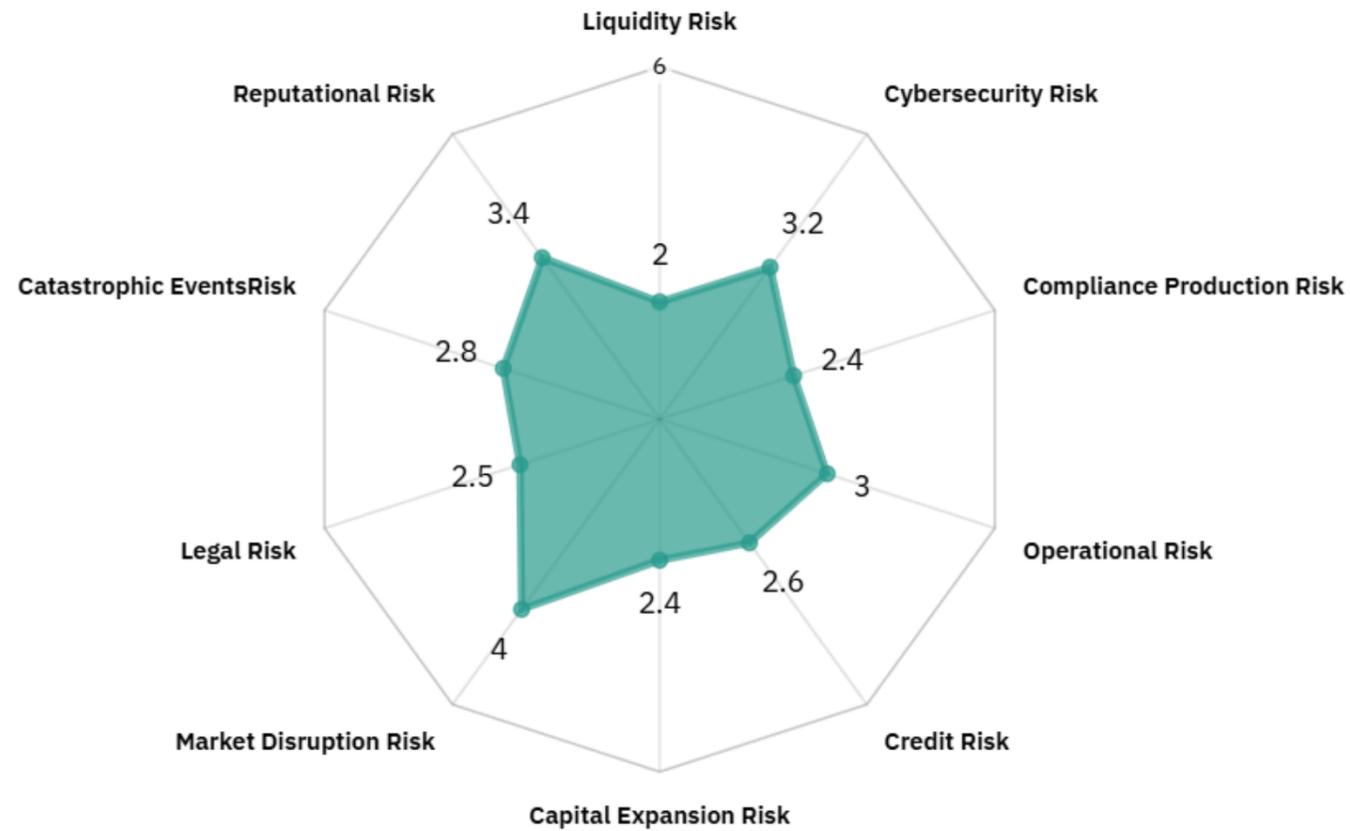
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Risk Radar Chart

Corporate & Sectoral Trends Risk Radar Chart Q3 FY 25-26



Corporate & Sectoral Trends

Corporate & Sectoral Trends

<p>Liquidity Buffers</p> <p>Most firms maintained stable working capital and adequate cash buffers.</p>	<p>Capex Momentum</p> <p>Selective expansion continued in renewables, electronics, infrastructure, and defence.</p>	<p>Cyber Threats</p> <p>BFSI and digital platforms faced elevated phishing and ransomware attacks.</p>	<p>Legal Risk</p> <p>High-value arbitration proceedings intensified, elevating legal and governance risk.</p>
<p>Credit Environment</p> <p>Lending growth moderated, particularly in unsecured segments.</p>	<p>Compliance Scrutiny</p> <p>ESG and governance lapses triggered heightened regulatory scrutiny and actions.</p>	<p>Market Realignment</p> <p>Strategic JVs and digital platform shifts disrupted established incumbents.</p>	<p>ESG Adoption</p> <p>Compliance automation increased, and board-level accountability was emphasized.</p>

Key Indicators Q3 FY 2025–26

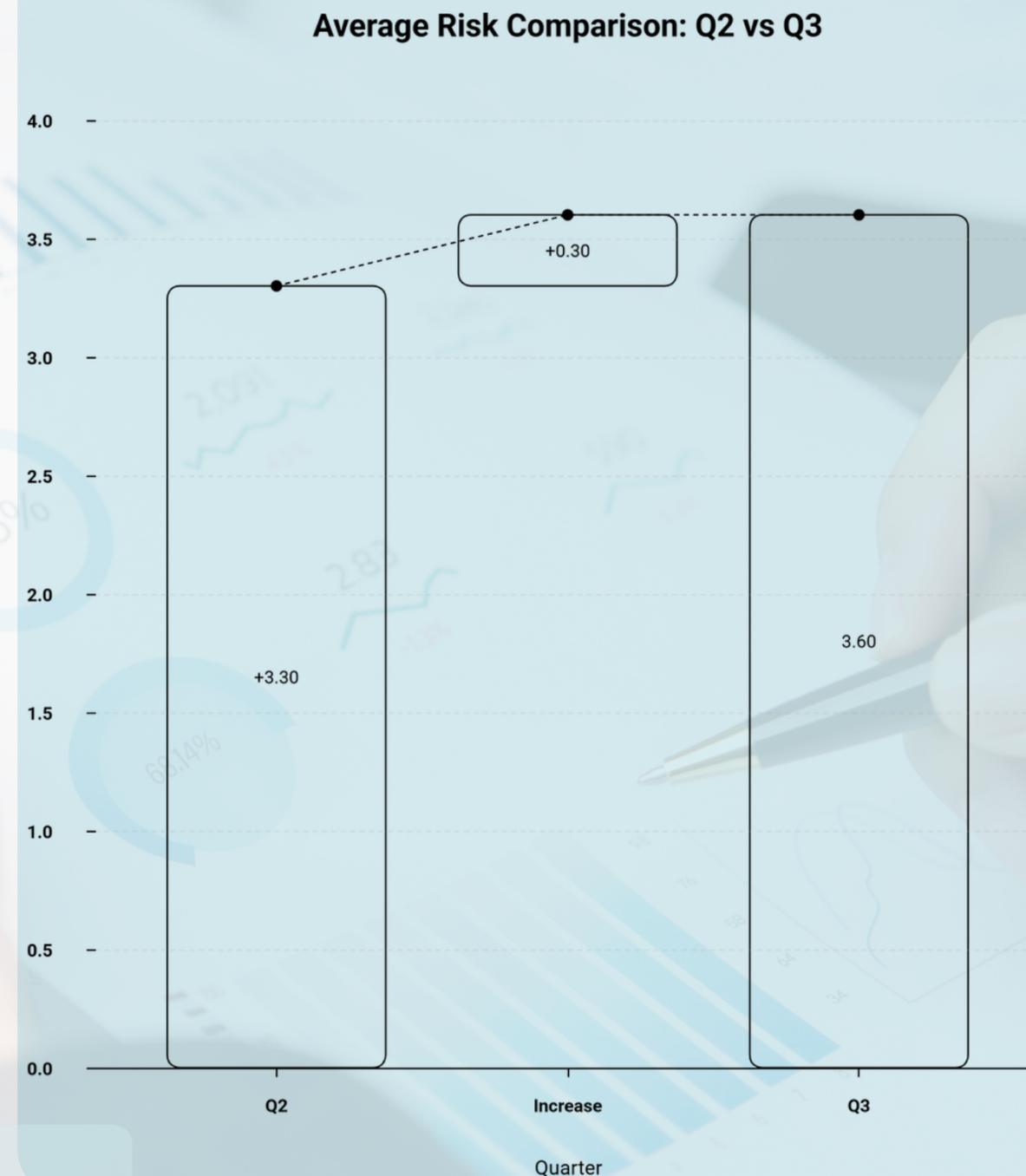
Category	Risk Score	Mapped Events	CEO Focus Area
Strategic	2.8	<ul style="list-style-type: none"> The repo rate was cut by 25 bps to 5.25% in December 2025, responding to low inflation and supporting growth. The RBI revised its GDP growth estimate for Q3 to ~7.0%, up from earlier projections. India's exports grew year-to-date during April-December 2025, with cumulative total exports at ~US\$ 634.26 billion. Trade data for December 2025 showed the trade deficit widening, with total imports growing faster than exports during the month, reflecting external sector pressures. 	<ul style="list-style-type: none"> Align strategic planning with the evolving domestic demand and RBI's growth support stance. Reprioritize CapEx toward sectors that are benefitting from supportive macro conditions. Hedge export exposure and diversify trade corridors. Monitor sectoral rotation and valuation shifts arising from monetary easing and sector-specific growth differentials.
Operational	4.4	<ul style="list-style-type: none"> IndiGo flight operations crisis caused major scheduling disruptions and cancellations in December 2025, highlighting operational planning and workforce management failure in aviation. Mixed performance across industrial and logistics firms with some reporting operational cost pressures and margin compression Select mid-cap industrials flagged operational inefficiencies in Q3 results. RBI FSR highlighted near-term operational and digital risk exposures. 	<ul style="list-style-type: none"> Strengthen workforce and capacity planning in critical operations. Enhance ERP visibility and real-time operational dashboards. Build supply chain redundancy and inventory buffers. Conduct operational continuity and disruption stress tests.
Cybersecurity	3	<ul style="list-style-type: none"> CERT-In issued sector-wide alerts on rising phishing, ransomware, and payment-system attacks during festive transaction surge. RBI reiterated cybersecurity compliance and breach reporting expectations for regulated entities (Dec 2025). Increased spoofed domains and credential-harvesting attempts targeting BFSI and fintech platforms & Elevated UPI and digital payment volumes expanded attack surface. 	<ul style="list-style-type: none"> Deploy AI-driven threat detection and SOC monitoring. Strengthen vendor cybersecurity audits and endpoint protection. Enhance breach containment and incident response protocols. Review cyber insurance coverage and forensic audit preparedness.
Compliance	3	<ul style="list-style-type: none"> RBI's FSR highlighted supervisory observations on KYC/AML adherence and governance oversight across regulated entities. Securities and Exchange Board of India issued show-cause notices concerning disclosure lapses and related-party transaction violations among listed entities. Continued enforcement actions and settlements were processed under SEBI's SCORES. Regulatory focus intensified on ESG disclosures, SRA's, and digital lending compliance frameworks 	<ul style="list-style-type: none"> Implement RegTech-enabled automated reporting and reconciliation. Conduct ESG assurance and board-level governance reviews. Strengthen KYC/AML monitoring and audit trail integrity. Proactively track SEBI and RBI regulatory updates.

Key Indicators Q3 FY 2025–26

Category	Risk Score	Mapped Events	CEO Focus Area
Reputational	2.8	<ul style="list-style-type: none"> SEBI intensified scrutiny on ESG disclosures and related-party transaction reporting among listed entities. Regulatory reviews and governance observations led to enhanced disclosure monitoring across mid-cap and financial services firms. Forensic audits and internal governance reviews were initiated in select NBFCs and cooperative banks following supervisory findings. RBI reiterated expectations on board accountability and audit trail integrity. 	<ul style="list-style-type: none"> Strengthen ESG assurance and third-party disclosure verification mechanisms. Enhance crisis communication and brand monitoring frameworks. Reinforce internal audit controls and whistleblower governance.
Financial	3.8	<ul style="list-style-type: none"> Reserve Bank of India reduced the repo rate to 5.25%, shifting to a growth-supportive stance amid low inflation. Headline CPI remained at multi-year lows during Q3 before edging higher. 10-year Government Security yields softened and traded in the 6.3-6.5% range. Bond issuances remained elevated, with AAA-rated 10-yr c.p. trading near ~7.1-7.3%. Bank credit growth moderated to ~8-10% YoY, with selective expansion in MSME and infrastructure-linked segments. 	<ul style="list-style-type: none"> Recalibrate funding strategy under lower rate environment. Monitor NIM compression and repricing risk across loan books. Optimize working capital and liquidity buffers. Align treasury strategy with yield curve shifts and duration opportunities.
Environmental	2.5	<ul style="list-style-type: none"> Post-monsoon flooding and extended rainfall disrupted logistics and construction activity in select northern and eastern regions. Seasonal power demand required grid load-balancing measures across urban clusters. Weather-linked supply chain disruptions impacted cement dispatches and mining outputs. RBI's supervisory communications reiterated climate-risk mapping and resilience expectations for regulated entities. 	<ul style="list-style-type: none"> Implement geo-tagged climate risk mapping across assets and supply chains. Strengthen disaster recovery and infrastructure redundancy frameworks. Upgrade facilities for flood and extreme weather resilience. Integrate climate stress testing into enterprise risk planning.
Geopolitical	4.2	<ul style="list-style-type: none"> The Indian Rupee traded in a volatile band near ₹83-₹85/USD amid global dollar strength and shifting U.S. yield expectations. India's merchandise trade deficit widened due to higher crude oil and gold imports. Forex reserves fluctuated below the late-September peak, reflecting valuation effects and market operations by the Reserve Bank of India. RBI conducted spot and forward market interventions to manage rupee volatility and maintain orderly market conditions. 	<ul style="list-style-type: none"> Diversify FX hedging strategies and monitor currency exposure. Reassess export concentration and trade corridor dependencies. Strengthen liquidity buffers against external shocks. Align procurement and pricing strategies with currency volatility trends.

Risk Category Comparison: Q2 Vs Q3

Risk Category	Q2	Q3
 Strategic	3	2.8
 Operational	4	4.4
 Cybersecurity	4	3
 Compliance	2.5	3
 Reputational	4	2.8
 Financial	3.5	3.8
 Environmental	3	2.5
 Geopolitical	3.5	4.2



Evolving Risk Overlay – Post Q3 Developments (Early Q4)

Geopolitical Escalation:

- Active Middle East conflict driving global risk-off sentiment
- Escalation risk around key energy shipping corridors
- Defence preparedness discussions are intensifying regionally

Energy Market Reaction

- Brent crude volatility rising on supply disruption concerns
- Shipping insurance premiums and freight costs are increasing
- Energy-import dependency risk re-emerging

FX & Capital Flow Movement

- INR volatility increasing amid safe-haven dollar flows
- Emerging market currencies under pressure
- Heightened sensitivity to FPI outflows

Equity & Market Volatility

- Indian equities reacting to global geopolitical headlines
- Sector rotation toward defence, energy, and defensives
- Risk premium expanding across mid-cap and export-linked names

Immediate Strategic Implications

- Oil shock transmission risk to inflation and margins
- External vulnerability risk via FX and trade channels
- Liquidity conservation becomes a strategic priority
- Defence and security-linked spending acceleration is likely

Conclusion



Key Takeaways:

- Macro stability held firm with repo rate cut to 5.25%, low inflation through most of the quarter, moderated bond yields, and stable forex reserves despite INR volatility and a widening trade deficit.
- Risk pockets persist in mid-cap corporates, MSMEs, export-linked sectors, and ESG-sensitive firms amid rising regulatory scrutiny and cyber threats.
- No systemic stress emerged, but FX volatility, compliance enforcement, and climate-linked disruptions require proactive oversight.

Strategic Themes Going Forward

- Shift from reactive compliance to forward-looking resilience and stress analytics.
- Elevate board accountability on ESG, cyber readiness, and disclosure integrity.
- Integrate climate and supply-chain risk into enterprise frameworks.

CXO Imperatives

- **CEOs:** Align strategy with domestic resilience; manage export and currency risks.
- **CFOs:** Strengthen liquidity, monitor NIM compression, optimize funding mix.
- **CROs:** Enhance cyber defense, ESG governance tracking, and stress testing.

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