यूनियन बैंक ऑफ इंडिया
भारत सरकार का उपक्रम
Union Bank of India
A Government of India Undertaking

CORPORATE EARNINGS – June'26

"Earnings recovery broadens, but margin pressures temper the bottom-line momentum."

BANKING RESEARCH TEAM

Executive Summary

We are positively surprised by June'26 quarter revenue and operating profit growth across sectors despite the West Asia crisis creating notable cost headwinds during the quarter — even as PAT growth has taken a relatively sharper hit from elevated input and fuel costs; this underlying resilience reflects the strength of Indian businesses, underpinned by supportive policy measures.

- Aggregate Net Sales grew **17.8% YoY**, but aggregate OP and PAT grew only **7.2%** and **9.7% YoY** respectively — the gap is arising due to Crude Oil category, where revenue rose on higher realizations while margins collapsed.
- **Headline Earnings (Ex-Crude Oil)**, the headline picture is much stronger. Net Sales grew **14.0%** YoY, OP grew **13.6%** YoY, and PAT grew **19.7%** YoY in Jun'26, with OP margin nearly flat (26.4%→26.3%, down by ~9 bps (YoY Jun'26)
- **Manufacturing** (OP +17.3%, PAT +19.2%, margin flat ~20%): broad-based volume growth with partial cost pass-through, keeping margins stable despite input cost pressures.
- **Crude Oil** (OP -41.4%, PAT -59.9%, margin down ~656 bps): weaker refining/marketing margins (GRMs) and inventory losses as crude prices moved against companies during the quarter — the single biggest drag on aggregate profitability.
- **Trading & Services (ex-IT/BFSI)** (OP +38.1%/+16.4%): strong volume-led recovery, though Trading's PAT growth lagged OP (-14.2%) due to one-off/other-income base effects in the prior year.
- **BFSI** (OP +9.0%, PAT +16.6%, margin steady at ~34%): healthy credit growth and controlled provisioning kept profitability steady; PAT outpaced OP on lower credit costs/tax-related tailwinds.
- **IT** (OP +19.1%, PAT +20.3%, margin up ~120 bps): operating leverage, cost efficiencies, and a favourable rupee helped margins expand even as revenue growth was moderate.

Universe – 1516 companies, Manf.- 915, Services – 519, Trading – 65, Others 17

Executive Summary (Sectoral Highlights)

- **Topline momentum strengthened sharply:** Aggregate Net Sales increased **21.9% YoY to ₹23.51 lakh crore** in Jun'26, compared with ₹19.29 lakh crore in Jun'25. Automobile & Ancillaries, Crude Oil, Chemicals, IT and FMCG were among the key contributors to growth.
- **Operating profit growth remained subdued:** Aggregate Operating Profit rose only **5.4% YoY to ₹3.86 lakh crore**, significantly slower than revenue growth, indicating **broad-based pressure on operating margins** despite healthy demand and volume growth in several sectors.
- **PAT growth improved moderately:** Aggregate PAT increased 4.9% YoY to ₹1.97 lakh crore. The relatively modest PAT growth compared with the 21.9% topline expansion highlights the uneven transmission of revenue growth into bottom-line profitability, with sectors such as Metals, Capital Goods, Infrastructure and Consumer Discretionary reporting relatively stronger earnings growth, while Automoble, FMCG, Cement and Oil & Gas continued to face margin pressures from elevated input costs.
- **Manufacturing earnings remained mixed:** Automobile & Ancillaries, Chemicals, Capital Goods, Electricals, Iron & Steel, Non-Ferrous Metals and Textile recorded healthy growth in both Operating Profit and PAT. However, Construction Materials, FMCG and Consumer Durables showed comparatively weaker profitability.
- **Services showed strong pockets of recovery:** Logistics recorded particularly strong earnings growth, with OP rising **53.7%** and PAT more than doubling. Telecom also moved from a loss in Jun'25 to a **₹3,652 crore PAT** in Jun'26.

Outlook for Q2FY27: We remain positive on the earnings trajectory into Q2FY27. While most corporates have largely absorbed commodity cost inflation in Q1, some margin pressure in Oil & Gas, Cement, and FMCG may persist in Q2 due to delayed cost pass-through. Nevertheless, healthy HFIs and festive-led demand should support strong revenue growth. Overall, earnings momentum is expected to remain resilient, although margins may soften slightly in Q2FY27 due to residual commodity cost pressures.

Headline Corporate Earnings Numbers

HEADLINE (EX. CRUDE OIL)

YoY Growth Trend (%) | Mar'23 – Jun'26 | Basket size: 1504 companies

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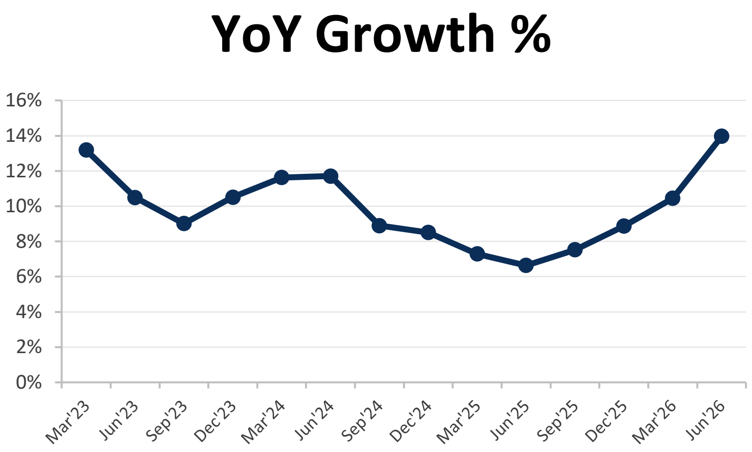
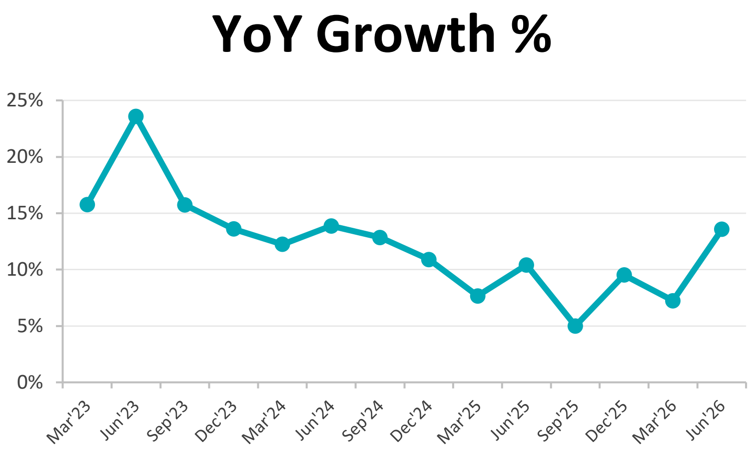
NET SALES YOY GROWTH

Jun'26: +14.0%



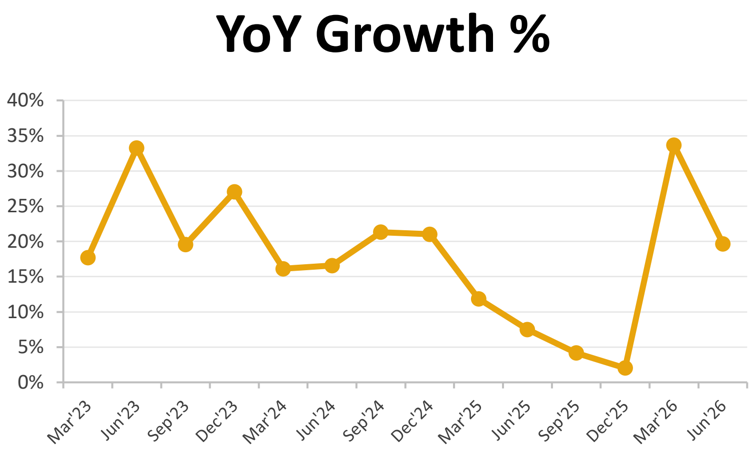
OPERATING PROFIT YOY GROWTH

Jun'26: +13.6%



PAT YOY GROWTH

Jun'26: +19.7%



KEY HIGHLIGHTS

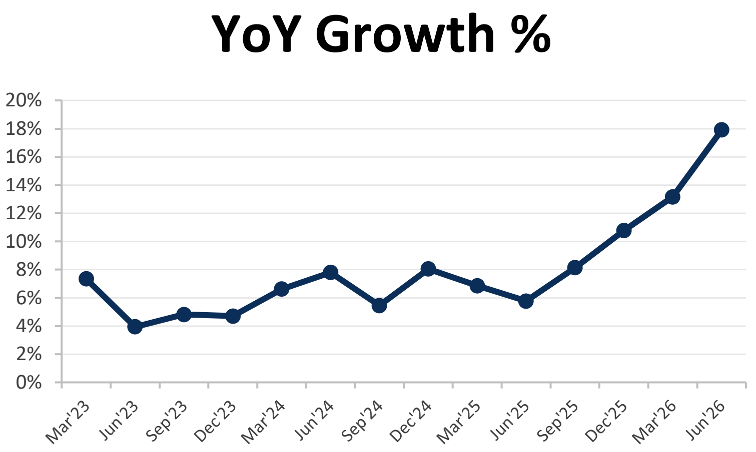
- **Net Sales YoY moved from +13.2% (Mar'23) to +14.0% (Jun'26); peak of +14.0% in Jun'26.**
- **Operating Profit YoY stood at +13.6% in Jun'26, ranging between +5.0% (Sep'25) and +23.6% (Jun'23).**
- **PAT YoY growth was +19.7% in Jun'26 vs +17.7% in Mar'23; peak of +33.7% in Mar'26.**
- **Sales momentum has accelerated in the trailing four quarters (avg +10.2%) vs the preceding four quarters (avg +7.8%).**
- **Ex-crude core-economy earnings momentum remains intact, masking sharp divergence between resilient IT/Manufacturing and softer BFSI/Services trends.**

Universe – 1516 companies, Manf.- 915, Services – 519, Trading – 65, Others 17

Source: Ace Equity, Banking Research

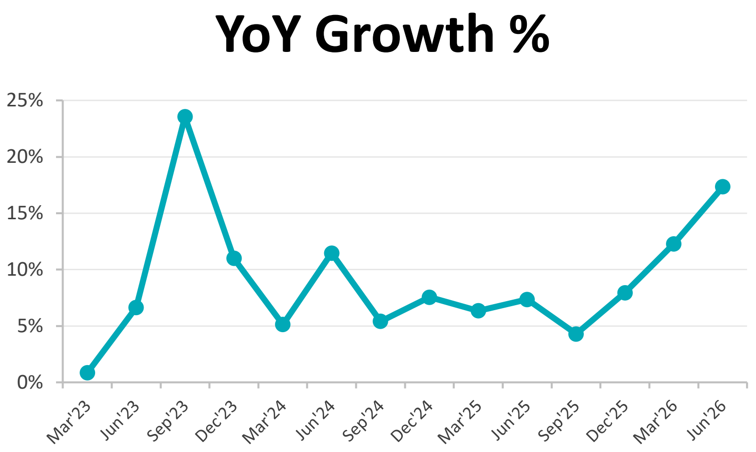
NET SALES YOY GROWTH

Jun'26: +17.9%



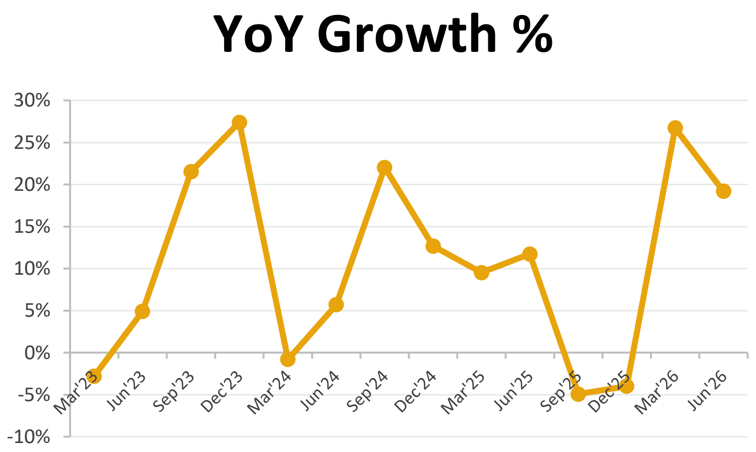
OPERATING PROFIT YOY GROWTH

Jun'26: +17.3%



PAT YOY GROWTH

Jun'26: +19.2%



KEY HIGHLIGHTS

- **Net Sales YoY moved from +7.3% (Mar'23) to +17.9% (Jun'26); peak of +17.9% in Jun'26.**
- **Operating Profit YoY stood at +17.3% in Jun'26, ranging between +0.8% (Mar'23) and +23.6% (Sep'23).**
- **PAT YoY growth was +19.2% in Jun'26 vs -2.8% in Mar'23; peak of +27.4% in Dec'23.**
- **Sales momentum has accelerated in the trailing four quarters (avg +12.5%) vs the preceding four quarters (avg +6.5%).**
- **Capex up-cycle, PLI-led volumes and demand resilience underpin one of the most consistent earnings re-acceleration trends in the basket.**

Universe – 1516 companies, Manf.- 915, Services – 519, Trading – 65, Others 17

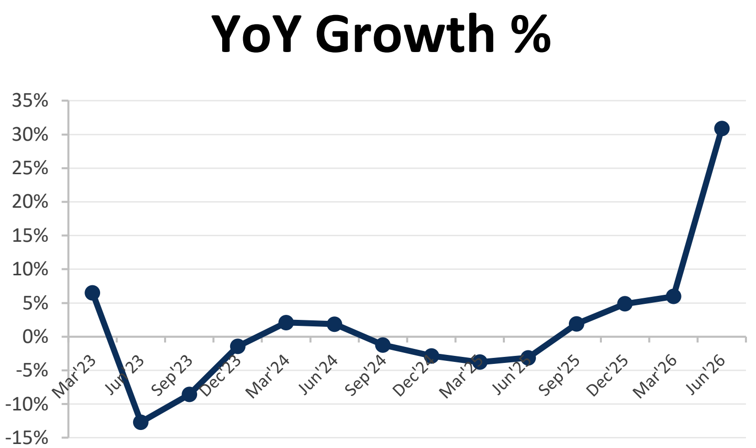
Source: Ace Equity, Banking Research

CRUDE OIL

YoY Growth Trend (%) | Mar'23 – Jun'26 | Basket size: 12 companies

NET SALES YOY GROWTH

Jun'26: +30.9%

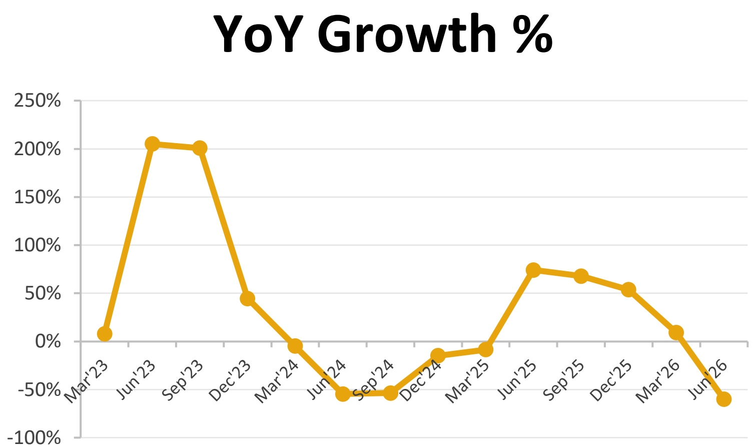


OPERATING PROFIT YOY GROWTH

Jun'26: -41.4%

PAT YOY GROWTH

Jun'26: -59.9%



KEY HIGHLIGHTS

- Net Sales YoY moved from +6.5% (Mar'23) to +30.9% (Jun'26); peak of +30.9% in Jun'26.
- Operating Profit YoY stood at -41.4% in Jun'26, ranging between -41.4% (Jun'26) and +128.5% (Sep'23).
- PAT YoY growth was -59.9% in Jun'26 vs +7.9% in Mar'23; peak of +205.1% in Jun'23.
- Sales momentum has accelerated in the trailing four quarters (avg +10.9%) vs the preceding four quarters (avg -2.8%).
- Sharp swings reflect crude-price volatility and refining margin compression; PAT remains under continued pressure heading into FY27.

Universe – 1516 companies, Manf.- 915, Services – 519, Trading – 65, Others 17

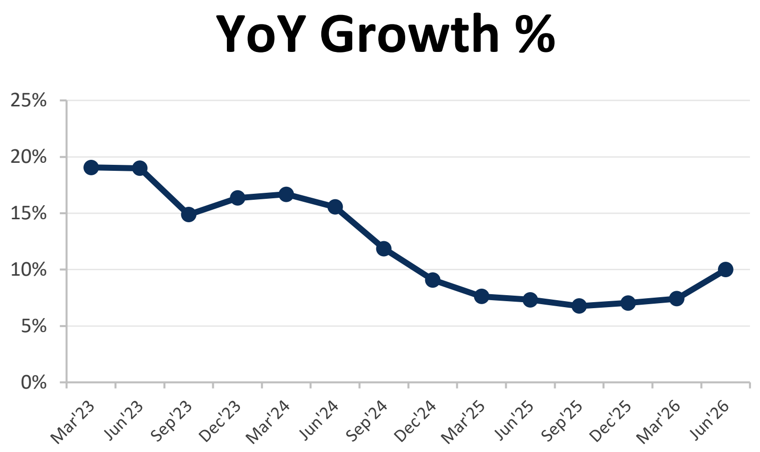
Source: Ace Equity, Banking Research

SERVICES HEADLINE

YoY Growth Trend (%) | Mar'23 – Jun'26 | Basket size: 519 companies

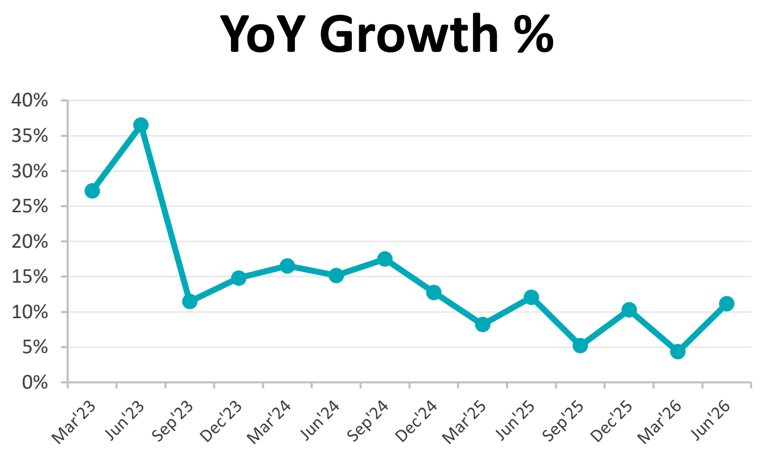
NET SALES YOY GROWTH

Jun'26: +10.0%



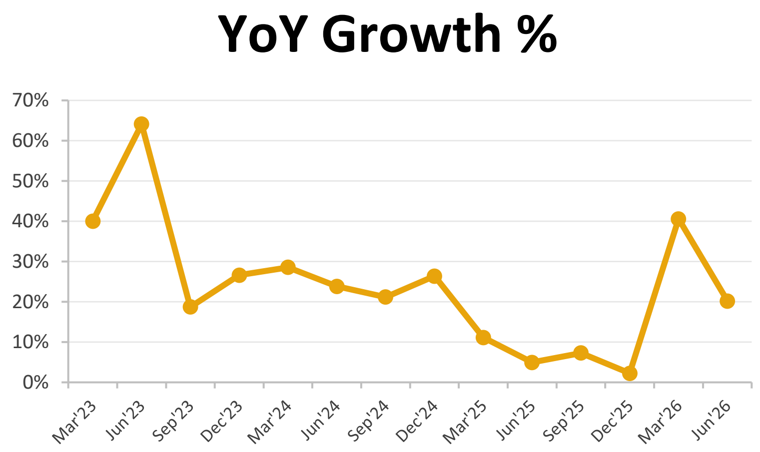
OPERATING PROFIT YOY GROWTH

Jun'26: +11.2%



PAT YOY GROWTH

Jun'26: +20.2%



KEY HIGHLIGHTS

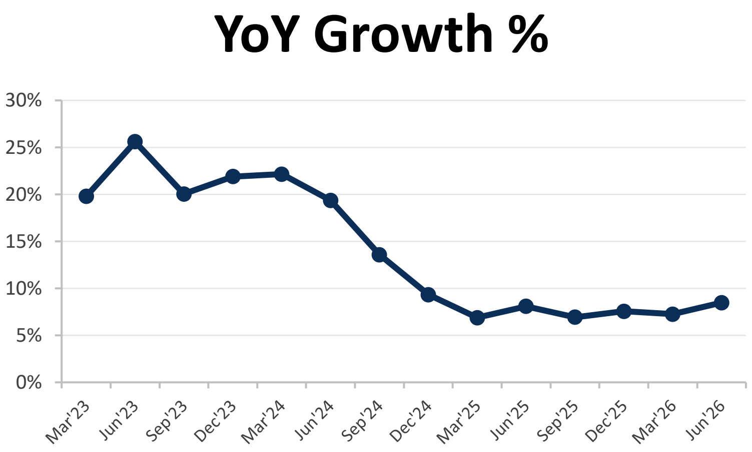
- Net Sales YoY moved from +19.1% (Mar'23) to +10.0% (Jun'26); peak of +19.1% in Mar'23.
- Operating Profit YoY stood at +11.2% in Jun'26, ranging between +4.3% (Mar'26) and +36.5% (Jun'23).
- PAT YoY growth was +20.2% in Jun'26 vs +40.0% in Mar'23; peak of +64.1% in Jun'23.
- Sales momentum has moderated in the trailing four quarters (avg +7.8%) vs the preceding four quarters (avg +9.0%).
- High base effects from FY24 are normalising; underlying demand remains healthy but growth has settled into sustainable, single-digit territory.

Universe – 1516 companies, Manf.- 915, Services – 519, Trading – 65, Others 17

Source: Ace Equity, Banking Research

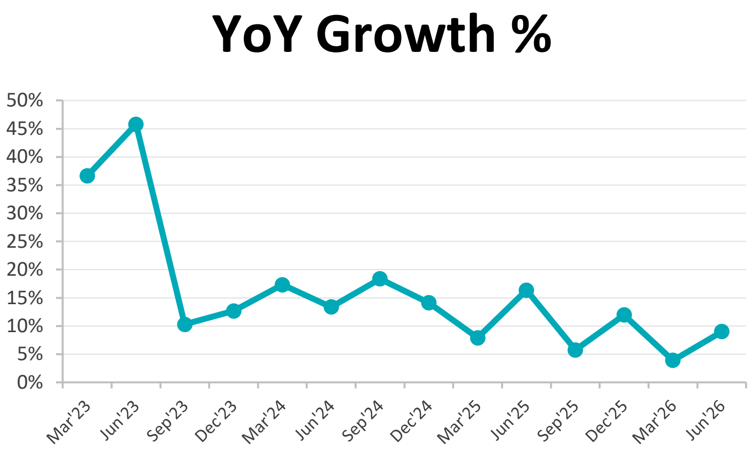
NET SALES YOY GROWTH

Jun'26: +8.5%



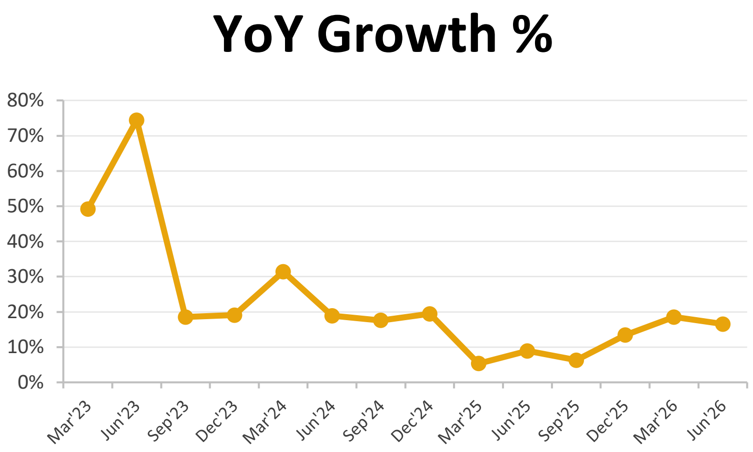
OPERATING PROFIT YOY GROWTH

Jun'26: +9.0%



PAT YOY GROWTH

Jun'26: +16.6%



KEY HIGHLIGHTS

- **Net Sales YoY moved from +19.8% (Mar'23) to +8.5% (Jun'26); peak of +25.6% in Jun'23.**
- **Operating Profit YoY stood at +9.0% in Jun'26, ranging between +3.9% (Mar'26) and +45.8% (Jun'23).**
- **PAT YoY growth was +16.6% in Jun'26 vs +49.2% in Mar'23; peak of +74.4% in Jun'23.**
- **Sales momentum has moderated in the trailing four quarters (avg +7.6%) vs the preceding four quarters (avg +9.5%).**
- **Credit-growth normalisation and NIM compression continue to weigh on core banking revenue; fee income and asset quality remain supportive of profitability.**

Universe – 1516 companies, Manf.- 915, Services – 519, Trading – 65, Others 17

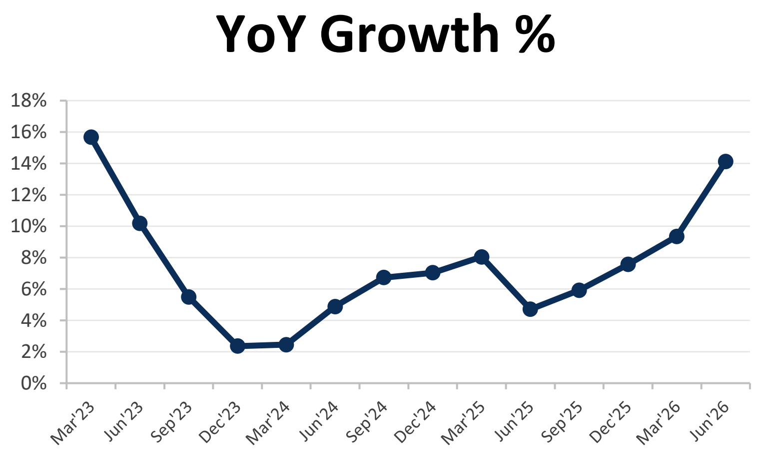
Source: Ace Equity, Banking Research

IT

YoY Growth Trend (%) | Mar'23 – Jun'26 | Basket size: 94 companies

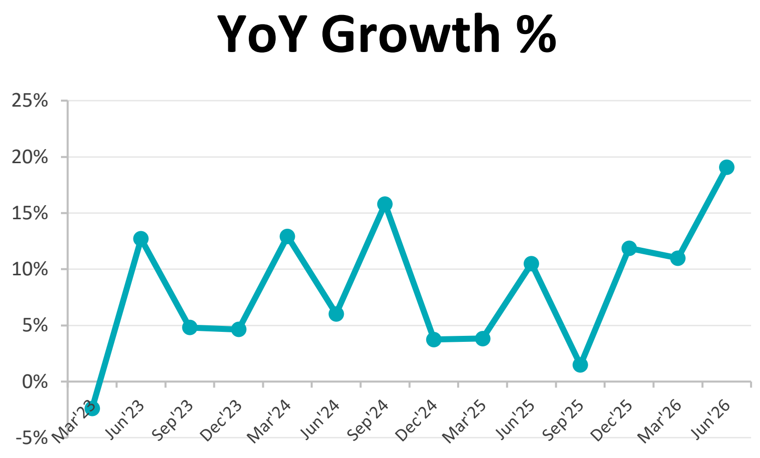
NET SALES YOY GROWTH

Jun'26: +14.1%



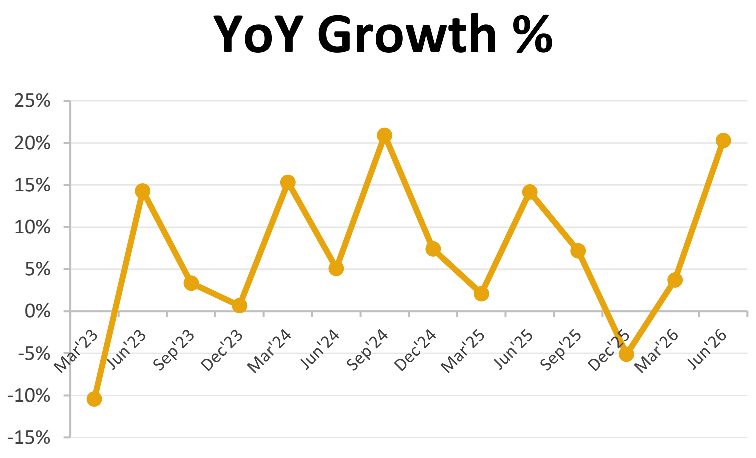
OPERATING PROFIT YOY GROWTH

Jun'26: +19.1%



PAT YOY GROWTH

Jun'26: +20.3%



KEY HIGHLIGHTS

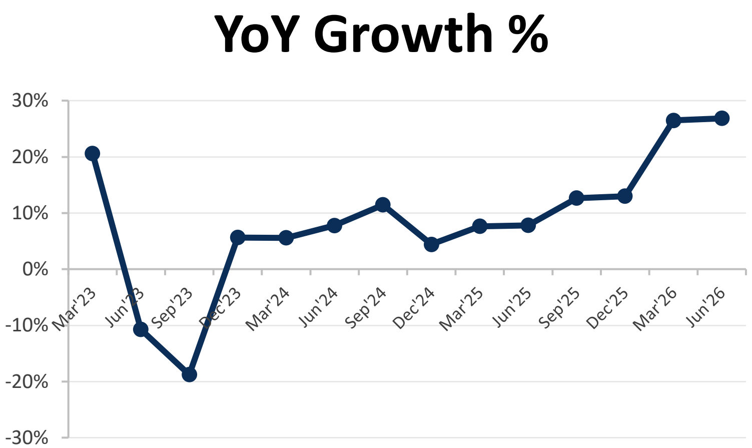
- Net Sales YoY moved from +15.7% (Mar'23) to +14.1% (Jun'26); peak of +15.7% in Mar'23.
- Operating Profit YoY stood at +19.1% in Jun'26, ranging between -2.4% (Mar'23) and +19.1% (Jun'26).
- PAT YoY growth was +20.3% in Jun'26 vs -10.4% in Mar'23; peak of +20.9% in Sep'24.
- Sales momentum has accelerated in the trailing four quarters (avg +9.2%) vs the preceding four quarters (avg +6.6%).
- Demand recovery in BFSI/Retail verticals and improving deal TCV are driving a broad-based re-acceleration in both revenue and earnings.

Universe – 1516 companies, Manf.- 915, Services – 519, Trading – 65, Others 17

Source: Ace Equity, Banking Research

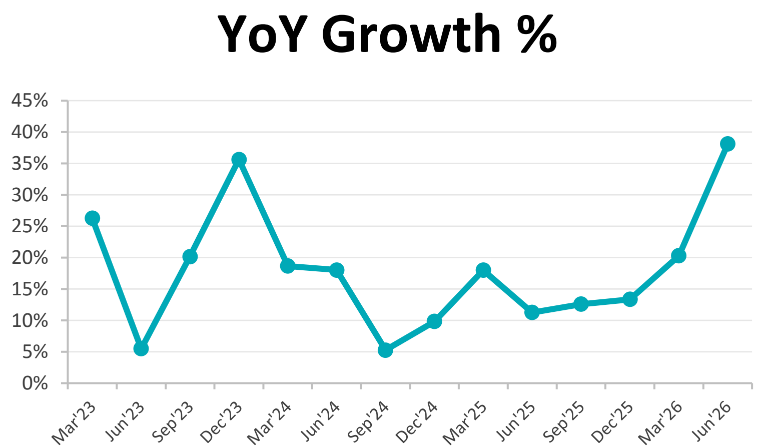
NET SALES YOY GROWTH

Jun'26: +26.9%



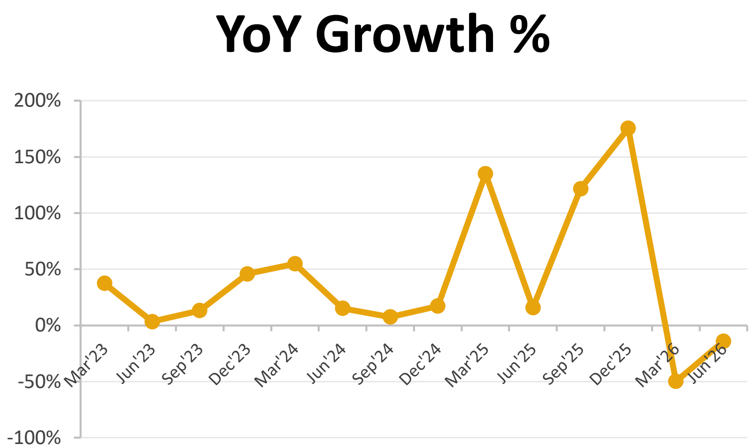
OPERATING PROFIT YOY GROWTH

Jun'26: +38.1%



PAT YOY GROWTH

Jun'26: -14.2%



KEY HIGHLIGHTS

- Net Sales YoY moved from +20.6% (Mar'23) to +26.9% (Jun'26); peak of +26.9% in Jun'26.
- Operating Profit YoY stood at +38.1% in Jun'26, ranging between +5.3% (Sep'24) and +38.1% (Jun'26).
- PAT YoY growth was -14.2% in Jun'26 vs +37.5% in Mar'23; peak of +175.5% in Dec'25.
- Sales momentum has accelerated in the trailing four quarters (avg +19.8%) vs the preceding four quarters (avg +7.8%).
- Earnings remain highly volatile and base-effect driven; strong topline/OP prints should be read with caution given the erratic PAT trend.

Universe – 1516 companies, Manf.- 915, Services – 519, Trading – 65, Others 17

Source: Ace Equity, Banking Research

Sector-wise Operating Profit Margin Analysis

Operating Profit Margin Quarterly trend analysis

Category	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
Abrasives	23.7%	22.1%	22.0%	21.3%	21.8%	21.3%	21.0%	19.2%	18.5%	24.6%	19.0%	19.6%	21.9%	19.8%
Alcohol	4.7%	5.6%	5.9%	5.9%	6.2%	6.1%	6.2%	6.8%	7.0%	6.6%	7.2%	7.6%	8.1%	7.5%
Automobile & Ancillaries	15.2%	16.2%	17.5%	16.7%	16.9%	16.8%	17.8%	16.6%	16.7%	17.2%	17.5%	16.5%	16.0%	15.5%
Capital Goods	16.5%	12.1%	14.1%	15.1%	17.5%	14.6%	16.1%	16.1%	18.2%	14.8%	17.8%	16.9%	17.6%	15.3%
Chemicals	15.7%	16.5%	17.5%	15.8%	15.7%	17.0%	16.2%	15.8%	15.5%	17.2%	16.2%	15.4%	17.7%	19.2%
Construction Materials	16.1%	16.5%	16.4%	18.6%	18.4%	16.0%	12.9%	17.1%	19.1%	19.1%	16.0%	15.0%	16.9%	17.1%
Consumer Durables	9.3%	8.1%	8.8%	8.7%	10.8%	10.1%	9.2%	9.0%	10.7%	9.6%	12.2%	10.0%	10.0%	12.0%
Crude Oil	11.4%	14.1%	14.4%	10.2%	10.8%	8.6%	8.6%	9.7%	10.4%	11.9%	11.9%	12.1%	11.4%	5.3%
Diamond & Jewellery	10.1%	10.0%	11.4%	10.0%	10.2%	10.3%	8.5%	9.1%	10.3%	11.4%	10.4%	10.2%	9.3%	11.6%
Electricals	13.2%	12.9%	12.1%	11.7%	10.3%	10.9%	11.7%	12.1%	13.3%	13.9%	14.1%	13.0%	13.3%	14.7%
Ferro Manganese	22.1%	25.2%	22.0%	23.8%	18.3%	24.9%	26.0%	21.8%	14.6%	21.9%	21.7%	25.2%	21.8%	30.5%
FMCG	21.1%	21.9%	21.6%	22.0%	21.5%	21.7%	21.0%	20.5%	19.7%	20.1%	19.9%	20.0%	19.2%	16.6%
Healthcare	25.9%	26.8%	27.2%	25.9%	29.8%	38.2%	31.5%	29.0%	31.1%	34.7%	28.4%	27.8%	28.1%	31.6%
Infrastructure	11.6%	11.2%	13.8%	10.0%	12.5%	14.7%	11.8%	12.0%	12.4%	13.9%	10.9%	13.5%	13.2%	15.5%
Iron & Steel	17.1%	16.4%	18.3%	18.2%	16.6%	16.2%	16.7%	16.5%	16.8%	18.7%	17.1%	15.7%	18.1%	19.6%
Non - Ferrous Metals	40.8%	17.1%	25.3%	24.7%	21.5%	29.9%	37.1%	23.5%	24.8%	28.1%	27.1%	25.3%	26.3%	36.3%
Paper	23.1%	22.3%	20.7%	19.8%	16.9%	13.1%	12.5%	9.0%	9.2%	11.4%	8.4%	9.0%	10.5%	13.5%
Plastic Products	16.1%	12.6%	14.6%	13.5%	14.7%	14.7%	13.7%	12.5%	14.3%	13.1%	15.0%	13.3%	17.1%	14.8%
Power	38.1%	46.6%	41.6%	37.6%	38.2%	38.9%	38.9%	40.6%	38.0%	36.6%	40.2%	39.9%	40.1%	37.7%
Telecom	45.5%	46.9%	47.1%	48.0%	48.0%	48.6%	50.1%	54.8%	48.9%	50.6%	52.4%	52.1%	51.4%	52.3%
Textile	9.6%	8.9%	9.5%	10.5%	11.1%	11.0%	10.7%	11.5%	12.0%	11.5%	11.2%	11.9%	12.1%	14.1%
Grand Total	16.9%	17.9%	18.7%	16.3%	16.7%	16.5%	16.7%	16.6%	16.9%	18.0%	17.7%	17.2%	17.3%	14.9%

Net Sales v/s Operating Profit Margin

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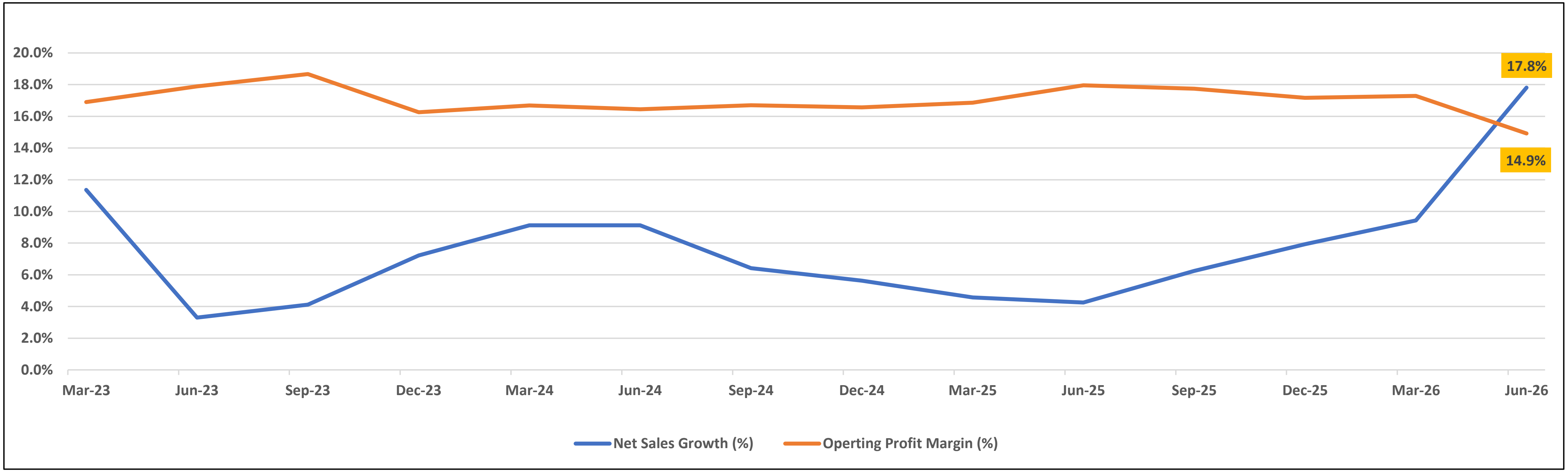


- **Net Sales hit a series-high in Jun'26** (~₹21.5 lakh, up sharply from ~₹19.9 lakh in Mar'26), continuing an almost uninterrupted uptrend in the top line since Dec'23 — confirming the broad-based revenue strength seen through FY26.

- **Operating margin, however, fell sharply to ~15% in Jun'26** — the steepest quarterly drop in over three years and the lowest print since Sep’22

Profit margin Highlights

Aggregate operating profitability across the universe compressed year-on-year, even as topline kept expanding.

+17.8%	**+7.2%**	**23.12% → 21.03%**	**-209 bps**
Net Sales Growth (YoY)	Operating Profit Growth (YoY)	OP Margin Jun'25 → Jun'26	Margin Contraction

Key Observations

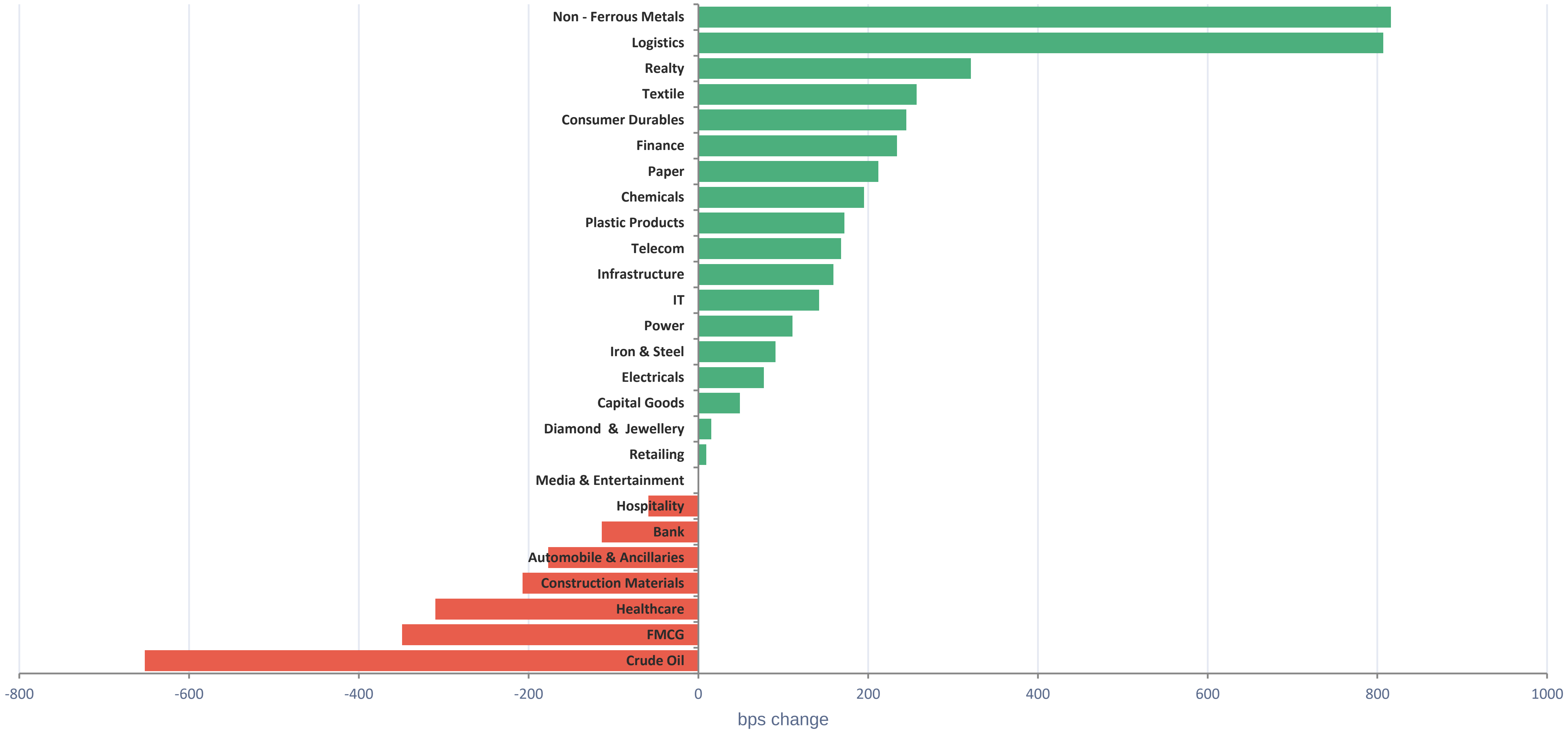
- Crude Oil dragged the aggregate down hardest — sales +30.8% but operating profit fell 41.1%, margin collapsing 652 bps to just 5.35%.
- Non-Ferrous Metals and Logistics were the standout expanders, adding 816 bps and 807 bps of margin respectively.
- Finance (84.1%) and Telecom (52.3%) retain the highest structural margins in the universe; Crude Oil (5.4%) and Diamond & Jewellery (11.6%) the lowest.
- FMCG and Healthcare grew sales but operating profit barely moved, each losing 300+ bps of margin — a sign of cost/pricing pressure, not demand.

Universe – 1516 companies, Manf.- 915, Services – 519, Trading – 65, Others 17

Source: Ace Equity, Banking Research

Who Gained, Who Lost: Margin Change (bps)

Change in OP margin, Jun'25 → Jun'26, basis points • sorted best to worst



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Source: Ace Equity, Banking Research

Sector Leaderboard

Top 5 margin expanders vs. top 5 margin decliners, Jun'25 → Jun'26

Top 5 Margin Expanders

Sector	Margin Jun'25	Margin Jun'26	Δ bps
Non - Ferrous Metals	28.1%	36.3%	+816
Logistics	31.4%	39.5%	+807
Realty	28.3%	31.5%	+321
Textile	11.5%	14.1%	+257
Consumer Durables	9.6%	12.0%	+245

Top 5 Margin Decliners

Sector	Margin Jun'25	Margin Jun'26	Δ bps
Crude Oil	11.9%	5.3%	-652
FMCG	20.1%	16.6%	-349
Healthcare	34.7%	31.6%	-310
Construction Materials	19.1%	17.1%	-207
Automobile & Ancillaries	17.2%	15.5%	-177

Net Effect: Top 5 Gains vs. Top 5 Losses (combined bps)

Crude Oil's 652 bps collapse alone weighed heavily on the aggregate margin decline; Non-Ferrous Metals and Logistics offset only a fraction of that drag.

Universe – 1516 companies, Manf.- 915, Services – 519, Trading – 65, Others 17

Source: Ace Equity, Banking Research

Key Takeaways

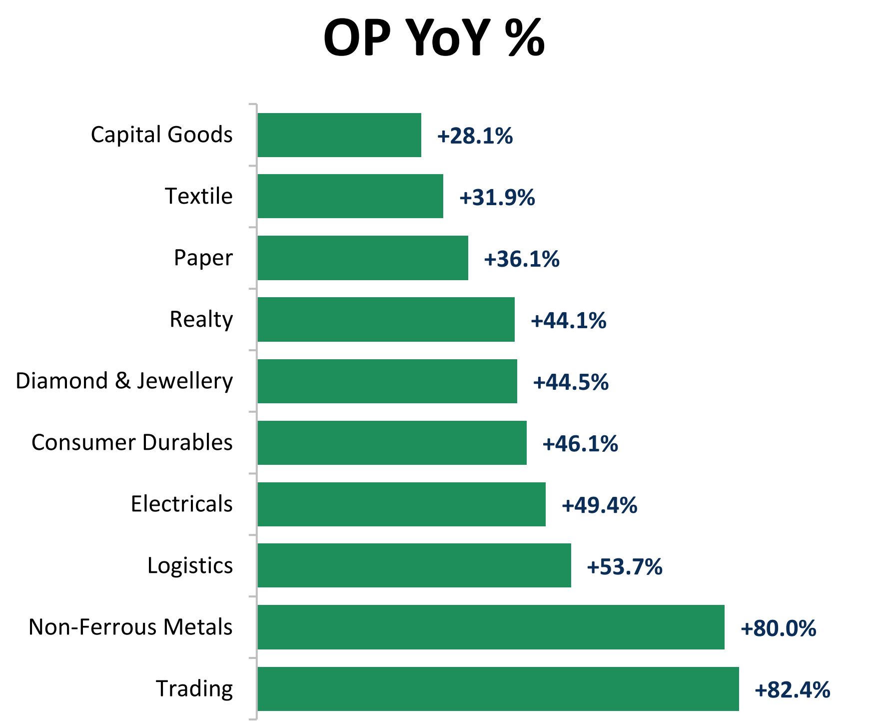
1. Aggregate OP margin fell from 23.1% to 21.0% (-209 bps) even as sales grew 17.8% — profitability did not keep pace with topline.
2. Energy exposure (Crude Oil) is the single largest drag on the universe's margin trend this quarter.
3. Metals & Logistics led the recovery story, both posting >800 bps of margin expansion alongside strong volume/pricing gains.
4. Consumer-facing sectors (FMCG, Healthcare, Auto) show sales resilience but shrinking margins — worth monitoring for input-cost, energy cost and competitive pressure.
5. Financials (Bank, Finance) remain the structural margin anchors of the universe, together contributing the largest absolute operating profit pool.

Sector wise Analysis

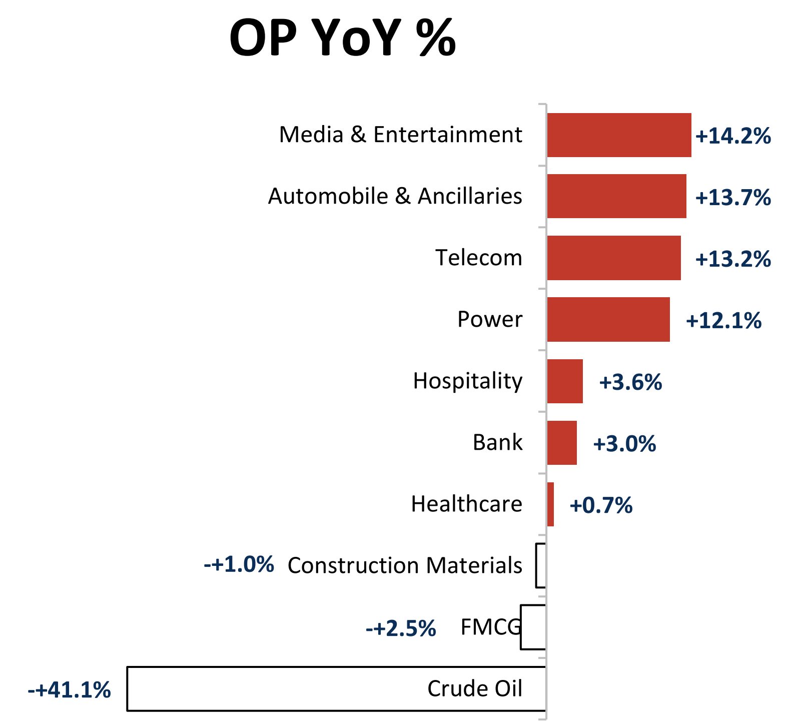
TOP 10 SECTORAL WINNERS & LAGGARDS — OPERATING PROFIT YoY%

Ranked by Operating Profit YoY Growth | Jun'26 vs Jun'25

TOP 10 WINNERS (OP YoY%)



TOP 10 LAGGARDS (OP YoY%)



BEST OP GROWTH
Trading
+82.4% YoY

WEAKEST OP GROWTH
Crude Oil
-41.1% YoY

SPREAD (WINNER-LAGGARD)
123.5 pp

SECTORS WITH OP >30%
9 of 26

WHY THESE SECTORS WON

- Trading (+82.4%) and Non-Ferrous Metals (+80.0%) topped the list on sharp commodity-price recovery and strong operating leverage versus a weak Jun'25 base.
- Logistics (+53.7%), Electricals (+49.4%) and Consumer Durables (+46.1%) benefited from volume-led demand recovery combined with easing input costs.
- Realty (+44.1%) and Diamond & Jewellery (+44.5%) saw margin expansion from a richer project/product mix and firm end-market pricing.
- Common theme: soft Jun'25 base + input-cost tailwinds are driving outsized OP leverage across cyclical/commodity-linked sectors this quarter.

WHY THESE SECTORS LAGGED

- Crude Oil (-41.1%) is the sole OP decliner — refining/marketing margin compression overwhelmed topline gains from firmer crude prices.
- FMCG (-2.5%) and Construction Materials (-1.0%) saw input-cost/opex inflation outpace revenue growth, compressing operating margins slightly.
- Healthcare (+0.7%), Bank (+3.0%) and Hospitality (+3.6%) posted only marginal OP growth on pricing pressure (generics) and NIM compression (Bank).
- Common theme: regulated/defensive sectors (Bank, Healthcare, FMCG) and margin-sensitive Crude Oil are seeing OP growth lag well behind cyclical peers this quarter.

Source: Ace Equity, Banking Research

SECTOR-WISE EARNINGS SNAPSHOT — JUN'26 QUARTER

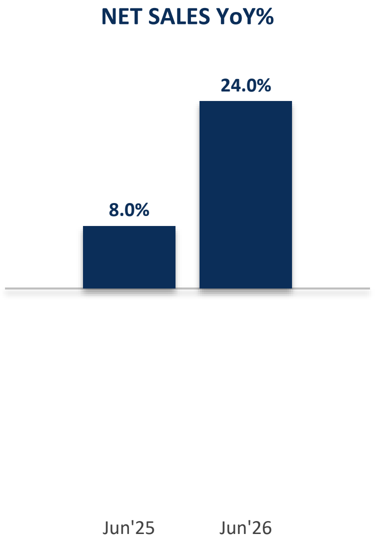
YoY Growth: Net Sales · Operating Profit · PAT | Bars compare Jun'25 vs Jun'26

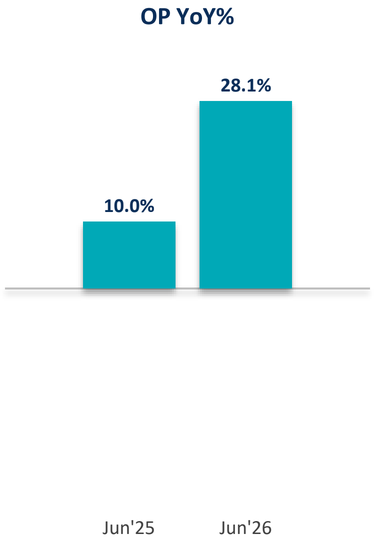
CAPITAL GOODS

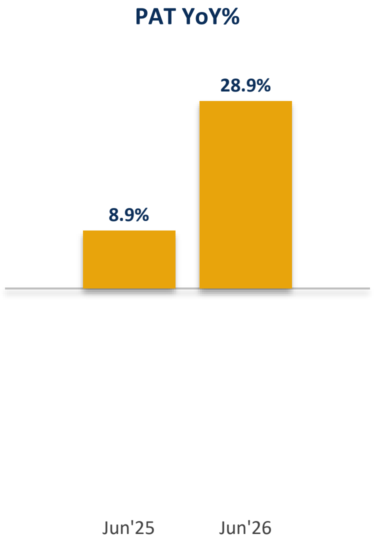
- Net Sales surged +24.0% YoY (vs +8.0% in Jun'25), driven by strong order execution and a broad-based government/private capex push.
- OP grew +28.1% and PAT +28.9% YoY, reflecting operating leverage from higher execution volumes and a richer project/product mix.
- A broad-based capex up-cycle is translating into a sharp re-acceleration across revenue and profitability metrics this quarter.
- **Outlook** - Order books are expected to remain robust, supporting revenue visibility, with sector guidance of ~10-12% annual order inflow and revenue growth. Core EBITDA margins are guided to stay broadly stable, with government contracts (price-variation clauses) offering better protection than fixed-price private orders. Margin expansion is contingent on commodity costs normalizing.

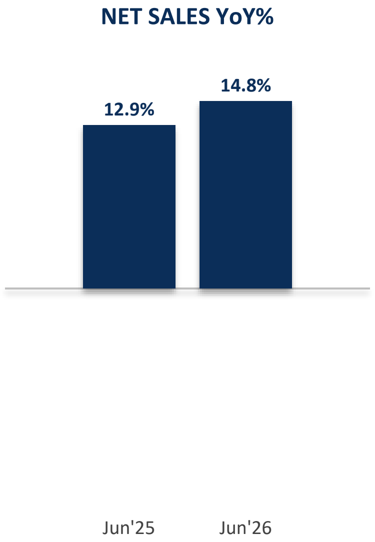
CHEMICALS

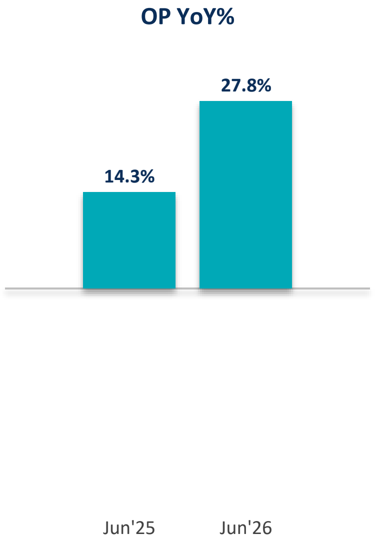
- Net Sales grew +14.8% YoY, supported by gradual price recovery and improving demand in agrochemical and specialty-chemical segments.
- OP rose +27.8% and PAT +33.0% YoY as destocking pressures eased and realisations improved against a weak year-ago base.
- The sector is exiting a prolonged inventory-correction cycle, with margins recovering faster than topline growth.
- **Outlook** - Specialty chemicals (CDMO, fluorochemicals, refrigerants) are guided for continued margin acceleration as pricing firms up, while commoditized and agrochemical segments remain exposed to dumping and delayed seasonal demand. Companies continue to flag Chinese overcapacity as the most persistent medium-term margin risk.

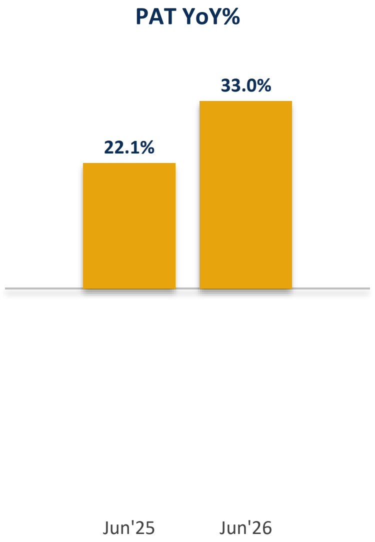












Source: Ace Equity, Banking Research

SECTOR-WISE EARNINGS SNAPSHOT — JUN'26 QUARTER

YoY Growth: Net Sales · Operating Profit · PAT | Bars compare Jun'25 vs Jun'26

CONSTRUCTION MATERIALS

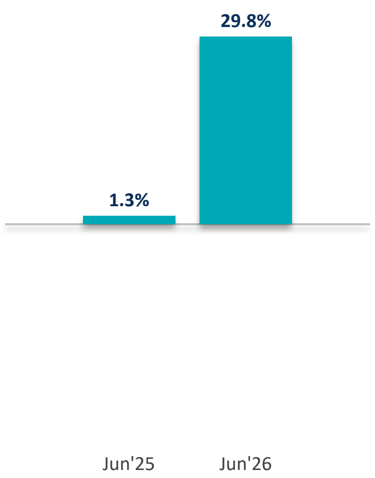
- Net Sales grew a steady +11.0% YoY on resilient cement/building-material demand from infrastructure and housing segments.
- OP jumped +29.8% while PAT grew a more modest +8.6% YoY, as softer fuel/power costs aided operating margins more than the bottom line.
- Volume growth remains steady while cost tailwinds are driving a sharper operating profit recovery than net profit this quarter.
- **Outlook** - Volume growth is expected to stay healthy on infrastructure spending, but sector margins are guided to remain under pressure in H1 FY27 as elevated fuel costs (petcoke, coal) and freight persist; a stronger H2 FY27 recovery is anticipated as new capacity utilization improves and cost pressures ease, though large supply additions could keep pricing power limited into FY28.

CONSUMER DURABLES

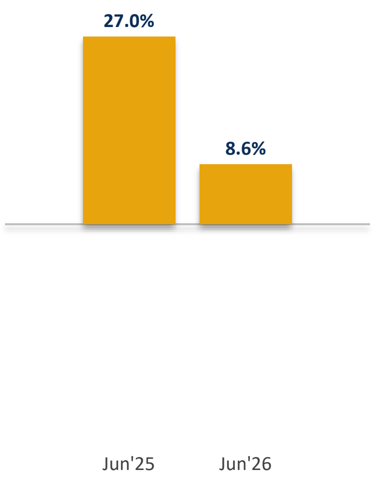
- Net Sales rebounded to +16.3% YoY (from -3.2% in Jun'25), helped by an early/strong summer season and improved discretionary demand.
- OP grew a sharp +46.1% and PAT +68.6% YoY, as a soft base and better product mix drove outsized operating leverage this quarter.
- The category has swung from a soft Jun'25 quarter into a strong demand and margin-recovery cycle in Jun'26.
- **Outlook** - Growth is expected to normalize after a seasonally strong summer, with margins guided to stay range-bound as high commodity costs (copper, aluminium, PVC, resins) and rupee depreciation continue to weigh. Companies are expected to rely on calibrated price hikes rather than volume alone to protect margins in coming quarters.

NET SALES YoY%

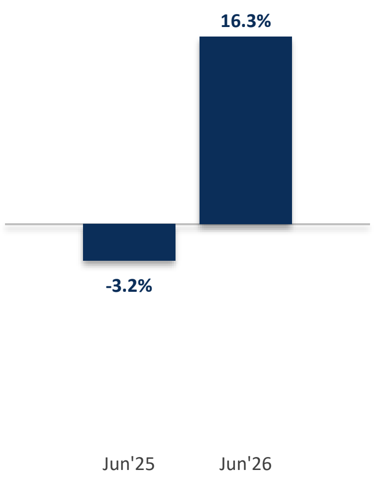
OP YoY%



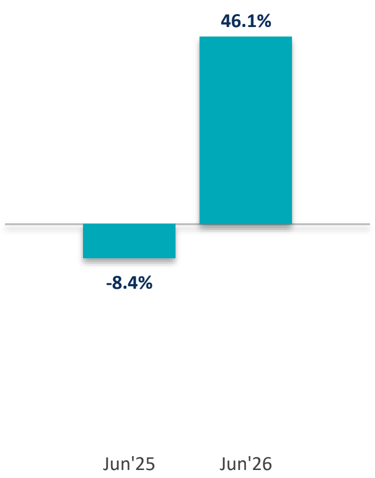
PAT YoY%



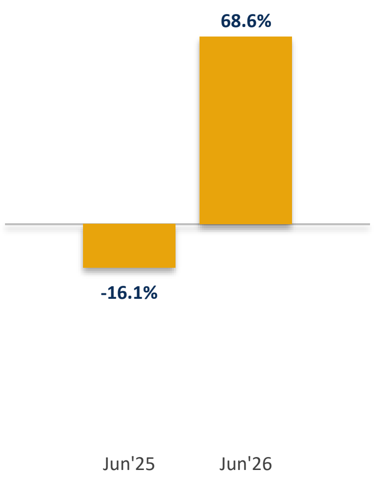
NET SALES YoY%



OP YoY%



PAT YoY%



Source: Ace Equity, Banking Research

SECTOR-WISE EARNINGS SNAPSHOT — JUN'26 QUARTER

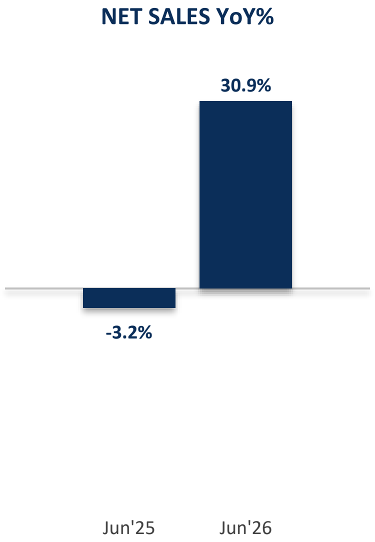
YoY Growth: Net Sales · Operating Profit · PAT | Bars compare Jun'25 vs Jun'26

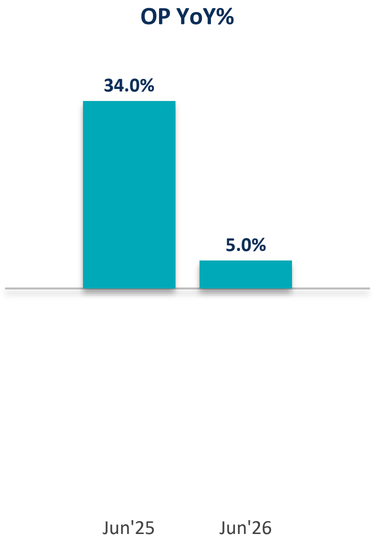
CRUDE OIL

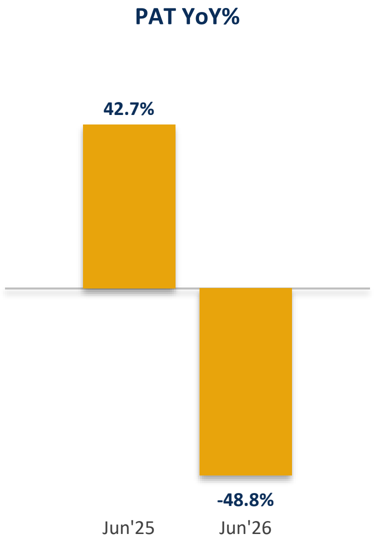
- Net Sales grew a strong +30.9% YoY (vs -3.2% in Jun'25) on firmer crude realisations and a favourable base effect.
- OP growth moderated to +5.0% while PAT declined sharply by -48.8% YoY, as refining/marketing margins compressed and inventory losses hit the bottom line.
- Topline strength driven by price effects masks a sharp deterioration in downstream profitability during the quarter.
- **Outlook** - With crude prices having corrected sharply from crisis peaks, margin relief for downstream marketing companies is broadly guided from Q2 FY27 onward as cheaper crude inventory is processed. Refining margins are expected to normalize to more typical ranges, while marketing margins should recover if retail prices are not rolled back; upstream producers are expected to continue benefiting from relatively firmer realizations.

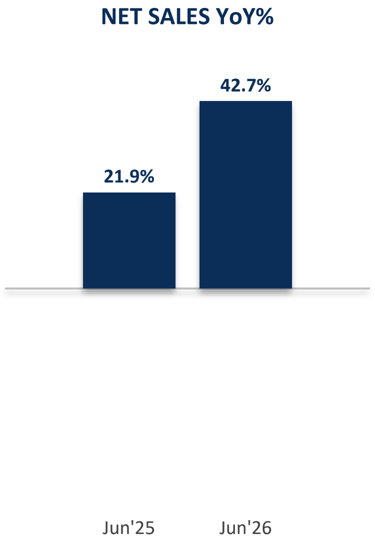
DIAMOND & JEWELLERY

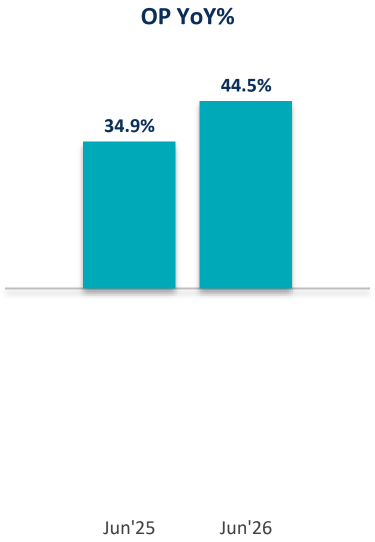
- Net Sales grew a strong +42.7% YoY (vs +21.9% in Jun'25), driven by robust wedding-season demand and gold/diamond price-led value growth.
- OP rose +44.5% and PAT +54.1% YoY, reflecting healthy operating leverage and an improving branded-retail sales mix.
- The category continues to compound strong double-digit growth across all three metrics, accelerating further from an already-strong Jun'25.
- **Outlook** - Export recovery is expected to remain gradual and uneven, with continued dependence on domestic demand for diamonds while US, UAE demand stays weak. Gold jewellery volumes are guided to stay under pressure from elevated prices even as value growth continues.

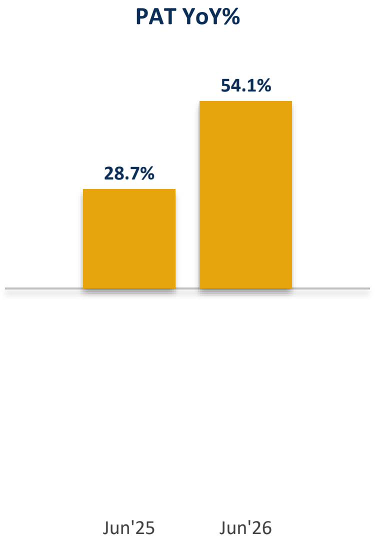












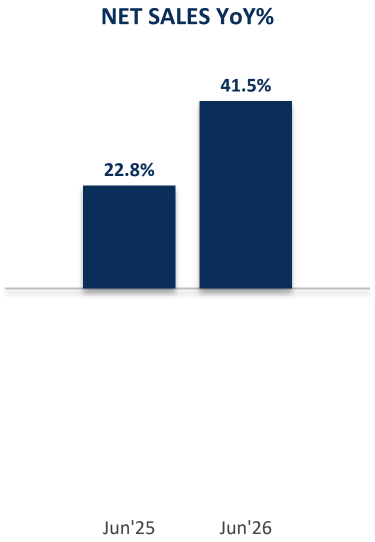
Source: Ace Equity, Banking Research

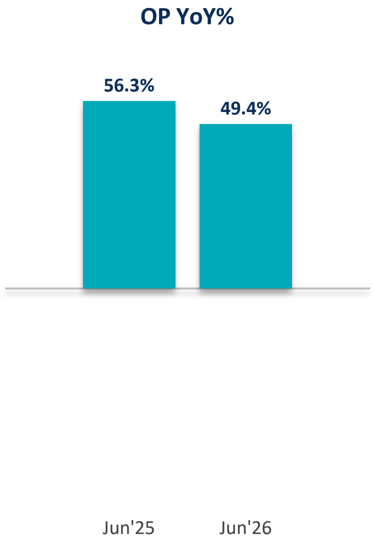
SECTOR-WISE EARNINGS SNAPSHOT — JUN'26 QUARTER

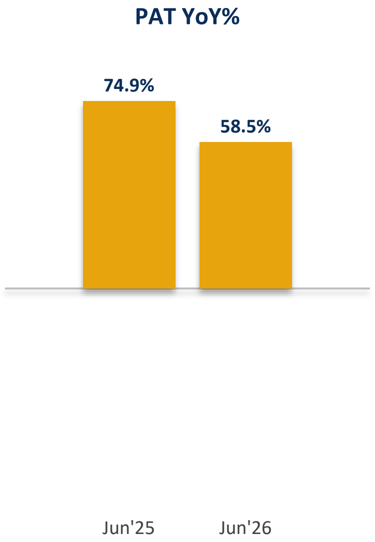
YoY Growth: Net Sales · Operating Profit · PAT | Bars compare Jun'25 vs Jun'26

ELECTRICALS

- Net Sales grew +41.5% YoY, led by strong wiring/cables demand from real-estate and infrastructure capex activity.
- OP grew +49.4% and PAT +58.5% YoY, aided by stable copper/aluminium costs and continued operating leverage.
- A broad-based capex and real-estate demand cycle is driving one of the strongest all-round growth prints in the basket.
- **Outlook** - The T&D capex cycle is expected to sustain strong order inflows for the sector, with cables & wires and broader electrical equipment guided to maintain healthy growth. Margins are expected to stay sensitive to copper and aluminium price volatility, with companies expected to continue calibrated pricing actions to protect profitability.

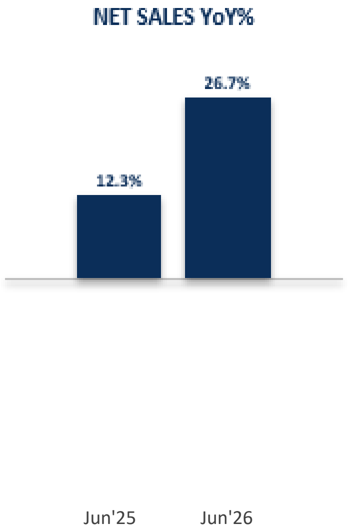


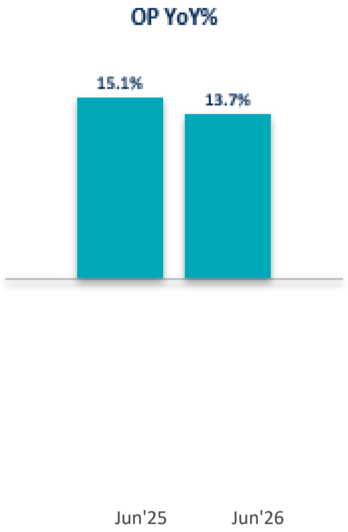


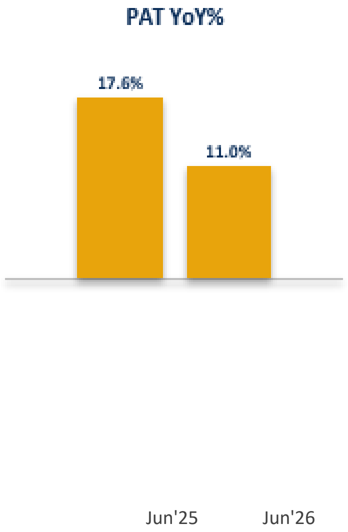


AUTOMOBILE & ANCILLARIES

- Net Sales grew +26.7% YoY (vs +12.3% in Jun'25), aided by strong rural demand, new model launches and festive-season channel filling ahead of Sept'26 dispatches.
- OP grew +13.7% and PAT +11.0% YoY as commodity-cost softness was partly offset by higher discounting and marketing spends across OEMs.
- Volume-led revenue acceleration continues, though margin expansion has moderated versus the sharper OP/PAT jumps seen in Jun'25.
- **Outlook-** Demand momentum is expected to stay healthy across segments, but raw material costs (steel, rubber, aluminium) remain elevated on West Asia-linked disruption. Companies are expected to push further price hikes, though full pass-through is unlikely near-term. Margin recovery is broadly guided for H2 FY27 as commodity costs ease and operating leverage improves with volumes.







Source: Ace Equity, Banking Research

SECTOR-WISE EARNINGS SNAPSHOT — JUN'26 QUARTER

YoY Growth: Net Sales · Operating Profit · PAT | Bars compare Jun'25 vs Jun'26

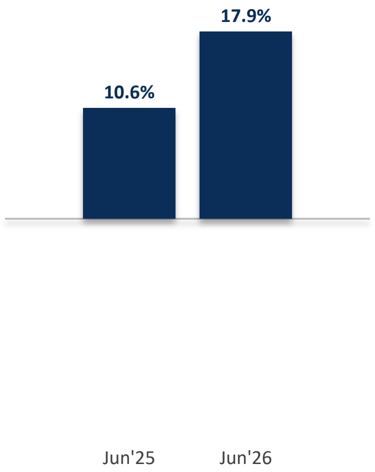
FMCG

- Net Sales grew +17.9% YoY (vs +10.6% in Jun'25), aided by improving rural demand and gradual urban-consumption recovery.
- OP grew a modest +4.1% while PAT declined -6.6% YoY, as input-cost inflation and higher A&P spends compressed margins.
- Volume-led revenue recovery is underway, but cost-inflation pressure continues to weigh on bottom-line growth.
- **Outlook** - Sector growth is guided to remain resilient, supported by continuing rural demand outperformance, GST-linked category realignment, and premiumization; several companies have guided double-digit revenue growth for the year. Margins are expected to improve as crude-linked input costs ease, though monsoon performance remains a key swing factor for rural income and demand.

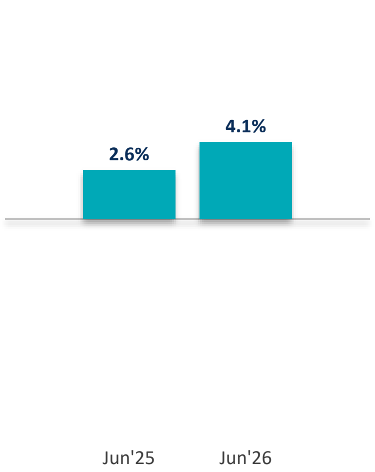
HEALTHCARE

- Net Sales grew +10.5% YoY, moderating from +14.7% in Jun'25, led by steady hospital occupancy and domestic formulation demand.
- OP growth slowed to +0.7% while PAT turned marginally positive (+0.7%) YoY, as pricing pressure in generics offset volume gains.
- Topline growth remains healthy but margin compression continues to weigh on year-on-year profitability comparisons.
- **Outlook** - Hospitals and diagnostics are guided for continued double-digit revenue growth on capacity expansion, though margins are expected to stay under near-term pressure from ramp-up costs at new facilities before improving as utilization scales. Sector margins are expected to stay under mild pressure from elevated input and logistics costs.

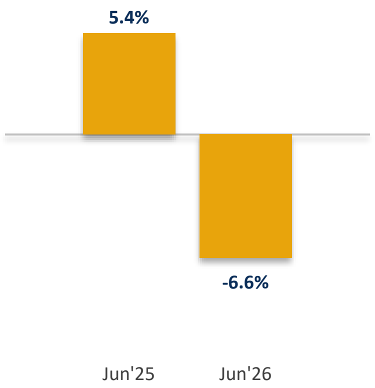
NET SALES YoY%



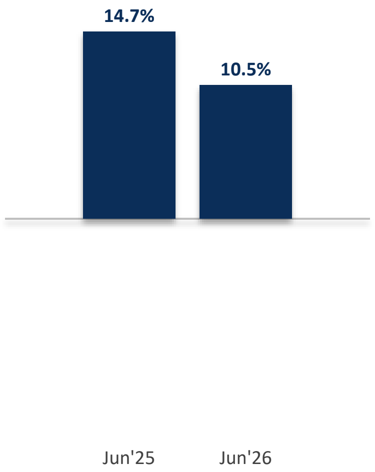
OP YoY%



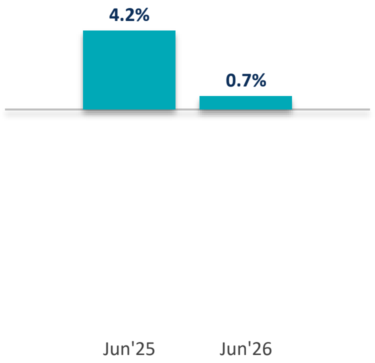
PAT YoY%



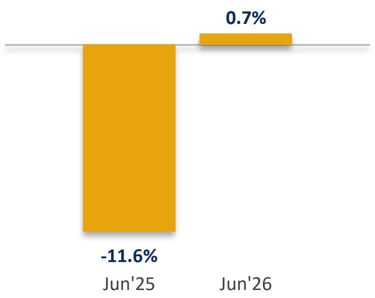
NET SALES YoY%



OP YoY%



PAT YoY%



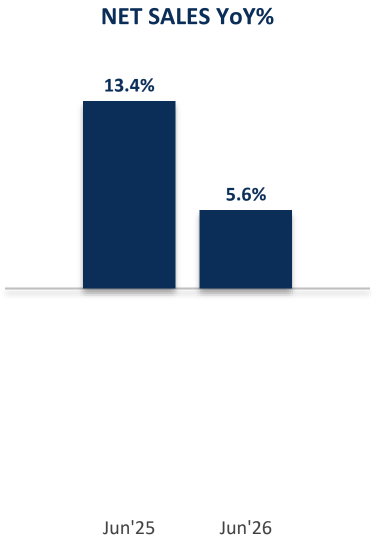
Source: Ace Equity, Banking Research

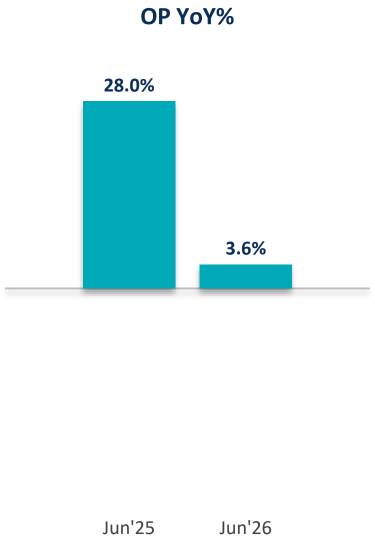
SECTOR-WISE EARNINGS SNAPSHOT — JUN'26 QUARTER

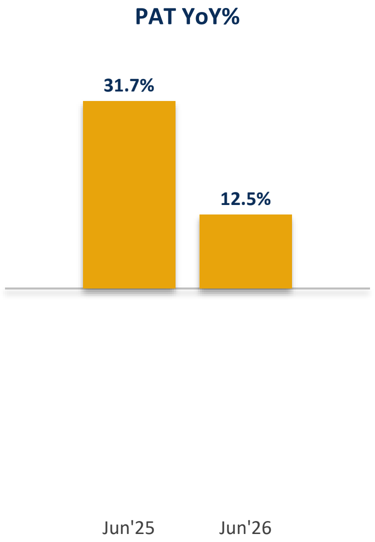
YoY Growth: Net Sales · Operating Profit · PAT | Bars compare Jun'25 vs Jun'26

HOSPITALITY

- Net Sales growth moderated to +5.6% YoY (from +13.4% in Jun'25), as the high base from strong FY25 travel demand normalised.
- OP grew +3.6% and PAT +12.5% YoY, with occupancy-led operating leverage still supporting profitability despite slower topline.
- Growth has normalised to a steadier, more sustainable pace after a strong post-pandemic demand-recovery cycle.
- **Outlook** - The sector outlook remains positive, with industry RevPAR growth guided in the 7-9% range for FY27, supported by strong domestic leisure and MICE demand and limited new room supply in the premium segment. Foreign tourist arrivals are expected to gradually recover as regional travel disruptions ease, with margins expected to stay healthy given constrained supply growth.

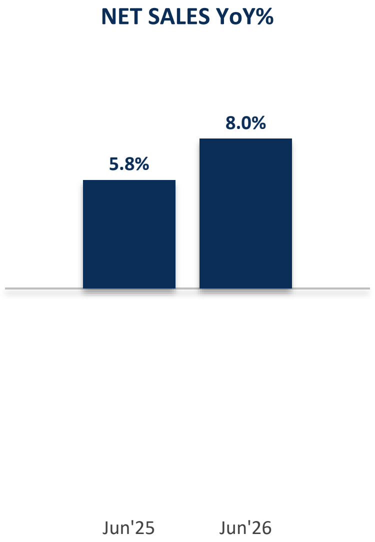


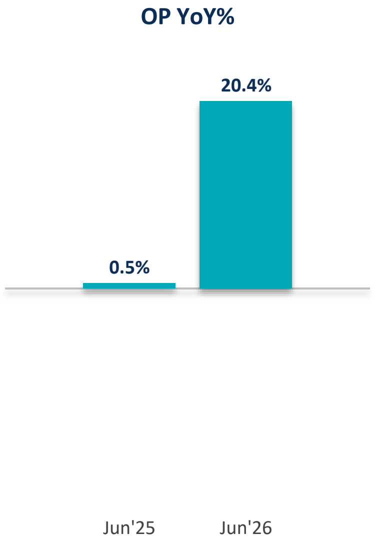


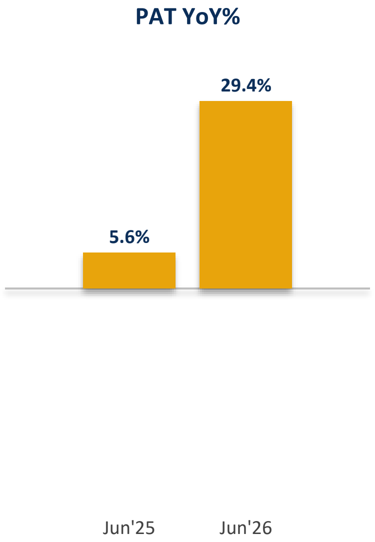


INFRASTRUCTURE

- Net Sales grew +8.0% YoY, on steady execution of road, urban-infra and industrial construction projects.
- OP jumped +20.4% and PAT +29.4% YoY, reflecting improved project-execution margins and lower interest costs.
- Execution-led growth is translating into a sharp profitability improvement versus a relatively soft Jun'25 base.
- **Outlook** - Execution-focused players are guided for a softer H1 FY27 with recovery expected in H2 as West Asia-related delays and disruptions ease; the sector maintains a large domestic order pipeline for the remainder of the year. Margins are expected to stay pressured near-term from commodity and logistics costs, with improvement contingent on cost normalization.







Source: Ace Equity, Banking Research

SECTOR-WISE EARNINGS SNAPSHOT — JUN'26 QUARTER

YoY Growth: Net Sales · Operating Profit · PAT | Bars compare Jun'25 vs Jun'26

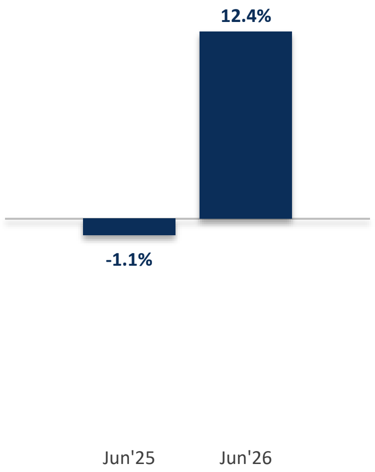
IRON & STEEL

- Net Sales grew +12.4% YoY, recovering from -1.1% in Jun'25, aided by firmer domestic steel prices and steady infra-led demand.
- OP grew +24.3% and PAT +39.4% YoY, as raw-material costs eased and realisations improved against a weak year-ago base.
- The sector is emerging from a price-led downcycle, with margins recovering sharply on improved spreads.
- **Outlook** - The sector is guided to remain well-placed on tariff protection and a tight domestic market, supporting healthy margins over the medium term despite elevated coking coal and iron ore costs. Domestic operations are expected to continue outperforming any export-exposed or overseas operations facing crisis-linked cost pressures.

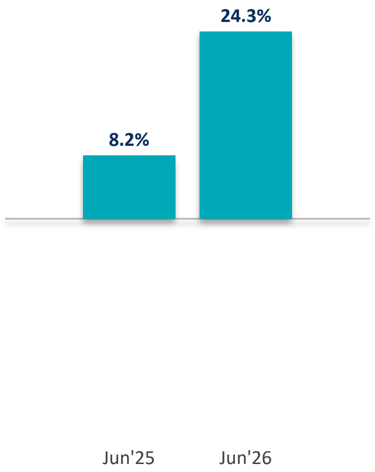
IT

- Net Sales grew +13.8% YoY, accelerating from +5.0% in Jun'25, driven by improving deal wins and recovery in BFSI/Retail vertical spending.
- OP grew +19.7% and PAT +21.9% YoY, aided by operating leverage, currency tailwinds and disciplined cost management.
- A broad-based demand recovery is driving the strongest re-acceleration across revenue and profitability in recent quarters.
- **Outlook** - Full-year revenue growth guidance across the sector has generally been narrowed, reflecting continued demand caution, while operating margins are guided to stay broadly stable in the 20-22% range on cost discipline and rising AI-linked deal contribution; second-half demand visibility is expected to improve as AI pipelines convert to booked revenue.

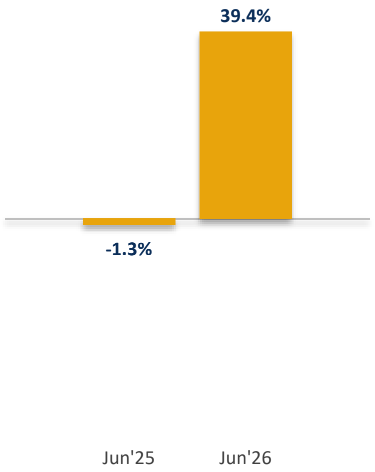
NET SALES YoY%



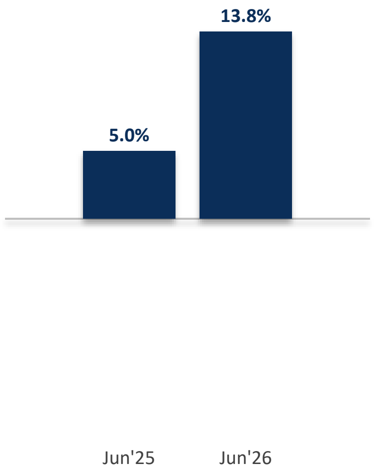
OP YoY%



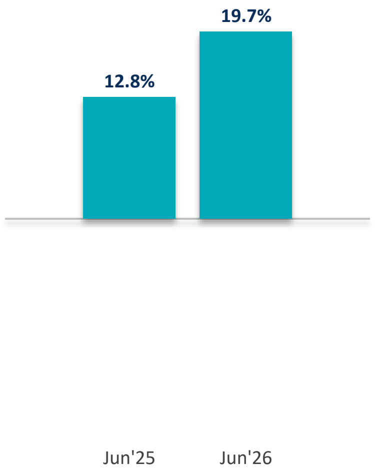
PAT YoY%



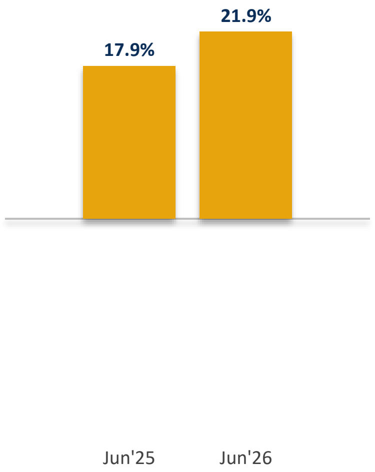
NET SALES YoY%



OP YoY%



PAT YoY%



Source: Ace Equity, Banking Research

SECTOR-WISE EARNINGS SNAPSHOT — JUN'26 QUARTER

YoY Growth: Net Sales · Operating Profit · PAT | Bars compare Jun'25 vs Jun'26

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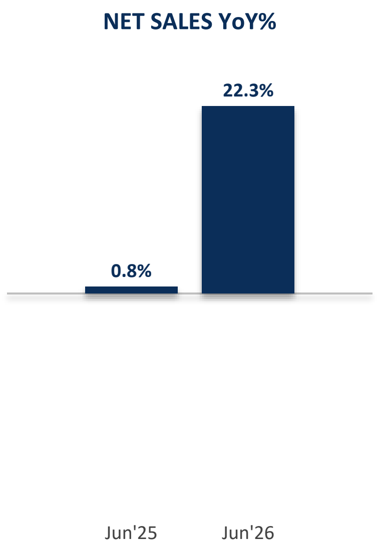
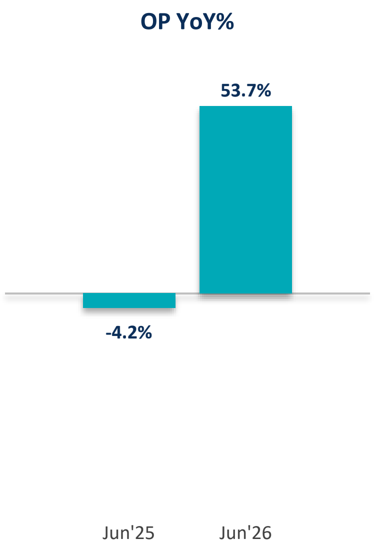
LOGISTICS

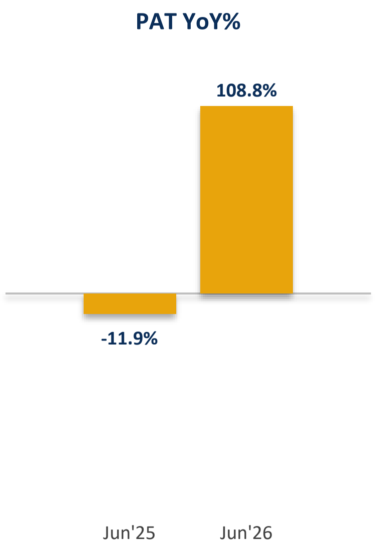
- Net Sales grew +22.3% YoY, sharply up from +0.8% in Jun'25, led by e-commerce volume growth and improving freight rates.
- OP surged +53.7% and PAT more than doubled (+108.8%) YoY, reflecting strong operating leverage on higher volumes.
- The sector has swung from a near-flat Jun'25 quarter into a sharp all-round growth acceleration.
- **Output** - Port and logistics operators are guided for continued healthy revenue growth, though margins may stay uneven given exposure to Middle East-linked volumes; domestic logistics segments are expected to see stronger margin trajectories than internationally exposed operations in the near term.

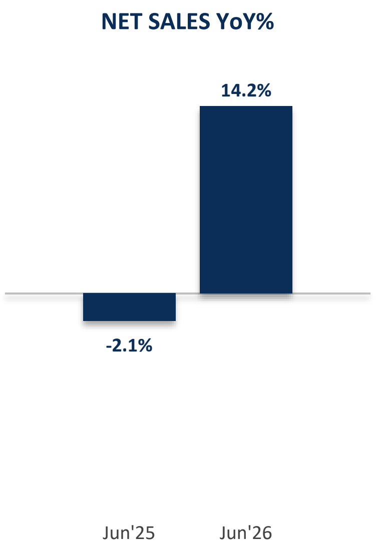
MEDIA & ENTERTAINMENT

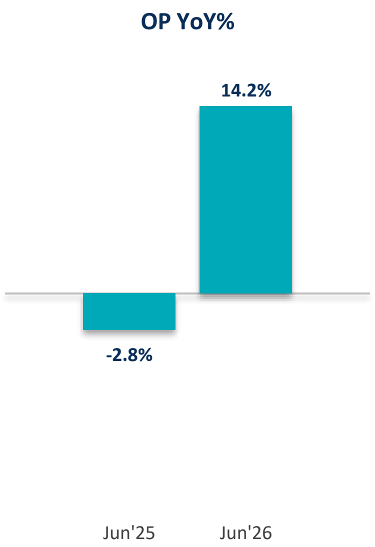
- Net Sales grew +14.2% YoY, recovering from -2.1% in Jun'25, aided by improving ad-spend and digital subscription growth.
- OP grew +14.2% while PAT declined sharply by -39.9% YoY, as content and programming-cost inflation outpaced revenue gains.
- Topline is recovering but rising content costs continue to weigh heavily on bottom-line profitability this quarter.
- **Outlook** - Ad-spend recovery should continue into Sept'26, though margin normalisation will hinge on content-cost discipline. Performance is expected to broadly track underlying consumer-discretionary demand trends rather than face an independent cost-driven margin shock.

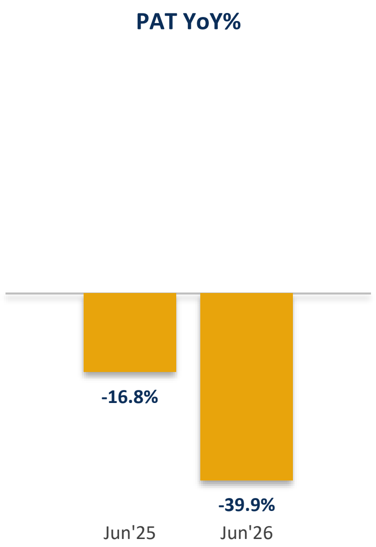












Source: Ace Equity, Banking Research

SECTOR-WISE EARNINGS SNAPSHOT — JUN'26 QUARTER

YoY Growth: Net Sales · Operating Profit · PAT | Bars compare Jun'25 vs Jun'26

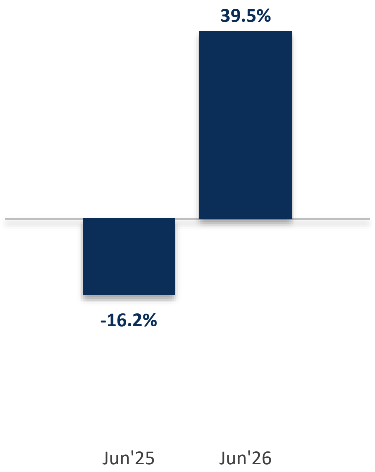
NON-FERROUS METALS

- Net Sales grew +39.5% YoY, recovering from -16.2% in Jun'25, driven by firmer LME prices and improved volumes.
- OP surged +80.0% and PAT +54.7% YoY, as higher metal prices and operating leverage drove a sharp margin recovery.
- The sector has staged a strong turnaround from a weak Jun'25 base on favourable commodity price trends.
- **Outlook** - The sector outlook remains constructive, with downside risk to aluminium and zinc prices seen as limited given structural global supply; producer margins are expected to stay well-supported in the near-to-medium term, making this one of the more favorably positioned segments.

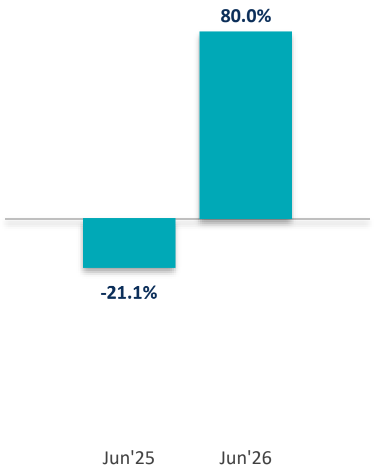
PAPER

- Net Sales grew +14.8% YoY, aided by steady packaging-paper demand and gradual price-realisation improvement.
- OP rebounded +36.1% and PAT +51.7% YoY, as pulp costs softened and realisations improved against a weak base.
- The sector is recovering from a soft pricing cycle, with margins improving faster than topline growth.
- **Outlook** - The sector outlook is stable-to-positive, with players expected to continue prioritizing product mix improvement and cost control over volume-led growth; margins are expected to stay supported as demand for specialty and value-added grades continues to grow.

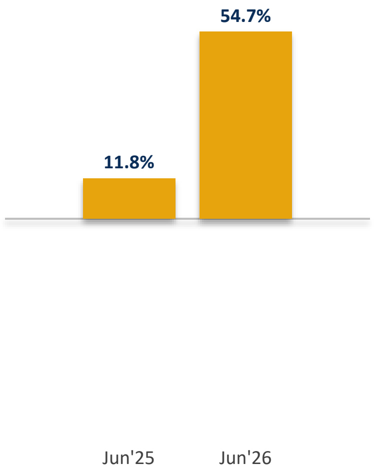
NET SALES YoY%



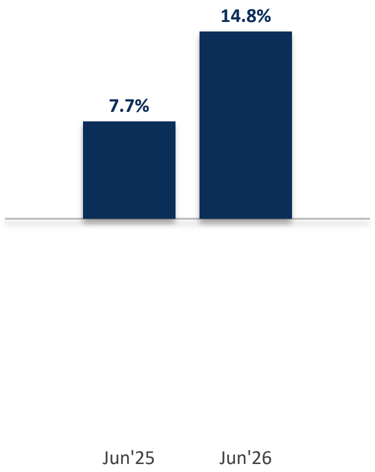
OP YoY%



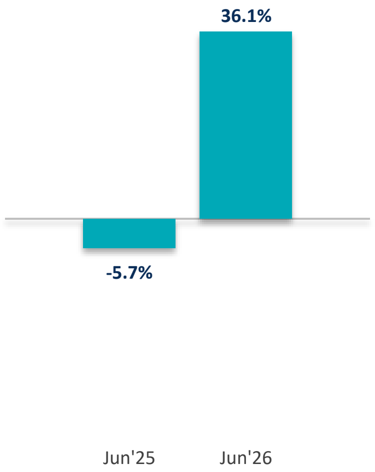
PAT YoY%



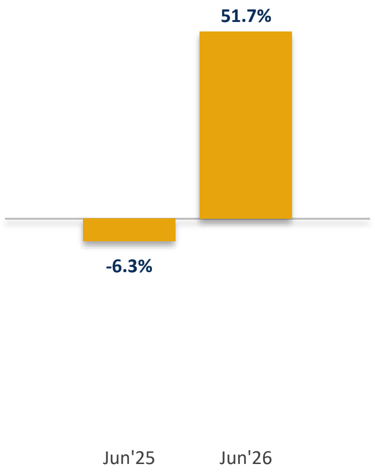
NET SALES YoY%



OP YoY%



PAT YoY%



Source: Ace Equity, Banking Research

SECTOR-WISE EARNINGS SNAPSHOT — JUN'26 QUARTER

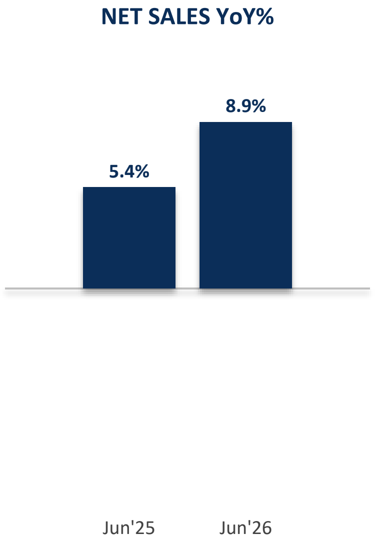
YoY Growth: Net Sales · Operating Profit · PAT | Bars compare Jun'25 vs Jun'26

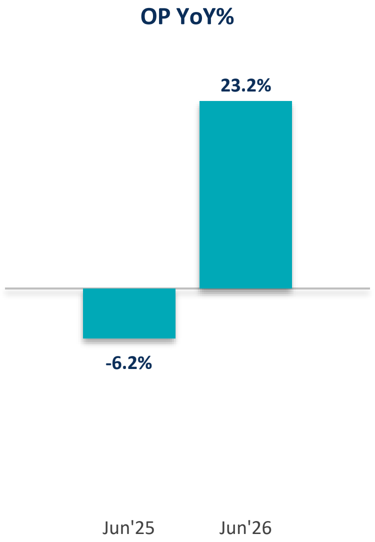
PLASTIC PRODUCTS

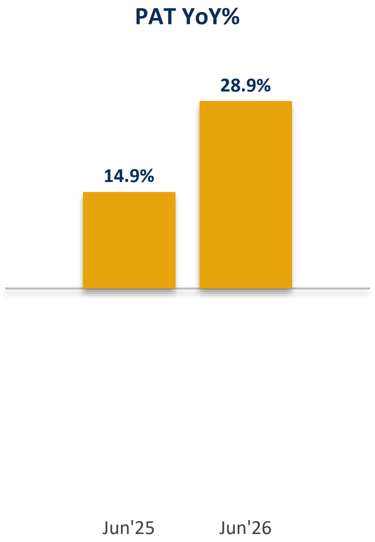
- Net Sales grew +8.9% YoY, supported by steady demand from packaging and consumer-durable end markets.
- OP grew +23.2% and PAT +28.9% YoY, as polymer-cost softness aided margin expansion against a weaker year-ago base.
- Volume growth remains steady while raw-material cost tailwinds are driving a sharper profitability improvement.
- **Outlook** - Margins are expected to remain under pressure near-term from elevated polymer costs linked to the West Asia crisis, with recovery guided as pass-through improves and capacity utilization rises through FY27; companies are targeting utilization levels in the 70-75% range as a key margin lever going forward.

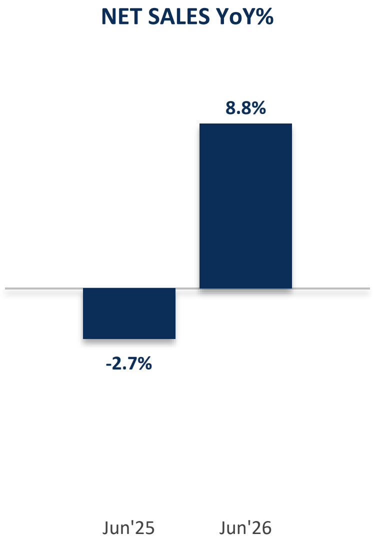
POWER

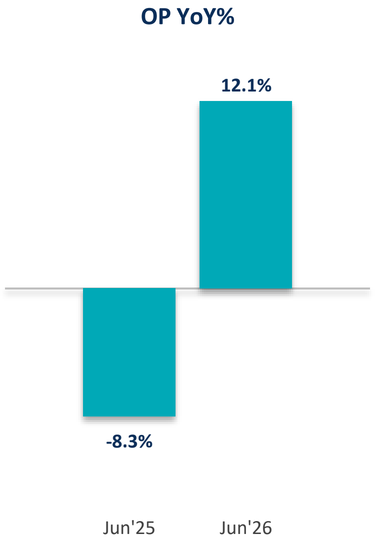
- Net Sales grew +8.8% YoY, rebounding from -2.7% in Jun'25, aided by improving power demand and capacity additions.
- OP grew +12.1% and PAT +22.8% YoY, recovering from a weak Jun'25 base helped by better plant availability and cost management.
- The sector has recovered from a soft Jun'25 quarter, with demand growth translating into steady profitability gains.
- **Outlook** - Demand growth is expected to stay strong on rising peak consumption, supporting utilities and power-trading platforms, while coal and mining-linked segments are guided to see continued cost pressure from diesel and production costs; overall sector profitability is expected to stay demand-led but cost-sensitive.

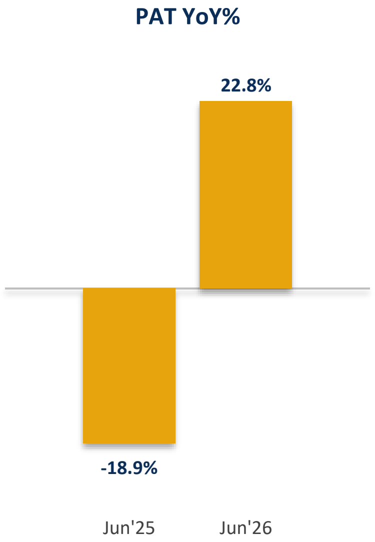












Source: Ace Equity, Banking Research

SECTOR-WISE EARNINGS SNAPSHOT — JUN'26 QUARTER

YoY Growth: Net Sales · Operating Profit · PAT | Bars compare Jun'25 vs Jun'26

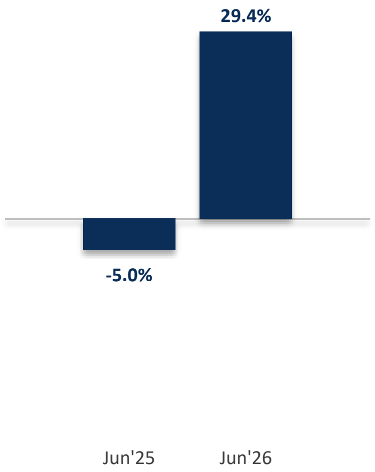
REALTY

- Net Sales grew a strong +29.4% YoY, reversing -5.0% in Jun'25, driven by robust residential launches and healthy pre-sales momentum.
- OP grew +44.1% and PAT +57.7% YoY, as improving realisations and project mix drove sharp margin expansion.
- The sector has swung from a soft Jun'25 quarter into a strong all-round recovery, led by robust housing demand.
- **Outlook** - Sector-wide pre-sales are guided to stay on track to meet FY27 targets, with developers broadly targeting revenue and pre-sales growth in the 15-20%+ range for the year and EBITDA margin guidance generally in the high-teens. Near-term margin pressure from higher finance and input costs is expected to normalize as project execution and cost visibility improve.

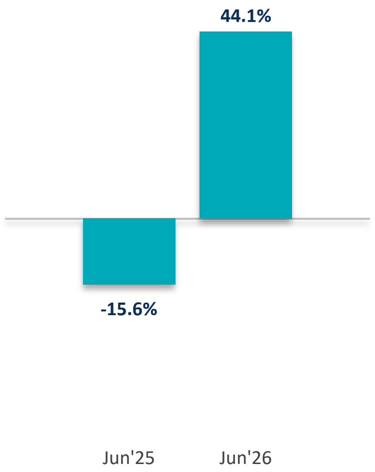
RETAILING

- Net Sales grew +18.9% YoY, accelerating from +12.6% in Jun'25, led by store expansion and improving same-store sales growth.
- OP grew +19.7% and PAT +23.2% YoY, aided by operating leverage from network scale-up and improved category mix.
- Consistent double-digit growth across all metrics reflects sustained consumption recovery and successful expansion strategies.
- **Outlook** - The sector outlook is for continued but uneven recovery, with value/premium retail segments guided for healthy same-store sales growth and margin expansion, while parts of apparel/QSR are expected to see only gradual same-store sales recovery. GST-linked price adjustments are expected to continue supporting demand into the coming quarters.

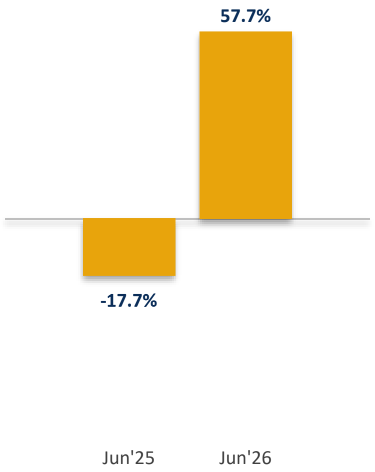
NET SALES YoY%



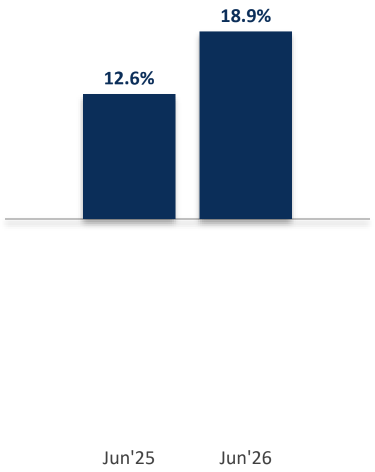
OP YoY%



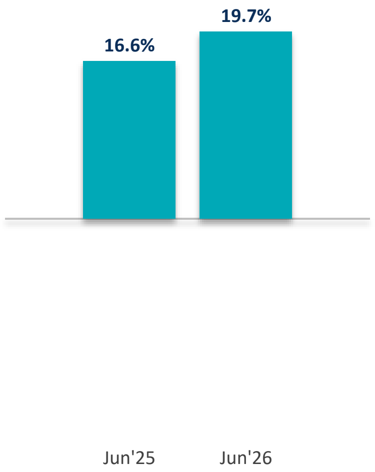
PAT YoY%



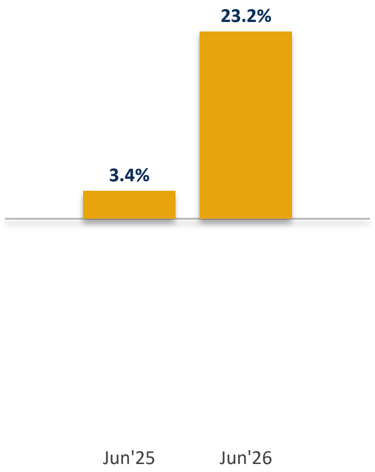
NET SALES YoY%



OP YoY%



PAT YoY%



Source: Ace Equity, Banking Research

SECTOR-WISE EARNINGS SNAPSHOT — JUN'26 QUARTER

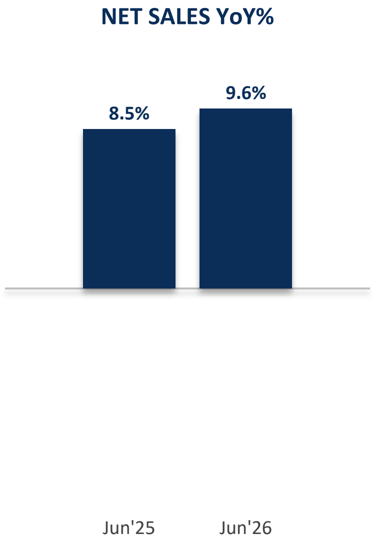
YoY Growth: Net Sales · Operating Profit · PAT | Bars compare Jun'25 vs Jun'26

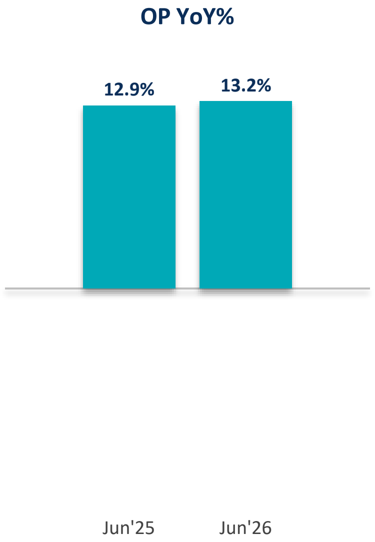
TELECOM

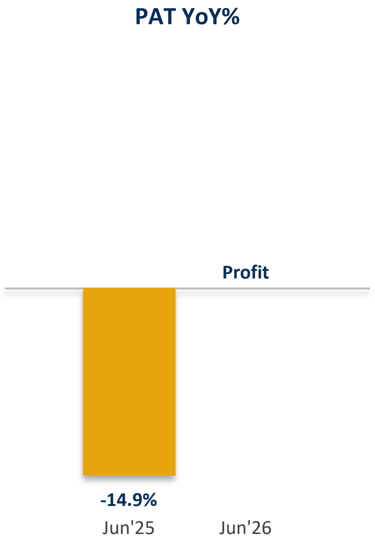
- Net Sales grew a steady +9.6% YoY, driven by tariff hikes and continued 4G/5G subscriber upgrades.
- OP grew +13.2% YoY, while the sector swung to a PAT of ₹3,652 Cr from a loss of ₹1,684 Cr in Jun'25, aided by tariff-led ARPU gains.
- Sustained tariff-led ARPU improvement is driving a clear turnaround in overall sector profitability this quarter.
- **Outlook** - The sector is broadly guided for a tariff hike of 12-20% in the near term to restore ARPU and fund 5G capex, with ARPU projected to rise from roughly ₹220 to around ₹230 in FY27; margins are expected to stay under structural pressure until pricing action materializes, after which sector revenue growth could accelerate meaningfully.

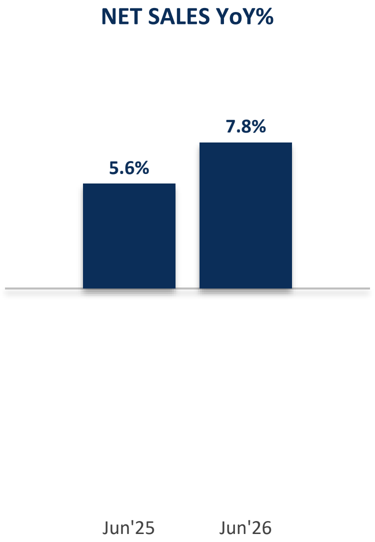
TEXTILE

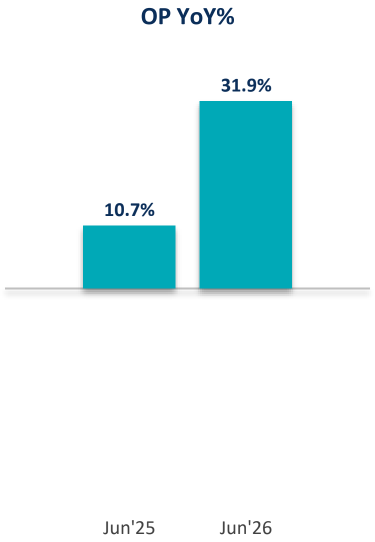
- Net Sales grew +7.8% YoY, aided by improving export demand and steady domestic consumption trends.
- OP grew +31.9% and PAT more than doubled (+103.9%) YoY, as cotton-cost softness drove sharp margin expansion.
- Modest topline growth is being significantly amplified into profitability via favourable input-cost trends this quarter.
- **Outlook** - The sector outlook is positive, with cotton yarn spreads guided to sustain in a healthier range and operating margins expected to expand by 150-250bps in FY27 versus FY26, supported by supply-side rationalization and improving export demand; full normalization depends on the resolution of US tariff-related disruptions and sustained export demand.

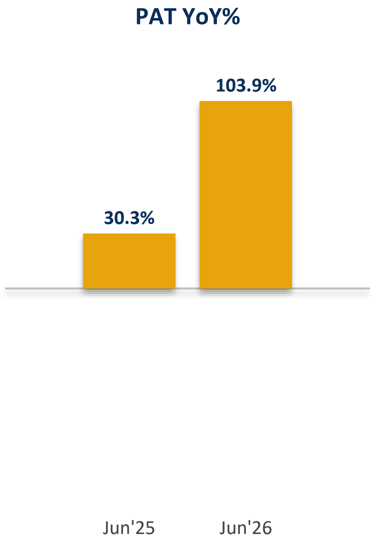












Source: Ace Equity, Banking Research

Way Forward

WAY FORWARD

1. **Ride the Capex & Consumption Up-cycle —** Capital Goods, Realty, Electricals, and Non-Ferrous Metals continue to compound structural, order-book-led growth. Easing input costs and rising execution volumes support margin expansion. This momentum is quite resilient and expected to extend into the Sept'26 quarter, driven by robust public infrastructure spending and private capital expenditure.

2. **Geopolitical Crisis — Key Risk to Monitor —** Escalating geopolitical tensions in key regions (Middle East supply routes, global trade/tariff frictions) present a dual threat. Direct impacts include volatile Crude Oil realisations and surging ocean freight costs. Indirectly, prolonged uncertainty may dampen IT export demand and squeeze trading margins, acting as a critical swing factor for Sept'26 corporate guidance.

3. **El Niño — Watch Agri & Rural-linked Sectors —** A forecast El Niño-led erratic monsoon pattern poses a direct threat to the fragile rural demand recovery, impacting FMCG and Consumer Durables volumes. Additionally, erratic rainfall patterns raise raw material price risks (such as cotton for Textiles) and could pressure hydro-power generation and cement dispatches due to disrupted construction schedules.

4. **De-risk Crude Oil & Trading Exposure —** While both sectors delivered strong headline topline and operating profit growth, they recorded the weakest net profit (PAT) performance in the entire basket (-48.8% and -79.6% respectively). Coupled with heightened geopolitical volatility and price fluctuations, revenue strength should be treated with caution and continued margin compression may be expected in the coming quarter.

5. **Monitor BFSI Margin Normalization —** Banking sector PAT growth (+15.5%) remains heavily reliant on lower provisioning and treasury gains rather than core Net Interest Margin (NIM) expansion. Meanwhile, NBFC growth is moderating under tighter regulatory scrutiny and rising funding costs. This normalisation will be a pivotal swing factor for financial sector valuations into Sept'26.

6. **Overall Stance: Constructive, with Selective Caution — In summary, the earnings cycle remains fundamentally healthy and broad-based, supporting a constructive medium-term outlook. However, geopolitical developments and monsoon-related uncertainties represent key swing factors that could determine the pace and sustainability of growth in the coming quarters. While near-term volatility cannot be ruled out, the strength of underlying domestic demand, improving investment activity, and resilient corporate fundamentals should help cushion the impact of external shocks and sustain earnings growth over the medium term.**

Thank You !

RESEARCH TEAM

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