Indices	Current Value	% 1 D	% YTD
Sensex	83,713	0.3	7.1
Nifty	25,523	0.2	7.9
BSE Midcap	46,748	0.0	0.7
BSE Small cap	54,559	-0.2	-1.1
Sectors – Performance (BSE)			
Realty	7,626	1.1	-7.4
Bankex	64,037	0.7	10.9
Power	6,917	0.7	-0.7
Consumer Dur	60,022	-1.7	-6.9
Healthcare	44,515	-0.8	-1.7
Telecom	3,111	-0.5	9.2

Nifty Gainers/Losers	CMP	% Chg
KOTAKBANK	2,225	3.5
ASIANPAINT	2,485	1.7
NTPC	343	1.7
TITAN	3,441	(5.8)
DRREDDY	1,284	(2.0)
CIPLA	1,488	(1.5)

FII Trading activities in Cash

	Date	Net	MTD
FII	08-Jul-25	42	364
DII	08-Jul-25	1,331	3,071

Figs. in Rs Cr.

Global Indices	Current Value	% 1 D	% YTD
Dow Jones	44,241	(0.4)	4.0
Nasdaq	20,418	0.0	5.7
DAX	24,207	0.6	21.6
Nikkei 225	39,703	0.0	(0.5)
FTSE 100	8,854	0.5	8.3
Hang Seng	23,961	(0.8)	19.4
Shanghai	3,506	0.2	4.6

Forex Rate			
INR/USD	85.7	0.2	-0.1
INR/EUR	100.6	0.1	-11.4
INR/GBP	116.5	0.3	-7.7
INR/YEN (100)	58.5	0.5	-6.5

Source: Bloomberg

Market Commentary

- **Asian Markets** are trading mixed after the U.S. President ruled out a deadline extension on tariffs set to kick off on 1st August. Hang Seng is down 0.79%, while Nikkei and Shanghai Composite are up 0.02% and 0.22%, respectively.
- **Indian Indices** are expected to open on a flat note. GIFT Nifty was trading at 25,593 compared to yesterday's Nifty Futures closing of 25,611.
- **U.S. markets** closed on a mixed note. The choppy trading on Wall Street came as investors seemed reluctant to make more significant moves amid lingering uncertainty about President Donald Trump's trade policies. The Dow Jones was down by 165 points (0.37%) to close at 44,240, while the NASDAQ was up by 6 points (0.03%) to close at 20,418.

What's inside:

- **Q1FY26 Earnings Preview:** Information Technology (IT) & Telecom, Chemicals, Capital Goods & Midcaps, Infra Road & Others, and Banks, Financial Services & Insurance (BFSI)

News in Focus

- **Pharma Stocks:** Shares of companies such as Gland Pharma Ltd., Aurobindo Pharma Ltd., Dr. Reddy's Laboratories Ltd., Zydus Lifesciences Ltd., Lupin Ltd., Glenmark Pharmaceuticals Ltd., Sun Pharmaceuticals Industries Ltd., Cipla Ltd., and Torrent Pharmaceuticals Ltd. will be in focus on Wednesday after US President Donald Trump threatened to slap 200% tariffs on pharmaceutical products.
- **Ashoka Buildcon:** The company's arm has submitted Rs 1,391 Cr financing documents to NHAI for the development of a four-lane corridor.
- **Dixon Technology**: The company has established a 50:50 joint venture named Lightanium Technologies in partnership with Signify Innovations.
- **Ola Electric:** The company has announced the mass rollout of its MoveOS 5 software. MoveOS is the company's proprietary and in-house developed software for both its S1 range of scooters and the recently launched Roadster X motorcycles.

Q1FY26E – RATE CUTS TO HURT MARGINS FOR BANKS; NBFCs FARE BETTER THAN BANKS

Banks and SFBs – NIM Compression Sharp; Earnings Momentum Derails

The systemic credit growth (as of 13th June, 2025) has derailed to <10%. This can be attributed to a meaningful slowdown in the unsecured loans amidst continued asset quality challenges alongside banks, mainly private banks, intending to bring down their LDRs to a balanced level. We expect the bank under our coverage to deliver ~11% YoY credit growth, marginally ahead of industry growth. **We would watch out for management optimism on growth pick-up likely in H2FY26 and commentary on expected recovery in the unsecured segments, particularly MFI and Credit Cards (CC).** The systemic deposits growth of ~10.4% as of 13th June, 2025, with growth largely led by TDs. However, banks continue to struggle in CASA deposit mobilisation. For our coverage universe banks, we expect the pace of deposit mobilisation to keep pace with credit growth, thereby delivering a growth of ~12% YoY, led by TDs.

With the RBI cutting the repo rate by 100bps over Feb-Jun'25, banks, especially private banks, have been leading the rate cut transmission cycle and have cut both SA/TD rates. On the contrary, certain PSU banks have kept their deposit rates unchanged so far. Systemic liquidity has been in surplus throughout the quarter, as against being in deficit in Q4FY25 and has thus facilitated faster transmission of rate cuts. With advances repricing faster than deposits, yield pressures will emerge. Thus, NIM contraction during the quarter for most banks is imminent; however, the quantum of margin compression is expected to vary based on loan mix composition, quantum of deposit rate cuts taken, and strength of the liability franchise and its mix. NIM pressures will continue into Q2FY26E and are expected to stabilise from H2FY26E onwards.

We expect private banks (ex-SFBs) to witness a 12-16bps margin contraction during the quarter. On the other hand, PSU Banks are expected to see a lower NIM contraction owing to a lower share of EBLR loans, ranging between 10-12bps. SFBs under our coverage are likely to report NIMs contraction of 20bps (+/-2bps). This would be driven by higher interest reversals and portfolio mix shift towards lower-yielding secured segments. Thus, we expect NII growth for our banking universe to be weak at 3% YoY and to de-grow by ~1.3% QoQ.

We expect fee income to mirror loan growth and will de-grow significantly after a strong Q4. Treasury income is expected to be healthy for banks and should support non-interest income growth. Opex growth should remain controlled with conscious efforts by banks. However, weak top-line growth with margin pressures visible would result in opex ratios appearing elevated. Thus, we expect PPOP growth for banks under coverage to be weak and decline by 6% QoQ but grow modestly at ~5% YoY.

Apart from banks with a higher exposure to unsecured segments, particularly MFI and CC, we expect most banks to report under-control slippages and steady asset quality trends. However, certain mid-sized banks and SFBs will continue to grapple with stress in their unsecured loan portfolios, resulting in higher slippages and asset quality headwinds. The collection trends across geographies and especially in the troubled geographies of KA and TN have seen slight improvement for certain banks. Thus, we expect credit costs to come off slightly on a sequential basis, though they will continue to remain elevated over H1FY26. We expect provisions to remain broadly flattish QoQ (marginal 1% decline QoQ). Thus, earnings will remain under pressure, de-growing at 7% QoQ and flat YoY during the quarter.

We expect a tough H1FY26 for the banking pack, and the key points for discussion would be (i) Comments on credit growth resuming, (ii) Comments on easing of asset quality concerns in the unsecured segments and credit costs tapering, and (iii) NIM trajectory.

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NBFCs – Better than Banks, But Still Not Encouraging!

Overall, for NBFCs under our coverage, we could expect disbursement momentum to decelerate sequentially owing to seasonality. However, we expect AUM growth to remain fairly strong for most financiers with our coverage universe NBFCs reporting AUM growth of 21/5% YoY/QoQ, primarily driven by vehicle financiers (+19% YoY) and diversified financiers (+24% YoY). Margins are expected to remain **steady** for **Housing financier**s and **Diversified financiers**. However, for **Microfinanciers** and **Vehicle Financiers**, we expect NIMs to improve, backed by a combination of multiple factors such as lower interest reversals, easing of excess liquidity, and marginally lower CoF. Gold financiers are likely to continue to face margin pressures. We bake in a healthy 16/4% YoY/QoQ NII growth for our coverage NBFCs. **We believe commentary on growth visibility, asset quality movement, and the impact of rate cuts on margins** would dominate the discussion during the quarter. Following the seasonal trends, asset quality is expected to see some pressure for most players.

We expect the disbursement momentum to decelerate QoQ for **Affordable Housing Financiers** under our coverage. While CANF's unimpressive AUM growth (~9% YoY) run would continue, APTUS will continue to maintain its healthy AUM growth momentum at ~25% YoY. We expect both housing financiers to report a steady to slight improvement in margins during the quarter.

We expect disbursement growth for **Vehicle Financiers** to remain healthy (YoY), translating into strong AUM growth of ~19/4% YoY/QoQ. In terms of margins, both **CIFC** and **SFL** are likely to report margins moving with a positive bias. We remain watchful of delinquency trends and asset quality. Credit costs are likely to remain steady QoQ. We expect both CIFC and SFL to deliver a healthy earnings growth.

Gold Financier under our coverage (**Manappuram**) is expected to report muted AUM growth attributed to the slowdown in MFI; however, gold loan book growth is likely to be healthy. Pressure on consolidated yields from elevated slippages, along with little or no help from CoF easing, would weigh on NIMs. Elevated credit costs will continue to weigh on earnings.

Microfinance – Decisive Signs of Stress Receding Will Be Positive!

We expect disbursements to be better for a seasonally weak Q1; however, GLP growth is expected to remain weak. Margins are likely to expand during the quarter on easing CoF. CAGrameen's exposure to Karnataka (KA) and Tamil Nadu (TN) would contribute to higher stress amidst challenges on collection efficiency in these states. However, we expect ex-KA states to perform better. During the quarter, slippages are expected to remain elevated, weighing on asset quality. Credit costs will continue to remain elevated, though they will moderate QoQ. Management commentary on growth revival and asset quality headwinds receding remain key monitorables.

Diversified Financials – Credit Card Players and AMCs

Credit card issuer – SBI Cards is expected to witness improved growth in both CIF and spends. Market share improvement is expected both in terms of CIF and Spends. NIMs are expected to remain broadly steady QoQ. Credit costs are expected to remain elevated, though a slight moderation cannot be ruled out. Asset quality is likely to remain stable.

We expect an improved performance from **AMCs** under our coverage – Nippon Life India Asset Management (NAM), driven by 10% QoQ QAAUM growth, supporting revenue growth despite yield compression. A strong market rally is expected to support other income, thereby supporting earnings.

Our Key Result Plays are:

Positive Result Plays:

Banks – ICICI Bank, HDFC Bank, City Union Bank

NBFCs – Shriram Finance, Bajaj Finance, Cholamandalam

Negative Result Plays: Equitas SFB, Karnataka Bank, Manappuram

IT Services & Telecom Q1FY26 Result Preview

MODERATE GROWTH; RECOVERY AHEAD

The IT Services sector is anticipated to report steady growth in Q1FY26, primarily due to weaker discretionary spending, steady deal pipeline, and some uncertainties in macroeconomic conditions such as trump tariffs and trade war. Since the last few quarters, clients of Indian IT Services have been cutting their IT budgets due to economic uncertainty, especially in the US and Europe. Many large enterprises are likely to prioritise cost optimisations, resulting in an increase in cost take-out deals, vendor consolidation, and a reduction in headcount costs. Therefore, BFSI, Hi-tech, and Healthcare Services industries are likely to show some recovery, while Manufacturing and Retail sectors are likely to remain subdued. Moreover, deal wins momentum in such industries is expected to remain strong despite volatility in demand. We believe that steady growth in such verticals will offset some amount of weakness at the broader level in this quarter. Furthermore, we anticipate a healthy growth trajectory to begin in H2FY26, led by ramp-up in deals, better utilisation, and execution of projects. Moreover, demand for emerging technologies such as Generative AI, Machine Learning, Cloud Transformation, and Digital Transformation continues to remain strong.

We expect IT services to report revenue growth in the range of -1% to 2% QoQ in US$ terms. In rupee terms, we expect the sector to deliver QoQ revenue growth of 0.5% to 2%, led by cross-currency tailwinds. Margins are likely to witness some expansions on account of cost optimisation, sluggish recruitment and delay in wage hikes.

Telecom

Telecom players (Bharti Airtel and Reliance Jio) continue to gain market share on the back of higher customer stickiness, improving financial performance, and favourable market conditions. As per TRAI data, Bharti Airtel added a net addition of 2.75 Lc subscribers, and Reliance Jio added 27 Lc, bringing its total subscriber base to 39 Cr and 47 Cr, respectively. We believe that this momentum is likely to continue, led by 5G rollout, tariff hikes, strategic alliances, and robust cash flow. For Q1FY26, we expect Bharti Airtel to report revenue growth of 3.2% QoQ and 28.3% YoY. We are also expecting EBITDA margins to gain 69 bps (remain relatively flat) for the quarter and stand at 57.1%.

Key Monitorables: We would watch out for the management commentary for both IT and Telecom players on 1) Outlook on client spend, especially on the BFSI vertical and Healthcare life sciences, 2) Vertical outlook,3) Rising subcontractor costs, 4) Deal wins, 5) AI deal pipeline 6) tariff hikes, and 7) Subscriber additions

TCS: We expect TCS to report flattish revenue, i.e., 0.3% QoQ, led by revenue decline in the BSNL deal. EBIT margin to remain flattish by 60 bps during the quarter. Key attributes to watch out for are a) Deal TCV/Pipeline, b) outlook on business vertical, c) wage hike, and d) New deal with BSNL.

Infosys: We expect Infosys to report strong revenue growth of 2.6% QoQ, on account of higher working days and growth in the BFSI segment. We also expect operating margins to fall by 120 bps aided by a wage hike for senior staff and acquisition costs for MRE Consulting and Missing Link. onsite expenses. We also expect the management to increase the company's revenue growth guidance for FY26E to 1%-3% YoY from 0%-3% YoY. Key monitorables would be a) Deal TCVs and pipeline, b) outlook on BFSI vertical, c) margin levers, and d) Gen AI adoption.

HCL Tech: We expect HCL Tech to report revenue growth of 0.3% QoQ on account of weak service business and operating margin to contract by 44bps. Key factors to watch out for are a) Deal TCV/deal pipeline, b) Discretionary spends, and c) Outlook on ER&D and Service business.

Wipro Ltd: We expect Wipro to report revenue growth of 3% QoQ in rupee terms. Its operating margins are likely to expand on account of cost control measures. Key monitorables would be a) Deal TCV/pipeline, b) European business, and c) Outlook on new large deals.

Tech Mahindra: We expect the company to report revenue growth of 0.6% on a QoQ basis, led by weakness in the Comviva business and manufacturing and retail business, while its margins are likely to expand marginally due to cost optimisation initiatives. Watch out for a) Deal TCVs and pipeline from the communication vertical, b) Attrition, c) Outlook on growth/margins, and d) Multi-year deals.

LTI Mindtree: We expect LTIMindtree to report the revenue growth of 1.4% QoQ in rupee terms on the back of growth in BFSI and Hi-Tech vertical. Operating margins are likely to improve by 59bps. Key things to watch out for are management commentary on the deal wins, manufacturing verticals, and client engagement.

LTTS: LTTS is likely to report revenue degrowth of 2.8% QoQ, mainly led by the seasonality in SWC business and slowdown in the mobility vertical. EBIT margin to remain marginally up by 69 bps QoQ due to lower topline growth. Key monitorables would be the management's commentary on verticals and deal wins.

Coforge: We expect Coforge to deliver robust revenue growth of 5.2% QoQ, primarily driven by growth in the BFSI vertical and ramp-up of the Sabre deal. Moreover, its operating margins are likely to grow by 98bps QoQ due to higher operating leverage. Key things to watch out for are vertical commentary, new deal wins, and order book trends.

Persistent Systems: Persistent Systems is expected to report revenue growth of 1.5% QoQ, primarily due to growth in the BFSI and Hi-Tech verticals. Furthermore, we foresee operating margins to expand by 55bps due to a higher offshoring mix and topline growth. Key things to watch out for are a commentary on verticals and the deal pipeline.

KPIT Technologies Ltd. The company is expected to moderate growth of 2.8% QoQ, amid a challenging demand environment and a slowdown in deal ramp-up. Furthermore, we foresee operating margins likely to fall by 41bps due to higher operating expenses. Key things to watch out for are a commentary on demand scenario and deal conversion pipelines.

Happiest Minds Technologies Ltd. is expected to report robust revenue growth of 3.5% QoQ, primarily due to growth in the BFSI and healthcare verticals. Thus, we foresee operating margins to expand by 400bps due to lower onsite expenses. Key things to watch out for are a commentary on verticals and AI adoption, and the attrition rate.

Indiamart Intermesh Ltd: Indiamart is likely to register a growth of QoQ on account of subscriber addition and collection growth. We further expect operating margins to remain flat due to higher spends on marketing promotion, and brands. Key things to watch out for are business enquiries, subscriber additions, and ARPU growth.

Cyient: We expect the company to report revenue degrowth of 2.9% QoQ on account of a slowdown in DET business. Therefore, the company's margins are expected to fall QoQ during the quarter. Key things to watch out for are the management's commentary on business verticals and new growth areas.

Affle 3i: We estimate Affle to report robust revenue growth of 7.6% on a QoQ basis due to higher CPCU conversion across the vertical category. Operating margins are also likely to fall due to higher promotional expenses. Key things to watch out for are a) Digital ad-spends, b) AI adoption, and c) Commentary on business.

Zensar Technologies: We expect Zensar to report revenue growth of 1.2% QoQ in rupee terms, aided by the ramp-up in BFSI and healthcare verticals. We also expect the company's operating margins likely to remain flattish. Watch out for a) Deal TCVs and pipeline, b) Attrition rate, and c) Outlook on demand growth.

Security Intelligence Systems (SIS): We expect SIS to report revenue growth of 1.4% QoQ, led by growth in the facility management and security vertical. We also expect operating margins to remain flattish. Key things to watch out for are security businesses in India and abroad, renewal/churning of contracts, and margin recovery in facility management.

Bharti Airtel: We expect Bharti Airtel to report revenue growth of 3.2% QoQ, led by growth in mobile services and Africa business. We also expect operating margins to improve by 48bps. Key things to watch out for are business verticals, ARPU, customer additions, and 5G rollout.

Our Key Picks:

- ***Our Top Result Positive Plays:*** ***Infosys, HCL Tech, Affle 3i, Persistent Systems, Coforge, Bharti Airtel***
- ***Our Top Result Negatives Plays:*** ***KPIT technologies, Wipro, Cyient***

Mixed Signals With Glimmers of Recovery

Chemicals

Chemicals & Agrochemicals: In Q1FY26, we expect most specialty chemical companies under our coverage to show steady YoY improvement, primarily driven by volume growth on a favourable (low) base. However, QoQ performance is likely to be mixed, influenced by geopolitical tensions and tariff-related uncertainties. Pricing remains subdued due to ongoing macroeconomic challenges.

Refrigerant gas players are expected to report strong results, supported by favourable global prices and solid export demand. In contrast, commodity chemical companies are likely to post subdued numbers amid continued headwinds, although operational efficiency initiatives may offer some relief.

Within agrochemicals, we anticipate that companies with a domestic focus are likely to perform better. Growth in the domestic market is expected to be supported by new product launches, strong volume growth ahead of the kharif season, and healthy demand driven by a normal monsoon outlook. Generic agrochemical players are also likely to report volume-led growth as inventory destocking completes. On the export front, global destocking has largely been completed, and fresh demand is now contributing to growth in international markets.

Overall, we foresee a mixed performance across the chemicals and agrochemicals sector in Q1FY26, with domestic demand remaining more resilient compared to exports. Meanwhile, customers continue to wait for greater clarity on long-term tariff policies. Additionally, given China's ongoing overcapacity, there is an elevated risk of increased price competition in non-US markets.

Diversified Midcaps: YoY revenue growth is anticipated for the midcap stocks under coverage, driven by an increased focus on exports and stable domestic demand. These companies, primarily in the manufacturing sector, are expected to benefit from stronger demand from key end markets and resulting operational efficiencies.

Aarti Industries Ltd: We expect a slight YoY decline in revenue, impacted by multiple geopolitical disruptions and volatility in raw material prices, even though volumes are likely to grow. EBITDA is projected to decline YoY due to sustained pricing pressures, with margins expected to be slightly lower compared to the same quarter last year.

Apcotex Industries Ltd: Revenue growth is anticipated to be supported by higher volumes and strong export momentum. However, oversupply in certain segments, particularly nitrile latex/gloves, is likely to continue weighing on realisations YoY. We expect EBITDA to improve, driven by higher utilisation and operational efficiencies.

Archean Chemical Industries Ltd (ACIL): We foresee top-line growth supported by strong demand and higher volumes compared to the previous couple of quarters, which were impacted by various logistical challenges. Bromine volumes, in particular, are expected to grow, aided by increased contribution from bromine derivatives. Margins are likely to improve sequentially.

Camlin Fine Science Limited: We anticipate top-line growth due to the continued momentum in the blends and aroma business and the ramp-up of the vanillin plant, which is expected to benefit from rising vanillin prices. While the performance chemical business is expected to remain muted, margins are expected to improve. The EBITDA Margins are expected to see an increase due to positive operating performance, favourable product mix and reduced losses in closed Italy and China facilities.

NOCIL Ltd: We anticipate muted revenue growth YoY, due to persistent competitive pressures. EBITDA margins are expected to be under pressure due to ongoing pricing challenges.

Navin Fluorine International Ltd: For NFIL, we anticipate revenue growth to be driven by capacity expansion, strong export momentum, a healthy order book in spec chem, stabilisation of the HFO plant, and a positive trend in refrigerant prices. The EBITDA is expected to increase mainly due to improved operational performance and favourable pricing.

PI Industries Ltd (PI): PI continues to focus on expanding into new products within the Non-AgChem sector and enhancing capabilities in non-core businesses. Revenue is expected to grow primarily driven by the strong performance of new products. The company's pyroxasulfone business is expected to remain under pressure, partially offsetting margin gains in other businesses.

Dhanuka Agritech Ltd: Top-line growth is expected on the back of a good monsoon, strong demand, and positive traction in new products. The rollout of new molecules will be an important factor to monitor. Margins are projected to improve YoY, benefiting from a better product mix and operational leverage.

Diversified Mid-Cap Opportunities

Praj Industries: Praj Industries' performance is expected to remain under pressure during the quarter due to continued weakness in the domestic bio-energy business. We expect the top line to be impacted by the extended project execution cycle, delay in the pickup of the new Mangalore facility. The EBITDA is expected to degrew owing to higher fixed income expenses against lower revenues.

Mold-Tek Packaging: Mold-Tek Packaging is expected to report revenue growth in Q1FY26, driven by increased volumes in the FF, Paint, and Pharma segments, driven by higher demand and the addition of capacities. The company has guided continued improvement in EBITDA/KG due to the contribution from the high-margin pharma segment.

Welspun Living: We expect topline growth to moderate as demand is likely to be impacted by tariff-related uncertainties. The EBITDA Margins are expected to decline due to operational deleverage and elevated freight-related expenses, also leading to a decline in PAT on a YoY basis.

Pitti Engineering Ltd: We expect the company to continue the growth momentum, supported by volume growth and synergies. The higher contribution of value-added assemblies and the benefits of merger synergy are expected to contribute to improved margins YoY.

Kirloskar Brothers Ltd. (KBL): Sustained demand in key markets and a strong order book are expected to translate into a strong YoY revenue growth for KBL. The EBITDA Margins are expected to improve further YoY with better product mix and execution of cost-saving strategies.

Va Tech Wabag Ltd.: The company had an order book of approximately Rs 13,700 Cr as of Q4FY25, which supports the expectation of robust revenue growth in Q1FY26. However, the revenues are likely to decline sequentially compared to Q4, which is a seasonally strong quarter. EBITDA Margins are expected to remain at a similar level, as guided by the company.

Gravita India Ltd.: We expect revenue growth driven by volume growth and supported by robust lead prices. The company is likely to maintain similar margins as the previous quarter (post other income, which includes hedging-related income).

Key Monitorable in Q1FY26

We remain vigilant on management commentary related to demand trends, capacity utilisation, and geopolitical risks, especially in light of the global geopolitical conflicts, which have driven crude oil prices higher, as well as tariff-related uncertainties. The company's significant exposure to the US market could lead to temporary demand disruptions, as customers may delay orders awaiting more clarity. Over the long term, the tariff environment could favour Indian players by reducing competition from countries facing higher tariff rates than India. Nevertheless, we advise maintaining a cautious outlook on companies with substantial US export exposure, as their near-term performance may be adversely affected.

Our Top Picks: ***Camlin Fine Science Ltd, Navin Fluorine International Ltd, PI Industries Ltd, Dhanuka Agritech Ltd, Mold-Tek Packaging Ltd***

Infra- Road & Others-Q1FY26 Result Preview

SELECTIVELY POSITIVE; PICK-UP IN AWARDING ACTIVITY IN H2 TO DRIVE GROWTH

In Q1FY26, the road construction companies under coverage are anticipated to report 7% YoY growth in revenue, owing to moderate execution and increase in executable order book after receiving AD as in the case of GR Infraprojects Ltd. EBITDA is expected to decrease by 25% and PAT is projected to be lower by 25% on a YoY basis, mainly due to arbitration claim received by KNR Constructions and PNC Infratech in Q1FY25. Adjusted EBITDA margins are estimated at 14.1%, compared to 14.3% in the same period last year.

Companies within our coverage maintain strong order book positions, ensuring revenue visibility for the next 2-3 years. This stability is underpinned by their consistent ability to secure new orders across various sectors. For the most recent quarter, road ECP players under our coverage did not win any major awards except KNR Constructions (Rs 4,800 Cr). The awarding activity is expected to pick up in H2FY26, due to a strong bidding pipeline, especially in NHAI projects.

A notable trend among these companies is their strategic diversification into the non-road sectors, which has significantly enhanced their overall revenue profile. Companies are increasingly aiming to secure projects in the following areas: 1) Water Supply, 2) Irrigation, 3) Solar, and 4) Battery Storage Services.

Awarding Activity: As of Jul'25, the National Highways Authority of India (NHAI) and the Ministry of Road Transport and Highways (MoRTH) have experienced a slowdown in project awarding activities. ICRA forecasts that road awards will be in the range of 8,500–9,000 km in FY26, similar to FY25 levels. However, a slight improvement in project awarding has been observed since Nov'24, and if this trend continues, growth could reach 9–11% in FY26.

Road Construction: NHAI constructed 5,614 km of national highways in FY25, surpassing its target of 5,150 km. The government has set a target of constructing 10,000 km of national highways in FY26, the lowest target in the past seven years.

Toll Collection: In FY25, toll collection on National Highways reached a record Rs 61,500 Cr, marking a 10% increase from the previous year. Uttar Pradesh led in toll revenue collection with Rs 7,060 Cr, followed by Rajasthan at Rs 5,967 Cr and Maharashtra at Rs 5,115 Cr during Apr'24-Feb'25. Toll revenue is expected to grow in FY26, driven by slight fee increases and improved traffic flow.

FASTag: FASTag collections on national highways were estimated at Rs 72,500 Cr for FY25, reflecting a 12.5% increase from the previous year. The growth in toll collections has been attributed to factors such as the continuous addition of national highways and the wider adoption of FASTag-based tolling.

Asset Monetisation: The Ministry of Road Transport and Highways (MoRTH) has informed the Department-Related Parliamentary Committee on Transport that the road construction target for FY26 is lower than Rs 10,421 Cr, while the monetisation target is also below the Rs 39,000 Cr expected for FY26. In Q1FY26 (Apr'25–Jun'25), the NHAI initiated significant steps under the second phase of the National Monetisation Pipeline (NMP 2.0), aiming to unlock Rs 10 Lc Cr in capital over five years. The road sector is expected to contribute Rs 3.5 Lc Cr of this total. In Jun'25, NHAI released its first-ever Asset Monetisation Strategy Document, outlining the use of Toll-Operate-Transfer (ToT), Infrastructure Investment Trusts (InvITs), and securitisation models to mobilise capital.

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T&D Sector: Both KEC and KPIL have been the biggest beneficiaries of project awarding with inflows of Rs 4,639 Cr and Rs 7,771 Cr, respectively, in Q1FY26. Both companies continue to focus aggressively on domestic and international T&D opportunities. KEC has a tender pipeline of over Rs 90,000 Cr and a current order book and L1 position of Rs 24,500 Cr. It is actively bidding for HVDC projects in both Indian and overseas markets, positioning itself well to tap into the growing transmission infrastructure demand. With the heightened government thrust on renewables and the increase in power demand, business growth is assured. Going forward, KPIL expects T&D to be a major revenue contributor, and KEC's management foresees the T&D business being driven by opportunities in India, Abu Dhabi, and Saudi Arabia.

Outlook: Looking to enhance road infrastructure, MoRTH aims to secure Rs 35,000 Cr in private investment for highway projects during FY26, with 30% of the total awarded projects targeted to be executed under the Public-Private Partnership (PPP) model. The Ministry has set a goal to expedite the highway construction pace to 100 km per day. They plan to construct 25,000 km of roads by converting two-lane highways to four-lane highways in the coming years, stressing that there is no shortage of funding.

In a significant boost to urban infrastructure, the Ministry also revealed that the central government is currently working on infrastructure projects worth Rs 1 Lc Cr aimed at transforming Delhi. The construction target for the next financial year includes the development of 1,100 km of highways in the North-Eastern States and 750 km in tribal areas. Also, a high-speed corridor network covering 5,800 km is planned to be operationalised.

In this backdrop, we remain positive on the sector from a medium to long-term perspective.

Our Preferred Plays in the Sector:

Infra-Road: **GR Infraprojects Ltd**

Infra-Others: **KEC International, Kalpataru Projects International Ltd**

Result Calendar - Q1FY26

Jul-2025

NSE 500 + Axis Universe

	Thursday	Friday	Saturday	Monday	Tuesday	Wednesday
	10-Jul-25	11-Jul-25	12-Jul-25	14-Jul-25	15-Jul-25	16-Jul-25
Large Cap	TCS	**Avenue Super.**		HCL Technologies	HDFC Life Insur. ICICI Pru Life	Tech Mahindra
Mid Cap	Tata Elxsi				ICICI Lombard	L&T Technology
Small Cap	Anand Rathi Wea.					Angel One

Bold Companies: Axis Securities Coverage

Axis Intellect: Intraweek Stocks for the week 7th July 2025 to 14th July 2025

Name of Stock	Mcap	Sector
J.K. CEMENT LTD	Mid Cap	Build Mate
SRF LTD.,	Large Cap	Agri & Chem
FIVE-STAR BUSINESS FINANCE LTD.	Small Cap	NBFC
SIEMENS LTD.,	Large Cap	Industrials
VARUN BEVERAGES LIMITED	Large Cap	Staples
SUN PHARMACEUTICAL INDUSTRIES LTD.	Large Cap	Healthcare
HINDUSTAN AERONAUTICS LIMITED	Large Cap	Industrials
AUROBINDO PHARMA LTD.	Mid Cap	Healthcare
ALLCARGO LOGISTICS LTD	Small Cap	Transport
METRO BRANDS LIMITED	Mid Cap	Discretionary

Investment Picks

Company	Recommendation	CMP	Target Price	% Upside
Aarti Industries Ltd	BUY	461	554	20.3
ACC Ltd	BUY	1,982	2,420	22.1
Ambuja Cements Ltd	BUY	590	655	11.0
APL Apollo Tubes Ltd	BUY	1,741	2,035	16.9
Aptus Value Housing Finance India Ltd	BUY	335	400	19.3
Arvind Smartspaces Ltd	BUY	670	970	44.9
Aurobindo Pharma Ltd	BUY	1,142	1,500	31.3
Avenue Supermarts Ltd	BUY	4,213	4,770	13.2
Bajaj Auto Ltd	BUY	8,342	9,890	18.6
Bajaj Finance Ltd	BUY	928	1,050	13.1
Bank of Baroda Ltd	BUY	240	280	16.7
Birla Corporation Ltd	BUY	1,385	1,560	12.6
Cholamandalam Investment & Finance Company Ltd	BUY	1,524	1,780	16.8
Cipla Ltd	BUY	1,490	1,700	14.1
Coal India Ltd	BUY	383	440	14.9
Colgate-Palmolive (India) Ltd	BUY	2,450	2,830	15.5
DCB Bank Ltd	BUY	142	160	12.3
DOMS Industries Ltd	BUY	2,425	2,820	16.3
Embassy Office Parks REIT	BUY	397	450	13.4
Equitas Small Finance Bank Ltd	BUY	63	76	20.4
Ethos Ltd	BUY	2,700	3,150	16.7
G R Infraprojects Ltd	BUY	1,245	1,580	26.9
Genus Power Infrastructures Ltd	BUY	360	500	38.9
Gravita India Ltd	BUY	1,802	2,600	44.3
H. G. Infra Engineering Ltd	BUY	1,050	1,530	45.7
HDFC Bank Ltd	BUY	1,999	2,250	12.5
HealthCare Global Enterprises Ltd	BUY	556	620	11.6
Hero MotoCorp Ltd	BUY	4,297	5,030	17.1
Hindalco Industries Ltd	BUY	687	775	12.8
ICICI Bank Ltd	BUY	1,443	1,650	14.3
Indian Hotels Company Ltd	BUY	740	900	21.6
Inox Wind Ltd	BUY	177	230	30.0
ITC Ltd	BUY	418	500	19.6
J.Kumar Infraprojects Ltd	BUY	710	905	27.5
JSW Energy Ltd.	BUY	514	705	37.1
Juniper Hotels Ltd.	BUY	297	380	27.8
Jyothy Labs Ltd	BUY	358	400	11.7
K E C International Ltd	BUY	878	1,030	17.3
Kalpataru Projects International Ltd.	BUY	1,190	1,350	13.4
Karnataka Bank Ltd	BUY	193	270	39.7
Kotak Mahindra Bank Ltd	BUY	2,224	2,460	10.6
Lupin Ltd	BUY	1,922	2,500	30.1
Man Infraconstruction Ltd.	BUY	186	220	18.0
National Aluminium Co	BUY	190	220	15.9
Nestle India Ltd	BUY	2,419	2,675	10.6
NLC India Ltd	BUY	225	300	33.2
Pitti Engineering Ltd	BUY	964	1,350	40.1
PNC Infratech Ltd	BUY	304	340	11.9
Prestige Estates Projects Ltd	BUY	1,662	1,850	11.3
Sansera Engineering Ltd	BUY	1,400	1,580	12.9
SBI Cards & Payment Services Ltd	BUY	921	1,050	14.0
Shriram Finance Ltd	BUY	671	790	17.7
Signatureglobal (India) Ltd	BUY	1,241	1,470	18.5

Investment Picks

Company	Recommendation	CMP	Target Price	% Upside
Skipper Ltd	BUY	481	570	18.5
Star Cement Ltd	BUY	212	270	27.6
State Bank of India	BUY	812	1,025	26.2
Trent Ltd	BUY	5,440	6,650	22.2
V Mart Retail Ltd	BUY	785	940	19.7
VA Tech Wabag Ltd.	BUY	1,492	1,920	28.7
Varun Beverages Ltd	BUY	458	650	41.8
Welspun Living Ltd	BUY	144	170	17.9

Trading Insights

Insight from trading volumes

Script	CMP	Total Volume (x1000)	Monthly Avg Volume(x1000)	% Change
TITAN CO LTD	3,441	4,121	1,155	256.9%
KOTAK MAHINDRA BANK LTD	2,225	8,106	4,205	92.8%
AXIS BANK LTD	1,165	10,424	5,879	77.3%
CIPLA LTD	1,488	2,228	1,295	72.1%
BRITANNIA INDUSTRIES LTD	5,839	426	274	55.4%
HDFC LIFE INSURANCE CO LTD	794	5,070	3,360	50.9%
DIVI'S LABORATORIES LTD	6,938	566	394	43.7%

Insight from delivery

Script	CMP	Total Delivery Volume(x1000)	Monthly Avg Delivery Volume(x1000)	%Change
TITAN CO LTD	3,441	1,904	674	182.7%
AXIS BANK LTD	1,165	7,918	3,887	103.7%
CIPLA LTD	1,488	1,477	770	91.8%
HDFC LIFE INSURANCE CO LTD	794	4,004	2,167	84.8%
BRITANNIA INDUSTRIES LTD	5,839	297	181	64.4%
BHARAT PETROLEUM CORP LTD	356	7,424	4,859	52.8%
KOTAK MAHINDRA BANK LTD	2,225	3,812	2,795	36.4%

*CMP-Closing Market Price

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