



Q4FY26
Earnings Preview
(Consolidated)

Earnings Preview: **Q4FY26** (Consolidated)



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Q4FY26: AMID MACRO CHALLENGES, LONG TERM OUTLOOK REMAINS CONSTRUCTIVE

The macro environment entering Q4FY26 has shifted from relative stability to a more challenging phase, driven by a combination of elevated crude oil prices, currency depreciation, and inflationary pressures. India, being structurally strong with resilient domestic demand and healthy corporate balance sheets, continues to remain better positioned than peers. However, the recent spike in crude prices and global uncertainties has introduced near-term risks to both macroeconomic stability and corporate profitability.

In the April 2026 MPC, the RBI maintained the repo rate at 5.25% along with its Neutral stance. However, citing increasing risks to GDP growth Inflation estimates due to geopolitical uncertainty, the regulator revised its GDP estimates marginally downward for Q1/Q2FY27 to 6.8% & 6.7%. Though a 2-week ceasefire in the West Asia war has been announced, risks persist, posing a downward risk to GDP growth estimates and an upward risk to inflation estimates.

In Q4FY26, earnings growth is expected to remain selective rather than broad-based. BFSI, FMCG, and Consumer Discretionary (particularly autos) are likely to deliver relatively stronger performance, supported by improving demand trends, stable asset quality, and benefits of operating leverage. Within the Cement sector, volumes are expected to stay robust, though margins may remain under pressure. IT Services and Real Estate are likely to witness moderate growth, constrained by cautious demand and project execution timelines. Meanwhile, the Hotel sector may face some pressure due to softer occupancies. Overall, we expect the Nifty to report Revenue/EBITDA/PAT growth of 13.2%/6.1%/3% YoY, respectively, for the quarter, reflecting a mixed earnings season with pockets of resilience amid broader challenges.

Indian Economy Nearing Cyclical Recovery Amid Persistent Global Risks: Despite ongoing global challenges, India's domestic growth trajectory remains resilient, with macro indicators pointing to a stronger FY27 compared to FY26. Coordinated fiscal and monetary support from the government and the RBI, including front-loaded pro-growth measures, suggests the economy is at an inflection point, with momentum likely to strengthen in FY27. In CY26, Indian equities are shifting from a consolidation phase to one driven by earnings visibility, valuation comfort, fiscal discipline, and sustainable growth.

Relative Underperformance Provides an Opportunity to Add Equity for the Long Term: In 2025, the Indian market has underperformed the US market and other emerging markets by a notable margin. FTSE India is now trading at a PE premium of 40% to the EM index (PE). During Sep'24, the Indian market traded at a 97% PE premium to EM. Now, after the correction, it is trading at a 40% premium, which looks attractive compared to the past. That said, it is to be noted that relative valuation stabilisation does not necessarily translate into an immediate rally in the current scenario.

Equity Market Valuation & Relative Positioning: From an equity market perspective, the benchmark indices have already witnessed a correction of over 14% from their recent highs, leading to some moderation in valuations. On a forward basis, valuations have moved closer to their historical averages (18-19x) when assessed against FY27 earnings estimates. However, the risk from higher crude prices remains a key overhang. If elevated oil prices persist longer than anticipated, the impact on input costs, margins, and overall corporate profitability could be meaningful, thereby increasing the likelihood of earnings downgrades across sectors.

Why Q4FY26 Commentary Matters More Than Usual: Q4FY26 management commentary will be a critical trigger for reassessing FY27 earnings expectations, especially in the backdrop of elevated crude prices hovering near \$100-110/bbl though corrected to \$93-96/bbl after the two weeks ceasefire announced. The recent oil shock challenges earlier assumptions of stable input costs, steady demand recovery, and margin normalization that were underpinning mid-teen earnings growth expectations for the Nifty 50. Any indication of cost absorption, weak pricing ability, or early demand slowdown could lead to earnings downgrades. Overall, the upcoming earnings season will be pivotal in determining whether the oil-led disruption is transient or likely to have a more structural impact on corporate profitability and market outlook.

Gradual Recovery with Selective Opportunities Amid Near-Term Volatility: Risk-reward in mid- and small-cap stocks is gradually turning favorable after the recent correction. However, the recovery is likely to remain slow, staggered, and earnings-dependent through FY27, especially in the backdrop of elevated crude prices and tightening liquidity conditions.

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Near-term market behavior is expected to remain range-bound with intermittent volatility, as rising input costs, currency pressures, and potential earnings downgrades keep overall sentiment cautious. Market breadth is likely to stay narrow, with leadership concentrated in select sectors and high-quality names within the Nifty 500. Overall, bottom-up stock selection and tactical sector rotation will remain critical to navigating this phase and generating alpha.

We believe the market is currently in a phase of recalibration, where near-term direction will be shaped by the interplay of earnings delivery and evolving macro risks. Recent developments—particularly elevated crude prices, geopolitical tensions, and significant FPI outflows—have introduced heightened volatility and tempered sentiment, leading to a more cautious investor stance. In this context, the ongoing earnings season is unlikely to trigger a broad-based market re-rating, and instead may reinforce a consolidation phase with intermittent sectoral rotations. Market breadth is expected to remain selective, with leadership concentrated in pockets demonstrating earnings visibility, balance sheet strength, and pricing power.

While valuations have corrected to more reasonable levels and downside risks appear increasingly contained, a sustained directional uptrend will likely require clearer evidence of earnings acceleration and macro stability. Until then, markets are expected to remain range-bound with stock-specific opportunities dominating. A more durable and broad-based growth trajectory is likely to emerge only as earnings momentum strengthens and external headwinds moderate, potentially setting the stage for a healthier expansion in the latter part of FY27.

Key Highlights for Q4FY26:

BFSI (Banking & Financial Services Industry)

Credit growth has revived strongly (~15% YoY for our coverage universe), led by SFBs and PSBs/Mid-sized private banks, though geopolitical risks may weigh on momentum. Deposit growth continues to lag, keeping funding costs elevated and competition for CASA intense. NIM trends are expected to remain divergent, with mid-sized banks and SFBs seeing NIM uptick, while large private banks and PSBs defend margins amid yield compression and sticky CoD. NBFCs are expected to deliver strong AUM growth (led by diversified, vehicle, and gold financiers) and earnings growth (driven by lower credit costs). However, rising oil prices, a potential rate cycle reversal, and continued geopolitical uncertainty could pose headwinds to lenders' demand and asset quality.

Cement

Demand strong, Cost pressure re-emerge, Pricing action critical: Cement demand momentum remained healthy through Q4FY26, supported by sustained government-led infrastructure execution and resilient rural housing demand. Cement demand in Q4FY26 is expected to record 11% YoY growth for our coverage universe, however, near-term margin pressures persist due to elevated fuel costs—primarily from higher imported pet coke prices—as well as increased packaging costs amid geopolitical disruptions in West Asia. We expect EBITDA per tonne to stay under pressure in Q1–Q2 FY27, as higher-cost fuel inventory continues to flow through the P&L, unless offset by sustained price increases.

Auto & Auto Ancillaries

Strong volume growth amid near term margin pressure with long term demand intact: We expect auto OEMs and auto ancillaries to deliver healthy EBITDA growth on both a YoY and QoQ basis, supported by strong demand momentum following GST rate cuts and double-digit volume growth across key segments. Margins are likely to benefit from a richer product mix and operating leverage, partly offset by rising commodity costs. However, elevated input prices and potential disruptions in the supply of gas and crude amid ongoing geopolitical tensions in West Asia could exert pressure on margins, while exports may remain subdued in the near term. Consequently, margin visibility in H1FY27 is expected to remain cautious, given the risk of production disruptions and sustained input cost pressures.

Information & Technology (IT)

Growth moderates, Currency tailwinds offer earning cushion: The IT Services sector is expected to see moderate Q4FY26 growth due to weak demand and ongoing macro uncertainties, with clients focusing on cost optimisation. Growth in BFSI and Healthcare is expected to partially offset muted performance in other verticals. Near-term recovery could be delayed by geopolitical tensions, impacting deal closures and tech spending. Going forward, management commentary and macro trends will be key monitorable.

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Metals & Mining

Steel profitability to improve YOY/QOQ, Non-Ferrous a mixed bag : We anticipate EBITDA growth for steel companies on a YoY and QoQ basis, driven by a seasonal volume uptick and rebound in steel prices. This recovery is underpinned by safeguard duties and robust post-monsoon construction demand. Conversely, although aluminium prices have risen (up 22% YoY), Hindalco and NALCO will see EBITDA pressure on a YoY basis due to the Novelis fire impact and a 41% drop in alumina prices, respectively. In Q1FY27, steel spreads should remain firm, while aluminium earnings will be supported by strength in aluminium prices due to supply disruptions in the Middle East.

FMCG & Retail

Demand gains traction; Margin pressures loom large amid crude volatility: Most FMCG companies under coverage are expected to deliver high single-digit revenue growth in Q4FY26, supported by mid to high single-digit domestic volume expansion. The retail sector is expected to post a similar trend in Q3FY26, with discretionary categories likely to outperform staples-led segments. However, rising crude-linked input costs and geopolitical uncertainties in the Middle East are expected to keep margins under pressure, with the full impact likely to be reflected in Q1FY27.

Chemicals & Midcaps

A quarter of divergent fortunes amidst heightened geopolitical risk: Q4FY26 for the chemicals and agrochemical sector is expected to be impacted by a challenging macro environment marked by elevated crude-linked input costs due to the US–Iran conflict, continued US tariff pressures, and intensified Chinese dumping, leading to margin compression across most players despite partial support from INR depreciation. Export-oriented companies are likely to see subdued performance, while domestic demand remains mixed, with a gradual recovery in agrochemicals driven by the rabi season

OUR TOP 10 “TRADING BUYS” Earnings Play: Credit Access Grameen, AU Small Finance, Ashok Leyland, Minda Corporation, UltraTech Cement, Navin Flourine, HCL Tech, , Astral Ltd, Avenue Supermart, and Tata Steel Ltd

Note: *Returns expectations: 5-10%. Recommendations given in this report may differ from our long-term stock recommendations, which are based on a one-year target.

Quarterly Preview for Nifty 50 – Q4FY26

Sector	Revenue					EBITDA					PAT				
	Q4FY26E	Q3FY26	QoQ%	Q4FY25	YoY%	Q4FY26E	Q3FY26	QoQ%	Q4FY25	YoY%	Q4FY26E	Q3FY26	QoQ%	Q4FY25	YoY%
Auto & Auto Ancillary	2,21,895	1,79,724	23.5%	1,87,659	18.2%	28,049	16,931	65.7%	26,788	4.7%	17,341	9,268	87.1%	16,583	4.6%
Banks	1,25,696	1,21,592	3.4%	1,17,127	7.3%	93,188	93,576	-0.4%	91,709	1.6%	61,653	60,936	1.2%	59,560	3.5%
Consumer Disc	32,203	36,648	-12.1%	25,942	24.1%	4,302	5,190	-17.1%	3,531	21.9%	2,594	3,359	-22.8%	1,912	35.7%
Consumer Staples	45,399	44,227	2.7%	42,076	7.9%	12,252	11,834	3.5%	11,462	6.9%	9,027	8,927	1.1%	8,557	5.5%
Financials	19,136	18,184	5.2%	15,641	22.3%	15,355	14,079	9.1%	12,676	21.1%	8,764	6,857	27.8%	7,001	25.2%
Healthcare	38,608	40,310	-4.2%	36,135	6.8%	8,177	9,562	-14.5%	8,420	-2.9%	5,404	6,452	-16.2%	6,089	-11.2%
Industrials	93,494	81,154	15.2%	82,881	12.8%	14,887	13,203	12.8%	13,209	12.7%	8,875	7,641	16.2%	7,941	11.8%
Insurance	54,396	49,249	10.4%	48,032	13.3%						2,097	2,710	-22.6%	2,140	-2.0%
IT	2,08,408	2,00,702	3.8%	1,77,371	17.5%	39,894	38,404	3.9%	35,026	13.9%	31,113	25,833	20.4%	28,391	9.6%
Materials	37,700	32,261	16.9%	31,989	17.9%	6,167	4,394	40.3%	4,839	27.4%	3,219	1,599	101.4%	2,308	39.5%
Metals & Mining	2,31,652	2,04,439	13.3%	2,03,752	13.7%	38,560	32,126	20.0%	34,336	12.3%	19,042	17,437	9.2%	18,123	5.1%
Oil & Gas	3,27,106	2,96,452	10.3%	2,96,370	10.4%	65,786	63,340	3.9%	62,840	4.7%	26,368	27,017	-2.4%	25,855	2.0%
Telecom	55,871	53,982	3.5%	47,876	16.7%	17,848	17,363	2.8%	14,683	21.6%	7,516	6,887	9.1%	5,249	43.2%
Utilities	67,049	58,499	14.6%	62,159	7.9%	26,747	25,481	5.0%	25,028	6.9%	10,180	9,720	4.7%	11,784	-13.6%
Transport	22,395	23,472	-4.6%	22,152	1.1%	990	5,367	-81.6%	6,089	-83.7%	-2,712	2,096	NA	3,068	NA
Others	10,234	7,154	43.1%	9,150	11.9%	2,970	2,127	39.6%	2,816	5.5%	2,307	1,570	46.9%	2,121	8.8%
Total	15,91,242	14,48,050	9.9%	14,06,311	13.2%	3,75,173	3,52,978	6.3%	3,53,452	6.1%	2,12,788	1,98,308	7.3%	2,06,681	3.0%
Total ex Auto	13,69,347	12,68,325	8.0%	12,18,652	12.4%	3,47,124	3,36,047	3.3%	3,26,665	6.3%	1,95,446	1,89,041	3.4%	1,90,098	2.8%
Total Ex Interglobe Aviation	15,68,847	14,24,578	10.1%	13,84,159	13.3%	3,74,183	3,47,610	7.6%	3,47,363	7.7%	2,15,499	1,96,213	9.8%	2,03,613	5.8%

Source: Axis Securities, Bloomberg, Note: Data in Cr, NC – not comparable, Adani enter, Jio Financials, Bajaj Finserv and Tata Motor PV are not included in the calculation

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Compliance Officer Details: Name – Mr Rajiv Kejriwal, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parc, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

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