AXIS DIRECT

Daily Morning Note

8 January 2026

Indices	Current Value	% 1 D	% YTD
Sensex	84,961	-0.1	-0.3
Nifty	26,141	-0.1	0.0
BSE Midcap	47,673	0.5	1.5
BSE Small cap	51,817	0.1	0.6
Sectors – Performance (BSE)			
IT	37,490	2.0	2.1
Consumer Dur	62,271	1.2	3.8
Tech	18,732	0.9	1.2
Oil & Gas	28,006	-0.8	-2.4
Auto	63,651	-0.7	1.7
Telecom	3,140	-0.6	0.5

Nifty Gainers/Losers	CMP	% Chg
TITAN	4,273	3.9
WIPRO	271	2.0
HCLTECH	1,648	1.9
CIPLA	1,468	(4.1)
MARUTI	16,809	(2.8)
INDUSINDBK	898	(1.8)

FII Trading activities in Cash

	Date	Net	MTD
FII	07-Jan-26	-1,669	-1,526
DII	07-Jan-26	2,992	4,520

Figs. in Rs Cr.

Global Indices	Current Value	% 1 D	% YTD
Dow Jones	48,996	(0.9)	15.2
Nasdaq	23,584	0.2	22.1
DAX	25,122	0.9	26.2
Nikkei 225	51,611	(0.7)	29.4
FTSE 100	10,048	(0.7)	22.9
Hang Seng	26,203	(1.0)	30.6
Shanghai	4,073	(0.3)	21.5

Forex Rate			
INR/USD	89.9	0.3	-0.0
INR/EUR	105.0	0.6	0.4
INR/GBP	121.3	0.6	-0.4
INR/YEN (100)	57.4	0.3	0.0

Source: Bloomberg

Market Commentary

- **Asian markets** are trading lower, tracking weakness on Wall Street amid heightened geopolitical concerns and remarks from the U.S. President. Nikkei, Hang Seng and Shanghai are trading lower by 0.66%, 0.98%, and 0.17%, respectively.
- **Indian indices** are expected to open in the red, with GIFT Nifty trading at 26,182 compared to yesterday's Nifty Futures close of 26,235.
- **U.S. markets** ended mixed, as investors digested mixed economic data and escalating geopolitical risks. The Dow Jones ended lower by 466 points (0.94%) to close at 48,996, while the Nasdaq ended higher by 37 points (0.16%) to settle at 23,584.

What's Inside:

- **Axis Punch:** CEAT Limited (BUY)
- **Q3FY26 Earnings Preview:** Chemicals & Midcap; Metals & Mining; Pharma & Healthcare; Banks, Financial Services & Insurance (BFSI)
- **Q3FY26 Preview:** Elecon Engineering Ltd

News in Focus

- **Gland Pharma:** The company received approval for Olopatadine Hydrochloride Solution, used for allergic conjunctivitis.
- **Infosys**: The company partnered with Cognition to deploy AI software Devin globally.
- **Balaji Amines**: The company became eligible for an industrial promotion subsidy of Rs 258 Cr.
- **Godawari Power:** The company completed an environmental clearance presentation for the Ari Dongri iron ore mines.
- **Swaraj Engines:** The company received warning letters from BSE and NSE for non-compliance with SEBI listing regulations.
- **ONGC**: The company continues blowout control at Well Mori number 5; fire intensity has reduced significantly.
- **HUDCO**: The company signed an MoU with the Chhattisgarh Government to provide Rs 1 Lc Cr assistance over five years.
- **Cipla**: The company clarified that Pharmathen is the supply partner for Lanreotide Injection and is evaluating the impact of the USFDA inspection.

CEAT Ltd

Auto & Auto Ancillary

BUY

Target Price
4,140

About the Company

CEAT Ltd is a leading tyre manufacturer in India, catering to both the OEM and replacement markets across two-wheelers, three-wheelers, passenger vehicles, commercial vehicles, and off-highway segments. The company has a strong presence in the replacement market, supported by an extensive distribution network across urban and rural India, while also maintaining long-standing relationships with key OEMs.

Investment Rationale

- **Replacement & OEM Demand:** The replacement tyre market, expected to grow at a CAGR of 7–8% over FY25–FY28E, was impacted by GST-related destocking, which is expected to normalise in Q3FY26. Within replacement, two-wheelers recorded strong growth, while passenger vehicles grew at mid-single digits. OEM volumes increased in the mid-20s, led by PV OEMs on the back of new order wins, while the farm OEM segment posted mid-teen growth.
- **Exports & Tariffs:** Exports grew in the high-teens, driven by strong traction in 2Ws/3Ws, PVs (especially Europe), and farm tyres, despite headwinds in the US. OHT tyre sales to the US declined to near zero by the end of Q2FY26 due to 50% tariffs, while PV exports continued under a 25% tariff regime. PV and MHCV exports together account for ~65% of total exports, with management currently absorbing ~50% of the tariff impact and planning a full pass-through over the next 2-3 years.
- **Market & Segment Outlook:** MHCV replacement demand is expected to broadly track GDP growth at ~5–6%. Two-wheeler volumes are likely to grow ~7–8%, supported by strong rural momentum. Passenger car demand remains subdued at 0–3%, although potential GST benefits could provide some upside. OEM demand continues to be robust, particularly in two-wheelers. International markets are showing broad-based strength across Europe, Latin America, and Africa, while the US is experiencing temporary disruptions due to tariffs.
- **Camso Integration:** Camso, Michelin's former off-highway tyres and tracks business that provides CEAT entry into speciality, higher-margin segments, was consolidated for one month in September. CEAT has begun the transition of customer relationships from Michelin, with the process expected to play out over the next 3–4 quarters. Sourcing from Michelin will continue for 5-6 quarters until CEAT's in-house upstream operations are fully operational; current utilisation stands at ~50%, and management expects Camso to be margin-accretive in the medium term.
- **Capex & Financials:** CEAT has planned capex of Rs 1,000 Cr in FY26, of which Rs 415 Cr has been incurred in H1FY26 across the Ambernath plant, Chennai PV expansion, MHCV plant, R&D and other expenses, along with an additional Rs 236 Cr paid towards Camso-related intangibles. Consolidated net debt stood at Rs 2,940 Cr, up Rs 1,130 Cr QoQ, largely due to capex outflows and Camso acquisition funding, though management remains comfortable with leverage levels.

Valuation & Recommendation:

CEAT stands to benefit from a gradual recovery in OEM demand and a benign raw material cost environment, underpinned by a sustained focus on premiumization, higher-margin product mix and capacity expansion, strengthening its competitive positioning across two-wheelers, passenger vehicles and commercial vehicles. Growth across segments, supported by strong replacement demand and improving OEM traction, along with increasing penetration in value-added products such as radial and larger rim-size tyres, is strategically important for enhancing profitability and improving long-term market share. Revenue/EBITDA/PAT is expected to grow at 13%/20%/27% CAGR over FY25-FY28E. We recommend a **BUY** on the stock with a target price of Rs 4,140/share, implying an upside of 10% from the CMP.

Financial Summary (Consolidated)

Y/E March	Net Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	PER (Rs)	ROCE (x)	ROE (%)	EV/EBITDA (%)
FY25	13,218	1,474	471	116.9	24.6	14.9%	11.2%	9.3
FY26E	15,209	1,825	653	161.9	23.3	16.7%	14.1%	10
FY27E	16,965	2,188	824	204.2	18.5	17.9%	15.7%	8.4
FY28E	18,882	2,492	968	240.1	15.7	18.8%	16.1%	7.3

Source: Axis Securities; CMP as of 6th January, 2026

Duration: 3-6 Months

CMP (Rs)	3,761
Target Price (Rs)	4,140
Upside (%)	10%

| Why CEAT Ltd

- ✓ **Replacement Demand Recovery post GST Destocking**
- ✓ **Camso Integration Underway; Medium-term Margin Accretive**
- ✓ **Premiumization & Richer Mix Supporting ASP**
- ✓ **Double-digit Revenue Growth Outlook Intact**

| Key Risks

- ✓ **Raw Material Volatility**
- ✓ **Macro / Demand Risk**
- ✓ **Integration Risk (Acquisition)**

MARKET DATA

No. of Shares	4.05 Cr
Market Cap	15,217 Cr
52-week High / Low	4,438/2,343
BSE Code	500878
NSE Code	CEATLTD

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A QUARTER TO LOOK FORWARD TO

Banks and SFBs – NIM Trends Divergent; Credit Growth Momentum Improving and Encouraging

The systemic loan growth has shown signs of revival, and as per the latest RBI print as of 15th December, 2025, systemic credit growth stood at 12% YoY, a stark improvement vs Sep'25 levels. Banks that have reported their provisional updates have reported a healthy sequential growth. We expect banks under our coverage to deliver ~12.4% YoY credit growth, in-line with industry growth. **Within our coverage, we expect growth to be driven by SFBs/Mid-sized Pvt Banks/PSBs/Larger Pvt Banks growing at ~22/14/13/11% YoY, respectively. Management optimism around growth continuing and improving hereon would be a key monitorable in Q3.** The systemic deposits growth is slower at ~9.4% YoY as per the recent available print, driving LDR higher. Banks that have reported their provisional updates have seen deposit growth driven by TDs, while CASA deposits have either remained steady QoQ or declined. We expect our coverage universe banks to deliver a ~11% YoY deposit growth, with LDR settling slightly higher at ~87.8% vs 86.7/87% YoY/QoQ.

While the impact of the latest 25bps rate cut would be visible, **we expect steady NIM trends, with margins finding support from the CRR cut and TD repricing**. We expect divergent trends on NIMs, with **larger Pvt. Banks reporting broadly steady margins QoQ** (ex-ICICI, where a mild margin improvement cannot be ruled out), whereas the **NIMs for Mid-sized Pvt. Banks are likely to outperform their larger peers and deliver a better margin performance, with NIMs moving with a slight positive bias (ex- FB/DCB)**. We expect NIM improvement for mid-sized pvt. banks to remain in a wide range of 3-14bps QoQ. **PSBs are expected to see mild NIM compression QoQ. SFBs should see NIM improvement in the range of 10-15bps QoQ**, driven by improved MFI momentum, lower CoF, and lower interest reversals. **Though margin improvement may not be sharp, we expect NII growth to be healthy at 7/3% YoY/QoQ.**

We expect fee income to be slightly better than loan growth, and do not expect any support from treasury income in this quarter either. PPOP growth will thus be a function of tight control on cost. Opex growth should remain controlled with conscious efforts from banks. However, we would watch out for the potential impact of the revised labour laws. Thus, we expect better performance on **PPOP growth for banks under coverage, which is expected to grow at 11/3% YoY/QoQ**.

The asset quality outlook appears to be turning favourable gradually, with collections improving and the pace of fresh stress accretion in the unsecured portfolios (especially MFI and CC) having peaked. The asset quality in the **retail (ex-CV) and corporate segments continues to remain non-worrisome**. The collection trends across geographies and especially in the troubled geographies of KA and TN are seeing green shoots for most banks, hinting at better credit costs and asset quality trends in H2. We expect credit costs to remain broadly steady on a sequential basis across most banks. We expect earnings growth of ~6% YoY during Q3 for our coverage universe banks.

After a tough H1, we expect stronger performance from H2FY26 onwards for the banking pack, supported by (i) revival in credit growth, (ii) NIM improvement, supported by deposit repricing and CRR cuts, and (iii) Tapering of credit costs aiding earnings for banks.

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NBFCs – AUM Growth Strong; Earnings Growth Stronger!

Overall, for NBFCs under our coverage, we expect disbursement momentum to improve, driven by GST rate rationalisation, rural demand buoyancy, and healthy festive demand. This is likely to drive AUM growth of 20/5% YoY/QoQ for our coverage universe NBFCs. This AUM growth is primarily driven by Diversified financiers (+22/5/% YoY/QoQ), Vehicle financiers (+18/6% YoY/QoQ), and Housing financiers (+12/3% YoY/QoQ). Margin performance is expected to be better vs banks for most NBFCs. We expect **Diversified financiers'** NIMs to move with a slight positive bias. Similarly, for **Microfinanciers** and **Vehicle Financiers**, we expect NIMs to improve, backed by a combination of multiple factors such as lower interest reversals, lending rate hikes taken, and CoF benefit accruing. **Gold financiers** are likely to continue to face margin pressures on the back of gold yield rationalisation. We bake in a healthy 16/5% YoY/QoQ NII growth for our coverage of NBFCs. **We believe positive commentary on growth improvement, sustenance of demand post GST rate cuts, and credit costs normalisation** would dominate the discussion during the quarter. Following the seasonal trends of strong H2 in terms of asset quality, we expect visible improvement across financiers.

We expect disbursements momentum to improve QoQ for **Affordable Housing Financiers** under our coverage. While CANF's unimpressive AUM growth (~9-10% YoY) run would continue, APTUS will also see growth derailing on the back of discontinuation of disbursements in the <Rs 7 Lc segment and adopting a cautious stance while prioritizing asset quality. This should keep AUM growth for HFCs under our coverage muted at 12% YoY. We expect both the housing financiers to report steady to slight improvement in margins during the quarter. We do not expect any asset quality challenges, and credit costs should remain steady QoQ.

We expect healthy disbursement growth for **Vehicle Financiers** to remain healthy, translating into strong AUM growth of ~18/6% YoY/QoQ. Margins for both **CIFC** and **SFL** are likely to move with a positive bias, aided by CoF benefits. We expect credit costs to taper QoQ, with asset quality remaining steady.

Gold Financiers under our coverage (**Manappuram**) is expected to report another unimpressive quarter. While the robust growth in gold loans should offset the impact of muted growth in the non-gold segments, the weaker margin profile should weigh on earnings. We could expect some continued asset quality pressures in the non-gold book.

Microfinance – Raring to Go Back on the Growth Track!

In its provisional update, Microfinancier CAGrameen reported a calibrated pick-up in disbursements (+9% QoQ), driving GLP growth of lower single digit (+3% QoQ). NIMs are likely to expand during the quarter on easing CoF, a 75bps rate hike taken, and lower interest reversals. CAGrameen's asset quality has normalised across geographies with X-bucket CE at 99.7% in Q3. KA has emerged as one of the best-performing states, marking a return to its earlier asset quality trends. We expect credit costs to decline meaningfully, supporting earnings growth for the company.

Diversified Financials – Credit Card Players and AMCs

Credit card issuer SBI Cards could surprise in terms of earnings with a sharper-than-expected credit cost decline. On the operational front, we expect steady performance on CIF and stronger Spends growth. Market share gain (QoQ) cannot be ruled out. Margins are expected to remain broadly steady sequentially. Commentary on credit costs improvement remains a key monitorable.

We expect a healthy performance from **AMC** Nippon Life India Asset Management (NAM), driven by 7% QoQ QAAUM growth, supporting revenue growth despite yield compression. Higher opex growth on the back of a revision in labour laws could dent operational profitability.

The key result plays are as follows:

Positive Result Plays: ICICI Bank, Kotak Mahindra Bank, SBI, AU SFB, Ujjivan SFB, Shriram Finance, SBI Life

Negative Result Plays: Manappuram

Pharmaceuticals Face Revlimid Drag; Hospitals Remain Resilient Amid Capacity Expansion

Pharmaceuticals: We expect pharmaceutical companies under our coverage to deliver a subdued performance in Q3FY26, with aggregate revenue rising 6% YoY but declining 3% QoQ to Rs 36,683 Cr. EBITDA is estimated to decline 1% YoY and 9.4% QoQ to Rs 8,297 Cr, while adjusted PAT is likely to shrink 7.6% YoY and 13.9% sequentially to Rs 5,014 Cr. Sector operating margins are expected to settle at ~22.4%, primarily impacted by the sharp earnings normalisation of the super-profitable drug gRevlimid.

US Business: gRevlimid Impact, Pricing Pressure, Limited Launches

US generics performance remained weak in Q3FY26 due to continued price erosion and the earnings drag from gRevlimid, weighing on the topline of Dr Reddy's, Aurobindo, and Cipla. While base portfolio volumes remained stable, limited new launches constrained growth momentum.

In contrast, Lupin is expected to outperform, supported by one-off opportunities such as gTolvaptan, while Biocon should benefit from new biosimilar launches, including Denosumab, Aflibercept, and Yesafili™.

Domestic Formulations: Recovery Post-GST, Chronic Therapies Lead

Domestic formulations are expected to show sequential improvement, driven by normalisation post the GST transition. Growth for our coverage universe is likely to be 10–12% YoY, supported by strong traction in chronic therapies.

During Oct–Nov'25, chronic therapies recorded ~15% YoY growth, outperforming Q1/Q2FY26, while acute therapies remained muted at ~7% YoY. Cardio and anti-diabetic segments continued to outperform the IPM, whereas overall IPM growth was impacted by weakness in anti-infectives, gastro, and select acute categories.

Margins: Pressure from Revlimid and Product Mix

Aggregate EBITDA margins are expected at 22.4%, reflecting a decline both YoY and QoQ, driven by lower contribution from gRevlimid, an unfavourable product mix, and US pricing pressure. Continued softness in API and KSM prices, particularly from China, supported gross margins, though this benefit was partly offset by US market challenges.

Outlook

We expect the sector to sustain moderate growth in H2FY26, supported by:

- Recovery in domestic formulations post-GST transition
- Volume-led growth in chronic therapies
- Margin stability aided by lower input and freight costs

The US business should gradually improve with upcoming complex generic and biosimilar launches, while API price stabilisation and a healthy pipeline should support earnings sustainability through the remainder of FY26.

Healthcare:

Within our coverage universe, the hospital sector continues to demonstrate resilience, with overall revenue growth of 16.3% YoY and a marginal decline of 0.8% QoQ. Speciality segments such as oncology, cardiology, and orthopaedics remain key growth drivers, although seasonality and festive-related disruptions impacted occupancies during the quarter.

We expect Fortis, Max, and KIMS to deliver revenue growth of 19%, 13%, and 21.6% YoY, respectively. HCG is likely to report 14% YoY revenue growth and a strong 22% EBITDA growth. In contrast, Global Health may see a ~2% EBITDA decline, impacted by the commissioning of the 550-bed Noida unit in Sep'25.

Occupancy and ARPOB Trends

We expect ~200 bps dilution in occupancies due to the addition of new beds over the year, partially offset by steady ARPOB growth of ~5% across the sector. Hospitals such as Max, Fortis, and KIMS are likely to benefit from revised CGHS rates, supporting realisations.

Notably, KIMS' EBITDA growth was constrained at 8.2% YoY due to initial reporting losses from new units in Maharashtra (Nashik) and Bangalore, partially offsetting operational leverage from existing facilities. However, the overall revenue contribution from these units supports long-term growth potential. Overall, we believe near-term margin pressure is visible in hospitals dragged by new assets, but earnings visibility is clear with growth Capex.

Margins and New Asset Impact

KIMS' EBITDA growth remained constrained at 8.2% YoY, driven by initial losses from new units in Nashik (Maharashtra) and Bangalore, partially offsetting operating leverage from mature hospitals. However, these new assets enhance the long-term growth trajectory.

Overall, near-term margin pressure is visible across hospitals due to the ramp-up of new capacities, but earnings visibility remains strong, supported by sustained growth in capex and improving utilisation.

We project adjusted EBITDA growth of 14% YoY for our hospital coverage universe, with EBITDA margins at ~23.8%. PAT growth is likely at ~13% YoY, supported by stable cost structures and an improving case mix.

Overall, the hospital sector continues to exhibit strong resilience, with momentum expected to sustain into H2FY26, driven by capacity expansion and operational efficiencies.

Our Top Earnings Plays: Lupin, Biocon and Fortis.

Metals & Mining Q3FY26 Results Preview

EBITDA MODERATION QOQ LIKELY ACROSS STEEL AND ALUMINIUM NAMES

In Q3FY26, we expect moderation in absolute EBITDA and margins across steel and Aluminium names under our coverage. For the Steel companies under our coverage (Tata Steel and SAIL), we expect EBITDA to decline QoQ, mainly led by lower steel sales price realisations and higher coking coal consumption costs, partly offset by higher sales volumes. Average domestic HRC prices in Q3FY26 decreased by 1.5%/5% YoY/QoQ post extended monsoon, due to uncertainty over the imposition of final safeguard duty, and as steel production remained adequate to meet steel consumption. In 7MFY26, finished steel production grew by 11% YoY at 91.9 MT, while steel consumption grew by 8% YoY at 92.5 MT. Exports jumped by 25% to 3.45 MT (surge led by restocking ahead of CBAM in Europe), while imports declined significantly by 34% YoY at 3.8 MT due to the imposition of provisional steel safeguard duty of 12% introduced in Apr'25. The provisional safeguard duty expired in Nov'25, and HRC prices remained weak in the interim until the government finally ratified and imposed the final safeguard duty on 31st Dec'25 on steel imports based on recommendation from DGTR. As per the final findings, the safeguard duty will be set at 12% in the first year, 11.5% in the second year, and 11% in the third year, with a provision for a mid-term review. After factoring in the safeguard duty, steel prices are now trading at ~10% discount to landed Chinese imports, providing a buffer for steel mills to take a price hike.

Aluminium companies under our coverage (Hindalco and NALCO) are likely to post slightly muted EBITDA numbers QoQ, with Hindalco's EBITDA impacted by lower Novelis EBITDA and NALCO's EBITDA impacted by lower Alumina sales volumes and prices. Strong aluminium prices and lower coal costs will support the EBITDA partly.

For structural steel tube companies, we expect a good quarter for APL Apollo tubes, while JTL Industries could see a slightly muted quarter. APLs volumes stood at a record high and grew 11%/7.2% YoY/QoQ at 917 kt, led by an aggressive marketing push by the company, leading to higher general products sales. JTL's volume also increased by 3%/11% YoY/QoQ at 90.4 kt post weak Q2FY26.

Q3FY26 Preview

Tata Steel: We model higher consolidated sales volume at 8.3 MT, up 7%/5% YoY/QoQ, led by KPO-II expansion. Steel HRC prices (traders market ex-Mumbai) declined by 1.5%/5% YoY/QoQ, respectively, in Q3FY26. We expect consolidated revenue to increase by 14%/4% YoY/QoQ led by higher steel sales volumes, partially offset by lower HRC prices. EBITDA to improve by 46% YoY, led by higher steel production. On a QoQ basis, EBITDA is expected to decline by 3%, led by lower steel price realisations in India and the Netherlands. Coking coal cost in India is likely to be higher, while at TSN, it will be lower QoQ. India EBITDA/t to decrease by 7% QoQ to Rs 14,617/t led by higher coking coal consumption cost and lower sales price realisation. EBITDA/t in Europe is likely to remain muted at $4/t, led by lower steel price realisations at TSN and TSUK, partly offset by lower coking coal cost at TSN.

SAIL: Steel HRC prices (traders market ex-Mumbai) declined by 1.5%/5% YoY/QoQ, respectively, in Q3FY26. We model higher sales volume at 5.2 MT, up 17%/6% YoY/QoQ. SAIL's provisional 9MFY26 steel sales volume grew by 17% YoY at 14.7 MT.

We expect revenue to increase by 11%/1.3% YoY/QoQ, led by higher sales volumes, partly offset by lower steel price realisations. We expect Adj. EBITDA (excluding railway provisions) to increase by 17% YoY, led by higher sales volumes, partly offset by lower sales realisation. On a QoQ basis, EBITDA is likely to decline by 6%, led by lower sales price realisations and higher coking coal consumption costs. EBITDA/t to decline QoQ by 11% at Rs 4,562/t, led by lower sales realisation and higher coking coal consumption cost.

Hindalco: We assume slightly higher Aluminium sales QoQ at 344 kt (up 1.1%) and nearly flat YoY. Novelis shipments are likely to decline QoQ by 7.5% at 870 kt due to a fire incident at Oswego. We assume copper sales volume to grow YoY/QoQ by 4.2%/11% at 125 kt. Average LME Aluminium prices increased by 10%/8% YoY/QoQ and stood at $2,830/t in Q3FY26. Average Alumina prices corrected from the peak and declined by 54%/12% YoY/QoQ at $318/t. We expect consolidated Revenue to increase by 19%/5% YoY/QoQ, led by higher sales realisation, partially offset by lower Novelis shipments. We expect consolidated EBITDA to increase by 15% YoY, led by higher LME Aluminium prices. On a QoQ basis, EBITDA could decline by 3% as strength in Indian operations will be offset by lower Novelis EBITDA. EBITDA margins to contract YoY/QoQ led by lower Novelis EBITDA/t, partly offset by strong Indian operations EBITDA. We expect Novelis EBITDA/t to decline by 10% QoQ to $403/t, led by a fire incident at Oswego. The majority of the impact on EBITDA will be felt in Q3FY26.

NALCO: We assume lower alumina sales volume in Q3FY26 at 294 kt as sales will normalise in H2FY26 to ~600kt (H1FY26 at 700kt). We model higher metal sales at 120 kt, up 12%/6% YoY/QoQ, as the full year target is 4.7 MT above the rated smelting capacity of 4.6 MTPA (H1FY26: 2.26 MT sales volume). Average LME Aluminium prices increased by 10%/8% YoY/QoQ. Average Alumina prices corrected from the peak and declined YoY/QoQ. We expect revenue to decrease by 10%/3% YoY/QoQ, led by lower Alumina volumes and prices, partly offset by higher aluminium sales volume and prices. We expect EBITDA to decrease by 19%/2% YoY/QoQ, led by lower Alumina division profitability, partly offset by higher aluminium sales volume and higher prices, along with lower power costs.

Coal India: CIL Coal off-take de-grew by 3.4% YoY and grew by 13% QoQ at 188 MT over seasonally weak Q2. We expect consolidated revenue to decline by 5% YoY, led by lower coal offtake. We model 54% e-auction premium (55% in Q2FY26 and 76% in Q3FY25) and 10% e-auction volumes (vs. 9%/10% in Q2FY26/Q3FY25). We expect Adj EBITDA (excl OBR) to decline by 38% YoY, led by lower coal offtake, leading to lower operating leverage, along with lower e-auction premium.

APL Apollo Tubes: Steel HRC prices (traders market ex-Mumbai) declined both YoY/QoQ. Sales volume grew to a record high at 917 kt (up 11%/7% YoY/QoQ). We expect consolidated revenue to rise by 6%/11% YoY/QoQ, led by higher sales volume. We expect consolidated EBITDA to increase by 32%/2% YoY/QoQ to Rs 455 Cr on account of higher sales volume and higher heavy section volumes. EBITDA/t to increase YoY by 19% at Rs 4,961/t led by higher VAP share (heavy section tubes) in sales mix.

JTL Industries: Steel HRC prices (traders market ex-Mumbai) declined both YoY/QoQ. Consolidated sales volume grew by 3%/11% YoY/QoQ at 90.4 MT. We expect revenue to increase by 1% QoQ, led by higher sales volume, partly offset by lower realisations. EBITDA to increase by 4% QoQ, led by higher sales volumes, while EBITDA/t to decline by 6% QoQ at Rs 4,000/t due to lower realisations.

Steel Sector Outlook: Steel HRC prices (traders market ex-Mumbai) stood down 5% QoQ, while Chinese HRC prices (FOB) stood almost flat QoQ in Q3FY26. Steel prices declined due to more steel production capacity coming online, which led to solid production growth, which fulfilled the strong consumption growth. In 7MFY26, steel production grew by 11% YoY at 91.9 MT while consumption grew by 8% YoY at 92.5 MT. Steel exports jumped by 25% YoY at 3.45 MT, led by restocking in Europe ahead of CBAM, while imports declined by 34% YoY at 3.8 MT due to provisional safeguard duty on imports of 12% till the first week of Nov'25. The extended monsoon and expiry of provisional duty led to weakness in steel prices for Q3FY26. However, the government has now ratified the safeguard duty for 3 years, which now provides more clarity for steel mills amidst cheap steel imports pressure. After factoring in the safeguard duty, the Steel prices are now trading at ~10% discount to landed Chinese imports, providing a buffer for steel mills to take a price hike. Steel spreads on a consumption basis are expected to come down in Q3FY26 by 8% QoQ at $328/t, led by a drop in steel HRC prices in Q3FY26 (down 5% QoQ) and 3% increase in coking coal consumption costs, partly offset by ~5% QoQ drop in domestic iron ore prices. **Going forward,** the staggered safeguard duty announcement will provide support to the steel prices. Steel mills have taken price hikes recently in late Dec'25 and early Jan'26, ahead of the seasonal construction demand. In China, steel production declined by 4% YoY at 892 MT in 11MCY25, driven by its anti-involution policy. However, steel exports stood elevated at 108 MT in 11MCY26, up 6.3% YoY.

Aluminium sector outlook: Average LME Aluminium prices increased by 10%/8% YoY/QoQ to $2,830/t in Q3FY26. Average Alumina prices corrected to $318/t, down 54%/12% YoY/QoQ, as supply issues of Bauxite from Guinea were resolved. Spot Aluminium prices have touched $3,060/t on 6th Jan'25, the highest in over three years, led by mounting signs of supply crunch. The smelter capacity cap of 45 MTPA in China and smelter suspension ex-China at Iceland, Mozambique, and Australia, along with strong demand for metal (EV, solar panels, and battery), led to tight supply demand fundamentals.

Our Top Earnings Plays: **APL Apollo Tubes, Hindalco, NALCO, Tata Steel**

Chemicals and Midcaps Q3FY26 Result Preview

ANOTHER QUARTER OF MIXED BAG PERFORMANCES AS GLOBAL UNCERTAINTIES PERSIST

Chemicals

Chemicals & Agrochemicals: As the global geopolitical tensions seem to be far from over, and the India-USA tariff situation awaits a resolution, we expect export-oriented businesses to continue facing challenges. The speciality chemical companies under coverage are likely to be affected by continued delays in buying decisions and currency fluctuations. Similar to the previous quarter, we expect volume growth in pockets, although pricing is expected to remain under pressure, given ongoing macro headwinds. Commodity chemical firms are expected to rely on volumes for growth. Refrigerant gas players are likely to continue performing well, aided by firm global HFC prices and healthy demand.

In agrochemicals, performance is expected to be mixed as excess rainfall impacted the sales at the start of the quarter, with some positive momentum in the later part as new crop seasons start. While supply-side concerns persist for fertilisers, we expect to see an uptick in overall sales.

Overall, the sector is expected to continue facing challenges on the domestic as well as export front. Domestically, the companies are expected to see some positive momentum towards the end of the quarter as the impact of uneven rains and GST changes subsides. Globally, customers continue to await clarity on tariff policy, and China's persistent overcapacity continues to maintain pricing pressures, key hurdles that chemical companies need to clear before getting into recovery.

Aarti Industries Ltd: The company is likely to deliver YoY revenue growth, aided by better volumes and price realisations versus the same quarter last year. EBITDA is expected to strengthen, supported by operating leverage.

Apcotex Industries Ltd: Sequential revenue growth is expected for Apcotex, although YoY performance may remain largely flat as volume gains could be neutralised by softer pricing. The ramp-up of capacities added over the past two years toward optimal utilisation is expected to support margin improvement during the quarter.

Archean Chemical Industries Ltd (ACIL): We expect revenue growth driven by stable demand and a recovery in volumes. Bromine volumes are likely to increase, supported by higher contributions from bromine derivatives, with margins expected to improve on a QoQ basis.

Camlin Fine Science Ltd: Top-line growth is anticipated on the back of higher vanillin exports and continued momentum in the blends and aroma segments. EBITDA margins are expected to expand sequentially, driven by better operating performance, improved realisations, and a favourable product mix.

NOCIL Ltd: Revenues are expected to decline on both a YoY and QoQ basis due to subdued volume growth and persistent pricing pressure amid continued dumping by overseas players. EBITDA margins are likely to remain around the 8% level.

Navin Fluorine International Ltd: NFIL is expected to report revenue growth supported by higher volumes, strong export demand, and stable pricing in refrigerant gases. EBITDA is likely to improve YoY, aided by stronger operational performance and favourable price realisations.

PI Industries Ltd: Revenue is expected to moderate due to weak domestic demand and slower expansion in the CSM agchem segment. EBITDA is likely to decline sharply owing to operating deleverage, with margins under pressure from relatively high fixed costs.

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Dhanuka Agritech Ltd: We expect revenues to contract due to lower volumes, as uneven rainfall across key agricultural regions has resulted in a sharp slowdown in agrochemical demand. EBITDA is also likely to decline due to operating deleverage.

Diversified Midcaps

Midcap stocks under coverage are primarily B2B companies, depending upon the capex/opex decisions of their customers. Accordingly, most of the companies under our coverage are expected to rely on operational efficiencies and other measures to improve profitability as the end market uncertainties continue to result in capex/project deferrals. However, we expect the overall manufacturing sector to move towards a stable performance as the underlying demand from key end markets remains strong and the benefits of various policy decisions are likely to be realised in the coming quarters.

Elecon Engineering: Elecon is expected to post a strong sequential improvement in the seasonally stronger Q3, along with a robust YoY growth supported by a healthy order book and execution. EBITDA (excluding one-offs) is expected to improve YoY with an improvement in margins. We also expect the PAT/EPS to grow, albeit with higher depreciation expenses.

Praj Industries: Praj Industries' Q3 performance is expected to be similar to Q2 as demand from the domestic sugar sector is likely to remain muted with continued order delays in overseas business. However, the performance is likely to improve sequentially due to relatively better execution in the bio-energy segment. The EBITDA is expected to decline YoY due to higher fixed costs as utilisation at the facility remains low.

Mold-Tek Packaging: Mold-Tek Packaging is expected to post YoY revenue growth in Q3FY26, driven by higher volumes, particularly in the Paints and Food & FMCG segments. A marginal sequential decline in the pharma segment is anticipated. EBITDA per kg is expected to improve compared with Q3FY25.

Welspun Living: A double-digit YoY revenue decline is expected, as demand continues to be affected by tariff-related uncertainties. Operating deleverage and weaker pricing are likely to exert pressure on EBITDA, with margins expected to contract both YoY and sequentially.

Pitti Engineering Ltd: The company is expected to sustain its growth trajectory, supported by higher volumes and synergy benefits. An increased share of value-added assemblies and merger-related synergies should aid margin expansion on a YoY basis. PAT is likely to grow in line with improved operating performance.

Kirloskar Brothers Ltd. (KBL): Revenue growth is expected to be driven by sustained demand in key markets, stronger domestic performance, and better execution in overseas operations. EBITDA is likely to improve sequentially, though it may decline on a YoY basis.

Va Tech Wabag Ltd.: With an order book of approximately Rs 16,020 Cr as of Q2FY26, the company is well-positioned for strong revenue growth in Q3FY26. Execution-led growth is expected to continue, while EBITDA margins are likely to recover sequentially and remain within the guided range.

Gravita India Ltd.: Revenues are expected to remain largely flat, as volume growth may be constrained by delays in capacity expansion. EBITDA margins are likely to see a marginal improvement, while PAT is expected to grow on a YoY basis.

Key Monitorable in Q3FY26

We continue to focus on management commentaries related to demand trends, capacity utilisation, and geopolitical risks, especially in light of the global geopolitical conflicts, as well as tariff-related uncertainties. The companies with significant exposure to the US market are expected to rely on temporary measures to maintain volume growth, as customers may continue delaying orders, awaiting more clarity. Domestically, increasing consumption is expected to bring in long-term growth over the medium-term, while the near-term outlook remains cautious. Accordingly, we maintain a cautious stance on companies with substantial US export exposure, as their near-term performance may be adversely affected.

Our Top Earnings Plays: Navin Fluorine International Ltd, Elecon Engineering Company Ltd, VA Tech Wabag Ltd, Kirloskar Brothers Ltd

Q3FY26 Earnings preview: Our Coverage

Year-end March (Rs Cr)	Q3FY26E	Q2FY26	QoQ (%)	Q3FY25	YoY (%)
Elecon Engineering Company Ltd.					
Revenues	619	578	7%	529	17%
EBITDA	151	126	20%	143	6%
EBITDA Margins (%)	24.4%	21.7%		27.0%	
PAT	103	88	18%	108	-4%
EPS	4.60	3.91	18%	4.79	-4%

Result Expectations

- ➔ We Expect Revenue to increase primarily led by the steady execution of the growing order book.
- ➔ EBITDA is expected to improve due to better operating leverage.
- ➔ The margin is expected to improve QoQ, in line with the guidance.
- ➔ PAT is expected to grow sequentially, but decline YoY due to higher depreciation owing to capitalisation of leases.
- ➔ Key Monitorables: Capacity utilisation levels, Updates on capex, and Possible positive or negative impact of geopolitical developments.

Note: Showcasing the Earnings preview (expectations) for the companies under our coverage whose results are expected by today or by tomorrow (If weekend or Holiday)

Result Calendar - Q3FY26

Jan-2026 | Nifty 50 | NSE 500 + Nifty 50 + Axis Securities Universe

	Thursday	Friday	Saturday	Monday	Tuesday	Wednesday
	08-Jan-26	09-Jan-26	10-Jan-26	12-Jan-26	13-Jan-26	14-Jan-26
Large Cap			**Avenue Super.**	**HCL Technologies** TCS		**Infosys**
Mid Cap		Indian Renewable Energy D			ICICI Lombard ICICI Pru Life Bank of Maha Tata Elxsi	HDFC AMC
Small Cap	**Elecon Engineering** T R I L	Tejas Networks		Anand Rathi Wea.	Just Dial	Netwrk.18 Media

Bold Companies: Axis Securities Coverage

Axis Intellect: Intraweek Stocks for the week 05th Jan 2026 to 12th Jan 2026

Name of Stock	Mcap	Sector
HINDUSTAN AERONAUTICS LIMITED	Large Cap	Industrials
ONE 97 COMMUNICATIONS LIMITED	Mid Cap	IT
FORTIS HEALTHCARE LTD	Mid Cap	Healthcare
METRO BRANDS LIMITED	Mid Cap	Discretionary
SIEMENS LTD.,	Large Cap	Industrials
DIXON TECHNOLOGIES (INDIA) LIMITED	Mid Cap	Discretionary
SYRMA SGS TECHNOLOGY LIMITED	Small Cap	Industrials
SUN PHARMACEUTICAL INDUSTRIES LTD.	Large Cap	Healthcare
TATA CONSULTANCY SERVICES LTD.	Large Cap	IT
ASIAN PAINTS LTD.	Large Cap	Discretionary

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Investment Picks

Company	Recommendation	CMP	Target Price	% Upside
Aarti Drugs Ltd	BUY	403	610	51.4
Aarti Industries Ltd	BUY	376	530	41.1
ACC Ltd	BUY	1,757	2,390	36.0
Affle 3I Ltd	BUY	1,800	2,000	11.1
Ambuja Cements Ltd	BUY	562	630	12.1
Aptus Value Housing Finance India Ltd	BUY	288	405	40.9
Arvind Smartspaces Ltd	BUY	590	740	25.4
Avenue Supermarts Ltd	BUY	3,843	4,960	29.1
Bajaj Finance Ltd	BUY	970	1,200	23.7
Bharti Airtel Ltd	BUY	2,084	2,530	21.4
Biocon Ltd	BUY	387	450	16.3
Birla Corporation Ltd	BUY	1,095	1,560	42.5
CCL Products (India) Ltd	BUY	932	1,140	22.3
Cera Sanitaryware Ltd.	BUY	5,169	7,900	52.8
Chalet Hotels Ltd.	BUY	875	1,120	28.0
CIE Automotive India Ltd	BUY	414	500	20.8
Cipla Ltd	BUY	1,465	1,700	16.0
Coforge Ltd	BUY	1,703	2,300	35.1
Colgate-Palmolive (India) Ltd	BUY	2,075	2,570	23.9
CreditAccess Grameen Ltd	BUY	1340	1,685	25.8
Dabur India Ltd	BUY	520	590	13.4
DCB Bank Ltd	BUY	181	200	10.2
Dhanuka Agritech Ltd	BUY	1,114	1,640	47.2
DOMS Industries Ltd	BUY	2,605	3,110	19.4
Elecon Engineering Compan Ltd	BUY	519	635	22.4
Embassy Office Parks REIT	BUY	445	490	10.2
Fortis Healthcare Ltd	BUY	941	1,070	13.7
G R Infraprojects Ltd	BUY	956	1,420	48.5
Genus Power Infrastructures Ltd	BUY	290	430	48.5
Gland Pharma Ltd	BUY	1,710	2,170	26.9
Global Health Ltd	BUY	1,230	1,400	13.8
Gravita India Ltd	BUY	1,782	2,500	40.3
Greenply Industries Ltd.	BUY	260	385	48.1
H. G. Infra Engineering Ltd	BUY	737	1,255	70.4
Happiest Minds Technologies Ltd.	BUY	463	690	49.0
HDFC Bank Ltd	BUY	950	1,170	23.1
HealthCare Global Enterprises Ltd	BUY	657	850	29.4
ICICI Bank Ltd	BUY	1,426	1,650	15.7
Indian Hotels Company Ltd	BUY	714	835	16.9
Inox Wind Ltd	BUY	123	190	54.5
J.Kumar Infraprojects Ltd	BUY	596	775	30.0
JK Lakshmi Cement Ltd	BUY	775	1,030	32.9
JSW Energy Ltd.	BUY	512	705	37.7
K E C International Ltd	BUY	718	1,030	43.6
Kalpataru Projects International Ltd.	BUY	1,173	1,475	25.8
Kirloskar Brothers Ltd	BUY	1,635	2,330	42.5
Kotak Mahindra Bank Ltd	BUY	2,146	2,575	20.0
KPIT Technologies Ltd	BUY	1,210	1,350	11.6
Krishna Institute of Medical Sciences Ltd	BUY	625	795	27.2
Mahanagar Gas Ltd	BUY	1,285	1,540	19.8
Man Infraconstruction Ltd.	BUY	125	190	51.6
MAS Financial Services Ltd	BUY	334	380	13.8
Max Healthcare Institute	BUY	1,035	1,400	35.3
Minda Corporation Ltd	BUY	595	690	16.0

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Investment Picks

Company	Recommendation	CMP	Target Price	% Upside
Mold-Tek Packaging Ltd	BUY	608	670	10.2
Nippon Life India Asset Management Ltd	BUY	900	1,000	11.1
NLC India Ltd	BUY	269	310	15.2
NTPC Ltd	BUY	349	400	14.6
Pitti Engineering Ltd	BUY	798	1,335	67.4
Prestige Estates Projects Ltd	BUY	1,618	2,000	23.6
Prince Pipes and Fittings Ltd	BUY	255	400	57.2
Rainbow Children's Medicare Ltd.	BUY	1,292	1,625	25.8
Rites Ltd	BUY	242	280	15.6
SBI Cards & Payment Services Ltd	BUY	883	1,035	17.2
Shree Cement Ltd	BUY	27,325	31,655	15.8
Shriram Finance Ltd	BUY	996	1,150	15.5
Signatureglobal (India) Ltd	BUY	1,102	1,400	27.0
Skipper Ltd	BUY	431	580	34.5
Star Cement Ltd	BUY	220	335	52.2
State Bank of India	BUY	1,007	1,135	12.7
Steel Strips Wheels Ltd	BUY	215	265	23.5
Trent Ltd	BUY	4,062	5,100	25.6
Ujjivan Small Finance Bank Ltd	BUY	58	65	12.1
UltraTech Cement Ltd	BUY	12,172	13,900	14.2
V Mart Retail Ltd	BUY	684	900	31.6
VA Tech Wabag Ltd.	BUY	1,236	1,930	56.1
Welspun Living Ltd	BUY	129	165	27.8
Westlife Foodworld Ltd	BUY	523	650	24.3

Trading Insights

Insight from trading volumes

Script	CMP	Total Volume (x1000)	Monthly Avg Volume(x1000)	% Change
TITAN CO LTD	4,273	3,774	930	305.9%
CIPLA LTD	1,468	5,440	1,341	305.7%
HDFC BANK LIMITED	949	60,286	19,242	213.3%
SBI LIFE INSURANCE CO LTD	2,071	1,675	773	116.7%
HCL TECHNOLOGIES LTD	1,648	3,929	2,023	94.2%
ICICI BANK LTD	1,428	18,556	9,582	93.7%
BRITANNIA INDUSTRIES LTD	6,185	444	240	85.5%

Insight from delivery

Script	CMP	Total Delivery Volume(x1000)	Monthly Avg Delivery Volume(x1000)	%Change
RELIANCE INDUSTRIES LIMITED	1,504	14,311	5,538	158.4%
BHARTI AIRTEL LTD	2,084	7,318	3,190	129.4%
INDUSIND BANK LTD	898	4,505	2,003	125.0%
ITC LTD	341	46,689	22,360	108.8%
HDFC BANK LIMITED	949	24,460	11,763	107.9%
ICICI BANK LTD	1,428	12,368	6,001	106.1%
KOTAK MAHINDRA BANK LTD	2,144	3,758	2,012	86.8%

*CMP-Closing Market Price

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