The Report Card

2HFY26: JUNE 2026

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Revenue Growth steady, Margins consolidating

- Revenue growth has remain steady at 8% year on year, below the 10% CAGR recorded in FY22–26. Real estate and consumer discretionary (ex-TMPV) continue to outperform, while utilities and energy lag.
- Margins have contracted by 1–2 percentage points across most sectors. Only energy and communication services have bucked the trend.
- Most sectors continue to deleverage, though utilities are an exception, with leverage rising 11 percentage points to 121%.
- ROE gains remain narrow, concentrated in metals and a few large discretionary companies. Industrials and health care have seen ROE fall by 3 percentage points despite steady revenue growth.

	Revenue		EBITDA Margins			Net Debt to Equity			ROE		
	FY22-FY26	vs FY25	FY26	vs FY25	vsFY22	FY26	vs FY25	vsFY22	FY26	vs FY25	vsFY22
Information Technology	11%	8%	19%	-1%	-3%	-31%	2%	0%	26%	-1%	-1%
Energy	8%	4%	13%	2%	2%	26%	-7%	-9%	15%	3%	1%
ex RIL	7%	2%	12%	3%	2%	33%	-13%	-24%	19%	5%	-2%
Consumer Staples	10%	10%	18%	-1%	-2%	-10%	2%	0%	23%	-4%	4%
ex ITC	11%	12%	14%	-1%	-2%	-2%	3%	0%	21%	2%	4%
Communication Services*	13%	17%	48%	0%	4%	76%	-41%	-99%	19%	-7%	-9%
Materials	7%	10%	17%	0%	-6%	81%	-8%	26%	26%	4%	-13%
Ex Metals	10%	13%	17%	1%	-2%	54%	7%	23%	10%	1%	-5%
Consumer Discretionary	17%	9%	11%	-2%	1%	24%	4%	-22%	24%	9%	16%
ex TMPV	20%	22%	13%	-1%	1%	24%	0%	-5%	16%	1%	3%
Industrials	16%	11%	16%	-1%	3%	33%	-3%	-14%	16%	-3%	5%
Utilities	11%	3%	27%	-1%	-5%	121%	11%	-11%	13%	-1%	-2%
Health Care	11%	13%	23%	-1%	4%	-1%	3%	2%	13%	-3%	0%
Real Estate	19%	22%	27%	-2%	1%	17%	0%	-14%	10%	1%	4%
Total (Ex- BFSI)	10%	8%	17%	0%	0%	37%	-2%	-7%	18%	1%	0%
Ex Energy, Metals	13%	10%	19%	-1%	-1%	37%	2%	-7%	17%	0%	2%

Analysis is done for NSE 500 universe ex financials

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DSP MUTUAL FUND

Revenue Growth: Pockets of Strength, Not a Broad Upturn

- **The recovery is increasingly concentrated.** Consumer discretionary (ex-TMPV), real estate and energy are driving growth, while the broader ex-energy, ex-metals core is stabilising.
- **Materials:** Cement and agri-inputs are leading revenue growth, reflecting resilient infrastructure and rural demand (UltraTech, Coromandel, EID Parry, Grasim).
- **Consumer Discretionary:** Auto continues to anchor revenue growth, supported by GST-related tailwinds and healthy replacement demand.
- **Industrials:** Growth remains mixed, with weakness in project-led businesses offsetting steady momentum in capital goods (Adani Enterprises, InterGlobe Aviation, HAL).

YoY Change (%)

	FY22	FY23	FY24	FY25	FY26	CAGR FY22-FY26	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26
Information Technology	18%	22%	6%	8%	8%	11%	8%	9%	6%	6%	8%	12%
Energy	52%	33%	-4%	1%	4%	8%	-1%	1%	-1%	4%	6%	7%
ex RIL	53%	36%	-6%	0%	2%	7%	-3%	-2%	-3%	1%	4%	5%
Consumer Staples	18%	18%	6%	8%	10%	10%	9%	10%	13%	8%	10%	9%
ex ITC	17%	18%	7%	9%	12%	11%	11%	11%	12%	11%	11%	12%
Communication Services *	21%	16%	9%	12%	17%	13%	15%	19%	20%	20%	15%	14%
Materials	44%	14%	-1%	4%	10%	7%	6%	7%	7%	12%	8%	11%
Ex Metals	26%	26%	-2%	6%	13%	10%	7%	10%	12%	14%	15%	12%
Consumer Discretionary	20%	26%	21%	11%	9%	17%	12%	9%	9%	5%	6%	17%
ex TMPV	25%	27%	18%	15%	22%	20%	17%	14%	14%	18%	24%	29%
Industrials	24%	30%	10%	13%	11%	16%	13%	11%	8%	12%	13%	12%
Utilities	24%	37%	2%	7%	3%	11%	5%	8%	3%	5%	1%	1%
Health Care	14%	9%	10%	11%	13%	11%	11%	12%	10%	15%	14%	12%
Real Estate	27%	20%	13%	19%	22%	19%	27%	7%	20%	17%	22%	29%
Total (Ex- BFSI)	35%	26%	3%	6%	8%	10%	6%	6%	5%	7%	8%	10%
Ex Energy, Metals	21%	25%	9%	10%	10%	13%	10%	10%	9%	9%	9%	12%

Analysis is done for NSE 500 universe ex financials

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DSP MUTUAL FUND

Operating Margins: Sector Gaps Are Growing

- Aggregate ex-BFSI margins have held at 16- 17% for three consecutive years, unchanged from FY19.
- Margins have moderated across sectors with the exception of energy and materials.
- Aggregate ex commodity margins have remained range bound 16-17% rebounding sharply from FY23 lows

Operating Margins still holding up

	FY22	FY23	FY24	FY25	FY26	4Q25	1Q26	2Q26	3Q26	4Q26	4Q26 vs 4Q25	FY26 vs FY25	FY26 vs FY22
Information Technology	22%	20%	20%	20%	19%	20%	19%	19%	17%	20%	0%	-1%	-3%
Energy	11%	8%	14%	11%	13%	12%	13%	13%	13%	13%	1%	2%	2%
ex RIL	10%	6%	12%	9%	12%	10%	11%	12%	12%	13%	3%	3%	2%
Consumer Staples	20%	19%	19%	19%	18%	18%	18%	18%	18%	18%	0%	-1%	-2%
ex ITC	16%	14%	15%	15%	14%	15%	15%	15%	14%	14%	0%	-1%	-2%
Communication Services *	44%	42%	42%	48%	48%	49%	49%	50%	50%	45%	-4%	0%	4%
Materials	23%	15%	15%	16%	17%	17%	18%	17%	16%	17%	0%	0%	-6%
Ex Metals	19%	16%	16%	16%	17%	17%	18%	16%	16%	17%	-1%	1%	-2%
Consumer Discretionary	11%	11%	14%	13%	11%	13%	12%	9%	11%	12%	-1%	-2%	1%
ex TMPV	12%	12%	14%	14%	13%	13%	13%	13%	13%	13%	-1%	-1%	1%
Industrials	13%	13%	16%	16%	16%	17%	16%	15%	15%	15%	-2%	-1%	3%
Utilities	32%	25%	28%	29%	27%	28%	29%	30%	30%	21%	-7%	-1%	-5%
Health Care	19%	20%	22%	24%	23%	23%	24%	25%	22%	22%	-1%	-1%	4%
Real Estate	25%	24%	29%	29%	27%	28%	26%	27%	26%	27%	-1%	-2%	1%
Total (Ex- BFSI)	17%	14%	17%	16%	17%	17%	17%	17%	16%	16%	0%	0%	0%
Ex Energy, Metals	19%	18%	19%	20%	19%	20%	20%	19%	18%	18%	-2%	-1%	-1%

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DSP MUTUAL FUND

ROE: At 5-year highs with few exceptions

- Aggregate ROE is at 5 year high at 18% with only IT and Utilities reporting 5 year low ROE. Industrials and Healthcare are down 300 bps from highs of FY25
- Materials: ROE expansion largely attributable to strong profitability in the Metals sector (particularly JSW Steel, Tata Steel, and Vedanta).

	FY22	FY23	FY24	FY25	FY26	FY26 vs FY25	FY26 vs FY22
Information Technology	28%	27%	27%	27%	26%	-1%	-1%
Energy	14%	12%	17%	12%	15%	3%	1%
ex RIL	21%	14%	24%	14%	19%	5%	-2%
Consumer Staples	19%	20%	20%	27%	23%	-4%	4%
ex ITC	17%	17%	17%	18%	21%	2%	4%
Communication Services *	27%	13%	11%	26%	19%	-7%	-9%
Materials	39%	24%	19%	22%	26%	4%	-13%
Ex Metals	16%	14%	11%	10%	10%	1%	-5%
Consumer Discretionary	8%	12%	20%	16%	24%	9%	16%
ex TMPV	12%	13%	16%	15%	16%	1%	3%
Industrials	10%	14%	17%	19%	16%	-3%	5%
Utilities	14%	13%	15%	14%	13%	-1%	-2%
Health Care	13%	12%	14%	17%	13%	-3%	0%
Real Estate	6%	7%	9%	9%	10%	1%	4%
Total (Ex- BFSI)	18%	16%	18%	17%	18%	1%	0%
Ex Energy, Metals	15%	16%	17%	18%	17%	0%	2%

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Leverage: Deleveraging Trend Remains Intact

- Deleveraging of the corporate balance sheets continues in FY26. Net Debt to EBITDA ex commodities has also improved YoY
- Materials: Net debt increased, largely due to Grasim Industries' consolidation/exposure to Aditya Birla Capital rather than the core Materials business.

Net debt to Equity

	FY22	FY23	FY24	FY25	FY26	FY26 vs FY25	FY26 vs FY22
Information Technology	-30%	-27%	-29%	-32%	-31%	2%	0%
Energy	35%	37%	29%	32%	26%	-7%	-9%
ex RIL	57%	55%	40%	46%	33%	-13%	-24%
Consumer Staples	-10%	-12%	-12%	-12%	-10%	2%	0%
ex ITC	-2%	-4%	-6%	-6%	-2%	3%	0%
Communication Services *	175%	196%	155%	117%	76%	-41%	-99%
Materials	55%	78%	87%	89%	81%	-8%	26%
Ex Metals	31%	36%	40%	47%	54%	7%	23%
Consumer Discretionary	47%	45%	35%	21%	24%	4%	-22%
ex TMPV	29%	31%	32%	24%	24%	0%	-5%
Industrials	47%	41%	38%	36%	33%	-3%	-14%
Utilities	132%	124%	114%	109%	121%	11%	-11%
Health Care	-2%	2%	-2%	-4%	-1%	3%	2%
Real Estate	31%	31%	25%	17%	17%	0%	-14%
Total (Ex- BFSI)	44%	47%	41%	39%	37%	-2%	-7%
Ex Energy, Metals	45%	45%	40%	36%	37%	2%	-7%

Net debt to EBITDA

	FY22	FY23	FY24	FY25	FY26	FY26 vs FY25	FY26 vs FY22
Information Technology	-78%	-68%	-75%	-83%	-82%	0%	-4%
Energy	153%	161%	98%	138%	97%	-40%	-55%
ex RIL	168%	208%	102%	173%	104%	-69%	-65%
Consumer Staples	-35%	-45%	-44%	-41%	-34%	8%	1%
ex ITC	-9%	-18%	-24%	-22%	-9%	13%	0%
Communication Services	247%	284%	256%	192%	131%	-61%	-116%
Materials	83%	152%	175%	179%	168%	-11%	84%
Ex Metals	117%	141%	169%	214%	227%	14%	111%
Consumer Discretionary	195%	158%	103%	67%	97%	30%	-98%
ex TMPV	145%	130%	112%	91%	88%	-3%	-57%
Industrials	215%	158%	125%	120%	128%	7%	-87%
Utilities	435%	433%	380%	387%	479%	92%	44%
Health Care	-12%	10%	-9%	-18%	-3%	14%	8%
Real Estate	337%	306%	212%	144%	145%	1%	-192%
Total (Ex- BFSI)	139%	154%	124%	127%	124%	-3%	-15%
Ex Energy, Metals	155%	151%	128%	117%	133%	16%	-22%

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Commodities: Moderating from the recent peaks

Commodity Price Trend	vs Avg. 4Q26	3M	6M	12M
Energy				
Brent crude($/bbl) (ICE)	1%	-28%	29%	24%
Natural Gas (Euro/MW)	-4%	4%	-29%	-3%
Natural gas Henry Hub (USD / MMBTU)	-43%	1%	-25%	5%
Dutch TTF Natural gas spot (Euro/MWH)	3%	-27%	39%	17%
U.S. Coal 6900 Kcal (INR/'000 Kcal)	24%	7%	37%	59%
Indonesian coal 4200 Kcal (INR/'000 Kcal)	29%	13%	45%	55%
Indian Coal (Rs/kg) #	13%	10%	10%	14%
Propane (USD/MT) #	43%	39%	54%	27%
Chemicals				
TIO2 (INR/KG)	21%	15%	16%	6%
Phenol (INR/KG)	32%	-2%	52%	50%
HDPE (USD/MT)	58%	25%	86%	68%
CPVC (USD/kg) #	5%	6%	-4%	-6%
Indian PVC (Rs / kg)	9%	-7%	28%	19%
PVC (USD/MT)	15%	-6%	29%	23%
EDC (USD/MT)	79%	50%	153%	37%
VCM (USD/MT)	29%	17%	51%	28%
Polypropylene (Rs / kg)	18%	-8%	40%	35%
Soda Ash (INR/50KG)	0%	-2%	1%	-2%
Caustic Soda (USD/Ton)	2%	-7%	-7%	-9%
Toluene Diisocyanate (USD / MT)	12%	-4%	28%	47%
VAM (Rs / kg)	-8%	-29%	17%	22%

Commodity Price Trend	Vs Avg. 4Q26	3M	6M	12M
Metal				
Copper (USD/MT) (LME)	6%	14%	26%	41%
Aluminum (USD/MT)(LME)	6%	6%	22%	38%
Steel (USD/T) (India)	3%	0%	14%	-4%
Steel (USD/T) (China)	5%	4%	7%	9%
Iron Ore (USD/MT)	-5%	-9%	-2%	5%
Lead - USD/MT	0%	3%	-2%	-3%
Zinc (USD/MT)	9%	16%	19%	32%
Lithium	15%	6%	102%	142%
Cobalt	0%	0%	16%	68%
Nickel	1%	3%	22%	13%
Agri				
Coffee Robusta (USD/MT)	-6%	-4%	-19%	-23%
Coffee Arabica (USD/MT)	-12%	-11%	-32%	-24%
Indian Cotton (Rs/kg)	15%	13%	22%	16%
Cotton (USD/LB) (ICE)	23%	18%	25%	21%
Indian Sugar (Rs/kg)	2%	3%	1%	2%
Rubber (Rs/KG) (SGX)	20%	21%	33%	34%
Natural rubber RRS4KO (Rs/kg)	32%	27%	48%	39%
Crude palm oil (India FOB - Rs / kg)	11%	1%	20%	17%
Indian Wheat (Rs/quintal)	-2%	2%	-4%	-3%
Precious metals				
Gold (USD/troy ounce)	-14%	-7%	2%	24%
Silver (USD/troy ounce)	-21%	-4%	30%	94%

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Data source: Bloomberg, Industry. # Indian coal, Indian PVC, CPVC & Propane rates available monthly only
**Prices as of 19/06/2026*

DSP MUTUAL FUND

Cashflow: Industrial and Material reporting deteriorating cash conversions

- Cash conversion remains robust — CFO (after/before working capital) at 92% and CFO/EBITDA at 85%.
- Industrials and Materials ex-Metals are notable exceptions, with both metrics deteriorating sharply vs. FY22 levels, diverging meaningfully from the broader trend.

CFO after W-cap/CFO before W-Cap

	FY22	FY25	FY26	FY26 vs FY25	FY26 vs FY22
Information Technology	91%	96%	93%	-3%	2%
Energy	103%	104%	107%	3%	4%
Ex RIL	104%	97%	107%	10%	4%
Consumer Staples	94%	88%	93%	5%	-1%
Ex ITC	90%	87%	94%	7%	4%
Communication Services *	90%	112%	105%	-7%	15%
Materials	84%	84%	78%	-6%	-5%
Ex Metals & Minigs	69%	58%	50%	-9%	-19%
Consumer Discretionary	66%	85%	85%	0%	19%
Ex TMPV	68%	73%	88%	15%	20%
Industrials	95%	75%	67%	-8%	-29%
Utilities	96%	99%	98%	-2%	2%
Health Care	90%	89%	90%	1%	1%
Real Estate	109%	79%	90%	11%	-19%
Total (Ex- BFSI)	91%	93%	92%	-1%	1%
Ex Energy, Metals	87%	89%	85%	-3%	-2%

Cash Conversion: CFO/EBITDA

	FY22	FY25	FY26	FY26 vs FY25	FY26 vs FY22
Information Technology	74%	79%	77%	-2%	3%
Energy	99%	98%	107%	9%	8%
Ex RIL	98%	92%	107%	15%	9%
Consumer Staples	74%	70%	72%	2%	-2%
Ex ITC	72%	71%	74%	3%	2%
Communication Services *	87%	103%	101%	-2%	14%
Materials	73%	74%	71%	-2%	-1%
Ex Metals & Minigs	55%	47%	40%	-7%	-15%
Consumer Discretionary	52%	69%	69%	0%	17%
Ex TMPV	49%	52%	68%	16%	19%
Industrials	92%	61%	56%	-5%	-36%
Utilities	94%	100%	102%	2%	8%
Health Care	83%	77%	75%	-1%	-8%
Real Estate	125%	66%	69%	3%	-56%
Total (Ex- BFSI)	83%	83%	85%	2%	2%
Ex Energy, Metals	77%	77%	75%	-2%	-2%

Analysis is done for NSE 500 universe ex financials

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Cashflow: Sharp acceleration in capex

- Capex has seen sharp acceleration growing at 18% vs 2% CFO growth. The capex acceleration along with moderation in cashflow from operations has resulted in lower FCF generation
- Capex < CFO: Energy and Communication services

Capex and CFO trends

	Capex		CFO	
	YoY (%)	CAGR FY22 - FY26	YoY (%)	CAGR FY22 - FY26
Information Technology	15%	10%	-1%	8%
Energy	-5%	8%	36%	15%
Ex RIL	7%	11%	59%	15%
Consumer Staples	13%	8%	8%	7%
Ex ITC	17%	10%	10%	9%
Communication Services *	21%	15%	16%	20%
Materials	18%	20%	9%	-2%
Ex Metals & Minigs	4%	12%	2%	-1%
Consumer Discretionary	5%	21%	-9%	27%
Ex TMPV	12%	20%	50%	34%
Industrials	26%	27%	-3%	8%
Utilities	24%	26%	0%	9%
Health Care	27%	18%	8%	14%
Real Estate	23%	11%	17%	3%
Total (Ex- BFSI)	13%	17%	12%	10%
Ex Energy, Metals	18%	21%	2%	12%

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FCF to EBITDA

	FY22	FY25	FY26	FY26 vs FY25	FY26 vs FY22
Information Technology	67%	72%	69%	-3%	2%
Energy	48%	43%	64%	22%	16%
Ex RIL	69%	56%	79%	23%	10%
Consumer Staples	56%	53%	54%	1%	-2%
Ex ITC	51%	50%	51%	1%	0%
Communication Services *	45%	63%	60%	-3%	15%
Materials	46%	18%	13%	-5%	-33%
Ex Metals & Minigs	13%	-11%	-10%	1%	-23%
Consumer Discretionary	3%	21%	14%	-7%	11%
Ex TMPV	6%	13%	30%	17%	24%
Industrials	51%	20%	7%	-13%	-44%
Utilities	33%	7%	-16%	-23%	-49%
Health Care	44%	42%	35%	-7%	-9%
Real Estate	62%	25%	24%	-1%	-39%
Total (Ex- BFSI)	45%	35%	35%	0%	-10%
Ex Energy, Metals	39%	32%	25%	-8%	-15%

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DSP MUTUAL FUND

Profit Pools vs Market Cap Pools

- **Peak profit pool & Peak M-Cap**: Comm Services
- **Trough Profit Pool and Trough M-Cap**: Cement, Staples & IT
- Profit pools of PSU Banks have caught up with Pvt Banks, but their market capitalization still remains at only ~50% of Private Banks.

Profit Pools

	Mar'19	Mar'20	Mar'22	Mar'23	Mar'24	Mar'25	Mar'26
Industrials	8.0%	8.7%	4.3%	6.1%	6.6%	7.7%	6.7%
Energy	24.1%	20.8%	19.0%	15.2%	19.7%	13.2%	15.7%
Upstream	10.3%	9.3%	7.2%	6.7%	7.1%	5.4%	4.9%
Downstream	6.0%	-0.5%	4.7%	1.2%	6.5%	2.2%	5.0%
RIL	7.4%	11.1%	6.6%	6.7%	5.6%	5.2%	5.2%
Materials	14.5%	18.0%	20.6%	11.1%	7.8%	8.6%	10.2%
Metals	8.7%	4.8%	14.8%	5.9%	3.8%	5.0%	6.6%
Cement	2.3%	5.5%	2.7%	2.0%	2.0%	1.6%	1.7%
Chemicals	1.8%	4.6%	1.8%	1.9%	0.8%	0.9%	0.8%
Financials	12.6%	18.1%	26.4%	38.2%	38.8%	39.3%	36.8%
Pvt Banks	9.3%	8.4%	9.1%	12.6%	12.8%	12.3%	11.1%
PSU Banks	-8.4%	-3.5%	8.0%	10.6%	11.6%	12.6%	11.4%
NBFC	8.5%	8.9%	6.9%	8.7%	8.1%	7.8%	8.0%
Financials - Non Lenders	3.2%	4.3%	2.4%	6.3%	6.3%	6.5%	6.3%
Consumer Staples	6.2%	12.5%	4.3%	4.6%	3.9%	4.8%	3.8%
ITC	2.4%	4.3%	1.5%	1.8%	1.5%	2.2%	1.1%
Ex-ITC	3.9%	8.1%	2.8%	2.9%	2.4%	2.6%	2.6%
Consumer Discretionary	8.0%	8.6%	4.3%	5.1%	5.5%	5.4%	5.4%
Auto Ancillaries	2.1%	2.0%	1.4%	1.0%	1.3%	1.2%	1.2%
Auto OEM	4.7%	4.8%	2.2%	3.0%	3.1%	3.1%	3.2%
Non - Auto	1.2%	1.8%	0.8%	1.1%	1.1%	1.1%	1.0%
Utilities	8.5%	10.3%	6.3%	6.2%	6.1%	5.7%	5.1%
Health Care	3.9%	6.7%	3.4%	3.5%	3.3%	4.2%	3.4%
Communication Services	-1.3%	-27.1%	0.5%	-0.9%	-0.8%	1.8%	4.7%
Information Technology	14.6%	22.8%	10.1%	10.1%	8.3%	8.3%	7.3%
Real Estate	0.8%	0.7%	0.7%	0.8%	0.8%	0.9%	0.9%

Market Cap Pools

	Mar'19	Mar'20	Mar'22	Mar'23	Mar'24	Mar'25	Mar'26
Industrials	7.5%	6.6%	8.2%	9.5%	11.8%	11.8%	12.1%
Energy	12.2%	11.0%	10.4%	9.8%	9.6%	8.0%	8.8%
Upstream	2.8%	1.8%	1.5%	1.5%	2.0%	1.7%	2.1%
Downstream	2.3%	1.8%	1.0%	1.0%	1.4%	1.2%	1.2%
RIL	6.6%	7.0%	7.7%	6.9%	5.9%	4.8%	5.3%
Materials	9.9%	9.8%	11.7%	11.2%	9.7%	10.5%	11.2%
Metals	3.5%	2.3%	4.2%	3.6%	3.4%	4.1%	5.2%
Cement	2.8%	2.7%	2.5%	2.7%	2.4%	2.6%	2.4%
Chemicals	1.7%	2.1%	2.6%	2.4%	1.8%	1.9%	1.7%
Financials	25.6%	23.5%	21.5%	24.3%	24.2%	25.4%	25.7%
Pvt Banks	12.8%	11.6%	9.4%	10.8%	8.9%	9.9%	9.2%
PSU Banks	4.5%	3.4%	3.5%	4.2%	5.0%	4.2%	5.2%
NBFC	4.4%	3.9%	4.4%	4.3%	4.9%	5.6%	5.6%
Financials - Non Lenders	3.9%	4.6%	4.2%	5.1%	5.5%	5.6%	5.7%
Consumer Staples	10.8%	14.3%	8.5%	10.2%	8.0%	7.6%	6.9%
ITC	2.8%	2.1%	1.3%	2.1%	1.6%	1.4%	1.0%
Ex-ITC	8.0%	12.2%	7.2%	8.1%	6.4%	6.2%	5.8%
Consumer Discretionary	8.8%	7.4%	8.6%	8.9%	10.3%	9.9%	10.3%
Auto Ancillaries	2.0%	1.5%	1.7%	1.9%	1.9%	1.8%	2.0%
Auto OEM	4.0%	3.1%	2.6%	3.1%	3.6%	3.6%	4.3%
Non - Auto	2.4%	2.5%	2.9%	2.8%	2.9%	3.0%	2.7%
Utilities	3.9%	3.7%	6.4%	4.7%	5.7%	5.0%	5.2%
Health Care	5.1%	6.0%	5.4%	5.1%	5.4%	6.1%	6.5%
Communication Services	2.8%	3.4%	3.2%	3.0%	3.3%	4.2%	4.5%
Information Technology	12.4%	13.6%	14.8%	12.4%	10.2%	9.8%	7.5%
Real Estate	0.9%	0.8%	1.3%	1.1%	1.8%	1.7%	1.3%

Conditional color formatting is horizontal >> 1 2 3 4

The exercise is based on NSE-500 companies.

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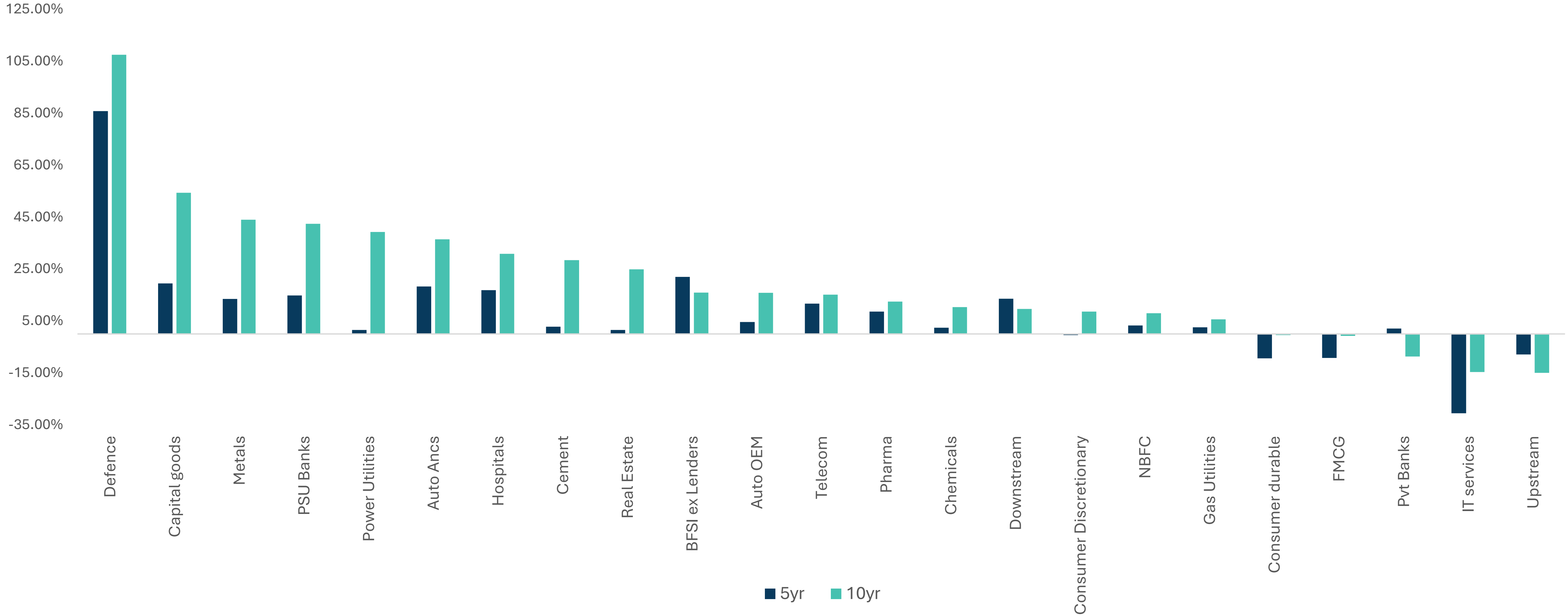
Valuation: Premium or Discount to 5/10 yr averages

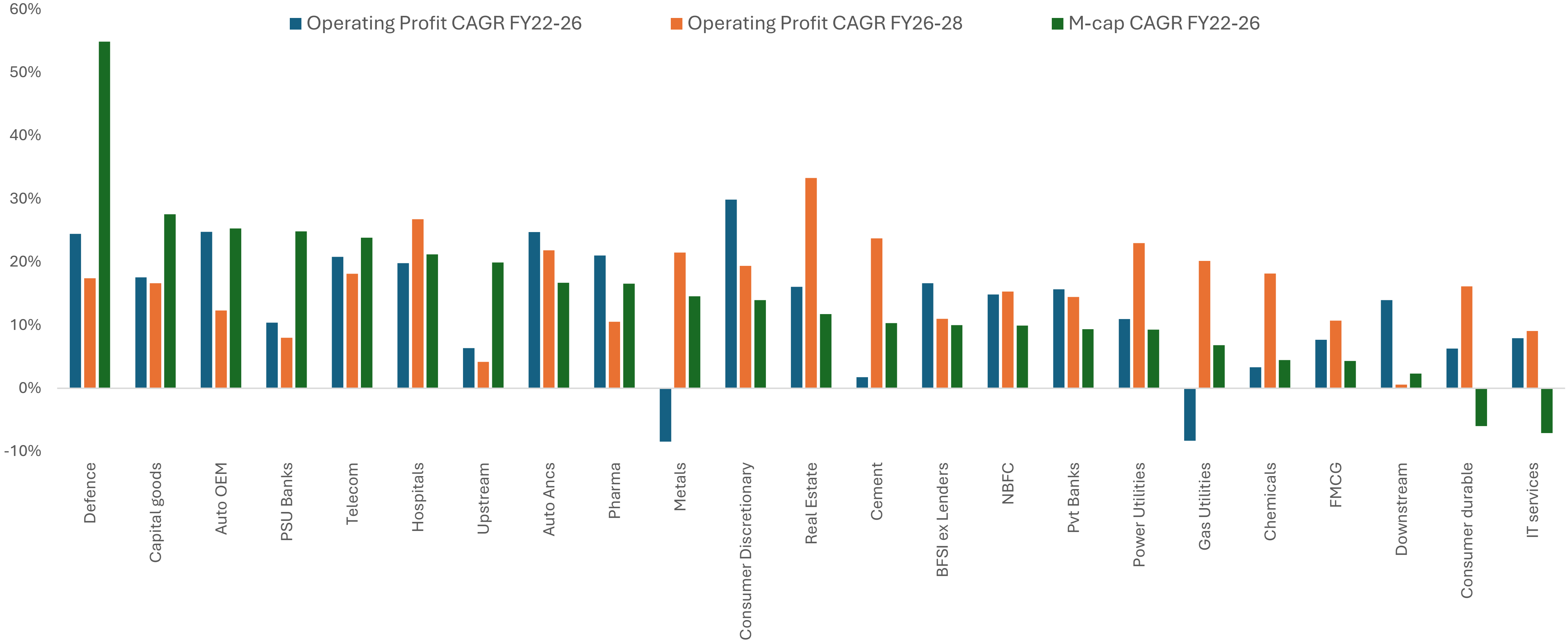
Broad-based premium to 10yr average — Defence, Capital Goods, Metals & Power Utilities trading 40-100%+ rich
Pvt Banks is the standout value pocket (-3% vs 5yr, -14% vs 10yr)
IT Services, FMCG, Consumer Durables also trade at/below 10yr avg.



The exercise is based on BSE-200 companies due to lack of availability of reliable estimates beyond BSE-200. *Valuations as of 30/06/2026*

Market Capitalization v/s Operating profit growth

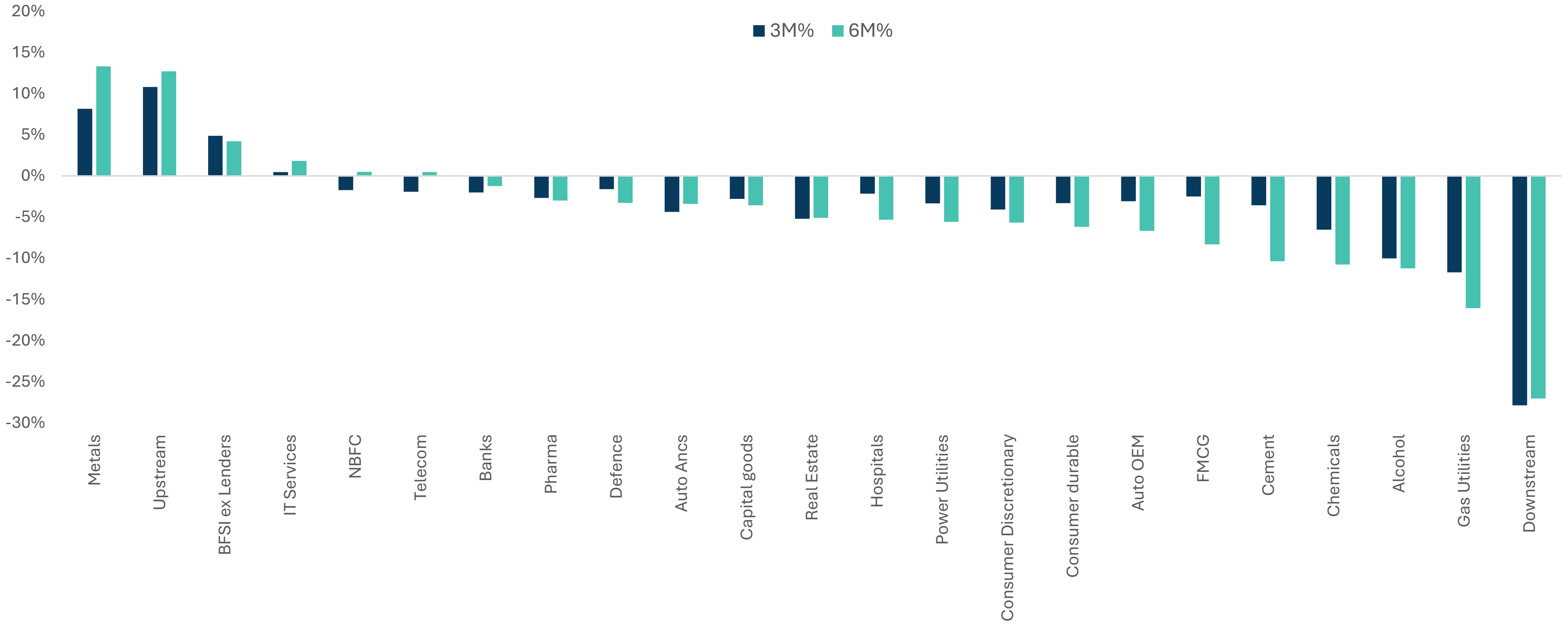
Top 4 Most Re-rated Sectors : Upstream, PSU Banks, Capital Goods , Defence
Bottom 4 De-rated Sectors : Chemicals. Downstream oil and Gas, Consumer Durables and IT services



The exercise is based on BSE-200 companies due to lack of availability of reliable estimates beyond BSE-200.

Earnings Change: Upgrades and Downgrades to FY27 Earnings

Earnings downgrade cycle still widening for most sectors — only Metals & Upstream show accelerating upgrades
Cement, Power Utilities, IT Services, FMCG, Consumer Discretionary/Durable:— Earning cuts are moderating
Downstream (-28%/-27%) and Gas Utilities (-12%/-16%) carry the deepest cuts;



The exercise is based on BSE-200 companies due to lack of availability of reliable estimates beyond BSE-200

Market Cap Cohorts: Mid-Caps Lead on Growth

- Mid-caps show the strongest operating momentum — topline growth of 11.23% YoY, EBITDA growth of 19.45%, and improving ROE (+1.13pp YoY) — though they are the only cohort adding leverage (+2.86pp YoY).
- Large-caps are steady but slowing, with modest topline growth (6.79% YoY) and mild margin and ROE erosion.
- Small-caps post solid PAT growth (17.57% YoY) and the most significant deleveraging (–18.65pp vs. FY22), but margin and ROE remain below FY22 levels, suggesting the recovery is balance-sheet-driven rather than operationally confirmed.

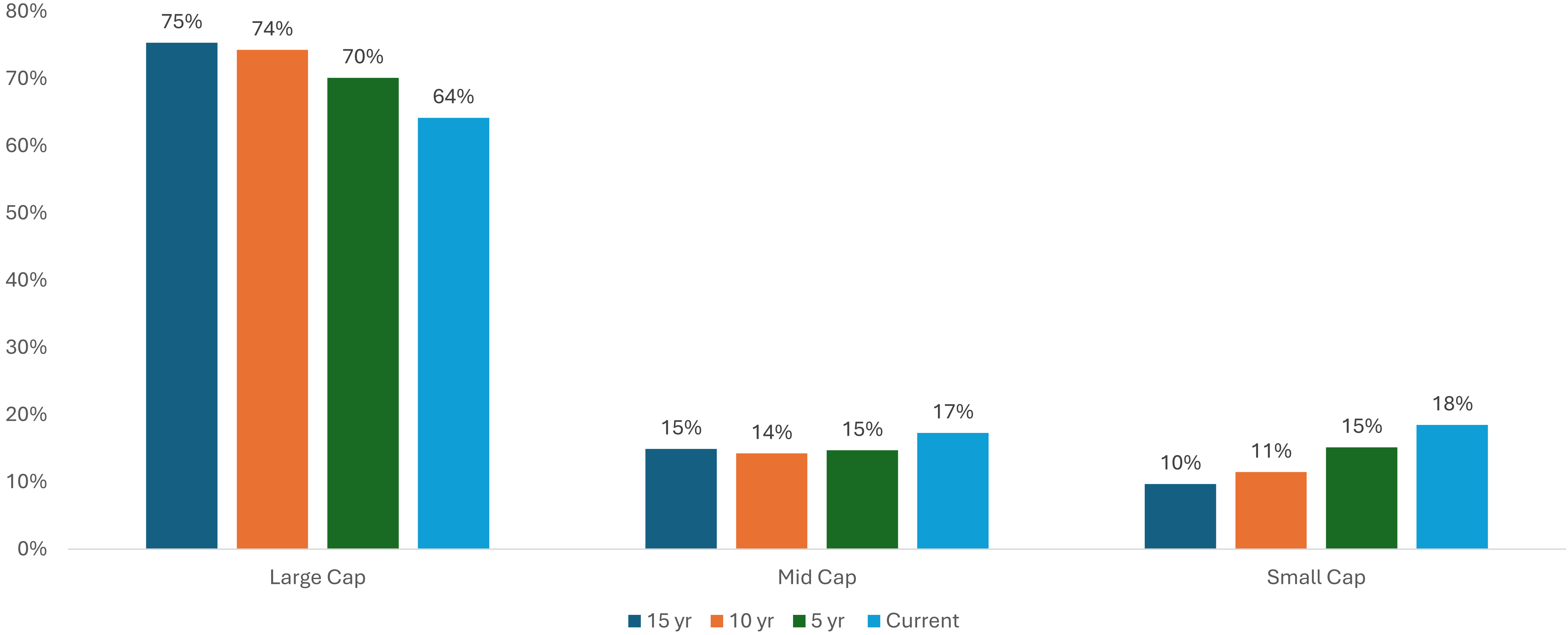
	Large Cap	Mid Cap	Small Cap
Topline Gr			
YoY	6.79%	11.23%	11.16%
FY22-26	10.08%	10.29%	10.96%
Ebidta Gr			
YoY	7.67%	19.45%	8.41%
FY22-26	9.58%	11.15%	7.97%
PAT Gr			
YoY	10.79%	25.28%	17.57%
FY22-26	9.35%	10.44%	10.88%
OPM (%)			
FY26	17.57%	15.79%	12.35%
FY22	17.89%	15.30%	13.78%
ROE			
FY26	15.11%	14.44%	11.14%
FY22	15.57%	15.89%	12.63%
Net Debt / Equity			
FY26	36.46%	37.75%	17.17%
FY22	44.01%	29.04%	35.82%

	Large Cap	Mid Cap	Small Cap
Delta (%) (OPM)			
YoY	0.14%	1.09%	-0.31%
FY22-26	-0.32%	0.48%	-1.43%
Delta (%) (ROE)			
YoY	-0.22%	1.13%	0.37%
FY22-26	-0.45%	-1.46%	-1.49%
Delta (%) (Net Debt / Equity)			
YoY	-3.44%	2.86%	0.00%
FY22-26	-7.55%	8.71%	-18.65%

Based on current AMFI classification for NSE-500 ex financials
*Mid caps exclude Vodafone

Conditional color formatting is horizontal except Net debt to Equity where it is reverse >> 1 2 3 4

Large Cap Representation at Its Lowest; Mid and Small Caps at Multi-Year Highs



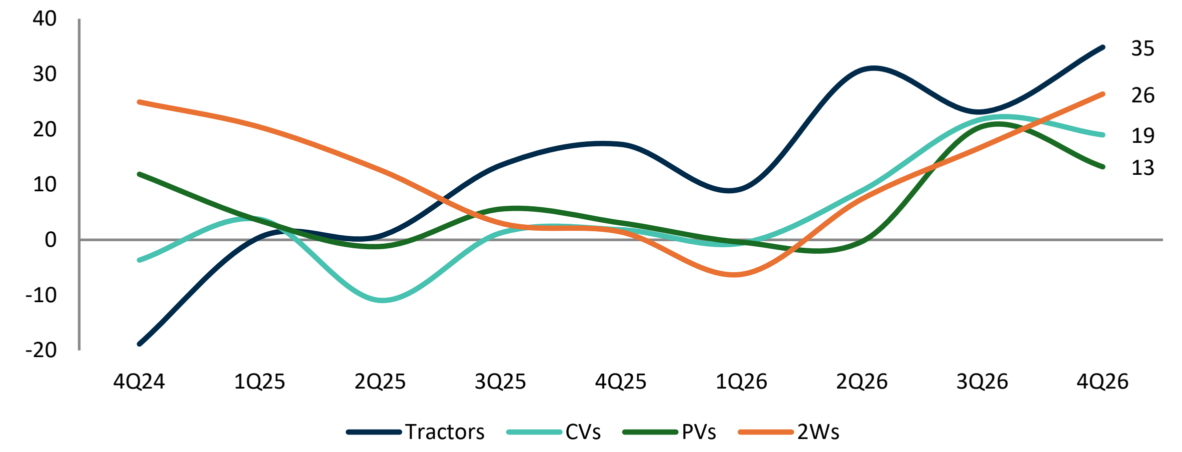
1. *Large Caps = Aggregate Market Cap of Nifty 50 + Nifty next 50*
2. *Midcap = Aggregate Market Cap of Nifty Mid cap 150*
3. *Small Cap = Aggregate Market Cap Nifty 500 (-) Large Caps (-) Midcaps*

Sectoral Updates

Auto	Energy	NBFC
Auto Comps	Gas Utilities	Pharma
Banks	Industrials	Staples
Cement	IT services	Real Estate
Cons Durables	Life Insurance	Telecom
	Steel	

Automobile: GST cuts boosts volume growth

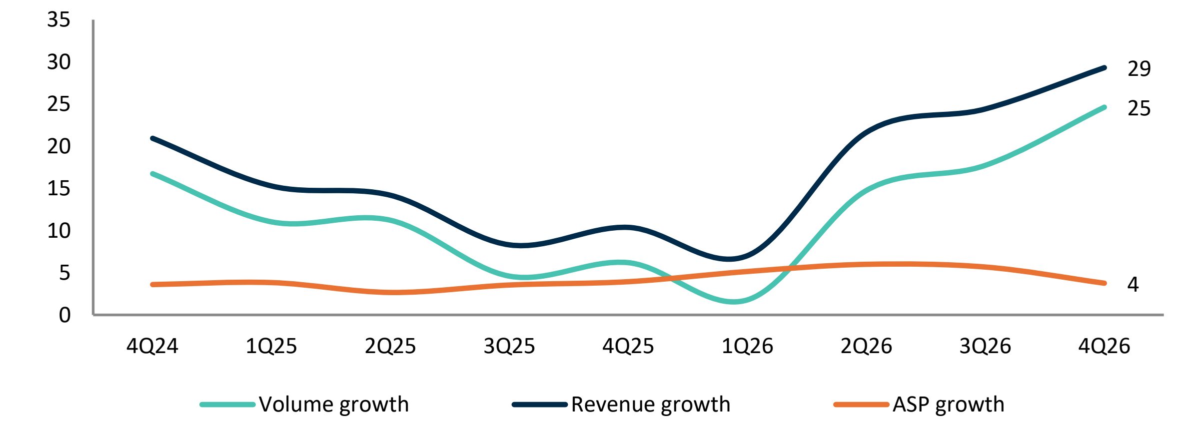
Domestic volume growth (YoY): Tractor volume growth outpaced other categories



Domestic volume growth was in double digits across categories in 4Q26 supported by GST rate cut, better affordability and adequate finance availability. Tractors posted the strongest growth at 35% YoY, followed by 2Ws at 26%, CVs at 19%, and PVs at 13%.

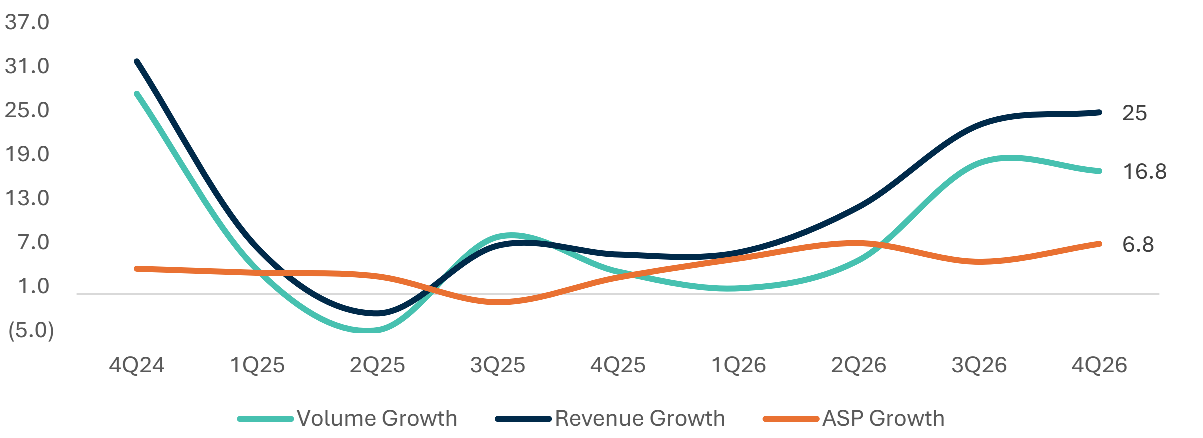
2W/3W revenue grew 29% YoY supported by 25% growth in volume and 4% growth in realisation. Realisation growth was supported by price hike, premiumisation and electrification trend.

2W/3W OEM's revenue, volume and realisation trend



2W/3W OEMs includes Bajaj Auto, Hero MotoCorp, TVS Motors, Eicher Motors and Atul Auto

PV/CV OEMs revenue, volume and realisation trend



PV OEM includes Maruti, Tata Motors India PV, Hyundai and Mahindra
CV OEM includes Tata Motors CV and Ashok Leyland

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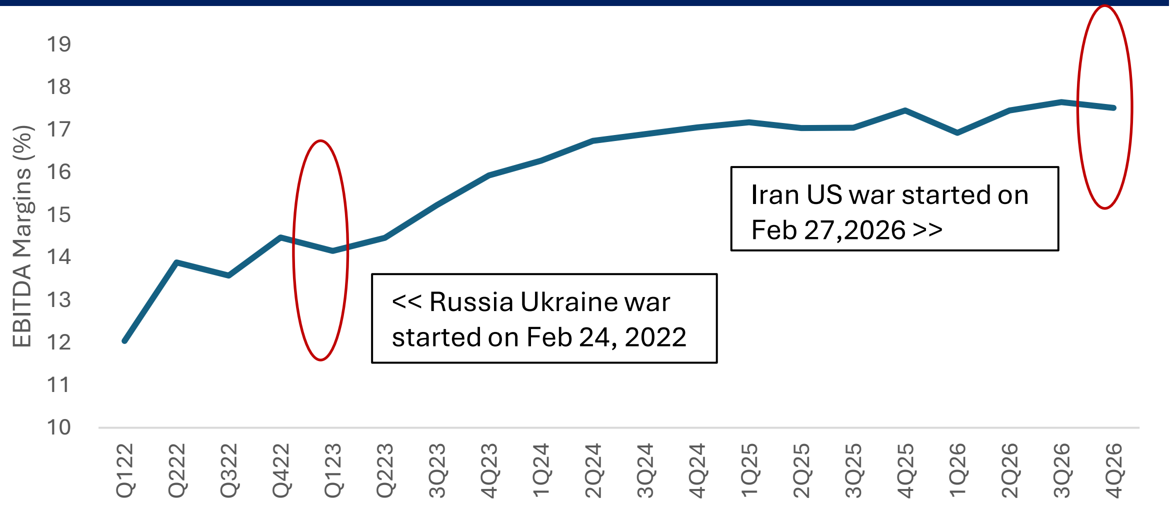
Automobile : Transitory impact of war on EBITDA Margins

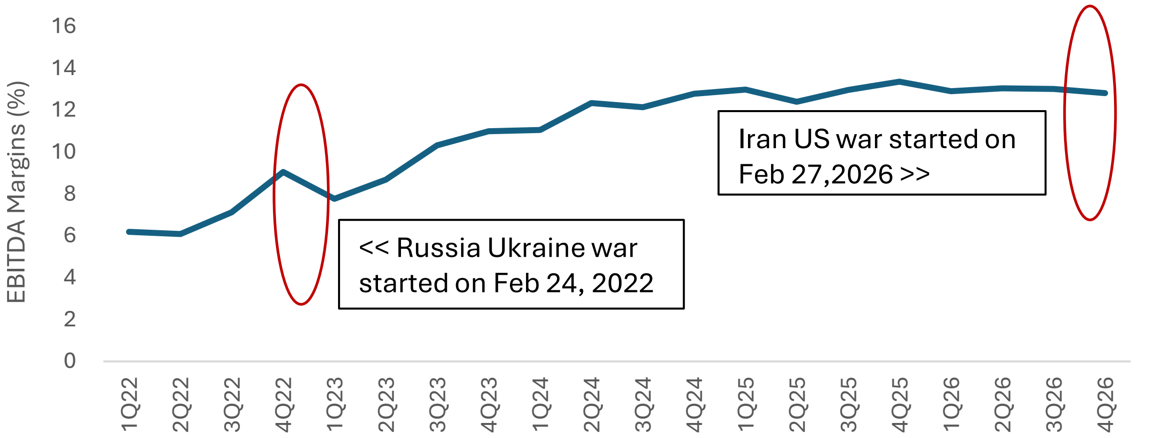
EBITDA margin trend- 2W/3W OEMs



2W/3W OEMs margins came under pressure following the Russia–Ukraine war in 4Q22 due to sharp inflation in commodity, energy and freight costs. Similarly, the impact of the Iran–US conflict is expected to reflect from 1Q27 onwards, with OEMs anticipating a 3–4% increase in RM costs, along with additional pressure from higher freight and fuel expenses.

PV/CV OEMs margins came under pressure following the Russia–Ukraine war in Q4FY22 due to sharp inflation in commodity, energy and freight costs. Similarly, the impact of the Iran–US conflict is expected to reflect from Q1FY27 onwards, with OEMs anticipating a 3–4% increase in RM costs, along with additional pressure from higher freight and fuel expenses.

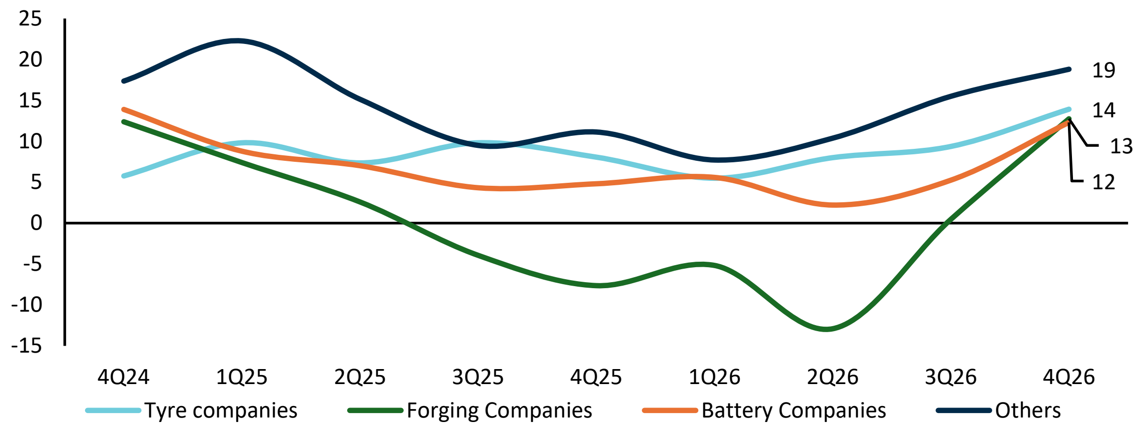
EBITDA margin trend- PV/CV OEMs



Based on a representative set of 11 Automobile OEMs

Auto Components: Revenue uptrend across segments

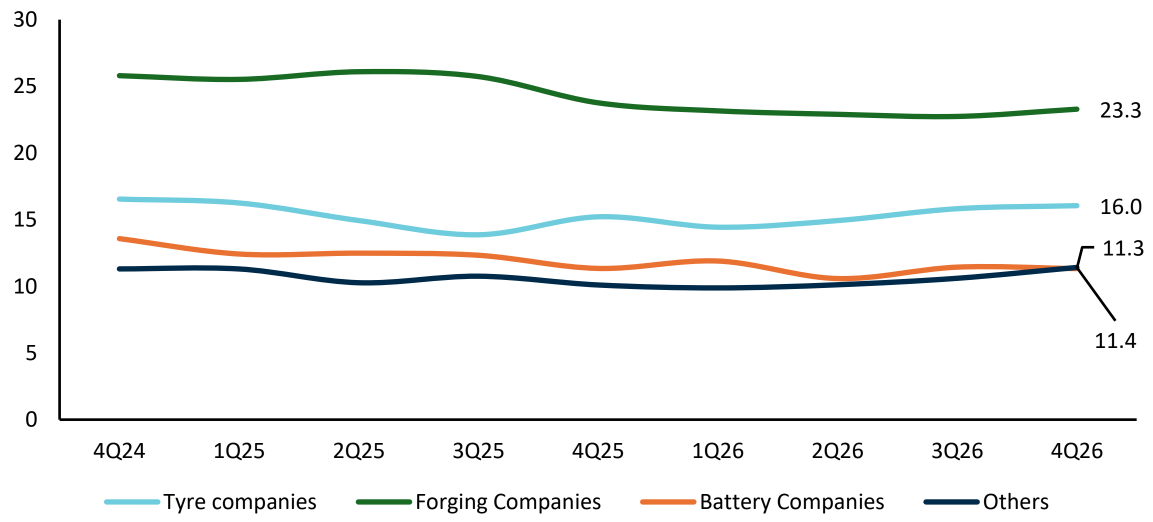
Revenue grew YoY for Tyre, Battery and other companies



4Q26 revenue grew YoY for tyre, battery, forging and other ancillary companies mirroring trend of growth in production volume.

EBITDA margins expanded for tyre companies and other auto ancillaries, remained broadly flat for battery manufacturers, and contracted marginally for forging companies.

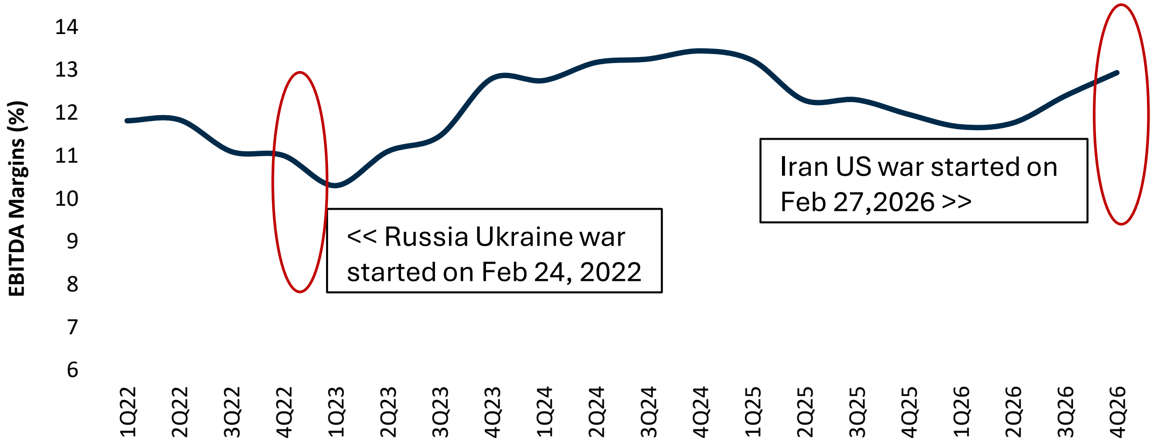
EBITDA margin contracted for Forgings and battery companies



Based on a representative set of 4 tyre, 3 forging, 2 battery and 10 other firms.

Auto Components: Rising non-auto share for Auto Ancillaries

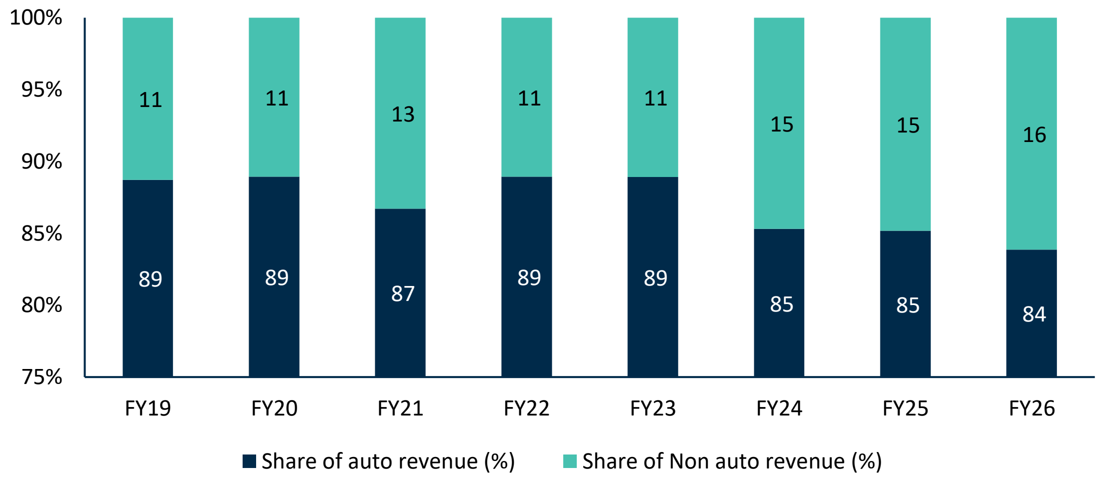
EBITDA trend for Auto Component companies



Auto component company's margins came under pressure following the Russia–Ukraine war in 4Q22 due to sharp inflation in commodity, energy and freight costs. Similarly, the impact of the Iran–US conflict is expected to start reflecting from 1Q27 onwards. However, these companies are generally able to pass on the increased costs to OEMs, albeit with some lag.

Share of non automotive revenues has increased from 11% in FY19 to 16% in FY26. The share has increased owing to diversification efforts by auto ancillary companies in order safeguard against cyclical nature of automotive industry.

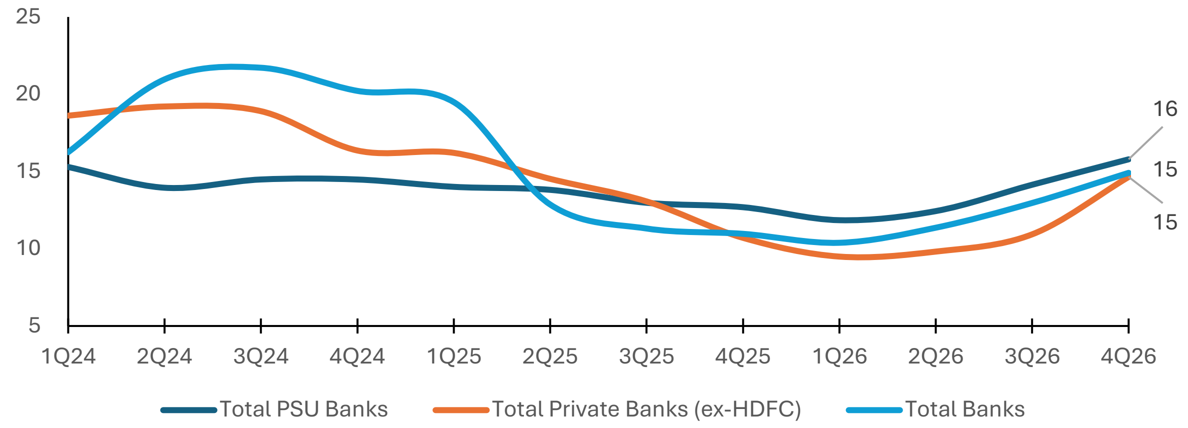
Share of non-automotive revenue has increased since FY19



Based on a representative set of 4 tyre, 3 forging, 2 battery and 10 other firms.
Second chart does not include data of 4 tyre firms.

Banks : Pvt banks growth differential vs PSUs is narrowing

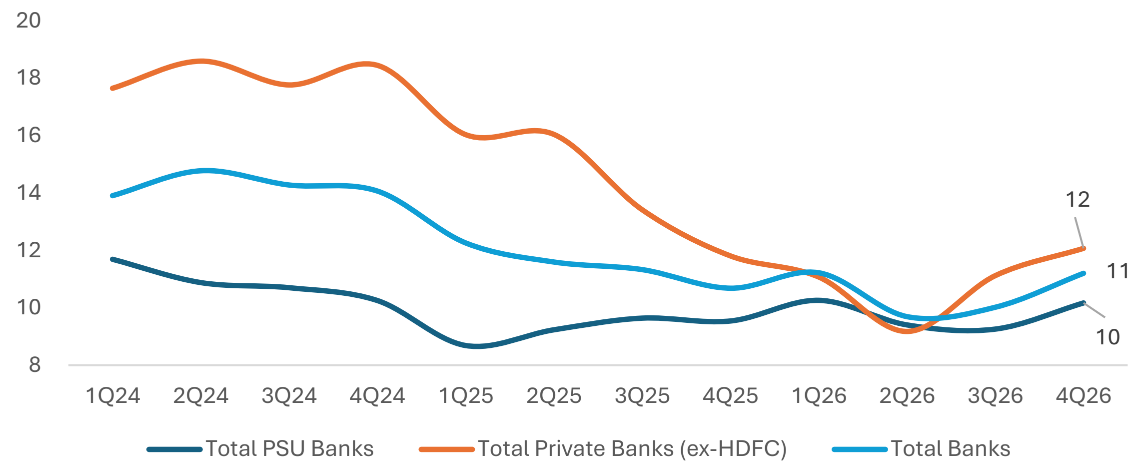
Loan Growth, YoY Change



Loan Growth has picked up in 2HFY26. While PSBs continue to outperform PVBs in terms of growth, the difference has reduced.

Deposit growth has lagged advances growth, leading to increase in CD Ratio. Increase has been higher for PSU's compared to PVBs.

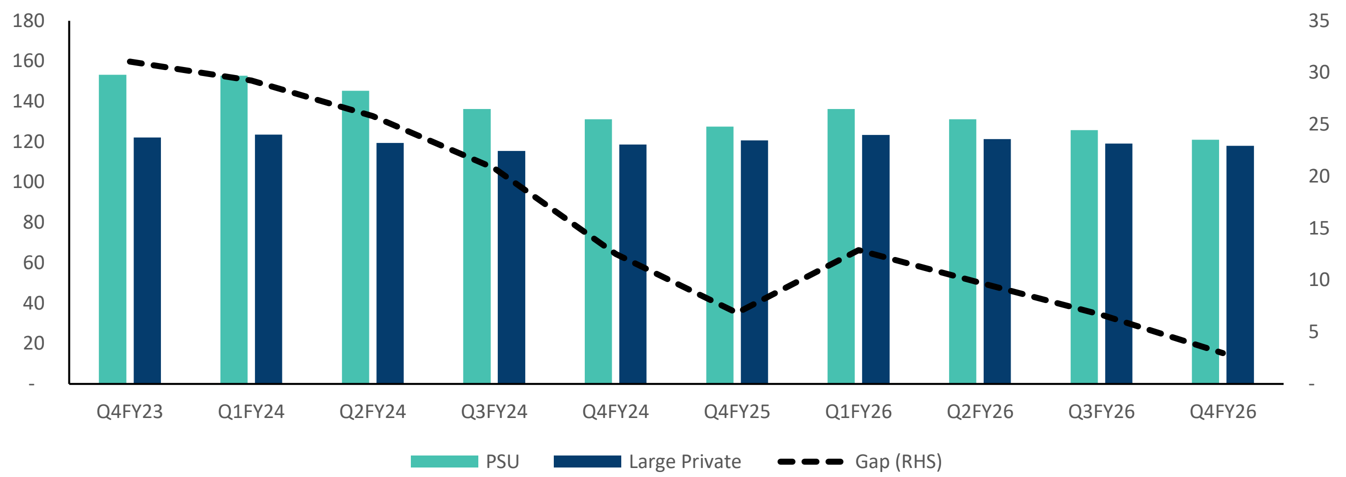
Deposit Growth, YoY Change



Data pertains to 7 Public sector banks and 21 Private sector banks

Banks: LCR coming off for PSU banks

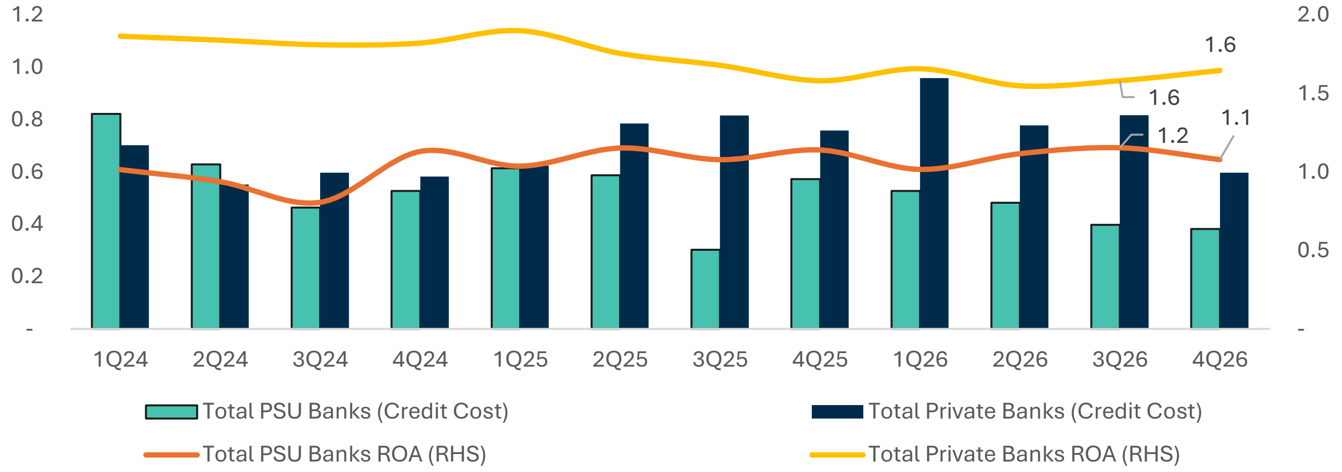
LCR (%)



LCR ratio has come off for PSBs as excess liquidity is being deployed through strong credit growth. PSBs LCR is now broadly in line with that for PVBs.

Credit costs continue to remain muted across the board, partly assisting the healthy RoA ratios.

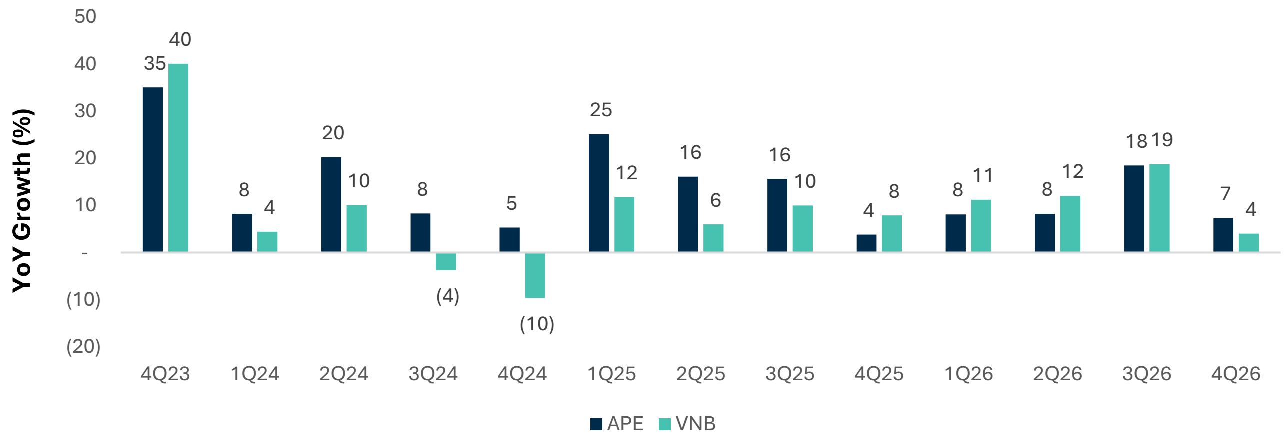
Provisioning (Credit cost) and ROA



Data pertains to 7 Public sector banks and 21 Private sector banks

Life Insurance: Growth moderates on high base

YoY (%) APE and VNB growth



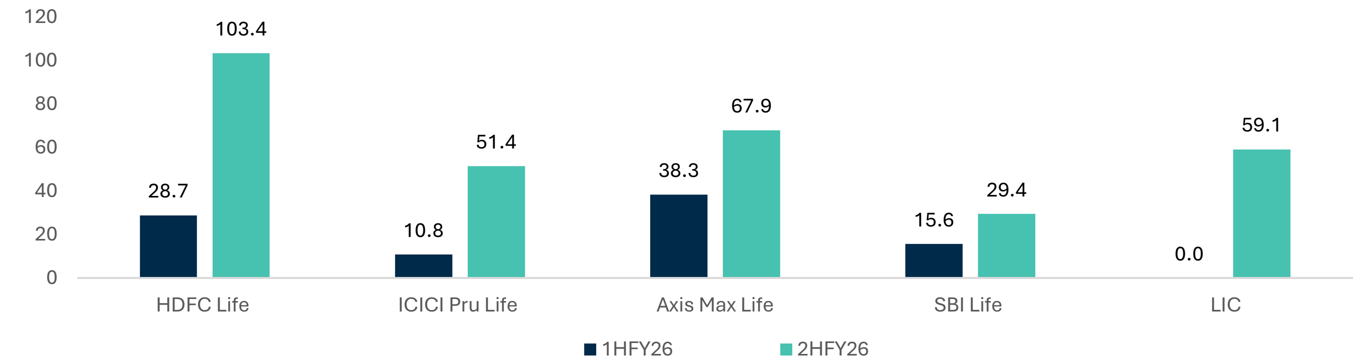
4QFY26 growth was moderate, due to high base of Non par savings and ULIP, while retail protection has shown traction. Going forward, non-par products are also expected to see growth resumption.

Key parameters (%)

Parameters	FY20-25 CAGR	FY26 YoY
APE	13.6	10.7
VNB	16.7	11.1
EV	20.0	13.1
Retail Protection	7.2	44.3
Non par (Ind)	22.3	(11.6)
ULIP	12.2	8.0

Based on IPRU Life, SBI Life, Max Life and HDFC Life. For Max life.

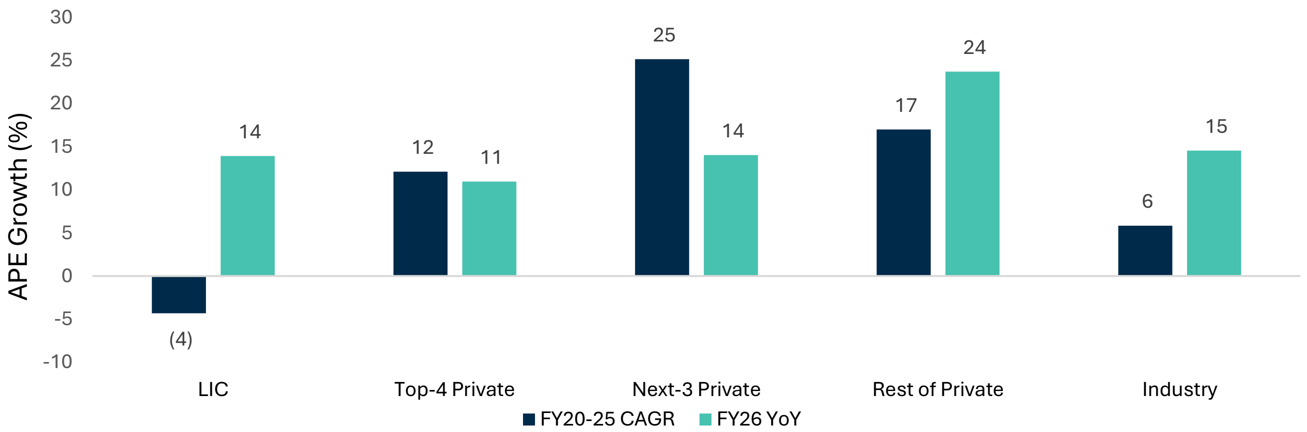
Retail protection APE growth (YoY)



FY26 saw resurgence in growth in the Retail Protection category, aided by a favourable base, as well GST exclusion in 2HFY26 which added to the momentum.

Life Insurance: Implied growth expectations are reasonable

Growth print by players

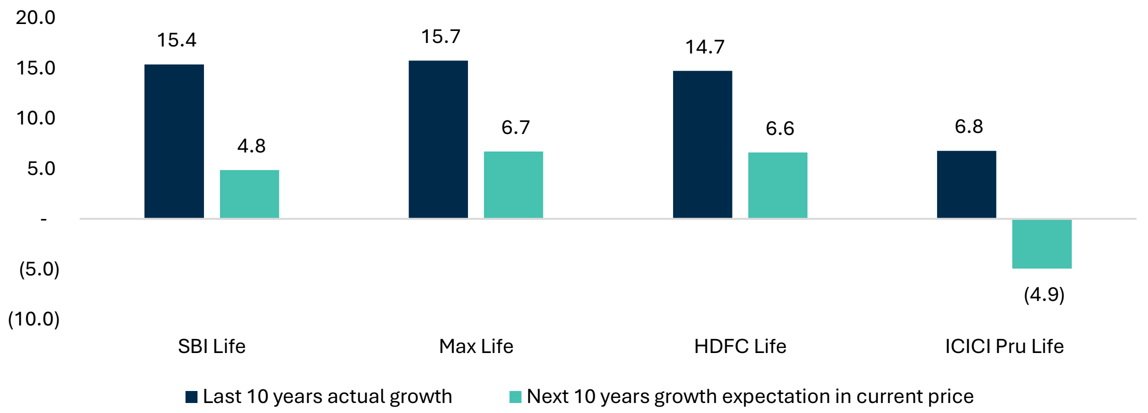


Top-4 private players include SBI Life, HDFC Life, ICICI Pru Life and Max Life. Next-3 private players include Tata AIA, BALIC and ABSL Life.

Industry growth has been largely driven by smaller private life insurance companies, with top-4 private players reporting some slower growth due to high base.

Current prices factor in lower growth than demonstrated historically.

Implied APE growth expectation (%) *



*Terminal growth expected based on price as on 12 June 2026 assuming current VNB margin to sustain and 4% terminal growth rate and cost of equity of 12%.
For ICICI Pru Life, we have assumed 0% terminal growth rate given the negative implied rate for next 10 years.

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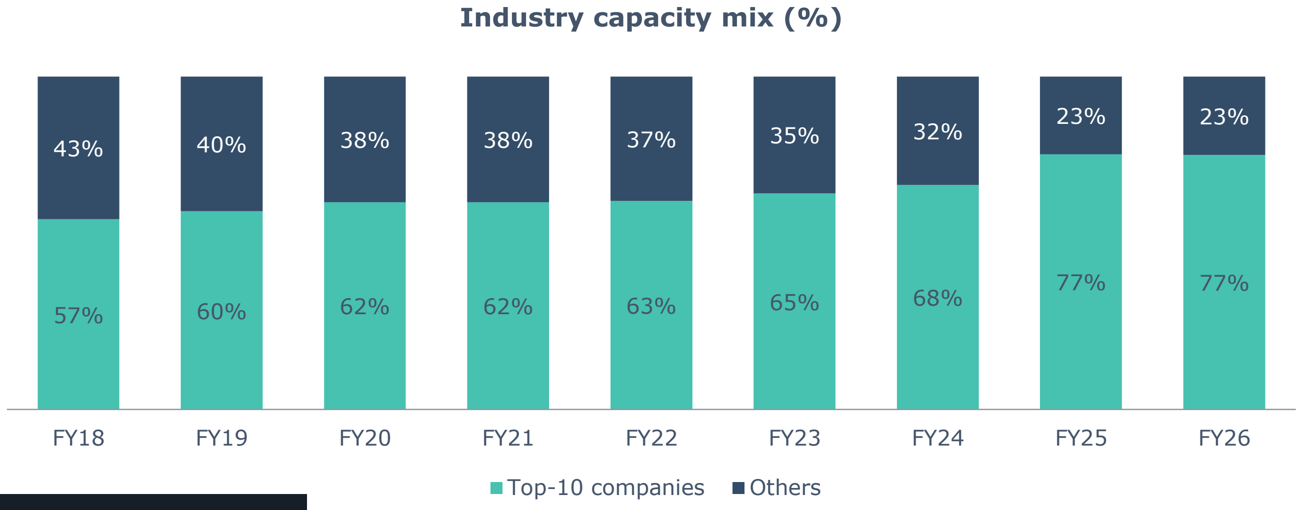
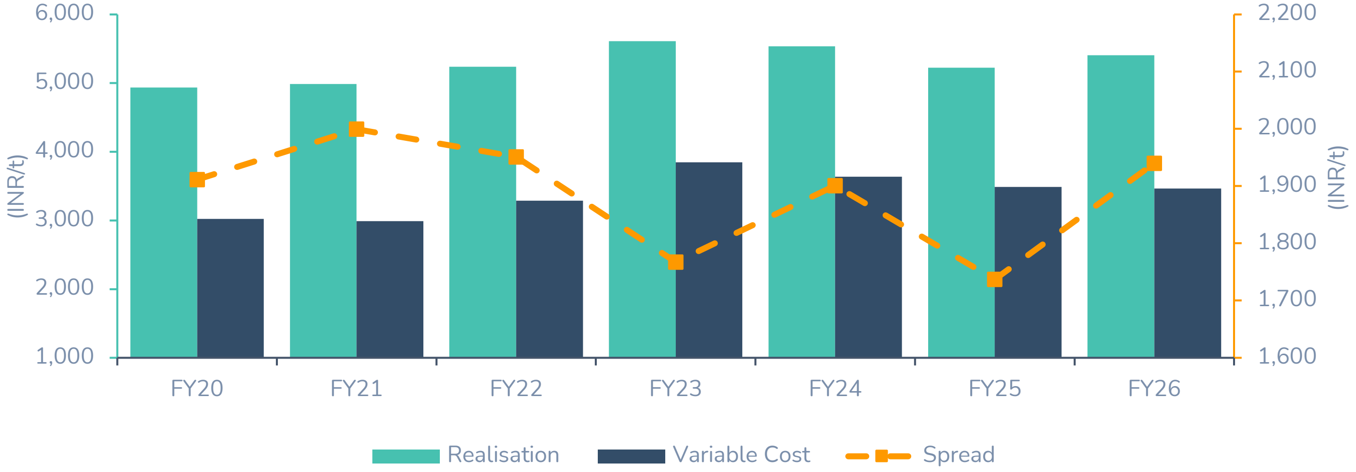
Cement : Industry consolidation yet to reflect in improved fundamentals

Industry consolidation led to increase in capacity mix share for the top 10 companies by 1.7x to ~77% over the last 6 years; UltraTech leading with the highest share of ~28%.

Top 10 companies command ~77% of industry capacity



Industry spreads remained broadly flat over FY20-26



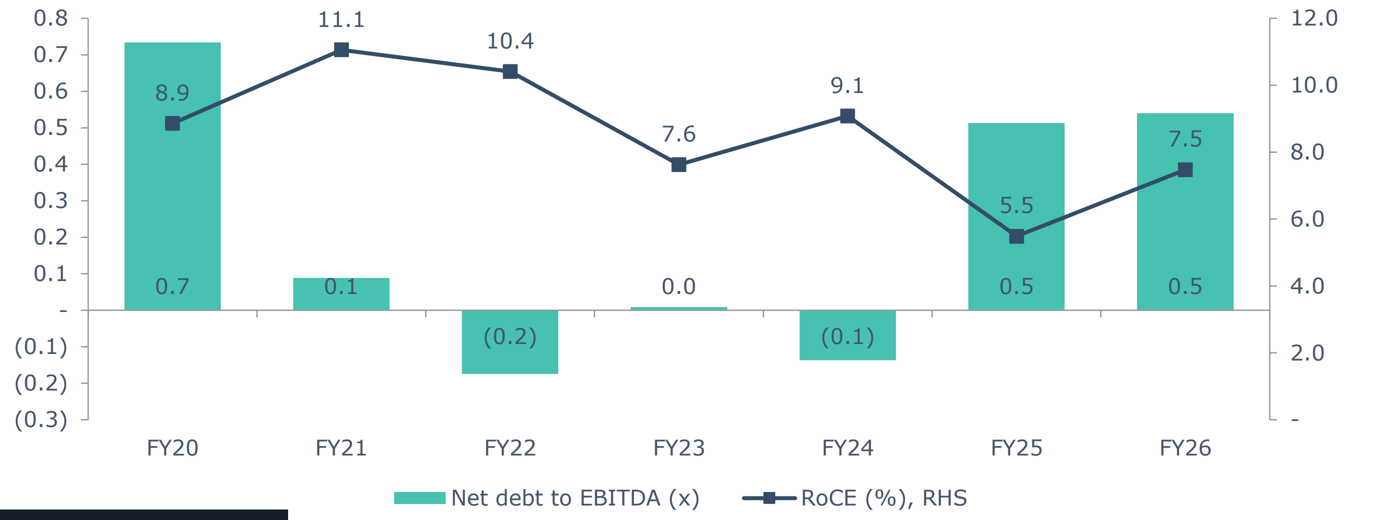
Industry realisations and variable costs both increased at ~2% CAGR over FY20-26, resulting in broadly stable spreads during the period.

Based on a Representative set of 10 firms - ACC, Ambuja, Birla, Dalmia, JK, JSW, Ramco, Shree, Star, UltraTech

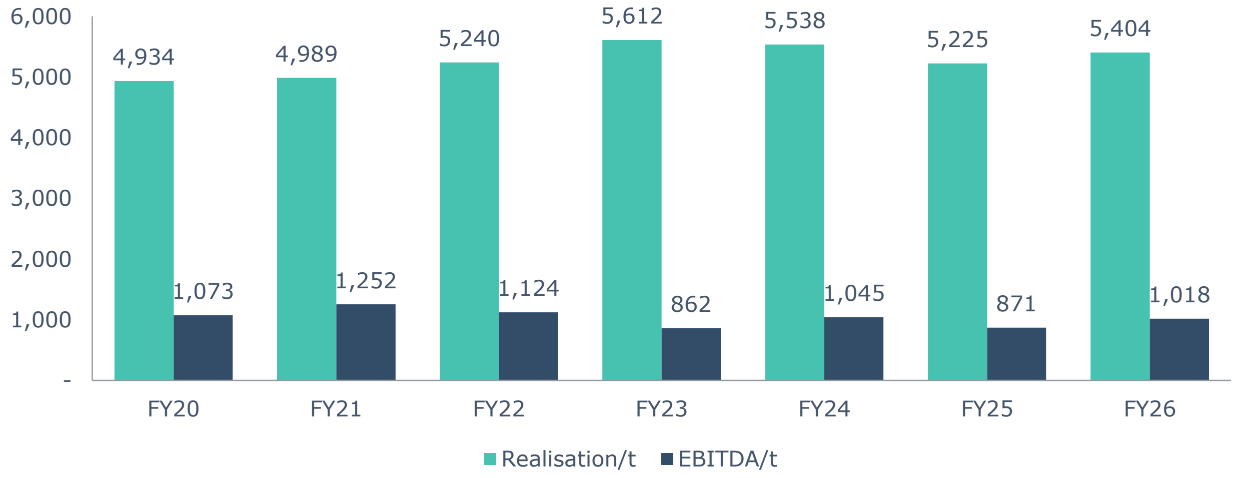
Cement : Performance improved in FY26 on a low base

Industry net debt to EBITDA remains at healthy level of 0.5x; while RoCEs declined by ~140bps to 7.5% over FY20-26.

Net debt/EBITDA remains at healthy level; while RoCE declined by ~140bps over FY20-26



Industry EBITDA/t declined ~1% CAGR over FY20-26; FY26 EBITDA >INR 1,000

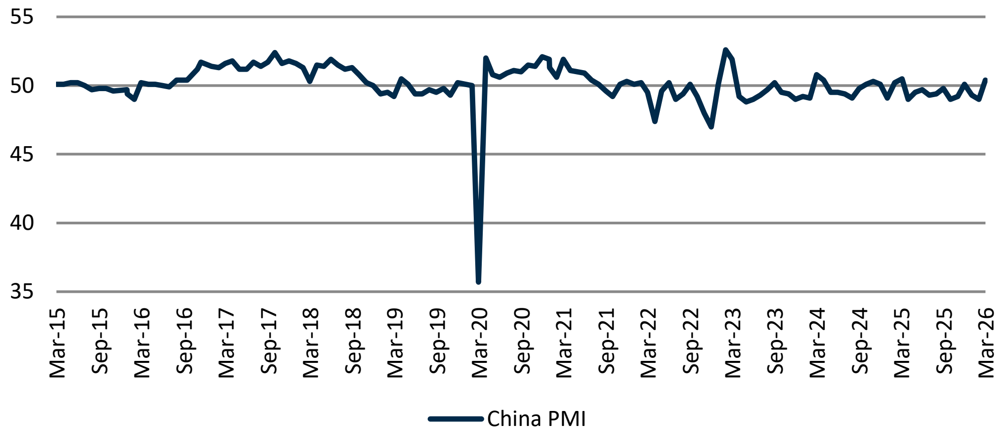


Industry realisation grew ~2% CAGR over FY20-26; however, EBITDA/t declined ~1% CAGR over the same period. For FY26, EBITDA/t rose to INR 1,018.

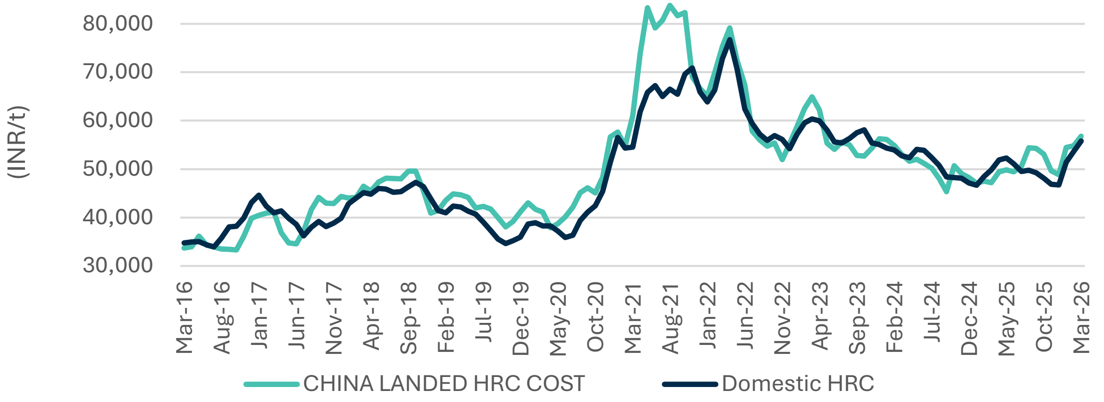
Based on a Representative set of 10 firms - ACC, Ambuja, Birla, Dalmia, JK, JSW, Ramco, Shree, Star, UltraTech

Steel: India margins surges above 10Y avg; China falls behinds

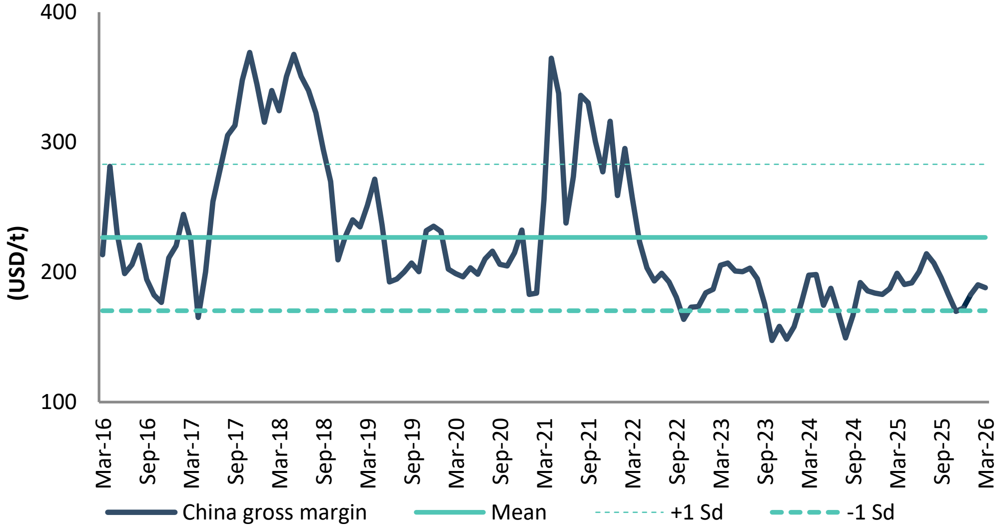
China manufacturing PMI (>50) suggesting expansion in economy



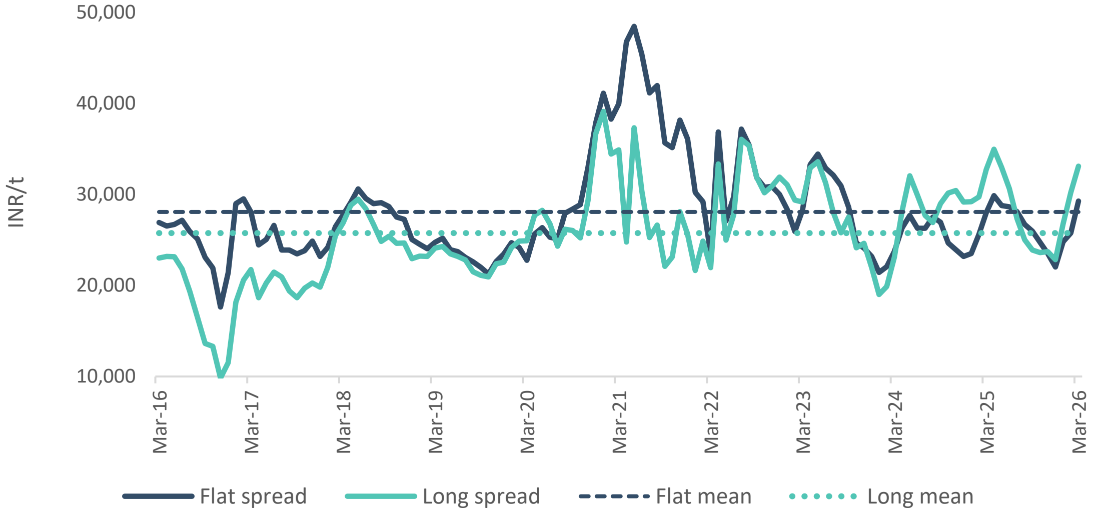
Domestic HRC price is at marginal discount to landed cost from China



China: Margins stays lower by ~17% from 10years avg of USD227/t



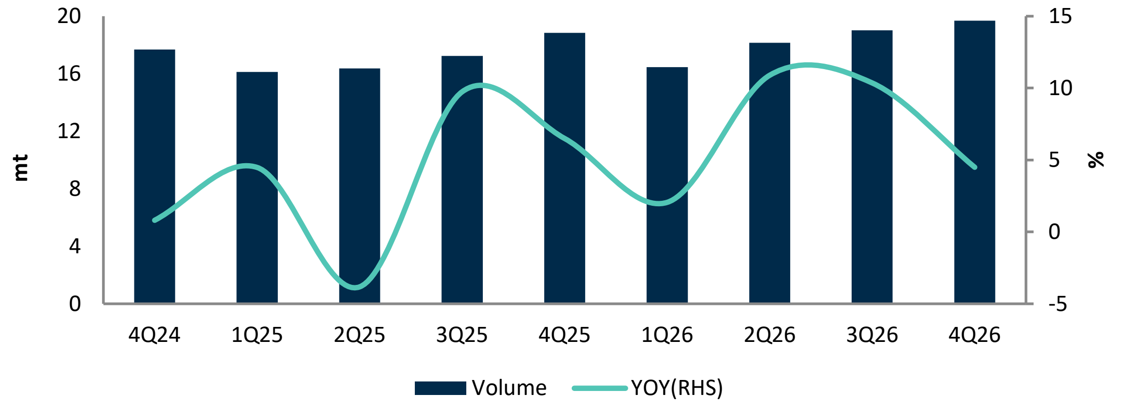
India Margins: Longs/flats are ~+28%/ ~+4% from 10 yr avg



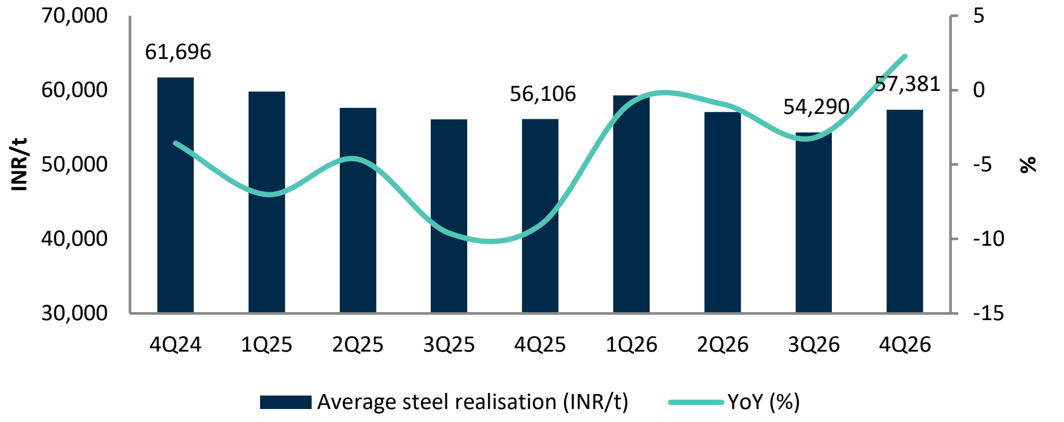
Based on a representative set of 4 steel companies

Steel: Higher steel prices drives margin expansion

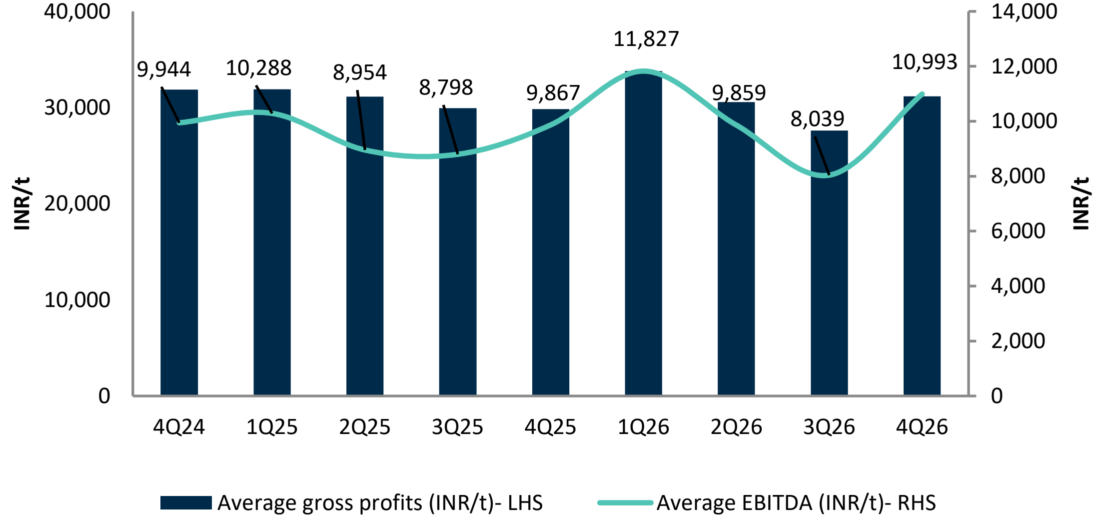
Volume uptick; up ~4.5% YoY in Q4FY26



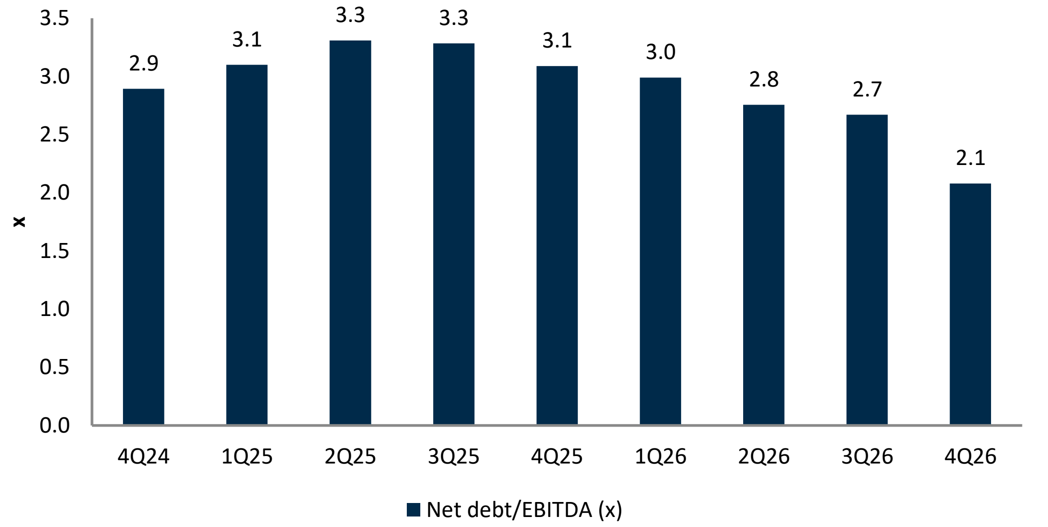
Realization up ~6% QoQ / 2% YoY



EBITDA/t up by 11% YoY amid higher prices and volume



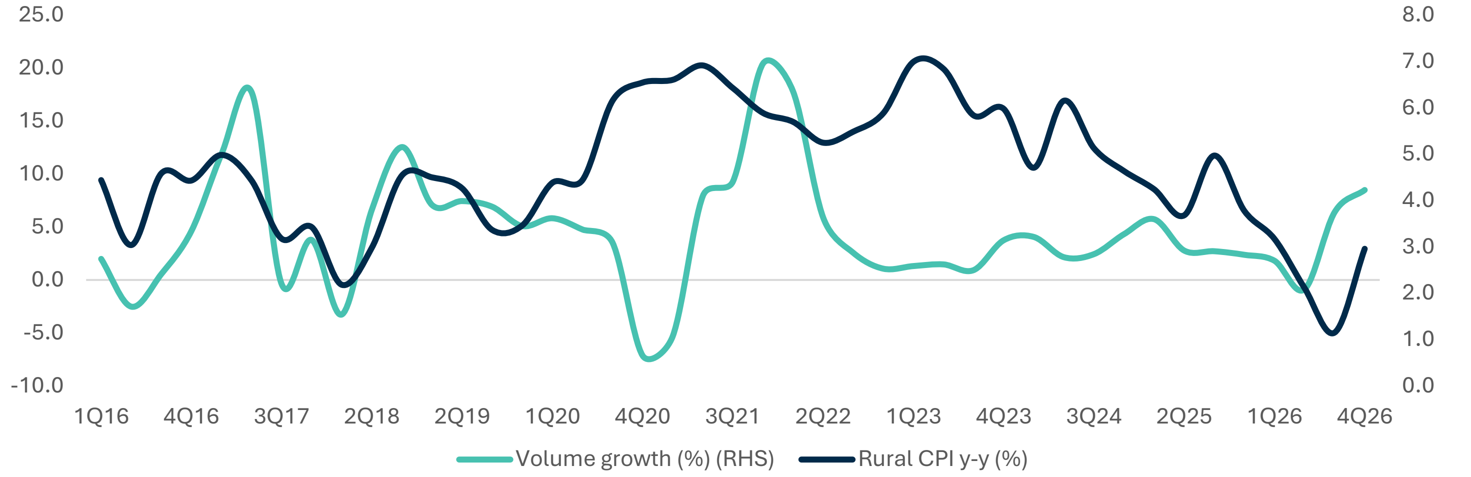
Net debt/EBITDA on downward trend



Based on a representative set of 4 steel companies

Consumer Staples: Volumes improve post GST and likely to sustain despite price hikes

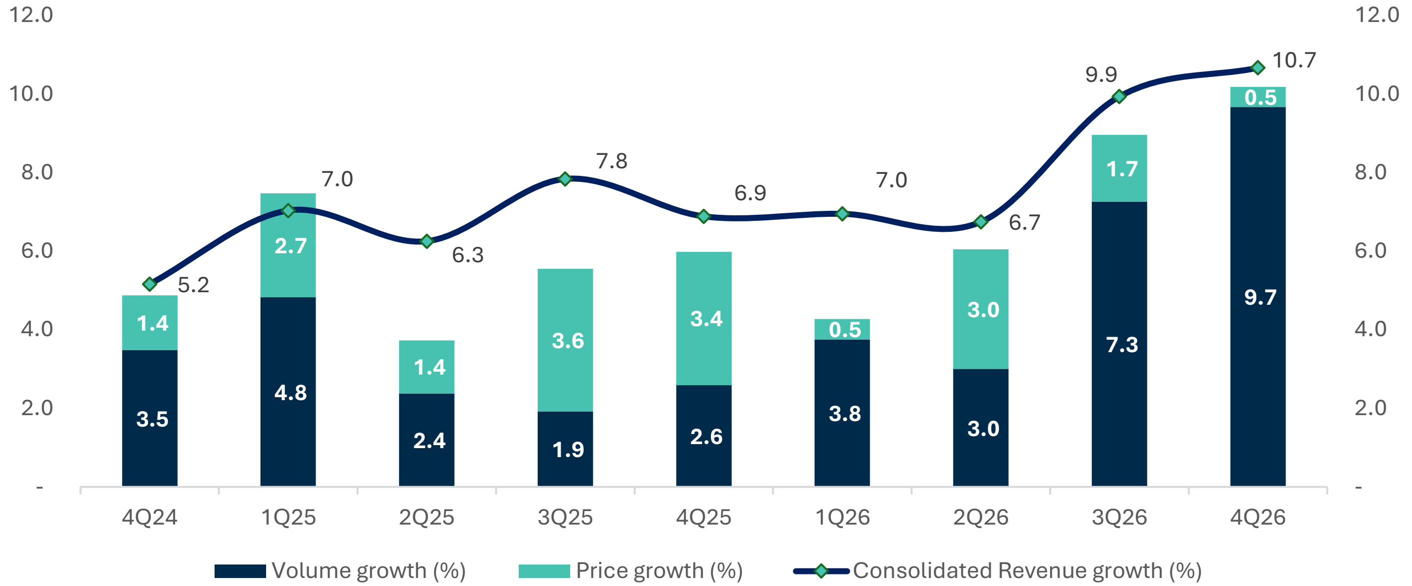
Rural CPI vs Volume growth – Negative Correlation



Historically, rural CPI and volume growth have a negatively correlation.
However, while CPI is inching up, it is within a manage-able range and is not expected to impact volume growth for FMCG companies

1. Volume growth has been gradually improving over the past few quarters on the back of improvement in demand environment.
2. Volume growth is also witnessing support from GST led price cut which continues to outweigh the inflation and price hikes announced post West Asia war
3. Return of pricing growth with no pushback on volumes should drive higher sales growth

Pickup in volume growth post GST cut + return of pricing growth = Return of Double-digit sales growth



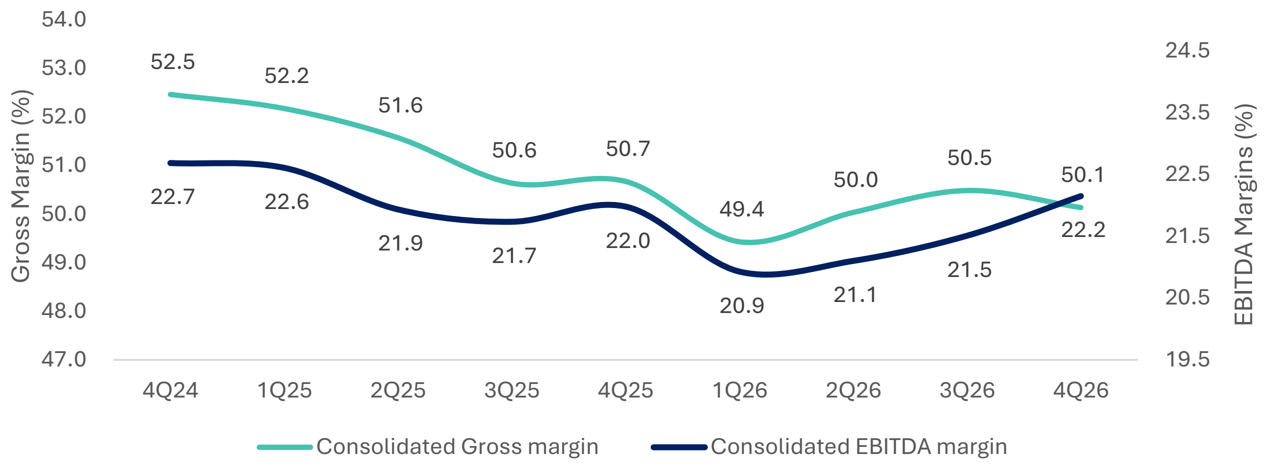
Based on a representative set of 9 consumer companies

DSP MUTUAL FUND

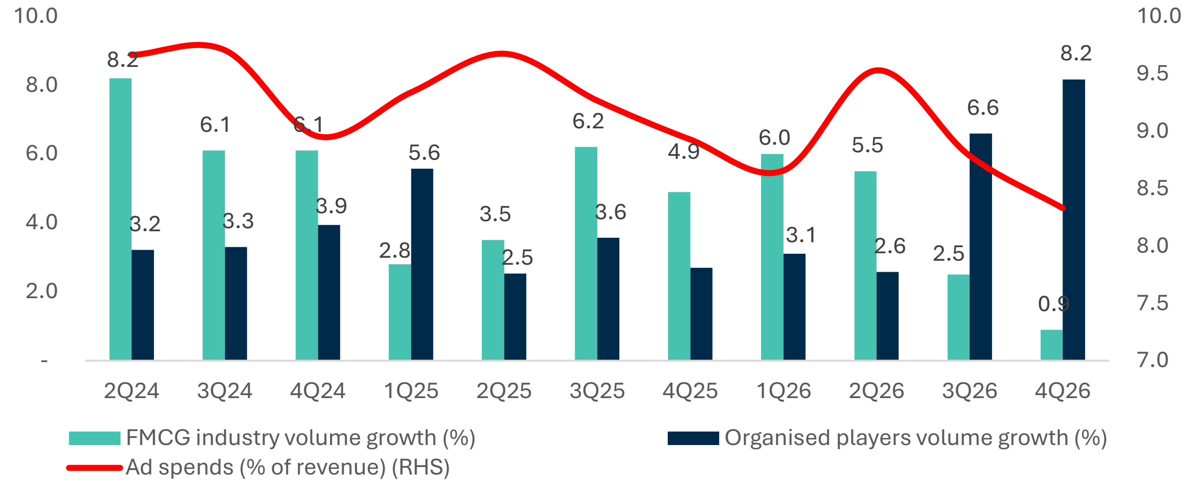
Consumer Staples: Margins at inflection point

1. Margins improved in FY26 on the back of low RM prices
2. With input cost going up due to West Asia war, margins for FMCG companies could see some pressure in 1Q27; but mid-single digits price hikes announced will again start margin recovery from 2Q27

Margins – improved until 4Q; will see some pressure in 1Q



A&P spends

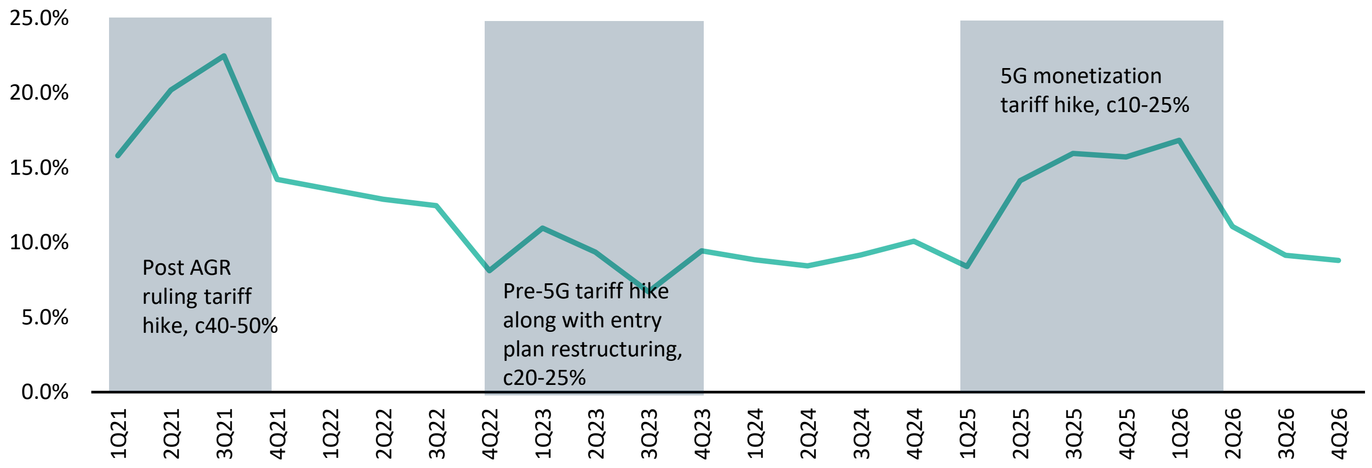


Based on a representative set of 9 consumer companies

1. Post GST cut Organized players have started to grow faster than overall FMCG volume growth.
2. It is leading to operating leverage benefit across cost lines, including A&P spends which is supportive for margins

Telecom: Despite sharp tariff hikes since 2019, ARPU has grown at sub-inflation levels over past decade

YoY MBB revenue growth for top-3 telcos



ARPU growth requires income growth, not just tariff hikes — for ARPU to sustainably re-rate, India's per capita GDP needs to grow. Tariff hikes without income growth just compress other consumption.
The PPP ARPU of $9.7 vs US $49 — the gap looks large, but PPP-adjusted, Indian consumers are already paying nearly 1/5th of US ARPU for similar data services.

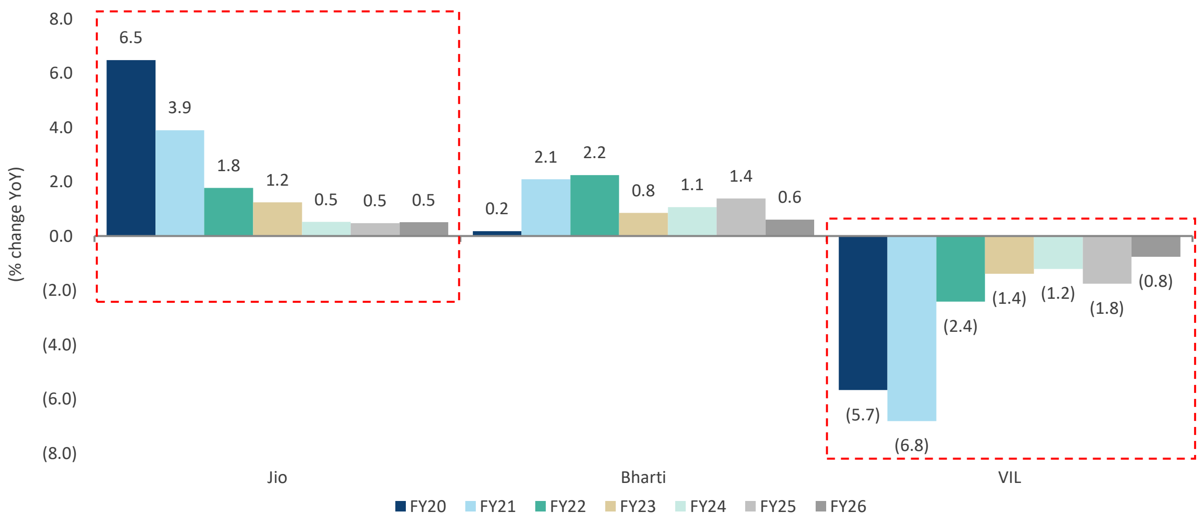
Country-wise ARPU data for CY25 – In normal and PPP terms and as a % of GDP Per capita

	ARPU in nominal terms (USD/month)	Nominal GDP per capita per annum, (USD)	ARPU (% of GDP per capita)
India	**2.3**	**2,878**	**0.96%**
China	6.9	13,313	0.63%
Germany	10.5	54,990	0.23%
Singapore	11.1	92,932	0.14%
UK	12.6	52,648	0.29%
Italy	15.8	40,224	0.47%
France	10.5	46,204	0.27%
Korea	18.6	34,642	0.64%
Japan	19.9	32,498	0.73%
Canada	22.8	54,473	0.50%
US	49.0	89,105	0.66%

Source: ITU, World Bank, Industry report

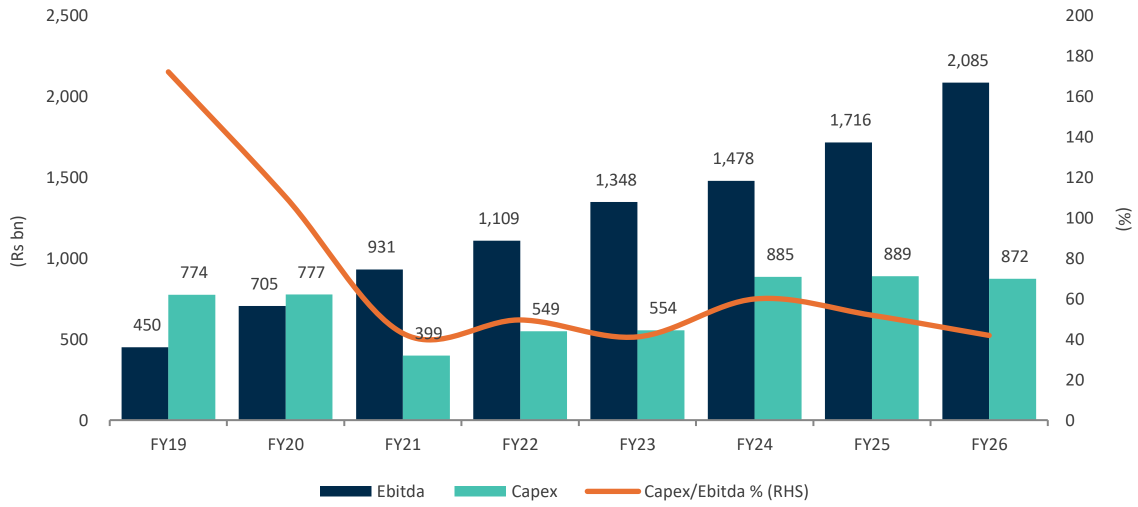
Telecom: VIL market share loss moderates. Focus may shift to ARPUS

Revenue market share changes



Stabilization of Jio's market share and its upcoming IPO will drive focus towards tariff hikes

FCF generation should continue to rise



Moderating capex results in robust cashflows

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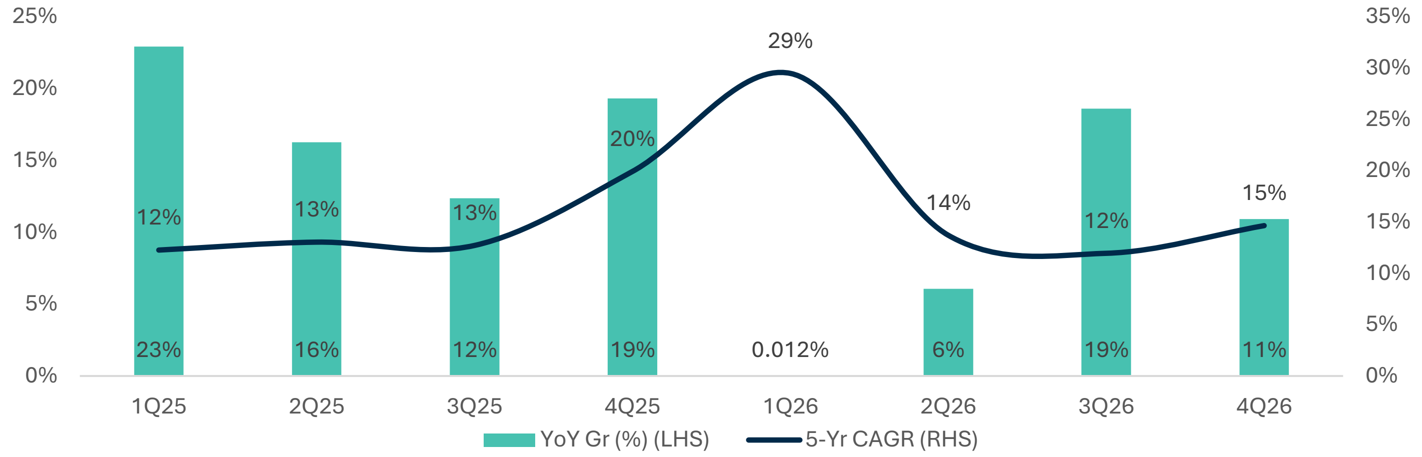
Consumer Durables: Decent revenue growth, but profitability impacted due to rising RM prices

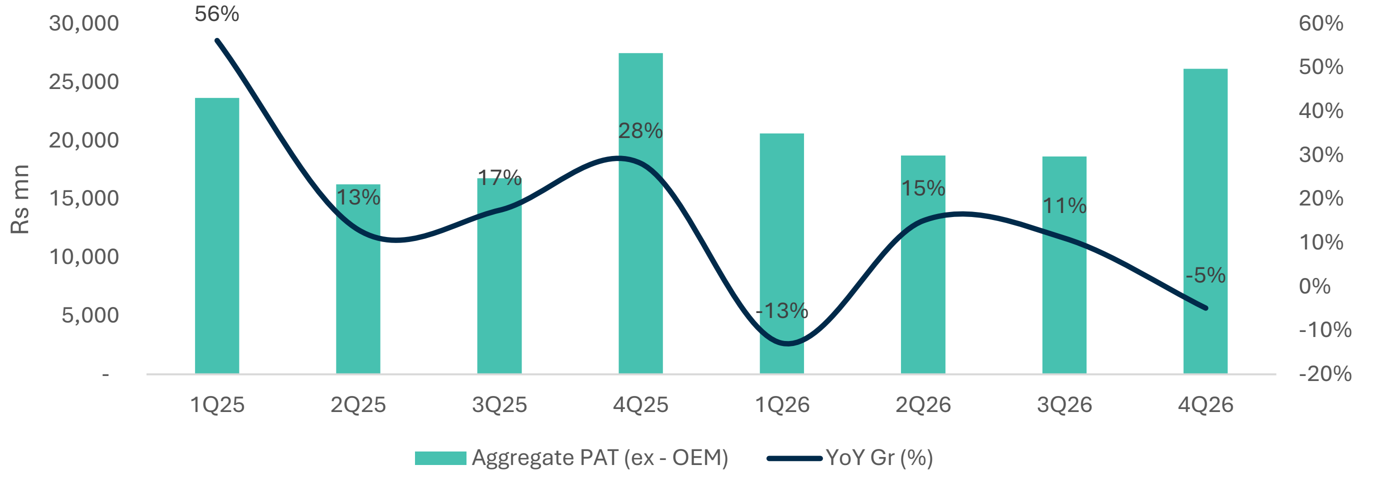
5-yr CAGR revenue showed signs of recovery in Q4 mainly led by C&W segment



The 5-year CAGR witnessed some recovery during Q4 mainly led by C&W which compensated for decline in cooling revenue and muted growth in consumer durables which is led by Fans owing to weak summer demand and high channel inventory.

Increasing commodity prices, tepid demand, muted exports, and depreciating currency impacted profitability for the sector as gross margins declined YoY impacting operating margins and in-turn PAT which saw decline of 5% YoY during 4Q.

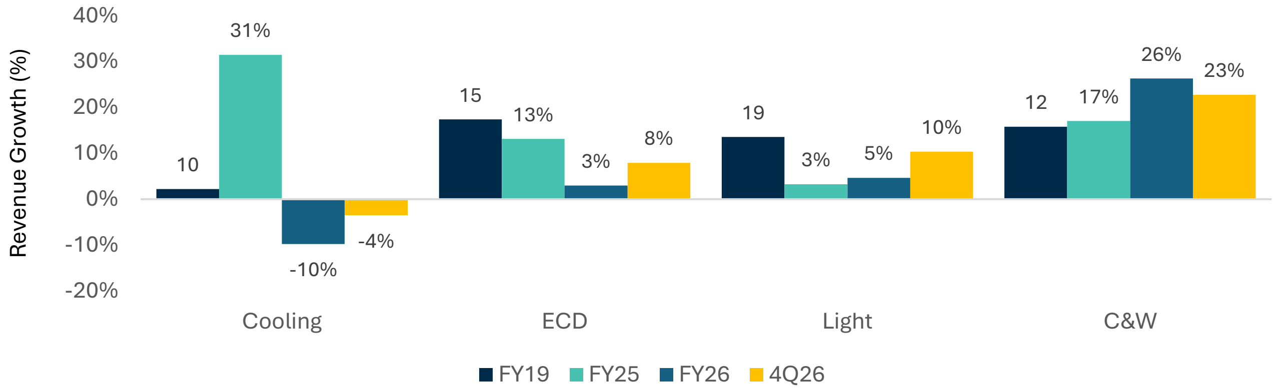
PAT growth of 15% mainly aided by margin improvement across the board



Based on representative set of 6 Companies for Cooling products, 10 Consumer durable companies, 4 Lighting and Fixtures companies, 5 Cables and Wire companies

Consumer Durables: C&W continue to drive overall performance as cooling products and ECD witness decline

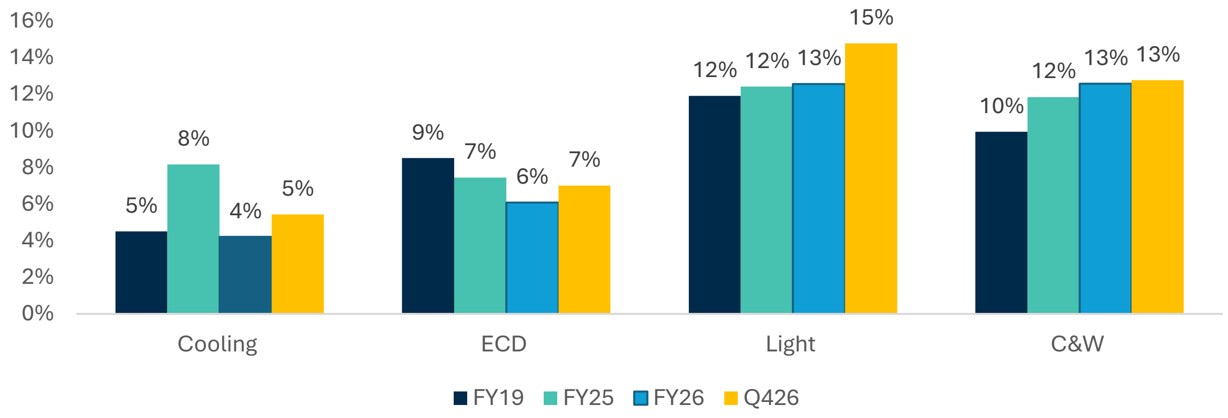
Category revenue growth: Tepid summer impacted cooling category; C&W drove growth



C&W and Lighting drove the growth as cooling products and ECD witness decline due to weak summer demand during the quarter and high channel inventory in both RAC and Fans. C&W growth was driven by cables and value growth as stable copper price impacted volumes. Lighting growth was led by professional lighting.

Higher commodity cost, rupee depreciation, and restricted exports impacted gross margins as well as operating margins. Lower revenue in cooling and ECD also led to operating deleverage.

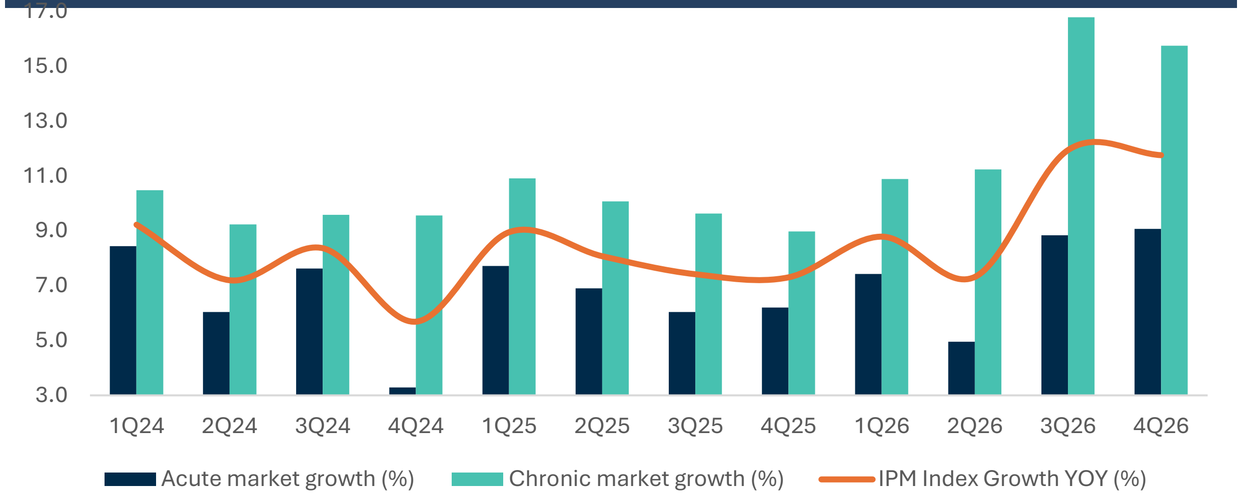
PAT growth of 15% mainly aided by margin improvement across the board



Based on representative set of 6 Companies for Cooling products, 10 Consumer durable companies, 4 Lighting and Fixtures companies, 5 Cables and Wire companies

Pharma: IPM growth has inflected whereas Revlimid sales taper off

Acute Market vs Chronic Market Growth YoY

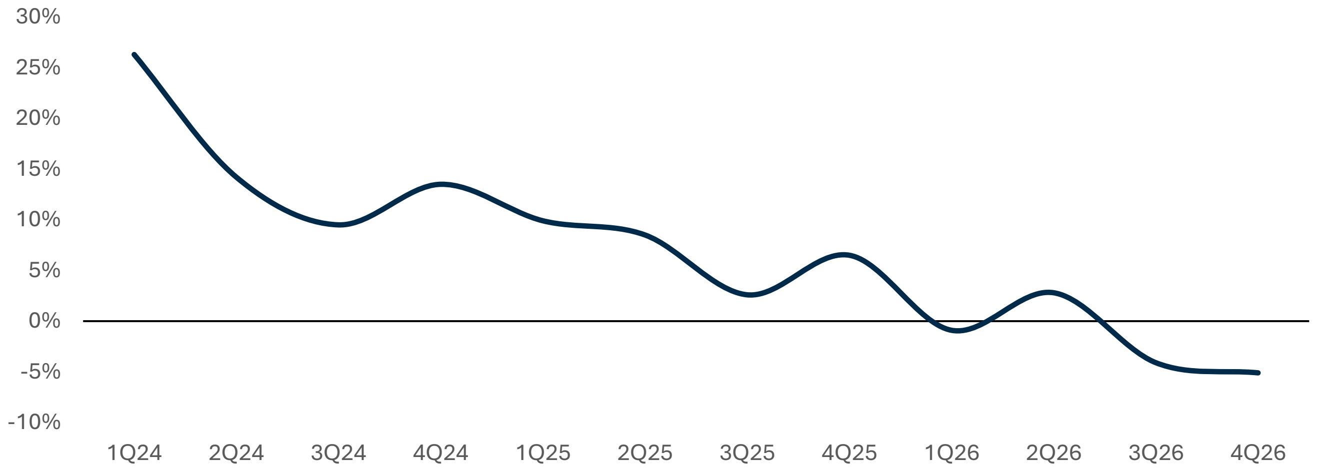


IPM growth improved in FY26 led by chronic therapies, GLP-1 launches and volume recovery

Increasing competition in gRevlimid weighs on US Generics growth

Revlimid sales (USD mn)	FY23	FY24	FY25	FY26
Sun	25	95	110	56
Dr. Reddy's	350	484	630	335
Cipla	67	175	220	111
Aurobindo	0	46	97	30
Zydus	70	155	115	105
Total	**512**	**955**	**1,171**	**637**

Slowing US Revlimid sales – YoY sales Growth (%)



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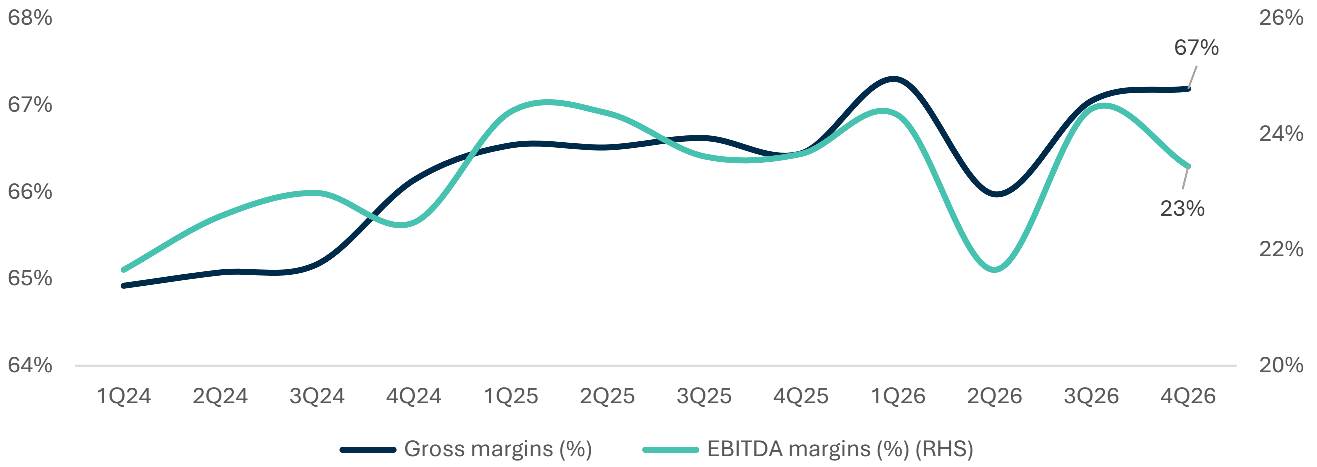
The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and may or may not have any future position in these sector(s)/stock(s)/issuer(s).

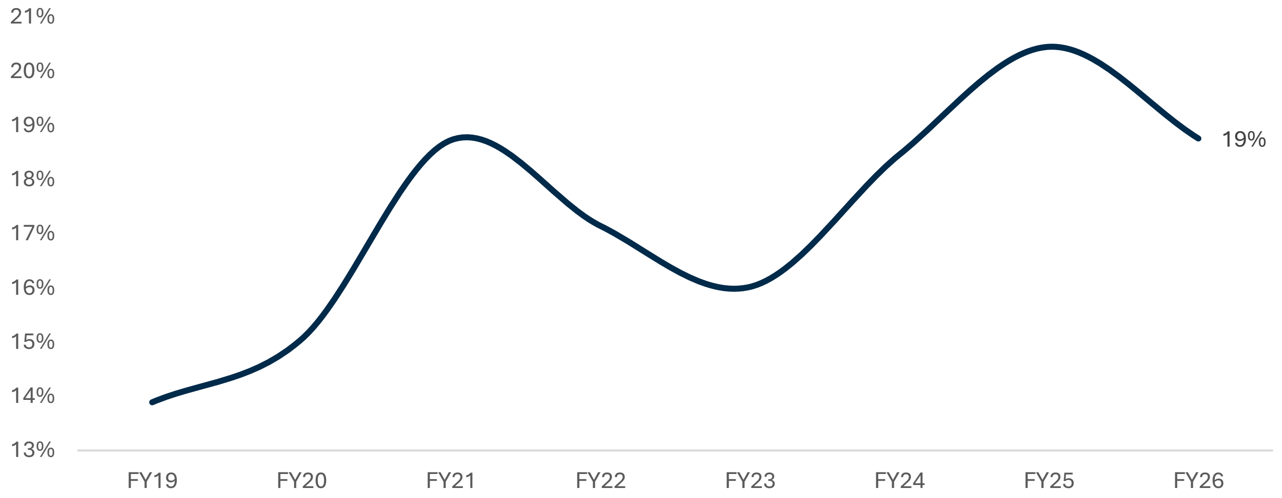
Pharma: Margins fade come of as one-off sales come off

Gross and EBITDA Margins



Exclusivity benefits fade as rising gRev competition moderates margin gains

ROCE (%)



ROCE moderated to 19% with profitability tailwinds fading

Based on representative set of 19 Pharma companies

Hospitals : Despite sharp growth in listed bed capacity, India remains under bedded

Increase in no. of beds over a period of 6 Yrs

	FY19	FY26
Population ('000)	13,50,000	14,80,000
CAGR		1.3%
Beds per (per 1000)	1.2	1.3
CAGR		1.2%
Total Beds (In Mn)	**1.6**	**1.9**
CAGR		2%
-Corporate Chains	35,881	69,643
CAGR		10%

India remains under-bedded despite sharp capacity expansion by corporate hospital chains

Listed players' market share within private beds (%)*

	Delhi NCR	Bengaluru	Hyderabad	Mumbai	Chennai	Kolkata
Apollo	0.9	3.3	5.3	1.7	6.5	5.3
Artemis	1.3	-	-	-	-	-
Aster	-	3.7	3.3	-	-	-
Fortis	3.1	2.1	-	2.7	0.8	1.9
Jupiter	-	-	-	3.0	-	-
KIMS	-	2.6	7.9	1.0	-	-
Manipal	0.6	8.1	-	-	-	8.0
Max	4.7	-	-	1.5	-	-
Medanta	2.5	-	-	-	-	-
Park	0.5	-	-	-	-	-
Narayana	0.3	4.8	-	0.7	-	7.8
Rainbow	0.0	1.9	3.2	-	1.1	-
Yatharth	2.8	-	-	-	-	-
Total Market Share	**16.7**	**26.6**	**19.8**	**10.5**	**8.4**	**22.9**

Fragmented private hospital market & limited corporate penetration provide a runway for growth

**Market Share = Corporate Chain Bed Capacity/ Total Private Beds*

Hospitals : EBITDA/bed is supported by growing mature bed and faster breakevens

Citywise announced expansion plans - Capacity expansion momentum continues to build across hospital chains

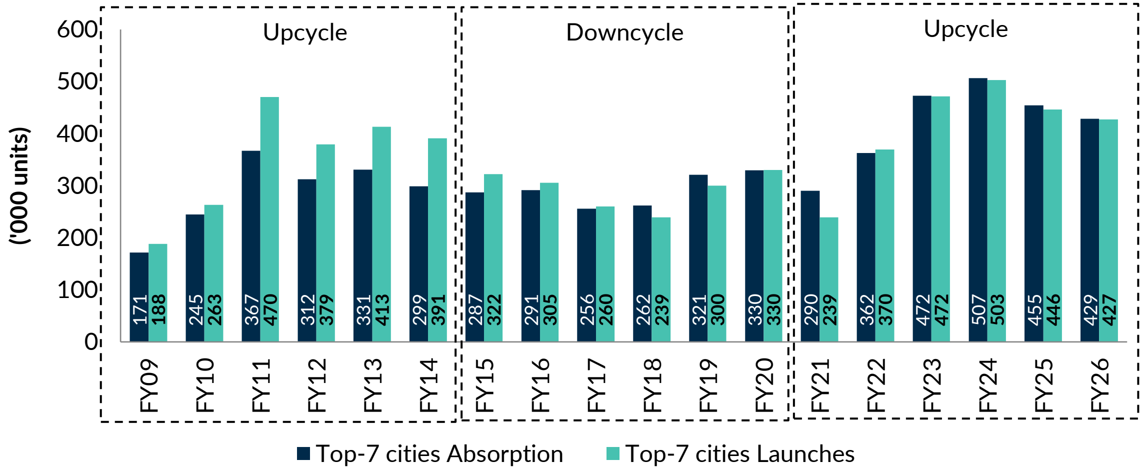
Beds capacity (no.)	FY26A	FY30E	Incremental beds (FY26-30E)	% Expansion (FY26-30)	Delhi/NCR/ Gurgaon	Bangalore	Mumbai	Hyderabad	Kerala	Others	Brownfield	Greenfield
Apollo	9,481	12,896	3,415	36%	480	680	575	340	0	1,340	39%	61%
Fortis	4,791	6,774	1,983	41%	1,016	290	0	0	0	677	90%	10%
Max Healthcare	5,303	10,024	4,721	89%	2,508	0	789	0	0	1,424	58%	42%
Narayana (India)	5,750	7,685	1,935	34%	0	885	0	0	0	1,050	16%	84%
KIMS	6,464	8,515	2,051	32%	0	0	0	750	351	950	85%	15%
HCG	2,445	2,755	310	13%	0	110	0	0	0	200	100%	0%
Rainbow	2,375	3,345	970	41%	450	140	0	0	0	380	0%	100%
Shalby	2,312	2,512	200	9%	0	0	200	0	0	0	100%	0%
Medanta	3,665	6,455	2,790	76%	1,318	0	750	0	0	722	46%	54%
Yatharth	2,555	5,000	2,445	96%	700	0	0	0	0	1,745	18%	82%
Jupiter	1,248	2,748	1,500	120%	0	0	1,000	0	0	500	0%	100%
Aster DM (incl. QCIL)	10,623	15,068	4,445	42%	0	1,519	0	300	834	1,792	56%	44%

Growing share of mature beds and faster greenfield break-evens support EBITDA per bed growth

EBITDA / Bed (in Rs Lakhs)	FY23	FY24	FY25	FY26
Apollo	26.0	28.4	31.8	35.7
Fortis	21.7	26.9	32.7	36.0
Max Healthcare	49.8	50.2	50.0	53.4
Narayana (India)	10.9	12.8	14.9	18.3
KIMS	16.9	17.4	17.4	15.6
HCG	13.9	13.3	14.1	15.8
Rainbow	28.3	26.9	26.4	24.8
Shalby	11.3	12.8	11.3	10.6
Medanta	27.9	34.2	33.8	29.7
Yatharth	9.5	11.2	13.7	11.4
Jupiter	25.1	28.7	32.3	32.6
Aster DM (India)	15.6	19.3	23.2	26.1
Average	21.4	23.5	25.1	25.8

Real Estate: Industry continues to consolidate

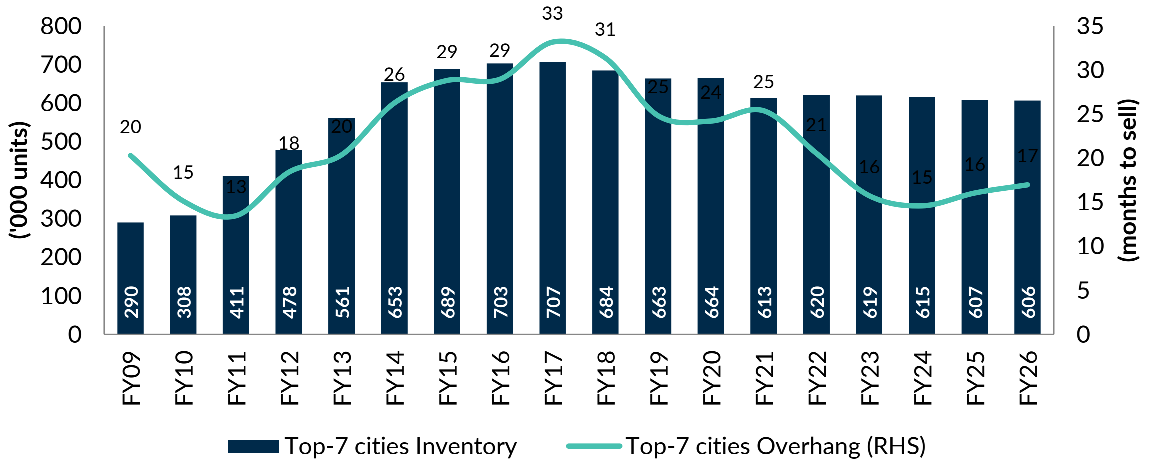
Industry is yet to witness an oversupply situation in the current cycle



While absorption across top-7 cities has receded in the recent years, supply is evenly matched, which is unlike what was seen in mid-stage of previous upcycle

With no oversupply seen in the system, inventory levels have been stable at ~600k units since FY21; overhang is well below the 24-month barrier

Absolute inventory is steady & overhang well below the 24-month barrier



Based on representative set of 15 Real estate companies

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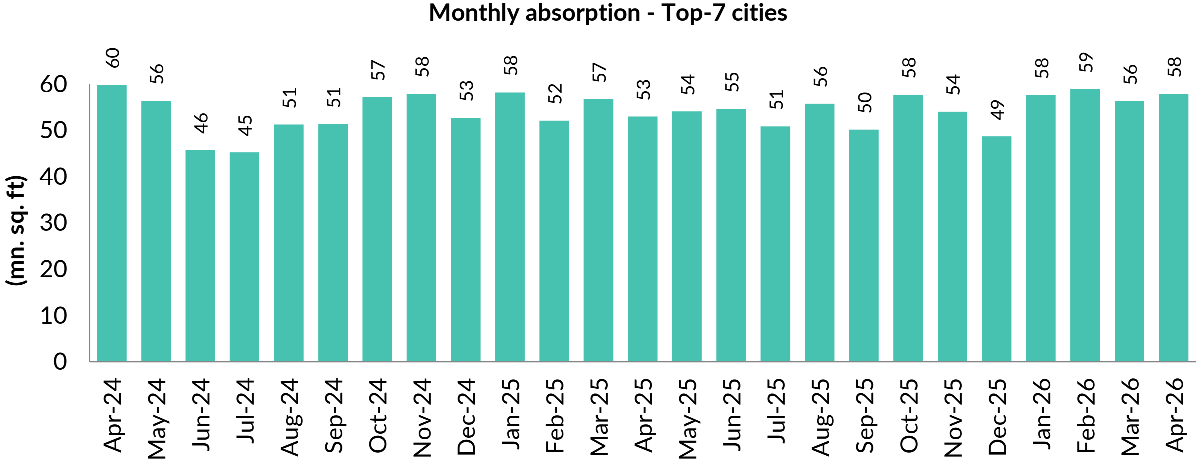
Real Estate: Recovery seen in recent month; Listed players continue to gain market share

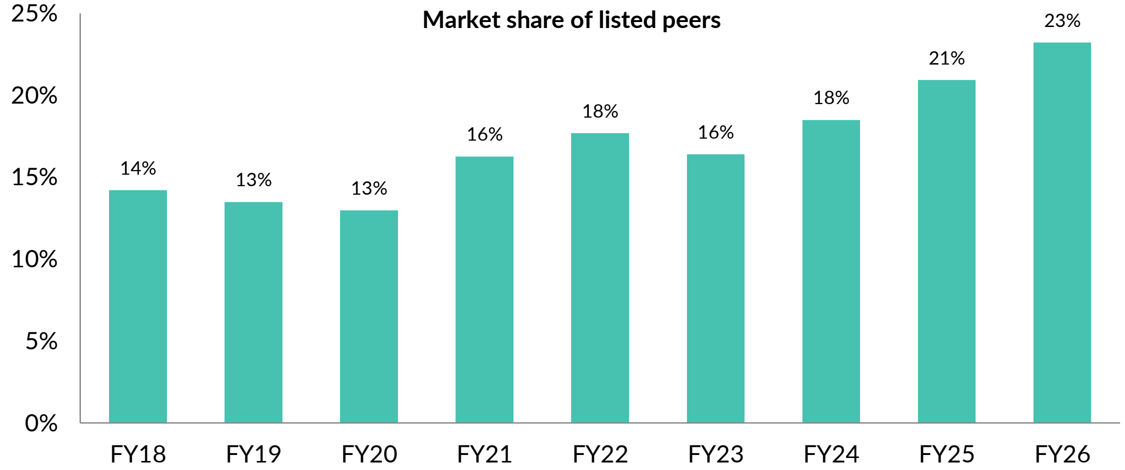
Absorption area remains steady with signs of pickup in the last four months



While the absorption units have receded in FY26, area absorption has seen an uptick in the last four months; since Jan'26, absorption is averaging at ~58msf, in line with the average seen in FY24, which was the best year for the sector

The top-15 listed peers have witnessed a steady and a consistent increase in market share over the years, indicating a strong preference for branded inventory

Steady scale up in market share of top 15 listed developers since FY21



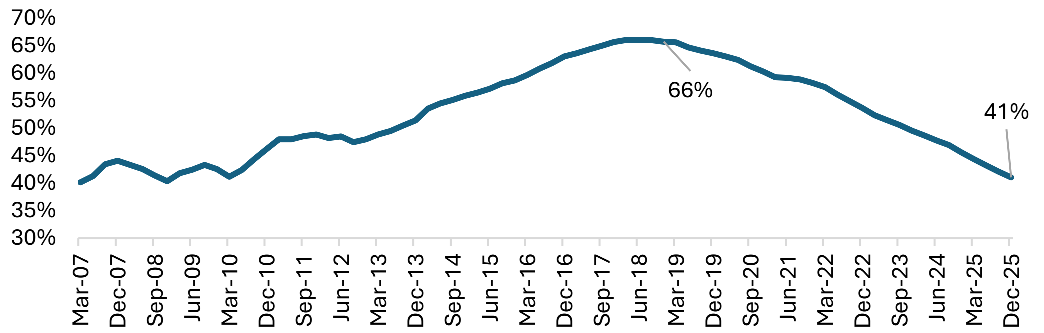
Based on representative set of 15 Real estate companies

IT Services: Growth remains tepid as large cap IT loses market share

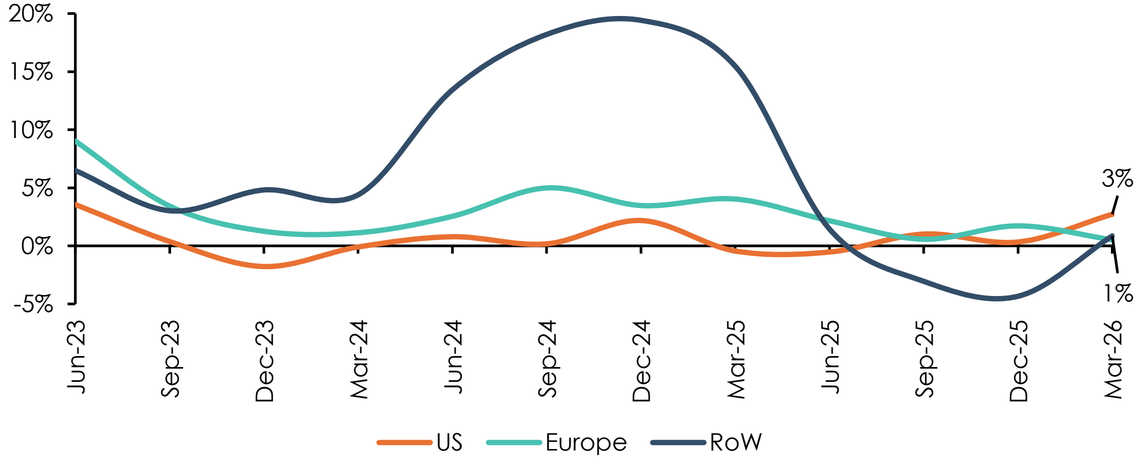
Large cap IT is losing market share to GCC. The growth remains tepid across geographies and verticals

Top IT companies losing market share

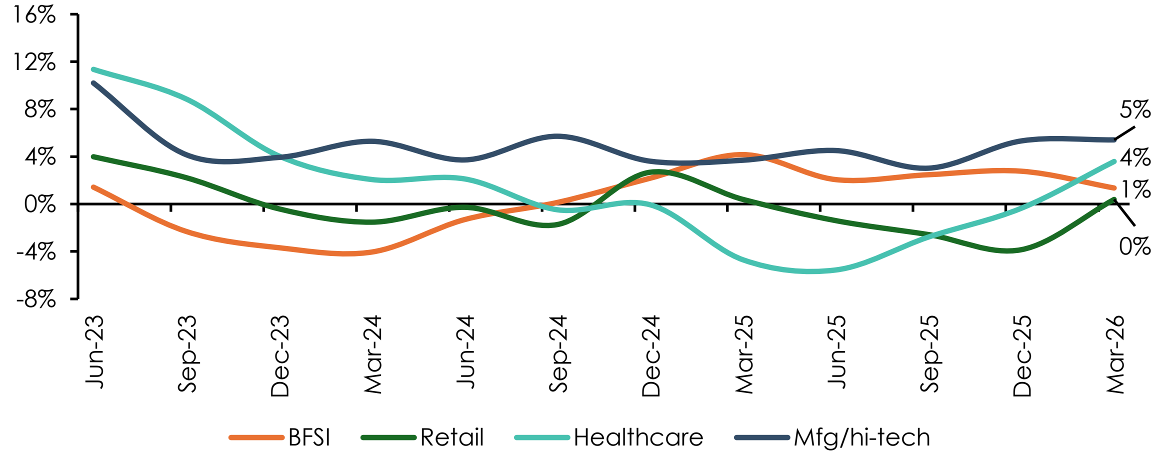
Top 5 IT Companies Rev As % Software Exports



Geographical Growth CC QoQ – Developed markets remains weak



Vertical Growth CC QoQ



Tier-1 consists of TCS, Infosys, Wipro and HCLT and Tier-2 comprises LTM, Mphasis, Persistent, Coforge and Hexaware

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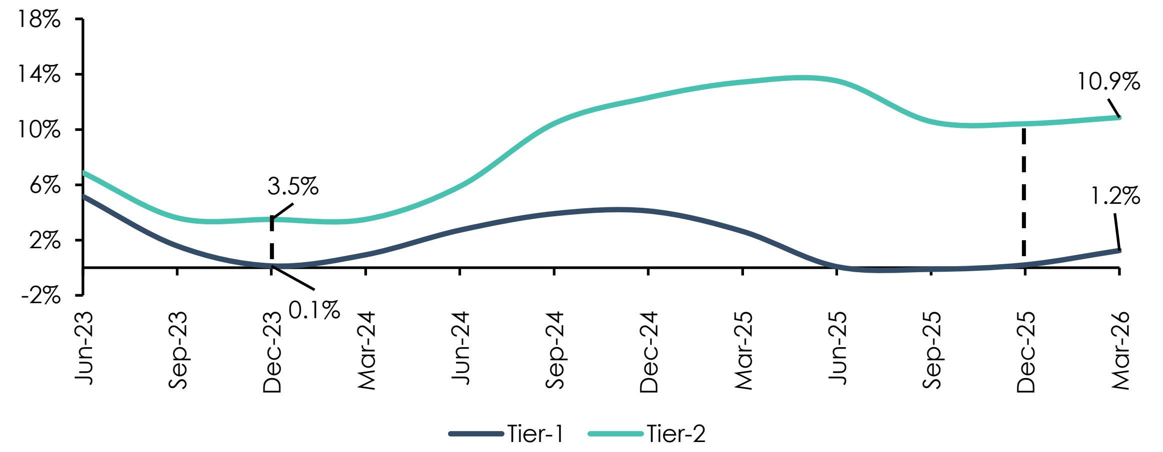
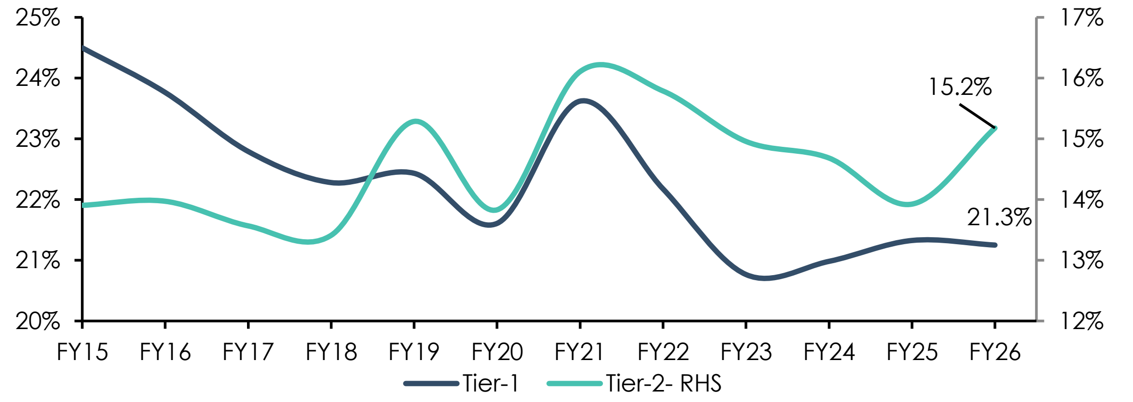
IT Services: Cost of growth visible in cash conversion which have progressively fallen

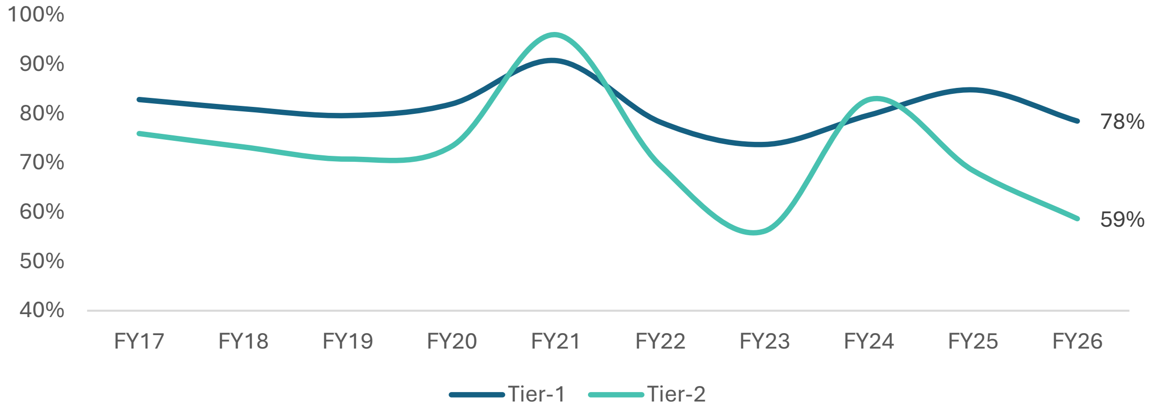
Tier 1 and Tier 2 Companies Revenue CC Growth



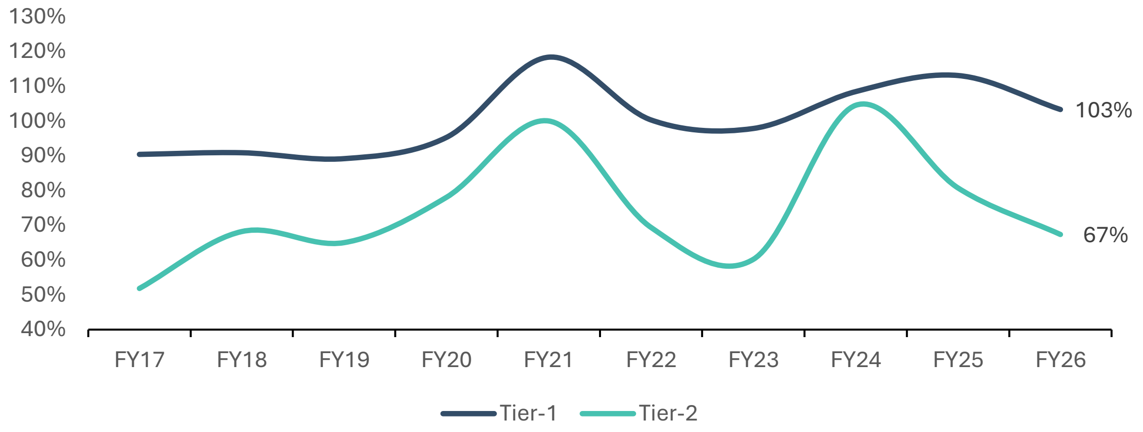
Tier 1 and Tier 2 Companies Earning Margins



CFO / EBITDA



FCF / PAT



Tier-1 consists of TCS, Infosys, Wipro and HCLT and Tier-2 comprises LTM, Mphasis, Persistent, Coforge and Hexaware

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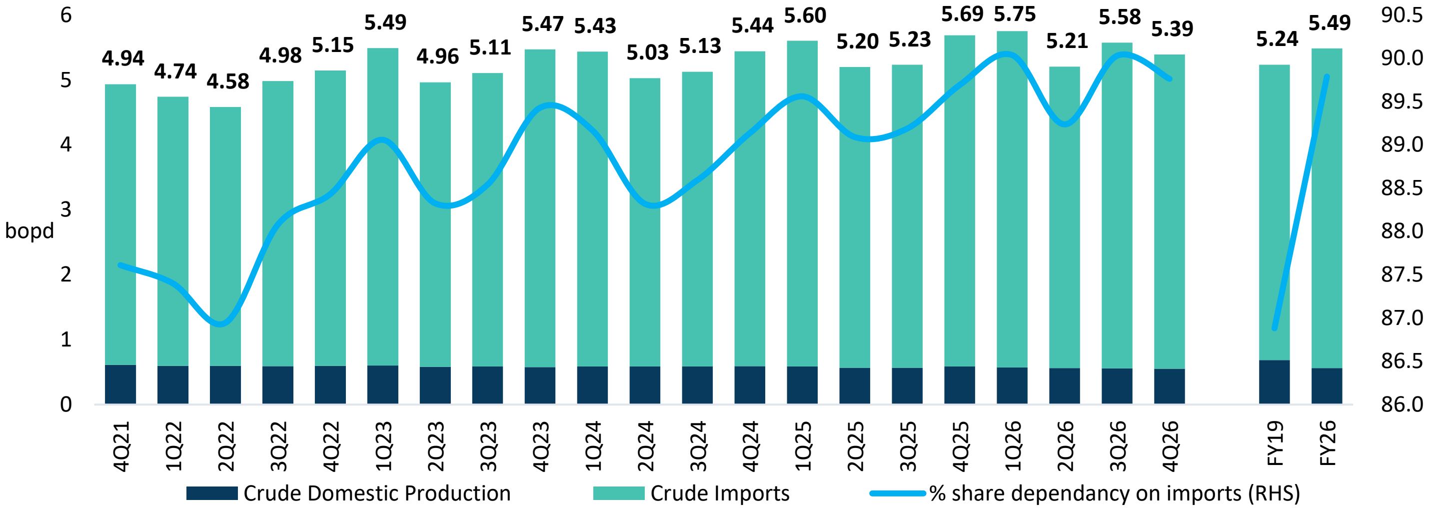
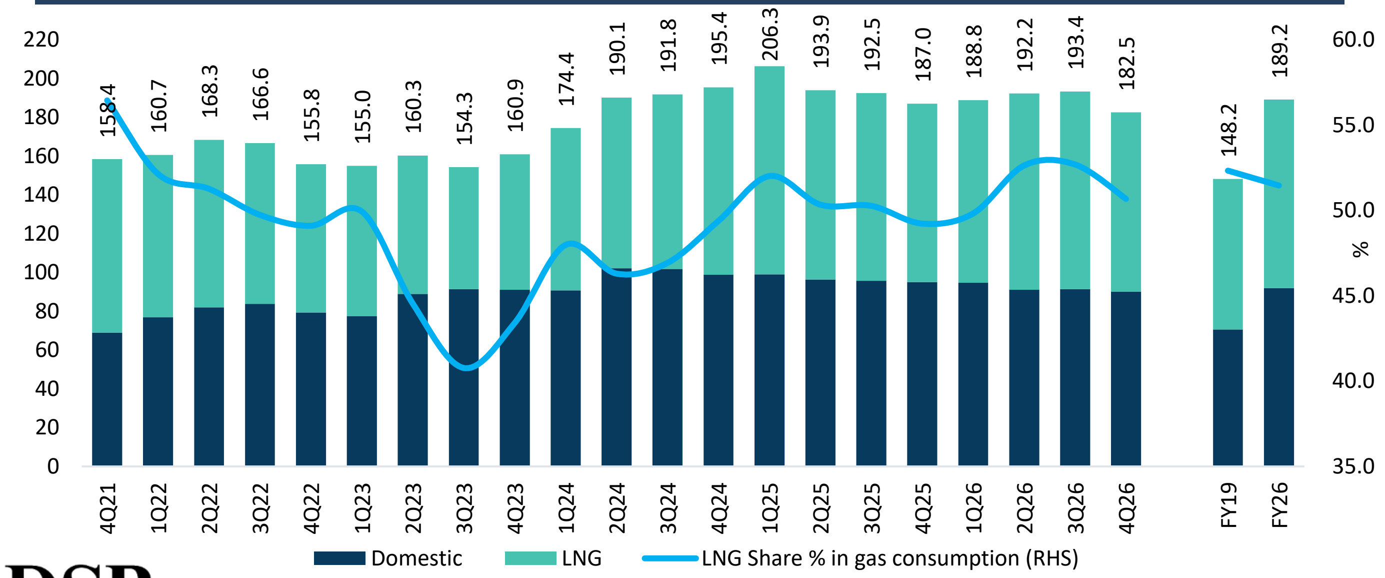
Energy : Middle East conflict disrupts oil and gas supplies in Q4FY26

Crude import dependence remains high, driven by robust demand and stagnant domestic production. While Middle East supply disruptions have prompted greater reliance on Russian crude, refiners have successfully diversified sourcing and ensured uninterrupted crude availability.

Oil consumption trends (mb/d)



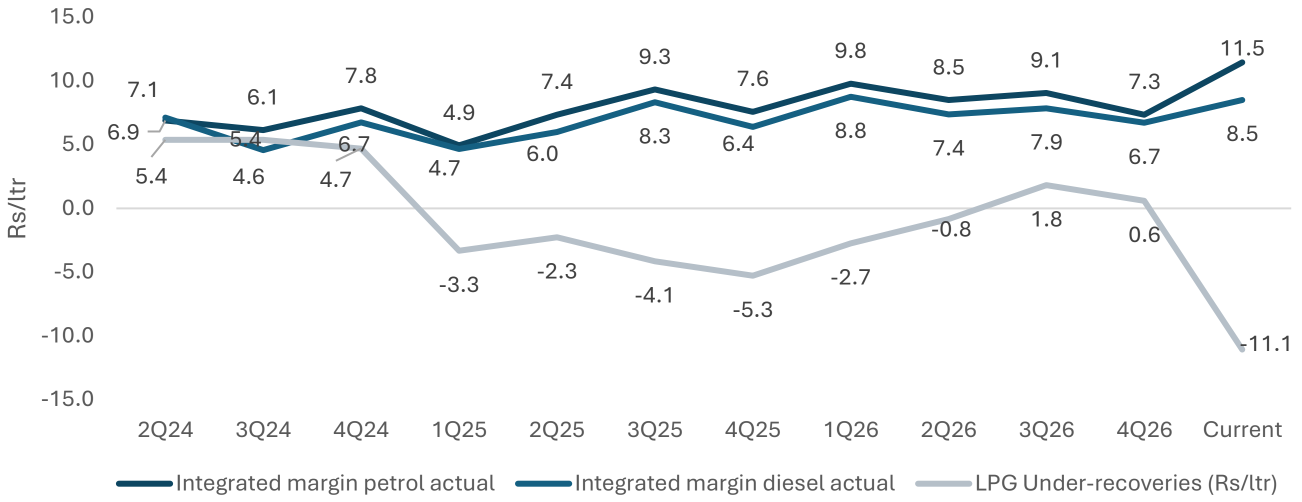
Gas consumption trends (in mmscm/d)



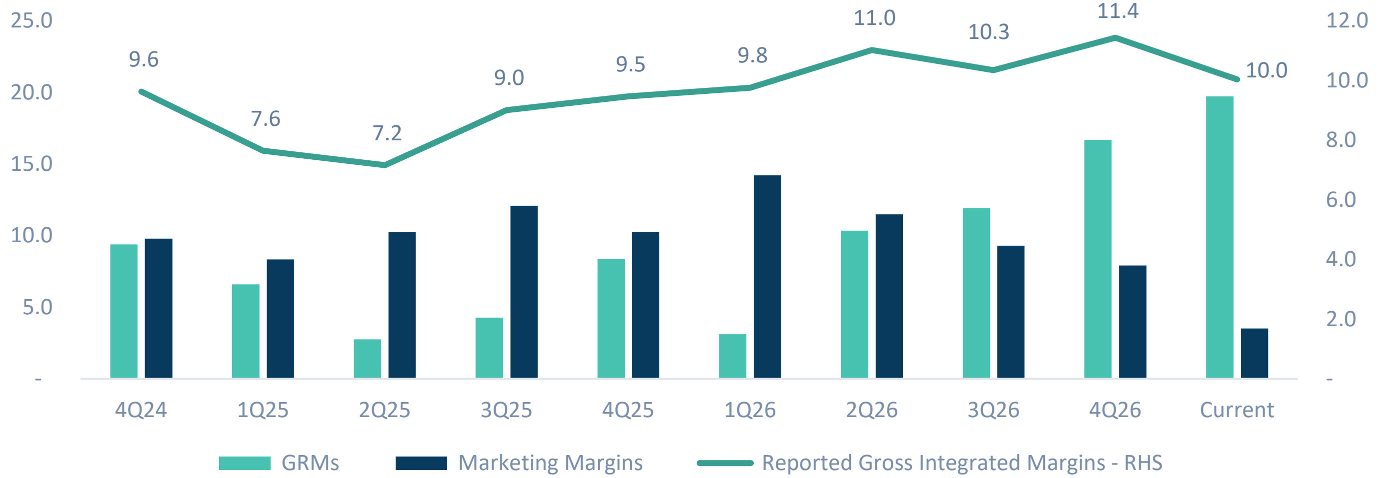
Following a subdued H1FY26, gas consumption recovered during Jan/Feb-26. However, supply disruptions, force majeure, and supply rationalization in Mar-26 amid the ME conflict led to moderation in Q4FY26 consumption. Despite these, gas consumption has grown at a steady 3.6% CAGR over FY19 to FY26.

Energy : Higher brent supports upstream realization, but weighs on OMC's marketing margins

- Marketing margins declined significantly due to rising crude oil prices and the freeze on retail fuel prices. The impact was partly offset by excise duty reductions and a cumulative increase of ~Rs7.5/litre in petrol and diesel prices. Further, with Brent crude prices moderating to ~USD83/bbl, marketing under-recoveries have reduced sharply, while refining margins are higher resulting in higher current integrated margins.
- LPG under-recoveries have also increased sharply, driven by higher propane prices and procurement at elevated spot premiums.



Integrated marketing margins (US$/bbl)

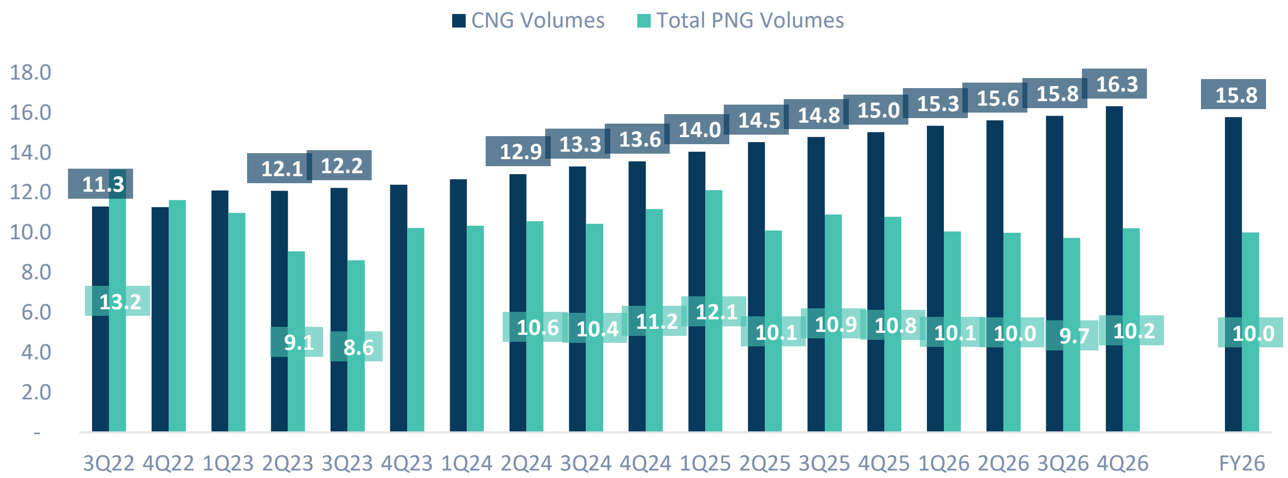


Benchmark refining margins witnessed a sharp uptick amid supply disruptions. However, physical market tightness, elevated freight and insurance costs resulted in weaker actual refining margins relative to benchmark levels. In addition, the government reintroduced the SAED (windfall levy) to moderate refining gains and keep margins closer to normalized levels

DSP MUTUAL FUND

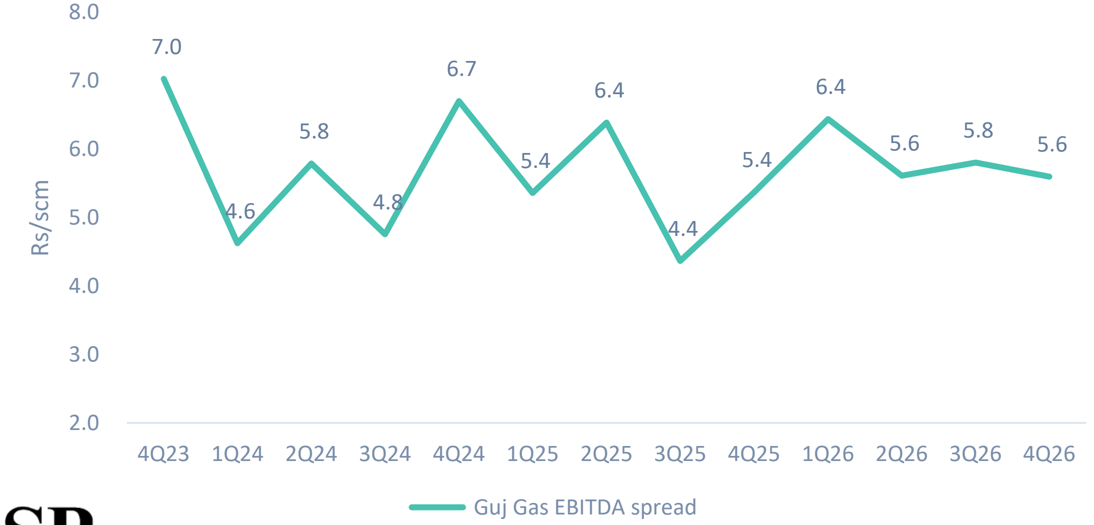
Gas Utility: CNG growth steady, margin guidance upheld despite elevated cost

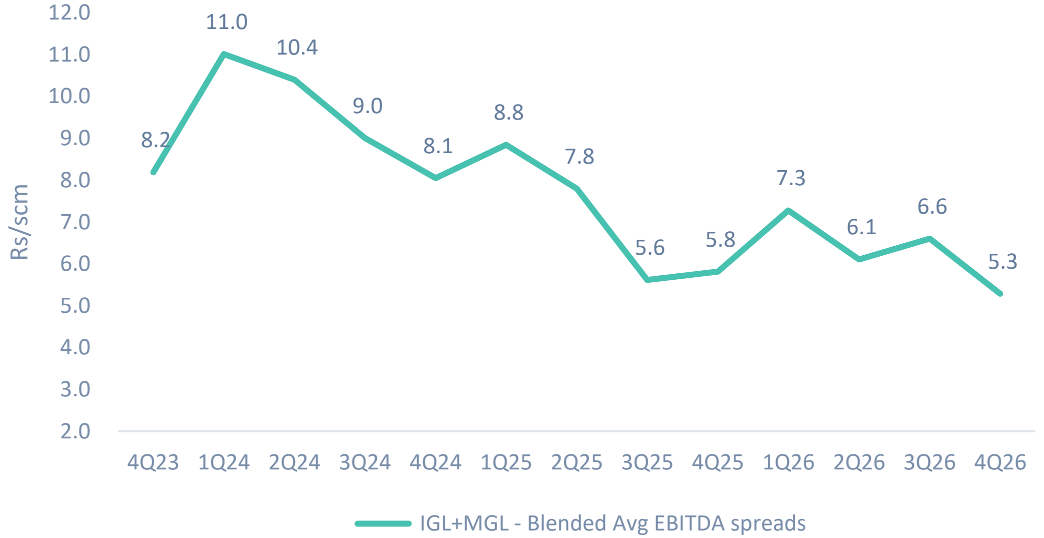
Volumes: CNG volumes saw healthy growth; lower industrial volumes weighed on PNG



CGD players reported steady growth in CNG volumes. However, I/CPNG volumes were impacted by force majeure, supply rationalization, and weaker demand from Morbi. However, Morbi volumes have rebounded sharply following disruptions in propane supplies. Margins moderated amid elevated gas costs, with a more pronounced impact expected in Q1. Though, major CGD players have maintained their LT margin guidance, supported by calibrated price hikes and ongoing pricing actions.

Group synergies support GGL margins; IGL/MGL margins decline on higher gas cost and declining APM/NWG allocation





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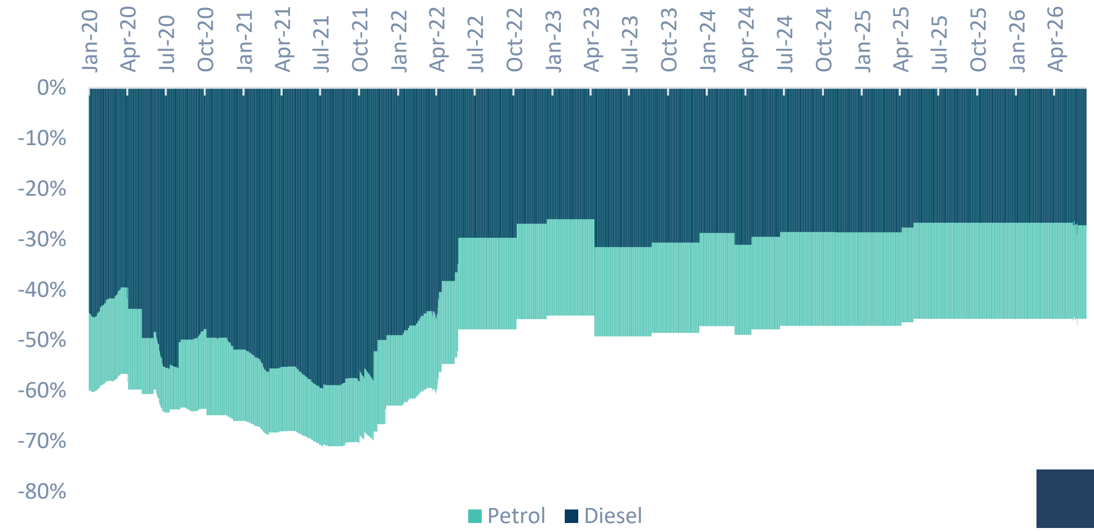
Gas Utility: Natural gas prices spiked significantly amid supply disruptions

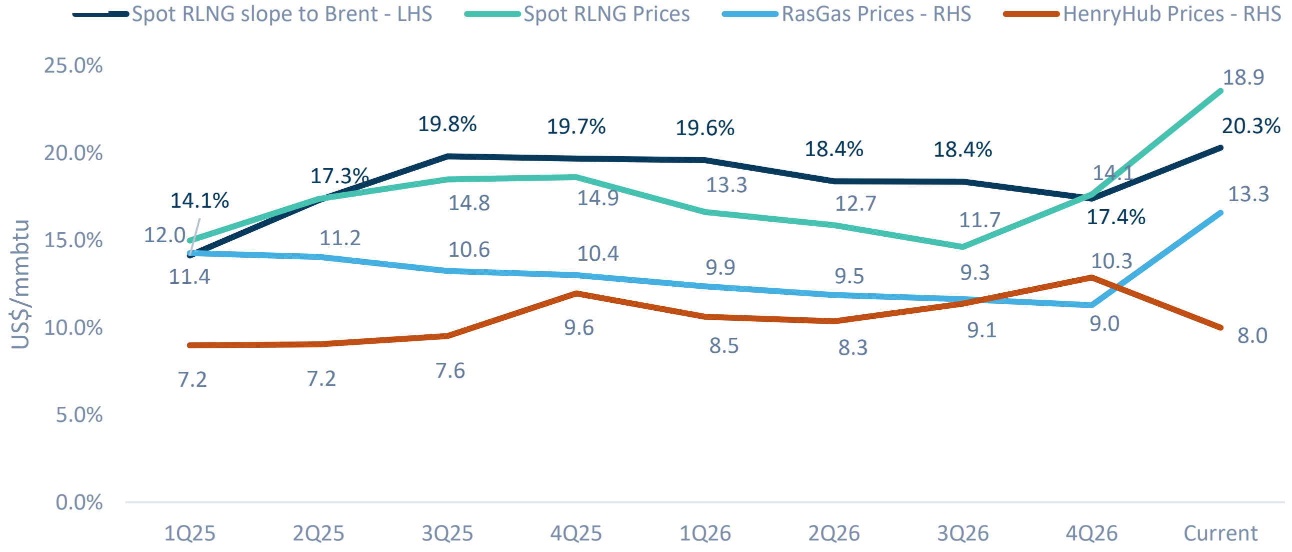
Volumes: Delhi CNG differentials steady



CGDs have largely maintained the price differential between CNG and competing fuels such as petrol and diesel through calibrated price hikes to offset elevated gas costs, broadly in line with increases in retail fuel prices. Despite the recent price increases, CNG continues to offer favourable economics vs liquid fuels, supporting healthy volume growth. The existing price advantage also provides some headroom for further price hikes, if required, to protect margins.

Spot LNG prices spiked following the onset of the Middle East conflict, with current prices at ~US$18.9/mmbtu. However, as geopolitical tensions ease and supply disruptions abate, LNG prices are expected to moderate going forward.

LNG prices rose sharply amid the Middle East crisis.



NBFC: AUM growth remains healthy except affordable HFCs

Growth continues to remain strong, led by gold loan NBFCs – largely on the back of gold price movement. MFI growth has turned around and is on an improving path.

Asset under management growth (%)

AUM growth YoY (%)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26
Gold loan NBFCs	23.6%	27.6%	31.8%	35.5%	35.0%	39.4%	47.6%	54.4%
MSME NBFCs	37.4%	36.4%	32.1%	27.2%	22.2%	18.4%	19.6%	22.5%
Consumer NBFCs	26.8%	25.9%	23.3%	22.6%	22.2%	22.3%	22.4%	22.9%
Auto NBFCs	25.2%	23.7%	22.4%	20.1%	18.4%	16.7%	15.8%	16.3%
Affordable HFCs	22.2%	21.7%	21.4%	20.6%	20.3%	19.3%	18.7%	18.6%
Prime HFCs	9.6%	10.5%	11.0%	11.7%	11.6%	10.5%	10.2%	9.9%
MFIs	24.4%	11.7%	-0.3%	-16.8%	-22.9%	-21.6%	-15.7%	-0.8%

Spreads (%)

Spreads (%)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26
Gold loan NBFCs	8.6%	8.6%	8.6%	8.3%	8.7%	9.0%	9.0%	9.2%
MSME NBFCs	8.5%	8.9%	9.0%	9.1%	8.9%	9.2%	9.4%	9.2%
Consumer NBFCs	7.7%	7.6%	7.6%	7.5%	7.4%	7.6%	7.7%	7.7%
Auto NBFCs	5.7%	5.6%	5.5%	5.3%	5.3%	5.5%	5.9%	5.9%
Affordable HFCs	4.7%	4.6%	4.7%	4.6%	4.7%	4.7%	5.0%	5.2%
Prime HFCs	1.7%	1.6%	1.6%	1.8%	1.7%	1.7%	1.8%	1.9%
MFIs	10.5%	10.0%	7.9%	8.6%	9.1%	9.7%	10.3%	10.1%

In terms of spreads, performance has been healthy - stable or improving steadily. This has been largely on account of CoF moderation, even though yields have remained stable or declined in some cases.

Based on set of representative of 2 Gold Loan NBFC's, 3 MSME NBFC's, 4 Consumer NBFC's, 4 Auto NBFC's, 6 Affordable HFC's, 4 Prime HFC's , 3 MFI NBFC's

NBFCs: Asset quality remains healthy

Gross Stage-3 assets are reducing for majority of the segments. After peaking, MFI stress levels have declined sharply. MSME has been an exception – witnessing higher stress levels.

Stressed Assets as % of AUM

Gross stage 3 (%)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26
Gold loan NBFCs	3.4%	3.8%	3.8%	3.3%	2.7%	2.4%	1.8%	2.2%
MSME NBFCs	1.9%	1.9%	1.9%	2.1%	2.4%	2.4%	2.6%	2.6%
Consumer NBFCs	1.6%	1.9%	1.9%	1.8%	1.8%	1.9%	1.9%	1.6%
Auto NBFCs	4.1%	4.2%	4.3%	3.8%	3.9%	4.0%	4.0%	3.8%
Affordable HFCs	1.9%	1.8%	1.8%	1.6%	1.8%	1.8%	1.8%	1.5%
Prime HFCs	2.3%	2.1%	1.9%	1.7%	1.8%	1.7%	1.7%	1.5%
MFIs	2.6%	4.6%	6.1%	5.5%	4.9%	4.0%	4.1%	3.2%

ROE (%)

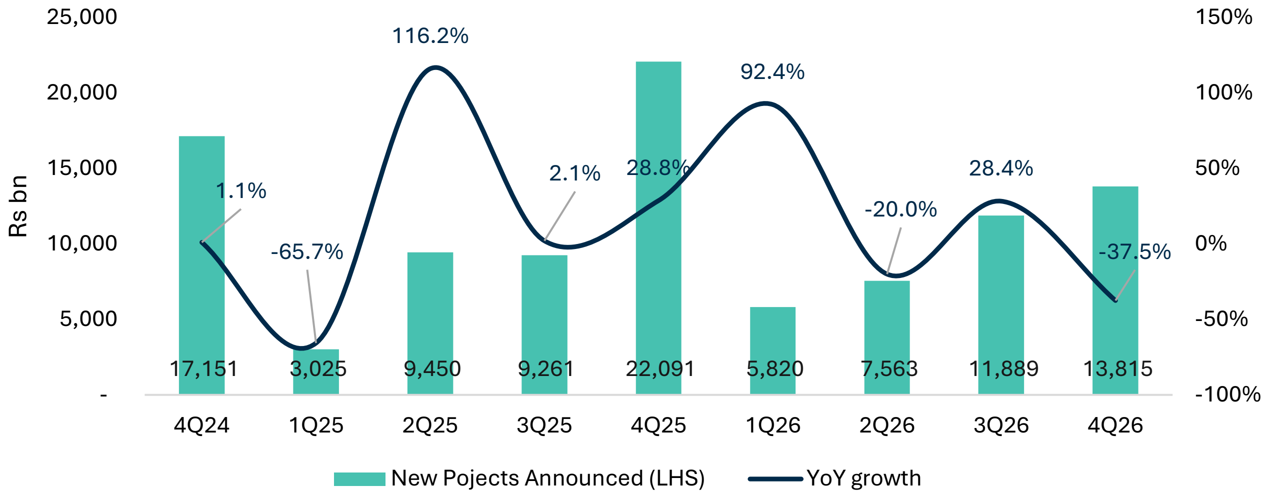
ROE (%)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26
Gold loan NBFCs	17.2%	19.2%	19.3%	19.5%	23.8%	25.3%	26.5%	27.4%
MSME NBFCs	15.4%	15.3%	13.4%	15.1%	14.4%	14.9%	14.6%	14.3%
Consumer NBFCs	16.9%	14.2%	14.9%	15.6%	15.9%	15.5%	16.4%	17.3%
Auto NBFCs	15.1%	14.6%	17.7%	15.7%	13.0%	14.4%	16.0%	16.8%
Affordable HFCs	15.4%	16.0%	15.8%	16.3%	15.2%	15.5%	15.6%	16.5%
Prime HFCs	14.9%	14.6%	14.4%	14.4%	13.6%	14.0%	13.4%	14.5%
MFIs	12.6%	-10.1%	-40.6%	-19.2%	-14.0%	-5.2%	5.9%	15.1%

RoEs remain healthy across the board with MFI improving sharply over the last 5 quarters. Gold loan NBFC RoEs can be attributed to strong growth and recoveries, while MFI can be attributed to declining credit costs.

Based on set of representative of 2 Gold Loan NBFC's, 3 MSME NBFC's, 4 Consumer NBFC's, 4 Auto NBFC's, 6 Affordable HFC's, 4 Prime HFC's , 3 MFI NBFC's

Industrials: New project announcements witness a decline

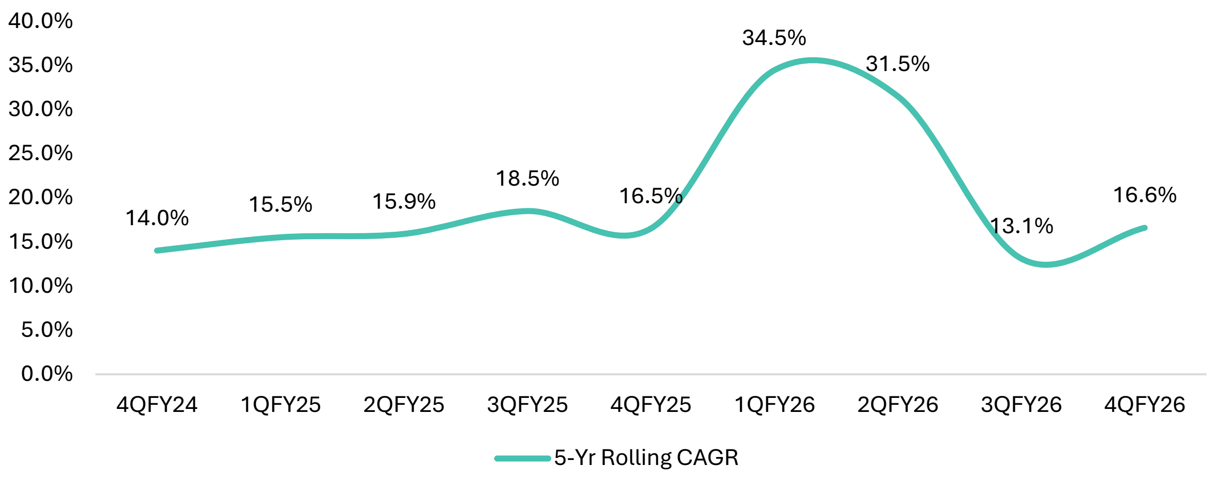
New project announcement slowing down



There was a decline in new investments announced in 4QFY26 to Rs 13.8 trn (-37.5% YoY) of the Rs 13.8 trn in proposed new capacities announced during the quarter, manufacturing comprised of Rs 1.6 trn, the service segment stands at Rs 10.1 trn. Within manufacturing, the metals sector received the highest value of investment proposals at Rs 552 bn followed by machinery which stood at Rs 288 bn

Ordering momentum remained muted with an increase of 3.8% YoY during the quarter as the ongoing west asia conflict deferred customer ordering decisions and elongated award timelines

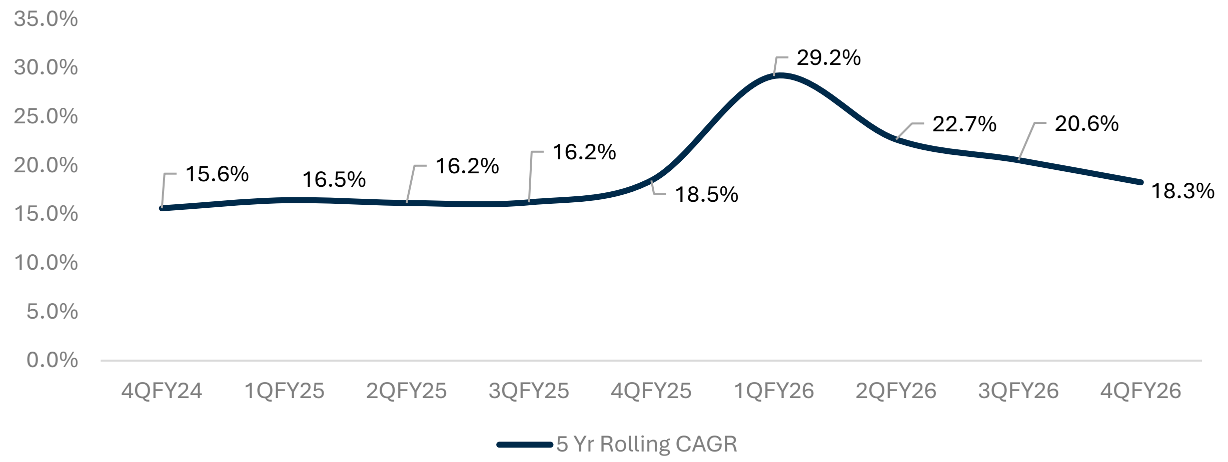
Order inflow growth



Source : CMIE

Industrials: Execution remains stable, margins decline and stays below average

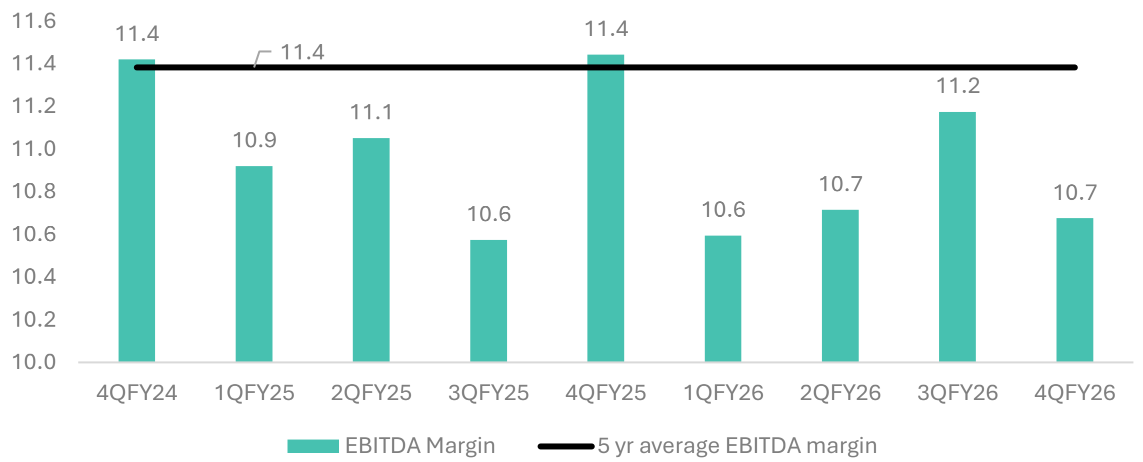
Revenue growth trajectory



Revenue (ex-BHEL) for 4Q26 grew by 10.7% YoY to ~Rs 1.2 trn on the back of healthy growth in Siemens Energy, Triveni turbines and APAR. EPC companies were most impacted by the middle east conflict with L&T/KEC/Kalpataru losing Rs 50/4/1.9bn in 4Q.

Margins (ex-BHEL) during 4Q26 contracted by 77 bps YoY to 10.7% which is below 5-Yr average margins of 11.4% despite good execution as most companies were unable to fully pass through commodity inflation and currency-related cost pressures to customers during the quarter

EBITDA Margins



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SUMMING UP

Key Highlights

- Revenue growth has moderated to single digits and operating margins are still holding up
- ROE profile remains healthy with only industrials and healthcare bucking the trend
- Corporate balance sheet continue to deleverage
- Sharp acceleration in capex across sectors results in lower FCF generation
- Mid caps operating performance stands out, where large caps remain a laggard

Key Sectoral Trends

- Auto growth remains healthy driven by GST boost, margins headwinds may be transitory
- Auto Ancs are diversifying away from Auto sector to Defence and Aero possibly reducing the cyclicality
- Gap in PSU and Private banks is narrowing whereas the valuation re-rating is significant
- Cement industry is not yet witnessing benefits of industry consolidation
- Within Pharma IPM growth is inflecting whereas one off benefits such as Revlimid is fading

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