

ABB



StaG

AIF CAT III



PORTFOLIO RESULTS Q2 FY26



NOVEMBER 2025



In this Deck



Introduction

Overview, Sectoral Performance & Performance vs Expectations



Portfolio Snapshot

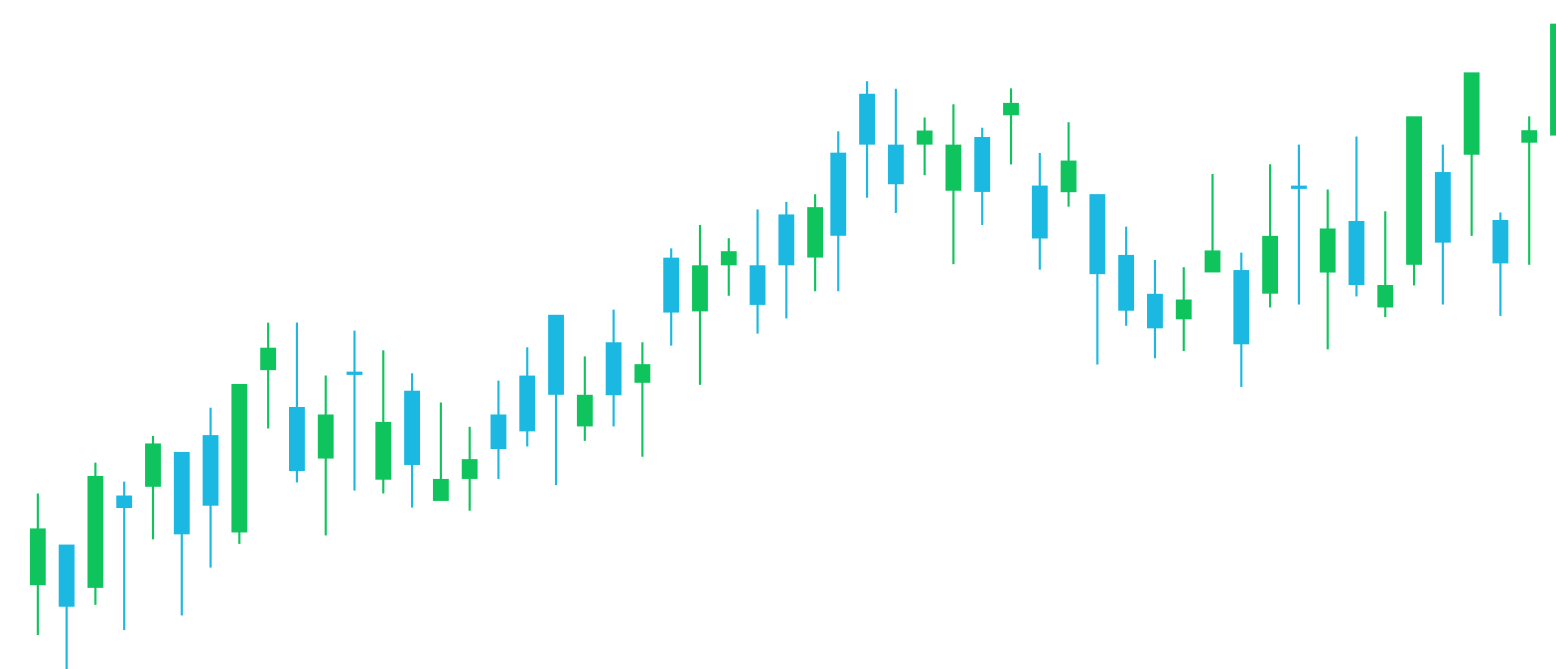
Results & Reflections



Portfolio Positioning

StaG Themes Post Q2 FY26

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Overview

Q2 FY26 delivered a visibly stronger performance compared to the last two quarters.

Earnings growth stayed within high single to low double digits, but the underlying quality of results improved meaningfully. Margin expansion, healthier demand trends, and sharper cost discipline across sectors led to a more resilient and balanced outcome.

Management commentaries across companies were broadly upbeat, citing:

- Stabilizing input costs
- Gradual improvement in volumes
- Early signs of demand recovery

Given these tailwinds, we expect this momentum to carry forward into Q3, with earnings likely to accelerate and overall performance to strengthen further.

Sector Highlights



IT

Growth momentum remained subdued, and management commentary stayed cautious. Profitability improved mainly due to rupee depreciation. Mid-caps outperformed large-caps, supported by their lower margin base.



Banking

Asset quality pressures persisted, but overall performance is gradually improving. NIMs strengthened and credit growth has begun to rebound. Q3 and Q4 are expected to drive further momentum with clearer earnings visibility.



Auto/Auto Ancillaries

Volumes were soft due to GST-related disruption. With the festive season and GST rate cuts now supporting demand, a recovery is expected from Q3. Growth remains gradual and will be led more by mix improvements and margin support than broad-based volume acceleration.



FMCG/Consumers

No category reported standout growth immediately post GST rationalisation. Management commentary suggests volumes should improve from Q3 as the GST impact normalizes and lower inflation supports demand.



Telecom

The sector delivered healthy revenue and earnings growth, aided by steady ARPU improvement. This trend is expected to continue with fundamentals remaining strong.

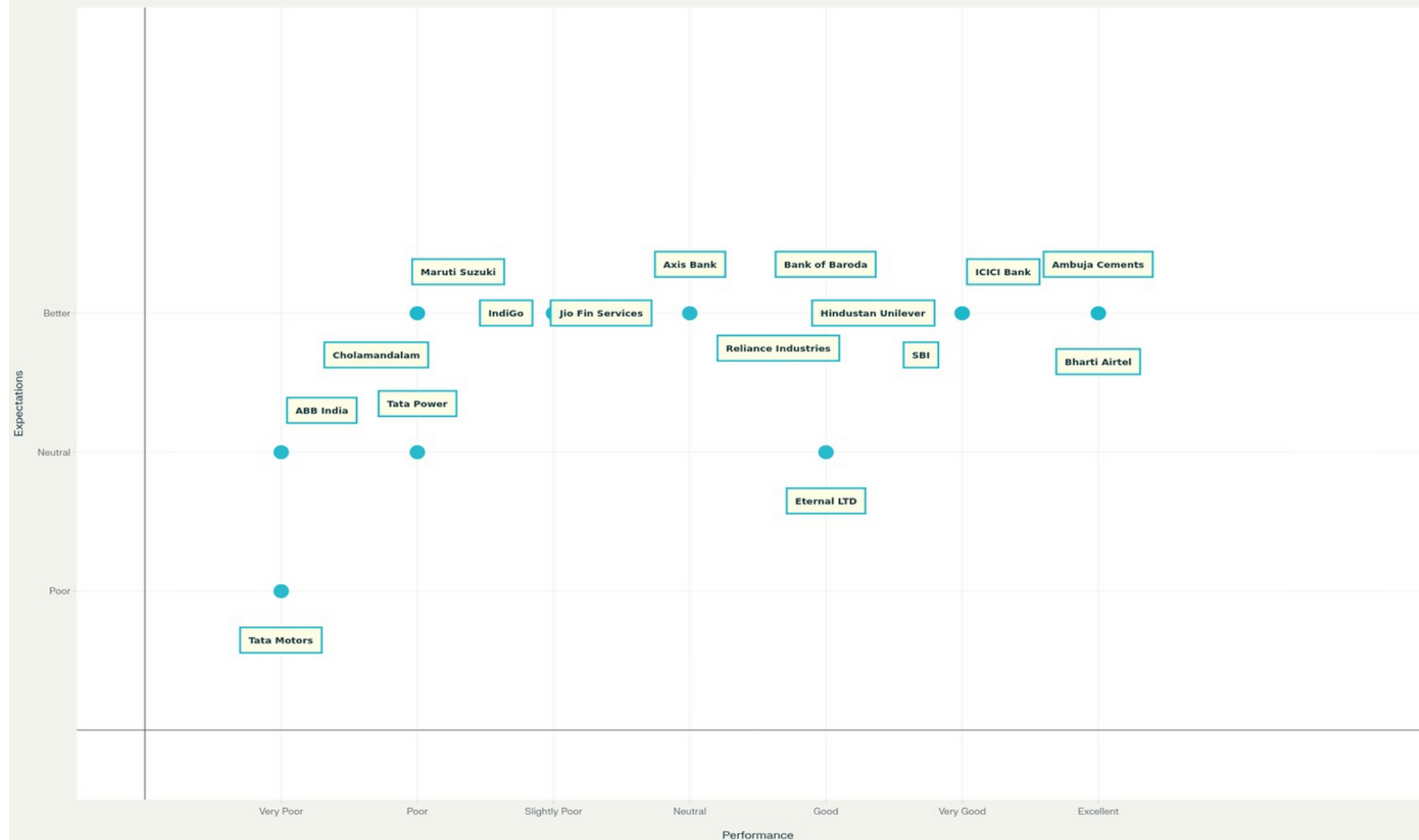


Cement/Infra/Power

Strong volume growth, solid execution, and robust order books defined the quarter. The outlook for Q3 and Q4 remains positive, supported by sustained order inflows and continued capex momentum as construction activity picks up.

Portfolio Earnings Review

Stock Performance vs Expectations



Overall, the portfolio delivered a resilient Q2 performance, with most holdings meeting or exceeding expectations. Strength came from Ambuja Cements, ICICI Bank, Axis Bank, Bank of Baroda, and Bharti Airtel, all of which reported solid numbers and constructive outlooks. A few names like Tata Motors and Eternal saw softer quarters, largely due to one-off or sector-specific factors rather than structural weakness.

The distribution of results reinforces our core thesis: earnings leadership continues to emerge from financials, cement, telecom, and select consumer names, while temporary volatility in a few positions does not alter the long-term fundamentals. The portfolio remains well positioned for stronger earnings momentum in Q3 and Q4.

Portfolio Snapshot

Results & Reflections

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ABB

Name	CMP	Mcap (₹ Cr.)
ABB	INR 5,178.00	1,09,726.16

Near-term Soft Patch, Strong Structural Story Intact

Temporary execution setbacks, but the multi-year demand cycle remains firmly in place.



Financial Performance	- Revenue rose to ~₹3,311 crore, up 13.7 percent YoY. EBITDA came in at ~₹500 crore, growing 4.6 percent YoY, while net profit declined 7.1 percent YoY to ~₹409 crore. - EBITDA margin contracted 350 bps to 15.23 percent, reflecting delays in finalising large orders and higher raw material costs.
Order Inflow & Margins	- Order intake fell 3 percent YoY to ₹3,233 crore due to postponement of large projects. - Margins have slipped from ~19 percent to ~15 percent over the past few quarters as quality-compliance issues (QCO) disrupted local sourcing, forcing higher-cost imports and affecting operating leverage.
Robotics Division	- The Robotics business will be separated post Board approval. While a listing is unlikely, the segment will be sold to SoftBank Group. - Valuation details and the mechanism for shareholder compensation remain pending, creating some near-term uncertainty.

OUR VIEW

Despite the recent correction, our long-term stance remains unchanged. ABB continues to be a structural play on India’s capex cycle, electrification, automation, and industrial demand. As execution normalises and raw material issues ease, we expect earnings quality to strengthen and the stock to re-rate over the medium term.

GROWTH OUTLOOK

Supply chain constraints for key materials continue to restrict management’s ability to take larger orders and scale efficiencies. We see this as temporary. Once sourcing stabilises, confidence in execution should improve, supported by a robust order backlog of ~₹9,900 crore and favourable macro tailwinds.

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Ambuja Cements

Name	CMP	Mcap (₹ Cr.)
Ambuja Cements	INR 549.40	1,35,801.98

Strong Quarter and Strategic Momentum

A standout performer gaining scale, efficiency, and market leadership



Volume and Market Share	- Volumes rose 20 percent YoY to 16.6 MnT, significantly outperforming industry growth of 4 percent. - Market share increased to 16.6 percent, supported by aggressive capacity rollout. - Capacity expansion through debottlenecking adds 15 MnT at a lean CapEx of 48 USD per tonne, with a roadmap to reach 155 MnT by FY28.
EBITDA and Cost Efficiency	- EBITDA rose 32 percent YoY, reaching 1,060 INR/ton, with an internal target of 1,500 INR/ton by FY28. - Cost reductions continue to be the biggest driver, with total cost per ton down 238 INR YoY to 4,200 INR. - Management expects cost/ton to reduce to 4,000 INR by March 2026, with a further 350–400 INR/ton reduction by FY28.
Acquisitions and Integration	- Integration of Penna and Sanghi assets is underway. - These capacities currently operate at lower EBITDA, but Sanghi is expected to turn strongly positive from Q3 FY26. - Consolidation is expected to materially improve blended profitability over the next 6–8 quarters.
Capacity Expansion Pipeline	- Key brownfield and greenfield locations scheduled for commissioning by end-FY26 include: Marwar, Muldwarka, Penna Marwar, Kalamboli, Bhatinda, Jodhpur, and Warisaliganj. - This ensures predictable supply growth and continued market share gains.
Management Commentary	- Confident of double-digit growth driven by strong brand pull and aggressive expansion. - Ambuja aims to maintain the balance between premium cement and mass-market volume growth. - FY26 CapEx estimated at 8,000 crore INR, with focus on premiumization and long-term cost leadership.

OUR VIEW

Ambuja remains one of our highest-conviction ideas. Supported by GST rate cuts, government infrastructure spending, housing cycle recovery, and sector consolidation, Ambuja is positioned to lead India’s multi-year cement upcycle. We expect superior growth, improved margins, and long-term re-rating potential as the business executes its expansion roadmap efficiently.

GROWTH OUTLOOK

Ambuja is entering a period of accelerated scale with improving cost structures, stronger procurement efficiencies, and margin accretion. As newly integrated assets and planned expansions ramp up, profitability and market share are poised to strengthen further.

Axis Bank

Name	CMP	Mcap (₹ Cr.)
Axis Bank	INR 1,282.80	3,98,140.05

Back on Track with One-Off Noise

Core strength improving as one-time provisions distort the true picture



Business Growth	- Strong operating quarter with advances up 5 percent QoQ and deposits up 4 percent, outperforming major peers. - Comparatively, HDFC Bank saw advances up 1.9 percent, Kotak at 4 percent, and deposit growth of 2 percent and 3.7 percent, respectively. - Growth momentum is broad-based, reflecting healthier demand and improved operating discipline.
NIM Compression	- NIM declined 7 bps QoQ to 3.73 percent, in line with expectations. - Management expects NIMs to bottom out in Q3, with gradual improvement thereafter. - Full-year NIM guidance remains healthy at 3.8 percent, driven by better asset mix and easing funding pressure.
One-Time Provisions	- RBI's FY25 inspection resulted in a one-time provision of ₹1,231 crore for two discontinued crop loans, reclassified from PSL to non-PSL. - Retail asset quality remains stable, underscoring that this provision is non-recurring and not reflective of underlying risk.
Retail Slippages & Asset Quality	- Net retail slippages declined sharply to ₹2,511 crore, from ₹4,152 crore last quarter. - Net credit cost fell to 0.73 percent, improving by 65 bps QoQ. - Asset quality trends indicate a sustained improvement cycle.
Management Commentary	- Management remains confident about business recovery, expecting further easing of slippages and stronger credit growth. - Highlighted the next 1-2 quarters as sentiment-defining, especially as the impact of the one-time provision fades.
Franchise Strength & Segment Trends	- Axis remains bullish on credit cards, now crossing 15 million cards in force. - Retail loans account for 57 percent, corporate at 31 percent, and SME at 12 percent. - Corporate and SME books grew 20 percent and 19 percent, respectively, reinforcing broad-based recovery.

OUR VIEW

Axis Bank remains in a healthy recovery phase. While the last year delivered only 4 percent returns versus 15.8 percent for HDFC Bank and 13-14 percent for ICICI and Kotak, the last three months show Axis outperforming peers with 2.6 percent. With major one-offs now behind, improving retail asset quality, and strong franchise strength, we expect value unlocking in the coming quarters as growth visibility improves and sentiment normalises.

GROWTH OUTLOOK

Axis enters FY26 H2 with a cleaner book, stronger deposit momentum, and improving credit quality. With NIMs set to stabilise and slippages easing, growth visibility improves and the bank enters a stronger operating cycle relative to peers.

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Bank of Baroda

Name	CMP	Mcap (₹ Cr.)
Bank of Baroda	INR 290.00	1,49,969.50

Operational Strength with Soft Profit Delivery

Strong core growth and asset quality, but earnings held back by weaker non-interest income



Business Growth	- Advances grew 11.9 percent YoY to ₹12.78 trillion, led by robust 17.6 percent retail loan growth. - Agriculture and MSME portfolios also expanded in double digits. - Deposits increased 9.3 percent YoY to ₹15 trillion, reflecting solid franchise momentum.
NII and NIM	- Net Interest Income rose 2.7 percent YoY to ₹11,954 crore. - NIM improved marginally to 2.96 percent, supported by healthy loan growth. - Margin pressure persists but is offset by strong disbursement momentum.
Asset Quality	- GNPA improved to 2.16 percent and NNPA reduced to 0.57 percent. - Credit cost remained low at 0.29 percent, reflecting stronger recoveries and upgrades. - Bank also created ₹400 crore in floating provisions ahead of the ECL framework, demonstrating conservative risk management.
Slippages	- Fresh slippages of ₹2,669 crore, offset by strong recoveries. - Management maintains guidance of 1 to 1.25 percent slippage ratio and sub 0.75 percent credit cost for FY26.
Management Commentary	- Management described Q2 as a strong operating quarter, driven by growth across retail, agriculture, and MSME segments. - Focus remains on improving the granular retail mix while maintaining asset quality discipline.

OUR VIEW

Bank of Baroda continues to deliver strong operating performance supported by loan growth and asset quality improvements. While earnings were softer this quarter, the medium-term outlook remains stable with improving fundamentals and room for re-rating once profitability normalises.

GROWTH OUTLOOK

BoB’s growth engine remains well balanced, with broad-based loan expansion, stable margins, and improving credit quality. However, near-term profitability may remain muted due to lower non-interest income and cost pressures.

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Bharti Airtel

Name	CMP	Mcap (₹ Cr.)
Bharti Airtel	INR 2,100.00	11,97,442.12

Another Quarter of Strong, Broad-Based Growth

Premiumisation, profitability, and digital scale continue to drive leadership



Financial Performance	- Revenue grew 25.7 percent YoY and 5.4 percent QoQ to ₹52,145 crore, supported by strong India and Africa performance. - EBITDA rose 35.9 percent YoY to ₹29,919 crore, with an industry-leading 57.4 percent margin. - Net profit surged 74 percent YoY to ₹6,792 crore. - Net debt-to-EBITDA improved to 1.63x, reflecting continued deleveraging and disciplined capital allocation.
India Business	- India revenue increased 22.6 percent YoY to ₹38,690 crore. - Mobile revenue rose 13.2 percent YoY; ARPU improved to ₹256, supported by premium customer additions. - Over 5.1 million smartphone users were added in the quarter. - Homes business delivered 30.2 percent YoY growth with 951,000 net additions. - Airtel Business grew 4.3 percent QoQ, driven by enterprise digital solutions.
Africa Operations	- Africa revenue grew 24.2 percent YoY (constant currency). - EBITDA margin stood at a strong 48.8 percent, supported by data and voice usage growth. - Continued operational execution is driving improved profitability despite macro headwinds in parts of the region.
Operational Metrics	- Total customer base stands at ~624 million; smartphone penetration at 78 percent. - Data consumption rose 26.6 percent YoY to 28.3 GB per user per month. - Network expansion included 2,479 new towers and 20,841 broadband sites, enhancing service quality and reach.
Management Commentary	- MD Gopal Vittal described it as “another solid quarter,” highlighting consistent growth across all business segments. - The company continues to focus on premiumisation, digital scale, and capital discipline to drive long-term value creation.

OUR VIEW

Airtel remains one of the strongest compounders in Indian telecom. With improving balance sheet strength, rising ARPU, and superior execution, we see continued operating leverage and room for robust EPS compounding. Despite competitive intensity and elevated capex, the risk-reward remains compelling, and we expect re-rating potential as profitability accelerates.

GROWTH OUTLOOK

Bharti Airtel’s sustained ARPU improvement, expanding digital ecosystem, and improving unit economics position it well for further margin expansion. As 5G adoption accelerates and broadband penetration deepens, the company enters a long runway of steady, profitable growth.

Cholamandalam Finance

Name	CMP	Mcap (₹ Cr.)
Chola Finance	INR 1,736.10	1,46,464.60

Stable Quarter with Calibrated Growth
Prioritising quality today for stronger compounding tomorrow



Business Growth	- Overall growth moderated to ~21 percent, down from the historical 25–30 percent run rate. - The slowdown reflects softer market conditions and higher delinquencies, prompting a more prudent growth stance. - Despite this moderation, the franchise continues to expand on a broad-based and diversified base.
NIM Performance	- NIM remains strong at ~7.9 percent, near the upper end of its historical 6.5–8 percent range. - Management expects a further 10–15 bps expansion in the coming quarters, supporting improving PAT margins. - Remarkably, NIM strength has been achieved despite rising interest rates. - As the mix shifts toward higher-yield businesses, risk may rise, but Chola’s deep risk-management expertise offers confidence in stability.
Segmental Trends	- Strong growth across key segments: - LAP: ~33 percent - Home Loans: ~28 percent - SME: ~28 percent - Secured Business & Personal Loans: ~57 percent - Vehicle Finance, the largest book, maintained a steady 17 percent YoY growth. - Consumer and Small Enterprise loans saw a slight 2 percent decline, while the Gold portfolio expanded sharply on a low base, contributing meaningfully to AUM growth.
Asset Quality	- GNPA increased to 4.57 percent and NNPA to 3.07 percent, reflecting elevated pressure earlier in the cycle. - However, Stage 2 (₹512 crore) and Stage 3 (₹2,865 crore) numbers indicate declining net slippages. - Management expects continued improvement, which should ease provisioning requirements and support profitability.
Management Commentary	- AUM growth in H2 FY26 is expected to mirror current trends, likely finishing above 20 percent. - Gold Loan business expected to rebound strongly, driven by improving disbursements in Karnataka. - Vehicle Finance and consumer lending are seeing revived momentum post GST rationalisation. - Commercial Vehicle Finance outlook has been raised to 7–8 percent, in line with the industry.

OUR VIEW
Chola’s moderated growth phase was deliberate, aimed at safeguarding asset quality during a volatile environment. With the balance sheet strong and asset-quality stress now receding, we expect a meaningful recovery in earnings, supported by prudent but steady expansion. The long-term structural story remains intact.

GROWTH OUTLOOK
As the macro stabilises and delinquencies ease, Chola is well-placed to shift back toward a healthier business mix. Margin expansion, improving asset quality, and sectoral tailwinds should gradually restore earnings momentum.

Eternal Ltd

Name	CMP	Mcap (₹ Cr.)
Eternal Ltd	INR 300.50	2,89,993.04

Core Growth Continues

Scaling with discipline; executing with conviction



NOV Reporting Transition	- Eternal (Zomato) shifted from Gross Order Value (GOV) to Net Order Value (NOV) as its primary reporting metric. - NOV = GOV minus all platform-, brand-, and restaurant-funded discounts. - This move enhances transparency and highlights true value creation, margin quality, and sustainable unit economics rather than vanity metrics.
Segmental Performance	- Food Delivery: - NOV up 14 percent YoY. - Delivered its highest-ever profit margin, at 5.3 percent of NOV. - Blinkit: - Strongest growth in 10 quarters. - NOV up 137 percent YoY, reflecting rapid scale-up and network expansion. - District: - NOV grew 32 percent YoY, showing steady execution. - Hyperpure: - Revenue down 31 percent YoY, impacted by Blinkit’s ongoing business-model transition.
Blinkit: Network Expansion & Business-Model Shift	- Added 272 new dark stores in Q2, the fastest expansion in 10 quarters. - Total store count now 1,816, with additions in the past four quarters: 243, 294, 249, 129. - Store expansion targets: 2,100 stores by Dec 2025 and 3,000 stores by 2027. - Blinkit has moved to an inventory-led model for ~80 percent of NOV, transforming revenue recognition and margin dynamics. - While this transition impacts near-term comparability, it strengthens long-term operating leverage and customer experience.
Core Growth & Operating Leverage	- Growth was driven by expansion into new territories, with stable acquisition costs and shorter payback cycles. - Similar to the food delivery playbook in 2021–22, scale now sets the stage for improving profitability as operating leverage builds. - We believe the inventory-led shift in Blinkit is the next major unlock in the company’s long-term model.

OUR VIEW

We maintain our long-standing conviction that Eternal is a once-in-a-generation company. With accelerating revenue growth, margin expansion, and a strengthened business model, we expect the stock to move toward ₹1,000 over the next few years, supported by sustained operating leverage and improving profitability across verticals.

GROWTH OUTLOOK

Eternal continues to deepen its leadership in food delivery and quick commerce. With unmatched scale, disciplined execution, and faster breakeven across new stores, the company is positioned for strong compounding over the next several years.

Hindustan Unilever

Name	CMP	Mcap (₹ Cr.)
Hindustan Unilever	INR 2,468.00	5,79,879.12

A Mixed Quarter

Strength in Home Care; softness in Foods and Personal Care



Volume and Growth Trends	- Consolidated volumes were flat, with underlying sales growth at 2 percent. - Home Care grew mid-single digits and remained the biggest volume contributor. - Foods saw low single-digit growth. - Personal Care declined due to trade de-stocking and delayed purchases. - Beauty and Wellbeing, the highest margin segment, delivered mixed performance. Skincare and Wellbeing were strong, but Haircare declined.	
Ice Cream Business Demerger	- The ice-cream division operates below company-average margins. - Its proposed demerger is expected to improve reported margins by 50 to 60 basis points, assuming stable conditions. - We view this as a value-unlocking step for the business.	
Segmental Performance	- Home Care - Strongest volume driver with mid-single-digit growth. - Revenue of ₹5,664 crore with a 19 percent margin. - Fabric Wash and Household Care liquids led growth; price deflation weighed on overall value. - Beauty and Wellbeing - Underlying sales growth at 5 percent with flat volumes. - Revenue of ₹3,732 crore at a healthy 28 percent margin. - Skincare and Wellbeing were robust; Haircare slowed.	- Personal Care - Most impacted by GST-related disruption. - UVG declined high single digits with flat USG. - Revenue of ₹2,425 crore at a 20 percent margin. - Premium soaps and body wash outperformed. HUL performance remained stronger than Colgate, which reported a 6.3 percent revenue decline and ~6 percent volume drop. - Foods - Underlying sales growth of 3 percent with low UVG. - Revenue of ₹3,869 crore at a 16 percent margin. - Beverages drove growth; Ice Cream and Packaged Foods underperformed. - Nestlé’s 10.9 percent revenue growth highlights HUL’s missed momentum in this category.
Premiumization as a Growth Lever	- Premium products continue to outperform mass categories. - With more than 80 million power spenders, rising incomes, and improving macros, premiumisation is set to become a major margin driver. - Combined focus on premiumisation, volume growth and pricing should help margins expand in the coming quarters.	
Synergies and New Growth Engines	- Digital-first acquisitions OZiva and Minimalist continue to outperform. - OZiva delivered triple-digit growth and expanded the “beauty-from-within” segment. - Minimalist delivered strong double-digit growth in the first half of FY26. - These brands are strengthening HUL’s Beauty and Wellbeing and Health and Wellness segments, aided by rapid e-commerce penetration.	

OUR VIEW

We reiterate that HUL’s growth will increasingly shift towards volumes rather than pricing. With a more supportive demand environment and premium categories scaling well, HUL appears poised for a potential re-rating over the next 12 to 15 months. We maintain a constructive outlook on the stock.

GROWTH OUTLOOK

With GST pressures easing, inflation softening, and household incomes rising, the setup for volume-led recovery has improved. Premiumisation and cost rationalisation should support margin expansion through FY26.

ICICI Bank

Name	CMP	Mcap (₹ Cr.)
ICICI Bank	INR 1,388.40	9,92,511.51

The Story Behind the Headlines

Headline strength favours HDFC, but underlying quality favours ICICI



Core Income Quality	- Removing treasury income from non-interest income reveals a sharper contrast. - ICICI Bank: Core income grew 13.2 percent YoY - HDFC Bank: Core income grew 4.3 percent YoY - This strength in ICICI is supported by: - Better NIM management - Stronger liability franchise - Advances growth of 10.3 percent YoY for ICICI vs 8.9 percent for HDFC - Higher CASA ratios (ICICI at 39.2 percent, HDFC at 38 percent) - Superior digital ecosystem integration - HDFC continues to push deposit growth, highlighting post merger challenges on liabilities.
Advances Book Composition	- HDFC Bank: Loan book growth driven mainly by retail (non mortgage) and SME lending. - ICICI Bank: Retail mortgage and SME lending drove growth with a calibrated reduction in unsecured lending. - A slight deterioration in the A minus and above rated portfolio was noted due to SME expansion, although the SME book remains secured by current assets and immovable property.
Asset Quality Trends	- HDFC Bank: Incremental slippages are moderating, but credit cost remains higher than ICICI Bank. - ICICI Bank: Reported a decline in gross NPA in absolute terms, supported by lower additions and better recovery momentum.
Return Ratios	- ROE: - HDFC Bank: 14.4 percent - ICICI Bank: 16 percent - ROA: - HDFC Bank: 1.9 percent - ICICI Bank: 2.33 percent - ICICI continues to deliver structurally stronger return metrics.

OUR VIEW

Despite HDFC Bank reporting higher headline profit growth at 10.8 percent versus ICICI Bank’s 5.3 percent, the underlying income quality, operational efficiency and balance sheet resilience clearly favour ICICI Bank. It also trades at a meaningful PE discount to HDFC Bank.

GROWTH OUTLOOK

With superior business mix, consistent asset quality, and stable margins, ICICI Bank remains better positioned to deliver sustainable earnings growth. We expect the valuation gap between the two banks to narrow over the coming quarters.

Name	CMP	Mcap (₹ Cr.)
IndiGo	INR 5,903.00	2,28,204.13

Solid Operations, Weighed Down by Forex Volatility

Strong fundamentals, temporary turbulence



RASK and CASK Trends	- RASK moderated to ₹4.55 in Q2 FY26 from its Q1 FY25 peak of ₹5.40, reflecting seasonal weakness and yield pressure. - CASK increased to ₹5.16, the highest in eight quarters, driven by currency volatility and higher operating costs.
Yields	- Yields declined to ₹4.69 from ₹4.98 QoQ due to disrupted domestic routes and softer demand. - Management expects a recovery from Q3 with stronger demand, improved pricing power and tighter cost control.
Profitability	- Reported loss: ₹2,852 crore (vs ₹987 crore loss YoY). - Rupee depreciation of ₹3.18 QoQ led to ₹2,900 crore in forex losses. - Ex forex, IndiGo would have delivered a ₹104 crore profit, compared to a ₹754 crore loss YoY. - FX swings remain the biggest earnings risk.
Capacity Expansion	- Management has upgraded capacity growth guidance to high teens for Q3 and Q4. Key initiatives include: - Launch of A321XLR by year-end - New international routes including China - Doubling A350 order to 60 aircraft - Two Boeing 787s via damp lease - These upgrades should support RASK, improve network efficiency and help maintain market share.
FX Liability and Lease Exposure	- Total foreign currency exposure (lease plus maintenance): US 9 billion dollars, equal to 900 to 950 percent of net worth. - Lease liabilities at ₹73,305 crore, about 860 percent of equity. - Contrast: Q2 FY25 lease liabilities were 1,511 percent of equity, showing improvement but still elevated.
Management Commentary	- Plans to invest ₹1,000 crore over 3 to 4 years to build 12 MRO facilities to reduce operating costs. - PRASK expected to remain flattish YoY in Q3 due to a strong base quarter.

OUR VIEW

IndiGo remains operationally strong with robust demand recovery, consistent capacity expansion, and a clear strategy for international growth. The primary overhang continues to be currency volatility, which has distorted short term performance.

GROWTH OUTLOOK

As demand strengthens and new aircraft come online, we expect yields to improve and margins to normalise. With forex pressures likely to moderate, the stock should see a gradual recovery in the coming months.

Maruti Suzuki

Name	CMP	Mcap (₹ Cr.)
Maruti Suzuki	INR 15,890.00	4,99,585.69

Export Strength Offsets Domestic Softness

Mix improvement steady, margins need watching



Financial Performance	- Revenue rose 11 to 12 percent YoY to ₹43,013.9 crore, supported by a richer mix and strong export momentum. - PAT grew 7.9 percent YoY to ₹3,349 crore. - Margins were under pressure due to higher input costs, promotional intensity, and start-up expenses for the Kharkhoda plant.
Domestic vs Export Trends	- Exports grew 42 percent YoY to 1.10 lakh units, the highest in the company's history. - Domestic volumes declined 5.1 percent YoY, as customers delayed purchases ahead of GST changes. - SUV, CNG and hybrid models supported overall realizations. - Entry-level weakness persisted, with mini-car volumes down 33 percent YoY, reflecting affordability challenges.
Industry Context	- Domestic PV sales in Q2 were roughly 1.04 million units, down 1.5 percent YoY. - The GST benefit is expected to support demand from Q3 onward.
Margin Drivers	- Elevated raw material costs. - Higher promotional spending. - New plant expenses during the ramp-up phase. - These factors collectively delayed margin recovery despite mix improvement.
Management Commentary	- Continued focus on premiumization, exports and technology transition. - Roadmap includes eight new SUV and UV launches by FY31 and stepped-up investments in hybrid and EV platforms. - Expectation of stronger domestic recovery from Q3 FY26.

OUR VIEW

A steady quarter for Maruti Suzuki with strong exports masking domestic softness. Mix improvement is encouraging but margins remain a key monitorable. We maintain our positive medium-term view supported by product leadership, brand strength and a scale-based cost advantage.

GROWTH OUTLOOK

We expect:

- A rebound in domestic volumes in Q3 FY26.
- Gradual margin recovery as raw material pressures ease.
- Strong earnings delivery through FY26 driven by product cycle tailwinds and operating leverage.

We prefer a gradual accumulation approach, anticipating a stronger second half of the year as demand normalizes and margin levers play out.

Reliance Industries

Name	CMP	Mcap (₹ Cr.)
Reliance Industries	INR 1,569.00	21,23,244.96

Juggernaut Continues to March Forward

New engines of growth are taking shape



Headline Performance	- Revenue rose 10 percent YoY to ₹2.83 lakh crore. - EBITDA grew 14.6 percent YoY to ₹50,367 crore. - PAT increased 14.3 percent YoY to ₹22,092 crore, coming in ahead of expectations and reaffirming the company's strong operating momentum.	
Segmental Performance	Reliance is best understood through its four major engines rather than as a single entity. 1. O2C Business EBITDA grew 21 percent YoY to ₹15,008 crore. Margins improved to 9.3 percent, up 130 bps YoY. Better yield optimization and improved fuel cracks supported profitability. 2. Jio Platforms and Telecom ARPU increased to ₹211.4 from ₹195.1 last year. Subscriber base expanded from 478.8 million to 506.4 million. Revenue stood at ₹31,857 crore and EBITDA at ₹17,874 crore, up 12.4 percent and 17.4 percent YoY. 4. FMCG Revenue doubled YoY to ₹5,400 crore. JioMart delivered a 200 percent YoY jump in average daily orders and added 5.8 million new customers. 3. Retail Business Net revenue grew 19 percent YoY to ₹79,128 crore. EBITDA increased 17 percent YoY to ₹6,816 crore. Margins remained steady at 8.6 percent. Strong traction across categories: Grocery +23 percent Fashion and Lifestyle +22 percent Consumer Electronics +18 percent Customer base: 369 million Transactions: 434 million Store count: 19,821 (+412 QoQ) 5. New Energy Progressing toward 20 GWp solar PV capacity and 100 GWh battery giga-factory. Four module lines commissioned. The first cell line goes live in October 2025. Rapid execution continues across renewable projects in Kutch.	
Next Phase of Value Creation	Reliance is entering a multi-year period of compounding driven by: - The IPO of Jio Platforms, expected next year. - Scaling of the New Energy business. - The newly formed Reliance Intelligence Limited, focusing on building AI infrastructure, global partnerships, and AI services for India.	

OUR VIEW
Reliance has delivered moderate EBITDA growth in recent quarters due to high capex and ongoing expansion. These investments are now approaching operational readiness. As projects come online, we expect operating leverage to accelerate earnings growth while the capex burden gradually reduces.

GROWTH OUTLOOK
Reliance remains on track for a strong multi-year cycle supported by:

- Expanding ARPUs and subscriber leadership in telecom.
- Rapid footprint expansion and category penetration in retail.
- Structural tailwinds in New Energy.
- Value unlocking from upcoming corporate actions.

We maintain a constructive long-term view, expecting the stock to benefit meaningfully as these growth engines scale.

Name	CMP	Mcap (₹ Cr.)
SBI	INR 976.35	9,01,231.35

Solid Performance with Stronger Promise Ahead
Leadership, consistency, and clear earnings visibility



Business Growth	- SBI crossed the ₹100 trillion milestone in total business, while the Retail, Agriculture, and MSME (RAM) portfolio exceeded ₹25 trillion. - Advances grew ~13 percent YoY, ahead of peers like Bank of Baroda and PNB at ~11 percent. - Deposits rose ~9 percent YoY, broadly in line with sector trends.
NIM and Profitability	- NIM expanded by 7 bps QoQ to 2.97 percent, outperforming peers. - Bank of Baroda saw a 5 bps rise. - PNB saw a 32 bps decline. - Quarterly profit stood at ₹20,160 crore, supported by stronger non-interest income. - ROE remained healthy at 20.21 percent, ahead of Bank of Baroda at 15.37 percent and PNB at 17.95 percent.
Asset Quality	Asset quality improved further: - GNPA declined to 1.73 percent, the lowest among peers - BoB: 2.16 percent - PNB: 3.45 percent - Slippage ratio remained the best in the sector at ~0.45 percent - BoB: ~0.91 percent - PNB: 0.71 percent This reflects SBI's superior control on incremental stress.
Management Commentary	Management maintained an optimistic tone, reiterating: 14–15 percent credit growth guidance. - Continued CASA strength and ongoing digital transformation. - A robust ₹7 lakh crore corporate lending pipeline. Both ROE and ROA are expected to stay above industry averages, supported by operating efficiency and steady credit demand.
Subsidiary Value Unlocking	- SBI AMC and SBI General Insurance have been identified as candidates for future listings. - These IPOs have the potential to unlock meaningful value and reinforce SBI's position as a financial ecosystem leader.

OUR VIEW
We remain bullish on SBI. Despite its scale, market leadership, and operational strength comparable to top private banks, SBI trades at a modest 7–8x P/E. This valuation gap presents a compelling re-rating opportunity with significant upside potential.

GROWTH OUTLOOK
SBI is entering a phase of strong and visible compounding driven by:

- Broad-based loan growth
- High-quality asset metrics
- Consistent margin expansion
- Value unlocking from subsidiaries

We expect the stock to deliver meaningful shareholder returns as these drivers play out over the next 12–18 months.

Tata Motors

Name	CMP	Mcap (₹ Cr.)
Tata Motors	INR 352.00	1,29,618.06

Soft Quarter Driven by Cyber Disruption and Structural Reset

A temporary stumble in an otherwise strong long-term story



Overall Performance	- Revenue from operations stood at ₹72,349 crore, down 13.5 percent YoY. - JLR, the largest contributor to TMPV, reported a revenue decline of 24.3 percent YoY. - The company posted an adjusted loss of ₹6,370 crore, compared to a profit of ₹3,056 crore in the same quarter last year.
Operations and Cyber Incident	- A cyber incident at JLR disrupted production and affected deliveries. - Operations have now stabilised and are running normally. - The disruption led to margin compression and higher cash outflows. - Management expects full normalisation by Q4, with JLR EBIT margins gradually improving as production stabilises.
Net Debt Position	- Net auto debt rose to ₹20,100 crore, reversing the net cash position at the end of FY25. - This increase was driven by cash outflows at JLR. - In contrast, the India passenger vehicles business remained healthy and ended the quarter with ₹4,700 crore in net cash.
EV Profitability Outlook	Management expects EV profitability to materially improve, driven by new launches and scale benefits. - EV penetration in the portfolio is now ~17 percent. - Tata Motors maintains a 42 percent market share in domestic EVs. - We believe meaningful operating leverage will materialise over the next few quarters.
Management Road Map	Management highlighted several structural initiatives: - A richer product mix aimed at lifting profitability toward double-digit EBITDA margins. - Reduced reliance on rare earth minerals by developing alternative materials. - Cell manufacturing is expected to commence by the end of next year, improving cost efficiency and vertical integration.

OUR VIEW

We see this quarter as a one-off setback caused by temporary operational disruptions. The long-term story remains intact, supported by strong demand, cost-efficiency initiatives, EV leadership, and synergy benefits from JLR’s technology roadmap. We expect performance to improve significantly once JLR stabilises and the CV business demerger unlocks further clarity and value.

GROWTH OUTLOOK

The recovery should be gradual through Q3, with a sharper improvement expected in Q4 as:

- JLR margins normalise
- EV scale benefits accelerate
- Product mix improves

Over FY26 and FY27, we expect Tata Motors to regain earnings momentum and move toward a sustained re-rating.

Tata Power

Name	CMP	Mcap (₹ Cr.)
Tata Power	INR 389.80	1,24,554.34

Renewable Momentum and Strategic Expansion

Strong renewable trajectory offsetting temporary conventional weakness



Overall Performance	- Revenue from operations stood at ₹15,769 crore. - Renewables delivered strong growth with revenue up ~89 percent YoY, EBITDA up ~57 percent, and PAT up ~70 percent. - Solar manufacturing remained robust: 928 MW of cells 970 MW of modules 809 MW of DCR dispatches, a record for the company - The networks business continued to strengthen, with Transmission PAT up 41 percent YoY and Distribution PAT up 34 percent YoY.
Mundra Plant Update	- The Mundra plant remained non-operational since July 3, due to overhauling and technical rectification. - This resulted in a 46 percent decline in conventional generation income. - Management is in active discussions with the Gujarat government to finalise a power purchase agreement, likely within this month, which should improve visibility on recovery.
Capex Plans and Renewable Expansion	- The company has outlined ₹25,000 crore of renewable investments across FY26 and FY27. - Targets include: 1,500 MW of new renewable capacity in FY26 2,500 MW in FY27 - The broader ₹1.25 trillion capex roadmap for FY26 to FY30 aims to double total operational capacity from 15.6 GW to 32 GW by FY30.
Manufacturing Expansion: Wafers and Ingots	- Tata Power announced plans to set up a 10 GW solar wafer and ingot facility, addressing India’s upstream supply chain gaps. - Execution of this facility will depend on favourable policy support, particularly under PLI schemes.
Bhutan Hydro Expansion	- Two hydropower projects are being developed in Bhutan with a total investment of ₹13,800 crore, supported by World Bank loan syndication. - Tata Power will hold a 40 percent equity stake, implying about ₹2,400 crore of equity infusion.
Management Focus	- Large addressable market opportunity in rooftop solar, with potential across 5 crore homes compared to only 20 lakh installations currently. - Intent to maintain Net Debt to EBITDA below 4x, currently comfortable at 3.3x. - Strong operating leverage expected as capacity additions come online.

OUR VIEW

We view the quarter’s performance as a temporary setback, mainly driven by the Mundra outage. The structural story remains strong. Tata Power is well-positioned to benefit from rising power demand, increasing renewable penetration, and its expanding integrated manufacturing capabilities.

GROWTH OUTLOOK

We anticipate:

- A recovery in conventional generation post-Mundra resolution
- Strong renewable capacity additions aiding EBITDA growth
- Improved cash flows from regulated and platform businesses
- Gradual re-rating as the company moves closer to its FY30 capacity goals

Overall, the medium to long-term outlook remains robust.

Portfolio Positioning

Strengthening quality, sharpening focus, reinforcing discipline



Earnings Upcycle Set to Strengthen

Q2 saw broad-based margin recovery and improving management commentary. We expect Q3 and Q4 to deliver stronger earnings driven by:

- GST-driven consumption pickup
- Lower input costs
- Revival in auto and consumer volumes
- Strong capex momentum supporting industrials



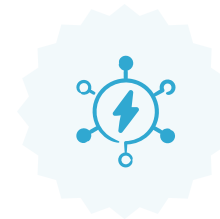
Domestic Demand is the Hero

India continues to stand out globally. Retail credit, autos, cement, and discretionary consumption all show improving trends, supported by better liquidity and policy tailwinds.



Large Caps Regaining Leadership

The rally is now led by stocks that were under-owned for months. We expect this leadership transition to continue as earnings visibility improves and valuations normalise.



FII Flows as the Next Catalyst

- As dollar returns improve and the rupee stabilises, we expect selling pressure to fade.
- A reversal in FII flows could be the biggest trigger for the next leg of the rally.



Capex and Infra Cycle Strengthening

- Capital goods, cement, utilities, and banks remain the backbone of the portfolio.
- Order books are robust and execution is accelerating.

Quality endures. Discipline compounds. Earnings drive returns. StaG enters Q3 FY26 in a position of strength.

Our core holdings continue to deliver resilient earnings and our risk-managed large-cap approach has protected the portfolio through volatility while capturing meaningful upside. The fundamentals of the Indian economy remain strong. With accelerating earnings, supportive policy momentum, and improving investor sentiment, we expect markets to move towards new highs this year. We remain confident that the portfolio is well-positioned for the next leg of growth.

Thank You

StaG



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