

Market snapshot



Today's top research idea

TVS Motor Company: Yet another strong quarter; Upgrade to Buy

- ❖ On the back of its healthy new launch pipeline, we expect TVS to continue to outperform industry growth, both in domestic and exports. We factor in TVS to post a 15% volume CAGR in domestic segment and 20% volume CAGR in exports over FY25-28E.
- ❖ We have raised our estimates for FY27 by 5.5%. Overall, we factor in TVS to post a revenue/EBITDA/PAT CAGR of 21%/25%/29% over FY25-28E. Its consistent market share gains across key domestic and export segments, along with a gradual improvement in margins, have driven healthy returns over the years.
- ❖ This strong track record is likely to help sustain its premium valuations in the long run. Given its consistent outperformance, which is likely to continue going forward, we now upgrade TVS to BUY (from Neutral earlier). We now value TVS at 36x Sep'26 EPS (from 35x earlier) to arrive at our TP of INR4,159 per share



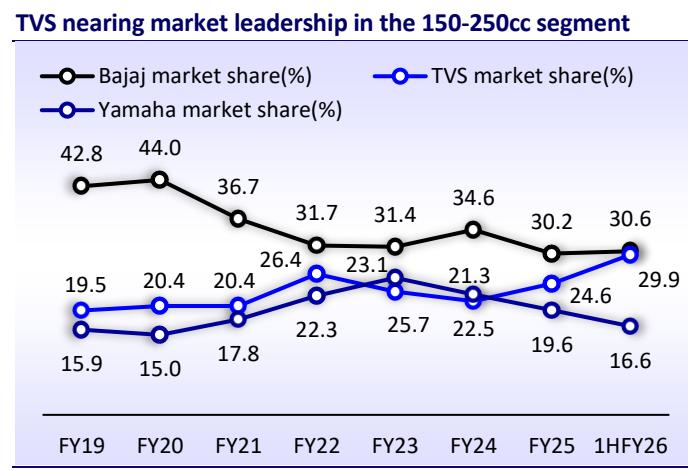
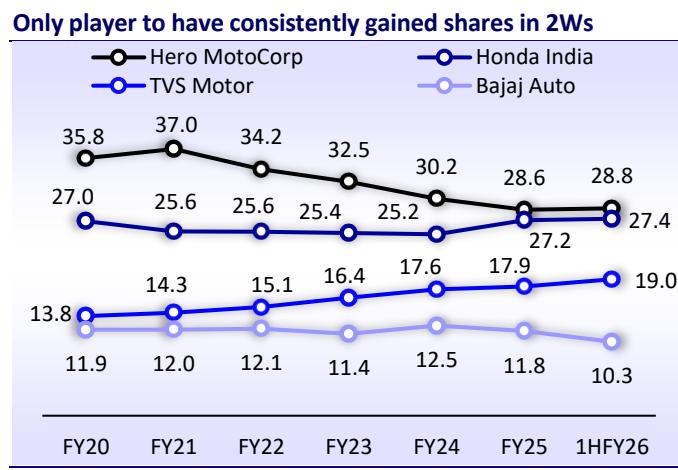
Research covered

Cos/Sector	Key Highlights
TVS Motor Company	Yet another strong quarter; Upgrade to Buy
India Strategy	Flows meet fundamentals: MSCI India's enduring edge!
IOCL	Strong marketing and refining margins drive beat
GAIL	Tariff hike key catalyst; valuations attractive now
Other Updates	Shree Cement Indus Towers SRF Mahindra & Mahindra Financial CreditAccess Grameen KFin Technologies Mahindra Logistics Airtel Africa EcoScope AMCs Jindal Steel Star Health Ins. Cams Services Blue Dart Express

Note: Flows, MTD includes provisional numbers.

*Average

Chart of the Day: TVS Motor Company (Yet another strong quarter; Upgrade to Buy)





Kindly click on textbox for the detailed news link

1

MCX hit by 4-hour technical glitch, Sebi seeks details

Securities and Exchange Board of India has asked Multi Commodity Exchange of India for a detailed report. A technical glitch caused a delay of over four hours in trading on Tuesday. Brokers and traders could not log in or execute trades. MCX shifted operations to a disaster recovery site.

2

Double delight for credit card biz; Spends, fresh issues hit a record

September saw record spending on credit cards and a surge in new card additions. Festivals and tax cuts fueled domestic consumption. Total monthly card spends exceeded ₹2.16 lakh crore, a significant year-on-year increase.

3

Major ports target complete switch to landlord model by 2047: Union Minister Sonowal

India's major ports are set for a complete transformation by 2047. The government plans to shift all cargo handling to public-private partnerships. This move aims to boost efficiency and reduce turnaround times.

4

Sebi proposes major revamp of mutual fund fee rules to reduce costs for investors

Sebi has proposed a major overhaul of India's mutual fund fee structure to simplify charges, boost transparency, and reduce investor costs. The regulator plans to remove additional expenses, tighten brokerage limits, and exclude statutory levies from the overall expense ratio cap.

5

India plans cost roadmap to regain textile edge over Bangladesh, Vietnam, China

India is developing a comprehensive cost roadmap for its textiles sector to regain global price competitiveness against rivals like Bangladesh, Vietnam, and China. This plan, spanning short, medium, and long terms, aims to lower production and export costs by addressing raw materials, logistics, energy, and taxation.

6

Bid deadline for 10th O&G licensing round extended again

The government has extended the deadline for oil and gas exploration bids. The new submission date is December 31. This is to encourage more companies to participate. The Xth exploration licensing round under OALP has faced several extensions.

7

Amazon to cut 14,000 corporate jobs as spending on AI accelerates

Amazon to slash 14,000 corporate jobs as it boosts spending on artificial intelligence, with executives saying the move will streamline operations and focus resources on key growth areas.

TVS Motor Company

Estimate change	↑
TP change	↑
Rating change	↑

Bloomberg	TVSL IN
Equity Shares (m)	475
M.Cap.(INRb)/(USDb)	1692.3 / 19.2
52-Week Range (INR)	3720 / 2170
1, 6, 12 Rel. Per (%)	-1/21/38
12M Avg Val (INR M)	2219

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	453.6	538.7	635.3
EBITDA	58.1	71.1	87.7
Adj. PAT	36.2	45.8	57.9
EPS (INR)	76.2	96.4	121.9
EPS Gr. (%)	33.6	26.5	26.5
BV/Sh (INR)	271.3	350.2	450.1
Ratios			
RoE (%)	31.7	31.0	30.5
RoCE (%)	38.1	38.0	38.3
Payout (%)	18.4	18.2	18.0
Valuations			
P/E (x)	46.7	36.9	29.2
P/BV (x)	13.1	10.2	7.9
Div. Yield (%)	0.4	0.5	0.6
FCF Yield (%)	1.9	2.4	2.9

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	50.3	50.3	50.3
DII	18.4	18.8	19.0
FII	22.9	22.5	22.4
Others	8.5	8.4	8.3

FII Includes depository receipts

CMP: INR3,562 TP:INR4,159 (+17%)

Upgrade to Buy

Yet another strong quarter

Continued outperformance to support premium valuation

- TVS Motor Company's (TVS) 2Q PAT at INR9.1b was below our estimate of INR9.9b, even as the EBITDA miss was just 2%. PAT miss was largely driven by higher interest and depreciation expenses, along with a loss on the fair valuation of its investment in TVS Supply Chain. Backed by GST rate cuts, management expects 2W demand momentum to sustain in 2H and TVS to continue outperforming going forward.
- Given its healthy launch pipeline, we have raised our estimates for FY27 by 5.5%. Overall, we factor in TVS to post a revenue/EBITDA/PAT CAGR of 21%/25%/29% over FY25-28E. Its consistent market share gains across key domestic and export segments, along with a gradual improvement in margins, have driven healthy returns over the years. This strong track record is likely to help sustain its premium valuations in the long run. Given its consistent outperformance, which is likely to continue going forward, we now upgrade TVS to BUY (from Neutral earlier). We now value TVS at 36x Sep'26 EPS (from 35x earlier) to arrive at our TP of INR4,159 per share.

PAT miss due to higher interest, depreciation, and FV loss on investment

- TVS 2Q PAT came in at INR9.1b, below our estimate of INR9.9b, led by higher interest and depreciation expenses as well as a loss on the fair valuation of investments, even as operationally results were only a slight miss.
- TVSL posted its highest-ever quarterly sales of 1.5m units this quarter, up 22.7% YoY. Motorcycle volumes were up 20% YoY, Scooters were up 30.4%, and 3Ws were up 41%. Despite rare earth magnet supply constraints, the EV business reached its best-ever quarter with 80k units sold, recording a 7% YoY growth.
- TVSL revenue came in line with our estimates at INR119.1b, up 29% YoY.
- EBITDA margin expanded 100bp YoY to 12.7% (below our estimate of 13%) and rose just 20bp QoQ despite an 18% volume growth QoQ. Adjusted for PLI incentives accrued from 4QFY25, the like-for-like margin expansion in 2Q stood at 50bp on a YoY basis.
- Margins were below estimates due to higher-than-expected other expenses. The increase in other expenses during 2Q was attributed to the bunching up of certain expenses, which include: 1) higher R&D of INR200-250m and 2) an increase of INR650m in marketing expenses related to three new launches.
- Overall, 2Q EBITDA grew 40% YoY to INR15.1b (below our estimate of INR 15.5b). PAT miss was primarily led by: 1) higher interest and depreciation and 2) an INR308m loss on the fair valuation of the investment in TVS Supply Chain (had seen a gain in prior quarters).

- TVSL's 1HFY26 Revenue/EBITDA/Adj PAT stood at INR219.9b/27.7b/16.8b. 1H revenue grew 25% YoY, while PBT rose 36% and EBITDA margins gained 100bp to 12.6%. For 2HFY26, we expect Revenue/EBITDA/PAT to grow 25.3%/17%/34.2% YoY, reaching INR233.7b/30.4b/19.7b respectively.
- CFO for TVS grew 31% YoY to INR30.2b in 1HFY26. The company incurred capex of INR9.5b. Consequently, TVS generated ~INR21b FCF.

Key takeaways from the management interaction

- During the festive season, TVS posted a 32% YoY growth in retail volumes on a like-for-like basis, outperforming the industry's 24% growth. Industry growth was supported by strong demand in both rural (+24%) and urban markets (+26%). Backed by its new launches (Orbiter, Raider 125, Ntorq 150), TVSL remains confident of sustaining its outperformance going forward.
- TVSL exports grew 31% YoY in 2QFY26 vs industry growth of 26%. The company has successfully expanded its footprint in both Africa and LATAM. While its presence in LATAM remains relatively smaller, it is outperforming the industry. Moreover, the company remains confident of sustaining its outperformance in the region in the coming quarters. It also continues to witness strong traction in its key Asian markets.
- TVSL is gaining strong traction in the 3W EV segment, having already doubled its market share to 11%
- Norton will unveil its first bike at the EICMA in Milan, Italy, next week, with the India launch scheduled for April 2026. The brand's entry strategy for India will be distinct from that of TVSL, reflecting a more targeted approach for this premium brand. In the European Union, Norton has already begun laying the groundwork for its distribution plans.

Valuation and view

Given TVSL's healthy launch pipeline, we have raised our estimates for FY27 by 5.5%. Overall, we factor in TVSL to post a revenue/EBITDA/PAT CAGR of 21%/25%/29% over FY25-28E. Its consistent market share gains across key domestic and export segments, along with a focus on gradual improvement in margins, have driven healthy returns over the years. This is likely to help sustain its premium valuations in the long run. Given its consistent outperformance, which is likely to continue going forward, we now upgrade TVS to BUY (from Neutral earlier). We value TVS at 36x Sep'26 EPS (from 35x earlier) to arrive at our TP of INR 4159 per share.

S/A Quarterly Performance

Y/E March (INR m)	FY25				FY26E				FY25	FY26E	2QE
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
Vols ('000 units)	1,087.2	1,228.2	1,212.0	1,216.3	1,277.0	1,507.0	1,476.3	1,482.2	4,744	5,743	1,507
Growth (%)	14.1	14.3	10.1	14.2	17.5	22.7	21.8	21.9	13.2	37.0	22.7
Reain (INR '000/unit)	77.0	75.1	75.1	78.5	78.9	79.0	79.0	79.0	76.4	79.0	78.9
Growth (%)	1.7	(0.9)	0.2	2.4	2.5	5.1	5.2	0.7	0.8	4.2	5.0
Net Sales	83,756	92,282	90,971	95,504	100,810	119,054	116,573	117,146	362,513	453,583	118,886
Growth (%)	16.0	13.3	10.3	16.9	20.4	29.0	28.1	22.7	14.1	42.7	28.8
Total RM Cost	59,804	66,018	65,112	66,672	71,754	84,604	82,767	83,191	257,607	322,316	85,122
RM (% of sales)	71.4	71.5	71.6	69.8	71.2	71.1	71.0	71.0	71.1	71.1	71.6
Emp cost (% of sales)	5.7	5.4	5.5	5.2	5.8	5.1	5.1	5.0	5.4	5.2	5.2
Other exp (% of sales)	11.4	11.4	11.1	11.0	10.5	11.2	11.0	10.8	11.2	10.9	10.2
EBITDA	9,602	10,798	10,815	13,326	12,630	15,086	15,038	15,395	44,540	58,149	15,455
EBITDA Margin(%)	11.5	11.7	11.9	14.0	12.5	12.7	12.9	13.1	12.3	12.8	13.0
Interest	372	319	338	358	403	466	455	461	1,387	1,785	400
Depreciation	1,763	1,806	1,883	1,994	2,039	2,144	2,165	2,176	7,446	8,524	2,050
Other Income	363	299	-227	145	343	-213	250	240	580	620	120
PBT before EO Exp	7,829	8,972	8,367	11,120	10,531	12,263	12,668	12,998	36,288	48,460	13,125
EO Exp	0	0	0	1,617	0	0	0	0	0	0	0
PBT after EO Exp	7,829	8,972	8,367	12,737	10,531	12,263	12,668	12,998	36,288	48,460	13,125
Tax	2,056	2,346	2,182	2,599	2,745	3,202	3,065	2,798	9,183	12,260	3,177
Total Tax	2056	2346	2182	2599	2745	3202	3065	2798	9183	12260	3177
Tax rate (%)	26.3	26.1	26.1	20.4	26.1	26.1	25.0	22.8	25.3	25.3	25.0
Reported PAT	5,773	6,626	6,185	10,139	7,786	9,061	9,603	10,200	27,105	36,171	9,948
Adjusted PAT	5,773	6,626	6,185	8,521	7,786	9,061	9,501	10,200	27,105	36,171	9,844
Growth (%)	23.4	23.5	4.2	75.5	34.9	36.7	53.6	19.7	30.1	33.6	48.6

India Strategy

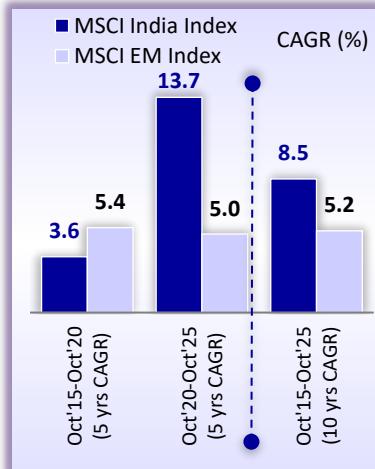
BSE Sensex: 84,628

Nifty-50: 25,936

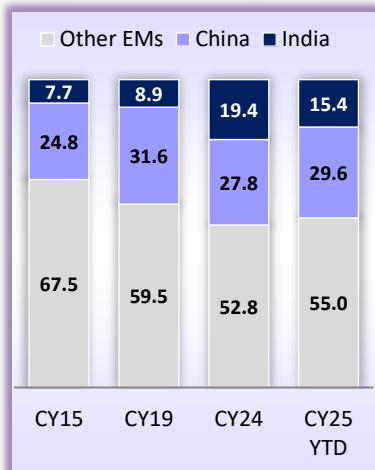
MSCI India has outperformed China by a wide margin in the past decade



MSCI India vs. MSCI EM performance



India's weight in MSCI EM continues to rise (%)



Flows meet fundamentals: MSCI India's enduring edge!

- India – the fastest-growing emerging market (EM):** Indian markets experienced a strong rally over the past decade, fueled by robust economic growth, solid corporate earnings, and healthy domestic inflows. India remained the fastest-growing major economy in the EMs, recording an average GDP growth rate of over 6% during the past decade, compared to the broader EM average of ~4%. In contrast, China, the largest EM economy, expanded at a relatively slower pace of about 4.5% over the same period. This growth differential positioned India as a key driver of overall EM growth throughout the decade.
- India's outperformance within EMs:** The MSCI Emerging Markets (EM) Index tracks large- and mid-cap stocks across emerging economies, with the largest weights contributed by companies from China, Taiwan, and India, respectively. Over the past decade, MSCI India significantly outperformed, clocking an 8.5% CAGR within EMs (CAGR 5.2%). In contrast, China, the region's dominant market, experienced a pronounced slowdown, posting a 4.5% CAGR and underperforming, which further boosted India's relative performance. Notably, India's outperformance was largely concentrated in the second half of the decade.

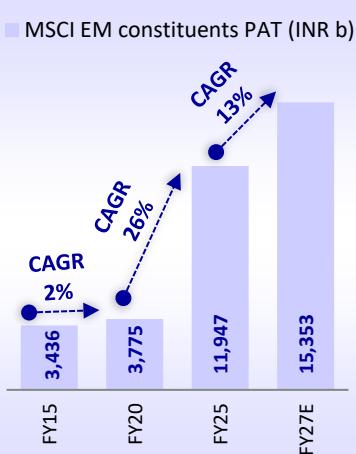
From footprint to force: India's growing influence in the MSCI EM Index

- Historic shift in MSCI EM weights:** The sharp rally in Indian markets, driven by robust economic growth and strong investment inflows, has led to a significant increase in India's weight within the MSCI EM Index. Over the past decade, India recorded the largest gain, with its index weight surging ~780bp to 15.4% by CY25YTD. This growth outpaced China's increase of 480bp to 29.6% and Taiwan's rise of 770bp to 20.3%.
- MSCI EM weight reversal:** After reaching a peak weight of ~41% in 2021, China's weight declined sharply to 21.6% in Aug'24. This decline reflected regulatory challenges and shifts in investor sentiment. In contrast, Taiwan's weight increased moderately during the same period, while India recorded relatively sharp gains, reaching ~20% in Aug'24. However, the recovery in China and Taiwan over the past year, driven by the global AI boom and related themes, supported their market rebound. Consequently, their weights in the MSCI EM Index rose, while India's weight declined to 15.4% in Oct'25 from a peak of around 20% in Aug'24. As of Oct'25, China and Taiwan held weights of 29.6% and 20.3%, respectively.

MSCI India's varying sectoral landscape: Financials strengthen, Technology weakens

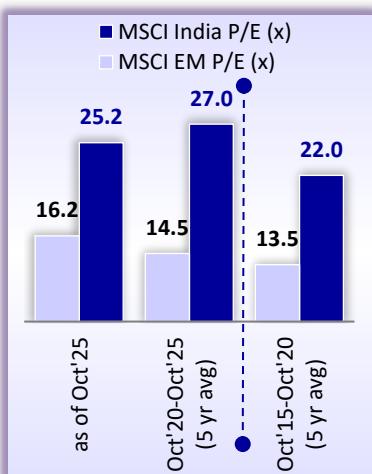
- The MSCI India index has undergone substantial evolution in its constituents, reflecting India's growing prominence in global equity markets, improved investor access, and structural transformation within Indian corporates.
- Over the past five years, Automobiles, Financials, Capital Goods, Telecom, Utilities, and Metals recorded significant gains, while Technology, Consumer, Oil & Gas, and Cement experienced a decline.
- The number of stocks in the MSCI India Index has increased to over 160 companies from ~70 in CY15 and ~100 in CY20.

MSCI EM constituents' earnings expected to clock a 13% CAGR in the next two years



Note: LFL Aggregate PAT of 160 companies within the MSCI India index across the period

MSCI India trades near its historical trailing P/E average, while EMs remain above historical levels



Earnings growth set to gather steam

- Following a muted earnings growth in FY25, the aggregate earnings of MSCI India constituents (LFL) are expected to pick up going forward. The aggregate earnings of MSCI India clocked a CAGR of 16% over FY22-25 and are projected to grow 11%/16% in FY26/FY27, compared to a modest 2% growth in FY25.

MSCI India's valuation premium over EM eases, closing the gap with China

- Given its higher growth trajectory, India continues to trade at a premium to the MSCI EM. While this premium remained range-bound between 50% and 100% in the first half of the decade, it dipped to a low of 23% in Jan'21.
- As China rebounded while the Indian market remained relatively flat, the premium eased to 55% in Oct'25, well below its long-term average of around 78%. Currently, MSCI India trades at a trailing P/E of 25.2x, 3% above its LPA of 24.5x, whereas MSCI EM trades at 16.2x, ~16% above its LPA of 14.0x.

DII flows lead the way as FII activity remains muted

- A significant portion of India's market performance before CY20 was heavily influenced by foreign inflows. However, this trend shifted markedly from 2020 onwards, with a boom in retail participation and domestic institutional investors (DIIs) taking the lead, which propelled the markets to new highs despite relatively muted FII inflows in the second half of the decade.

Healthy growth drivers and easing valuations indicate potential upside

- The Indian markets have undergone a period of high volatility and healthy consolidation over the past year. As India's share in global and EM GDP continues to rise, its share in global market capitalization is also anticipated to follow.
- The expanding investable universe, with several new-age themes gaining prominence, supported by fiscal and monetary tailwinds and an impending earnings recovery, provides a renewed and constructive outlook for the Indian markets going forward.
- While geopolitical risks remain a key concern in the near term, India's improving corporate earnings outlook, sustained domestic inflows, superior RoEs among EM peers (at over 15%), and the historically underweight positioning of foreign investors (since 2009), coupled with a weak base in CY24 and CY25YTD FII flows, suggest a higher likelihood of upside from current levels. Moreover, India's rising dominance within EM is expected to continue, supported by its diversified investment opportunities and deepening market, making it increasingly difficult for global investors to ignore for long.

MSCI India has notably outperformed MSCI EM by 51% over the last 10 years (in USD terms)



Exhibit data are sourced from Bloomberg, MSCI Index Factsheet, and MOFSL database.

India's decade-high outperformance narrows

- **India's outperformance within EMs:** The MSCI EM Index tracks large- and mid-cap stocks across emerging economies, with the largest weights contributed by companies from China, Taiwan, and India, respectively.
- Over the past decade, MSCI India significantly outperformed, clocking an 8.6% CAGR while MSCI EM clocked a 5.9% CAGR. In contrast, China, the region's dominant market experienced a pronounced slowdown, posting a 4.5% CAGR and underperforming, which further boosted India's relative performance. Notably, India's outperformance was largely concentrated in the second half of the decade.
- **Reversal of trend:** Following a strong rally and notable outperformance until Sep'24, Indian markets have experienced heightened volatility and a period of healthy consolidation over the past year. Recovery in other emerging markets, particularly China, drove EM to significantly outperform MSCI India over the 12-month period. While MSCI India was nearly flat YoY (+1%), MSCI China rose 35%, and the broader MSCI EM gained 26% over the same period (in USD).

MSCI India underperformed in the first half of the decade...



...however, it outperformed by a wide margin in the latter half



Performance of MSCI India underperformed, MSCI China and MSCI EM over the last 12 months in USD terms



Estimate change	↑
TP change	↔
Rating change	↔

Bloomberg	IOCL IN
Equity Shares (m)	14121
M.Cap.(INRb)/(USDb)	2182 / 24.7
52-Week Range (INR)	158 / 111
1, 6, 12 Rel. Per (%)	1/7/-1
12M Avg Val (INR M)	1944

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	7,444	7,360	6,868
EBITDA	569	508	462
Adj. PAT	257	201	146
Adj. EPS (INR)	18.6	14.6	10.6
EPS Gr. (%)	140.0	-21.7	-27.2
BV/Sh. (INR)	150.0	159.7	167.0
Ratios			
Net D:E	0.7	0.6	0.6
RoE (%)	13.1	9.4	6.5
RoCE (%)	9.7	7.7	6.0
Payout (%)	21.9	33.4	31.2
Valuations			
P/E (x)	8.3	10.6	14.6
P/BV (x)	1.0	1.0	0.9
EV/EBITDA (x)	6.1	6.8	7.5
Div. Yield (%)	2.6	3.1	2.1
FCF Yield (%)	9.1	8.4	6.3

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	51.5	51.5	51.5
DII	30.0	29.9	30.0
FII	7.7	7.5	7.9
Others	10.8	11.2	10.6

FII includes depository receipts

CMP: INR155 TP: INR152 (-2%) Neutral
Strong marketing and refining margins drive beat

- IOCL's EBITDA came in 51% above our estimate in 2QFY26 due to higher-than-anticipated GRM (USD10.7/bbl). Blended marketing margin also came in 19% above our estimate at INR6.2/liter. However, refining throughput and marketing volumes came in line.
- The MoP&NG, through letters dated 3rd/24th Oct'25, approved a compensation of INR144.9b to the company for under-recoveries on the sale of domestic LPG up to 31st Mar'25 and those expected up to 31st Mar'26. The amount will be released in 12 equal monthly instalments, with accruals recognized monthly starting Nov'25.
- Key takeaways from the conference call: 1) LPG under-recovery stood at around INR100/cyl in 2QFY26, easing to about INR40/cyl currently; 2) IOCL's FY26 capex plan totals roughly INR335b, with INR140b earmarked for refining, INR100b for marketing and pipelines, INR25b for petrochemicals, INR20b as equity investments in renewables JVs, and the remainder for others; 3) Key projects such as the Panipat, Gujarat, and Barauni refinery expansions are scheduled for commissioning by Jun'26, Jun'26, and Aug'26, respectively. Additionally, the PX-PTA plant and polybutadiene rubber plant are expected to come online by 3QFY27 and Jun'26; 4) the company has also secured a mid-term LNG sourcing contract of ~0.4mmtpa linked to the Henry Hub index, effective from Jul'25 to Dec'29; and 5) Russian crude contributed about 18-19% of total crude intake during 2Q and remains at a similar level currently.
- We continue to prefer HPCL over IOCL due to the following factors: 1) HPCL's leverage toward the marketing segment, 2) higher dividend yield, as HPCL's capex cycle is tapering off, while IOCL's capex intensity remains high, and 3) start-up of HPCL's multiple mega-projects in the next 12 months, providing a push to earnings.
- IOCL currently trades at 1x 1-year fwd. P/B, at par with its 10-year average. We value the stock at 1x FY27E consol. P/B to arrive at our TP of INR152.

Higher-than-expected GRM boosts 2Q performance

- IOCL's EBITDA came in 51% above our estimate at INR145.8b (up 248% YoY).
- Its reported GRM came in 66% above our estimate at USD10.7/bbl; refining inventory gains stood at USD1.8/bbl during the quarter.
- The marketing margin stood at INR6.2/lit, 19% above estimates.
- LPG under-recovery of INR21.3b was booked in 2Q (INR37.1b in 1Q).
- Marketing and refining throughput came in line with our estimate.
- The petchem segment posted an EBIT of INR1.7b (vs. INR10m loss in 1Q).
- IOCL's reported PAT came in 146% above our estimate at INR76.1b.
- Other income came in above our estimate, while interest stood below.
- **In 1HFY26**, the company generated a CFO of INR312.7b (INR25.2b in 1HFY25). IOCL incurred standalone capex of INR147.2b. **As of 30th Sep'25**, IOCL's standalone CWIP stood at INR768.6b (INR734.5b as of 31st Mar'25). Net debt stood at INR1.28t (vs INR1.34t as of 31st Mar'25).
- **As of 30th Sep'25**, IOCL had a cumulative negative net buffer of INR257.7b due to the under-recovery on LPG cylinders (INR236.4b in Jun'25).

Valuation and view

- IOCL is set to commission multiple projects over the next two years, driving growth acceleration. Refinery projects that are currently underway, including the Panipat refinery (15mmtpa to 25mmtpa), Gujarat refinery (13.7mmtpa to 18mmtpa), and Barauni refinery (6mmtpa to 9mmtpa), are expected to be completed in 1HFY27.
- The stock trades at 10.6x consolidated FY27E EPS of INR14.6 and 1x FY27E P/B. **We reiterate our neutral rating on the stock with a TP of INR152, valuing it at 1x FY27E P/B.**

Standalone - Quarterly Earnings Model

Y/E March	(INR b)											
	FY25					FY26E			FY25	FY26		
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	2QE	Var. (%)		
Net Sales	1932.4	1738.5	1939.0	1949.7	1929.7	1788.8	1902.4	1908.1	7559.5	7529.0	1838.3	-3%
YoY Change (%)	-2.2	-3.3	-2.6	-1.5	-0.1	2.9	-1.9	-2.1	-2.4	-0.4	5.7	
EBITDA	86.3	41.9	91.7	135.7	126.1	145.8	109.5	120.9	355.7	502.3	96.7	51%
Margin (%)	4.5	2.4	4.7	7.0	6.5	8.2	5.8	6.3	4.7	6.7	5.3	
Depreciation	37.6	37.2	39.0	39.1	38.4	38.7	40.7	41.8	152.8	159.6	38.8	
Forex loss	0.0	4.2	20.5	0.0	0.0	0.0	0.0	0.0	24.7	0.0	0.0	
Interest	19.6	24.1	23.1	20.5	19.7	21.7	23.1	22.6	87.3	87.1	25.7	
Other Income	5.3	13.7	18.8	11.7	6.1	15.2	12.7	7.6	49.6	41.6	9.3	
PBT before EO expense	34.5	-9.8	27.9	87.9	74.0	100.7	58.4	64.1	140.4	297.3	41.4	143%
Extra-Ord expense	0.0	-11.6	-6.8	0.0	0.0	0.0	0.0	0.0	-18.4	0.0	0.0	
PBT	34.5	1.7	34.7	87.9	74.0	100.7	58.4	64.1	158.8	297.3	41.4	143%
Tax	8.1	-0.1	6.0	15.2	17.2	24.6	14.7	16.1	29.2	72.6	10.4	
Rate (%)	23.4	-4.2	17.2	17.3	23.2	24.4	25.2	25.2	18.4	24.4	25.2	
Reported PAT	26.4	1.8	28.7	72.6	56.9	76.1	43.7	48.0	129.6	224.7	31.0	146%
Adj PAT	26.4	-10.3	23.1	72.6	56.9	76.1	43.7	48.0	111.2	224.7	31.0	146%
YoY Change (%)	-80.8	-107.9	-71.3	50.2	115.2	-842.2	89.2	-33.9	-71.9	102.0	-402.3	
Margin (%)	1.4	-0.6	1.2	3.7	2.9	4.3	2.3	2.5	1.5	3.0	1.7	
Key Assumptions												
Refining throughput (mmt)	18.2	16.7	18.1	18.5	18.7	17.6	18.7	18.7	71.6	73.7	17.9	-2%
Reported GRM	6.4	1.6	2.9	8.0	2.2	10.7	6.5	6.5	4.7	6.5	6.5	66%
Domestic sale of refined products (mmt)	24.1	21.9	24.8	24.6	25.0	22.9	25.8	25.6	95.4	99.2	23.7	-4%
Marketing GM incld. inv. per litre (INR/litre)	4.9	5.9	6.3	6.0	7.8	6.2	5.2	5.6	5.8	6.2	5.2	19%



BSE SENSEX
84,779

S&P CNX
25,966



Stock Info

Bloomberg	GAIL IN
Equity Shares (m)	6575
M.Cap.(INRb)/(USDb)	1173.7 / 13.3
52-Week Range (INR)	217 / 151
1, 6, 12 Rel. Per (%)	-1/-12/-20
12M Avg Val (INR M)	2337
Free float (%)	48.5

Financials Snapshot (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	1,299.3	1,360.9	1,436.4
EBITDA	128.5	142.3	147.0
Adj. PAT	84.3	95.2	100.7
Adj. EPS (INR)	12.8	14.5	15.3
EPS Gr. (%)	-10.8	13.0	5.7
BV/Sh.(INR)	122.2	132.0	142.5

Ratios

Net D:E	0.2	0.1	0.1
RoE (%)	11.5	12.0	11.7
RoCE (%)	9.7	10.3	10.2
Payout (%)	32.0	32.0	32.0

Valuations

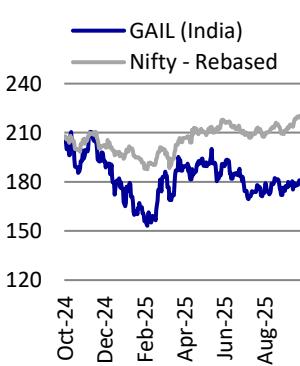
P/E (x)	14.0	12.4	11.7
P/BV (x)	1.5	1.4	1.3
EV/EBITDA (x)	7.3	6.5	6.1
Div. Yield (%)	2.3	2.6	2.7
FCF Yield (%)	2.1	4.6	5.1

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	51.5	51.5	51.5
DII	27.3	26.4	24.3
FII	14.3	15.5	17.4
Others	6.9	6.6	6.7

FII Includes depository receipts

Stock performance (one-year)



CMP: INR179

TP: INR205 (+15%)

Buy

Tariff hike key catalyst; valuations attractive now

GAIL's valuations have corrected sharply from their Sep'24 highs, and the stock now trades close to its historical averages at ~1.1x one-year forward core P/B, offering limited downside driven by attractive dividend yield and robust FCF outlook. Further, the anticipated transmission tariff revision effective from Jan'26 is expected to raise the FY27 PAT by around 11% (revised TP: INR228/sh), serving as a key near-term catalyst.

Transmission volumes are also set to rebound in FY27 as the impact of multiple one-off disruptions in FY26 wanes, with a recovery in power and fertilizer offtake and normalization of flood-impacted supplies. Government initiatives to further rationalize natural gas taxation can be a significant long-term positive. Reiterate BUY with a TP of INR205.

Trading at 1.1x one-year forward core P/B; robust FCF outlook, 2.6% FY27 dividend yield

- GAIL's core business (i.e., excl. listed and unlisted investments) currently trades at 1.1x one-year forward P/B, marginally above its five-year LTA valuation. Valuations have corrected sharply from the highs of 1.7x one-year forward core P/B in Sep'24. As such, we see limited downside for the stock from current levels, given an FY27/28 ROE of ~12%.
- Free cash flow generation for GAIL is likely to remain robust (INR138.5b over FY26-28E) as the multi-year capex cycle tapers off, while no new mega projects have been announced yet.
- Dividend yield for GAIL stands at an attractive 2.6%/2.7% in FY27/28. The current dividend yield is ~35-40% above the median/average 10-year dividend yield.

Government initiatives to rationalize taxation on natural gas

- According to [media reports](#) and our channel checks, the Gujarat government has revised the tax on natural gas from a higher VAT rate to 2% CST, applicable only to APM and non-APM gas (excluding LNG volumes). While IGL stands to benefit the most, the move signals progress towards rationalizing taxes for natural gas and eventually bringing it under GST.
- For GAIL, the rationalization of taxes for gas can be a long-term positive, supporting gas affordability and demand growth, especially in underpenetrated regions.

Tariff revision around the corner; expected to lift FY27 earnings by 11%

- We expect the long-awaited transmission tariff revision to be implemented from January onwards, which could raise GAIL's FY27 PAT by around 11%. This remains a key catalyst for the stock.
- The hike would reflect higher operating costs and network expansion undertaken over the past few years, providing a steady boost to transmission earnings and overall profitability.

Transmission volumes to rebound in FY27 as one-off disruptions wane

- Gas volumes are likely to recover meaningfully in FY27 as several one-off disruptions that hampered volumes in FY26 normalize next year.
- The power sector's offtake, which collapsed this year due to weak power demand, could add around 2mmscmd in FY27. The fertilizer sector's volumes are also expected to recover, though the permanent shutdown of one Kanpur-based plant (1.5-2mmscmd impact) will limit the upside. Further, according to our channel checks, flood-related disruptions this year shall led to a 2-3mmscmd loss. These volumes are likely to recover in FY27.
- Lastly, the ramp-up in gas offtake has been slow across IOCL's refineries in Paradip, Haldia, Barauni, and Guwahati. With improving connectivity and new IOCL refinery capacities coming onstream, transmission throughput and utilization are expected to strengthen in FY27.

Transmission and petchem expansion on track for FY26 commissioning

- GAIL's petrochemical expansion remains on track, with 1,250ktpa PTA project targeted for completion by Feb'26. The 500ktpa PDH-PP unit is slated for mechanical completion by Jun'26, with production likely commencing by Dec'26. We are building in for petchem volumes to rise 25% over FY25-28, thus boosting profitability.
- At the Pata complex, GAIL continues to supply feedstock under Henry Hub-linked contracts, though it retains flexibility to switch to crude-linked pricing as needed. The company does not anticipate any major shutdowns in the near term, ensuring stable operations until new capacities come onstream.

Capex stabilizing as mega projects end; new cycle shaping up

- Capex is expected to remain largely flat in the near term, given the absence of major new project announcements. However, GAIL's board has approved several key pipeline and expansion projects, with a total investment of INR75b.
- These include the Jamnagar–Loni pipeline expansion (INR55b), the Vijaipur–Bina line (INR5.5b), and the Dahej–Uran–Dabhol pipeline (INR15b), which will support the expansion of the Dabhol LNG terminal capacity to 6.5mmtpa. Additionally, the 1.5mmtpa Dabhol expansion project itself entails an investment of about INR5.5b.
- On the renewable and green energy front, GAIL has also approved two new compressed biogas plants, each with an estimated capex of around INR1b, underscoring its gradual diversification into cleaner energy initiatives.

Dabhol ramp-up to enhance earnings contribution

- The Dabhol terminal is set to complete its heating system by Jun'27. This will allow its capacity utilization to rise from ~40% to ~60%.
- Further, GAIL is planning to expand the Dabhol capacity by 1.5mmtpa, which will take around two years, with long-term plans to scale the terminal capacity to 15mmtpa. In FY25, Dabhol generated a adj. EBITDA of ~INR2b, forming a modest ~1.5% share of GAIL's consolidated EBITDA; however, its contribution is expected to rise meaningfully in the coming years.

Key risks: APM de-allocation in the LPG segment

- GAIL's LPG production segment has been witnessing APM gas de-allocation in recent quarters, and further de-allocation remains a risk for profitability.

- About 25% of the domestic gas originally allocated to this division has been withdrawn, resulting in a corresponding decline in the average production run-rate of LPG and liquid hydrocarbons (LHC). Any additional de-allocation could further weigh on segment performance and profitability.
- In FY25, the LPG and LHC segment EBIT accounted for 6.5% of GAIL EBIT. Producing LPG using costlier RLNG is economically unviable, thus limiting flexibility.

Valuation and View

- We reiterate **BUY** on GAIL with our SoTP-based TP of INR205. Over FY26-28, we estimate a 9% CAGR in PAT, driven by:
 - an increase in natural gas transmission volumes to 132mmscmd in FY28 from 123mmscmd in FY26;
 - substantial improvement in the petchem segment's performance over FY27-28, as the new petchem capacity will be operational and spreads are bottoming out;
 - healthy profitability in the trading segment, with guided EBIT of at least INR40b in FY26/FY27.
- We expect RoE to stabilize at ~12% in FY27/28, with a healthy FCF generation of INR138.5b over FY26-28, which we believe can support its valuations.

GAIL's SoTP-based valuation

Business	EBITDA (INR b)	Target multiple(x)	Value (INR b)
Gas transmission	71	10.0	711
LPG transmission	5	7.5	35
Gas trading	38	6.0	233
Petrochemicals	12	7.0	84
LPG	16	6.5	106
Investments			294
Enterprise value			1,463
Net Debt			117
Implied Equity value			1,346
Value (INR/sh)			205



Shree Cement

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	SRCM IN
Equity Shares (m)	36
M.Cap.(INRb)/(USDb)	1031.4 / 11.7
52-Week Range (INR)	32508 / 23500
1, 6, 12 Rel. Per (%)	-6/-13/8
12M Avg Val (INR M)	997

Financial Snapshot (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	194.1	208.0	224.4
EBITDA	46.3	51.8	58.2
Adj. PAT	19.1	20.3	24.4
EBITDA Margin (%)	23.9	24.9	25.9
Cons. Adj. EPS (INR)	529	562	677
EPS Gr. (%)	56.7	6.1	20.4
BV/Sh. (INR)	6,238	6,610	7,087
Ratios			
Net D:E	-0.2	-0.3	-0.3
RoE (%)	8.7	8.7	9.9
RoCE (%)	9.2	9.2	10.3
Payout (%)	32.0	33.8	29.6
Valuations			
P/E (x)	54.0	50.9	42.3
P/BV (x)	4.6	4.3	4.0
EV/EBITDA(x)	20.7	18.2	15.8
EV/ton (USD)	165	155	146
Div. Yield (%)	0.6	0.7	0.7
FCF Yield (%)	0.8	1.9	2.4

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	62.6	62.6	62.6
DII	14.7	14.9	14.5
FII	10.3	10.1	10.4
Others	12.5	12.5	12.6

FII Includes depository receipts

CMP: INR28,585 TP: INR30,030 (+5%) Neutral

EBITDA below estimates; maintaining value focus

Premium cement share surges to ~21% vs. ~15% in 2QFY25

- Shree Cement's (SRCM) 2QFY26 EBITDA was below our estimate due to higher-than-estimated opex/t. EBITDA (adjusted for one-off) stood at INR8.8b (up 48% YoY; ~9% below our estimates). EBITDA/t at INR1,106 grew 41% YoY (8% below our estimate). OPM expanded 4.4pp YoY to ~20% (vs. estimate ~23%). Adj. PAT grew ~215% YoY to INR2.9b (~36% beat, mainly due to higher other income and lower depreciation than our estimates).
- Management indicated that the reduction of GST on cement from 28% to 18% was a major positive reform, supporting long-term demand growth. The company fully passed on the GST benefits to customers. Despite heavy rains and a sharp decline in QoQ volume, realizations remained firm in 2Q. The company saw a sharp increase in the premium products share (as a % of trade sales), reaching ~21% vs. ~15% in 2QFY25, which is likely to remain at similar levels in the coming quarters. Capacity is expected to reach ~67mtpa by FY26-end, rising to ~72-75mtpa by end-FY27E and ~80mtpa by FY28-29E.
- We cut our EBITDA estimates by ~5%-7% for FY26-FY28E. Our EPS estimate for FY26 has been raised ~18% due to a reduction in depreciation guidance, while estimates for FY27/28 remain unchanged. SRCM trades at a rich valuation of 18x/16x FY27E/FY28E EV/EBITDA. We reiterate our Neutral rating with a revised TP of INR30,030 (based on 18x Sep'27E EV/EBITDA).

Volumes increase ~5% YoY; Opex/t up ~4% YoY/QoQ

- Standalone revenue/adj. EBITDA/PAT stood at INR43.0b/INR8.8b/INR2.9b (up 15%/48%/215% YoY and +2%/-9%/+36% vs. our estimates) in 2QFY26. Volumes grew ~5% YoY to 7.91mt (-2% vs. estimate). Blended realization grew 10% YoY (down ~2% QoQ) to INR5,440/t.
- Opex/t grew ~4% YoY/QoQ (+7% vs. estimate). Variable cost/other expense /freight cost per ton increased ~7%/6%/1% YoY. OPM expanded 4.4pp YoY to ~20%, and adj. EBITDA/t increased ~41% YoY to INR1,106. Depreciation/interest costs declined 17%/11% YoY. Other income declined 12% YoY.
- In 1HFY26, standalone revenue/EBITDA/PAT stood at INR92.5b/21.0b/9.1b (up 8%/40%/122% YoY). OPM expanded 5.1pp YoY to ~23%. EBITDA/t grew ~42% YoY to INR1,248. OCF stood at INR7.5b vs. INR15.4b in 1HFY25. Capex stood at INR8.3b vs. 18.6b in 1HFY25. Net cash outflow stood at INR752m vs. INR3.2b in 1HFY25.

Highlights from the management commentary

- SRCM's UAE operations recorded their best-ever quarterly performance, with volumes up ~34% YoY to 1.31mt, revenue up ~50% YoY, and EBITDA rising sharply by 158% YoY to AED52.5m. The improvement was driven by robust local demand, higher realizations, and better operational efficiency.
- Fuel costs increased to INR1.66/Kcal vs. INR1.59 in 1QFY26. Green power share stood at ~63% in 1HFY26.
- The company has commissioned a 3.65mtpa clinker unit at Rajasthan, with 3.0mtpa cement mill expected in the near future. The 3mtpa integrated capacity at Kodla, Karnataka (brownfield expansion), is likely to be commissioned in 3QFY26.

Valuation and view

- SRCM's operating performance was below our estimates due to higher opex/t, which was partly offset by better-than-estimated blended realization. The company saw a sharp increase in premium products shares, driven by its continuous efforts toward brand building and premiumization. However, low-capacity utilizations (~53% in 2QFY26) led to negative operating leverage and higher opex/t. Further, we remain watchful for its next leg of capacity expansion announcement (regional mix/location) as the company progresses toward its 80mtpa target by FY28-29E.
- We estimate a CAGR of 8%/15%/26% in revenue/EBITDA/PAT over FY25-28E. We estimate a volume CAGR of ~6% over FY25-28E (as it continues to focus on value over volume). We estimate EBITDA/t of INR1,251/INR1,319/INR1,385 in FY26/FY27/FY28 vs. INR1,086 in FY25. We expect lower capacity utilization (~56-59% over FY26-28) to lead to lower return ratios (ROE/ROCE at ~10% each, post tax, vs. historically in mid-teens). Further, we remain watchful of the company's next leg of capacity expansion (to reach 80mtpa by FY28). The stock trades at a rich valuation of 18x/16x FY27E/FY28E EV/EBITDA. We reiterate our Neutral rating with a revised TP of INR30,030 (based on 18x Sep'27E EV/EBITDA).

Standalone quarterly performance

Y/E March	(INR b)											
	FY25				FY26				FY25	FY26E	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	48.3	37.3	42.4	52.4	49.5	43.0	45.8	55.8	180.4	194.1	42.4	2
YoY Change (%)	-2.7	-18.3	-13.6	3.3	2.3	15.5	8.1	6.6	-7.5	7.6	13.8	
Total Expenditure	39.2	31.3	32.9	38.3	37.2	34.3	35.6	40.8	141.7	147.8	32.7	5
EBITDA	9.2	5.9	9.5	14.1	12.3	8.8	10.2	15.1	38.7	46.3	9.6	-9
YoY Change (%)	-1.7	-31.9	-23.3	6.4	34.1	47.7	7.7	6.8	-11.4	19.7	5.3	
Margin (%)	19.0	15.9	22.3	26.9	24.8	20.3	22.3	27.0	21.4	23.9	22.8	-242
Depreciation	6.4	6.7	7.5	7.5	5.5	5.5	6.3	7.2	28.1	24.6	7.6	-27
Interest	0.6	0.6	0.5	0.4	0.4	0.5	0.5	0.5	2.1	2.0	0.5	-1
Other Income	1.3	1.8	1.1	1.5	2.0	1.6	1.3	1.3	5.8	6.2	1.4	16
PBT before EO Exp.	3.5	0.4	2.6	7.7	8.3	4.3	4.7	8.7	14.3	25.9	2.9	47
Extra-Ord. Expense	0.0	0.0	0.0	0.3	0.0	0.2	0.0	0.0	-0.3	0.2	0.0	
PBT	3.5	0.4	2.6	7.4	8.3	4.0	4.7	8.7	14.0	25.7	2.9	39
Tax	0.3	-0.5	0.3	1.9	2.1	1.3	1.2	2.1	2.0	6.7	0.7	
Rate (%)	9.4	-108.1	11.4	25.1	25.8	31.2	25.5	24.8	14.4	26.2	25.5	
Reported PAT	3.2	0.9	2.3	5.6	6.2	2.8	3.5	6.5	12.0	18.9	2.2	29
Tax adjustment prior period	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Adj. PAT	3.2	0.9	2.3	5.8	6.2	2.9	3.5	6.5	12.2	19.1	2.2	36
YoY Change (%)	-45.3	-81.0	-68.8	-12.5	94.7	215.1	51.3	12.6	-50.6	56.7	131.4	

Quarterly performance

Sales Dispat. (mt)	9.6	7.6	8.8	9.8	9.0	7.9	9.1	11.1	35.8	37.0	8.1	-2
YoY Change (%)	8.1	-7.9	-1.4	3.2	-7.2	4.8	3.7	12.5	0.7	3.4	6.0	
Realization	5,015	4,936	4,830	5,325	5,528	5,440	5,032	5,045	5,038	5,243	5,263	3
YoY Change (%)	-10.0	-11.3	-12.4	0.1	10.2	10.2	4.2	-5.3	-8.2	4.1	7.3	
Expenditure												
RM Cost	530	543	616	569	626	682	550	473	564	574	540	26
Staff Cost	254	331	270	240	284	325	290	244	270	282	325	-0
Power and Fuel	1,458	1,326	1,042	1,172	1,281	1,314	1,240	1,165	1,249	1,243	1,240	6
Freight	1,157	1,181	1,131	1,175	1,211	1,191	1,140	1,123	1,160	1,163	1,160	3
Other Expenses	667	771	691	735	753	821	692	678	713	730	800	3
Total Op. cost	4,065	4,152	3,750	3,890	4,155	4,334	3,911	3,683	3,958	3,992	4,065	7
EBITDA	951	785	1,079	1,435	1,373	1,106	1,121	1,362	1,080	1,251	1,198	-8

Indus Towers

Estimate changes



TP change

Rating change

Bloomberg	INDUSTOW IN
Equity Shares (m)	2638
M.Cap.(INRb)/(USDb)	1018.1 / 11.5
52-Week Range (INR)	430 / 313
1, 6, 12 Rel. Per (%)	6/-12/5
12M Avg Val (INR M)	2843

Financials & Valuations (INR b)

INR b	FY26E	FY27E	FY28E
Net Sales	329.6	349.6	368.0
EBITDA	178.9	168.2	176.0
Adj. PAT	68.4	79.3	79.9
EBITDA Margin (%)	54.3%	48.1%	47.8%
Adj. EPS (INR)	25.9	30.1	30.3
EPS Gr. (%)	41.3	15.9	0.8
BV/Sh. (INR)	147.0	150.5	152.1
Ratios			
Net D:E	-0.1	-0.1	-0.1
RoE (%)	19.0	19.8	19.6
RoCE (%)	22.2	19.0	19.3
Valuations			
EV/EBITDA (x)	5.4	5.8	5.6
P/E (x)	14.8	12.8	12.7
P/BV (x)	2.6	2.6	2.5
Div. Yield (%)	4.9	5.5	5.2

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	51.0	50.0	53.0
DII	18.3	18.2	17.0
FII	26.2	27.5	24.2
Others	4.5	4.3	5.8

FII includes depository receipts

CMP: INR386
TP: INR390 (+1%)
Neutral
In-line 2Q; elevated capex hurts FCF generation

- Indus Towers' (Indus) 2QFY26 was broadly in line with our estimates, with recurring EBITDA (excl. provision reversals) rising 3% QoQ to INR43.8b.
- Reported EBITDA at INR45.7b grew 5% QoQ (6% ahead), driven by prior-period provision reversals of ~INR1.95b.
- Operationally, tower additions picked up QoQ after a subdued 1Q, while tenancy additions moderated, likely as Vi's rollouts tapered off during 2Q. However, management indicated that the order book for both tower and tenancy additions remains robust in the near term.
- Indus' capex surged ~31% QoQ to INR25.6b, and receivables inched up ~INR5b, which led to a moderation in the FCF generation to ~INR3b in 2Q (vs. INR15.7b in 1Q).
- Management indicated that capex remains elevated due to higher maintenance capex for strengthening aging towers, energy conservation initiatives such as solarization and battery upgrades. The increase in receivables was attributed mainly to timing issues and is expected to unwind in the coming quarters.
- Indus' recent announcement of its foray into Africa appears to be at a preliminary stage, with further clarity on investments and potential return ratios expected to emerge over the next 3-6 months.
- Our FY26-28 estimates remain broadly unchanged. While the recent SC verdict allowing the GoI to re-examine the AGR issue is a key material positive for Vi, we continue to model ~INR20b of bad debt provisions (~25% of Vi's annual service rentals) from FY27 to FY32, given Vi's cash constraints despite a potential AGR waiver (overall NPV impact of provisions is ~INR31/share for Indus).
- A potential fundraise by Vi, following the AGR relief, could improve visibility on the continuation of its INR500-550b capex plan, which would be sentimentally positive for Indus. However, we note that our estimates already bake in ~35k/~50k tenancies/5G loadings from Vi over FY25-28.
- We reiterate our **Neutral rating** with an unchanged **DCF-based TP of INR390**, premised on DCF-based 7.5x Dec'27 EV/EBITDA. The risk-reward appears fairly balanced at CMP (bull case: INR450; bear case: INR330).

In-line 2Q; tower additions pick up but tenancy additions moderate

- Indus' tower additions picked up QoQ to 4.3k (vs. 2.75k QoQ and our est. of 3.5k), while tenancy additions moderated further to ~4.5k (vs. 6.1k QoQ and our est. of 7k) due to the tapering off of Vi's rollouts during 2QFY26.
- Reported average revenue per tenant (ARPT) at INR41.7k (+1% YoY, 1% above) inched up 1% QoQ. However, management indicated that the quarter benefited from certain prior-period reconciliations (~0.8% boost).

- Consolidated revenue grew 2% QoQ at INR81.9b (+10% YoY, in-line), as service revenue grew 3% QoQ (+11% YoY), while energy reimbursements remained flat QoQ (+7% YoY).
- Consolidated reported EBITDA rose 5% QoQ at INR45.7b (-6% YoY, 6% ahead), largely due to prior-period provision reversals (INR1.95b).
- Adjusted service EBITDA at INR45.2b (+3% QoQ, +15% YoY) was ~2% above our estimate.
- However, energy under-recovery widened to INR1.4b (vs. our estimate and 1Q under-recovery of INR1.25b).
- Indus reversed a bad debt provision of INR1.95b in 2Q (vs. reversals of INR0.9b QoQ, our est. of NIL and INR10.8b YoY).
- Adjusted for provision reversals, recurring EBITDA at INR43.8b (+3% QoQ, +16% YoY) was 1.5% ahead of our estimate due to lower employee costs (-4% QoQ, 8% below) and other expenses (-10% YoY, 6% below).
- Reported PAT at INR18.4b (+6% QoQ, -17% YoY) was ~9% ahead of our estimate, primarily due to prior-period provision reversals. Adjusted PAT was broadly in line with our estimate.

Elevated capex and increase in receivables weigh on FCF generation

- With a pick up in tower addition, capex surged 31% QoQ to ~INR25.6b. Maintenance capex remained elevated; the company continues to invest in energy efficiency initiatives such as solarization and battery replacement.
- Receivables increased ~INR5b QoQ to ~INR48.5b, indicating a net shortfall in collections by ~INR3b (net of prior period provision reversals).
- Reported FCF came in at INR3b in 2Q (vs. INR15.7b in 1Q) due to higher capex and an increase in receivables. For 1HFY26, Indus' FCF stood at INR18.6b (vs. INR98.5b in FY25, boosted by the collection of Vi's past dues).
- Net cash (excluding leases) improved to ~INR29.6b (vs. ~INR24.6b QoQ).

Key highlights from the management commentary

- **Africa foray:** Indus is currently conducting preliminary studies in Africa, focusing initially on new site build-outs, with Airtel Africa as a key anchor tenant. Management expects to provide further clarity on the scale of investments and return metrics over the next 3-6 months. Indus' African foray will be funded through a mix of debt and equity, and management remains open to pursuing inorganic opportunities, if they come at the right valuation in due course.
- **Higher capex:** Management indicated that capex remained elevated due to a sequential pick-up in tower additions, investments in energy efficiency initiatives, creation of additional infrastructure to support second tenants on existing towers, and continued maintenance capex for strengthening the aging tower portfolio and battery replacements.
- **Tower additions and outlook:** Tower additions picked up in 2QFY26, driven by a higher share in key customers' new build-outs and a shift from other towercos. However, tenancy additions continued to moderate in line with the tapering of Vi's rollouts. Management indicated that the order book remains robust, at least in the near term, for both tenancy and tower additions.

Valuation and view

- Our FY26-28 estimates remain broadly unchanged. While the recent SC verdict allowing the GoI to re-examine the AGR issue is a key material positive for Vi, we continue to model ~INR20b bad debt provisions (~25% of Vi's annual service rentals) from FY27 to FY32, given Vi's cash constraints despite a potential AGR waiver (overall NPV impact of provisions is ~INR31/share for Indus).
- A potential fundraise by Vi, following the AGR relief, could improve visibility on the continuation of its INR500-550b capex plan, which would be sentimentally positive for Indus.
- However, we note that our estimates already bake in ~35k/~50k tenancies/5G loadings from Vi over FY25-28, and we do not expect any material earnings upgrades from the recent regulatory developments.
- We reiterate our **Neutral rating** with an unchanged **DCF-based TP of INR390**, premised on DCF-based 7.5x Dec'27 EV/EBITDA. The risk-reward appears fairly balanced at CMP (bull case: INR450; bear case: INR330).

Y/E March (Consolidated)	FY25								FY26		FY25	FY26E	FY26E 2QE	Var. (%) Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q						
Revenue from operations	74	75	75	77	81	82	83	84	301	330	82	82	82	0.3
YoY Change (%)	4.3	4.7	4.8	7.4	9.1	9.7	10.1	8.8	5.3	9.4	9.4	9.4	9.4	9.3
Total Expenditure	29	26	6	34	37	36	38	39	95	151	39	39	39	-6.1
Provisions / (reversals)	-8	-11	-30	-2	-1	-2	0	0	-51	-3	0	0	0	0
Recurring EBITDA	37	38	39	41	43	44	45	45	156	176	43	43	43	1.5
EBITDA	45	49	70	43	43	46	45	45	207	179	43	43	43	6.0
YoY Change (%)	29.4	42.2	94.1	6.2	-3.4	-6.0	-35.8	4.0	41.9	-13.4	-13.4	-13.4	-13.4	-11.3
Depreciation	16	16	16	17	17	18	18	18	64	71	17	17	17	3.5
Interest	4	4	3	4	4	4	4	4	14	16	4	4	4	-5.9
Other Income	1	1	1	1	1	1	1	1	3	3	1	1	1	3.6
PBT before EO expense	26	30	52	24	23	25	24	24	132	96	23	23	23	10.0
Extra-Ord expense	-8	-11	-30	-2	-1	-2	0	0	-51	-3	0	0	0	0
PBT	18	19	22	21	22	23	24	24	81	93	23	23	23	1.3
Tax	7	8	12	6	6	6	6	6	32	24	6	6	6	6
Rate (%)	25.7	25.4	23.3	24.7	25.6	25.8	25.2	25.2	24.5		25.2			
Reported PAT	19	22	40	18	17	18	18	18	99	71	17	17	17	9.1
Adj PAT	12	11	10	16	17	17	18	18	48	69	17	17	17	0.4
YoY Change (%)	-17.5	-17.8	-38.4	-1.9	43.3	47.6	82.1	13.9	-19.0	42.7	18.9	18.9	18.9	

E: MOFSL Estimates

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	SRF IN
Equity Shares (m)	296
M.Cap.(INRb)/(USDb)	897.5 / 10.2
52-Week Range (INR)	3325 / 2127
1, 6, 12 Rel. Per (%)	3/-/28
12M Avg Val (INR M)	1691

Financials & Valuations (INR b)

Y/E Mar	2026E	2027E	2028E
Sales	163.5	194.1	217.6
EBITDA	37.1	47.8	54.2
PAT	20.3	27.3	31.4
EBITDA (%)	22.7	24.6	24.9
EPS (INR)	68.1	91.8	105.7
EPS Gr. (%)	47.9	34.7	15.1
BV/Sh. (INR)	475	550	638
Ratios			
Net D/E	0.3	0.3	0.2
ROE (%)	15.2	17.9	17.8
RoCE (%)	12.4	14.8	15.0
Payout (%)	25.2	18.5	16.1
Valuations			
P/E (x)	44.4	33.0	28.7
EV/EBITDA (x)	25.3	19.7	17.3
Div Yield (%)	0.6	0.6	0.6
FCF Yield (%)	0.5	0.7	1.4

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	50.3	50.3	50.3
DII	19.6	18.9	17.8
FII	18.0	18.2	18.3
Others	12.2	12.6	13.7

Note: FII includes depository receipts

CMP: INR3,028 TP: INR3,650 (+21%)
Buy
**Chemical and PFF continue to support operating performance
In-line 2QFY26**

- SRF delivered a strong 2QFY26, with EBIT surging 55% YoY, fueled by a robust 96%/44% YoY jump in the chemicals/performance films & foil (PFF) businesses, despite ongoing global headwinds. However, the technical textiles business EBIT declined 41% YoY in 2Q.
- The chemical business (specialty chemicals and fluorochemicals segments) is expected to deliver a stronger 2H performance due to seasonality, new product traction, and a stable-to-better pricing outlook for refrigerants. The company expects its chemical revenue growth to surpass 20% in FY26.
- We broadly retain our FY26/FY27/FY28 EBITDA estimates and **reiterate our BUY rating**. We value the stock on an SoTP basis to arrive at our **TP of INR3,650**.

Operating efficiency and better product mix fuel margin expansion

- SRF reported an overall revenue of INR36.4b (est. INR38.8b) in 2QFY26, up ~6% YoY. EBITDA margin expanded 570bp YoY to 22.1% (est. of 21.2%). EBITDA stood at INR8b (est. in line), up 44% YoY. Adj. PAT grew 87% YoY to INR4.2b (est. in line), adjusted for a forex loss of INR306m in 2QFY26.
- The chemical segment's** revenue (46%/74% of total sales/EBIT in 2Q) grew 23% YoY to INR16.7b, while EBIT grew 96% YoY to INR4.8b. EBIT margin was 28.9% (vs. 18.1% in 2QFY25). The fluorochemicals business achieved record refrigerant sales and benefited from higher prices, while the specialty chemicals business saw volume growth and positive traction from new product launches. Efficiency measures across both segments improved overall margins.
- PFF** revenue (39%/18% of total sales/EBIT in 2QFY26) declined marginally by 1% YoY to INR14.b, while EBIT grew ~44% YoY to INR1.2b. Margin expanded 260bp YoY to 8.4% during the quarter. The packaging films business achieved margin growth in its value-added product segment while SRF maintained its status as the leading exporter of BOPET films in India.
- Technical textiles'** revenue (13%/7% of total sales/EBIT in 2QFY26) was down 11% YoY to INR4.7b. EBIT dipped 41% YoY to INR423m. EBIT margin contracted 440bp YoY to 8.9%. The technical textiles business faced significant headwinds due to aggressive import pricing of nylon tyre cord fabrics and belting fabrics from China and low demand for polyester industrial yarn.
- In 1HFY26, SRF's revenue/EBITDA/adj. PAT grew 8%/38%/71% YoY to INR74.6b/INR16.3b/INR8.4b. while EBITDA margin expanded 460bp to 21.8%. Gross debt stood at INR45.3b vs. INR46.4b in Mar'25. SRF generated operating cash flow of ~INR10b.

Highlights from the management commentary

- Guidance:** SRF guided over 20% revenue growth for the chemicals business in FY26, driven by a strong 1H. This is despite some order deferment (for older products) from large global agro players to the later part of 2HFY26.

- **Fluorochemicals:** SRF entered into strategic agreements with The Chemours Company for manufacturing, supply, and distribution of select fluoropolymers and fluoroelastomers. A notable portion of production will cater to Chemours' requirements, generating substantial revenue for SRF. The project will be commissioned in phases, with final completion expected by Dec'26.
- **Capex:** SRF will be incurring ~INR22-23b of capex in FY26. The Board also enhanced its capex outflow for fluoropolymers to INR7.45b from INR5.95b to accommodate the expanded project scope. Of this, ~INR4b will be for non-Chemours products, and the balance of INR2.95b will be for two products of Chemours.

Valuation and view

- We expect the chemicals business (fluorochemicals and specialty chemicals) to witness higher growth momentum in 2HFY26 (vs. 1HFY26), fueled by 1) the ramp-up of recently commissioned plants, 2) the launch of new products, 3) a strong R&D and innovation pipeline, 4) stable demand for refrigerant gases, and 5) a diversified portfolio.
- The packaging business is also likely to report better margins driven by higher realizations of BOPP, a strong portfolio of high-impact, value-added products, and the anti-dumping duty on Chinese aluminum foil imports to India.
- We build in a revenue/EBITDA/Adj. PAT CAGR of 14%/24%/32% over FY25-28E. We broadly maintain our FY26/FY27/FY28 EBITDA estimates and **reiterate our BUY rating**. We value the stock on an SoTP basis to arrive at our **TP of INR3,650**.

Y/E March	FY25								FY26				FY25	FY26E	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	2Q	3Q	4Q	1Q				
Net Sales	34,641	34,243	34,913	43,133	38,186	36,402	39,828	49,120	1,46,931	1,63,537	38,840	-6				
YoY Change (%)	3.8	7.8	14.4	20.8	10.2	6.3	14.1	13.9	11.8	11.3	13.4					
Total Expenditure	28,435	28,637	28,375	33,108	29,975	28,354	31,520	36,594	1,18,555	1,26,443	30,593					
EBITDA	6,207	5,606	6,538	10,025	8,212	8,048	8,308	12,526	28,376	37,093	8,247	-2				
Margins (%)	17.9	16.4	18.7	23.2	21.5	22.1	20.9	25.5	19.3	22.7	21.2					
Depreciation	1,882	1,939	1,943	1,952	2,032	2,121	2,100	2,311	7,715	8,565	2,040					
Interest	965	938	963	894	799	707	750	800	3,760	3,056	895					
Other Income	253	333	396	345	291	257	375	436	1,327	1,360	365					
PBT before EO expense	3,612	3,063	4,029	7,525	5,671	5,477	5,833	9,851	18,229	26,832	5,677					
Extra-Ord expense & DO	172	226	342	451	-87	306	0	0	1,192	219	0					
PBT	3,440	2,837	3,687	7,074	5,758	5,171	5,833	9,851	17,037	26,613	5,677					
Tax	918	822	976	1,813	1,435	1,289	1,429	2,414	4,529	6,567	1,391					
Rate (%)	25.4	26.9	24.2	24.1	25.3	23.5	24.5	24.5	24.8	24.5	24.5					
Reported PAT	2,522	2,014	2,711	5,261	4,323	3,882	4,404	7,437	12,508	20,046	4,286					
Adj PAT	2,695	2,240	3,053	5,712	4,236	4,188	4,404	7,437	13,700	20,265	4,286	-2				
YoY Change (%)	-29.6	-30.0	12.4	30.4	57.2	87.0	44.3	30.2	-3.0	47.9	91					
Margins (%)	7.8	6.5	8.7	13.2	11.1	11.5	11.1	15.1	9.3	12.4	11.0					

Mahindra & Mahindra Financial

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	MMFS IN
Equity Shares (m)	1390
M.Cap.(INRb)/(USDb)	416.9 / 4.7
52-Week Range (INR)	306 / 232
1, 6, 12 Rel. Per (%)	2/11/6
12M Avg Val (INR M)	614

Financials & valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	81.8	100.1	114.7
PPP	47.7	61.7	71.3
PAT	23.5	28.1	34.4
EPS (INR)	19.0	20.2	24.7
EPS Gr. (%)	33	6	22
BV/Sh.(INR)	161	179	196
Ratios			
NIM (%)	6.7	6.8	6.9
C/I ratio (%)	41.7	38.4	37.8
RoA (%)	1.9	2.0	2.1
RoE (%)	12.4	12.6	13.2
Payout (%)	34.2	35.8	32.1
Valuations			
P/E (x)	15.8	14.8	12.1
P/BV (x)	1.9	1.7	1.5
Div. Yield (%)	2.2	2.4	2.7

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	52.5	52.5	52.2
DII	32.3	32.3	31.6
FII	9.6	9.4	10.3
Others	5.6	5.8	6.0

FII Includes depository receipts

CMP: INR300

TP: INR350 (+17%)

Buy

GST rate cuts could prompt strong business volumes in 2HFY26

Earnings beat driven by higher other income; credit costs elevated

- Mahindra & Mahindra Financial's (MMFS) 2QFY26 PAT rose ~54% YoY to ~INR5.7b (~13% beat). PAT in 1HFY26 grew 25% YoY, and we expect PAT in 2HFY26 to grow 17% YoY. NII in 2QFY26 stood at INR21.1b (inline) and grew ~17% YoY. Other income rose ~73% YoY to ~INR3.1b, driven by healthy fee and dividend income of INR536m received from MIBL during the quarter (PQ: INR464m).
- NIM (calc.) rose ~12bp QoQ to ~6.8%. Opex stood at ~INR9.2b (up ~16% YoY) and the cost-income ratio stood at ~38% (PQ: ~41% and PY: ~40%). PPoP stood at ~INR15b (in line) and grew ~25% YoY.
- Credit costs stood at ~INR7.5b (inline). Annualized credit costs stood at ~2.4% (PQ: ~2.2% and PY: ~2.6%). Collection efficiency in 2QFY26 improved marginally to ~96% (PY: 95%).
- Management shared that the last week of 2Q exhibited an improvement in business momentum, which further strengthened in Oct'25. The company expects this positive trend to continue through 3Q and 4Q, supported by a broad-based recovery in demand following the GST rate cut. The company guided for AUM growth of ~15% in FY26, supported by 18-20% disbursement growth in 2HFY26, as demand has revived in the PV and tractor segments post the GST rate cut.
- MMFS's asset quality performance during the quarter was better than historical trends. The company remains confident of further asset quality improvement in 2H and has guided for credit costs of ~1.7% in FY26, despite elevated levels in 1H. We model credit costs (as a % of avg. assets) of 1.7%/1.6% for FY26/FY27E.
- We increase our FY26/FY27 PAT estimates by 10%/6% to factor in a recurring higher dividend income from its insurance broking subsidiary. We estimate a ~19% PAT CAGR over FY25-FY28E, with FY28E RoA/RoE of 2.2%/14%. **Reiterate BUY with a TP of INR350 (based on 1.7x Sep'27E BVPS).**
- **Key risks:** a) yield compression due to higher competitive intensity from banks, b) strong auto demand during the festive season fizzling out in the coming quarters, potentially leading to muted loan growth, and 3) any volatility in PCR and credit costs.

NIM expands ~12bp QoQ; yields (calc.) decline ~35bp QoQ

- Yields (calc.) declined ~35bp QoQ to ~13.8% and CoF (calc.) declined ~35bp QoQ to 7.3%, leading to stable spreads QoQ at 6.5%. NIM (calc.) expanded ~12bp QoQ to ~6.8%.
- Management indicated that the expansion in NIM during the quarter was driven by a combination of lower CoF, higher fee income, and reduced leverage following the rights issue. The company expects NIMs to remain steady at current levels. We model NIMs of 6.8%/6.9% for FY26/FY27E.

Key takeaways from the management commentary

- MMFS remains optimistic about 2HFY26, driven by a recent pickup in volumes and the favorable impact of GST cuts, with particularly strong traction observed in the tractor and PV segments.
- The share of used vehicle disbursements increased to 18% from 16-17% earlier, driven by both existing customers and open-market channels such as Mahindra First Choice, online aggregators, and offline dealer networks, with the segment remaining RoA accretive.
- MMFS plans to accelerate disbursements in its housing subsidiary following stabilization in asset quality, supported by new leadership hires, while maintaining focus on improving operating efficiency and building a profitable, well-disciplined franchise.

Valuation and view

- MMFS reported an operationally mixed quarter, marked by muted disbursements and loan growth, largely impacted by deferred auto sales between mid-Aug and mid-Sep amid expectations of a GST rate cut. Asset quality exhibited minor seasonal deterioration, marked by elevated credit costs, higher slippages, and continued higher levels of write-offs. On a positive note, NIM expanded ~12bp QoQ, driven by benefits on CoF and reduced leverage from the completion of the rights issue.
- MMFS currently trades at 1.5x FY27E P/BV. With a projected PAT CAGR of ~19% over FY25-FY28E and RoA/RoE of 2.2%/14% in FY28E, **we reiterate our BUY rating with a TP of INR350 (based on 1.7x Sep'27E BV).**

Quarterly Performance (INR M)												
Y/E March	FY25				FY26E				FY25	FY26E	2QFY26E	v/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest income	36,122	37,448	39,572	40,172	41,646	41,779	43,785	45,176	1,53,314	1,72,386	42,604	-2
Interest Expenses	18,286	19,343	20,459	20,896	21,524	20,663	21,138	21,698	78,983	85,023	21,481	-4
NII	17,836	18,106	19,113	19,276	20,122	21,116	22,646	23,478	74,331	87,363	21,123	0
YoY Growth (%)	12.6	14.1	12.5	6.4	12.8	16.6	18.5	21.8	11.2	17.5	16.7	
Other income	1,480	1,802	1,872	2,279	2,732	3,113	3,305	3,540	7,433	12,690	2,770	12
Net Total Income	19,316	19,908	20,985	21,555	22,853	24,230	25,952	27,018	81,764	1,00,052	23,892	1
YoY Growth (%)	15.3	18.9	15.6	9.4	18.3	21.7	23.7	25.3	14.6	22.4	20.0	
Operating Expenses	7,970	7,947	8,768	9,427	9,323	9,240	9,732	10,098	34,113	38,394	9,457	-2
Operating Profit	11,345	11,961	12,217	12,128	13,530	14,989	16,219	16,920	47,651	61,659	14,436	4
YoY Growth (%)	13.5	26.9	15.0	3.4	19.3	25.3	32.8	39.5	14.0	29.4	20.7	
Provisions	4,482	7,035	91	4,571	6,597	7,514	5,797	4,295	16,179	24,203	7,683	-2
Profit before Tax	6,864	4,927	12,126	7,557	6,933	7,475	10,422	12,626	31,473	37,456	6,753	11
Tax Provisions	1,734	1,232	3,131	1,925	1,638	1,782	2,668	3,275	8,022	9,364	1,729	3
Net Profit	5,130	3,695	8,995	5,631	5,295	5,693	7,754	9,350	23,450	28,092	5,024	13
YoY Growth (%)	45.5	57.1	62.7	-9.0	3.2	54.1	-13.8	66.0	33.3	19.8	36.0	
Key Operating Parameters (%)												
Yield on loans (Cal)	14.3	14.2	14.4	14.1	14.2	13.8	14.0	14.0	14.2	13.9		
Cost of funds (Cal)	7.8	7.8	7.9	7.7	7.7	7.3	7.3	7.2	8.0	8.0		
Spreads (Cal)	6.5	6.4	6.5	6.4	6.5	6.5	6.8	6.8	6.2	5.9		
Credit Cost (Cal)	1.72	2.6	0.03	1.56	2.18	2.4	1.80	1.29	1.5	1.9		
Cost to Income Ratio	41.3	39.92	41.8	43.7	40.8	38.14	37.5	37.4	41.7	38.4		
Tax Rate	25.3	25.0	25.8	25.5	23.6	23.8	25.6	25.9	25.5	25.0		
Balance Sheet Parameters												
Loans (INR B)	1028	1085	1116	1162	1183	1232	1262	1316	1162	1316		
Change YoY (%)	30.4	20.6	19.5	17.2	15.1	13.5	13.1	13.3	17.2	13.3		
Borrowings (INR B)	953	1032	1046	1129	1109	1148	1176	1240	1129	1240		
Change YoY (%)	30.7	21.6	21.0	22.4	16.3	11.2	12.5	9.8	20.1	9.8		
Loans/Borrowings (%)	107.8	105.1	106.7	103.0	106.7	107.3	107.3	106.2	103	106		
Debt/Equity (x)	5.1	5.6	5.5	5.7	4.7	5.0			5.7	5.0		
Asset Quality Parameters (%)												
GS 3 (INR B)	37.9	43.1	45.3	44.1	47.0	50.1			44.1	52.6		
Gross Stage 3 (% on Assets)	3.6	3.8	3.9	3.7	3.9	3.9			3.7	3.9		
NS 3 (INR B)	15.2	17.5	22.6	21.6	22.8	23.5			21.6	24.7		
Net Stage 3 (% on Assets)	1.5	1.6	2.0	1.8	1.9	1.9			1.8	1.9		
PCR (%)	73.5	59.5	50.1	51.2	51.4	53.0			51.2	53.0		
ECL (%)	3.3	3.5	3.0	2.9	3.0	3.2			3.2	3.4		
Return Ratios (%)												
ROAA	1.8	1.2	2.8	1.7	1.6	1.6			1.9	2.0		
ROAE	11.1	8.0	19.2	11.6	9.8	9.8			12.4	12.6		

E: MOFSL estimates



CreditAccess Grameen

Estimate change	
TP change	
Rating change	

Bloomberg	CREDAG IN
Equity Shares (m)	160
M.Cap.(INRb)/(USDb)	236.2 / 2.7
52-Week Range (INR)	1490 / 750
1, 6, 12 Rel. Per (%)	2/28/48
12M Avg Val (INR M)	1272

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	36.0	39.4	44.3
Total Income	38.1	43.2	48.4
PPoP	26.4	29.4	32.7
PAT	5.3	8.3	14.1
EPS (INR)	33	51.7	88.4
EPS Gr. (%)	-63	55	71
BV (INR)	436	487	576
Ratios (%)			
NIM	14.6	15.3	14.9
C/l ratio	30.7	31.9	32.4
Credit cost	7.5	6.8	4.5
RoA	1.9	2.8	4.2
RoE	7.9	11.2	16.6
Valuations			
P/E (x)	44.3	28.5	16.7
P/BV (x)	3.4	3.0	2.6

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	66.4	66.4	66.5
DII	13.3	12.8	14.9
FII	12.3	12.1	10.8
Others	8.0	8.7	7.8

FII Includes depository receipts

CMP: INR1,477 TP: INR1,690 (+15%)

Buy

Increase in credit cost guidance a negative; 2H recovery on track

NIM expansion and moderation in credit costs to drive RoA improvement

CreditAccess Grameen (CREDAG) guided ~70–100bp higher credit costs in FY26 and credit costs of 4.0–4.5% in FY27 (including 70–80bp higher provisions from the ECL revision). While the upward revision in credit cost guidance is a near-term negative, underlying business trends and expected recovery in 2H remain on track.

- CREDAG's 2QFY26 PAT stood at INR1.3b (vs. MOFSLe at INR900m). NII was flat YoY at ~INR9.3b (in line). PPOP grew ~3% YoY to INR6.9b (in line). The cost-to-income ratio dipped ~1pp QoQ to ~32.5% (PY: ~33.5%/PY: ~30.6%).
- Reported yields improved ~40bp QoQ to ~20.7%, and CoF declined ~10bp QoQ to 9.6%. NIM improved ~50bp QoQ to ~13.3%. We model NIM (calc.) of 14.9% each in FY27/FY28 (vs. ~15.3% in FY26E).
- The company delivered an improved performance in 2QFY26, despite a seasonally weak quarter. Disbursements rose ~33% YoY to ~INR53b. AUM declined 1% QoQ and grew ~3% YoY to ~INR259b (PY: ~INR251b). The borrower base declined ~7% QoQ to ~4.44m (PY: ~4.6m). The company plans to scale its retail finance business going forward, and we expect CREDAG to deliver 14% GLP growth in FY26, with far stronger disbursement momentum in 2HFY26.
- NIM improved ~50bp QoQ to 13.3%, driven by improvement in yields and a minor decline in CoB. CREDAG expects another 50bp yield benefit as pricing changes flow through. Lower interest reversals, coupled with an improvement in operating leverage, will improve profitability. Management guided for opex is expected to moderate to 4.6–4.7% by end-FY26 and to 4.3% by end-FY27, aided by improved productivity and better utilization of the branch network.
- On the asset quality front, the company witnessed minor asset quality weakness in MP (partly due to rains), Maharashtra, and Bihar, whereas the other states exhibited largely stable asset quality trends. The company has not seen any election-related impact in Bihar as yet. Management reiterated that asset quality remains stable, with stress largely localized in certain states and manageable. With accelerated write-offs now largely complete, we believe the company will now embark on an improving profitability trajectory from 2HFY26.
- While our FY26 PAT estimates are broadly unchanged, we cut our FY27/FY28 EPS estimates by 14%/9% to factor in higher credit costs. We estimate a CAGR of 18%/52% in AUM/PAT over FY25–28, leading to an RoA/RoE of ~4.7%/18.3% in FY28. CREDAG trades at 2.6x FY27E P/BV, and its premium valuations over its MFI peers would be sustained. **We reiterate our BUY rating with a revised TP of INR1,690 (based on 2.7x Sep'27E P/BV).**

Asset quality improves; credit costs likely to moderate going forward

- GNPA declined ~1pp QoQ to 3.7%, while NNPA improved by ~50bp QoQ to ~1.3%. S3 PCR increased ~3pp QoQ to ~66.3%. Annualized credit costs declined to ~8.2% (PQ: 8.9% and PY: 6.7%).
- Total write-off stood at INR6.8b in 2QFY26 (including INR5.55b of accelerated write-offs). Additional credit costs of ~INR1.7b were taken against non-paying 180dpd customers. The management stated that the company has largely completed its accelerated write-off cycle, with limited residual cleanup expected in the subsequent quarters.
- Collection efficiency (including arrears) improved to 94.9% in 2QFY26 (PQ: 93.4%) and stood at 94.9% in Sep'25. Collection efficiency (excluding arrears) increased to 94.5% (PQ: 93.2%), whereas it stood at 95.3% in Sep'25.
- The company guided ~70–100bp higher credit costs in FY26 and credit costs of 4.0–4.5% in FY27 (including 70–80bp from ECL revision).

Highlights from the management commentary

- Management expects 2H to be better, with 3Q and 4Q, being typically strong quarters; with on-ground normalization, the company remains confident of achieving its FY26 GLP growth guidance.
- The company added 440K new borrowers in 1HFY26, of which 220K were added in 2Q. About 39% of new 2Q borrowers were new-to-credit (NTC) customers. The portfolio share of unique borrowers increased to 41%, highlighting deeper market penetration.

Valuation and view

- CREDAG has successfully navigated a period of industry-wide challenges, demonstrating remarkable resilience, and has reverted back to its normalized operational efficiency. New stress formation (including in Karnataka) has normalized, supported by robust internal processes, stable PAR bucket roll forward rates, and range-bound PAR 15+ accretion rate.
- With structural levers such as branch network expansion and strengthening collection efficiency across key geographies firmly in motion, it is well-positioned to deliver a strong improvement in loan growth and profitability from 2HFY26 onwards.
- CREDAG trades at 2.6x FY27 P/BV. With a strong capital position (Tier-1 of ~25%), it will embark on a strong loan growth trajectory with further normalization in its delinquency trends. **We reiterate our BUY rating with a revised TP of INR1,690 (based on 2.7x Sep'27E P/BV).**

Quarterly Performance											(INR m)	
Y/E March	FY25				FY26E				FY25	FY26E	2QFY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	14,372	14,177	13,376	13,543	13,881	14,141	14,750	16,303	55,468	59,075	14,047	1
Interest Expenses	5,103	4,846	4,749	4,778	4,822	4,795	4,891	5,211	19,476	19,719	4,783	0
Net Interest Income	9,268	9,331	8,628	8,765	9,060	9,346	9,859	11,092	35,992	39,357	9,264	1
YoY Growth (%)	28.7	22.2	7.5	-0.5	-2.3	0.2	14.3	26.6	13.6	9.3	-0.7	
Other Income	754	362	443	535	755	949	1,036	1,124	2,094	3,863	766	24
Total Income	10,023	9,693	9,071	9,299	9,815	10,295	10,895	12,216	38,086	43,220	10,030	3
YoY Growth (%)	27.5	17.7	6.2	-4.8	-2.1	6.2	20.1	31.4	10.7	13.5	3.5	
Operating Expenses	2,929	2,972	2,841	2,959	3,285	3,347	3,477	3,706	11,702	13,799	3,332	0
Operating Profit	7,093	6,721	6,229	6,340	6,530	6,948	7,418	8,510	26,384	29,421	6,698	4
YoY Growth (%)	30	19	4	-7	-8	3	19	34	10	12	0	
Provisions & Loan Losses	1,746	4,202	7,519	5,829	5,719	5,257	3,943	3,492	19,295	18,409	5,490	-4
Profit before Tax	5,347	2,520	-1,289	511	811	1,692	3,475	5,018	7,089	11,012	1,208	40
Tax Provisions	1,371	659	-294	39	209	434	883	1,227	1,775	2,753	307	41
Net Profit	3,977	1,861	-995	472	602	1,258	2,593	3,791	5,314	8,259	901	40
YoY Growth (%)	14.1	-46.4	-128.2	-88.1	-84.9	-32.4	-360.5	703.0	-63.2	55.4	-51.6	
AUM Growth (%)	20.6	11.8	6.1	-2.9	-0.9	3.1	10.1	13.8	(3.3)	11.8	3.1	
NIM (%)	14.0	14.5	13.8	13.8	13.9	14.4	14.8	15.6	14.6	15.3	14.3	
Cost to Income Ratio (%)	29.2	30.7	31.3	31.8	33.5	32.5	31.9	30.3	30.7	31.9	33.2	
Tax Rate (%)	25.6	26.2	22.8	7.6	25.4	25.4	25.4	25.0	25.0	25.0	25.4	
Key Parameters (%)												
Yield on loans	21.0	21.1	20.2	20.4	20.3	20.7						
Cost of funds	9.8	9.8	9.8	9.8	9.7	9.6						
Spread	11.2	11.3	10.4	10.6	10.6	11.1						
NIM	13.0	13.5	12.5	12.7	12.8	13.3						
Credit cost	2.6	6.7	12.3	9.3	8.9	8.1						
Cost to Income Ratio (%)	29.2	30.7	31.3	31.8	33.5	32.5						
Tax Rate (%)	25.6	26.2	22.8	7.6	25.4	25.4						
Performance ratios (%)												
GLP/Branch (INR m)	133	124	120	126	123	117						
GLP/Loan Officer (INR m)	19.6	18.8	19.3	18.4	18.2	17.9						
Borrowers/Branch	2,522	2,429	2,334	2,275	2,158	2,010						
Borrowers/Loan Officer	372	369	374	333	318	306						
Balance Sheet Parameters												
Gross loan portfolio (INR B)	263.0	251.3	248.1	259.5	260.6	259.0						
Change YoY (%)	20.6	11.8	6.1	-2.9	-0.9	3.1						
Disbursements (INR B)	44.8	40.0	50.9	64.7	54.6	53.2						
Change YoY (%)	-6.2	-19.4	-4.8	-19.6	21.9	33.0						
Borrowings (INR B)	203.9	192.7	202.3	204.5	200.8	194.9						
Change YoY (%)	21.2	8.6	6.0	-6.8	-1.5	1.1						
Borrowings/Loans (%)	82.7	81.9	87.7	84.2	82.6	80.8						
Debt/Equity (x)	2.9	2.8	2.9	2.9	2.9	2.7						
Asset Quality (%)												
GS 3 (INR M)	3,710	6,002	9,780	12,291	12,080	9,261						
G3 %	1.5	2.4	4.0	4.8	4.7	3.7						
NS 3 (INR M)	1,144	1,832	3,061	4,326	4,445	3,121						
NS3 %	0.5	0.8	1.3	1.8	1.8	1.3						
PCR (%)	69.2	69.5	68.7	64.8	63.2	66.3						
ECL (%)	2.3	3.5	5.1	5.1	4.7	4.1						
Return Ratios - YTD (%)												
ROA (Rep)	5.4	2.7	-1.4	0.7	0.9	1.8						
ROE (Rep)	23.5	10.7	-5.7	2.7	3.4	7.1						

E: MOFSL Estimates

KFin Technologies

Estimate change	
TP change	
Rating change	

Bloomberg	KFINTECH IN
Equity Shares (m)	172
M.Cap.(INRb)/(USDb)	202.4 / 2.3
52-Week Range (INR)	1641 / 784
1, 6, 12 Rel. Per (%)	5/-12/15
12M Avg Val (INR M)	1823

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Revenue	12.4	14.4	16.9
EBITDA	5.4	6.3	7.5
PAT	3.7	4.5	5.4
EPS	21.8	26.4	31.6
EPS Grw. (%)	12.0	21.0	19.8
BVPS	84.2	96.6	116.2
RoE (%)	27.4	29.2	29.7
Div. Pay out (%)	60.0	60.0	60.0
Valuations			
P/E (x)	53.8	44.5	37.1
P/BV (x)	14.0	12.2	10.1
Div. Yield (%)	1.1	1.3	1.6

Shareholding Pattern (%)

As of	Sep-25	Jun-25	Sep-24
Promoter	22.9	22.9	33.0
DII	24.8	23.7	20.6
FII	25.5	27.8	24.6
Others	26.8	25.6	21.7

FII includes depository receipts

CMP: INR1,175 **TP: INR1,300 (+11%)** **Neutral**

Steady performance during the quarter

- KFin Technologies (KFin) reported a 10% YoY growth in operating revenue to INR3.1b in 2QFY26 (in line). The revenue was driven by 10%/16%/33% YoY growth in domestic MF solutions/issuer solutions/international solutions segments.
- Total operating costs rose 13% YoY to INR1.7b (in line), with employee expenses rising 12% YoY to INR1.1b (in line) and other expenses growing 14% YoY to INR595m (in line). The cost-to-income ratio was at 56.1% (vs. 54.9% in 2QFY25).
- KFin's EBITDA grew 7% YoY to INR1.4b, with EBITDA margin at 43.9% (vs. 45.1% in 2QFY25). It posted a net profit of INR933m, up 4% YoY (in line), with a PAT margin of 30.2% (vs. 31.8% in 2QFY25). For 1HFY26, it reported a PAT of INR1.7b (+8% YoY).
- Yields are likely to dip 3.5-4.0% annually due to the impact of telescopic pricing. Major renegotiations are done, with only two contracts pending renewal over the next two years. Ascent will be merged from 3QFY26.
- We raise our earnings estimates for FY26/FY27/FY28 by 3%/5%/4%, considering the higher growth in international business. While expenses are broadly retained, we expect lower growth in issuer solutions. We expect KFin's revenue/EBITDA/PAT to post a CAGR of 16%/16%/18% over FY25-28. We reiterate our Neutral rating on the stock with a one-year TP of INR1,300, premised on a P/E multiple of 45x on Sep'27E earnings.

Equity AAUM share stable; yields dip

- KFin's total MF AAUM serviced during the quarter rose 17% YoY to INR25t. Equity AAUM, at 58% of total MF AAUM, grew 14% YoY to INR14.6t, reflecting a market share of 33% (33.4% in 2QFY25).
- Strong net flows with stable market share offset by a slight decline in yield to 3.5bp in 2QFY26 (vs 3.7bp in 2QFY25) resulted in a 10% YoY growth in revenue from the domestic MF business to INR2.2b (in line). This segment contributed 70% to the overall revenue in 2QFY26 (71% in 2QFY25).
- In the issuer services business, the main board IPO market share (basis issue size) rose YoY to 43.8% in 2QFY26 (34.4% in 2QFY25 and 18% in 1QFY26). KFin handled 18 IPOs during the quarter (vs. five in 2QFY25), resulting in a 16% YoY revenue growth to INR483m. The segment contributed 16% to the overall revenue (15% in 2QFY25 and 12% in 1QFY26).
- In the international investor solutions business, the number of clients reached 93, taking the total AUM serviced to INR934b. Revenue from this segment rose 33% YoY to INR431m, contributing 14% to overall revenue (12% in 2QFY25).
- In the alternates and wealth business, KFin's market share stood at 39% with an AUM of INR1.8t. NPS market share continues to rise at 10.3% in 2QFY26 (8.9% in 2QFY25), with an AUM of INR602b.
- The non-domestic mutual fund revenue contributed 30% to the overall revenue, flat on a YoY basis. The value-added services contributed ~9.3% to its revenue vs 7.9% in 2QFY25.
- Other income grew 2% YoY/7% QoQ to INR108m (in line).

Key takeaways from the management commentary

- The domestic mutual fund revenue share continues to decline gradually and is likely to fall below 55% post-Ascent consolidation, from the current ~62% level. Over the longer term, the share of MF will reduce below 50%.
- The wealth platform (at a nascent stage) is now live with several clients and is fully multi-currency, multi-asset, and multi-geography ready. Advanced discussions are underway in Singapore and the Philippines, providing greater expansion opportunities.
- Ascent is now EBITDA positive across all geographies; the business is projected to turn fully neutral in FY26 and become EPS accretive from FY27 onward. Over the next 3-5 years, Ascent's margin profile is expected to converge with KFin's.

Valuation and view

- Structural tailwinds in the MF industry are expected to drive absolute growth in KFin's MF revenue. With its differentiated 'platform-as-a-service' model offering, technology-driven, asset-light model, growing contribution from non-MF segments, and integration of global fund administration capabilities through Ascent, KFin is well-positioned to capitalize on strong growth opportunities in both Indian and global markets.
- We raise our earnings estimates for FY26/FY27/FY28 by 3%/5%/4%, considering the higher growth in international business. While expenses are broadly maintained, we expect lower growth in issuer solutions. We expect KFin's revenue/EBITDA/PAT to post a CAGR of 16%/16%/18% over FY25-28E. **We reiterate our Neutral rating on the stock with a one-year TP of INR1,300, premised on a P/E multiple of 45x on Sep'27E earnings.**
- We have not built the Ascent acquisition into our model yet, and we shall incorporate the same post-3QFY26 results. We provide below a pro forma table of the merged financials.

Quarterly Performance (INR m)															
Y/E March	FY25					FY26				FY25	FY26E	2Q FY26E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE							
Revenue from Operations	2,376	2,805	2,900	2,827	2,741	3,092	3,223	3,304	10,908	12,360	3,041	1.7	10%	13%	
Change YoY (%)	30.9	34.2	32.6	23.8	15.4	10.3	11.1	16.9	30.2	13.3	8.4				
Employee expenses	958	1,018	1,040	1,017	1,117	1,140	1,196	1,225	4,033	4,678	1,170	-2.6	12%	2%	
Other Expenses	421	522	555	588	485	595	610	624	2,085	2,314	574	3.7	14%	23%	
Total Operating Expenses	1,379	1,539	1,595	1,604	1,602	1,735	1,806	1,849	6,118	6,992	1,744	-0.5	13%	8%	
Change YoY (%)	24.1	33.5	32.0	29.7	16.2	12.7	13.3	15.2			13.3				
EBITDA	997	1,265	1,306	1,223	1,139	1,357	1,417	1,456	4,790	5,368	1,296	4.7	7%	19%	
Other Income	81	105	91	100	100	108	115	122	377	445	110	-2.1	2%	7%	
Depreciation	148	165	164	167	176	184	186	188	645	735	180	2.3	11%	4%	
Finance Cost	12	11	11	13	11	11	13	14	47	45	13	-15.7	1%	0%	
PBT	918	1,195	1,221	1,142	1,052	1,270	1,333	1,376	4,476	5,034	1,214	4.6	6%	21%	
Change YoY (%)	52.1	41.9	36.0	19.6	14.5	6.3	9.2	20.5	35.7	12.5	1.6				
Tax Provisions	237	301	319	292	276	336	343	353	1,150	1,309	303	10.9	12%	22%	
Net Profit	681	893	902	851	773	933	990	1,022	3,326	3,725	910	2.5	4%	21%	
Change YoY (%)	56.9	45.5	34.9	14.2	13.5	4.5	9.8	20.2	35.2	12.0	1.9				
Key Operating Parameters (%)															
Cost to Operating Income Ratio	58.0	54.9	55.0	56.8	58.5	56.1	56.0	55.9	56.1	56.6	57.4	-125bp	123bp	-234bp	
EBITDA Margin	42.0	45.1	45.0	43.2	41.5	43.9	44.0	44.1	43.9	43.4	42.6	125bp	-123bp	234bp	
PBT Margin	38.6	42.6	42.1	40.4	38.4	41.1	41.4	41.6	41.0	40.7	39.9	115bp	-153bp	269bp	
Tax Rate	25.9	25.2	26.1	25.5	26.3	26.5	25.7	25.7	25.7	26.0	25.0	148bp	125bp	19bp	
PAT Margin	28.7	31.8	31.1	30.1	28.2	30.2	30.7	30.9	30.5	30.1	29.9	24bp	-167bp	199bp	
Opex Mix (%)															
Employee expenses	69.5	66.1	65.2	63.4	69.7	65.7	66.2	66.3	65.9	66.9	67.1	-140bp	-41bp	-405bp	
Other Expenses	30.5	33.9	34.8	36.6	30.3	34.3	33.8	33.7	34.1	33.1	32.9	140bp	41bp	405bp	

Mahindra Logistics

Estimate change	
TP change	
Rating change	

Bloomberg	MAHLOG IN
Equity Shares (m)	99
M.Cap.(INRb)/(USDb)	34.1 / 0.4
52-Week Range (INR)	392 / 217
1, 6, 12 Rel. Per (%)	-6/17/-15
12M Avg Val (INR M)	63

Financial Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	71.3	86.9	100.5
EBITDA	3.5	4.8	5.6
Adj. PAT	0.2	1.7	2.2
EBITDA Margin (%)	4.9	5.5	5.6
Adj. EPS (INR)	2.5	17.2	22.3
EPS Gr. (%)	LP	595.7	29.3
BV/Sh. (INR)	119.9	134.7	154.5
Ratios			
Net D:E	-0.4	-0.4	-0.5
ROE (%)	3.3	13.4	15.2
RoCE (%)	6.6	12.9	14.3
Payout (%)	100.8	14.5	11.2
Valuations			
P/E (x)	138.7	19.9	15.4
P/BV (x)	2.9	2.6	2.2
EV/EBITDA(x)	8.4	5.9	4.6
Div. Yield (%)	0.7	0.7	0.7
FCF Yield (%)	3.5	6.5	7.4

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	59.6	58.0	58.0
DII	13.7	13.9	18.2
FII	3.9	4.8	5.0
Others	22.9	23.4	18.8

FII Includes depository receipts

CMP: INR344

TP: INR330 (-4%)

Neutral

Muted performance

- Mahindra Logistics' (MLL) revenue grew ~11% YoY to INR16.8b in 2QFY26, in line with our estimate.
- EBITDA margin came in at 5% (up 60bp YoY and 30bp QoQ) vs. our estimate of 5.1%. EBITDA grew ~28% YoY to INR851m (in line with our estimate).
- Adjusted net loss stood at INR104m in 2QFY26 vs adjusted net loss of INR107m in 2QFY25 (our estimate of INR75m profit).
- Supply chain management recorded revenue of INR15.9b (+11% YoY) and EBIT loss of ~INR69.3m. Enterprise Mobility Services (EMS) reported revenue of INR938m (+17.7% YoY) and EBIT of INR15.6m.
- The Board has approved an investment of INR500m in its B2B express logistics arm, MLL Express Services Private Limited (**MESPL**), through subscription to a new **rights issue of shares**. The funds will be utilized to meet working capital requirements, support ongoing operations, and for general corporate purposes. This investment will help strengthen the subsidiary's balance sheet and support its growth plans, while enabling MLL to retain **100% ownership**.
- MLL reported decent revenue growth in 2QFY26, driven by broad-based growth across Contract Logistics, Express, and Warehousing. However, overall earnings remain below par, weighed down by continued losses in the Express business. We have reduced our FY26/FY27 APAT estimates by 36%/1% as profitability remains a concern. We estimate a CAGR of 18%/26% in revenue/EBITDA over FY25-28 and reiterate a Neutral rating with a TP of INR330 (premised on 15x FY28E EPS).

Express segment continues to incur losses; Warehousing and Contract Logistics steady

- MLL reported an 11% YoY growth in consolidated revenue in 2QFY26, driven by a 13% YoY increase in the Contract Logistics segment, 9% YoY growth in the Express segment, and a 13% YoY rise in the Mobility business.
- The Express business reported positive gross margin for the first time since the acquisition, with volumes rising 7.2% YoY. However, it continued to report losses at the EBITDA level.
- Warehousing operations continued to scale up, with new facilities totaling 0.3m sq feet going live in Nashik.
- MLL remains focused on optimizing its existing capacity before pursuing further expansion. The company reduced white space in warehousing by 20% in 2QFY26 and targets a 95% reduction by Sept'26, thereby driving optimization.
- MLL has completed a rights issue of INR7.5b as part of its deleveraging strategy. Of this, the company has successfully reduced debt from INR6.1b to INR730m, while the remaining INR1.87b will be retained for general corporate purposes. The debt repayment is expected to result in annual finance cost savings of INR400-450m.

Highlights from the management commentary

- The Board has approved an investment of INR500m in the Express business segment.
- The B2B business recorded modest volume growth and reported a positive gross margin for the first time. Going forward, MLL aims to improve yields, even if it means letting go of certain volumes.
- MLL has recorded a one-time bad debt provision of INR48m following the bankruptcy of one of its customers.
- The company continues to expand its warehousing footprint, with new sites totaling 0.3m sq ft going live in Nashik during the quarter.
- The auto business contributed about 58% of the revenue, while the Mahindra Group contributed ~54%.
- MLL has completed the rights issue of INR7.5b as part of its deleveraging strategy. Of this, the company has successfully reduced debt from INR6.1b to INR730m, while the remaining INR1.87b will be retained for general corporate purposes.

Valuation and view

- MLL reported decent revenue growth in 2QFY26, driven by broad-based growth across the Contract Logistics, Express, and Warehousing segments. Going forward, the company remains focused on strengthening execution, enhancing yields, optimizing existing capacity, and improving the Express business, for which the Board has approved an investment of INR500m to support its growth trajectory.
- We have reduced our FY26/FY27 APAT estimates by 36%/1%, as profitability remains a concern. We estimate a CAGR of 18%/26% in revenue/EBITDA over FY25-28 and reiterate a Neutral rating with a TP of INR330 (premised on 15x FY28E EPS).

Quarterly snapshot

Y/E March (INR m)	INR m											
	FY25				FY26E				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	14,200	15,211	15,942	15,695	16,246	16,853	18,781	19,429	61,048	71,309	17,366	(3)
YoY Change (%)	9.8	11.5	14.1	8.2	14.4	10.8	17.8	23.8	10.9	16.8	14.2	
EBITDA	663	664	737	777	763	851	948	968	2,841	3,530	886	(4)
Margins (%)	4.7	4.4	4.6	5.0	4.7	5.0	5.0	5.0	4.7	4.9	5.1	
YoY Change (%)	-0.5	23.9	41.1	37.3	15.0	28.2	28.7	24.6	24.0	24.3	33.4	
Depreciation	550	540	590	584	646	717	658	579	2,263	2,600	650	
Interest	195	191	221	206	225	217	205	230	812	877	208	
Other Income	57	17	63	22	51	29	105	147	158	332	70	
PBT before EO Items	-25	-50	-11	9	-58	-54	190	306	-77	385	98	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	-25	-50	-11	9	-58	-54	190	306	-77	385	98	
Tax	53	46	61	62	36	30	34	31	223	131	25	
Rate (%)	NA	NA	NA	NA	NA	-54.9	18.0	10.0	NA	33.9	25.2	
PAT before MI, Associates	-78	-96	-72	-53	-94	-83	156	276	-300	254	73.1	
Share of associates/ Minority Interest	-15	-11	-18	-14	-14	-20	2	24	-59	-9	2	
Reported PAT	-93	-107	-90	-68	-108	-104	158	299	-359	246	75	
Adj PAT	-93	-107	-90	-68	-108	-104	158	299	-359	246	75	NA
YoY Change (%)	NA	NA	NA	NA	NA	NA	LP	LP	NA	LP	LP	
Margins (%)	-0.7	-0.7	-0.6	-0.4	-0.7	-0.6	0.8	1.5	-0.6	0.3	0.4	



Strong result, a 4%/7% beat on our aggressive revenue and EBITDA growth estimates

Strong double-digit growth continued across segments and geographies

- Airtel Africa (AAF) constant currency (CC) revenue at USD1.5b continued to grow in healthy double digits (+24% YoY, vs. 25% YoY in 1Q), driven by sustained double-digit revenue growth across data (+36% YoY), Mobile Money (+30% YoY), and voice (+13% YoY).
- AAF's reported revenue came in at USD1.57b (+11% QoQ), ~4% ahead of our estimate, driven by favorable FX movement and better performance in East Africa (6% beat) and Francophone Africa (3% beat).
- AAF's CC EBITDA at USD733m also continued its double-digit growth (+31% YoY vs. 33% YoY in 1Q). Reported EBITDA at USD760m (+13% QoQ, +36% YoY) came in ~7% ahead of our estimate.
- Reported EBITDA margin expanded ~90bp QoQ to 48.5% (+240bp YoY) and was 110bp above our estimate, driven by margin expansions in Nigeria and East Africa.
- Despite ~17% YoY rise in capex to USD197m, 2QFY26 CC operating FCF rose 37% YoY to USD536m (1HFY26 operating FCF up ~45% YoY to USD1.09b).
- Net debt was stable QoQ at USD5.5b. Excluding leases, net debt declined to USD1.63b (vs. USD1.72b QoQ). Reported leverage stood at 2.1x (vs. 2.2x QoQ). Excluding leases, net debt to EBITDAaL stood at ~0.8x (vs. 0.9x QoQ).
- AAF declared a dividend of 2.84 cents/share, a 9.2% increase in line with the company's progressive dividend policy.
- The company has raised its capex guidance to USD875-900m (from ~USD750m earlier), noting the immense growth opportunities in its markets.
- AAF's continued strong performance has led to more than a 2.3x jump in its share price in CY25, and yet it trades at ~5.3x Sep'27E EV/EBITDA, with further room for value unlocking with the impending Mobile Money IPO in 1HCY26.
- Given a long runway, we expect AAF to sustain its double-digit growth, which should lead to further re-rating, which would be beneficial for Bharti Airtel's shareholders (~INR84/share contribution from AAF in our Bharti's SoTP-based TP of INR2,285).

Robust double-digit CC YoY growth across data, voice, and Mobile Money

- Mobile services revenue at USD1.3b (+9% QoQ) continued to report double-digit CC growth (+22% YoY, vs. 24% YoY in 2Q), with robust growth across both voice (+13% YoY) and data (+36% YoY).
- Mobile services EBITDA at USD637m (+14% QoQ) rose 36% YoY (vs. 31% YoY in 1Q), in CC, as margins expanded 310bp QoQ to 48.9%.
- Mobile money revenue at USD333m (+15% QoQ) grew 30% CC YoY (vs. 30% YoY in 1Q), driven by 13% YoY subs growth and a 5% YoY CC ARPU increase.
- Mobile money EBITDA at USD169m (+11% QoQ) grew +26% CC YoY (vs. 28% YoY in 1Q) as EBITDA margin contracted 180bp QoQ to 50.9%.

Robust geographical performance, further amplified by favorable FX movements

- **Nigeria:** Its CC revenue growth accelerated to 50% YoY (vs. 49% YoY in 1Q), driven by the benefits of the tariff hikes. Data revenue grew 64% YoY (vs. 60% YoY in 1Q), and voice revenue growth remained resilient at ~33% YoY (from ~37% YoY in 1Q). Reported revenue grew 56% YoY (1% ahead). EBITDA was up 72% YoY in CC as margin expanded 90bp QoQ to 56.5% (up 750bp YoY, 80bp ahead).
- **East Africa:** Its CC revenue growth remained robust at 19% YoY (though there was a slight moderation vs. 20% YoY in 1Q) on account of resilient 18% YoY growth in data and sustained 30% YoY growth in Mobile Money. Reported revenue grew 25% YoY (~6% ahead). EBITDA was up ~22% YoY in CC terms as margin expanded 220bp QoQ to 54.1% (+130bp YoY, 200bp ahead).
- **Francophone Africa:** Double-digit growth rate sustained in Francophone Africa with CC revenue up 16% YoY (vs. 16% YoY in 1Q), driven by resilient 36% YoY CC data revenue growth (+42% YoY in 1Q). Reported revenue grew 19% YoY (3% ahead). EBITDA was up 17% YoY (vs. ~23% YoY increase in 1Q) in CC as margins contracted ~30bp YoY to 43.9% (though up 10bp QoQ, a 30bp miss).

Operating performance remains robust, underpinned by a strong ARPU growth, data consumption, and improvement in net adds

- Subs base inched up 4.4m QoQ (vs. 3.3m net adds in 1Q) to 173.8m (+11% YoY).
- Data subs inched up by 2.5m QoQ (vs. 2.2m net adds in 1Q) to 78.1m (+18% YoY, 45% of subs now opting for data). Mobile money subs inched up by 4m QoQ (vs. 1.2m in 1Q) to 49.8m (20% YoY).
- Blended ARPU was up 7% QoQ at USD2.5 (+11% YoY CC growth), driven by robust ~15% YoY CC growth in Data ARPU and ~11% YoY CC growth in Mobile Money ARPU.
- Data usage per sub grew ~11% QoQ to 8.85GB/month (up ~21% YoY vs. 7.3GB/month YoY).
- Voice usage per customer declined ~1% QoQ to 291min/month (-3% YoY vs. 300 min YoY).

Strong performance of AAF bodes well for Bharti Airtel shareholders

- A healthy ~7% EBITDA beat on our aggressive estimates and likely benefit of INR depreciation would likely lead to a decent beat on our 2QFY26 consolidated estimates for Bharti.
- Further, there could be upsides to our consolidated estimates and TP of Bharti Airtel, based on AAF's 2Q results and subsequent ~16% run-up in share price.
- However, with AAF raising its capex guidance for FY26, there could be some moderation in FCF generation in Africa.

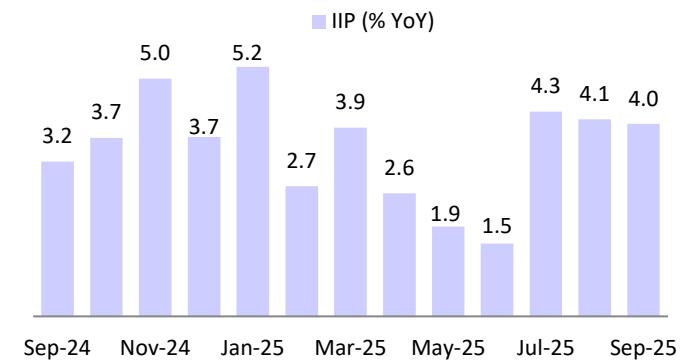
Consistent growth and a long runway for growth to drive further re-rating

AAF continues to deliver double-digit CC revenue and EBITDA growth for the past several years. **Driven by ~2.4x run-up in CY25TD, AAF now trades at still modest ~5.3X Sep'27 EV/EBITDA.** We ascribe an **~INR84/share** valuation to Bharti's stake in Airtel Africa in our TP of INR2,285 (based on a 25% hold-co discount to CMP). We believe that with continued strong performance and a long runway for growth, there is a case for further re-rating of AAF, which in turn should benefit Bharti Airtel shareholders.

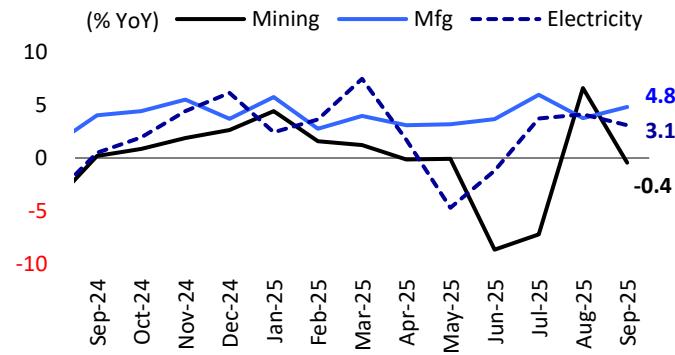
Sep'25 IIP: Better than expected; led by manufacturing

- In Sep'25, IIP growth remained almost unchanged at 4% YoY vs. Aug'25, led by the manufacturing sector. Electricity and mining output contracted (due to monsoon).
- IIP performed better than expectations in Sep'25, despite the seasonally weak Shraadh period and ongoing tariff-related uncertainty weighing on external demand.
- Manufacturing output grew 4.8% in Sep'25, higher than 3.8% YoY in Aug'25. The details of the manufacturing sector suggest that 33% of the sub-sectors contracted in Sep'25, lower than 44% in Aug'25.
- Among manufacturing segments, 13 out of 23 industry groups recorded an increase in output, with the highest growth seen in the manufacture of basic metals, followed by electrical equipment and motor vehicles, trailers, and semi-trailers.
- Among export-oriented segments, textiles grew 1.2% in Sep'25 after posting two consecutive contractions in Aug'25 and Jul'25. Leather and related products grew 2.1% in Sep'25, marking the first expansion after 12 months. However, wearing apparel contracted.
- On a use-based classification, investment goods output remained robust, reflecting sustained capex momentum. In contrast, consumer goods output showed a mixed trend, with a recovery from previous contractions. Notably, consumer durables output grew at a 10-month high of 10.5% YoY in Sep'25 (while consumer non-durables output continued to contract), aided by GST rationalization measures and a demand boost driven by the festive season.
- IIP growth picked up in recent months, with 2QFY26 growth at 4.1%, higher than 2% in 1QFY26.
- Industrial activity is expected to remain steady in the coming months, supported by robust government capex, easing inflation, and the positive impact of GST rationalization on consumer demand. Investment-driven sectors are likely to sustain their momentum, while consumer goods may see a gradual improvement as rural demand recovers. Some pressure from weak exports and global trade frictions may persist, but the overall industrial outlook remains stable.

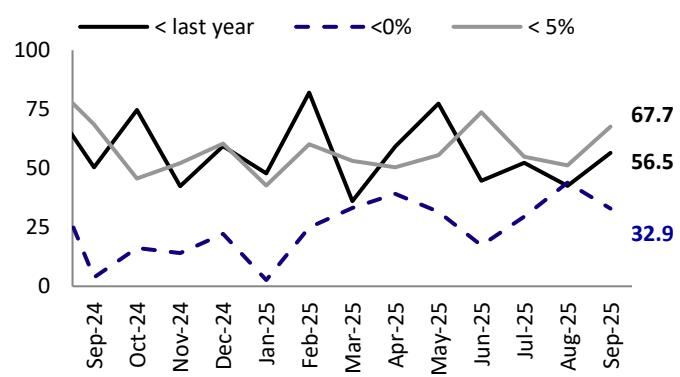
IIP growth remained unchanged at 4% YoY in Sep'25...



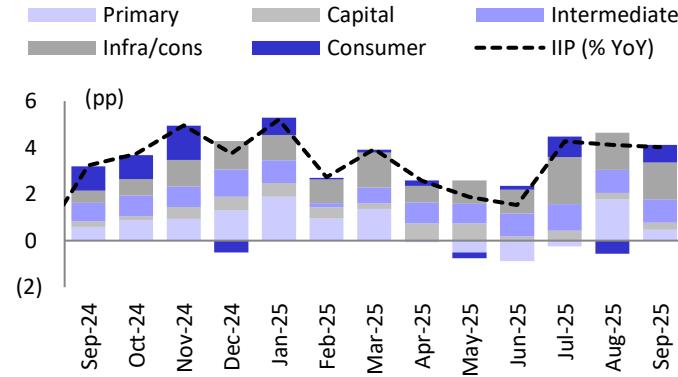
...mainly driven by an uptick in the manufacturing sector growth



33% of the manufacturing sector contracted in Sep'25, lower than 44% in Aug'25



Investment goods output remained robust, while consumer goods showed a recovery



Source: CSO, MOFSL

SEBI releases a consultation paper on MF regulations

Customers gain; AMCs, brokers, and distributors to feel the pain

SEBI has released a [consultation paper](#) on overhauling the MF regulations to simplify the rules and reduce costs for investors. This is the second such consultation paper; the earlier one was released in May'23. While there are several measures suggested, we believe three measures are critical to be looked at.

1) Removal of an additional 5bp TER: Before 2012, the exit load charged to the scheme was used by AMCs for payment of distribution commission to the distributors and other marketing/selling expenses. In 2012, mutual funds were mandated to credit the exit load to the scheme, and AMCs were allowed to charge an additional 20bp as an additional expense to the scheme. The said additional charge was reduced from 20bp to 5bp in 2018. In the consultation paper, the 5bp has been proposed to be removed.

This can have an impact on the earnings of AMCs if they absorb the hit, or it could have an impact on distributors if the AMCs cut commissions to offset the hit. For customers, it will lower the TERs. If the distributors' commissions are cut, Anand Rathi, 360 One, and Nuvama could see earnings cut. Our estimates suggest that for Anand Rathi, a 5bp cut in commissions could lead to about 4.8% hit on earnings. For 360 One, the hit would be ~2% on earnings if the commissions are cut on MFs, while the AMC hit of 5bp would be less than 0.5%. Prudent will be able to pass on the commission hit to the distributors.

2) GST and other statutory levies moved out of TER: Presently, GST on management fees is permitted over and above the TER limit. However, all other statutory charges are part of the overall TER limit specified for mutual fund schemes. The new expense ratio limits are proposed to be exclusive of the statutory levy so that any change in statutory levy in the future is passed on to the investors.

This measure should be neutral to AMCs.

3) Reduction in cap of brokerage rates paid by AMCs: The present MF regulations permit AMCs to charge brokerage and transaction costs incurred for execution of trade up to 0.12% of trade value in case of cash market transactions and 0.05% of trade value in case of derivative transactions. The brokerage charge has been revised from 12bp to 2bp for cash market transactions and from 5bp to 1bp for derivative transactions to bring clarity and transparency.

This measure would not impact AMCs in terms of financial performance but would have an impact on brokers' realizations. For customers, this will lower the overall expense charged to the scheme.

Impact on AMCs considering no changes to commissions

	FY27E Equity + Hybrid AUM (INR b)	5bps of Equity + Hybrid AUM	FY27E PBT	Impact
HDFC AMC	6,517	3,259	43,040	8%
NAM	3,771	1,886	22,764	8%
ABSL AMC	2,247	1,124	16,240	7%
UTI AMC	1,502	751	9,947	8%

Source: MOFSL

To adjust for the first two points above, SEBI has proposed new TER slabs

Assets under management Slab (In Rs. crore)	Base expense ratio limits for equity oriented schemes		Base expense ratio limits for other than equity oriented schemes	
	Exiting	Proposed	Exiting	Proposed
on the first Rs.500 crores of the daily net assets	2.25%	2.10%	2.00%	1.85%
on the next Rs.250 crores of the daily net assets	2.00%	1.90%	1.75%	1.65%
on the next Rs.1,250 crores of the daily net assets	1.75%	1.60%	1.50%	1.35%
on the next Rs.3,000 crores of the daily net assets	1.60%	1.45%	1.35%	1.25%
on the next Rs.5,000 crores of the daily net assets	1.50%	1.35%	1.25%	1.15%
On the next Rs.40,000 crores of the daily net assets	Expense ratio reduction of 0.05% for every increase of Rs.5,000 crores of daily net assets or part thereof.			
On balance of the assets	1.05%	0.90%	0.80%	0.70%

- Note – The slabs have been adjusted taking into account exclusion of the statutory levies from base expense ratio and changes proposed for the additional expense of 5 bps.

Source: SEBI, MOFSL

BSE SENSEX
84,628

S&P CNX
23,382

Conference Call Details



Date: 29 October 2025

Time: 3:00 pm IST

[Diamond Pass Link](#)

Dial In:

+91 22 6280 1144

+91 22 7115 8045

CMP: INR1,074

Buy

Strong beat despite a weak NSR

Consolidated performance highlights:

- JSP's revenue stood at INR117b (+4% YoY and -5% QoQ) vs. our estimate of INR107b. The QoQ decline was primarily led by muted realization.
- Adj. EBITDA stood at INR20.8b, down by 5% YoY and 31% QoQ (against our est. of INR15.8b) over muted realization and stable cost. EBITDA/t declined to INR11,129 (-6% YoY) in 2QFY26 from INR15,819/t in 1QFY26.
- APAT for the quarter stood at INR6.6b (-24% YoY and -56% QoQ) against our est. of INR3.7b. In 1HFY26, revenue and EBITDA came in at INR240b (-3% YoY) and INR51b (flat YoY), while Adj. PAT fell by 2% YoY to INR21b.
- Production and sales stood at 2mt (+2% YoY and -4% QoQ) and 1.87MT (+1% YoY and -2% QoQ), respectively, in 2QFY26. The share of exports increased to 10% in 2QFY26 vs 7% in 1QFY26. Whereas the ASP stood at INR62,491/t (+3% YoY and -3% QoQ) in 2QFY26.
- Net debt stood at INR142b as of Sep'25 vs. INR144b in 1QFY26. Net debt/EBITDA increased to 1.48x in 2QFY26 as compared to 1.49x in 1QFY26.
- The total capex for the quarter was INR27b, primarily driven by the expansion projects at Angul.

Quarterly Performance (Consolidated) INR b

Y/E March	FY25						FY26		FY25	FY26E	FY26E 2QE	Vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q						
Sales (kt)	2,090	1,850	1,900	2,130	1,900	1,870	7,970	9,001	1,800	3.9		
Change (YoY %)	13.6	(8.0)	5.0	6.0	(9.1)	1.1	3.9	12.9				
ASP	65,157	60,612	61,846	61,893	64,708	62,491	62,440	63,050	59,508	5.0		
Net Sales	136.2	112.1	117.5	131.8	122.9	116.9	497.6	567.5	107.1	9.1		
Change (YoY %)	8.2	(8.5)	0.4	(2.3)	(9.7)	4.2	(0.5)	14.0				
Change (QoQ %)	1.0	(17.7)	4.8	12.2	(6.7)	(5.0)						
EBITDA	28.4	22.0	21.8	24.8	30.1	20.8	97.1	124.9	15.8	31.4		
Change (YoY %)	8.0	(3.7)	(23.2)	1.5	5.9	(5.4)	(4.9)	28.7				
Change (QoQ %)	16.2	(22.5)	(0.7)	13.6	21.1	(30.8)						
EBITDA/t	13,585	11,893	11,494	11,651	15,819	11,129	12,177	13,873	8,800	26.5		
Interest	3.3	3.3	3.1	3.4	3.0	3.7	13.1	14.1				
Depreciation	6.8	7.0	7.0	6.9	7.2	7.5	27.7	31.7				
Other Income	0.3	0.3	0.3	0.7	0.3	0.2	1.7	1.8				
PBT (before EO item)	18.6	12.1	12.0	15.2	20.2	9.8	57.9	80.8				
PBT (after EO item)	18.6	12.1	12.0	0.8	20.2	10.0	43.5	80.8				
Total Tax	5.2	3.5	2.5	3.8	5.2	3.3	15.0	20.5				
% Tax	28.0	29.1	20.7	463.7	25.9	33.0	34.4	25.3				
PAT (after MI and Sh. of Asso.)	13.4	8.6	9.5	(3.4)	14.9	6.7	28.1	60.4				
Adjusted PAT	13.4	8.6	9.5	11.0	14.9	6.6	42.5	60.4	3.7	78.9		
Change (YoY %)	(20.6)	(38.0)	(50.7)	17.7	11.5	(23.9)	(28.4)	42.0				
Change (QoQ %)	43.3	(35.8)	10.4	15.8	35.7	(56.1)						

Star Health

BSE SENSEX
84,628

S&P CNX
25,936

Buy

Conference Call Details



Date: 29th October 2025

Time: 08:30am IST

[Link for the call](#)

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
NEP	148.2	171.1	197.2
U/W Profit	-3.8	-2.7	-0.6
PBT	8.6	10.0	13.9
PAT	6.5	7.5	10.5
Ratios (%)			
Claims	70.3	69.5	69.0
Commission	14.4	15.0	15.0
Expense	16.4	15.5	14.6
Combined	101.1	100.0	98.6
RoE	9.5	10.2	12.6
EPS (INR)	11.0	12.8	17.8
Valuations			
P/E (x)	45.0	38.7	27.8
P/BV (x)	4.1	3.7	3.3

CMP: INR495

In-line performance

- Gross written premium at INR44.2b grew 1% YoY (in line), driven by 8% YoY growth in retail health premium, which was offset by 47% YoY decline in group health premium. For 1HFY26, the premium grew 2% YoY to INR80b.
- Net earned premium grew 10% YoY to INR40.8b (in line). For 1HFY26, NEP grew 11% YoY to INR80b.
- Claims ratio at 71.5% (vs. our estimate of 72.5%) declined 130bp YoY, while net claims incurred grew 8% YoY to INR29.2b.
- Commission ratio at 16.3% (vs. our est. of 15%) grew 250bp YoY, while net commission grew 26% YoY to INR6.9b (8% higher than estimates).
- Expense ratio at 16% (vs. our est. of 16.5%) declined 50bp YoY, with employee expenses down 2% YoY and other expenses up 17% YoY.
- Better-than expected claims ratio and expense ratio, offset by higher-than-expected combined ratio, led to in-line combined ratio of 103.8% (our estimate of 104%), which increased 80bp YoY.
- While underwriting loss at INR2b was lower than our estimates, a 9% miss in investment income at INR3b led to in-line PAT at INR0.5b (-51% YoY). For 1HFY26, PAT declined 26% YoY to INR3b.
- Solvency ratio was stable at 2.2x.

Valuation and view

Premium growth has been subdued, largely owing to the impact of 1/n accounting. Going forward, GST exemption, as well as the impact of 1/n going away, should improve the growth trajectory for the business. We remain optimistic about the overall prospects for Star Health, backed by: a) consistent growth in retail health, given its under-penetration and GST exemption, b) a strong push from the banca channel, and c) steady growth in specialized products and deepening presence. We believe that Star Health can deliver long-term growth with the investments made in profitable channels and products. We may review our estimates and TP after the concall on 29th Oct'25.

Quarterly Performance

(INR b)

Y/E March	FY25						FY26		FY25	FY26E	2QFY26E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q								
Gross premium	34.8	43.7	38.0	51.4	36.1	44.2	167.8	187.7	44.4	-0.3	1%	23%		
Net written premium	31.7	39.8	35.6	48.2	34.6	42.3	155.3	180.1	42.6	-0.6	6%	22%		
Net earned premium	35.2	37.0	38.0	38.0	39.4	40.8	148.2	171.1	39.8	2.5	10%	4%		
Investment Income	1.7	2.1	2.0	1.9	1.8	1.8	7.7	7.9	2.0	-7.4	-12%	5%		
Total Income	36.9	39.1	40.0	39.9	41.2	42.7	155.9	179.1	41.8	2.0	9%	4%		
Change YoY (%)	15.7	16.6	15.8	11.5	11.5	9.0	14.8	14.8	6.8					
Incurred claims	23.8	27.0	27.1	26.3	27.4	29.2	104.2	118.9	28.9	1.0	8%	7%		
Net commission	4.3	5.5	5.0	7.6	5.1	6.9	22.4	27.0	6.4	8.1	26%	36%		
Employee expense	3.7	4.5	4.1	4.6	3.9	4.4	16.9	18.1	4.9	-10.0	-2%	12%		
Other expenses	2.0	2.0	2.2	2.3	2.3	2.4	8.5	9.7	2.1	10.5	17%	5%		
Total Operating Expenses	33.8	39.0	38.5	40.7	38.7	42.8	152.0	173.8	42.3	1.3	10%	11%		
Change YoY (%)	16.6	18.7	21.1	16.8	14.4	9.9	18.3	14.3	8.5					
Underwriting profit	1.4	-1.9	-0.5	-2.8	0.7	-2.0	-3.8	-2.7	-2.5	-17.2	5%	-385%		
Operating profit	3.1	0.2	1.5	-0.9	2.5	-0.2	3.9	5.3	-0.5	-58.9	-223%	-108%		
Shareholder's P/L														
Transfer from Policyholder's	3.1	0.2	1.5	-0.9	2.5	-0.2	3.9	5.3	-0.5	-58.9	-223%	-108%		
Investment income	1.3	1.5	1.5	1.0	1.2	1.2	5.2	5.3	1.3	-13.8	-21%	-3%		
Total Income	4.4	1.6	3.0	0.1	3.7	1.0	9.1	10.5	0.9	10.5	-41%	-74%		
Provisions other than taxation	0.0	0.0	-	0.0	-	-	0.0	-	-					
Other expenses	0.1	0.1	0.1	0.1	0.2	0.2	0.5	0.5	0.1	31.7	38%	21%		
Total Expenses	0.1	0.1	0.1	0.2	0.2	0.2	0.5	0.5	0.1	31.7	38%	21%		
PBT	4.3	1.5	2.9	-0.0	3.5	0.8	8.6	10.0	0.7	6.5	-48%	-78%		
Change YoY (%)	10.9	-11.0	-26.0	.	-17.4	-47.8	-23.7	16.5	-51.0					
Tax Provisions	1.1	0.4	0.7	-0.0	0.9	0.2	2.2	2.5	0.2	24.9	-39%	-75%		
Net Profit	3.2	1.1	2.2	0.0	2.6	0.5	6.5	7.5	0.5	0.4	-51%	-79%		
Change YoY (%)	10.8	-11.2	-25.7	-99.6	-17.7	-50.7	-24%	16%	-50.8					

Key Parameters (%)

Share in GWP

Health-Retail	89.2	90.0	93.0	94.4	93.9	95.7	92.2	94.5	0.0		5.7	1.8		
Health-Group	9.5	8.0	5.7	4.0	4.8	4.2	6.6	4.4	0.0		-3.8	-0.6		
Health-Government schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0		
Overseas Medical	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0		
PA	1.3	2.0	1.3	1.6	1.0	0.9	1.1	1.1	0.0		-1.0	0.0		
Claims ratio	67.6	72.8	71.4	69.2	69.5	71.5	70.3	69.5	72.5	-100bp	-129bp	-195bp		
Commission ratio	13.5	13.8	14.1	15.8	14.7	16.3	14.4	15.0	15.0	132bp	251bp	-163bp		
Expense ratio	18.1	16.4	17.7	14.2	17.9	16.0	16.4	15.5	16.5	-52bp	-47bp	195bp		
Combined ratio	99.2	103.0	103.3	99.2	102.2	103.8	101.1	100.0	104.0	-21bp	75bp	-163bp		
Solvency	2.3	2.2	2.2	2.2	2.2	2.2	2.1	2.2	-					

BSE Sensex	S&P CNX
84,628	25,936

Conference Call Details

Date: 29th October 2025

Time: 11:00 AM IST

[Link for the call](#)

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
AAUM	50.9	58.7	67.8
Revenue	15.0	16.8	18.9
EBITDA	6.8	7.8	9.0
Margin (%)	45.5	46.6	47.7
PAT	4.8	5.7	6.7
PAT Margin (%)	32	34	35
EPS	98.5	115.6	136.2
EPS Grw. (%)	3.8	17.4	17.8
BVPS	267.7	313.9	368.4
RoE (%)	39.7	39.8	39.9
Div. Payout (%)	60.0	60.0	60.0
Valuations			
P/E (x)	40.4	34.4	29.2
P/BV (x)	14.8	12.7	10.8
Div. Yield (%)	1.5	1.7	2.1

CMP: INR3,985

Buy

In-line performance across parameters

- CAMS' AAUM grew 16% YoY and 7% QoQ to INR52.1t in 2QFY26 with a market share of ~68%. Equity mix stood at 55.1% vs 55.4% in 2QFY25 and 54.8% in 1QFY26. Equity AUM rose 16% YoY to INR28.7t.
- The transaction volume grew 16% YoY and 6% QoQ to 259.8m in 2QFY26.
- CAMS reported an operating revenue of INR3.8b in 2QFY26 (in line), reflecting 3% YoY/6% QoQ growth. For 1HFY26, revenue came in at INR7.3b, +5% YoY.
- The non-MF segment contributed 14.4% of the overall revenue vs 12.9% in 2QFY25 and 13% in 1QFY26.
- Total operating expenses grew 7% YoY to INR2.1b (in-line). Employee expenses/other expenses grew 5%/10% YoY to ~INR1.2b/INR843m.
- EBITDA came in at INR1.7b, which declined 2% YoY, reflecting an EBITDA margin of 44.5% (vs. 46.6% in 2QFY25 and our est. of 45%). For 1HFY26, EBITDA came in at INR3.2b, +1% YoY.
- Other income at INR122m declined 3% YoY/7% QoQ.
- PAT was down 6% YoY to INR1.1b (in line), with PAT margins at 30.2% vs. 33.1% in 2QFY25. For 1HFY26, PAT came in at INR2.2b, down 3% YoY.

Valuation and view

- Structural tailwinds in the MF industry are likely to drive absolute growth in MF revenue. With favorable macro triggers and the right investments, the non-MF share of revenues for CAMS is expected to increase in the next three to five years.
- We will revise our estimates after the conference call scheduled for 29th Oct'25.

Quarterly Performance

(INR m)

Y/E March	FY25				FY26				FY25	FY26E	2QFY26E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q								
Revenue from Operations	3,314	3,652	3,697	3,562	3,542	3,767	14,225	15,023	3,681	2.3	3.2	6.4		
Change YoY (%)	26.8	32.7	27.6	14.7	6.9	3.2	25.2	5.6	0.8					
Employee expenses	1,130	1,186	1,197	1,178	1,224	1,248	4,691	4,972	1,236.6	0.9	5.2	1.9		
Total Operating Expenses	1,816	1,950	1,969	1,968	1,999	2,091	7,703	8,182	2,026	3.2	7.3	4.6		
Change YoY (%)	20.1	27.5	22.8	17.8	10.1	7.3	21.9	6.2	3.9					
EBITDA	1,498	1,702	1,728	1,594	1,543	1,676	6,522	6,841	1,655	1.3	(1.5)	8.6		
Other Income	117	126	149	134	131	122	526	550	139	-12.4	(3.0)	(7.2)		
Depreciation	170	184	195	228	208	246	777	881	215	14.4	33.7	17.8		
Finance Cost	21	22	21	20	19	18	85	77	19	-4.9	(14.8)	(4.9)		
PBT	1,424	1,622	1,661	1,479	1,444	1,534	6,187	6,433	1,560	-1.7	(5.5)	6.2		
Change YoY (%)	40.7	44.4	39.9	9.9	1.4	-5.5	32.5	4.0	-3.8					
Tax Provisions	354	414	420	351	363	394	1,540	1,608	390	1.1	(4.8)	8.5		
Net Profit	1,070	1,208	1,241	1,128	1,080	1,139	4,647	4,825	1,170	-2.6	(5.7)	5.5		
Change YoY (%)	41.3	44.2	40.2	9.5	1.0	-5.7	32.4	3.8	-3.2					

Key Operating Parameters (%)

Cost to Operating Income Ratio	54.8	53.4	53.3	55.3	56.4	55.5	54.1	54.5	55.0	0.5	2.1	(0.9)
EBITDA Margin	45.2	46.6	46.7	44.7	43.6	44.5	45.9	45.5	45.0	-0.5	(2.1)	0.9
PBT Margin	43.0	44.4	44.9	41.5	40.8	40.7	43.5	42.8	42.4	-1.7	(3.7)	(0.1)
Tax Rate	24.9	25.5	25.3	23.7	25.2	25.7	24.9	25.0	25.0	0.7	0.2	0.5
PAT Margin	32.3	33.1	33.6	31.7	30.5	30.2	32.7	32.1	31.8	-1.5	(2.8)	(0.3)

Key Parameters

QAUM (INR t)	40.3	44.8	46.3	45.6	48.7	52.1	44.1	50.9	50.5	3.2	16.3	7.0
Share of Equity AUM (%)	53.3	55.4	55.3	54.4	54.8	55.1	54.9	54.9	0.0	(0.3)	0.3	

Bluedart Express

BSE SENSEX
84,628

S&P CNX
25,936

Buy

Conference Call Details



Date: 3rd November 2025

Time: 04:00 PM IST

Financials & Valuations (INR b)

Y/E MARCH	2026E	2027E	2028E
Sales	63.9	74.5	82.0
EBITDA	5.9	8.2	9.0
Adj. PAT	3.2	4.8	5.1
EBITDA Margin (%)	9.2	11.0	11.0
Adj. EPS (INR)	134.1	201.1	215.8
EPS Gr. (%)	30.1	49.9	7.4
BV/Sh. (INR)	793.2	969.2	1160.1
Ratios			
Net D:E	-0.1	-0.1	-0.2
RoE (%)	18.2	22.8	20.3
RoCE (%)	20.0	24.4	21.5
Payout (%)	18.6	12.4	11.6
Valuations			
P/E (x)	41.6	27.7	25.8
P/BV (x)	7.0	5.8	4.8
EV/EBITDA(x)	21.2	14.8	13.0
Div. Yield (%)	0.4	0.4	0.4
FCF Yield (%)	1.1	2.2	3.0

CMP: INR5575

Beat on EBITDA

Earnings snapshot: 2QFY26

- Blue Dart's revenue grew ~7% YoY to INR15.5b in 2QFY26 (in line).
- EBITDA margin came in at 10.1% in 2QFY26 (up 170bp YoY and 320bp QoQ) vs. our estimate of 8.7%.
- EBITDA grew ~29% YoY to INR1.57b (13% above our estimate).
- The company reported a profit of INR795m vs. INR608m in 2QFY25 (6% above our estimate).
- As part of its strategic growth agenda, Blue Dart recently announced two significant initiatives: 1) the launch of a digital account opening platform, enabling businesses of all sizes to onboard and start shipping in under 10 minutes, and 2) the unveiling of a flagship Green Integrated Ground Hub at Pataudi, Haryana, designed to boost the company's express network with sustainable, technology-enabled infrastructure.

Quarterly snapshot - Standalone

Y/E March (INR m)	FY25						FY26		FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	2QE	vs Est				
Net Sales	13,427	14,485	15,117	14,173	14,419	15,493	57,202	63,940	15,968	(3)		
YoY Change (%)	8.5	9.4	9.3	7.1	7.4	7.0	8.6	11.8			10.2	
EBITDA	1,094	1,219	1,462	1,181	1,002	1,572	4,956	5,857	1,389	13		
Margins (%)	8.1	8.4	9.7	8.3	6.9	10.1	8.7	9.2			8.7	
YoY Change (%)	-3.4	-6.6	8.9	-15.3	-8.5	29.0	-4.2	18.2			14.0	
Depreciation	523	519	522	529	505	594	2,092	2,132			520	
Interest	70	70	73	75	72	105	288	328			85	
Other Income	191	190	196	206	207	194	783	861			220	
PBT before EO expense	693	819	1,064	782	632	1,066	3,359	4,258	1,004			
Extra-Ord expense	0	0	0	0	0	0	0	0			0	
PBT	693	819	1,064	782	632	1,066	3,359	4,258	1,004			
Tax	178	212	273	250	163	271	912	1,076			253	
Rate (%)	25.7	25.9	25.6	32.0	25.7	25.4	27.2	25.3			25.2	
Reported PAT	515	608	791	532	469	795	2,446	3,182	751			
Adj. PAT	515	608	791	532	469	795	2,446	3,182	751	6		
YoY Change (%)	-13.8	-14.8	-3.0	-30.0	-8.9	30.8	-15.2	30.1			23.6	
Margins (%)	3.8	4.2	5.2	3.8	3.3	5.1	4.3	5.0			4.7	



PDS Ltd : Expect Profit Break even for all Investments to take 18-24 Months; Sanjay Jain, Group CEO

- H2 To be better than H1, Margin improvement of 100Bps to be seen in H2
- BCG (Consultant) helping with cost optimisation
- Aim to reduce Debt further
- Low focus on capex for next 12 months
- Expect Profit Break even for all Investments to take 18-24 Months

 [Read More](#)

Heritage Foods : H1FY26 Sales is way more than FY25 Revenue of 18crs; Srideep Kesavan, CEO

- 50% Of all consumption choices expected to be driven by Gen Z by FY30
- Healthy deserts is small category but growing at major speed
- New age consumers will define consumption and will have many new verticals
- H1FY26 Sales is way more than FY25 Revenue of 18crs

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Bata India : Q2FY26 Saw an impact due to GST Transition; Gunjan Shah, MD & CEO

- Going ahead Store Refresh, new Categories and GST Benefits should help co grow
- Margins should bounce back, Premium pdts at 30% of total sales
- 80% of the portfolio will have lower prices due to GST 2.0

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Sai Silk : Gross Margins showed Improvements; Bharadwaj Rachamadugu, Senior VP

- For long term they expect to maintain 15% annual growth
- 2Q Had 14.7% SSSG Growth, 21% for 1H
- GSY Benefits are passed to the customer, and Gst has helped gaining customer momentum back

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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