Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	84,997	0.4	8.8
Nifty-50	26,054	0.5	10.2
Nifty-M 100	60,149	0.6	5.2
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	6,891	0.0	17.2
Nasdaq	23,958	0.5	24.1
FTSE 100	9,756	0.6	19.4
DAX	24,124	-0.6	21.2
Hang Seng	9,376	0.0	28.6
Nikkei 225	51,308	2.2	28.6
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	65	2.2	-11.6
Gold ($/OZ)	3,930	-0.6	49.7
Cu (US$/MT)	11,164	1.3	29.0
Almn (US$/MT)	2,886	-0.2	14.2
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	88.2	-0.1	3.0
USD/EUR	1.2	-0.4	12.0
USD/JPY	152.7	0.4	-2.8
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.5	0.00	-0.2
10 Yrs AAA Corp	7.3	0.00	0.0
Flows (USD b)	**29-Oct**	**MTD**	**CYTD**
FIIs	-0.29	1.00	-16.2
DIIs	0.65	4.34	70.4
Volumes (INRb)	**29-Oct**	**MTD***	**YTD***
Cash	85	1048	1065
F&O	1,10,254	2,98,016	2,29,684

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Larsen & Toubro: Positives come from improving domestic inflows and non-core divestment

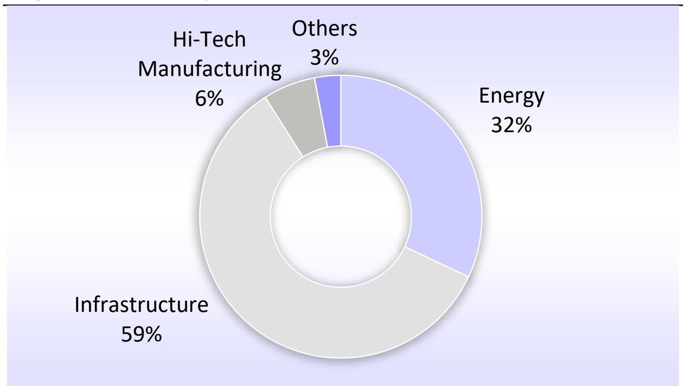
- LT's consolidated 2QFY26 PAT was largely in line with our estimate, despite a revenue miss of 5%, mainly due to lower-than-expected revenue from core E&C. On the positive side, a sharp outperformance was seen in order inflows for the core E&C, which stood at INR968b vs. our estimate of INR722b, and EBITDA margin improved by 20bp YoY.
- NWC and RoE continued to witness improvement YoY. Order inflow mix was fairly diversified across domestic and international. Order prospect pipeline is up 29% YoY at INR10.4t for 1HFY26 and the company has maintained a win ratio of 19-20% in 2Q order wins.
- Management, during the call, has given the guidance of order inflow growth of far more than 10%, revenue growth of 15% and EBITDA margin of 8.5% for FY26. LT has reached an in-principle understanding with Telangana govt to divest its stake in Hyderabad Metro, which we believe is a big positive. Revival in domestic order inflows and non-core asset divestment should lead to valuation re-rating for the stock.
- We tweak our estimates to factor in 1HFY26 performance of core business and IT subsidiaries and arrive at a revised SoTP-based TP of INR4,500 (INR4,300 earlier), based on 28x two-year forward earnings for core business and a 25% holding company discount to subsidiaries.

Research covered

Cos/Sector	Key Highlights
Larsen & Toubro	Positives come from improving domestic inflows and non-core divestment
Coal India	Big miss on earnings due to high costs; cutting estimates
Other Updates	Varun Beverages | Polycab India | Jindal Steel | Dr Reddy's Labs | REC | NMDC | Federal Bank | APL Apollo Tubes | Star Health | Cams Services | Five Star Bus. Fin. | Raymond Lifestyle | Technology | Consumer | HPCL | SAIL | United Breweries | Radico Khaitan | LIC Housing Fin. | Brigade Enter. | Mahanagar Gas | Transport Corp.

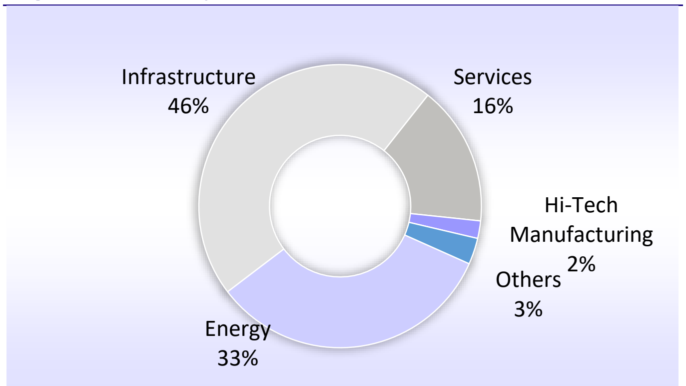
Chart of the Day: Larsen & Toubro (Positives come from improving domestic inflows)

Segmental breakup of INR6.7t order book



Source: Company, MOFSL

Segmental breakup of INR1.2t order inflows



Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

SC relief for Vi limited to Rs 9,449-crore additional AGR demand

This is a little reprieve for the telco which is faced with an overall AGR burden at over Rs 58,000 crore as determined by the apex court in its 2020 ruling.

2

Varun Beverages inks distribution pact with Carlsberg for African markets

In a strategic move, Varun Beverages, the bottling partner for PepsiCo India, has clinched an exclusive distribution agreement with Carlsberg Breweries targeting the vibrant African markets.

3

Government proposes new scheme for restructuring power distribution utilities with private participation

The government is preparing a new plan to reform power distribution companies. This plan may involve selling a part of the stake to private partners and restructuring existing debt. States could receive financial support for capital projects.

4

Mittal-HPCL JV halts Russian oil purchases after fresh sanctions

HMEL has stopped buying Russian oil due to new Western sanctions. The company stated it cannot confirm past deliveries involving sanctioned ships. HMEL buys crude on a delivered-at-port basis. This means they are unaware of earlier transport details.

5

Coal ministry puts up 41 mines for auction

India's coal ministry is auctioning 41 mines, including 21 for underground coal gasification. This move aims to convert deep coal into syngas, reducing pollution and natural gas imports. The government targets 100 million tonnes of coal gasification by 2030.

6

Citibank to boost investment in India as firms eye global expansion: Viswas Raghavan

Citibank plans to significantly increase its capital deployment in India as it broadens its focus on the country.

7

Sundaram Home optimistic of achieving strong growth in second half of FY26

Sundaram Home Finance anticipates robust growth in the latter half of the financial year. The company is expanding its Emerging Business segment into more towns. This segment focuses on small loans up to Rs 20 lakh.

Larsen & Toubro

Estimate changes	⟷
TP change	↑
Rating change	⟷

Bloomberg	LT IN
Equity Shares (m)	1376
M.Cap.(INRb)/(USDb)	5444.6 / 61.7
52-Week Range (INR)	4017 / 2965
1, 6, 12 Rel. Per (%)	2/12/11
12M Avg Val (INR M)	7223

Financials Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Net Sales	2,968.3	3,408.9	3,908.7
EBITDA	310.5	360.0	415.0
PAT	179.0	212.9	254.1
EPS (INR)	130.2	154.9	184.9
GR. (%)	21.9	19.0	19.4
BV/Sh (INR)	800.1	906.9	1,034.3
Ratios			
ROE (%)	17.2	18.1	19.0
RoCE (%)	9.7	10.4	11.2
Valuations			
P/E (X)	30.4	25.5	21.4
P/BV (X)	4.9	4.4	3.8
EV/EBITDA (X)	17.5	15.1	13.1
Div Yield (%)	1.0	1.2	1.5

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	0.0	0.0	0.0
DII	43.1	43.2	40.3
FII	20.3	20.2	22.7
Others	36.5	36.5	37.0

FII Includes depository receipts

CMP: INR3,958 TP: INR4,500 (+14%) Buy

Positives come from improving domestic inflows and non-core divestment

LT's consolidated 2QFY26 PAT was largely in line with our estimate, despite a revenue miss of 5%, mainly due to lower-than-expected revenue from core E&C. On the positive side, a sharp outperformance was seen in order inflows for the core E&C, which stood at INR968b vs. our estimate of INR722b, and EBITDA margin improved by 20bp YoY. NWC and RoE continued to witness improvement YoY. Order inflow mix was fairly diversified across domestic and international. Order prospect pipeline is up 29% YoY at INR10.4t for remaining 6MFY26 and the company has maintained a win ratio of 19-20% in 2Q order wins. We had highlighted in our previous result update (Link) that with the current win rate, LT can comfortably exceed its order inflow growth guidance of 10%. Management, during the call, has given the guidance of order inflow growth of far more than 10%, revenue growth of 15% and EBITDA margin of 8.5% for FY26. LT has reached an in-principle understanding with Government of Telangana to divest its stake in Hyderabad Metro, which we believe is a big positive. Revival in domestic order inflows and non-core asset divestment should lead to valuation re-rating for the stock. We tweak our estimates to factor in 1HFY26 performance of core business and IT subsidiaries and arrive at a revised SoTP-based TP of INR4,500 (INR4,300 earlier), based on 28x two-year forward earnings for core business and a 25% holding company discount to subsidiaries.

In-line PAT

On a consolidated basis, revenue grew 10% YoY to INR680b, while EBITDA rose 7% YoY to INR68b for 2QFY26. Margin was down YoY at 10.0%, while PAT increased 16% YoY to INR39b (in line with our estimate). For core E&C, revenue came in at INR490b (up 10% YoY), 7% below our estimate mainly due to slightly weaker execution in domestic markets and in the infrastructure segment as execution of water projects remained slow. International execution increased 24% YoY. EBITDA growth stood at 16% YoY, while EBITDA margin expanded 20bp YoY to 7.8%. NWC-to-sales ratio stood at 10.2% and RoE improved to 17.2%. Consolidated inflow increased 45% YoY to INR1.2t, while core E&C order inflow grew 54% YoY to INR968b, driven by both domestic (+41% YoY) and international geographies (+62% YoY). Thus, the core order book grew 30% YoY to INR6.7t. The international segment now forms 49% of the total order book. Within international, 84% comes from the Middle East.

Opportunities in domestic markets

LT is witnessing improvement in order inflow prospects from domestic markets. Over the next 2-3 years, the company is eyeing opportunities worth 10-15GW of thermal power projects, along with opportunities from nuclear and hydro power, strong inflows from buildings and factories, particularly from real estate, and opportunities from transportation infra, metals and mining, as well as defense. We expect these opportunities to bring improvement in domestic order inflows for the company over time. LT is going slow on water projects on account of payment delays. Water segment currently forms 7% of the total order book.

International geographies offer strong prospects on renewable side

International inflows for LT remain strong across infrastructure and energy segment. LT remains focused on projects across geographies like Saudi Arabia, Kuwait, Qatar and UAE, driven by diversification into renewables and gas-to-power projects. During the quarter, the company secured multiple large EPC orders in Saudi Arabia and the UAE across onshore gas, offshore structures, and energy infrastructure.

In-principle understanding to divest stake in Hyderabad Metro

LT has reached an in-principle understanding with Telangana govt to divest its stake in Hyderabad Metro and it plans to conclude this transaction by 4QFY26. Under the arrangement, the entire debt of INR130b of Hyderabad Metro would be taken over by SPV floated by Telangana govt and LT will receive an equity of INR20b vs. its adjusted equity of INR10b (INR75b actual equity adjusted with accumulated losses of INR65b in Hyderabad Metro). Divestment of this stake would reduce the debt and interest burden from the consolidated financials.

Expanding into new-age and technology-driven sectors

LT is steadily diversifying into new-age sectors aligned with global sustainability and technological trends. Under its Lakshya 2031 roadmap, the company has identified electronics manufacturing, renewable energy, and semiconductors as key growth pillars. In renewables, LT signed an MoU with Etochu Corporation of Japan for a 300ktpa green ammonia project at Kandla, Gujarat, marking its entry into large-scale green hydrogen and ammonia production. It is also executing the EPC scope for the Yanbu Green Ammonia project in Saudi Arabia, covering solar, wind, and battery storage systems. In semiconductors, its subsidiary L&T Semiconductor Technologies acquired design assets and IP from Fujitsu General Electronics, enhancing its expertise in power modules and advanced chip design while partnering with IISc Bengaluru to establish a national 2D innovation hub for next-generation semiconductor research. These initiatives demonstrate LT’s transition from a conventional EPC company to a technology-driven engineering leader with a growing footprint in green energy, electronics, and digital infrastructure.

Strengthening aerospace capabilities through AMCA program

LT has formed a consortium with Bharat Electronics (BEL) for the AMCA program of the Indian Air Force. The consortium’s scope of work includes development of the prototype airframe, jigs and fixtures, system integration, and flight certification for the next-generation stealth fighter. The shortlisting of eligible bidders is expected by 3QFY26, followed by the issue of the RFP in 4QFY26, and award of the prototype contract by 4QFY27. The prototype delivery and test flight are planned for FY29-30, after which serial production is expected to commence. LT’s prior experience in fabricating critical structures and subsystems for the light combat aircraft (LCA) program, along with its advanced manufacturing and system integration capabilities, provides a strong foundation for its participation.

Valuations and view

At the current price, for core E&C, LT is trading at 30x/25x/21x P/E on FY26/27/28E earnings. We tweak our estimates to factor in 1H performance for the core business as well as the IT companies. We thus expect core E&C revenue/EBITDA/PAT to grow at a CAGR of 16%/18%/22%. We value the company at 28x P/E two-year forward earnings for core business and 25% holding company discount for subsidiaries. **We maintain BUY with a revised TP of INR4,500 (INR4,300 earlier).** Our SOTP revision takes into account the revised valuations of subsidiaries.

Key risks and concerns

A slowdown in order inflows, delays in the completion of mega and ultra-mega projects, a sharp rise in commodity prices, an increase in working capital, and increased competition are a few downside risks to our estimates.

Consolidated - Quarterly Earning Model (INR b)

Y/E March - INR b	FY25				FY26E				FY25	FY26E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Var (%)
Net Sales	**551**	**616**	**647**	**744**	**637**	**680**	**761**	**891**	**2,557**	**2,968**	**715**	**-5**
YoY Change (%)	15.1	20.6	17.3	10.9	15.5	10.4	17.7	19.8	15.7	16.1	16.2	
Total Expenditure	**495**	**552**	**584**	**662**	**574**	**612**	**683**	**789**	**2,293**	**2,658**	**645**	
EBITDA	**56**	**64**	**63**	**82**	**63**	**68**	**78**	**101**	**264**	**311**	**70**	**-3**
YoY Change (%)	15.3	13.0	8.6	13.4	12.5	7.0	24.5	23.6	12.5	17.5	9.8	
Margins (%)	10.2	10.3	9.7	11.0	9.9	10.0	10.2	11.4	10.3	10.5	9.8	
Depreciation	10	10	10	11	10	11	11	10	41	42	11	3
Interest	9	9	8	7	8	8	9	10	33	34	9	-11
Other Income	9	11	10	11	14	14	9	10	41	47	11	22
PBT before EO expense	**47**	**56**	**53**	**75**	**59**	**63**	**67**	**91**	**231**	**280**	**62**	**2**
Extra-Ord expense	-	-	-	-5	-	-	-	-	-5	-	-	
PBT	**47**	**56**	**53**	**80**	**59**	**63**	**67**	**91**	**236**	**280**	**62**	**2**
Tax	12	14	13	19	15	16	18	24	59	73	16	
Rate (%)	26.4	26.0	25.0	23.5	26.2	26.0	26.0	26.3	25.0	26.2	26.2	
MI & P/L of Asso. Cos.	7	7	6	6	7	8	7	6	27	28	7	
Reported PAT	**28**	**34**	**34**	**55**	**36**	**39**	**43**	**61**	**150**	**179**	**39**	**1**
Adj PAT	**28**	**34**	**34**	**51**	**36**	**39**	**43**	**61**	**147**	**179**	**39**	**1**
YoY Change (%)	11.7	5.4	14.0	18.8	29.8	15.6	27.5	18.3	13.0	21.9	14.3	
Margins (%)	5.1	5.5	5.2	6.9	5.7	5.8	5.6	6.8	5.7	6.0	5.4	

Coal India

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	COAL IN
Equity Shares (m)	6163
M.Cap.(INRb)/(USDb)	2354.2 / 26.7
52-Week Range (INR)	460 / 349
1, 6, 12 Rel. Per (%)	-7/-9/-21
12M Avg Val (INR M)	2682

Financials & Valuations (INR b)

Y/E MARCH	2026E	2027E	2028E
Sales	1,451	1,590	1,677
Adj. EBITDA	412	474	513
Adj. PAT	316	355	372
EBITDA Margin (%)	28.4	29.8	30.6
Cons. Adj. EPS (INR)	51.3	57.7	60.3
EPS Gr. (%)	(10.6)	12.4	4.6
BV/Sh. (INR)	185.8	213.9	243.2
Ratios			
Net D:E	(0.3)	(0.3)	(0.3)
RoE (%)	27.6	27.0	24.8
RoCE (%)	28.1	27.8	25.6
Payout (%)	50.0	50.0	50.0
Valuations			
P/E (x)	7.5	6.6	6.3
P/BV (x)	2.1	1.8	1.6
EV/EBITDA(x)	4.9	4.2	3.7
Div. Yield (%)	6.7	7.5	7.9
FCF Yield (%)	6.7	7.5	8.3

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	63.1	63.1	63.1
DII	22.9	22.8	22.7
FII	8.0	8.2	9.2
Others	6.0	5.9	5.0

CMP: INR383 TP: INR440 (+15%) Buy

Big miss on earnings due to high costs; cutting estimates

- Revenue for 2QFY26 came at INR302b (-2% YoY and -16% QoQ), against our estimate of INR299b. The decline was mainly led by muted volume.
- Adj. EBITDA (excluding OBR exp) stood at INR58.5b (-18% YoY and -48% QoQ), against our estimate of INR85b during the quarter. EBITDA was impacted primarily by higher other costs (+22% YoY).
- EBITDA/t declined to INR357 (-16% YoY and -39% QoQ) vs our estimate of INR518/t.
- APAT came in at INR43.5b (-31% YoY and -50% QoQ), against our estimate of INR63b during the quarter.
- Production for 2QFY26 stood at 145.8mt (-4 YoY and -21% QoQ) and offtake stood at 164mt (-2% YoY and -14% QoQ), driven by prolonged monsoon.
- FSA revenue stood at INR218b (flat YoY and -15% QoQ), with a volume of 147.5mt (flat YoY and -11% QoQ) and an ASP of INR1,470/t (flat YoY and -5% QoQ) during the quarter.
- E-auction revenue came in at INR35b (-6% YoY and -29% QoQ) with volumes of 15.3mt (+1% YoY and -28% QoQ) and realizations of INR2,292/t (-7% YoY and -2% QoQ), translating into a premium of 55% during the quarter (vs. 69% in 2QFY25).
- In 1HFY26, the production and offtake volume stood at 329mt (-4% YoY) and 357mt (-3% YoY). Revenue and EBITDA declined 2% (INR660b) and 9% YoY (INR170b), respectively, in 1HFY26. Similarly, adjusted PAT declined 24% YoY to INR131b in 1HFY26.
- The company declared a second interim dividend of INR10.25/share in 2QFY26.

Valuation and view

- Coal India (COAL) delivered muted performance, mainly due to weak volumes, where e-auction volumes accounted for ~10% of total volumes and premium stood at 55% in 2QFY26.
- For FY26, we trimmed our Revenue/EBITDA/APAT estimates by 4%/8%/6%, respectively, as we incorporate the muted volumes of 1HFY26 and subdued near-term outlook. We expect e-auction volume and premium to recover in 2HFY26, supported by demand recovery from the non-FSA sector.
- We expect COAL to clock a 3% volume CAGR over FY25-28. This is expected to translate into a CAGR of 5% in revenue and 7% in EBITDA. The company's focus on increasing coal-washer capacity will improve its market share in domestic coking/non-coking coal. Further, management remains focused on expanding its coal mining operations, which will be funded through internal accruals. COAL may, however, consider raising debt to undertake strategic diversification projects such as RE facilities and coal gasification.
- **At CMP, the stock is trading at 4.2x EV/EBITDA and 1.8x P/BV on FY27E. We reiterate our BUY rating with a TP of INR440 (premised on 4.5x EV/EBITDA on Sep'27 estimate).**

Consolidated quarterly performance (INR b)

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Sales	**364.6**	**306.7**	**368.6**	**378.2**	**358.4**	**301.9**	**376.2**	**414.2**	**1,433.7**	**1,450.7**	**299**	**1.0**
Change YoY (%)	1.3	(6.4)	1.9	(1.0)	(1.7)	(1.6)	2.1	9.5	(1.0)	1.2		
Change QoQ (%)	(4.6)	(15.9)	20.2	2.6	(5.2)	(15.8)	24.6	10.1				
Adj. EBITDA	**115.4**	**71.5**	**114.8**	**112.3**	**111.3**	**58.5**	**117.9**	**124.9**	**429.6**	**412.5**	**85**	**-31.1**
Change YoY (%)	3.4	(19.6)	(3.8)	5.5	(3.6)	(18.3)	2.6	11.2	(3.0)	(4.0)		
Change QoQ (%)	8.4	(38.0)	60.5	(2.2)	(0.9)	(47.5)	101.6	6.0				
EBITDA per ton	**581.5**	**425.6**	**591.5**	**557.6**	**582.4**	**352.1**	**582.0**	**641.6**	**563.7**	**547.2**	**518**	**-32.0**
Depreciation	19.5	19.0	25.1	27.8	23.1	26.6	24.5	22.5	91.5	96.7		
OBR	(28.0)	(14.6)	(8.3)	(5.6)	(14.0)	(8.7)	(9.9)	(9.7)	(41.1)	(42.3)		
Interest	2.1	2.1	2.3	2.4	2.7	2.9	3.2	3.5	8.8	12.3		
Other Income	18.8	15.1	21.4	39.4	16.2	21.4	15.0	17.4	94.7	70.0		
EO Inc/(Exp)	-	-	-	-	-	-	-	-	-	-		
PBT after EO	**140.6**	**80.2**	**117.2**	**127.0**	**115.6**	**59.1**	**115.1**	**126.0**	**465.0**	**415.8**	**82**	**-27.8**
Tax	32.0	18.8	33.0	32.8	29.7	18.5	28.8	27.7	116.6	104.8		
Tax Rate (%)	22.8	23.4	28.2	25.8	25.7	31.4	25.0	22.0	25.1	25.2		
PAT before MI & Asso.	**108.6**	**61.4**	**84.2**	**94.2**	**85.9**	**40.5**	**86.3**	**98.3**	**348.4**	**311.0**		
MI	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.9)	-	-	(0.6)	(1.0)		
Sh. of Assoc.	0.9	1.4	0.7	1.7	1.4	2.1	1.0	(0.4)	4.6	4.2		
PAT After MI & Asso.	**109.6**	**62.9**	**85.1**	**96.0**	**87.4**	**43.5**	**87.3**	**97.9**	**353.6**	**316.2**		
Adjusted PAT	**109.6**	**62.9**	**85.1**	**96.0**	**87.4**	**43.5**	**87.3**	**97.9**	**353.6**	**316.2**	**63**	**-30.4**
Change YoY (%)	4.1	(21.9)	(17.0)	12.0	(20.2)	(30.8)	2.6	1.9	(5.5)	(10.6)		
Change QoQ (%)	27.8	(42.6)	35.2	12.9	(9.0)	(50.2)	100.5	12.1				

Source: MOFSL, Company

Note – Due to restatements mainly related to OBR accounting, the quarter financials may not add to the annual financials for FY25

Varun Beverages

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	VBL IN
Equity Shares (m)	3382
M.Cap.(INRb)/(USDb)	1675.6 / 19
52-Week Range (INR)	664 / 419
1, 6, 12 Rel. Per (%)	4/-13/-25
12M Avg Val (INR M)	3876

Financials & Valuations (INR b)

Y/E Dec	2025E	2026E	2027E
Sales	215.3	245.6	283.3
EBITDA	50.7	57.7	66.5
Adj. PAT	30.7	36.3	43.2
EBITDA (%)	23.6	23.5	23.5
EPS (INR)	9.1	10.7	12.8
EPS Gr. (%)	18.3	18.4	18.9
BV/Sh. (INR)	55.7	63.9	74.2
Ratios			
Net D/E	-0.1	-0.2	-0.4
RoE (%)	17.3	18.0	18.5
RoCE (%)	17.0	18.3	18.8
Payout (%)	27.5	23.3	19.6
Valuations			
P/E (x)	54.5	46.0	38.7
EV/EBITDA (x)	32.7	28.2	23.9
Div Yield (%)	0.5	0.5	0.5
FCF Yield (%)	1.4	2.3	2.7

Shareholding pattern (%)

	Sep-25	Jun-25	Sep-24
Promoter	59.4	59.8	62.7
DII	11.8	10.5	5.0
FII	21.9	21.9	24.2
Others	6.8	7.8	8.2

Note: FII includes depository receipts

CMP: INR495 TP: INR580 (+17%) Buy

Muted performance led by prolonged monsoon season

In-line operating performance

- 3QCY25 was a muted quarter for Varun Beverages (VBL) as its revenue grew only ~2% YoY due to prolonged monsoon across India. Consolidated volumes grew ~2.4% YoY (while Indian volumes remained flat; growth was led by international operations, which grew 9% YoY). EBITDA margins also contracted ~50bp YoY to 23.4%.
- VBL is strategically **entering the alcoholic beverage segment** through a partnership with Carlsberg Breweries A/S to pilot beer sales in the African market. The company aims to leverage its strong distribution network and shared retail channels across the South African regions to efficiently expand its presence in this category.
- We largely maintain our CY25/CY26/CY27 earnings estimates and **reiterate our BUY rating on the stock with a TP of INR580 (54x CY26E EPS).**

Healthy international performance continues to offset domestic headwinds

- Revenue grew 2% YoY to ~INR49b (in line), driven by a 3% YoY growth in volumes to 274m cases. Realization stood at INR178.1/case vs INR179.7/case in 3QCY24
- EBITDA margins contracted 50bp YoY to 23.4% (est. 23.3%), while EBIDTA per case declined 3% YoY to INR41.9. EBITDA remained flat YoY at ~INR11.5b (in line). Lower margins YoY were due to higher employee expenses, power and fuel costs, and other manufacturing overheads associated with increased in-house backward integration initiatives in the international market
- Adj. PAT grew 20% YoY to INR7.4b (est. INR6.9b), driven by lower finance costs (down 62% YoY) and higher other income (INR1.48b in 3QCY25 vs INR243m in 3QCY24), which includes favorable currency movement in international territories (~INR1b)
- Subsidiary (consolidated minus standalone) revenue/EBITDA/adj. PAT grew 7%/3%/29% YoY to INR18.3b/INR3.6b/INR1.6b in 3QCY25.
- CSD/Juice/Water volumes grew 1%/6%/7% YoY to 202m/12m/60m units in 3QCY25.

Highlights from the management commentary

- **Domestic market:** While the extended monsoon season temporarily affected consumption trends in India, management remains confident in the strong long-term growth prospects of the domestic beverage industry.
- **International beverage market gaining momentum:** Zimbabwe and Morocco markets have started recovering, while South Africa continues to grow at a mid-double-digit rate. DRC has faced certain headwinds but is expected to deliver healthy growth in CY26. Nepal and Sri Lanka are growing at a pace similar to that of the Indian market.

- **Key changes in the memorandum of association**: VBL has announced key changes in it memorandum to include the business of manufacturing, producing, processing, brewing, distilling, refining, blending, bottling, storing, packaging, selling, distributing, trading, dealing, marketing, moving, preserving, stocking, importing, and exporting Ready To Drink (RTD) and other alcoholic beverages of any type or description—including beer, wine, liquor, spirit, brandy, whisky, gin, rum, and vodka—in India and abroad. VBL has also entered into a strategic agreement with Carlsberg Breweries to pilot beer sales in the African market and is exploring opportunities in the growing RTD and alcoholic beverages segment across India as well as other existing international markets.

Valuation and view

- 9MCY25 has been a subdued period for VBL, despite capacity additions, due to an early and prolonged monsoon. However, going forward, we expect VBL to improve its earnings momentum, aided by: 1) a scale-up in the international market, driven by South Africa and recovery in the Zimbabwe market, 2) strengthening of on-ground execution in the Indian market, 3) scale up of the snacking business from CY26 onwards, backed by the operationalization of the Morocco and Zimbabwe markets in 2HCY25, 4) an expanding product portfolio (recently launched an energy drink called 'Adrenaline Rush', and 5) ongoing investments in capacity expansion, distribution, and cold chain infrastructure.
- We largely maintain our CY25/CY26/CY27 earnings estimates. We expect a CAGR of 15%/15%/19% in revenue/EBITDA/PAT over CY25E-27. **We value the stock at 54x CY26E EPS to arrive at a TP of INR580. We reiterate our BUY rating on the stock.**

Consolidated - Quarterly Earning Model (INRm)

Y/E December	CY24				CY25				CY24	CY25E	CY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			2Q	%
Net Sales	**43,173**	**71,969**	**48,047**	**36,888**	**55,669**	**70,174**	**48,967**	**40,458**	**2,00,077**	**2,15,268**	**49,248**	**-1**
YoY Change (%)	10.9	28.3	24.1	38.3	28.9	-2.5	1.9	9.7	24.7	7.6	2.5	
Total Expenditure	33,286	52,056	36,536	31,088	43,030	50,186	37,493	33,828	1,52,966	1,64,536	37,757	
EBITDA	**9,888**	**19,912**	**11,511**	**5,800**	**12,640**	**19,988**	**11,474**	**6,631**	**47,111**	**50,732**	**11,490**	**0**
Margins (%)	22.9	27.7	24.0	15.7	22.7	28.5	23.4	16.4	23.5	23.6	23.3	
Depreciation	1,875	2,425	2,566	2,608	2,725	3,062	3,076	3,164	9,474	12,027	3,090	
Interest	937	1,292	1,185	1,090	411	365	452	400	4,504	1,629	300	
Other Income	84	440	243	446	281	772	1,480	700	1,213	3,232	600	
PBT before EO expense	**7,159**	**16,636**	**8,002**	**2,548**	**9,784**	**17,332**	**9,426**	**3,767**	**34,346**	**40,309**	**8,700**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**7,159**	**16,636**	**8,002**	**2,548**	**9,784**	**17,332**	**9,426**	**3,767**	**34,346**	**40,309**	**8,700**	
Tax	1,678	4,012	1,713	585	2,465	4,066	1,957	804	7,988	9,292	1,914	
Rate (%)	23.4	24.1	21.4	23.0	25.2	23.5	20.8	21.4	23.3	23.1	22	
Minority Interest & P/L of Asso. Cos.	109	98	93	112	54	97	57	115	411	323	101	
Reported PAT	**5,373**	**12,526**	**6,196**	**1,851**	**7,265**	**13,170**	**7,412**	**2,847**	**25,946**	**30,694**	**6,685**	
Adj PAT	**5,373**	**12,526**	**6,196**	**1,851**	**7,265**	**13,170**	**7,412**	**2,847**	**25,946**	**30,694**	**6,685**	**11**
YoY Change (%)	25.2	26.0	23.6	40.5	35.2	5.1	19.6	53.8	26.2	18.3	7.9	
Margins (%)	12.4	17.4	12.9	5.0	13.1	18.8	15.1	7.0	13.0	14.3	13.6	

29 October 2025

Company Update | Sector: Cables and Wires

Polycab India

BSE SENSEX	S&P CNX
84,997	26,054

POLYCAB

Bloomberg	POLYCAB IN
Equity Shares (m)	151
M.Cap.(INRb)/(USDb)	1164.4 / 13.2
52-Week Range (INR)	7795 / 4555
1, 6, 12 Rel. Per (%)	1/32/14
12M Avg Val (INR M)	2704
Free float (%)	38.5

Financials & Valuations (INR b)

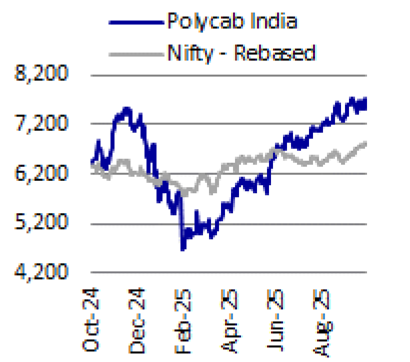
Y/E MARCH	FY26E	FY27E	FY28E
Sales	267.6	314.8	370.3
EBITDA	39.0	44.5	53.3
Adj. PAT	26.5	29.9	35.7
EBITDA Margin (%)	14.6	14.2	14.4
Cons. Adj. EPS (INR)	176	199	238
EPS Gr. (%)	31.2	12.9	19.4
BV/Sh. (INR)	794	943	1,130
Ratios			
Net D:E	(0.1)	(0.1)	(0.2)
RoE (%)	22.2	21.1	21.0
RoCE (%)	23.2	22.1	22.0
Payout (%)	19.9	25.1	21.1
Valuations			
P/E (x)	43.9	38.9	32.6
P/BV (x)	9.7	8.2	6.8
EV/EBITDA (x)	29.5	25.7	21.3
Div Yield (%)	0.5	0.6	0.6
FCF Yield (%)	0.9	1.2	1.6

Shareholding Pattern (%)

As of	Sep-24	Jun-24	Sep-23
Promoter	63.1	65.0	65.9
DII	9.4	6.9	8.1
FII	13.5	13.6	12.4
Others	14.1	14.4	13.6

FII includes depository receipts

Stock Performance (one-year)



CMP: INR7,733 | TP: INR9,110 (+18%) | Buy

Sustained growth momentum continues in C&W

We met with the management of Polycab India (POLYCAB) to get an update on business trends across Cables & Wires (C&W), FMEG, and EPC segments, RM price trends, and the company's key strategic initiatives.

- **Management reiterated strong demand momentum in the C&W business, led by broad-based growth across power, infrastructure, real estate, and industrial capex, supported by rising opportunities in renewables and data centers. The company reiterated that India's C&W market will grow 2.0x of real GDP growth, with POLYCAB estimated to jump 1.5x of the industry growth. The company maintains a unique leadership position in C&W with a product portfolio, distribution network, and capacity base ~2-3x that of its nearest competitors. It reported strong growth in 2Q and expects momentum to continue in 3QFY26E.**
- **The company's FMEG segment contributes ~7-8% of total revenue with six major categories – fans, lights and luminaries, switches, switchgears, conduit pipes & fittings, and solar inverters. Solar inverters are the largest sub-segment. The company intends to maintain profitability in the FMEG segment with improvement YoY without the addition of a new product category.**
- **Under EPC, POLYCAB is executing two projects, RDSS and BharatNet. Under BharatNet, its order book stood at INR80b, of which INR45b is for C&W supplies (for the next 3-4 years) and the balance of INR35b is for maintenance (over the next 10 years). Since the company has excess capacity, it can easily accommodate such types of projects. Margin in this segment is in high single digits.**

We are structurally positive on POLYCAB, given its leadership position in the C&W segment, positive sector outlook, robust balance sheet, and strong return ratios. We reiterate our BUY rating with a TP of INR9,110 (based on 40x Dec'27E EPS).

C&W: Core growth engine with multi-year visibility

- The **C&W** segment continues to witness strong demand tailwinds backed by robust demand from **infrastructure, real estate, power transmission, and industrial capex**. Over the last few years, the segment has clocked a **~12-14% CAGR**, and industry growth is likely to be sustained at **these levels** over the medium to longer term, given strong underlying demand across key segments. The Indian C&W market stood at INR900b, out of which INR650b is from cables and INR250b is from wires.
- **In cables, demand from power infrastructure** is emerging as the largest growth drivee, led by the government's acceleration of transmission project approvals and the massive scale-up in renewable capacity from **235GW to 500GW (**this alone represents an **INR500–550b opportunity** for C&W over the next few years). The power sector has the largest consumption of cables, as ~15-20% of the project cost accounts for cables, followed by the data center, in which cables account for 8-10% of the project cost. However, in the rest of the sectors (rail, roads, infra, and real estate), cables account for 3.0-3.5% of the project cost. **In data centers, the cable requirement per MW is ~INR30m. Going forward, the defense and electric vehicles are also expected to support overall demand growth.**

- The cables industry is highly organized at ~80%, while wires have ~55%–60% organized mix. POLYCAB, with its **~26% share in the organized market**, remains the market leader, supported by a **product portfolio and distribution network nearly 2x** that of peers and a **capacity base 3x larger** than the nearest competitor. Cables are expected to grow faster than wires, with **industry growth of ~15-16% in cables** and **~9-10% in wires**, translating into a **combined ~12-14% CAGR** over the next 5–10 years.
- In the wires segment, demand is predominantly led by **real estate at ~70%**, while **industrial applications account for the balance of ~30%**. The ongoing upcycle in residential and commercial construction, coupled with increasing penetration in **Tier 3-5 cities**, is likely to drive strong growth momentum. Management stated that it has actively targeted the semi-urban and rural market through its "**Etira" brand,** priced ~10% below its main brand (~5% premium to unorganized players' products), aimed at capturing share from unorganized players that dominate smaller cities. Wires are sold **entirely through distributors**, providing higher market reach and scale efficiency.
- The company's **capacity utilization currently stands at ~70%–80%**, providing adequate headroom for growth. To support rising demand, the company has outlined **INR60b–80b of capex over the next five years**, with **INR14b–15b planned each year**.
- Margins in the C&W segment remain healthy and stable. **Domestic C&W margin is ~9-10%**, while **export (primarily cables) margins** range between ~**15% and 30% (based on** geographies **and product types)**, given a higher-value mix and institutional nature of orders. Within cables, **Extra High Voltage (EHV)** products command **mid-teen margins**, supported by strong demand-supply dynamics, while **Low Voltage (LV)** and **Medium Voltage (MV)** cables operate at ~9–10% margins. The company's strong technical capabilities and its extensive product certifications provide a distinct competitive advantage.
- Exports have steadily scaled up, contributing ~6% of the revenue in FY25, with a target to reach ~10% by FY30. The addressable export opportunity for the company is USD100b within the global C&W export market at USD170b. Export sales are well-diversified across geographies with the Middle East (40%), the US (16%), Europe (19%), South America (14%), and Australia (8%).
- On the domestic front, POLYCAB's distribution network of 4,300 partners contributes ~90% of total revenue, displaying the strength of its channel network. Distributors typically hold three weeks of inventory, with prices revised on a monthly basis to reflect fluctuations in copper and aluminum prices. Copper purity of ~99.97%, used by organized players, remains a key differentiator vs. unorganized players. The company does not expect a decline in copper prices over the medium term, ensuring stable pricing and margin trends.
- The company remained focused on innovation and R&D with 10,000 SKUs across C&W (vs. 7,000 for the nearest competitor), supported by a dedicated R&D team of 400 engineers and over 2,000 staff. The company continues to invest in product efficiency, design improvements, and certification-led quality standards, which are critical entry barriers in the organized cable market.

- Further, the management does not expect any major impact from new competitors, as the company has a strong brand, an established dealer network, large scale, and proven execution capabilities.

FMEG: gradual progress with margin expansion potential

- The FMEG segment contributes ~7%–8% of revenue, with six key categories being solar inverters, fans, lighting, switches, switchgear, and conduits. Solar inverters currently form the largest business, while fans and lighting remain key focus areas.
- The segment is not capital-intensive, though capex may increase over the next 2-3 years. It expects FMEG margins to rise from ~1–2% currently to ~7–8% over the next five years, supported by operating leverage and product mix improvement.
- Except for solar inverters, which are outsourced, all products are manufactured in-house. The fans division, though currently loss-making, has expanded capacity from 3.5m to 9.5m units, adding 6m units in FY25.
- The company intends to remain focused on its current six categories rather than expanding into new ones. Under Project Spring, it targets to grow its FMEG revenue at 1.5-2.0x the industry growth rate, while targeting an EBITDA margin of ~8-10%.

EPC: strategic business with a healthy order book

- In the EPC segment, the company has two main projects: the RDSS and BharatNet projects. The BharatNet project alone has an order book of INR80b, with INR45b to be executed over the next 3–4 years by way of C&W supplies, and the remaining INR35b is a 10-year maintenance contract. Margins are expected to remain in the high single digits.
- The EPC business is not working-capital intensive, with receivables at 60 days. Moreover, supply to EHV projects requires specific EPC supplier approvals, which the company has successfully obtained.
- While EPC's contribution is gradually declining, the business remains strategically relevant in strengthening POLYCAB's institutional relationships and enhancing the cable business's credibility in large-scale infrastructure projects.

Valuation and view

- We estimate a CAGR of 18%/22%/21% in revenue/EBITDA/EPS over FY25-28. POLYCAB has benefited from continuous capacity expansions and sustained a healthy margin (~13-15%) in the C&W segment. We project a stable margin of ~14% over FY26-28, given the company's operational strength, an increase in contribution from the EHV capacity (expected from FY27), and export growth.
- Cumulative FCF is expected to stand at INR43.4b during FY26-28, despite increased capex intensity. Net cash is likely to increase to INR48.3b by FY28 vs. INR29.4b as of Sep'25. We remain structurally positive on POLYCAB, given its leadership position in the C&W segment, positive sector outlook, robust balance sheet, and strong return ratios. We reiterate our BUY rating with a TP of INR9,110 (based on 40x Dec'27E EPS).

Jindal Steel

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	JINDALST IN
Equity Shares (m)	1020
M.Cap.(INRb)/(USDb)	1092.1 / 12.4
52-Week Range (INR)	1098 / 723
1, 6, 12 Rel. Per (%)	-3/13/11
12M Avg Val (INR M)	1774
Free float (%)	37.6

Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	581	707	779
EBITDA	125	166	184
APAT	60	89	101
Adj. EPS (INR)	58.8	87.1	97.9
EPS Gr. (%)	41.9	48.1	12.5
BV/Sh. (INR)	512	589	675
Ratios			
Net D:E	0.3	0.2	0.1
RoE (%)	12.1	15.8	15.5
RoCE (%)	12.9	17.0	17.1
Payout (%)	10.0	10.0	10.0
Valuations			
P/E (x)	18.2	12.3	10.9
P/BV (x)	2.1	1.8	1.6
EV/EBITDA(x)	9.9	7.3	6.4
Div. Yield (%)	0.5	0.8	0.9
FCF Yield (%)	(0.5)	4.7	6.4

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	62.4	62.4	61.2
DII	18.7	18.1	16.1
FII	9.7	10.0	13.0
Others	9.2	9.5	9.8

FII includes depository receipts

CMP: INR1071 TP: INR1240 (+16%) Buy

Strong quarter despite heavy monsoon; outlook remains healthy due to volume growth

- Jindal Steel (JINDALST)'s revenue for 2QFY26 stood at INR117b (+4% YoY vs. our estimate of INR107b), declining 5% QoQ due to muted realization.
- The ASP stood at INR62,491/t (+3% YoY and -3% QoQ) vs. our estimate of INR59,508/t in 2QFY26. The rise in the export share from 7% in 1QFY26 to 10%, along with an all-time high value-added share of 73% (rise in the share of flats in the sales mix by 5%) in 2Q, resulted in better-than-expected NSR.
- 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/t (-6% YoY) in 2QFY26 from INR15,819/t in 1QFY26.
- Adj. PAT for the quarter stood at INR6.6b (-24% YoY and -56% QoQ) against our estimate of INR3.7b, led by better-than-expected operating profit.
- Production and sales stood at 2mt (+2% YoY and -4% QoQ) and 1.87mt (+1% YoY and -2% QoQ), respectively, in 2QFY26.
- In 1HFY26, the revenue and EBITDA stood at INR240b (-3% YoY) and INR51b (+1% YoY), whereas the Adj. PAT fell by 2% YoY to INR21b. Production and sales volume in 1HFY26 stood at 4.1mt (+2% YoY) and 3.7mt (-4% YoY), respectively. We expect JINDALST to see ~5mt (+30% YoY) of volume in 2HFY26, fueled by Angul's new capacity ramp-up.

Key highlights from the management commentary

- Management expects the long steel share to rebound in 2H FY26, in line with post-monsoon recovery in construction and infrastructure demand. It expects to normalize to 55:45 (flats:longs) by year-end.
- Coking coal costs reduced by USD4/t in 2QFY26 (in line with the guidance of USD5/t) and are expected to increase by USD3-5/t in 3QFY26.
- Iron ore prices from NMDC have seen cuts recently, but OMC auction prices remain elevated.

Valuation and view – reiterate BUY

- JINDALST's 2QFY26 performance remained strong despite heavy monsoons across India. Earnings are expected to improve in 2H, aided by volume ramp-up, NSR recovery, and muted costs.
- Completion of phase II of Angul expansion will increase JINDALST's crude steel capacity to 15.9mtpa and finished steel to 13.8mtpa, providing significant headroom for earnings growth.
- Net debt stood at INR142b as of Sep'25, translating to a net debt/EBITDA of 1.48x in 2QFY26 vs. 1.49x in 1QFY26. It aims to keep debt levels in check.
- We largely maintain our earnings estimates for FY26/27E. **At CMP, the stock trades at 7.3x EV/EBITDA on FY27E. We reiterate our BUY rating with a TP of INR1,240, based on 7.5x EV/EBITDA on the Sep'27 estimate.**

Consolidated quarterly performance (INR b)

Y/E March	FY25				FY26				FY25	FY26E	FY26	Vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Sales (kt)	**2,090**	**1,850**	**1,900**	**2,130**	**1,900**	**1,870**	**2,423**	**2,808**	**7,970**	**9,001**	**1,800**	**3.9**
Change (YoY %)	13.6	(8.0)	5.0	6.0	(9.1)	1.1	27.5	31.8	3.9	12.9		
ASP	**65,157**	**60,612**	**61,846**	**61,893**	**64,708**	**62,491**	**64,491**	**65,865**	**62,440**	**64,550**	**59,508**	**5.0**
Net Sales	**136.2**	**112.1**	**117.5**	**131.8**	**122.9**	**116.9**	**156.2**	**185.0**	**497.6**	**581.0**	**107.1**	**9.1**
Change (YoY %)	8.2	(8.5)	0.4	(2.3)	(9.7)	4.2	33.0	40.3	(0.5)	16.7		
Change (QoQ %)	1.0	(17.7)	4.8	12.2	(6.7)	(5.0)	33.7	18.4				
Total Expenditure	107.8	90.1	95.7	107.0	92.9	96.0	124.2	143.1	400.6	456.2		
EBITDA	**28.4**	**22.0**	**21.8**	**24.8**	**30.1**	**20.8**	**32.0**	**41.9**	**97.1**	**124.8**	**15.8**	**31.4**
Change (YoY %)	8.0	(3.7)	(23.2)	1.5	5.9	(5.4)	46.6	68.8	(4.9)	28.6		
Change (QoQ %)	16.2	(22.5)	(0.7)	13.6	21.1	(30.8)	53.8	30.9				
EBITDA/t	**13,585**	**11,893**	**11,494**	**11,651**	**15,819**	**11,129**	**13,212**	**14,922**	**12,177**	**13,863**	**8,800**	**26.5**
Interest	3.3	3.3	3.1	3.4	3.0	3.7	3.7	3.8	13.1	14.1		
Depreciation	6.8	7.0	7.0	6.9	7.2	7.5	8.3	8.7	27.7	31.7		
Other Income	0.3	0.3	0.3	0.7	0.3	0.2	0.5	0.8	1.7	1.8		
PBT (before EO item)	**18.6**	**12.1**	**12.0**	**15.2**	**20.2**	**9.8**	**20.5**	**30.3**	**57.9**	**80.8**		
Extra-ordinary Income	-	-	-	(14.4)	-	0.2	-	-	(14.4)	-		
PBT (after EO item)	**18.6**	**12.1**	**12.0**	**0.8**	**20.2**	**10.0**	**20.5**	**30.3**	**43.5**	**80.8**		
Total Tax	5.2	3.5	2.5	3.8	5.2	3.3	4.7	7.2	15.0	20.4		
% Tax	28.0	29.1	20.7	463.7	25.9	33.0	23.0	23.8	34.4	25.3		
PAT (before MI/Sh. Asso.)	13.4	8.6	9.5	(2.9)	15.0	6.7	15.8	23.1	28.5	60.3		
MI - Loss/(Profit)	(0.0)	(0.0)	0.0	0.4	0.0	(0.0)	-	-	0.3	(0.0)		
Associate	(0.0)	-	0.0	(0.1)	(0.0)	(0.0)	-	-	(0.1)	(0.0)		
PAT (after MI and Sh. of Asso.)	**13.4**	**8.6**	**9.5**	**(3.4)**	**14.9**	**6.7**	**15.8**	**23.1**	**28.1**	**60.3**		
Adjusted PAT	**13.4**	**8.6**	**9.5**	**11.0**	**14.9**	**6.6**	**15.8**	**23.1**	**42.5**	**60.3**	**3.7**	**78.9**
Change (YoY %)	(20.6)	(38.0)	(50.7)	17.7	11.5	(23.9)	65.9	109.5	(28.4)	41.9		
Change (QoQ %)	43.3	(35.8)	10.4	15.8	35.7	(56.1)	140.7	46.3				

Dr Reddy's Labs

BSE SENSEX	S&P CNX
84,997	26,054

Dr.Reddy's

Bloomberg	DRRD IN
Equity Shares (m)	835
M.Cap.(INRb)/(USDb)	1045.4 / 11.9
52-Week Range (INR)	1406 / 1020
1, 6, 12 Rel. Per (%)	-4/-1/-8
12M Avg Val (INR M)	2552

Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	348.5	374.7	402.7
EBITDA	84.4	84.3	91.8
Adj. PAT	57.4	52.6	57.1
EBITDA Margin (%)	24.2	22.5	22.8
Adj. EPS (INR)	68.9	63.1	68.5
EPS Gr. (%)	2.4	-8.4	8.6
BV/Sh. (INR)	467	526	589
Ratios			
Net D:E	-0.3	-0.6	-0.7
RoE (%)	15.8	12.7	12.3
RoCE (%)	12.0	10.0	10.0
Payout (%)	7.4	7.9	7.3
Valuations			
P/E (x)	18.6	20.3	18.7
EV/EBITDA (x)	11.9	11.1	9.6
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	3.7	6.7	4.8
EV/Sales (x)	2.9	2.5	2.2

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	26.6	26.6	26.6
DII	28.0	26.7	21.5
FII	35.8	36.6	41.9
Others	9.6	10.0	10.0

FII includes depository receipts

CMP: INR1,251 TP: INR1,250 Neutral

Regulatory delays stall generic Semaglutide approval

- **The additional information/clarification requirement by the Canadian health regulator from DRRD prolongs the prospects of Ozempic's generic version (Semaglutide injection).**
- **Considering the time required to submit required information, time taken by the regulator to review the application, and the year end period, this delay has weakened the scope of Semaglutide injection business from the Canadian market in 4QFY26.**
- **Considering market potential and DRRD being an early filer, we have estimated revenue of USD75-80m/USD350m from this product in 4QFY26/FY27 in different markets (2%/8% of FY26E/FY27E revenue).**
- **We await clarity about the approval process for potential markets, including Canada.**

Canada: A potential hotbed for early generic GLP1 opportunity

- Semaglutide, a GLP-1 receptor agonist developed by Novo Nordisk, has emerged as a transformative therapy for type-2 diabetes and obesity.
- Semaglutide, under the brand Ozempic, has annual sales of USD1.6b in the Canadian market. Ozempic is used to treat diabetes. Novo Nordisk sells Semaglutide under the brand Wegovy for weight management.
- Both Ozempic/Wegovy have recorded exceptional growth, although chronic shortages continue to constrain demand.

The race to market generics in full swing

- Multiple companies are working on the approval process for the generic version of Semaglutide. The patent related to Ozempic for the Canadian market will expire on 4th Jan'26.
- **DRRD** - first generic filer in Canada; currently addressing Health Canada's NOC.
- **Sandoz** – filed the application in Nov'24 and is under review.
- **Apotex** – submitted the application in Jan'25 and is under review.
- **Taro/Aspen/Teva** – recent filers (Jun'25/Aug'25/Aug'25).
- While the product patent for Ozempic is expiring in Jan'26, we await clarity on device-related IP and any other manufacturing barriers that could delay the generics entry in potential markets.

Regulatory setback – A speed-breaker for generic launch by DRRD

- DRRD has received NOC from Health Canada for its abbreviated new drug submission (ANDS) for a Semaglutide injection.
- The timing of additional queries is in fact quite notable. DRRD was positioned as the first generic filer and had been preparing for a Jan'26 launch. As per management, the annualized revenue expectation is ~USD300m in the initial phase from Canada's Semaglutide market, if launched alone by DRRD.
- The notice delays the company's scope to capture the early-market opportunity. DRRD would be working on providing the required information to address the issue at the earliest.

29 October 2025

2QFY26 Results Update | Sector: Financials

Rural Electrification Corp

Estimate change	↓
TP change	↑
Rating change	↔

Bloomberg	RECL IN
Equity Shares (m)	2633
M.Cap.(INRb)/(USDb)	1015.2 / 11.5
52-Week Range (INR)	573 / 349
1, 6, 12 Rel. Per (%)	-2/-17/-36
12M Avg Val (INR M)	3377

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	209	223	250
PPP	209	211	246
PAT	157	174	186
EPS (INR)	59.7	65.9	70.6
EPS Gr. (%)	12	10	7
BV/Shr (INR)	295	343	393
ABV/Shr (INR)	293	342	393
RoAA (%)	2.7	2.7	2.6
RoE (%)	21.5	20.7	19.2
Div. Payout (%)	30.1	30.3	30.5
Valuation			
P/E (x)	6.5	5.9	5.5
P/BV (x)	1.3	1.1	1.0
Div. Yield (%)	4.7	5.2	5.6

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	52.6	52.6	52.6
DII	15.9	15.6	14.3
FII	18.0	19.2	21.2
Others	13.5	12.7	11.8

FII Includes depository receipts

CMP: INR386 | TP: INR465 (+21%) | Buy

Muted loan growth due to higher prepayments; NIM declines QoQ

Earnings in line; asset quality stable

- Rural Electrification Corp's (RECL) 2QFY26 PAT grew ~10% YoY to INR44.3b (in line). PAT in 1HFY26 grew 19% YoY and we expect PAT in 2HFY26 to grow by 13% YoY. NII grew ~10% YoY to ~INR54.5b (in line). Other income stood at INR4.6b (PY: INR1.2b) due to higher fee and commission income of INR4.7b (PQ: INR1.4b and PY: INR483m).
- Opex rose ~12% YoY to ~INR2.2b and cost-income ratio was stable at ~2.5% (PQ: 2.5% and PY: ~3.1%). PPoP grew 16% YoY to INR56.9b (in line).
- Yields (calc.) declined ~5bp QoQ to ~9.95%, while CoB (calc.) was stable QoQ at ~7.2%, resulting in ~5bp QoQ decline in spreads (calc.) to 2.75%. Reported NIM for 1HFY26 declined ~10bp QoQ to ~3.64% (1QFY26: 3.74%).
- GS3 and NS3 were stable QoQ at ~1.05% and 0.25%, respectively. PCR on Stage 3 was also stable QoQ at ~77%. Credit costs stood at INR1.3b (in line). This translated into annualized credit costs of 2bp (PY: -11bp and PQ: -3bp). During the quarter, the company received ~INR114b from the Kaleshwaram Irrigation project, leading to a decline in its Stage 2 assets. However, the ECL provision reversal was limited, as the project was backed by the state.
- Management reiterated its commitment to become a net zero NNPA company by the end of FY26. It highlighted that its two key stressed projects, Hiranmayee Power and Sinnar Thermal, are in advanced stages of resolution, and both are expected to be resolved by FY26 end.
- AUM stood at INR5.82t, up ~7% YoY and flat QoQ. Management is confident of delivering 11-12% loan growth in FY26, despite muted growth in 1H, supported by a strong sanctions pipeline, healthy disbursements, and normalization of prepayments in 2H.
- We cut our FY26/FY27 EPS estimates by ~3% each to factor in lower loan growth and other income, offset by slightly lower credit costs from expected provision writebacks from stressed asset resolutions. We model a CAGR of 15%/13%/11% in disbursements/loans/PAT over FY25-28E. We estimate RoA/RoE of 2.6%/19% and a dividend yield of ~6.3% in FY28. **Reiterate BUY with a TP of INR465 (premised on 1.1x Sep'27E BVPS).**
- **Key risks:** 1) weak loan growth due to high prepayments and business loss to peers from refinancing; 2) rising exposure to high-risk power projects without PPAs; and 3) compression in spreads and margins amid high competition.

Key highlights from the management commentary

- REC receives regular monthly repayments of INR80-90b, with prepayments occurring only when DISCOMs have surplus liquidity. The company does not anticipate any significant prepayments over the next two quarters, apart from the normal repayments.
- REC's borrowing profile remains well-balanced, with 80-85% comprising fixed-rate debt. About 20% of the borrowings mature each year, while the rest are staggered over the next five years, implying that the benefit of lower-cost funding will materialize only gradually.

- REC shared that ~99% of its foreign borrowings are hedged. The cost of borrowings rose by 8-10bp due to higher hedging costs; however, this provides the company with greater protection against currency volatility.

Valuation and view

- RECL reported a subdued performance during the quarter, with growth remaining soft primarily due to elevated repayments. NIMs contracted by ~10bp, though asset quality remained stable. Despite muted growth in 1H, management remains confident of achieving its loan growth guidance of 11-12% for FY26.
- RECL trades at 1x FY27E P/ABV, and we believe that valuations are attractive for this franchise, which offers decent earnings growth and ~20% RoE. The company is well equipped to achieve a loan book CAGR of ~13% and a PAT CAGR of ~11% over FY25-FY28. We estimate RoA/RoE of 2.6%/19% and a dividend yield of ~6.3% in FY28. **Maintain BUY with a TP of INR465 (premised on a target multiple of 1.1x 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	1,26,904	1,34,744	1,39,704	1,49,350	1,45,022	1,45,771	1,48,541	1,53,478	5,50,701	5,92,811	1,48,503	-2
Interest Expenses	80,212	85,065	88,373	87,699	89,351	91,316	93,142	95,750	3,41,350	3,69,560	91,674	0
Net Interest Income	**46,692**	**49,678**	**51,331**	**61,651**	**55,671**	**54,455**	**55,398**	**57,727**	**2,09,351**	**2,23,252**	**56,829**	**-4**
YoY Gr (%)	28.3	22.9	19.6	37.4	19.2	9.6	7.9	-6.4	27	7	14.4	
Other Operational Income	469	483	757	2,228	1,442	4,738	2,500	0	8,410	(2,944)	0	
Net Operational Income	**47,161**	**50,161**	**52,088**	**63,879**	**57,113**	**59,192**	**57,898**	**57,727**	**2,15,680**	**2,18,308**	**56,829**	**4**
YoY Gr (%)	28.9	22.4	19.9	39.5	21.1	18.0	11.2	-9.6	27	1	13.3	
Other Income	2,998	731	1,266	163	-4,891	-149	-100	2,950	685	754	2,500	-106
Total Net Income	**50,159**	**50,892**	**53,354**	**64,042**	**52,222**	**59,043**	**57,798**	**60,677**	**2,16,365**	**2,19,061**	**59,329**	**0**
YoY Gr (%)	28.1	20.0	22.7	34.9	4.1	16.0	8.3	-5.3	27	1	16.6	
Operating Expenses	**2,175**	**1,936**	**3,147**	**2,396**	**1,919**	**2,169**	**2,878**	**3,224**	**7,436**	**8,190**	**2,308**	**-6**
YoY Gr (%)	50.6	-0.1	78.2	-23.1	-11.8	12.0	-8.5	34.6	13	10	19.2	
% to Income	4.3	3.8	5.9	3.7	3.7	3.7	5.0	5.3	3	4	3.9	
Operating Profit	**47,984**	**48,955**	**50,206**	**61,646**	**50,303**	**56,875**	**54,920**	**57,453**	**2,08,929**	**2,10,871**	**57,021**	**0**
YoY Gr %	27.3	21.0	20.4	39.0	4.8	16.2	9.4	-6.8	27	1	16.5	
Provisions	4,726	-1,441	-890	7,800	-6,166	1,347	-2,000	-2,347	10,194	(9,166)	1,357	-1
PBT	**43,258**	**50,396**	**51,097**	**53,847**	**56,469**	**55,528**	**56,920**	**59,800**	**1,98,734**	**2,20,038**	**55,664**	**0**
YoY Gr (%)	16.5	4.8	24.2	4.6	30.5	10.2	11.4	11.1	12	11	10.5	
Tax	**8,834**	**10,342**	**10,806**	**11,485**	**11,959**	**11,269**	**11,669**	**11,531**	**41,466**	**46,428**	**11,411**	**-1**
Tax Rate (%)	20.4	20.5	21.1	21.3	21.2	20.3	20.5	19.3	21	21	20.5	
PAT	**34,425**	**40,055**	**40,291**	**42,362**	**44,510**	**44,259**	**45,251**	**48,269**	**1,57,269**	**1,73,610**	**44,253**	**0**
YoY Gr (%)	16.3	6.2	23.2	5.5	29.3	10.5	12.3	13.9	12.2	10.4	10.5	
Key Parameters (Calc., %)												
Yield on loans	9.81	9.99	10.01	10.49	9.99	9.95	9.92	9.89				
Cost of funds	7.16	7.28	7.32	7.17	7.17	7.19	7.18	7.15				
Spread	2.7	2.71	2.7	3.3	2.8	2.76	2.7	2.7				
NIM	3.5	3.7	3.7	4.3	3.8	3.7	3.7	3.7				
C/I ratio	3.4	3.1	5.0	3.1	2.5	2.5	4.4	5.2				
Credit cost	0.09	-0.03	-0.02	0.14	-0.11	0.02	-0.03	-0.04				
Balance Sheet Parameters												
Disbursements (INR b)	**437**	**473**	**547**	**455**	**595**	**560**	**673**	**591**				
Growth (%)	27.9	13.7	18.0	15.7	36.3	18.3	23.0	29.8				
AUM (INR b)	**5,297**	**5,461**	**5,656**	**5,669**	**5,846**	**5,822**	**6,116**	**6,273**				
Growth (%)	16.6	15.1	13.7	11.3	10.4	6.6	8.1	10.7				
Asset Quality Parameters												
GS 3 (INR B)	138.1	138.2	110.5	76.5	61.5	61.5						
GS 3 (%)	2.61	2.53	2.0	1.35	1.05	1.06						
NS 3 (INR B)	43.5	48.21	42.1	21.6	14.1	14.10						
NS 3 (%)	0.82	0.88	0.7	0.38	0.24	0.24						
PCR (%)	68.5	65.13	61.9	71.7	77.1	77.05						

E: MOFSL Estimates

NMDC

Estimate changes	⟷
TP change	⟷
Rating change	⟷

Bloomberg	NMDC IN
Equity Shares (m)	8792
M.Cap.(INRb)/(USDb)	674.3 / 7.6
52-Week Range (INR)	83 / 60
1, 6, 12 Rel. Per (%)	-4/10/-5
12M Avg Val (INR M)	1815

Financials & Valuations (INR b)

Y/E MARCH	2026E	2027E	2028E
Sales	274	297	316
Adj EBITDA	98	111	121
Adj. PAT	76	84	90
EBITDA Margin (%)	36	37	38
Cons. Adj. EPS (INR)	9	10	10
EPS Gr. (%)	16	10	7
BV/Sh. (INR)	40	46	54
Ratios			
Net D:E	-0.3	-0.3	-0.3
RoE (%)	23.5	22.2	20.4
RoCE (%)	28.3	27.4	25.7
Payout (%)	33.0	29.8	27.8
Valuations			
P/E (x)	8.9	8.1	7.5
P/BV (x)	1.9	1.7	1.4
EV/EBITDA(x)	5.8	4.9	4.3
Div. Yield (%)	3.7	3.7	3.7

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	60.8	60.8	60.8
DII	14.4	14.5	14.1
FII	13.0	12.2	12.6
Others	11.8	12.5	12.5

FII Includes depository receipts

CMP: INR77 **TP: INR88 (+15%)** **Buy**

Broadly in-line performance

Consolidated result highlights

- 2QFY26 revenue stood at INR63.8b (vs. our est. of INR60.2b), up 30% YoY but down 5% QoQ, primarily affected by muted volumes.
- Iron ore production stood at 10.2mt (+23% YoY and -15% QoQ), while sales came in at 10.7mt (+10% YoY and -8% QoQ).
- ASP stood at INR5,989/t (+18% YoY and +2% QoQ), led by a higher contribution from other minerals and services, offsetting the impact of iron ore price correction.
- EBITDA stood at INR19.9b (+44% YoY and -20% QoQ), marginally below our estimate. EBITDA/t came in at INR1,872/t (+31% YoY and -13% QoQ) against our est. of INR1,998/t.
- APAT stood at INR17b (+40% YoY and -14% QoQ) against our estimate of INR16b.
- During 1HFY26, revenue/EBITDA grew 27%/20% YoY to INR131b/INR44.7b, primarily supported by volume growth and healthy realization. 1H adj. PAT increased by 15% YoY to INR36.7b.
- In 1HFY26, sales volume rose 12% YoY to 22.2mt and ASP increased by 13% YoY to INR5,920/t.

Valuation and view

- NMDC reported decent earning during 1HFY26, supported by healthy volume and NSR. Going forward, we expect volumes to pick up steadily to ~51mt in FY27 and 54mt in FY28, fueled by an increasing EC limit. We largely maintain our estimates for FY26-27, driven by stable realization and healthy volume-led growth.
- NMDC has planned capex for various evacuation and capacity enhancement projects, aimed at improving the product mix and increasing production capacity to ~100mt by FY29-30.
- Additionally, NMDC had net cash of INR74b as of Sep'25, and is expected to generate strong OCF over FY26-28E. This will support its capex plan without overleveraging.
- **At CMP, the stock trades at 4.9x EV/EBITDA and 1.7x on P/BV on FY27 estimate. We reiterate our BUY rating on NMDC with a TP of INR88 (based on 5.5x EV/EBITDA on Sep'27 estimate).**
- **Key risks** – a) rising competition from captive iron ore mining, b) Karnataka mineral tax demand, which could impact earnings if ruled against NMDC, and c) delay in acquiring the target EC limits.

Consolidated Quarterly Performance (INR b)

Y/E March	FY25				FY26				FY25	FY26E	FY26	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Iron ore Production (mt)	**9.2**	**8.3**	**13.3**	**13.3**	**12.0**	**10.2**	**12.0**	**13.4**	**44.1**	**47.6**	**10.2**	
Iron ore Sales (mt)	**10.1**	**9.7**	**11.9**	**12.7**	**11.5**	**10.7**	**12.0**	**13.4**	**44.4**	**47.6**	**10.7**	
Avg NSR (INR/t)	5,375	5,057	5,503	5,529	5,851	5,989	5,739	5,484	5,384	5,750		
Net Sales	**54.1**	**49.2**	**65.7**	**70.0**	**67.4**	**63.8**	**68.9**	**73.7**	**239.1**	**273.7**	**60.2**	**6.0**
Change (YoY %)	0.4	22.5	21.4	7.9	24.5	29.7	4.9	5.2	55.5	5.4		
Change (QoQ %)	(16.6)	(9.1)	33.5	6.6	(3.8)	(5.4)	8.0	7.0				
EBITDA	**23.4**	**13.9**	**23.7**	**20.5**	**24.8**	**19.9**	**24.7**	**28.9**	**81.5**	**98.3**	**21.3**	**(6.3)**
Change (YoY %)	17.3	16.4	18.2	(2.4)	6.0	43.9	4.0	40.8	11.7	20.6		
Change (QoQ %)	11.3	(40.8)	71.2	(13.5)	20.8	(19.6)	23.7	17.1				
EBITDA per ton (INR/t)	**2,322**	**1,425**	**1,987**	**1,619**	**2,152**	**1,872**	**2,055**	**2,151**	**1,835**	**2,064.5**	**1,998**	**(6.3)**
Interest	0.2	0.3	0.6	0.6	0.3	0.1	0.6	0.8	1.8	1.7		
Depreciation	0.7	1.0	1.0	1.4	1.1	1.1	1.4	1.6	4.2	5.2		
Other Income	3.6	3.6	3.8	4.9	3.0	3.8	3.3	3.4	15.9	13.5		
PBT (before EO Item)	**26.1**	**16.1**	**25.8**	**23.4**	**26.4**	**22.6**	**26.0**	**29.9**	**91.4**	**105.0**	**23.3**	**(3.2)**
Extra-ordinary item	-	-	-	-	-	-	-	-	-	-		
PBT (after EO Item)	**26.1**	**16.1**	**25.8**	**23.4**	**26.4**	**22.6**	**26.0**	**29.9**	**91.4**	**105.0**		
Total Tax	6.4	4.2	6.9	8.5	6.8	5.8	7.3	9.6	26.0	29.4		
% Tax	24.7	25.9	26.6	36.6	25.6	25.5	28.0	32.1	28.5	28.0		
PAT before MI and Sh. of Asso.	**19.6**	**12.0**	**19.0**	**14.8**	**19.7**	**16.8**	**18.7**	**20.3**	**65.4**	**75.6**		
MI	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	-	-	(0.1)	(0.0)		
Sh. of Asso.	0.1	0.1	(0.2)	(0.1)	0.0	0.2	-	-	(0.1)	0.2		
PAT after MI and Sh. of Asso.	**19.7**	**12.1**	**18.8**	**14.8**	**19.7**	**17.0**	**18.7**	**20.3**	**65.4**	**75.7**		
Adjusted PAT	**19.7**	**12.1**	**18.8**	**14.8**	**19.7**	**17.0**	**18.7**	**20.3**	**65.4**	**75.6**	**16.0**	**6.3**
Change (YoY %)	19.2	18.1	13.3	3.1	(0.1)	40.2	(0.4)	37.5	13.3	15.8		
Change (QoQ %)	37.4	(38.5)	55.3	(21.4)	33.2	(13.7)	10.3	8.4				

29 October 2025

Company Update | Sector: Financials

Federal Bank

BSE SENSEX	S&P CNX
84,997	26,054

Bloomberg	FB IN
Equity Shares (m)	2458
M.Cap.(INRb)/(USDb)	577.5 / 6.5
52-Week Range (INR)	237 / 173
1, 6, 12 Rel. Per (%)	18/8/11
12M Avg Val (INR M)	1880
Free float (%)	100.0

Financials & Valuation (INR b)

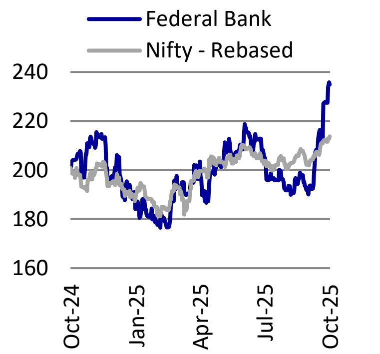
Y/E Mar	FY25	FY26E	FY27E
NII	94.7	101.6	124.9
OP	61.0	67.9	85.4
NP	40.5	40.2	51.6
NIM (%)	3.2	3.1	3.3
EPS (INR)	16.6	16.4	19.9
EPS Gr. (%)	1.3	-1.2	21.6
BV/Sh. (INR)	136	151	176
ABV/Sh. (INR)	129	143	168
Ratios			
ROA (%)	1.2	1.1	1.2
ROE (%)	13.0	11.4	12.1
Valuations			
P/E(X)	14.2	14.4	11.8
P/BV (X)	1.7	1.6	1.3

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	0.0	0.0	0.0
DII	49.2	47.7	46.7
FII	26.3	27.6	28.5
Others	24.5	24.7	24.8

FII Includes depository receipts

Stock performance (one-year)



CMP: INR235 TP: INR260 (+12%) Buy

Strategic infusion reinforces growth and enhances RoA visibility

- **Blackstone's investment underscores confidence, fortifies balance sheet, and accelerates growth opportunities.**
- **We attended Federal Bank's conference call to discuss the nuances of the recently announced Blackstone transaction and to understand management's strategic roadmap, capital deployment priorities, and long-term growth plans as the bank enters its next phase of expansion. Key takeaways and our views are summarized below.**

Landmark capital infusion reinforces balance sheet strength

- The Board has approved a capital infusion of INR61.97b from Blackstone, marking a landmark step toward fortifying the bank's balance sheet.
- Warrants priced at INR227/share, near the all-time high level, reflect strong investor confidence in the bank's performance.
- According to regulatory norms, 25% of the total consideration (INR15.5b) will be received upfront at the time of issuance in 4QFY26, while the balance 75% will be payable upon conversion (within 18 months).
- Should the CRAR fall below 13%, the investor will be required to expedite warrant conversion to maintain capital adequacy above the prescribed threshold.
- Board representation rights will be granted only post full warrant conversion (9.9% stake).

Governance and shareholder structure

- Blackstone will enter as any other shareholder, with no special rights or governance dilution.
- No control or management rights have been extended; the governance model remains intact.
- No business covenants or performance-linked clauses are included in the shareholder agreement.
- Post-subscription covenants are limited and non-intrusive, ensuring the bank retains its independence and operational flexibility.

Capital deployment to provide ample headroom for growth

- The infusion directly supports the bank's strategic pivot toward higher mid-yielding, higher-RWA segments. As the asset mix transitions toward these categories, this capital ensures ample headroom for growth without leverage strain. The transaction structure provides capital access on demand, providing the bank with flexibility to fund calibrated expansion as needed. It ensures near-term protection for ROE and EPS while fortifying the balance sheet to support sustained medium-term growth. With this infusion, the bank's capital position stands fully secured, enabling it to pursue growth opportunities with greater agility and confidence. The bank's leverage ratio of 10x remains comfortably above the peer average of ~8x.

Business focus and priorities remain anchored in mid-yielding segment

- The bank will continue to expand its presence in mid-yielding portfolios, including Commercial Banking, CV/CE, Auto, LAP, Gold, Business Unit Banking (BUB), and Small Business.
- LAP is expected to emerge as a key growth driver.
- Selective introduction of new products aligns with the bank's disciplined diversification approach.
- The core strategy remains unchanged, focused on RoA and RoE improvement.
- The bank will pursue both organic and inorganic opportunities, guided by prudent risk and return metrics.
- Wealth management is being developed organically to deepen customer engagement and enhance fee income.
- The bank's long-term guidance of 1.4-1.5% RoA over the next 4-5 years remains firmly intact.
- Management remains cautious and selective, evaluating every new opportunity strictly through the RoA/RoE lens.

Estimate RoA to recover to 1.35% by FY28

- Federal Bank is entering a clear RoA upgrade cycle, backed by four reinforcing levers: 1) margin expansion from FY27E, supported by an improved asset mix and controlled deposit costs as the CASA mix increases, 2) improvement in fee intensity as the bank scales its business banking operations, 3) mid-corporate segment along with improved run-rates in the credit card portfolio, and 4) improvement in operating leverage from scale efficiencies. The stable asset quality outlook will control the credit cost and enable healthy growth in profitability. While MFI-related stress still persists, trends in asset quality are already normalizing, and management has reiterated its 55bp credit cost guidance for FY26 with a stronger 2H. We estimate RoA to improve meaningfully and scale toward ~1.35% by FY28E (exit RoA ~1.5%), marking a stable improvement in return ratios vs. its historical 0.9-1.3% band. Our projected RoA implies a 29% earnings CAGR over FY26-28E.

Changing stance from regulatory conservatism to facilitative expansion

- India's long-term policy direction is firmly aligned with the Viksit Bharat 2047 vision, as the government pursues its ambition of becoming the world's third-largest economy by 2030. Policymakers and the RBI are adopting a facilitative stance to attract long-term global capital into the banking system, marking a clear shift from regulatory conservatism to pragmatic expansion. This approach underscores confidence that well-capitalized investors strengthen systemic resilience, paving the way for larger cross-border deals and setting the stage for meaningful capital inflows ahead.

Mid-sized private banks: Investment thesis strengthening; sentiment positive

- A wave of marquee transactions has opened a new chapter for India's mid-size private banking space, attracting strong global investor interest. With unsecured stress easing and a supportive policy backdrop set to drive consumption and credit demand, banks are proactively boosting their capital base to capture the next growth phase. Recent fundraises by Warburg Pincus and ADIA in IDFC First Bank, Emirates NBD's proposed majority stake in RBL, SMBC in Yes Bank, Fairfax in CSB Bank, and DBS's merger with LVB highlight deepening global participation. The anticipated IDBI Bank divestment could further accelerate this momentum. These developments reaffirm investor conviction in India's robust governance, macro stability, and long-term banking growth opportunity.

Valuation and view

- Federal Bank's pivot toward margin-accretive growth, strengthening the liability profile, and improving fee intensity is now further strengthened by the proposed ~INR62b preferential capital infusion from Blackstone. This enhances the bank's balance sheet flexibility and supports its journey toward structurally higher RoA.
- With CASA-led improvement in liabilities, a calibrated build-out of high-yield segments, and disciplined credit cost management, the bank is progressing along a clear profitability path. Its digital-led sourcing, enhanced branch productivity unlock, and scale-driven operating leverage further strengthen RoA expansion visibility from FY27 onward.
- We estimate RoA to improve to 1.2% in FY27, with a further rise to ~1.4% in FY28 and an exit RoA potential of ~1.5%. We estimate ~29% PAT CAGR over FY26-28, supported by expanding NIMs, rising fee intensity, and continued asset quality stability.
- **We reiterate BUY with a revised TP of INR260, valuing the bank at 1.5x FY27E BV. The valuation factors in enhanced capital strength, a steady earnings outlook, and the sector-wide re-rating potential from rising strategic foreign ownership in high-quality private banks.**

29 October 2025

2QFY26 Results Update | Sector: Midcaps

APL Apollo Tubes

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	APAT IN
Equity Shares (m)	278
M.Cap.(INRb)/(USDb)	501.1 / 5.7
52-Week Range (INR)	1936 / 1273
1, 6, 12 Rel. Per (%)	1/6/13
12M Avg Val (INR M)	1011

Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	229.4	271.1	306.9
EBITDA	17.5	22.1	26.0
PAT	11.7	15.2	17.9
EBITDA (%)	7.6	8.2	8.5
EPS (INR)	42.0	54.9	64.5
EPS Gr. (%)	54.0	30.6	17.3
BV/Sh. (INR)	187.8	236.7	295.2
Ratios			
Net D/E	-0.0	-0.1	-0.3
RoE (%)	24.8	25.9	24.2
RoCE (%)	24.1	26.0	24.7
Payout (%)	14.3	10.9	9.3
Valuations			
P/E (x)	43.0	32.9	28.0
EV/EBITDA (x)	28.7	22.3	18.3
Div Yield (%)	0.3	0.3	0.3
FCF Yield (%)	0.5	1.8	3.1

Shareholding Pattern (%)

As on	Sep-25	Jun-25	Sep-24
Promoter	28.3	28.3	28.3
DII	18.9	16.8	15.9
FII	33.7	33.1	31.9
Others	19.1	21.8	23.8

Note: FII includes depository receipts

CMP: INR1,805 TP: INR2,100 (+16%) Buy

Margin expansion drives earnings growth

Operating performance above our estimates

- APL Apollo Tubes (APAT) reported a strong operating performance in 2QFY26. Its EBITDA surged 3.2x YoY (up 20% QoQ), fueled by a 13% YoY volume growth and a 2.8x YoY jump in EBITDA/MT (up INR545/MT QoQ) to INR5,228. The Raipur and Dubai plants achieved 75% and 85% utilization, respectively, fueling margin expansion.
- With improving utilization, we expect the growth momentum to be sustained in 2HFY26. For FY26, management has maintained its guidance for volume growth at 10-15% (~3.5m MT) and EBITDA/MT at INR4,600-5,000 (with EBITDA of over INR17b in FY26).
- We broadly retain our FY26E/FY27E/FY28E earnings and value the stock at 35x Sept'27E EPS to arrive at our TP of INR2,100. **Reiterate BUY**.

Healthy volume and better gross margin boost profitability

- APAT's consolidated revenue grew 9%/1% YoY/QoQ to INR52.1b (est. INR56.5b), led by sales volume growth of 13% YoY/8% QoQ to ~855KMT. VAP mix stood at 57% in 2QFY26 vs. 55%/61% in 2QFY25/1QFY26.
- Gross profit/MT was up 44% YoY/2% QoQ at INR10,116, driven by brand premiumization. EBITDA/MT rose 2.8x/12% YoY/QoQ to INR5,228 (est. INR4,823). Margin expansion was aided by improved gross margin, better VAP mix, and operating leverage. EBITDA jumped 3.2x/20% YoY/QoQ to INR4.5b (est. INR4.0b).
- Adj. PAT surged 5.6x/27% YoY/QoQ to INR3b (est. INR2.7b) for the quarter.
- During 1HFY26, APAT's revenue/EBITDA PAT grew 6%/86%/2.2x to INR103b/INR8.2b/INR5.4b. EBITDA per ton was INR4,965 (+67% YoY) with sales volume growth of ~11% to 1.6m MT. For 2HFY26, our implied revenue/EBITDA/Adj. PAT growth stands at 15%/22%/23%. Further, our implied 2H volume growth is likely to be 10% with an EBITDA/MT of INR5,445.
- Gross debt stood at INR6.9b as of Sep'25 vs. INR6.1b in Mar'25. Further, CFO stood at INR6.0b as of Sep'25 vs. INR1.3b as of Sep'24.

Key highlights from the management commentary

- **Outlook:** The company has also guided a quarterly volume run rate of ~0.9m MT for 3Q/4QFY26 with an EBITDA run rate of over INR4.5b, respectively. The company's strategy to expand capacity in international and eastern Indian markets remains intact, which will drive double-digit volume growth (10-15%) CAGR over the next three to four years.
- **Expansion plans:** APAT plans to expand via four key levers: expansions in key markets (East India, South India, and Dubai), new product segments, exports, and sustaining its brand premium. APAT expects capex of INR15b in the next three years to raise capacity from 4.5mMT to 6.8mMT by FY28.

- **Pricing scenario:** Currently, HRC prices are at ~INR46000/MT. With safeguard duty, HRC prices stand at around INR52,000–53,000/MT. This is expected to restrict imports. With this 12% safeguard duty, the downside to the HRC coil prices is limited; this may lead to inventory restocking. Further, with better brand premium, the company expects the General Structure EBITDA spread to be ~INR3100/MT on a sustainable basis.

Valuation and view

- We expect APAT to continue its volume growth momentum, led by a better demand scenario and supported by capacity expansion in key markets, new product additions, and higher exports. Margin is also expected to improve further, driven by cost optimization measures, increased automation, and a rising mix of value-added products (with a better geographical mix), driving steady growth in EBITDA/MT.
- We expect a CAGR of 14%/29%/33% in revenue/EBITDA/PAT over FY25-28E. We value the stock at 35x Sept'27 EPS to arrive at a TP of INR2,100. **Reiterate BUY**.

Consolidated - Quarterly Earnings Model (INRm)

Y/E March	FY25				FY26				FY25	FY26E	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2E	%
Gross Sales	**49,743**	**47,739**	**54,327**	**55,086**	**51,698**	**52,063**	**61,267**	**64,352**	**2,06,895**	**2,29,379**	**56,523**	**-8**
YoY Change (%)	9.4	3.1	30.0	15.6	3.9	9.1	12.8	16.8	14.2	10.9	18.4	
Total Expenditure	46,727	46,359	50,872	50,949	47,978	47,593	56,728	59,630	1,94,906	2,11,929	52,399	
EBITDA	**3,016**	**1,381**	**3,456**	**4,137**	**3,720**	**4,470**	**4,538**	**4,722**	**11,990**	**17,451**	**4,124**	**8**
Margins (%)	6.1	2.9	6.4	7.5	7.2	8.6	7.4	7.3	5.8	7.6	7.3	
Depreciation	465	469	503	576	544	581	585	595	2,013	2,305	580	
Interest	278	364	368	323	333	276	150	117	1,333	876	250	
Other Income	247	148	217	349	256	251	300	340	961	1,146	270	
PBT before EO expense	**2,520**	**696**	**2,801**	**3,587**	**3,099**	**3,864**	**4,103**	**4,350**	**9,604**	**15,416**	**3,564**	
PBT	**2,520**	**696**	**2,801**	**3,587**	**3,099**	**3,864**	**4,103**	**4,350**	**9,604**	**15,416**	**3,564**	
Tax	589	158	631	656	728	848	1,033	1,145	2,034	3,754	897	
Rate (%)	23.4	22.7	22.5	18.3	23.5	22.0	25.2	26.3	21.2	24.4	25.2	
Reported PAT	**1,932**	**538**	**2,170**	**2,931**	**2,372**	**3,015**	**3,070**	**3,205**	**7,571**	**11,662**	**2,667**	
Adj PAT	**1,932**	**538**	**2,170**	**2,931**	**2,372**	**3,015**	**3,070**	**3,205**	**7,571**	**11,662**	**2,667**	**13**
YoY Change (%)	-0.2	-73.5	31.1	72.0	22.8	460.4	41.5	9.3	3.4	54.0	49.5	
Margins (%)	3.9	1.1	4.0	5.3	4.6	5.8	5.0	5.0	3.7	5.1	4.7	

Star Health

Estimate change	↓
TP change	↑
Rating change	↔

Bloomberg	STARHEAL IN
Equity Shares (m)	588
M.Cap.(INRb)/(USDb)	282.5 / 3.2
52-Week Range (INR)	544 / 327
1, 6, 12 Rel. Per (%)	4/14/-17
12M Avg Val (INR M)	556

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
NEP	148.2	169.1	194.8
U/W Profit	-3.8	-3.6	-1.1
PBT	8.6	8.9	12.8
PAT	6.5	6.7	9.6
Ratios (%)			
Claims	70.3	69.6	69.0
Commission	14.4	15.8	15.5
Expense	16.4	15.1	14.3
Combined	101.1	100.5	98.8
RoE	9.5	9.1	11.7
EPS (INR)	11.0	11.4	16.3
EPS Growth (%)	-23.9	3.9	42.6
Valuations			
P/E (x)	43.7	42.1	29.5
P/BV (x)	4.0	3.7	3.3

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	58.0	57.7	57.9
DII	21.1	15.4	15.1
FII	13.9	18.7	21.6
Others	7.0	8.2	5.4

FII Includes depository receipts

CMP: INR480 TP: INR570 (+19%) Buy

Loss ratio improves; strong growth in fresh business

- Star Health (STARHEAL)'s net earned premium grew 10% YoY to INR40.8b (in-line) in 2QFY26. For 1HFY26, NEP grew 11% YoY to INR80b.
- The claims ratio at 71.5% (vs. our estimate of 72.5%) declined 130bp YoY, while net claims incurred grew 8% YoY to INR29.2b. The 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 declining 2% YoY and other expenses rising 17% YoY.
- Better-than-expected claims ratio and expense ratio, offset by a higher-than-expected combined ratio, led to an in-line combined ratio of 103.8% (our estimate of 104%), which increased 80bp YoY. While underwriting loss was lower than our estimates, a 9% miss in investment led to in-line PAT at INR0.5b (-51% YoY). For 1HFY26, PAT declined 26% YoY to INR3b.
- The GST waiver has led to a sharp rise in demand, with the company witnessing ~50% growth in fresh business in Oct'25. Persistency rates are likely to improve as customer affordability rises, and higher sum insured, along with price hikes, are likely to improve loss ratios going forward.
- We raise our commission ratio estimates, considering commissions being inclusive of GST going forward, which has resulted in an 11%/8%/11% dip in our FY26/27/28 earnings. We now value the company based on IFRS PAT and **reiterate our BUY rating with a TP of INR570 (based on 26x Sep'27E IFRS PAT).**

Growth trajectory stable; claims ratio improves YoY

- Gross written premium at INR44.2b grew 1% YoY (in line), driven by 8% YoY growth in retail health premium, which was offset by a 47% YoY dip in group health premium. For 1HFY26, the premium grew 2% YoY to INR80b. Excluding the impact of 1/n, GWP grew 12% YoY to INR8.8b.
- The underwriting loss for 2QFY26 came in at INR2b (vs. our estimate of INR2.9b) compared to the underwriting loss of INR1.9b.
- Investment income declined 16% YoY to INR3b (9% below est.), with investment yield declining to 6.5% in 1HFY26 (8.1% in 1HFY25). AUM grew 14% YoY to INR186.7b.
- The renewal premium ratio was 98% in 1HFY26 (vs. 94% in 1HFY25). Fresh business in the retail health segment grew 24% YoY. Post the GST exemption, fresh business has grown 50% YoY as per the management.
- The solvency ratio was largely stable at 2.15x, while investment leverage improved to 2.5x in 1HFY26 (vs. 2.4x in 1HFY25).
- Insurance revenue, according to IFRS, grew 12% YoY to INR44.3b. IFRS PAT declined 36% YoY to INR796m in 2QFY26. The IFRS loss ratio for 2QFY26 was at 71.8% (73.7% in 2QFY25). The IFRS combined ratio improved to 101% (104.8% in 2QFY25), driven by efficient claims management as well as operational efficiency.
- The IFRS retail loss ratio in 1HFY26 was largely stable at 69.9%, while the IFRS group health loss ratio declined to 82.1%.

- Retail health market share was stable at 32% during 1HFY26. The sum insured of fresh business as of 1HFY26 has increased 3% YoY to INR1.7m, and this improving trajectory is expected to improve loss ratios going forward.
- Agency dominates the channel mix, contributing 83%, followed by digital/ banca/corporate at 9%/7%/2%. Agency productivity improved 15% YoY to INR220,000 during 1HFY26, while the company added 30,000 agents during this time period. The digital channel experienced a strong 47% YoY growth in fresh business during 1HFY26.

Key takeaways from the management commentary

- The OPD segment is emerging as a meaningful new growth vertical, aided by the GST waiver on health insurance, which has significantly improved affordability.
- From 1st Oct'25, all intermediary commissions are inclusive of GST, ensuring that the loss of input tax credit does not impact P&L. This structural change is also expected to bring greater cost transparency across distribution models.
- Annual repricing exercises, delayed by a couple of months due to GST-related adjustments, are underway and are expected to further support profitability.

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 1) consistent growth in retail health, given its under-penetration and GST exemption, 2) a strong push from the banca channel, and 3) 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. The claims ratio is likely to improve and stabilize at 69-70% levels, driven by rising sum assured as well as price hikes. In contrast, continued operational efficiency and a stable commission ratio will lead to improvement in the combined ratio in the long term.
- We raise our commission ratio estimates, considering commissions being inclusive of GST going forward, which has led to an 11%/8%/11% dip in our FY26/FY27/ FY28 I-GAAP earnings. We now value the company based on IFRS PAT and **reiterate our BUY rating with a TP of INR570 (based on 26x Sep'27E IFRS PAT).**

Quarterly Performance (INR b)

Y/E March	FY25				FY26				FY25	FY26E	2QFY26E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE						
Gross premium	34.8	43.7	38.0	51.4	36.1	44.2	44.8	60.7	167.8	185.8	44.4	-0.3	1%	23%
Net written premium	31.7	39.8	35.6	48.2	34.6	42.3	42.9	58.1	155.3	178.0	42.6	-0.6	6%	22%
Net earned premium	35.2	37.0	38.0	38.0	39.4	40.8	44.2	44.7	148.2	169.1	39.8	2.5	10%	4%
Investment Income	1.7	2.1	2.0	1.9	1.8	1.8	2.1	2.2	7.7	7.9	2.0	-7.4	-12%	5%
Total Income	**36.9**	**39.1**	**40.0**	**39.9**	**41.2**	**42.7**	**46.3**	**46.9**	**155.9**	**177.0**	**41.8**	**2.0**	**9%**	**4%**
Change YoY (%)	15.7	16.6	15.8	11.5	11.5	9.0	15.6	17.7	14.8	13.5	6.8			
Incurred claims	23.8	27.0	27.1	26.3	27.4	29.2	30.9	30.2	104.2	117.7	28.9	1.0	8%	7%
Net commission	4.3	5.5	5.0	7.6	5.1	6.9	6.9	9.3	22.4	28.1	6.4	8.1	26%	36%
Employee expense	3.7	4.5	4.1	4.6	3.9	4.4	4.3	4.6	16.9	17.3	4.9	-10.0	-2%	12%
Other expenses	2.0	2.0	2.2	2.3	2.3	2.4	2.5	2.5	8.5	9.6	2.1	10.5	17%	5%
Total Operating Expenses	33.8	39.0	38.5	40.7	38.7	42.8	44.6	46.6	152.0	172.7	42.3	1.3	10%	11%
Change YoY (%)	16.6	18.7	21.1	16.8	14.4	9.9	15.8	14.3	18.3	13.6	8.5			
Underwriting profit	1.4	-1.9	-0.5	-2.8	0.7	-2.0	-0.4	-1.9	-3.8	-3.6	-2.5	-17.2	5%	-385%
Operating profit	3.1	0.2	1.5	-0.9	2.5	-0.2	1.7	0.4	3.9	4.3	-0.5	-58.9	-223%	-108%
Shareholder's P/L														
Transfer from Policyholders	3.1	0.2	1.5	-0.9	2.5	-0.2	1.7	0.4	3.9	4.3	-0.5	-58.9	-223%	-108%
Investment income	1.3	1.5	1.5	1.0	1.2	1.2	1.3	1.6	5.2	5.3	1.3	-13.8	-21%	-3%
Total Income	4.4	1.6	3.0	0.1	3.7	1.0	3.0	2.0	9.1	9.6	0.9	10.5	-41%	-74%
Total Expenses	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.5	0.7	0.1	31.7	38%	21%
PBT	**4.3**	**1.5**	**2.9**	**-0.0**	**3.5**	**0.8**	**2.9**	**1.8**	**8.6**	**8.9**	**0.7**	**6.5**	-48%	-78%
Change YoY (%)	10.9	-11.0	-26.0	.	-17.4	-47.8	0.0	.	-23.7	3.9	-51.0			
Tax Provisions	1.1	0.4	0.7	-0.0	0.9	0.2	0.7	0.4	2.2	2.2	0.2	24.9	-39%	-75%
Net Profit	**3.2**	**1.1**	**2.2**	**0.0**	**2.6**	**0.5**	**2.2**	**1.3**	**6.5**	**6.7**	**0.5**	**0.4**	-51%	-79%
Change YoY (%)	10.8	-11.2	-25.7	-99.6	-17.7	-50.7	0.0	na	-24%	4%	-50.8			
Key Parameters (%)														
Share in GWP														
Health-Retail	89.2	90.0	93.0	94.4	93.9	95.7	0.0	0.0	92.2	95.4	0.0		5.7	1.8
Health-Group	9.5	8.0	5.7	4.0	4.8	4.2	0.0	0.0	6.6	3.6	0.0		-3.8	-0.6
PA	1.3	2.0	1.3	1.6	1.0	0.9	0.0	0.0	1.1	1.0	0.0		-1.0	0.0
Claims ratio	67.6	72.8	71.4	69.2	69.5	71.5	70.0	67.5	70.3	69.6	72.5	-100bp	-129bp	-195bp
Commission ratio	13.5	13.8	14.1	15.8	14.7	16.3	16.0	15.9	14.4	15.8	15.0	132bp	251bp	-163bp
Expense ratio	18.1	16.4	17.7	14.2	17.9	16.0	15.8	12.3	16.4	15.1	16.5	-52bp	-47bp	195bp
Combined ratio	99.2	103.0	103.3	99.2	102.2	103.8	101.8	95.7	101.1	100.5	104.0	-21bp	75bp	-163bp
Solvency	2.3	2.2	2.2	2.2	2.2	2.2	-	-	2.1	2.2	-			

CAMS

Estimate change	↓
TP change	⟷
Rating change	⟷

Bloomberg	CAMS IN
Equity Shares (m)	49
M.Cap.(INRb)/(USDb)	191 / 2.2
52-Week Range (INR)	5368 / 3030
1, 6, 12 Rel. Per (%)	-4/-11/-17
12M Avg Val (INR M)	1899

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
AAUM (INR t)	52.3	60.3	69.6
Revenue	15.2	17.0	19.0
EBITDA	6.8	7.8	8.9
Margin (%)	44.7	45.8	46.9
PAT	4.7	5.5	6.5
PAT Margin (%)	31	32	34
EPS	95.0	112.1	131.9
EPS Grw. (%)	0.2	17.9	17.7
BVPS	266.3	311.1	363.9
Roe (%)	38.4	38.8	39.1
Div. Pay-out (%)	60.0	60.0	60.0
Valuations			
P/E (x)	40.6	34.4	29.3
P/BV (x)	14.5	12.4	10.6
Div. Yield (%)	1.5	1.7	2.1

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	0.0	0.0	0.0
DII	20.8	17.3	18.7
FII	46.9	52.0	56.5
Others	32.3	30.7	24.8

FII includes depository receipts

CMP: INR3,856 TP: INR4,900 (+27%) Buy

Yields largely reset; trajectory expected to stabilize

- **CAMS reported operating revenue of INR3.8b in 2QFY26 (in line), up 3% YoY, driven by 3% YoY growth in MF asset-based revenue of INR2.8b. For 1HFY26, revenue came in at INR7.3b, +5% YoY.**
- **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, down 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.**
- **PAT was down 6% YoY at INR1.1b (in line), with PAT margins of 30.2% (vs. 33.1% in 2QFY25). For 1HFY26, PAT came in at INR2.2b, down 3% YoY.**
- **Impact of repricing by a large client is largely behind, with ~90% of yield compression already absorbed over the past two quarters; management expects only marginal residual impact in 3QFY26. With no major client renewals due in the next 18 months, the yield decline would be restricted to telescopic pricing.**
- **We have cut our earnings estimates by 4%/3%/3% for FY26/FY27/FY28 to factor in the decline in yields on MF and other income. We expect revenue/EBITDA/PAT to post a CAGR of 10%/11%/12% over FY25-28. We reiterate a BUY rating on the stock with a one-year TP of INR4,900, premised at a P/E multiple of 40x on Sep'27E earnings.**

Guidance on track

- 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.
- Transaction volume increased 16% YoY to 259.8m in 2QFY26, with SIP transactions up 14% YoY to 203.3m. Live folios grew 19% YoY to 102.2m.
- **MF segment's revenue** grew 1% YoY to INR3.2b, contributing ~86% to total revenue. MF asset-based contributions accounted for ~73.4% of total MF revenue, while non-asset contributions made up ~14.3%.
- Management continues to guide that **non-MF revenue** contribution would rise to ~20% over the next three years (vs. ~14.4% currently), driven by a 25% YoY growth trajectory. Key growth levers include profit-accretive segments such as KRA (revenue up 45% YoY), CAMSPay (revenue up 26% YoY), and AIF (revenue up 11% YoY), while the insurance business (revenue up 18% YoY) is approaching the breakeven.
- Currently, non-MF EBITDA margins stand at ~10-13%, with a potential to expand to 25-30% over the next few years as the segment scales up (KRA/Payments/AIF margins in 30s/mid-20s/mid to late 20s).
- **CAMS Alternatives** continued to solidify its leadership position, driven by strong signings (44 new mandates in 2Q, including one from the GIFT City, i.e., DSP Global Equity Fund). Revenue grew 11% YoY and services asset size stood at INR2.8t in 2QFY26.
- With a significant ramp-up in the payments gateway (cards) business, **CAMSPay** posted a strong rebound in 2Q, with revenue growth of 38% YoY/ 26% QoQ. It secured 25 new in 2Q and achieved strong transaction growth, with insurance/digital transactions rising 7.7%/7.1% QoQ.

- **CAMS KRA:** After a dip in 1Q owing to soft market conditions and muted demat additions amid the derivative regulatory overhang, a strong recovery has since been observed, with revenue growing ~45%. With the integration of NSE's KRA business, CAMS KRA expects to add another ~1.3m-1.4m PANs to the total of ~20m PANs.
- **CAMSRep** posted 18% YoY growth in revenue. With TATA AIA onboarding the Bima Central platform, CAMS services total four insurer companies. The unique user base has reached 1.2m, averaging, >0.1m interactions per month.
- Other income came in at INR122m vs. INR126m in 2QFY25.
- Total expenses came in at INR2.1b vs. INR2b in 2QFY25. CIR stood at 55.5% vs. 53.4% in 2QFY25 and 56.4% in 1QFY26. Management has reaffirmed its cost guidance of 10-11% YoY, remaining on track, apart from a one-off provision related to delayed collections that temporarily impacted other expenses but would reverse next quarter.
- Employee costs/other expenses rose 5%/10% YoY to INR1.2b/INR843m.

Key takeaways from the management commentary

- The integration of NSE's KRA business with CAMS KRA is progressing as planned, with SEBI's NOC already received and revenue contribution expected to begin from 4QFY26.
- On the SIF side, CAMS launched its first SIF scheme (Magnum SIF from SBI Mutual Fund), garnering over INR10b in its NFO in Oct. More launches are expected from the AMCs associated with CAMS in the coming quarter.

Valuation and view

- After the correction in yields on the MF RTA business owing to a reset for one of the large customers, the yield decline will be restricted to a telescopic structure. However, we remain optimistic about future AUM growth as SIP momentum continues to be strong for the industry. In spite of the yield pressure, the profitability has started improving given the scale benefits arising in the non-MF businesses, which are largely platform-led businesses.
- We have cut our earnings estimates by 4%/3%/3% for FY26/FY27/FY28 to factor in the decline in yields on MF and other income. We expect revenue/EBITDA/PAT to post a CAGR of 10%/11%/12% over FY25-28. **We reiterate a BUY rating on the stock with a one-year TP of INR4,900, premised at a P/E multiple of 40x on Sep'27E earnings.**

Quarterly Performance (INR m)

Y/E March	FY25				FY26				FY25	FY26E	2QFY26E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE						
Revenue from Operations	3,314	3,652	3,697	3,562	3,542	3,767	3,867	4,001	14,225	15,176	3,681	2.3	3.2	6.4
Change YoY (%)	26.8	32.7	27.6	14.7	6.9	3.2	4.6	12.3	25.2	6.7	0.8			
Employee expenses	1,130	1,186	1,197	1,178	1,224	1,248	1,260	1,286	4,691	5,019	1,236.6	0.9	5.2	1.9
Total Operating Expenses	1,816	1,950	1,969	1,968	1,999	2,091	2,121	2,182	7,703	8,392	2,026	3.2	7.3	4.6
Change YoY (%)	20.1	27.5	22.8	17.8	10.1	7.3	7.7	10.9	21.9	9.0	3.9			
EBITDA	**1,498**	**1,702**	**1,728**	**1,594**	**1,543**	**1,676**	**1,746**	**1,819**	**6,522**	**6,784**	1,655	1.3	(1.5)	8.6
Other Income	117	126	149	134	131	122	125	127	526	506	139	-12.4	(3.0)	(7.2)
Depreciation	170	184	195	228	208	246	253	257	777	964	215	14.4	33.7	17.8
Finance Cost	21	22	21	20	19	18	18	21	85	77	19	-4.9	(14.8)	(4.9)
PBT	**1,424**	**1,622**	**1,661**	**1,479**	**1,444**	**1,534**	**1,600**	**1,669**	**6,187**	**6,249**	**1,560**	-1.7	(5.5)	6.2
Change YoY (%)	40.7	44.4	39.9	9.9	1.4	-5.5	-3.7	12.8	32.5	1.0	-3.8			
Tax Provisions	354	414	420	351	363	394	408	428	1,540	1,593	390	1.1	(4.8)	8.5
Net Profit	**1,070**	**1,208**	**1,241**	**1,128**	**1,080**	**1,139**	**1,192**	**1,241**	**4,647**	**4,655**	**1,170**	-2.6	(5.7)	5.5
Change YoY (%)	41.3	44.2	40.2	9.5	1.0	-5.7	-4.0	10.0	32.4	0.2	-3.2			
Key Operating Parameters (%)														
Cost to Operating Income Ratio	54.8	53.4	53.3	55.3	56.4	55.5	54.8	54.5	54.1	55.3	55.0	0.5	2.1	(0.9)
EBITDA Margin	45.2	46.6	46.7	44.7	43.6	44.5	45.2	45.5	45.9	44.7	45.0	-0.5	(2.1)	0.9
PBT Margin	43.0	44.4	44.9	41.5	40.8	40.7	41.4	41.7	43.5	41.2	42.4	-1.7	(3.7)	(0.1)
Tax Rate	24.9	25.5	25.3	23.7	25.2	25.7	25.5	25.6	24.9	25.5	25.0	0.7	0.2	0.5
PAT Margin	32.3	33.1	33.6	31.7	30.5	30.2	30.8	31.0	32.7	30.7	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	53.4	55.1	44.1	52.3	50.5	3.2	16.3	7.0
Share of Equity AUM (%)	53.3	55.4	55.3	54.4	54.8	55.1	55.3	55.2	54.9	55.1			(0.3)	0.3

Five Star Business Finance

Estimate changes	↑
TP change	↑
Rating change	↔

Bloomberg	FIVESTAR IN
Equity Shares (m)	294
M.Cap.(INRb)/(USDb)	178.2 / 2
52-Week Range (INR)	889 / 501
1, 6, 12 Rel. Per (%)	12/-27/-38
12M Avg Val (INR M)	769

Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	21.0	24.4	28.3
PPoP	15.2	17.7	20.2
PAT	10.7	11.9	13.3
EPS (INR)	36	40	45
EPS Gr. (%)	27	11	12
BV/Sh. (INR)	214	252	296
Ratios			
NIM (%)	19.6	18.7	17.6
C/I ratio (%)	30.9	31.0	32.3
Credit costs	0.8	1.4	1.5
RoAA (%)	8.2	7.5	6.9
RoAE (%)	18.7	17.3	16.5
Dividend payout	5.5	5.0	5.5
Valuations			
P/E (x)	16.6	15.0	13.3
P/BV (x)	2.8	2.4	2.0
Div. yield (%)	0.3	0.3	0.4

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	18.6	21.5	21.6
DII	12.2	9.5	9.0
FII	55.8	58.1	56.7
Others	13.5	10.9	12.7

FII Includes depository receipts

CMP: INR605 TP: INR710 (+17%) Buy

Soft quarter; visibility improving on AUM growth and asset quality

Weak disbursements in face of calibration; asset quality deteriorates

- Five Star Business Finance's (FIVESTAR) 2QFY26 PAT grew 7% YoY to INR2.86b (in line). PAT in 1HFY26 grew 6% YoY and we expect PAT in 2HFY26 to grow by 15% YoY. NII grew ~15% YoY to INR5.9b (in line), while PPoP rose ~14% YoY to INR4.3b (in line). Other income rose 26% YoY to INR334m (vs. est. of INR290m), primarily because of higher fee income during the quarter.
- Opex grew ~19% YoY to INR1.94b (in line). Credit costs stood at INR510m and annualized credit costs stood at ~1.35% (PQ: 1.3% and PY: ~70bp).
- AUM grew 18% YoY/3% QoQ to ~INR128b. Management shared that disbursements were weak primarily due to stricter underwriting controls and layered checks implemented in the quarter. These measures led to an increase in the rejection ratio from 23% in 1Q to 41% in 2Q, reflecting a deliberate tightening in risk assessment. However, the company has maintained its AUM growth guidance of ~25% for FY26, expecting a pick-up in disbursements in 3Q and a much stronger momentum in 4QFY26.
- Five Star has launched housing loans with first few logins recorded in Sep'25. The product has been rolled out across 175-200 branches with a targeted ATS of INR600k–800k and yields of 16-18%. The company expects its housing loan segment to evolve into a meaningful growth driver from FY27 onward.
- Management maintained its credit cost guidance at 1.25-1.3%. The focus remains on curbing forward flows and stabilizing 30+dpd buckets. The company expects delinquency trends to stabilize in 3QFY26 and show meaningful improvement in 4QFY26, supported by tighter underwriting, enhanced collection efforts, and robust legal recovery measures.
- Management indicated that portfolio performance has stabilized across most geographies, with Karnataka remaining a relatively weaker pocket (~5-6% of AUM). Both Andhra Pradesh and Tamil Nadu have shown notable improvement, with Tamil Nadu expected to see further traction in disbursement growth in the coming quarters.
- The asset quality weakness in the micro-LAP segment stemmed from stress in unsecured small-ticket loans, gradually spilling into the small-ticket secured space. Credit cycle in micro-LAP (particularly in loans below INR500k) is lagging the MFI credit cycle by 6-9 months. With MFIs now exhibiting early recovery, we expect even micro-LAP lenders to exhibit recovery within the next six months.
- Five Star remains well-positioned to manage this period of volatility, supported by: 1) its tighter underwriting on fresh disbursements and 2) robust recovery infrastructure, including the effective legal follow-through. We estimate the company to post a CAGR of ~25%/~14% in AUM/PAT over FY25-28. Despite a moderation in NIM and slightly higher credit costs, Five Star can deliver healthy RoA/RoE of 6.7%/17% in FY28E. **Reiterate BUY with a TP of INR710 (based on 2.2x Sep'27E BV).**

Reported spreads decline due to moderation in yields

- Reported yield declined ~30bp QoQ to 23.2%. CoB also declined QoQ ~25bp QoQ to 9.3%. Reported spreads fell ~5bp QoQ to 13.95%. Reported NIM was stable QoQ at ~16.4%. Incremental CoF was broadly stable QoQ at ~8.55%.
- Management indicated that the moderation in yields will be offset by a reduction in its CoB, supported by lower incremental CoB. However, NIMs are likely to moderate with improvement in leverage when growth picks up. We model NIM to contract to 18.7%/17.6% in FY26/FY27E (FY25: 19.6%).

Asset quality deteriorates but visibility of stabilization trends ahead

- GS3/NS3 rose ~20bp each QoQ to ~2.65%/1.45%. S3 PCR declined ~5pp QoQ to ~45.2%.
- Overall collection efficiency (CE) stood at 96.7% (PQ: 96.3%). Unique loan collections (due one, collect one) stood at 95.1% (PQ: 95.1%). Cash proportion in collections declined to ~18% (PQ: ~19% and PY: ~28%).
- Current portfolio declined to 81.7% (PQ: 82.4%). Stage 2 rose 70bp QoQ to 9.5%. 30+ dpd rose ~85bp QoQ to 12.2% and 1+dpd increased ~80bp QoQ to 18.3%. We model credit costs (as a % of avg. assets) of 1.2% each in FY26/27E.

Disbursements decline ~4% YoY; capital adequacy strong at ~51%

- Disbursements fell ~4% YoY and ~7% QoQ to ~INR12b.
- 2QFY26 RoA/RoE stood at 7.5%/16.9%, and capital adequacy stood at ~51% as of Sep'25.

Highlights from the management commentary

- Management highlighted that 2QFY26 marked a phase of stabilization, with gradual improvement expected in 3Q and a strong recovery anticipated in 4Q. The company continues to enhance its credit underwriting framework, which is expected to yield visible benefits in the subsequent quarters.
- Five Star continues to refine its customer mix by focusing on the INR300-500k and INR500k-INR1m ticket segments, while targeting borrowers with stronger credit profiles.
- Management indicated that as operating systems stabilize and recently implemented controls gain traction, growth momentum is expected to accelerate, supported by a diversified product portfolio, stronger collection efficiency, and stability in credit costs.

Valuation and view

- Five Star reported a soft operating performance during the quarter, marked by muted disbursements and weak AUM growth. Asset quality deteriorated further, as evident in the increase of 30+dpd, leading to elevated annualized credit costs of ~1.35%. Spreads and margins also contracted, primarily due to lower yields. Management guided for a turnaround on the horizon and expects growth and asset quality to improve in 3Q and strengthen further in 4Q.
- The stock currently trades at 2x FY27E P/BV. We estimate Five Star to post a CAGR of ~25%/14% in AUM/PAT over FY25-FY28, along with RoA/RoE of 6.7%/17% in FY28E. **Reiterate our BUY rating on the stock with a TP of INR710 (premised on 2.2x Sep'27E P/BV).**

FIVE STAR BUSINESS: 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	6,411	6,793	7,112	7,347	7,647	7,731	8,002	8,541	27,663	31,921	7,907	-2
Interest Expenses	1,582	1,631	1,714	1,753	1,873	1,800	1,883	2,010	6,680	7,565	1,871	-4
Net Interest Income	**4,829**	**5,161**	**5,399**	**5,594**	**5,774**	**5,931**	**6,119**	**6,531**	**20,983**	**24,355**	**6,036**	**-2**
YoY Growth (%)	31.4	29.6	28.3	21.2	19.6	14.9	13.3	16.7	27.3	16.1	16.9	
Other Income	283	266	198	250	265	334	358	381	997	1,338	289	16
Total Income	**5,112**	**5,427**	**5,597**	**5,844**	**6,039**	**6,265**	**6,478**	**6,912**	**21,980**	**25,693**	**6,324**	**-1**
YoY Growth (%)	32.0	30.3	26.8	21.4	18.1	15.4	15.7	18.3	27.3	16.9	16.5	
Operating Expenses	1,565	1,627	1,713	1,880	2,012	1,936	1,986	2,022	6,785	7,954	2,024	-4
Operating Profit	**3,547**	**3,800**	**3,884**	**3,964**	**4,027**	**4,330**	**4,492**	**4,890**	**15,196**	**17,739**	**4,300**	**1**
YoY Growth (%)	35.9	36.9	29.4	19.2	13.5	13.9	15.7	23.3	29.7	16.7	13.2	
Provisions & Loan Losses	185	218	233	254	478	510	470	440	890	1,898	518	-2
Profit before Tax	**3,362**	**3,582**	**3,651**	**3,711**	**3,550**	**3,819**	**4,022**	**4,450**	**14,306**	**15,841**	**3,782**	**1**
Tax Provisions	846	903	913	919	886	958	1,010	1,122	3,581	3,976	946	1
Net Profit	**2,516**	**2,679**	**2,739**	**2,791**	**2,663**	**2,861**	**3,013**	**3,327**	**10,725**	**11,865**	**2,837**	**1**
YoY Growth (%)	37	34	26	18	6	7	10	19	28.3	10.6	5.9	
Key Parameters (%)												
Yield on loans	25.7	25.5	25.7	25.5	25.1	24.4	24.2	24.2				
Cost of funds	9.7	9.6	9.6	9.2	9.5	8.9	8.7	8.7				
Spread	16.0	16.0	16.1	16.3	15.7	15.6	15.5	15.5				
NIM	19.33	19.41	19.5	19.41	18.98	18.75	18.5	18.5				
Credit cost	0.74	0.69	0.71	0.73	1.31	1.35	1.18	1.04				
Cost to Income Ratio (%)	30.6	30.0	30.6	32.2	33.3	30.9	30.7	29.2				
Tax Rate (%)	25.2	25.2	25.0	24.8	25.0	25.1	25.1	25.2				
Performance ratios (%)												
AUM/Branch (INR m)	189.1	166	153.3	158.8	162.4	161						
Balance Sheet Parameters												
AUM (INR B)	103.4	109.3	111.8	118.8	124.6	128.5	136.3	145.8				
Change YoY (%)	36.4	32.2	25.2	23.2	20.4	17.6	22.0	22.8				
Disbursements (INR B)	**13.2**	**12.5**	**9.4**	**14.6**	**12.9**	**12.0**	**16.0**	**18.3**				
Change YoY (%)	16.5	3.9	-22.2	9.2	-2.1	-4.4	70.0	25.2				
Borrowings (INR B)	67.2	68.8	73.6	79.2	78.7	83.8	89.0	95.5				
Change YoY (%)	55.8	42.8	27.1	25.4	17.1	21.8	20.9	20.5				
Borrowings/Loans (%)	65.0	63.0	65.9	66.7	63.2	65.2	65.3	65.5				
Debt/Equity (x)	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.3				
Asset Quality (%)												
GS 3 (INR M)	**1,454**	**1,604**	**1,808**	**2,123**	**3,070**	**3,388**						
G3 %	**1.4**	**1.47**	**1.6**	**1.8**	**2.5**	**2.64**						
NS 3 (INR M)	**697**	**773**	**901**	**1,034**	**1,534**	**1,857**						
NS3 %	**0.7**	**0.7**	**0.8**	**0.9**	**1.3**	**1.5**						
PCR (%)	**52.1**	**51.8**	**50.2**	**51.3**	**50.0**	**45.2**						
ECL (%)	**1.6**	**1.6**	**1.7**	**1.6**	**1.9**	**1.9**						
Return Ratios (%)												
ROA (Rep)	8.2	8.4	8.1	8.0	7.2	7.5						
ROE (Rep)	19.0	19.02	18.5	18.4	16.6	16.91						

8 August 2025

2QFY26 Results Update | Sector: Retail

Raymond Lifestyle

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	RAYMONDL IN
Equity Shares (m)	61
M.Cap.(INRb)/(USDb)	73.9 / 0.8
52-Week Range (INR)	2305 / 860
1, 6, 12 Rel. Per (%)	-1/14/-51
12M Avg Val (INR M)	321

Financials & valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	67.3	72.9	78.7
EBITDA	6.6	8.5	9.7
Adj. PAT	2.1	3.3	4.1
EPS (INR)	35.2	54.5	66.7
EPS Gr. (%)	113.5%	54.6%	22.5%
Ratios			
BV/Sh. (INR)	1,609	1,663	1,730
RoE (%)	4.8	7.1	8.0
RoCE (%)	7.7	9.7	10.5
Valuations			
P/E (x)	34.6	22.4	18.3
P/BV (x)	0.8	0.7	0.7
EV/EBITDA (x)	12.0	9.3	8.1
Div. Yield (%)	-	-	-

Shareholding pattern (%)

As of	Sep-25	Jun-25	Sep-24
Promoter	57.2	56.1	54.7
DII	7.5	7.9	7.9
FII	9.0	8.8	12.7
Others	26.4	27.2	24.8

FII includes depository receipts

CMP: INR1,213 TP: INR1,405 (+16%) Buy

On course for recovery in FY26 with a focus on profitable growth

- Raymond Lifestyle (RLL) continued on its recovery journey in FY26 with ~7% YoY revenue growth, backed by strong domestic demand and a boost from the early festive season.
- EBITDA grew 5% YoY (~30% beat vs est.), driven by strong margin expansion in branded textile and recovery in garmenting margins.
- However, RLL continued to rationalize unprofitable stores (net 25 store closures in 1H), including in Ethnix, where the focus is shifting toward a profitability-focused distribution-led model rather than aggressive EBO expansion-led growth.
- After a subdued FY25, RLL is on course for recovery in FY26 (notwithstanding the macro challenges in the garmenting business).
- We raise our FY26-27E EBITDA by 2% each. However, due to higher depreciation and interest costs, we lower our FY26-27 EPS by 2-4%.
- We build in ~8% revenue CAGR over FY25-28E, with EBITDA margin expanding to 12.3% by FY28 (from 7.6% in FY25, though still lower than 14.3% in FY24).
- We value RLL at 22x Dec'27E P/E to arrive at our revised TP of INR1,405 (earlier INR1,360). **We reiterate our BUY rating on RLL, primarily on reasonable valuations (22x FY27 P/E and 1.1x FY27 EV/sales).**

Recovery continued, driven by robust show in domestic business

- RLL's consolidated revenue rose 7% YoY to INR18.3b (2% ahead).
  - Revenue was mainly driven by acceleration in domestic demand, driving improved performance in the Branded Textile (up 10% YoY) and Branded Apparel (up 11% YoY) segment.
  - RLL closed net 12 stores in 2Q (25 net closures in 1H), bringing the total retail store network to 1,663 stores.
  - The company opened three stores but closed four stores (opened nine and closed 22 in 1HFY26) in Ethnix, bringing the store network to 139 stores.
- Gross profit grew 5% YoY to INR8b (inline) as gross margin contracted ~115bp YoY to 43.6% (60bp miss).
- EBITDA grew **5% YoY** to INR2.3b (29% beat) due to an improved product mix and operating leverage in the Branded Textile segment.
  - EBITDA margin contracted ~25bp YoY to 12.3% (but above our estimate of 9.7%), largely due to better-than-expected margins in Branded Textile and Garmenting.
  - Overall, **Pre-IND AS EBITDA** for 1HFY26 stood at INR1.9b (up 1% YoY), with margins contracting ~60bp YoY to ~5.8%.
- Depreciation and amortization surged 20% YoY (in line), while finance cost rose 13% YoY (21% above) as net debt increased.
- Reported PAT declined 53% YoY to INR752m (10% beat), driven by higher depreciation, interest cost, and higher tax rate.

- For 1HFY26, RLL's revenue/EBITDA grew 11%/10% YoY. Based on our estimates, the required revenue and EBITDA growth run-rate for 2H stands at ~7% and 85% YoY (on a depressed base of 2HFY25).
- Core working capital days declined to 93 in 1HFY26 (vs. 105 YoY), driven by ~10 days YoY decline in receivable days to 67, while inventory days stood at 108 (vs. 110 YoY).
- RLL has an OCF (after interest and leases) outflow of INR3b (vs. INR4b outflow YoY), as adverse WC changes and higher interest outgo were offset by lower taxes. FCF outflow stood at INR 4.1b (vs INR 5.1b YoY).
- RLL reported net debt of INR2.6b (vs. INR0.5b by end-FY25).

Highlights from the management commentary

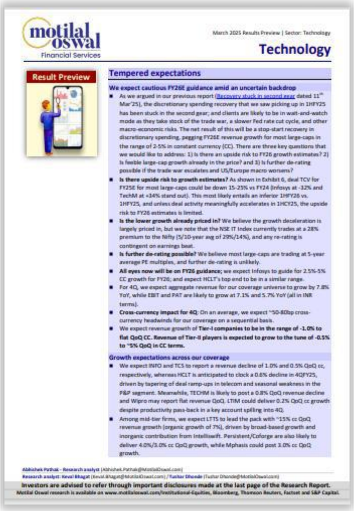
- **Demand trends and outlook:** Revenue growth was driven by robust domestic demand, supported by strong festive/wedding-led volume growth and solid bookings across textiles and apparel. With high dealer confidence and visible order preponement, demand momentum is expected to sustain through 2HFY26. Additionally, income tax cuts and GST rate rationalization are expected to further boost discretionary spending.
- **Ethnix:** RLL has pivoted Ethnix to a profitability-led, asset-light model centered on its distribution strength (TRS and select MBOs). The company rationalized over 20 unprofitable outlets. 1HFY26 revenue rose ~11% YoY, with hopes of higher growth in 2HFY26 on the back of a robust wedding calendar.
- **Branded Apparel:** Despite 11% YoY revenue growth in 2Q, margins contracted sharply to 5.2% due to increased investments in marketing to improve its brand visibility and subdued performance of stores opened in the last 12 months. Management indicated that margins will remain subdued in the near term due to elevated marketing spends and a longer break-even period for newer stores. The company is targeting early double-digit margins at an INR23-25b revenue scale.
- **Garmenting:** The segment grew 4% YoY in 2QFY26, but EBITDA margin contracted to 5.4% amid the implementation of US tariffs and customer shifts to lower-cost markets like Bangladesh. Management expects weakness in exports in the coming quarters, unless the tariff is revised downwards. Going ahead, management remains upbeat on potential growth from the recent India-UK FTA and RLL's integrated supply chain strength.

Valuation and view

- After a subdued FY25, RLL is on course for recovery in FY26 (notwithstanding the challenges in the export-oriented garmenting business).
- We expect overall FY26 revenue to surpass FY24 levels. However, EBITDA (incl. other income) is likely to return to FY24 levels only by FY27, given elevated marketing spends in branded apparel and continued margin pressures in garmenting.
- We raise our FY26-27E EBITDA by 2% each. However, due to higher depreciation and interest costs, we lower our FY26/FY27E EPS by 2-4%.
- We build in ~8% revenue CAGR over FY25-28E, with EBITDA margins expanding to 12.3% by FY28 (from 7.6% in FY25, though still lower than 14.3% in FY24).
- We value RLL at 22x Dec'27E P/E to arrive at our revised TP of INR1,405 (earlier INR1,360)**. We reiterate our BUY on RLL, primarily on reasonable valuations (22x FY27 P/E and 1.1x FY27 EV/sales).**

Consolidated - Quarterly Earnings												(INR m)
Y/E March	FY25E				FY26E				FY25	FY26E	FY26	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	Var (%)
Revenue	**12,201**	**17,083**	**17,542**	**14,942**	**14,304**	**18,324**	**18,811**	**15,890**	**61,767**	**67,330**	**17,985**	**1.9%**
YoY Change (%)	-8%	-5%	2%	-11%	17%	7%	7%	6%	-5%	9%	5%	
Total Expenditure	11,604	14,935	15,745	14,806	13,534	16,064	16,683	14,443	57,090	60,724	16,237	-1.1%
EBITDA	**597**	**2,148**	**1,797**	**136**	**770**	**2,260**	**2,128**	**1,447**	**4,678**	**6,606**	**1,748**	**29.3%**
EBITDA Margin	**4.9%**	**12.6%**	**10.2%**	**0.9%**	**5.4%**	**12.3%**	**11.3%**	**9.1%**	**7.6%**	**9.8%**	**9.7%**	
Change YoY (%)	-59%	-17%	-0.4	-0.9	29%	5%	18%	968%	-50%	41%	0.0	
Depreciation	746	763	794	911	888	914	944	926	3,214	3,672	903	1.2%
Interest	463	532	544	534	575	600	509	340	2,074	2,022	494	21.4%
Other Income	294	270	413	856	445	330	429	729	1,832	1,934	561	-41.2%
PBT	**-323**	**528**	**867**	**-473**	**-248**	**1,029**	**1,105**	**911**	**600**	**2,798**	**912**	**12.8%**
Tax	-91	106	226	-23	-50	277	278	193	218	699	230	20.8%
Rate (%)	28.1%	20.1%	26.0%	4.9%	20.0%	27.0%	25.2%	21.2%	36.4%	25.0%	25.2%	
Reported PAT	**-232**	**422**	**642**	**-450**	**-198**	**752**	**827**	**717**	**382**	**2,098**	**683**	**10.1%**
Adj PAT	**-227**	**1,016**	**645**	**-430**	**-198**	**799**	**827**	**718**	**1,005**	**2,145**	**683**	**17.0%**
YoY Change (%)	-139.5%	-27.1%	-1	-134.7%	-13%	-21.4%	28%	nm	-79.4%	113.5%	0.1	

Technology



IT Services: Holding ground; awaiting revival

- **The 2QFY26 earnings for IT services offered some respite on already beaten-down expectations. Half of the companies under our coverage exceeded revenue estimates (only 8% missed), while 75% met or beat our margin estimates (of the 12 companies that have reported so far). That said, questions around structural demand drivers remained unanswered.**
- **We did, however, see first steps toward an AI strategy being formed in pockets. Most notable was TCS, which announced a USD1b investment toward colocation data center (although we are yet to see any AI or IT services adjacencies in this); HCLTech began reporting AI-driven revenue contribution, whereas LTIM doubled down on its AI-for-everything strategy. These initiatives, however, remain more directional than revenue-accretive for now.**
- **We have argued before in our report dated 19th Sep'25 (GenAI and IT Services: The waiting game) that reducing IT services to an "AI laggard" basket is reductive. As with past technology cycles, platforms and services are built once hardware augmentation reaches diminishing marginal returns. Also, a new "consumer" technology takes 5-8 years to become enterprise-grade. For GenAI, we expect to be 18-20 months away (refer to Exhibit 9). Until then, we continue to prefer bottom-up plays with deal and earnings visibility in IT: HCLT and TECHM in large-caps and COFORGE in mid-tier. Our observations regarding the quarter are detailed below.**

Revenue beat the already low expectations, but questions about the turnaround remain unanswered

- The 2QFY26 earnings offered some respite, as expectations were already beaten down and the quarter was seasonally strong. Largely all large-cap companies managed to beat/meet revenue estimates, helped by steady deal ramp-ups. However, management commentary indicated that demand remains subdued, with no clear signs of a new spending cycle emerging.
- Seasonal tailwinds aside (such as HCLTech's P&P business in 3Q), the outlook for most companies is meek in 2H, as furloughs, productivity gains, and subdued discretionary spending could weigh on sequential momentum.
- **Among Tier-1 firms, *HCLTech* stood out**, raising its services revenue guidance on the back of strong deal wins, positioning it as the fastest-growing among the top four. ***LTIMindtree*** delivered a strong beat on both revenue and margins, prompting a 4–5% upgrade in our FY26/FY27 estimates. ***Tech Mahindra*** continued to guide for margin expansion and remains on track to deliver sustained earnings growth over the next few quarters.
- On the other hand, Infosys maintained the top end of its full-year guidance, indicating that growth recovery will be gradual, while TCS's commentary suggests a measured demand environment into 2H.
- Among mid-tiers, **Persistent** posted 4.4% QoQ CC growth in 2Q (above consensus). With a CQGR of ~4.5% over the next two quarters, PSYS should comfortably deliver ~17.5% YoY CC growth in FY26E. While this is a slight moderation from FY25 levels, it remains healthy in the current demand environment.
- **Coforge** continued to outperform (~6% QoQ CC), and we expect it to remain the growth leader within our coverage. While MPHL's deal TCV was healthy, revenue conversion remains to be seen. We expect the Tier-2 pack to outpace Tier-1 peers.

When does demand come back? Our answer: when hardware settles down

- As we depict in Exhibit 9, service adoption has always lagged the product frontier. Today's services weakness mirrors earlier cycles (dotcom to app services, iPhone to enterprise cloud-native apps, consumer cloud to PaaS/SaaS), where **enterprises only ramped up spending once the cutting edge of hardware stabilized.**
- Where we are now: as shown in Exhibits 7 and 8, both LLMs and chips have continued to be augmented at exponential rates.
- We believe services demand could rebound as AI models and hardware advances begin to flatten. GPT-5's modest gains over GPT-4.1 are an encouraging sign. **When this stabilization sets in, enterprises will gain confidence to build durable tech stacks on top of the new AI layer, just as they did in past cycles.**

Is GenAI enterprise-grade? Not yet, but it could be in two years

- Although enterprises remain **eager to adopt AI**, most solutions are not yet enterprise-ready or reliable. As shown in Exhibit 9, there is generally a lag of 5-8 years before a new consumer technology becomes enterprise-ready. GenAI arrived in Nov'22, we believe enterprise adoption is another ~18 months away.

Currency a major contributor to margin gains in the quarter

- Margins broadly met or beat expectations this quarter, largely aided by favorable currency movement, pyramid rationalization, SG&A efficiencies, and utilization gains. INR depreciation against the USD provided a sharp translation benefit across the board (refer to Exhibit 4). Of the 12 companies reported so far, ten reported a QoQ improvement in EBIT margins.
- However, 2HFY26 may see renewed pressure as wage hikes kick in, and furloughs and large-deal ramp-ups play out. Pricing pressures in a muted demand environment and ongoing deflationary trends could further weigh on profitability. In addition, **the GenAI curve remains margin-dilutive in the near term as investments are ramping up**, but monetization is yet to follow.
- If USD/INR stabilizes near current levels, incremental margin expansion could prove difficult. **We expect margins to remain largely flat over the next 18–24 months across the industry.**

Margins a key risk over the next 2-3 years, as seen from earlier cycles

- Between FY15 and FY19, large-cap IT vendors saw a steady increase in fixed-price contracts – Infosys's mix rose from 41% to 53%, HCLT from 44% to 49%, and Wipro from 49% to 59%. This coincided with decelerating revenue growth, while most other external factors (currency, macro, etc.) remained broadly stable. Importantly, sector EBIT margins dipped ~150bp over these four years, **suggesting that the pivot to fixed-price models carried a clear margin drag**.
- As seen in Exhibit 11, the industry was hiring in line with revenue growth, and employee productivity basically flatlined in these years.
- If the industry is to avoid this fate again, hiring has to be somewhat decoupled from revenue growth; this should increase revenue per employee and defend margins.

Outlook: Absence of near-term catalyst may cap re-rating

- While 2QFY26 results were better than feared, the broader structural questions persist: when will discretionary tech budgets recover, and can GenAI spending move beyond pilot stages into scaled implementations?
- We remain *underweight* on the sector, as near-term earnings upside appears limited. The top 4 IT services names are trading at their average 10-year P/E and a 13% discount to their average five-year P/E. There is room to expand if earnings and outlook spring a surprise. We believe sustained rerating will likely require evidence of GenAI-led spends translating into meaningful revenue momentum, which, as of now, remains some distance away.
- **We continue to prioritize a bottom-up play in IT: TECHM and HCLT in large-caps and COFORGE in mid-tier.**

Revenue and margin estimate misses and beats for our coverage companies

Companies	Revenue	Margin
TCS	In-line	Beat
INFO	Miss	Miss
HCLT	Beat	Beat
WPRO	In-line	In-line
TECHM	Beat	Beat
LTIM	Beat	Beat
LTTS	Beat	In-line
PSYS	Beat	Beat
COFORGE	In-line	In-line
TELX	In-line	Miss
TTL	Beat	Miss
CYL*	In-line	Miss

Source: MOFSL; Note: *DET Business

IT companies' revenue and margin guidance

Company	Revenue Guidance	Margin Guidance
TCS	–	❖ Aspirational band of 26–28%
Infosys	❖ FY26 CC growth raised to 2–3% (from 1–3%)	❖ EBIT margin guided at 20–22%
HCLTech	❖ FY26 CC growth maintained at 3-5% YoY in CC (while for Services, the guidance was upgraded to 4-5% from 3-5%)	❖ EBIT margin guidance maintained at 17–18%.
LTIM	❖ Revenue growth to accelerate in the coming quarters and aims to achieve high single-digit to low double-digit growth by FY26-end (in USD terms).	❖ Management reiterated confidence in further margin expansion in the coming quarters despite seasonal headwinds.
Tech Mahindra	–	❖ Reiterated FY27 EBIT margin aspiration of 15%
Wipro	❖ 3QFY26 growth guided at -0.5% to +1.5%	–
LTTS	❖ Targeting double-digit growth in FY26; USD2bn mid-term outlook maintained	❖ Mid-16% EBIT margin aspiration by 4QFY27–1QFY28
Persistent	❖ USD2b revenue goal by FY27; 18–19% CC CAGR over FY25–27	❖ Margin aspiration: +100bp improvement YoY in FY26 and FY27 each
Coforge	❖ 2H to outperform 1H	❖ FY26 EBIT margin target of 14%
Cyient	–	❖ Medium-term EBIT margin target of 15%

Source: Company, MOFSL

Consumer

Festive checks – Robust demand for jewelry; FMCG and paints see mixed trends

Company	TP (INR)	Rating
Jewelry		
Kalyan Jewellers	650	Buy
P N Gadgil Jewellers	825	Buy
Senco Gold	385	Neutral
Titan Company	4,150	Buy
Paints		
Asian Paints	2,500	Neutral
Indigo Paints	1,350	Buy
Pidilite Industries	1,600	Neutral
Staples		
Britannia Industries	6,500	Neutral
Colgate-Palmolive	2,850	Buy
Dabur India	625	Buy
Emami	725	Buy
Godrej Consumer	1,450	Buy
Hindustan Unilever	3,050	Buy
ITC	500	Buy
Jyothy Labs	365	Neutral
Marico	850	Buy
NESTLE	1,300	Neutral
PG	15,000	Neutral

- In jewelry, festive season demand remained strong despite high gold prices. Demand traction picked up well at the end of Sep and has remained intact in Oct. Leading retailers such as Tanishq, Kalyan Jewellers, and P. N. Gadgil saw robust exchange-led purchases, aided by promotional offers and wedding-related buying. While footfalls were impacted by high gold prices in Aug and mid-Sep, demand recovery was quite swift thereafter, as consumers adapted to high rates. Notably, gold coin sales in small denominations (2g-5g) surged, reflecting value-conscious consumer preferences.
- In paints, demand trends remained muted through Jul-Oct, impacted by extended monsoons and an early Diwali. West and South markets witnessed the sharpest slowdown, while North and East performed relatively better. Competitive intensity remained elevated, though pricing aggression from Birla Opus has moderated vs. last year. Asian Paints maintains price leadership (2-5% premium) with strong dealer retention, while Dulux is performing well in the interior category, albeit on a smaller base. Distributors expect demand to remain subdued, with a flat industry growth outlook for FY26 (with marginal pickup in 2HFY26).
- In FMCG, general trade (GT) feedback suggests that companies have largely passed on the GST 2.0 benefits to end consumers. MRP revisions have been implemented in large packs, while select low-unit packs (LUPs) saw price adjustments instead of grammage increases. The transition led to temporary supply disruptions over the past few weeks as companies worked on pack size and price revisions; however, supply has largely normalized since mid-Oct. Distributors highlighted that non-compliance with revised pricing norms could attract penalties of up to INR500k per SKU. Demand has not seen much improvement in Oct either, with limited traction in festive-driven products. Since the alternate channel (MT + Ecommerce) has a significant share in FMCG, our checks were limited to GT. Any meaningful growth in alternate channels can create growth divergence for FMCG companies.

Jewelry: Healthy festive season demand despite high gold prices

Channel checks across major jewelers indicate that festive season demand for jewelry remained healthy despite record-high gold prices. Retailers such as Tanishq, Kalyan Jewellers, and P N Gadgil reported strong traction during the Dhanteras and Diwali period, supported by exchange-led purchases, promotional offers, and wedding-related buying. While high gold prices initially dampened footfalls, demand recovered meaningfully closer to the festivals, as consumers adapted to elevated rates. Gold exchange programs, such as Tanishq's zero price-deduction offer and discounts on making charges by Kalyan helped to keep the momentum intact. Gold coin sales surged, particularly in smaller denominations (2g-5g), reflecting value-conscious consumer behavior. Sales remained concentrated in 22- and 18-carat jewelry, while low-carat and lab-grown diamond (LGD) segments saw limited traction. Overall, the season's performance was driven more by value than volume, with festive sentiment and weddings underpinning resilient consumer demand across regions.

RESULTS FLASH

HPCL

BSE SENSEX	S&P CNX
84,997	26,054

Conference Call Details

Date: 31 Oct'25
Time: 10:30 a.m. IST
Dial-in details:
+91 22 6280 1342
+91 22 7115 8243

CMP: INR469 **Buy**

Beat driven by higher-than-estimated GRM

- HPCL's EBITDA came in at INR76.2b (29% beat), aided by higher-than-estimated reported GRM of USD8.9/bbl (48% beat).
  - Marketing margin (including inv.) stood at ~INR5.8/lit (est. INR5.4/lit).
  - Refining throughput was in line at 6.6mmt. Marketing volumes also came in line at 12.1mmt.
  - LPG under-recovery stood at INR12.4b (down 42% QoQ).
- PAT came in 29% above our est. at INR38.3b.
  - Other income, depreciation and finance costs were below our estimates. However, forex loss stood at INR7.3b.
- **As of Sep'25,** HPCL had a cumulative negative net buffer of INR142.4b due to the under-recovery on LPG cylinders (INR130b as of Jun'24).
- As of Sep'25, net debt stood at INR549.2b (vs. INR631.6b as of 31st Mar'25).
- The MoP&NG, through letters dated 3rd and 24th Oct'25, approved a compensation of INR79.2b to HPCL 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 on a monthly basis starting Nov'25**.
- The Board has declared an interim dividend of INR5/sh (FV: INR10/sh).

Press release KTAs:

- Under **Project Samriddhi**, the company's EBITDA enhancement initiative, accruals during 1HFY26 amounted to **INR8.2b**, translating into **~USD0.52/bbl**.
- **Refining segment:**
  - Refineries achieved a **record crude throughput of 13.2mmt in 1HFY26**, up 9.7% from 12.1mmt in 1HFY25.
  - During 2QFY26, one additional crude grade was processed, bringing the total number of **new grades processed in 1HFY26 to five**.
- **Marketing segment:**
  - In 2QFY26, combined petrol and diesel sales stood at 7.1mmt (up 2.8% YoY), whereas total LPG sales reached 2.4mmt (up 5.9% YoY).
  - HPCL's aviation business posted 6.1% growth QoQ vs. industry decline of 2%.
  - A total of 351 retail outlets were commissioned in 2Q (total 24,252 outlets).
- **2Q capex stood at INR32.6b, bringing the total for 1HFY26 to INR61.2b.**
- **Update on ongoing projects:**
  - India's largest LPG storage cavern, with a capacity of 80 TMT, was commissioned in Mangalore during the quarter.
  - **HPCL Rajasthan Refinery (HRRL)** has achieved **89% overall physical progress**, with the **refinery section surpassing 95%.** Of the 13 process units, three -- diesel hydrotreating (DHDT), hydrogen generation unit (HGU), and crude/vacuum distillation -- are currently in the pre-commissioning stage. Crude feed into the crude distillation unit (CDU) is anticipated in CY25.

- At the **residue upgradation facility (RUF) in Visakhapatnam, pre-commissioning activities are progressing well.** ISBL hydrogen and flare headers have been successfully commissioned. Integrity testing of the unit under high-pressure and high-temperature conditions using hydrogen has been completed, and catalyst loading is currently underway.
- **Renewables:** A 1.5MWp floating solar power project was successfully commissioned at Visakhapatnam.
- **Retail energy transition**:
- CNG infrastructure: 42 new CNG outlets commissioned, expanding the network to a total of 2,113.
- Solar adoption: 304 additional retail outlets solarized, bringing the total to 22,747, now covering 94% of the network with renewable energy.

Standalone - Quarterly Earning Model (INR b)

Y/E March	FY25				FY26					Var	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	2Q	(%)	(%)	(%)
Net Sales	**1,138.0**	**999.3**	**1,105.1**	**1,094.9**	**1,107.7**	**1,007.8**	**867.2**	**880.4**	**904.9**	**11%**	**1%**	**-9%**
YoY Change (%)	1.6	4.4	-0.7	-4.4	-2.7	0.9	-21.5	-19.6	-9.4			
EBITDA	**20.8**	**27.7**	**64.5**	**57.6**	**76.7**	**76.2**	**63.4**	**71.1**	**59.0**	**29%**	**175%**	**-1%**
Margin (%)	1.8	2.8	5.8	5.3	6.9	7.6	7.3	8.1	6.5			
Depreciation	14.8	15.2	15.1	15.8	15.5	15.6	16.1	17.9	16.3			
Forex loss	-0.3	0.4	4.8	-0.5	0.7	7.3	0.0	0.0	0.0			
Interest	7.3	9.4	9.3	7.1	7.5	7.6	9.6	11.0	9.7			
Other Income	5.7	5.7	4.8	7.9	5.2	5.5	5.4	12.4	6.5			
PBT	**4.7**	**8.4**	**40.1**	**43.0**	**58.3**	**51.2**	**43.0**	**54.7**	**39.5**	**29%**	**513%**	**-12%**
Rate (%)	24.5	24.4	24.6	22.1	25.0	25.2	25.2	25.2	25.2			
Reported PAT	**3.6**	**6.3**	**30.2**	**33.5**	**43.7**	**38.3**	**32.2**	**40.9**	**29.6**	**29%**	**507%**	**-12%**
YoY Change (%)	-94.3	-87.7	471.4	18.0	1,128.5	506.9	6.5	21.9	368.8			
Margin (%)	0.3	0.6	2.7	3.1	3.9	3.8	3.7	4.6	3.3			
Key Assumptions												
Refining throughput (mmt)	5.8	6.3	6.5	6.7	6.7	6.6	6.7	6.7	6.6	-1%	4%	-1%
Reported GRM (USD/bbl)	5.0	3.1	6.0	8.5	3.1	8.9	6.5	6.5	6.0	48%	184%	188%
Marketing sales volume incl exports (mmt)	12.6	11.6	12.9	12.7	13.0	12.1	13.6	14.1	12.3	-2%	4%	-7%
Marketing GM incld inv (INR/litre)	3.0	4.2	5.7	4.6	7.0	5.8	5.2	5.5	5.4	7%	37%	-18%

SAIL

BSE SENSEX	S&P CNX
84,997	26,054

Conference Call Details

Date: 30 October 2025
Time: 10:00 pm IST
Registration:
Diamond Pass
Dial in:
+91 22 6280 1123
+91 22 7115 8024

CMP: INR140 **Neutral**

An all-round beat led by better-than-expected volumes and NSR

- SAIL reported revenue of INR267b (+16% YoY and +4% QoQ) in 2QFY26 against our estimate of INR244b. The beat was driven by healthy volume growth and a lower-than-expected decline in NSR.
- EBITDA stood at INR25.3b (+98% YoY and -3% QoQ) against our estimate of INR16.5b during the quarter.
- EBITDA/t stood at INR5,149/t (vs. our est. of INR3,553/t), up 66% YoY but down 10% QoQ, led by decent NSR and lower operating cost.
- Adj. PAT came in at INR6.7b (vs. our est. INR1b), up 18% QoQ, compared to a net loss of INR3.8b in 2QFY25.
- Crude steel production stood at 4.9mt (+6% YoY and +3% QoQ), while sales volume stood at 4.9mt (+20% YoY and +8% QoQ) against our est. of 4.6mt during the quarter.
- ASP stood at INR54,387/t (-3% YoY and -4% QoQ) against our estimate of INR52,590/t during the quarter.

SAIL Consolidated Quarterly Performance (INR b)

Y/E March	FY25				FY26		FY25	FY26E	FY26	Vs Est
	1Q	2Q	3Q	4Q	1Q	2Q			2QE	(%)
Sales (m tons)	**4.0**	**4.1**	**4.4**	**5.3**	**4.6**	**4.9**	**17.9**	**19.1**	**4.6**	**6.0**
Change (YoY %)	3.4	(14.6)	16.6	16.9	13.5	19.8	4.9	7.0		
Realization (INR per ton)	**59,845**	**56,191**	**55,282**	**55,002**	**56,590**	**54,387**	**56,431**	**55,228**	**52,590**	**3.4**
Change (YoY %)	(4.7)	(3.5)	(10.0)	(4.4)	(5.4)	(3.2)	(5.6)	(2.1)		
Net Sales	**240.0**	**230.4**	**244.9**	**293.2**	**257.5**	**267.0**	**1,008.4**	**1,055.9**	**243.6**	**9.6**
Change (YoY %)	(1.5)	(17.6)	4.9	11.7	7.3	15.9	(1.1)	4.7		
Change (QoQ %)	(8.6)	(4.0)	6.3	19.7	(12.2)	3.7				
Total Expenditure	**217.8**	**217.6**	**224.6**	**258.3**	**231.5**	**241.8**	**918.3**	**960.4**		
EBITDA	**22.2**	**12.8**	**20.3**	**34.8**	**26.0**	**25.3**	**90.1**	**95.5**	**16.5**	**53.6**
Change (YoY %)	34.6	(40.0)	(5.3)	97.0	16.9	98.2	17.2	6.1		
Change (QoQ %)	25.5	(42.5)	59.1	71.6	(25.5)	(2.6)				
EBITDA per ton (INR)	**5,536**	**3,111**	**4,582**	**6,536**	**5,704**	**5,149**	**5,042**	**4,997**	**3,553**	**44.9**
Interest	6.9	7.6	6.8	6.6	5.9	4.8	27.9	24.0		
Depreciation	14.0	13.0	14.2	15.2	14.4	14.5	56.5	57.4		
Other Income	1.8	1.7	2.3	3.0	1.6	2.1	8.8	9.6		
Share of Asso/JV/investments	1.1	1.6	1.3	0.9	0.7	1.0	4.9	5.8		
PBT (before EO Inc.)	**4.1**	**(4.6)**	**2.9**	**16.9**	**7.9**	**8.9**	**19.3**	**29.5**		
EO Income(exp)	(3.1)	16.4	0.3	(0.3)	1.7	(3.4)	13.2	(1.6)		
PBT (after EO Inc.)	**1.0**	**11.7**	**3.2**	**16.6**	**9.7**	**5.6**	**32.5**	**27.9**		
Total Tax	0.2	2.8	1.8	4.1	2.2	1.4	8.8	7.0		
% Tax	16.6	23.5	56.1	24.5	23.1	24.7	27.1	25.0		
Reported PAT	**0.8**	**9.0**	**1.4**	**12.5**	**7.4**	**4.2**	**23.7**	**20.9**		
Adjusted PAT	**3.2**	**(3.8)**	**1.1**	**12.8**	**5.7**	**6.7**	**13.4**	**22.6**	**1.0**	**566.8**
Change (YoY %)	52.9	(219.3)	(69.1)	609.1	75.7	(277.1)	24.3	68.4		
Change (QoQ %)	80.0	(216.9)	(129.9)	1,029.5	(55.4)	17.8				

United Breweries

BSE SENSEX	S&P CNX
84,997	26,054

Conference Call Details

Date: 30 Oct 2025
Time: 3:00 PM
Dial-in details:
+91 22 6280 1234 /
+91 22 7115 8135

Diamond Pass Registration

Financials & Valuations (INR b)

Y/E MAR	FY26E	FY27E	FY28E
Net Sales	99.0	111.7	124.8
Sales Gr. (%)	11.1	12.8	11.8
EBITDA	9.5	12.6	15.2
Margin (%)	9.6	11.3	12.2
Adj. PAT	5.5	8.0	10.0
Adj. EPS (INR)	20.7	30.4	37.8
EPS Gr. (%)	17.3	46.6	24.5
BV/Sh. (INR)	176.0	192.3	212.5
Ratios			
RoE (%)	12.2	16.5	18.7
RoCE (%)	12.5	16.6	18.8
Valuations			
P/E (x)	88.8	60.5	48.6
P/BV (x)	10.5	9.6	8.7
EV/EBITDA (x)	49.4	38.1	30.7

CMP: INR1,839

Weak revenue delivery; multi-quarter low margin

- UBBL's standalone net sales declined by 3% YoY to INR20.5b (est. INR21.8b) after clocking 16% growth in 1QFY26. We were already building up weak growth due to weak seasonal demand and extended monsoon, but it was weaker than expected.
- Overall volume declined by 3% (est. +3%), while the premium segment sustained robust growth and clocked 17% YoY growth.
- West and South regions posted volume growth of 16% and 4%, while North and East regions posted volume decline of 18% and 6%.
- The volume growth seen in Maharashtra, Andhra Pradesh, and Assam drove regional performance.
- Growth was offset by unfavorable weather across key markets and higher channel inventories in 2QFY25, following the election-impacted peak season.
- Gross margin contracted 100bp YoY to 42.8% (est. 44%, 42.5% in 1QFY26).
- Employee expenses grew 6% YoY and other expenses rose 7% YoY.
- EBITDA margin contracted 440bp YoY to 6.3% (est. 9.8%, 10.8% in 1QFY26). After delivering an improved margin trajectory, there was a sharp contraction in margin in 2Q.
- EBITDA declined 43% YoY to INR1.3b (est. INR2.1b).
- Interest cost rose ~570% YoY to 147m (est. INR50m).
- APAT declined 65% YoY to INR0.5b (est. INR1.2b).
- In 1HFY26, net sales grew 7%, while EBITDA and APAT declined 14% and 25%.

Other points

- During the quarter, the company expanded its value portfolio with the launch of London Pilsner in Orissa and Kalyani Black Label in West Bengal.
- The premium segment posted 17% YoY volume growth during the quarter, with 1HY26 growth at 33%, led by strong traction in Kingfisher Ultra, Kingfisher Ultra Max, and Heineken® Silver.
- Capex investments stood at INR2,930m during the quarter, primarily towards the new greenfield facility in Uttar Pradesh and other commercial capex aimed at supporting future qualitative growth.
- As part of its network optimization and productivity enhancement program, the company closed its Mangalore unit earlier this year, with additional measures underway to drive operational excellence and cost efficiencies across operations.

Standalone Quarterly Performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Volume growth (%)	**5**	**5**	**8**	**5**	**11**	**-3**	**4**	**11**	**6**	**7**	**3**	
Net Sales	**24,730**	**21,147**	**19,984**	**23,214**	**28,624**	**20,511**	**21,582**	**28,234**	**89,074**	**98,952**	**21,781**	-5.8%
YoY Change (%)	8.8	12.0	9.6	8.9	15.7	-3.0	8.0	21.6	9.7	11.1	3.0	
Gross Profit	**10,642**	**9,272**	**8,619**	**9,772**	**12,176**	**8,779**	**9,453**	**12,636**	**38,305**	**43,044**	9,584	-8.4%
Margin (%)	43.0	43.8	43.1	42.1	42.5	42.8	43.8	44.8	43.0	43.5	44.0	
EBITDA	**2,847**	**2,268**	**1,411**	**1,862**	**3,105**	**1,301**	**1,727**	**3,376**	**8,390**	**9,509**	2,135	-39.0%
YoY Change (%)	27.8	22.9	-3.0	31.2	9.1	-42.6	22.3	81.3	20.5	13.3	-5.9	
Margins (%)	11.5	10.7	7.1	8.0	10.8	6.3	8.0	12.0	9.4	9.6	9.8	
Depreciation	577	571	613	567	628	640	613	580	2,327	2,461	610	
Interest	16	22	32	59	112	147	50	-83	129	225	50	
Other Income	73	105	101	79	110	150	125	97	357	482	125	
PBT before EO expense	**2,327**	**1,781**	**867**	**1,316**	**2,475**	**665**	**1,189**	**2,976**	**6,291**	**7,304**	1,600	
Tax	595	458	227	342	638	196	297	696	1,622	1,826	400	
Rate (%)	25.5	25.7	26.2	26.0	25.8	29.4	25.0	23.4	26.9	25.0	25.0	
Reported PAT	**1,733**	**1,322**	**383**	**974**	**1,837**	**469**	**892**	**2,280**	**4,412**	**5,478**	**1,200**	-60.9%
Adj PAT	**1,733**	**1,322**	**640**	**974**	**1,837**	**469**	**892**	**2,280**	**4,669**	**5,478**	1,200	-60.9%
YoY Change (%)	27.3	22.9	-24.5	20.5	6.0	-64.5	39.3	134.1	13.6	17.3	-9.3	
Margins (%)	7.0	6.3	3.2	4.2	6.4	2.3	4.1	8.1	5.2	5.5	5.5	

E: MOFSL Estimates

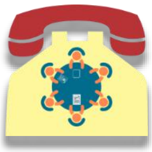
Volume growth (%)

Y/E March	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
UB Volume Growth (%)	-12.4	7.0	8.0	10.9	5.0	5.0	8.0	5.0	11.0	-3.0
UB Premium Volume Growth (%)	-21.1	10.0	14.0	21.0	44.0	27.0	33.0	24.0	46.0	17.0
Regional volume	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
North	-15.0	1.0	-1.0	3.0	7.0	12.0	16.0	3.0	8.0	-18.0
East	-8.0	11.0	22.0	10.0	2.0	-6.0	3.0	0.0	-1.0	-6.0
West	2.0	2.0	9.0	0.0	6.0	12.0	4.0	11.0	13.0	16.0
South	-18.0	11.0	10.0	21.0	6.0	1.0	8.0	5.0	16.0	4.0

Radico Khaitan

BSE SENSEX	S&P CNX
84,997	26,054

Conference Call Details



Date: 30th October 2025
Time: 4:00pm IST
Dial-in details:
Diamond Pass
Registration

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	60.4	69.7	79.7
Sales Gr. (%)	25	15	14
EBITDA	9.2	11.1	13.1
EBITDA Margin (%)	15.2	15.9	16.5
PAT	5.4	6.9	8.5
EPS (INR)	40.6	51.9	63.8
EPS Gr. (%)	57	28	23
BV/Sh.(INR)	234	275	326
Ratios			
RoE (%)	17.4	18.9	19.6
RoIC (%)	17.7	20.2	22.5
Payout (%)	20.0	20.0	20.0
Valuations			
P/E (x)	77.9	61.0	49.6
P/BV (x)	13.5	11.5	9.7
EV/EBITDA (x)	46.3	38.2	32.0
Sales	60.4	69.7	79.7

CMP: INR3,160 Buy

All-round beat with strong volume growth

- Standalone net sales grew 34% YoY to INR15b (est. INR14b) in 2QFY26.
- Total volume increased 38%, with P&A volume rising 22% YoY (41% in 1QFY26) to 3.9m cases (in line).
- Regular volume was up 79% YoY to 5m cases. The growth was aided by a low base, resolution of state-specific issues, and route-to-market changes in Andhra Pradesh.
- Royalty cases were down by 46% YoY to 0.4m cases.
- Non-IMFL revenue grew 27%, led by higher bulk alcohol sales YoY.
- Gross margin remained flat YoY at 43% due to a relatively stable raw material scenario and a higher proportion of regular category volumes.
- Radico remains optimistic on the stability of ENA and grain prices in FY26.
- Employee costs rose 14%, S&D grew 46%, and other expenses rose 21% YoY.
- The company's EBITDA margin improved 130bp YoY to 15.9%.
- Radico's EBITDA/PBT/APAT grew 46%/67%/69% YoY in 2QFY26.
- Its revenue/EBITDA/APAT grew 33%/50%/76% YoY in 1HFY26.
- The Board has approved the amalgamation of its wholly owned subsidiary and step-down subsidiaries. These subsidiaries were formed to acquire the land for the Sitapur greenfield project. As the project is now complete, the amalgamation will streamline the corporate structure and bring the land holdings directly into the company.

Radico Khaitan (Standalone) (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
IMFL volume growth %	**-4.1**	**-2.4**	**15.5**	**27.5**	**37.5**	**37.7**	**14.7**	**6.7**	**9.2**	**22.4**	**26.7**	
P&A volume growth (%)	**14.2**	**12.7**	**18.0**	**16.4**	**40.7**	**21.6**	**22.0**	**23.3**	**15.5**	**26.1**	**22.0**	
Regular volume growth (%)	**-14.0**	**-11.9**	**13.5**	**78.1**	**51.8**	**79.4**	**20.0**	**-9.3**	**13.3**	**28.2**	**45.0**	
Total revenues	**11,365**	**11,163**	**12,942**	**13,041**	**15,060**	**14,939**	**15,646**	**14,796**	**48,512**	**60,441**	**13,939**	**7%**
YoY change (%)	19.1	20.7	11.5	20.9	32.5	33.8	20.9	13.5	17.8	24.6	24.9	
Gross Profit	**4,720**	**4,870**	**5,568**	**5,669**	**6,477**	**6,520**	**6,853**	**6,424**	**20,773**	**26,274**	**6,022**	**8%**
Margin (%)	41.5	43.6	43.0	43.5	43.0	43.6	43.8	43.4	42.8	43.5	43.2	
EBITDA	**1,490**	**1,632**	**1,840**	**1,776**	**2,322**	**2,376**	**2,347**	**2,155**	**6,737**	**9,200**	**2,126**	**12%**
Margins (%)	13.1	14.6	14.2	13.6	15.4	15.9	15.0	14.6	13.9	15.2	15.3	
EBITDA growth(%)	24.7	34.6	28.8	45.0	55.8	45.6	27.6	21.3	33.1	36.6	30.3	
Depreciation	329	357	356	360	363	374	365	369	1,401	1,471	365	
Interest	185	167	195	215	159	163	155	125	738	602	155	
Other income	37	11	11	14	47	24	25	30	49	125	30	
PBT	**1,014**	**1,118**	**1,299**	**1,215**	**1,846**	**1,863**	**1,852**	**1,691**	**4,646**	**7,252**	**1,636**	**14%**
Tax	251	297	339	308	443	474	465	439	1,194	1,820	411	
Rate (%)	24.7	26.5	26.1	25.3	24.0	25.4	25.1	26.0	25.7	25.1	25.1	
Extraordinary inc/(Exp)	0	0	0	0	-70	0	0	0	0	-70	0	
Reported PAT	**763**	**822**	**960**	**907**	**1,473**	**1,390**	**1,387**	**1,252**	**3,452**	**5,502**	**1,225**	**13%**
Adj. PAT	**763**	**822**	**960**	**907**	**1,403**	**1,390**	**1,387**	**1,252**	**3,452**	**5,432**	**1,225**	**13%**
YoY change (%)	20.7	32.8	30.0	59.7	83.9	69.1	44.5	38.0	35.0	57.4	49.1	

E: MOFSL Estimate

Key operational metrics

Revenue Split (INR m)	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	1Q FY25	2Q FY25	3Q FY25	4Q FY25	1Q FY26	2Q FY26
P&A	3,611	4,025	4,336	4,195	4,897	5,197	5,035	4,995	5,780	6,479	6,148	7,132	7,184
Regular	2,411	2,250	2,175	2,783	2,014	1,997	1,715	2,363	1,766	2,294	3,440	3,499	3,228
Royalty	78	72	77	77	80	100	124	96	93	158	104	65	62
IMFL	**6,100**	**6,347**	**6,588**	**7,055**	**6,991**	**7,294**	**6,874**	**7,454**	**7,639**	**8,931**	**9,692**	**10,696**	**10,474**
Non IMFL	**1,513**	**1,575**	**1,729**	**2,484**	**2,260**	**4,315**	**3,912**	**3,911**	**3,523**	**4,011**	**3,349**	**4,364**	**4,465**
Total	**7,613**	**7,922**	**8,317**	**9,539**	**9,251**	**11,609**	**10,786**	**11,365**	**11,162**	**12,942**	**13,041**	**15,060**	**14,939**
Rev Growth YoY (%)													
P&A	25%	19%	18%	40%	36%	29%	16%	19%	18%	25%	22%	43%	24%
Regular	-11%	-19%	-26%	-5%	-16%	-11%	-21%	-15%	-12%	15%	101%	48%	83%
Royalty	225%	177%	185%	67%	3%	39%	61%	25%	16%	58%	-16%	-32%	-33%
IMFL	**9%**	**2%**	**-1%**	**18%**	**15%**	**15%**	**4%**	**6%**	**9%**	**22%**	**41%**	**43%**	**37%**
Non IMFL	**9%**	**15%**	**16%**	**56%**	**49%**	**174%**	**126%**	**57%**	**56%**	**-7%**	**-14%**	**12%**	**27%**
Total	**9%**	**5%**	**2%**	**26%**	**22%**	**47%**	**30%**	**19%**	**21%**	**11%**	**21%**	**33%**	**34%**
Revenue Mix (%)													
P&A	59%	63%	66%	59%	70%	71%	73%	67%	76%	73%	63%	67%	69%
Regular	40%	35%	33%	39%	29%	27%	25%	32%	23%	26%	35%	33%	31%
Royalty	1%	1%	1%	1%	1%	1%	2%	1%	1%	2%	1%	1%	1%
IMFL	**80%**	**80%**	**79%**	**74%**	**76%**	**63%**	**64%**	**66%**	**68%**	**69%**	**74%**	**71%**	**70%**
Non IMFL	**20%**	**20%**	**21%**	**26%**	**24%**	**37%**	**36%**	**34%**	**32%**	**31%**	**26%**	**29%**	**30%**
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
IMFL Volume details (Cases in m)	**Q2 FY23**	**Q3 FY23**	**Q4 FY23**	**Q1 FY24**	**Q2 FY24**	**Q3 FY24**	**Q4 FY24**	**1Q FY25**	**2Q FY25**	**3Q FY25**	**4Q FY25**	**1Q FY26**	**2Q FY26**
Prestige & Above	2.3	2.6	2.6	2.4	2.8	3.1	2.9	2.7	3.2	3.7	3.4	3.8	3.9
Regular	3.8	3.5	3.8	4.2	3.2	3.1	3.0	3.6	2.8	3.5	5.3	5.4	5.0
Royalty	1.0	0.9	0.9	0.8	0.9	1.0	1.3	0.8	0.8	1.2	0.5	0.5	0.4
Total	**7.2**	**7.0**	**7.2**	**7.4**	**7.0**	**7.2**	**7.2**	**7.1**	**6.8**	**8.4**	**9.1**	**9.7**	**9.4**
Chg YoY (%)											**1.65**	**1.94**	**1.87**
Prestige & Above	22%	14%	17%	27%	22%	20%	15%	14%	13%	18%	16%	41%	22%
Regular	-13%	-23%	-23%	-7%	-16%	-12%	-22%	-14%	-12%	13%	78%	52%	79%
Royalty	587%	480%	493%	73%	-10%	16%	44%	-7%	-16%	14%	-65%	-40%	-46%
Total	**11%**	**0%**	**-1%**	**8%**	**-3%**	**4%**	**-1%**	**-4%**	**-2%**	**15%**	**27%**	**37%**	**38%**

LIC Housing Finance

BSE SENSEX	S&P CNX
84,997	26,054

Conference Call Details

Date: 30th October 2025
Time: 11:30 AM IST
Dial-in details:
+91 22 6280 1145/
+91 22 7115 8046
Link for call

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	81.3	82.4	93.2
PPP	71.4	73.2	82.0
PAT	54.3	53.6	58.1
EPS (INR)	98.6	97.4	105.6
EPS Gr. (%)	13.9	-1.2	8.4
BV/Sh (INR)	659	736	820
Ratios			
NIM (%)	2.8	2.6	2.8
C/I ratio (%)	16.2	16.6	16.4
RoAA (%)	1.8	1.6	1.7
RoE (%)	16.0	14.0	13.6
Payout (%)	10.1	10.8	10.4
Valuations			
P/E (x)	6.0	6.1	5.6
P/BV (x)	0.9	0.8	0.7
Div. Yield (%)	1.7	1.8	1.9

CMP: INR593 — Buy

Earnings in line; NIM contracts QoQ, and loan growth still sluggish

Weak disbursements with elevated BT-OUT; minor improvement in asset quality

- LICHF's 2QFY26 PAT grew ~2% YoY to ~INR13.5b (inline). NII grew ~3% YoY to ~INR20.4b (inline). Fees and other income grew 74% YoY to INR1.4b. PPoP grew ~8% YoY to ~INR18.7b (inline).
- Opex dipped ~3% YoY to INR3b (~12% lower than est.), and the cost-to-income ratio declined ~120bp YoY to ~13.9% (PY: ~15.1% and PQ: ~13.4%).
- Reported yields declined ~20bp QoQ and stood at 9.4%, while CoB declined ~8bp QoQ to ~7.4%. This resulted in spreads declining ~12bp QoQ to ~1.98%. NIM in 2QFY26 declined ~6bp QoQ to ~2.62%.
- Credit costs dipped QoQ to ~INR1.7b (~25% higher than est.); the costs translated into annualized credit costs of 22bp (PY: 11bp and PQ: 25bp).

Weak disbursements & higher repayments lead to muted loan growth

- Loan disbursements in individual home loans (IHL) grew ~3% YoY, while non-housing individual disbursements rose 23% YoY. The non-housing commercial disbursements declined ~19% YoY. The builder/project loan disbursements declined ~73% YoY.
- Loan growth was sluggish due to both weak disbursements and higher repayments. Total disbursements de-grew ~1% YoY to ~INR163b. Repayments stood at 18.2% (PQ and PY both at 14.6%). **Overall loan book grew ~6% YoY and ~1% QoQ to INR3.12t. Home loans grew ~7% YoY, while the non-housing individual book grew ~17% YoY.**

Marginal improvement in asset quality

- GS3/NS3 declined ~10bp each QoQ to ~2.5%/1.2%. Stage 3 PCR improved ~230bp QoQ to ~53% (PQ: ~51%), and Stage 2 PCR rose ~15bp QoQ to ~3.9% (PQ: 3.7%)
- Stage 2 + 3 assets (30+ dpd) declined ~30bp QoQ to 5.9% (vs. ~6.2% in Jun'25). The ECL/EAD remained stable QoQ at ~1.63%.

Valuation and view

- LICHF delivered an operationally soft quarter, with continued sluggish loan growth and disbursements. Asset quality showed marginal improvement, as seen in the sequential improvement in GS3, decline in the 30+dpd, and stable ECL/ EAD. Margins remain under pressure, primarily from lower yields following recent PLR reductions.
- It will be interesting to understand the management's outlook on demand for mortgages, the competitive intensity from banks, and its guidance on loan growth. Guidance on NIM (in the current declining interest rate environment) and credit costs for 2HFY26/FY27 will also be important. We will review our estimates after the earnings call on 30th Oct'25.

Quarterly Performance (INR M)

Y/E March	FY25				FY26				FY25	FY26	2Q	Act. v/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			FY26E	est. %
Interest Income	67,391	68,534	69,516	71,173	71,131	70,335	70,687	71,723	2,76,615	2,83,876	70,348	0.0
Interest Expenses	47,501	48,796	49,515	49,508	50,473	49,951	50,201	50,861	1,95,320	2,01,486	50,422	-1.0
Net Interest Income	**19,891**	**19,739**	**20,001**	**21,664**	**20,658**	**20,385**	**20,487**	**20,862**	**81,295**	**82,391**	**19,926**	2.0
YoY Growth (%)	-10.0	-6.3	-4.6	-3.2	3.9	3.3	2.4	-3.7	-6.0	1.3	0.9	
Fees and other income	446	784	1,057	1,661	1,201	1,362	1,480	1,362	3,948	5,405	1,375	-1.0
Net Income	**20,337**	**20,522**	**21,059**	**23,326**	**21,859**	**21,747**	**21,967**	**22,224**	**85,243**	**87,796**	**21,300**	2.0
YoY Growth (%)	-9.7	-4.9	-1.9	2.0	7.5	6.0	4.3	-4.7	-3.6	3.0	3.8	
Operating Expenses	2,621	3,105	3,564	4,536	2,938	3,018	3,849	4,788	13,826	14,593	3,416	-12.0
Operating Profit	**17,715**	**17,417**	**17,495**	**18,790**	**18,920**	**18,729**	**18,118**	**17,436**	**71,416**	**73,202**	**17,885**	5.0
YoY Growth (%)	-11.9	-8.3	-7.2	-1.3	6.8	7.5	3.6	-7.2	-7.2	2.5	2.7	
Provisions and Cont.	1,431	773	-440	1,094	1,929	1,682	1,513	211	2,858	5,335	1,350	25.0
Profit before Tax	**16,285**	**16,644**	**17,934**	**17,696**	**16,992**	**17,047**	**16,604**	**17,225**	**68,558**	**67,867**	**16,535**	3.0
Tax Provisions	3,282	3,355	3,615	4,016	3,392	3,508	3,487	3,864	14,268	14,252	3,307	6.0
Net Profit	**13,002**	**13,289**	**14,320**	**13,680**	**13,599**	**13,539**	**13,117**	**13,360**	**54,290**	**53,615**	**13,228**	2.0
YoY Growth (%)	-2.0	12.0	23.0	25.0	5.0	2.0	-8.0	-2.0	14.0	-1.0	6.0	
Key Operating Parameters (%)												
Yield on loans (Cal)	9.4	9.4	9.4	9.4	9.2	9.1			9.5	9.0		
Cost of funds (Cal)	7.5	7.6	7.6	7.4	7.5	7.4			7.5	7.2		
Spreads (Cal)	1.9	1.8	1.8	2.0	1.8	1.7			2.0	1.8		
Margins (Cal)	2.8	2.7	2.7	2.9	2.7	2.6			2.7	2.6		
Credit Cost (Cal)	0.2	0.1	-0.1	0.1	0.3	0.2			0.1	0.2		
Cost to Income Ratio	12.9	15.1	16.9	19.4	13.4	13.9			16.2	16.6		
Tax Rate	20.2	20.2	20.2	22.7	20.0	20.6			20.8	21.0		
Balance Sheet Parameters												
Loans (INR B)	2,887	2,946	2,991	3,077	3,096	3,118			3028.0	3248.0		
Change YoY (%)	4.4	6.0	6.4	7.3	7.2	5.8			7.9	7.3		
Indiv. Disb. (INR B)	124.0	151.0	145.0	183.0	130.0	159.0			602.0	651.0		
Change YoY (%)	16.9	6.0	-2.1	9.3	4.6	5.7			6.9	8.0		
Borrowings (INR B)	2,537	2,574	2,626	2,706	2,709	2,725			2706.0	2891.0		
Change YoY (%)	5.1	5.7	7.1	7.0	6.8	5.8			7.2	6.8		
Loans/Borrowings (%)	113.8	114.4	113.9	113.7	114.3	114.4			111.9	112.4		
Asset Quality Parameters												
GS 3 (INR B)	95.3	90.1	82.3	76.0	81.1				76.0	71.1		
Gross Stage 3 (% on Assets)	3.3	3.1	2.8	2.5	2.6				2.5	2.2		
NS 3 (INR B)	48.0	45.7	43.2	37.1	39.9				37.1	60.9		
Net Stage 3 (% on Assets)	1.7	1.6	1.5	1.2	1.3				1.2	1.9		
PCR (%)	49.6	49.3	47.5	51.2	50.8				51.2	14.4		
ECL (%)	2.0	1.9	1.7	1.6	1.6							
Loan Mix (%)												
Home loans	85.3	85.2	85.1	85.0	84.8							
LAP	12.7	12.9	13.2	13.3	13.6							
Non Individual loans	2.0	1.9	1.7	1.7	1.6							
Borrowing Mix (%)												
Banks	34.0	34.0	33.0	32.0	31.0							
NCD	54.0	54.0	54.0	55.0	55.0							
Sub Debt	1.0	1.0	1.0	1.0	0.0							
Deposits	3.0	3.0	3.0	3.0	4.0							
NHB	4.0	4.0	5.0	4.0	5.0							
CP	4.0	4.0	4.0	5.0	5.0							

RESULTS FLASH

Mahanagar Gas

BSE SENSEX	S&P CNX
84,997	26,054

CMP: INR1,296 **Buy**

Conference Call Details

Date: 30 Oct'25
Time: 1530 hours IST
Dial-in details:
+91 22 6280 1116
+91 22 7115 8017

Miss on EBITDA/scm margin; Stable volume growth

- Total MAHGL's total volumes stood at 4.6mmscmd (+3% QoQ).
  - CNG/D-PNG volumes grew 2% QoQ, while I&C-PNG volumes grew 8% QoQ.
- EBITDA/scm came in at INR8 (vs. adjusted EBITDA/scm of INR9.6 in 1QFY26).
  - On a QoQ basis, adj. EBITDA/scm margin declined by INR1.6, as 1) gas cost increased INR1.4/scm QoQ to INR32.1/scm; 2) realization declined by INR0.1/scm QoQ, and operating cost increased by INR0.1/scm QoQ.
  - Reported EBITDA came at INR3.4b (-18%/-33% YoY/QoQ).
- MAHGL's PAT stood at INR1.9b (-33%/-39% YoY/QoQ).

- **UEPL was amalgamated with MAHGL during the quarter. Accordingly, the comparative financial information for 1QFY26 and 2QFY25 has been restated to reflect the impact of the amalgamation and other quarters are not-comparable. Due to unavailability of data, we assume UEPL's EBITDA/PAT of INR160m/INR50m for 2QFY26 (similar QoQ), and total volume of 0.21mmscmd (up 30% YoY). Comparison of MAHGL SA estimated numbers vs actuals is as below:**
- EBITDA came in 8% below our estimate at INR3.2b, as EBITDA/scm stood 8% below estimate at INR8/scm.
- APAT stood 21% below estimates at INR1.9b.
- Total volumes came in line with our estimate at 4.4mmscmd.

Standalone - Quarterly Earning Model (INR m)

Y/E March	FY25	FY26E		YoY	QoQ
	2Q	1Q	2Q	(%)	(%)
Net Sales	**17,863**	**20,814**	**20,493**	**15%**	**-2%**
YoY Change (%)	*13.7*	*30.9*	*14.7*		
EBITDA	**4,135**	**5,007**	**3,380**	**-18%**	**-33%**
EBITDA/SCM	*11.1*	*12.4*	*8.0*	*-28%*	*-35%*
Margin (%)	*23.1*	*24.1*	*16.5*	*-0.3*	*-0.3*
Depreciation	842	959	1,038		
Interest	31	45	50		
Other Income	468	319	289		
PBT before EO expense	**3,729**	**4,322**	**2,580**	**-31%**	**-40%**
PBT	**3,729**	**4,322**	**2,580**	-31%	-40%
Tax	861	1,127	646		
Rate (%)	*23.1*	*26.1*	*25.1*		
Reported PAT	**2,868**	**3,196**	**1,934**	**-33%**	**-39%**
YoY Change (%)	*-15.3*	*12.3*	*-32.6*		
Margin (%)	*16.1*	*15.4*	*9.4*	*-0.4*	*-0.4*
Sales Volumes (mmscmd)					
CNG		3.2	3.3		2%
PNG - Domestic		0.6	0.6		2%
PNG - Industrial/ Commercial		0.7	0.8		8%
PNG - Total		1.3	1.3		6%
Total Volumes		**4.5**	**4.6**		**3%**

MAHGL ex-UEPL comparison vs estimates INR m

Y/E March	FY26		Var (%)
	2Q	2QE	(%)
EBITDA	**3,220**	**3,510**	**-8%**
EBITDA/SCM	*8.0*	*8.7*	*-8%*
Adj PAT	**1,884**	**2,396**	**-21%**
Sales Volumes (mmscmd)			
Total Volumes	**4.4**	**4.4**	**0%**

Transport Corporation of India

BSE SENSEX	S&P CNX
84,997	26,054

CMP: INR1,228 — Buy

In-line performance

Earnings snapshot: 2QFY26

- Revenue grew 7.5% YoY to ~INR12b in 2QFY26 (in line). Revenue growth experienced a slowdown across segments.
- EBITDA margin came in at 10.5% in 2QFY26 (+10 bp YoY and -10 QoQ), against our estimate of 10.9%.
- EBITDA grew 8.2% YoY to INR1.26b (6% below our estimate), while APAT grew 5.8% YoY to ~INR1.12b (in line).
- Supply chain revenue grew ~12% YoY, while the Freight and Seaways divisions reported ~7% and 2% YoY growth, respectively.
- EBIT margin for Freight/Supply Chain/Seaways divisions stood at 2.3%/5.6%/37.5%, respectively, in 2QFY26. EBIT margin for the Freight and Supply Chain businesses contracted 40bp and 30bp YoY, respectively, while EBIT margin for the Seaways business expanded 630bp on a YoY basis.
- In 1HFY26, revenue grew ~8%, whereas EBITDA and PAT grew ~12% and ~11%, respectively.

Conference Call Details

Date: 30th October 2025

Time: 04:00 PM IST

Meeting Link

Financials & Valuations (INR b)

Y/E MARCH	2026E	2027E	2028E
Sales	51.2	59.2	67.8
EBITDA	5.6	6.6	7.6
Adj. PAT	4.7	5.2	5.9
EBITDA Margin (%)	11.0	11.2	11.2
Adj. EPS (INR)	61.5	66.9	76.2
EPS Gr. (%)	14.9	8.8	14.0
BV/Sh. (INR)	332.9	391.8	460.0
Ratios			
Net D:E	0.0	0.0	-0.1
RoE (%)	19.8	18.2	17.7
RoCE (%)	18.9	17.5	17.1
Payout (%)	13.0	12.0	10.5
Valuations			
P/E (x)	19.5	18.0	15.8
P/BV (x)	3.6	3.1	2.6
EV/EBITDA(x)	15.7	13.4	11.3
Div. Yield (%)	0.7	0.7	0.7
FCF Yield (%)	0.3	-0.5	1.3

Quarterly snapshot

INR m

Y/E March (INR m)	FY25				FY26		FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q			2QE	vs Est
Net Sales	**10,451**	**11,208**	**11,471**	**11,788**	**11,393**	**12,049**	**44,918**	**51,173**	**12,361**	**(3)**
YoY Change (%)	10.0	12.8	14.5	9.3	9.0	7.5	11.6	13.9	10.3	
EBITDA	**1,038**	**1,171**	**1,185**	**1,217**	**1,210**	**1,267**	**4,611**	**5,620**	**1,347**	**(6)**
Margins (%)	9.9	10.4	10.3	10.3	10.6	10.5	10.3	11.0	10.9	
YoY Change (%)	3.0	16.6	18.6	11.2	16.6	8.2	12.3	21.9	15.1	
Depreciation	290	291	305	292	288	305	1,178	1,366	340	
Interest	42	46	59	55	54	59	202	183	42	
Other Income	109	106	68	184	113	125	467	514	120	
PBT before EO expense	**815**	**940**	**889**	**1,054**	**981**	**1,028**	**3,698**	**4,584**	**1,085**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	
PBT	**815**	**940**	**889**	**1,054**	**981**	**1,028**	**3,698**	**4,584**	**1,085**	
Tax	110	109	93	121	106	125	433	611	152	
Rate (%)	13.5	11.6	10.5	11.5	10.8	12.2	11.7	13.3	14.0	
Minority Interest	-6.0	-9.0	-12.0	-9.0	-7.0	-9.0	-36.0	-30.0	-7.0	
Profit/Loss of Asso. Cos	211	242	225	218	197	232	896	795	205	
Reported PAT	**910**	**1,064**	**1,009**	**1,142**	**1,065**	**1,126**	**4,125**	**4,738**	**1,131**	
Adj PAT	**910**	**1,064**	**1,009**	**1,142**	**1,065**	**1,126**	**4,125**	**4,738**	**1,131**	**(0)**
YoY Change (%)	10.6	22.3	27.1	9.3	17.0	5.8	16.8	14.9	6.3	
Margins (%)	8.7	9.5	8.8	9.7	9.3	9.3	9.2	9.3	9.2	

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Segment Revenue (INR m)										
Freight	4,754	4,818	4,856	5,553	5,136	5,442	5,799	5,736	5,388	5,700
Supply chain	3,630	3,907	3,882	3,928	4,097	4,418	4,455	4,801	5,020	5,810
Seaways	1,254	1,354	1,426	1,492	1,415	1,633	1,554	1,597	1,575	1,423
Energy	16	21	7	11	13	20	4	8	14	18
Net segment Revenue	**9,654**	**10,100**	**10,171**	**10,984**	**10,661**	**11,513**	**11,812**	**12,142**	**11,997**	**12,951**
Growth YoY(%)										
Freight	2.6	2.7	0.6	10.1	8.0	13.0	19.4	3.3	4.9	7.0
Supply chain	20.1	9.0	16.4	13.4	12.9	13.1	14.8	22.2	22.5	12.0
Seaways	-17.7	9.0	-16.2	-1.9	12.8	20.6	9.0	7.0	11.3	2.0
Energy	1.3	11.7	-53.9	3.8	-18.8	-4.8	-42.9	-27.3	7.7	-28.0
Net segment Revenue	**5.0**	**5.9**	**3.0**	**9.4**	**10.4**	**14.0**	**16.1**	**10.5**	**12.5**	**12.5**
Revenue Share										
Freight	49	48	48	51	48	47	49	47	45	44
Supply chain	38	39	38	36	38	38	38	40	42	45
Seaways	13	13	14	14	13	14	13	13	13	11
Energy	0	0	0	0	0	0	0	0	0	0
Total Revenue Share	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Segmental EBIT Margin(%)										
Freight	3.3	3.4	3.1	3.2	3.0	2.7	2.4	2.3	2.4	2.3
Supply chain	6.3	6.7	6.5	6.4	6.0	5.9	6.1	6.0	5.6	5.6
Seaways	29.2	22.9	22.1	26.4	28.6	31.2	32.7	36.4	36.9	37.5
Energy	50.0	57.1	0.0	36.4	46.2	70.0	-75.0	12.5	35.7	50.0
Total	**7.9**	**7.4**	**7.0**	**7.5**	**7.6**	**8.1**	**7.8**	**8.3**	**8.3**	**7.7**

Aeroflex Industries: Hydair will also see significant uptick in the next QTR; Asad Daud, Managing Director

- Strong recovery to continue in next 2 Qtrs
- Margins for FY26 to be in range of 21-22% aided by favourable forex moment
- Domestic business has grown and impact from tariff would be moniterable for exports
- Hydair will also see significant uptick in the next QTR

Read More

Joyalukkas: Company recorded best ever sales on Dhanteras; Thomas Mathew, Executive Director

- Due to High Prices of gold more focus on studded Jewellery
- Store Count : 175 Showrooms across 12 countries , Latest addition in Australia Sydney
- Stacking up inventory for wedding season

Read More

Happiest Minds: Expects GEN AI Biz Services to contribute $50-60m over next 3-4 years; Joseph Anantharaju, CEO

- Aims to achieve double digit revenue growth for FY26
- Expect 30 net new logos signed to contribute $50 million over next 3-4 years
- Expect double digit revenue growth for the next 4 years vs earlier guidance of 3 years

Read More

Newgen Software: Aim is double digit growth in H2; Virender Jeet, CEO

- Slowdown in large deal momentum is a challenge they are facing
- Margins should be around 23-24%
- We are a Product company, not impacted by US H-1B Restrictions

Read More

Explanation of Investment Rating	
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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:
The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

MOFSL, it's associates, Research Analyst or their relatives may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst or their relatives may have actual beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may have any other potential conflict of interests at the time of publication of the research report or at the time of public appearance, however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report..

In the past 12 months, MOFSL or any of its associates may have:
a) received any compensation/other benefits from the subject company of this report
b) managed or co-managed public offering of securities from subject company of this research report,
c) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
d) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.

- MOFSL and it's associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.
- Subject Company may have been a client of MOFSL or its associates during twelve months preceding the date of distribution of the research report.
- Research Analyst may have served as director/officer/employee in the subject company.
- MOFSL and research analyst may engage in market making activity for the subject company.

MOFSL and its associate company(ies), and Research Analyst and their relatives from time to time may have:
a) a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein.
(b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.
To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report.

Terms & Conditions:
This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.
Analyst Certification
The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement	
Analyst ownership of the stock	No

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)
This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:
This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Financial Services Limited (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

MOTILAL Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. (“MOCMSPL”) (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as “institutional investors” as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore (“SFA”) or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an “institutional investor” nor an “accredited investor”, they must immediately discontinue any use of this Report and inform MOCMSPL .
In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.
Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

Disclaimer:

This report is intended for distribution to Retail Investors.

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be` suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN .: 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.