

## Market snapshot



## Today's top research theme

### India Strategy | 2QFY26E Preview: Reform. Resilience. Revelry!

- ❖ We estimate the MOFSL Universe/Nifty-50 earnings to grow 9%/6% YoY in 2QFY26. Ex-Financials, we expect earnings to increase 16%/10% YoY, whereas ex-Metals and O&G, we project the earnings to rise 6%/4% YoY for the quarter.
- ❖ The overall earnings growth is expected to be modest and will be anchored by O&G (+25% YoY), NBFC-Lending (+21%), Telecom (loss-to-profit), Metals (+10%), Technology (+6%), Cement (+62%), Capital Goods (+14%), and Healthcare (+10%). These sectors are likely to contribute 95% of the incremental YoY accretion in earnings. Conversely, both Private Banks (-7%) and PSBs (-7%) are likely to contribute adversely to earnings.
- ❖ Further, we expect FY26 earnings to grow 12% YoY and 9% YoY for the MOFSL Universe and Nifty-50, respectively.
- ❖ We cut our FY26E/FY27E Nifty EPS by 1.1% / 1.7% and expect it to grow 8%/16% YoY to INR1,096/INR1,274. The Metals, Cement, BFSI, Auto, and Technology sectors have contributed to the majority of the reduction in our earnings estimate.



## Research covered

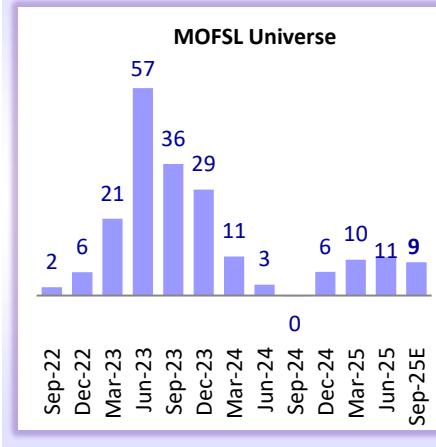
Cos/Sector	Key Highlights
India Strategy   2QFY26E Preview	Reform. Resilience. Revelry!
Financial   Life Insurance	Insuring a stronger 2H
2QFY26 Preview	Consumer   Automobiles   Financials (a. NBFCs; b. Non-Lending)   Capital Goods
India Strategy	The Eagle Eye   Markets drift sideways as DIs cushion headwinds
	HDFC Bank   Bajaj Finance   Kotak Mahindra Bank   Avenue Supermarts   Punjab National Bank   Union Bank of India   Bajaj Housing Finance   Marico   L&T Finance   IndusInd Bank   AU Small Finance Bank   Mahindra Finance   Bandhan Bank   RBL Bank   Equitas Small Finance
Other Updates	

Note: Flows, MTD includes provisional numbers.

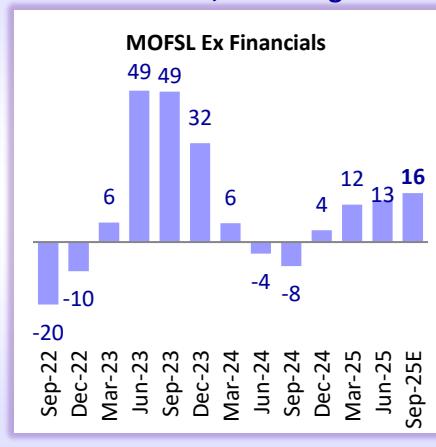
\*Average

## Chart of the Day: India Strategy | 2QFY26E MOFSL earnings performance

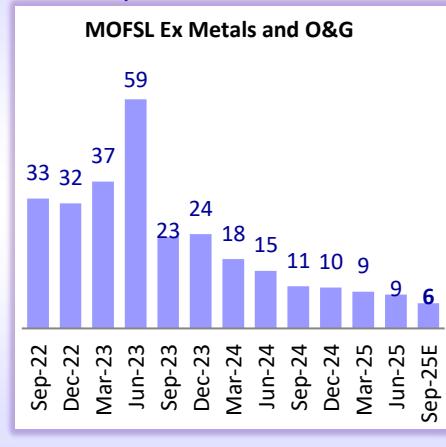
PAT expected to grow 9% YoY for the MOFSL Universe



PAT likely to rise 16% YoY for the MOFSL Universe, excluding Financials



PAT to grow 6% YoY for the MOFSL Universe, sans Metals and O&G



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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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Kindly click on textbox for the detailed news link

1

**Warburg to infuse Rs 500 crore more in Truhome Finance; CEO says biz scale in place for IPO**

Truhome Finance is receiving an additional Rs 500 crore from Warburg Pincus, bringing total investment to over Rs 2,000 crore. The affordable housing lender plans aggressive growth, targeting Rs 23,000 crore AUM by fiscal end,

2

**Piyush Goyal meets Sembcorp CEO to explore collaboration in clean energy and green hydrogen**

Union Minister for Commerce and Industry Piyush Goyal on Saturday held a meeting with Kim Yin Wong, Group President and CEO of Sembcorp, to discuss India's progress in the renewable energy sector

3

**Delhi set for bumper sales of Rs 75,000 crore this festive season: CAIT**

Delhi traders anticipate record Diwali sales of Rs 75,000 crore, driven by GST rate cuts and a strong 'Vocal for Local' movement. Consumers are actively choosing Indian-made products over Chinese goods, marking a significant shift in market sentiment.

4

**Diwali travel bookings soar as Indians blend festivities with faith, getaways**

India is witnessing a record surge in Diwali travel this year, driven by a blend of traditional family reunions, spiritual journeys, and luxury escapes. Online platforms report robust growth in bookings, with metros and pilgrimage sites like Ayodhya seeing exceptional domestic demand.

5

**GST 2.0 lapses: FMCG products spark blame game between companies & distributors**

FMCG companies and distributors are blaming each other for lapses in passing GST benefits to consumers, particularly on smaller packs. The government plans action against firms and e-commerce platforms found raising base prices, with 2,000 complaints already forwarded to CBIC. Companies claim benefits are passed, but consumers report otherwise.

6

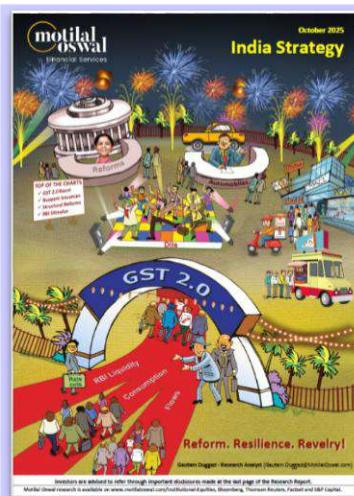
**Urban Company eyes ACs foray via in-house co Native**

The Gurgaon-based company, which offers a host of home services such as spas and AC repairs, already sells water purifiers and electronic smart locks under the 'Native' label. The platform has held early discussions with component makers to assemble room ACs locally, sources said.

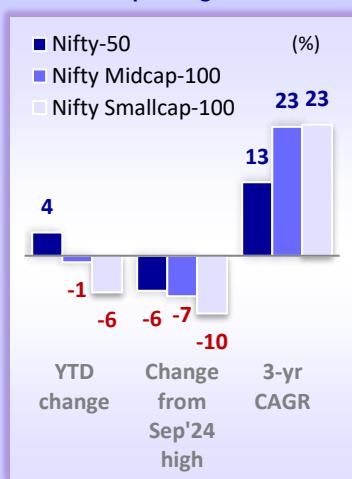
7

**Festive Cheer at Box Office! PVR INOX crosses 50% occupancy as audiences return in droves**

PVR INOX celebrated a strong Dussehra weekend, achieving over 50% occupancy and attracting 8.5 lakh moviegoers across its theatres. This robust performance, fueled by a diverse lineup of Bollywood, Hollywood, and regional films, positions...



## Large caps outperform in CY25YTD and since Sep'24 highs



## Reform. Resilience. Revelry!

India stands at a crucial juncture in shaping its economic and geopolitical future through self-determination. Over the past six months, the country has faced several adverse developments, such as the US tariffs, global geopolitical headwinds, and a kinetic war. Nevertheless, Indian policymakers have chosen to respond with a 'resolve to reform', turning adversities into opportunities to lay the ground for much stronger, long-term economic outcomes. Against this backdrop, we discuss the 2QFY26 earnings, and see it as a quarter of bottoming earnings growth and a moderation in the trajectory of earnings cuts. More importantly, this quarter will reflect the initial and partial impact of GST2.0 announcements for few sectors, while the corporate commentaries accompanying earnings releases will be crucial to better assess the structural impact of reforms on overall demand and corporate earnings. Our bottom-up estimates suggest a 9% YoY growth in 2QFY26 aggregate PAT for the MOFSL universe. However, beyond 2QFY26 earnings, given the evolving macro and global backdrop, we believe markets will start focusing to 2026 soon and keenly analyze evidence of the positive effects of various policy measures.

## India – resilient amid headwinds!

Over the past few months, India has witnessed an unprecedented confluence of multiple headwinds, such as 1) geopolitical strife, with India forced to engage in kinetic war, 2) a constant flow of disproportionate, punitive, and unfair US tariff measures, and 3) massive FII outflows – USD9b between Jul and Sep'25. However, the Indian government's response to these chiefly external developments has been swift, decisive, and oriented towards long-term capacity building. GST2.0 is one of the biggest reforms in the past decade, and the government is likely to follow this up with further reform measures to improve the business environment and potential economic growth rate. There will likely be a cavalry of reforms after GST 2.0, including the long-overdue factor market reforms, especially in land and labor, along with judicial reforms, faster approvals and permits, etc. In addition to policy changes, the focus will also be on improving the ease of doing business and ease of living, decriminalizing trivial offenses, and ironing out avoidable costs and day-to-day hassles that reduce business efficiency.

## Both monetary and fiscal policies working in tandem

The government has been proactive in addressing economic concerns, and the recent GST rate rationalization response is in addition to several other measures announced earlier. Particularly on the monetary side, the RBI has been cognizant of weakening growth impulse, and emboldened by low inflation (the latest CPI print at 2.1%), the RBI has opened monetary taps by cutting the repo rate by 100bp to 5.5%, while the CRR rate will be cut by 150bp (by Nov'25). Moreover, the liquidity situation, which was earlier in the deficit zone, has moved to the surplus territory – facilitating better transmission – following several back-to-back OMOs and FX swaps. Although the Central Bank did not announce any further repo rate cuts at the last policy meet, the overall commentary was benign and growth-positive, with multiple measures aimed at easing credit flow within the system. This, coupled with the personal income tax forbearance of INR1t and the latest GST cuts, should work through the system and

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**MOFSL Universe to clock ~10% earnings growth in 2QFY26**



catalyze demand revival, growth acceleration, and improved potential for corporate earnings. However, growth can be affected if the tariff stalemate extends into 2HFY26, especially if the US issues further trade-related announcements targeting other sectors or aspects of its trade with India.

### **Resolution to tariff stalemate key for near-term performance**

Indian equities have underperformed global peers in the past six months, owing in good measure to the US tariff measures. Complex global geopolitical equations have resulted in what we deem as an unjustified and harsh singling out of India by the US for punitive economic measures. However, we believe the Indian economy is robust enough to absorb such external shocks (the last two quarterly GDP growth prints of 7.4% and 7.8% in 4QFY25/1QFY26 bear testimony) and that economic forces will eventually prevail over populist compulsive policies. Nonetheless, in the near term, Indian markets will stay hostage to volatile sentiments towards Indian equities, particularly from foreign investors. Hence, any resolution or signs of thaw/easing in Indo-US engagement will be a key sentiment booster. This, coupled with strong domestic macros and an improving earnings growth trajectory, should lend support to Indian equities.

### **DII flows remain supportive; a pause in FII outflows can be a key catalyst**

India's domestic retail investors have continued to maintain their faith in Indian equities and have been consistently investing through SIPs into Mutual Funds (INR840b in 2QFY26). Consequently, DIIs have remained strong buyers of Indian equities (investing a net USD25b in 2QFY26 – ~25% higher than the USD20b net flows posted in 1QFY26). This has also broadly offset the supply of fresh issuances, thereby ensuring limited impact from a surge in primary market activities. In contrast to domestic institutions, the foreign institutional flows, after witnessing some traction in 1QFY26, again turned negative in 2QFY26, posting a net outflow of USD9.3b vs. a net inflow of USD5.4b in 1QFY26. We continue to believe that domestic investors will remain steadfast in their confidence in Indian equities, providing robust support during drawdowns. Hence, Indian equities can recover even at the slightest indication of a pause in FII outflows. Given India's sharp underperformance over the past one year, combined with the tailwinds of improving earnings and a policy overdrive, we expect a rotation of FII capital back into India. This should offer a reasonable upside potential for Indian equities from current levels.

### **Key investment themes to align the investment portfolio**

Against the current backdrop, we view the following key investment themes emerging:

**1) Divergence between Financials and IT services:** We are witnessing divergence in the prospects of two of the largest sectors, Financials and IT services. Within Financials, while non-lending names have done well in the past few years, banks were beset by slowing growth and rising credit costs. However, we now expect banks to start posting growth from H2FY26 onwards, driven by NIM expansion and higher credit growth as the credit impulse improves on the back of multiple government measures, making a stronger structural case for banks. The non-lenders, especially the capital market names, remain a long-term structural play on rising financialization/equitization of savings. In contrast, IT services are experiencing a slowdown in demand growth from their primary market, the US, while the transitional phase of generative AI adoption is expected to delay clarity regarding service growth.

**2) Consumption revival:** The government, after taking cognizance of the need to stimulate consumption, has embarked on a policy overdrive to announce measures that can drive higher consumption growth. We believe that all the measures put together will have a synergistic impact on demand and drive an uptick in consumption names, along with any derivative of consumption, such as retail lenders, logistics providers, et al.

**3) New-age themes:** While growth has remained a favorite theme for Indian investors, the market has now broadened enough to offer a reasonably wider choice of investable universe to investors. Many new-age themes have cropped up in the past few years, and we recommend strong overweight in some of these themes, such as quick commerce, renewable energy, mobile app ecosystem-based business models, etc. At MOFSL too, we have expanded our coverage to include 331 companies, with several new additions in emerging themes such as quick commerce, renewables, data centres, high-end discretionary consumption, ER&D, and more.

### **Indian markets on a strong platform, performance should mean revert**

While Indian equities have registered lackluster performance in the past one year (down ~10% in USD terms since the Sep'24 highs), we continue to highlight that the Indian markets now appear to be in a healthy state vs. last year, and the platform is set for Indian equities to mean-revert and post an uptick going forward. The earnings cycle is bottoming out, with growth likely to pick up into double digits (quarterly PAT growth of 12%/12% YoY in 3QFY26/4QFY26 and annual PAT growth of 11%/14% YoY in FY26/FY27). The earnings cut cycle has already started to ease, with the latest quarterly cuts at a more modest ~1-2% range. Valuations are reasonable, with Nifty trading at 20.6x in line with LPA, and any evidence of earnings growth pickup should help valuations expand. We believe that the cavalry of measures by the government will help to reset the trajectory of corporate earnings as domestic reforms are expected to continue, while any resolution of the tariff stalemate will be a key external catalyst in our opinion. We see potential for further market upside, especially in an environment characterized by improving corporate earnings growth, low interest rates, ample liquidity, and macroeconomic recovery. Our model portfolio is more aligned towards domestic names, driven by expectations of a domestic economic rebound. While SMIDs trade at expensive valuations, we continue to focus on this segment, selectively picking high-conviction SMID names in our portfolio.

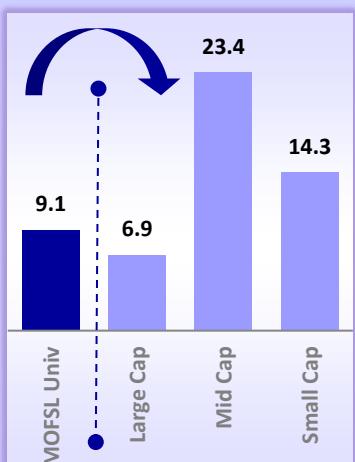
### **Modest expectations for 2Q; Nifty EPS cut 1.1%/1.7% for FY26E/FY27E**

We estimate the MOFSL Universe/Nifty-50 earnings to grow 9%/6% YoY in 2QFY26. Ex-Financials, we expect earnings to increase 16%/10% YoY, whereas ex-Metals and O&G, we project the earnings to rise 6%/4% YoY for the quarter. The overall earnings growth is expected to be modest and will be anchored by O&G (+25% YoY), NBFC-Lending (+21%), Telecom (loss-to-profit), Metals (+10%), Technology (+6%), Cement (+62%), Capital Goods (+14%), and Healthcare (+10%). These sectors are likely to contribute 95% of the incremental YoY accretion in earnings. Conversely, both Private Banks (-7%) and PSBs (-7%) are likely to contribute adversely to earnings. Further, we expect FY26 earnings to grow 12% YoY and 9% YoY for the MOFSL Universe and Nifty-50, respectively. FY26 earnings, ex-Financials, are projected to rise 15% YoY and 11% YoY. Barring Metals and O&G, FY26 earnings are likely to increase 11% and 9% YoY for the MOFSL Universe and Nifty-50, respectively. We cut our FY26E/FY27E Nifty EPS by 1.1%/1.7% and expect it to grow 8%/16% YoY to INR1,096/INR1,274. The Metals, Cement, BFSI, Auto, and Technology sectors have contributed to the majority of the reduction in our earnings estimate.

**Sectoral PAT growth for the quarter-ended Sep'25 (YoY %)**

	LP
Telecom	62
Cement	36
EMS	29
Real Estate	26
Logistics	25
Oil & Gas	24
Cons. Durables	21
NBFC - Lending	19
Retail	18
Media	14
Cap. Goods	12
Staffing	10
Metals	10
Healthcare	9
MOFSL Univ.	6
Insurance	6
Technology	5
Auto	4
Utilities	3
Consumer	3
Chemicals	0
NBFC - Non Lending	-7
Banks-PSU	-7
Banks-PVT	-8
Infra	-8

**MOFSL: Large-/Mid-/Small-cap PAT growth in 2QFY26 (YoY %)**



**Earnings highlights – 2QFY26E | OMCs to drive the modest earnings growth**

- We expect earnings of **MOFSL Universe** and **Nifty** to grow 9% YoY and 6% YoY, respectively, in 2QFY26. Excluding financials, the earnings are expected to jump 16% YoY and 10% YoY, whereas, excluding global commodities (i.e., Metals and O&G), the MOFSL Universe and Nifty are likely to report 6% and 4% YoY growth in earnings, respectively, for the quarter.
- The overall earnings growth is expected to be modest and will be anchored by O&G (+25% YoY), NBFC-Lending (+21%), Telecom (loss-to-profit), Metals (+10%), Technology (+6%), Cement (+62%), Capital Goods (+14%), and Healthcare (+10%). These sectors are likely to contribute 95% of the incremental YoY accretion in earnings. Conversely, both Private Banks (-7%) and PSBs (-7%) are likely to contribute adversely to earnings.
- Sales and EBITDA for the MOFSL Universe are likely to grow 6% and 8% YoY, while the same for the Nifty are likely to improve 7% YoY and 8% YoY, respectively. Ex-Commodities, EBITDA for the MOFSL Universe and Nifty is projected to grow 5% YoY and 6% YoY, respectively.
- In 2QFY26, the **MOFSL large-cap/mid-cap/small-cap** universe is likely to register a PAT growth of 7%/23%/14%, YoY. Moreover, sales for large-/mid-/small-caps are likely to grow 6%/6%/8% YoY, and their EBITDA would clock 8%/13%/3% YoY growth for the quarter.
- The earnings of the MOFSL **Financial** Universe are expected to dip 1% YoY, primarily due to the weak performance of both Private and Public banks, offset by the strong performance of NBFC-Lending. The **Private Banks** sector is projected to report an earnings decline (of 7% YoY) for the second straight quarter since Mar'20. The **PSU Banks** Universe is also likely to report an earnings decline of 7%, the lowest in 22 quarters. The earnings of the **Insurance** sector are expected to remain modest at +6% YoY. **NBFC-Lending** is likely to post a strong 21% YoY earnings growth (the highest in six quarters), while **NBFC Non-lending** is set to post a flat YoY growth in earnings – the lowest in 13 quarters.
- The earnings of the **O&G** Universe are likely to jump 25% YoY, led by OMCs. This marks the second quarter of growth after five consecutive quarters of decline.
- The **Telecom** universe is likely to clock profits (for the fourth successive quarter) of INR23b in 2QFY26 (vs. a loss of INR15b in 2QFY25 and a profit of INR16b in 4QFY25), mainly fueled by continued improvement in margins of Bharti Airtel.
- The **Metals** universe is projected to report a modest profit growth of 10% YoY.
- The **Cement** universe is expected to report a strong earnings growth of 62% YoY in 2QFY26 (over the weak base of 48% earnings decline for 2QFY25). The sector is likely to clock the second quarter of earnings growth after four consecutive quarters of significant earnings dip.
- The **Capital Goods** sector is projected to report a healthy earnings growth of 14% YoY. However, the sector would report the second quarter of less than 15%+ earnings growth after 4QFY25.
- The **Healthcare** universe is likely to report 10% YoY earnings growth (the lowest growth in eight quarters), after clocking six quarters of 15%+ earnings growth until 4QFY25.
- The **Real Estate** universe is likely to deliver a strong quarter with earnings growth of 29% YoY in 2QFY26 over a strong base of 2QFY25.

- The **Technology** sector is likely to register a modest earnings growth of 6% YoY, the lowest growth in six quarters. This will also mark the ninth quarter of single-digit profit growth.
- The **Auto** sector is likely to report a modest quarter of YoY earnings growth of 5% in 2QFY26 over a flat base of 2QFY25.
- The **Consumer** sector is expected to post a muted earnings growth of 3% YoY, marking the sixth consecutive quarter of weak earnings print.
- The **Chemicals** sector is also likely to report a muted 3% YoY earnings growth (despite a weak base of 5% YoY earnings dip in 2QFY25). However, this will mark the third consecutive quarter of earnings growth following a seven-quarter decline.
- We expect the EBITDA margin (ex-Financials) to expand 110bp to 17.5% for the MOFSL Universe. Conversely, for the Nifty-50, EBITDA margin is likely to expand 100bp to 21.1% (ex-Financials) during the quarter.
- **Sales/EBITDA/PAT of the MOFSL Universe** are expected to report a two-year CAGR of 6%/5%/4% over 2QFY24 and 2QFY26.
- **FY26E earnings highlights:** The MOFSL Universe is likely to deliver sales/EBITDA/PAT growth of 5%/11%/12% YoY. The O&G, NBFC Lending, Metals, and Telecom sectors are likely to be the key earning drivers with 13%, 23%, 17%, and 18% YoY growth in FY26E, respectively. These four sectors are projected to contribute 49% of the incremental earnings for the MOFSL Universe in FY26.
- **Nifty EPS cut for FY26E/27E:** We reduce our FY26E/FY27E Nifty EPS by 1.1% / 1.7% and expect it to grow 8%/16% YoY to INR1,096/INR1,274. The Metals, Cement, BFSI, Auto, and Tech sectors have contributed to the majority of the reduction in our earnings.
- **Top ideas: Largecaps:** Bharti Airtel, ICICI Bank, Larsen & Toubro, Mahindra & Mahindra, Ultratech Cement, Titan Company, Max Healthcare, Bharat Electronics, Tech Mahindra, TVS Motors, Macrotech, and Indian Hotels. **Midcaps and Smallcaps** – Dixon Technologies, SRF, Suzlon Energy, Jindal Stainless, Coforge, Supreme Industries, Page Industries, Kaynes Tech, Radico Khaitan, VIP Industries, UTI AMC, Swiggy, and Niva Bupa Health.



### Model portfolio: Key changes

Our model portfolio broadly reflects our preference for growth visibility and domestically focused plays in a still-strained global environment. We anticipate a gradual recovery in earnings by FY26, and we marginally raise our weights in domestic names. We discuss the key changes in our model portfolio below:

Our key Overweight (OW) sectors are Autos, Industrials, Healthcare, BFSI, and Consumer Discretionary, while we are Underweight (UW) on Oil & Gas, Cement, and Metals. We upgrade Automobiles to OW from Neutral. We have also made several additions from a bottom-up standpoint across sectors.

- **FINANCIALS:** We retain our OW stance on the BFSI sector, with differentiation among its sub-segments. We continue to prefer large private banks, holding the highest OW position in ICICI Bank, followed by Kotak Bank, albeit we have trimmed our allocations in both ICICI Bank and Kotak Bank by 100bp each. We remain marginal OW on PSU banks, with only SBI representing this segment. We are OW in diversified financials, reflecting our positive long-term outlook on this

theme. While maintaining our allocations to UTI AMC and Niva Bupa, we have replaced Angel One with Max Financials, assigning a substantial allocation of 300bp. We expect **Max Financials** to outperform in APE growth, product mix, VNB margin, and RoEV over 2HFY26 and beyond, on the back of a favorable outlook for the life insurance industry driven by GST rate cuts, interest rate cuts, and a favorable base of 2HFY25. We project an APE/VNB CAGR of 18%/21% during FY25-28E and consider the valuations attractive at FY27 P/EV of 1.9x.

- **CONSUMPTION:** We remain OW on Discretionary, our preferred long-term theme in consumption, and maintain our UW stance on Staples. We have added two more names to the Discretionary cohort, i.e., Indigo and V-Mart, with 300bp and 100bp allocations, respectively. We have partially funded these additions by replacing Jubilant Foodworks, while we have maintained allocations in Titan, Radico Khaitan, Indian Hotels, and Page Industries at the same levels as last quarter.
- **Indigo** is a key beneficiary of the surge in travel demand. It has demonstrated resilience through cost control, strong network execution, and steady passenger growth. Backed by early double-digit capacity growth, stable yields, a rising international mix (currently ~30% of ASKs), and improving operating leverage (from reduced damp leases and expanding wide-body routes), INDIGO is well-positioned to sustain healthy profitability.
- **V-Mart** remains a formidable beneficiary of the unorganized-to-organized shift and rising preference for one-stop shops, which provide a wider assortment at competitive prices in Tier 2+ towns.
- **TECHNOLOGY:** We remain Neutral on Technology, within which we are UW on IT services but OW on quick commerce, which offsets the services underweight. Within IT services, we continue to prefer mid-cap players owing to their better growth vs. the large-cap peers. Coforge and Hexaware are our key mid-cap IT picks with unchanged allocation at 200bp. TechM is the sole large-cap IT name in our portfolio. We have replaced HCL Tech by adding Swiggy to our model portfolio with an allocation of 300bp.
- **Swiggy** is a beneficiary of improved execution and rising QC AOV, which strengthens growth visibility while easing competition and moderating dark store expansion, accelerating the path to breakeven.
- **AUTOMOBILES:** We upgrade Automobiles to OW from Neutral, as the environment for the auto sector has improved materially over the past few months, owing to a confluence of multiple enablers such as GST2.0 rationalization, interest rate cuts, higher personal disposable incomes, and healthy rural demand. We have maintained our existing allocations of 400bp/300bp in M&M and TVS Motors, while adding Happy Forgings to the portfolio with a 200bp weightage.
- **Happy Forgings** is our key preferred stock in the auto ancillary space, as it is second order beneficiary of the expected demand revival at OEMs post-GST 2.0 rate rationalization. Happy Forging's key customer segments in the domestic market (CVs and tractors) have picked up in 2Q, holding potential for continued strong growth. There is no material impact of US tariffs, as its US exposure is below 3% of revenue, including indirect exports. The stock trades at a palatable valuation of 27.4x 12-month forward earnings vs. the 10-year average of 34x.

- **INDUSTRIALS:** This sector remains one of our favorite themes. We maintain our OW stance in this segment and retain our allocations and stock picks as in the last quarter, with allocations to L&T, BEL, Ultratech, Dixon Technology, and Keynes. Among the sub-segments, we are very optimistic about EMS names, and hence, the sector is a key OW, as we see a continuation of super-normal growth in this segment.
- **HEALTHCARE:** We retain our OW stance on Healthcare, albeit we have changed the composition by replacing Sun Pharma with Lupin and assigned a 200bp weightage. We have retained our allocations in Global Health and Dr. Agarwal's Health.
- **Lupin** is expected to post a continuation of strong earnings growth momentum with expectations of 35%, 26%, and 42% YoY growth in 2Q, 3Q, and 4QFY26, respectively. It has posted a strong sales growth in the US over the past 14 quarters. Further, LPC has a strong pipeline of products in the inhalation/injectable space to sustain this growth momentum going forward. Given its strong anti-diabetes franchise, LPC is gearing up for the launch of semaglutide in India and is also scaling additional growth drivers in India, including consumer health, diagnostics, and digital offerings for cardiac patients.
- **METALS/UTILITIES:** We continue to maintain our UW stance, with exposures through Jindal Stainless and Suzlon Energy.
- **OTHERS:** We maintain our OW stance, which in a way signifies the growing importance of newer, less prominent, and smaller themes. We have replaced SRF and Macrotech Developers with Delhivery and VIP Industries in this segment.
- **Delhivery** is a beneficiary of capacity additions through organic and inorganic routes, market leadership position, increasing share of high-margin part-truck-load (PTL) business, and cost efficiency driven by higher scale of operations.
- **VIP Industries** is now emerging from a strategic reset year with a cleaner balance sheet, renewed brand investments, and meaningful cost efficiency gains. We expect the refreshed strategy to be anchored around 1) augmenting its supply chain efficiency, 2) enhancing employee productivity, 3) divesting low-profitability brands, 4) expanding retail footprint to high-throughput locations, and 5) realigning e-commerce discounting.



# Life Insurance

## Valuation snapshot

	Reco	Target INR	Upside %
HDFCLIFE	BUY	910	20
SBILIFE	BUY	2,120	19
IPRU	BUY	700	16
MAXFIN	BUY	2,000	25
LIC	BUY	1,080	19

## Insuring a stronger 2H!

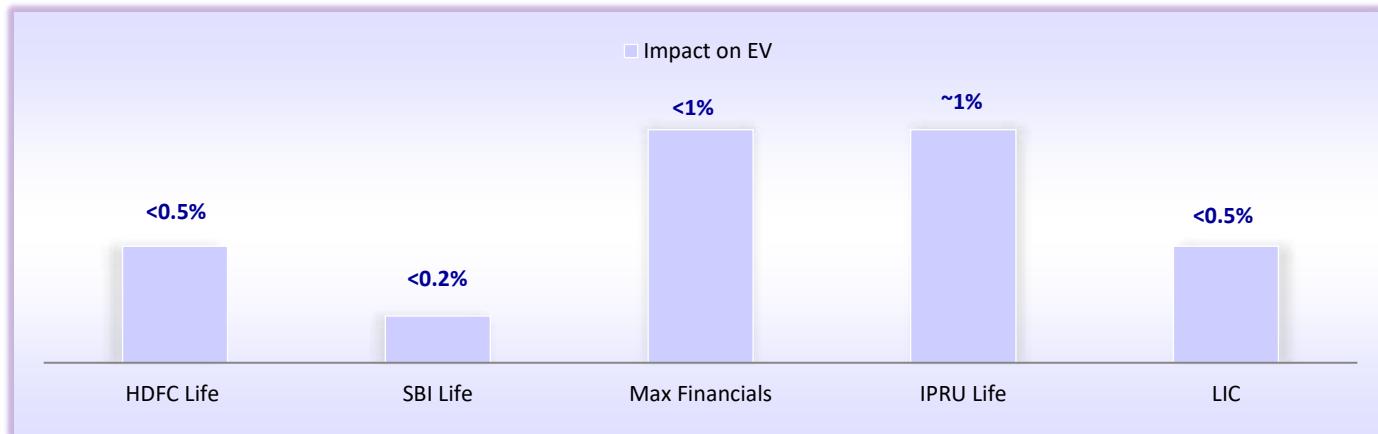
- **Upgrade Max Financials to a BUY; prefer HDFCLIFE as well**
- **We believe that the life insurance sector in India is entering 2HFY26 with significant tailwinds, including 1) the GST waiver, which, while creating near-term margin pressures from loss of input tax credit (ITC), should structurally aid penetration; 2) the anticipated rate-easing cycle, which will be a driver for stronger non-par and annuity growth; and 3) improving mix towards protection and non-par, which will drive VNB margin expansion.**
- **A product mix shift was observed in 1QFY26 towards non-linked categories, with ULIP share declining 460bp/360bp/600bp YoY for IPRU/SBILIFE/MAXFIN. We expect this trend to accentuate going forward, with interest rates declining and customers looking to lock long-term interest rates.**
- **VNB margins improved 10-260bp YoY in 1QFY26 across private players, led by higher-yielding non-par and protection, offsetting ULIP softness. We expect the momentum to get stronger in 2HFY26, aided by 1) a favorable mix away from ULIPs, 2) non-par/annuity accretion, and 3) a low base, as 2HFY25 margins were diluted by revised surrender charge norms. However, 2QFY26 numbers will be hit as ITC is not available, and any action to counter the same will be implemented in due course.**
- **The GST waiver improves affordability and penetration, though insurers face short-term margin pressure from the ITC loss. EV impact remains contained (<1%), aided by cost optimization, repricing/relaunches, and selective absorption. Concurrently, an expected rate-easing cycle enhances the appeal of guaranteed non-par and annuity products, driving persistency and premium growth—benefits likely to accrue strongly in 2HFY26.**
- **Within the sector, we upgrade Max Financials to BUY given industry-leading growth (APE/VNB +15%/+32% YoY in 1QFY26), the highest non-par savings mix (33% of APE), and sharp margin expansion (+260bp YoY to 20.1%). Strong banca traction (Axis + new partners: >54% YoY), steady agency expansion, and management's guidance of 24-25% margins in FY26, along with potential structural upside from the reverse merger, reinforce our conviction. We value MAXLIFE at 2.2x Sep-27E EV and adjusting for 80% stake of Max Financials, we arrive at a TP of INR2,000.**
- **We also prefer HDFCLIFE within the space, given its strong track record of delivering consistent growth across regulatory changes and healthy profitability (VNB margins of 25%+ and RoEV of 16.3%).**

## GST exemption boosts affordability; EV impact limited (<~1%)

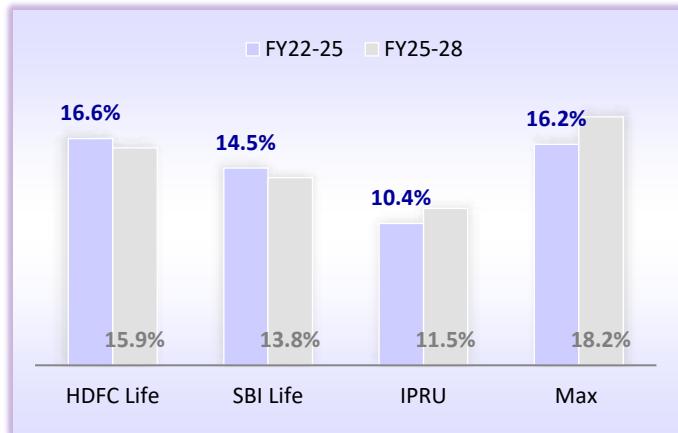
- **While exemption improves affordability but puts pressure on margins via ITC loss, insurers expect EV impact to be limited (<1%) through cost optimization, product repricing/relaunches, and selective cost absorption.**
- **HDFCLIFE:** Sees <0.5% EV impact; expects higher affordability to boost demand and be VNB accretive.
- **SBILIFE:** Guides for <0.2% EV impact; views reform as supportive of "Insurance for All by 2047".
- **MAXLIFE:** Expects <1% EV impact; highlights affordability gains and reduced protection gap.
- **IPRU LIFE:** Anticipates ~1% EV impact, expecting stronger growth and penetration.
- **LIC:** Projects <0.5% EV impact; expects business volume and VNB growth.

## STORY INCHARTS

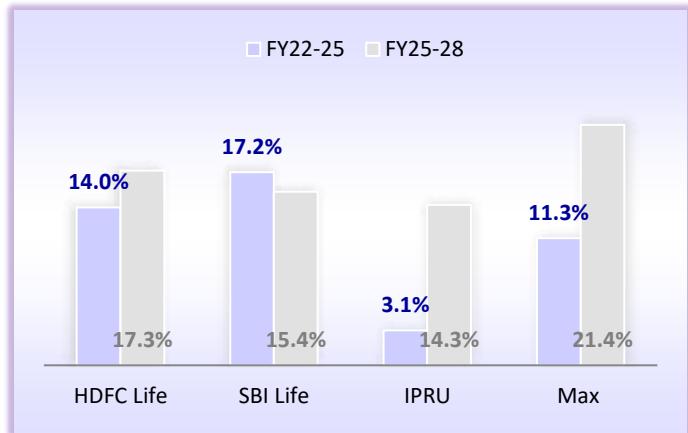
### Expected impact of GST exemptions on the Embedded Value (EV)



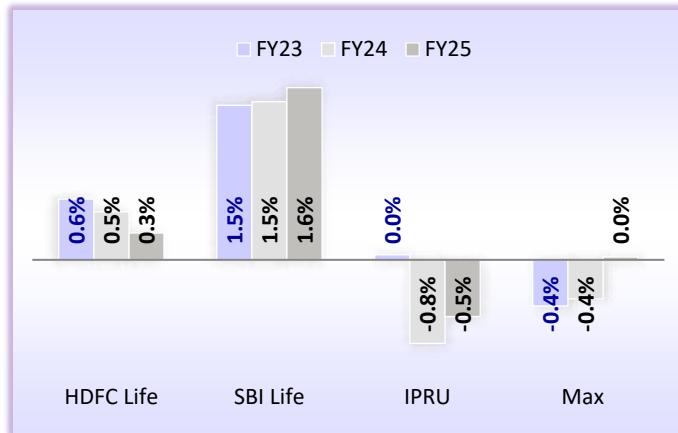
### MAXLIFE stands out in terms of APE CAGR (%)...



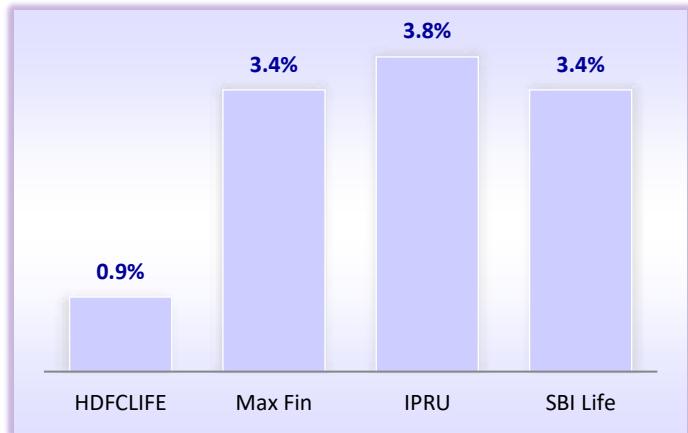
### ...and also in terms of VNB CAGR (%)



### Operating variance + assumption changes as % of opening EV



### EV sensitivity to 100bp interest rate cuts



## Result Preview



Company	TP INR	Reco
<b>Staples</b>		
BRIT	6,500	Neutral
CLGT	2,850	Buy
DABUR	625	Buy
HMN	725	Buy
GCPL	1,450	Buy
HUVR	3,050	Buy
ITC	500	Buy
JYL	365	Neutral
L T Foods	560	Buy
MRCO	850	Buy
NESTLE	1,300	Neutral
PG	15,000	Neutral
Tata Consumer	1,320	Buy
Varun beverages	580	Buy
<b>Paints</b>		
APNT	2,500	Neutral
INDIGOPN	1,350	Buy
PIDI	1,600	Neutral
<b>Liquor</b>		
UNSP	1,500	Neutral
RDCK	3,375	Buy
UBBL	2,000	Neutral
<b>Innerwear</b>		
PAGE	50,000	Buy
<b>QSR</b>		
BBQ	265	Neutral
DEVYANI	200	Buy
JUBI	700	Neutral
RBA	135	Buy
SAPPHIRE	375	Buy
WESTLIFE	750	Neutral
<b>Jewelry</b>		
KALYANKJ	650	Buy
PNG	825	Buy
SENCO	385	Neutral
TTAN	4,150	Buy

## Trade disturbance and early festive season to impact growth trend; all eyes on commentary

In our consumer coverage universe, almost all segments are expected to deliver revenue/EBITDA growth YoY in 2QFY26 – staples +5%/+0%, paints & adhesives +3%/+10%, liquor +9%/+10%, innerwear +6%/+6%, QSR +10%/-13%, and jewelry +16%/+24%.

- **Consumption trend to be uneven; Liquor/Jewelry to outperform:** In 2QFY26, despite underlying trends being stable for most of the quarter, Sep'25 saw variation owing to GST 2.0, early festivals and extended monsoon. We expect liquor and jewelry companies to still deliver better growth and profitability margin in 2QFY26. Several staple companies (particularly personal care) have passed on GST benefits even prior to 22nd Sep. It will have some bearings on margins. QSR and paint companies continue to see demand pressure and are likely to see weak EBITDA margin. Liquor and Jewelry companies are expected to deliver strong profit growth.
- **Staple** companies are expected to see massive benefits from GST 2.0, but the trade transition has been impacting primary growth in the interim. We expect the transition impact more for personal care categories (early GST benefit pass-on, delay in channel placing for winter portfolio, etc.) than packaged food companies. Price packs (LUPs) were expected to see more grammage addition to pass on GST rate cut, but due to new pack manufacturing (molding related, etc.) challenges, these packs have also seen MRP cuts than grammage addition. All such transition changes will be interim and we expect stability from Nov'25 onward. Thereby, 2Q performance may not reflect the true demand trend, but the management commentary will be more critical to gauge the 2HFY26 outlook. Key raw material prices remain firm, and we expect gross margin pressure to persist for most consumer companies. Moreover, staple companies (particularly personal care) have passed on GST benefits even prior to 22nd Sep, which will have some bearings on margins. We model gross margin contraction of 130bp YoY and EBITDA margin contraction of 110bp on a YoY basis due to high RM costs and negative operating leverage. For staple companies under our coverage, we expect sales growth of 5%, while EBITDA may remain flat YoY and PAT is likely to grow 2% in 2QFY26.
- **Paint & Adhesives** companies are still struggling with muted demand and elevated competitive intensity. The Jul-Aug period was weak and a minor recovery was noted in Sep. Similar to last year, there can be a curtailed festive period due to extended monsoon and early Diwali. Non-decorative products have seen higher volume growth, but revenue growth for most companies is expected to be flat. We still build in a 400bp gap between volume and revenue growth due to an adverse product mix. EBITDA margins are likely to remain range-bound due to the impact of negative operating leverage. We build in sales/EBITDA/PAT growth of 3%/10%/8% for our coverage companies in 2Q.

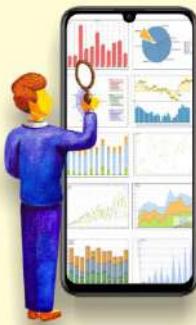
- **Liquor:** UNSP's P&A portfolio is expected to see healthy volume growth in 2QFY26, partly owing to a low base in 2QFY25. Maharashtra duty increase has been impacting demand and mix (downtrading), and we need to see the full impact after the launch of Maharashtra Made Liquor (MML). Radico is expected to sustain robust volume-led revenue growth. UBBL is likely to report weak revenue growth, driven by early onset of monsoon and a weak summer season. Slow volume growth is expected to lead to operating deleverage, thus weighing on EBITDA margins. We expect sales/EBITDA/PAT growth of 9%/10%/13% for our coverage companies in 2QFY26.
- **Innerwear:** companies have been impacted by soft demand in Jul-Aug, though a slight demand recovery was witnessed in Sep, partially supported by early Navratri. PAGE has geared up well for product launches, along with marketing and technology, though growth is expected to trend below its double-digit potential and guidance. We expect urban consumption to gradually recover and normalized trade inventory to aid better primary growth. Primary and secondary sales are now expected to be aligned, reversing the trend observed in the last few quarters. We expect sales/EBITDA/PAT growth of 6% each for PAGE.
- **QSR:** The overall demand environment remained soft in 2QFY26. While demand sentiment was healthy at the start of the quarter, it was adversely impacted in Sep. Severe rainfalls, Shradh, and festivities like Navratri weighed on demand. Weak underlying growth, negative operating leverage and continued store expansion may keep operating margins under pressure. This will put pressure on restaurant and EBITDA margins for most brands. The dine-in channel's performance and the revenue gap between dine-in and delivery will be a key monitorable during the quarter. Innovative launches and activation drives for dine-in can be crucial for improving footfall/orders going forward. We expect SSSG to be in negative trajectory for most QSR companies and sales to be driven by store additions. Sales should grow 10%, while EBITDA/APAT are likely to decline 13%/1% for our coverage QSR companies in 2QFY26.
- **Jewelry:** In 2Q, gold prices surged by ~45% YoY and ~8% QoQ, crossing the INR100,000 mark (per 10gm) in the retail market, driven by multiple global and economic factors. This price surge has led to consumer budget constraints, with many customers choosing to delay purchases in anticipation of a price correction or stabilization. This will lead to continued softness in demand in 2QFY26. Moreover, the base is strong as there was a custom duty cut on gold (from 15% to 6%), leading to strong demand momentum then. SSSG is expected to grow in low double-digits to mid-teens, primarily driven by pricing growth. Checks suggest healthy demand recovery at the end of Sep due to the early festive season. We build in sales/EBITDA/PAT growth of 16%/24%/29% for our coverage jewelry companies in 2QFY26.
- **Outperformers and underperformers:** Among our coverage companies, MRCO, JUBI, Kalyan Jewelers, and PNG are expected to be outliers in 2QFY26, whereas Asian Paints, Emami and Devyani/Sapphire will likely be the underperformers.
- **Outlook:** We have been witnessing consumption pressure for most markets and segments over the last 12-24 months, impacted by high inflation, interest rates and weak wage growth. Multiple measures have been initiated by the government, and we expect steady improvement in demand from 3QFY26 onward. Once the consumption cycle turns positive, we expect the momentum to sustain over the medium term. **Our top picks are HUL, Marico, PN Gadgil, Radico and RBA.**

### Raw material prices remain stable

- Commodity prices have largely remained stable during the quarter. We expect staple companies to see some sequential GM expansion; however, margin pressure will continue on YoY basis. While agricultural commodities remained a mixed bag, prices of non-agricultural commodities, including crude oil, its derivatives, TiO2 and VAM, continued to moderate. However, select commodities such as gold and copra continue to see inflationary pressure. Overall, RM inflationary pressure is likely to ease out in 2HFY26.
- **Agricultural commodities:** Wheat prices are flat YoY but up 4% QoQ. Barley prices rose 4% YoY and 1% QoQ. Sugar prices increased 4% YoY and remained flat QoQ. Coffee prices increased 2% YoY and 1% QoQ, while Cocoa bean prices have started to ease and were down 7% YoY and 15% QoQ, offering relief to companies like Nestlé and HUL. Copra prices surged 122% YoY and 39% QoQ, while palm oil prices are up 7% YoY and 5% QoQ.
- **Non-agricultural commodities:** These commodities have seen moderation in prices. Crude oil prices are down 14% YoY. Other commodities like TiO2 and TiO2 (China) continue to show a downward trend. VAM (China) prices continued to fall, correcting 4% both YoY and QoQ. Gold prices jumped 43% YoY and 8% QoQ, putting pressure on the margins of jewelry companies.
- Companies remain focused on normalizing the gap between volume and value growth while prioritizing a strategic balance between revenue growth and margin expansion amid evolving market dynamics. This approach aims to navigate cost pressures effectively while maintaining competitive positioning.

# Automobiles

## Result Preview



### Company

Amara Raja Energy Mobility
Ashok Leyland
Apollo Tyres
Bajaj Auto
Balkrishna Industries
Bharat Forge
BOSCH
Ceat
CIE Automotive
Craftsman Automation
Eicher Motors
Endurance Technologies
Escorts
Exide Industries
Happy Forgings
Hero MotoCorp
Mahindra & Mahindra
Maruti Suzuki
Samvardhana Motherson
Motherson Wiring
MRF
Sona BLW Precision Ltd
Tata Motors
TVS Motor Company
Tube Investments

## CVs and 2Ws see demand revival in Q2

### OEMs likely to outperform ancillaries

- After a weak print in 1Q, auto OEMs in our coverage universe delivered 12.9% YoY volume growth in 2QFY26. Among the listed companies, 2W/CV OEMs posted volume growth of 15%/10% in 2Q. Aggregate PV growth for the four listed OEMs stood at just 3% YoY.
- For our OEM coverage universe (excl. TTMT), revenue is likely to grow 13% YoY on the back of healthy volume growth. Similarly, excl. TTMT, EBITDA/PAT for our coverage universe is expected to grow by 11%/14% YoY.
- For auto ancillaries under our coverage, we expect ~9% growth in revenue but a much slower 3% growth in both EBITDA/PAT in 2Q.
- TVS (+49%), EIM (+31%), Escorts (+22%) and HMCL (+20%) are expected to outperform OE peers in 2Q. In auto ancillaries, outperformers include APTY (+23%), Craftsman (+40%) and ENDU (+21%).
- Overall earnings estimate cuts have been moderate in 2Q.
- Our top OEM picks are MSIL and MM. Top auto ancillary picks are ENDU and Happy Forgings.

### Demand has picked up well in CVs and 2Ws in 2Q, PVs remain weak

After a subdued show in 1Q, auto OEMs in our coverage universe posted a much better 12.9% YoY volume growth in 2QFY26. Both 2Ws and CVs posted a smart revival in volumes even as PV demand remained subdued. Among the listed players, 2W/CV OEMs posted 15%/10% growth in 2Q volumes. On the other hand, aggregate PV growth for the four listed OEMs stood at just 3% YoY. In 2Ws, except for BJAUT (+6%), other three listed players saw healthy double-digit growth – RE (+43%), TVS (23%) and HMCL (+11%). In PVs, TTMT outperformed peers with 11% YoY growth. MM UV growth was slower at 7% as it intentionally reduced dispatches to dealers given the lack of clarity on cess compensation. Also, while MSIL saw 2% YoY growth, HMIL volumes declined 1% YoY in 2Q. Discounts have increased QoQ in 2Q in PVs, as per our channel checks. In CVs, TTMT was the key growth driver with 13% growth, while AL (+8%) and VECV (+5%) saw single-digit growth. The tractor segment posted the highest growth in the auto sector, as the two listed companies delivered a robust 31% YoY growth in 2Q.

### Auto OEMs to see healthy earnings growth compared to auto ancillaries

On the back of a healthy recovery in volumes, auto OEM companies under our coverage are expected to deliver 11%/14% growth in EBITDA/PAT (excl. TTMT). Aggregate EBITDA margin for our coverage universe is estimated to rise marginally by 20bp YoY to 13.2%. In 2Q, major margin gains are expected for TVSL (+130bp YoY), TTMT CV (+190bp), VECV (+160bp), and Escorts (+330bp). On the other hand, MSIL (-150bp YoY) and TTMT PV (-120bp) are expected to see margin contraction. For auto ancillaries, we expect our coverage universe to post ~9% growth in revenue and a much slower 3% growth in both EBITDA/PAT in 2Q.

### Estimated hits and misses in 2QFY26

We expect our auto OEM coverage universe (excl. TTMT) to post 15% YoY earnings growth. It is important to highlight that excl. TTMT, all other listed OEMs are expected to post positive earnings growth. TVSL (+49%), EIM (+31%), Escorts (+22%) and HMCL (+20%) are expected to outperform their OEM peers in 2Q. TTMT is the only OEM that is expected to post earnings decline in 2Q. Meanwhile, MSIL (8%), HMIL (8%), BJAUT (+9%) and AL (+7%) are expected to post single-digit growth. Our ancillary coverage universe should deliver modest 3% YoY earnings growth in PAT in 2Q. Key earnings growth drivers include APTY (+23%), Craftsman (+40%) and Endurance (+21%). Major laggards are expected to be Sona (-11%), Amara (-14%), BHFC (-13%) and SAMIL (-15%).

**Overall earnings estimate cuts have been moderate in this quarter.**

### Festive season starts off on an optimistic note

The GST Council has provided a much-needed booster shot to the auto sector by reducing the tax rates on the majority of auto segments. These timely rate cuts, coupled with other sectoral tailwinds like normal monsoon boosting rural sentiment, a ~100bp reduction in interest rates in CY25 and income tax benefits, are expected to revive demand for the auto sector from this festive season. The ongoing festive season has started off on a strong note across segments, with most OEMs reporting a strong revival in demand on the back of GST rate cuts and positive rural sentiment. Notably, entry-level vehicle demand has recovered from the lows, albeit with high discounts. Demand is likely to remain strong after the festive season, with the marriage season starting in Nov'25. Once demand is restored, we expect discounts to gradually trend lower. On the back of a pickup in demand and a much better earnings growth, we expect the sector to get re-rated. Our top picks in auto OEMs are Maruti Suzuki (new launches + exports ramp-up to drive 17% earnings growth) and M&M (new launches + positive rural sentiments to drive 21% earnings growth). In the auto ancillary space, we prefer ENDU and HAPPYFORG for their strong order backlog and ability to outperform core segments.

## Result Preview



### Company

Aavas Financiers
Bajaj Finance
Bajaj Housing
Can Fin Homes
Chola Inv. & Fin.
CreditAccess Grameen
Five Star Business Finance
Fusion Microfinance
HomeFirst
HDB Financial
IIFL Finance
L&T Finance Holdings
LIC Housing Finance
M&M Financial Services
Manappuram Finance
MAS Financial Services
Muthoot Finance
PNB Housing Finance
Poonawalla Fincorp
Power finance Corporation
Repco Home Finance
Rural Electrification Corporation
Shriram Finance
Spandana Sphoorty

## Demand trends soft, except in gold; asset quality stays weak

Trends after GST rate cut a key monitorable; expect NIM expansion for VFs and AHFCs

- **Demand momentum remained soft:** In 2QFY26E, we expect ~12% YoY growth in AUM for our coverage HFCs, including affordable and large HFCs. Vehicle financers (VFs) are projected to report ~17% YoY AUM growth. Gold lenders (including non-gold products) are likely to record ~29% YoY growth (primarily driven by ~44% YoY growth by MUTH). NBFC-MFIs are estimated to post a decline of ~20% YoY in AUM, while diversified lenders are expected to deliver ~24% YoY growth in AUM. For our NBFC coverage universe, we estimate loan growth of ~16% YoY/~4% QoQ as of Sep'25. During the quarter, loan growth trends were mixed across segments: (1) Gold financiers saw another quarter of strong loan growth; (2) MFIs witnessed a decline in AUM, though disbursements have gradually started picking up now; (3) VFs are expected to report weak growth, impacted by the "Pitru Paksha" period and deferment of auto sales ahead of GST rate cuts, effective from 22nd Sep; and (4) HFCs' growth in Prime segment will remain subdued, weighed down by heightened competition from banks.
- **CoF trending down and likely to decline further in 2H; NIM expansion for VFs and AHFCs:** Borrowing costs for most NBFCs have begun to trend down even as a higher impact from the transmission in the MCLR-linked bank borrowings will take effect in 2H. A steady reduction in CoB is anticipated in 2HFY26, driven by repricing of MCLR-linked loans as banks lower their MCLR. NIM trends for NBFCs are expected to be mixed this quarter, varying across sub-segments. Large HFCs and gold financiers are likely to witness margin compression due to heightened competitive intensity, while affordable HFCs and VFs will see NIM expansion, aided by segment-specific dynamics.
- **Asset quality deterioration in vehicle finance; stress in unsecured MSME and micro-LAP persists:** Stress persisted in the unsecured MSME and micro-LAP segments, with credit costs expected to edge higher. VFs will continue to see asset quality deterioration, largely driven by monsoon-related disruptions that weighed on fleet utilization. For MFIs, credit costs are likely to moderate sequentially, having peaked in 4QFY25; however, they are expected to remain elevated and will approach normalization only in the latter half of FY26. HFCs, including affordable HFCs, reported broadly stable asset quality, while power financiers also maintained stability with no material resolutions or incremental slippages during the quarter.
- **Earnings growth of ~18% YoY/5% QoQ for our coverage universe (ex-PFL):** We estimate ~14% YoY growth each in NII/PPoP in 2QFY26 for our NBFC coverage universe, and PAT is expected to grow ~18% YoY (excl. Poonawalla). Excluding NBFC-MFI and PFL, we estimate ~14% YoY growth in PAT for our coverage universe. Within the sector, we prefer select affordable HFCs, gold financiers (primarily to play the strong momentum in gold loan growth), and diversified lenders (which have navigated the unsecured credit cycle and are now looking to grow their unsecured loan book again). Our top picks in the sector are SHFL, LTFH, and HomeFirst.

## HFCs: Competition intensifies in Prime; no spillover of micro LAP stress into AHFCs

- Large HFCs are facing heightened competition as banks have turned more aggressive in the past 2-3 months, offering home loans at significantly lower rates. Given their inability to match these rates without compromising yields, many NBFCs are opting to forgo such business. As a result, large HFCs (except BHFL) are expected to report NIM compression, driven by pressure on yields amid intensifying competition in the prime segment.
- Disbursement trends for AHFCs have seen limited sequential improvement (barring Aavas due to lower base). For AHFCs, minor weakness in disbursements (relative to earlier expectations) was attributed to monsoon-related disruptions and caution exercised by AHFCs in pockets impacted by US tariffs. Despite a ~1pp repo rate cut by the RBI, most AHFCs have not reduced their PLR. As a result, AHFCs are likely to see expansion in spreads and NIM, supported by broadly stable yields and benefits in their borrowing costs.
- While there would be a minor seasonal uptick in the 1+dpd for AHFCs, there is no spillover from the micro-LAP segment into affordable housing loans. Consequently, credit costs are expected to remain benign (but still relatively elevated).
- For LICHF, we expect credit costs at ~17bp (vs. ~25bp in 1QFY26). Margins are expected to decline ~15bp QoQ. We expect LICHF to report ~7% YoY growth in loans. BHFL reported AUM growth of 24% YoY. We expect margins for BHFL to remain broadly stable QoQ.
- We forecast HomeFirst to report ~10% YoY growth in disbursements, leading to healthy AUM growth of ~27% YoY. We expect NIMs to expand ~10bp QoQ for HomeFirst. Asset quality is expected to remain stable for both HomeFirst and Aavas. We expect disbursements and loan growth of 21% and 17% YoY, respectively, for Aavas.
- We estimate PNBHF to deliver ~16% YoY growth in total loan book as of Sep'25. For PNBHF, we expect NIM to contract ~5bp QoQ. Asset quality improvement and recoveries from the written-off pool in both Retail/Corporate could again result in provision write-backs (like in the prior quarters).

## MSME: Stress persists in small-ticket LAP; muted disbursements

- For Five Star, loan growth and disbursements remain subdued, as the company has consciously chosen to adopt a cautious stance amid ongoing asset quality and collection trends. We expect disbursements to decline 5% YoY, translating into ~18% YoY growth in AUM. We expect the broad-based increase in 1+dpd and further deterioration in GS3 to result in credit costs rising to ~1.4% from ~1.3% in 1QFY26.
- We believe that weakening asset quality in the micro-LAP segment appears to stem from stress initially seen in unsecured small-ticket loans, now gradually spilling into the small-ticket secured space. We believe the credit cycle in micro-LAP (particularly in loans below INR500k) is lagging the MFI credit cycle by 6-9 months.

### Vehicle finance: Muted disbursement growth; weakness in asset quality due to early and extended monsoons

- MMFS reported disbursements of ~INR135b in 2QFY26 (up ~3% YoY), leading to ~13% YoY growth in business assets. We expect credit costs for MMFS to be at ~2.5% in 2QFY26 (vs. 2.2% in 1QFY26).
- For CIFC/SHTF, we expect disbursement growth of 1%/13% YoY, which should translate into ~21%/16% YoY growth in AUM for CIFC/SHTF as of Sep'25.
- Disbursements for VFs were impacted by the "Pitru Paksha" inauspicious period and deferment of auto sales ahead of GST rate cuts, which became effective from 22nd Sep. However, volumes have picked up after the effective date, driven by pent-up demand and GST rate cuts coinciding with Navratri. The key monitorable, however, is whether this momentum will sustain over the medium term or fizzle out within the next 3-4 months.
- We estimate NIM expansion for VFs to be driven by a decline in CoB and a fixed-rate vehicle finance book. However, asset quality pressures persisted during the quarter, primarily due to early and extended monsoons, leading to asset quality deterioration and likely translating into sequentially higher credit costs.

### Gold finance: Strong growth in gold loans; competitive pressures intensify

- We expect gold loan financiers to deliver robust growth in 2QFY26, although the pace may moderate from the exceptionally strong 1Q. While we expect MGFL's standalone entity to have delivered gold loan growth of ~28% YoY, the drag from its MFI and CV businesses would keep consol. loan growth muted during the quarter. For MUTH, we expect gold loan growth of ~44% YoY.
- Gold financiers are likely to witness margin compression in 2Q, driven by a moderation in lending yields. MGFL has been targeting higher-ticket gold loans and has cut its gold loan rates in line with its stated strategy. We expect margins to contract ~50bp YoY for MUTH and ~60bp QoQ for MGFL.
- While credit costs peaked about two quarters ago for both Asirvad and Belstar, they are expected to remain high in 2QFY26, with normalization likely only in FY27.

### MFIs: Muted AUM growth with slight uptick in disbursements; Industry poised for revival in 2HFY26

- Disbursements saw a slight uptick but remain muted overall, with subdued loan growth, as companies focused on resolution of residual stress. We expect the loan book to decline for Fusion and Spandana, while CREDAG's GLP is likely to remain largely flat QoQ. AUM growth is expected to remain flat QoQ for CREDAG and decline by ~5%/12% QoQ for Fusion/Spandana in 2QFY26.
- While the flow rates are still decreasing, the improvement has become less pronounced in Jul-Aug'25, indicating a potential plateau or a "status quo" situation compared to the sharper reductions seen before Jun'25.
- We expect credit costs to remain elevated in 2QFY26, mainly contributed by write-offs that had slipped over the last 6-9 months. We estimate *annualized* credit costs of ~8%/~6%/27% for CREDAG/Fusion/Spandana in this quarter.
- MFI sector is emerging out of a stress cycle, with signs of normalization visible in collection efficiencies, flow rates, and PAR trends. Profitability in the quarter will remain weighed down by muted AUM growth, high-cost ratios, and elevated

credit costs. However, we expect earnings to exhibit a strong recovery from 4QFY26/FY27 onward.

#### **Diversified financiers: Stress in unsecured MSME persists; credit costs to remain relatively elevated**

- BAF is expected to report AUM growth of ~23% YoY/4.5% QoQ. We estimate margins to remain broadly stable QoQ for BAF, with credit costs at ~204bp (vs. 202bp QoQ).
- For HDBFIN, we expect disbursements to decline ~1% YoY and expect loan growth of 13% YoY. We expect NIM to expand ~5bp QoQ. Credit cost is likely to remain elevated at 2.6% (compared to 2.5% in 1QFY26).
- LTFH reported ~17% YoY/5% QoQ growth in retail loans. Since the company is not growing its wholesale segments (such as real estate and infrastructure), we expect consolidated loan book to grow by ~4% QoQ in 2QFY26. We expect credit costs to rise ~15bp QoQ to 2.7%.
- Poonawalla is expected to report AUM growth of ~63% YoY/12% QoQ, with total AUM of INR463b. We expect credit costs to decline ~45bp QoQ to ~2.2% (vs. 2.65% in 1QFY26).
- For IIFL Finance, we expect strong growth in gold loan AUM to sustain in 2QFY26 despite healthy gold loan growth in 1Q. While we expect a sequential decline in its MFI AUM, IIFL would deliver ~8% QoQ growth in its consolidated AUM. We estimate PAT (post MI) of ~INR3b in 2Q (vs. INR2.3b in 1QFY26).

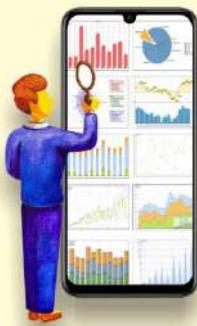
#### **Power Financiers: Muted loan growth; asset quality to remain broadly stable**

- Disbursements among power financiers showed mixed trends. REC is expected to report healthy disbursement growth of around 20% YoY, whereas PFC is likely to see muted disbursement. Asset quality is expected to remain stable or improve, as there were no major resolutions or slippages during the quarter. PFC, however, would report TRN Energy as restructured (already reported by REC in 1Q) and benefit from provision write-backs in 2Q.
- For PFC, we expect disbursements to decline 5% YoY, leading to loan book growth of ~15% YoY/2.8% QoQ. For REC, we expect disbursement growth of ~20% YoY, which could result in loan book growth of ~10% YoY/3% QoQ.



# Financials: Non-Lending

## Result Preview



### Company

ABSL AMC
HDFC AMC
Nippon AMC
UTI AMC
360ONE WAM
Anand Rathi Wealth
Nuvama Wealth
Prudent Corporate Advisory
Angel One
BSE
MCX
CDSL
NSDL
CAMS
Kfintech
HDFC Life
ICICI Prudential Life
Max Financial
SBI Life
LIC
ICICI Lombard
Star Health
Niva Bupa

## Rebuilding momentum with some regulatory overhang

- For 2QFY26, we estimate the aggregate PAT of our Non-Lending Financials Universe at INR138b, which reflects a modest 4% YoY increase but a sharp 19% sequential decline. Within this, the capital market segment is expected to post PAT of INR35b, largely flat on a YoY basis, while life insurance companies are projected to deliver INR96b, reflecting healthy 7% YoY growth. In contrast, general insurance players are likely to report INR8b, implying a 4% YoY decline.
- Exchanges and brokers are expected to post a modest 1% YoY decline in PAT, primarily driven by a sharp 52% fall in Angel One's earnings due to lower order volumes following the implementation of F&O regulations from November 2024. In contrast, MCX and BSE are likely to deliver strong PAT growth of 28% and 47% YoY, respectively, supported by sustained strength in premium turnover.
- For AMCs, EBITDA is likely to rise 10% YoY, aided by robust AUM growth, though this will be partially offset by lower yields under the telescopic structure. However, sharply lower other income—due to market corrections and higher bond yields—is projected to keep PAT broadly flat YoY. SIP flows remained resilient at over INR280b.
- Intermediaries are likely to see a soft quarter, with PAT declining 9% YoY, as weak cash volumes weigh on depositories and lower yields pressure RTA businesses. For NSDL, growth in unlisted company registrations should offset this weakness, while KFin will be supported by its issuer solutions and international operations.
- Wealth managers are likely to deliver the strongest performance within capital market plays, with PAT growth of 9% YoY, driven by consistent AUM expansion from flows and improving profitability through scale benefits. That said, Nuvama is expected to report a 9% YoY PAT decline owing to the impact of Jane Street during the quarter.
- Among life insurers, VNB margins are likely to face some sequential pressure, as the profitability of Sep'25 sales will be adversely impacted by the unavailability of ITC following the GST reduction. Going forward, margins should improve on the back of product rebalancing and commission cuts, while a favorable mix shift towards non-par and protection products will support growth.
- General insurers continue to see a gradual recovery in the motor segment, while growth in the health segment remains constrained by the shift to 1/n accounting. Elevated health claims are likely to push up combined ratios, though operational efficiencies should provide some cushion.
- Our top picks in the capital markets space are ABSL AMC, Nuvama, and CAMS. Within insurance, MAX Financial is our preferred play in life, while Niva Bupa stands out in general insurance.

## Cash activities dip; notional F&O ADTO rises in all three months

- Cash ADTO witnessed a 16% MoM decline in Jul'25 owing to market volatility. Slight recovery was witnessed in the following months, with cash ADTO growing 1%/3% MoM in Aug'25/ Sep'25, but it remains below the 1QFY26 levels.
- F&O ADTO grew 10%/9%/5% MoM in Jul'25/Aug'25/Sep'25, but the option premium ADTO declined 11% MoM in Jul'25 before witnessing a 15% MoM growth in Aug'25; it remained flat in Sep'25.
- BSE's market share in the options segment continued to scale up in terms of notional/premium turnover and was slightly offset by a shift in expiry day (effective 1<sup>st</sup> Sep'25), reaching 38.2%/24.4% in Sep'25 vs. 37.2%/22% in Jun'25.

- Incremental demat account additions increased to 3.0m/2.5m in Jul'25/Aug'25 from an average of 2.2m per month in 1QFY26. The NSE active client count continued to decline.
- High volatility in crude oil and precious metals due to macroeconomic pressures led to a surge in MCX volumes during the quarter. Futures ADTO was at INR417b in 2QFY26 (INR406b in 1QFY26). On the other hand, options ADTO rose to INR3.7t in 2QFY26 (INR2.7t in 1QFY26). Record-high gold prices and the launch of monthly silver option contracts by MCX led to a surge in bullion options.
- We expect ANGELONE to report marginal revenue growth of 5% QoQ, with the order run rate likely to remain stable, supported by a slight recovery in the F&O activity, strong performance in commodities, and stable cash activity. The flat quarterly performance with respect to premium turnover, offset by a decline in cash volumes, will lead to single-digit volume growth for BSE. However, a dip in the premium-to-notional turnover ratio for MCX will lead to flat revenue growth. Strong recovery in the IPO pipeline and continued demat additions will lead to strong double-digit sequential growth for CDSL.

#### **Mutual Funds: Steady growth in AUM driven by robust equity inflows**

- Mutual fund AUM grew 19%/16% YoY during Jul'25/Aug'25, driven by 17%/14% growth in equity AUM. On a sequential basis, net equity flows (incl. hybrid) rose to INR636b in Jul'25 while declining to INR487b in Aug'25. SIP inflows scaled new heights to INR285b in Jul'25 but saw a slight dip in Aug'25 to reach INR283b.
- The share of equity AUM dipped ~20bp in Jul'25 but rose ~5bp in Aug'25 to 57.4%. AUMs of HDFC AMC/Nippon AMC/ABSL AMC/UTI AMC grew 16%/18%/11%/ 11% YoY at the end of Aug'25, reflecting market shares of 11.4%/8.5%/5.5%/4.9%.
- We expect AMCs to post moderate sequential revenue growth of 4%/4%/3%/3% for HDFC, Nippon, ABSL, and UTI, impacted by softer yields. Other income is likely to decline due to higher bond yields and MTM losses, though strong equity flows sustaining AUM growth should partly offset the pressure.
- CAMS and KFin are expected to register moderate sequential MF revenue growth of 3% and 2%, respectively, due to yield pressure, which is likely to be offset by healthy AUM growth.
- Wealth managers are expected to generate steady inflows and recurring revenues, with transaction-led income also adding meaningfully on the back of strong investor participation in unlisted equities and IPOs.

#### **Life Insurance: Positive outlook for VNB margin, subdued by GST implications**

- Private life insurance companies posted 22%/11% YoY growth in APE in Jul/Aug'25. Individual APE growth was hit by a slowdown in ULIP momentum and a high base. We expect single-digit to mid-teen growth for our coverage universe, except for IPRU & LIC, which are likely to report APE declines of -2% YoY each.
- We expect VNB margins to remain largely stable with a tilt towards non-linked products; across our coverage, YoY VNB margin changes are seen in the range of -90bp to +40bp.
- The recent GST exemption (22<sup>nd</sup> Sep'25) on life insurance premiums is a mixed outcome for insurers. While it improves affordability and drives demand, loss of

ITC on commissions and operating expenses adds cost pressure. Margin impact should remain modest, but insurers may recalibrate pricing and distribution to sustain profitability.

### General Insurance: Overall claims ratio remains elevated; operational leverage to boost the combined ratio

- The general insurance segment recorded a GWP growth of 2% but was flat YoY in Jul'25 and Aug'25, respectively. The health segment reported 3%/14% YoY growth in Jul'25/Aug'25, impacted by 1/n on retail health growth. The motor segment reported a growth of 6%/5% YoY in GWP in Jul'25/Aug'25.
- For ICICIGI, premium declined 10% YoY in Jul'25 but increased 2% YoY in Aug'25. While the motor segment's growth remained weak, retail health saw growth, which was offset by a decline in the group health segment.
- For Jul'25/Aug'25, STARHEAL continued to post soft premium growth of 3%/2% YoY, with retail growth of 7%/6% offset by group health decline of 39%/46% YoY.
- Niva Bupa's GWP grew 10%/3% YoY in Jul'25/Aug'25, with retail health growing 7%/8%, while group health grew 17% YoY/declined 1% YoY.
- While claims are expected to remain elevated due to medical inflation and high claim frequency, operational efficiencies will slightly offset the impact on the combined ratio.

**Exhibit 1: Summary of our quarterly estimates**

Sector	CMP (INR)	Rating	Sept'25	Variance YoY (%)	Variance QoQ (%)	Sept'25	Variance YoY (%)	Variance QoQ (%)	Sept'25	Variance YoY (%)	Variance QoQ (%)
<b>AMC</b>											
<b>Operating Revenue (INR m)</b>				<b>EBITDA (INR m)</b>				<b>Net Profit (INR m)</b>			
HDFC AMC	5,555	BUY	10,115	14	4	7,997	14	3	6,600	14	-12
ABSL AMC	799	BUY	4,598	8	3	2,745	10	3	2,496	3	-10
Nippon AMC	879	BUY	6,332	11	4	4,090	9	5	3,464	-4	-12
UTI AMC	1,308	BUY	3,916	5	3	1,802	-1	5	1,804	-31	-29
<b>Exchanges and Broking</b>											
Angel One	2,176	BUY	8,348	-15	5	2,772	-52	69	2,051	-52	79
BSE	2,081	Neutral	10,143	36	6	6,299	62	1	5,082	47	-6
MCX	7,997	Neutral	3,760	32	1	2,383	33	-1	1,962	28	-3
<b>Intermediaries</b>											
CAMS	3,822	BUY	3,681	1	4	1,655	-3	7	1,170	-3	8
KFIN Tech	1,080	Neutral	3,041	8	11	1,296	2	14	910	2	18
CDSL	1,476	Neutral	2,983	-7	15	1,559	-22	20	1,187	-27	16
NSDL	1,203	Neutral	3,334	-7	7	1,064	-6	12	980	2	9
<b>Wealth Management</b>				<b>Operating Revenue (INR m)</b>				<b>PBT (INR m)</b>			
360 One	1,037	BUY	7,331	25	11	3,383	17	9	3,032	23	6
Nuvama	6,489	BUY	7,496	1	-3	3,083	-11	-12	2,333	-9	-12
Anand Rathi	2,883	Neutral	2,906	20	6	1,370	32	7	1,009	32	7
Prudent	2,642	Neutral	3,066	7	4	683	-1	2	529	3	2
<b>Life Insurance</b>				<b>APE (INR m)</b>				<b>VNB (INR m)</b>			
HDFC Life	765	BUY	42,684	11	32	10,244	9	27	4,751	10	-13
Ipru Life	596	BUY	24,531	-2	32	5,765	-2	26	2,998	19	-0
SBI Life	1,800	BUY	58,483	9	47	15,790	9	45	5,439	3	-8
Max Financial	1,622	Neutral	24,840	14	49	5,962	16	78	1,543	11	79
LIC	905	BUY	1,61,056	-2	27	27,380	-7	41	80,886	6	-26
<b>General Insurance</b>				<b>Gross Premium (INR m)</b>				<b>Underwriting Profit (INR m)</b>			
Star Health	458	BUY	44,369	1	23	-2,465	NA	NA	547	-51	-79
Niva Bupa	82	BUY	18,480	4	13	-1,018	NA	NA	381	NA	NA
ICICI Lombard	1,905	BUY	68,441	-1	-15	-2,625	NA	NA	6,948	0	-7
<b>Non-Lending</b>			<b>5,23,93</b>	<b>3</b>	<b>18</b>	<b>1,01,215</b>	<b>1</b>	<b>24</b>	<b>1,38,102</b>	<b>4</b>	<b>-19</b>

## Result Preview



### Company

ABB India
Bharat Dynamics
Bharat Electronics
Cummins India
Hindustan Aeronautics
Hitachi Energy India
Kalpataru Projects International
KEC International
Kirloskar Oil Engines
L&T
Siemens
Siemens Energy
Thermax
Triveni Turbine
Zen Technologies

## Activity remains strong in select pockets

During 2QFY26, the capital goods sector witnessed multiple positive developments: 1) the CEA pipeline with projects worth ~INR333b recommended by the NCT over the past three months, 2) MoD's TPCR 2025 outlines 15-year sectoral needs, targeting annual defense spending of USD25-30b, and 3) benign commodity prices. In our recent reports, we highlighted two much-awaited defense orders, i.e., [additional 97 Tejas Mk1A jets](#) and [RFP issuance for the QRSAM](#). Although the sector has seen positive developments, a broad-based revival in government and private capex is yet to be seen. For our coverage companies, we expect margins to contract ~50bp YoY in 2QFY26 mainly due to lower margin assumptions for product companies. However, sequentially, we expect a ~40bp expansion in margins. For 2QFY26, we estimate our coverage companies to report revenue growth of 15% YoY, EBITDA growth of 11% YoY, and PAT growth of 14% YoY. We maintain our view that valuation re-rating for the sector is contingent upon a broad-based capex revival. We reiterate our positive stance on LT, Cummins India (KKC), and Siemens Energy in the large-cap space and Kirloskar Oil Engines (KOEL) and Kalpataru Projects International (KPIL) in the mid- and small-cap segments. In the defense sector, Bharat Electronics (BHE) remains our top pick.

## Ordering momentum stable with large-size order wins

Ordering activity during the quarter remained strong yet selective, with traction seen across defense, power T&D, renewables, thermal, hydrocarbon, and buildings & factories segments. During the quarter, notable wins included two ultra-mega projects for L&T in the thermal and hydrocarbon segments, a significant contract from NPCIL, and large orders in power T&D, heavy civil, high-speed rail, renewables, and metals & minerals. HAL secured an INR630b contract for 97 additional LCA Mk-1A aircraft, while the Indian Army issued a tender to BHE for the QRSAM project valued at INR300b. ABB was awarded an INR1.7b order from Siemens Gamesa, Chennai, for the supply of 3.X wind turbine converters. During 2QFY26, BHE booked orders worth ~INR52b, KECI secured ~INR61.5b, and KPIL acquired ~INR27.2b. Supported by a strong order backlog and the expected finalization of pending pipeline opportunities, we estimate 15% YoY growth in execution for our coverage universe in 2QFY26.

## Recent developments in the defense sector

The recently announced Technology Perspective and Capability Roadmap (TPCR) 2025 outlines the Indian Armed Forces' future technology and capability requirements over the next 15 years spread across domains like land systems, aviation, maritime, space, cyber, artificial intelligence, robotics, electronic warfare, and unmanned systems. Further, the revised Defense Procurement Manual (DPM) 2025 aims to streamline approvals by reducing bureaucratic hurdles, which will help the armed forces maintain operational readiness with quicker access to equipment, repairs and ammunitions. The Defence Ministry is also encouraging private players' participation in large projects and moving away from nomination-based tendering. During the quarter, L&T and BHE formed a strategic partnership to participate in the AMCA program of the Indian Air Force. The ongoing emergency procurement program and the expected DAC meeting in the coming weeks will be keenly watched in the near term, and the budgetary allocation for defense will be looked out for in the medium term.

### Commodity prices remain benign

With commodity prices being broadly benign during the quarter, we expect EPC companies' margins to remain flat QoQ, with management guiding for YoY margin expansion for the full year. Following the uptick seen in FY25, input costs have eased, creating a supportive backdrop. Notably, prices of aluminum/zinc/copper have eased 2%/1%/4% vs. Mar'25 levels, while HRC prices have remained stable. Product-oriented companies' margins would be dependent upon the revenue mix. In defense, the margin outlook is supported by higher levels of indigenization and localization of critical components. We expect ~50bp YoY margin contraction in 2QFY26 for our coverage universe mainly due to a high base of margins for select companies like ABB and Triveni Turbine last year. Sequentially, we expect margin to expand ~40bp.

### Export prospects building up for domestic players

Export performance is gradually improving for companies. Overall, engineering companies have shown their intent to ramp up exports in FY26 after cautiously evaluating export markets amid the current geopolitical situation. EPC exports are gaining from consistent global investments in grid expansion, modernization, transmission, renewables, and decarbonization projects, and we expect this trajectory to continue going forward. Defense export prospects have strengthened following NATO's announcement to raise defense spending commitments. We will be watchful of the current geopolitical scenarios and overall export trajectory of the companies.

### View: Selective stance continues

Our selective stance continues on the sector and we continue to prefer companies in T&D, renewables and defense sectors. We maintain our view that valuation re-rating for the sector is contingent upon a broad-based capex revival. Companies that are growing at a high pace will remain preferred bets over the medium to long term.

### Our top picks

We continue to prefer **L&T, KKC, and Siemens Energy** in the large-cap industrial space and **KOEL and KPIL** in the mid- and small-cap segments. **BHE** continues to remain our top pick in the defense sector.

## Strategy

### INDIA STRATEGY | Oct' 25 | The Eagle Eye: Markets drift sideways as DIIs cushion headwinds

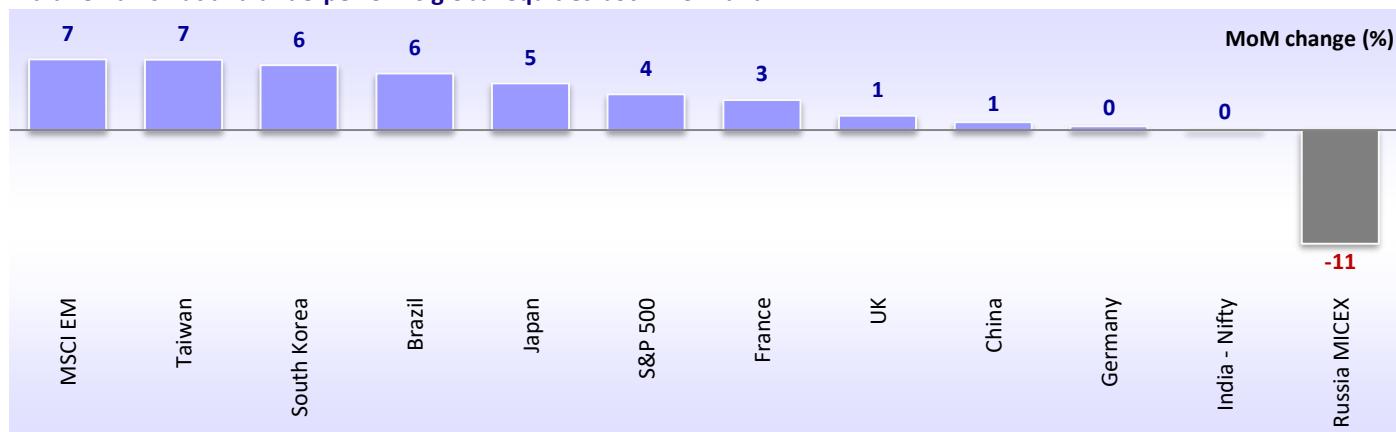
The key highlights of the 'The Eagle Eye' are as follows:

- a) India remains flat and underperforms global equities both MoM and YTD; b) Gold shines through the year, but equities offer better risk-reward; c) A review of Indian markets since the Sep'24 highs Markets consolidate through the year amid buoyant fiscal and monetary actions; d) Indian markets underperform global peers over the past year; e) While TTM earnings growth moderates, valuations also correct from the highs; f) DII monthly inflows remain strong as FII outflows continue; g) Monthly average cash and F&O volumes inch up; h) The India-US 10-year yield spread widens MoM; i) Forex reserves near all-time highs, while INR hits a record low; j) PSBs and Metals gain weight, while Technology dips sharply; k) Large-cap valuations hover near averages; SMIDs remain elevated; l) Auto and Pvt. Banks trade below their average valuations.

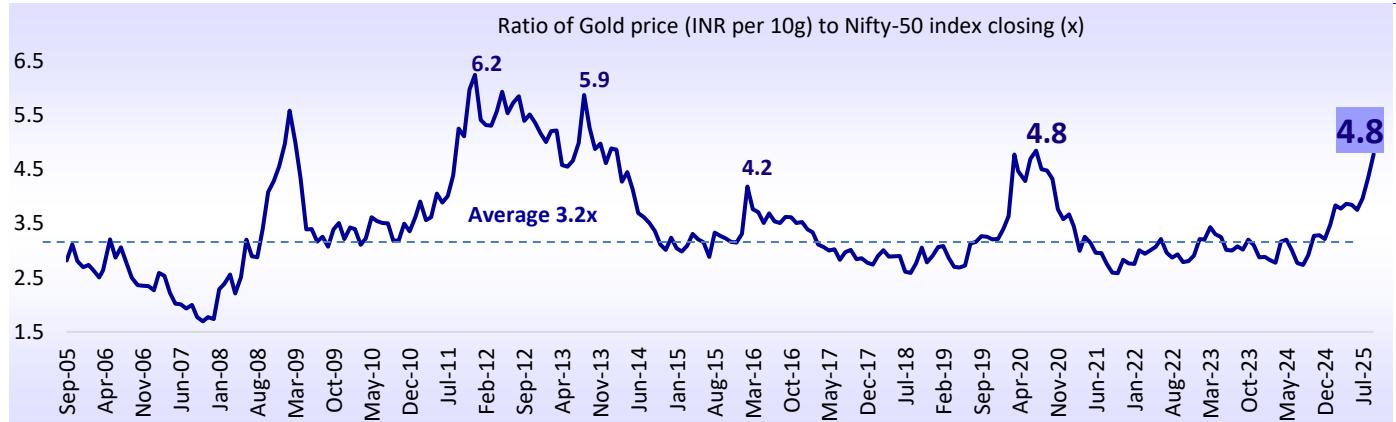
#### Notable Published reports in Sep'25:

- a) Initiating Coverages on: NSDL, Ellenbarrie Industrial Gases, Sri Lotus Developers and Realty, and Luggage Thematic; b) India Strategy: A reason for optimism

#### India remains flat and underperforms global equities both MoM and YTD



#### Ratio of gold price to Nifty-50 at 2020 high



# HDFC Bank

BSE SENSEX	S&P CNX
81,207	24,894

## Stock Info

Bloomberg	HDFCB IN
Equity Shares (m)	15360
M.Cap.(INRb)/(USDb)	14825 / 167
52-Week Range (INR)	1018 / 805
1, 6, 12 Rel. Per (%)	0/0/16
12M Avg Val (INR M)	22531
Free float (%)	100.0

## Financials Snapshot (INR b)

Y/E	FY25	FY26E	FY27E
NII	1,227	1,305	1,502
OP	1,001	1,173	1,267
NP	673	721	831
NIM (%)	3.5	3.4	3.5
EPS (INR)	44.0	47.1	54.3
EPS Gr. (%)	9.9	7.0	15.3
BV/Sh. (INR)	328	359	402
ABV/Sh. (INR)	314	343	385

## Ratios

RoA (%)	1.8	1.8	1.8
RoE (%)	14.5	13.7	14.3

## Valuations

P/E(X)	21.9	20.5	17.7
P/E(X)*	18.7	17.5	15.1
P/BV (X)	2.9	2.7	2.4
P/ABV (X)	2.6	2.4	2.1

\* adj. for subs

## CMP: INR965

Buy

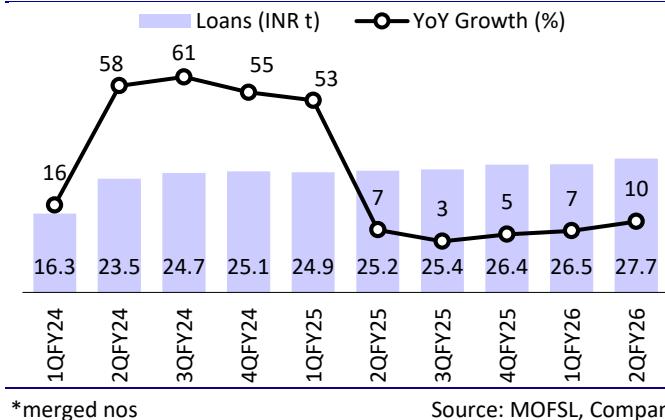
**Robust gross advances growth at 4.4% QoQ, deposits rise 1.4% QoQ | CD ratio inches up**

**CASA ratio steady at 33.9%**

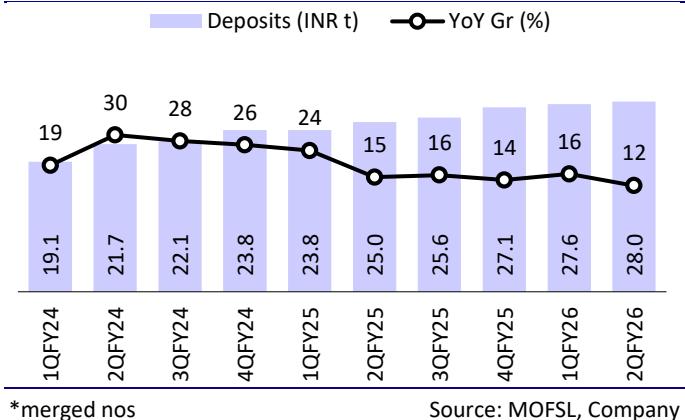
HDFCB released its 2QFY26 business update. The following are the key takeaways:

- Gross advances grew 9.9% YoY/4.4% QoQ to INR27.7t. The bank's average AUM (grossing up for interbank, bills rediscounting, and securitization) grew 9% YoY/1.9% and period-end AUM rose 8.9% YoY/3.1% QoQ (MOFSLe at 7.7% YoY/2.3% QoQ for net advances).
- Deposits (period-end) grew 12.1% YoY/1.4% QoQ to INR28t. CASA deposits (period-end) grew by 1.3% QoQ (up 7.4% YoY), while term deposits increased 1.4% QoQ/14.6% YoY (MOFSLe for deposits at 13.7% YoY/2.8% QoQ).
- Average deposits grew 15.1% YoY/2.0% QoQ, while average CASA deposits rose 8.5% YoY/1.9% QoQ. Average TD grew 18.6% YoY/2.0% QoQ.
- HDFCB's advances growth was ahead of our estimate, while deposit growth marginally lagged our estimate. CASA ratio stood at 33.9% (vs. 33.9% in 1QFY26). Consequently, on a calculated basis, the CD ratio increased sharply to 97.9% (vs. 95.1% in 1QFY26).

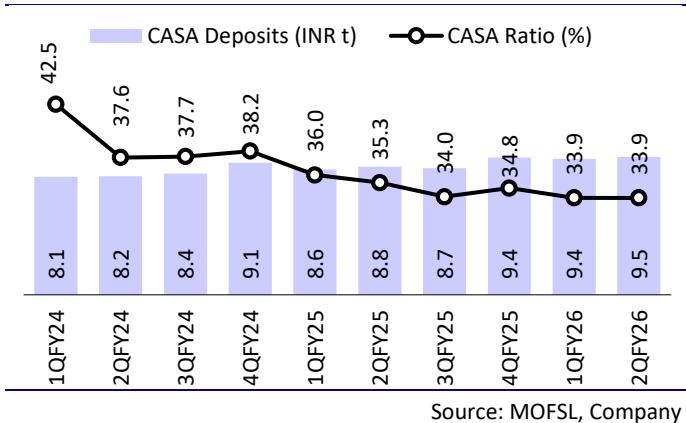
**Loans grew 9.9% YoY/ 4.4% QoQ**



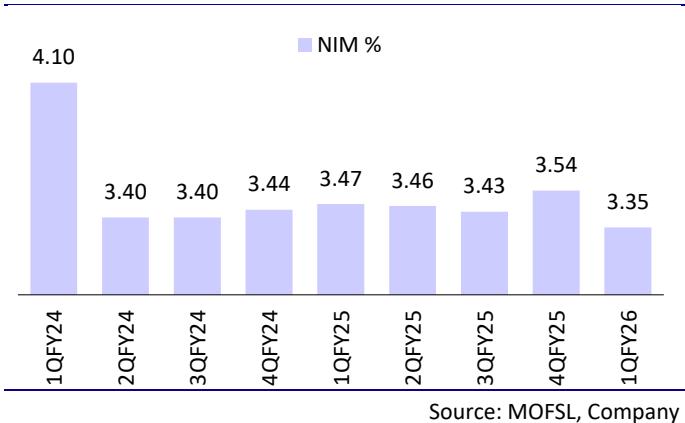
**Deposits grew 12.1% YoY/ 1.4% QoQ**



**CASA deposits grew 1.3% QoQ (up 7.4% YoY)**



**Margin stood at 3.35% in 1QFY26**



# Bajaj Finance

BSE SENSEX	S&P CNX
81,207	24,894

Stock Info	
Bloomberg	BAF IN
Equity Shares (m)	6222
M.Cap.(INRb)/(USDb)	6158.7 / 69.4
52-Week Range (INR)	1036 / 644
1, 6, 12 Rel. Per (%)	10/8/35
12M Avg Val (INR M)	8929
Free float (%)	45.3

Financials Snapshot (INR b)			
Y/E March	FY25	FY26E	FY27E
Net Income	450	540	676
PPP	300	364	460
PAT	168	204	264
EPS (INR)	27	33	43
EPS Gr. (%)	16	22	29
BV/Sh. (INR)	156	183	220
Ratios			
NIM (%)	9.9	9.7	9.8
C/I ratio (%)	33.2	32.7	31.9
RoA (%)	4.0	3.9	4.1
RoE (%)	19.3	19.4	21.1
Payout (%)	20.7	16.0	15.1
Valuations			
P/E (x)	36.7	30.1	23.3
P/BV (x)	6.4	5.4	4.5
Div. Yield (%)	0.6	0.5	0.6

## CMP: INR990

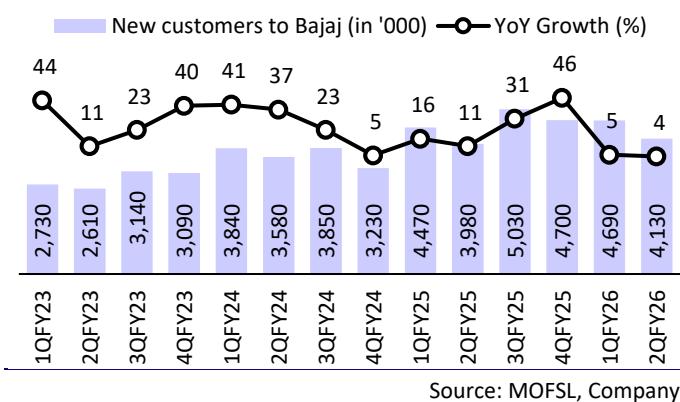
Neutral

### AUM growth at ~24% YoY; new customer additions weak

#### New loans booked rise ~26% YoY

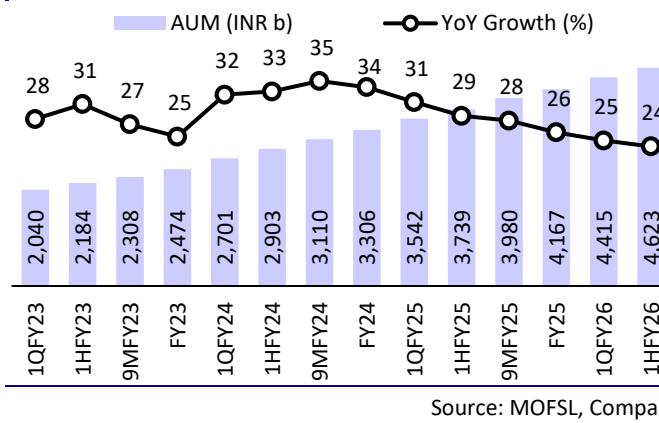
- Total customer franchise stood at ~110.6m, up ~20% YoY/4% QoQ.
- New customer acquisition was slightly weak, with BAF acquiring ~4.13m new customers (vs. 3.98m in 2QFY25). New customer acquisitions rose 4% YoY.
- New loans booked rose ~26% YoY at 12.2m (v/s 9.7m in 2QFY25). Within this, the contribution from new customers was ~34% (PQ: 35% and PY: 41%).
- AUM growth was slightly higher than our estimates, with the reported AUM at INR4.62t, up ~24% YoY/~5% QoQ.
- Deposit growth was weak and grew 5% YoY and declined ~3% QoQ to INR697b. This is potentially because the company deprioritized deposit growth, preferring instead to borrow from banks, which give floating loans.

#### New customer additions weak



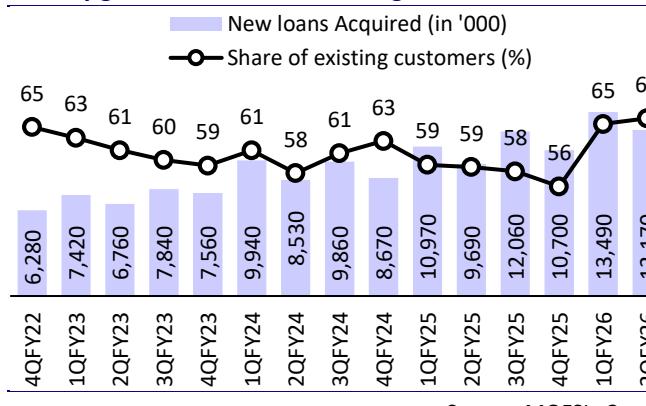
Source: MOFSL, Company

#### AUM rose 5% QoQ and 24% YoY



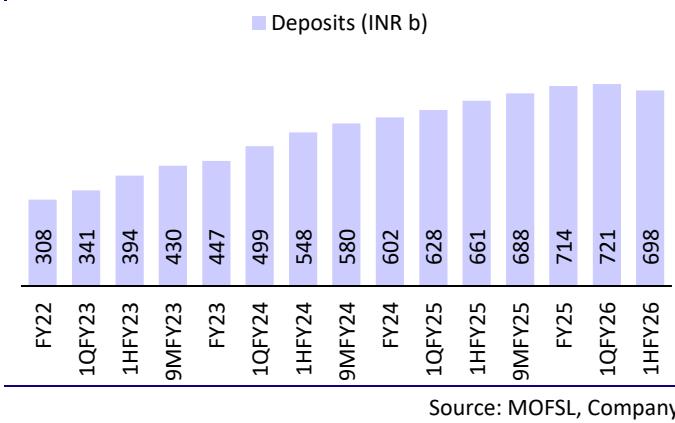
Source: MOFSL, Company

#### Healthy growth in new loan bookings



Source: MOFSL, Company

#### Deposits stood at INR698b, up 5% YoY but down ~3% QoQ



Source: MOFSL, Company

# Kotak Mahindra Bank

BSE SENSEX	S&P CNX
81,207	24,894

## Stock Info

Bloomberg	KMB IN
Equity Shares (m)	1989
M.Cap.(INRb)/(USDb)	4177 / 47
52-Week Range (INR)	2302 / 1679
1, 6, 12 Rel. Per (%)	6/-9/17
12M Avg Val (INR M)	8181
Free float (%)	74.1

## Financials Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
NII	283.4	301.3	348.8
OP	245.3	222.5	258.5
NP	164.5	141.0	166.9
Cons. NP	221.3	209.7	250.0
NIM (%)	4.8	4.5	4.5
EPS (INR)	82.7	70.9	83.9
EPS Gr. (%)	19.3	(14.3)	18.3
ABV. (INR)	568	598	676
Cons. BV. (INR)	792	869	994
<b>Ratios</b>			
RoA (%)	2.5	1.9	2.0
RoE (%)	15.4	11.7	12.6
Cons. RoE (%)	14.1	12.1	12.7
<b>Valuations</b>			
P/BV (X) (Cons.)	2.7	2.4	2.1
P/ABV (X) (Adj)	2.4	2.2	2.0
P/E(X) (Adj)	16.2	18.9	16.0

**CMP: INR2108**

**Buy**

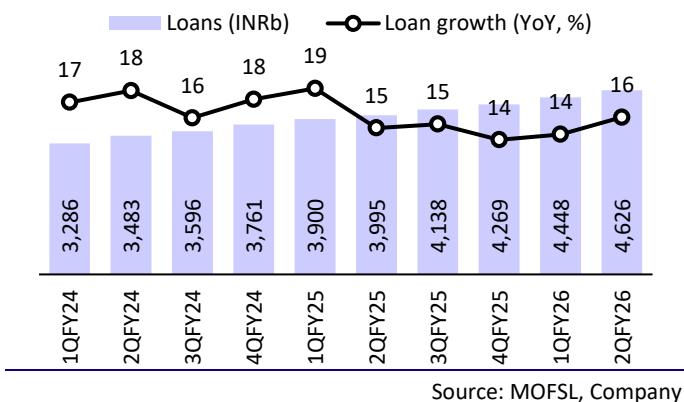
**Robust business momentum | CD ratio rises to 87.5%**

**CASA ratio improves to 42.3%**

KMB released its 2QFY26 business update. The following are the key takeaways:

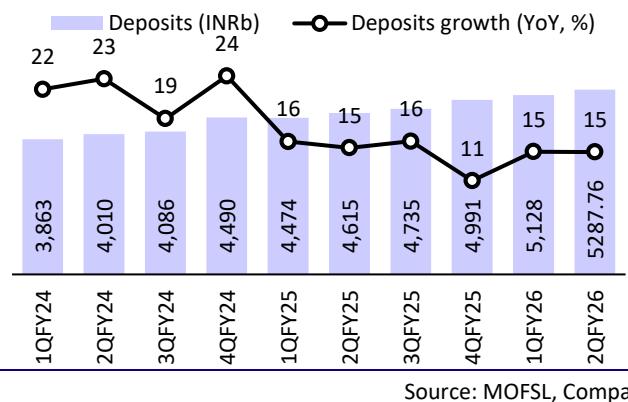
- Net advances reported strong traction and grew 15.8% YoY/4.0% QoQ to INR4.63t (better than MOFSLe net advances of 14.6% YoY/2.9% QoQ).
- Average net advances surged 14.6% YoY/4% QoQ.
- Deposits (period-end) jumped 14.6% YoY/3.1% QoQ to INR5.29t. CASA deposits (period-end) surged 6.7% QoQ (up 11.2% YoY). The CASA ratio thus improved to 42.3% vs 40.9% in 1QFY26 (MOFSLe for deposits at 14.4% YoY/3% QoQ).
- Average deposits grew by 14.4% YoY/3.7% QoQ, while average CASA grew by 6.2% YoY/3.3% QoQ.
- KMB's loan growth remained strong and better than our estimates, outpacing system growth, while deposit growth also stood healthy and broadly in line with our estimates. Hence, the bank's CD ratio rose to 87.5% from 86.7% in 1QFY26.

**Loans grew 15.8% YoY/4% QoQ**



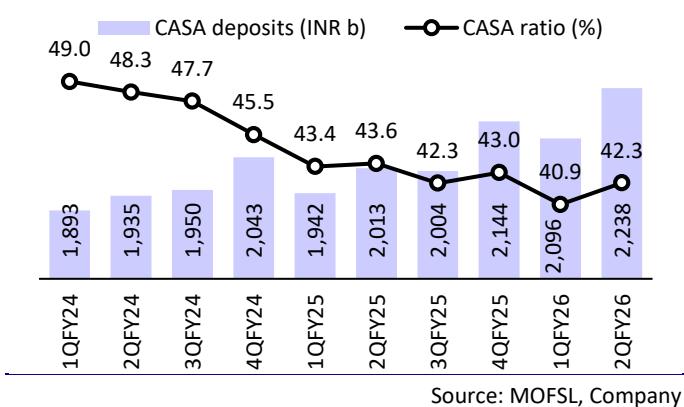
Source: MOFSL, Company

**Deposits grew 14.6% YoY/3.1% QoQ**



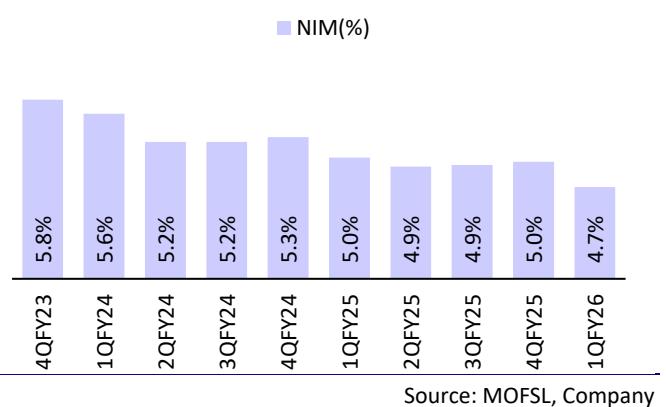
Source: MOFSL, Company

**CASA deposits grew 6.7% QoQ (up 11.2% YoY)**



Source: MOFSL, Company

**Margin stood at 4.7% in 1QFY26**



Source: MOFSL, Company

# Avenue Supermarts

BSE SENSEX	S&P CNX
81,207	24,894

## Stock Info

Bloomberg	DMART IN
Equity Shares (m)	651
M.Cap.(INRb)/(USDb)	2875.2 / 32.4
52-Week Range (INR)	5015 / 3337
1, 6, 12 Rel. Per (%)	-8/-1/-9
12M Avg Val (INR M)	2938
Free float (%)	25.4

## Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	594	700	834
EBITDA	45	51	62
Adj. PAT	27	29	36
EBITDA Margin (%)	7.6	7.2	7.4
Adj. EPS (INR)	42	45	55
EPS Gr. (%)	7	9	22
BV/Sh. (INR)	329	374	430
<b>Ratios</b>			
Net D:E	0.0	0.0	0.0
RoE (%)	13.5	12.8	13.7
RoCE (%)	13.3	12.7	13.5
Payout (%)	0.0	0.0	0.0
<b>Valuations</b>			
P/E (x)	102.6	94.4	77.3
EV/EBITDA (x)	62.0	54.8	45.1
EV/Sales (X)	4.7	4.0	3.3

**CMP: INR4,418**

**BUY**

## DMART 2QFY26 pre-quarter update

Revenue grew 15% YoY (vs. 16% YoY in 1Q and our est. ~17% YoY)

- Standalone revenue at INR162b grew **15.4% YoY** (on weak base of 14% YoY in 2QFY25), slightly weaker than our pre-quarter estimated growth of ~17% YoY.
- Growth was largely driven by 13% YoY store addition and likely mid-single digit SSSG.
- DMart added eight stores during the quarter (17 in 1HFY26 vs. 12 in 1HFY25), taking the total count to 432 stores.
- **Productivity remains weak**
  - Annualized revenue/store grew by a modest ~1% YoY to INR1.52b (vs. +2% YoY growth in 1QFY26).
  - Annualized revenue/sqft. (calculated) was up ~1% YoY on our estimate to INR36.5k/sqft (vs. ~2% YoY growth in 1QFY26).
- DMart has been facing margin pressure over the past few quarters, and given likely muted SSSG, we expect margin pressures to continue in 2QFY26.

**Acceleration in store additions remains the key monitorable for DMart. We estimate 60 net store additions in FY26 (vs. 50 in FY25).**

## Quarterly trend

DMart standalone	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	2QFY26E	vs. est
Revenue (INR b)	137	141	156	145	159	162	165	-1.7
YoY growth	18.4%	14.2%	17.5%	16.7%	16.2%	15.4%	17.4%	
<b>Store count</b>	<b>371</b>	<b>377</b>	<b>387</b>	<b>415</b>	<b>424</b>	<b>432</b>	<b>432</b>	<b>0.0</b>
Store adds	6	6	10	28	9	8	8	
YoY growth	13%	12%	13%	14%	14%	15%	15%	
<b>Total Area (mn sqft)*</b>	<b>15.4</b>	<b>15.8</b>	<b>16.1</b>	<b>17.2</b>	<b>17.6</b>	<b>17.9</b>	<b>17.9</b>	<b>0.0</b>
YoY growth	14%	14%	13%	14%	14%	13%	13%	
<b>Annualized Rev/Store (INR m)</b>	<b>1,490</b>	<b>1,503</b>	<b>1,630</b>	<b>1,443</b>	<b>1,519</b>	<b>1,516</b>	<b>1,541</b>	<b>-1.7</b>
YoY growth	5%	1%	4%	3%	2%	1%	3%	
<b>Rev/sq ft*</b>	<b>35,907</b>	<b>36,026</b>	<b>39,035</b>	<b>34,744</b>	<b>36,626</b>	<b>36,529</b>	<b>37,148</b>	<b>-1.7</b>
YoY growth	4%	0%	3%	3%	2%	1%	3%	

\*calculated number

# Punjab National Bank

BSE SENSEX	S&P CNX
81,207	24,894

## Stock Info

Bloomberg	PNB IN
Equity Shares (m)	11493
M.Cap.(INRb)/(USDb)	1314.4 / 14.8
52-Week Range (INR)	116 / 85
1, 6, 12 Rel. Per (%)	9/8/10
12M Avg Val (INR M)	2838
Free float (%)	29.9

## Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	427.8	439.1	511.7
OP	268.3	284.8	331.7
NP	166.3	162.2	211.6
NIM (%)	2.7	2.4	2.6
EPS (INR)	14.8	14.1	18.4
EPS Gr. (%)	97.4	-4.5	30.4
BV/Sh. (INR)	107	118	133
ABV/Sh. (INR)	101	113	127

## Ratios

RoA (%)	1.0	0.8	1.0
RoE (%)	15.3	12.9	15.0

## Valuations

P/E(X)	7.7	8.1	6.2
P/BV (X)	1.1	1.0	0.9
P/ABV (X)	1.1	1.0	0.9

**CMP: INR 114**

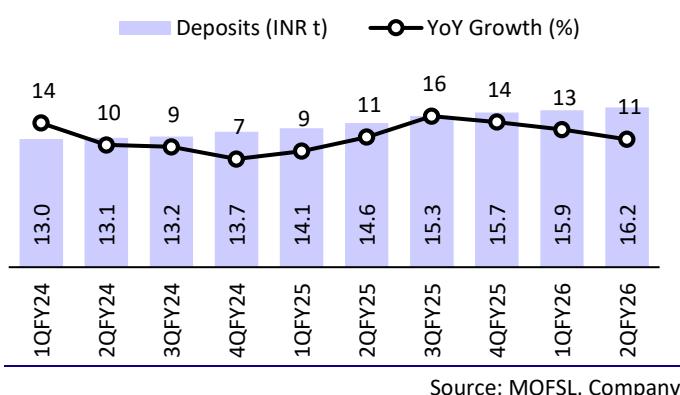
**Buy**

**Business growth healthy; CD ratio rises to 72.4%**

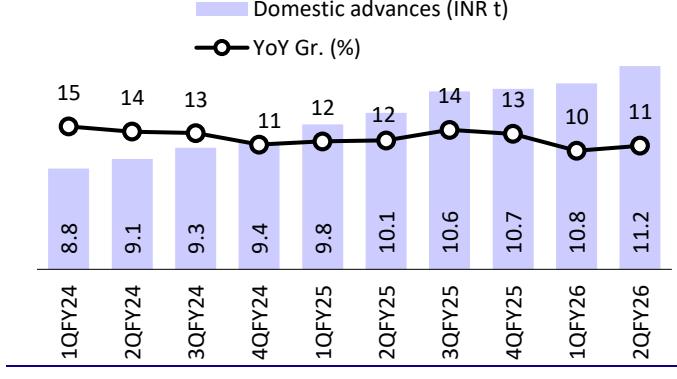
PNB released its quarterly business numbers for 2QFY26. Here are the highlights:

- Gross global advances grew by a modest 10.3% YoY/3.6% QoQ to ~INR11.7t. Domestic advances grew 10.7% YoY/3.7% QoQ. **Credit growth came in ahead of our estimate of 10.1% YoY/2.8% QoQ growth in net advances.**
- Deposit growth stood at 10.9% YoY/1.7% QoQ to INR16.2t. Domestic deposits grew 10.4% YoY (1.7% QoQ). **Deposit growth was slightly lower than our estimate of 11.9% YoY/2.7% QoQ.**
- The bank's CD ratio stood at 72.4% vs. 71.1% as of 1QFY26.
- Overall, PNB's loan growth was healthy, while deposit growth was slightly lower than our estimate. Overall business growth was healthy at 10.6% YoY/2.5% QoQ, while CD ratio increased QoQ owing to faster growth in credit.

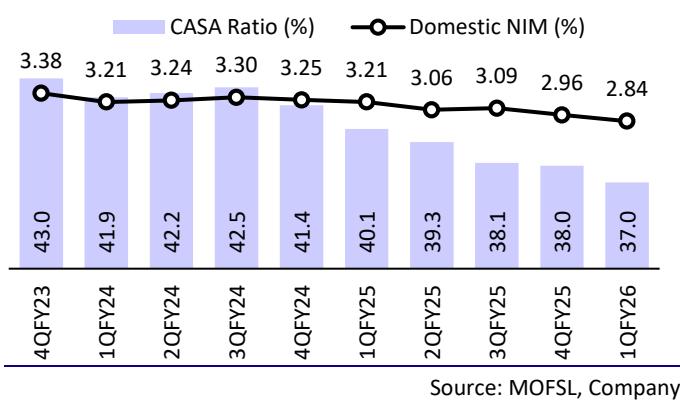
**Total deposits grew ~10.9% YoY (1.7% QoQ)**



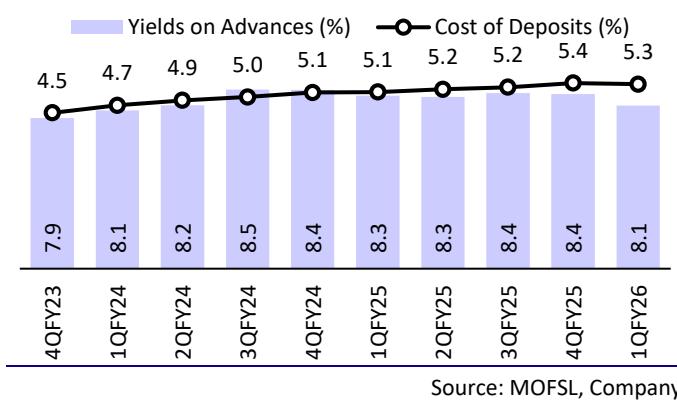
**Domestic advances grew 10.7% YoY (3.7% QoQ)**



**NIM stood at 2.84% in 1QFY26**



**Cost of deposits stood at 5.3% in 1QFY26**



# Union Bank of India

BSE SENSEX	S&P CNX
81,207	24,894

## Stock Info

Bloomberg	UNBK IN
Equity Shares (m)	7634
M.Cap.(INRb)/(USDb)	1051.2 / 11.8
52-Week Range (INR)	159 / 101
1, 6, 12 Rel. Per (%)	6/-/2/17
12M Avg Val (INR M)	1618
Free float (%)	25.2

## Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	372.1	369.1	414.1
OP	310.9	280.5	314.1
NP	179.9	161.6	178.8
NIM (%)	2.7	2.5	2.5
EPS (INR)	23.6	21.2	23.4
EPS Gr. (%)	24.9	-10.2	10.6
BV/Sh. (INR)	144	159	178
ABV/Sh. (INR)	136	151	170
RoA (%)	1.2	1.0	1.1
RoE (%)	18.1	14.3	14.1

## Valuations

P/E(X)	5.8	6.4	5.8
P/BV (X)	0.9	0.9	0.8
P/ABV (X)	1.0	0.9	0.8

## CMP: INR138

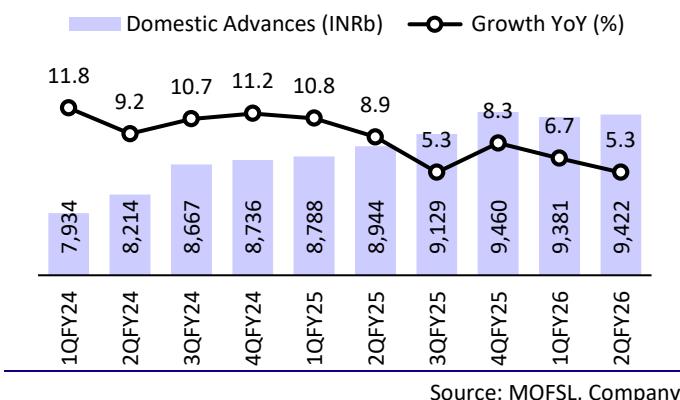
Neutral

## Growth in advances and deposits remains sluggish

Union Bank released its 2QFY26 business update. The following are the key takeaways:

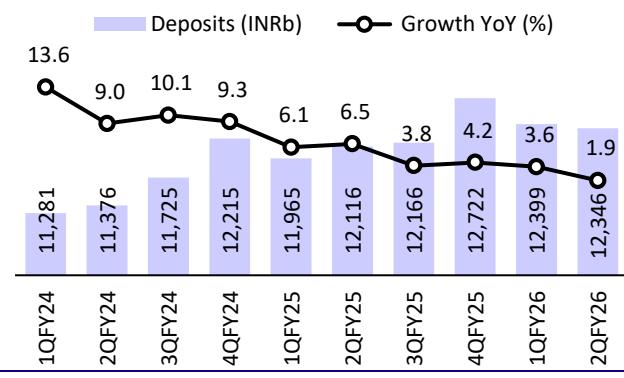
- Gross advances for the bank stood flat QoQ (up 4.98% YoY) at INR9.75t, trailing systemic loan growth as well as peers for 2QFY26. Domestic advances growth too remained weak at 0.43% QoQ (up 5.34% YoY). **Net advances growth is expected at 8.4% YoY/2.8% QoQ as per MOFSL.**
- Within advances, growth for domestic retail advances was healthy at 4.1% QoQ/23.96% YoY. Domestic RAM advances grew 1.7% QoQ/9.3% YoY.
- Deposits also dipped 0.43% QoQ (up 1.9% YoY) to INR12.34t. Domestic CASA declined 0.3% QoQ (up 1.4% YoY); as a result, the domestic CASA ratio remained stable at 32.5%. **Deposit growth is expected at 3.2% YoY/3.3% QoQ as per MOFSL.**
- Union Bank reported weak business growth in 2QFY26, with advances growth flat and deposits declining, thus lagging behind system-wide growth. The CD ratio (based on gross advances) increased to ~79% in 2QFY26 from 78.6% in 1QFY26.

### Domestic advances grew 5.3% YoY (up 0.43% QoQ)



Source: MOFSL, Company

### Deposits grew 1.9% YoY (down 0.43% QoQ)



Source: MOFSL, Company

# Bajaj Housing Finance

BSE SENSEX	S&P CNX
81,207	24,894

## Stock Info

Bloomberg	BAJAJHFL IN
Equity Shares (m)	8332
M.Cap.(INRb)/(USDb)	929.1 / 10.5
52-Week Range (INR)	160 / 103
1, 6, 12 Rel. Per (%)	-2/-18/-25
12M Avg Val (INR M)	1563
Free float (%)	11.3

## Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	30.1	38.1	45.8
PPP	28.5	34.9	42.8
PAT	21.6	25.7	31.6
EPS (INR)	2.6	3.1	3.8
EPS Gr. (%)	0.7	19	23
BV/Sh. (INR)	24	27	31
<b>Ratios (%)</b>			
NIM	3.3	3.4	3.3
C/I ratio	20.8	20.1	19.0
RoA	2.3	2.2	2.2
RoE	13.4	12.1	13.1
<b>Valuation</b>			
P/E (x)	43.1	36.2	29.5
P/BV (x)	4.7	4.1	3.6
Div. Yield (%)	0.0	0.0	0.0

**CMP: INR112**

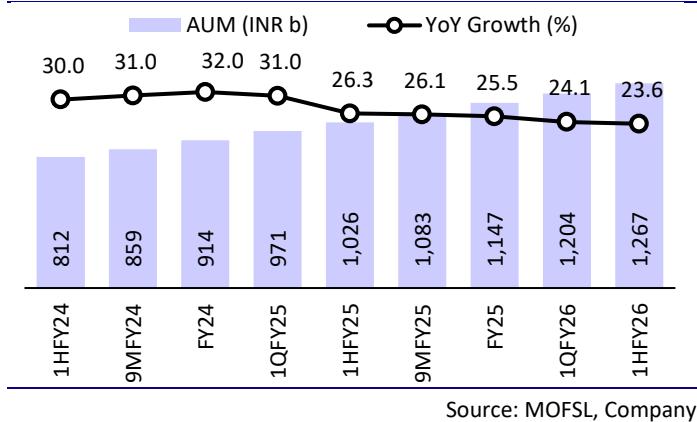
**Neutral**

**Healthy disbursement growth of ~32% YoY; AUM grew ~24% YoY**

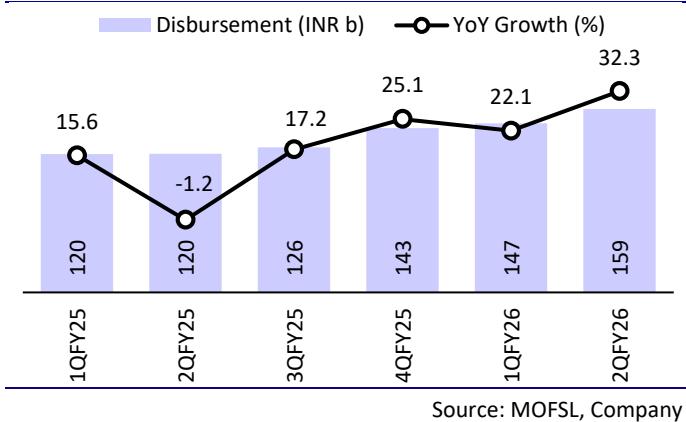
**Repayments were elevated during the quarter**

- 2QFY26 disbursements grew ~32% YoY/8.5% QoQ to INR159b.
- AUM grew ~24% YoY/5% QoQ to INR1.27t as of Sep'25.
- Repayments during the quarter were elevated at ~31.8% (PY: 26.9% and PQ: 31.1%)
- Loan assets grew ~26% YoY and stood at INR1.13t as of Sep'25.

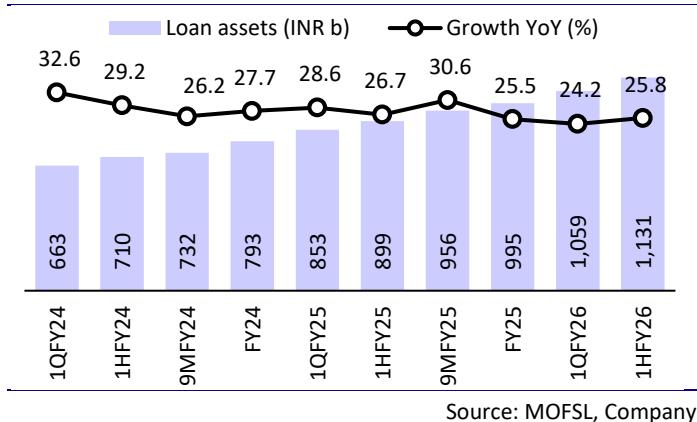
**AUM grew ~24% YoY**



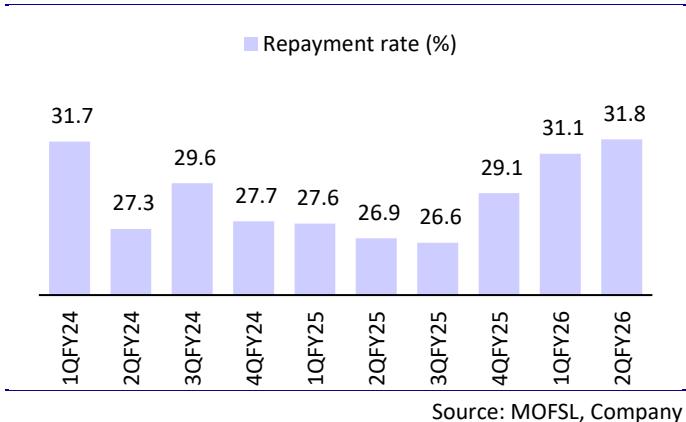
**Disbursements grew ~32% YoY**



**Loan assets grew ~26% YoY**



**Repayment rate was elevated at 31.8% in 2QFY26**



BSE SENSEX	S&P CNX
81,207	24,894

## Stock Info

Bloomberg	MRCO IN
Equity Shares (m)	1298
M.Cap.(INRb)/(USDb)	922.8 / 10.4
52-Week Range (INR)	761 / 578
1, 6, 12 Rel. Per (%)	-4/0/3
12M Avg Val (INR m)	1476
Free float (%)	41.0

## Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	131.2	143.8	157.1
Sales Gr. (%)	21.1	9.6	9.3
EBITDA	23.6	27.8	31.4
Margin (%)	18.0	19.4	20.0
Adj. PAT	17.8	20.6	23.2
Adj. EPS (INR)	13.8	15.9	18.0
EPS Gr. (%)	11.2	15.8	12.6
BV/Sh.(INR)	32.1	34.5	38.0
<b>Ratios</b>			
RoE (%)	43.8	47.9	49.5
RoCE (%)	39.1	42.9	44.6
Payout (%)	90.7	84.7	80.7
<b>Valuations</b>			
P/E (x)	51.5	44.5	39.5
P/BV (x)	22.1	20.6	18.7
EV/EBITDA (x)	38.2	32.3	28.4
Div. Yield (%)	1.8	1.9	2.0

## CMP: INR711

Buy

## Revenue growth to cross 30%; expect modest operating profit growth

Please find below the key highlights from Marico (MRCO)'s 2QFY26 pre-quarterly update:

### Business overview – consol. revenue growth in thirties

- The sector witnessed stable demand trends during most of the quarter. MRCO expects demand sentiment to gradually improve during the upcoming festive season and months ahead, aided by easing inflation, above-average monsoons, healthy crop outlook, and policy stimulus.
- About 30% of MRCO's India business has benefited from the GST rate rationalization. It has passed on the benefits of the revised GST rates to consumers across relevant product categories, reinforcing affordability and accessibility.
- Domestic business** continued to exhibit steady momentum in Jul-Aug'25, though it saw a transitory impact of disruption in trade channels and purchases by the Canteen Stores Department ahead of the implementation of new GST rates in Sep'25. That said, **underlying volume growth remained in high-single digits, albeit moderating sequentially.**
- Consolidated revenue growth YoY will be touching the 30s** on the back of pricing interventions and mix improvement, thereby closing the first half of the year on a strong note and staying well on course to achieve the full-year target (23% in 1QFY26; 8% in 2QFY25).

### International business: growth in 20s (constant currency terms)

- In 2QFY26, MRCO's international business maintained its robust momentum, with constant currency growth touching the 20s.
- Bangladesh and MENA businesses visibly outperformed, while other markets were steady in their course.

### Costs and margins

- Copra prices remained rangebound after correcting ~10-12% from the highs.
- Vegetable oil prices also remained high, while crude oil derivatives were benign.
- MRCO expects gross margin to come under incremental pressure on a relatively high base and partly due to the pricing-led high denominator effect. MRCO expects gross margin pressures to ease from 2HFY26.
- Despite the input cost pressures and continued commitment to A&P investments, MRCO expects modest operating profit growth on a YoY basis.

## Segments

- **Parachute** recorded low-single-digit decline in volumes amid hyperinflation in input costs and pricing conditions. After normalizing for ml reductions in lieu of price increases, the brand saw flat volume during the quarter, demonstrating formidable strength even after effective price hikes of more than 60% on a YoY basis.
- **Saffola Oils** delivered flat volumes with a high base and revenue growth in the high teens.
- **Value-added Hair Oils** delivered growth in the high teens, reflecting a stable recovery path. MRCO expects the franchise to maintain a healthy growth momentum over the near and medium term, supported by its focus on the mid and premium segments of the portfolio, enhanced direct reach driven by Project SETU, and the recent GST rate rationalization.
- **Foods and Premium Personal Care** (incl. digital-first brands) maintained the accelerated scale-up and kept up the pace of diversification.

# L&T Finance

BSE SENSEX	S&P CNX
81,207	24,894

## Stock Info

Bloomberg	LT FIN
Equity Shares (m)	2500
M.Cap.(INRb)/(USDb)	655.8 / 7.4
52-Week Range (INR)	264 / 129
1, 6, 12 Rel. Per (%)	15/63/46
12M Avg Val (INR M)	1252
Free float (%)	33.8

## Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
Net Income	86.7	97.3	120.9
PPP	59.6	67.6	85.9
PAT	26.4	29.9	40.2
EPS (INR)	10.6	12.0	16.1
EPS Gr. (%)	13.8	13.2	34.5
BV/Sh. (INR)	102	112	125
<b>Ratios</b>			
NIM (%)	9.9	9.4	9.5
C/I ratio (%)	40.1	39.9	38.0
RoA (%)	2.4	2.3	2.6
RoE (%)	10.8	11.2	13.6
Payout (%)	26.0	26.0	25.0
<b>Valuations</b>			
P/E (x)	24.7	21.8	16.2
P/BV (x)	2.6	2.3	2.1
Div. Yield (%)	1.0	1.2	1.5

## CMP: INR262

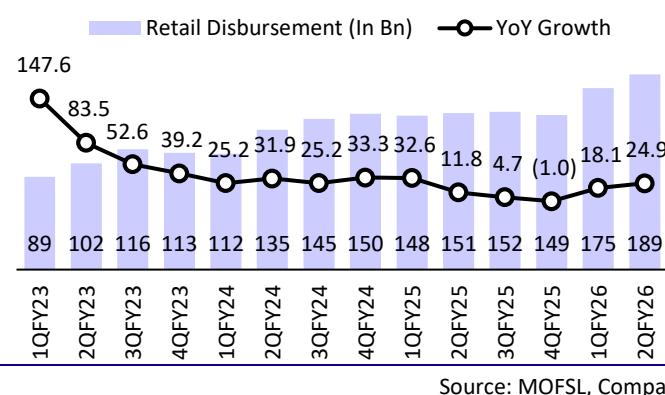
Buy

**Retail loans grew ~17% YoY; healthy disbursement growth of ~25% YoY**

**Wholesale loans could have potentially declined to ~INR22b.**

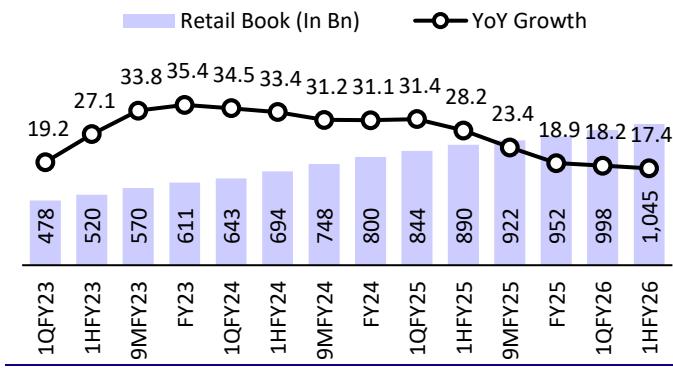
- 2QFY26 retail disbursements grew ~25% YoY/8% QoQ to INR189b (PQ: INR175b).
- Rural Business disbursements grew 16% YoY. Farmer Finance disbursements declined 7% YoY, Urban Finance disbursements grew 30% YoY, and SME disbursements grew ~17% YoY.
- Gold loan disbursements stood at INR9.8b in 2QFY26.
- Retail loan book grew 17% YoY and 5% QoQ to INR1.04t.
- Retail Loan mix was stable QoQ at ~98% and well ahead of the company's Lakshya FY26 retail mix target of over 80%. This implies that the wholesale book could have declined to ~INR22b.

## Retail disbursements grew ~25% YoY



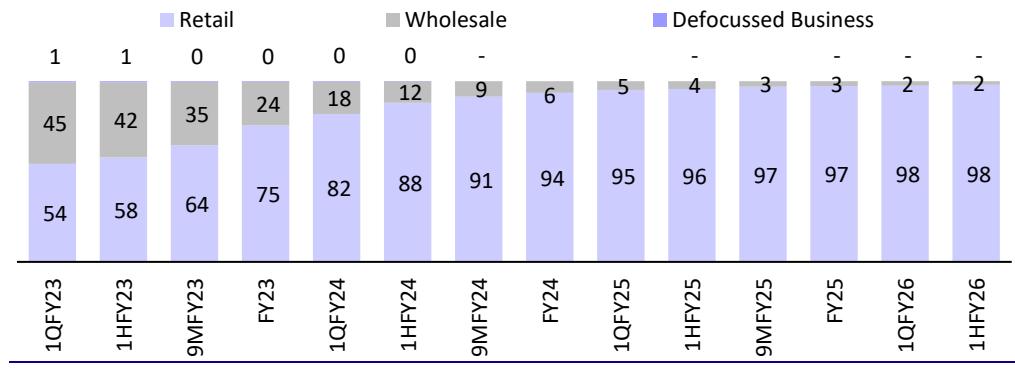
Source: MOFSL, Company

## Retail loans grew ~17% YoY



Source: MOFSL, Company

## Wholesale mix declined to ~2% (vs. 12% around two years ago)



Source: MOFSL, Company

# IndusInd Bank

BSE SENSEX	S&P CNX
81,207	24,894

## Stock Info

Bloomberg	IIB IN
Equity Shares (m)	779
M.Cap.(INRb)/(USDb)	582.3 / 6.6
52-Week Range (INR)	1413 / 605
1, 6, 12 Rel. Per (%)	-3/-2/-45
12M Avg Val (INR m)	6652
Free float (%)	84.9

## Financials Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
NII	190.3	184.3	218.3
OP	106.6	97.2	121.2
NP	25.8	28.4	48.5
NIM (%)	3.6	3.2	3.6
EPS (INR)	33.1	36.5	62.2
EPS Gr. (%)	-71.4	10.2	70.8
BV/Sh. (INR)	830	857	909
ABV/Sh. (INR)	800	820	880

## Ratios

RoA (%)	0.5	0.5	0.8
RoE (%)	4.0	4.3	7.1

## Valuations

P/E (X)	22.6	20.5	12.0
P/BV (X)	0.9	0.9	0.8
P/ABV (X)	0.9	0.9	0.9

## CMP: INR748

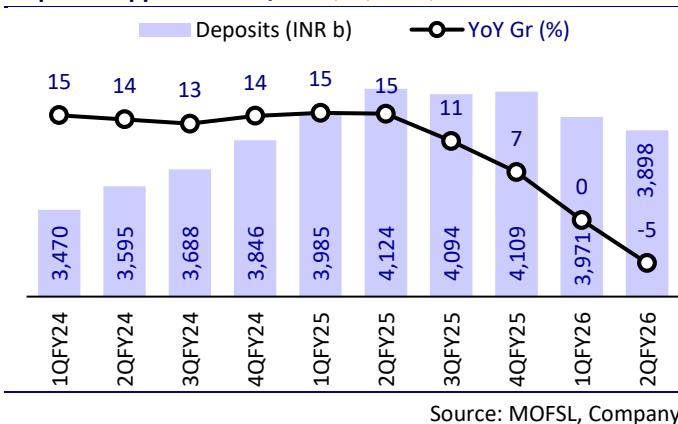
Neutral

### Business declines and misses estimates; CASA ratio dips

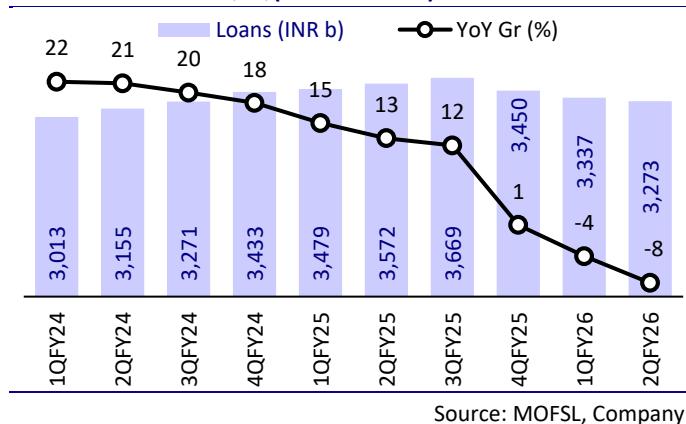
IndusInd Bank (IIB) released its quarterly update, highlighting the key business numbers for 2QFY26. The following are the key takeaways:

- IIB reported a 2% QoQ drop in net advances (down 8% YoY) to INR3.27t. **Our net advances growth estimate was 3.4% QoQ (down 3.4% YoY).**
- Deposits also decreased 2% QoQ (down 5% YoY), and the CASA ratio declined to 30.8% from 31.5% as of 1QFY26. **Our deposit growth estimate was 3.5% QoQ (down 0.3% YoY).**
- Retail deposits and deposits from small business customers amounted to INR1.84t vs. INR1.85t as of 1QFY26.
- The CD ratio for the bank was stable at 84% in 2QFY26 (84% in 1QFY26).
- IIB's overall business performance remained weak. Both advances and deposits declined 2% QoQ each, keeping the CD ratio broadly stable.**

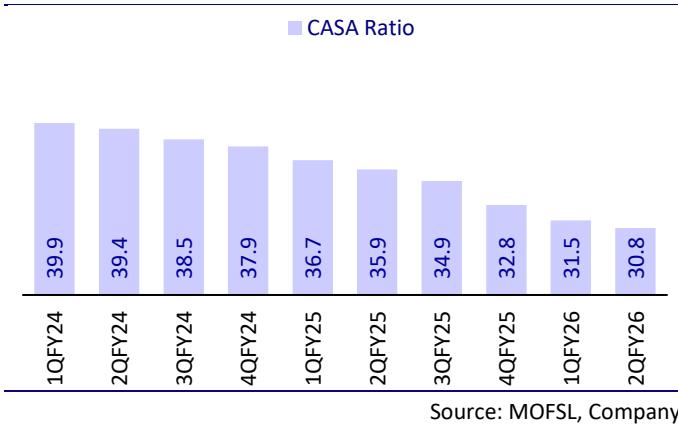
### Deposits dipped 5% YoY/2% QoQ in 2QFY26



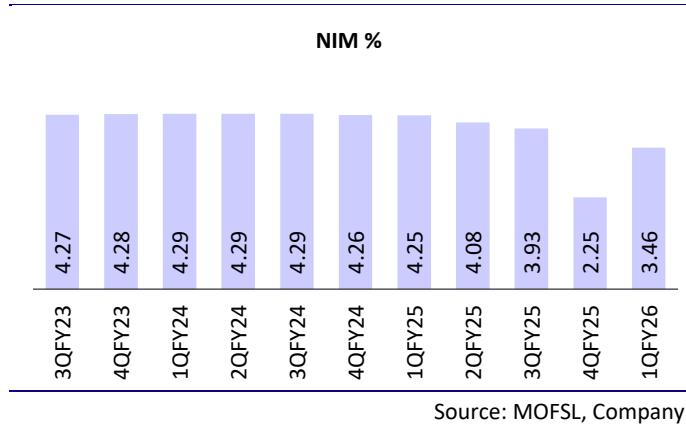
### Loans declined 2% QoQ (down 8% YoY)



### CASA ratio moderated to 30.8% in 2QFY26



### NIM stood at 3.46% as of 1QFY26



# AU Small Finance Bank

BSE SENSEX	S&P CNX
81,207	24,894

Bloomberg	AUBANK IN
Equity Shares (m)	746
M.Cap.(INRb)/(USDb)	553.5 / 6.2
52-Week Range (INR)	841 / 478
1, 6, 12 Rel. Per (%)	3/25/3
12M Avg Val (INR M)	2069
Free float (%)	77.2

## Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	80.1	87.7	112.5
PPoP	45.8	52.2	67.4
PAT	21.1	26.0	36.4
NIM (%)	6.0	5.1	5.4
EPS (INR)	29.8	34.9	48.7
EPS Gr. (%)	33.9	17.1	39.6
BV/Sh. (INR)	229	262	309
ABV/Sh. (INR)	223	254	300
<b>Ratios</b>			
RoA (%)	1.6	1.5	1.7
RoE (%)	14.3	14.2	17.1
<b>Valuations</b>			
P/E(X)	25.0	21.4	15.3
P/BV (X)	3.3	2.8	2.4
P/ABV (X)	3.3	2.9	2.5

**CMP: INR742**

**Buy**

## Robust business growth; CD ratio inches up

AUBANK released its business update for 2QFY26. Here are the key highlights:

- AUBANK has reported a robust 5.3% QoQ (+22.4% YoY) growth in gross advances to ~INR1.18t. Including the securitized/assigned + IBPC loan portfolio, the total loan portfolio grew 4.5% QoQ (17% YoY). **Growth broadly stood in line with our estimate of net advances at 20.9% YoY/4.4% QoQ.**
- The bank securitized its asset portfolio of INR53.5b in 2QFY26 and INR60.1b in 1QFY26.
- Deposit growth too stood healthy at 3.8% QoQ to reach INR1.33t (clocked a strong growth of 20.8% YoY). **Our estimate of deposit growth is at 21.9% YoY/4.7% QoQ.**
- CASA deposit growth was robust at 4.6% QoQ (+9.7% YoY) to INR389.6b. As a result, the CASA ratio improved slightly to 29.4% from 29.2% as of 1QFY26.
- Overall, business growth stood robust, led by healthy traction in gross advances. Deposit growth continued to grow at a steady pace, led by healthy momentum in CASA deposits. Overall CD ratio inched up to 88.7% from 87.4% in 1QFY26, amid faster growth in advances.

## Key business trends

INR bn	2QFY25	1QFY26	2QFY26	YoY (%)	QoQ (%)
Total Deposits	1,096.9	1,277.0	1,325.1	20.8%	3.8%
CASA Deposits	355.2	372.4	389.6	9.7%	4.6%
CASA Ratio (%)	32.4%	29.2%	29.4%	NA	NA
Gross Advances	960.3	1,116.1	1,175.2	22.4%	5.3%
Securitized/assigned loan portfolio + IBPC	89.98	60.1	53.5	NA	NA
Gross Loan Portfolio	1,050.3	1,176.2	1,228.7	17.0%	4.5%

Note: Fincare SFB with AU SFB effective from April 1, 2024; Source: MOSL, Company

# Mahindra Finance

BSE SENSEX	S&P CNX
81,207	24,894

Bloomberg	MMFS IN
Equity Shares (m)	1390
M.Cap.(INRb)/(USDb)	383.3 / 4.3
52-Week Range (INR)	320 / 232
1, 6, 12 Rel. Per (%)	5/0/-11
12M Avg Val (INR M)	670
Free float (%)	47.5

## Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	81.8	96.7	111.9
PPP	47.7	58.4	68.5
PAT	23.5	25.6	32.4
EPS (INR)	19.0	18.4	23.3
EPS Gr. (%)	33	-3	26
BV/Sh.(INR)	161	177	194

## Ratios

NIM (%)	6.7	6.8	6.9
C/I ratio (%)	41.7	39.7	38.8
RoA (%)	1.9	1.8	2.0
RoE (%)	12.4	11.5	12.6
Payout (%)	34.2	35.8	32.1

## Valuations

P/E (x)	14.4	14.8	11.7
P/BV (x)	1.7	1.5	1.4
Div. Yield (%)	2.4	2.4	2.7

**CMP: INR273**

**Buy**

**Business assets rise 13% YoY; disbursements remain muted**

**Key takeaways from the 2QFY26 business update:**

- MMFS's 2QFY26 disbursements at INR135b grew 3% YoY and ~5% QoQ.
- Gross business assets as of Sep'25 stood at ~INR1.27t, up 13% YoY/4% QoQ.
- The company's 2QFY26 CE stood at 96% (PY: 96% and PQ: 95%).
- MMFS reported that its Stage 3 is estimated at 3.9-4% (PQ and PY: 3.8%) and Stage 2 is estimated at 5.75-5.85% (PQ: 5.9% and PY: 6.4%).
- As of Sep'25, MMFS maintained a comfortable liquidity position with a liquidity chest of ~INR85b.

**Trends in disbursements, collection efficiency, and asset quality**

MMFS	2QFY25			3QFY25			4QFY25			1QFY26			2QFY26		
	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
<b>Disbursements (INR b)</b>	131.6			164.5			154.8			128			135		
Growth - YoY (%)	-1%			7%			1%			1%			3%		
<b>Business Assets (INR b)</b>	1126			1149			1193			1220			1268		
Growth - YoY (%)	20%			18%			16%			15%			13%		
<b>Collection Efficiency [Monthly]</b>															
Collection Efficiency [Quarterly]	96%			95%			97%			95%			96%		
Stage 2	6.40%			6.30%			5.50%			5.90%			5.75-5.85%		
Stage 3	3.80%			3.90%			3.70%			3.80%			3.9- 4%		
<b>Stage 2 + Stage 3 [30+dpd]</b>	<b>10.20%</b>			<b>10.20%</b>			<b>9.20%</b>			<b>9.70%</b>			<b>9.65-9.85%</b>		
<b>Write-offs (INR b)</b>															
MMFS	2QFY25			3QFY25			4QFY25			1QFY26			2QFY26		
	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
<b>Commentary on Asset Quality</b>															
Stage 2	~30bp QoQ increase in Stage 2			~10bp QoQ decline in Stage 2			~80bp QoQ decline in Stage 2			~30bp-40bp QoQ increase in Stage 2			~5bp-15bp QoQ decline in Stage 2		
Stage 3/NPA contracts	~20bp QoQ increase in Stage 3			~10bp QoQ increase in Stage 3			~20bp QoQ decline in Stage 3			~10bp-20bp QoQ increase in Stage 3			~10bp-20bp QoQ increase in Stage 3		

# Bandhan Bank

BSE SENSEX	S&P CNX
81,207	24,894

## Stock Info

Bloomberg	BANDHAN IN
Equity Shares (m)	1611
M.Cap.(INRb)/(USDb)	267.4 / 3
52-Week Range (INR)	215 / 128
1, 6, 12 Rel. Per (%)	0/-1/-11
12M Avg Val (INR M)	1611
Free float (%)	59.1

## Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	114.9	115.7	132.8
OP	73.9	68.6	80.0
NP	27.5	24.1	35.3
NIM (%)	6.7	6.1	6.1
EPS (INR)	17.0	14.9	21.9
EPS Gr. (%)	22.8	-12.3	46.5
BV/Sh. (INR)	151	160	176
ABV/Sh. (INR)	144	152	167
<b>Ratios</b>			
RoA (%)	1.5	1.2	1.5
RoE (%)	12.0	9.6	13.0
<b>Valuations</b>			
P/E(X)	9.7	11.1	7.6
P/BV (X)	1.1	1.0	0.9
P/ABV (X)	1.2	1.1	1.0

## CMP: INR166

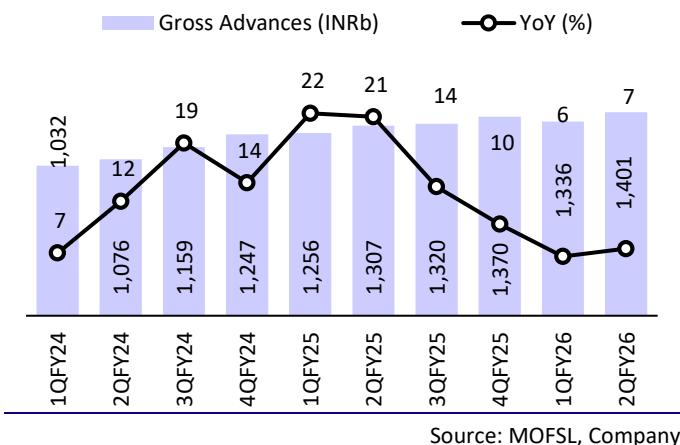
Neutral

### Loan growth at 4.8% QoQ (above estimate); deposit growth in line

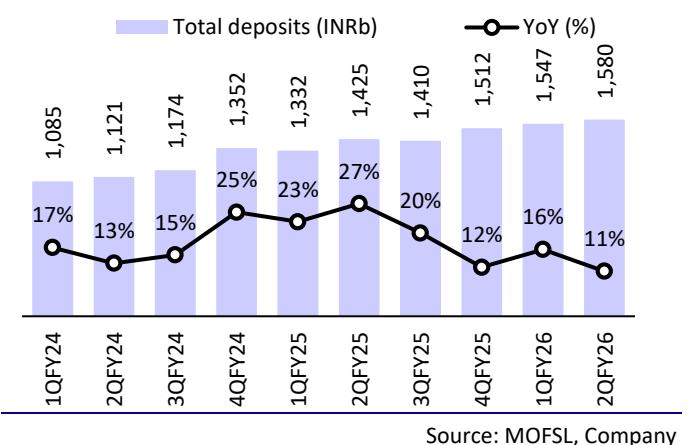
**BANDHAN** released its quarterly business update, highlighting the key trends for 2QFY26:

- Gross advances (on book + PTC) grew 4.8% QoQ (up 7.2% YoY) to ~INR1.4t, ahead of our estimate of 4.7% YoY/2.7% QoQ growth.
- Deposits grew 2.1% QoQ (up 10.9% YoY), in line with our estimate of 11.1% YoY/2.4% QoQ. CASA deposits grew 5.6% QoQ (down 6.5% YoY). Thus, the CASA ratio improved to 28% (from 27.1% in 1QFY26).
- Retail deposits (including CASA) surged 6.9% QoQ (up 16.7% YoY). The proportion of retail deposits increased to 71.4% (from 68.2% in 1QFY26). LCR for the bank was robust and stood at 152.7%.
- On the asset quality front, overall CE stood broadly at the same level of 98%, with collection efficiency in the EEB segment standing at 97.8% and the Non-EEB segment at 98.5%.

**Gross advances grew 4.8% QoQ (up 7.2% YoY) to ~INR1.4t**



**Deposits grew 2.1% QoQ (up 10.9% YoY) to INR1.58t**



# RBL Bank

BSE SENSEX	S&P CNX
81,207	24,894

## Stock Info

Bloomberg	RBK IN
Equity Shares (m)	613
M.Cap.(INRb)/(USDb)	169.1 / 1.9
52-Week Range (INR)	282 / 146
1, 6, 12 Rel. Per (%)	1/50/40
12M Avg Val (INR M)	2367
Free float (%)	100.0

## Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	64.6	63.8	79.1
OP	36.3	32.0	44.3
NP	7.0	10.5	19.0
NIM (%)	4.9	4.4	4.8
EPS (INR)	11.4	17.3	31.3
EPS Gr. (%)	-40.7	50.9	81.1
BV/Sh. (INR)	254	265	285
ABV/Sh. (INR)	248	256	275

## Ratios

RoE (%)	0.5	0.7	1.1
RoA (%)	4.6	6.6	11.4
<b>Valuations</b>	13.1	30.0	30.0
P/E(X)			
P/BV (X)	24.1	16.0	8.8
P/ABV (X)	1.1	1.0	1.0

## CMP: INR276

Buy

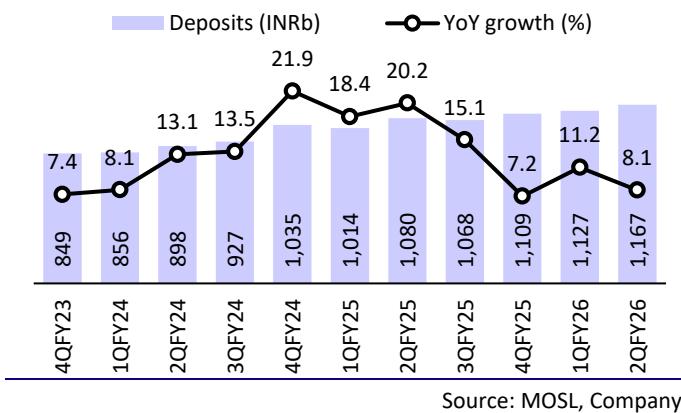
### Robust gross advances growth at 6% QoQ; CASA ratio declines

#### Retail-to-wholesale mix at 60:40

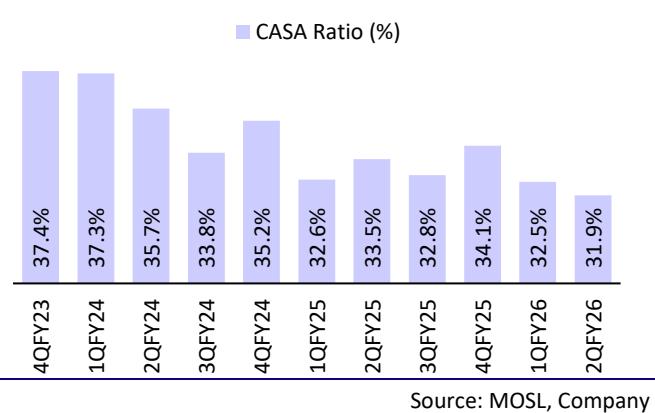
**RBL Bank (RBK) released its quarterly business update for 2QFY26. Here are the key highlights:**

- RBK reported 14% YoY/6% QoQ growth in gross advances to INR1.02t, **far better than our estimate of 10.5% YoY/2.8% QoQ growth**. This was led by broad-based growth in retail advances (at 11% YoY/ 5% QoQ), as well as wholesale advances (at 20% YoY/ 6% QoQ).
- Within retail, secured retail advances grew at 29% YoY/10% QoQ, while unsecured advances de-grew by 7% YoY. Within wholesale, commercial advances growth stood healthy at 33% YoY/5% QoQ. The mix of retail and wholesale stood at 60:40.
- The deposit base grew by 8% YoY/3% QoQ to INR1.17t (**our deposit growth estimate at 7.1% YoY/2.6% QoQ**). CASA deposits grew 3% YoY/2% QoQ. As a result, the CASA ratio declined to 31.9% (vs. 32.5% in 1QFY26). That said, deposits <INR30m saw a healthy growth of 14% YoY/3% QoQ.
- The bank has deployed its excess LCR; as a result, the LCR ratio dropped to 127% from 152% in 1QFY26.
- The bank continues to focus on growing the share of granular retail deposits in the overall deposits of <INR30m. The share stands at ~51% of the overall deposits (vs. 51.4% in 1QFY26).

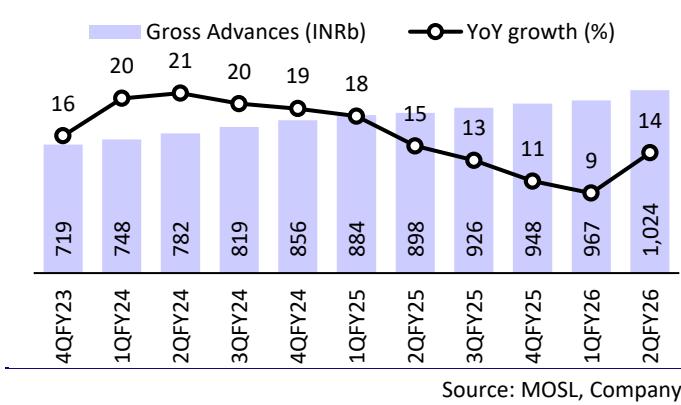
**Deposits grew 8% YoY (up 3% QoQ)**



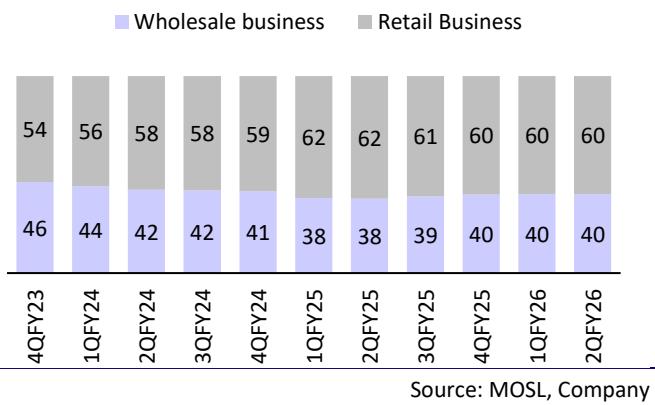
**CASA ratio declined to 31.9% in 2QFY26**



**Gross advances grew 14% YoY (up 6% QoQ)**



**Retail: Wholesale mix stood at 60:40**



# Equitas Small Finance

BSE Sensex	S&P CNX
81,207	24,894

## Stock Info

Bloomberg	EQUITASB IN
Equity Shares (m)	1141
M.Cap.(INRb)/(USDb)	65.4 / 0.7
52-Week Range (INR)	77 / 50
1, 6, 12 Rel. Per (%)	11/-5/-22
12M Avg Val (INR M)	287
Free float (%)	100.0

## Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	32.5	31.9	37.4
OP	13.3	11.3	15.0
NP	1.5	0.2	6.3
NIM (%)	7.5	6.4	6.5
EPS (INR)	1.3	0.2	5.5
BV/Sh. (INR)	53	52	56
ABV/Sh. (INR)	50	50	54
<b>Ratios</b>			
RoA (%)	0.3	0.0	1.0
RoE (%)	2.4	0.4	10.3
<b>Valuations</b>			
P/E(X)	44.9	280.8	10.5
P/BV (X)	1.1	1.1	1.0
P/ABV (X)	1.2	1.2	1.1

## CMP: INR57

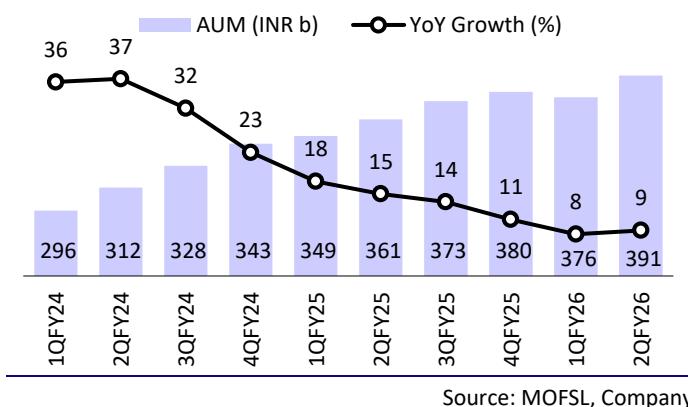
Buy

**MFI book declines, advances growth in line; deposits dip marginally; net slippage ratio declines in the SBL segment**

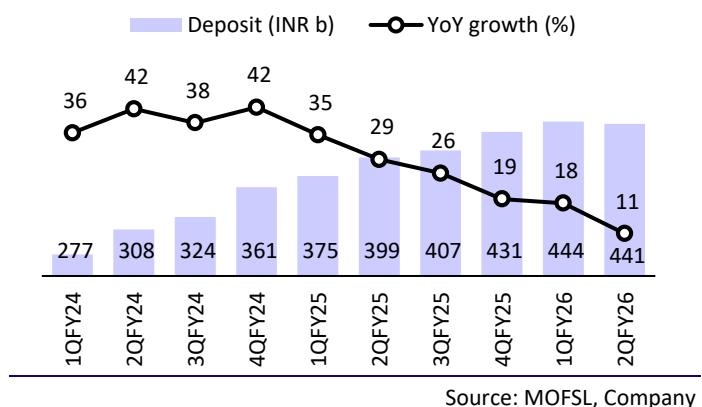
Equitas Small Finance Bank has released its business update for 2QFY26. Here are the key highlights:

- Equitas SFB reported a growth of 8.6% YoY/4.1% QoQ in gross advances to INR391.5b (**MOFSLe for net advances at 7.3% YoY/4.9% QoQ**).
- The Non-MFI portfolio share has now increased to 91.3% of the total advances, growing 17.5% YoY/4.9% QoQ. The bank has consciously slowed its MFI book, and as a result MFI book dipped 3.5% QoQ and 39.4% YoY.
- On the liability front, total deposits declined 0.6% QoQ (up 10.9% YoY) to INR440.9b. However, CASA deposits grew 12.8% YoY/4.6% QoQ; as a result, the CASA ratio increased to 31% from 29% in 1QFY26 (**MOFSLe for deposits at +1.9% QoQ/+13.4% YoY**).
- Overall, the cost of funds declined to 7.35% (from 7.49% in 1QFY26).
- Net NPA slippage for the SBL segment (decreased to 2.23% from 3.22% in 1QFY26).
- The X bucket collection efficiency (CE) in MFI improved for Karnataka and Tamil Nadu, and for the overall portfolio as well. MFI loan mix stood at 9%, while secured loan mix stood at 91%.

**Advances grew 4.1% QoQ (8.6% YoY) to INR391b**



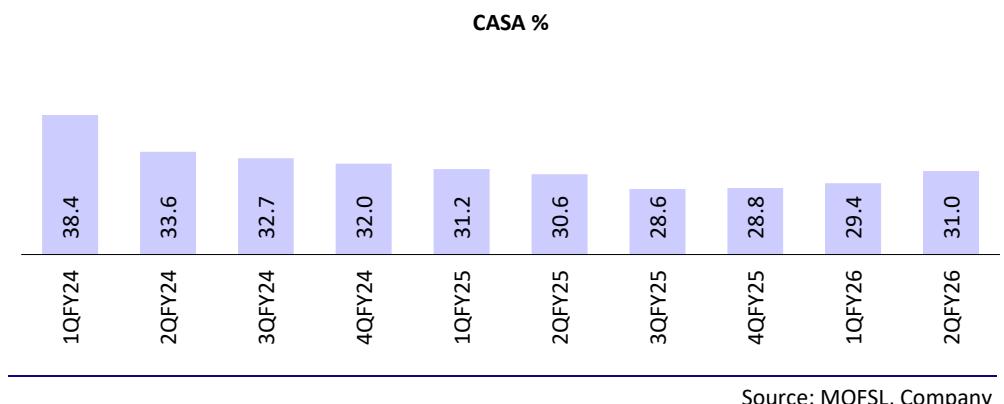
**Deposits decreased 0.6% QoQ (up 10.9% YoY)**



Source: MOFSL, Company

Source: MOFSL, Company

**CASA ratio was largely stable at 31% in 2QFY26**



Source: MOFSL, Company



## Maruti Suzuki: Delivered 1.65 Lakh Vehicles In The First 8 Days Of The Navratri Festival; Partho Banerjee, Maruti Suzuki

- Hoping to cross the magical 2 Lakh figure this festive season
- Have never crossed the entire 1 lakh mark in the entire Navratri season
- Seeing growth of 27.5% retail sales for the month of September
- Pending booking stands at 2.5 lakhs

[Read More](#)

## Bajaj Auto: Have Seen A Tangible Benefit Due To GST Cuts Across Categories; Rakesh Sharma, ED

- It has been a rocking 11 days of festive season
- Expect export momentum to continue and will up the game in Q3
- Will get into destocking mode by Oct-end
- LATAM area has seen its highest sales ever

[Read More](#)

## Indegene: Believe BioPharm Acquisition Is EPS Accretive & Also Extends Our Data Capability; Manish Gupta, CEO

- Cos are investing more on digital outreach
- BioPharm extends our data capability
- Believe BioPharm acquisition is EPS accretive
- BioPharm growth trajectory has been good

[Read More](#)

## CMS Info: H1 Has Been Soft, Current Market Share Is At 54%; Rajiv Kaul, CEO

- Roll out of remaining 15k ATM's is going on
- Want to be very aggressive on pricing
- FCF is at 47% of EBITDA
- H1 Has Been Soft, Current Market Share Is At 54%

[Read More](#)

## TruAlt Bioenergy: Have Potential To Serve 6-7% Of Country's Biofuel Demand; Vijay Narani, MD

- Have been growing at 50-55% YoY
- Expect new capacities to come on stream in FY26 & FY27
- Will continue to maintain growth momentum
- Will do 60-70% capacity utilization in FY26 & further increase it in years to come

[Read More](#)



<b>Index</b>	<b>1 Day (%)</b>	<b>1M (%)</b>	<b>12M (%)</b>
Sensex	<b>0.3</b>	<b>0.8</b>	<b>-1.6</b>
Nifty-50	<b>0.2</b>	<b>0.7</b>	<b>-1.4</b>
Nifty Next 50	<b>0.4</b>	<b>1.3</b>	<b>-9.4</b>
Nifty 100	<b>0.3</b>	<b>0.8</b>	<b>-2.8</b>
Nifty 200	<b>0.4</b>	<b>0.7</b>	<b>-2.8</b>
<b>Company</b>	<b>1 Day (%)</b>	<b>1M (%)</b>	<b>12M (%)</b>
Automobiles	<b>-0.1</b>	<b>3.8</b>	<b>1.7</b>
Amara Raja Ener.	0.6	-2.2	-26.3
Apollo Tyres	1.2	-2.6	-10.0
Ashok Leyland	-1.0	7.3	21.2
Bajaj Auto	0.6	-4.8	-26.5
Balkrishna Inds	-0.1	-2.6	-22.3
Bharat Forge	0.0	7.4	-18.1
Bosch	0.8	-6.0	4.1
CEAT	0.7	5.8	14.3
Craftsman Auto	1.2	-1.4	7.4
Eicher Motors	-1.1	8.9	45.1
Endurance Tech.	2.9	-0.7	23.8
Escorts Kubota	-1.6	-2.7	-13.8
Exide Inds.	0.8	-5.0	-19.8
Happy Forgings	0.7	3.1	-21.4
Hero Motocorp	2.2	3.8	-2.0
Hyundai Motor	-1.2	-0.3	
M & M	0.0	5.4	10.6
CIE Automotive	-0.3	3.2	-26.0
Maruti Suzuki	-1.0	5.9	25.0
MRF	3.0	1.8	12.6
Sona BLW Precis.	1.5	-6.7	-40.6
Motherson Sumi	0.6	10.5	-21.5
Motherson Wiring	-0.2	6.7	0.5
Tata Motors	-0.3	3.5	-22.6
TVS Motor Co.	0.0	1.6	26.8
Tube Investments	1.7	3.0	-25.1
<b>Banks-Private</b>	<b>0.6</b>	<b>3.3</b>	<b>5.4</b>
AU Small Fin. Bank	2.4	3.9	1.4
Axis Bank	1.9	12.0	0.5
Bandhan Bank	1.5	0.7	-12.2
DCB Bank	2.5	4.7	11.0
Equitas Sma. Fin	0.9	11.5	-23.7
Federal Bank	-0.7	-0.4	-0.7
HDFC Bank	0.0	1.1	14.8
ICICI Bank	-0.5	-2.3	8.7
IDFC First Bank	0.0	-2.2	-4.1
IndusInd Bank	0.6	-2.7	-46.1
Kotak Mah. Bank	1.8	7.2	15.2
RBL Bank	0.3	2.2	38.5
SBI Cards	1.9	12.2	19.0
<b>Banks-PSU</b>	<b>1.1</b>	<b>9.6</b>	<b>13.5</b>
BOB	1.7	10.7	7.7
Canara Bank	1.7	16.2	16.6
Indian Bank	3.9	14.2	48.5
Punjab Natl.Bank	1.6	9.7	8.9
St Bk of India	0.4	6.8	9.2

<b>Index</b>	<b>1 Day (%)</b>	<b>1M (%)</b>	<b>12M (%)</b>
Nifty 500	<b>0.4</b>	<b>0.7</b>	<b>-3.1</b>
Nifty Midcap 100	<b>0.8</b>	<b>0.3</b>	<b>-2.6</b>
Nifty Smallcap 100	<b>0.7</b>	<b>0.7</b>	<b>-5.7</b>
Nifty Midcap 150	<b>0.8</b>	<b>0.5</b>	<b>-2.3</b>
Nifty Smallcap 250	<b>0.9</b>	<b>0.2</b>	<b>-6.4</b>
Union Bank (I)	-0.7	7.2	15.7
<b>NBFCs</b>	<b>0.2</b>	<b>2.7</b>	<b>10.7</b>
Aditya Birla Capital Ltd	1.4	8.8	29.8
AAVAS Financiers	1.7	4.2	-6.4
Bajaj Fin.	0.2	10.4	33.1
Bajaj Housing	0.0	-1.5	-26.0
Cholaman.Inv.&Fn	-2.1	9.1	3.6
Can Fin Homes	0.9	3.3	-10.7
CreditAcc. Gram.	0.7	2.1	20.5
Fusion Microfin.	0.1	11.6	-17.1
Five-Star Bus.Fi	-0.4	0.1	-34.7
HDB FINANC SER	-1.6	-2.7	
Home First Finan	1.8	-0.3	6.3
Indostar Capital	1.2	-2.2	-15.2
IIFL Finance	1.1	4.6	0.3
L&T Finance	1.5	15.5	44.7
LIC Housing Fin.	0.2	3.8	-9.1
MCX	1.8	5.7	40.8
M & M Fin. Serv.	0.9	6.2	-12.1
Muthoot Finance	0.7	13.8	61.3
Manappuram Fin.	-0.1	-0.6	49.7
MAS Financial Serv.	-1.0	-2.8	7.6
PNB Housing	0.7	12.1	-5.4
Power Fin.Corpn.	0.3	4.5	-11.8
REC Ltd	0.7	3.4	-29.3
Repco Home Fin	1.3	2.6	-30.0
Shriram Finance	-0.4	10.1	-5.3
Spandana Sphoort	3.8	-1.5	-51.4
Nippon Life Ind.	1.3	8.7	34.6
UTI AMC	0.6	-2.4	6.7
Nuvama Wealth	4.1	3.4	9.5
Prudent Corp.	0.2	-4.9	5.4
<b>NBFC-Non Lending</b>			
360 One	1.2	0.9	9.8
Aditya AMC	1.8	-2.4	11.5
Anand Rathi Wea.	-0.5	-1.9	46.9
Angel One	1.3	-3.1	-19.7
BSE	0.6	-5.4	58.8
C D S L	1.0	-1.9	5.3
Cams Services	-0.3	0.2	-13.8
HDFC AMC	0.6	-0.1	32.3
KFin Technolog.	-1.2	0.0	-1.4
MCX	1.8	5.7	40.8
N S D L	-0.2	-3.4	
Nippon Life Ind.	1.3	8.7	34.6
Nuvama Wealth	4.1	3.4	9.5
Prudent Corp.	0.2	-4.9	5.4
UTI AMC	0.6	-2.4	6.7

Company	1 Day (%)	1M (%)	12M (%)
<b>Insurance</b>			
HDFC Life Insur.	-0.6	-2.2	8.1
ICICI Pru Life	0.8	-1.4	-20.6
ICICI Lombard	0.4	4.9	-10.5
Life Insurance	0.1	4.0	-6.4
Max Financial	-1.1	-0.8	37.1
Niva Bupa Health	-1.0	-3.3	
SBI Life Insuran	-0.9	-1.4	-1.1
Star Health Insu	-0.1	1.1	-22.5
<b>Chemicals</b>			
Alkyl Amines	-0.8	-10.6	-19.4
Atul	-0.8	-4.2	-21.5
Clean Science	-1.1	-7.6	-31.9
Deepak Nitrite	0.6	5.1	-35.9
Ellen.Indl.Gas	0.0	-8.4	
Fine Organic	2.3	-4.7	-10.1
Galaxy Surfact.	0.9	-2.6	-24.0
Navin Fluo.Intl.	-0.7	-5.0	32.9
NOCIL	3.7	-2.2	-37.6
P I Inds.	0.9	-3.7	-22.4
SRF	0.4	-1.0	20.6
Tata Chemicals	0.9	-1.5	-18.3
Vinati Organics	-2.5	-2.0	-18.7
<b>Capital Goods</b>	<b>1.0</b>	<b>3.0</b>	<b>-1.8</b>
A B B	-0.3	-0.1	-36.1
Bharat Dynamics	1.2	6.6	39.0
Bharat Electron	1.5	9.0	48.1
Cummins India	2.2	1.2	6.8
Hind.Aeronautics	1.4	9.4	14.1
Hitachi Energy	0.5	-5.1	29.6
K E C Intl.	0.1	0.8	-16.5
Kalpataru Proj.	0.4	-1.8	-4.9
Kirloskar Oil	-2.6	0.9	-23.2
Larsen & Toubro	1.7	3.7	6.7
Siemens	1.5	-1.4	-13.3
Siemens Ener	-1.2	-2.3	
Thermax	0.7	-2.2	-35.2
Triveni Turbine	-0.4	-1.1	-24.0
Zen Technologies	1.4	0.3	-10.6
<b>Cement</b>			
Ambuja Cem.	0.9	0.4	-6.7
ACC	1.2	0.3	-24.8
Birla Corp.	-0.5	-7.3	-4.6
Dalmia Bhar.	1.1	-6.5	15.6
Grasim Inds.	0.1	0.4	0.9
India Cem	-1.1	-4.2	5.6
JSW Cement	0.3	-12.8	
J K Cements	0.2	-6.5	38.3
JK Lakshmi Cem.	-0.6	-10.2	8.9
The Ramco Cement	-0.3	-8.7	13.4
Shree Cement	-0.4	-2.5	11.1
UltraTech Cem.	-0.6	-5.6	2.5

Company	1 Day (%)	1M (%)	12M (%)
<b>Consumer</b>	<b>0.1</b>	<b>-3.2</b>	<b>-14.5</b>
Asian Paints	0.9	-7.7	-25.1
Britannia Inds.	0.4	1.4	-5.4
Colgate-Palm.	-0.5	-7.1	-42.3
Dabur India	0.2	-8.7	-14.5
Emami	1.5	-6.9	-26.1
Godrej Consumer	-0.1	-10.0	-14.9
Hind. Unilever	0.3	-4.5	-12.0
ITC	-0.3	-1.8	-16.7
Indigo Paints	1.1	-5.1	-27.3
Jyothy Lab.	-1.4	-6.7	-41.7
L T Foods	0.6	-10.1	2.5
Marico	1.3	-3.2	1.7
Nestle India	0.3	-2.1	-12.5
Page Industries	1.8	-5.4	2.9
Pidilite Inds.	1.0	-4.3	-9.7
P & G Hygiene	1.6	6.2	-13.8
Radico Khaitan	1.5	1.9	44.5
Tata Consumer	-0.6	3.0	-1.3
United Breweries	0.0	-1.6	-16.2
United Spirits	1.2	1.2	-12.9
Varun Beverages	0.1	-12.2	-24.6
<b>Consumer Durables</b>	<b>1.2</b>	<b>-5.9</b>	<b>-12.2</b>
Polycab India	0.6	2.2	0.8
R R Kabel	-1.2	3.5	-27.2
Havells	0.2	-5.0	-24.6
Volta	0.5	-4.9	-26.3
KEI Industries	0.1	0.4	-5.4
<b>EMS</b>			
Amber Enterp.	-0.3	7.5	59.1
Avalon Tech	4.5	22.2	88.4
Cyient DLM	1.2	-0.7	-36.8
Data Pattern	7.8	11.3	24.4
Dixon Technolog.	0.8	-6.6	21.8
Kaynes Tech	1.6	7.8	39.2
Syrma SGS Tech.	3.0	4.7	95.4
<b>Healthcare</b>	<b>0.1</b>	<b>-0.9</b>	<b>-6.1</b>
Ajanta Pharma	0.2	-6.1	-28.3
Alembic Pharma	0.7	-4.7	-26.6
Alkem Lab	-0.3	2.8	-11.6
Apollo Hospitals	0.1	-3.7	7.9
Aurobindo	0.7	5.6	-25.0
Biocon	1.7	-2.6	-1.2
Blue Jet Health	0.3	-6.0	32.1
Cipla	0.3	-3.8	-8.4
Divis Lab	2.7	-4.8	8.0
Dr Agarwals Health	-0.5	18.5	
Dr Reddy's	0.3	-1.1	-7.4
ERIS Lifescience	-1.9	-10.5	19.8
Gland Pharma	-1.5	4.0	9.5
Glenmark	1.1	-1.2	20.4
Global Health	1.9	-6.9	36.5
Granules	2.7	7.5	-6.4

Company	1 Day (%)	1M (%)	12M (%)
GSK Pharma	1.8	-1.1	0.4
IPCA Labs	-1.2	-3.0	-10.9
Laurus Labs	-0.9	-1.2	87.6
Laxmi Dental	0.6	-1.0	
Lupin	-0.4	1.2	-9.6
Mankind Pharma	0.3	-4.3	-3.5
Max Healthcare	-4.0	-8.0	13.5
Piramal Pharma	-0.3	-1.3	-10.6
Sun Pharma	-0.3	3.3	-14.6
Torrent Pharma	-1.5	-2.6	3.6
Zydus Lifesci.	-0.3	-2.0	-7.6
<b>Infrastructure</b>	<b>0.6</b>	<b>1.0</b>	<b>-2.3</b>
G R Infraproject	0.7	-3.7	-26.6
IRB Infra.Devl.	1.3	-2.3	-30.0
KNR Construct.	-0.5	0.7	-40.7
<b>Logistics</b>			
Adani Ports	-0.3	6.5	-0.4
Blue Dart Exp.	-0.5	-1.2	-33.6
Delhivery	0.7	-8.5	6.4
Container Corpn.	1.3	-2.8	-25.1
JSW Infrast	-0.4	3.0	-5.3
Mahindra Logis.	1.3	10.2	-20.1
Transport Corp.	1.5	3.1	12.8
TCI Express	-0.1	2.0	-32.0
VRL Logistics	-0.2	-0.7	0.1
<b>Media</b>	<b>0.0</b>	<b>-1.1</b>	<b>-24.5</b>
PVR INOX	2.7	0.6	-30.8
Sun TV	-4.2	2.9	-29.6
Zee Ent.	-0.3	-2.0	-16.1
<b>Metals</b>	<b>1.8</b>	<b>6.2</b>	<b>1.2</b>
Hindalco	1.9	5.0	4.5
Hind. Zinc	2.1	10.5	-6.0
JSPL	1.1	4.7	2.4
JSW Steel	1.4	8.3	11.8
Jindal Stainless	3.4	3.6	2.2
Nalco	3.1	6.8	-0.6
NMDC	1.2	3.8	-3.4
SAIL	0.0	4.1	-1.5
Tata Steel	3.4	3.2	3.7
Vedanta	1.3	7.2	-8.0
<b>Oil &amp; Gas</b>	<b>0.5</b>	<b>3.7</b>	<b>-12.1</b>
Aegis Logistics	11.9	25.6	19.9
BPCL	0.5	8.5	-2.1
Castrol India	0.8	2.1	-14.1
GAIL	1.6	-0.4	-26.2
Gujarat Gas	0.1	-1.5	-28.5
Gujarat St. Pet.	2.2	7.7	-22.9
HPCL	2.7	15.2	7.5
IOCL	0.5	7.0	-12.2
IGL	0.0	-4.6	-24.6
Mahanagar Gas	0.3	-0.3	-34.2
Oil India	0.8	3.0	-23.0
ONGC	0.3	1.9	-16.6

Company	1 Day (%)	1M (%)	12M (%)
PLNG	1.6	0.6	-23.5
Reliance Ind.	-0.4	-0.7	-3.1
<b>Real Estate</b>	<b>-0.1</b>	<b>-1.5</b>	<b>-16.5</b>
Anant Raj	3.0	32.3	2.6
Brigade Enterpr.	0.2	-3.8	-34.5
DLF	1.0	-4.6	-15.7
Godrej Propert.	0.1	1.0	-33.8
Kolte Patil Dev.	0.7	-8.3	12.2
Mahindra Life.	1.7	3.9	-23.8
Macrotech Devel.	-2.4	-7.4	-5.3
Oberoi Realty Ltd	0.6	-3.1	-13.0
SignatureGlobal	0.6	-4.6	-33.4
Sri Lotus	-0.7	3.5	
Sobha	-2.9	1.2	-19.3
Sunteck Realty	1.1	11.8	-22.7
Phoenix Mills	-0.1	3.3	-5.8
Prestige Estates	-0.8	-3.5	-12.9
<b>Retail</b>			
Aditya Bir. Fas.	1.9	8.1	-29.9
A B Lifestyle	1.9	-4.6	
Avenue Super.	-0.7	-7.1	-10.6
Barbeque-Nation	1.0	-10.6	-63.1
Bata India	2.0	4.2	-11.9
Campus Activewe.	2.1	2.4	-15.1
Devyani Intl.	-2.6	-4.5	-10.4
Go Fashion (I)	2.7	-2.8	-47.9
Jubilant Food	1.5	-1.0	-1.1
Kalyan Jewellers	5.8	-4.3	-32.6
Metro Brands	0.1	6.8	0.6
P N Gadgil Jewe.	3.6	8.3	-18.3
Raymond Lifestyl	-1.4	-6.4	-49.5
Relaxo Footwear	-0.8	-11.5	-45.1
Restaurant Brand	1.1	-3.1	-28.1
Sapphire Foods	-0.9	-9.1	-16.2
Senco Gold	1.3	-7.8	-50.6
Shoppers St.	0.4	-3.1	-33.3
Titan Co.	1.3	-6.4	-6.0
Trent	-0.3	-12.1	-35.7
Vedant Fashions	0.6	-6.2	-46.6
V-Mart Retail	16.0	12.6	-23.2
Vishal Mega Mart	0.8	2.3	
Westlife Food	-1.0	-8.6	-23.4
<b>Technology</b>	<b>0.1</b>	<b>-4.3</b>	<b>-18.7</b>
Cyient	1.8	-2.7	-37.7
HCL Tech.	0.3	-5.0	-21.6
Hexaware Tech.	-1.2	-10.8	
Infosys	0.1	-2.2	-23.6
KPIT Technologi.	0.4	-4.8	-30.9
LTIMindtree	-0.1	-1.4	-17.2
L&T Technology	2.5	2.2	-15.9
Mphasis	1.7	-5.4	-6.3
Coforge	0.8	-6.9	14.2
Persistent Sys	2.3	-5.6	-3.5



Company	1 Day (%)	1M (%)	12M (%)
TCS	-0.4	-6.3	-31.4
Tata Technolog.	2.4	3.2	-33.5
Tata Elxsi	2.5	-1.3	-29.4
Tech Mah	-1.1	-7.1	-12.7
Wipro	0.0	-3.4	-9.1
Zensar Tech	-1.1	-2.4	13.9
<b>Telecom</b>	<b>1.2</b>	<b>3.1</b>	<b>-6.6</b>
Bharti Airtel	1.6	0.7	13.3
Indus Towers	0.3	8.9	-6.5
Idea Cellular	3.5	34.2	-10.6
Tata Comm	0.2	3.2	-24.6
<b>Utiltites</b>	<b>0.7</b>	<b>3.0</b>	<b>-19.4</b>
ACME Solar Hold.	-0.7	-4.1	
Coal India	-1.3	-1.7	-23.7
Indian Energy Ex	1.7	1.1	-31.3
Inox Wind	-0.5	-2.3	-37.6
JSW Energy	0.6	6.1	-23.8
NTPC	0.5	2.3	-21.4
Power Grid Corpn	3.2	1.3	-15.8
Suzlon Energy	-1.3	-6.1	-28.1
Tata Power Co.	1.0	1.5	-16.3
<b>Others</b>			
APL Apollo Tubes	0.4	3.8	8.2
Astral	0.5	-3.0	-27.9
Cello World	3.9	3.6	-32.9
Coromandel Intl	2.2	-2.3	37.9
Dreamfolks Servi	5.0	-23.2	-76.9
EPL Ltd	1.7	-6.4	-17.8
Eternal Ltd	-0.2	0.7	22.1
Godrej Agrovet	-0.7	-6.3	-7.3
Gravita India	1.1	-7.2	-31.8
Havells	0.2	-5.0	-24.6
Indiamart Inter.	-1.1	-6.2	-18.6
Indian Hotels	0.2	-6.4	7.5
Info Edge	-0.4	-2.4	-17.9
Interglobe	0.9	-1.4	19.9
Kajaria Ceramics	1.2	-2.2	-18.2
Lemon Tree Hotel	4.2	2.1	47.0
MTAR Technologie	2.0	33.2	14.7
One 97	1.7	-9.3	60.5
Piramal Enterp.	0.0	3.0	6.4
Prince Pipes	4.8	2.8	-38.6
Queso Corp	0.6	-5.0	-30.6
Safari Inds.	-0.7	0.7	-10.7
SIS	-1.8	-7.9	-15.6
Supreme Inds.	0.2	-9.3	-18.9
Swiggy	-0.9	-3.9	
Time Technoplast	-0.5	-7.5	16.7
Team Lease Serv.	0.3	-5.7	-42.6
Updater Services	2.9	2.6	-29.5
UPL	1.9	-5.8	16.1
Volta	0.5	-4.9	-26.3
V I P Inds.	1.9	-2.1	-18.9
Va Tech Wabag	-1.7	-7.6	-6.8

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## NOTES

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

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