Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	84,426	0.1	8.0
Nifty-50	25,869	0.1	9.4
Nifty-M 100	59,410	0.1	3.9
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	6,699	-0.5	13.9
Nasdaq	22,740	-0.9	17.8
FTSE 100	9,515	0.9	16.4
DAX	24,151	-0.7	21.3
Hang Seng	9,224	-0.8	26.5
Nikkei 225	49,308	0.0	23.6
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	61	0.6	-17.7
Gold ($/OZ)	4,125	-5.3	57.2
Cu (US$/MT)	10,593	-0.7	22.4
Almn (US$/MT)	2,782	0.0	10.1
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	87.9	0.0	2.7
USD/EUR	1.2	-0.4	12.0
USD/JPY	151.9	0.8	-3.4
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.5	0.00	-0.3
10 Yrs AAA Corp	7.2	0.00	0.0
Flows (USD b)	**21-Oct**	**MTD**	**CYTD**
FIIs	0.01	1.30	-16.2
DIIs	-0.07	3.18	70.0
Volumes (INRb)	**21-Oct**	**MTD***	**YTD***
Cash	25	1082	1068
F&O	27,295	2,85,241	2,27,095

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Cello: Improving prospects with new plant ramp-up and demand revival

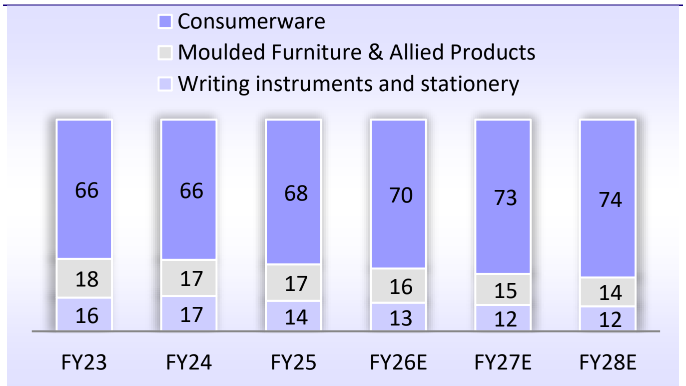
- Cello's 20,000 MT Falna glassware facility, commissioned in Feb'25, has reached ~65% utilization in 1Q and is likely to hit 80% by the end of FY26. With efficiency improving and solar-driven cost gains (2.1MW solar plant), the glassware category should turn profitable in 2HFY26, generating INR2-2.5b revenue by FY27, positioning CELLO as India's leading import-substitution glassware manufacturer.
- Apart from the glassware plant at its 27-hectare land parcel at Falna, it is also expanding into steelware and plasticware with INR1-1.2b capex. Even after current projects, ~50% of the land remains for future expansion. Falna will serve as a multi-product import-substitution hub.
- Cello's writing instruments division is set for a gradual revival, driven by new launches in mechanical pencils, art stationery, and international brand-licensed kids' products. Retail restocking and export demand are improving. With a superior gross margin, this segment enhances portfolio diversification and profitability for the company.
- CELLO is currently trading at 27x FY27E EPS with RoE/RoCE of 18%/19% in FY27E. We reiterate our BUY rating with a TP of INR700 (premised on 32x FY27E EPS).

Research covered

Cos/Sector	Key Highlights
Cello	Improving prospects with new plant ramp-up and demand revival
Can Fin Homes	Steady quarter; reported NIM expands ~20bp QoQ
Sunteck Realty	Collections miss but financials strong

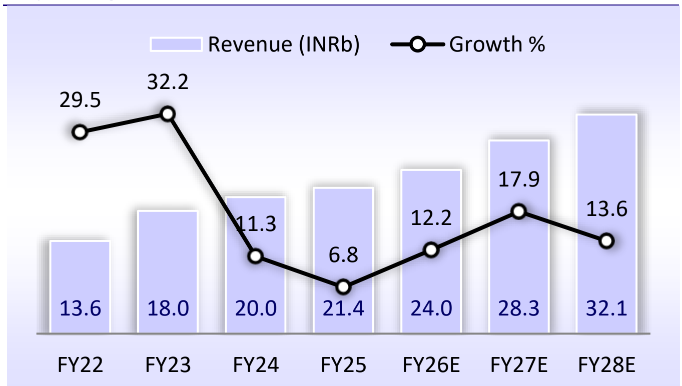
Chart of the Day: Cello (Improving prospects with new plant ramp-up and demand revival)

Consumerware dominates CELLO's revenue mix



Source: Company, MOFSL

Improving revenue trend



Source: Company, MOFSL

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Motilal Oswal Financial Services | MORNING INDIA

In the news today

Kindly click on textbox for the detailed news link

1

Infosys promoters to skip Rs 18, 000-cr share buyback

Through the repurchase the company buying back up to 100 million fully paid-up equity shares of face value Rs 5 each, representing 2.41% of the existing paid-up share capital.

2

Small finance banks seek doubling of cap on loan size to ₹50 lakh

Small finance banks have approached the Reserve Bank of India with key requests. They want the regulator to ease a rule requiring half their loans to be under ₹25 lakh. They also seek permission to participate in co-lending arrangements.

3

Power consumption on Diwali defies trend this time; peak demand dips on year

India's peak power demand on Diwali saw a slight dip this year, deviating from the usual festival trend. Government data reveals a decrease in electricity consumption on the day of the festival. This comes as a surprise, as Diwali typically witnesses higher power usage due to extensive lighting and appliance use.

4

Clean power purchase obligations, tech use for grid integration priority, says ministry

India's renewable energy sector is moving fast. The Ministry of New and Renewable Energy is focusing on key areas. These include ensuring states buy renewable power, improving power lines, and using technology for grid integration.

5

Supply chain, e-waste issues can hit critical mineral plan

A new government incentive plan for critical mineral recycling faces cautious reception from industry players. Challenges like informal e-waste collection and supply chain gaps could hinder its success. The plan aims to boost domestic extraction of vital metals from batteries and gadgets.

6

Branded hotel rooms in Northeast to double by 2030

Northeast India is transforming with a significant increase in branded hotels. Over 3,000 new rooms are planned by 2030, with Assam leading the expansion. This growth is fueled by improved infrastructure and rising tourist numbers.

7

India emerges bright spot for Nestle, Reckitt amid global headwinds

Nestle SA and Reckitt Benckiser showcase impressive growth metrics in India, with Nestle's Indian division recording its highest quarterly sales to date. Meanwhile, Reckitt Benckiser experienced solid growth, albeit slightly hampered by adjustments in GST.

Cello

BSE SENSEX	S&P CNX
84,363	25,843

Bloomberg	CELLO IN
Equity Shares (m)	221
M.Cap.(INRb)/(USDb)	135 / 1.5
52-Week Range (INR)	874 / 485
1, 6, 12 Rel. Per (%)	-2/-5/-34
12M Avg Val (INR M)	132
Free float (%)	25.0

Financials Snapshot (INR b)

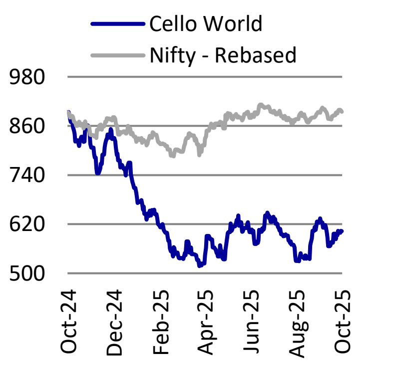
Y/E MARCH	FY26E	FY27E	FY28E
Sales	24	28.3	32.1
EBITDA	5.5	7.2	8.2
Adj. PAT	3.6	4.9	5.6
EBITDA Margin (%)	22.9	25.4	25.5
Cons. Adj. EPS (INR)	16.3	22.1	25.2
EPS Gr. (%)	6.5	35.1	14.2
BV/Sh. (INR)	118.4	135	159.5
Ratios			
Net D:E	-0.4	-0.4	-0.5
RoE (%)	14	18	17
RoCE (%)	17	19	18
Valuations			
P/E (x)	37	27	24
EV/EBITDA (x)	23	17	15

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	75.0	75.0	78.1
DII	14.6	13.8	12.1
FII	5.4	6.5	5.9
Others	5.0	4.7	4.0

FII includes depository receipts

Stock performance (one-year)



CMP: INR611 TP: INR700 (+15%) Buy

Improving prospects with new plant ramp-up and demand revival

CELLO has been witnessing muted performance for the last few quarters due to a weak demand scenario amid a consumption slowdown. Further, the geopolitical stress has been affecting exports of writing instruments, and a new glassware facility at Falna (Rajasthan) has incurred higher initial costs that hit CELLO's profitability. However, with consumption gradually picking up both for consumerware and writing instrument businesses and improving efficiency in the new plant, we expect CELLO's performance to improve going forward.

- **Cello's 20,000 MT Falna glassware facility, commissioned in Feb'25, has reached ~65% utilization in 1Q and is likely to hit 80% by the end of FY26. With efficiency improving and solar-driven cost gains (2.1MW solar plant), the glassware category should turn profitable in 2HFY26, generating INR2–2.5b revenue by FY27, positioning CELLO as India's leading import-substitution glassware manufacturer.**
- **Apart from the glassware plant at its 27-hectare land parcel at Falna, it is also expanding into steelware and plasticware with INR1–1.2b capex. Even after current projects, ~50% of the land remains for future expansion. Falna will serve as a multi-product import-substitution hub.**
- **Cello's writing instruments division is set for a gradual revival, driven by new launches in mechanical pencils, art stationery, and international brand-licensed kids' products. Retail restocking and export demand are improving. With a superior gross margin, this segment enhances portfolio diversification and profitability for the company.**
- **CELLO is currently trading at 27x FY27E EPS with RoE/RoCE of 18%/19% in FY27E. We reiterate our BUY rating with a TP of INR700 (premised on 32x FY27E EPS).**

Healthy ramp-up of new glassware capacity

- The new glassware capacity of 20,000MT commissioned in Feb'25 at Falna, built with advanced European technology (German furnaces and Italian press-and-blow systems), ensures superior design precision and productivity.
- CELLO has reached ~65% utilization as of 1QFY26, and the utilization is further expected to improve **to 70-80% by the end of FY26, generating a revenue of ~INR1.1-1.2b.**
- However, with efficiency still on the lower side (~60-65% efficiency) and higher energy and wage costs in Daman, the glassware category reported losses in 1Q (while opalware is profitable). **EBITDA has now reached breakeven** for the Falna plant, and with the efficiency reaching over 85% (mostly expected in 2HFY26), we expect the segment to turn profitable. **CELLO targets ~INR2-2.5b revenue in FY27** (i.e., full potential of the plant).
- CELLO has been launching multiple SKUs (currently ~70 and expanding to 100+) across the premium category, focusing on import substitution. It is also adding a coldware and decorative glass line, which is expected to enhance value by ~20%. The in-house glassware products have seen strong acceptance, as they are currently priced at par with the imports.
- Further, as energy is one of the major cost elements, the company is setting up a 2.1MW solar plant (operational by Nov'25), which is expected to **reduce energy cost by ~20%.**

- This plant positions CELLO as the **only large branded player** with in-house soda-lime glassware capacity, offering strong import substitution potential as India's INR35b glassware market (FY23) shifts toward domestic sourcing. This plant not only adds capacity but also gives CELLO a base from which to compete with global-tier manufacturers in India — particularly those with imported products.

Falna – a multi-product hub in the making

- The company has ~27 hectares of land parcel at Falna, mainly for the glassware segment. The company is also expanding the capacity of its steelware and plasticware categories here with a capex of ~INR1-1.2b.
- After setting this capacity and the glassware capacity, the company is still left with ~50% of the area for future expansions.
- CELLO envisages this location as a multi-product hub focused on the import substitution theme in both glassware and steelware (vacuum flasks) categories.
- The recent anti-dumping duty (ADD) on imported vacuum flasks and steel vessels from China (effective Mar'25) provides a meaningful boost. CELLO, being the second-largest importer earlier, is now partnering with Indian OEMs to localize production, gaining from widening domestic supply gaps.
- Simultaneously, government intervention through measures like BIS enforcement and anti-dumping duties to protect local manufacturers will aid against Chinese glass products, which are being dumped in the Indian market at artificially low prices, causing margin pressure for domestic firms.

Recovery expected in the writing instrument segment

- CELLO's writing instruments segment, marketed under the Unomax brand, is expected to see a broad-based recovery after several muted quarters.
- The company has been expanding its SKUs by launching new products such as mechanical pencils, art-related stationery, and geometry boxes. Further, it is entering into global cartoon character-focused products for kids (through licensing). These new launches are gaining healthy traction from the customers.
- We expect retail restocking after muted demand quarters led by improved school/office buying patterns. The company has also sharpened its portfolio (premium gel/petrol-based pens + affordable ballpoints) to capture both premiumization and mass demand.
- Exports are also expected to pick up across the Middle East, Africa, and Latin America as buyers diversify suppliers away from China. Cello's consistent quality, competitive pricing, and a stronger international distribution footprint underpin this trend.
- Recovery in this segment adds both diversification and margin stability to the portfolio (the segment with the highest gross margin of 57-59%), with exports expected to contribute meaningfully over the next two years.

Valuation and view

- The last few quarters for the company have been muted due to weak demand, higher costs, and initial gestation of the Falna plant. However, we expect the overall demand to improve in both consumerware and the writing instrument segment, coupled with improving efficiency in the new glassware unit.
- We estimate CELLO to deliver a CAGR of 15%/17%/18% in revenue/EBITDA/adj. PAT over FY25-28.
- CELLO is currently trading at 27x FY27E EPS with RoE/RoCE of 18%/19% in FY27E. **Reiterate BUY with a TP of INR700 (premised on 32x FY27E EPS).**

22 October 2025

2QFY26 Result Update| Sector: NBFCs

Can Fin Homes

Estimate changes	↑
TP change	↑
Rating change	↔

Bloomberg	CANF IN
Equity Shares (m)	133
M.Cap.(INRb)/(USDb)	111.7 / 1.3
52-Week Range (INR)	898 / 559
1, 6, 12 Rel. Per (%)	6/6/-7
12M Avg Val (INR M)	337

Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	13.5	15.9	17.2
PPP	11.5	13.3	14.2
PAT	8.6	10.1	10.6
EPS (INR)	64.4	75.9	79.5
EPS Gr (%)	14	18	5
BVPS (INR)	381	443	509
Ratios (%)			
NIM	3.75	4.00	3.84
C/I ratio	17.1	18.8	20.0
RoAA	2.2	2.3	2.2
RoE	18.2	18.4	16.7
Payout	18.6	17.1	17.6
Valuation			
P/E (x)	13.1	11.1	10.6
P/BV (x)	2.2	1.9	1.7
Div. Yield (%)	1.4	1.5	1.7

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	30.0	30.0	30.0
DII	23.9	24.5	27.5
FII	12.5	12.1	11.7
Others	33.6	33.4	30.8

FII Includes depository receipts

CMP: INR839 TP: INR915 (+9%) Neutral

Steady quarter; reported NIM expands ~20bp QoQ

Advances grew ~8% YoY; impact of IT transformation business to be monitored

- Can Fin Homes' (CANF) PAT for 2QFY26 grew ~19% YoY to ~INR2.5b (~5% beat). PAT grew 16% YoY in 1HFY26 and is expected to rise ~20% YoY in 2HFY26. NII grew 19% YoY to ~INR4b (~8% beat) in 2QFY26, while fees and other income stood at ~INR63m (PY: INR72m).
- Opex rose ~28% YoY to INR762m (~13% higher than MOFSLe). The cost-to-income ratio stood at ~19%. (PQ: ~18%, PY: ~17%). PPoP grew ~16% YoY to INR3.3b (~5% beat). The effective tax rate for the quarter stood at ~24.2% (PQ: 19.4% and PY: ~22.8%). CANF's 2QFY26 RoA/RoE stood at ~2.45%/~18.4%.
- CANF reiterated its FY26 disbursement target of INR105b, though 3Q disbursements are expected to be modestly impacted by the ongoing IT transformation. However, management remains confident of a strong recovery in business momentum in 4Q. It has guided for loan growth of 12-13% in FY26 and ~15% from FY27 onwards.
- Management has raised its FY26 guidance for spreads and NIM to ~2.75% and 3.75%, respectively, supported by continued benefits from a lower cost of funds. It noted that asset repricing continues but with a lag. Management also highlighted that competition in the HFC space remains rational, with no signs of aggressive or irrational pricing behavior.
- We have raised our FY26 EPS estimate by ~5% to factor in higher NIMs and lower credit costs, while keeping our FY27 EPS estimates broadly unchanged. We project an advances/PAT CAGR of ~13% each over FY25-28, with an RoA/RoE of ~2.2%/~17% in FY28.
- CANF, in our view, is a robust franchise with strong moats on the liability side. However, we await: 1) execution on its loan growth guidance, and 2) clarity on potential disruptions (if any) from the tech transformation the company is set to undertake this calendar year, before turning constructive on the stock. **Reiterate our Neutral rating with a TP of INR915 (premised on 1.7x Sep'27E P/BV).**

Disbursements up ~7% YoY; repayment rate increases

- CANF's 2QFY26 disbursements grew ~7% YoY to INR25.4b.
- Advances grew ~8% YoY and ~2.3% QoQ to ~INR397b. Annualized run-offs in advances remained elevated at ~17% (PQ: 15.3% and PY: ~15.2%), suggesting a rise in BT-OUTs, likely due to the company not implementing any additional PLR cuts during the quarter.
- Management indicated a sequential increase of ~INR2b in prepayments during the quarter. Of this, ~INR1.2b was attributed to BT-OUTs to other lenders, with ~40% originating from Telangana. The remaining ~INR800m was driven by customers making higher-than-scheduled EMI payments (from their own funds) with these accounts continuing to remain active with CANF.

Reported NIM expands ~20bp QoQ; bank borrowings rise sequentially

- NIM (reported) rose ~20bp QoQ to ~3.83%, primarily due to a decline in the cost of borrowings. We model an NIM of ~4%/3.8% in FY26/FY27.
- Reported yields were stable QoQ at 10.1%, while CoB declined ~20bp QoQ to 7.3%, leading to reported spreads rising by ~20bp QoQ to 2.8%.
- Bank borrowings during the quarter rose to 57% of the total borrowings (PQ: 53%).

Asset quality improves; GS3 declines ~5bp QoQ

- Asset quality exhibited minor improvements, with GS3 and NS3 declining ~5bp QoQ each to ~0.95% and ~0.5%, respectively. PCR on stage 3 loans rose ~380bp QoQ to ~48.8%.
- Credit costs were benign and stood at INR31m (vs. MOFSLe of INR140m), resulting in annualized credit costs of ~3bp (PQ: ~27bp and PY: ~15bp).
- Management indicated that credit costs are now expected to be lower than the earlier guidance of ~15bp, supported by a further improvement expected in asset quality in 3Q/4QFY26. We model credit costs of ~11b/15bp for FY26/FY27, respectively.

Highlights from the management commentary

- GNPA reduction reflects a broad-based improvement across SMA-1, SMA-2, and NPA buckets, with delinquencies declining INR1.3b in 2Q. Management expects an additional ~INR1b reduction in 3Q and further improvement in 4Q, leading to lower credit costs than its initial guidance.
- The company will target disbursements of ~INR25b in 3QFY26, with a temporary moderation expected due to the IT transformation rollout, and aims to ramp up disbursements to ~INR31b in 4QFY26.
- CANF has realized the full benefit of repo rate cuts across its bank borrowings and does not intend to pass on any rate reduction to customers in 3QFY26. However, in the event of further repo rate cuts, it may consider a 10bp PLR reduction for customers.

Valuation and view

- CANF delivered a mixed performance during the quarter, with earnings beat driven by strong net interest income and lower credit costs. However, loan growth remained subdued despite a ~26% QoQ rise in disbursements, as elevated BT-outs led to higher repayments. Asset quality showed improvement, resulting in benign credit costs, while reported NIM expanded ~20bp QoQ, aided by a sharp decline in the cost of borrowings.
- While disbursements momentum strengthened in 2Q, the ongoing IT transformation may temporarily disrupt disbursement activity in 3QFY26, potentially keeping loan growth muted in the near term.
- CANF has successfully demonstrated its ability to maintain asset quality over the years, and we expect this trend to continue going forward. We estimate a CAGR of 14%/13%/13% in NII/PPOP/PAT over FY25-28, with an RoA of 2.2% and RoE of ~17% in FY28. **Reiterate Neutral with a TP of INR915 (premised on 1.7x Sep'27E P/BV).**

Quarterly performance INR m

Y/E March	FY25				FY26E				FY25	FY26E	2Q FY26E	Act vs est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Interest Income	9,242	9,553	9,803	9,829	10,111	10,432	10,619	10,890	38,426	42,052	10,262	2
Interest Expenses	6,027	6,155	6,356	6,343	6,483	6,386	6,501	6,737	24,882	26,107	6,503	-2
Net Interest Income	**3,214**	**3,398**	**3,447**	**3,485**	**3,628**	**4,046**	**4,119**	**4,153**	**13,544**	**15,945**	**3,760**	**8**
YoY Growth (%)	12.7	7.3	4.8	6.3	12.9	19.1	19.5	19.2	7.6	17.7	10.7	
Other income	70	74	58	168	93	63	70	202	370	429	97	-35
Total Income	**3,284**	**3,472**	**3,506**	**3,653**	**3,721**	**4,109**	**4,189**	**4,355**	**13,915**	**16,374**	**3,857**	**7**
YoY Growth (%)	12.8	7.6	4.4	6.3	13.3	18.3	19.5	19.2	7.6	17.7	11.1	
Operating Expenses	488	594	593	707	682	762	805	828	2,382	3,077	677	13
YoY Growth (%)	12.3	13.3	20.0	-1.7	39.7	28.4	35.8	17.0	9.6	29.2	14.0	
Operating Profits	**2,796**	**2,878**	**2,913**	**2,946**	**3,039**	**3,346**	**3,383**	**3,528**	**11,532**	**13,296**	**3,180**	**5**
YoY Growth (%)	12.9	6.5	1.7	8.4	8.7	16.3	16.2	19.8	7.2	15.3	10.5	
Provisions	245	137	221	154	263	31	75	63	758	431	140	-78
Profit before Tax	**2,551**	**2,741**	**2,691**	**2,792**	**2,776**	**3,316**	**3,308**	**3,465**	**10,775**	**12,865**	**3,040**	**9**
Tax Provisions	555	626	570	452	538	801	715	699	2,203	2,753	654	23
Profit after tax	**1,996**	**2,115**	**2,121**	**2,339**	**2,239**	**2,514**	**2,594**	**2,765**	**8,572**	**10,112**	**2,386**	**5**
YoY Growth (%)	8.8	33.8	6.0	11.9	12.1	18.9	22.3	18.2	14.2	18.0	12.8	
Key Parameters (%)												
Yield on loans	10.5	10.6	10.6	10.4	10.5	10.6	10.6	10.5				
Cost of funds	7.5	7.4	7.6	7.4	7.3	7.1	7.1	7.1				
Spread	3.0	3.2	3.1	3.05	3.18	3.51	3.5	3.4				
NIM	3.6	3.77	3.7	3.70	3.77	4.13	4.1	4.0				
Credit cost	0.28	0.15	0.24	0.16	0.27	0.03	0.07	0.06				
Cost to Income Ratio (%)	14.9	17.1	16.9	19.4	18.3	18.6	19.2	19.0				
Tax Rate (%)	21.7	22.8	21.2	16.2	19.4	24.2	21.6	20.2				
Balance Sheet Parameters												
Loans (INR B)	**355.6**	**365.9**	**371.6**	**382.2**	**387.7**	**396.6**	**407.7**	**423.9**				
Growth (%)	9.4	9.7	9.1	9.2	9.0	8.4	9.7	10.9				
AUM mix (%)												
Home loans	88.9	88.5	88.3	87.8	87.5	86.9						
Non-housing loans	11.1	11.5	11.7	12.2	12.5	13.1						
Salaried customers	71.7	70.9	70.9	70.4	70.3	70.2						
Self-employed customers	28.3	29.1	29.0	29.5	29.6	30.4						
Disbursements (INR B)	**18.5**	**23.8**	**18.8**	**24.6**	**20.2**	**25.5**	**26.1**	**31.5**				
Change YoY (%)	-5.7	17.9	0.0	6.1	8.7	6.9	39.0	28.3				
Borrowing mix (%)												
Banks	56.0	60.0	60.0	52.0	53.0	57.0						
NHB	16.0	14.0	14.0	17.0	17.0	14.0						
Market borrowings	27.0	25.0	25.0	30.0	29.0	28.0						
Deposits	1.0	1.0	1.0	1.0	1.0	1.0						
Asset Quality												
GNPL (INR m)	3,250	3,200	3,410	3,330	3,780	3,730						
NNPL (INR m)	1,740	1,720	1,870	1,740	2,080	1,910						
GNPL ratio %	0.91	0.88	0.92	0.87	0.98	0.94						
NNPL ratio %	0.49	0.47	0.50	0.46	0.54	0.50						
PCR %	47.0	46.0	45.2	47.7	45.0	48.8						
Return Ratios (%)												
ROA (Rep)	2.2	2.3	2.3	2.6	2.2	2.4						
ROE (Rep)	17.6	18.0	17.6	18.5	17.6	19.0						

E: MOFSL Estimates

Sunteck Realty

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	SRIN IN
Equity Shares (m)	146
M.Cap.(INRb)/(USDb)	63.3 / 0.7
52-Week Range (INR)	594 / 347
1, 6, 12 Rel. Per (%)	-6/1/-31
12M Avg Val (INR M)	163

Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	11.3	14.8	19.9
EBITDA	1.7	1.5	2.8
EBITDA (%)	15.0	10.2	14.2
PAT	1.4	1.2	2.3
EPS (INR)	9.4	8.4	15.8
EPS Gr. (%)	-8.5	-10.5	88.5
BV/Sh. (INR)	230.5	237.4	251.7
Ratios			
Net D/E	-0.1	-0.2	0.0
RoE (%)	4.1	3.6	6.5
RoCE (%)	4.6	4.1	6.6
Payout (%)	16.0	17.9	9.5
Valuations			
P/E (x)	46.1	51.5	27.3
P/BV (x)	1.9	1.8	1.7
EV/EBITDA (x)	35.9	37.8	22.0
Div Yield (%)	0.3	0.3	0.3

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	63.3	63.3	63.2
DII	7.5	8.2	9.3
FII	19.4	19.3	18.5
Others	9.8	9.2	8.9

CMP: INR433 **TP: INR574 (+33%)** **Buy**

Collections miss but financials strong

The uber-luxury and premium segment drives 87% of sales in 2Q

- SRIN reported pre-sales of INR7b in 2QFY26, up 34% YoY/7% QoQ (19% above estimate). In 1HFY26, presales were INR13.6b, up 32% YoY.
- Collections were up 24% YoY at INR3.3b for 2QFY26 (28% below estimate). In 1HFY26, collections stood at INR6.8b, up 12% YoY.
- The net debt-to-equity ratio rose to 0.04x in the quarter from 0.02x QoQ.
- In 2QFY26, the company entered into a joint development agreement to develop a project located at Mira Road along the Western Express Highway. The project offers a development potential of 0.55msf on a land parcel measuring around 3.5 acres, with an estimated GDV of INR12b. Overall, in 1HFY26, the company added two projects with GDV of INR23b and developable area of 0.83msf.
- **P&L performance:** In 2QFY26, revenue was up 49% YoY/34% QoQ at INR2.5b (13% above our estimate). In 1HFY26, revenue fell 9% YoY to INR4.4b.
- The company reported EBITDA of INR778m, up 108% YoY/63% QoQ (132% above estimate). EBITDA margin was up 873bp YoY/549bp QoQ at 31% (up 1,581bp vs. our estimates). In 1HFY26, EBITDA was up 83% YoY at INR1.3b. 1H margin surged 2x YoY to 28%.
- 2Q adj. PAT stood at INR490m, up 41% YoY/46% QoQ (80% above our estimate). PAT margin was 19.4%. In 1H, PAT stood at INR824m, up 43% YoY.

Key concall highlights

- **Guidance on collections and revenue**: Collections will also gain momentum once the construction phases move ahead in the coming quarters of FY26, which will lead to more projects coming up for revenue recognition such as Sunteck City – 4th Avenue, which has received the occupation certificate.
- **Launch pipeline**: In 3Q-4QFY26, SRIN intends to launch projects with total GDV of INR110b, which include:
  - A new phase of Sunteck City ODC (Goregaon West) with a GDV of INR15b (~0.5msf in one tower to be launched)
  - Two towers in Sunteck Beach Residences, Vasai, with a GDV of ~INR5-6b
  - One tower in Sunteck Skypark in Mira Road with a GDV of ~INR10b
  - The project in Bandra West with a GDV of INR10b
  - Sunteck World, Naigaon, with a GDV of INR5b
  - Newly added Andheri redevelopment in WEH with a GDV of INR11b
  - Remaining from Nepean Sea Road with a GDV of INR54b
- **Burj Khalifa Community, Dubai**: The project will have only two towers with a total area of 1msf and GDV of INR90b. It would be launched in 4QFY26 or early FY27. SRIN plans to sell it in 3-4 years after the launch as guided by management.

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- **Business development:** In 1H, the company executed two BD deals: a ~2.5-acre redevelopment project in Andheri (WEH) with 0.28msf potential (GDV: ~INR11b) and a ~3.5-acre JDA project at Mira Road (WEH) with 0.56msf potential (GDV: ~INR12b).
- Construction of 5th Avenue (residential and commercial) to start soon as the company gets approval regarding the same.
- Nepean Sea first phase demolition is nearly complete and approvals are falling in place. Construction will start soon.

Valuation and view

- We expect SRIN to deliver a healthy 21% presales CAGR over FY25-28E, fueled by a ramp-up in launches from both new and existing projects. Further, its sound balance sheet and strong cash flows would spur project additions and drive sustainable growth.
- We value its residential segment based on the NPV of existing pipelines and its commercial segment based on an 8% cap rate on FY26E EBITDA.
- **We reiterate our BUY rating on the stock with a TP of INR574, implying a 33% upside potential.**

Quarterly performance

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2Q	(%)
Net Sales	**3,163**	**1,690**	**1,618**	**2,060**	**1,883**	**2,524**	**3,379**	**3,477**	**8,531**	**11,263**	**2,232**	**13**
YoY Change (%)	348.2	577.3	281.1	-51.7	-40.5	49.3	108.9	68.8			32.0	
Total Expenditure	2,849	1,317	1,134	1,374	1,406	1,745	2,871	3,548	6,673	9,570	1,896	
EBITDA	**314**	**374**	**484**	**687**	**477**	**778**	**508**	**-70**	**1,858**	**1,693**	**336**	**132**
Margins (%)	9.9	22.1	29.9	33.3	25.4	30.8	15.0	-2.0	21.8	15.0	15.0	1580.6
Depreciation	34	36	31	28	34	36	40	22	129	133	26	
Interest	103	99	87	119	149	194	122	-59	409	406	81	
Other Income	117	130	130	118	132	98	152	124	495	505	100	
PBT before EO expense	**295**	**368**	**495**	**658**	**426**	**646**	**498**	**90**	**1,816**	**1,660**	**329**	**96**
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**295**	**368**	**495**	**658**	**426**	**646**	**498**	**90**	**1,816**	**1,660**	**329**	**96**
Tax	70	22	69	170	92	159	91	-39	331	303	60	
Rate (%)	23.9	5.9	13.9	25.9	21.6	24.5	18.2	-43.1	18.2	18.2	18.2	
Minority Interest & Profit/Loss of Asso. Cos.	-3	1	1	-17	0	-2	-6	-10	-18	-18	-4	
Reported PAT	**228**	**346**	**425**	**504**	**334**	**490**	**413**	**139**	**1,503**	**1,375**	**273**	**80**
Adj PAT	**228**	**346**	**425**	**504**	**334**	**490**	**413**	**139**	**1,503**	**1,375**	**273**	**80**
YoY Change (%)	-438.0	-349.6	-537.1	-50.3	46.6	41.4	-3.0	-72.5	111.9	-8.5	-21.3	
Margins (%)	7.2	20.5	26.3	24.5	17.8	19.4	12.2	4.0	17.6	12.2	12.2	
Operational metrics												
Presales	5,020	5,240	6,350	8,700	6,570	7,020	8,966	7,330	25,310	29,886	5,922	**19**
Collections	3,420	2,670	3,360	3,100	3,510	3,310	6,978	9,462	12,550	23,261	4,609	**-28**

Source: Company, MOFSL

N O T E S

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

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