

## Market snapshot

Equities - India	Close	Chg .%	CY25.%
Sensex	82,180	-1.3	9.1
Nifty-50	25,233	-1.4	10.5
Nifty-M 100	58,085	-2.6	5.7
Equities-Global	Close	Chg .%	CY25.%
S&P 500	6,797	-2.1	16.4
Nasdaq	22,954	-2.4	20.4
FTSE 100	10,127	-0.7	21.5
DAX	24,703	-1.0	23.0
Hang Seng	9,095	-0.4	22.3
Nikkei 225	52,991	-1.1	26.2
Commodities	Close	Chg .%	CY25.%
Brent (US\$/Bbl)	68	1.3	-15.7
Gold (\$/OZ)	4,763	2.0	64.6
Cu (US\$/MT)	12,855	-1.4	43.9
Almn (US\$/MT)	3,095	-2.5	17.5
Currency	Close	Chg .%	CY25.%
USD/INR	91.0	0.1	5.0
USD/EUR	1.2	0.7	13.4
USD/JPY	158.2	0.0	-0.3
YIELD (%)	Close	1MChg	CY25 chg
10 Yrs G-Sec	6.7	-0.01	-0.2
10 Yrs AAA Corp	7.4	-0.01	0.1
Flows (USD b)	20-Jan	MTD	CYTD
FII	-0.32	-2.96	-18.8
DII	0.40	9.25	90.1
Volumes (INRb)	20-Jan	MTD*	CYTD*
Cash	1,346	1157	1157
F&O	6,86,288	3,30,050	3,30,050

Note: Flows, MTD includes provisional numbers. \*Average



## Today's top research idea

### Persistent Systems: Business as usual

- ❖ Persistent Systems (PSYS) reported a 3QFY26 revenue of USD422m (vs. est. USD420m), up 4.0% QoQ in USD terms and 4.1% in CC (est. +3.5%). Adj. EBIT margin stood at 16.7% (est. 15.0%).
- ❖ Around ~150bp of margin benefit this quarter came from a combination of tool-led pricing and productivity-led manpower optimization, as per the management. However, the surprising element was that this was not visible in higher revenue per employee, which was flat. Per the management, we should not expect further expansion due to this lever, likely because PSYS would want to reinvest additional gains to drive growth.
- ❖ We raise our estimates by 3-4%, reflecting strong margin gains in 3Q and continued revenue momentum. We factor in margin expansion of 160bp over FY26E (and another 50bp by FY27E). **We value PSYS at 45x FY28E EPS. Reiterate BUY with a TP of INR8,500.**



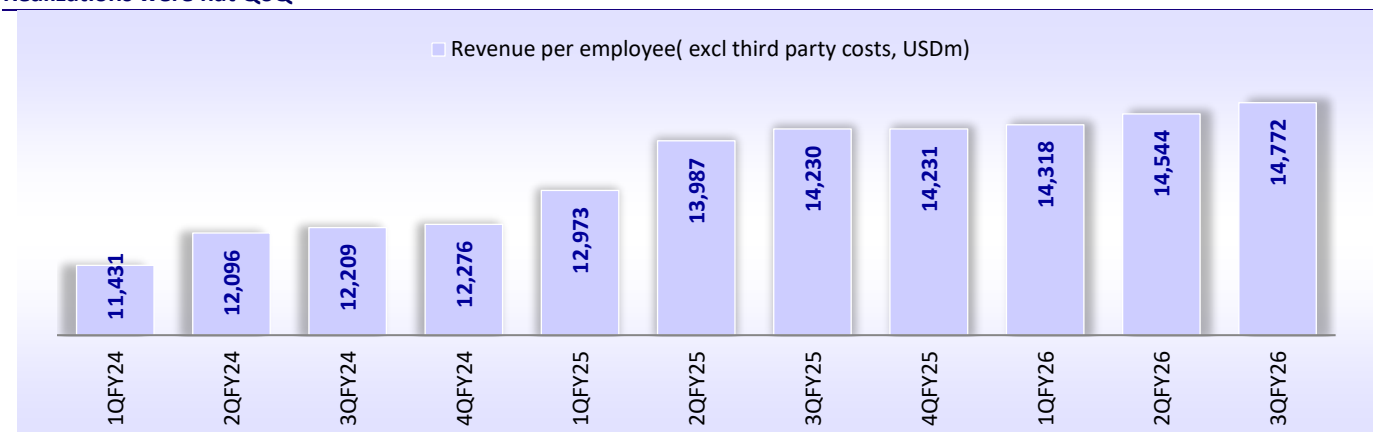
## Research covered

Cos/Sector	Key Highlights
Persistent Systems	Business as usual
TATA Motors	TMCV launches multiple products across powertrains
SRF	Strong performance continues in Chemical business
Other Updates	AU Small Finance Bank   Oberoi Realty   CreditAccess Grameen   CEAT   IndiaMART   Cyient DLM   United Spirits   Gujarat Gas   Shoppers Stop



## Chart of the Day: Persistent Systems (Business as usual)

Realizations were flat QoQ



Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

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

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.



## In the news today



Kindly click on textbox for the detailed news link

1

### **Trump says tariffs face Supreme Court test, warns US may have to return billions of dollars**

President Trump acknowledged potential billions in tariff refunds if the Supreme Court rules against his administration.

2

### **Adani Power plans up to Rs 7,500 crore NCD raise**

Adani Power plans to raise Rs 7,500 crore via non-convertible debentures, targeting institutional investors to refinance debt and fund operations.

3

### **Emirates NBD Bank gets CCI's nod to acquire majority stake in RBL Bank**

India's fair trade regulator, CCI, has approved Emirates NBD Bank's acquisition of a majority stake in RBL Bank.

4

### **Skoda bets on India growth story; looks to expand product range, diversify export markets**

Czech automaker Skoda is set to expand its India operations. The company plans to introduce new models, including an electric car, and boost its SUV lineup.

5

### **Road map in works for \$100 billion textile and apparel exports by 2030**

India plans to significantly boost textile exports to \$100 billion by 2030

6

### **Local players dent giants like Mars, Mondelez & Hershey amid cocoa price surge**

Major global candy makers saw their slowest India sales in years during FY25. Record cocoa prices forced price increases, pushing shoppers to cheaper options.

7

### **Apple Pay likely to enter India market this year, launch seen by end-2026**

Apple Pay is live in major countries across continents, including China, but so far has not been launched in India due to various reasons, including regulatory compliance.

# Persistent Systems

Estimate change



TP change



Rating change



Bloomberg	PSYS IN
Equity Shares (m)	156
M.Cap.(INRb)/(USD\$)	1000.5 / 11
52-Week Range (INR)	6599 / 4149
1, 6, 12 Rel. Per (%)	2/13/-4
12M Avg Val (INR M)	3077

## Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	146.5	177.3	221.5
EBIT Margin (%)	16.3	16.8	16.8
Adj. PAT	19.2	23.7	29.5
Adj. EPS (INR)	123.0	151.5	188.8
EPS Gr.(%)	36.3	23.1	24.7
BV/Sh.(INR)	476.6	567.5	681.4

## Ratios

RoE (%)	28.0	29.2	30.4
RoCE (%)	25.4	26.5	27.6
Payout (%)	40.0	40.0	40.0

## Valuations

P/E (x)	51.6	41.9	33.6
P/BV (x)	13.3	11.2	9.3
EV/EBITDA (x)	34.5	28.1	22.3
Div. Yield (%)	0.8	1.0	1.2

## Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	30.3	30.6	30.7
DII	29.8	30.6	26.3
FII	23.7	21.7	25.8
Others	16.2	17.2	17.2

FII Includes depository receipts

CMP: INR6,343

TP: INR8,500 (+34%)

Buy

## Business as usual

### Margin beat surprising, but we await more clarity on it sustaining

- Persistent Systems (PSYS) reported a 3QFY26 revenue of USD422m (vs. est. USD420m), up 4.0% QoQ in USD terms and 4.1% in CC (est. +3.5%). Adj. EBIT margin stood at 16.7% (est. 15.0%).
- Adj. EBIT grew 8.2% QoQ/38.7% YoY to INR6.3b. Adj. PAT came in at INR5b (est. INR4.5b), up 7.4% QoQ/35.7% YoY. This excluded the one-time impact of costs related to labor codes of INR890m.
- For 9MFY26, PSYS's revenue/adj. EBIT/adj. PAT grew 23%/39%/40% YoY in INR terms. We expect its revenue/adj. EBIT/adj. PAT to grow 22%/29%/31% YoY in 4QFY26. TTM TCV was USD674.5m, up 11% QoQ/13.5% YoY with a book-to-bill ratio of 1.6x. **Given its consistent execution and visibility on growth, we value PSYS at 45x FY28E EPS. We reiterate our BUY rating with a TP of INR8,500.**

### Our view: AI tools translate into margins

- Margin expansion surprising; internal AI tools/platforms emerging as a margin lever:** Despite the impact of wage hikes and furloughs, PSYS reported strong margin performance, with adj. EBIT margin expanding 40bp QoQ to 16.7% in 3QFY26. This was attributed to in-house AI tools/platforms such as SASVA, iAura, and the GenAI Hub, which are now embedded in delivery and pricing discussions with clients.
- Around ~150bp of margin benefit this quarter came from a combination of tool-led pricing and productivity-led manpower optimization, as per the management. **However, the surprising element was that this was not visible in higher revenue per employee, which was flat.** Per the management, we should not expect further expansion due to this lever, likely because PSYS would want to reinvest additional gains to drive growth.
- Growth came in above estimate; FY27 target intact:** PSYS posted 4.1% QoQ CC revenue growth, above our est. This was led by BFSI (+4.6% QoQ) and Healthcare (+4.8% QoQ). Top-100 clients (~82% of revenue) continue to grow at ~20%, aided by deeper wallet share and AI-led transformation programs. With ACV at USD502m and multi-year deal ramp-ups continuing, **we remain comfortable with PSYS' ability to sustain high-teens CC growth** and stay on track for its USD2b FY27 revenue aspiration, which implies ~18% CC CAGR over FY25-27.
- Emerging AI partnerships signal maturing AI services stack and faster enterprise adoption:** New partnerships with Anthropic and DigitalOcean signal the next leg of PSYS' AI journey. Much like other large SIs are becoming the route to market for AI-native vendors, these alliances allow PSYS to embed GenAI deeper into core services such as modernization, engineering, and managed services.
- As AI projects move from pilots to larger rollouts, we see these partnerships helping accelerate adoption and support meaningful AI-led services growth through CY26 (see our report dated 24<sup>th</sup> Nov'25: [Time to buy the next cycle](#)).

### Valuation and revisions to our estimates

- **We project an 18% USD revenue CAGR over FY25-27 for PSYS**, which, combined with margin expansion, could result in ~28%+ EPS CAGR. This places the company in a league of its own as a diversified product engineering and IT services player.
- We raise our estimates by 3-4%, reflecting strong margin gains in 3Q and continued revenue momentum. We factor in margin expansion of 160bp over FY26E (and another 50bp by FY27E). Owing to its superior earnings growth trajectory, on a PEG basis, we believe the valuation still has room for upside. We value PSYS at 45x FY28E EPS. **Reiterate BUY with a TP of INR8,500.**

### Beat on revenue and margins; BFSI and Healthcare lead the growth

- PSYS's 3QFY26 revenue stood at USD422m, up 4.0% QoQ in USD terms (above our estimate of 3.4% QoQ). It reported CC growth of 4.1% QoQ vs our estimate of 3.5% QoQ CC growth.
- Growth was led by BFSI (up 4.6% QoQ) and Healthcare (up 4.8% QoQ).
- Adj. EBIT margin at 16.7% was up by 40bp QoQ, and above our estimate of 15.0%.
- TCV was USD674.5m, up 11%/13.5% QoQ/YoY (1.6x book-to-bill).
- Net new TCV was up 5.6% QoQ at USD369m. TTM ACV stood at USD501.9m.
- Net headcount increased by 1.8% QoQ. Utilization improved 20bp QoQ at 88.4%. TTM attrition was down 30bp QoQ at 13.5%.
- Adj. PAT was INR5b (up 7.4% QoQ/35.7% YoY), above our estimate of INR4.5b. This excludes the one-time impact of costs related to labor codes INR890m.
- The Board of Directors approved an interim dividend of INR22/share.

### Key highlights from the management commentary

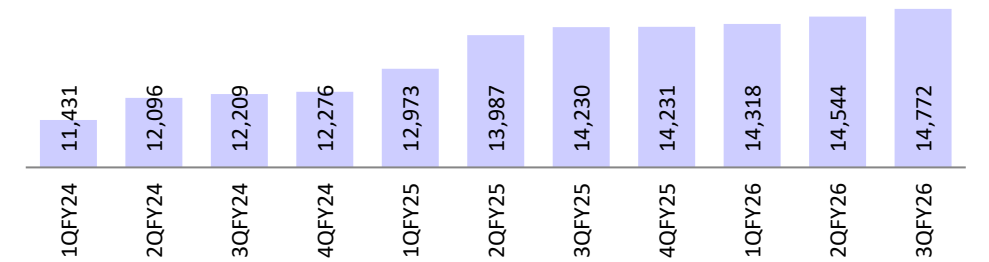
- The intent is to build stronger technology capabilities and leverage them to improve productivity per employee, enabling a decoupling of revenue growth from linear headcount growth.
- Software license revenue includes third-party licenses as well as proprietary platforms such as iAura and SASVA. These are sold as part of integrated engagements rather than standalone products, and revenue recognition depends on the overall deal structure and pricing.
- Over time, IP-led offerings and services are likely to be increasingly bundled together.
- The company remains firmly on track to achieve its USD2b and USD5b revenue aspirations by March 2027 and March 2030, respectively.
- Adjusted EBIT margin stood at 16.7%, up 40bp QoQ.
- The ~150bp margin improvement from AI platforms reflects a combination of upfront monetization and productivity benefits through reduced manpower deployment. The company continues to balance investments in technology with disciplined harvesting of returns.
- Mid-to-large high-tech firms are increasingly adopting AI to drive productivity in product development.

### Valuation and view

- **We project an 18% USD revenue CAGR over FY25-27 for PSYS**, which, combined with margin expansion, could result in ~28%+ EPS CAGR. This places the company in a league of its own as a diversified product engineering and IT services player.
- We raise our estimates by 3-4%, reflecting strong margin gains in 3Q and continued revenue momentum. We factor in margin expansion of 160bp over FY26E (and another 50bp by FY27E). Owing to its superior earnings growth trajectory, on a PEG basis, we believe the valuation still has room for upside. We value PSYS at 45x FY28E EPS. **Reiterate BUY with a TP of INR8,500.**

## Realizations were flat QoQ

■ Revenue per employee( excl third party costs, USDm)



Source: Company, MOFSL

## Quarterly Performance (IFRS)

Y/E March (Consolidated)	FY25				FY26E				FY25	FY26E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QFY26	(% / bp)
Revenue (USD m)	328	346	360	375	390	406	423	441	1,409	1,659	420.1	0.6
QoQ (%)	5.6	5.3	4.3	4.2	3.9	4.2	4.0	4.3	18.8	17.7	3.4	60bp
Revenue (INR m)	27,372	28,972	30,623	32,421	33,336	35,807	37,782	39,543	1,19,387	1,46,468	37,399	1.0
QoQ (%)	5.7	5.8	5.7	5.9	2.8	7.4	5.5	4.7			4.4	107bp
YoY (%)	17.9	20.1	22.6	25.2	21.8	23.6	23.4	22.0	21.6	22.7	22.1	125bp
GPM (%)	33.0	33.4	34.7	34.9	35.3	36.0	36.1	36.1	34.0	35.9	34.2	194bp
SGA (%)	16.4	16.8	17.1	16.8	16.9	16.9	16.8	16.8	16.8	16.8	16.6	16bp
EBITDA	4,552	4,807	5,378	5,844	6,116	6,838	7,324	7,632	20,581	27,909	6,582	11.3
EBITDA Margin (%)	16.6	16.6	17.6	18.0	18.3	19.1	19.4	19.3	17.2	19.1	17.6	178bp
EBIT	3,840	4,062	4,557	5,053	5,178	5,837	6,318	6,525	17,512	23,858	5,610	12.6
EBIT Margin (%)	14.0	14.0	14.9	15.6	15.5	16.3	16.7	16.5	14.7	16.3	15.0	172bp
Other income	165	283	263	-1	376	331	222	277	710	1,206	299	-25.7
ETR (%)	23.5	25.2	22.6	21.7	23.5	23.6	22.6	23.5	23.2	23.3	23.3	
Adj. PAT	3,064	3,250	3,729	3,958	4,249	4,715	5,063	5,203	14,001	19,230	4,532	11.7
QoQ (%)	-2.8	6.1	14.7	6.1	7.4	10.9	7.4	2.8			-3.9	1125bp
YoY (%)	10.5	23.4	30.3	25.5	38.7	45.1	35.8	31.5	22.6	37.4	21.5	1423bp
Exceptional Items	0.0	0.0	0.0	0.0	0.0	0.0	668.3	0.0	0.0	668.3		
PAT	3,064	3,250	3,729	3,958	4,249	4,715	4,395	5,203	14,001	18,562		
Adj. EPS (INR)	19.9	21.0	23.9	25.4	27.2	30.2	32.4	33.4	90.2	123.0	29.1	11.1

## Key Performance Indicators

Y/E March	FY25				FY26			FY25
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Revenue (QoQ CC %)	5.6	5.1	4.6	4.5	3.3	4.4	4.1	
<b>Margins</b>								
Gross Margin	33.0	33.4	34.7	34.9	35.3	36.0	36.1	34.0
EBIT Margin	14.0	14.0	14.9	15.6	15.5	16.3	16.7	14.7
Net Margin	11.2	11.2	12.2	12.2	12.7	13.2	13.4	11.7
<b>Operating metrics</b>								
Headcount	23,519	23,237	23,942	24,594	25,340	26,224	26,711	24,594
Voluntary Attrition (%)	11.9	12.0	12.6	12.9	13.9	13.8	13.5	12.9
Utilisation (%)	82.1	84.8	87.4	88.4	88.7	88.2	88.4	88.4
<b>Effort Mix(%)</b>								
Global Delivery Centers	15.2	15.8	15.1	14.8	14.5	14.1	14.2	15.2
India	84.8	84.2	84.9	85.2	85.5	85.9	85.8	84.8



# TATA Motors

BSE Sensex 82,180  
S&P CNX 25,233

## TATA MOTORS

Bloomberg	TMCV IN
Equity Shares (m)	3680
M.Cap.(INRb)/(USDb)	1592.4 / 17.5
52-Week Range (INR)	451 / 306
1, 6, 12 Rel. Per (%)	12/-/-
12M Avg Val (INR M)	6158

### Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Net Sales	746	825	895
EBITDA	96.9	107.0	116.3
Adj. PAT	69.0	70.9	78.3
Adj. EPS (INR)	18.7	19.3	21.3
EPS Gr. (%)	13	3	10
BV/Sh. (INR)	39.8	56.6	74.8

### Ratios

Net D/E (x)	-0.2	-0.4	-0.4
RoE (%)	59.7	40.0	32.4
RoCE (%)	38.5	32.1	27.8
Payout (%)	10.7	13.0	14.1

### Valuations

P/E (x)	23.1	22.5	20.3
P/BV (x)	10.9	7.6	5.8
EV/EBITDA (x)	15.7	13.7	12.1
Div. Yield (%)	0.5	0.6	0.7

**CMP: INR432 TP: INR417 (-4%) Neutral**

### TMCV launches multiple products across powertrains

#### Launches centered around profit, safety, and sustainability

We attended the TMCV launch event in Delhi, where it launched 17 new trucks spanning 7-55 tonnes across ICE and EV platforms. The new launches have been structured around its three key pillars: Profit, Safety, and Sustainability. To enhance operator profitability, TMCV has launched a higher payload range that delivers up to 1.8 tons of higher payload across segments, and a fuel efficiency series of trucks that delivers 7% fuel savings. In terms of safety, TMCV will upgrade all four of its truck cabins, Azura, Ultra, Signa, and Prima, to European ECE R29-03 crash safety standards, exceeding current Indian AIS-029 norms. Management has indicated that they have launched these upgrades at negligible incremental cost to their customers. Further, given its emission targets, TMCV has launched its entire EV range of trucks spanning 9-55T segments built on its iMove architecture. It remains to be seen if TMCV can recover lost share in CVs post these new launches, which has been one of the key investor concerns. We will monitor this closely. After the recent rally, the stock at 22.5x FY27E and at 20.3x FY28E EPS appears fairly valued. We reiterate our Neutral rating with a TP of INR417, valuing the core business at 13x EV/EBITDA on Sep'27E.

#### New launches with a focus on operator profitability and driver safety

With operator profitability at the core, TMCV has launched two ranges of trucks: 1) a higher payload range and 2) a higher fuel efficiency range. To deliver the higher payload range, engineering changes include a redesigned tandem axle suspension on multi-axle trucks. It has launched the Prima 3540.K model with a Cummins 8.5-liter engine, which will mark TMCV's entry into deep mining. In the ILCV fuel-efficient segment, TMCV has unveiled the Azura range, which can drive 7% better fuel efficiency and 15% higher profits compared to earlier models.

#### EV launches to meet emission targets

TMCV introduced the largest range of electric trucks in India, covering 9 to 19-tonne cargo trucks, a 28-tonne tipper, and a 55-tonne tractor. Given that these are co-developed with customers and have been tested on various use cases over the last nine months, the company is confident of a gradual pick-up in demand for these, given the superior TCO for the same.

#### Valuation and View

While the CV industry demand has picked up post GST rate cuts, the key concern in TMCV has been its gradual loss of market share across key segments. Further, its recent acquisition of Iveco would expose it to the ongoing global macro uncertainties. We have already factored in a pick-up in domestic CV demand (9% volume CAGR over FY25-28E) in our estimates. We also factor in margins to remain stable at 13% over our forecast period. However, post the recent rally, the stock at 22.5x FY27E and at 20.3x FY28E EPS appears fairly valued. **We reiterate our Neutral rating with a TP of INR417.** We value the core business at 13x EV/EBITDA on Sep'27E (in line with peers) and add INR12 per share for its stake in Tata Capital.

### Core strategy: Profit, Safety, and Sustainability

- TMCV introduced 17 new trucks and two new engines as part of its refreshed product lineup. The company has also unveiled a completely new electric vehicle architecture, marking a significant step in the transition to green mobility. The new launches have been structured around its three key pillars: Profit, Safety, and Sustainability.
- **Profit:** This means improving the profitability of its customers with upgraded vehicles that improve TCO for the customer. With this at the core, TMCV has launched two ranges of trucks: 1) a higher payload range and 2) a higher fuel efficiency range.
- Higher payload range: Tata Motors aims to deliver up to 1.8 tons higher payload across the segment to form the industry-leading payload capacity. Engineering changes include a redesigned tandem axle suspension on multi-axle trucks, enabling payload gains of up to 1.8 tonnes.
- TMCV has introduced a Cummins 8.5-liter engine in India. This engine is set to debut with a 35-tonne deep-mining tipper. This model (Prima 3540.K) will come with AMT for the first time in India. The truck generates 375 HP and 1800 Nm torque, paired with a 12-speed manual transmission. This configuration gives the Prima 3540.K a remarkable 83% gradeability. The key here is that TMCV did not previously have a presence in the deep mining segment, which has been dominated by Volvo so far. With this launch, TMCV would aim to cater to this segment. This is a 1,200 units per annum industry with very high ASP as well as profitability. Further, under the new Fuel Efficiency (FE) Series of trucks, TMCV has developed a range that delivers 7% fuel savings through aerodynamic improvements and powertrain calibrations, which can translate to 20% higher profits and reduced maintenance costs. Both these series have been developed to improve the bottom line for fleet owners.
- Further, TMCV has unveiled the Azura range in the ILCV fuel-efficient segment. The Azura range is powered by a new 3.6-liter diesel engine, claiming to give best-in-class performance and efficiency. It is offered in 7-to-19-tonne configurations for applications such as e-commerce, FMCG distribution, construction material transport, agricultural and industrial goods movement, as well as intercity, medium-haul, and regional logistics. The product is designed to offer improved payload utilization, 7% better fuel efficiency, and 15% higher profits compared to earlier models.
- Further, the company's FleetEdge platform, which now powers around 1 million vehicles, is further strengthened with the launch of FleetEdge Priority, a service designed to enhance fleet management capabilities.
- **Safety:** In terms of safety, Tata Motors will upgrade all four of its truck cabins, Azura, Ultra, Signa, and Prima, to European ECE R29-03 crash safety standards, exceeding current Indian AIS-029 norms. It covers higher frontal impact energy, side impact, and rollover protection. It takes care of the survival space and improves the survival of the driver in case of an unfortunate accident. The company claims to be the only player in India offering this high standard of protection without the same being mandated in the country. India-specific safety technologies include systems such as collision mitigation and adaptive

cruise control. The Prima trucks offer over 22 Level 2 ADAS features, contributing to a safer driving experience.

- Management indicated that it has launched these upgrades at negligible incremental cost to its customers.
- **Sustainability:** TMCV has committed to achieving net-zero greenhouse gas emissions by 2045. This ambitious goal highlights the company's dedication to sustainability, and it plans to lead the transition toward greener mobility. Following this target, TMCV introduced the largest range of electric trucks in India, covering 9-to-19-tonne cargo trucks, a 28-tonne tipper, and a 55-tonne tractor.
- These trucks are designed for applications in sectors like steel, cement, construction, ports, and e-commerce. BEV trucks are being positioned for closed-loop applications such as ports, mines, and defined logistics routes.
- All of these vehicles are built on Tata Motors' iMove architecture, with the company emphasizing that all development for this portfolio is indigenous.
- Sample trucks based on customer requirements across 4-5 different use cases have been running with customers over the last nine months. According to the company, the electric trucks have already clocked over 0.35m km of cumulative customer trials across steel, cement, chemicals, ports, e-commerce, and auto logistics.
- Battery configurations range from 96 kW to 450 kW, with a maximum driving range of 350 km. Tata Motors claims to offer India's first Battery Management System (BMS) and e-axle system for these electric trucks. While the whole battery pack is modular, they have designed and developed the BMS in-house so that they can modify the software based on duty cycle, load, and application requirements.
- To support the adoption of electric vehicles, Tata Motors is expanding the charging infrastructure and offering tailored financing solutions for customers. The products will be sold under the TataTrucks.ev brand and will lead the transition to electric trucks, particularly in short- and medium-haul operations. The trucks will also feature ADAS (Advanced Driver Assistance Systems) and be capable of receiving OTA (Over-The-Air) updates. For its electric trucks, Tata Motors has integrated 15 EV-specific safety measures to ensure that the vehicles meet the highest safety standards.
- While pricing is likely to be 2.0-2.5x that of ICE vehicles, its payback is expected to be under three years at an average running of 300km per day.
- Customer interest is currently being driven by decarbonization goals for various segments.



Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	SRF IN
Equity Shares (m)	296
M.Cap.(INRb)/(USDb)	854.7 / 9.4
52-Week Range (INR)	3325 / 2487
1, 6, 12 Rel. Per (%)	-4/-11/2
12M Avg Val (INR M)	1683

#### Financials & Valuations (INR b)

Y/E Mar	2026E	2027E	2028E
Sales	160.8	191.2	214.3
EBITDA	36.8	47.7	54.1
PAT	21.3	27.4	31.3
EBITDA (%)	22.9	25.0	25.2
EPS (INR)	71.6	92.2	105.4
EPS Gr. (%)	55.4	28.9	14.2
BV/Sh. (INR)	474	550	638

#### Ratios

Net D/E	0.3	0.2	0.2
RoE (%)	15.9	18.0	17.7
RoCE (%)	12.8	14.7	14.9
Payout (%)	25.4	18.4	16.1

#### Valuations

P/E (x)	40.3	31.3	27.4
EV/EBITDA (x)	24.3	18.8	16.5
Div Yield (%)	0.6	0.6	0.6
FCF Yield (%)	0.6	0.7	1.4

#### Shareholding Pattern (%)

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

Note: FII includes depository receipts

**CMP: INR2,883      TP: INR3,660 (+27%)      Buy**

## Strong performance continues in Chemical business

### Operating performance in line with estimates

- SRF delivered a healthy performance in 3QFY26 as EBIT surged 25% YoY, fueled by a strong 36% YoY jump in chemical segment EBIT, despite persistent global headwinds. Performance films and foil (PFF) EBIT grew by 5% YoY, while technical textiles EBIT declined 24% YoY.
- The chemical business (specialty chemicals and fluorochemicals segments) is expected to maintain its growth momentum, led by the traction in new products, pent-up orders from 2Q and 3Q, a stable or better pricing outlook for refrigerants, and the second pharma intermediate plant expected to be commissioned in the next eight months.
- We broadly retain our FY26/FY27/FY28 EBITDA estimates, though we raise our FY26 adj. PAT estimates by 7% due to the write-back tax provisions of ~INR1b in 3Q. We **reiterate our BUY rating** with an SoTP-based **TP of INR3,660**.

### Favorable product mix drives margin improvement

- SRF reported total revenue of INR37.1b (est. INR38b) in 3QFY26, up ~6% YoY. EBITDA margin expanded 340bp YoY to 22.1% (est. of 20.6%). EBITDA stood at INR8.2b (est. in line), up 25% YoY. Adj. PAT grew 79% YoY to INR5.5b (est. INR4b), excluding a forex loss of INR402m and the INR732m impact of new labor codes. Adj. PAT beat our estimates due to the write-back of tax provisions of INR991m in 3Q.
- **Chemical business** revenue (49%/76% of total sales/EBIT in 3Q) grew 22% YoY to INR18.2b, EBIT grew 36% YoY to INR4.9b, and EBIT margin was 27.2% (vs. 24.3% in 3QFY25). The fluorochemicals business delivered a record quarter, driven by strong refrigerant gas performance on firm global HFC prices, recovery in domestic demand, and healthy overseas growth. The specialty chemicals segment posted a muted quarterly performance due to aggressive Chinese pricing and deferred offtake by key customers.
- **PFF** revenue (36%/15% of total sales/EBIT in 3QFY26) declined 3% YoY to INR13.4b, EBIT grew ~5% YoY to INR948m, and margin expanded 50bp YoY to 7.1%. The focus on expanding sustainable product offerings and value-added products sales helped SRF counter-balance market pressure.
- **Technical textiles** revenue (12%/7% of total sales/EBIT in 3QFY26) was down 11% YoY at INR4.5b, EBIT dipped 24% YoY to INR449m, and EBIT margin contracted 160p YoY to 9.9%. The business faced severe headwinds due to continued pressure on Belting Fabrics due to aggressive Chinese pricing and lower conveyor belt exports to the US.
- In 9MFY26, revenue/EBITDA/adj. PAT grew 8%/33%/74% YoY to INR111.7b/INR24.5b/INR13.9b, and EBITDA margin expanded 420bp to 21.9%.

### Highlights from the management commentary

- **Specialty chemicals:** Demand in 4QFY26 is expected to improve significantly, supported by pent-up orders from 2Q and 3Q, despite continued pricing pressure from Chinese competitors. The pipeline of new agrochemical molecules remains strong, and the active ingredients currently under development are progressing as planned, with launches expected in 4QFY26 and additional ones in FY27.

- **Fluorochemicals:** Global HFC prices have remained stable, supported by China's quota-based supply restrictions and steady international demand. After a weak domestic market in 1HFY26 due to prolonged monsoons, demand has now begun to recover.
- **PFF:** Management has begun to observe early signs of recovery in the domestic market for both BOPP and BOPET. BOPET prices have also started to improve in recent weeks, driven by the Chinese government's mandate to reduce capacity by 20% by Dec'25, with further capacity cuts expected after the Lunar New Year.
- The board has approved the appointment of Mr. Samir Kashyap as President & CFO. Mr. Kashyap has over 30 years of overall experience, of which two decades have been in a CFO capacity in renowned organizations like Meta, SAP, and Genpact LLC.

### Valuation and view

- We expect the chemicals business (fluorochemicals and specialty chemicals) to maintain the growth momentum going ahead, fueled by 1) pent-up orders from 2Q and 3Q, 2) the ramp-up of recently commissioned plants, 3) the launch of new products, 4) a strong R&D and innovation pipeline, 4) stable demand for refrigerant gases in the international market and a recovery in the domestic market, and 5) a diversified portfolio.
- The packaging business is also likely to report better margins, driven by the favorable pricing of BOPP, a strong portfolio of high-impact value-added products and the recovery in the domestic markets for both BOPET and BOPP.
- We build in a CAGR of 13%/24%/32% of revenue/EBITDA/Adj. PAT over FY25-28E. We **reiterate our BUY rating and** value the stock on an SoTP basis to arrive at our **TP of INR3,660**.

### Consolidated - Quarterly Earning Model

(INR m)											
Y/E March	FY25				FY26				FY25	FY26E	FY25E Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			2QF %
<b>Net Sales</b>	<b>34,641</b>	<b>34,243</b>	<b>34,913</b>	<b>43,133</b>	<b>38,186</b>	<b>36,402</b>	<b>37,125</b>	<b>49,127</b>	<b>1,46,931</b>	<b>1,60,840</b>	<b>38,089 -3</b>
YoY Change (%)	3.8	7.8	14.4	20.8	10.2	6.3	6.3	13.9	11.8	9.5	9.1
Total Expenditure	28,435	28,637	28,375	33,108	29,975	28,354	28,924	36,753	1,18,555	1,24,005	30,227
<b>EBITDA</b>	<b>6,207</b>	<b>5,606</b>	<b>6,538</b>	<b>10,025</b>	<b>8,212</b>	<b>8,048</b>	<b>8,202</b>	<b>12,374</b>	<b>28,376</b>	<b>36,835</b>	<b>7,862 4</b>
Margins (%)	17.9	16.4	18.7	23.2	21.5	22.1	22.1	25.2	19.3	22.9	20.6
Depreciation	1,882	1,939	1,943	1,952	2,032	2,121	2,169	2,300	7,715	8,623	2,210
Interest	965	938	963	894	799	707	655	705	3,760	2,866	750
Other Income	253	333	396	345	291	257	273	430	1,327	1,252	375
<b>PBT before EO expense</b>	<b>3,612</b>	<b>3,063</b>	<b>4,029</b>	<b>7,525</b>	<b>5,671</b>	<b>5,477</b>	<b>5,651</b>	<b>9,799</b>	<b>18,229</b>	<b>26,598</b>	<b>5,277 7</b>
Extra-Ord expense & DO	172	226	342	451	-87	306	1,134	0	1,192	1,354	0
<b>PBT</b>	<b>3,440</b>	<b>2,837</b>	<b>3,687</b>	<b>7,074</b>	<b>5,758</b>	<b>5,171</b>	<b>4,517</b>	<b>9,799</b>	<b>17,037</b>	<b>25,244</b>	<b>5,277</b>
Tax	918	822	976	1,813	1,435	1,289	190	2,401	4,529	5,314	1,293
Rate (%)	25.4	26.9	24.2	24.1	25.3	23.5	3.4	24.5	24.8	20.0	24.5
<b>Reported PAT</b>	<b>2,522</b>	<b>2,014</b>	<b>2,711</b>	<b>5,261</b>	<b>4,323</b>	<b>3,882</b>	<b>4,327</b>	<b>7,398</b>	<b>12,508</b>	<b>19,930</b>	<b>3,984 9</b>
<b>Adj PAT</b>	<b>2,695</b>	<b>2,240</b>	<b>3,053</b>	<b>5,712</b>	<b>4,236</b>	<b>4,188</b>	<b>5,461</b>	<b>7,398</b>	<b>13,700</b>	<b>21,283</b>	<b>3,984 37</b>
YoY Change (%)	-29.6	-30.0	12.4	30.4	57.2	87.0	78.9	29.5	-3.0	55.4	31
Margins (%)	7.8	6.5	8.7	13.2	11.1	11.5	14.7	15.1	9.3	13.2	10.5

# AU Small Finance Bank

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	AUBANK IN
Equity Shares (m)	746
M.Cap.(INRb)/(USD\$)	748.1 / 8.2
52-Week Range (INR)	1030 / 478
1, 6, 12 Rel. Per (%)	4/25/57
12M Avg Val (INR M)	2361

## Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	80.1	90.5	116.5
PPoP	45.8	51.8	64.7
PAT	21.1	26.3	36.5
NIM (%)	6.0	5.2	5.6
EPS (INR)	29.8	35.3	48.9
EPS Gr. (%)	33.9	18.3	38.6
BV/Sh. (INR)	229	262	309
ABV/Sh. (INR)	223	253	300

## Ratios

RoA (%)	1.6	1.5	1.7
RoE (%)	14.3	14.4	17.1

## Valuations

P/E(X)	33.6	28.4	20.5
P/BV (X)	4.4	3.8	3.2
P/ABV (X)	4.5	4.0	3.3

## Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	22.8	22.8	22.9
DII	31.3	31.9	21.8
FII	36.5	34.5	39.4
Others	9.5	10.8	16.0

FII Includes depository receipts

**CMP: INR1,001 TP: INR1,250 (+25%) Buy**

## An all-round performance

### Earnings outlook robust; NIMs expand 25bp QoQ

- **AUBANK delivered a solid performance in 3QFY26, beating our estimates on many parameters even as the bank continued to invest well in the business to sustain superior growth over the long term.**
- 3Q PAT stood at INR6.7b, up 26% YoY (4% beat), led by robust NII and a sharp decline in provisions. NII came in at INR23.4b, up 16% YoY (3% beat). NIMs expanded 25bp QoQ to 5.7%.
- The bank delivered industry-leading business growth at 24% YoY and has guided for healthy growth of 22-25% over the coming years, aided by favorable macro and strong execution.
- Slippages declined 13% QoQ to INR7.9b in 3Q, aided by improved asset quality in MFI and unsecured. GNPA/NNPA ratios declined to 2.3%/0.88%. PCR declined marginally to 62% from 64% in 2QFY26.
- Provisions were lower at INR3.3b (20% below our est., down 31% QoQ). The bank reported a significantly lower credit cost of 19bp (9M credit cost at 83bp) and has reiterated full-year credit cost guidance of 1%.
- **We slightly raise our earnings estimates and expect a PAT CAGR of 35% over FY27-28E. AUBANK remains our top pick among mid-size private banks. Reiterate BUY with a TP of INR1,250 (3.7x Sep'27E BV).**

### Strong growth outlook; asset quality stress firmly behind

- 3Q PAT rose 19% QoQ to INR6.7b (4% beat), aided sharp NIM expansion and contained credit cost.
- NII grew 15.7% YoY/9.2% QoQ to INR23.4b (3% beat), as NIMs expanded 25bp QoQ to 5.7%, led by CoF reduction, improved portfolio mix and surplus liquidity utilization.
- Provisions were lower at INR3.3b (20% lower than MOFSLe), while credit cost ratio declined to 19bp. PCR stood at 62.1% vs. 64.2% in 2QFY26.
- Other income came in at INR7.2b (in line, down 1.6% QoQ), aided by healthy fee income. Opex grew 28.8% YoY/12.3% QoQ to INR18.5b.
- Advances grew 24% YoY/6.7% QoQ, led by growth in commercial banking (9% QoQ) and retail secured (6% QoQ). MFI book grew by 2% QoQ aided by improving macro conditions, whereas digital unsecured book declined by 2.5% QoQ, as bank still remain cautious and strategies to grow in a year. Bank guides for 2.2-2.5x nominal GDP growth, translating to 22-25% growth in FY27E aided by favorable macro and strong execution.
- Deposit growth was strong at 23.3% YoY/4.5% QoQ. CD ratio expanded to 89% vs. 87% in 2Q. CASA mix was broadly stable at ~29%.
- Slippages declined 13% QoQ to INR7.9b in 3Q, aided by improved asset quality in MFI and unsecured. GNPA/NNPA ratios declined to 2.3%/0.88%. Credit cost stood lower at 19bp for 3Q (guidance at 1% for FY27E). PCR declined marginally to 62% from 64% in 2QFY26.

### Highlights from the management commentary

- In MFI, collection efficiency has improved to ~99%. Management reiterated guidance of ~1% credit cost on average assets for FY26.
- The bank continues to target a C/I ratio below 60%. Currently, investments in unsecured growth and southern market expansion are keeping C/I high.
- RoA is targeted at ~1.8%, with operating leverage expected to support profitability.
- Loan growth would remain at ~2.2-2.5x nominal GDP, translating into ~22-25% growth next year. MFI share would remain below 10% of assets.

### Valuation and view

AUBANK delivered a robust quarter, driven by strong loan growth, meaningful NIM expansion, and a sharp reduction in credit costs. Margin expansion was aided by the ongoing shift toward a better-yielding asset mix, along with deposit repricing. Growth remains among the best in the industry, and with higher-yield segments poised to scale up, we remain optimistic about underlying business profitability. Opex edged up, though management continues to guide for a C/I ratio of less than 60%. Asset quality trends remain favorable, with stress easing and growth resuming in the unsecured portfolio. Considering NIM expansion, normalization in credit costs and pickup in business growth, we estimate AUBANK to deliver best-in-class earnings growth over the coming years. **We slightly raise our earnings estimates and expect a PAT CAGR of 35% over FY27-28E. AUBANK remains our top pick among mid-size private banks. Reiterate BUY with a TP of INR1,250 (3.7x Sep'27E BV).**

### Quarterly performance

	FY25				FY26E				FY25	FY26E	FY26E	(INR b) v/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	
<b>Net Interest Income</b>	<b>19.2</b>	<b>19.7</b>	<b>20.2</b>	<b>20.9</b>	<b>20.4</b>	<b>21.4</b>	<b>23.4</b>	<b>25.2</b>	<b>80.1</b>	<b>90.5</b>	<b>23</b>	<b>2.7</b>
% Change (Y-o-Y)	54.1	58.1	52.7	56.6	6.5	8.6	15.7	20.4	55.4	13.0	12.7	
Other Income	5.1	6.4	6.2	7.6	8.1	7.1	7.2	8.6	25.3	31.1	7	0.4
<b>Total Income</b>	<b>24.3</b>	<b>26.1</b>	<b>26.4</b>	<b>28.5</b>	<b>28.6</b>	<b>28.6</b>	<b>30.7</b>	<b>33.8</b>	<b>105.4</b>	<b>121.6</b>	<b>30</b>	<b>2.1</b>
Operating Expenses	14.8	14.8	14.4	15.6	15.4	16.5	18.5	19.4	59.6	69.8	17	7.1
<b>Operating Profit</b>	<b>9.5</b>	<b>11.3</b>	<b>12.0</b>	<b>12.9</b>	<b>13.1</b>	<b>12.1</b>	<b>12.2</b>	<b>14.4</b>	<b>45.8</b>	<b>51.8</b>	<b>13</b>	<b>-4.6</b>
% Change (Y-o-Y)	74.3	80.0	83.4	94.6	37.9	6.9	0.9	11.6	91.7	13.1	5.7	
Provisions	2.8	3.7	5.0	6.4	5.3	4.8	3.3	3.5	17.9	17.0	4	-19.8
<b>Profit before Tax</b>	<b>6.7</b>	<b>7.6</b>	<b>7.0</b>	<b>6.6</b>	<b>7.8</b>	<b>7.3</b>	<b>8.8</b>	<b>10.9</b>	<b>27.9</b>	<b>34.8</b>	<b>9</b>	<b>2.6</b>
Tax	1.7	1.9	1.7	1.5	2.0	1.7	2.2	2.7	6.8	8.5	2	-0.7
<b>Net Profit</b>	<b>5.0</b>	<b>5.7</b>	<b>5.3</b>	<b>5.0</b>	<b>5.8</b>	<b>5.6</b>	<b>6.7</b>	<b>8.2</b>	<b>21.1</b>	<b>26.3</b>	<b>6</b>	<b>3.8</b>
% Change (Y-o-Y)	29.9	42.1	40.8	35.9	15.6	(1.8)	26.3	62.6	41.7	24.8	21.8	
<b>Operating Parameters</b>												
Deposit (INR b)	972.9	1,096.9	1,122.6	1,242.7	1,277.0	1,325.1	1,384.2	1,492.5	1,242.7	1,492.5	1,393.5	
Loan (INR b)	896.5	948.4	995.6	1,070.9	1,098.3	1,157.0	1,234.2	1,317.2	1,070.9	1,317.2	1,217.3	
Deposit Growth (%)	40.4	44.8	40.1	42.5	31.3	20.8	23.3	20.1	42.5	20.1	24.1	
Loan Growth (%)	42.6	47.8	49.2	46.4	22.5	22.0	24.0	23.0	46.4	23.0	22.3	
<b>Asset Quality</b>												
GNPA (%)	1.8	2.0	2.3	2.3	2.5	2.4	2.3	2.3	2.3	2.3	2.4	
NNPA (%)	0.6	0.8	0.9	0.7	0.9	0.9	0.9	0.9	0.8	0.9	0.8	
PCR (%)	65.1	62.8	61.2	68.1	64.7	64.2	62.1	61.7	66.4	61.7	65.4	

# Oberoi Realty

Estimate change

TP change

Rating change



Bloomberg	OBER IN
Equity Shares (m)	364
M.Cap.(INRb)/(USDb)	554.1 / 6.1
52-Week Range (INR)	2024 / 1440
1, 6, 12 Rel. Per (%)	-6/-18/-32
12M Avg Val (INR M)	1180

## Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	57.2	78.9	91.8
EBITDA	32.1	42.5	50.5
EBITDA (%)	56.1	53.8	55.0
Net profit	23.2	31.8	38.3
EPS (INR)	63.9	87.5	105.4
EPS Growth (%)	4.3	37.0	20.4
BV/Share (INR)	487.8	567.3	664.6

## Ratios

Net D/E	0.1	(0.1)	(0.2)
RoE (%)	13.9	16.6	17.1
RoCE (%)	12.8	15.4	16.2
Payout (%)	12.5	9.1	7.6

## Valuations

P/E (x)	24.0	17.5	14.5
P/BV (x)	3.1	2.7	2.3
EV/EBITDA (x)	17.8	12.8	10.0
Div Yield (%)	0.5	0.5	0.5

## Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	67.7	67.7	67.7
DII	13.9	10.8	12.0
FII	16.1	19.4	18.4
Others	2.4	2.1	1.9

CMP: INR1,524

TP: INR1,723 (+13%)

Neutral

## Lack of new launches hurts bookings

### Operational highlights – 3QFY26

- In 3QFY26, Oberoi Realty (OBER) achieved pre-sales of INR8.4b, down 56% YoY and 36% QoQ (54% below our estimate). Around 63% was contributed by Elysian, Eternia, and 360 West. In 9MFY26, bookings stood at INR37.7b, down 14% YoY.
- Volumes dipped 72% YoY/26% QoQ to 0.19msf (59% below our estimate). In 9MFY26, volumes stood at 0.79msf, down 31% YoY.
- Total units booked during the quarter stood at 130, declining 77% YoY and 18% QoQ. In 9MFY26, a total of 469 units were booked, down 45% YoY.
- Collections stood at INR9.7b, down 30% YoY and 28% QoQ (31% below our estimate).
- The Board declared an interim dividend of INR2/sh, i.e., 20% of the face value for 3QFY26.
- The company received a full Occupation Certificate for Eternia, Mulund.
- The company entered into an agreement to redevelop land with a potential of 0.12msf of RERA carpet area at Nepean Sea Road, Mumbai.
- Three Sixty West was honored with Architectural Highlight of the Year, celebrating its iconic architectural design and contribution to the urban skyline.
- P&L performance:** In 3QFY26, revenue was +6%/-16% YoY/QoQ to INR14.9b (20% below estimates). In 9MFY26, revenue stood at INR42.6b, up 3% YoY.
- OBER reported an EBITDA of INR8.6b in 3QFY26, flat/-16% YoY/QoQ (28% below our estimate), while margin contracted 3% YoY to 57.4%. In 9MFY26, the company reported an EBITDA of INR23.9b, down 4% YoY.
- The company incurred a one-time extraordinary expense during the period, following the Government of India's implementation of four new labor codes, including the Code on Wages, 2019, effective 21<sup>st</sup> Nov'25. Pursuant to the uniform definition of 'wages' prescribed under the Codes, OBER undertook an actuarial valuation as of 31 December 2025 and recognized an additional obligation of INR231m, which is considered an exceptional item.
- PAT during the quarter rose 1%/declined 18% YoY/QoQ to INR6.2b, which was 28% below our estimate. In 9MFY26, PAT was INR18.0b, rising 1% YoY.

### Offices to be fully leased out by end-FY26; hospitality margin up 2% QoQ

- The overall annuity (Office + Retail) portfolio posted a 37% YoY increase in revenue to INR2.8b, with an EBITDA margin of 92%.
- Office:** Commerz-I occupancy remained stable at 96%, whereas Commerz-II occupancy rose to 100%. Commerz-3 occupancy during the quarter increased to 90% from 87% QoQ, resulting in revenue growth of 21% YoY to INR1.3b. This brought the total office revenue to INR1.8b (+16% YoY), with an EBITDA margin of 92%. Commerz III received the Commercial Project of the Year award, underscoring its prominence as a leading commercial development in India.



- **Retail:** Oberoi Mall delivered a 6% YoY revenue growth to INR526m at an EBITDA margin of 97%, while the Sky City mall posted a revenue of INR484m with an EBITDA margin of 89%. Oberoi Mall was 99% occupied, while Sky City was 56% occupied. Sky City Mall was recognized as the Retail Project of the Year at the GRI Awards India 2025, highlighting its standout retail experience and design excellence in the Indian real estate sector.
- **Hospitality:** In 3QFY26, The Westin hotel witnessed a 4% YoY growth in revenue to INR557m, although there was a 7% YoY increase in ARR of INR17,567. Occupancy stood at 78% during the quarter, down from 79% YoY and 80% QoQ. EBITDA came in at INR232m with a margin of 42%.

### Valuation and view

- Reflecting weaker-than-expected momentum across OBER's portfolio, we have revised our FY26–28E presales estimates downward by 25%/25%/8%. Since the OBER recognizes income via the percentage of completion method, the drop in presales necessitates a downward revision of our bottom-line metrics, including Revenue and PAT.
- Near-term gains seem capped at the current valuation; however, the primary catalyst for a future re-rating is the strategic reinvestment of substantial cash generated from the OBER's nearly finished projects.
- OBER's residential segment is presently valued at INR278b. This valuation accounts for recent business development activities and incorporates a future outlay of INR30b towards prospective land acquisitions. **Reiterate Neutral** with an NAV of INR626b or INR1,723 per share.

### Quarterly performance

Y/E March	FY25				FY26E				FY25	FY26E	(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			FY26 3Q Est.	3QE Var (%/bp)
<b>Net Sales</b>	<b>14,052</b>	<b>13,199</b>	<b>14,111</b>	<b>11,501</b>	<b>9,876</b>	<b>17,790</b>	<b>14,926</b>	<b>14,619</b>	<b>52,863</b>	<b>57,211</b>	<b>18,553</b>	-20%
YoY Change (%)	54.4	8.4	33.9	-12.5	-29.7	34.8	5.8	27.1	17.6	8.2	31.5	
Total Expenditure	5,901	5,061	5,549	5,321	4,672	7,588	6,354	6,500	21,832	25,113	6,623	
<b>EBITDA</b>	<b>8,151</b>	<b>8,138</b>	<b>8,561</b>	<b>6,181</b>	<b>5,203</b>	<b>10,203</b>	<b>8,573</b>	<b>8,119</b>	<b>31,030</b>	<b>32,098</b>	<b>11,929</b>	-28%
Margins (%)	58.0	61.7	60.7	53.7	52.7	57.4	57.4	55.5	58.7	56.1	64.3	-687bp
Depreciation	202	208	233	242	316	334	327	576	885	1,553	453	
Interest	589	517	745	801	750	712	674	657	2,652	2,792	783	
Other Income	368	387	492	632	864	658	691	647	1,879	2,861	835	
<b>PBT before EO expense</b>	<b>7,728</b>	<b>7,800</b>	<b>8,076</b>	<b>5,769</b>	<b>5,002</b>	<b>9,815</b>	<b>8,263</b>	<b>7,533</b>	<b>29,373</b>	<b>30,613</b>	<b>11,528</b>	
Extra-Ord expense	0	0	0	0	0	0	231	0	0	231	0	
<b>PBT</b>	<b>7,728</b>	<b>7,800</b>	<b>8,076</b>	<b>5,769</b>	<b>5,002</b>	<b>9,815</b>	<b>8,032</b>	<b>7,533</b>	<b>29,373</b>	<b>30,382</b>	<b>11,528</b>	-30%
Tax	1,905	1,930	1,919	1,439	857	2,329	1,899	2,356	7,194	7,441	2,823	
Rate (%)	24.7	24.7	23.8	24.9	17.1	23.7	23.6	31.3	24.5	24.5	24.5	
MI & Profit/Loss of Asso. Cos.	23	25	27	2	68	117	94	0	76	278	0	
<b>Reported PAT</b>	<b>5,845</b>	<b>5,894</b>	<b>6,184</b>	<b>4,332</b>	<b>4,213</b>	<b>7,603</b>	<b>6,226</b>	<b>5,177</b>	<b>22,255</b>	<b>23,219</b>	<b>8,705</b>	-28%
<b>Adj PAT</b>	<b>5,845</b>	<b>5,894</b>	<b>6,184</b>	<b>4,332</b>	<b>4,213</b>	<b>7,603</b>	<b>6,226</b>	<b>5,177</b>	<b>22,255</b>	<b>23,219</b>	<b>8,705</b>	-28%
YoY Change (%)	81.7	29.0	71.7	-45.0	-27.9	29.0	0.7	19.5	15.5	4.3	40.8	
Margins (%)	41.6	44.7	43.8	37.7	42.7	42.7	41.7	35.4	42.1	40.6	46.9	
<b>Operational metrics</b>												
<b>Residential</b>												
Sale Volume (msf)	0.21	0.28	0.66	0.14	0.35	0.25	0.19	0.82	1.3	1.6	0.45	-59%
Sale Value (INRm)	10,519	14,425	19,183	8,533	16,387	12,991	8,364	24,255	52,658	61,995	18,000	-54%
Collections (INRm)	10,114	12,112	13,950	7,653	9,971	13,528	9,747	23,477	43,829	56,724	14,112	-31%
Realization (INR/sft)	49,903	52,305	29,081	62,135	46,389	51,817	44,952	29,406	41,027	38,391	40,000	12%

Source: MOFSL, Company



# CreditAccess Grameen

Estimate change



TP change



Rating change



Bloomberg	CREDAG IN
Equity Shares (m)	160
M.Cap.(INRb)/(USD\$)	198.9 / 2.2
52-Week Range (INR)	1490 / 750
1, 6, 12 Rel. Per (%)	0/-3/16
12M Avg Val (INR M)	1131

## Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
NII	38.8	43.9	52.6
Total Income	41.7	46.3	54.6
PPoP	28.1	30.8	36.9
PAT	7.8	13.9	17.4
EPS (INR)	49.0	87.2	109
EPS Gr. (%)	47	78	25
BV (INR)	485	572	681

## Ratios (%)

NIM	15.3	15.0	15.0
C/I ratio	32.7	33.6	32.5
Credit cost	6.6	4.0	3.8
RoA	2.7	4.2	4.4
RoE	10.7	16.5	17.4

## Valuations

P/E (x)	25.3	14.2	11.4
P/BV (x)	2.6	2.2	1.8

## Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	66.3	66.4	66.5
DII	13.2	13.3	14.2
FII	11.7	12.3	9.8
Others	8.8	8.0	9.6

FII Includes depository receipts

CMP: INR1,243

TP: INR1,580 (+27%)

Buy

## Improved visibility on AUM growth and asset quality

### NIM expands 60bp QoQ; significant improvement in PAR accretion in Dec'25

- CREDAG's 3QFY26 PAT stood at INR2.5b (in line). NII grew 13% YoY to ~INR9.8b (in line). Opex grew ~24% YoY to INR3.5b (in line). Cost-to-income ratio rose ~150bp QoQ to ~34% (PQ: ~32.5% and PY: ~31%). The company made additional provisions of INR183m related to new labor codes. PPOP grew ~9% YoY to INR6.8b (in line).
- Disbursements rose ~13% YoY/8% QoQ to ~INR58b. AUM grew 2.6% QoQ and ~7% YoY to ~INR266b. Management indicated that Oct'25 saw a temporary moderation due to festive seasonality; however, disbursement momentum recovered swiftly thereafter, with monthly disbursements exceeding ~INR22b in Dec'25. It expects disbursements to improve further in 4Q, driven by the quarter's strong seasonality.
- Management also shared that it expects MFI segment growth in early teens, while Retail finance is expected to grow at a faster pace, with overall AUM growth target of 20%+ for FY27.
- Reported yields improved ~30bp QoQ to ~21% and CoF declined ~20bp QoQ to 9.4%. Reported NIM rose ~60bp QoQ to ~13.9%, aided by improved yields (due to lower interest income reversals and some benefit from increase in pricing) and a decline in CoB. Management expects NIMs to gradually expand to 14-14.5%, driven by an estimated ~10bp quarterly reduction in borrowing costs for the next 2-3 quarters. We model NIM (calc.) of 15% each in FY27/FY28 (vs. ~15.3% in FY26E).
- CREDAG highlighted that monthly PAR accretion moderated sharply from ~47bp in Sep'25 to ~18bp in Dec'25. If this trend were to sustain through Jan-Mar'26, management may consider reducing its FY27 credit cost guidance. Additionally, it shared that asset quality improvement is evident across geographies, with Karnataka reverting to its normalized levels.
- While our FY26 PAT estimates are broadly unchanged, we raise our FY27 EPS estimate by 7% to factor in lower credit costs of 4% (vs. ~4.5% earlier). We estimate a CAGR of 21%/49% in AUM/PAT over FY25-28, leading to RoA/RoE of ~4.4%/17% in FY28. CREDAG trades at 2.2x FY27E P/BV, and its premium valuations over its MFI peers would sustain. **We reiterate our BUY rating with a revised TP of INR1,580 (based on 2.4x Dec'27E P/BV).**

### GNPA up ~40bp QoQ; expect moderation in credit costs in FY27

- GNPA rose ~40bp QoQ to 4%, while NNPA rose ~10bp QoQ to ~1.4%. S3 PCR increased by ~1pp QoQ to ~67.2%. Annualized credit costs declined to ~5.2% (PQ: ~8.1% and PY:~12.3%).
- Total write-off stood at INR2.6b in 3Q, including accelerated write-offs of INR1.8b. Credit costs were elevated, primarily due to INR590m from accelerated write-offs and INR370m arising from higher PCR on standard loans. Management clarified that accelerated write-offs were undertaken only in Oct'25 and it does not expect any further accelerated write-offs.

- Excluding the impact of accelerated write-offs and PCR increase, non-annualized credit cost stood at 96bp in 3QFY26, broadly in line with 109bp of new PAR 15+ accretion during the quarter. We model credit costs of 4%/3.8% in FY26/FY27.

### Highlights from the management commentary

- Management shared that Oct'25 saw a temporary slowdown due to festive seasonality, but momentum picked up thereafter, with Dec'25 recording 90k new borrower additions.
- Write-offs in 4QFY26 will pertain to delinquencies that happened in 1QFY26, given the company's 9-month write-off policy. CREDAG already has a ~70% PCR on Stage 3 loans, and only the residual amount will have to be provided for when loans are written-off.
- Retail finance is expected to grow faster than earlier anticipated and make up 15%+ in the AUM mix.

### Valuation and view

- CREDAG has successfully navigated a period of industry-wide challenges, demonstrating remarkable resilience, and has reverted to its normalized operational efficiency. New stress formation (including in Karnataka) has normalized, supported by robust internal processes, stable PAR bucket roll-forward rates, and improvement in the PAR 15+ accretion rate.
- With structural levers such as branch network expansion and strengthening collection efficiency across key geographies firmly in motion, it is well-positioned to deliver a strong improvement in loan growth and profitability from FY27 onward.
- CREDAG trades at 2.2x FY27E P/BV. With a strong capital position (Tier-1 of ~26%), it will embark on a strong loan growth trajectory with further normalization in its delinquency trends. **We reiterate our BUY rating with a revised TP of INR1,580 (based on 2.4x Dec'27E P/BV).**

**CREDAG: Quarterly Performance**
**(INR M)**

Y/E March	FY25				FY26E				FY25	FY26E	3Q FY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	14,372	14,177	13,376	13,543	13,881	14,141	14,350	15,491	55,468	57,863	14,694	-2
Interest Expenses	5,103	4,846	4,749	4,778	4,822	4,795	4,593	4,835	19,476	19,046	4,834	-5
<b>Net Interest Income</b>	<b>9,268</b>	<b>9,331</b>	<b>8,628</b>	<b>8,765</b>	<b>9,060</b>	<b>9,346</b>	<b>9,756</b>	<b>10,655</b>	<b>35,992</b>	<b>38,818</b>	<b>9,860</b>	<b>-1</b>
YoY Growth (%)	28.7	22.2	7.5	-0.5	-2.3	0.2	13.1	21.6	13.6	7.9	14.3	
Other Income	754	362	443	535	755	949	563	652	2,094	2,919	581	-3
<b>Total Income</b>	<b>10,023</b>	<b>9,693</b>	<b>9,071</b>	<b>9,299</b>	<b>9,815</b>	<b>10,295</b>	<b>10,320</b>	<b>11,307</b>	<b>38,086</b>	<b>41,736</b>	<b>10,441</b>	<b>-1</b>
YoY Growth (%)	27.5	17.7	6.2	-4.8	-2.1	6.2	13.8	21.6	10.7	9.6	15.1	
Operating Expenses	2,929	2,972	2,841	2,959	3,285	3,347	3,515	3,510	11,702	13,636	3,477	1
<b>Operating Profit</b>	<b>7,093</b>	<b>6,721</b>	<b>6,229</b>	<b>6,340</b>	<b>6,530</b>	<b>6,948</b>	<b>6,805</b>	<b>7,797</b>	<b>26,384</b>	<b>28,101</b>	<b>6,965</b>	<b>-2</b>
YoY Growth (%)	30	19	4	-7	-8	3	9	23	10	7	12	
Provisions & Loan Losses	1,746	4,202	7,519	5,829	5,719	5,257	3,426	3,259	19,295	17,660	3,469	-1
<b>Profit before Tax</b>	<b>5,347</b>	<b>2,520</b>	<b>-1,289</b>	<b>511</b>	<b>811</b>	<b>1,692</b>	<b>3,379</b>	<b>4,538</b>	<b>7,089</b>	<b>10,440</b>	<b>3,495</b>	<b>-3</b>
Tax Provisions	1,371	659	-294	39	209	434	858	1,109	1,775	2,610	888	-3
<b>Net Profit</b>	<b>3,977</b>	<b>1,861</b>	<b>-995</b>	<b>472</b>	<b>602</b>	<b>1,258</b>	<b>2,521</b>	<b>3,429</b>	<b>5,314</b>	<b>7,830</b>	<b>2,608</b>	<b>-3</b>
YoY Growth (%)	14.1	-46.4	-128.2	-88.1	-84.9	-32.4	-353.3	626.3	-63.2	47.4	-362.0	
AUM Growth (%)	20.6	11.8	6.1	-2.9	-0.9	3.1	7.1	11.5	(3.3)	9.1	7.4	
NIM (%)	14.0	14.5	13.8	13.8	13.9	14.4	14.9	15.4	14.6	15.3	15.0	
Cost to Income Ratio (%)	29.2	30.7	31.3	31.8	33.5	32.5	34.1	31.0	30.7	32.7	33.3	
Tax Rate (%)	25.6	26.2	22.8	7.6	25.4	25.4	25.4	25.4	25.0	25.0	25.4	
<b>Key Parameters (%)</b>												
Yield on loans	21.0	21.1	20.2	20.4	20.3	20.7	21.0					
Cost of funds	9.8	9.8	9.8	9.8	9.7	9.6	9.4					
Spread	11.2	11.3	10.4	10.6	10.6	11.1	11.6					
NIM	13.0	13.5	12.5	12.7	12.8	13.3	13.9					
Credit cost	2.6	6.7	12.3	9.3	8.9	8.1	5.2					
Cost to Income Ratio (%)	29.2	30.7	31.3	31.8	33.5	32.5	34.1					
Tax Rate (%)	25.6	26.2	22.8	7.6	25.4	25.4	25.4					
<b>Performance ratios (%)</b>												
GLP/Branch (INR m)	133	124	120	126	123	117	120					
GLP/Loan Officer (INR m)	19.6	18.8	19.3	18.4	18.2	17.9	18.4					
Borrowers/Branch	2,522	2,429	2,334	2,275	2,158	2,010	1,981					
Borrowers/Loan Officer	372	369	374	333	318	306	304					
<b>Balance Sheet Parameters</b>												
		-4.5				-0.6						
<b>Gross loan portfolio (INR B)</b>	<b>263.0</b>	<b>251.3</b>	<b>248.1</b>	<b>259.5</b>	<b>260.6</b>	<b>259.0</b>	<b>265.7</b>					
Change YoY (%)	20.6	11.8	6.1	-2.9	-0.9	3.1	7.1					
<b>Disbursements (INR B)</b>	<b>44.8</b>	<b>40.0</b>	<b>50.9</b>	<b>64.7</b>	<b>54.6</b>	<b>53.2</b>	<b>57.7</b>					
Change YoY (%)	-6.2	-19.4	-4.8	-19.6	21.9	33.0	13.4					
<b>Borrowings (INR B)</b>	<b>203.9</b>	<b>192.7</b>	<b>202.3</b>	<b>204.5</b>	<b>200.8</b>	<b>194.9</b>	<b>201.0</b>					
Change YoY (%)	21.2	8.6	6.0	-6.8	-1.5	1.1	-0.6					
Borrowings/Loans (%)	82.7	81.9	87.7	84.2	82.6	80.8	81.0					
Debt/Equity (x)	2.9	2.8	2.9	2.9	2.9	2.7	2.7					
<b>Asset Quality (%)</b>												
<b>GS 3 (INR M)</b>	<b>3,710</b>	<b>6,002</b>	<b>9,780</b>	<b>12,291</b>	<b>12,080</b>	<b>9,261</b>	<b>10,581</b>					
G3 %	1.5	2.4	4.0	4.8	4.7	3.7	4.0					
<b>NS 3 (INR M)</b>	<b>1,144</b>	<b>1,832</b>	<b>3,061</b>	<b>4,326</b>	<b>4,445</b>	<b>3,121</b>	<b>3,471</b>					
NS3 %	0.5	0.8	1.3	1.8	1.8	1.3	1.4					
<b>PCR (%)</b>	<b>69.2</b>	<b>69.5</b>	<b>68.7</b>	<b>64.8</b>	<b>63.2</b>	<b>66.3</b>	<b>67.2</b>					
ECL (%)	2.3	3.5	5.1	5.1	4.7	4.1	4.3					
<b>Return Ratios - YTD (%)</b>												
ROA (Rep)	5.4	2.7	-1.4	0.7	0.9	1.8	3.7					
ROE (Rep)	23.5	10.7	-5.7	2.7	3.4	7.1	14.6					

E: MOFSL Estimates

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	CEAT IN
Equity Shares (m)	40
M.Cap.(INRb)/(USDb)	150.1 / 1.7
52-Week Range (INR)	4438 / 2322
1, 6, 12 Rel. Per (%)	-3/-4/15
12M Avg Val (INR M)	681

## Financials & valuations (INR b)

INR Billion	FY26E	FY27E	FY28E
Sales	156.2	174.3	188.7
EBITDA	20.2	23.1	25.3
EBITDA Margin (%)	13.0	13.3	13.4
Adj. PAT	7.2	8.6	10.1
EPS (Rs)	179.1	212.8	250.4
EPS Growth (%)	46.7	18.8	17.7
BV/Share (Rs)	1,208	1,376	1,571

## Ratios

RoE (%)	15.7	16.5	17.0
RoCE (%)	13.7	14.0	14.7
Payout (%)	23.8	21.1	22.0

## Valuations

P/E (x)	20.7	17.4	14.8
P/BV (x)	3.1	2.7	2.4
EV / EBITDA (x)	8.8	7.5	6.8
Div. Yield (%)	1.1	1.2	1.5

## Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	47.2	47.2	47.2
DII	21.1	20.1	19.7
FII	16.4	17.4	16.7
Others	15.4	15.3	16.4

FII includes depository receipts

**CMP: INR3,712 TP: INR4,579 (+23%) BUY**

## Margin beat led by improved standalone performance

### Adjusted for one-offs, Camso delivers low double-digit margin

- Adjusting for a one-time extraordinary expense, CEAT's 3QFY26 earnings came in line with estimates at INR1.96b. Healthy volume growth across segments, coupled with stable commodity prices, drove margin beat at 13.6%.
- Recovery in tyre demand post GST rate cuts, coupled with benign input costs, augurs well for the tyre industry. While the recent Camso acquisition is expected to take time to normalize, we remain positive on the long-term benefits that this acquisition can deliver for the group. **We reiterate our BUY rating on the stock with a TP of INR4,579 (based on ~19x Dec27E EPS).**

### Margins beat estimates, led by improved standalone performance

- CEAT 3QFY26 net sales grew 26% YoY to INR42b, in line with our estimate of INR41b. Healthy volume growth across segments post GST cuts and the Camso acquisition were the primary drivers. Additionally, international business continues to recover well, with opportunities opening up and strong demand across key clusters. Realizations, on the other hand, softened marginally on a YoY basis.
- **9M product mix:** Truck/bus 29%, 2/3Ws 27%, PV 22%, OHT 15%, Others 7%
- **9M market mix:** Replacement 52%, OEM 29%, Exports 19%
- Gross margins expanded ~310bp on a YoY basis, led by lower input costs.
- EBITDA margins expanded 330bp YoY (+30bp QoQ) to 13.6%, ahead of our estimate of 13.1%. EBITDA rose 65.3% YoY to INR5.6b (largely in line with estimates).
- Other income was higher than expected at INR61m vs. our estimate of INR25m.
- In 3Q, an exceptional provision of INR580m was made to comply with new labor codes.
- Adjusted for this, PAT came in line with our estimates at INR1.96b.
- Camso revenue was ~USD20m (INR1.8b), with operating margins (adjusted for one-offs) already in low double digits, despite being in the transition phase. Reported margins were impacted by one-time transition and IT costs (~4–5% of revenue), as well as interest and depreciation effects.
- Capex for 3Q stood at INR2.5b, largely funded by internal accruals, leading to debt sustaining at previous levels.
- In 3Q, CEAT repaid INR130m debt, with its total debt now standing at INR29.3b. Hence, leverage ratios marginally improved on a sequential basis (D/E 0.62x and Debt/EBITDA 1.58x).

### Highlights from the management commentary

- **Domestic outlook:** Management expects domestic OEM growth to remain in the high single-digit range, with pockets of double-digit growth across two-wheelers, farm equipment, and select PV and CV sub-segments, supported by mix improvement and premiumization. OEM price hike expectations have helped sustain near-term buying activity, while easy financing availability improved conversion rates across segments.
- **International business outlook:** Strong traction continues in passenger car radials, truck & bus radials, farm and off-highway tyres, particularly across Europe, Latin America, Africa, Canada, and Australia. Agri tyre demand in export markets is expected to stabilize with low single-digit growth into FY27.
- **Guidance on input costs:** The RM basket remained broadly stable in 3Q. However, management has guided for a sequential raw material cost increase of ~1.0–1.5% in 4Q and subsequent quarters, driven primarily by currency depreciation and a modest increase in international natural rubber prices.
- **Update on Camso:** Camso's integration is progressing as planned. Sales hiring is complete, plant operations are stable, and customer transition from Michelin has begun, with majority of customers already approving the business transfer. Revenue was ~USD20m (INR1.8b), with operating margins (adjusted for one-offs) already in low double digits, despite being in the transition phase.
- **Update on capex:** Capex spend in 3QFY26 was INR2.5b, reflecting continued execution of ongoing capacity expansion and productivity-related projects. Cumulative capex spend for the year stood at INR6.7b as of the end of 3QFY26. The Board recently approved INR13b of capex for the Chennai plant, which will add ~3.5m passenger car tyre units of capacity, with phased completion targeted by 2HFY28.

### Valuation and view

The GST rate cut has helped boost tyre demand, both in replacement and OEM segments. A pick-up in demand is likely to help sustain pricing discipline in the industry. This, coupled with benign input costs, augurs well for the sector. While the recent Camso acquisition is expected to take time to normalize, we remain positive on the long-term benefits that this acquisition can deliver for the group. **Hence, we reiterate our BUY rating on the stock with a TP of INR4,579 (based on ~19x Dec27E EPS).**

# Consolidated - Quarterly Earnings Model

(INR M)

Y/E March	FY25				FY26E				FY25	FY26E	3QFY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
<b>Net Sales</b>	<b>31,928</b>	<b>33,045</b>	<b>32,999</b>	<b>34,206</b>	<b>35,294</b>	<b>37,727</b>	<b>41,571</b>	<b>41,655</b>	<b>132,179</b>	<b>156,246</b>	<b>40,991</b>
YoY Change (%)	8.8	8.2	11.4	14.3	10.5	14.2	26.0	21.8	10.7	18.2	24.2
RM cost (%)	60.8	62.6	63.2	62.5	63.2	59.1	60.1	60.2	62.3	60.6	59.0
Employee cost (%)	6.1	6.6	6.5	6.6	6.4	6.9	6.8	6.8	6.5	6.8	7.2
Other expenses (%)	21.1	19.8	20.0	19.5	19.4	20.6	19.6	19.3	20.1	19.7	20.7
<b>EBITDA</b>	<b>3,829</b>	<b>3,623</b>	<b>3,409</b>	<b>3,881</b>	<b>3,877</b>	<b>5,034</b>	<b>5,634</b>	<b>5,696</b>	<b>14,741</b>	<b>20,241</b>	<b>5,384</b>
Margins (%)	12.0	11.0	10.3	11.3	11.0	13.3	13.6	13.7	11.2	13.0	13.1
Depreciation	1,318	1,371	1,415	1,523	1,514	1,739	1,881	1,927	5,627	7,061	1,894
Interest	619	665	751	744	821	870	1,050	1,062	2,778	3,802	1,050
Other Income	62	35	34	45	47	39	61	44	176	190	25
<b>PBT before EO expense</b>	<b>1,954</b>	<b>1,622</b>	<b>1,278</b>	<b>1,659</b>	<b>1,590</b>	<b>2,464</b>	<b>2,763</b>	<b>2,750</b>	<b>6,512</b>	<b>9,568</b>	<b>2,465</b>
Exceptional item	-75	0	0	370	33	0	580	0	-296	-613	0
<b>PBT</b>	<b>2,029</b>	<b>1,621</b>	<b>1,278</b>	<b>1,288</b>	<b>1,558</b>	<b>2,464</b>	<b>2,183</b>	<b>2,750</b>	<b>6,808</b>	<b>8,955</b>	<b>2,465</b>
Tax Rate (%)	26.6	28.6	28.3	27.6	26.9	27.6	31.0	20.8	25.3	26.2	25.5
Minority Int. & Profit of Asso. Cos.	-53	-61	-55	-63	14	-72	-50	-76	-231	-185	-63
<b>Reported PAT</b>	<b>1,542</b>	<b>1,219</b>	<b>971</b>	<b>995</b>	<b>1,125</b>	<b>1,857</b>	<b>1,558</b>	<b>2,254</b>	<b>5,319</b>	<b>6,793</b>	<b>1,899</b>
<b>Adj PAT</b>	<b>1,486</b>	<b>1,219</b>	<b>971</b>	<b>1,267</b>	<b>1,149</b>	<b>1,857</b>	<b>1,985</b>	<b>2,254</b>	<b>5,101</b>	<b>7,244</b>	<b>1,899</b>
YoY Change (%)	3	-41	-46	-16	-23	52	104	78	-26	42	95.6



Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR2,142      TP: INR2,750 (+28%)      Buy**

## Holding the course

### Churns remain at the status quo

- IndiaMART (INMART) reported 3QFY26 revenue growth of 13% YoY vs. our estimate of 11% YoY growth. Deferred revenue rose 17% YoY to INR17.5b. EBITDA margin expanded ~30bp QoQ to 33.5%, above our estimate of 31.1%. Adj. PAT was INR1,887m, up 56% YoY, and above our estimate of INR1,241m due to higher other income. This excludes the one-time impact of labor codes amounting to INR85m.
- For 9MFY26, revenue/EBITDA/adj. PAT grew 12.7%/1.4%/14.8% YoY. We expect revenue/EBITDA to grow 14.1%/2.2%, while adj. PAT is expected to decline 39% YoY (as other income normalizes) in 4QFY26. **We reiterate our BUY rating on the stock, citing undemanding valuations, with a TP of INR2,750.**

### Our view: Paying suppliers to normalize in 4Q

- **Paying suppliers moderate post price hike; 4Q to see flat additions:** INMART reported a decline of ~1k paying suppliers in 3Q, driven by lower gross additions following the price increase in the Silver tier and fewer working days due to festive holidays.
- Given the steeper price hikes (33%/25% for monthly/annual plans), we expect gross additions in paying suppliers to remain subdued in the coming quarter, resulting in flat-to-marginal net additions. As the price hike applies only to new subscriptions and not renewals, the full impact on paying suppliers and churn rates is likely to play out over the next 6–9 months, in our view.
- **Collections show mid-teen growth; Gold and Platinum accounts anchor the performance:** ARPU grew 6% YoY, now tracking in line with its long-term trend of 6-8% over the past couple of quarters. Notably, standalone collections increased 14% YoY, outperforming the sub-10% growth seen in recent periods, driven by a strong upsell in Gold and Platinum accounts. However, we believe incremental supplier additions are required to sustain this momentum, which may not be immediate. Accordingly, we continue to model collections growth of ~10% over the next few quarters.
- **Stable margin performance; advertisement expenses yet to pick up:** EBITDA margin stood at 33.5%, expanding 30bp QoQ. Performance marketing spends were lower due to holidays and fewer working days in 3Q, and have yet to reach the INR100m quarterly run rate that the company had planned a few quarters ago. We expect these spends to see some uptick next quarter and increase gradually over the following quarters. We expect EBITDA margins of 33.8% and 32.7% for FY26 and FY27E, respectively.

### Valuation and changes to our estimates

- We continue to view INMART as a key beneficiary of the growing technology adoption by India's MSME universe. We keep our estimates largely unchanged. We expect INMART to deliver a 13% revenue CAGR over FY25-28. We estimate the EBITDA margin at 33.8%/32.7% for FY26/FY27.

Bloomberg	INMART IN
Equity Shares (m)	60
M.Cap.(INRb)/(USDb)	128.7 / 1.4
52-Week Range (INR)	2799 / 1835
1, 6, 12 Rel. Per (%)	-1/-20/-14
12M Avg Val (INR M)	374

### Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	15.7	17.7	20.0
EBITDA	5.3	5.8	6.7
Adj. PAT	5.2	5.7	6.8
Adj. EPS (INR)	85.9	94.8	112.1
Adj. EPS Gr. (%)	-6%	10%	18%
BV/Sh. (INR)	434.5	497.7	539.7

### Ratios

RoE (%)	21.6	20.3	21.6
RoCE (%)	23.9	22.5	23.5
Payout (%)	14.4	32.8	62.5

### Valuations

P/E (x)	25.4	22.6	19.1
P/BV (x)	4.9	4.3	4.0

### Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	49.2	49.2	49.2
DII	13.0	15.3	12.1
FII	21.6	19.3	23.9
Others	16.3	16.3	14.8

FII Includes depository receipts

- Currently, INMART is trading at an undemanding valuation, in our view, as the valuations reflect uncertainties surrounding the churn rate, product-market fit, and subscriber growth. We value INMART on a DCF basis to arrive at our TP of INR2,750, assuming 11.5% WACC and 5.5% terminal growth. **Reiterate BUY.**

#### Beat on revenue and margins; ARPU rises 6% YoY

- INMART reported 3QFY26 revenue of INR4.0b, marking a growth of 13% YoY vs. our estimate of 11%.
- Collections stood at INR4.2b (+15% YoY). Deferred revenue rose 17% YoY to INR17.7b.
- Paying subscribers declined by 1k QoQ. ARPU grew 6% YoY to INR67k.
- EBITDA margin was 33.5%, up 30bp QoQ and above our estimate of 31.1%, driven by lower-than-expected outsourced sales costs and other expenses.
- Adj. PAT was INR1,887m, up 56% YoY, and above our estimate of INR1,241m due to higher other income.
- Total suppliers on the platform stood at 8.7m, up 6% YoY.
- Total cash and investments stood at INR30.5b

#### Highlights from the management commentary

- Paying subscribers declined by ~1k in 3Q. The decline was attributed to lower gross additions following the price increase in the Silver tier. Fewer working days due to the festival season also contributed to the decline.
- Silver pricing was revised from INR 3,000 per month/INR 28,000 per annum to INR4,000 per month/INR35,000 per annum (plus taxes on an annual basis). Renewals continue at previous rates, and revised pricing will apply only at the next renewal cycle. The full impact is expected to be visible over the next 6-9 months.
- Collections grew 15% YoY. After several quarters of sub-10% collection growth, growth improved to ~13-14% in the current quarter, indicating early positive momentum.
- Until churn parameters improve, the company remains cautious about significantly increasing investments toward driving gross additions.
- Performance marketing costs were lower due to the holiday period. Quarterly spending has not yet reached INR100m and is expected to see some uptick in the next quarter.
- A one-time gain arising from the revaluation of INR820m contributed to higher other income.

#### Valuation and view

- We are confident of strong fundamental growth in operations, propelled by: 1) higher growth in digitization among SMEs, 2) the need for out-of-the-circle buyers, 3) a strong network effect, 4) over 70% market share in the underlying industry, 5) the ability to improve ARPU on low price sensitivity, and 6) higher operating leverage.
- We value INMART on a DCF basis to arrive at our TP of INR2,750, assuming 11.5% WACC and 5.5% terminal growth. **Reiterate BUY.**

# Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	Estimate	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QFY26	(% / bp)
<b>Gross Sales</b>	<b>3,313</b>	<b>3,477</b>	<b>3,543</b>	<b>3,551</b>	<b>3,721</b>	<b>3,910</b>	<b>4,016</b>	<b>4,078</b>	<b>13,884</b>	<b>15,725</b>	<b>3,935</b>	<b>2.1</b>
YoY Change (%)	17.4	18.0	16.0	12.8	12.3	12.5	13.4	14.8	16.0	13.3	11.1	230bp
Total Expenditure	2,120	2,130	2,160	2,248	2,390	2,610	2,670	2,746	8,658	10,416	2,709	-1.5
<b>EBITDA</b>	<b>1,193</b>	<b>1,347</b>	<b>1,383</b>	<b>1,303</b>	<b>1,331</b>	<b>1,300</b>	<b>1,346</b>	<b>1,332</b>	<b>5,226</b>	<b>5,309</b>	<b>1,226</b>	<b>9.8</b>
Margins (%)	36.0	38.7	39.0	36.7	35.8	33.2	33.5	32.7	37.6	33.8	31.1	240bp
Depreciation	81	82	83	83	69	72	73	86	329	300	84	-13
Interest	20	19	18	17	10	7	7	7	74	31	7	0
Other Income	532	655	449	1,090	924	102	1,354	153	2,726	2,533	651	108
<b>PBT before EO expense</b>	<b>1,624</b>	<b>1,901</b>	<b>1,731</b>	<b>2,293</b>	<b>2,176</b>	<b>1,323</b>	<b>2,620</b>	<b>1,391</b>	<b>7,549</b>	<b>7,510</b>	<b>1,786</b>	<b>46.7</b>
Extra-Ord expense	0	0	0	0	0	0	85	0	0	85	0	
<b>PBT</b>	<b>1,624</b>	<b>1,901</b>	<b>1,731</b>	<b>2,293</b>	<b>2,176</b>	<b>1,323</b>	<b>2,535</b>	<b>1,391</b>	<b>7,549</b>	<b>7,425</b>	<b>1,786</b>	<b>41.9</b>
Tax	374	422	380	380	504	359	587	313	1,556	1,763	411	43
Rate (%)	23.0	22.2	22.0	16.6	23.2	27.1	23.2	22.5	20.6	23.7	23.0	20bp
Minority Interest & Profit/Loss of Asso. Cos.	112	127	141	111	141	134	146	146	491	567	134	
<b>Reported PAT</b>	<b>1,138</b>	<b>1,352</b>	<b>1,210</b>	<b>1,802</b>	<b>1,531</b>	<b>830</b>	<b>1,802</b>	<b>932</b>	<b>5,502</b>	<b>5,095</b>	<b>1,241</b>	<b>45.2</b>
<b>Adj PAT</b>	<b>1,138</b>	<b>1,352</b>	<b>1,210</b>	<b>1,802</b>	<b>1,531</b>	<b>830</b>	<b>1,887</b>	<b>932</b>	<b>5,502</b>	<b>5,180</b>	<b>1,241</b>	<b>52.0</b>
YoY Change (%)	34.0	95.7	48.5	80.4	34.5	-38.6	56.0	-48.3	64.0	-5.8	2.6	5340bp
Margins (%)	34.3	38.9	34.2	50.7	41.1	21.2	47.0	22.9	39.6	32.9	31.5	1540bp

# Cyient DLM

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	CYIENTDL IN
Equity Shares (m)	79
M.Cap.(INRb)/(USDb)	29.1 / 0.3
52-Week Range (INR)	620 / 350
1, 6, 12 Rel. Per (%)	-10/-25/-47
12M Avg Val (INR M)	138

## Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	13.6	17.3	21.6
EBITDA	1.5	2.1	2.7
Adj. PAT	0.7	1.2	1.7
EBITDA Margin (%)	11.2	12.0	12.5
Cons. Adj. EPS (INR)	9.2	15.2	21.3
EPS Gr. (%)	-1.3	65.7	39.6
BV/Sh. (INR)	131.0	146.2	167.5

## Ratios

Net D:E	-0.4	-0.4	-0.4
RoE (%)	7.3	11.0	13.6
RoCE (%)	8.3	11.2	13.9

## Valuations

P/E (x)	40	24	17
EV/EBITDA (x)	17	12	9

## Shareholding pattern (%)

As on	Sep-25	Jun-25	Sep-24
Promoter	52.1	52.1	52.2
DII	28.7	28.2	27.8
FII	2.2	2.5	7.8
Others	17.0	17.2	12.3

Note: FII includes depository receipts

**CMP: INR366** **TP: INR510 (+39%)** **Buy**

## Weak quarter amid a high base of domestic defense orders

### Operating performance misses estimates

- Cyient DLM's (CYIENTDL) 3QFY26 consolidated revenue/EBITDA declined ~32%/19% YoY to INR3b/INR291m. This was led by a higher base of BEL orders and a 39% YoY decline in the Med Tech segment. Despite this, EBITDA margins expanded 210bp YoY, led by a better business mix (higher Aerospace mix of 37%).
- The order book rose 10% YoY/3% QoQ to INR23.5b, boosted by an order intake of ~INR3.9b. The company's book-to-bill ratio stood at ~1.6x for 9MFY26. Further, the company expects FY27 to be better than FY26, led by new client additions, improving order book, and high-margin orders.
- Factoring in the weak 3Q performance, we lower our FY26/FY27/FY28 earnings estimates by 5%/10%/11%. We reiterate our BUY rating on the stock with a TP of INR510 (24x FY28E EPS).

### Increasing order inflow enhances growth visibility

- Consolidated revenue declined 32% YoY to INR3b (est. INR3.7b) in 3QFY26, impacted by the year-end holiday period across the globe and tariff uncertainties.
- The company's order backlog expanded 10% YoY to INR23.5b, driven by a strong order intake of ~INR3.9b. Aerospace/Industrial/Others grew 15%/58%/6x YoY, while Defense/Med Tech declined 88%/39% YoY.
- EBITDA margins expanded 210bp YoY to 10.2% (est. 9.7%). EBITDA declined 19% YoY to INR309m (est. INR359m). The EBITDA margin expansion was largely led by a favorable business mix. Gross margin expanded 14.5pp to 41.2%.
- Adjusted PAT declined 24% YoY to INR128m (est. INR157m), adjusted for INR16m/INR17.75m of provision from new labor codes/one-time M&A expenses. CYIENTDL reported a negative cash flow of INR521m.

### Highlights from the management commentary

- **Outlook:** The book-to-bill ratio stood at ~1.6x for 9MFY26, and the company expects to sustain it above ~1x by the end of FY26. Additionally, the company anticipates YoY revenue growth in 4QFY26, primarily driven by sustained momentum in the industrial and automotive segments.
- **Order flows:** CYIENTDL secured two global logos in 3QFY26: 1) Medical product category, focusing on battery management systems serving medical infrastructure; 2) Industrial product category, focusing on electrical motors used in high-precision control applications within the industrial environment.
- **Build to specification (B2S):** B2S is expected to form 6-7% of the business in FY26. The company expects contribution from the B2S business to increase to double digits from FY27 onward. This change in the mix is expected to support margin expansion for the company.

### Valuation and view

- We expect this to be the last quarter of decline (due to high base), and anticipate growth momentum to pick up from 4Q. Moreover, margins are expected to expand going ahead, driven by an improved product mix and increasing orders of box-build and build-to-spec. Macro tailwinds, such as increasing defense spending across regions and growth in AI, are expected to drive growth in the medium term.
- For CYIENTDL, we estimate a CAGR of 13%/23%/32% in revenue/EBITDA/adj. PAT over FY25-28. We reiterate our BUY rating on the stock with a TP of INR510 (24x FY28E EPS).

### Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	%
<b>Gross Sales</b>	<b>2,579</b>	<b>3,895</b>	<b>4,442</b>	<b>4,281</b>	<b>2,784</b>	<b>3,106</b>	<b>3,033</b>	<b>4,709</b>	<b>15,196</b>	<b>13,633</b>	<b>3,687</b>	<b>-18</b>
YoY Change (%)	18.8	33.4	38.4	18.3	8.0	-20.2	-31.7	10.0	27.5	-10.3	-17.0	
Total Expenditure	2,379	3,578	4,081	3,706	2,534	2,794	2,724	4,047	13,745	12,117	3,328	
<b>EBITDA</b>	<b>200</b>	<b>316</b>	<b>361</b>	<b>574</b>	<b>251</b>	<b>312</b>	<b>309</b>	<b>661</b>	<b>1,452</b>	<b>1,515</b>	<b>359</b>	<b>-14</b>
Margins (%)	7.8	8.1	8.1	13.4	9.0	10.0	10.2	14.0	9.6	11.1	9.7	
Depreciation	67	69	100	105	105	106	108	110	341	429	109	
Interest	80	110	100	86	86	68	61	70	375	285	75	
Other Income	89	71	69	33	42	31	43	35	262	151	35	
<b>PBT before EO expense</b>	<b>142</b>	<b>209</b>	<b>230</b>	<b>417</b>	<b>101</b>	<b>169</b>	<b>183</b>	<b>516</b>	<b>997</b>	<b>952</b>	<b>210</b>	
Extra-Ord expense	0	0	80	0	0	-196	34	0	80	-179	0	
<b>PBT</b>	<b>142</b>	<b>209</b>	<b>150</b>	<b>417</b>	<b>101</b>	<b>365</b>	<b>149</b>	<b>516</b>	<b>917</b>	<b>1,131</b>	<b>210</b>	
Tax	36	54	40	106	26	43	37	134	236	240	52	
Rate (%)	25.2	26.0	26.8	25.5	26.1	11.9	24.6	25.9	25.8	21.2	25.0	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>106</b>	<b>155</b>	<b>110</b>	<b>310</b>	<b>75</b>	<b>321</b>	<b>112</b>	<b>383</b>	<b>681</b>	<b>891</b>	<b>157</b>	
<b>Adj PAT</b>	<b>106</b>	<b>155</b>	<b>168</b>	<b>310</b>	<b>75</b>	<b>126</b>	<b>147</b>	<b>383</b>	<b>739</b>	<b>712</b>	<b>157</b>	<b>-7</b>
YoY Change (%)	97.7	5.5	-8.7	36.5	-29.6	-18.7	-13.0	23.3	20.8	-3.7	-6.5	
Margins (%)	4.1	4.0	3.8	7.3	2.7	4.0	4.8	8.1	4.9	5.2	4.3	

# United Spirits

**BSE SENSEX** 82,180  
**S&P CNX** 25,233

## Concall Details



**Date:** 21<sup>st</sup> Jan 2026

**Time:** 4:00PM IST

**Dial in:**

+91 22 6280 1250 / +91

22 7115 8151

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[Registration](#)

## Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	126.8	137.7	148.4
Sales Gr. (%)	9.5	8.7	7.8
EBITDA	23.2	25.8	28.4
Margin (%)	18.3	18.8	19.1
PAT	16.5	18.5	20.5
EPS (INR)	22.8	25.5	28.2
EPS Gr. (%)	15.7	11.8	10.5
BV/Sh.(INR)	131.2	156.6	186.1
<b>Ratios</b>			
RoE (%)	17.3	16.2	15.1
RoCE (%)	20.4	18.8	17.4
Payout (%)	52.6	62.8	63.9
<b>Valuations</b>			
P/E (x)	60.6	54.2	49.0
P/BV (x)	10.5	8.8	7.4
EV/EBITDA (x)	41.4	36.7	32.9

**CMP: INR1,319**

**Neutral**

## Weak volume growth; EBITDA margin below our estimate

### Standalone performance

- Standalone net sales grew 7% YoY to INR36.8b (est. INR36.7b) in 3QFY26.
- The top half of the portfolio delivered a solid performance, which was partly offset by policy-led headwinds in Maharashtra and the impact of a one-time retail pipeline fill in Andhra Pradesh in base (15% growth in 3QFY25).
- Total volume declined 3% (est. +2% YoY, 8% in 2QFY26), with P&A volume down 2% YoY (est. +2.5% YoY, 8% in 2QFY26) to 14.6mn cases.
- Popular volume contracted by 9% YoY (est. +2% YoY, 6% in 2QFY26) to 2.9mn cases due to Maharashtra impact.
- P&A revenue (90% revenue mix) was up 8% YoY, while popular revenue contracted 5% YoY.
- Gross margin expansion continued; GM improved 220bp YoY to 46.9% (est. 45.8%, 47.1% in 2Q). Headline pricing, product mix, and benign RM inflation have been supporting margin expansion.
- A&P spending jumped 36%, and other expenses were up 7%, while employee expenses were flat YoY.
- Owing to a sharp A&P, the EBITDA margin dipped 30bp YoY to 16.8% (est. 17.8%, 21.2% in 2QFY26).
- EBITDA was up 5% YoY to INR6.2b (est. INR6.5b).
- Other income in standalone was INR1,440m, of which INR510m was recurring (showing in consolidated P&L), and the rest was a one-time dividend from its subsidiary. We are considering only INR510m for PBT, and the rest is an exceptional item.
- PBT was flat YoY at INR5.7b (est. INR6.3b).
- Lower taxes (ETR 22% vs. 26% last year) resulted in an 11% YoY growth in APAT to INR4.7b (est. INR4.6b).
- In 9MFY26, net sales, EBITDA, and APAT grew 9%, 10%, and 19%, respectively.

## Quarterly Performance

Y/E March (Standalone)	FY25				FY26E				(INR m)		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY25	FY26E	FY26 Var. (%)
<b>Volume growth %</b>	3.5	-4.4	10.2	6.9	9.4	7.7	-3.2	9.8	4.1	5.5	2.4
<b>Total revenues</b>	23,520	28,430	34,320	29,460	25,490	31,700	36,830	32,738	1,15,730	1,26,758	36,677 0.4%
YoY change (%)	8.3	-0.8	14.8	10.5	8.4	11.5	7.3	11.1	8.2	9.5	6.9
<b>Gross Profit</b>	10,460	12,850	15,350	13,100	11,210	14,930	17,280	14,508	51,760	57,928	16,798 2.9%
Margin (%)	44.5	45.2	44.7	44.5	44.0	47.1	46.9	44.3	44.7	45.7	45.8
Total Exp	18,940	23,360	28,440	24,410	21,340	24,980	30,650	26,591	95,150	1,03,561	30,148
<b>EBITDA</b>	4,580	5,070	5,880	5,050	4,150	6,720	6,180	6,147	20,580	23,197	6,528 -5.3%
Margins (%)	19.5	17.8	17.1	17.1	16.3	21.2	16.8	18.8	17.8	18.3	17.8
EBITDA growth (%)	18.9	7.8	19.7	39.5	-9.4	32.5	5.1	21.7	20.5	12.7	11.0
Depreciation	650	690	720	680	680	650	790	542	2,740	2,662	670
Interest	220	250	200	220	490	210	190	300	890	1,190	240
Other income	320	340	720	750	610	760	510	870	2,130	2,750	650
<b>PBT</b>	4,030	4,470	5,680	4,900	3,590	6,620	5,710	6,175	19,080	22,095	6,268 -8.9%
Tax	1,040	1,120	1,480	1,340	900	1,600	1,250	1,811	4,980	5,561	1,661
Rate (%)	25.8	25.1	26.1	27.3	25.1	24.2	21.9	29.3	26.1	25.2	26.5
<b>Adj. PAT</b>	2,990	3,350	4,203	3,750	2,963	4,945	4,668	4,364	14,293	16,534	4,607 1.3%
YoY change (%)	24.8	5.3	20.7	60.3	-0.9	47.6	11.0	16.4	25.4	15.7	9.6

E: MOFSL Estimate



# Gujarat Gas

BSE SENSEX

82,180

S&amp;P CNX

25,233

## Conference Call Details


**Date:** 21<sup>st</sup> Jan'26

**Time:** 1600 hrs IST

**Dial-in details:**

+91 22 6280 1354

+91 22 7115 8233

**CMP: INR394**
**Buy**

## Miss led by lower-than-estimated EBITDA/scm; I&C-PNG volumes disappoint

- GUJGA's total volumes came in line at 8.4mmscmd (down 12% YoY).
- I&C-PNG volumes were down 27% YoY, while CNG/D-PNG volumes grew 11%/12% YoY.
- EBITDA/scm came in 7% below our estimate at INR5.8.
- Realization, gas costs, and opex were flat sequentially.
- Resultant EBITDA stood 8% below our estimate at INR4.5b (up 18% YoY).
- PAT also came in 11% below our estimate. at INR2.7b (up 20% YoY).
- **GUJGA — press release KTA's:**
- CNG volumes rose **11% YoY**, supported by **833 operational stations**.
- Shareholders have approved the Composite Scheme of Amalgamation and Arrangement with a majority on 17 Oct'25. **Filings have been submitted to the MCA (no progress in 3Q).**
- The company has added over **38,600 new domestic customers** during the quarter, taking total connections to ~2.4m households.
- The pipeline network has expanded to 44,540 inch-km cumulatively.

## Standalone - Quarterly Earning

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
<b>Net Sales</b>	<b>44,503</b>	<b>37,818</b>	<b>41,529</b>	<b>41,020</b>	<b>38,709</b>	<b>37,804</b>	<b>36,584</b>	<b>35,859</b>	<b>1,64,870</b>	<b>1,48,956</b>	<b>36,273</b>	<b>1%</b>
YoY Change (%)	17.7	-1.7	5.7	-0.8	-13.0	0.0	-11.9	-12.6	5.1	-9.7	-12.7	
<b>EBITDA</b>	<b>5,356</b>	<b>5,142</b>	<b>3,805</b>	<b>4,495</b>	<b>5,199</b>	<b>4,473</b>	<b>4,473</b>	<b>4,691</b>	<b>18,798</b>	<b>18,835</b>	<b>4,862</b>	<b>-8%</b>
Margin (%)	12.0	13.6	9.2	11.0	13.4	11.8	12.2	13.1	11.4	12.6	13.4	
Depreciation	1,231	1,295	1,294	1,286	1,314	1,343	1,352	1,330	5,106	5,339	1,348	
Interest	78	80	93	74	79	81	87	80	325	327	86	
Other Income	386	386	585	744	594	731	546	543	2,100	2,414	542	
<b>PBT</b>	<b>4,433</b>	<b>4,152</b>	<b>3,002</b>	<b>3,878</b>	<b>4,399</b>	<b>3,779</b>	<b>3,580</b>	<b>3,825</b>	<b>15,466</b>	<b>15,582</b>	<b>3,971</b>	<b>-10%</b>
Rate (%)	25.6	26.1	26.2	26.0	25.7	25.6	25.8	24.6	25.9	25.5	25.2	
<b>Adj. PAT</b>	<b>3,298</b>	<b>3,069</b>	<b>2,216</b>	<b>2,872</b>	<b>3,268</b>	<b>2,810</b>	<b>2,656</b>	<b>2,883</b>	<b>11,455</b>	<b>11,617</b>	<b>2,970</b>	<b>-11%</b>
YoY Change (%)	53.3	3.1	0.6	-22.0	-0.9	-8.4	19.8	0.4	4.0	1.4	34.0	
<b>Total volume (mmscmd)</b>	<b>11.0</b>	<b>8.8</b>	<b>9.5</b>	<b>9.3</b>	<b>8.9</b>	<b>8.7</b>	<b>8.4</b>	<b>8.7</b>	<b>9.6</b>	<b>9.1</b>	<b>8.5</b>	<b>-1%</b>
CNG	3.0	2.9	3.1	3.2	3.3	3.3	3.5	3.6	3.1	3.2	3.4	1%
PNG — Industrial/Commercial	7.4	5.1	5.6	5.2	4.9	4.5	4.1	4.3	5.8	5.2	4.3	-4%
PNG — Households	0.6	0.8	0.7	0.9	0.7	0.8	0.8	0.9	0.8	0.8	0.8	4%
<b>EBITDA (INR/scm)</b>	<b>5.4</b>	<b>6.4</b>	<b>4.4</b>	<b>5.4</b>	<b>6.4</b>	<b>5.6</b>	<b>5.8</b>	<b>6.0</b>	<b>5.4</b>	<b>5.6</b>	<b>6.2</b>	<b>-7%</b>

# Shoppers Stop

BSE SENSEX

82,180

S&P CNX

25,233

## Conference Call Details



**Date:** 21<sup>st</sup> Jan 2026

**Time:** 11am IST

### Financials & Valuations (INR b)

INRb	FY26E	FY27E	FY28E
Sales	47.5	50.1	53.0
EBITDA	7.6	8.1	8.6
Adj. PAT	0.1	-0.2	-0.5
EBITDA Margin (%)	16.0	16.1	16.2
Adj. EPS (INR)	0.5	-1.8	-4.2
EPS Gr. (%)	-21.8	-483.0	130.7
BV/Sh. (INR)	41.3	38.9	33.3

### Ratios

Net D:E	8.8	9.6	11.7
RoE (%)	1.5	-6.0	-15.4
RoCE (%)	5.9	5.2	4.6
Payout (%)	0.0	0.0	0.0

### Valuations

P/E (x)	760.8	-198.6	-86.1
EV/EBITDA (x)	9.4	8.9	8.5
EV/Sales (x)	1.5	1.4	1.4

**CMP: INR364**

**Neutral**

## Weak performance impacted by the shift in festive season and operating leverage

- Shoppers Stop's standalone revenue was flat YoY at INR13.2b (vs our est of 5% growth), owing to the shift in the festive season (2Q+3Q revenue was up 5% YoY).
  - Departmental store revenue remained flat; however, the format continued to witness strong LFL footfall growth of 5%, marking the second consecutive quarter of growth.
  - Premiumization continues to drive growth, with the premium mix growing 6% (LFL 6% vs. 14%/9% in 2Q/1Q). Top categories include Beauty (14%), Handbags (13%), and Watches (12%).
  - The Beauty segment's (ex-distribution) revenue grew 2% YoY; while including distribution, revenue grew 19% YoY.
  - Revenue from Intune stood at INR770m (vs. INR700m QoQ, up 22% YoY), with presence expanding to 81 stores (vs. 78 QoQ).
  - Store additions remained muted, with the company reporting two net store closures (seven opened and nine closed).
  - Respective store count stood at **Departmental**: 110 (3 opened, 4 closed), **Beauty**: 79 (5 closed), **Intune**: 81 (3 opened), and **Home Stop**: 11 (1 additions), with the total store count of 301.
- Gross profit declined 2% YoY to INR5.2b (7% below estimates), as gross margins contracted ~112bp YoY to 39.4%.
- Employee costs/Other expenses increased 4%/7% YoY.
- EBITDA declined 13% YoY to INR2.1b (15% below), with margins at 15.9% (contracting ~240bp YoY, 210bp miss), owing to operating leverage.
  - Pre Ind-AS operating profit** stood at INR461m (vs. profit of INR886m in 3QFY25), with margins at 3.5% (vs 6.8% in 3QFY25).
  - YTD Pre-IND AS EBITDA stood at INR736m (vs INR1.1b YoY), with margins at 2.1% vs 3.2%.
- Depreciation and interest costs rose 1%/9% YoY.
- The company recognized a **one-time exceptional charge of INR175m** in 3Q/9MFY26 arising from the New Labor Codes.
- Reported PAT stood at INR126m (vs INR488m in 3QFY25). Adj for this, provision PAT stood at INR301m.

## Segment performance

- The Core segment** reported INR15.2b revenue (flat YoY), with Pre-IND AS EBITDA at INR900m (down 24% YoY) and margins of 5.9% (down ~190bp on account of operating leverage).
- New ventures** reported sales of INR830m (up 30% YoY), with Pre-IND AS EBITDA loss of (-) INR200m (loss doubled YoY).
- Segment-level EBITDA includes other income.

## Management commentary

- 3Q was impacted by the shift in festive season and uneven consumption, but premium brands grew LFL and now contribute 69% to sales, supported by experiential retail (the Juhu relaunch) and strong Beauty-led momentum.
- Intune** faced weak discretionary demand, but management is pursuing a calibrated, investment-led approach to improve format economics and drive medium-term growth.

Standalone P&L (INR m)	3QFY25	2QFY26	3QFY26	YoY%	QoQ%	3QFY26E	v/s Est (%)
<b>Total Revenue</b>	<b>13,115</b>	<b>11,753</b>	<b>13,209</b>	<b>1</b>	<b>12</b>	<b>13,788</b>	<b>-4</b>
Raw Material cost	7,783	7,141	8,007	3	12	8,204	-2
<b>Gross Profit</b>	<b>5,332</b>	<b>4,612</b>	<b>5,201</b>	<b>-2</b>	<b>13</b>	<b>5,584</b>	<b>-7</b>
<b>Gross margin (%)</b>	<b>40.7</b>	<b>39.2</b>	<b>39.4</b>	<b>-128</b>	<b>14</b>	<b>40.5</b>	<b>-112</b>
Employee Costs	1,064	1,096	1,107	4	1	1,117	-1
SGA Expenses	1,869	1,876	1,997	7	6	1,985	1
<b>EBITDA</b>	<b>2,399</b>	<b>1,640</b>	<b>2,097</b>	<b>-13</b>	<b>28</b>	<b>2,482</b>	<b>-15</b>
<b>EBITDA margin (%)</b>	<b>18.3</b>	<b>14.0</b>	<b>15.9</b>	<b>-242</b>	<b>192</b>	<b>18.0</b>	<b>-212</b>
Depreciation and amortization	1,293	1,326	1,310	1	-1	1,358	-4
EBIT	1,106	314	787	-29	151	1,124	-30
EBIT margin (%)	8.4	2.7	6.0	-247.4	329.2	8.2	-219
Finance Costs	647	710	702	9	-1	683	3
Other income	223	95	239	7	153	234	2
Exceptional item	0	0	-175	NM	NM	0	
<b>Profit before Tax</b>	<b>682</b>	<b>-302</b>	<b>149</b>	<b>-78</b>	<b>NM</b>	<b>676</b>	<b>78</b>
Tax	195	-75	23	-88	NM	170	86
Tax rate (%)	28.5	NM	15.5			25.2	
<b>Profit After Tax</b>	<b>488</b>	<b>-227</b>	<b>126</b>	<b>-74</b>	<b>-156</b>	<b>505</b>	<b>-75</b>
<b>Adj Profit After Tax</b>	<b>488</b>	<b>-227</b>	<b>301</b>	<b>-38</b>	<b>-233</b>	<b>505</b>	<b>-40</b>

### Shoppers Stop performance

	3QFY25	2QFY26	3QFY26	YoY%	QoQ%	3QFY26E	v/s Est (%)
<b>Shoppers stop stores</b>	<b>109</b>	<b>111</b>	<b>110</b>	<b>1</b>	<b>-1</b>	<b>114</b>	<b>-4</b>
Net SS stores added	-3	-1	-1	NM	NM	3	-133
<b>Intune stores</b>	<b>59</b>	<b>78</b>	<b>81</b>	<b>37</b>	<b>4</b>	<b>81</b>	<b>0</b>
Net Intune stores added	9	7	3	NM	NM	3	0

Core Business	3QFY25	2QFY26	3QFY26	YoY%	QoQ%
Sales	15,210	13,460	15,160	0	13
Pre-IND AS EBITDA	1,190	460	900	-24	96
% Margin	7.8	3.4	5.9	-189	252
PBT	770	90	550	-29	511

New Business	3QFY25	2QFY26	3QFY26	YoY%	QoQ%
Sales	640	740	830	30	12
Pre-IND AS EBITDA	-100	-240	-200	100	-17
% Margin	-15.6	-32.4	-24.1	-847	834
PBT	-110	-270	-230	109	-15



### **LTIMindtree: Delivered 3 Consecutive Qtrs Of 2%+ Revenue Growth On A QoQ Basis; Venu Lambu, CEO**

- Q3 delivered 3rd consecutive quarter of 2%+ QoQ growth; Q4 expected closer to double-digit YoY
- FY27 outlook positive; five-year plan aims to double revenue and improve margins
- BFSI and hi-tech facing temporary headwinds; management expects recovery from Q1
- Margins to end FY26 higher YoY, AI-led demand and pipeline remain strong

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### **Tips Music :Normalised Content Cost As A Percentage Of Revenue To Be 25-28%; Kumar Taurani, MD**

- Q3 strong; FY26 PAT guidance raised to 25% (upside to 30% possible), revenue growth ~20%
- Catalogue performing well; legacy repertoire driving growth amid OTT disruptions
- B4U partnership supports content pipeline; no major capex or M&A planned
- Content cost temporarily low; normalized 25–28% of revenue going forward

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### **Shadowfax: FY22-FY25 Growth CAGR Has Been At 32%; Abhishek Bansal, Founder and Chief Executive Officer**

- Revenue CAGR ~33% (FY23–25); H1 FY26 growth 68%, steady-state growth seen at 25%+
- Market share jumped 8% → ~23%; driven by omni-channel, same-day, reverse logistics
- Value-added services ~40–45% of revenue; premium pricing, harder to replicate
- Quick commerce ~20% mix, expected to outgrow core e-commerce

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### **Hindustan Zinc: Overall Capex Plan Is At \$4-5 Billion; Arun Misra, CEO**

- Strategic shift from silver prices to volume-led growth; Q3 silver output up 10% QoQ
- FY silver guidance of ~680 tonnes achievable via production + concentrate recovery
- Silver demand–supply deficit intact, driven by renewables and electrification
- Zinc prices stable; further cost efficiencies expected in Q4
- Expansion plans progressing; Phase-2 capex announcement likely in 1–2 months

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Nainesh Rajani

Email: [nainesh.raiani@motilaloswal.com](mailto:nainesh.raiani@motilaloswal.com)

Contact: (+65) 8328 0276

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Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; [www.motilaloswal.com](http://www.motilaloswal.com).

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai - 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: [na@motilaloswal.com](mailto:na@motilaloswal.com), Contact No.: 022-40548085.

Grievance Redressal Cell:

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

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