

Market snapshot

Equities - India	Close	Chg. %	CY25. %
Sensex	83,277	0.8	9.1
Nifty-50	25,683	0.8	10.5
Nifty-M 100	59,723	0.5	5.7
Equities-Global	Close	Chg. %	CY25. %
S&P 500	6,836	0.0	16.4
Nasdaq	22,547	0.0	20.4
FTSE 100	10,474	0.3	21.5
DAX	24,801	-0.5	23.0
Hang Seng	9,070	0.4	22.3
Nikkei 225	56,806	-0.2	26.2
Commodities	Close	Chg. %	CY25. %
Brent (US\$/Bbl)	71	1.7	-15.7
Gold (\$/OZ)	4,992	-1.0	64.6
Cu (US\$/MT)	12,738	-0.3	43.9
Almn (US\$/MT)	3,017	-0.8	17.5
Currency	Close	Chg. %	CY25. %
USD/INR	90.7	0.0	5.0
USD/EUR	1.2	-0.1	13.4
USD/JPY	153.5	0.5	-0.3
YIELD (%)	Close	1MChg	CY25 chg
10 Yrs G-Sec	6.7	-0.02	-0.2
10 Yrs AAA Corp	7.5	-0.02	0.1
Flows (USD b)	16-Feb	MTD	CYTD
FII	-0.11	1.19	-18.8
DII	0.18	1.26	90.1
Volumes (INRb)	16-Feb	MTD*	CYTD*
Cash	969	1306	1293
F&O	2,72,619	2,75,359	2,94,357

Note: Flows, MTD includes provisional numbers. *Average

Today's top research idea

MAS Financial Services: Scaling up with prudence and profitability

We attended the analyst meet of MAS Financial (MAS), where the company presented its Vision 2036, highlighting its key growth drivers, the scale-up of its housing subsidiary, and its focus on building a strong foundation for sustainable growth while prioritizing risk management and profitability.

- ❖ MAS has consistently demonstrated well-calibrated operational resilience, supported by disciplined execution across business cycles. Its diversified portfolio mix, prudent risk management, and focused growth strategy continue to underpin stability and profitability. The company effectively leverages its strengths on both the business and governance fronts, backed by a stable management team and a significantly high promoter holding. With steady margins, a clearly defined growth trajectory, and sustained asset quality, MAS is well-positioned to remain a steady long-term compounder.
- ❖ We model FY25-28E CAGR of 19% in standalone AUM and 21% in PAT, with RoA/RoE expected at 2.9%/15.5% by FY28E. Earnings quality remains strong, supported by risk-calibrated AUM growth despite stress in the MSME ecosystem. We reiterate our **BUY** rating on the stock with a TP of INR395 (based on 2x Dec'27E BV). Key risk: a macroeconomic slowdown that could weaken loan growth and asset quality.

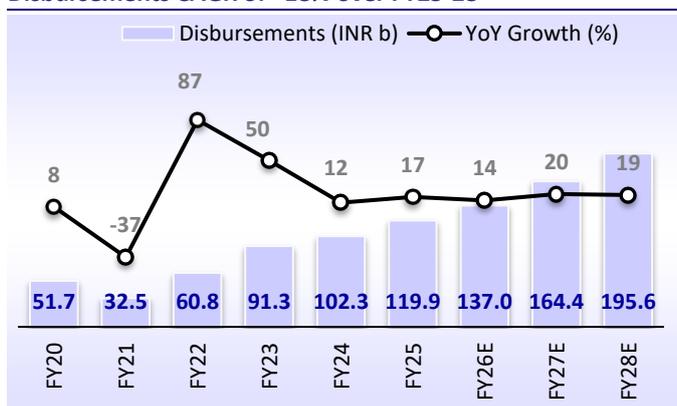
Research covered

Cos/Sector	Key Highlights
MAS Financial	Scaling up with prudence and profitability
Infrastructure	NHAI awarding remains muted FY26YTD; Infra budget capex pegged to rise ~12% for FY27
Other Updates	IPCA Lab. IRB Infrastructure KFin Technologies Cello World Galaxy Surf Indigo Paints EcoScope (a. WPI; b. Trade deficit)



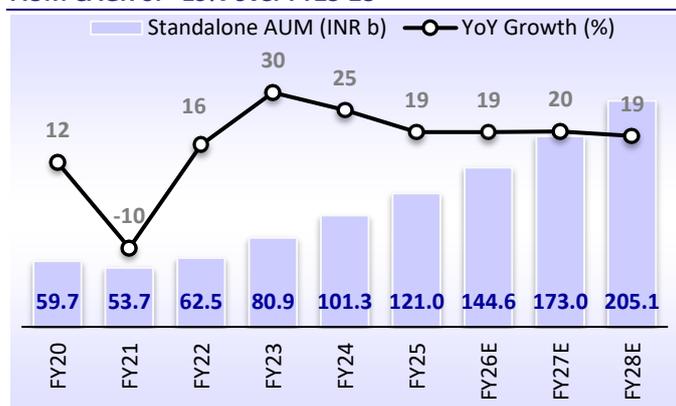
Chart of the Day: MAS Financial Services (Scaling up with prudence and profitability)

Disbursements CAGR of ~18% over FY25-28



Source: MOFSL, Company

AUM CAGR of ~19% over FY25-28



Source: MOFSL, Company

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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, Bloomberg, Thomson Reuters, Factset and S&P Capital.



In the news today



Kindly click on textbox for the detailed news link

1

Reliance Consumer Products partners TGI Group via joint venture to enter Nigeria market

Reliance Consumer Products partners TGI Group via joint venture to enter Nigeria market, expand global FMCG footprint and leverage local manufacturing and distribution capabilities

2

In-Solutions Global secures RBI approval for online, offline and cross-border payment aggregation

In-Solutions Global secures RBI approval for online, offline and cross-border payment aggregation, strengthening its position in digital payments infrastructure and expanding regulatory-compliant processing capabilities

3

JSW MG Motor to invest ₹3,000 crore to expand manufacturing capacity and launch new models

JSW MG Motor to invest ₹3,000 crore to expand manufacturing capacity and launch new models, strengthening production scale and accelerating growth in India's competitive passenger vehicle market

4

Torrent Power to acquire Nabha Power from L&T for ₹6,889 crore

Torrent Power to acquire Nabha Power from L&T for ₹6,889 crore, boosting generation capacity and marking strategic entry into northern India's thermal power market

5

Denta Water and Infra Solutions order book surpasses ₹841 crore in December

Denta Water and Infra Solutions order book surpasses ₹841 crore in December, strengthening revenue visibility and execution pipeline across water management and infrastructure projects nationwide

6

Lupin signs supply agreement to launch generic antidepressant in Canada

Lupin signs supply agreement to launch generic antidepressant in Canada, expanding international footprint and strengthening presence in regulated markets through strategic product partnerships

7

Hindalco to invest additional \$250 million into Novelis to support expansion

Hindalco to invest additional \$250 million into Novelis to support expansion, strengthen balance sheet and fund ongoing capacity growth initiatives across global aluminium operations

MAS Financial Services

BSE SENSEX

83,277

S&P CNX

25,683



Bloomberg	MASFIN IN
Equity Shares (m)	181
M.Cap.(INRb)/(USD\$)	61.9 / 0.7
52-Week Range (INR)	351 / 220
1, 6, 12 Rel. Per (%)	10/9/29
12M Avg Val (INR M)	53

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
NII	10.2	12.6	15.2
PPP	6.5	8.1	9.8
PAT	3.6	4.5	5.5
EPS (INR)	20.0	25.0	30.2
EPS Gr. (%)	18.5	24.9	21.0
BV/Sh. (INR)	158	181	208

Ratios

NIM (%)	6.6	6.6	6.8
C/I ratio (%)	36.5	35.9	35.6
RoAA (%)	2.7	2.9	2.9
RoE (%)	13.4	14.7	15.5
Payout (%)	9.2	9.0	8.5

Valuation

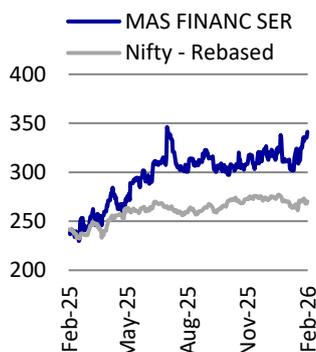
P/E (x)	17	13.7	11.4
P/BV (x)	2.2	1.9	1.6
Div. Yield (%)	0.5	0.7	0.7

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	66.6	66.6	66.6
DII	20.2	20.2	20.0
FII	3.1	3.2	3.0
Others	10.0	10.0	10.3

FII includes depository receipts

Stock performance (one-year)



CMP: INR341

TP: INR395 (+16%)

Buy

Scaling up with prudence and profitability

We attended the analyst meet of MAS Financial (MAS), where the company presented its Vision 2036, highlighting its key growth drivers, the scale-up of its housing subsidiary, and its focus on building a strong foundation for sustainable growth while prioritizing risk management and profitability.

- MAS Financial has articulated Vision 2036 of scaling its AUM to INR1t (20-25% growth) while staying anchored to its long-standing philosophy of compounding with prudence, combining growth with strict risk discipline, profitability and balance-sheet strength.
- The SME franchise has been positioned as the primary medium-term growth engine, supported by India's INR30t formal credit gap. MAS is targeting 20-25% sustainable SME growth through specialized branches, cash-flow based underwriting and a calibrated increase in ticket sizes as relationships mature.
- Retail lending, led by two-wheelers, used commercial vehicles and micro-enterprise loans, is expected to provide volume-led growth while gradually shifting the portfolio mix toward higher-ticket, asset-backed loans, improving portfolio resilience and risk-adjusted returns over time.
- The NBFC partnership platform (Retail Asset Channel) remains a key structural differentiator, having delivered over INR300b of cumulative loans with loss ratios of less than 0.5%, enabling scalable off-balance-sheet growth with tight control over origination, collections and asset quality.
- The affordable housing subsidiary (MRHMFL) is emerging as a meaningful value creation lever, targeting 30-35% AUM growth to reach INR100b over medium to long term, ROA of 2-2.5%, RoE of 15% and a stated intent to pursue an IPO within five years, with housing targeted to contribute around 15% of consolidated AUM over the medium term.
- From a capital perspective, MAS plans to maintain capital adequacy of at least ~20% and leverage of ~4.5x while targeting ROA of 2.75-3% and ROE of ~15-17%, striking a balance between growth and return discipline. The company intends to run 20-25% of AUM off the balance sheet through direct assignment and co-lending to optimize capital efficiency and accelerate AUM scaling.
- Management has indicated that the next equity raise is likely only after the balance sheet reaches INR200-220b of AUM, until then growth is expected to be funded largely through internal accruals, reflecting the current capital comfort post QIP.
- **We estimate ~21% PAT CAGR over FY25-28, with RoA/RoE of 2.9%/15.5% in FY28. We reiterate our BUY rating on the stock with a TP of INR395 (based on 2x Dec'27E BV).**

SME: Capitalizing on India's MSME credit gap

- MAS is strategically positioned to capitalize on India's large MSME credit gap, where total credit demand significantly exceeds formal supply, particularly among medium enterprises and rural borrowers.
- The company's diversified product suite, including collateral-backed loans, supply chain finance, business loans, and its emerging embedded finance offering, enables it to address varied customer needs across ticket sizes and risk profiles. Embedded finance enhances scalability by leveraging merchant transaction data to provide quick, digitally enabled working capital.
- The company targets 20-25% growth in SME lending over the medium term, driven by a large and expanding market, government initiatives such as GST, Udyam, and digitalization, as well as gradual expansion in loan ticket sizes, partner-led sourcing ecosystem and geographic reach.

MEL and Wheels: Retail franchises powering the next phase of growth

- Retail franchises are set to drive the next phase of growth for MAS, anchored by its strong MEL franchise. Contributing over ~40% of the loan book, this segment forms the company's core earnings and risk engine, delivering high risk-adjusted yields of 17-24% and ATS of ~INR100k.
- Two-wheeler and used commercial vehicle lending are becoming its core secured growth engines, offering strong demand visibility, full collateral backing and rapid portfolio churn.
- The retail portfolio is steadily moving toward higher-ticket, asset-backed loans, supported by repeat business from small transporters and first-time vehicle owners, which improves stability and risk-adjusted returns.
- Salaried personal loans add diversification and high-yield growth at lower ticket sizes through a largely digital sourcing model, while large untapped geographies provide a long runway for retail expansion.

Retail asset channel: The extended distribution arm

- MAS's Retail Asset Channel leverages over ~200 NBFC partnerships as an extended distribution network, combining local reach, relationship-driven sourcing, and efficient collections.
- Strict onboarding and robust operational controls, including tranche-based funding, audits, and MIS monitoring, ensure asset quality. The model has delivered ~INR300b in cumulative disbursements with losses under 0.5%. While NBFC-sourced loans currently account for ~34%, MAS is gradually scaling its direct retail lending for greater control and growth.

MAS Rural Housing and Mortgage Finance Company (MRHMFL)

- Its housing subsidiary MRHMFL is building a differentiated affordable housing franchise focused on rural and semi-urban borrowers, offering a full suite of home loans and developer finance through an expanding, asset-light branch and partner network.
- The platform combines granular retail housing loans with higher-ticket developer finance, supported by diversified sourcing, digital origination and

deep penetration in underserved geographies, enabling scalable yet well-controlled growth.

- With AUM of about INR8.6b growing at over 20% and a medium-term growth target of 30-35%, alongside RoA of ~2-2.5% and ROE of ~15%, MRHMFL is positioned to become a meaningful value driver for MAS, with IPO optionality over the next five years.

Valuation and view

- MAS has consistently demonstrated well-calibrated operational resilience, supported by disciplined execution across business cycles. Its diversified portfolio mix, prudent risk management, and focused growth strategy continue to underpin stability and profitability. The company effectively leverages its strengths on both the business and governance fronts, backed by a stable management team and a significantly high promoter holding. With steady margins, a clearly defined growth trajectory, and sustained asset quality, MAS is well-positioned to remain a steady long-term compounder.
- We model FY25-28E CAGR of 19% in standalone AUM and 21% in PAT, with RoA/RoE expected at 2.9%/15.5% by FY28E. Earnings quality remains strong, supported by risk-calibrated AUM growth despite stress in the MSME ecosystem. **We reiterate our BUY rating on the stock with a TP of INR395 (based on 2x Dec'27E BV).** Key risk: a macroeconomic slowdown that could weaken loan growth and asset quality.

Valuation metrics

Val summary	Rating	CMP (INR)	TP (INR)	Mkt. Cap (INRb)	EPS (INR)		BV (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)	
					FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
MAS Financial	Buy	343	395	61	20.0	25.0	158	181	2.7	2.8	13.4	14.7	17.1	13.7	2.2	1.9
BAF	Neutral	1,013	1,075	6,358	31.3	41.0	186	220	3.8	4.1	18.4	20.2	32.3	24.7	5.5	4.6
Poonawalla	Buy	461	610	361	6.7	18.3	126	185	1.1	2.2	5.9	12.4	69.0	25.1	3.7	2.5
ABCL	Buy	345	415	877	15.3	19.9	129	146	-	-	12.4	14.4	22.6	17.4	2.7	2.4
ABCL (NBFC)	Buy	164	200	429	11.8	15.1	83	98	2.1	2.1	15.2	16.7	14.0	10.9	2.0	1.7
LTFH	Buy	294	370	711	11.7	15.9	111	124	2.2	2.6	10.9	13.5	25.1	18.5	2.6	2.4
Piramal Finance	Buy	1,780	2,040	399	71.4	107.2	1,262	1,353	1.5	1.9	5.8	8.2	24.9	16.6	1.4	1.3
IIFL Finance	Buy	511	720	216	37.9	51.7	326	373	2.2	2.4	12.2	14.8	13.5	9.9	1.6	1.4
HDB Financial	Neutral	712	815	587	30.8	38.4	252	290	2.2	2.4	13.9	14.2	23.1	18.5	2.8	2.5

Infrastructure

Key Indicators

	FY24	FY25	FY26 (YTD)
Daily average FASTag toll collections (INR b)	1.8	2.0	2.27
Tenders awarded by NHAH (km)	2,500	4,080	1135
Road construction by NHAH (km)	6,644	5,614	3,551

NHAI awarding remains muted FY26YTD; Infra budget capex pegged to rise ~12% for FY27

- The pace of project awarding by NHAH has remained subdued during FY26. As of mid-Jan'26, only ~1,135 km has been awarded against the annual target of 6,376km. The slow awarding is attributed to a mix of factors, including higher focus on land acquisition before awarding, procedural delays, and a temporary shift in focus towards project execution rather than new awards. The overall muted awarding has impacted order inflows for several road construction companies. However, companies now expect government awarding activity to gain traction and remain positive about a revival in the order book going forward.
- On the construction front, NHAH has built 3,551km of national highways from Apr'25 to mid-Jan'26, against the full-year target of ~6,000km. The focus remains on ramping up execution to meet the annual targets. NHAH exceeded its highway construction target of 5,150km and built 5,614km in FY25.
- Union Budget 2026-27 infrastructure capex is set to rise ~12% in FY27 over FY26 (RE), with road sector allocation rising 8% to INR2.94t. Key measures include a new infrastructure risk guarantee fund, accelerated CPSE asset monetization via REITs/InvITs, INR100b for container manufacturing, new DFC connectivity from Dankuni to Surat, a coastal cargo push to raise modal share to 12% by 2047, and the operationalization of 20 National Waterways over the next five years.
- FASTag toll collections improved ~16% YoY in volume terms and ~12% YoY in value terms during Oct'25-Jan'26, supporting asset monetization plans.
- For FY26, NHAH has set an asset monetization target of INR300b (vs INR287b achieved in FY25). The monetization will primarily be routed through the Toll-Operate-Transfer (ToT) model and Infrastructure Investment Trusts (InvITs). To support this goal, NHAH has identified a pool of 24 assets spanning 1,472km for monetization in FY26. The proceeds will be deployed for highway development, debt repayment, and generating returns for investors. NHAH recently awarded the 18th ToT bundle to IRB Infrastructure Trust for INR30.9b.
- The Dedicated Freight Corridor Corporation of India (DFCCIL) has commissioned 2,741km of the planned 2,843km for both Eastern and Western Dedicated Freight Corridors (DFCs). The completion is expected by Mar'26.

FASTag toll collections showing consistent improvement

FASTag toll collection volumes improved ~16% YoY over Oct'25-Jan'26, while the collection value increased ~12% YoY. During FY25, FASTag toll collections increased 13% YoY. Higher toll collections play a crucial role in expediting the monetization process of road assets by the Ministry. Additionally, toll collections benefit companies that aim to monetize their existing toll assets.

Declining input prices to support margins for contractors

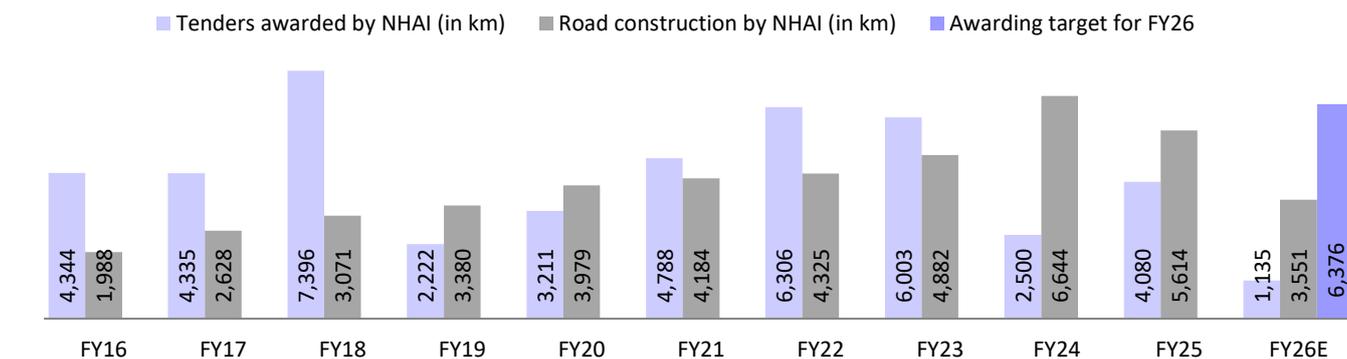
Steel and aluminum prices have decreased ~35% and ~12%, respectively, from their highs in Apr'22. Cement prices have decreased ~16% from their highs in Oct'23. With higher construction activities and stability in commodity prices, road contractors anticipate some improvement in profitability and margins in FY26.

Players with robust order books, strong balance sheets, and diversified operations well placed

Although there has been a slowdown in project awarding in FY24, FY25, and 9MFY26, the tender pipeline is currently robust. Entities with significant order backlogs, strong financial standings, and involvement across diverse sectors are well-positioned to benefit.

Awarding remains subdued in FY26YTD

NHAI's awarding and construction trends (in km)



Sources: NHAI, MOFSL

Ipca Laboratories

Estimate change

TP change

Rating change

CMP: INR1,495
TP: INR1,720 (+15%)
Buy

Branded generics drive earnings

Work-in-progress across DF/Unichem/branded exports

- Ipca Laboratories (IPCA) reported in-line revenue and better-than-expected EBITDA/PAT (10%/12% beat) in 3QFY26, aided by product mix, favorable currency and a lower tax rate.
- IPCA remains on a robust growth path in domestic formulation (DF) segment, as the company not only delivered healthy double-digit YoY growth but also outperformed the industry.
- The generics exports segment has witnessed steady sales for the past three quarters, with higher volume off-take and currency benefits.
- API business remains volatile, subject to customer requirements. In addition to external supply, IPCA is working on backward integration with Unichem to improve operational efficiency.
- Unichem reported a modest ~2% YoY revenue decline in 3QFY26, primarily due to a temporary US market share loss in select molecules; the US contributes ~two-thirds of its total revenue.
- Unichem's growth trajectory should improve with recovery in lost US share, scaling of Ipca's pipeline through its platform, and 4-5 planned US product launches over the next 12-24 months, alongside ongoing European filings.
- We raise our earnings estimate for FY26, factoring in improved execution in branded generics in India as well as export markets. We value IPCA at 28x 12M forward earnings to arrive at a TP of INR1,720.
- IPCA is working on initiatives to sustain earnings growth momentum, such as a) superior execution in DF and branded export markets, b) enhancing business prospects in US generics, c) synergy benefits from Unichem. Accordingly, we estimate a CAGR of 13%/17%/16% in revenue/EBITDA/PAT over FY26-28. Maintain BUY.

	IPCA IN
Bloomberg	
Equity Shares (m)	254
M.Cap.(INRb)/(USDb)	379.2 / 4.2
52-Week Range (INR)	1595 / 1168
1, 6, 12 Rel. Per (%)	-1/5/-10
12M Avg Val (INR M)	385

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	96.2	106.8	121.9
EBITDA	19.6	22.5	26.7
Adjusted PAT	11.5	13.2	15.6
EBIT Margin (%)	16.1	17.0	18.2
Cons. Adj EPS (INR)	45.5	52.0	61.6
EPS Gr. (%)	26.4	14.3	18.5
BV/Sh. (INR)	311.6	355.8	408.1
Ratios			
Net D-E	0.1	0.0	-0.1
RoE (%)	15.5	15.6	16.1
RoCE (%)	14.4	14.0	15.0
Payout (%)	11.1	15.5	13.1
Valuation			
P/E (x)	33.0	28.9	24.4
EV/EBITDA (x)	19.5	17.0	14.3
Div. Yield (%)	0.3	0.5	0.5
FCF Yield (%)	1.8	2.9	2.6
EV/Sales (x)	4.0	3.6	3.1

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	44.7	44.7	44.7
DII	37.3	36.8	35.7
FII	10.6	10.4	11.1
Others	7.3	8.1	8.5

FII Includes depository receipts

Healthy margin gains offset modest revenue growth

- 3QFY26 sales grew 6.6% YoY to INR23.9b (our est: INR24.1b).
- Gross margin (GM) expanded 230bp YoY to 72.5%. As a result, EBITDA margin expanded 170bp YoY to 22.3% (our est: 20.1%).
- EBITDA grew 15% YoY to INR5.3b (our est: INR4.8b).
- 3Q had an exceptional gain of INR177m related to sale of land and building.
- Adj. for the same, PAT grew 26% YoY to INR3.1b (our est.: INR2.8b).
- For 9MFY26, IPCA revenue/EBITDA/PAT grew 8%/15%/30% to INR73b/INR15b/INR9b.
- For Unichem, revenue/EBITDA fell 2%/44% to INR5.2b/INR478m in 3Q, while EBITDA margin declined 680bp to 9.2%.
- There was a one-time gain of INR2.7b on the sale of land and building (registered office). Adjusted for the same, Unichem PAT declined 67% YoY to INR189m in 3Q.
- For 9MFY26, Unichem revenue increased by 13% YoY, while EBITDA/PAT declined by 27%/38% YoY.

Formulations momentum offsets stable API performance

- Formulation sales grew 14% YoY to INR15.2b (64% of sales). Export formulation sales rose 17% YoY to INR5.4b (23% of total sales). DF sales increased by 12% YoY to INR9.8b (41% of total sales).
- Exports (generics formulation) grew 21% YoY to INR2.7b (51% of export sales).
- Exports (branded formulation) rose 28% YoY to INR2.0b (38% of export sales).
- Exports (institutional sales) declined 21% YoY to INR583m (11% of export sales).
- API sales remained stable at INR3.2b (13% of sales). Export API sales grew 6% YoY to INR2.4b (74% of API sales). Domestic API sales declined 14% YoY to INR815m (26% of API sales).
- Revenue from subsidiaries fell 6% YoY to INR5.4b (23% of sales).

Highlights from the management commentary

- IPCA guided YoY growth at ~10-11% in FY26, with domestic, promotional branded and generics each expected to grow ~10-12% and API expected to grow at a slightly lower rate.
- About ~35 US registrations are in place, with 5 already commercialized and 5-7 molecules expected to be commercialized over the next 12-15 months, with 5-6 filings planned annually.
- IPCA outpaced the industry in chronic therapies in DF with 15% YoY growth compared to industry YoY growth of 12%. It also outperformed the industry in acute therapies with 8.4% YoY growth compared to IPM growth of 6.9% YoY.
- The company indicated 13% YoY growth in pain management for the quarter. Likewise, cardiovascular therapy has witnessed revival with 16% YoY growth after reorganization. IPCA also indicated YoY growth of 22%/17%/14% in dermatology/neurology/anti-diabetes segments.

Consolidated - Quarterly Earning Model

Y/E March	FY25				FY26				FY25	FY26E	FY26E	% Chg
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
INRm												
Net Revenues (Core)	20,926	23,549	22,454	22,467	23,089	25,565	23,925	23,582	89,396	96,161	24,081	-0.6
YoY Change (%)	31.8	15.8	9.4	10.5	10.3	8.6	6.6	5.0	16.0	7.6	7.2	
EBITDA	3,927	4,425	4,631	4,289	4,164	5,449	5,334	4,622	17,271	19,569	4,840	10.2
YoY Change (%)	33.5	22.7	39.9	33.2	6.0	23.2	15.2	7.8	32.1	13.3	4.5	
Margins (%)	18.8	18.8	20.6	19.1	18.0	21.3	22.3	19.6	19.3	20.4	20.1	
Depreciation	989	1,004	985	1,001	1,001	1,033	1,076	1,008	3,978	4,118	1,026	
EBIT	2,938	3,421	3,646	3,287	3,164	4,416	4,258	3,614	13,293	15,451	3,815	11.6
YoY Change (%)	30.7	26.6	57.5	46.9	7.7	29.1	16.8	9.9	39.9	16.2	4.6	
Margins (%)	14.0	14.5	16.2	14.6	13.7	17.3	17.8	15.3	14.9	16.1	15.8	
Interest	241	226	168	215	185	196	176	171	849	728	184	
Other Income	206	263	201	258	327	279	202	310	928	1,117	290	
PBT before EO Expense	2,904	3,458	3,679	3,331	3,305	4,498	4,283	3,753	13,372	15,840	3,921	
One-off (gain)/ Expense	0	0	0	2,051	0	583	-177	0	2,051	406	0	
PBT after EO Expense	2,904	3,458	3,679	1,280	3,305	3,916	4,460	3,753	11,321	15,434	3,921	
Tax	914	994	906	622	961	1,081	819	938	3,436	3,799	1,161	
Rate (%)	31.5	28.7	24.6	48.6	29.1	27.6	18.4	25.0	25.7	24.0	29.6	
Reported PAT	1,990	2,464	2,773	658	2,344	2,835	3,641	2,815	7,885	11,634	2,760	31.9
Minority Interest	-67	-160	-292	20	-12	-9	-378	20	-499	-379	19	
Adj PAT after Minority Int	1,922	2,305	2,481	2,418	2,332	3,247	3,119	2,835	9,127	11,533	2,779	12.2
YoY Change (%)	24.9	36.4	122.5	23.4	21.3	40.9	25.7	17.2	44.8	26.4	12.0	
Margins (%)	9.2	9.8	11.1	10.8	10.1	12.7	13.0	12.0	10.2	12.0	11.5	

IRB Infrastructure

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR42 **TP: INR52 (+23%)** **Buy**

Steady performance; healthy O&M order book and toll collection to drive earnings

Bloomberg	IRB IN
Equity Shares (m)	6039
M.Cap.(INRb)/(USD\$b)	255.1 / 2.8
52-Week Range (INR)	54 / 39
1, 6, 12 Rel. Per (%)	2/-11/-23
12M Avg Val (INR M)	580

Financials & Valuations (INR b)

Y/E Mar	2026E	2027E	2028E
Sales	77.0	94.8	130.2
EBITDA	39.5	50.7	66.6
PAT	8.6	12.4	23.5
EBITDA (%)	51.3	53.4	51.2
EPS (INR)	1.4	2.0	3.9
EPS Gr. (%)	27.2	43.6	90.2
BV/Sh. (INR)	33.8	35.5	39.1

Ratios

Net D/E	0.7	0.6	0.5
RoE (%)	4.3	5.9	10.4
RoCE (%)	6.0	7.1	9.9
Payout (%)	26.3	17.7	9.3

Valuations

P/E (x)	29.5	20.5	10.8
P/BV (x)	1.2	1.2	1.1
EV/EBITDA (x)	10.1	7.6	5.7
Div Yield (%)	0.7	0.7	0.7

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	30.4	30.4	30.4
DII	10.0	9.6	8.6
FII	43.3	43.4	45.1
Others	16.3	16.6	15.9

FII Includes depository receipts

- IRB Infrastructure's (IRB) revenue grew ~8% YoY to INR18.7b during 3Q FY26 (7% above our estimate). Revenue includes: a) Gain on InvITs & Related Assets as per fair value measurement, and b) Dividend/interest income from InvITs & Related Assets.
- EBITDA margins came in at 54.6% (vs our estimate of 53%) in 3QFY26 (+600bp YoY and +180bp QoQ). EBITDA grew ~4% YoY to INR10.2b (10% above our estimate). APAT grew 41% to INR1.4b (in line).
- Construction revenue stood at INR 7.8b (-31% YoY); BOT revenue stood at INR 7.06b (+9% YoY); and InvIT & related assets revenue stood at INR3.8b.
- IRB's order book stood at INR373b (excl. GST) as of end-Dec'25, of which the O&M order book was INR357b and the EPC order book was INR16b.
- The company declared an interim dividend of INR0.07 per equity share. It also announced a bonus equity share in the ratio of 1:1.
- IRB reported a steady performance, supported by rising toll collections. Marquee under-construction projects, such as the Ganga Expressway, are expected to underpin growth visibility over the medium term. Although EPC order inflows remain subdued at present, the company is strategically focusing on building a sustainable O&M order book, which provides long-term revenue visibility and stable income streams over the next 10–12 years. With recent asset monetization, IRB is now in a far better position to undertake more projects. We largely maintain our estimates for FY26/FY27/FY28. Backed by attractive valuations, a strong order book, and a robust tender pipeline driven by BOT projects, we expect revenue to register a CAGR of 20% over FY25–28. We reiterate our BUY rating with an SoTP-based TP of INR52.

Resilient toll collections; strong order pipeline and recent monetization to help bid for more projects

- In 3QFY26, IRB reported steady operational performance, as EBITDA growth was supported by resilient toll collections and stable contributions from its BOT and InvIT portfolios.
- The order book stood at INR373b as of Dec'25, largely led by O&M (INR357b). Further, asset monetization to the Public InvIT released ~INR49b of capital, enhancing the company's bidding capacity for the upcoming annual opportunity of ~INR400-500b.
- BOT assets and InvIT investments continued to deliver robust profitability, while construction margins moderated as some projects got completed.
- The private InvIT has won the TOT-18 project worth INR40b, with IRB appointed as the project manager for an estimated consideration of INR15.8b.

Key takeaways from the management commentary

- IRB will not bid for TOT-19, given its new MLF-based tolling model and relatively smaller project size.
- The government asset monetization pipeline remains strong at ~INR3t with an annual opportunity size of INR400-500b. TOT assets remain the primary growth driver.
- Over the next five years, the company aims to improve cash RoE from 8% to 14%+ and deliver a PAT CAGR of ~25%, supported by annuity-led asset base and resilient traffic growth.
- Contribution from O&M revenue is expected to rise, with O&M execution likely to increase to 50% of the order book (from ~25-30% currently).
- Intense competition is being witnessed in HAM projects, and IRB would not participate in those projects in a significant way.

Valuation and view

- The government's focus on BOT and TOT projects presents significant opportunities. IRB's strong order book and strategic asset monetization position it well to capture these opportunities. Moreover, NHA's tightened RFP norms now emphasize awarding projects to technically and financially strong contractors, thus reducing competition in the industry.
- We largely retain our estimates for FY26/FY27/FY28. Backed by attractive valuations, a strong order book, and a robust tender pipeline driven by BOT and TOT projects, we expect revenue to register a CAGR of 20% over FY25-28. We reiterate our BUY rating with an SoTP-based TP of INR52.

Quarterly performance

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	%
Net Sales	18,529	15,858	20,254	21,492	20,990	17,510	18,712	19,824	76,135	77,035	17,485	7
YoY Change (%)	13.4	(9.1)	2.9	4.3	13.3	10.4	(7.6)	(7.8)	2.8	1.2	(13.7)	
EBITDA	8,570	7,667	9,842	9,979	9,520	9,246	10,224	10,522	36,059	39,513	9,267	10
Margins (%)	46.3	48.3	48.6	46.4	45.4	52.8	54.6	53.1	47.4	51.3	53.0	
Depreciation	2,550	2,312	2,651	2,863	2,692	2,621	2,894	2,718	10,376	10,925	2,750	
Interest	4,387	4,342	4,614	4,576	4,620	4,510	4,364	4,562	17,919	18,056	4,500	
Other Income	1,187	1,658	649	686	656	493	411	531	4,181	2,090	1,000	
PBT before EO expense	2,820	2,671	3,227	3,225	2,864	2,608	3,377	3,774	11,944	12,622	3,017	
Extra-Ord expense	-	-	58,041	-	-	-	(427)	-	58,041	(427)	-	
PBT	2,820	2,671	61,268	3,225	2,864	2,608	2,950	3,774	69,985	12,196	3,017	
Tax	887	835	1,008	1,078	839	1,200	842	1,032	3,808	3,913	905	
Rate (%)	31.4	31.3	1.6	33.4	29.3	46.0	28.5	27.3	5.4	32.1	30.0	
Share of profit in Associates	(534)	(837)	-	-	-	-	-	-	(1,371)	-	-	
Reported PAT	1,400	999	60,261	2,147	2,025	1,408	2,108	2,742	64,806	8,283	2,112	
Adj PAT	1,400	999	2,219	2,147	2,025	1,408	2,428	2,742	6,765	8,603	2,112	15
YoY Change (%)	4.6	4.3	18.4	13.7	44.6	41.0	9.4	27.7	11.7	27.2	(4.8)	
Margins (%)	7.6	6.3	11.0	10.0	9.6	8.0	13.0	13.8	8.9	11.2	12.1	

KFin Technologies

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR1,001 TP: INR1,110 (+11%) Neutral

Strong growth in international business

Bloomberg	KFINTECH IN
Equity Shares (m)	172
M.Cap.(INRb)/(USDb)	172.6 / 1.9
52-Week Range (INR)	1389 / 784
1, 6, 12 Rel. Per (%)	-6/-16/-4
12M Avg Val (INR M)	1589

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Revenue	13.3	16.3	19.1
EBITDA	5.5	6.6	7.9
PAT	3.7	4.5	5.4
EPS	21.9	26.3	31.7
EPS Grw. (%)	12.5	20.0	20.6
BVPS	84.3	96.6	116.2
RoE (%)	27.5	29.1	29.8
Div. Pay out (%)	60.0	60.0	60.0

Valuations

P/E (x)	45.7	38.1	31.6
P/BV (x)	11.9	10.4	8.6
Div. Yield (%)	1.3	1.6	1.9

Shareholding Pattern (%)

As of	Dec-25	Sep-25	Dec-24
Promoter	22.9	22.9	33.0
DII	24.9	24.8	19.4
FII	26.2	25.5	25.4
Others	26.1	26.8	22.2

FII includes depository receipts

- KFin Technologies (KFin) reported 28% YoY growth in operating revenue to INR3.7b in 3QFY26 (15% beat), aided by the integration of Ascent from this quarter, which contributed incremental revenue of INR478.3m. Excluding Ascent's contribution, revenue was in line. For 9MFY26, revenue grew 18% YoY to INR9.5b.
- Total operating expenses grew 37% YoY to INR2.2b (21% higher than est. owing to the Ascent integration), with employee expenses growing 42% YoY to INR1.5b and other expenses growing 29% YoY to INR716m. The cost-to-income ratio was 59.1% (vs. 55% in 3QFY25).
- EBITDA grew 16% YoY to INR1.5b with EBITDA margins at 40.9% vs. 45% in 3QFY25 (MOFSLe of 44%). While Ascent had an incremental contribution to revenue, its contribution to profitability was not material, which impacted EBITDA margin.
- KFin reported a net profit of INR920m, up 2% YoY (7% miss) in 3QFY26, with PAT margin of 24.8% vs. 31.1% in 3QFY25. Excluding the impact of the labor code of ~INR86m, PAT was in line. For 9MFY26, KFIN reported PAT of INR2.6b, up 6% YoY.
- MF revenue share declined to 59.8% in 3Q (vs. ~71% in 3QFY25), driven by the Ascent acquisition, which lifted international contribution to 16.7% (vs. ~4% YoY). This supports the strategy to lower domestic MF concentration (<50%) and reduce market dependency to ~55% through global/private market diversification.
- We have largely maintained our earnings estimates, incorporating the impact of the Ascent acquisition. We expect KFin's revenue, EBITDA, and PAT to deliver a CAGR of 20%/19%/20% over FY26-28E. We reiterate our Neutral rating on the stock, with a one-year TP of INR1,110, based on a 35x P/E multiple applied to FY28E earnings.

Equity AAUM share declines sequentially

- KFin's total MF AAUM serviced during the quarter rose 18% YoY to INR26.4t. Equity AAUM, at 58% of total MF AAUM, grew 15% YoY to INR15.3t, reflecting a market share of 32.7% (33.4% in 3QFY25).
- Strong net flows and stable market share were partly offset by a yield moderation to 3.4bp in 3QFY26 (vs 3.7bp YoY), driving 8% YoY growth in domestic MF revenue to INR2.2b (in line). The segment contributed 59.8% to total revenue (vs ~71% in 3QFY25).
- The company won two new RTA mandates and two SIF mandates during the quarter under the MF segment.
- In issuer services, mainboard IPO market share (issue size basis) declined to 43.4% in 3QFY26 (vs. 66.4% in 3QFY25; 43.8% in 2QFY26) due to fewer IPOs handled (11 vs 14 in 3QFY25). Revenue grew 24% YoY to INR543m, with segment contribution stable at 15% of total revenue.
- In international investor solutions, revenue (ex-Ascent) grew 17% YoY/3% QoQ to INR441.8m; including Ascent, revenue surged 143.3% YoY/114.1% QoQ, raising segment contribution to 16.7% (vs. 3.8% in 3QFY25; 4.6% in 2QFY26).

- In the alternates and wealth business, KFin's market share stood at 39% vs. 36.7% in 3QFY25, with AUM of INR1.8t. NPS market share continues to rise at 11.2% in 3QFY26 (9.4% in 3QFY25), with AUM of INR638.9b.
- The non-domestic mutual fund revenue contributed ~40% to total revenue vs. 29% in 3QFY25. The value-added services contributed ~6.8% to its revenue vs. 7.8% in 3QFY25/9.3% in 2QFY26.
- Other income declined 27% YoY/38% QoQ to INR66m (vs. our estimates of INR115m).

Key takeaways from the management commentary

- Consolidated EBITDA margin (incl. Ascent) stood at 40.9%, moderating ~300bp QoQ due to integration costs and amortization (within guidance). Margins are expected to remain range-bound at 40-45%.
- Under the issuer solutions, per-folio realization improved to INR12.9 (vs. INR11.2 in 3QFY25), driven by relatively lower retail participation. Management expects normalization ahead.
- Ascent margins remained below KFin's core levels; management targets convergence within three years via scale and cost optimization, with potential to surpass domestic margins over the long term.

Valuation and view

- Structural tailwinds in the MF industry are expected to drive absolute growth in KFin's MF revenue. With its differentiated 'platform-as-a-service' model offering, technology-driven, asset-light model, growing contribution from non-MF segments, and integration of global fund administration capabilities through Ascent, KFin is well-positioned to capitalize on strong growth opportunities in both Indian and global markets.
- We have largely maintained our earnings estimates, incorporating the impact of the Ascent acquisition. We expect KFin's revenue, EBITDA, and PAT to deliver a CAGR of 20%/19%/20%, over FY26-28E. **We reiterate our Neutral rating on the stock, with a one-year TP of INR1,110, based on a 35x P/E multiple applied to FY28E earnings.**

Quarterly Performance

(INR m)

Y/E March	FY25				FY26				FY25	FY26E	3Q Act v/s FY26E Est. (%)	YoY	QoQ	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE						
Revenue from Operations	2,376	2,805	2,900	2,827	2,741	3,092	3,709	3,771	10,908	13,313	3,223	15.1	28%	20%
Change YoY (%)	30.9	34.2	32.6	23.8	15.4	10.3	27.9	33.4	30.2	22.1	11.1			
Employee expenses	958	1,018	1,040	1,017	1,117	1,140	1,476	1,510	4,033	5,243	1,196	23.4	42%	30%
Other Expenses	421	522	555	588	485	595	716	747	2,085	2,543	610	17.4	29%	20%
Total Operating Expenses	1,379	1,539	1,595	1,604	1,602	1,735	2,193	2,256	6,118	7,786	1,806	21.4	37%	26%
Change YoY (%)	24.1	33.5	32.0	29.7	16.2	12.7	37.5	40.6			13.3			
EBITDA	997	1,265	1,306	1,223	1,139	1,357	1,516	1,515	4,790	5,527	1,417	7.0	16%	12%
Other Income	81	105	91	100	100	108	66	103	377	377	115	-42.2	-27%	-38%
Depreciation	148	165	164	167	176	184	233	245	645	838	186	25.2	42%	26%
Finance Cost	12	11	11	13	11	11	12	14	47	45	13	-8.7	3%	8%
PBT	918	1,195	1,221	1,142	1,052	1,270	1,338	1,359	4,476	5,022	1,333	0.4	10%	5%
Change YoY (%)	52.1	41.9	36.0	19.6	14.5	6.3	9.6	19.0	35.7	12.2	9.2			
Tax Provisions	237	301	319	292	276	336	332	336	1,150	1,281	343	-3.0	4%	-1%
Net Profit	681	893	902	851	773	933	920	1,024	3,326	3,741	990	-7.1	2%	-1%
Change YoY (%)	56.9	45.5	34.9	14.2	13.5	4.5	2.0	20.4	35.2	12.5	9.8			
Key Operating Parameters (%)														
Revenue / AUM (bps)	5.0	5.2	5.2	5.2	4.7	4.9	5.6	5.5	5.2	5.2	5.0	66bp	44bp	69bp
Opex / AUM (bps)	2.9	2.9	2.9	2.9	2.7	2.8	3.3	3.3	2.9	3.0	2.8	54bp	47bp	56bp
PBT / AUM (bps)	1.9	2.2	2.2	2.1	1.8	2.0	2.0	2.0	2.1	2.0	2.1	-3bp	-15bp	0bp
PAT / AUM (bps)	1.4	1.7	1.6	1.6	1.3	1.5	1.4	1.5	1.6	1.5	1.5	-13bp	-22bp	-9bp
Cost to Operating Income Ratio	58.0	54.9	55.0	56.8	58.5	56.1	59.1	59.8	56.1	58.5	56.0	308bp	413bp	300bp
EBITDA Margin	42.0	45.1	45.0	43.2	41.5	43.9	40.9	40.2	43.9	41.5	44.0	-308bp	-413bp	-300bp
PBT Margin	38.6	42.6	42.1	40.4	38.4	41.1	36.1	36.0	41.0	37.7	41.4	-528bp	-602bp	-498bp
Tax Rate	25.9	25.2	26.1	25.5	26.3	26.5	24.8	24.7	25.7	25.5	25.7	-88bp	-132bp	-166bp
PAT Margin	28.7	31.8	31.1	30.1	28.2	30.2	24.8	27.1	30.5	28.1	30.7	-593bp	-629bp	-537bp
Opex Mix (%)														
Employee expenses	69.5	66.1	65.2	63.4	69.7	65.7	67.3	66.9	65.9	67.3	66.2	110bp	210bp	164bp
Other Expenses	30.5	33.9	34.8	36.6	30.3	34.3	32.7	33.1	34.1	32.7	33.8	-110bp	-210bp	-164bp

Cello World

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR477
TP: INR600 (+26%)
Buy

Consumerware mars overall performance

Earnings miss our estimate

- Cello World (CELLO) reported a muted quarter with flat revenue growth due to flat growth in the consumerware segment. Following the implementation of BIS norms, the company has been unable to import products of BIS-compliant quality, resulting in a 40% dip in steelware revenue. Further, the molded furniture segment declined 11% YoY due to weakness in polymer prices, which was partially offset by a 10% growth in the writing instrument segment, led by healthy growth in both export and domestic markets.
- The company expects an 8–10% revenue growth until 1HFY27, with pickup expected after that due to increasing utilization in the glassware plant, stabilization in the steelware business, and growth in the Writing Instruments segment (through Cello and Unomax).
- **Factoring in lower-than-estimated earnings in 3Q and management guidance, we cut our FY26E/FY27E/FY28E earnings by 12%/15%/11%. We reiterate our BUY rating with a TP of INR600 (premised on 27x FY28E EPS).**

Weakness in margins due to operating leverage

- In 3QFY26, CELLO's consol. revenue remained largely flat YoY, while it declined 5% QoQ to INR5.5b (est. INR6.1b). EBITDA declined ~17%/17% YoY/QoQ to INR1.1b (est. INR1.4b).
- EBITDA margin contracted 380bp/260bp YoY/QoQ to 19.1%, largely due to higher employee costs/other expenses (up 200bp/170bp YoY and 60bp/200bp QoQ). Gross margin contracted 10bp YoY to 49.6%, while it remained flat QoQ.
- Adj. PAT declined ~20%/19% YoY/QoQ to INR692m (est. INR903m). The company had a labor code impact of INR74m.
- Consumerware segment's revenue (70% of total revenue in 3QFY26) remained flat YoY, while it declined 9% QoQ to INR3.9b. Gross margin expanded 20bp YoY.
- Writing instrument segment's revenue (~15% revenue mix) grew 10%/4% YoY/QoQ to INR853m. Further, molded furniture and allied products (~12% of the revenue mix) declined 11%/1% YoY/QoQ to INR830m. The gross margin of writing instruments expanded 210bp YoY, while that of molded furniture and allied products declined 450bp YoY.

Highlights from the management commentary

- **Steelware:** Stockouts in insulated steel products led to a 40% drop in steel revenue; without these constraints, the consumerware segment could have grown ~12% YoY. Although the company had built 6–8 months of inventory post-BIS implementation and sourced from local OEMs, it currently faces product shortages and plans to ramp up production to restore growth.

Bloomberg	CELLO IN
Equity Shares (m)	221
M.Cap.(INRb)/(USDb)	105.4 / 1.2
52-Week Range (INR)	674 / 468
1, 6, 12 Rel. Per (%)	-6/-14/-34
12M Avg Val (INR M)	130

Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	22.8	25.5	28.9
EBITDA	4.7	6.2	7.4
Adj. PAT	3.1	4.1	4.9
EBITDA Margin (%)	20.6	24.3	25.6
Cons. Adj. EPS (INR)	14.1	18.6	22.1
EPS Gr. (%)	-8	31.8	19.1
BV/Sh. (INR)	115.8	129.1	150.5

Ratios

Net D:E	-0.4	-0.4	-0.5
RoE (%)	13	16	16
RoCE (%)	15	17	17

Valuations

P/E (x)	34	26	22
EV/EBITDA (x)	21	15	13

Shareholding Pattern (%)

As on	Dec-25	Sep-25	Dec-24
Promoter	75.0	75.0	75.0
DII	13.4	14.0	13.5
FII	5.4	5.6	7.5
Others	6.2	5.4	4.0

Note: FII includes depository receipts

- **Writing Instruments:** The company expects the Cello brand to start contributing from 4QFY26 and targets combined revenue of INR5b from Cello and Unomax in FY27, with plans to scale this to over INR10b in the following years. Given that stationery forms a relatively small portion of BIC Cello's portfolio, management sees significant growth potential in this segment.
- **Glassware:** The glassware facility is currently operating at ~60% utilization and is expected to remain at similar levels over the next couple of quarters. The company aims to ramp up utilization to ~80% by the end of FY27. At present, the facility is operating at break-even and is not yet profitable.

Valuation and view

- The company expects sustained healthy growth in the writing instruments segment, supported by the addition of the Cello brand to its portfolio. Meanwhile, the consumerware segment is expected to stabilize from 2HFY27 onward, driven by normalization in steelware and improved capacity utilization in the glassware segment.
- We expect CELLO to register an 11%/13%/13% revenue/EBITDA/Adj. PAT CAGR over FY25-28. **We reiterate our BUY rating with a TP of INR600 (premised on 27x FY28E EPS).**

Consolidated: Quarterly Earnings

Y/E March	FY25				FY26				FY25	FY26E	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		3QE		
Gross Sales	5,007	4,901	5,568	5,888	5,290	5,874	5,537	6,050	21,364	22,751	6,072	-9%
YoY Change (%)	6.1	0.2	5.7	14.9	5.7	19.9	-0.6	2.7	6.8	6.5	9.0	
Total Expenditure	3,714	3,715	4,296	4,536	4,200	4,598	4,480	4,775	16,260	18,052	4,713	
EBITDA	1,293	1,186	1,273	1,352	1,091	1,277	1,057	1,275	5,104	4,699	1,360	-22%
Margins (%)	25.8	24.2	22.9	23.0	20.6	21.7	19.1	21.1	23.9	20.7	22.4	
Depreciation	141	148	151	180	186	195	199	210	620	790	205	
Interest	6	3	3	3	1	5	6	5	15	17	1	
Other Income	60	133	124	130	173	136	166	175	447	650	145	
PBT before EO expense	1,206	1,168	1,243	1,299	1,076	1,213	1,018	1,235	4,916	4,541	1,299	
Extra-Ord expense	0	0	0	0	0	0	74	0	0	74	0	
PBT	1,206	1,168	1,243	1,299	1,076	1,213	944	1,235	4,916	4,467	1,299	
Tax	311	300	318	338	269	299	250	314	1,267	1,132	326	
Rate (%)	25.8	25.7	25.6	26.0	25.0	24.7	26.5	25.4	25.8	25.3	25.1	
MI & Profit/Loss of Asso. Cos.	69	51	61	80	76	57	58	83	261	274	70	
Reported PAT	826	816	864	882	730	857	636	838	3,388	3,062	903	
Adj PAT	826	816	864	882	730	857	692	838	3,388	3,117	903	-23%
YoY Change (%)	6.6	2.1	1.8	-0.7	-11.6	4.9	-19.9	-5.0	2.3	-8.0	4.5	
Margins (%)	16.5	16.7	15.5	15.0	13.8	14.6	12.5	13.9	15.9	13.7	14.9	

Galaxy Surfactants

 Estimate changes 

 TP change 

 Rating change 

Bloomberg	GALSURF IN
Equity Shares (m)	35
M.Cap.(INRb)/(USD\$)	67.6 / 0.7
52-Week Range (INR)	2750 / 1800
1, 6, 12 Rel. Per (%)	1/-20/-28
12M Avg Val (INR M)	54

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	53.2	56.6	60.3
EBITDA	4.8	5.3	5.8
PAT	2.9	3.2	3.7
EPS (INR)	81	91	104
EPS Gr. (%)	-6.2	12.7	14.8
BV/Sh. (INR)	724	792	870

Ratios

Net D:E	-0.0	-0.1	-0.1
RoE (%)	11.6	12.0	12.6
RoCE (%)	11.9	12.0	12.5
Payout (%)	25.6	25.6	25.6

Valuations

P/E (x)	23.7	21.0	18.3
P/BV (x)	2.6	2.4	2.2
EV/EBITDA (x)	13.8	12.4	10.8
Div. Yield (%)	1.0	1.2	1.4
FCF Yield (%)	1.3	3.9	4.6

Shareholding pattern (%)

As of	Dec-25	Sep-25	Dec-24
Promoter	70.9	70.9	70.9
DII	13.1	12.9	13.0
FII	4.1	4.2	4.2
Others	12.0	12.0	11.9

FII Includes depository receipts

CMP: INR1,908
TP: INR2,500 (+31%)
Buy

Healthy operating profit led by favorable mix and cost optimization

Earnings beat estimate

- Galaxy Surfactants (GALSURF) delivered a healthy quarter, with EBITDA growth of 13% YoY in 3QFY26. EBITDA/kg stood at ~INR20.1, up 15% YoY, driven by strong volume growth from non-tariff-affected customer accounts, improved contribution realization from the master segment in India, and lower logistics costs.
- Total volumes remained flat YoY, driven by short-term disruptions in both the domestic and Africa, Middle East, and Turkey (AMET) markets. However, this softness was partly offset by strong double-digit growth in Latin America and the Asia-Pacific region.
- We expect a CAGR of 13%/6%/7% in revenue/EBITDA/adj. PAT, along with a volume CAGR of 5% over FY25-28. We maintain our FY26/FY27/FY28E earnings for GALSURF. **Reiterate BUY with a TP of INR2,500 (based on 24x FY28E EPS).**

Healthy revenue growth offset by gross margin contraction

- Consolidated revenue grew 28% YoY to INR13.3b (est. in line), primarily led by higher realizations. Overall volumes remained flat YoY.
- Revenue from India/Rest of World (ROW)/AMET grew 44%/24%/3% YoY to INR5.7b/INR4.6b/INR2.7b. Revenue from local and niche/MNC players grew 50%/25% YoY to INR6.2b/INR6.3b. However, revenue from regional players declined 31% YoY to INR796m.
- The revenue contribution of Performance Surfactants now stands at 63% compared with 61% in 3QFY25.
- EBITDA margin contracted 120bp YoY to 9%, hurt by gross margin contraction of 620bp YoY to 24.9%. Employee costs as % of sales stood at 6% (vs. 7.1% in 3QFY25), while other expenses stood at 10% (vs. 14% in 3QFY25).
- EBITDA grew 13% YoY to INR1.2b (est. INR1.1b), and adj. PAT grew 6% YoY to INR686m (est. INR646m).
- In 9MFY26, GALSURF's revenue grew 6% YoY to INR32.5b, while EBITDA remained flat at INR3.6b, and adj. PAT declined 2% to INR2.2b.

Key highlights from the management commentary

- Guidance:** Management expects a gradual recovery in growth momentum over the coming quarters, supported by improving India volumes (with continued double-digit growth in the specialty segment). Management expects a recovery in AMET volumes from 4Q onward and has reiterated its overall volume growth guidance of 6-8% over the next two years.
- India:** Domestic revenue growth (+44% YoY) was driven by strong traction from non-Tier 1 and D2C customers. While the Performance segment declined due to reformulation at a key Tier 1 account and temporary GST-related inventory disruptions in October, the Specialty segment delivered robust 35% YoY volume growth.

- **US tariffs:** The reciprocal tariffs adversely impacted India-origin Specialty exports during the quarter and led to temporary uncertainty among certain clients, resulting in a pause on select pipeline projects. Following the recent tariff reduction and trade agreement, the company has resumed discussions with customers on previously suspended projects. While early signs of revival are visible, the meaningful impact of this development is expected to materialize next year.

Valuation and view

- We expect the near-term headwinds to gradually ease, supported by GST reforms that are likely to unlock medium-term consumption growth in the domestic market, a gradual recovery in the AMET region, and a significant boost to the North America specialty business, driven by recent tariff reductions and stable growth momentum.
- GALSURF's long-term growth will be driven by 1) the company's consistent focus on R&D, 2) improving domestic demand, 3) better raw material availability, and 4) enhancing and expanding global operations.
- We expect a CAGR of 13%/6%/7% in revenue/EBITDA/adj. PAT, along with a volume CAGR of 5% over FY25-28 and maintain our FY26/FY27/FY28E earnings for GALSURF. **We reiterate our BUY rating with a TP of INR2,500 (based on 24x FY28E EPS).**

Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Gross Sales	9,741	10,630	10,417	11,449	12,779	13,262	13,295	13,825	42,237	53,161	13,267	0%
YoY Change (%)	3.4	8.1	10.8	23.2	31.2	24.8	27.6	20.8	11.3	25.9	27.4	
Total Expenditure	8,500	9,353	9,361	10,180	11,541	12,157	12,101	12,519	37,394	48,318	12,146	
Gross Margin (%)	33.6%	33.0%	31.1%	29.4%	26.2%	24.5%	24.9%	26.9%	31.7%	25.6%	26.9%	
EBITDA	1,241	1,276	1,056	1,269	1,239	1,105	1,194	1,306	4,842	4,843	1,121	6%
Margin (%)	12.7	12.0	10.1	11.1	9.7	8.3	9.0	9.4	11.5	9.1	8.4	
Depreciation	266	278	277	283	293	298	307	320	1,103	1,218	301	
Interest	40	41	50	62	66	73	85	90	193	314	72	
Other Income	54	87	40	78	112	58	48	60	258	278	61	
PBT before EO expense	989	1,045	769	1,001	992	792	849	956	3,804	3,589	809	
Extra-Ord expense	0	0	0	0	0	0	119	0	0	119	0	
PBT	989	1,045	769	1,001	992	792	730	956	3,804	3,470	809	
Tax	192	198	123	243	197	127	141	241	755	706	163	
Rate (%)	19.4	18.9	16.0	24.2	19.9	16.0	19.3	25.2	19.8	20.3	20.2	
Reported PAT	797	847	646	759	795	665	590	715	3,049	2,765	646	
Adj PAT	797	847	646	759	795	665	686	715	3,049	2,859	646	6%
YoY Change (%)	6.0	9.4	-9.5	-2.1	-0.3	-21.5	6.1	-5.7	1.1	-6.2	-0.1	
Margin (%)	8.2	8.0	6.2	6.6	6.2	5.0	5.2	5.2	7.2	5.4	4.9	

Indigo Paints

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR988 TP: INR1,400 (+42%) Buy

Bloomberg	INDIGOPN IN
Equity Shares (m)	48
M.Cap.(INRb)/(USDb)	47.1 / 0.5
52-Week Range (INR)	1346 / 900
1, 6, 12 Rel. Per (%)	-20/-15/-21
12M Avg Val (INR M)	126

Muted revenue delivery; beat on margins

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	14.0	16.0	18.2
Sales Gr. (%)	4.2	14.2	14.0
EBITDA	2.5	3.1	3.6
EBIT Margin (%)	18.2	19.3	19.5
Adj. PAT	1.6	1.9	2.3
Adj. EPS (INR)	33.0	40.3	47.4
EPS Gr. (%)	10.7	22.2	17.5
BV/Sh.(INR)	241.7	282.1	324.7

Ratios

RoE (%)	14.4	15.4	15.6
RoCE (%)	14.1	15.2	15.4

Valuation

P/E (x)	30.0	24.6	20.9
P/BV (x)	4.1	3.5	3.0
EV/EBITDA (x)	17.1	13.7	11.4

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	53.9	53.9	53.9
DII	21.1	19.7	17.1
FII	11.2	11.8	12.5
Others	13.8	14.6	16.5

FII Includes depository receipts

- Indigo Paints (INDIGOPN) reported standalone sales growth of 3% YoY in 3QFY26 on a soft base (-4%). The sluggish revenue growth was attributed to muted demand in Oct'25, the impact of early Diwali, and the delayed monsoon. However, demand has seen consistent improvement from Nov'25 onwards, with INDIGOPN recording double-digit value growth. The trend has sustained over the last three months (Nov'25–Jan'26), for the first time in the last two years, indicating early signs of demand recovery. While this strengthens the industry's recovery case for 2026, sustained momentum will need to be closely monitored over the coming months. Price increases are unlikely; however, the company still expects double-digit revenue growth in 4QFY26 and FY27. Apple Chemie (subsidiary) sales grew 32% YoY. Consolidated sales rose 5% YoY (base -3%) to INR3.6b (miss).
- Gross margin expanded 20bp YoY to 46.8% (in line), led by lower RM prices. INDIGOPN highlighted that raw material prices reached pre-COVID levels in 3QFY26, which helped the company in increasing discounts. A&P expenses as a % of revenue reduced to 5.6% in 3QFY26, compared to 8.2% in the base, resulting in EBITDA margin expansion of 230bp YoY to 19% (beat).
- The paint industry has been witnessing a weak demand trajectory over the last two years, further impacted by competitive pressure. We remain optimistic about a demand recovery in 2026; however, we need to monitor whether any pent-up demand catalysts emerge to drive higher-than-expected growth. The company is expecting healthy double-digit revenue growth in FY27. It continues to focus on the premium and emulsion segments, with a deliberate shift away from the economy segment. We model a CAGR of 14%/18% in revenue/EBITDA in FY26-28E. We model an EBITDA margin of ~19.5% for FY27/FY28. We reiterate our BUY rating with a TP of INR1,400 (based on 35x Dec'27E EPS), considering its growth outperformance, synergies with Apple Chemie, consistent capacity and distribution expansion, and its favorable valuation multiples vs. peers.

Miss on revenue; low A&P supports profitability

Consolidated performance

- **Revenue grows in mid-single digits:** Consolidated net sales grew 5% YoY to INR3,588m (est. INR3,745m). Standalone revenue grew 3% YoY to INR3,389m. Apple Chemie revenue grew 32% YoY to INR199m.
- **Premium performing better than the economy segment: In 3QFY26,** enamels & wood coatings led performance, delivering 18.9% value growth and 20.2% volume growth. Primers, distempers, and others followed with 12.5% value and 7.4% volume growth. Putty & cement paint posted 5.5% value and 2.1% volume growth. Emulsions remained soft, with 0.2% value growth and a 3.4% volume decline; however, continued traction in premium emulsions supported value growth ahead of volumes, reflecting a resilient premium mix, even as the industry flagged downtrading trends.

- **Beat on margins:** Gross margin expanded 20bp YoY to 46.8% (est. 47%), led by lower RM prices. Employee expenses rose 14% YoY, while other expenses declined 9% YoY. The company further highlighted that A&P expenses as a % of revenue reduced to 5.6% in 3QFY26 compared to 8.2% in the base. EBITDA margin expanded 230bp YoY to 19% (est. 17.6%).
- **Double-digit growth in profitability:** EBITDA increased 20% YoY to INR683m (est. INR659m). PBT increased 25% YoY to INR565m (est. INR530m). APAT rose 20% YoY to INR431m (est. INR395m).
- In 9MFY26, revenue/EBITDA/APAT grew 3%/9%/11%, respectively, YoY.

Highlights from the management commentary

- Management indicated that the last three months have witnessed a demand uptick, following a period of weak growth over the last two years.
- The company expects the paint industry to revive from 4QFY26 onwards, recording double-digit growth in 4QFY26. FY27 sales growth can revert to 20% levels if the broader paint category demand revives.
- Birla Opus products were selling at the highest discounts and lowest prices in the market compared to industry peers. Despite recent price increases, the brand remains the cheapest among others.
- Management does not expect any significant changes in pricing in the foreseeable future.

Valuation and view

- We broadly maintain our EPS estimates for FY26-FY28.
- INDIGOPN's strategic shift to focusing on non-metro towns and increased investments in distribution and influencers as part of its Strategy 2.0 is proving to be a successful endeavor. That said, the company continues to focus on the premium and emulsion segments, with a deliberate shift away from the economy segment.
- Given the relatively small scale of INDIGOPN (INR13b revenue in FY25) in the paint industry, the company has been able to grow much faster than the industry. Consumers' rising acceptance of the brand and the expansion of its distribution network have been driving its outperformance. However, the changing competitive landscape will be a key monitorable. **We reiterate our BUY rating with a revised TP of INR1,400 (premised on 35x Dec'27E EPS).**

Consolidated Quarterly Performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE		
Net Sales	3,110	2,995	3,426	3,876	3,089	3,121	3,588	4,174	13,407	13,971	3,745	-4.2%
Change (%)	7.8	7.4	-3.2	0.7	-0.7	4.2	4.7	7.7	2.6	4.2	9.3	
Raw Material/PM	1,661	1,686	1,829	2,061	1,671	1,723	1,910	2,226	7,237	7,530	1,985	
Gross Profit	1,449	1,309	1,597	1,815	1,418	1,397	1,677	1,948	6,170	6,441	1,760	-4.7%
Gross Margin (%)	46.6	43.7	46.6	46.8	45.9	44.8	46.8	46.7	46.0	46.1	47.0	
EBITDA	474	415	572	874	443	465	683	950	2,335	2,542	659	3.7%
Margin (%)	15.2	13.9	16.7	22.6	14.3	14.9	19.0	22.8	17.4	18.2	17.6	
Change (%)	-3.5	-1.5	-8.1	3.3	-6.5	12.1	19.5	8.7	-1.9	8.9	15.2	
Interest	6	7	6	15	7	7	6	15	35	35	12	
Depreciation	152	154	147	132	148	151	150	156	585	605	162	
Other Income	42	51	31	60	60	30	37	73	185	200	45	
PBT	357	306	450	787	348	338	565	853	1,900	2,103	530	6.5%
Tax	90	83	92	213	87	85	132	225	478	529	134	
Effective Tax Rate (%)	25.3	27.2	20.4	27.0	25.0	25.2	23.4	26.4	25.2	25.2	25.2	
Adjusted PAT	262	226	360	569	259	251	431	628	1,418	1,570	395	9.0%
Change (%)	-15.6	-10.6	-3.3	6.0	-1.0	10.9	19.7	10.4	-3.8	10.7	9.8	

E: MOFSL Estimates

Volume growth (%)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Cement Paints + Putty	24.2	20.2	8.2	2.8	-7.2	-10.3	-4.0	-6.8	2.1
Emulsions	14.3	13.7	0.4	7.2	1.7	-2.5	-5.4	3.9	-3.4
Enamels + Wood Coatings	27.3	3.4	5.0	4.3	-12.6	7.9	6.8	3.0	20.2
Primers + Distempers + Others	37.7	22.0	24.4	7.1	-6.0	2.2	1.8	10.2	7.4
Value growth (%)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Cement Paints + Putty	25.2	21.4	8.9	3.0	-5.3	-8.4	-1.5	-2.2	5.5
Emulsions	18.2	9.1	-3.1	7.5	2.8	1.3	-0.9	7.0	0.2
Enamels + Wood Coatings	25.2	-1.0	-1.0	3.6	-11.5	11.4	11.5	5.7	18.9
Primers + Distempers + Others	34.7	27.6	28.6	13.7	-0.6	6.3	6.3	10.1	12.5

Jan'26 WPI: Highest in 10 months

- WPI inflation accelerated to 1.8% YoY in Jan'26 (highest in 10 months) vs. 0.8% in Dec'25, driven primarily by a pickup in primary food articles (led by vegetables and protein-based items) and some firming in manufacturing prices (led by base metals, food products, textiles and electrical equipment).
- Agricultural output prices strengthened in Jan'26, while input prices rose at a slower pace, leading to a sequential improvement in farm terms of trade. Farm terms of trade grew 2% in Jan'26, its first expansion after contracting for eight straight months.
- Manufacturing inflation rose to 2.9% YoY in Jan'26 from 1.8% in Dec'25, indicating a firming trend in factory-gate prices. Out of 22 manufacturing groups, the majority recorded price increases, including basic metals, food products, textiles, and electrical equipment.
- In contrast, the fuel and power segment remained in deflation, contracting 4% in Jan'26 vs. a 2.3% fall in Dec'25. On a monthly basis, electricity prices fell 2.9% and mineral oil prices dropped 1.7%, although coal prices edged up marginally.
- While wholesale inflation has moved back into positive territory, overall pricing pressure remains moderate. The rebound is largely led by food prices, with core pressure still contained, pointing to a manageable inflation environment.
- The higher weight of services and lower weight of food in the new CPI series do not directly affect WPI, as wholesale inflation excludes services and follows a separate weighting structure. However, indirectly, reduced food volatility in CPI and greater influence of services inflation could shape monetary policy and demand conditions, which may, over time, influence manufacturing pricing power in WPI. The impact, therefore, would be indirect and gradual rather than mechanical.

Exhibit 1: WPI firmed up to 1.8% in Jan'26...

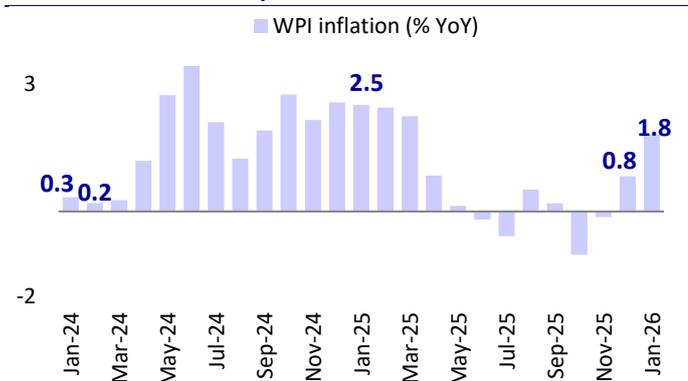


Exhibit 2: ...led by higher food inflation

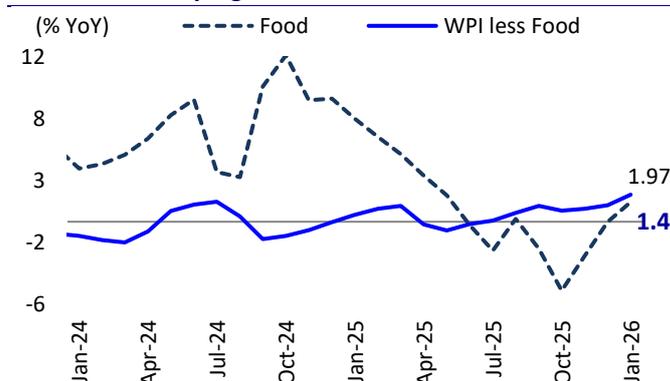


Exhibit 3: Agro prices increased 2.7% in Jan'26

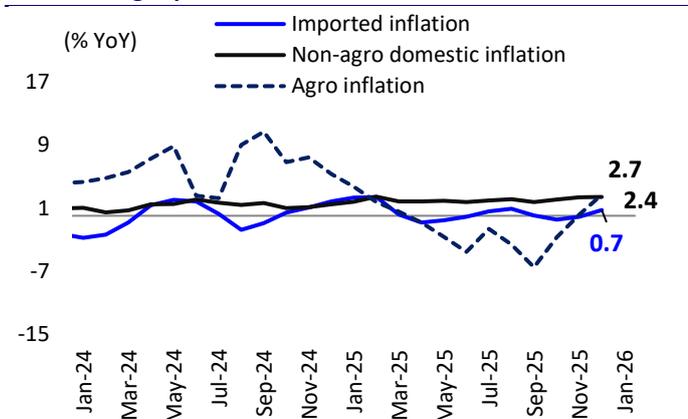
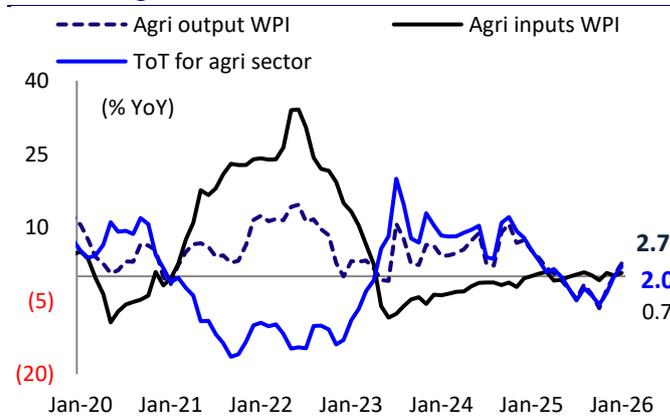


Exhibit 4: Agri terms of trade increased 2% in Jan'26



* Constituting ~41.8% weightage in the WPI basket
 ** Constituting ~38.8% weightage in the WPI basket
 @ Constituting ~19.4% weightage in the WPI basket

Source: Office of Economic Adviser, MOFSL

WPI rises in Jan'26 as food and fuel prices firm

Headline WPI inflation accelerated to 1.8% YoY in Jan'26 from 0.8% in Dec'25. The rebound was driven primarily by sharp inflation in primary articles and a pickup in fuel prices, while manufacturing inflation improved modestly. The disinflationary phase seen in mid-2025 appears to have bottomed out. With this print, average wholesale inflation in FYTD26 stands at 0.2% YoY, compared to 2.3% during the same period a year ago.

Primary articles lead the recovery

Primary articles inflation rose to 2.2% YoY in Jan'26, compared with 0.2% in Dec'25. Within this:

- Food articles inflation accelerated to 1.6%, led by vegetables and protein-based items, alongside a moderation in vegetable deflation.
- Non-food articles prices rose by 7.6% (highest in 38 months).
- The recovery in food prices explains most of the sequential rise in headline WPI.

Manufacturing inflation strengthens

Manufacturing inflation rose to 2.9% YoY in Jan'26 from 1.8% in Dec'25, indicating a firming trend in factory-gate prices. Out of 22 manufacturing groups, the majority of them recorded price increases, including basic metals, food products, textiles, and electrical equipment.

Fuel and power remain in deflation

In contrast, the fuel and power segment remained in deflation, falling 4% in Jan'26, compared to a 2.3% fall in Dec'25. On a monthly basis, electricity prices fell 2.9% and mineral oil prices dropped 1.7%, although coal prices edged up marginally.

Farm terms of trade improve

Agricultural output prices rose in Jan'26, while input prices increased at a slower pace. As a result, farm terms of trade improved to 2% YoY in Dec'25 after contracting for eight straight months.

Implications of the new CPI series for WPI

The higher weight of services and lower weight of food in the new CPI series does not directly affect WPI, as wholesale inflation excludes services and follows a separate weighting structure. However, indirectly, reduced food volatility in CPI and greater influence of services inflation could shape monetary policy and demand conditions, which may, over time, influence manufacturing pricing power in WPI. The impact, therefore, would be indirect and gradual rather than mechanical.

Trade deficit widens to a three-month high in Jan'26

- India's goods export growth moderated to 0.6% in Jan'26 (USD36.6b), the lowest in three months, mainly led by contraction in non-oil exports, while oil exports grew 8.5%.
- Merchandise exports to the US, India's largest export destination, declined 4.5% MoM to USD6.6b in Jan'26, reflecting the impact of earlier tariff pressure and softer demand conditions. However, with US tariffs now reduced from 50% to 18%, effective probably from this week, export momentum is expected to stabilize and gradually improve from next month onward as price competitiveness recovers and order flows normalize.
- Within merchandise exports, sectoral performance was mixed:
 - Engineering goods recorded strong growth of 10.4%.
 - Exports of petroleum products, meat/dairy/poultry, marine products, and iron ore also increased.
- In contrast, imports increased sharply by 19.2% in Jan'26 (highest growth in nine months) to USD71.2b, mainly led by:
 - A sharp increase in imports of gold and precious metals, which significantly lifted overall import values.
 - Steady non-oil-non-gold imports signal firm domestic consumption and investment demand.
- Consequently, India's goods trade deficit widened to a three-month high of USD34.7b, driven by higher gold imports amid elevated global prices.
- Despite the elevated goods deficit, India's strong and stable services surplus continues to cushion the external position. Services exports increased sharply to USD43.9b, up 26.3% YoY.
- India's external stability is increasingly services-led rather than trade-led. While export momentum and contained imports could keep the trade deficit manageable in the near term, a wider goods deficit is likely to push the current account deficit to around 1.2% of GDP in FY26, up from 0.6% in FY25, and keep it broadly steady at 1.2% in FY27, assuming oil prices average USD60/bbl.
- With the India-US trade deal now in place, the outlook for the rupee has improved at the margin. While the current account deficit may still exert mild depreciation pressure, stronger export prospects and improved investor sentiment should help cushion external risks. USD/INR, though weaker FYTD, is now likely to trade in a more stable range, with appreciation pressures emerging during periods of capital inflows. The RBI's intervention will continue to smooth volatility and rebuild reserves, suggesting a broadly stable currency trajectory in FY27 rather than persistent managed weakness. On average, USD/INR is expected to settle around 91 in FY27, reflecting managed weakness rather than external stress.

Exhibit 1: India's exports increased 0.6% in Jan'26

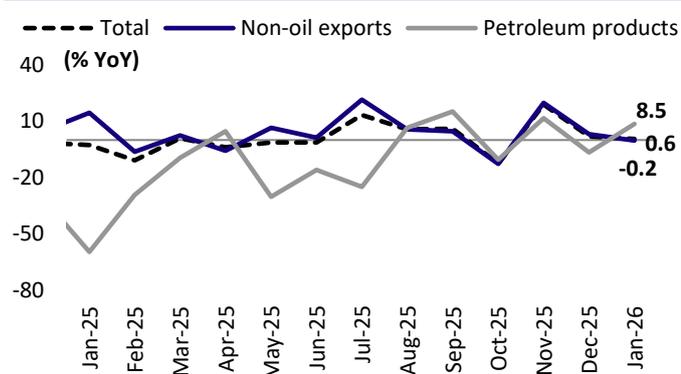
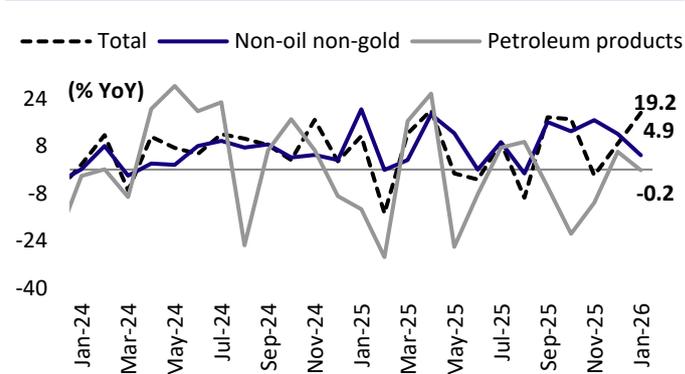


Exhibit 2: Imports increased sharply by 19.2% in Jan'26

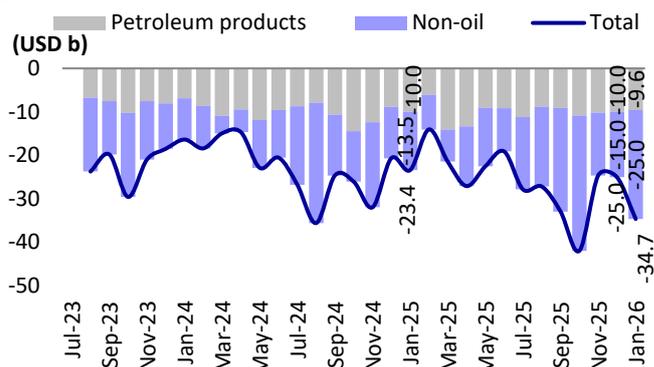


Source: CEIC, MOFSL

Exhibit 3: ...led by gold imports



Exhibit 4: Trade deficit at a three-month high in Jan'26



Source: CEIC, MOFSL

Highlights of trade data in Jan'26

■ Goods exports remained subdued

- India's goods exports growth moderated to 0.6% in Jan'26 (USD36.6b), the lowest in three months, mainly led by contraction in non-oil exports, while oil exports grew 8.5%.
- Merchandise exports to the US, India's largest export market, fell 4.5% MoM to USD6.6b in Jan'26. Reduction in US tariffs from 50% to 18% will mostly kick in from this week, and would help in stabilizing exports from next month.
- Within merchandise exports, sectoral performance was mixed. Engineering goods recorded strong growth of 10.4% in Jan'26. Exports of petroleum products, meat/dairy/poultry, marine products, and iron ore also increased.
- Despite the elevated goods deficit, India's strong and stable services surplus continues to cushion the external position. Services exports increased sharply to USD43.9b, printing 26.3% YoY.

■ Imports increased sharply, led by gold

- Imports increased sharply by 19.2% in Jan'26 (highest growth in nine months) to USD71.2b, mainly led by a sharp increase in gold and precious metals imports, which significantly lifted overall import values.
- Steady non-oil-non-gold imports signal firm domestic consumption and investment demand.
- Consequently, India's goods trade deficit widened to a three-month high of USD34.7b, driven by higher gold imports amid elevated global prices.

■ Outlook

- India's external stability is increasingly services-led rather than trade-led. While export momentum and contained imports could keep the trade deficit manageable in the near term, a wider goods deficit is likely to push the current account deficit to around 1.2% of GDP in FY26, up from 0.6% in FY25, and keep it broadly steady at 1.2% in FY27, assuming oil prices average USD 60/bbl.
- With the Indo-US trade deal now in place, the outlook for the rupee has improved at the margin. While the current account deficit may still exert mild depreciation pressure, stronger export prospects and improved investor sentiment should help cushion external risks. USD/INR, though weaker FYTD, is now likely to trade in a more stable range, with appreciation pressures emerging during periods of capital inflows. RBI intervention will continue to smooth volatility and rebuild reserves, suggesting a broadly stable currency trajectory in FY27 rather than persistent managed weakness. On average, USD/INR is expected to settle around 91 in FY27, reflecting managed weakness rather than external stress.



IFL Finance: Rationale For Bond Issue Launch Is To Diversify Our Source Of Funds; Nirmal Jain, Founder & MD

- Aimed at funding diversification; bonds to form ~5% of borrowing mix, reducing reliance on banks.
- RBI norms = short-term volume hit, long-term positive: Possible 10–15% impact on F&O/day trading volumes, but management sees healthier market structure ahead.
- MTF book insulated: ₹1,640cr MTF at conservative 50% LTV; new collateral haircut rules unlikely to materially impact the portfolio.
- Constructive macro view: Confident on India’s long-term capital market growth despite near-term liquidity/regulatory overhang.

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KFin Tech: Changes In MF Regulations Are Benign Considering The Proposal; Sreekanth Nadella, MD & CEO

- FY27 EBITDA margin guidance of 40–45% maintained; Q3 at 41%, with slight uptick expected next quarter despite Ascent consolidation.
- TER/exit load tweaks unlikely to materially impact revenues; major contracts already locked in.
- 51% stake to be EPS-accretive from FY27; margins to be aligned with KFin levels within 36 months via tech + cost synergies.
- Focused on M&A (\$40–50m deals) and tech investments, while continuing disciplined dividend policy.

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Signature Global: Housing Demand Remains Strong, But High-Base Growth Appears Challenging; CEO, Rajat Kathuria

- After ~60% sales CAGR, FY26 pre-sales growth of 20–25% over ₹10,000cr looks tough; entering a “normative growth” phase despite steady demand.
- Mid-income focus intact: Core play remains ₹2–4cr homes; affordable less viable in city centers, while mid-segment supply-demand stays favorable.
- Commercial pivot with RMZ: JV formed to enter office real estate; first project spans ~5.5mn sq ft leasable area.
- Long-term yield strategy: Commercial platform aimed at annuity asset creation, with potential capital value of ~₹15,000cr in 4–5 years.

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Lumax Auto: Guidance Raised After Improved Demand Post GST Cut; Anmol Jain, MD

- Q3 EBITDA up 40% YoY; margin at 28%, driven by focus on high-margin markets ahead of FY27 launches.
- GLP-1 momentum building: Liraglutide launched in Germany/UK; US approval awaited. Also preparing for long-term play in Semaglutide across key emerging markets.
- India go-to-market strategy: Will partner for GLP-1 in India (like insulin model) for wider reach; direct selling in markets with own field force.
- Leverage improving fast: Debt/EBITDA cut from 4.2x to 2.5x; target is <2x, ideally ~1x over time.

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