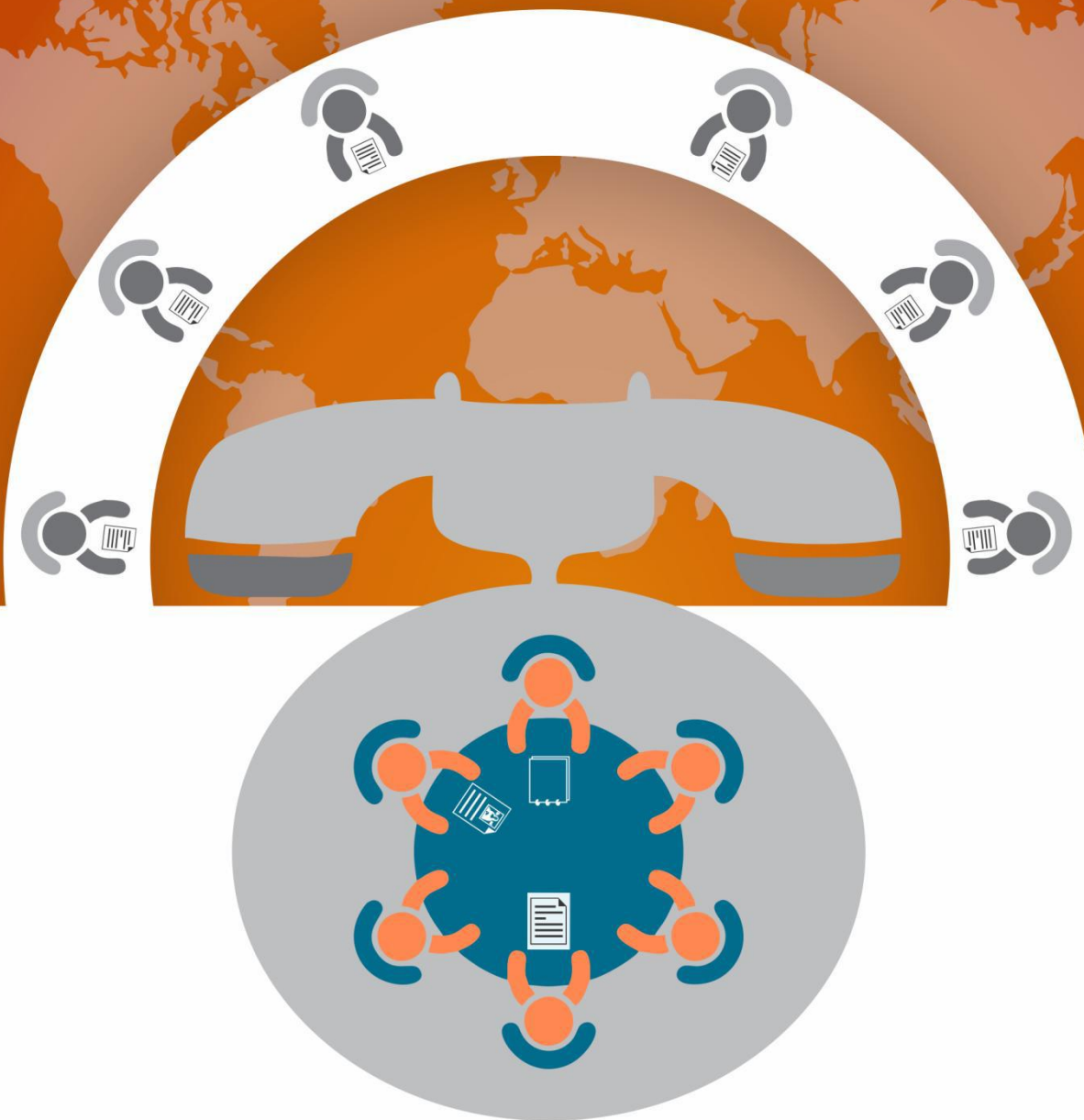




VOICES

India Inc on Call

VOICES, a quarterly product from Motilal Oswal Research, provides a ready reference for all the post results earnings calls attended by our research analysts during the quarter. Besides making available to readers our key takeaways from these interactions, it also provides links to relevant research updates, and transcripts links of the respective conference calls.

This quarterly report contains

- Key takeaways from the post results management commentary for 305 companies, with links to the full earnings call transcripts
- Links to our Results Updates on each of the companies included

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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.

VOICES - INDIA INC ON CALL

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Note: All stock prices are as on 18th February 2026, unless otherwise stated.

BSE Sensex: 82,498

S&P CNX: 25,454



Commentary is positive; India Inc. posts fourth successive quarter of double-digit growth

In this report, we present the detailed takeaways from our 3QFY26 conference calls with various company managements as we refine the essence of India Inc.'s 'VOICES'.

- Corporate earnings – sectoral breadth promising:** The 3QFY26 corporate earnings concluded on a strong note, marking the fourth consecutive quarter of double-digit earnings growth. A key highlight of the quarter was the improved sectoral breadth of earnings growth. Of the 27 sectors under our coverage, 19 delivered double-digit growth, five reported single-digit growth, and three sectors posted a decline in PAT. Aggregate earnings of the MOFSL Universe companies grew 16% YoY (vs. our est. of 14%) in 3QFY26. Excluding financials, the earnings jumped 18% YoY (vs. our est. of 16% YoY), whereas, excluding global commodities (i.e., Metals and O&G), MOFSL Universe earnings grew 12% YoY (vs. our est. of 12%).
- Banking sector's credit growth outlook remains healthy,** with most banks guiding for steady double-digit growth or growth ahead of the system, driven by steady demand across retail, SME, and corporate segments. Strong loan pipelines and infrastructure-led lending continue to provide support. Deposit growth remains in focus, with banks emphasizing granular retail deposits and CASA expansion. Within **NBFCs**, management indicated that companies delivered a steady performance in 3QFY26, supported by improving disbursements, stable asset quality, festive-driven demand, strong rural cash flows, and continued lender confidence.
- For IT services,** management commentary on discretionary spending and early AI-related demand remained relatively constructive. Management commentary in BFSI remained encouraging and a further uptick in activity is expected with potential rate cuts. Discretionary spending has increased across banking, payments, mortgages, and asset and wealth management. However, management highlighted pressure in manufacturing and hi-tech due to macro headwinds and cost pressures. The quarter also had a one-time impact from changes in labor codes, which affected margins, with the incremental impact expected to be approximately 10–20bp in the next quarter.
- For the Automobiles sector,** management indicated broad-based optimism across segments for the remainder of FY26, supported by sustained demand after GST rate cuts. CV demand picked up meaningfully and was broad-based, with strong growth across the LCV and MHCV segments. OEMs expect the two-wheeler and PV segments to end FY26 with high single-digit volume growth. Export performance remains mixed across OEMs.
- In Capital Goods,** management maintained a broadly positive outlook, highlighting an expected revival in the domestic capex cycle, led by increased overall capital allocation in the FY26-27 budget. Demand remains broad-based and is particularly strong across power T&D, defense, hydrocarbons, metals, utilities, cement, and refineries, while new-age sectors such as semiconductors, AI, and data centers are also creating additional opportunities.
- For Metals,** management indicated that NSRs in the ferrous segment are expected to rise meaningfully, even as coking coal costs are likely to increase by USD5-15/t in 4Q. Margin resilience is expected to be supported by higher volumes from newly commissioned capacities and a growing share of captive



raw materials. In the non-ferrous segment, management guided for stable cost of production, while favorable pricing trends are expected to drive margin improvement over the coming quarters.

- In **Consumer**, staple companies saw resilient demand in 3Q, with management remaining optimistic about a gradual consumption recovery ahead. Lower inflation, improved affordability after GST rate rationalization, and easing interest rates are supporting rural and urban demand.

Autos

- Management indicated broad-based optimism across automotive segments for the remainder of FY26, supported by sustained demand post GST rate cuts. CV demand picked up meaningfully and was broad-based, with strong growth across the LCV and MHCV segments. OEMs expect the two-wheeler and PV segments to end FY26 with high single-digit volume growth. Export performance remained mixed across OEMs. EV adoption continues to accelerate across segments, especially in urban markets. After the announcement of multiple trade deals this quarter, the outlook for ancillaries has improved. 3Q was marked by high commodity inflation across precious metals, copper and aluminum, impacting margins across OEMs and ancillaries. Inflation is expected to persist in 4Q, and as a result, most OEMs have increased prices to reduce the impact on margins.



Capital Goods

- Management maintained a broadly positive outlook, highlighting an expected revival in the domestic capex cycle, led by increased overall capital allocation in the FY26-27 budget. Demand remains broad-based and is particularly strong across power T&D, defense, hydrocarbons, metals, utilities, cement, and refineries, while new-age sectors such as semiconductors, AI, and data centers are also creating additional opportunities. Construction and infrastructure were impacted to some extent by extended monsoons; however, activity is expected to revive in 4Q. Increasing commodity prices may weigh on near-term margins; however, companies have adequate clauses in place to mitigate this impact. The data center tax holiday announced in the Union Budget is expected to provide long-term opportunities for companies, although it may take time to translate meaningfully into execution. Exports remained mixed across the coverage universe; however, recent trade agreements with the EU and the US are expected to support medium-to-long-term growth for Indian players. Powergen demand remains strong, with growth driven by both volumes and prices. The prospect for defense companies has further strengthened, with budgetary capital allocation to the sector increasing 18% to INR2.2t, and AoNs worth INR6.9t accorded over YTD FY26, most of which are expected to convert into firm orders over the next 2-2.5 years. Over the last two years, broad-based growth in capex allocation has remained lower than the pace seen during FY21-24. However, incentives and schemes announced in the Union Budget across sectors are expected to stimulate private sector spending over the medium to long term.



Cement

- Most management teams expect demand momentum to remain strong in Jan'26, building on the recovery witnessed in Dec'25. Growth remains broad-based across regions, led by infrastructure spending (roads, metros, railways, ports, and airports) and sustained traction in housing. Although cement prices stayed subdued following the GST rate cut, improving demand conditions are



now supporting a gradual price recovery across regions. Furthermore, rising input costs—such as fuel expenses and the implementation of new labor codes—are creating a strong case for price hikes to offset cost pressures.

Chemicals

- Chemical companies remain cautiously optimistic on the sector outlook in the near term, supported by resilient domestic demand, easing input cost pressures, and incremental capacity additions. While risks from potential Chinese dumping, global oversupply, and ongoing geopolitical uncertainties persist, management believes that improving capacity utilization and a healthy capex pipeline should support a gradual and sustainable recovery in profitability over the medium term.



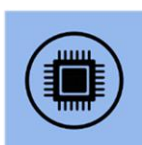
Consumer

- Staple companies saw resilient demand in 3Q, with management remaining optimistic about a gradual consumption recovery ahead. Lower inflation, improved affordability after GST rate rationalization, and easing interest rates are supporting rural and urban demand. While Oct'25 was impacted by GST-related trade disruptions, channels normalized in the following months. Food companies outperformed personal care peers on GST-led tailwinds. Management expects a strong summer season, with higher summer product offtake from Mar'25 likely to support growth.



Consumer Durables

- Management highlighted that growth remained strong, driven by robust demand and stable commodity-led value growth in the C&W segment. RAC segment has shown signs of recovery, supported by channel stocking of new BEE-rated products ahead of the upcoming summer season. Inventory levels are expected to normalize by the end of Mar'26, aided by an improvement in secondary sales and the onset of the summer season. Demand trends across other FMEG categories—such as fans, switchgear, lighting, and small domestic appliances—remained mixed. Overall, companies expect consumer durables demand to stay healthy over the coming quarters.



EMS

- Most companies have maintained their revenue growth outlook, while AVALON has meaningfully upgraded its FY26 guidance to ~40% and SYRMA has raised its EBITDA guidance to over INR5b. The growth trajectory is being reinforced by strategic capex deployment in high-value segments, including PCB manufacturing, OSAT facilities, and semiconductor equipment, alongside selective inorganic initiatives such as SYRMA's Elcome acquisition and CYIENTDL's pursuit of European targets. Concurrent focus on export expansion, working capital normalization, and capability enhancement across defense, aerospace, and industrial verticals should drive structural margin expansion and strengthen the sector's competitive positioning over the medium term.



Financials

Banks

- The banking sector's credit growth outlook remains healthy, with most banks guiding for steady double-digit growth or growth ahead of the system, driven by steady demand across retail, SME, and corporate segments. Strong loan

pipelines and infrastructure-led lending continue to provide support. Deposit growth remains in focus, with banks emphasizing granular retail deposits and CASA expansion. While system liquidity remains competitive, liability franchises are gradually strengthening through branch expansion and digital acquisition initiatives.

- Margin outlook is largely stable, despite near-term pressures from repo rate cuts and deposit repricing. Most banks expect NIMs to stabilize as cost of funds normalizes and operating leverage improves. Asset quality trends remain favorable, supported by improving GNPA/NNPA ratios, moderating slippages, and declining credit costs. Collection efficiency has strengthened, and stress in unsecured portfolios appears largely contained.

NBFC

- Management indicated that NBFCs delivered a steady performance in 3QFY26, supported by improving disbursements, stable asset quality, festive-driven demand, strong rural cash flows, and continued lender confidence. While lower funding costs are providing support, management highlighted that increased competition in secured retail segments such as housing and gold loans is constraining margin expansion. Asset quality trends have shown marginal improvement overall; however, management acknowledged continued stress in certain pockets, particularly small-ticket MSME and micro-LAP portfolios. In contrast, MFIs and other unsecured segments have benefited from improved collections and disciplined underwriting practices.

Capital Markets

- Participation and volume trends in Jan'26 point to a clear improvement in underlying market activity, with ADTO and demat account additions reaching multi-month highs. NSE active clients also rose in Jan'26, marking the first increase after 10 consecutive months of decline. Building on the momentum seen in 3Q, this recovery is likely to translate into stronger revenue visibility and improved operating leverage for **exchanges and brokers** in the coming quarters.
- SIP flows have remained resilient despite muted returns in recent months, underscoring the structural strength of retail participation and supporting sustained inflows for AMCs, wealth managers, and RTAs. Yields moderated marginally for **AMCs**, MF RTAs and distributors due to a telescopic pricing effect. Other income increased sharply across AMCs, driven primarily by strong mark-to-market (MTM) gains. However, pricing pressure remains an important monitorable for **RTAs** amid competitive intensity. **Wealth managers**, meanwhile, continued to report healthy client flows despite ongoing market volatility, with cost-to-income ratio improving and yields remaining broadly stable.

Insurance

- Insurance companies, particularly private life insurers, reported strong premium growth in 3QFY26, supported by GST exemption benefits and a recovery in ULIP momentum. While growth is expected to normalize from the exceptionally strong levels seen in 3QFY26, VNB margins are likely to expand further, aided by an improving product mix skewed toward protection and non-participating savings products. In general insurance, management noted that industry growth recovered to the mid-teens during 3QFY26, driven by a sharp acceleration in retail health insurance following GST exemption benefits and a modest improvement in motor insurance growth, supported by stronger vehicle sales post GST rationalization. Sustaining this growth momentum remains a key focus



area. Across both life and general insurance segments, management indicated that developments around commission regulations will remain an important monitorable.

Healthcare

- During the quarter, the domestic formulation (DF) segment saw a strong recovery across companies following the GST implementation. With the GST transition impact now behind, channel inventories have normalized and trade flows have largely stabilized. Companies are now positioning themselves to capitalize on the upcoming semaglutide patent expiry in the Indian market. Early movers are expected to gain market share, supported by strong physician reach and scalable manufacturing capabilities.
- In the CDMO segment, management indicated that while project enquiries have accelerated, the conversion into meaningful revenue is likely to take time. Companies are strengthening capabilities in complex areas such as injectables and peptides, alongside planned capacity expansion across India and key overseas locations. Management indicated that RFP activity has shown a healthy uptick, with early signs of recovery in order inflows, which could support stronger early-stage order bookings for the CDMO business. Sustained biopharma funding and quicker customer decision-making remain critical for growth recovery.
- ANDA approval momentum remained healthy during the quarter. Management indicated that US sales growth remained subdued, primarily due to competitive pressures in a key product, g-Revlimid. However, currency tailwinds and higher volume off-take in base portfolio products partially mitigated the impact of intensified competition in select molecules.
- For hospitals, growth was temporarily impacted by disruption in cashless reimbursement arrangements with select insurance companies. Companies expect performance to recover in near term, supported by normalization of cashless insurance services, CGHS tariff revisions, and stabilization in payer mix. Concurrently, companies are driving operational improvements through a reduction in ALOS via digital interventions and process enhancements, alongside case-mix optimization with a shift toward high-complexity cases.
- The Union Budget puts emphasis on healthcare and biopharma, particularly through the Biopharma Shakti initiative, which is expected to strengthen domestic biologics and biosimilars manufacturing. This shall improve affordability and access to advanced therapies across oncology, diabetes and autoimmune care. Alongside, the proposed development of regional medical value tourism and integrated healthcare hubs is likely to enhance private-sector participation, expand high-end diagnostics, treatment infrastructure and position India as a key destination for affordable, high-quality healthcare services.



Logistics

- The logistics sector performance was healthy in 3QFY26, aided by strong festive season demand and GST rate cut benefits. Port volume was modest. Growth was moderated by a slowdown in coal and iron ore handling at select terminals, partially offset by strong traction in container volumes, which remained a key growth driver. Express segment delivered strong growth during the quarter, while PTL reported modest growth with healthy margins. Supply Chain business



continued to outperform, registering healthy double-digit growth, led by improved traction in auto and farm-related volumes. The rail logistics segment delivered a stable operational performance; however, realizations and market share remained under pressure amid intensifying competition. We remain optimistic about the outlook, supported by ongoing industry consolidation and a gradual demand recovery, aided by improved consumption following the recent GST rate cuts across products.

Metals

- Management indicated that NSRs in the ferrous segment are expected to rise meaningfully, even as coking coal costs are likely to increase by USD5-15/t in 4Q. Margin resilience is expected to be supported by higher volumes from newly commissioned capacities and a growing share of captive raw materials. In the non-ferrous segment, management guided for stable cost of production, while favorable pricing trends are expected to drive margin improvement over the coming quarters. Overall, management stated that 3Q performance was decent and broadly in line with expectations, with further improvement anticipated in 2H, led by stronger volumes, supportive pricing, and stable cost structures. While global uncertainties may exert pressure on global metal and raw material prices, companies believe domestic operations are relatively insulated, supported by safeguard duties in the ferrous segment and favorable pricing dynamics in non-ferrous metals.



Oil & Gas

- **CGDs:** GUJGA expects the Morbi volume run rate to improve in 4QFY26. MAHGL management has guided for double-digit YoY growth in 4QFY26/FY27 and stable EBITDA margins at INR8-9/scm over the medium term. GAIL has reiterated its guidance of average gas transmission volumes of 124-125mmscmd in FY26, followed by a ~10mmscmd YoY increase in FY27 to 134-135mmscmd. ONGC foresees strong production growth from KG-98 and the commissioning of the Daman Upside project and DSF project. OINL expects strong volumes, with NRL expansion on track and growth in the number of wells being drilled. GAIL expects 5-6% YoY growth in gas marketing volumes.



Real Estate

- Real estate companies witnessed a ~16% YoY decline in bookings during 3QFY26, largely due to the absence of meaningful project launches. Average price realizations also declined by ~16% YoY during the quarter. Despite the near-term softness, management remains optimistic about demand sustainability over the medium to long term. With regulatory approval processes gradually improving, the launch pipeline for 4QFY26 is expected to be stronger. Additionally, companies are actively pursuing land acquisitions to strengthen their future development portfolio and support long-term growth.



Retail

- **Retail:** Most retailers indicated that demand in 3Q was impacted by the festive shift and delayed winter, leading to moderation in growth trends across apparel and grocery. Footwear witnessed early signs of recovery in the mass segment. Most retailers are now looking to accelerate store expansions. Overall, management commentary reflects a measured outlook, with recovery contingent on improved discretionary demand and seasonal tailwinds.
- **Jewelry:** Jewelry companies reported strong 3Q sales growth, led by strong festive demand and old-gold exchanges amid a sharp rise in gold prices (~60% YoY, ~20% QoQ). Management highlighted that revenue growth was mainly driven by higher average selling prices, offsetting flat buyer growth.



Management also highlighted that steady demand momentum continued in Jan'26 despite gold price volatility, with companies focusing more on lightweight jewelry to sustain footfalls.

- **QSR:** QSR demand improved slightly in 3Q, aided by the Navratri timing shift to 2Q. Management highlighted that Jan'26 saw a further uptick as companies rolled out targeted promotions and channel tweaks. While delivery channels remain strong, dine-in is showing a gradual improvement. Margin recovery is likely to follow with a lag, driven by operating leverage as demand strengthens through FY27.

Technology

- Management commentary on discretionary spending and early AI-related demand remained relatively constructive. Among large-cap IT companies, HCLT stood out with an upgrade to FY26 services guidance to 4.75-5.25% CC, positioning it among the fastest-growing large-cap IT players. Infosys' guidance upgrade (FY26 CC revenue growth to 3-3.5% vs. 2-3% earlier) is a positive signal and an early step toward an AI-led growth inflection.
- Management commentary in BFSI remained encouraging and a further uptick in activity is expected with potential rate cuts. Discretionary spending has increased across banking, payments, mortgages, and asset and wealth management. However, management highlighted pressures in manufacturing and hi-tech due to macro headwinds and cost pressures. The quarter also had a one-time impact from changes in labor codes, which affected margins, with the incremental impact expected to be approximately 10-20bp in the next quarter.



Telecom

- Telecom giants indicated that the quarter reflected steady operational momentum across the sector, with a continued focus on improving subscriber mix through higher adoption of 5G services and international roaming. Momentum in home broadband additions remained strong, led by FWA-driven expansion. Telcos continue to prioritize network investments while scaling up enterprise offerings and digital adjacencies, alongside efforts to drive premiumization among subscribers. Vodafone Idea guided for a significant acceleration in capex over FY25-28, aimed at achieving network coverage parity with peers across 17 priority circles.



Utilities

- Management noted that a prolonged monsoon in 2025 kept electricity demand subdued, with 3QFY26 demand flat YoY, though consumption improved in Dec'25 (+6.6% YoY) and Jan'26 (~3.8% YoY), and a warmer summer is expected to drive further recovery. Bids in 9MFY26 indicate a structural shift from plain-vanilla renewables toward a balanced mix of thermal, storage, and firm power to enhance grid stability and energy security. The wind sector is positioned to exceed 10GW of annual installations over the next two years, supported by ~54GW of installed capacity and a strong STU-, PSU-, and C&I-led pipeline, keeping India on track for its 100GW target by 2030. In solar manufacturing, management highlighted the US as a structurally important market, aided by higher Chinese cell prices following the withdrawal of export rebates. Management also referenced the Draft National Electricity Policy 2026, which focuses on cost-reflective tariffs, phased reduction in cross-subsidies, and time-of-day pricing to improve efficiency and DISCOM finances, while emerging mechanisms such as BESS, FDRE, VPPA, electricity derivatives, and storage arbitrage are expected to provide long-term structural tailwinds.

Key takeaways from management commentary

AUTOMOBILES



- Management indicated broad-based optimism across automotive segments for the remainder of FY26, supported by sustained demand post GST rate cuts. CV demand picked up meaningfully and was broad-based, with strong growth across the LCV and MHCV segments. OEMs expect the two-wheeler and PV segments to end FY26 with high single-digit volume growth. Export performance remained mixed across OEMs. EV adoption continues to accelerate across segments, especially in urban markets. After the announcement of multiple trade deals this quarter, the outlook for ancillaries has improved. 3Q was marked by high commodity inflation across precious metals, copper and aluminum, impacting margins across OEMs and ancillaries. Inflation is expected to persist in 4Q, and as a result, most OEMs have increased prices to reduce the impact on margins.

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Demand outlook	Other key takeaways from the management interaction
Ashok Leyland	■ Outlook: Tailwinds in the form of rising freight demand, pickup in the infrastructure and construction sectors, along with the anticipated start of a new replacement cycle, are expected to sustain the strong growth momentum seen in the CV industry. Notable increase in inquiries and leads was visible, with the company expecting FY26 to end on a strong note. ■ Tonnage growth over the medium term is likely to be modest. No immediate impact from the DFC is expected in the near term. The potential marginal impact on tractor-trailer volumes will be offset by increased last-mile mobility demand for ICV/LCVs.	■ The company has launched several new products across segments – the HIPPO and TAURUS models in the tractor-trailer and tipper segments, the 4.1T Bada Dost and Bada Dost Phoenix for domestic and international LCV markets, respectively; and two light electric truck variants, three MHCV electric truck models, and a variety of electric bus models and variants as part of their green tech portfolio. ■ No major investments in capacity expansion are planned over the next 2-3 years. ■ Switch India sold 850 e-buses and 1,200 e-LCVs in 9MFY26 and turned EBITDA and PAT positive, while also commencing exports with shipments to Mauritius and securing a 45-bus order from Bhutan. Its order book stands at 1,050 units, with expectations of becoming FCF positive by FY27.
Bajaj Auto	■ Outlook: Management expects the motorcycle industry to grow by 12-15% over the next few months, with the 125cc+ segment seeing relatively faster growth. ■ In exports, BJAUT expects to clock 600k unit sales in 4QFY26 as well, and this momentum is expected to be sustained in the coming quarters. ■ With the launch of the new Chetak C-25, BJAUT expects to improve its EV market share as well.	■ Seven Pulsar variants have already been launched since Nov'25, with eight more planned over the coming quarter. Along with the complete Pulsar portfolio refresh, BJAUT plans to launch a new brand in the 125cc segment and an off-road bike. ■ The CY26 goal for the newly acquired KTM is to turn around its operating performance and work on synergies between the two companies.
Eicher Motors	■ Management expects the domestic 2W industry to post a high single-digit growth in FY27, and RE to outperform this industry growth. Export growth was impacted by weakness in end markets. Retail volumes were notably strong during 3Q. ■ For CVs, the macroeconomic environment remained supportive with momentum picking up in 2HCY26. However, bus volumes were lower this quarter due to reduced sales from institutional clients. Export volumes were stated to have been positive, with the Middle East, Bangladesh, Nepal, and Sri Lanka driving the recovery. Management expects exports to remain healthy in 4Q as well.	■ RE displayed the special edition of Classic 650, the new Bullet 350, the Himalayan 450 Mana Black, Shotgun with Rough Crafts collaboration, and the Flying Flea S6 on the electric platform at EICMA. The company also launched the Meteor 350 Sundowner special edition at Motoverse. In the Electric category, RE has two models – C6 (the classic style edition) and the S6 (the scrambler version). The C6 SOP would be in the coming quarter, while the S6 would be launched later during the year. ■ During 3Q, VECV launched the Eicher Pro X diesel in the SCV category, for applications in e-commerce, FMCG, cold chain, fresh produce, and courier.

Hero MotoCorp	■ Outlook: Management continues to project a double-digit 2W industry growth in 4QFY26 and a high single-digit growth in FY27. The company is expected to outperform these growth rates. ■ Export volumes showed strong growth this quarter, with a rising international market share for HMCL. The recent launches received an encouraging response and were the key growth driver.	■ ICE's EBITDA margin expanded 100bp YoY to 17%, while overall EBITDA margin improved to 14.7%, despite continued investments in growth initiatives. ■ Market share gains in EVs were particularly strong in urban and metro markets, with VIDA achieving a 20%+ market share in 28 towns, ranking among the top 2 EV players in about 37 towns.
Hyundai	■ Retail momentum was a key highlight this quarter, growing 16% YoY and reducing channel inventory to 2-3 weeks. The new Venue has received an overwhelming customer response. HMIL saw healthy demand momentum in January, and the same is expected to continue into 4Q as well. ■ HMIL reiterated its ambition to increase export penetration to ~30% by 2030, supported by India's role as a global manufacturing hub for emerging markets. Accordingly, India will be the sole supplier of the Venue to global markets.	■ Management indicated that SUVs have grown faster post GST, as their contribution increased to 56.2% in Sep-Dec'25 from 54% in the Jan-Aug period. ■ Pune plant commenced operations in Oct, with Venue production ramping up rapidly. Phase 2 of the Pune plant is expected to commence in 2028. ■ Discounts have reduced this quarter to 2.6% of ASP. ■ Hyundai entered the commercial mobility segment on 1st Jan'26 with the launch of the Prime Taxi range, receiving strong initial traction, particularly benefiting models such as the Aura.
M&M	■ Auto: SUV volumes rose 26% YoY to 179k units, reinforcing MM's position as the #1 SUV player, with a revenue market share of 24.1%. ■ Tractors: The domestic market share dipped 20bp YoY to ~44% due to engine supply constraints at Swaraj. Tractor exports are expected to improve in FY27, supported by normalization in overseas markets. ■ Semiconductor availability remains tight, with memory chip shortages adversely affecting the broader industry. MM has secured a short-term supply at a premium.	■ In terms of new launches, MM has already launched the new XUV7XO in Jan'26. It also plans to launch two new refreshes in the ICE segment in 2026. In EVs, it has already launched the XEV 9S. There are no new EV launches scheduled for this CY. In LCVs, it plans to launch two LCV variants in CY26. ■ EV globalization will follow a calibrated approach, prioritizing right-hand-drive markets (Australia, New Zealand, and potentially the UK), after which it will selectively look to enter left-hand-drive European markets.
Maruti	■ Demand outlook: Demand remains healthy across all segments, including hatchbacks, small SUVs, and large SUVs. Small cars, in particular, have seen a stronger recovery due to their smaller base, while SUV demand also continues to rise. ■ Exports: There are indications that South Africa may look to raise import duty on vehicles from India and China. This is expected to hurt MSIL, given that South Africa is its largest export market.	■ MSIL is currently facing challenges in meeting market demand due to capacity constraints. Planned capacity expansions are expected to become operational starting from the end of FY26. ■ Despite pricing pressure from commodity inflation, MSIL has refrained from taking any price hikes. ■ The company plans to introduce multiple EVs and aims to increase the number of charging points to 100k by 2030 for a smoother transition. The E-Vitara is expected to be launched in the domestic market soon.
Tata Motors PV	■ Management expects the domestic PV industry to record 13-14% growth in 4Q, while TMPV would outpace the market with ~40% growth led by its new launches. This would lead to mid-teen growth for TMPV in FY26, while the industry is likely to post 8-9% growth. Going into 4Q, op. leverage, low inventory levels, and reduced discounts would help record better margins in the Indian PV business. ■ Post the cyber incident, JLR's plants are now operating at full capacity, and it remains confident in meeting its full year guidance for FY26: 1) EBIT margin at 0-2% and FCF outflow in the range of GBP2.2b-2.5b after a capex of GBP3.6-3.7b.	■ Range Rover Electric is set to launch this year, alongside the unveiling of a new Jaguar EV and a new vehicle from the EMA platform (a model from the Range Rover family). Further, the Freelander (from the JLR Chery JV) is also set to get into production soon, initially for China, but will eventually roll out globally. ■ The management expects the petrol version of Harrier to contribute to 30-35% of overall Harrier volumes on the back of strong bookings. The recently launched Sierra got 70k+ bookings on Day 1, which have now ramped up to over 100k bookings. The Curvv, being a new concept model in India, is expected to take some time for acceptance.
Tata Motors CV	■ Management expects 4QFY26 to be the strongest quarter, supported by a pick-up in infrastructure spending, execution of government bus orders, and	■ TMCV launched 17 next-generation trucks in Jan'26, representing a comprehensive portfolio refresh across safety, efficiency, and profitability, with all

	continued truck recovery. Management also expects to sustain the demand momentum in 1HFY27, albeit over a low base. ■ Medium-term growth will be driven by leadership in core CV segments, modernized product portfolio, expansion in EV and alternative fuel ecosystems, and continued international market penetration.	models compliant with stringent European ECE R29-03 safety standards. ■ Launch of Euro 6-compliant trucks for the Middle East and North Africa positions TMCV as a key beneficiary of tightening emission norms in these regions. ■ The bus business remained resilient, supported by a government order book exceeding 6,000 units, coupled with sustained demand for school buses.
TVS Motor Co.	■ Domestic: Management remains optimistic that the industry will post a 15% YoY growth in 4QFY26, with full year growth expected at 9%. Given the strong momentum, growth is likely to remain healthy in 1HFY27 (low base). TVS is expected to continue outperforming the industry going into FY27 and beyond. ■ TVS remains confident of sustaining export market outperformance in the coming quarters. ■ The EV business is currently gross margin positive, and EBITDA breakeven is expected as volumes scale up further.	■ Premium and super premium motorcycle segments continue to show strong industry-beating growth while executives continue to expand, but at a more moderate pace. The entry-level segment has relatively underperformed the other segments. ■ In terms of dealer stock, only EV variants are facing a stock crunch with dealers, given the ongoing shortage of rare earth magnets. TVS is seeing strong traction for their King EV and King Kargo ST electric 3W in last-mile and cargo applications.
BIL	■ The geopolitical and macroeconomic environment remains challenging, and hence, management refrained from giving any growth guidance for FY27E. However, given that the destocking in key regions was behind, BKT was able to ramp up volumes in key regions in 3Q. ■ Currently, Indian exports to Europe attract about 4% customs duty. However, it is still not clear whether this will be reduced after the recently announced India-EU FTA. While there is no relief yet on the US tariffs, BIL continues to share the impact of the same with its channel partners.	■ New initiatives such as CV tyres and the rubber tracks are progressing as per plan, with validation and acceptance underway. Near-term volume contribution remains limited, and management reiterated confidence in its long-term growth vision toward 2030. ■ The entire incremental carbon black capacity is earmarked for external sales, with utilization and realizations expected to improve gradually as customer approvals ramp up, in line with industry-average margins. ■ BIL is investing in brand-building to strengthen its presence in the mining and OHT segments.
BHFC	■ The GST rate cuts have boosted auto demand in the domestic market, which is driving a healthy demand uptick in the domestic auto segment. According to the management, the worst appears to be behind in both the domestic and export markets across segments. ■ The US CV market appears to be bottoming out with early signs of recovery, given the higher order intake in the last couple of months. Beyond this, defense and aerospace would continue to remain the key growth drivers for the business, given the healthy order backlog.	■ Management expects the defense segment to achieve a revenue growth of 30- 40% in FY27. Incremental growth is expected to be driven by the execution of the ATAG order and the recent signing of the CQB Carbine contract with the Ministry of Defense, under which more than 250,000 units will be supplied to the Indian armed forces. This significant order opens up considerable growth opportunities for the Small Arms vertical within the defense business. ■ The aerospace segment is expected to experience strong growth in FY27 and FY28, driven by new capabilities and programs in the coming years.
SAMIL	■ SAMIL currently has 10 greenfield projects at various stages of completion spread across India, Poland, the UAE, and Morocco. Two new greenfield projects were announced during the quarter, viz., a wiring harness manufacturing facility in Morocco slated for operations in 1QFY27 and a vision systems facility in Pune, which will commence operations in 1QFY28. Of these, eight are expected to commence production by 2QFY27.	■ The acquisition of the Nexans AutoElectric wiring harness business is expected to create a scalable global platform for both PV and CV customers and is expected to close by 1HFY27. ■ They have signed multiple partnerships, including the development of a dedicated state-of-the-art terminal at Dighi Port in Maharashtra to handle finished vehicles and a JV with Egtronics Co., Ltd. to focus on manufacturing clean mobility electronics.
ENDU	■ With an RFQ worth INR42b in hand, ENDU expects to win orders worth INR15b in the next 12-18M.	■ For FY26, the company has projected a total capex of approximately INR8b in the India business, which is an increase from the INR6b in FY25, due to the

- The company is awaiting regulatory guidelines on the proposed implementation of ABS up to the 125cc segment of 2Ws, which is expected in a quarter. If, instead of ABS, the authority decides to mandate CBS on up to 125cc 2Ws, even then ENDU benefits, as drum brakes would get replaced with disc brakes, and Endurance is amongst the key suppliers of disc brakes for 2Ws in the country.
- In 9MFY26, Maxwell won INR2.32b in new business, with peak sales expected in 4QFY27. Key clients include Yatri Electric, Cargo's, Ultraviolet, and Motion Automotive. The company also has a strong pipeline of RFQs worth INR1.97b.

apollo

Click below for
Results Update

The screenshot shows a financial results slide for Apollo Tyres. It includes a table with key metrics such as Revenue, EBITDA, and Net Profit, along with management commentary on the company's performance and outlook.

Apollo Tyres

Current Price INR 475

Standalone update

Buy

- **Demand outlook:** APTY's India business delivered a strong 3Q performance, with double-digit growth across all channels, with mid-teens YoY volume growth in OEM and replacement segments, and close to 20% growth in exports.
- Demand remained broad-based, with continued strength in truck and bus tyres, improving traction in rural markets across PCR, 2W, and farm segments, and robust replacement demand. The only segment which saw relatively weak offtake was PCR OEM, and that too due to their decision to not participate in certain categories where increased competition was driving weaker margins.
- Demand in January has also grown in double digit and management expects the momentum to continue in the coming months as well.
- 3QFY26 marked the highest-ever Vredestein volumes, improving the premium mix in the PCR segment
- **Revenue Mix:** Standalone revenue mix by product – TBR at 54%, PCR at 22%, farm specialty tyres at 6%, LCV at 9%, and other specialty products at 9%. The replacement segment is still a major contributor, making up ~64% of revenue, followed by OEMs at 23% and export at 13%. India remains the primary focus, contributing 66% of consolidated revenue, Europe follows at 27%, and other geographies make up 7%.
- **Segmental trends and market share:** According to APTY's internal estimates, the company holds a ~30% market share in TBR replacement and ~20% in PCR replacement. Management has indicated that it has been able to arrest the decline in the TBR market share that it experienced in 1Q. Additionally, the company plans to regain market share in the PCR OEM segment as well, which they had lost due to consciously avoiding low-profitability programs.
- Capacity utilization remained elevated in the high-80% range, with the Andhra Pradesh plant operating at 82% utilization for PCR and 89% for TBR.
- Given the high utilization levels as well as the positive growth outlook, the company has now embarked on a capacity expansion of INR 58bn spread over FY27-29, which will add 105k tpd for PCR (~18% addition) and 3.6k tpd for TBR (~20% addition). While capex guidance for FY26E remains at INR 15b, the same for FY27E is estimated at INR 30b. APTY will fund its capex with internal accruals and some debt.

Raw material update and margin outlook:

- Raw materials were flat QoQ in 3Q.
- 3Q RM costs were as follows: Natural rubber – INR195/kg, synthetic rubber – INR170/kg, Carbon black – INR150/kg, Steel cord – INR155/kg.

- Management expects input costs to remain stable in Q4 as well.

Europe business update

- **Demand:** The company continued to face demand-related challenges in the EU.
- Europe revenue was flattish YoY (in EUR terms) and stood at EUR180m, with an EBITDA of ~EUR32m, translating to ~18% margins in Q3 FY26 despite a muted demand environment across key categories, with overall market conditions remaining weak and volumes largely flattish during the quarter.
- **Reifencor** reported its best-ever quarterly performance, with revenues of ~EUR82m and EBITDA margins of ~8%, even as underlying tyre demand across European markets remained subdued.
- Premiumization continued to be a key driver in Europe, with the UHP mix improving to 52% from ~48% last year.
- Capacity utilization for the Europe business as of 9MFY26 stands at 94%.
- Enschede plant shutdown is scheduled to be completed by Jun'26. Transfer of production from Enschede to Hungary and India is on track. This shifting of business will structurally improve the profitability of Europe's business and will start reflecting from H2FY27 onwards.
- Management expects Europe demand outlook to remain subdued at least in the near term.

Other highlights

- Sponsorship of the Indian cricket team aided brand visibility, especially in rural regions, for consumer segments. While Q3 was an anomaly (ad spending at INR1.5b), avg ad spending is expected to stabilize at 2.5% of revenues from 2% in prior years.
- Consol net debt has halved to INR13b at the end of Q3 on a QoQ basis, driven by strong operating cash flows and lower short-term borrowings, with management reiterating that net debt/EBITDA will remain below 2.0x even at peak capex levels.
- RoCE stood at ~13.5%, below the 15% medium-term target, though management reiterated its intent to improve returns as utilization, premium mix, and profitability normalize.



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Results Update



Amara Raja Energy

Neutral

Current Price INR 854

Result highlights

- The lead-acid battery business contributed ~93% of total consolidated revenues at INR31.7b (flat YoY), while the new energy business accounted for the balance INR2.4b (doubled YoY), with continued scale-up momentum.
- The lead-acid segment reported a muted topline, largely due to a sharp decline in telecom volumes and lower automotive export sales.
- Telecom lead-acid volumes declined ~40% YoY, with revenue contribution reducing to less than 5% of overall lead-acid revenues, driven entirely by the continued migration to lithium-ion.
- Combined lead-acid and lithium market share in telecom remains strong at ~55%.
- The Industrial business ex-telecom posted 2% YoY growth
- The home inverter segment recorded ~10% YoY growth, supported by steady replacement demand.
- The UPS segment posted 5% YoY growth

- The lubes business continues to clock in INR500m in revenue
- The growth in the new energy business was supported by strong demand for telecom lithium packs.
- Standalone operating margin stood at 11.2%. However, only the lead acid business margin stood at 12.3% for 3Q, stable QoQ despite the surge in input costs.
- Lead recycling operations contributed ~60 bps margin accretion during the quarter, with further benefits expected as battery breaking operations commence from Q4 FY26.
- Margin pressure continued in Q3 due to higher input costs (sulphuric acid, as well as non-lead components). An adverse mix in 3Q in favor of OEMs also led to a margin impact. Further, the sustained impact of higher warranty and EPR-related provisions continued drive margin pressure.
- To mitigate the rising cost impact, the company has taken ~2% price hike with effect from the first week of January.
- Improved seasonal demand and higher internal manufacturing of tubular batteries could help mitigate margin pressure in Q4FY26.
- Over the medium term, management reiterated its intent to restore operating margins toward the 13–14% range, subject to normalization in input costs.

Auto Segment

- Four-wheeler OEM volumes grew ~25% YoY. Four-wheeler aftermarket volumes grew ~3% YoY, impacted by a high base YoY.
- Two-wheeler OEM and aftermarket volumes were largely flat (~1% YoY), driven by a higher base in the aftermarket and temporary shutdowns at select OEM plants during the quarter.
- Automotive export volumes declined ~15% YoY, primarily due to tariff-related disruptions, geopolitical uncertainties, and heightened competition in key export markets like the Middle East and APAC.
- Management highlighted that there was no material change in market share across OEM and aftermarket channels.

Capex guidance

- AMRJ has invested INR 2b in the New Energy business in 3Q, and the cumulative investment in this business to date stands at INR14b
- They have so far invested INR 9.5b for 9MFY26 in capex, of which INR 6b has been in the lead acid business. For FY26, capex for the lead-acid business is expected to be at INR7.5-8.b. However, part of this is likely to be funded by the insurance refund received on the tubular battery fire incident.
- For FY27, lead-acid business capex is expected to normalize to INR3-4b, while new energy capex could increase to INR10b, reflecting accelerated investments in lithium and energy storage.
- Market size for the BESS application is expected to be 30 GWh by FY31. For the same, they are setting up a battery pack assembly line of 5GWh to cater to this demand at an estimated capex of INR 2.8b. This plant is targeted to be operational by end-FY27, positioning the company to benefit from India's expanding solar and grid-scale storage opportunity. Asset turns in this business can be significantly high at 9-10x, and will largely depend on the end-use application. While margins are likely to be relatively lower, this business is expected to be highly returns accretive at scale, given the low capex.



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Results Update



Ashok Leyland

Buy

Current Price INR 208

3Q performance

- In 3QFY26, the MHCV cargo industry saw a growth of 24%, while the LCV segment grew by 23%, and the overall MHCV market grew by 21%. In contrast, AL grew its MHCV volumes by 23.4%, thereby gaining market share.
- In terms of the aftermarket segment, the company achieved a 10% YoY revenue growth. Power solution revenue saw an impressive growth of over 45% YoY, while defense revenue surged by more than 84% YoY. The contribution from the defense sector increased from 1% to 1.5%, and the power solution sector's contribution grew from 3% to 3.6%. The management highlighted that the order book and tender pipeline in the defense segment remain strong.
- During the quarter, AL expanded its network to four new territories. In Indonesia, the company has signed a new MOU with PT Pindad, a state-owned defense entity, for the joint development of electric buses and defense vehicles for the Indonesian market. Distributor partners have already been secured in Malaysia and the Philippines. As a result, the ASEAN region is poised to become the company's fourth home market.
- The company's capex stood at INR1.87b for 3Q and INR8.44b for 9MFY26. Investments in subsidiaries amounted to just INR160m in 9MFY26.
- The company has expanded its touchpoints by adding 75 new dealer touchpoints in the MHCV segment and 77 in the LCV segment during 9MFY26, taking the total to 1,126 touchpoints for MHCV and 915 touchpoints for LCV. Notably, 45% of the new MHCV touchpoints are concentrated in the North and North East regions. Total touchpoints as of Dec'25 stood at 2,041.

Industry/Business outlook

- The implementation of GST has not only reduced prices but also boosted overall freight demand, triggering a new replacement cycle in the CV industry. Retail buyers responded first to the GST reduction, driving growth in November and December largely in the ICV segment. But January onwards, bulk buyers also started purchasing, not only to address current needs but also to prepare for future quarters.
- Factors like rising freight demand, fueled by increased consumption and higher freight rates, pickup in infra and construction sectors, along with the anticipated start of a new replacement cycle due to the average fleet age being 10 to 10.5 years, are expected to drive further growth. Demand has sustained post-3Q, with February also seeing strong demand. Notable increase in inquiries and leads was visible, with the company expecting FY26 to end on a strong note.
- Tonnage growth over the medium term is expected to be modest, and the company does not expect any major impact of DFC on the CV industry in the near term. If any, there could be a marginal negative impact on tractor-trailer volumes, but that would be compensated by increased demand for ICV and LCV volumes for last-mile mobility.
- In North India, market share for AL in the MHCV goods segment has grown from 15% to 25% over the past 4-5 years, with overall market share at 30-31%. The company continues to focus on the northeast and central region to increase its market share closer to the national average. To cater to this, AL has partnered

with the TVS group in the NCR region, which includes the opening of 13 new outlets to expand its footprint in the region.

- The air conditioning requirement for trucks, introduced as a regulation, was welcomed by the industry due to factors such as the shortage of drivers. Similarly, the company expects the upcoming ADAS regulations to be well received as they will help improve vehicle/driver safety, reduce goods damage, enhance reliability, and lower fatalities.

Product launches

- The company has recently launched several new products in the tractor-trailer and tipper segment, including the HIPPO and TAURUS models, which feature industry-leading power and torque, delivering 320 HP and 360 HP. Additionally, the company has introduced a multi-axle vehicle equipped with a 280 HP engine.
- In the LCV segment, the company has unveiled the 4.1T Bada Dost, offering the best payload capacity in its class. For international markets, the company has launched the Bada Dost Phoenix, which is capable of reaching speeds of up to 100km/h.
- The company is also set to enter the bi-fuel vehicle market soon and is planning to expand its LCV offerings, aiming to increase its LCV coverage from 50% to 80% over the medium term.
- In line with its sustainability efforts, AL's green tech portfolio now includes two light electric truck variants, three models in the MHCV electric truck category, and a variety of electric bus models and variants.

Margin guidance

- Gross margin decline in 3Q was primarily driven by an adverse product mix in favor of lower tonnage segments and escalations in non-ferrous commodity prices, including precious metals, copper, and aluminum. While the truck revenue mix shifted, increasing from 50% to 55%, ICV contribution increased from 23-24% to 30%.
- In 3Q, the increase in raw material costs for precious metals, copper, and aluminum resulted in a 50bp impact on EBITDA margins. The company has started recovering margins by reducing discounts.
- Staff costs were lower due to reduced variable pay, resulting in an INR200m benefit. The company expects staff costs to normalize in 4Q.

Update on capex and investments

- With the completion of the Lucknow plant, the bus body-building capacity will reach 20k units per year.
- The company does not face constraints on overall capacity, even if volume growth remains healthy in FY27. However, there may be challenges in niche areas, such as supplier constraints or tooling capacity. The capex required for these areas is expected to be minimal.
- The company does not anticipate major investments in capacity expansion over the next 2-3 years.

Subsidiaries

- **Switch India:** In 9MFY26, Switch India sold 850 e-buses and 1,200 e-LCVs and is positive at EBITDA and PAT levels. Switch India also started its export operations, with the first batch of buses shipped to Mauritius and a new order

of 45 buses secured from Bhutan. The current order book stands at 1,050 units, and the management expects Switch India to be FCF positive in FY27.

- **Ohm:** Ohm is currently operating 1,400 buses, with 300 added in 3Q. The GCC contracts are generating double-digit IRR, but the company is not aggressively pursuing new GCC contracts due to minimum internal threshold return requirements. The company has already invested INR3b and has earmarked an additional INR3b for future needs. It is also open to exploring further fundraising options beyond the INR6b investment from other sources.
- **HLF:** Hinduja Leyland Finance AUM stood at INR564b, up 18% YoY with PAT of INR1.3b in 3Q. Hinduja Housing Finance AUM grew 16% YoY to INR154b. Overall financing segment PAT stood at INR2.2b in 3QFY26.



Click below for
Detailed Concall Transcript &
Results Update



Bajaj Auto

Current Price INR 9,978

Neutral

Growth/Focus Areas

- Competitive growth in the 125 cc plus segment.
- Goal to sustain export growth.
- Regain momentum in the EV segment.
- Focus on reviving KTM.
- Boost growth in KTM and Triumph brands in India through brand activation.

Domestic motorcycles update

- The GST rate cut has helped sustain demand beyond the festive season. In 3Q, industry volumes grew by 15%, and January performance is expected to be at similar levels, bolstered by festive sales in the south. The motorcycle industry is expected to grow by 12-15% over the next few months, with the 125cc+ segment seeing faster growth to the extent of 3-4% relative to the 100cc segment.
- Since 4QFY25, market share has been challenging, especially in the Pulsar brand. BJAUT has lined up multiple variant launches in this category. Seven interventions have already been made since November, with eight more planned for the next four months. With this, the entire Pulsar portfolio will be refreshed, which will help revive market share in this segment, as per management.
- There is a need for a new brand in the 125cc segment, and plans are underway to address this. The Dominar portfolio is expected to perform well as customers shift to higher segments.
- BJAUT is also working on launching an off-road bike, which may come up in a different brand.

Update on exports

- 3Q exports revenue stood at USD600m with a dollar realization of INR88.3/USD vs. INR87.1 in 2Q and INR 84.3 in 3QFY25.
- BJAUT crossed the 200k monthly sales mark after 40 months in 3Q and maintained this level throughout the quarter. Top 30 markets grew 10% YoY in the quarter, while BJAUT outperformed with 15% growth.
- The Nigerian sales doubled QoQ but were still lower YoY. Nigeria's sales have halved from their previous peak. However, LATAM recorded the highest performance due to strong growth in Columbia and Brazil subsidiary, with Brazil

coming close to the 10k volume mark. BJAUT expects to continue the growth momentum of 600k unit sales in 4QFY26.

- 3W growth in 3Q has been strong and has been a function of broad-based market growth across several end markets.
- Exports to KTM Austria grew 15% in 3Q as KTM's global volumes recovered on a very low base.

Update on EVs

- The industry is currently at a 100k monthly run rate, and BJAUT saw a sharp increase in sales due to the recovery from supply chain disruptions. Volumes grew by 70% QoQ, and the company regained 500bp market share in 3Q.
- A new version of the Chetak, the Chetak C25, was launched 15 days ago. The new model is lighter, offers improved mobility, and is priced at INR91,399. The Chetak now covers all white spaces in the EV segment.
- The distribution network expanded to 450 exclusive stores and 4,000 touchpoints.
- The EV portfolio, including both 2W and 3W, now accounts for 25% of domestic revenues. Both the 2W and 3W segments individually crossed INR10b in quarterly revenue. The EV business has also posted double-digit EBITDA margins in the quarter, with the 2W EV business reaching EBITDA breakeven.
- The company now operates at the highest bracket of PLI incentives.

Update on domestic 3Ws

- The 3W EV segment is growing at a rate of 50%+, while the ICE segment is growing at 4-5%, and this growth momentum is expected to continue.
- BJAUT maintains a 70% market share in the ICE segment and an 85% market share in the CNG segment.
- In the 3W EV space, BJAUT has now regained its leadership position in 3Q. It has the widest EV 3W portfolio, with battery ranges from 9-18 kWh, addressing a wide spectrum of use cases.
- Ricky (e-rik) distribution has expanded to 50 markets in North and East India, and the strategy is to upgrade customers from a price-based proposition (lead acid) to a value-based one (lithium ion). The product is well-received in the market, and the ramp-up in the segment is expected from 1QFY27.
- During the quarter, there was a withdrawal of PM E-drive incentives worth ~INR25k, which BJAUT absorbed to help sustain demand momentum for its product.

Status and outlook on input costs and currency trends

- Cost pressures have increased due to rising prices of platinum, palladium, and rhodium, which are expected to heat up further. Copper, aluminum, and lead prices have also risen. However, these increases were partially offset by lower costs for ABS and steel for 3Q. No pricing actions were taken in 3Q, resulting in a 50bp hit on margins due to cost pressures. However, this was largely offset by benefits from operating leverage, improved mix, and favorable currency movement.
- Management used these tailwinds to help support business momentum wherever required which included: 1) absorption of PM-e drive incentive withdrawal on 3W EVs to help sustain 3W EV momentum 2) absorption of GST increase in 350cc+ category to drive momentum in KTM and Triumph 3) partially pass on some currency benefits in export markets to drive market share gains 4) absorb impact of sharp ramp-up of margin dilutive Chetak.



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Balkrishna Industries

Key Metrics (Q4 FY26):

Metric	Q4 FY26	Q3 FY26	Q4 FY25
Revenue (INR Cr.)	1,200	1,150	1,100
EBITDA (INR Cr.)	250	240	230
Net Profit (INR Cr.)	150	140	130
EPS (INR)	15.00	14.00	13.00

Key Highlights:

- Revenue growth driven by improved consumer sentiments and better regional mix.
- EBITDA margin improved due to better operational efficiency.
- Net profit margin remained stable.

- For 4Q, a 50-60bp impact from commodity cost inflation is expected. BJAUT has taken a price hike that would help partially offset this impact. Further, favorable currency movement in Q4 would help offset part of this impact. Also, given the continued commodity inflation, BJAUT may look to take another price hike, if need be.

Balkrishna Inds

Neutral

Current Price INR 2,540

- The geopolitical and macroeconomic environment remains challenging, and hence, management refrained from giving any growth guidance for FY27E. However, given that the destocking in key regions was behind, BKT was able to ramp up volumes in key regions in 3Q.
- While there is no relief yet on US tariffs, they continue to share the impact of the same with their channel partners.
- India continues to outperform other markets and currently makes up 35.8% of the regional mix for 9MFY26. India's growth was driven largely by improved consumer sentiments post the GST rate cuts, as per the management. The India business volume mix is currently at ~60% for industrial tyres and 40% for farm tyres.
- Europe saw improved performance during the quarter as destocking was behind and supported by the anticipation of the upcoming season. Additionally, the EUDR norms, which were scheduled for implementation from 1st Jan'26 has been deferred by one year and is expected to be implemented from 1st Jan 2027. Currently, Indian exports to Europe attract about 4% customs duty. However, it is still not clear whether this will be reduced after the recently announced India-EU FTA. As of 9MFY26, Europe's share in revenue was 39.7%.
- Average EURO/INR realization stood at ~INR97 for Q3FY26. The benefits from the euro appreciation were partly offset by forward hedging and a lower European sales mix.
- Freight costs declined to ~5% of revenue in Q3 (from ~6% earlier) and are expected to remain stable, while commodity inputs such as crude oil and natural rubber have been trending up.
- Capex spend during the first nine months of FY26 was ~INR22b, including commissioning of a new carbon black line that increased total capacity to 265k TPA. The remaining projects are progressing as per schedule, with total planned capex largely on track with no material overruns. Overall, capex guidance for FY26E stands at about INR 25-26b.
- As of 9MFY26, gross debt stood at INR36.5b, cash and cash equivalents at INR30.1b, and net debt at INR6.4b.
- The entire incremental carbon black capacity is earmarked for external sales, with utilization and realizations expected to improve gradually as customer approvals ramp up, in line with industry-average margins. Carbon black sales contributed less than 10% of revenues this quarter.
- New initiatives such as CV tyres and the rubber tracks are progressing as per plan, with validation and acceptance underway. Near-term volume contribution remains limited, and management reiterated confidence in its long-term growth vision toward 2030.



BHARAT FORGE

**Click below for
Results Update**

- BIL is investing in brand-building activities aimed at strengthening its presence in the mining and OHT segments. The company commissioned a 15,000 sq. ft. sports injury and rehabilitation center at KEM Hospital and became the official partner of all five Women's IPL teams, enhancing brand visibility.

Bharat Forge

Neutral

Current Price INR 1,772

3Q highlights

- Standalone revenue declined 1% YoY to INR20.8b and was largely in line with estimates.
- Revenue growth was impacted by continued destocking in the North American CV market.
- North America truck revenue declined 51% YoY in 3Q.
- While non-auto exports were also down 1% YoY, they have recovered 11% QoQ, led by a pick-up in the oil & gas and aerospace segments.
- Hence, overall exports revenue declined 21% YoY to INR9.1b.
- Domestic revenue grew 24% YoY to INR11.7b, led by a 15% YoY growth in the CV segment and 38% YoY growth in non-auto due to better execution of defense orders.
- The company also faced a tariff cost impact of INR310m during 3QFY26. With the recent removal of a 25% punitive tariff, the company is now in a better position to compete against other countries with higher tariffs and is set to accelerate new product development with customers.
- Despite patchy demand, EU operations remained stable with capacity utilization at 60-65%. On the back of its cost cutting initiatives, Europe EBITDA margin expanded 320bp YoY to 4.3%.
- The tariff on aluminum in the US has impacted both demand and profitability. Hence, US margins contracted 150bp QoQ to 2.7%. Utilization levels have now reached 65%.
- K-Drive mobility saw an EBITDA margin expansion from 3.1% to 5.1% QoQ. However, the topline growth remains muted. The company expects margins to continue improving steadily over the next three years.
- BHFC secured orders worth INR23.9b in 3Q, with INR18.7b coming from defense, INR3.8b coming from components, INR780m from castings, and INR550m from K mobility. The defense order book as of Dec'25 stood at INR111b.
- Standalone Net D/E at the end of 3QFY26 stood at 0.15x, and management aims to close the year with long-term debt of INR6b.

Update on defense and aerospace

- Management expects the defense segment to achieve a revenue growth of 30-40% in FY27. Incremental growth is expected to be driven by the execution of the ATAG order and the recent signing of the CQB Carbine contract with the Ministry of Defense, under which more than 250,000 units will be supplied to the Indian armed forces. This significant order opens up considerable growth opportunities for the Small Arms vertical within the defense business.
- In terms of order book execution of INR111b, all orders, except for the small arms contract (which has an execution timeline of five years), have an execution timeline of four years.

- The company plans to diversify its defense business, reducing dependence on a single vertical. New opportunities are emerging in unmanned systems and drones in both underwater and aerial domains. Moreover, increasing defense budgets in regions like India and the EU provide global growth opportunities in the segment.
- Over time, the defense business is expected to reach profitability levels similar to the auto business, with higher ROCE due to lower capex.
- The aerospace segment is expected to experience strong growth in FY27 and FY28, driven by new capabilities and programs in coming years.

Update on JSA

- JS Autocast reported revenue of INR2b in 3QFY26, reflecting a growth of 22% YoY. EBITDA stood at INR320m, up 39% YoY growth, representing an EBITDA margin of 15.7%. Premji Invest has invested INR3b in JSA for a 23% stake, at a valuation of around 3-4x of what BHFC had acquired it.

Update on overseas subsidiaries

- A review of EU steel manufacturing business is expected to be completed by the end of FY26. While efforts are being made to reduce costs, this remains challenging due to the high volatility in the EU market.

Outlook

- According to management, the worst seems to be behind in both the domestic and export markets across segments.
- The implementation of GST has boosted auto demand in the domestic market, which is driving a healthy demand uptick in the domestic auto segment.
- The US CV market appears to be bottoming out with early signs of recovery, given the higher order intake in the last couple of months.
- Beyond this, defense and aerospace would continue to remain the key growth drivers for the business, given the healthy order backlog.
- On the India-US deal, while fine print is awaited, it removes uncertainty between the two trading partners, thereby facilitating trade resumption for the long term.

Capex

- The Kalyani Group has committed to invest INR170b in Odisha through its group entities. The investment will be divided into three key areas: 1) a specialty steel plant to be set up by Kalyani Steel, 2) a super alloy plant for aerospace and other super alloy products, and 3) forgings, castings, and machining capacity to be set up by BHFC. Of the INR170b, BHFC will be investing INR30b. This investment is likely to commence from FY28.

Other highlights

- Since its acquisition, American Axle has seen a 200bp expansion in margins. This is a high-growth sector, with new business wins from Indian OEMs further strengthening the outlook for the same.



BOSCH

Neutral

Current Price INR 35,696

Segmental Updates:

- BOS India's mobility business delivered strong performance, with 3QFY26 growth of 18.5% YoY, driven primarily by the Power Solutions division, which grew 19.5% on the back of broad-based demand across passenger vehicles, tractors, heavy commercial vehicles, and off-highway segments.

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- The two-wheeler and powersports business recorded sharp growth (58% YoY in 3Q), driven by the ramp-up of NOX sensors, which were installed to comply with OBD2 norms. BOS played a key role in being incorporated into high-profile OEM launches, including TVS Apache RTX 300 and Harley X440. 2025 marked a milestone year for mini heated lambda sensors, delivering significant sales momentum.
- The aftermarket business grew 5% in 3Q, supported by GST reforms and healthy demand across diesel systems, braking systems, and wiper systems. While GST 2.0 implementation led to temporary disruption in October, demand rebounded strongly thereafter, aided by festive demand and improved consumer confidence.
- The consumer goods business saw a marginal decline in 3Q due to a slowdown in the power tools business amid intense pricing pressure, particularly from competitors in China, though 9MFY26 growth remained positive (~3%), driven by new launches in the entry- and mid-price segments. The cordless tools portfolio continued to deliver double-digit growth for the fourth consecutive year, supported by product innovation and market expansion.
- Exports continued to grow steadily, with rising volumes of spark plugs and sensors along with pumps supplied to markets such as Japan and Korea. However, India would continue to remain the primary focus market for BOS.

Operational and Strategic Updates:

- Localization remains a core strategic pillar under BOS's 'local-for-local' philosophy, with ongoing localization of critical components such as NOX sensors and common rail systems. Management reiterated that localization decisions are driven by volumes and logistics economics rather than duty structures, and FTAs are not expected to dilute localization efforts.
- BOS is in advanced discussions with PV OEMs to supply e-axles for electric vehicles in India, while currently supplying EV components such as chargers, DC-DC converters, and power electronics from the Electronics unit.
- The company has expanded its consumer goods footprint significantly, growing its dealer network to over 8,800 partners across ~25,000 retail points in 1,600+ cities. The launch of the 'Standard Line' series for Indian artisans gained strong traction, achieving INR100m revenue within the first year.

Guidance and Outlook:

- Margin trajectory is expected to improve gradually over time, supported by favorable product mix, scale benefits, and progressive localization of new technologies, although near-term margins will continue to be influenced by product mix and ongoing technology transitions.
- The company remains actively engaged with OEMs on alternate fuel technologies, including flex-fuel and hydrogen, with hydrogen-based components currently in the testing phase for all OEMs.
- Hydrogen-based mobility systems are likely to see meaningful commercial traction closer to 2030, subject to infrastructure development and ecosystem readiness.
- The company has updated its dividend policy to provide clearer guidance to investors, setting a payout range of 55–80% of profits, subject to board approval.



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CEAT

Buy

Current Price INR 3,881

Result highlights

- Overall volume growth for 2Q stood at 15% YoY (+20% QoQ), led by recovery in replacement demand, strong OEM growth led by GST rate cuts, and healthy growth in exports.
- The Replacement Segment recorded mid-teens growth, led by strong demand in the passenger car segment. Two-wheelers continued to grow well, posting a high-teen growth. MHCV replacement posted mid-to-high single-digit growth. While channel filling due to destocking in September was a contributing factor to improved demand in 3Q, it has held up well so far in 4Q, according to management. Market share in TBR and motorcycles improved this quarter, while PCR and scooters saw a marginal dip in share.
- The OEM Segment grew in the 20s, with the passenger car OE segment showing high growth due to a low base effect. 2Ws grew by high single digits and CEAT continued to maintain a good share in the OE segment. Farm OEM demand saw a strong double-digit growth on account of revival in tractor demand. Even TBR posted double-digit growth. CEAT's market share in EVs stands at 30% in the PV segment and 20% in the 2W segment.
- International business saw strong demand, with growth in the 20s. Radial tyre demand for off-highway and PCR continues to be strong, with India being seen as a credible sourcing base for these tyres. Strong traction across segments continues, especially in Europe, LATAM, and Africa. While tariff-related uncertainty persists in the US, overall international business continues to perform in line with expectations.
- Pricing actions were taken to pass through tariff-related costs, particularly in the US, to protect net realizations.
- EBITDA margins expanded 330bp YoY (+30bp QoQ) at 13.6% due to healthy top-line growth.

Demand outlook - Domestic

- Factors such as GST cuts, premiumization, and the growing adoption of EVs are expected to result in single-digit growth for the industry in the near term. Additionally, a normal monsoon, interest rate cuts, and the Kharif season are expected to further support growth in the near term. Hence, management expects long-term demand for the domestic tyre industry to grow at a high single digit for the next five years till FY31.
- Replacement demand is expected to grow at mid-to-high single-digit levels. Two-wheeler demand remains consistently strong, with OEM volumes expected to grow in high single digits to double digits, supported by both urban and rural demand. Passenger car tyres showed recovery post-GST cut, with 3Q growth at mid-to-high single digits and improving momentum into 4Q. The truck & bus (M&HCV) segment is witnessing revival, with demand skewed toward MHCVs and LCVs, supported by e-commerce, infrastructure activity, and improved fleet utilization.
- 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.

Demand outlook - Exports

- 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.
- Pricing actions were taken in export markets to pass through tariff-related costs, particularly in the US, helping protect net realizations despite competitive intensity.

Update on input costs

- Raw material costs remained broadly stable in 3QFY26, with crude oil prices ranging between USD60–65. Carbon black prices are expected to be benign to slightly lower in 4Q, supported by softer crude oil.
- International natural rubber prices averaged around USD1700/ton during most of the quarter but moved up to ~USD1800/ton towards the end of 3Q. Domestic natural rubber prices remained stable at INR185–190/kg, with no material movement over the last three months.
- Synthetic rubber prices are expected to be stable to marginally lower in 4Q, as key inputs such as butadiene ended 3Q at lower average levels than at the beginning of the quarter.
- Currency depreciation emerged as the key cost headwind, with the rupee weakening from INR87/USD at the start of the quarter to INR91/USD by quarter end.

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 the majority of customers already approving the business transfer. Full customer and sourcing control is expected over the next 3–5 quarters.
- 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. These costs are largely non-recurring and will taper off from 4Q onwards.
- During the ongoing transition, a portion of Camso's sales continues to be routed through Michelin, resulting in a temporary markdown in net realizations as Michelin retains distribution costs and margin. As the company progressively takes over direct customer relationships, this intermediary structure will unwind. Management indicated that customer transfers are accelerating through 4Q and into early FY27, and as direct billing becomes the norm, realizations are expected to normalize by around 2QFY27, improving reported revenue quality and margin visibility.
- With ~50% utilization currently, margins are expected to improve from mid-teens toward ~20%+ as utilization ramps up and end-to-end control over procurement and sales is achieved.

Update on capex and debt

- Capacity utilization at CEAT currently stands at 80-85%.

- The Board recently approved INR13b of capex for the Chennai plant, which will add ~3.5m passenger car tyres capacity, with phased completion targeted by 2HFY28. This will be funded through a mix of internal accruals and debt.
- FY26 capex guidance remains broadly unchanged at INR10b, excluding Camso-related intangibles, with quarterly spend progressing in line with earlier plans.
- 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. In addition, the company incurred an outflow of INR2.4b towards intangibles in 2Q, primarily related to the Camso acquisition.
- Standalone gross debt stood at ~INR30b at the end of 3Q, with leverage ratios improving as debt-to-EBITDA declined to ~1.25x and debt-to-equity to ~0.63x.



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Craftsman Automation

Neutral

Current Price INR 7,975

Update on the overall business and outlook

- Growth Guidance: Management expects revenue growth for the industrial and powertrain segment to be in the high single to low double digit range, while the aluminum segment is expected to record a high teens revenue growth.
- As of the latest 9-month annualized data, the company's net debt-to-EBITDA ratio stands at 2.55x and is expected to improve from these levels. Debt level can materially come down once they can sell the Sunbeam land at the "right" valuation. Book value for the same is INR 3.5b
- Annualized RoE and RoCE stood at 12% and 16%, respectively.
- Standalone capex guidance for FY26 was maintained at INR10b
- The consolidated revenue mix is: CV: 12%, PV: 34%, Two-Wheelers: 24%, Storage: 9%, Tractors: 4%, Off-Highway (OHT): 5%, Other Powertrain: 4%.

Update on powertrain business

- Over the past couple of years, both the Tractor and CV segments have been muted. However, the Tractor segment is now performing better, and the Commercial Vehicle segment is showing signs of recovery.
- For stationary engines, Craftsman has secured an order book worth \$60m with a balance of USD30-40m to be signed in the upcoming fiscal, and first invoicing for the same is expected to take place in the next 1.0-1.5 years with peak revenues expected to be hit by FY30.
- Craftsman plans to continue investing in the powertrain segment over the next 5-10 years to cater to the ICE demand. The recent capacity expansion will add 5-10% to the current powertrain capacity, which will come through within the next 12months.

Update on the aluminum business

- The aluminum margins experienced a dip in QoQ performance due to operational losses at the new alloy wheel plant at Hosur. Production is expected to ramp up from 4Q onwards, which will help normalize margins. While their value addition remained similar, higher aluminum prices led to optically lower margins.
- Aluminum content in Indian vehicles is still much lower than that in the West, and hence, the long-term growth opportunity for Craftsman in this segment is high.

- The CAFÉ norms will push OEMs to reduce emissions, and light weighting will be key. This is particularly important for EVs, where more light weighting leads to greater range and lower battery costs. This will drive up Al content in vehicles where Craftsman can play a key role. For ICE and hybrid vehicles, new designs will create an opportunity for Craftsman to increase aluminum content as OEMs build new platforms.
- Craftsman remains a relatively small supplier with a size of under USD0.5b in revenue, when compared to global majors who generate between USD 3b and USD8b from this business. Given its subpar scale, Craftsman is still not able to bid for large global orders. However, with the recent acquisitions, they are moving in the right direction.

Update on Sunbeam

- Utilization has now reached over 50%, and margins are expected to improve starting from 2QFY27. The company aims to move to 10% EBITDA margins next year, from the current 7% levels.
- No new business has been taken on so far, but the company plans to acquire new business in the premium 2W segment for the machining business starting in the upcoming quarters.
- The segment sold to Shriram in the NCR region generated INR300m in revenue from the 2W segment, but this is not expected to have a major impact as Craftsman plans to focus on its key business and customers and not diversify into smaller customers.
- Currently, about 95% of Sunbeam's revenues come from 4-5 large customer groups, and it wants to focus on them going forward

Update on DR Axion

- The company is putting up another large plant in DR Axion to cater to the new orders, and this capacity is expected to reach full utilization over the next 3-4 years.

Update on industrial and engineering business

- Craftsman is the second largest player for static racking and amongst the top two players in Automotive storage.
- There is now a clear gap between the top 2 players and the rest of the industry in this business, with large project execution coming to these large players. Hence, there is no need for price undercutting to secure new business. Hence, management expects margins in this business to sustain at current levels and then improve further from 2Q onwards as operating leverage benefits kick in.



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Eicher Motors

Sell

Current Price INR 8,013

Royal Enfield update

Product launches/3Q performance

- In 3QFY26, the company reported 21% growth in volumes, with domestic sales showing a robust 24% YoY growth. This growth translated into increased market share across multiple segments, particularly in the mid-segment market, where the company achieved a dominant 88% market share.
- Retail volumes were notably strong during 3Q, bolstered by exceptional performance during the festive season, with 2.9 lakh motorcycles sold.

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Research Report

Eicher Motors

Summary

Investment Thesis

Company Overview

Financial Performance

Operational Performance

Valuation

Risk Factors

- In exports, the company experienced strong retail growth in key markets such as Brazil, Thailand, and Argentina. New product launches contributed to this momentum, including the Hunter 350 and Scram 440 in Nepal, the Guerilla 450 in Brazil, and the Bear 650 in Argentina.
- A first RE exclusive store was opened in Lima, Peru, marking a significant expansion of the company's global footprint.
- The company also displayed the special edition of Classic 650, the new Bullet 350, the Himalayan 450 Mana Black, Shotgun with Rough Crafts collaboration, and the Flying Flea S6 on the electric platform at EICMA. The company also launched the Meteor 350 Sundowner special edition at Motoverse.
- In the Electric category, the company has two models – C6 (the classic style edition) and the S6 (the scrambler version). The C6 SOP would be in the coming quarter, while the S6 would be launched later during the year.

Domestic demand

- Over the past 12 quarters, the company has demonstrated consistent growth, with volumes increasing by 14%, revenues rising by 18%, gross margins growing by 20%, and EBITDA expanding by 22% CAGR.
- Demand for 350cc motorcycles has increased post-GST, while demand in the 350cc+ segment saw a dip but is now experiencing a strong recovery. The 650cc segment is recovering better than the 450cc segment, and the company plans to drive demand in the 450cc segment through product launches and market activation. While the volumes in the 350cc+ segment have not yet reached pre-GST levels, they are gradually increasing with market recovery.
- Management remains focused on driving continued growth going forward. 4Q enquiries and conversions remain strong, with urban markets, which had previously been stagnant, now experiencing growth, driven by factors such as income tax cuts and improved consumer sentiment towards spending. Rural and semi-urban areas continue to see strong growth. Management expects high single-digit growth for the industry in FY27 and expects to outperform industry growth.
- The company further expanded its reach by announcing a partnership with Amazon India for the online sale of 350cc motorcycles.

Exports

- Currently, for the company, tariffs on exports to the US have decreased from 50% to 18%. However, the average tariff has remained relatively high at 41%, driven by steel and aluminum tariffs. In the European Union, the current duty stands at 6%, with expectations that it will eventually be reduced to 0%, although clarity is still needed on this front.
- Overall export growth has been impacted by weakness in end markets. In the US, the reduction in tariffs to 18% is expected to support growth, particularly for products like the Bear 650, Super Meteor 650, and Himalayan 650, which offer strong value propositions in terms of price and quality.
- In the EU and UK, the current year is seen as a market calibration phase. The company refrained from engaging in the large discounts that were common in the market. However, Italy is performing well, and in Latin America, markets such as Argentina, Brazil, and Colombia are seeing positive growth.

- Thailand is also showing recovery after a weaker performance last year, while the company has signed new distributor and dealer partnerships in SAARC region, particularly in Nepal and Bangladesh to drive growth.
- To support exports, the company is establishing a new CKD facility in Brazil. The CKD investment aims to build a strong foundation for expansion in various international markets. Argentina, Thailand, Bangladesh, Colombia, and Nepal already have CKD facilities, and the company is considering establishing a CKD facility in Mexico as well.

Margins

- Gross margins were lower YoY due to the following factors
- Negative impact: RM inflation: 70bp, Geography and model variant mix: 40bp, cost increase due to OBD2B norms: 100bp
- Positive impact: 20bp from value engineering, 140bp from price hikes, and 60bp from domestic product mix improvement.
- Improvement in EBITDA margins in the quarter was due to operating leverage (lower overheads), reduced marketing expenditure (which had been higher in Q2), and an improved model mix.
- The company implemented a price hike on select models in January and plans to increase prices across the portfolio, though not significantly. The blended price increase across models was approximately 0.5%.
- Management does expect some pressure from RM inflation but value engineering would offset the impact. Going forward, margins are expected to benefit from operating leverage, low-cost country sourcing, and ongoing value engineering efforts. This includes weight reduction in platforms now that they have been refreshed, as well as optimizing the use of precious metals in catalytic converters.

Capacity expansion

- The company plans to expand its capacity at the Cheyyar facility in Chennai, aiming to increase the current capacity from 1.4 million to 2 million units, with an investment of INR9.58b over the next two years. Royal Enfield currently produces 4,300-4,400 bikes per day from its existing capacity.
- The current 650cc capacity is sufficient, and the company plans to undertake debottlenecking efforts to optimize production. However, the increased demand for the 350cc segment will soon face capacity constraints, as the current plant is running at peak utilization.
- During the festive season, 350cc volume grew by 50% on a high base, highlighting the need for additional capacity to meet demand. To address this, the company has invested INR1b in a modular capacity increase, which is expected to come online in 1QFY27. The new capacity is expected to be rolled out gradually over the next eight quarters to meet strong demand.

VECV update

3Q results

- VECV revenue stood at INR70b, up 21% YoY. EBITDA grew by 26% YoY to INR6.52b, with a margin of 9.5% compared to 9.2% YoY. PAT stood at INR3.38b, up 13% YoY.
- The parts business generated INR8.1b in revenue, up 14.4% YoY. This growth was driven by deeper service penetration and higher vehicle utilization.

- For 3Q, the company reported a share of profit of INR1.83b in the consolidated financials.

Product portfolio

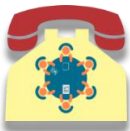
- During the quarter, the company launched the Eicher Pro X diesel in SCV category, for applications in e-commerce, FMCG, cold chain, fresh produce, and courier.

Business update

- The macroeconomic environment remained supportive, with strong infrastructure development and capex contributing to growth. The CV segment saw momentum picking up in 2HCY25.
- Bus volumes in 3Q were lower due to reduced sales from institutional clients.
- On the export front, the company is performing well in the Middle East (with over 100 units exported per month), Bangladesh, and Nepal, with Sri Lanka also showing volumes recovery since its reopening. The management expects exports to remain healthy in 4Q as well.
- Currently, there are no capacity constraints at existing volumes. However, if industry volumes continue to grow in FY27, the company will need to expand capacity at its Bhopal facility. This expansion is not expected to require significant investment. The CV business currently operates at 80-90% utilization levels.
- The company now operates over 1,150 touchpoints, with a particular focus on the eastern region, and has added 13 new service sites.



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The screenshot shows a research report titled 'Endurance Technologies' by Motilal Oswal. It includes a table with financial data and a summary of the company's performance. The table has columns for 'Q3 FY26', 'Q3 FY25', 'Q3 FY24', 'Q3 FY23', and 'Q3 FY22'. The rows include various financial metrics such as Revenue, EBITDA, Earnings, and Cash Flow. The report also includes a section on 'Key highlights' and 'Investment thesis'.

Endurance Technologies

Buy

Current Price INR 2,478

Order wins

- In 9MFY26, the company secured a total of INR12.8b in orders, with INR12.6b coming from new business. This includes INR3b order for BMS, INR450m in new business for Maxwell BMS, and INR5.3b in 4W and non-auto business, with orders from key customers including Tata Motors, Hyundai, Kia, Isuzu, Mahindra, and two clients in the solar space.
- In the EV segment, the company secured INR10.6b worth of orders.
- Going ahead, with RFQ worth INR42b in hand, the company expects to win orders worth INR15b in the next 12-18months

Update on alloy wheels

- The AURIC Bidkin Alloy Wheels plant will begin supplying to Royal Enfield in Q2FY27. Additionally, supplies to Suzuki and Ather will start in Q3 FY27, with peak volumes anticipated to begin in Q3 FY27.

Update on die casting

- At the Chakan Die Casting Plant, the company is expanding its business in machined aluminum castings for key customers such as Tata Motors and Mahindra, with business wins in 9MFY26 totaling INR1.28b per annum.
- The AURIC Shendar Plant at Shambhaji Nagar focuses on machined castings for 4W and non-auto applications. The plant has secured orders from US and UK-based OEMs, as well as Yazaki and Valeo for Mahindra's electric platforms, with INR3.9b in orders. Peak sales are expected by FY29, and the SOP for the UK OEM is expected to start in Q2FY27, while the US OEM's SOP will begin by the end of Q1FY27.

Update on braking business

- In the ongoing ABS business, the dual-channel ABS is expected to begin production in the coming months, pending clearance from a key customer. To improve margins on ABS products, the company plans to start an in-house SOP for ECU (Electronic Control Units) at the Shambhaji Nagar plant in Q1 FY27. The dual-channel ECU is expected to follow later in FY27.
- The company is awaiting regulatory guidelines on the proposed implementation of ABS on up to 125cc segment of 2Ws. It is expected in a quarter. If instead of ABS, the authority decides to mandate CBS on up to 125cc 2Ws, even then ENDU benefits, as drum brakes would get replaced with disc brakes, and Endurance is amongst the key suppliers of disc brakes for 2Ws in the country.
- Regarding plant expansion, the Chennai plant for disc brake systems is in its advanced stages of construction, with key machinery installation scheduled for Q1 FY27. The plant will have a capacity of 3m disc brake assemblies and 4m brake discs annually. This expansion will not only enhance the company's capacity to serve OEM customers in South India, but also free up space at the Sambhaji Nagar plant for the ABS systems expansion and four-wheeler brake business.
- ENDU also plans to increase its three-wheeler brake production from 0.6 million to 1.2 million units annually to meet the growing demand in this segment. Additionally, the company has installed an assembly line for 4W PV drum brake systems for Tata Motors (TTMT), with SOP expected to begin in Q1 FY27.

Update on capex

- For FY26, the company has projected a total capex of approximately INR8b in the India business, which is an increase from the INR6b in FY25, due to the ongoing capex for the above facilities. Going forward, capex for India is expected to remain well below INR8b in FY27, as the company plans to focus on growth products and automation rather than major capacity expansion.

Update on EU operations

- The EU automotive market saw new car sales grow by 4.6% YoY, with Germany and Spain experiencing strong growth, while France saw a decline, and Italy remained flat. The fuel mix was: Battery Electric Vehicles (BEVs) 21%, Plug-in Hybrid Vehicles (PHEVs) 10.6%, and Hybrid Vehicles 34%.
- However, the EU market continues to face challenges, including semiconductor shortages, the ongoing energy crisis, geopolitical tensions, and inflation. Furthermore, the market is impacted by high interest rates, duties imposed by the US, and increasing competition from Chinese OEMs.
- While EU revenues grew 20% YoY in 3Q, when we exclude Stoferle revenues, EU revenues witnessed a 2% decline YoY in 3QFY26.
- In 9MFY26, the company booked EUR15m in new orders from the EU, including large machine castings for Volkswagen and Porsche, as well as plastic injection molding parts for EVs. Stoferle had order wins worth EUR5m from customers like BMW and Magna with visibility of volumes extending through 2030-2032. Order wins in the EU have been at only EUR15m due to the poor market conditions in the EU.

Incentives

- The company received an eligibility certificate from the Maharashtra Government of INR6b for capex done until August 2024, which was subsequently increased to INR8.58b for investments up to March 2025. These incentives will be received through State GST refunds and electricity duty exemptions over seven years.

Update on Maxwell

- Maxwell achieved INR1.14b in 9MFY26 revenue, up from INR700m in FY25. Maxwell's BMS is now used in one out of every 12 electric two-wheelers in India. The company also supplies motor control units and has secured its first order for a DC-DC converter. In 9MFY26, Maxwell won INR2.32b in new business, with peak sales expected in Q4FY27. Key clients include Yatri Electric, Cargo's, Ultraviolet, and Motion Automotive. The company also has a strong pipeline of RFQs worth INR1.97b.

Other highlights

- The company has sold INR240m worth of solar dampers to a Spanish client, and this value is expected to double by the end of FY26. The company has also secured new business from a US client, with execution expected to begin in mid-FY27. Cumulative order wins in the segment stood at INR2.5b.



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Escorts Kubota

Neutral

Current Price INR 3,545

- **Domestic Tractor:** Domestic tractor industry volumes for 3QFY26 were ~329k units, up 23.2% YoY, supported by favorable government policies, GST rate cuts, healthy crop yields, adequate reservoir levels, and state-level subsidy programs, which improved farmer affordability.
- EKL's domestic tractor sales were 35,373 units, up 12% YoY, though performance was moderated by regional disparities, with North and Central markets underperforming relative to other regions that had grown over 34% YoY. Limited availability of certain key models further impacted sales performance.
- Management expects robust tractor demand to continue in 4QFY26 and 1QFY27, though it is cautious about FY27 outlook given the significantly high base of 2HFY26 and uncertainty around monsoon trends for next fiscal. Total volumes are expected to reach a new peak of 1.2m units in FY26.
- EKL's Farmtrac brand maintained a healthy market share in core segments, aided by recent product introductions, stronger financing partnerships and deeper dealer engagement. The Promaxx tractor series continued to gain traction, with order inflows exceeding current supply. Hence, production is being scaled up over the next 6 to 8 months to address this demand. New tractor models and upgrades across brands are planned to address product gaps, with the full market impact expected by the end of FY27.
- Management highlighted a demand shift towards higher HP range of tractors (41-50 HP) as the GST rate reduction improved affordability.
- **Tractor export:** Industry volumes in 3Q were around ~27k units, up 20.1% YoY, while EKL's export volumes rose sharply to 1,582 units (up ~63% YoY). While growth rates may moderate from the recent high base, the company expects to sustain export growth in double digits going forward.

- Exports to the Kubota global network accounted for about 68% of the company's total tractor exports during the quarter.
- Management noted that the EU FTA does not materially benefit tractor exports from India as duties on India tractors are already nil. However, the US trade agreement could make India a more competitive manufacturing base for Kubota for its exports from Japan given the relative regional advantage after this trade deal.
- **Non-tractor revenue and machinery:** Non-tractor revenue (spares, engines, implements) contributed ~21% to agri machinery revenue, up from 17% YoY. The momentum in this business is likely to continue, supported by additional product introductions and new transmission lines for harvesters.
- The company introduced next-generation rice transplanters (K6 and K8 models), offering higher productivity, superior planting precision and enhanced operator comfort.
- **Construction equipment (CE):** CE industry volumes declined ~6% YoY in 3Q due to a high base from pre-buying ahead of emission norm changes last year, extended monsoons and slower infrastructure project mobilization. EKL's CE volumes were 1,716 units vs. 1,989 units last year, though volumes improved sharply on a sequential basis by ~50%.
- The company launched the Kubota U26 mini excavator for compact and urban applications and showcased prototypes including Hydra 15 mining equipment.
- Management noted a steady reduction in de-growth across quarters and expects gradual recovery supported by higher public capex, improved project awards and better on-ground execution. Over the medium term, cranes and mini excavators are expected to grow faster, while backhoe loaders and compactors are likely to grow at a modest pace.
- **Localization effort:** Management highlighted localization as a strategic priority to strengthen the Kubota brand's competitiveness and profitability in India. The company plans to introduce an India-specific platform to reduce dependence on imported components, materially improve the cost structure, and enable more competitive pricing. This localization drive is expected to significantly expand the addressable market for the Kubota brand from the current ~40-50% to ~70-80% over time, while allowing deeper penetration beyond the southern and western regions into northern and central markets. As volumes scale up and localization levels increase, margins in the JV and Kubota-branded products are expected to progressively converge toward those of the domestic product portfolio.
- **Greenfield plant:** Board approval has currently been taken only for land acquisition, with broader capex outlined in the project report being indicative and dependent on future demand and capacity utilization. The greenfield facility is planned to support both tractor and CE manufacturing, with commercial production tentatively planned around FY29-30.
- The Company proposed to acquire 154 acres of land for capacity addition for tractors (adding 60k units per annum) and construction equipment (adding 15k units per annum). The cost of land for development purpose is estimated at INR 5.9b. The overall cost of this project is estimated to be INR 22.7b.



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- Engine manufacturing expansion for the greenfield plant is planned in Phase 2, with current engine capacities sufficient for near-term requirements.
- **Other Highlights:** The board declared a one-time special dividend of INR18 per share following the railway business divestment.

Exide Inds

Neutral

Current Price INR 341

Key performance highlights

- Over 9MFY26, Exide's revenue growth remained muted at 2.3% YoY, while EBITDA and PAT declined 1% and 2.9% respectively, primarily due to persistent margin pressure and an adverse export mix.
- Domestic demand remained resilient across automotive replacement, OEMs, industrial infrastructure, and power, supported by improving rural sentiment, healthy automobile demand and replacement cycle normalization.
- Automotive replacement share stands at ~73-75% of auto mix.
- Exide has secured 100% share of business for key OEM programs, including the Tata Sierra petrol (launched Dec'25) and the domestic Kia Seltos facelift (4QFY26).
- Industrial (non-automotive) business, accounting for ~30% of revenue, delivered double-digit growth (excluding telecom), led by railways, power and data centers.
- Data center battery revenue stood at INR750m-INR1b per quarter, with strong RFQ activity and a multi-quarter tender conversion cycle. The industry capacity is expected to grow at ~20% CAGR.
- Inverter business, which makes up ~20% of annual revenue, remained stable in 3Q, with an uptick expected in 4Q driven by residential backup power demand and renewable integration. Solar batteries, which make up ~4-5% of revenue, were flat sequentially but are positioned for recovery.
- Export revenue declined 36.8% YoY in 3Q and 35.3% over 9M FY26, impacted by global macro uncertainty, regional conflicts, tariff uncertainty and pricing pressure from international competitors. International business now accounts for ~5-6% of total revenue. The company has entered new regions and expects an uptick in exports from 4Q onward.
- Management indicated that export performance has largely bottomed out, with a recovery expected in FY27, supported by new channel partners, entry into newer geographies, and a favorable base effect.
- The lead-acid business outlook remains positive, supported by strong replacement demand, railways-led industrial growth, and recovery in OEM production.
- Sequential improvement in gross margins was aided by operational efficiencies, cost-saving initiatives, and working-capital optimization, despite currency depreciation and elevated prices of antimony, silver (+50%), tin (+12%), sulphur (+40%), copper (+13%).
- While the company refrained from taking any price hikes in 3Q, it has now taken a ~2% price increase in Jan to pass on the input cost pressure.

Update on lithium-ion battery business

- Exide Energy has received cumulative equity infusion of ~INR42.5b, with the board approving an additional INR14b for FY27, ensuring adequate funding for capex, validation, and scale-up.
- The cylindrical cell line (primarily for two-wheelers) has completed electrode formation and is undergoing internal validation across safety, performance, and cycle life, with customer sampling expected shortly and production readiness targeted over the next 6-12 months.
- Prismatic cell lines (targeting 3W, e-rickshaws, stationary storage) have completed electrode manufacturing, with assembly, formation, and cycling systems under commissioning. Commercial production is expected in 3Q-4Q of FY27.
- Initial chemistry mix is expected to be ~50% LFP and ~50% NMC, aligned with OEM requirements. Margins are expected to be structurally superior to lead-acid, supported by indexed pricing, yield improvement, and local manufacturing advantages.

Other Highlights

- Working capital efficiency improved materially, with inventory days reduced from 110 to 95 days, and working capital as a percentage of revenue declining 440bp to 7.4%.
- The company remains debt-free, with all capex funded through internal accruals.
- Launched four new products in Feb - EL Ultra (premium automotive), Powerbox (mass segment), AGM batteries (premium PVs), and Solar Grid-Tie Inverters.



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Happy Forgings

Buy

Current Price INR 1,268

Q3 performance

- The volume growth of 13.8% was primarily driven by an uptick in the commercial vehicle (CV), farm, and industrial segments. However, realizations declined 3% YoY, which were slightly lower due to a change in the product mix and declining steel prices.
- Approximately 55-57% of HFL's revenue comes from the domestic CV and farm segments, where revenue has grown 22% YoY in 3QFY26.
- Gross margin expanded as a result of a better product mix and declining raw material prices. This positive momentum is expected to continue in the medium term, driven by an improving mix of exports and industrial sales.
- HFL generated FCF of INR3.15b in 9MFY26, with liquidity now reaching INR4b+.
- The company expects a INR3-4/kg increase in the input sourcing of alloy steel, while the pass through to the customer would occur with a quarter lag.
- HFL has provided a margin guidance of 29-31% over the medium term, led by an improving mix and rising scrap prices.

Order wins

- HFL now has visibility on incremental business of INR8b at peak annual run-rate, which will help sustain a healthy revenue growth momentum. About 80-85% of this incremental business is likely to materialize by FY28E.
- Order breakup: PV – 24%, CV – 27%, Industrials – 44%, and Farm – 4%.

- For the heavy components plant, orders worth INR1.8b are already booked, with some revenue flowing in from FY28, while major revenues are expected to come from FY29.
- Once the plant is online, management is confident of securing incremental orders to fill up the plant.

CV update

- The GST rate cut, infrastructure-led demand, and higher freight activity all supported growth of the domestic CV business for HFL. The company expects this positive momentum to continue in the coming quarters.
- However, the North American and European markets have yet to fully recover, with the US market seeing a more significant decline in CV volumes.
- OEMs in EU markets have raised their volume growth guidance for the industry to 5% for CY26.

PV update

- HFL experienced strong 37% growth in the PV segment in 3QFY26, with the segment contributing a mid-single-digit share of total revenue.
- The ramp-up of export orders in both the ICE and EV segment will support growth on a low base over the next few years.

Farm/OHV update

- HFL experienced softer performance YoY in the off-highway segment, driven by slower project awards and delays in land acquisition contributing to weaker volumes in the domestic market. Further, market environment in EU and US remained challenging, with its large customer witnessing a dip in volumes. However, management expects exports to improve in FY27.
- On the farm side, domestic industry growth was driven by positive Kharif outlook, improved cash flows, and a normal monsoon season. Demand in the domestic market is expected to continue going forward, while NA and EU industry is expected to remain stable in CY26.

Industrials update

- Industrial volumes grew 2% YoY in 3QFY26, and demand was stable due to sustained demand from the power segment.
- The segment outlook was positive due to the expansion of data center ecosystem in the country, solar and grid capacity additions, rail modernization, and maintenance cycles.

Exports update

- Currently, both direct and indirect exports make up 25% of HFL's total revenue, with the following breakdown: 8% from industrial, 4% from farm, 10-12% from CV, 1% from PV, and 3% from off-highway.
- Exports to the US, including indirect exports, currently account for 7-8% of HFL's total revenue. The company aims to increase this to 15-16% over the next 2-3 years, driven by PV and industrial programs. However, HFL does not have a presence in the US CV segment so far.
- Tariff uncertainty and weak end-market demand led to subdued export performance in 3QFY26.
- While management awaits the fine-print on India's trade deals with Europe and the US, the outcome is likely to be positive for auto ancillary suppliers.
- In terms of exports ramp-up, the three meaningful orders for HFL include: 1) Three programs in the Industrial segment for genset application, which it has already started supplying; 2) EV business order that has commenced production

since Dec'25; and 3) PV export order where it has to build up stock till Jul'26 for launch in US by Sep. Given the clear visibility of the order execution, management expects exports to see a material pick-up in FY27.

Update on capacity

- The company is in the process of commissioning a 10,000-ton forging press in 4QFY26, with plans to add a 4,000-ton press in H1FY27. Following this, its total forging capacity will increase to 150k MT from 127k MT currently.
- Further, once the INR6.5b large capex is commissioned, its total forging capacity will rise to 180k MT.
- In 3QFY26, the company's machining capacity has increased to 68,000 MT, up from 58,200 MT, in anticipation of a rise in volumes.
- The machining capacity is likely to rise to 82k MT in FY27E. This will increase to 92k MT once the heavy forging capex is fully commissioned (this will add two machining lines of 5k T each)
- The company has acquired 80 acres of land for a captive solar power plant, which is expected to commence operations in 3QFY27. This initiative is projected to help reduce power costs by approximately INR250-300m per annum, with peak production expected to commence in Feb'27.
- Capex for 9MFY26 stood at INR3b, with capex guidance for FY26 in the range of INR4-5b. Normal capex for FY27E is expected to be INR4b, which will increase to INR 4.8b after factoring in the solar power project.



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Hero MotoCorp

Buy

Current Price INR 5,593

Domestic 2Ws – industry update

- HMCL delivered a strong domestic performance, with rural market share reaching ~400bp to ~57% in core motorcycle, outperforming the industry.
- Demand trends remain broad-based across urban and rural markets.
- In the entry segment, HF Deluxe Pro continued to gain traction, accounting for ~20% of HF Deluxe retail volumes in Jan'26. Splendor reinforced its leadership in the 100cc deluxe category, achieving ~91% market share, the highest level since FY18, driven by brand strength and focused marketing campaigns.
- The 125cc deluxe segment saw continued market share gains, led by Glamour and Xtreme 125R. Glamour X retail volumes grew ~70% YoY, while the Glamour portfolio reached its highest market share in the last eight quarters. Dual-channel ABS variants made up over 35% of Xtreme 125R retail volumes in Jan'26.
- Scooters outperformed the industry, with HMCL's scooter market share rising to ~7%. New launches and refreshes in the Destini and Xoom portfolio drove growth, with premium scooters now contributing over 50% of scooter volumes.
- HMCL's premium network has now expanded to 106 exclusive stores, covering over 50% of the premium two-wheeler market footprint.
- Contribution of first-time buyers has settled in the 75-80% range after GST rate cuts and the festive season.
- Management continues to project industry growth in double digits in 4QFY26 and in high single digits in FY27. HMCL aims to outperform the industry.

Update on EVs

- The VIDA electric two-wheeler business continued to scale, with market share increasing YoY to 10.8% from ~4%, driven by strong customer response to the

VIDA portfolio. VIDA achieved over 20% market share in 28 towns, over 10% share in 79 towns, and ranks among the top two EV players in 37 towns.

- EV ASP and unit economics improved sequentially, resulting in a reduction in EBITDA investment to INR2.08b in 3Q from INR2.6b in the previous quarter.
- One VIDA model has been approved under the PLI scheme, with additional models under development to increase domestic value addition and eligibility.
- Capacity expansion for the EV business is planned, with FY27 expected to be a key year for scaling manufacturing and supply capabilities.

Update on exports

- Global business volumes grew 41% YoY in 3Q, with international market share improving by 100bp to 7.5%, supported by new product launches and market expansion. The premium portfolio accounted for ~40% of global volumes, reflecting a shift toward higher-value products in international markets.
- Key growth markets are Bangladesh (HMCL is a market leader despite geopolitical challenges) and Colombia (volumes up over 200%, market share improved from 5% to 9%, and the business turned profitable), along with strong traction in Latin America, West and North Africa, Europe, and the Philippines.
- Recent international launches such as Hunk 125, Hunk 160R, Xpulse 200, and Xoom 110 received encouraging customer response.
- Tariff changes in markets such as Mexico had no material impact, supported by Hero's localized manufacturing and partnership-led export model.

Other Highlights

- ICE EBITDA margin expanded by 100bp YoY to 17%, while overall EBITDA margin improved to 14.7%, despite continued investments in growth initiatives.
- The parts, accessories and merchandise business delivered its highest-ever quarterly revenue of INR16.7b, growing 8% YoY, supported by Hero's large installed vehicle base.



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Hyundai Motor

Buy

Current Price INR 2,226

Update on the Domestic business

- Hyundai Motor India delivered a healthy domestic volume growth of ~5% QoQ in 3QFY26, supported by strong festive demand and improved consumer sentiment following GST 2.0 reforms and interest rate cuts.
- Retail momentum remained a key highlight, with December retail volumes growing ~16% YoY.
- As a result, channel inventory reduced to 2-3 weeks at the end of December, but rose to less than 4 weeks by January end, still lower than 5 weeks level usually attained around this time.
- The new Hyundai Venue has received an overwhelming customer response with ~80,000 bookings since launch.
- Rural markets emerged as a key growth driver, with rural contribution reaching an all-time high of over 24% of domestic sales, supported by targeted initiatives and improved rural cash flows.
- Hyundai entered the commercial mobility segment on 1st January with the launch of the Prime Taxi range receiving strong initial traction, particularly benefiting models such as the Aura. Led by this initiative, the Aura clocked 7,900 units in January'26.
- The CNG mix stood at ~16% and diesel at ~21% of domestic volumes in 3Q.

- HMIL saw a healthy demand momentum in January with the highest-ever domestic sales (+9.5% YoY growth), and the same is likely to continue in 4Q as well.

Update on exports

- Export volumes grew ~21% YoY during the quarter, driven by robust demand across key emerging markets. Its contribution has now increased to ~25% of total volumes in 3QFY26. The exports revenue mix declined to 26% in 3Q from 28.2% QoQ.
- Middle East and Africa posted a ~30% volume growth YoY, while Latin America saw a 13% growth YoY. These regions were the key drivers for Hyundai's 3Q export growth.
- Export ASPs improved ~8% YoY, supported by a favorable product mix and pricing discipline, aiding margin resilience despite commodity inflation.
- India will be the sole supplier of the new Venue to global markets for the parent.
- The India-EU trade deal can also open up export opportunities for HMIL. However, management is awaiting clarity on the details of the same.
- HMIL reiterated its ambition to increase export penetration to ~30% by 2030, supported by India's role as a global manufacturing hub for emerging markets.

Other highlights

- Management indicated that SUVs have grown faster post GST, as its contribution increased to 56.2% in Sep-Dec'25 from 54% in Jan-Aug period
- The Pune plant commenced operations in October 2025, with Venue production ramping up rapidly. While the initial fixed-cost absorption is expected to impact margin by ~100bp for the full year, management expects a gradual normalization as volumes scale. This quarter saw a 60-70bp impact due to the same. Phase 2 of the Pune plant is expected to commence in 2028.
- The Chennai plant utilization dipped temporarily due to the Venue model migration. Management expects operating leverage benefits as volumes scale across plants and new models are introduced.
- Localization improved to ~84% (vs. ~82% YoY), showing efforts to enhance supply-chain resilience.
- Discounts have reduced to 2.6% of ASPs in 3Q, down from 3.2% QoQ.
- Royalty in 2Q stood at 2.8% of revenue.
- HMIL has taken a 60bp price hike in Jan'26 largely on the Venue.



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Mahindra & Mahindra

Buy

Current Price INR 3,531

Auto update

- SUV volumes rose 26% YoY to 179k units, reinforcing MM's position as the #1 SUV player, with a revenue market share of 24.1%, up 90bp YoY. However, its revenue market share has declined over the last couple of quarters due to the wind down of the old XUV700 ahead of the new launch scheduled for Jan'26.
- In the LCV <3.5T, MM volumes grew 20% YoY to 81k units, with market share rising 10bp to 51.9%, aided by GST rate cuts, improved customer viability, and replacement demand.
- In terms of new launches, MM has already launched the new XUV7XO in Jan'26. It also plans to launch two new refreshes in the ICE segment in 2026. In EVs, it

The image shows a screenshot of a Mahindra & Mahindra financial statement. It includes a table with columns for 'Particulars', 'FY 2024-25', and 'FY 2023-24'. The table lists various financial metrics such as Revenue, Profit, and Assets. The document is titled 'Mahindra & Mahindra' and 'FY 2024-25'.

has already launched the XEV 9S. There are no new EV launches scheduled for this CY. In LCVs, it plans to launch two LCV variants in CY26.

- XUV7x0 continues to witness robust demand with a strong order pipeline. Management highlighted that ~70% of bookings are skewed towards top-end variants; hence, it is currently facing supply constraints for the same.
- MM has sold over 41k eSUVs in the first 10 months of deliveries (Mar'25–Jan'26), with EV demand showing strong traction from non-traditional geographies, including incremental customers from North India for XEV 9S. ~80% of EV customers are new to the Mahindra brand.
- EV globalization will follow a calibrated approach, prioritizing right-hand-drive markets (Australia, New Zealand, potentially the UK), post which it would selectively look to enter left-hand-drive European markets.
- PLI benefits for EVs are accruing selectively: XEV 9E (all variants) and XEV 9S Pack 3+ are already eligible, while the Pack 1 and 2 variants of the 9S and BE 6 variants are expected to qualify by 1QFY27.
- Under the PLI scheme, MEAL has accrued the full 13% incentive, where no upstream suppliers have qualified. However, accruals may vary at a range of 8-13% depending on supplier eligibility.
- Semiconductor availability remains tight, with memory chip shortages affecting the broader industry. MM has secured short-term supply at a premium while executing mitigation and localization measures for the long term.
- Capacity expansion plans remain well-defined: debottlenecking at Chakan and Nashik in CY26 will add ~6k–7k units/month across Scorpio N, Thar and Bolero; CY27 will see NU_IQ platform launches (Vision S/Vision T) at Chakan; CY28 will add a greenfield Nagpur facility for Vision X and select high-growth products, with Igatpuri available for incremental production if required.
- EV capacity will increase by ~7-8k units in FY27, ICE capacity by another ~7-8k units from Chakan in CY27. The NU_IQ platform will add ~10k units in CY28, with the platform scaling to 500k units over time.

FES segment update

- Tractor market share declined 20bp YoY to ~44% due to engine supply constraints at Swaraj. Management indicated this was temporary and planned expansion has been preponed from June to March to normalize supply.
- Tractor capacity additions include a 100k unit greenfield plant at Nagpur for Mahindra-branded tractors.
- Tractor exports are expected to improve in FY27, supported by normalization in overseas markets.

Other highlights

- Mahindra Finance delivered a strong quarter with PAT rising 97% YoY (excluding labor code impact), supported by improved asset quality, tighter controls, and stronger operating leverage. AUM grew 12% YoY to INR1,290b, with GS3 assets at 3.8% (+10bp QoQ), remaining within management's comfort band of below 4.5%. Business PAT, however, declined 10% YoY to INR8.2b.
- Tech Mahindra reported strong recovery with TCV rising 47% YoY to INR11b, EBIT margin expansion of 290bp to 13.1%, and business PAT rising 14% YoY. The company's primary focus remains on improving asset quality and lowering loss ratios.

- Mahindra Lifespaces reported a sharp PAT improvement, supported by strong residential execution.
- Mahindra Logistics turned profitable after 11 quarters, with revenue rising 19% YoY to INR19b, EBITDA margin expanding 80bp to 5.4%, and business PAT rising 1.4x to INR30m.
- The LMM IPO is planned for next year.



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Maruti Suzuki

Buy

Current Price INR 15,167

3Q performance highlights

- GST 2.0 helped revive PV industry fortunes. While the industry saw a decline of 0.4% in 1HFY26, it recovered to post a strong 20.5% YoY growth in 3Q. For MSIL as well, 3Q volumes grew 22% vs a 5.8% decline in 1HFY26.
- Demand has remained robust across segments, with MSIL clocking 683k retail sales in 3Q. As a result, the network inventory stood at just 3-4 days as of 3Q end, with a healthy order book of 175k units.
- The company reported a one-off expense of INR5.9b due to the new labor code impact for prior period, but there is no significant recurring impact expected from this.
- Despite a 21% QoQ volume increase, margins expanded just 40bp QoQ and were below our estimate. On a QoQ basis, margins were impacted by higher input costs (60bp), lack of availability of rare earth magnet (20bp), sharp inventory depletion (50bp), forex impact (15bp), and higher than GST price reduction in some models (70bp). These factors were offset by benefits from operating leverage (+190bp) and lower discounts with a favorable mix (120bp).
- There have been some headwinds in commodities, particularly with platinum, palladium, rhodium, aluminum, and copper. PGM contributes to about 2% of input costs for MSIL. Further, steel prices have increased, even though the grade of steel used by MSIL is not included in the safeguard duty list. Management indicated that it would continue to negotiate with steel suppliers.
- Despite the pricing pressure, MSIL has refrained from taking a price hike on its models as it would look to take advantage of the current demand momentum.

Update on the Domestic Market

- Demand remains healthy across all segments, including hatchbacks, small SUVs, and large SUVs. Small cars, in particular, have seen stronger recovery due to their smaller base, while SUV demand also continues to rise.
- The company is currently facing challenges in meeting market demand due to capacity constraints. The phase 2 of Kharkhoda facility is expected to become operational by Apr'26, and a few months post that, the fourth line at the SMG plant will be commissioned. Both will have a capacity of 250k units pa each. MSIL has already firmed up plans to set up a new greenfield facility in Gujarat.
- The company plans to introduce multiple EVs and aims to increase the number of charging points to 100k by 2030 for a smoother transition. Currently, MSIL has 2,000 charging points across 1,100 cities. MSIL also introduced the 5000th arena service touchpoint and 1500th parts and accessories distributor touchpoint in 3Q.
- The percentage of first-time buyers has increased by 7%, reaching approximately 47% post-GST cuts.
- The company is currently investing about INR100b in capex pa.

- The E-Vitara is expected to be launched in domestic market soon.

Update on Exports

- In 3Q, MSIL exports grew ahead of the industry, and for CY25, MSIL achieved a 46% market share in exports. By Dec'25, the company sold 13k units of the e-Vitara across 28 countries, with the UK being the top destination. It has plans to introduce this model across 100 countries in the coming quarters.
- Exports revenue for 3Q stood at INR82b.
- 3Q exports volumes faced a slight setback in growth rates due to a missed shipment, caused by logistical issues, but the company is confident of reaching its 400k exports target for FY26.
- The Jimny five-door, which has been well-received, reached 100k units in exports, cumulatively across 100 countries.
- There are indications that South Africa may look to raise import duty on vehicles from India and China. This was expected to hurt MSIL given that South Africa is its largest export market. Management indicated that it continues to await on clarity from the South African government on the same.

Update on the Amalgamation of SMG

- The SMG amalgamation took place on December 1, 2025, with an effective date of April 2025.
- There were changes in the accounting cost heads post-amalgamation. Prior to the amalgamation, the cost of production of SMG was included in raw material cost of MSIL and contained the cost of components, wages, other expenses, netted off for other income such as scrap, excluding depreciation. Meanwhile, post-amalgamation, all cost heads are being re-allocated to their respective heads.
- Before the amalgamation, the depreciation of SMG was included under lease rent in other expenses. Post-amalgamation, it will be reflected under its respective head.
- As it has been well-known, at the EBIT level, there is no significant change due to these adjustments.



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Results Update

The screenshot shows a financial report for Samvardhana Motherson. It includes a table with financial metrics and a section titled 'Key highlights'.

Financial Metric	Q3 FY25	Q3 FY24	Q3 FY23
Revenue	1,234.56	1,123.45	1,012.34
Profit	234.56	212.34	198.76
EPS	12.34	11.23	10.12

Key highlights:

- Revenue growth of 10% YoY.
- Profit growth of 12% YoY.
- EPS growth of 15% YoY.

Samvardhana Motherson

Buy

Current Price INR 134

- **Operation updates:** SAMIL currently has 10 greenfield projects at various stages of completion spread across India, Poland, the UAE, and Morocco. Two new greenfield projects were announced during the quarter, viz. a wiring harness manufacturing facility in Morocco slated for operations in 1QFY27 and a vision systems facility in Pune, which will commence operations in 1QFY28. Of these, eight are expected to commence production by 2QFY27.
- The acquisition of the Nexans Auto-Electric wiring harness business is expected to create a scalable global platform for both PV and CV customers and is expected to close by 1HFY27.
- They have signed multiple partnerships, including the development of a dedicated state of the art terminal at Dighi Port in Maharashtra to handle finished vehicles and a joint venture with Egtronics Co. Ltd to focus on manufacturing clean mobility electronics.
- The earlier announced acquisition of Yutaka Giken is expected to close in the 1HFY27, with the tender offer for shareholding in Yutaka already commenced as of 9th of Feb.

- **SAMIL outperforms industry:** SAMIL's revenues grew 14% YoY in 3Q, the global LV market fell by ~1%, while CVs grew by 9%. Revenue growth included the benefit from currency translation (EUR-INR) and the Atsumitec acquisition. Its healthy growth was despite the fact that the US Class 8 market was down 27% YoY.
- **Financial performance and capital allocation:** Effective net debt rose to ~INR120b (vs. INR116b QoQ) due to expanded working capital and sharp forex volatility. Leverage ratio stood at 1.1x (flat QoQ). Management expects the same to reduce further to 0.9x by end of FY26.
- **Capex guidance** is maintained at INR60b for FY26, with current quarter capex standing at INR15.9b largely directed towards greenfield expansion and maintenance capex.

Segmental updates

- Wiring Harness revenues stood at INR90.8b (+16% YoY) with EBITDA margins of 9.7% (down 210bp YoY), impacted by softer commercial vehicle volumes in North America and elevated commodity prices, which are generally passed through with a lag of a quarter.
- Vision Systems reported revenues of INR52.5b (+11% YoY) with EBITDA margins of 9.2% (flat YoY), benefiting from improved business mix, operational optimization, and early-stage integration of acquired assets.
- Integrated Assemblies delivered revenues of INR27.6b (+4% YoY) and EBITDA margins of 15.2% (+190bp YoY), the highest among all divisions, driven by deeper group integration, manufacturing synergies, and focused execution.
- Emerging Businesses (including elastomers, lighting, precision metals, aerospace, health & medical, logistics and technology solutions) recorded revenues of INR42.2b (+57% YoY) with EBITDA margins of 9.3% (down 410bp YoY). Revenue growth was primarily led by meaningful contributions from Atsumitech, consumer electronics and aerospace. Margins were, however, hit by adverse business mix and early-stage integration of newly acquired assets.
- Modules and Polymer Products generated revenues of INR157.8b (+8% YoY) with EBITDA margins of 9.4% (+140bp YoY), supported by operational efficiencies further aided by realization of transformative measures.
- Consumer electronics continued to scale rapidly (+75% QoQ), with facilities on track to reach annual run-rate of over 16m units by end of FY26. An additional plant is scheduled for 3QFY27, which will double capacity and enhance vertical integration.
- Aerospace business grew 41% YoY in 3Q with continued traction in order book. Additionally, product portfolio was further expanded to supply business jets and rotary wing aircraft.



SONA BLW Precision

Neutral

Current Price INR 532

Business update

- Growth in 3Q was driven by traction motors and the Railways business. On a QoQ basis, apart from the growth in the domestic business, a strong pick up in BEV revenue was seen, led by differential assembly business to one of their oldest EV OEMs.

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- With the pick-up in BEV revenue QoQ, its contribution has now increased to 38% from 32% in 2Q. Further, BEV revenue picked up QoQ despite a 45% fall in the BEV market in North America.
- North America, which has been the largest region for SONACOMS, has halved in the current fiscal year. However, this has been largely offset by strong growth in India, whose share has now almost doubled to 55% in Q3, with Eastern markets now accounting for 58% of total revenues, up from 38% in FY25.
- Demand in India has picked up well post GST rate cuts, and demand has been driven by traction motors, commercial vehicles (CV), tractors, and railways. The CV segment is likely to sustain its growth momentum as key lead indicators for the same are in place. SONACOMS is positioned to benefit from this growth as it holds an 80-85% market share in the differential gears segment.
- A likely EU-India trade deal may also help drive global revenues as well for SONACOMS.
- The company's global market share saw a slight decrease in differential gears to 8.7% in CY25 from 8.8% in CY24 and in starter motors to 4.2% in CY25 from 4.4% in CY24. Incremental EV production growth in PVs in CY25 was driven by China, where SONACOMS has limited presence, and hence it lost some share in CY25. Outside China, SONACOMS's market share in differential gears and starter motors is likely to have increased even in CY25.
- In traction motors, SONACOMS is one of the largest players in the domestic 2W traction motor segment. Growth in traction motors has sustained, and its quick move towards LRE-based motors from HRE-based motors has helped them drive share gains. Further, they have seen a few 3W EV programs start in 3Q, and a few more are expected to commence in the coming quarters. Management expects the traction motors division to be by far the fastest-growing segment for them over the next five years.
- The "Others" segment also grew rapidly, driven by products such as steering bevel boxes, intermediate gears, epicyclic gears, trains, and input rotor shafts. This segment is expected to continue its momentum, with hydraulic motors also expected to be added to the mix.
- In January, the company received the cash under the Production-Linked Incentive (PLI) scheme.

Order book update

- The total net order book stood at INR 235b as of the end of 3Q, with EV making up 71% of the order book. 1/3rd of the order book comes from the EU.
- SONACOMS currently has 64 active programs across 33 customers, with 31 programs still in the pre-production phase. In Q3, the company added two new EV programs in India: one for a hydraulic motor controller and one from an existing 2W EV OEM.
- Customer engagement in the EU and with Tier 1 OEMs has increased significantly, partly due to challenges faced by other players in the EU. A few global players in the driveline business, with revenues aggregating to EUR400-500m, are likely to shut shop. This business is likely to be redistributed within the supply chain, with SONACOMS likely to emerge as one of the major beneficiaries of the same.

External headwinds

- China's restrictions on heavy rare earth continue, and as a result, SONACOMS has shifted to LRE motors for 2/3W and is witnessing strong growth here.

- US tariffs remain uncertain, but the administration has extended tariff relief for Medium and Heavy Commercial Vehicles (MHCV) for 5 years for USMCA-compliant products.

Technological developments and innovations

- The company has added two new products in the quarter – air springs for railway coaches and a hydraulic motor controller for off-highway applications. The air springs addition in the suspension portfolio will quadruple the addressable market in the suspension systems space for railways and provide opportunities in current high-speed trains like Rajdhani, Shatabdi, and Vande Bharat. The hydraulic motor controller for the farm equipment segment with integrated electronics helps in steering, braking, and auxiliary functions with implementation in operations like towing, ploughing, sowing, and other PTO applications.
- The domestic CV industry is likely to adapt few ADAS regulations in 2027, which include AIS 184, AIS 186, AIS 187, AIS 162, and AIS 188. SONACOMS, with Novelis, has developed an integrated radar with a vision systems module for in-cabin sensing to comply with AIS 184 regulation. The USP of this product is that it can meet multiple features beyond the current mandate. With the launch of the SMT assembly line in Chennai, SONACOMS has become one of the few automotive radar manufacturers in India. Also, the first ever -In-cabin radar mass production in India will happen at SONACOMS's plant in H2CY26.

TATA MOTORS | Better
COMMERCIAL VEHICLES | Always

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Tata Motors CV

Neutral

Current Price INR 490

3Q performance

- TMCV delivered a strong 3QFY26 performance with wholesales of 116,800 units, up 20% YoY. Growth was led by strong double-digit growth across all segments, except buses, which grew 4% in 3Q.
- EBIT, before exceptional items, rose ~45% YoY to INR23.2b, while FCF was INR47.5b, supported by strong operating leverage and disciplined working capital management. Net cash position strengthened to INR39b as of 9MFY26.
- Exceptional items of INR15.5b incurred in 3Q included provisions for the new labor code (INR6b), demerger-related costs (INR9.6b), and Iveco acquisition expenses (INR820m).
- Margin expansion was driven by scale benefits and favorable mix, partially offset by material cost inflation. Warranty costs increased due to rate recalibration but remained below 2% of sales on a YTD basis.

Business update/demand outlook

- Market leadership was sustained with a 35.5% domestic CV market share, supported by sharp recovery in HCV share to 58.2% (53.9% in FY25), steady ILMCV share at 40.0%, stable SCV share of 26.3%, and passenger carrier share of 35.9%.
- End-market conditions improved post-GST 2.0 with higher fleet utilization across segments. Firming up of freight rates led to improved fleet operator profitability and pick-up in replacement demand. The trucks segment witnessed a sharp cyclical recovery in this quarter (+24.2% YoY) after a subdued 1H, aided by festive demand, resumption of infrastructure projects after an elongated monsoon period.

- ILMCV segment is seeing improved demand due to ecommerce and pick-up in manufacturing segment.
- SCV and pickup retails reached their highest quarterly levels since 1QFY24, driven by strong performance of Ace Pro and Ace Gold variants.
- The bus business remained resilient, supported by a government order book exceeding 6,000 units, coupled with sustained demand for school buses.
- Management expects 4QFY26 to be the strongest quarter, supported by infrastructure spending, execution of government bus orders, continued truck recovery, SCV momentum, and stable non-cyclical revenue. Management also expects the demand momentum to sustain in 1H, albeit over a low base.

Capex and Investments

- Investment spending remained disciplined at INR5.5b in 3QFY26 and INR20b in 9MFY26, largely directed toward R&D, product development, and future-ready platforms.
- Capex guidance has been maintained, with no compromise on investments in new technologies, electrification, safety, and digital capabilities.
- There is flexibility in shifting capacities between four MHCV and ILMCV plants, with debottlenecking initiatives underway to address industry-wide supply tightness amid strong demand.

New Launches

- TMCV launched 17 next-generation trucks in Jan'26, representing a comprehensive portfolio refresh across safety, efficiency, and profitability, with all models compliant with stringent European ECE R29-03 safety standards.
- Key launches included the Prima 3540.K, the company's most powerful tipper targeting infrastructure-led demand, and the Azura series in the 7–19T ILMCV segment with redesigned cabins, higher payloads, and improved fuel efficiency.
- Tata Trucks-EV now offers India's broadest electric truck portfolio under the proprietary I-MOEV architecture, featuring modular battery packs, in-house BMS, and e-axles across multiple use cases.

Exports

- Export volumes surged 71% YoY in 3Q to 7,700 units, led by recovery in Sri Lanka, SAARC markets, the Middle East, and Sub-Saharan Africa.
- Export revenue is approaching the historical peak levels despite volumes remaining below FY17 highs, reflecting improved product mix and realization.
- Launch of Euro 6-compliant trucks for the Middle East and North Africa positions TMCV as a key beneficiary of tightening emission norms in these regions.

Focus areas

- Management continues to prioritize sustainable margin delivery through realization improvement, price hikes (1% this quarter) to mitigate commodity inflation, and leverage scale benefits.
- Replacement demand, acceleration under GST 2.0, remains a key medium-term growth lever, supported by improving fleet economics.
- Strengthening non-cyclical revenue streams remains a focus, including Smart City Mobility e-bus operations with over 3,600 e-buses deployed and Fleet Edge digital services, where subscription renewals have accelerated meaningfully.
- Medium-term growth will be driven by leadership in core CV segments, modernized product portfolio, expansion in EV and alternative fuel ecosystems, and continued international market penetration.



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Tata Motors PV

Sell

Current Price INR 383

JLR update

- Wholesales in the quarter stood at 59k units, down 43% YoY, due to lower production on account of the cyber incident.
- Despite a weak dollar environment, ASP in 3Q grew 7% YoY to GBP76k.
- VME grew from 4.2% of sales to 7.7%, largely due to global luxury OEMs focusing on driving volumes from regions other than China due to the sharp decline in luxury car demand in China. The VME is expected to marginally increase from current levels due to competitive pressure in a weak demand macro.
- Net debt at the end of 3Q stood at INR394b.
- FCF in 3Q stood at GBP-1.5b, due to the lower sales volumes, increased working capital (due to inventory buildup), and supplier claims settlement. Production coming back to normal would lead to better cash flow management in 4Q. The FCF is expected to remain under pressure on account of the heavy investment period coming up for multiple upcoming product launches. Expected dividend payment of GBP450m is expected to put pressure on overall cash position for JLR.
- Range Rover Electric is set to launch this year, alongside the unveiling of a new Jaguar EV and a new vehicle from the EMA platform (a model from the Range Rover family). Further, the Freelander (from the JLR Chery JV) is also set to get into production soon, initially for China, but will eventually roll out globally.
- The US market has faced tight dealer inventory levels, partly due to the cyber incident and subsequent production delays. Although inventories were low in 3Q, JLR is working to replenish them, and normalize by 4Q. JLR has raised prices in the US to account for tariff costs; however, rising competitive pressure has meant that they have had to also increase VME in the region to push sales.
- Some of the global macro headwinds that JLR is currently facing include the China market slowdown, demand weakness led by US tariffs, weaker dollar, weak market conditions leading to higher VME, and rising costs of doing business in UK.
- China market has declined 21% YoY in YTD26, while JLR outperformed the industry with 19% decline. There is a visible squeeze in the Chinese market with the local new energy vehicles taking a significant share of the market, creating pressure on luxury brands, and the increase of luxury tax of 10% from the government for vehicles priced between RMB900k-1.3m. JLR is focusing on managing dealer inventories carefully, concentrating on profitable imported models, and leveraging its JV to maintain its position in the Chinese market.

India PV update

- PV industry recorded 20% growth in 3Q post GST rate cuts, while TMPV recorded 47% growth, leading to market share gain.
- The channel inventory saw a reduction of 10-15 days in 3Q for the industry and for TMPV due to strong retails.
- Management expects the industry to record 13-14% growth in 4Q, while TMPV would outpace the market with ~40% growth on the back of ramp-up of Sierra volumes, low channel inventory, deliveries of new Punch facelift, petrol version of Harrier and Safari and re-entry into the fleet segment with petrol and CNG

version of Xpres. This would lead to mid-teen growth for TMPV in FY26, while the industry is likely to post 8-9% growth.

- The management expects the petrol version of Harrier to contribute to 30-35% of overall Harrier volumes on the back of strong bookings.
- The recently launched Sierra got 70k+ bookings on Day 1, which have now ramped up to over 100k bookings. TMPV has supplied 7k units in Jan, and is ramping up the capacity for this model but is facing capacity constraints from its suppliers.
- The Curvv, being a new concept model in India, is expected to take time for acceptance, though according to the management, there has been some uptick in Curvv demand from December.
- Lower realizations, coupled with higher employee and fixed marketing expenses due to new product launches, and increased depreciation resulting from the SOP of the Sierra, Punch, and Harrier models, have offset the benefits from operating leverage and the PLI.
- Going into 4Q, operating leverage, low inventory levels and reduced discounts would help record better margins in the India PV business.
- Discounts in 3Q stood at 3.5-4% of sales, including the distributor discounts.
- The company expects a commodity price inflation impact of 1.7-2% of sales in 4Q. To counter this, the company plans to take a price hike in February.

EV update

- EV industry grew 74% in 3QFY26, while TMPV volumes grew at a lower 50% to 24.1k units, resulting in a market share decline from 53% in 3QFY25 to 43.6% in 3QFY26.
- Charging infra expanded to 27842 points by Dec'25.
- PLI incentives for 3Q stood at INR3.6b, with 45% of EV revenues eligible for PLI. This contribution is expected to grow further.
- Reinforced portfolio and increase in charging infra should support EV volumes for TMPV in 4Q.
- YTD capex in the India business stood at INR31b and its guidance for F26 stands at INR42-43b.



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Tube Investments

Buy

Current Price INR 2,471

Update on the Engineering business

- Revenues grew 18.6% YoY to 14.3b. Growth was driven by the domestic segment, while exports in the EU and the US remained weak. Volumes grew in double digits for 9MFY26.
- According to management, India still faces the 50% import duty in the US under Section 232, and there is no further clarity on this as yet.
- However, the new plant has been delayed by 6-9 months due to supply challenges from machine vendors.
- The new plants at Nashik and Phaltan are ramping up well, with the expectation that these will be fully booked with new orders by Q2FY27.
- The company also mentioned that with higher utilization, the segment does have room to operate at better margins.
- While exports have been challenging due to the ongoing trade barriers, the recent FTA with the EU is likely to open up the EU market for this business going forward.

Update on Metal Formed division

- Revenues for this quarter in the metal formed segment grew 2.2% to INR4.1b.
- TII is performing well with its Korean customers.
- It is also building capabilities for some other products in order to diversify its revenue base. The company expects meaningful progress on these new products over the next one year.
- The railway order, which was expected to be commissioned by 4QFY26, is seeing a delay of about one quarter due to a lack of readiness among other suppliers.

Update on Mobility business

- The mobility business's revenue grew by a healthy 29% YoY to INR1.8b in 3Q.
- Its focus on introducing new products like e-bikes, as well as its continued focus on ramping up spares and fitness business, has helped offset the cyclical nature in this business.
- Prospective customers for e-bikes are expected to be those who don't want a bicycle and cannot afford a 2W. The company expects the e-bike adoption to pick up gradually in India in the coming years.

Update on the EV segment

- Revenues stood at INR1.8b, with losses at INR1.6b for 3QFY26.
- TII may look to invest about INR5-7.5b in TICMPL from the standalone cash flows.
- Their target would be to achieve break-even in the e-3W and HCV segments over the next 12-18 months and then look at break-even in the other two segments.

Update on e-3Ws

- E-3W volumes stood at 1,816 units in 3Q.
- This industry has 3 distinct segments: 9kwh, 10.6 kwh, and 12+ kwh. MM and TII are in the 10.6kwh segment. With this, TII now caters to 65% of the L5M category total TIV.
- TII is now present in 117 dealers. TII is focusing on about 50-55 of these dealers, which generate 75% of their volumes.
- TII's market share remains superior in the southern region. However, the 3W EV penetration in South remains at a lower level vs other regions, hence TII has a strong upside potential as and when the EV transition picks up in the southern markets.
- Its two key focus areas in this business include: 1) focus on reducing the BOM cost, which will aid TII to position its products more competitively, and 2) expanding channel and network presence pan India.
- In the L3 segment, the company has introduced a couple of products in select markets at different price points to evaluate the business potential. Based on the ground feedback, they will finalize whether to invest further in this business or not.

Update on the e-truck segment

- TII sold 56 units in 3Q in this segment with a market share of 40%.
- The company is developing use cases in the cement industry where it is seeing a good pick-up in demand.

Update on e-SCVs and tractors

- The electric small commercial vehicle (SCV) business recorded volumes of 301 units in 3Q, showing healthy sequential growth and positive customer reception.
- Competition is from two key players: AL and Volvo-Eicher.

- TII sold 29 e-tractors in 3QFY26

Update on Shanti Gears

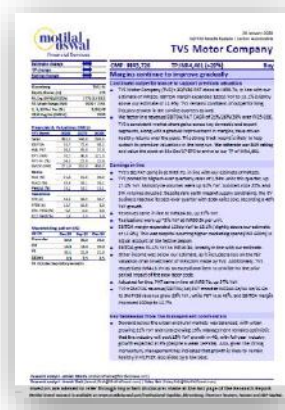
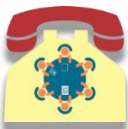
- Revenue declined 26% YoY to INR1.1b.
- It has been witnessing weak revenues over the past few quarters as demand has softened with rising competition, and it has stayed away from a competitive pricing policy, given its focus on profitability.

Other highlights

- Standalone FCF for 3Q stood at INR2.5b.
- Management has confirmed that they would focus on current TI-2 projects and not look at any further incremental avenues. They may consider TI3 opportunities if they fit their requirements.



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TVS Motors

Buy

Current Price INR 3,884

Update on the domestic market

- TVS ICE volumes grew 21% YoY in 3QFY26, outperforming the industry's overall growth rate of ~16%.
- Demand across the urban and rural markets was balanced, with urban growing 21% YoY and rural growing 19%. Management remains optimistic that the industry will post 15% YoY growth in 4Q, with full-year industry growth expected at 9% (despite a weak 1HFY26). Also, given the strong momentum, management has indicated that growth is likely to remain healthy in H1FY27, also aided by a low base.
- The scooter segment contribution to total two-wheelers (ICE + EV) has now increased to 40%. Premium and super premium motorcycle segments continue to show strong industry-beating growth while executives continue to expand, but at a more moderate pace. The entry-level segment has relatively underperformed the other segments, according to the management.
- TVSL is expected to continue outperforming the 2W industry going into FY27 and beyond.
- Capacity expansion is underway and will take a quarter to materialize meaningfully.
- In terms of dealer stock, only EV variants are facing a stock crunch with dealers, given the ongoing shortage of rare earth magnets.

Update on EVs

- The EV industry in India grew by 14% in 3QFY26, despite facing constraints due to the magnet shortage, which affected production and supply.
- The TVS iQube continues to lead the electric scooter segment. Current production of iQube stands at 30-32k units monthly.
- The TVS Orbiter was launched in select parts of India and received a favorable customer response, as it has been positioned at a more accessible price point, albeit with a lower range. Capacity is ramping up towards 10k units per month for this model.
- The EV business is currently contributing positively at a unit level. EBITDA breakeven is expected as volumes scale up further.
- TVS is seeing strong traction for their King EV and King Kargo ST electric 3W in last-mile and cargo applications. As of 3QFY26, 8.5k-9k units were sold.

Update on Exports

- TVS exports were up 35% YoY compared to an industry-wide growth rate of ~23%. Export revenues for TVS stood at INR29.1b in 3Q with USD-INR realization flattish QoQ at INR88.
- The African market has been gradually picking up QoQ. The Latin American market continues to see healthy demand. Further, TVS has established a strong presence in several key Asian markets, particularly in Sri Lanka and Nepal, with both showing a sharp rebound. Jupiter is a key brand in Sri Lanka.
- However, Europe continues to face structural and regulatory challenges, and hence, demand continues to remain muted. Impact on TVS due to Mexico tariffs is likely to be negligible given its small presence in this market. TVS is considering setting up a CKD facility in Mexico.
- TVS remains confident of sustaining its outperformance in export markets in the coming quarters.

Update on subsidiaries and investments

- TVS Credit's total book stood at INR296.8b, with a customer base of ~23m, having added 4.1m new customers this fiscal. PBT for 3Q stood at INR3.9b, up 21% YoY. TVS has invested INR2b in TVS Credit in 3Q.
- TVS has invested ~INR1b in its premium electric scooter subsidiary ION Mobility in 3Q.
- Investments were made into their Dubai subsidiary to set it up as a hub for future global operations.
- Norton unveiled their product range at the EICMA 2025 in Milan, Italy, with products set to hit markets over CY2026. They are positioned as super premium luxury motorcycles. In India, the strategy will be highly differentiated and more focused on exclusivity and brand experience. In 3Q, TVS invested INR 2.9b in Norton, post the INR 2.4b investment in 2Q. This incremental investment in 3Q was towards marketing for the upcoming new bikes, as well as the EICMA event.

Other highlights

- Spares revenue in 3QFY26 stood at INR11.83b.
- Benefit from PLI on margins has improved to 70bp in 3Q. A small portion (premium range) of their EV portfolio is not eligible for these benefits.
- Input prices rose by 0.4% overall this quarter, due to the increase in prices of precious metals like platinum, palladium, and rhodium. There is a risk of raw material cost inflation in 4QFY26.
- Capex guidance for FY26E stands at INR 17b. They would also invest INR 29b in subsidiaries and associates in FY26E.

CAPITAL GOODS



- Management maintained a broadly positive outlook, highlighting an expected revival in the domestic capex cycle, led by increased overall capital allocation in the FY26-27 budget. Demand remains broad-based and is particularly strong across power T&D, defense, hydrocarbons, metals, utilities, cement, and refineries, while new-age sectors such as semiconductors, AI, and data centers are also creating additional opportunities. Construction and infrastructure were impacted to some extent by extended monsoons; however, activity is expected to revive in 4Q. Increasing commodity prices may weigh on near-term margins; however, companies have adequate clauses in place to mitigate this impact. The data center tax holiday announced in the Union Budget is expected to provide long-term opportunities for companies, although it may take time to translate meaningfully into execution. Exports remained mixed across the coverage universe; however, recent trade agreements with the EU and the US are expected to support medium-to-long-term growth for Indian players. Powergen demand remains strong, with growth driven by both volumes and prices. The prospect for defense companies has further strengthened, with budgetary capital allocation to the sector increasing 18% to INR2.2t, and AoNs worth INR6.9t accorded over YTD FY26, most of which are expected to convert into firm orders over the next 2-2.5 years. Over the last two years, broad-based growth in capex allocation has remained lower than the pace seen during FY21-24. However, incentives and schemes announced in the Union Budget across sectors are expected to stimulate private sector spending over the medium to long term.

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Outlook	Domestic capex cycle
Larsen and Toubro	■ Order inflow to exceed earlier guidance of 10% YoY growth. ■ Revenue guidance of 15% YoY. ■ Core E&C margin targeted to be ~8.5%. ■ NWC-to-revenue ratio guidance improved to 10% vs 12% earlier.	■ The prospect pipeline for 4QFY26 stands at INR5.9t (+7% YoY) ■ Of this: Infra is INR4t (flat YoY), hydrocarbon INR1.3t, carbon-lite solutions INR0.4t (vs INR0.01t last year), and High-tech manufacturing INR0.42t (vs. INR0.07t last year).
Siemens Ltd	■ Smart-infra to grow at 8-10% CAGR over FY25-30. ■ Mobility addressable market to grow at 10% CAGR over FY25-30. ■ Digital infra to grow at 5-8%, with the margin to be in the range of 6-8%	■ Going forward, the company expects support from macroeconomic tailwinds as the recently signed India-EU Free Trade Agreement and the trade deal with the US begin opening new avenues for tech collaboration and exports.
Siemens Energy	■ Management stated that 1QFY26 results reflect a continuously strong energy market, offering SEIL attractive growth opportunities across its entire generation and transmission portfolio.	■ The domestic and global trend for energy transition and electrification has resulted in a very high and increasing demand for large power transformers. Hence, the company is incurring capex of INR20.6b to expand its large power transformers capacity by 30,00 MVA.
Kalpataru	■ FY26 revenue growth guidance of 25% for FY26. ■ PBT margin expanded at least 50bp at the standalone level and 100bp at the consol. level. ■ Consol. EPS exceeding INR50 per share in FY26. ■ NWC targeted at 100 days for FY26 ■ Order inflow guided at INR260b+ for FY26 with INR150b coming from T&D (+15-20% YoY).	■ Strong pipeline from PGCIL's INR900b annual capex plan for the next 4-5 years. ■ L1 in INR58b+ in T&D tenders; ■ FY26 T&D international inflows of ~INR80b excl. Sweden; ~INR95-100b incl. Sweden. ■ Outlook for Railways remains positive with considerable opportunities ■ The company is seeing inflows coming in from industrial projects, data centers, airports, residential, and commercial projects.
KEC International	■ FY26 EBITDA margin guidance reduced to 7.0-7.5% from ~8.0% earlier. ■ Order intake targeted at ~INR300-350b for FY27.	■ Prospect pipeline of ~INR1.8t across T&D and civil, including domestic T&D INR500b, export T&D INR150b, civil INR600b (incl. INR200b international), and renewables of INR300b.
Cummins	■ The company expects double-digit revenue growth in FY26. ■ The company is targeting double-digit growth in the domestic business in FY27.	■ Powergen demand in manufacturing, infra, and real estate continued to show good enquiry momentum. Positive movement is likely in India's data center segment in the next 3-4 years. ■ In Industrial, management remains positive on Rails, supported by fresh budget capex outlays
KOEL	■ To be USD2b by FY30 ('2B2B' strategy). ■ Margin to improve with the B2C segment now being transferred to a subsidiary.	■ Powergen demand remained strong from infra, real estate, manufacturing, and data centers. Increasing share in the HHP segment.

		■ In Industrials, the construction and mining segments' demand is expected to normalize. ■ In distribution, the company continues to improve service penetration through higher AMC coverage and stronger service capabilities. ■ In exports, the company strengthened its presence in South Africa by setting up its own entity and continues to invest in the US market.
Hitachi Energy	■ Margins are expected to be in double digits. ■ Data centers currently account for a high single-digit share of orders but are likely to scale notably, alongside new segments such as BESS. ■ The company expects the share of exports (excluding UHVDC) in overall orders to remain around 25-30%. ■	■ The demand outlook remained strong and multi-year, supported by sustained investments in transmission, renewables, and industrial electrification, with data centers emerging as a key growth driver. ■ About 90% of AI-ready data centers are currently concentrated in the US and China, implying significant headroom for India as hyperscalers ramp up capacity, with ~INR8.8t of data center investments expected by CY27.
Bharat Electronics	■ FY26 order inflow guidance of ~INR270b (excluding QRSAM). ■ FY26 revenue growth guidance of >15% YoY, with EBITDA margin of ~27%. ■ R&D investment is guided at INR16-17b+ in FY26. ■ Capex is expected to be ~INR10b in FY26. ■ Medium-term objective of maintaining a 90:10 defence-to-non-defence revenue mix. ■ Exports are targeted to reach 10% of overall revenue in the long term.	■ Key near-term opportunities include LCA Mk-1A orders of ~INR24b, Shatrughat EW of ~INR30b, NGC orders of ~INR20-30b in FY26 (with the balance ~INR100b-120b by 1HFY27), and a few additional large programs of ~INR20b. On larger strategic programs, QRSAM (~INR300b) is likely in 4QFY26 or early FY27, Akash NG (~INR25-30b) is likely by FY28, and Project Kusha (indigenous S-400) is targeted around FY29. ■ In the near term, export orders are expected in 4QFY26 related to satellite communication equipment, TR modules, data link projects, and coastal surveillance systems.
Bharat Dynamics	■ The company is targeting ~INR200b worth of orders to come in within the next 18 months, of which ~INR40b-50b is expected in 4QFY26.	■ Management has guided a cumulative capex of ~INR25b-30b over the next three to five years.
Astra Microwave	■ FY26 revenue guidance of 10% YoY with healthy margins. ■ Order inflow guidance of ~INR5.5b-6b (~INR4.5b from defense, INR1.2b from metrology) in 4Q, taking FY26 inflows to INR13b. ■ FY27 revenue growth guided at 15% YoY with inflow reaching INR15b-16b and export inflows to reach INR1b-1.3b.	■ Several EW systems, where ASTRA has been qualified, such as Nayan, Samudrika, and Dharashakti, are entering production stages, which can enhance revenue stability. ■ In Meteorology, ASTM is actively involved in Mission Mausam with multiple contracts already under execution. ■ In Space, ASTM expects repeat orders for satellite payload electronics. ■ In exports, new opportunities are emerging following trade agreements with the EU/US.
Zen Technologies	■ The company has reduced its earlier goal of INR60b execution over FY26-28 and now expects about INR40b of execution over the next two years, using FY25 rather than FY26 as the base and assuming roughly 50% growth. ■ Management guided 25% PAT margin at the consolidated level in the long run. ■ The current supply chain should support annual execution above INR20b.	■ Management mentioned an internal view that the consolidated order book could move towards INR20b after the expected simulator order, and may need to be in the INR25-30b range by the end of next year to support their INR40b execution plan. ■ In active talks across the Middle East, Africa, and Southeast Asia, and is exploring an EU base post the India-EU FTA to access NATO markets and scale exports.
Thermax	■ Expects 4Q to be a strong, profitable quarter with double-digit revenue growth YoY, although it does not expect FY26 revenue to grow in double digits because 9MFY26 growth is only about 1%. ■ Management guided that a strong 4Q will position the company well for FY27.	■ The project pipeline across large and small orders remains healthy, driven by strong opportunities in power, refinery/petrochem, and data centers over the past 2-3 years, with multiple customers in India and a few overseas. ■ Management does not see a broad-based recovery in private capex in India yet, as tariff uncertainties have recently eased, and it is too early to assess their impact on project decisions. ■ Management is positive on the government's announced INR200b outlay for carbon capture and considers TMX well-positioned to benefit.
Triveni Turbine	■ While FY26 growth is hit by a slower 1H, FY27 is expected to see normalization supported by a healthy order book.	■ Management highlighted strong medium-term opportunities in geothermal, energy storage, data centers, combined-cycle applications, and utility refurbishment.

- EBITDA margins to remain above 20% on a PBT basis despite mix-related fluctuations.
- The company expects to revert to normalized, double-digit growth rates over the medium term as inquiry conversions improve.
- The CO₂-based heat pumps have surpassed 100+ inquiries, with the first order already secured and execution planned in FY27.
- The 4Q orders are expected to be more export-focused, with exports growing faster than domestic and sustaining a ~55:45 export-to-domestic mix over the medium term.



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Bharat Electronics

Buy

Current Price INR 448

- **Order book composition:** Management stated that the order book stood at around INR734.5b as of late January FY26. Key contributors to the order book include electronic fuses (10-year requirement), LRFM, BMP-2 upgrade, Akash Army, Ashwini Radar, Arudhra Radar, and WW suite for MiG-29. These seven major programs together account for ~INR200b+ of the order book. Most projects have execution timelines ranging from one to two years, except electronic fuses, which extend up to eight more years.
- **Prospect pipeline:** Management reiterated confidence in crossing INR270b of order inflows in FY26, even without QRSAM. Large expected orders include LCA LRUs (~INR24b before FY26-end), next-gen corvettes (~INR20-30b in FY26 and balance INR100b-INR120b in 1H FY27), and Shatrughat (~INR30b before FY26-end). Additional programs of INR10b+ size are also in advanced stages of processing. Management stated that a strong pipeline supports sustained growth visibility for the next three to four years.
- **3Q executions:** Key projects executed during 9MFY26 include LRSAM, Him-Shakti, battlefield surveillance system, Lynx fire control, Akash Army system, LCA Mk-1A LRUs, and Shakti-EW system. Management indicated that these seven projects alone contributed over INR50b of execution during 3QFY26. Execution remained broad-based across radar, missile systems, and electronic warfare platforms.
- **4Q execution outlook:** For 4QFY26, management expects execution from LRSAM, Akash Army, Him Shakti, Arudhra MPR, D29 EW system, BMP-2 upgrade, and LCA LRUs. D29 EW deliveries are expected to increase to ~INR5b in the quarter. BMP-2 upgrade supplies are also expected to pick up meaningfully. These six to seven programs together are expected to contribute approximately INR40b of execution in 4Q.
- **Semiconductor availability:** Management stated that semiconductor shortages will not materially impact BHE due to design flexibility and alternate sourcing. BHE uses over 2,000 types of semiconductor components and has redesigned systems to avoid dependence on single-chip solutions.
- **Project Kusha, QRSAM, and Akash NG update:** Management indicated that QRSAM is expected to be finalized shortly, with high confidence of order receipt either in 4QFY26 or early FY27. Missile content, accounting for roughly 30% of the order value, will be sourced from BDL, while the remaining ~70% will be executed by BHE and its partners. Akash NG has completed trials and is awaiting AoN approval, with potential order placement indicated in FY28, while Project Kusha, an indigenous S-400 equivalent, is under development and may materialize around FY29 with multi-year execution.

- **AMCA update:** RFP expected to be issued around mid-Feb'26. Workshare between BHE and L&T is expected to be broadly 50:50, aligned with investment commitments. Management expressed confidence in qualifying technically and being competitive on pricing once RFP details are finalized.
- **LCA Tejas additional orders:** Management confirmed expectations of receiving the LCA Mk-1A LRU order from HAL shortly, with an estimated value of INR24b+. Regarding the Uttam radar for the 97 aircraft order, management clarified that configuration decisions rest with HAL and ADA. BHE has not factored Uttam radar orders into near-term expectations due to a lack of final configuration clarity. An RFP would be issued only after HAL finalizes the radar mix.
- **9M other expense increase:** Other expenses in 9MFY26 increased to INR12.8b from INR11.6b, primarily due to higher provisions for doubtful debts, which rose to INR7.1b from INR6.0b last year. Excluding provisions, underlying other expenses remained largely stable, with INR2.6b of provision write-backs recorded in 3QFY26.
- **Guidance intact:** Management reiterated its FY26 guidance of >15% revenue growth, ~27% EBITDA margin, and INR270b+ order inflows. R&D investment is guided at INR16-17b+, while capex is expected to be ~NR10b. Management also reiterated the medium-term objective of maintaining a 90:10 defence-to-non-defence revenue mix.



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Cummins India

Buy

Current Price INR 4,727

- **Domestic powergen** - Revenue in 3QFY26 was INR10.7b, down 16% YoY/20% QoQ. Management attributed the decline mainly to the absence of data center project execution in 3Q, after very strong data center execution in the preceding quarter. Manufacturing, infrastructure, and residential/commercial real estate have been doing well and continue to show good enquiry momentum.
- **Data centers contribution and outlook** - The company expects positive movement in India's data center segment over the next 3-4 years, supported by recent tax incentives. The company sees increasing activity from hyperscalers in India compared to the beginning of FY26, while enquiry levels from co-location players have remained steady. Globally, management characterized data center demand as very strong in the US and China, but this demand is met locally from Cummins entities in these markets. For Gulf markets, it said there are discussions but no specific data center genset enquiries yet.
- **Industrial segment trends** - Domestic industrial revenue in 3QFY26 was INR4.6b, down 9% YoY but up 20% QoQ. Industrial weakness is largely due to lower construction activity, as road construction was slower, and delayed monsoons in October impacted excavator demand. Rail is a tender-driven business where 3Q softness followed strong execution in previous quarters. However, management remains positive in Rails business supported by fresh budget capex outlays. Mining tenders have been slower, while marine is performing well.
- **Distribution segment growth** - Distribution revenue reached INR9.4b in 3QFY26, growing 26% YoY/18% QoQ, and accounted for roughly 31% of total sales. Growth was led by an increasing installed base over the last two years and efforts to bring more customers under service contracts across powergen,

railways, defense, mining and other segments. Most CPCB IV+ gensets are still within their two-year warranty period, and the phase when advanced technology content could materially lift distribution revenue is likely to start only once these sets move out of warranty.

- **Exports performance and mix** - Export demand remains lumpy across all markets. APAC and Europe grew in 3Q, while other regions did not grow as much. However, the pattern keeps changing quarter by quarter. Management also noted that tariffs primarily affect the US, where a recent reduction in tariff is being assessed, but KKC's exports are diversified across APAC, Latin America, Europe and the Middle East, where tariffs have not been a major issue. Competitive pricing and positioning remain very aggressive, especially in powergen. Management confirmed that this competitive intensity is incorporated into its current margin performance and did not flag additional margin risk from competition beyond what is already visible.
- **Battery energy storage systems (BESS)** – TAM for the containerized BESS is broad, covering any location where power is needed and where customers wish to move to cleaner power, provide backup, meet excess demand or store surplus on-site renewable generation. The company has received many enquiries on these products since launch, from both large and small customers across sectors. Actual sales are yet to reflect because customers are evaluating how BESS fits into their overall energy solutions and capex allocation. Over time, the company expects BESS to become part of customers' energy mix, alongside grid, solar, wind and diesel gensets.
- **Guidance and growth outlook** - For FY26, the company expects double-digit revenue growth over FY25, supported by demand across all key segments. Management stated that for FY27 it will target double-digit growth in the domestic business. The company is closely monitoring global developments, particularly geopolitical and tariff-related factors that complicate export visibility.
- **Margin and one-offs** - For 3QFY26, gross margins remained at high levels mainly due to ongoing work with suppliers to improve material costs, favorable sales mix and some one-time supplier benefits. Management stated that competitive intensity, especially in powergen, is already reflected in current gross margins.



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motilal oswal	
Financial Services	
KEC International	
Quarter	Annual
Q3 FY26	Q3 FY25
Q2 FY26	Q2 FY25
Q1 FY26	Q1 FY25
Q4 FY25	Q4 FY24
Q3 FY25	Q3 FY24
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Q4 FY23	Q4 FY22
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Q4 FY49	Q4 FY48
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Q4 FY31	Q4 FY30
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Q4 FY20	Q4 FY19
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Q1 FY20	Q1 FY19
Q4 FY19	Q4 FY18
Q3 FY19	Q3 FY18
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Q4 FY18	Q4 FY17
Q3 FY18	Q3 FY17
Q2 FY18	Q2 FY17
Q1 FY18	Q1 FY17
Q4 FY17	Q4 FY16
Q3 FY17	Q3 FY16
Q2 FY17	Q2 FY16
Q1 FY17	Q1 FY16
Q4 FY16	Q4 FY15

project is typically ~INR250b in size, implying an ~INR750b+ aggregate opportunity for the upcoming projects.

- **Cables:** The cables and conductors business continues to see steady demand across domestic and export markets. Management confirmed 100% copper hedging at order acceptance, eliminating commodity risk. New product capabilities in E-beam and elastomeric cables are under development, with commercial production of elastomeric cables expected by the end of FY26.
- **Civil:** Buildings and factories now account for ~60-65% of the civil order book, reflecting strategic repositioning away from lower-quality projects. Labor availability remains a key execution constraint, with management indicating a shortage of ~2,000-4,000 workers vs. requirement, particularly impacting civil and water projects.
- **Water:** The company indicated that water segment exposure remains limited, with order book exposure of ~INR14b. Accounts receivable stands at ~INR9b, broadly stable YoY, with a marginal increase of ~INR0.8b-1b. Given the payment profile, execution continues on a calibrated, cash-and-carry basis, with selective bidding in new water projects.
- **Railways:** The company has commissioned Kavach across ~611 route km and is currently executing ~1,836 additional route km. The railways strategy is focused on technology-led segments such as Kavach, automatic block signaling (ABS), power supply systems and select metro works, while consciously reducing exposure to conventional, low-margin civil railway projects.
- **Oil & Gas:** The oil & gas pipeline business has secured three international pipeline projects, all in the Middle East. Management clarified that exposure remains selective and early-stage, with current opportunities not materially impacted by crude price volatility.
- **Capacity expansion:** Capacity expansion has been completed at Dubai, Jaipur and Jabalpur facilities, while the Nagpur expansion is expected to be completed by Mar'26. Incremental investments have also been made in Brazil hardware manufacturing, aimed at supporting rising demand from the Americas.
- **Data centers:** The company has executed five data center projects to date. Management highlighted that while announced data center capacity in India is large, actual tenders are being released in small, fragmented packages. Current bids include civil-only and civil + MEP scopes, with selective participation until tender depth improves.
- **Chinese competition:** Management stated that potential Chinese imports would primarily ease shortages in critical substation and power equipment components. As an EPC player, the company does not face direct competition from Chinese firms in execution and views improved equipment availability as positive for project timelines and commissioning.
- **Guidance:** Management has cut its FY26 EBITDA margin guidance to 7.0-7.5% from ~8%, reflecting delays in the closure of higher-margin projects and slower progress in water and metro segments. On order intake, management indicated an aspirational target of ~INR300-350b for FY27, subject to budget finalization and tender conversion, supported by a strong tender pipeline.



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Larsen & Toubro

Buy

Current Price INR 4,325

- **Order book:** LT's consolidated order inflows during the quarter stood at INR1.4t (+17% YoY), taking the total order book to INR7.3t as of Dec'25 (+30% YoY). Approximately 92% of the total order book derives from infrastructure and energy segments. Geographically it is split evenly with 51% from domestic markets and 49% from international markets. The domestic portion totals INR3.8t, featuring a diverse mix from central government (12%), state government (22%), PSUs (30%), and private sector (36%). Notably the private sector share has grown significantly from 21% in Mar'25, driven by traction in thermal power storage systems, real estate and operating capacities in ferrous and non-ferrous sectors. In international order book of INR3.8t, 75% comes from the Middle East.
- **Execution:** Project execution remains steady across most businesses, aligning with expectations, despite sector-specific challenges. Group revenue reached INR714b in 3QFY26, with international revenue making up 54%. Projects and manufacturing revenue stood at INR523b (+11% YoY). Infrastructure revenue grew modestly by 5% YoY, hampered by domestic water and effluent treatment slowdowns, yet international execution stayed strong. Energy segment revenue increased 15% YoY to INR127b, reflecting progress on a larger book. High-tech manufacturing revenue surged 34% YoY due to ramp-ups in precision engineering and favorable job mixes.
- **Prospect pipeline:** The prospect pipeline for 4QFY26 stands at INR5.9t (+7% YoY), led by carbon-like solutions and precision engineering. Infrastructure prospects stand at INR4t (flat YoY), with domestic at INR2.6t and international at INR1.4t. Infra segment pipeline includes transportation (19%), civil infrastructure (19%), water (18%), buildings and factories (15%), power transmission (11%), renewables (9%), and metals & minerals (9%). Energy prospects stand at INR1.7t, with hydrocarbons at INR1.3t (mostly international) and carbon-like solutions at INR0.4t (largely domestic). High-tech manufacturing prospects stand at INR0.42t (vs. INR0.07t last year). Domestic prospects show rising private sector share (35%), offsetting pauses in areas like water.
- **GCC ordering:** GCC region GDP growth projected at 4%-4.5% in CY26, with Saudi Arabia and UAE prioritizing digital AI data centers, urban development and renewables. The Middle East constitutes 75% of LT's international order book. Kuwait projects faced temporary cancellations due to budget issues, but management expects re-tenders this calendar year. Strong pipeline spans Saudi, Qatar, UAE and Kuwait, with positive atmosphere. Private sector orders in the region offer better payment terms and flexibility enhancing prospects.
- **Hyderabad Metro:** Hyderabad Metro operations improved with higher average fares post-May'25 hike from INR38 to INR47 per passenger. Average daily ridership stood at 414,000 passengers, slightly below last year's 445,000. This led to a reduced net loss of INR1.9b in 3QFY26 from INR2b last year. LT reached in-principle understanding with Telangana government for full stake acquisition. Terms include INR20b payment for equity and government assuming INR130b debt. Development project segment also includes Nabha Power, with focus on operational enhancements.

- **Nabha Power:** Nabha Power, the 1400MW coal-based plant in Punjab, saw revenue decline due to lower power demand. Cost efficiencies drove margin improvements despite softer demand. Plant contributes to energy portfolio diversification. Focus remains on efficiency amid demand fluctuations.
- **Strategic highlights:** LT transferred its realty business to L&T Realty Properties via a slump sale for greater scale, agility and financial strength to capitalize on India's real estate growth. Precision engineering partnered with General Atomics to manufacture medium-altitude long-endurance (MALE) remotely piloted aircraft systems (RPAS) in India. Heavy engineering business of the company signed MoU with US-based Nuclear Energy Corporation to provide nuclear heat transfer solutions globally. Data center business has been rebranded to L&T Vyoma, expanding in Mumbai, Chennai and Bangalore for hyperscale computing.
- **FY26 guidance:** Order inflow would exceed guidance of 10% YoY growth, with scope of ultra-mega orders. Revenue guidance is maintained at 15% YoY growth, with a major ramp-up expected in 4QFY26, with core E&C margins targeted at 8.5% for FY26. NWC-to-revenue improved to 8.2% and the company is now targeting it to be at 10% by FY26-end, better than prior 12% guidance.



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Thermax

Sell

Current Price INR 3,095

- **3Q delays and execution** - Management mentioned that some of the execution delays that affected 2Q persisted in early 3Q, with customers continuing to postpone project progress. Prolonged rains until October also impacted 3Q execution, particularly at the beginning of the quarter. As of now, management sees only a few minor cases of customer-driven revenue delays.
- **Order pipeline and TAM** - The company remains bullish on orders for FY26, stating that 2Q and 3Q order inflows reflect this optimism, and that 4Q should also be strong. The project pipeline across large and small orders is healthy, supported by both domestic and international opportunities. International business formed about 50% of total revenue, with international orders exceeding INR14b, including a large Dangote order of ~INR6b. The opportunity set in power, refinery/petrochemical, and data centers has been the strongest in the last 2-3 years, with multiple customers in India and a couple internationally.
- **Industrial products** - Management is reasonably bullish, stating that YTD revenue performance is strong and backlog is building up well. It acknowledged that current EBITDA margins are tracking below 10% and that profitability in this segment is lower than last year because the most profitable product line (heating) is growing slower than the clean-air product line. Management expects strong growth in 4Q and believes that higher volumes will help margins recover from current levels. A key positive is the cooling product line, where TMX has specific IP; this line has started to win meaningful data-center orders, with two sizeable wins in the latest quarter (one domestic, one international). Overall, it expects the industrial products mix and growth profile to remain sustainable, with 4Q margins improving as execution and cooling-related business ramp up.
- **Industrial infra** - Order pipeline remains good, including in refineries. TMX intends to avoid very large, civil-intensive, especially government-linked projects

where delays are frequent and back-ended costs can escalate. Instead, it focuses on projects with higher equipment content where it has more control. For refinery and petrochemicals, the company expects some tender finalizations over the next 12–18 months and sees a reasonable pipeline under both EPC-heavy and equipment-heavy models. TBWES has already booked an order book of about INR27-28b in 9MFY26 and management believes TBWES could face capacity constraints before demand constraints if the current trajectory continues.

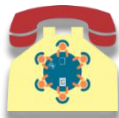
- **Chemicals segment** - The roughly INR500m YoY shortfall at PBT level was due to higher costs: around 60% (about INR3b) related to net incremental costs from the new plant (mainly depreciation after netting the old plant), about 20% (INR1b) growth investments in construction chemicals (Fortmax and international expansion), and the remaining 20% base cost inflation. It had expected chemicals to grow meaningfully by 3Q but acknowledged that lower-than-planned volume and share loss, particularly in North America, have delayed this. Management expects some reversal from 4Q as it has won back certain long-term customers in North America, and it anticipates this to be visible in 4Q and the next financial year. For the next year, it is targeting chemicals to move closer to 10% profitability at PBT and around 13-14% at EBITDA level (versus historical 17%).
- **Green Solutions** - In Green Solutions, management characterized performance as mixed. It indicated that orders in the TOESL (solar/renewables) part of the portfolio were practically zero in 3Q, and it expects a much better 4Q order intake. In hydrogen, the company continues to invest and currently carries a dedicated team of about 40 people whose costs are fully expensed, with no significant revenue contribution yet. Within FEPL (waste-to-energy/renewable projects), TMX is executing five projects - two of them have faced major delays because a key partner has run into financial trouble, causing a meaningful drag on performance. One of these two projects was completed in Jan'26, and a large portion of the second is expected to be completed in 4Q. Management expects new FEPL projects (to be reflected from end-March through June) to be among its best-ever in terms of execution and profitability.
- **Bio-CNG, legacy projects and normalization** - Management confirmed that TBSPL (bio-CNG projects) remains loss-making, with a loss reported even in 3Q. It expects almost the entire TBSPL project portfolio to undergo performance guarantee tests (PGTR) over 4Q and 1Q, with conversion of these projects into revenue and a shift from loss-making to profitable status during this period. Legacy projects such as NRL and FGDs are still on the books, with NRL carried at zero margin and FGDs at low profitability, but management expects most of these to be substantially resolved between 4QFY26 and 2QFY27.
- **Carbon capture opportunity** - Management is positive on the government's announced INR200b outlay for carbon capture and considers TMX well positioned to benefit. It is partnering with global EPC players to build execution capability in this space. Management cautioned that it is still early days and that the eventual impact will depend on how the scheme is structured, how tenders are designed and how funds are actually disbursed. It drew attention to a recently awarded biomass-to-methanol project of about INR1b in India, where

TMX supplied both the biomass gasification solution (with a domestic technology partner) and its own in-house methanol island technology, building on its coal-gasification experience. Management indicated that similar technology pathways and utilization options for captured carbon are being developed in partnership with global licensors, which should support future carbon-capture monetization opportunities.

- **Private capex environment** - Management does not yet see a broad-based pickup in private capex in India. Tariff-related uncertainty has only very recently begun to clear and it is too early to judge the impact of these changes on project decisions. The ethanol sector was singled out as being under particular stress, with many projects being sold and financial closures proving difficult.
- **Guidance and FY27 setup** - Management reiterated its positive stance on order inflows for the current year and the short-to-medium term. TMX expects 4Q to be a strong, profitable quarter with double-digit revenue growth YoY, although it does not expect FY26 revenue to grow in double digits because 9MFY26 growth is only about 1%. It guided that a strong 4Q will position the company well for FY27.



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Triveni Turbine

Buy

Current Price INR 485

- **Order inflow momentum:** The company reported a ~26% YoY decline in 3QFY26 order inflows due to timing delays, as certain large orders could not be booked because advances were not received before quarter-end. Management clarified that this was procedural rather than demand-led and expects these deferred orders to be booked in 4Q. The company is confident of exceeding the 3QFY26 order inflows in 4QFY26 despite the spillover. Overall, FY26 order inflows are expected to grow over FY25.
- **Domestic market demand:** Domestic demand remained healthy across core end-user industries, including steel, cement, sugar, distilleries, chemicals, and food processing. Management highlighted strong traction in the inquiry pipeline and expects the domestic market to deliver double-digit order growth. Industrial cogeneration, boiler feed water pump drives, and utility-linked opportunities continue to support growth. The company remains optimistic on sustained domestic demand momentum into FY27.
- **Export market:** Export markets continue to offer significant opportunities, though order finalization timelines have elongated due to geopolitical uncertainties and customer decision delays. While Southeast Asia has seen some softness, traction is improving in newer applications such as geothermal, municipal solid waste, and energy transition-related projects. Management expects 4Q order inflows to be more export-skewed, helping normalize the overall order mix. Over the medium term, exports are expected to grow faster than domestic, maintaining a ~55:45 export-to-domestic mix.
- **Aftermarket expansion:** Aftermarket performance was weaker in 3Q due to lower dispatches, which impacted overall margins for the quarter. Management indicated that this was temporary in nature and expects a return to normal aftermarket run-rates in the coming quarters. Refurbishment demand remains strong across utilities, geothermal plants, and independent power producers.

The company continues to see the aftermarket as a stable and margin-accretive growth lever.

- **Product and technology development:** The company continues to invest heavily in R&D and the commercialization of new products aligned with energy efficiency and decarbonization trends. CO₂-based heat pumps have crossed 100+ inquiries, with the first order already secured and execution planned in FY27. Mechanical Vapor Recompression (MVR) has seen 7-8 orders under execution, gaining strong customer acceptance. Management expects FY27 to be a key year for scaling these adjacent product lines.
- **Capacity and supply chain:** The company highlighted that while manufacturing capacity is adequate even for larger MW turbines, execution remains constrained by supply-chain factors such as raw material availability, inventory planning for large turbines, customer inspection schedules, and payment discipline. The company reiterated that it would not compromise balance sheet strength or payment terms to accelerate dispatches. Larger turbine orders also add to quarterly lumpiness due to longer planning and inventory cycles. Overall, supply-side challenges are being actively managed, with no structural capacity constraints highlighted.
- **Market opportunities:** Management highlighted strong medium-term opportunities in geothermal, energy storage, data centers, combined-cycle applications, and utility refurbishment. Energy storage, including CO₂-based and non-CO₂ thermal storage solutions, is emerging as a key focus area with active customer discussions. Larger MW turbines and API applications remain lumpy but offer higher value per MW. Overall, the global market is significantly larger than India, providing ample headroom for growth.
- **Guidance:** Management reiterated confidence in a stronger 4QFY26 performance across revenue, profitability, and order inflows. While FY26 growth is impacted by a slower 1H and lumpiness in execution, FY27 is expected to see normalization supported by a healthy order book. EBITDA margins are expected to remain above 20% on a PBT basis despite mix-related fluctuations. The company expects to revert to normalized, double-digit growth rates over the medium term as inquiry conversions improve.

CEMENT



- Most management teams expect demand momentum to remain strong in Jan'26, building on the recovery witnessed in Dec'25. Growth remains broad-based across regions, led by infrastructure spending (roads, metros, railways, ports, and airports) and sustained traction in housing. Although cement prices stayed subdued following the GST rate cut, improving demand conditions are now supporting a gradual price recovery across regions. Furthermore, rising input costs—such as fuel expenses and the implementation of new labor codes—are creating a strong case for price hikes to offset cost pressures.

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Insights and future outlook	Capex plans
UltraTech Cement	■ It highlighted an improving demand environment, driven by consistent infrastructure spending, with strong visibility across highways, metros, urban mobility, and housing. It expects infrastructure-led demand to remain strong, backed by government spending, PM GatiShakti, affordable housing, and rural connectivity. ■ Prices softened in Sep-Nov'25 after GST changes but have begun recovering with improving demand. Realizations in Jan'26 improved, with cement realizations up INR3-4/bag and headline prices up INR6-8/bag over 3QFY26 average, while the trade-non-trade gap narrowed down sharply.	■ Management emphasized that the Phase IV expansion plan is progressing on schedule, with major equipment orders already placed and construction underway. The company provided a capex guidance of INR95b-100b for FY26, with INR72b incurred in 9MFY26 and INR20b-25b planned in 4QFY26. ■ The capex plan for the C&W project is progressing as planned, with INR5.0b of orders placed and INR2b already incurred. Product launch is targeted for Oct-Dec'26.
Ambuja Cements	■ The operating environment remained supportive, with demand driven by infrastructure, steady housing, and rural recovery post a normal monsoon. Industry demand is expected to grow ~8% in FY26E, broadly in line with GDP. ■ In Jan'26, prices improved amid double-digit volume growth. Non-trade prices rose INR15-20/bag in the South and INR5-10/bag in the North, with hikes sustaining and the trade-non-trade gap at ~INR30/bag.	■ It gave an annual capex guidance of INR100b, comprising INR80b for growth initiatives and INR20b for efficiency and modernization. ■ It commissioned the 2.4mtpa Marwar grinding unit, taking total capacity to 109mtpa, while the 2.4mtpa Warisaliganj GU is deferred to 1QFY27. It expects to exit Mar'26 at ~115mtpa, with 6mtpa to be commissioned shortly. Through debottlenecking, it plans to unlock ~15mtpa (5.6mtpa in FY27 and 9.4mtpa in FY28) at lower capex, targeting 130-132mtpa by FY27E and ~155mtpa by Mar'28.
Shree Cement	■ Volumes recovered sequentially, rising from ~2.7mt in Nov'25 to ~3.3mt in Dec'25, with Jan'26 tracking similar levels. It expects this momentum to sustain, leading to improved capacity utilization. The company's volume growth in 4Q would be ~7% YoY. ■ Strategy of prioritizing value over volumes since Oct'24 to restore pricing discipline and narrow the realization gap vs. peers. This approach involved deliberate volume restraint, which helped reduce the price differential from ~INR30/bag to ~INR15/bag.	■ Capex stood at INR15b in 9MFY26, and another INR4-5b is expected in 4QFY26. ■ In 3QFY26, the company commissioned 3.0mtpa capacity at Jaitaran, Rajasthan, taking total India capacity to 65.8mtpa. While it maintains a target of 80mt by FY29, visibility is limited beyond ~72mtpa by Mar'26 from ongoing expansions. The 3.0mtpa integrated plant at Kodla, Karnataka, is nearing completion, with commissioning expected this quarter.
Dalmia Bharat	■ Demand outlook remains constructive, led by strong infrastructure activity and post-monsoon recovery. The company reported ~7-8% YoY volume growth in 3QFY26, with momentum continuing into 4QFY26, and expects ~6% demand growth in FY26. ■ Pricing was healthy at the start of FY26 but softened in 3QFY26 beyond GST benefits. While near-term pricing remains regionally volatile, the medium-term outlook is supported by industry consolidation, high entry barriers, and ~70% capacity utilization.	■ Capex during the quarter was INR5.1b, taking 9MFY26 capex to ~INR17b. It gave a capex guidance of INR27b for FY26 and INR40b for FY27. It refrained from guiding exact capex amount beyond that; however, the capex will continue given its medium term (75mtpa by FY28) and long-term (110-130 by FY31) capacity targets. ■ It reiterated its target to reach 75mtpa by FY28, with the Jaisalmer project under development, and a longer-term target to reach 110-150mtpa by FY31.
J K Cement	■ Demand and pricing are strong as of now, and the company believes that 4Q could be one of the best quarters (6-7% YoY growth on a higher base). Volume should be higher in 1QFY27, given lower volumes in 1QFY26, and industry growth could be at 7-8% YoY. ■ Non-trade demand was muted last year due to state elections and has improved now. Demand for non-trade cement should be in line with overall cement demand growth.	■ Capex will be at INR25-28b in FY26, which includes INR6b for Jaisalmer. Capex in FY27/28E will be INR35b/ INR10-12b. Clinker capacity of Line II at Panna could be increased to ~4mtpa through debottlenecking, and the same will be considered by 4QFY27, considering the ramp-up of the plant. It will not require a major capex. ■ The company could explore further brownfield expansion opportunities post the commissioning of the Panna plant. This expansion will mostly be in Karnataka.

Birla Corp	- Management indicated that overall volume growth is expected at ~5% in FY26, in line with the industry. Demand remained weak in Oct-Nov'25 but recouped strongly in Dec'25, led by the B2B segment, though it did not enter a strong upcycle. - The gap between premium and popular cement widened in some markets to INR30–40/bag, while trade vs non-trade price differences reached INR60–80 in certain regions, reflecting intense price competition in non-trade channels.	It reiterated its medium-term expansion roadmap, targeting cement capacity from the current 20mtpa to 24.2mtpa by FY28 and further to 27.6mtpa by FY29. In Central India, it is planning to set up one grinding unit in western Uttar Pradesh to strengthen its North India presence and reduce freight costs. Total project cost for the expansion is estimated at INR47.5b.
JK Lakshmi Cement	- Management indicated weak trade demand in 3QFY26, with a sharper decline due to higher Gujarat exposure. Higher Surat volumes and a subdued trade environment increased the non-trade mix, weighing on realizations. - Sequential realizations fell sharply as non-trade prices corrected post-GST, declining over 10% in key western and eastern markets. Limited geographic diversification amplified the impact, though trade prices remained largely stable, with improvement expected amid stronger demand and rising fuel costs.	- Capex stood at INR3.5b in 9MFY26, including INR2.5–2.6b toward the Durg expansion. Capex to be incurred is estimated at INR4.0b in 4QFY26. Capex is pegged at INR16.b–17.0b in FY27. - It continues to pursue a large-scale expansion plan with an overall capex outlay of INR30b. Management said excluding the stalled conveyor belt project, the core expansion capex stands at INR30b, while including it, the total may reach INR33b. The conveyor belt project remains stalled due to land issues.
JSW Cement	- Management indicated that the recovery in demand from Dec'25-Jan'26, led by a pickup in construction and infrastructure activity, is expected to remain healthy going forward. - Pricing has also begun improving, and it has given a stable to mildly positive pricing outlook for 4QFY26. The company is progressing well toward Phase I expansion in the North (3.3mtpa clinker and 2.5mtpa grinding are expected to be commissioned in 4Q).	- It reiterated its target to reach 41.9mtpa grinding and 13.0 clinker capacity by CY28. Capex in Q3FY26 and 9MFY26 was INR4.9b and INR14.6b, respectively. It gave a capex guidance of INR23b for FY26, and INR20b in FY27/FY28 (each). - The company is setting up a cement GU of 1.65mtpa in Fujairah, UAE, incurring a capex of USD39m (INR3.5b at USD = INR90.5), scheduled for commissioning by Apr'27.

Ambuja Cement

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Ambuja Cements

Buy

Current Price INR 523

Demand and pricing

- Management indicated that the operating environment remained favourable during the quarter. Cement demand growth was led by sustained infrastructure activity, steady housing demand, and a recovery in rural construction following a normal monsoon.
- In Jan'26, prices improved alongside double-digit volume growth. Southern markets led to this increase, with non-trade prices rising INR15-20/bag, while northern markets recorded hikes of INR5-10/bag per bag in the non-trade segment. Moreover, these increases have sustained. The pricing gap between trade vs. non-trade pricing remained high at INR30/bag, as non-trade demand remains more sensitive to infrastructure-led offtake cycles and seasonal disruptions.
- The demand outlook remained positive, with ~8% industry demand growth in FY26E, aligned with GDP growth. The company expects a further price improvement in 4QFY26.

Operational highlights

- Premium cement account for ~35% of trade sales and volumes are growing ~31% YoY. Its flagship products such as Ambuja Kawach and ACC Gold continue to lead the super-premium segment, with the GST reduction further accelerating consumer shift toward higher-quality, performance-driven offerings.
- While opex/t rose to INR4,500/t in 3QFY26 due to one-offs such as brand transition, asset overhauls, and equipment issues (estimated overall impact of INR150/t), Dec'25 exit costs fell below INR4,000/t, indicating normalization.

Management reiterated its targets of reducing costs to INR3,800/t by Mar'27 and INR3,650/ton by Mar'28.

- It outlined a cost reduction roadmap focused on power, fuel, logistics, and raw materials, targeting cumulative savings of INR300–350/ton by FY27–FY28. Key initiatives include reducing power costs from INR6.1/unit to INR4.5/unit by FY28, lowering energy consumption, improving fuel efficiency through WHRS and AFR usage, expanding coastal logistics and EV fleets, and increasing access to fly ash and blended cement, together supporting the cost target of INR3,650/t.
- Green power contributed to ~37% of total power requirement vs. ~22%/33% in 3QFY25/2QFY26, and ACEM is targeting to increase this to ~60% by FY28. The company commissioned 225MW solar power in 3QFY26, taking renewable capacity to 898MW. This is expected to reach 1,122MW by FY27.
- Kiln fuel cost was at INR1.65/Kcal vs. INR1.75/INR1.63 in 3QFY25/2QFY26. On the logistics front, the company further reduced its primary lead distance by 11km to 257km.

Strategy for subsidiaries/acquired assets

- It has proposed the amalgamation of ACC and Orient Cement with ACEM, marking a unified cement platform. This integration is expected to accelerate growth, expand EBITDA, strengthen operational excellence, improve logistics density, and enhance capital efficiency, driving long-term value creation over the next 24–36 months. Regulatory approvals are progressing well.
- It is seeing operational improvement across the acquired assets. Average capacity utilization for these assets improved to ~58% during the quarter, up from ~37% in 3QFY25. Utilization further increased to ~65% by exit-Dec'25, and it remain confident of achieving ~80% utilization over time.
- At Sanghi Cement, clinker and cement utilization reached ~80% and ~65%, respectively, in Dec'25, supported by debottlenecking capex to raise daily clinker capacity to over 20,000 tons by mid-FY27. At Penna Cement, reliability issues have been addressed, the Krishna Patnam grinding unit is being expanded from 2mtpa to 4mtpa, and the ramp-up of incremental capacity is expected to lift utilization from ~55%. Integration at Orient Cement is largely complete, with a focus on improving trade penetration and brand positioning.
- Over the medium term, management targets ~80% utilization at these assets, with EBITDA/t of INR1,250–1,300 initially (rising to INR1,500/t), driven by scale benefits, logistics optimization, and renewable power. Management emphasized that these assets have now emerged as a key growth driver rather than a structural drag.

Capacity expansion and capex plan

- On capacity, it commissioned 2.4mtpa Marwar grinding unit, taking the total cement capacity to 109mtpa. Earlier, it was targeting ~120mtpa by FY26, which included the 1.6mtpa from Sindri and Jamul. However, the commissioning of the Warisaliganj GU (2.4mtpa) has now been deferred to 1QFY27. Consequently, it expects to exit Mar'26 with ~115mtpa cement capacity, implying commissioning of 6mtpa in the next two months.
- Meanwhile, it is yet to reveal the expansion plan of additional ~30mtpa grinding capacity, which will be commissioned over FY27–28. Moreover, as mentioned earlier (in 2QFY26), the company is unlocking ~15mtpa additional grinding

capacity through debottlenecking (5.6mtpa in FY27 and 9.4mtpa in FY28) at a significantly lower capital cost. Combining all these capacity expansion plans, it is confident of achieving the stated capacity target of 130-132mtpa by FY27E and ~155mtpa by Mar'28.

- Key clinker expansion milestones include the Penna clinker unit scheduled for Feb'26, the Maratha clinker unit expected in 1Q–2QFY27, and Bhatapara Line 3, which has already been commissioned and is currently ramping up.
- The company has identified key clinker growth hubs across regions, with Bhatapara in the East, Sanghi in the West, and Wadi and Chittapur in the South, along with additional expansion planned at Mundra through calcium sludge based cement.
- It gave an annual capex guidance of INR100b, comprising INR80b for growth initiatives and INR20b for efficiency and modernization, with investments being modular in nature and linked to the utilization levels of existing assets.
- The company's net cash balance stood at INR15.1b vs. INR18.1b as of Sep'25 and INR101.3b as of Mar'25.



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Birla Corp

Buy

Current Price INR 1,049

Demand and pricing

- Management indicated that overall volume growth is expected at ~5% in FY26, in line with the industry. Demand remained weak in Oct-Nov'25 but recouped strongly in Dec'25, led by the B2B segment, though it did not enter a strong upcycle.
- The company maintained its strategic focus on the trade (B2C) segment and consciously avoided increasing exposure to non-trade sales, despite aggressive pricing in certain markets. Management reiterated that its strategy will not change unless non-trade realizations structurally exceed trade realizations, which it does not foresee in the near term.
- The gap between premium and popular cement widened in some markets to INR30–40 per bag, while trade vs non-trade price differences reached INR60–80 in certain regions, reflecting intense price competition in non-trade channels.

Operational performance

- Operational performance during the quarter was impacted by technical breakdowns at one plant, industrial relations issues at certain locations, and logistics and external disruptions, which constrained dispatch volumes and weighed on profitability. Management did not quantify the exact volume loss, citing the combined impact of multiple factors.
- Capacity utilization remained at peak levels across most plants, with several locations operating at or above rated capacity. In eastern markets, the company remains a relatively small player but continues to enjoy healthy clinker realization due to strong brand positioning and limited geographic exposure.
- The Mukutban plant witnessed a strong turnaround, achieving its highest-ever monthly dispatch in the current period, reflecting successful ramp-up and stabilization.
- The company's capacity utilization stood at ~87% in 3QFY26 vs. ~92%/85% in 3QFY25/2QFY26. Blended cement sales stood at ~87% vs. ~79%/89% of total

volumes in 3QFY25/2QFY26. Trade share stood at ~78% of total volumes in vs. ~68%/~79% in 3QFY25/2QFY26.

- Premium products contributed ~63% of trade volumes vs. ~59%/60% in 3QFY25/2QFY26. Sales volume of Perfect Plus grew 19% YoY during the quarter, while Unique Plus rose 29% on a low base. Both premium brands sustained strong growth over 9M till December, delivering higher realizations than popular brands. The company also reported volume growth in West Bengal and Maharashtra.
- The share of renewable power stood at ~31% vs. ~26%/30% in 3QFY25/2QFY26. The Board has approved an additional 17MW wind-solar hybrid power project with BESS at the Maihar plant. Construction of a ground-mounted solar plant at the Mukutban plant has also commenced and is expected to be commissioned in 1QFY27.
- Fuel consumption costs stood at INR1.47/Kcal vs. INR1.48/Kcal in 2QFY26. Lead distance stood at 328km during Q3FY26.
- Accrued incentives stood at INR800m for 3QFY26 vs. INR800m in 2QFY26 and were lower during the quarter due to GST-related issues.

Capacity expansion and net debt

- Management reiterated its medium-term expansion roadmap, targeting a step-up in its cement capacity from the current 20mtpa to 24.2mtpa by FY28 and further to 27.6mtpa by FY29.
- Key projects under the expansion plan include commissioning of the Kundangunj line 3 (1.4mtpa) in the 4QFY26, and the Maihar Line-2 clinker expansion (3.7mtpa) is targeted for FY28. While phase-wise grinding capacity additions of 6.2mtpa (aggregate) in Gaya, Bihar (2.8mtpa), and Central India (3.4mtpa) would be completed in FY28-29.
- In Central India, it is planning to set up one grinding unit in western Uttar Pradesh to strengthen its North India presence and reduce freight costs.
- Total project cost for the announced expansion is estimated at INR47.5b.
- Net debt stood at INR25.5b as of Dec'25 vs. INR24.5b as of Sep'25.



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Dalmia Bharat

Buy

Current Price INR 2,129

Demand and pricing

- Cement demand outlook remains constructive, supported by sustained infrastructure activity and a pickup in construction momentum post-monsoon and the festive season. The company highlighted ~7%–8% YoY volume growth in 3QFY26, with momentum continuing into 4QFY26, and expects ~6% demand growth in FY26.
- Management noted a healthy price trend at the start of FY26, while prices softened in 3QFY26 across its key markets. During the quarter, prices fell beyond the GST-rate cut benefits. Near-term pricing remains difficult to predict given regional volatility; however, the medium-term outlook for pricing remains positive, supported by consolidation, rising entry barriers, and steady capacity utilization of ~70% at an all-India level.
- Management further noted that state elections in East and Northeast India can temporarily disrupt government spending and cement demand, but such effects are short-lived, with spending likely to catch up post elections. East India remains

a low per capita cement consumption region, offering significant growth headroom.

- While Bihar has already normalized, West Bengal and Assam may see volatility in the near-term. Demand in Eastern markets revived in Q3FY26, indicating an improving trend, and management expects high single-digit to potentially double-digit demand growth over the medium term, driven by infrastructure and mining-led activity (as the government is focusing on unlocking some of the resources and converting them into GDP growth).

Operational highlights and cost insights

- Trade sales accounted for 62% vs. 66%/62% in 3QFY25/2QFY26. Premium products contributed 23%, v/s 24%/22% in 3QFY25/2QFY26. Raw material cost/t increased by ~2% YoY, despite the additional cost pressure from the mineral tax imposed by the Government of Tamil Nadu.
- Renewable energy share on a consumption basis stood at ~48% vs. 33%/48% in 3QFY25/2QFY26. Renewable energy capacity continues to scale up, with an additional 23 MW commissioned during the quarter, aiding structural cost efficiency over time.
- Power and fuel costs declined, driven by a decline in international fuel prices to USD99 from USD100 in 2QFY26 and an increase in the share of renewable energy (RE) to 48% from 33% in 2QFY26.
- Blended fuel consumption cost stood at INR1.36/kcal vs. INR1.31/INR1.38/kcal in 3QFY25/2QFY26. Lead distance was 277km vs. 269km/287km in 3QFY25/ 2QFY26. Direct dispatches stood at 62% vs. 60% in 2QFY26. The C:C ratio stood at 1.6x (1.6x in 2QFY26 too).
- Incentives accrued during 3QFY26 stood at INR910m, including INR370m related to prior periods and INR90m pertaining to 1HFY26. Incentives receivable stood at INR7.3b as of Dec'25. The company expects a pickup in incentives collection in 3QFY26. Management guided for an incentive of INR2b per annum going forward under the revised GST regime
- Management reiterated its long-term cost-reduction target of INR150–200/t through efficiency gains across the value chain. Over the past six quarters, ~INR45–50 per tonne of savings have already been achieved.
- While blended fuel costs are expected to increase in the coming quarters, the company is actively exploring higher blending of domestic coal to mitigate the higher petcoke price impact.

Expansion plans and capex

- DALBHARA commenced commercial production from the 3.6mtpa clinker line in Umrangso, Assam, in Jan'26, with the 2.4mtpa Lanka grinding unit already commissioned in 4QFY25, making the Northeast fully clinker-backed for ~8mtpa cement capacity.
- Management highlighted strong profitability and demand potential in the region and plans to ramp up utilization, with optionality to add split grinding capacity (including potential Bihar grinding units) to better leverage excess clinker.
- Ongoing expansions at Belgaum, Pune, and Kadapa are progressing as scheduled, with major equipment orders placed and civil work underway. The company reiterated its target to reach 75mtpa by FY28, with the Jaisalmer project under development, and a longer-term target to reach 110–150mtpa by FY31.

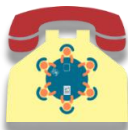
- Capex during the quarter was INR5.1b, taking 9MFY26 capex to ~INR17b. The company has given a capex guidance of INR27b for FY26 and INR40b for FY27. It refrained from guiding exact capex amount beyond that; however, the capex will continue given its medium term (75mtpa by FY28) and long-term (110-130 by FY31) capacity targets.
- The Jaisalmer project is progressing as planned, with land acquisition largely completed and execution on track. The project is expected to take 24 months to become operational since a formal announcement. It will take a concrete decision on the Jaisalmer greenfield expansion in the coming months.

Debt position and other key highlights

- The company's net debt (including investment in IEX of INR12.9b vs. INR13.4b as of Sept'25) increased to INR17.9b from INR16.0b as of Sept'25.
- The net debt-to-EBITDA ratio stood at 0.6x vs. 0.56x as of Sept'25. Management reiterated its capital allocation discipline and intends to maintain net debt/EBITDA below 2.0x.



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Results Update



Grasim Industries

Buy

Current Price INR 2,933

Paints Segment

- Industry growth dynamics, based on results of four listed paint majors, decorative paints (excluding Birla Opus) grew ~1–2% in revenue and ~7–8% YoY in volume in 3QFY26. Including Birla Opus' performance, industry revenue growth rises to ~5–6%, while volume growth increases to ~11–12% YoY. Birla Opus sales volumes increased ~70% YoY. Double-digit volume growth reflects healthy underlying consumer demand, with the primary industry challenge being realization pressures due to elevated discounting and greater focus by incumbents on economy and sub-economy segments.
- The company has implemented a calibrated 2-6% price increase across product ranges in Jan-Feb'26 to test channel and consumer response. The ongoing 10% free paint promotion on 10-litre and 20-litre packs across all emulsion top coats and the waterproofing range (excluding sub-economy and select other categories) continues to support demand traction.
- In early-Jan'26, the company crossed a cumulative milestone of 500m liters of paint sold. It estimates that over 6m households have experienced the superior quality of Birla Opus within a short span of 18 months. Birla Opus has expanded its presence to over 10,400 towns across 35 states and Union Territories. The company now covers all population centers with over 50,000 residents and more than 75% of centers in the 10,000–50,000 population bracket. Expansion efforts will continue with a sharp focus on deepening penetration across India.
- Active quarterly billing for dealers recorded double-digit growth, alongside high single-digit growth in revenue per dealer. Dealer throughput on a MoM basis remained stronger compared to the same quarter last year, indicating healthy primary-to-secondary conversion. Company-exclusive franchise outlets "Birla Opus Paint Galleries" have reached ~1,000.
- Institutional sales gained further momentum during the quarter, and revenues grew ~40% QoQ. The company currently has over 40,000 mid- and large-sized projects at various stages of negotiation, with nearly 25% already converted, which provides strong visibility and a robust pipeline for future growth.

- The company has 35,000 active tinting machines operational in 3QFY26, which are centrally controlled. The top two shades unifying the country over the past year have been “Fort Kochi,” a dark bluish-grey, and “Morning Birdsong,” a light bluish-grey, each tinted by over 30,000 dealers.
- Birla Opus has a wide ranges in the products, comprising over 216 products and 1,848 SKUs across emulsions, enamels, waterproofing, wood finishes, wallpapers, and allied categories. It launched 40 new products in FY26.
- Birla Opus is now the second most recalled paint brand in urban markets. With a strong media push in 4QFY26 and high-engagement campaigns, brand salience is set to scale further.

B2B E-commerce

- Pivot, the B2B e-commerce business, has crossed an annualized revenue run rate of INR85b and remains on track to surpass this milestone ahead of FY27 guidance. These businesses should achieve break-even by FY27-end.
- Birla Pivot operates as a one-stop procurement engine spanning 35+ categories and over 40,000 SKUs sourced from 300+ leading brands—covering materials from steel and cement to tiles and chemicals.
- The platform’s differentiation rests on three pillars - price, assortment, and experience. On pricing, Pivot addresses systemic inefficiencies in India’s raw material ecosystem, including fragmented sourcing, opaque comparisons, and multi-vendor procurement complexity. It is not only negotiating rates, but is also re-engineering procurement economics by aligning supplier inefficiencies with buyer needs, enabling transparent discovery and absorbing operational complexity—converting fragmentation into efficiency and passing value back to customers.

VSF Segment

- The Cellulose Fiber business performance was supported by Improved realizations, led by a favorable product mix with higher export contribution (at ~11% vs. 7% in 2QFY26). Operational efficiencies are aided by higher volumes and improved capacity utilization. Softening input costs, particularly pulp and caustic soda.
- Demand dynamics remain stable. In China, cellulose fiber demand continues to exhibit resilience amid global supply tightness. In India as well, the market has remained firm despite the removal of the Quality Control Order (QCO). Notably, cellulose fiber prices have decoupled from competing fibers, which have been on a declining trajectory over recent quarters. While prices of other fibers have softened, cellulosic fiber prices have remained largely stable and have recently begun to recover. Within the segment, the cellulosic fashion yarn business faced a subdued quarter, primarily due to cheaper imports from China leading to oversupply conditions and muted downstream demand.
- China’s operating rates stood at 94% in 3QFY26 vs. ~89% in 3QFY25/2QFY26 (each). The average inventory holding declined to 12days in 3QFY26 compared to an average of 8/15 days in 3QFY25/2QFY26. CSF Dec’25 -exit prices were up ~1% QoQ to USD1.52/kg vs. 3QFY26 average.

Chemical Business

- The Chemicals business delivered 5% YoY revenue growth, largely driven by volumes. While international CFR South East Asia prices remained lower YoY,

domestic caustic prices demonstrated relative resilience, supported by steady demand and rupee depreciation.

- EBITDA moderation of the segment was due to lower profitability in the specialty chemicals portfolio despite higher utilization levels. Elevated input prices, mainly ECH prices, impacted margins in the specialty segment.

Renewables business

- Aditya Birla Renewables delivered 82% YoY revenue growth, primarily driven by capacity expansion. Installed peak capacity has increased to nearly 2GW vs. 1.2GW in 3QFY25.
- The business has announced a strategic investment by Global Infrastructure Partners (GIP), part of BlackRock, representing one of the largest primary private equity commitments in India's renewable energy sector. GIP will invest up to INR30b (INR20b initial commitment), subject to regulatory approvals. Post-transaction, the renewable platform is valued at an enterprise value of INR14.6b. This partnership is expected to accelerate growth, leveraging GIP's global infrastructure expertise.
- The portfolio currently comprises nearly 4.3GW of operational and contracted peak capacity across solar, hybrid, floating solar, and RTC assets, with an ambition to scale beyond 10 GW in the coming years. Beyond capital, the transaction brings global operating discipline and strengthens the company's contribution to India's energy transition goals.



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	FY25E	FY26E
Revenue (₹ cr)	1,100	1,200
EBITDA (₹ cr)	150	160
EBIT (₹ cr)	140	150
Net Profit (₹ cr)	100	110
EPS (₹)	100	110
Dividend (₹)	10	10
Payout Ratio (%)	10	10
Operating Margin (%)	13.6	13.3
EBITDA Margin (%)	13.6	13.3
EBIT Margin (%)	12.7	12.5
Net Profit Margin (%)	9.1	9.2
EPS Growth (%)	10	10
Dividend Growth (%)	10	10
Payout Ratio (%)	10	10
Operating Margin (%)	13.6	13.3
EBITDA Margin (%)	13.6	13.3
EBIT Margin (%)	12.7	12.5
Net Profit Margin (%)	9.1	9.2
EPS Growth (%)	10	10
Dividend Growth (%)	10	10
Payout Ratio (%)	10	10

JK Cement

Buy

Current Price INR 5,909

Demand and pricing

- Demand and pricing are strong as of now, and the company believes that 4Q could be one of the best quarters (6-7% YoY growth on a higher base). Volume should be higher in 1QFY27, given lower volumes in 1QFY26, and industry growth could be at 7-8% YoY.
- Non-trade demand was muted last year due to state elections and has improved now. Demand for non-trade cement should be in line with overall cement demand growth.
- Capacity addition for the industry is going to be high in the North region; however; demand growth should be at 7-8% YoY. Hence, there is no major concern on pricing power due to ongoing capacity additions.
- The company is witnessing increased growth in the Central region due to capacity additions as well as its entry into new markets, like Bihar and East Uttar Pradesh. The focus will be on improving market share in the Bihar and UP markets. It targets to achieve a market share of at least high single-digit in these markets.
- Volume growth should be in double digits (12-15% YoY) for grey cement during FY27/28E. It remains confident of growing ahead of the industry.
- Non-trade prices improved INR15-20/bag, which will help reduce discounting in the trade channel, even though there has not been an improvement in trade prices. The gap between trade and non-trade prices had widened to INR60/bag in a few markets, but has come down to INR25-30/bag.

Operational highlights

- Clinker to cement conversion was at 1.49x, and clinker production was 3.6mt in 3Q.

- The lead distance was 421km vs. 422km/431km in 3QFY25/2QFY26. Rail share was 9% in 3Q. After the commissioning of Buxar, Bihar plant, there should be some reduction in lead distance for the Central plant. The Bihar market is currently being served by Prayagraj and other plants.
- Fuel consumption cost/kcal was INR1.50 vs. INR1.50/INR1.56 in 3QFY25/2QFY26. Domestic fuel consumption and AFR usage has increased, leading to a reduction in fuel consumption cost. Pet coke usage was at 60% in 3Q. Linkage for domestic coal usage is ~70%.
- Green energy contributed ~52% of energy requirements in 3QFY26 vs. 50% in 3QFY25. The company aims to raise the green power share to ~75% by FY30. The thermal substitution rate was 11.9% in 3QFY26 vs. 11.0% in 3QFY25, and the company aims to increase this to ~35% by FY30. Its green power capacity stood at 253.74MW, comprising 82.3MW of WHRS and 171.44MW of other RE (solar and wind).
- Clinker/cement capacity utilization was at 97%/83% in 3QFY26. Blended cement sales were 64% vs. 67% in 2QFY26. Trade sales were 60% vs. 66%/67% in 3QFY25/2QFY26. Premium products' share has increased to 17.3% from 15.8%/14.9% in 3QFY25/2QFY26.
- An expense of INR478m was booked towards provisioning under the new labor code, related to revised definitions of wages, gratuity and leave encashment. There will be an impact of maximum INR30-40m in employee cost per month due to new labor laws.

Capacity expansion and capex update

- The 3.3mtpa clinker unit, along with 3mtpa GUs, has been commissioned, while another 3mtpa GU in Buxar, Bihar associated with this clinker unit will be commissioned by Feb '26. Capex incurred on this project to date is INR21.7b. Management indicated that the Panna clinker line has already started clinker production (0.15m tons in Q3FY26), and the remaining work, such as WHRS and OLBC systems, is expected to be completed by Feb'26.
- Construction work for the 4mtpa clinker unit, along with 3mtpa GU at Jaisalmer, Rajasthan, is progressing as per schedule, and ordering for equipment has been completed. Capex incurred on this project is INR4.84b (the total cost being INR36.3b), and the project will be commissioned by 1HFY28. Grinding units linked to this project in Punjab and Rajasthan are also planned, with work expected to start shortly, targeting a similar commissioning timeline.
- Construction work for 0.6mtpa wall putty plant at Nathdwara, Rajasthan, is progressing as per schedule, and ordering for equipment has been completed. Capex incurred on this project stands at INR450m (total cost being INR1.95b). The project will be commissioned by 2QFY27.
- Capex will be at INR25-28b in FY26, which includes INR6b for Jaisalmer. Capex in FY27/28E will be at INR35b/INR10-12b. Clinker capacity of Line II at Panna could be increased to ~4mtpa through debottlenecking, and the same will be considered by 4QFY27, considering the ramp-up of the plant. It will not require a major capex.
- The company could explore further brownfield expansion opportunities post the commissioning of the Panna plant. This expansion will mostly be in Karnataka.

Other highlights

- Marketing spend was lower after higher spends towards the white cement business during 2QFY26. There should be an increase in marketing spend in 4Q.
- The company achieved cost saving of INR50-60/t in FY25 and FY26 each. Another cost saving of INR25/t will be seen in FY27.
- Paints revenue was at INR1b in 3QFY26 and should be ~INR3.8-3.9b in FY26. Losses should also reduce in FY26. It targets to achieve INR5b revenue in FY27 and expects to achieve break-even in the year.
- Standalone gross debt stood at INR52.6b vs. 51.0b as of Mar'25, and net debt stood at INR33.6b vs. INR25.6b as of Mar'25. Net debt/EBITDA stands at 1.4x in Dec'25, which will increase to 1.6x in Mar'26 and further to ~2x in FY27E.

JK LAKSHMI
CEMENT

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Results Update



JK Lakshmi Cement

Buy

Current Price INR 721

Demand and pricing

- Management highlighted weak industry-wide trade demand in 3QFY26, with a sharper decline in trade sales vs peers due to higher exposure to Gujarat. Although Gujarat volumes increased, incremental volumes from the Surat unit and a weaker trade environment led to a higher non trade mix, impacting overall realizations.
- Realizations declined sharply QoQ due to correction in non-trade prices following GST-related disruptions and weak demand, with prices falling over ~10% in key western and eastern markets. Limited geographical diversification increased the impact, while trade prices remained largely stable but saw no meaningful improvement. Management expects trade pricing to improve ahead, supported by stronger demand and rising fuel costs.
- Management noted improvement in demand from Dec'25, with momentum continuing into Jan-Feb'26. Industry demand is expected to grow at double-digit rate in 4QFY26, with the company growing in line with the industry, supported by stabilization of capacities and improving demand.

Operational efficiency

- Lead distance reduced to 380km from 395km in 2QFY26. Blended cement share was ~62% v/s ~65%/62% in 3QFY25/2QFY26.
- Management focused on productivity and cost optimization, with employee costs declining sequentially due to efficiency initiatives rather than workforce reductions. Ongoing multi-phase programs aim to improve per employee productivity and operating leverage.
- Premium product share was at ~26% of trade volume vs. ~22%/26% in 3QFY25/2QFY26. Trade sales stood at ~49% v/s ~57%/53% in 3QFY25/2QFY26.
- Non-cement revenue stood at INR1.47b, including RMC revenue of INR670m.
- Average fuel cost stood at INR1.56/kcal vs. INR1.57/INR1.54 Kcal in 3QFY25/2QFY26.
- Input costs declined sequentially due to improved procurement, operational efficiencies, and supply chain management, despite stable fuel prices. However, rising petcoke and coal prices may create cost pressures in 4Q and 1QFY27.
- Green power contribution currently stands at ~48% of the total power mix vs ~48%/46% in 3QFY25/2QFY26.

- Management highlighted optimization efforts at newer units such as Surat and greater integration with ready-mix concrete and allied businesses to improve efficiency. The company is prioritizing volume ramp-up over short-term realizations, which impacted near-term margins but is expected to support long-term operating leverage.

Capacity expansion and capex

- It continues to pursue a large-scale expansion plan with an overall capex outlay of INR30b. Management clarified that excluding the stalled conveyor belt project, the core expansion capex stands at INR30b, while including the conveyor belt, the total may reach INR33b. The conveyor belt project remains stalled due to land issues.
- Capex stood at INR3.5b in 9MFY26, including INR2.5-2.6b toward the Durg expansion. Capex to be incurred is estimated at INR4.0b in 4QFY26. Capex is pegged at INR16.b-17.0b in FY27.
- The key Durg Line-2 expansion remains on track. Management indicated that major equipment ordering has been completed and civil works have commenced. The project is targeted for phased commissioning, with partial capacity by Mar'27 and full commissioning by Mar'28. The railway siding Phase-2 is expected to be completed by Mar'28, which should improve logistics efficiency over the medium term.
- The company reiterated net debt/EBITDA remain in the range of 3.0x–3.5x, while it expanding capacity.



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Results Update



JSW Cement

Neutral

Current Price INR 124

Demand and pricing

- JSWC outpaced regional industry growth (~7%) in Q3FY26, driven by strong traction in cement and GGBS, reflecting deeper penetration in infrastructure and RMC segments. Management highlighted the rising acceptance of GGBS due to its superior technical performance and sustainability benefits, leading to higher customer retention.
- It is expecting strong growth in both infrastructure and housing demand across the South. Government departments released pending payments during Oct-Nov'25, which has significantly accelerated project execution across sectors, including infrastructure and road projects. While parts of the South were impacted by intermittent rains during Oct-Nov'25, temporarily slowing project activity, it saw a recovery in Dec'25, with Jan'25 being even stronger in terms of both demand and pricing. This momentum is expected to continue through the remainder of the year in 4Q.
- In the past, cement prices were weak, however it is seeing improvement in Jan'26. Pricing in the non-trade segment has shown meaningful improvement in the South region and marginal improvement in the West (Mumbai market), which should support trade price increases in the near term. Overall, it expects pricing momentum in Q4FY26 to remain stable to mildly positive, led by recovery in the non-trade segment and a gradual pass-through of price increases across the trade channel.

- On GGBS, despite a sharp increase in steel prices of around 10–14% during Dec'25-Jan'26, its profitability remains largely insulated. GGBS pricing is governed by long-term contracts, with prices revised annually and linked to the wholesale price index for slag cement rather than spot steel prices. As such, movements in steel prices do not directly impact its realizations. Further, rising infrastructure activity, particularly following recent announcements around high-speed rail projects, is driving increased demand for GGBS and PSC cement, especially in the railways segment. This could support a marginal improvement in GGBS pricing in the coming year.

Operational efficiency

- Clinker utilization in 3Q stood at ~96% vs. ~86%/87% in 2QFY26/1QFY26. Cement trade mix stood at ~72% vs. ~52% in 2QFY26/1QFY26 (each), reflecting stronger channel demand and wider dealer penetration. The non-trade (institutional and project) segment remained stable, supported by sustained execution in large infrastructure projects.
- Clinker factor was 52% vs. 50%/ 51% in 2QFY26/1QFY26. Blended cement mix was 63% vs. 67% in 2QFY26/1QFY26 (each).
- Variable cost increased marginally due to product mix shifts, higher blended fuel consumption, and increased inter-plant expenses.
- Average fuel cost was INR1.49/kcal vs. INR1.42/1.50 kcal in 3QFY25/2QFY26. Fuel inventory remains adequate until Mar–Apr'26, and it expects further moderation in power and fuel costs in 4QFY26.
- Lead distance stood at 273km vs. 281km/283km in 3QFY25/2QFY26. Logistics costs remained broadly stable due to the withdrawal of the railway busy season surcharge and changes in source mix, including inter-plant volume realignment.
- Premium product sales were ~60% of the trade mix in 3QFY26 vs. ~58%/57% in 2QFY26/1QFY26, showing the company's continued focus on premium products.
- Green power share was up at ~24.8% vs. ~21.4% in 2QFY26 (vs. 21.5% in FY25). It targets to reach ~63% by FY27
- It reiterated its continued progress on its cost optimization roadmap, with target of savings of INR200/t in cement and INR35/t in GGBS.
- During the quarter, the combined cost of major inputs—raw materials, power, and fuel—increased by INR80/t on a QoQ basis. This was primarily driven by three factors – 1) a higher share of OPC in the overall sales mix, 2) increased inter-plant movement of raw materials, and 3) and higher clinker costs in the West region. The increase in raw material costs was partially offset by lower power and fuel costs, supported by a higher share of renewable energy, which increased to 25% from 21% in the 2QFY26, along with continued improvements in plant operating efficiencies.

Capacity expansion and capex

- The company reiterated its target to reach 41.9mtpa grinding and 13.0 clinker capacity by CY28. Capex in Q3FY26 and 9MFY26 was INR4.9b and INR14.6b, respectively. It gave a capex guidance of INR23b for FY26, and INR20b in FY27/FY28 (each).
- The company is setting up a cement GU of 1.65mtpa in Fujairah, UAE, at a capex of USD39m (INR3.5b at USD = INR90.5), scheduled for commissioning by Apr'27.

Strategically, the UAE construction market has been exceptionally strong and is expected to remain so over the next 5-7 years, driven by large-scale activity across Dubai, Abu Dhabi, and the wider region. It is seeing strong interest from major builders, several of whom are open to entering into long-term cement or concrete supply agreements. This makes the opportunity compelling and underpins our decision to invest in this capacity. The clinker plant will continue to be owned in a JV.

- The Fujairah clinker plant currently produces 2.7mt annually, while the proposed 1.65mtpa grinding unit would require 1.45–1.5mt of clinker at ~80%–85% utilization. This leaves over 1mt available for supply to Dolvi, which is expected to continue at similar levels over the next few years.
- Work on the greenfield expansion in Nagaur, Rajasthan, is nearing completion, with Phase 1 expected to be commissioned in 4QFY26 and Phase 2 by Sep'26. Total capex till Dec'25 amounts to INR27b (out of INR33.5b).
- The company plans capacity expansions of 2mtpa at Vijayanagar and 4mtpa at Dolvi, with construction starting from FY27, while the 2.75mtpa Punjab grinding unit is under design and approval stages and will be taken up post-clearances, with an expected execution timeline of 15–18 months.
- Additionally, it commissioned 4.8MW and 3.0MW solar plants at its Nandyal and Vijayanagar plants, respectively, during 3QFY26. It further plans to install 79MW of solar capacity at its Nagaur plant.
- Net debt stood at INR35.6b vs. INR40.9b/INR32.3b in 3QFY25/2QFY26.



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The Ramco Cement

Neutral

Current Price INR 1,141

Capex and project update

- The company aims to reach a cement capacity of 31mtpa by Mar'27 through the commissioning of line II at Kolimigundla and undertaking debottlenecking and grinding capacity expansions at existing sites.
- During 9MFY26, it monetized INR5.6b through the sale of non-core assets. Cumulatively, non-core asset disposals now stand at INR10.2b over the past two years, exceeding the stated target of INR10.0b. The company is also taking steps to monetize an additional INR2.0b of non-core assets in the near term.
- Debottlenecking of capacity planned: clinker/cement - 0.62mtpa/1.0mtpa by Mar'26 at Ramasamy Raja Nagar, Tamil Nadu and cement capacity of 2.0mtpa at Ariyalur, Tamil Nadu by Feb'26. Further, clinker/cement – 1.01mtpa/0.70mtpa by Jun'26 at Jayanthipuram, Andhra Pradesh
- Capacity expansion at Kolimigundla, AP (clinker/cement capacity of 3.15mtpa/3.0mtpa and 15MW of WHRS) is expected to be commissioned before Mar'27.
- The company has acquired ~59% of mining land and ~13% of factory land for the proposed greenfield project in Karnataka.
- The total capex was INR2.2b/INR8.2b in 3QFY26/9MFY26, and it is pegged at INR10.0b for FY26.

Capacity utilization and volume

- Cement capacity utilization stood at ~73% vs. ~75%/~71% in 3QFY25/2QFY26. Cement volume was up 4% YoY (flat QoQ) at 4.4mt in 3QFY26. Construction chemical sales volume jumped 79% YoY (up 4% QoQ) to 0.154mt.

- Volume share from South/East was ~80%/~20% in 3QFY26 vs. ~79%/~21% in 3QFY25.

Operational highlights

- TRCL used 53% petcoke vs. 69%/50% in 3QFY25/2QFY26. Alternative fuel share remained low at 1-2%. Green energy contributed 47% of power requirements vs. ~39%/48% in 3QFY25/2QFY26. Avg. lead distance was 256km in 3QFY26 vs. 259km in 3QFY25 and 253km in 2QFY26.
- Raw material cost per ton increased due to levy of mineral bearing land tax in TN from Apr'25, which has an impact of INR90 to INR110 per ton of cement at the company level, amounting to ~ INR1.15b for 9MFY26 & ~ INR470m for 3Q.
- Revenue from the Construction Chemicals business stood at INR2.6b in 9MFY26.

Debt and other highlights

- Gross debt stood at INR41.9b vs. INR46.5b as of Mar'25. Net debt stood at INR41.4b vs. INR44.8 as of Mar'25. The cost of debt for 3QFY26 was at 7.10% as against 7.89% in 3QFY25.



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Ultratech Cement

Buy

Current Price INR 13,048

Demand and pricing

- It highlighted an improving demand environment, driven by consistent infrastructure spending, with strong visibility across highways, metros, urban mobility, and housing. North and West India continue to benefit from large transport and logistics projects, while South India is supported by metro expansions, IT hubs, data centers, and Amaravati's development. East and Central regions remain supported by rural roads and highway programs.
- Management expects infrastructure-led demand to remain strong, backed by government spending, PM GatiShakti, affordable housing, and rural connectivity. Industry demand grew ~9-10% YoY in 3QFY26 and ~6.5-7% in 9MFY26, with rural demand remaining resilient. Demand momentum is expected to stay robust in 4QFY26.
- On pricing, it noted that prices softened in Sep-Nov'25 after GST changes but have begun recovering with improving demand. Realizations in Jan'26 improved, with cement realizations up INR3-4/bag and headline prices up INR6-8/bag over 3QFY26 average, while the trade-non-trade gap narrowed down sharply.
- Supported by strong utilization, UTCCEM expects better pricing power ahead, with demand likely to absorb new capacity. South India is expected to see improved pricing stability on the back of rising institutional and infrastructure demand.

Guidance on the operations of Kesoram and ICEM

- **Kesoram's operations:** The integration and brand transition of Kesoram Cement is progressing ahead of initial plans. Brand conversion crossed ~70% till date. Management expects full rebranding to be completed by Jun'26, as per earlier timelines. UTCCEM commenced a cost improvement capex program, under which INR2.6b has already been spent out of the committed INR3.8b. This capex focuses on operational efficiency, logistics optimization, and cost rationalization. The benefits from these initiatives are expected to begin reflecting from 4QFY27 onward. Kesoram's EBITDA/t declined QoQ to INR600 in 3QFY26 from INR755 in 2QFY26, largely reflecting ongoing integration and transition-related costs.

Management remains confident that margins will improve as branding, utilization, and efficiency initiatives mature.

- **India Cements' operations:** ICEM's integration is also progressing well, with brand conversion currently moving toward ~60%. Management highlighted that brand transition has already had a positive impact on operating performance, and further improvement is expected as the remaining conversion is completed.
- The cost improvement capex program at ICEM is underway, with INR1.4b spent out of the committed INR6b. These investments are aimed at improving energy efficiency, logistics, clinker optimization, and overall plant productivity. Material benefits are expected to reflect from 4QFY27 onward.
- Management has reiterated its guidance of reaching INR1,000/ton EBITDA by 4QFY27, driven by a combination of brand-led pricing improvement, better capacity utilization, and cost savings. Freight costs at ICEM declined sharply, driven by an improved footprint, better market access post-rebranding, and
- logistics optimization. Management indicated that these savings are structural, though further reductions will depend on market conditions.
- On asset monetization, UTCEM has realized INR2b-2.5b from non-core asset sales, including the sale of a coal mining company in Indonesia. Additional land parcels are under discussion, with potential proceeds of INR5b.

Operational and other highlights

- Lead distance at 363km declined by 13km YoY/3km QoQ. C:C ratio was at 1.49x vs. 1.45x/1.48 3QFY25/2QFY26. The Green Power mix stood at ~42.1% in 3QFY26 vs 33.4%/41.6% in 3QFY25/2QFY26.
- Blended imported fuel consumption (CV: 7500) stood at USD124/t (-2% YoY). Fuel consumption cost was INR1.80/Kcal vs. INR1.78/INR1.80 per kcal in 3QFY25/2QFY26. Petcoke consumption was at 45% vs. 56%/44% in 3QFY25/2QFY26. Premium product share stood at ~36% in 3QFY26.
- Capacity utilization is expected to exceed ~90% in 4QFY26, reflecting strong demand across trade and non-trade segments. The company delivered INR86/ton in efficiency savings in FY25 and expects to cross INR100/ton in FY26. Management is confident of exceeding its INR300-350/ton cost-saving target.
- UTCEM reiterated its focus on execution of its capacity expansion program. In 4QFY26, 8-9mtpa of new capacity is expected to be commissioned, followed by 12mtpa in FY27, with the balance coming in FY28. Management does not expect material slippages beyond minor quarterly shifts.
- Management emphasized that the Phase IV expansion plan is progressing on schedule, with major equipment orders already placed and construction underway. It gave a capex guidance of INR95b-100b for FY26, with INR72b incurred in 9MFY26 and INR20b-25b planned in 4QFY26.
- The capex plan for the cable and wire project is progressing as planned, with INR5.0b of orders placed and INR2b already incurred. Product launch is targeted for Oct-Dec'26.
- Consolidated net debt stands at INR179.3b vs. INR197.1b in Sep'25 and INR176.7b in Mar'25.



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Results Update



Shree Cement

Neutral

Current Price INR 26,619

Cement demand and pricing strategy

- Resilient outlook of India's economy, with Union Budget FY27 reinforcing growth by increasing public capex to INR12.2t, sustaining a strong focus on infrastructure development. Along with stable employment, benign inflation, and supportive tax/GST rationalization to support construction activity and drive healthy cement demand growth.
- It indicated Volumes recovered sequentially, rising from ~2.7mt in Nov'25 to ~3.3mt in Dec'25, with Jan'26 tracking similar levels. It expects this momentum to sustain, leading to improved capacity utilization. The company's volume growth in 4Q would be ~7% YoY.
- Going forward, further upside to utilization is expected from increased focus on RMC plants, which should enhance geographic reach, optimize logistics, and support volume growth.
- Regional volume mix was: north – ~61%, east ~26% and South ~13%
- It indicated its strategy of prioritizing value over volumes since Oct'24 to restore pricing discipline and narrow the realization gap vs. peers. This approach involved deliberate volume restraint, which helped reduce the price differential from ~INR30/bag to ~INR15/bag.
- It emphasized its continued focus on improving profitability by further narrowing the pricing gap, with profit growth in cement largely driven by topline expansion as industry-wide costs remain broadly similar. It is aggressively expanding RMC capacity, with plans to scale up from 25 plants currently to ~45 plants by Sep'26. It indicated that all RMC plants will be captive consumers of its cement, which should support incremental cement volumes and improve overall capacity utilization. Expected capex of INR5.0b for RMC plant expansion. RMC revenue for the quarter was INR710m.
- It highlighted two key changes in its sales strategy over the past year. First, the company implemented a transparent, non-negotiable, and non-discretionary rebate and discount policy, which initially faced resistance from certain dealers but has since been accepted. Second, a new President–Marketing was appointed in Nov'25, with early results over the past 1–1.5 months indicating improved traction.

Operational highlights

- Fuel cost was at INR1.56/kl vs. INR1.66 in 2QFY26, and green power share at 60% vs. 63% in 2Q. Expects energy cost trends should improve, supported by structural advantages in fuel sourcing and a rising share of renewable energy. The upcoming Kodla unit, expected to be commissioned by Mar'26, will include a WHRS, further increasing alternative energy usage. Green power capacity - WHR is 265 MW. Solar is 314 MW, and wind is 56 MW.
- Lead distance was 446km, and the trade mix and blended share were ~65%. Rail:road mix 88%-12%, petcoke 76%, 6% coal, and balance imported coal. Due to the higher demand from large infra projects non-trade share has increased. However, it expects to again revert to 75:25 of the trade: non-trade mix vs. 65-35 currently.

Capacity expansion and capex plans

- In 3QFY26, the Company commissioned cement capacity of 3.00 MTPA at Jaitaran, Rajasthan. With this, the Company's installed cement production capacity in India (including its wholly owned subsidiaries) increased to 65.8mtpa
- On long-term capacity plans of 80mt by FY29, however, refrained from giving any specific details beyond ~72mtpa by Mar'26 based on the expansion under pipeline. The work on the integrated project at Kodla, Karnataka, of 3.0mtap cement capacity is nearly completed, and pre-commissioning activities are underway. It expects the commissioning of this plant to be achieved within this quarter.
- It indicated that continued profit generation increases capital employed, and in the absence of immediate deployment through dividends or capex, surplus cash earns only ~4–5% returns, leading to near-term pressure on ROCE/ROE.
- Capex stood at INR15b in 9MFY26, and another INR4-5b is expected in 4QFY26.

CHEMICALS



- Chemical companies remain cautiously optimistic on the sector outlook in the near term, supported by resilient domestic demand, easing input cost pressures, and incremental capacity additions. While risks from potential Chinese dumping, global oversupply, and ongoing geopolitical uncertainties persist, management believes that improving capacity utilization and a healthy capex pipeline should support a gradual and sustainable recovery in profitability over the medium term.

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Outlook for FY26	Quarterly snapshot
Clean Science	- The domestic and international markets witnessed demand softness in 3QFY26. This trend is expected to persist in the short term due to the evolving market dynamics in China, continued deferred procurement by key customers, and demand uncertainty across end-user industries following the imposition of US tariffs. - The quarter also witnessed tariff-related uncertainty in the US and Europe, leading to a ~15-16% decline in international volumes, while domestic weakness was primarily due to postponed customer campaigns rather than structural volume loss. - The Performance Chemicals segment was hit by significant volume declines in MEHQ, BHA, and BCHA due to tariff-related uncertainties and year-end customer destocking. Despite the soft demand environment, no new domestic competition has emerged in these products.	- The company reported revenue of INR2.2b, down 9% YoY (est. INR2.4b), while Performance Chemicals' revenue grew ~3% YoY to INR1.7b. Revenue for Pharma & Agro Intermediates/FMCG Chemicals declined ~3%/~79% YoY to INR422m/INR56m. - Gross margin stood at 60.7% (compared to 63.5% in 3QFY25), while EBITDA margin stood at 33% (compared to 41% in 3QFY25). - EBITDA declined 26% YoY to INR725m, below our estimate of INR859m. Adj. PAT stood at INR461m (down 30% YoY) in 3QFY26, below our estimate of INR589m. In 9MFY26, revenue grew 1% YoY to INR7.1b, while EBITDA/Adj. PAT dipped 8%/10% to INR2.6b/INR1.7b.
Deepak Nitrite	- While the global environment remains characterized by persistent pricing pressures and heightened competitive intensity, management expects a favorable performance in 4QFY26, driven by strategic priorities, including product innovation, geographical expansion, and leveraging in-house nitric acid production. - The company is systematically building an integrated ecosystem from raw material security to the final polycarbonate product, supported by strategic tie-ups with key vendors and suppliers. - The company has a pipeline of ~15 products across R&D and pilot stages, with key opportunities in mining chemicals, personal care, flavors & fragrances, and polymer applications. The Methyl Isobutyl Ketone (MIBK)/Methyl Isobutyl Carbinol (MIBC) project is progressing well and is targeted for commissioning in 4QFY26.	- Deepak Nitrite (DN) reported a healthy operating performance, with EBITDA growing 25% YoY (on a low base) to INR2b amid persistent macroeconomic challenges. - Phenolic segment EBIT grew 20% YoY, driven by higher plant utilization and process optimization, while Advanced Intermediate EBIT declined 11% YoY due to continued pricing pressure from aggressive Chinese dumping, global oversupply, residual inventory restocking, and import competition. - EBIT margins for Advanced Intermediates contracted 80bp, while EBIT margins for Phenolic expanded 200bp YoY to 11%. - Adjusted PAT stood at INR1b (est. of INR1.5b), rising 11% YoY (adjusted for the one-time impact of labor code).
Galaxy Surfactants	- The company 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. - 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.	- 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. - EBITDA margin contracted 120bp YoY to 9%, hurt by gross margin contraction of 620bp YoY to 24.9%. - 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 Asia Pacific. - Consolidated revenue grew 28% YoY to INR13.3b (est. in line), primarily led by higher realizations.
NFIL	The company has successfully completed validation with its EU CDMO partner, and commercial supplies have now commenced. This partnership provides strong revenue visibility for the next three years. In 3QFY26, the company	3QFY26 was a robust quarter for NFIL, as revenue jumped 47% YoY, supported by strong performance across all business segments.

Ellenbarrie

- fulfilled a major order for a key EU customer, with another large order scheduled for execution in 4QFY26.
- Improving scale and operating leverage are expected to support a stronger 4QFY26 performance, with EBITDA margins projected to exceed 30% in FY26.
- The company commissioned its 40,000 TPA Hydrofluoric (HF) acid facility at Dahej in Feb'26, with a total capex outlay of INR4.5b. The additional 15,000 MTPA R32 capacity is slated for commissioning by 3QFY27, while the advanced materials facility is targeted for start-up in 1QFY27. Furthermore, debottlenecking of the MPP capacity at Dahej is expected to be completed and commissioned by 3QFY27.
- Revenue in HPP/specialty chemicals/CDMO grew 35%/60%/61% YoY. EBITDA grew 2.1x YoY, driven by volume growth and operating efficiencies.
- EBITDA stood at INR3b (est. INR2.3b), up 2.1x YoY, and adj. PAT grew 2.4x YoY to INR2b (est. INR1.3b), adjusted for the one-time impact of INR205m related to the labor code.
- ELLEN is on track to expand pan-India, with the Uluberia-2 merchant plant now operational, and the North India bulk plant (220 TPD) is targeted for commissioning in 2H FY27. However, the East India onsite plant (320 TPD) is now slated for commissioning in 1QFY27 (vs. 4QFY26).
- ELLEN delivered a weak performance in 3QFY26 as its EBITDA declined 8% YoY to INR249m. The dip was mainly due to the price declines of key industrial gases – argon, oxygen, and nitrogen – led by muted demand in the steel industry.
- The company has reiterated its long-term EBITDA margin guidance of ~40%, led by the ramp-up of cost-efficient plants and normalization of argon prices. The revenue CAGR guidance remains unchanged at 20-25%.
- ELLEN reported a total revenue of INR813m in 3QFY26, up ~20% YoY.
- The solar cell segment is witnessing strong traction, while competitors already hold some legacy contracts in the solar space. ELLEN is in key discussions for the same. As the domestic solar cell capacity scales up, the opportunity pool is expected to expand for all industry participants.
- EBITDA margin stood at 30.6% vs. 39.7% in 3QFY25.
- Adj. PAT grew 36% YoY to INR261m, led by higher other income (up 71% YoY).
- For 9MFY26, revenue/EBITDA/adj. PAT grew 10%/5%/25% to INR2.5b/ INR890m/INR815m.



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Clean Science & Technology

Neutral

Current Price INR 760

Market Environment & Demand Trends

- The challenges seen in 2QFY26 persisted into 3QFY26, as the company continued to face a muted demand environment, pricing pressure, and incremental capacity additions in China across key product categories.
- The quarter was characterized by uncertainty in customer offtake, tariff-related issues in the US and EU, and aggressive price competition—particularly in hydroquinone, which hit all-time low prices in China.
- International markets, especially the EU and the US, witnessed a ~15–16% volume decline led by tariff uncertainties and depressed acrylic acid prices.
- Management highlighted that part of the domestic slowdown was driven by customer campaign cycles being postponed rather than permanently lost. Volumes are expected to come back once these cycles resume.

Overall Volumes & Revenue Movement

- Standalone revenue declined 13% QoQ to INR1.8b and 21% YoY, primarily due to a 19% YoY drop in volumes and a 2% decline in realization.
- The top four products contributed 75% of standalone revenue vs. 80% in the previous quarter.
- A key customer loss in the FMCG segment materially impacted volumes in one of the cosmetics-related products, and management noted that these volumes will be difficult to replace in the near term.

Performance Chemicals

- The Performance Chemicals segment was the most affected, with material volume declines in MEHQ, BHA, and BCHA.
- Management reiterated that despite the decline, they have not seen any new domestic competition in MEHQ/BHA/BCHA.

- MEHQ volumes were also impacted by tariff concerns and year-end destocking by customers.

Capacity Expansion & Strategic Projects

- The hydroquinone and catechol plant was commercialized in December, with customer trials underway.
- With these products now in-house, the company expects immediate raw material cost moderation and margin improvement for downstream products such as TBHQ and Veratrole.
- Around 15% of hydroquinone/catechol output will be used captively, with the balance targeted for domestic and export markets.
- Performance Chemical-1 is now expected to generate INR2.6b at optimal utilization (earlier guided at INR3.2b), reflecting the current pricing environment.
- Performance Chemical-2 remains on schedule and is expected to be commercialized in FY27, with revenue contribution beginning 4QFY27.
- HAL's volumes reached ~2,000 tons in 9M, supported by improved realizations of ~INR425/kg.

Others

- The company remains focused on customer engagement, long-term volume stability, and operational discipline, even in a softer demand environment.
- Promoters confirmed that all promoter groups remain actively involved, with no dilution expected for at least the next 2–3 years.
- The Board approved an interim dividend of INR2/share and appointed two new independent directors, reinforcing governance strength.
- Management expects current market challenges-including Chinese pricing pressure and tariff uncertainty-to persist for the next 1-2 quarters.
- Clean Chem Limited achieved EBITDA breakeven this quarter, a key milestone.



Click below for
Results Update

The screenshot shows a slide from a presentation titled 'Deepak Nitrite' for the quarter ended September 30, 2025. It includes a table with financial data and a summary of key highlights.

Particulars	Q3 FY26 (INR Crores)	Q3 FY25 (INR Crores)	Q3 FY24 (INR Crores)
Revenue	1,643	1,543	1,453
EBITDA	1,143	1,043	943
EBIT	843	743	643
Net Profit	543	443	343

Key Highlights:

- Revenue growth of 6.5% QoQ driven by improved realizations and volume growth.
- EBITDA margin improved to 69.6% from 67.6% QoQ.
- Net profit margin improved to 33.1% from 28.7% QoQ.
- Operating leverage remains strong with EBITDA growing faster than revenue.

Deepak Nitrite

Sell

Current Price INR 1,643

Operational highlights:

- Amid persistent macroeconomic challenges, Deepak Group delivered a resilient 3QFY26 performance, driven by operational agility and a consistent focus on disciplined value creation.
- The company's improved working capital discipline drove better operational efficiency, contributing to a reduction in the cash conversion cycle.
- Overhead rationalization and cost management across operations further contributed to this improvement.
- The domestic to export revenue mix stands at 83 to 17.

Advanced Intermediates

- Aggressive Chinese dumping and overcapacity continue to challenge pricing power, particularly impacting products that face headwinds of heightened competition and residual inventory destocking.
- The company is systematically building an integrated ecosystem spanning from raw material security to the final polycarbonate product, supported by strategic tie-ups with key vendors and suppliers.
- Portfolio pricing remains under pressure due to aggressive pricing from Chinese imports.

- EBIT was impacted by continued pressure arising from global oversupply.

Phenolic

- The company reported consistent performance, supported by improved volumes and operating efficiencies.
- Strategic cost optimization in Phenolics bolstered profitability, partly mitigating the impact of lower price realizations.
- Volume gains drove better operating leverage, resulting in higher profitability on a YoY basis.
- It reinforced market leadership despite import headwinds, leveraging robust manufacturing capabilities to ensure domestic demand fulfilment.
- Higher sales volumes in ethanol and acetone, better net raw material realizations, and process optimization with efficiency gains contributed to enhanced operating leverage.

Polycarbonate:

- The company is systematically building an integrated ecosystem spanning from raw material security to the final polycarbonate product, supported by strategic tie-ups with key vendors and suppliers.
- Necessary financial arrangements and funding types are in the final stage, ensuring readiness for both capital and balance sheet perspectives.
- It plans to go online with this asset over the next 2-2.5 years in an integrated fashion with propylene, phenol, BPA, and then polycarbonates.

Deepak Chem Tech Limited (DCTL)

- It has completed vertical integration across the ammonia-nitration-amines chain, establishing Deepak Group as a premier global player.
- This strategic move unlocks a wider product range, secures operations against market volatility, and delivers superior margins and cost efficiency across key intermediates.

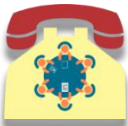
Outlook

- Ramp-up of new capacities at DCTL, along with potential integration benefits, is expected to strengthen performance over the ensuing period.
- A favorable shift in US tariffs provides a positive long-term outlook, though immediate financial impact is moderate to better due to limited current exposure.
- The group's integrated approach of leveraging in-house nitric acid production for downstream nitration and amination is set to steadily improve overall profitability.
- It remains focused on driving operational excellence, accelerating the ramp up of new capacities, and expanding the specialty and high-value product portfolios while deepening geographical diversification.
- Near-term market conditions may continue to be influenced by global supply and demand dynamics.
- The company expects 4Q to be better than 3Q.
- Agrochemicals continues to show a marginally improved outlook, although consistent improvement has not yet materialized.



**ELLENBARRIE
INDUSTRIAL GASES LTD**

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Results Update



Ellenbarrie Industrial Gases
Q3 FY26 Financial Results

Particulars	Q3 FY26	Q3 FY25	Q3 FY24
Revenue	1,01,10,00,000	1,01,10,00,000	1,01,10,00,000
EBITDA	36,50,00,000	36,50,00,000	36,50,00,000
EBIT	36,50,00,000	36,50,00,000	36,50,00,000
Profit After Tax	18,25,00,000	18,25,00,000	18,25,00,000
EPS	18.25	18.25	18.25

Ellenbarrie Industrial

Buy

Current Price INR 255

Operational highlights

- The quarter remained challenging, primarily due to weaker argon realizations amid a subdued steel industry and declining argon prices
- The company continues to prioritize the ramp-up of the Uluberia-II facility.
- Efforts toward power-cost optimization remain a key focus area, given that power constitutes the largest component of the company's cost structure.
- Argon contributed ~10% to revenue in 3QFY26

Expansion projects

- The East India onsite plant (320 TPD) is now expected to be commissioned in 1QFY27 versus the earlier 4QFY26 timeline; the delay of a couple of months is considered normal for such projects.
- The North India bulk plant (220 TPD) is targeted for commissioning in 2HFY27.
- The Uluberia-II facility in West Bengal is progressing well, with the company expecting it to reach ~85% utilization within 18 months of commercialization.
- The company plans further expansion in FY28, including capacity addition in the West and entry into high-purity gases.
- The East India onsite project is expected to contribute meaningfully to revenue once operational.
- In industrial-gas projects, construction timelines are generally not a major challenge; delays typically arise from equipment delivery. The company has already placed orders for key machinery, ensuring arrival aligns with the completion of civil work.

New-age industries

- The company is engaging with multiple players in the solar sector and is seeing strong traction in business discussions.
- While competitors already hold several legacy contracts in the solar space, the company has also secured initial agreements; as domestic solar cell capacity scales up, the opportunity pool is expected to expand for all industry participants.
- The capex requirement for solar-related gases is relatively modest, as these will primarily be traded products rather than manufactured in-house.
- As the solar industry grows, margins are expected to improve; however, the margin profile will differ slightly from other product lines due to the traded nature of these specialty gases.

Outlook

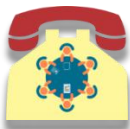
- The company has reiterated its long-term EBITDA margin guidance of ~40%. With 9M margins at 35-36%, further expansion is expected as new, more cost-efficient plants ramp up, and argon prices normalize.
- The 20-25% revenue CAGR guidance is unchanged, though management highlighted that growth may appear lumpy due to the project-driven nature of the business.
- Although 3Q performance was muted, management maintains confidence in the overall trajectory, with 4Q expected to show sequential improvement.
- Management believes the margin bottom is behind them; current depressed levels are unlikely to persist as upcoming capacity additions carry superior unit economics, supporting margin recovery.

Other

- A gradual shift is underway toward renewables and the recycling industry, contributing to evolving demand patterns for industrial gases.
- Volumes have improved YoY, though there was a slight QoQ decline due to continued softness in the steel sector.
- The company's realizations remain structurally higher than peers, supported by its stronger mix of contracted business and value-added products.
- The recent decline in gas and argon prices is industry-wide and has affected all major players, including Linde plc and INOX Air Products.
- The company's market share is currently in the mid-single digits. The total addressable market for industrial gases is approximately INR150b, growing at around 10% annually.
- Larger players such as Linde and INOX Air Products hold significantly higher market shares; future growth for the company will be driven by formalizing demand from the informal sector and benefiting from the expansion of the overall TAM.



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Galaxy Surfactants

Buy

Current Price INR 1,962

Operational highlights

- GALSURF demonstrated a resilient performance in 3QFY26 despite multiple market headwinds
- Consolidated volumes remained flat YoY, with high single-digit growth in Specialty Care Products offsetting softness in the Performance Surfactants segment.
- EBITDA grew 13% YoY, supported by stronger contributions from the Specialty segment in India and ROW region.
- Margin expansion was driven by strong volume growth from non-tariff-affected customer accounts, improved contribution from the master segment in India and prestige specialty products in the rest of the world, lower logistics costs, and successful cost efficiency initiatives.
- Lower logistic expense and execution of cost-efficient initiatives supported margin expansion and improved overall financial performance.

Domestic market

- Domestic volumes grew in the mid-single digit YoY, driven by strong traction from non-Tier-1 and D2C customers.
- Performance segment declined due to ongoing reformulation at a key Tier-1 account and temporary demand disruption following GST-related inventory adjustments in October.
- Specialty segment delivered a robust 35% YoY volume growth, cushioning Tier-1 softness and reinstating momentum across Tier-2 and Tier-3 accounts.
- Engagements with all Tier 2, Tier 3 and D2C customers enable the company to ensure to mitigate a good portion of the impact because of the reformulation by a Tier 1 customer.
- New product formulation business in India is expected to start any time soon with the major impact expected next year; double-digit growth can be expected if the whole market is better.

- Any reformulation in terms of activity adjustments is something the company does not do normally and this is just a temporary situation.
- Based on the discussion with customers, reformulations by clients are done.

International market

- In the AMET region, volumes declined in the high teens YoY, primarily due to heightened competitive intensity and market share losses in a key tier 1 account.
- Meanwhile ROW region continued to support portfolio resilience, delivering mid-single digit YoY volume growth, led by healthy demand across Latin America and Europe in both Performance and Specialty segments.
- US reciprocal tariffs weighed on India-origin Specialty exports during the quarter. The recent tariff reduction is expected to mitigate this impact going forward.
- Due to US tariffs, some clients were not sure if they wanted to continue with the projects in the pipeline.
- After the trade deal, the company is in talks with its clients on projects that were suspended after the initial reciprocal tariffs. There are early signs that the major impact of this is expected next year.

Guidance

- Management expects to regain growth momentum in the coming quarters, driven by improving India growth, gradual AMET volume recovery, incremental profitability
- from US-India tariff reduction, and steady improvement in premium specialty product mix.
- For India, performance volumes are expected to increase incrementally in both Tier-1 and non-Tier-1 accounts, with the specialty segment anticipated to continue double-digit volume growth.
- AMET is expected to see a positive recovery of volumes from 4Q onward, which is a high priority, while the rest of the world's Performance pipeline growth will maintain the momentum seen in 3Q.
- The North America specialty business is projected to receive a significant boost due to the recent tariff reduction and existing growth momentum.
- Management expects the prices of fatty alcohol to start going down from May'26.
- Management has maintained its overall volume growth guidance of 6% to 8%.
- New suncare products in the Galsorb SunBliss range, commercializing from 4QFY26, are expected to have a significantly higher EBITDA per ton compared to existing blended numbers.



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Detailed Concall Transcript &
Results Update



Navin Fluorine Intl

Neutral

Current Price INR 6,389

Specialty Chemicals

- Highest-ever quarterly revenue was achieved in 3QFY26.
- Margins in specialty chemicals were flat in 3QFY26.
- Product pipeline continued to be strong, with scale-up seen in the existing molecules and new molecule launches lined up.
- Outlook remains strong and encouraging with healthy order book for 4QFY26.

The image shows a screenshot of a financial report for Navin Fluorine International. The report includes a table with multiple columns and rows of data, likely representing financial performance metrics. The text is small and difficult to read, but the structure appears to be a standard financial statement or summary.

CDMO

- Successful completion of validation with CDMO EU partner, and commercial supply has begun. This engagement provides strong revenue visibility over the next three years.
- The company supplied a major order for an EU customer in 3QFY26. Large order with EU customer scheduled in 4QFY26.
- Margins of CDMO business improved in 3QFY26.
- Optimum capacity utilization is expected to be achieved in FY27.
- The company is looking for growth opportunities in this segment.

HPP

- Revenue in 3QFY26 was driven by higher realization and healthy volumes.
- Margins of HPP business improved in 3QFY26.
- R32 utilization is 100%; the company had planned a shutdown in 3Q for catalyst changeover.
- R32 export realizations are better than domestic realizations. Export-domestic mix has not changed.

Capacity expansions

- The company commissioned its Hydrofluoric acid capacity at Dahej having 40k TPA in Feb'26. A capex of INR4.5b was incurred for this capacity.
- The additional 15k MTPA HFC32 capacity is expected to be commissioned by 3QFY27. This expansion has the potential to add ~INR6-8b in revenue per annum.
- HFC capacity will be helpful in utilizing the additional HF acid.
- Advanced materials capacity is targeted to be commissioned by 1QFY27.
- MPP capacity bottlenecking at Dahej is expected to be commissioned in 3QFY27. This has the potential to add ~INR1.4-1.6b in revenue per annum.
- All the ongoing capex is progressing as expected.
- Utilization for MPP1 is at par, MPP2 is ~70-80% (expected to cope in next year); Nectar ~50%.

Margin and outlook

- Focused teamwork, strong R&D and adoption of right technology help the company to sustain in challenging environment.
- The advanced materials business is expected to benefit significantly from the growth of the semiconductor manufacturing industry in India.
- Operating leverage is expected to boost 4QFY26 performance.
- EBITDA margins are expected to cross 30% in FY26 (~200bps variance).

Others

- Both EU and US trade deals are supportive for the company; the company is anticipating absolute leverage in terms of pricing.
- 9MFY26 revenue has surpassed FY25 revenue.
- Net working days are below 80.
- Navin Fluorine Advanced Science is performing good owing to past orders in specialty chemical vertical.
- Employee costs will be ~7-8% of revenue.
- The company is targeting the downstream chlorinated chemistry with additional HF acid capacity.
- RM prices (sulfur, fluorspar) are increasing, which the company is monitoring closely.



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- Exports are expected to grow in coming years.
- The liquid cooling market (potential global market size of USD3b) is expected to come into fruition in two years.

PI Industries

Buy

Current Price INR 3,027

Operating performance

- In 3Q, PI reported ~32% decline in agchem exports as volume declined ~29%, due to customer delivery schedules
- Domestic revenue declined ~8% YoY, led by volume decline of ~2% due to Lower farmer demand for high - value products; Erratic monsoon and softer commodity realizations impacting key crops, and Regulatory transitions in Biologicals towards normalization.
- Favorable product mix and operational efficiencies led to gross margin expansion.
- Overheads increased, comprising strategic development of new businesses and promotion of new products, offset by effective cost control in existing businesses.
- Net Profit includes exceptional income on account of writeback of contingent consideration of INR1.3b, partially offset by additional provisioning of retirement benefits as per the New Labor Code to the tune of INR209m.
- Total capex for 9MFY26 stood at INR7.3b (9M FY25: INR 6.5b), reflecting continued investment in manufacturing capabilities and R&D infrastructure.
- Trade working capital in terms of days of sales stood at 139 vs. 115 in Sept'25 due to inventory build-up and calibrated credit extension in line with prevailing liquidity constraints.
- 3 new herbicides were launched. Domestic growth is expected to be back on track from FY27 onwards.
- Contract assets stood at INR10.7b, with the order book standing at USD1.2b
- NWC stood the lowest in the industry, expected to improve as the market scenario is normalized

Outlook and guidance

- The company remains on track to commercialize 8 to 10 new molecules (with 5 molecules already commercialized)
- Ongoing investments across growth sectors are laying a strong foundation for the next phase of expansion and long-term sustainable growth.
- Management remains positive on the company's long-term growth outlook and expects growth momentum to be restored over the coming years. A recovery in both domestic and export markets, particularly from 4QFY26
- Management reiterates its EBITDA margin guidance of 26-27%.
- Capex guidance of INR5-6b for FY27

Industry Environment

- The global crop protection market is approaching a prolonged downcycle, adverse weather conditions, elevated interest rates, etc.
- Global innovators continue to optimize supply chains and recalibrate
- The farmer buyers are expected to remain cautious and sensitive to the commodity realization and the liquidity conditions
- India is showing progress and is ahead of late last year, supported by healthy soil moisture, high reservoir storage levels above long term average.

Pharma business

- The pharma segment onboarded new customers over the last 12 months, including several strategic accounts and large pharma customers supporting mid - to long -term growth.
- The decline in profitability was due to one-off processing related cost and product mix.
- The company incurred a capex of INR616m in 9MFY26.

Biological business

- PI has made significant investments in product development in the US, Brazil, and Mexico.
- Moved from 2 distributors to 33 in Brazil. The company has more than 400 farmers using their product in their own fields, testing the product. Similarly, in Mexico, the company has more than 28 distributors working with it. In the US, the company is setting up a distribution network for the entire Midwest and the world's largest farmers from Brazil and Mexico.
- The company has launched two new products in Brazil and two in Mexico. The company has received approval for a disease control product in California. That makes the entire US and California the largest market for that product.
- Expansion of distribution network and user base for seed treatment brands Saori ® and Teikko ® in Brazil
- Unique biological solution for nematodes launched in Mexico (brand name Shanema ®)
- Unique biological solution for nematodes launched in Mexico.
- New registration filed for Bio-nematicide in the US.
- Received regulatory approval for the launch of Harpin αβ in India.
- Global Biologicals (Ex - India) annualized revenue in the range of ~ USD13m with a healthy gross margin upwards of 60%, expected to grow in double digits.
- In Brazil company has gone from 2 to 33 distributors. The company has more than 400 farmers who are right now. Using our product in their own field, testing the product. In case of. Similarly, in Mexico, we have more than 28 distributors right now who are working with us.

Electronic chemicals

- Expect 4-5 molecules for commercialization this year
- These molecules are expected to target semiconductor and high-end application units
- The company has got five new customers in the areas of electronic chemicals, which are primarily from Japan and Europe.



PRIVI SPECIALITY CHEMICALS LIMITED

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Privi Speciality

Buy

Current Price INR 2,865

Prigiv

- The company has approved an equity investment of INR500m in Prigiv Specialties, to be made in the existing 51:49 shareholding ratio. It will invest INR255m (51%), while JV partner Givaudan SA will contribute 49%.
- The capital infusion will fund growth initiatives, supporting higher revenue and improved profitability going forward.



Particulars	2024-25	2023-24	2022-23	2021-22	2020-21
Revenue	1,23,45,67,890	1,12,34,56,789	1,01,23,45,678	90,12,34,567	89,01,23,456
EBITDA	23,45,67,890	22,34,56,789	21,23,45,678	20,12,34,567	19,01,23,456
Net Profit	12,34,56,789	11,23,45,678	10,12,34,567	9,01,23,456	8,90,12,345

- Prigiv has attained positive EBITDA this quarter, and it is expected to be profitable in the next quarter.
- Givaudan has agreed to provide a non-interest-bearing loan of INR1.5b, which will significantly reduce the debt burden and the interest cost.

Capex

- Capex for existing products would be INR3b, funded by internal accruals and bank borrowings. The project is expected to be commissioned by 4QFY26 and has a peak revenue potential of INR4-4.5b per annum.
- Capex for new products would be INR6b, to be funded by internal accruals and borrowings. The project is expected to be commissioned by 1QFY28 and has a peak revenue potential of INR11-12b per annum.
- Capex for new specialty products would be INR3b, to be funded through internal accruals and borrowings. The project is expected to be commissioned by 3QFY28 and has a peak revenue potential of INR5-6b per annum.
- PRIVI is expected to require a total investment of INR12b over the next 2-3 years.
- Currently, the overall utilization stands at 85-90%, which the company aims to sustain going forward.

Outlook and guidance

- PRIVI has maintained its guidance of achieving INR50b/INR10b in revenue/EBITDA over the next 3-4 years, representing more than 2x growth.
- It has maintained what? guidance of over ~20%, driven by stable operational efficiency and an enhanced product mix.
- The company expects to report volume growth of 11-15% in FY27.
- Margins for new products to be in the similar range going forward.

Biomass

- PRIVI is currently working on converting biomass to value-added products.
- It is currently at kilogram laboratory level in developing these products.
- Technologies for this project will generate substantial intellectual property for the company, which will be reflected under intangible assets.

Amalgamation

- The scheme of amalgamation of Privi Fine Sciences and Biotechnologies with Privi Specialty Chemicals is under process. The company has filed all the necessary data and filings with both the stock exchanges.
- It expects the merger to be completed by Oct'26 /Dec'26 latest.

New products

- The company is expected to be the first Indian company to make Maltol and the first one globally to produce cyclopentanone from a renewable source.
- Raw material used for maltol and cyclopentanone is similar in nature – furfural.
- PRIVI is looking to produce more products from furfural. Going forward, it plans to manufacture furfural inhouse (thereby increasing the margins by 50%).

PLI scheme

- After spending an additional INR4-5b on capex by FY27E, the company will move to “ultra-mega” status from “mega status” in Maharashtra.
- Then, the company will get a GST benefit for full 9% on the products sold within Maharashtra. This benefit will be extended from 15 years to 20 years.
- PLI recognized in 9MFY26 was ~INR100m.

Others

- 70% of the business is on contractual basis and 30% is on spot basis.

- Debt to EBITDA stands at 1.6x.
- It has negligible carbon footprint, so CBAM norms are in the company's favor.
- PRIVI reported lower revenue in 3Q due to thanksgiving and Christmas.
- The company sees Improvement in gross margins through higher process yield, reduce utility consumption, and use of solar power.
- PRIVI is processing corn cob at kilogram level. In the next 12-18 months, the company will put a demonstration facility and then at pilot facility. PRIVI expects to launch this project by FY28. This is going to require additional capex. The company plans to do this project at 20k ton level.



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SRF

Buy

Current Price INR 2,731

Chemicals business: Specialty chemicals

- The overall chemicals business was driven by higher refrigerant volumes, while enhanced operational efficiencies in both the fluorochemicals and specialty chemicals segments contributed to the overall performance in the Specialty Chemicals business.
- SRF has significantly enhanced the product mix and improved operational efficiency and process innovations over the past year.
- However, these advancements have not fully reflected in this quarter's financial performance due to persistent pricing pressure from customers, driven largely by rational pricing from Chinese competitors across some of the core product categories.
- The company has consciously chosen to protect its market share and volumes.
- Chinese players are finding it difficult to sustain these price levels and this situation is not viable in the long run.
- The company is witnessing continued deferment in offtake of certain key products by agro majors.
- Encouragingly, agrochemicals used in crop protection are now showing signs of revival. This, along with a strong pipeline, gives management the confidence of finishing the year on a strong note.
- The pipeline for new molecules on the agrochemical side remains robust.
- In addition, the AI development journey is also progressing as planned.
- Active ingredients that the company is working on are on track and would be launched in FY26 and a couple of them in FY27.
- The inroads into the pharma segment are showing positive traction in terms of the number of molecules SRF is dealing with and the number of customers.
- SRF is adding a second pharma intermediate plant at an investment of INR1.8b the Dahej site, which is expected to be commissioned in the next eight months.
- 4Q demand is expected to be good based on a lot of deferment happened over 2Q and 3Q, along with a lot of pent-up POS to be delivered in 4Q.

Chemical: Fluorochemicals

- The refrigerant gas segment has performed exceptionally well, despite this being a traditionally lean season.
- Global HFC prices have been stable, driven by China's quota-led supply restrictions and steady international demand.
- The domestic market is also recovering well after a weak 1H due to prolonged monsoons.

- The plants are operating optimally, and with the domestic season about to begin, SRF is well positioned to meet the expected uptick in demand.
- The Indian government's recent imposition of anti-dumping duty on R134a does currently not impact SRF, as global prices remain above the minimum threshold.
- Overseas markets, particularly Southeast Asia and the Middle East, continue to show healthy growth, helping offset some of the volatility in the US market caused by tariff uncertainty.
- Ongoing efforts on ramping up value-added products in PTFE are likely to show results by early FY27.
- Tariffs uncertainty in US market may continue to create short-term volatility.
- Upcoming projects for New Flora Polymers remain on track.
- The project for next-generation refrigerant gases is also progressing well and will be housed at the new site in Odisha.
- R32 falls under the tariffs. And instead of doing long-term contracts with some of the customers, SRF is following a wait-and-watch strategy.
- R134a does not fall under the tariffs, so the company has been able to sign long-term contracts.

PFF business

- The impact of GST 2.0 continued into this quarter as FMCG companies were required to repack and reprint their products.
- Management has started witnessing signs of recovery in the domestic market for both BOPP and BOPET from Dec'25 onward.
- BOPET prices from China have also started to improve in the recent weeks.
- International operations remained stable during the quarter, though seasonal weakness in Dec'25 reflected in the quarter's numbers.
- Performance in Thailand and Hungary continues to be affected by persistent competitive pressure from cheaper imports, while South Africa delivered consistently strong results in aluminum foil.
- International performance was driven by higher volumes. SRF continues to strengthen its export focus to build a more sustainable globally balanced business model.
- SRF successfully commercialized a new CPP line in 3Q.
- US exports Are serviced through Thailand to mitigate tariff impact on India.
- BOPET: There seems to be some sort of instructions given to Chinese players by their government to become more profitable by cutting back on capacity by 20%, likely in Dec'25, leading to an increase in prices.
- The mandate also says that after the Lunar New Year, these players are supposed to cut back further on the capacity.

Technical textiles:

- The business continues to be impacted by margin pressure in Belting Fabric as Chinese imports and US tariffs affected export volumes of BF.
- The new dipping machine project is expected to be commissioned in 4QFY26.
- SRF expects demand to remain subdued in the off-season and will focus on tensile and semi-tensile value-added products to protect margins in laminated fabrics.

Other

- Overall, this has been a good quarter for SRF as it was able to generate reasonable growth in revenue and profit in a volatile environment.

- On the financial front, SRF is seeing benefits from global interest rate reductions. However, the forward positions on INR-USD hedges were hit by the unprecedented INR depreciation.
- The focus on operational excellence, disciplined cost management and innovation helped the company maintain momentum.
- Most of the capex will be in Odisha for setting up two plants for new-generation gases.
- Management is on track for its previously guided capex of INR20b-23b for FY26 and anticipates INR15b-20b for FY27, primarily for the new Odisha site for new-generation gases.
- There is no impact of EU carbon tax on the ref gas business, but the EU carbon tax might have a small impact on the aluminum segment. However, currently it will not have a significant impact on the business.
- Pharma is ~10% of the total business right now and the company aims to increase it to 20% of the total share. Management aims to grow the pharma segment faster than the agro segment.



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Tata Chemicals

Neutral

Current Price INR 690

Demand-supply scenario

- Soda ash continues to remain oversupplied, with high inventory levels across most regions. Prices softened further during 3QFY26, reflecting adverse demand-supply dynamics.
- The near-term outlook for the soda ash market remains subdued and uncertain, with limited visibility on any immediate improvement.
- Medium to long-term trend is positive, driven by sustainability applications (Solar PV + EV growth), even with short-term margin challenges.
- US tariffs affected demand in South Asia markets; deal expected to stabilize.
- Lower revenue in the current quarter as compared to the previous year, driven by lower realization due to pricing pressure in all regions.

Acquisition of Novabey Pte.

- The transaction is expected to be completed in 4QFY26.
- The acquiree is in the business of Premium grade Value-Added bi-carb; TTCH will gain exposure from the UK to Europe, Indian, and Asian markets.
- Singapore is importing the synthetic soda ash all the way from Europe. TTCH will be supplying that from here at competitive pricing.
- Numbers not mentioned; will be disclosed in notice to exchange.

Greenfield Plant for Iodised Vacuum Salt Dried

- TTCH's BOD approved an investment of INR5.2b for setting up a greenfield manufacturing facility for Iodised Vacuum Salt Dried (IVSD) in Tamil Nadu. The proposed facility will have a capacity of 210kTPA. Expected commissioning in the next 36 months.
- Margins will be similar to existing Mithapur capacity; initial higher costs will be later reduced by operational efficiency (returns of ~16%; targeting 18%).

India

- India continue to experience robust growth. US and Turkey dumping continue to affect realizations in India.
- TTCH is focusing its capex in India due to robust demand growth.

- Margins are expected to remain stable as lower realizations are expected to be offset by other products mix.

North America

- NA is witnessing a slight decline due to reduced demand for flat and container glass.
- Volumes are higher; prices short for exports, resulting in lower realizations and margins.
- Domestic prices have resulted in a USD5 drop.
- Volumes may lower in coming quarters as company will stop selling below a specific price (lower than USD150). Nearby markets like South America and East will be the next destination due to better prices.
- UK demand for internal soda ash consumption is now met by US operations.
- TTCH has stopped capacity expansions due to oversupply. In 3QFY26, Fixed costs were under-absorbed due to lower production.

Europe & UK

- In the UK, unplanned stoppage at the salt plant due to a storm in 3Q impacted salt production; this has currently stabilized.
- Reconfiguration of UK operations was completed with a strategic focus on value-added and non-cyclical products to improve business stability.
- INR1b swing if soda ash plant had not shut; breakeven is expected from the next quarter.

Africa

- Kenya's revenue increased due to higher volumes which was offset by lower realization.
- 50k MTPA Electric calciner soda ash plant in Kenya would be operational by Mar'26.

Situation in China

- China is experiencing slight demand declines. The current soda ash Inventory levels for China are stable at 1.5m MTPA.
- Additional capacity expansion in Mongolia of ~2.5-2.8m MTPA. Production commencement is expected from 1QFY27.
- Soda ash prices in China witnessed a 54% YoY decrease (At present, Yuan 1,200) and are expected to remain at similar levels.
- Despite the early initiation of maintenance by Chinese producers, the supply curtailment was offset by newly commissioned capacities.

Other

- Pearl Silica facility with a capacity of 3kMTPA at Tamil Nadu, and FOS L55 facility with a capacity of 4.5kMTPA at Mambattu were commissioned.
- Net Debt (ex. Lease) stood at INR56b.
- USD15m fixed cost increased in last 15years; USD5 in variable costs.
- TTCH is emphasizing cash discipline in current headwinds and will focus on reducing fixed costs.
- Debt increased due to unfavorable market conditions and was further impacted by rupee depreciation.

CONSUMER



- **Staple companies saw resilient demand in 3Q, with management remaining optimistic about a gradual consumption recovery ahead. Lower inflation, improved affordability after GST rate rationalization, and easing interest rates are supporting rural and urban demand. While Oct'25 was impacted by GST-related trade disruptions, channels normalized in the following months. Food companies outperformed personal care peers on GST-led tailwinds. Management expects a strong summer season, with higher summer product offtake from Mar'25 likely to support growth.**

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Takeaways from 3QFY26's performance	Outlook for FY26
Asian Paints	■ Demand in Oct was muted due to the curtailed festive period and extended monsoon. However, marginal demand recovery was noted during Nov and Dec'25. The exit of the quarter was slightly better. ■ Growth in rural markets was slightly ahead of the urban markets on the back of favorable monsoons. ■ Focus remains on strengthening brand equity through continued investment in regional and national media to enhance awareness and influence customer decisions.	■ Management expects volume growth of 8-10% and value growth of 5-6% in the near term. That said, management maintained its EBITDA margin guidance of 18-20%, aided by formulation and sourcing efficiencies.
Britannia	■ BRIT's sales grew ~12% in 3QFY26, driven largely by volume growth. ■ BRIT expects to increase media spends to strengthen its brands, while also developing various flavors and formats to counter competition. ■ The Cake, Rusk, Croissant, and Wafers categories grew in double digits during the quarter. ■ Management stated that the contribution from the E-Comm channel to these businesses is ~3x higher than that of biscuits.	■ Management indicated that E-com/QC salience currently stands in the high single digits, and the company expects this to increase to teens by FY27. ■ The new CEO will focus on strengthening the Britannia brand (hired a new CMO as well) and creating the category of functional foods (likes of Nutri Choice).
Dabur	■ Rural demand continued to outperform urban demand for the eighth consecutive quarter, with data showing a ~330bp growth gap (vs ~600 bp earlier). ■ NPD is 2-3% of revenue for the company.	■ Management expects 4QFY26 revenue growth to be in high single digits (broadly in line with or slightly better than 3Q), with EBITDA growth ahead of revenue growth. ■ Management expects better performance in beverages in 4Q. It also plans to implement a ~2% weighted average price increase in 4Q, with the benefit flowing into FY27. ■ Management expects growth in FY27 to be more volume-led, supported by easing inflation.
Godrej Cons.	■ GCPL has implemented a weighted average price increase of 30% on Incense Sticks since the launch, observing no slowdown in volume growth, which has positively impacted margins. ■ The company aims for volume growth independent of general market conditions.	■ Over the next 18-24 months, it expects volume growth in India to be around 7-8% and Indian EBITDA margin to be in its guided range of 24-26%. ■ The GAUM business is expected to deliver double-digit revenue and profit growth for the year. Indonesia's recovery is anticipated to start meaningfully from FY27 onwards as market conditions normalize.
Hindustan Unilever	■ In Home Care, rising inflation in commodities has prompted the company to initiate calibrated price hikes. ■ Quick commerce is emerging as a structurally critical channel, currently contributing ~3% of sales and scaling rapidly. ■ Minimalist and Oziva together form an INR11b business.	■ Management expects low single-digit pricing growth in FY27 and has guided for FY27 revenue growth to be better than that of FY26, led by portfolio and channel transformation. ■ The company maintains consolidated EBITDA margin guidance in the range of 22.5%-23.5%, adjusted for the Ice cream business demerger. ■ Management highlighted that A&P spends would be ~10% of sales on a yearly basis.

Marico	■ Copra prices have corrected ~30% from peak levels and are expected to further trend downward, supported by the upcoming flush season from Apr'26. ■ E-commerce and Quick Commerce continued to lead overall growth. Traditional trade witnessed improved traction, driven by sustained investments and focused initiatives to revive the channel over the past 24 months.	■ The company remains on track to deliver over 25% consolidated revenue growth in FY26, supported by strong volume growth in India even as pricing growth moderates. ■ Management expects EBITDA growth in mid-teens, along with an EBITDA margin expansion of 150–200bp.
ZYWL	■ Everyuth delivered double-digit growth in FY26YTD. ■ CC acquisition is cash EPS accretive, excluding one-time acquisition-related costs, and is expected to become EPS-accretive from next year. ■ Repeat purchase rates are improving across both organized trade and general trade, with strong growth in existing outlets and continued expansion into new outlets.	■ The company guided for consolidated gross margins of 66-67%, with organic India EBITDA margin in the 16-18% range. ■ For Comfort Click, management expects high double-digit revenue growth and ~14% EBITDA margins.
PIDI	■ The domestic B2B segment delivered mid-teen growth. ■ Price growth is driven by selective price laddering, mix/premiumization, and tactical pricing in a few categories, with management aiming to sustain a ~100–150bp price–volume gap over time.	■ Management plans to bring the overall B2B business back to at least mid-teen growth levels. ■ The company expects to sustain double-digit volume growth, driven by an improving performance of growth brands and a robust pipeline of pioneering innovations and premium products. ■ The company maintains its EBITDA margin guidance of 20-24% for the medium term.
UNSP	■ The launch of MML at attractive price points and a gradual increase in distribution remain competitive challenges in Maharashtra, especially for the popular and lower-prestige segments. ■ Key input costs remained benign, while bulk Scotch remained structurally inflationary (Nov'25 onward). ■ UNSP expects bulk Scotch to remain inflationary for the next couple of quarters.	■ Management expects its historically stated price-mix range of 6-8% to sustain at the higher end and expects P&A to continue delivering double-digit value growth. ■ Management expects GM to sustain at current levels or expand slightly. ■ UNSP expects its ad spends to be slightly higher than the earlier guidance of 9.5- 10% of net sales for FY26.
RDCK	■ RDCK has witnessed growth across regions, except in Maharashtra. It has grown relatively faster in Andhra Pradesh, Uttar Pradesh, Telangana, Rajasthan, Madhya Pradesh, and Haryana. ■ In UP, RDCK holds the highest volume and market share in the country's liquor segment. ■ RDCK is ramping up its presence in the on-trade channel to capitalize on premium consumption trends.	■ The company remains confident of delivering strong double-digit growth in the P&A category. For FY26, its overall volume growth is expected to be in the 20%+ range, led by strong P&A volumes. ■ Management expects to achieve INR5b sales from the luxury portfolio in FY26. It remains on track to be debt-free by FY27.



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Asian Paints

Current Price INR 2,433

Business and Environment

- The Decorative business in India reported 8% volume growth, despite a shorter festive period and the impact of prolonged monsoon in certain regions.
- Oct was muted for APNT due to the expected monsoon and Diwali, while Nov-Dec fared much better for them.
- Growth in rural markets was slightly ahead of the urban markets on the back of favourable monsoons.

Neutral

Q4 FY26 Earnings Report - Asian Paints

Particulars	Q4 FY26	Q4 FY25	QoQ % Change	YoY % Change
Revenue	1,100	1,050	5%	5%
Volume	1,100	1,050	5%	5%
Gross Profit	1,100	1,050	5%	5%
Operating Profit	1,100	1,050	5%	5%
Net Profit	1,100	1,050	5%	5%

Key Highlights:

- Revenue increased by 5% QoQ and 5% YoY.
- Volume increased by 5% QoQ and 5% YoY.
- Gross profit increased by 5% QoQ and 5% YoY.
- Operating profit increased by 5% QoQ and 5% YoY.
- Net profit increased by 5% QoQ and 5% YoY.

- In 3QFY26, the value and the volume gap were ~5%, lower vs the earlier gap of 6-8%. APNT expects this 5% gap to continue in the near term. The expected volumes to be in the 8-10% range going forward.
- The management expects current demand trends to continue over the next couple of quarters.
- Consumer demand shows changing patterns, with reduced painting frequency and occasion-led painting, as discretionary spending shifts to areas like travel and hospitality. That said, luxury and premium housing are on an uptick, driving higher growth in that segment and increasing demand for waterproofing and construction chemicals.
- In the near term, management expects competitive intensity to remain elevated.
- Focus remains on strengthening brand equity through continued investment in regional and national media to enhance awareness and influence customer decisions.
- Regional and micro-marketing initiatives are helping the company expand its reach in smaller towns, while innovations in premium and luxury products continue to drive demand.
- Management remains confident of achieving material market share gains over the next 12 to 18 months.
- New products contributed to ~16% of overall revenues. New launches are more focused on the premium and luxury segments.
- B2B Projects is leading the retail business. APNT is seeing strong growth in factories, hospitality, and government segments, which is driving synergy across coatings solutions and services.
- The company continues to expand its distribution; it has added 3.5-4.0k retailers over 9MFY26 with more than 160k retail outlet touchpoints.
- Over the last 6–9 months, the company strengthened relationships with dealers and distributors, focusing on improving their return on investment and driving higher retail-level business.
- Home décor contributed around 4-4.5% to overall revenues, while the Beautiful Homes Network expanded to 74 stores, enhancing customer engagement and brand visibility.
- Asian Paints strengthens its integrated décor presence with the launch of a 15,000 sq. ft. Beautiful Homes luxury studio in Hyderabad, offering complete home solutions under one roof.
- Launched AP Assure: A dedicated digital platform for B2B professionals. Industry-first B2B platform, delivering end-to-end solutions for construction chemicals and coatings.
- Launched WoodTech PU Gold - Premium PU with Termite Shield. First-of-its-kind PU wood finish with termite-repellent technology for long-term wood protection.
- The white cement plant was successfully commissioned in record time, while the VAM-VAE project remains on track.

Costs and margins

- Gross margin was aided by sourcing and formulation efficiencies, as well as raw material deflation, despite an adverse product mix and higher discounting.

- Geopolitical uncertainty and exchange rate volatility remain key variables that may impact input prices.
- Material cost deflation stood at 1.1% in 3QFY26, providing additional support to margins.
- Raw material prices are expected to remain stable; however, geopolitical uncertainties and exchange rate volatility could pose upward risks. No immediate price hikes.
- The company aims to maintain its EBITDA margin guidance at 18–20%, supported by efficiency measures and product mix improvement, even as marketing and technology investments remain high amid elevated competitive intensity.

Segmental Information

- White Teak (decorative and designer lighting) net sales grew 12% YoY. Weatherseal (uPVC windows and doors) posted net sales growth of 59% YoY.
- The Kitchen business saw a revenue growth of ~3% in 3Q with some improvement in profitability.
- The Bath business reported a revenue decline of ~4% and continued to remain weak.
- PPG Asian Paints (PPGAP) delivered 17% revenue growth, benefiting from strong performance in the Automotive and General Industrial segments.
- Asian Paints PPG (APPPG) posted revenue growth of 16.5%, driven by the Protective Coatings segment.

International performance

- The international business grew by 6.3% in INR terms and 4.2% in constant currency, led by steady performance in key markets of the UAE, Sri Lanka, and Ethiopia.
- Significant improvement in profitability driven by material deflation and aided by divestment of loss-making operations in Indonesia.
- Going ahead, the company expects international markets to perform well, ex-Bangladesh, where elections are due.

Mrs Bectors Food Specialities Ltd



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[illegible]

Mrs Bectors Foods

Buy

Current Price INR 220

Business updates

- The withdrawal of export incentives since August reduced overall revenue by ~1% and impacted margins by an estimated 20-30bp.
- The company is now shifting to duty-free raw material imports under advance authorization to recover part of the margin impact over the next 4-6 months.
- Exports and Bakery B2B together contribute ~47% of total revenue.
- The company passed on the full benefit of lower input costs to customers through grammage increases and selective MRP reductions.

Domestic Biscuit Business

- Domestic Biscuit revenue grew 5.7% YoY during 3Q, saw a temporary impact due to GST adjustments, although consumption trends are gradually ticking up.
- The domestic biscuit business reported high single-digit growth in 3Q.
- Sluggishness was primarily due to sharp commodity price hikes beginning in Nov'24, with margin correction taking priority over aggressive growth.
- Growth was driven by a strong Diwali season, with the gifting portfolio growing 20%+, and by products such as Golden Bites, Fruit & Nut, and Almond variants.

- The domestic biscuit category remains highly competitive, and the company expects low-teen growth in FY27.
- The company is investing in deeper distribution within a 400-500 km radius of its Punjab and Indore plants.
- Premiumization continues with launches of premium cookies and health-focused varieties.

Exports

- Export growth was low single-digit in 3Q due to tariff uncertainty in the US and EU markets.
- The US business contributes ~20% of total exports.
- The company had paused new projects and temporarily lost some US retailers due to tariff uncertainty, but is now regaining traction.
- No significant competitive threat from other countries is visible at present.
- With trade deals now in place, exports are expected to grow to mid-teen to high-teen levels over FY27.
- America remains a large consumer market, and the company manufactures products tailored to local tastes, enhancing competitiveness.
- Tariff improvements are expected to create significant value-added opportunities in exports.

Bakery Business - B2C (English Oven)

- Bakery delivered a robust 13.2% YoY growth, led by strong traction in the English Oven brand.
- English Oven delivered high-teens growth, supported by strong brand pull, a Health First positioning, new product launches, and distribution excellence.
- The company expanded into Hyderabad and Kolkata and is scaling up in Maharashtra, including Mumbai, which is expected to drive high-teens growth.
- Expansion into additional cities is planned before the end of the financial year to sustain momentum.
- Q-commerce contributed 33-34% of English Oven revenues, with sales on the platform doubling over the past year.

Bakery Business - B2B & QSR

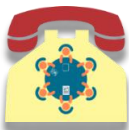
- QSR bakery grew in mid-single digits in Q3, with FY27 expected to see high-single digit growth led by frozen products.
- The company is well penetrated in buns for QSRs and is now expanding into new categories such as frozen products, which currently account for ~20% of B2B bakery revenue.
- Frozen products are also being introduced in retail and are expected to stabilize and scale up gradually.
- Capacity expansion will help add new QSR customers in Mumbai and Bengaluru, markets previously constrained by capacity limitations.
- The company continues discussions with major QSR customers for additional product categories.

Capex & Capacity Expansion

- The Khopoli expansion will increase bread capacity to 132,000 units per day and buns capacity to 1 million units per day.
- The Khopoli plant is built for long-term growth, with asset turnover expected to reach 2-2.5x over the next 2-3 years.
- Capacity upgrades have positioned the company to benefit from improving trade and tariff conditions.



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FY27 Outlook

- Exports are expected to be a key growth driver in FY27, benefiting from improved trade conditions.
- Gross margins to improve marginally during the quarter.
- EBITDA margin is expected to reach ~14% in 1HFY27, although margins were impacted by the pause in export incentives.

Bikaji Foods

Buy

Current Price INR 638

Financial Performance

- Net revenue grew 10.5% YoY to INR7.9b, led by 8.4% volume growth.
- Western Snacks grew the fastest at +22.6% YoY, followed by Papad at +14.6% YoY, and Ethnic Snacks at +13.3% YoY; however Packaged Sweets declined due to weak seasonal demand.
- Gross margin stood at 34.7% (+573bp YoY & -32bp QoQ), Ex-PLI, gross margin came at 33.5% (flat on QoQ), led by favorable raw material prices.
- EBITDA grew 77.3% YoY to INR984m, with an EBITDA margin of 12.5% (+469bp YoY & -299bp QoQ); Ex-PLI, operating margin came in at 10.8% (300bp lower QoQ) due to higher A&P spending during Diwali.

Product Category

- BFL's portfolio remains skewed toward family packs (~62%), where price cuts were implemented, while the remaining ~38% impulse packs saw a grammage increase. Management alluded to a 1.5–2.0% volume uptick on account of extra grammage and expects strong growth momentum to continue.
- Ethnic Snacks grew 13.3% YoY, driven by ~11% volume growth, with management expecting double-digit growth to sustain.
- For the next year, management guided for core markets to grow at ~12% vs the focus market growth of ~15%. The UP market grew 14% in the current quarter, while Delhi underperformed.
- During the quarter, focus markets grew 7%, as BFL has over-indexed in the modern trade channel, where packaged sweets have a higher contribution.
- Exports continue to perform well, supported by new geographies addition and opening of newer account additions, with key focus markets being the US, Canada, and the Middle East.

Distribution Expansion

- Total reach expanded to ~1.4m outlets; direct reach stood at ~3.35 lakh outlets.
- Outlet additions largely driven by focus and non-core states.
- Direct reach mix: Core (~115k), Focus (~165k), Others (~60k).
- Management targets to add ~50k outlets per year over the next three years; major addition to continue in – Focus market, Other market followed by Core market (Ex Rajasthan).
- Management targets ~15–17% growth in focus states and ~12–13% in core states going forward.

Advertising Strategy

- The company launched two new campaigns: 'Bhujia Ho Toh Bikaji' (which has shown positive traction) and 'Kya Baat Hai Ji' (still early to assess the impact).
- Mr. Amitabh Bachchan continues as the national brand ambassador, with his contract extended by two years. Regional celebrities are used selectively for geography-specific connect, not as replacements.

Others

- BFL formed a JV with the Middle East-based bakery expert, Mr. Khaleel, with the company's stake at 70%. This JV would focus on premium breads, cakes, and frozen bakery products, with long-term potential to clock revenue of INR1.0b.
- The JV is setting up a manufacturing base at Bangalore, which would be operational by the end of the current quarter.



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Britannia Inds

Buy

Current Price INR 6,175

Business environment and performance

- BRIT's sales grew ~ 12% in November & December, and ~50% of the growth was from volumes. Oct'25 saw some dip due to GST-led trade disruption; however, BRIT saw normalization from November onwards.
- A few pan-India players have not transitioned to the revised LUP packs under the new GST slabs, leading to dual price points (INR4.5/INR5 and INR9/INR10) in the trade, a situation likely to reset in the near term. Meanwhile, BRIT is focused on strengthening distribution and brand equity.
- The company is focused on increasing transaction volume to capture shelf and market share.
- BRIT is working to address regional competition by increasing media spends to strengthen its brands as well as by developing various flavors and formats to counter them.
- Premium cookies are doing well for BRIT. They have higher salience in MT and larger GT.
- From February onwards, BRIT will start channel filling for Winkin Cow.
- Going forward, BRIT plans to launch more digital-first brands, which will also be margin accretive.
- Management alluded that category penetration is ~20% in QC, implying a huge headroom for growth in the channel.
- Currently, BRIT's salience in E-com/QC is in high single digit, and the company expects it to increase to teens by FY27.
- New CEO aims to focus on strengthening the Britannia brand (the company has hired a new CMO as well) and creating the functional foods category (similar to NutriChoice).
- Going forward, BRIT will increase its focus on 'resident jewels', such as the Little Hearts brands, which has historically seen lower investments but has a huge headroom to grow.
- Britannia is actively evaluating attractive inorganic opportunities.
- The company launched several new products, such as 50-50 Cheese Dip, which is rolling out nationally and will also have a caramel version, along with vegetarian Fudge cake and Layer cake and Doodh Marie in select markets.
- The company relaunched Satvam cow ghee, which is receiving a healthy response.

Adjacent categories

- The Cake, Rusk, Croissant and Wafers categories grew in double digits during the quarter. Management stated that the contribution from the E-Comm channel to these businesses is ~3x higher than that of biscuits.
- Dairy saw marginal growth in cheese, while other businesses such as ghee, milk drinks, dairy whitener grew faster.

- BRIT is taking various initiatives to resurrect dairy business, such as hired Dairy business head, focusing on innovation. It is also relooking at price points.
- BRIT Cheese is the second-largest player in cheese slices.

Cost and margins

- Commodity prices largely remained stable in 3QFY26. Flour costs increased by 6%, palm oil deflated 9% YoY, cocoa prices declined 12% YoY, while sugar and milk remained inflationary at +6%/+23% YoY, respectively.
- February-March is an important period for the wheat season, and BRIT will closely monitor its price movements.
- RPO has also cooled off over the past three quarters, while other commodities have remained stable; the company expects them to be range bound.



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Dabur

Neutral

Current Price INR 511

Demand and Environment

- Demand trends in India have shown improvement, aided by GST reduction initiatives, despite October witnessing disruption due to GST-related trade disruptions. November saw a partial impact, while improvement was seen in December.
- Rural demand continued to outperform urban demand for the eighth consecutive quarter, with data showing a ~330 bps growth gap.
- The rural–urban growth gap has narrowed to ~300bp from ~600bp last year, indicating a gradual improvement in urban demand.
- Sequential recovery in demand is visible, supported by improving macroeconomic conditions and GST benefits.
- Input cost inflation remained elevated in 3Q; however, coconut prices have started to soften.
- Management expects growth in FY27 to be more volume-led, supported by easing inflation.
- On the back of easing inflation and gradual premiumization of the portfolio, margins are expected to improve by FY27.
- NPD is 2-3% of revenue for the company.
- DABUR expanded its total reach (urban + rural) by ~50,000 outlets, taking the overall distribution to over 8.5m outlets, making it the second-most distributed FMCG company in India.

Guidance

- In 4Q, revenue growth is expected to be in high single digits (broadly in line with or slightly better than 3Q).
- EBITDA margin expected to improve in 4Q on a YoY basis, though lower than 3Q due to seasonality, as glucose-based products (lower margin) have higher salience in 4Q.
- In 4Q, EBITDA growth is expected to outpace revenue growth, while PAT growth is expected to be higher than EBITDA growth.
- Management expects to take a ~2% weighted average price increase in 4Q, with the benefit flowing into FY27.

US litigation

- US litigation costs have declined significantly over the past 2–3 years, showing an improvement in risk management.

- 3Q saw a temporary spike due to a lower base last year and certain insurance-related factors; this is not a structural increase.
- Litigation costs are expected to normalize again from the 4Q onwards.
- Cumulatively, litigation expenses have reduced by ~25% over the last three years.
- Management expects litigation costs to stabilize at these lower levels from FY27, supporting margin sustainability going forward.

Segmental performance

HPC

- The HPC portfolio delivered 10.6% YoY growth, driven by broad-based performance across categories.

Oral Care

- Oral care reported double-digit growth, continuing to outperform the category.
- Toothpastes grew ~10% YoY, led by sustained momentum in Dabur Red Toothpaste. Dabur Meswak and Dabur Herbal posted strong double-digit growth.
- The herbal segment outperformed the non-herbal segment by ~530bp. Performance was supported by strong distribution and a stable consumer franchise.
- Babool underperformed during the quarter, and management is evaluating a revamp of the portfolio.
- Competitive intensity increased, particularly in modern trade, with the market leader becoming more aggressive.

Skin Care

- Skin care reported mid-single digit growth.
- Bleaches and facial kits performed well during the quarter.

Home Care

- Home care grew in low single digits.
- Odonil grew in mid-single digits, with gels and aerosols delivering double-digit growth.
- Sanifresh recorded high single-digit growth.

Hair Care

- Hair care delivered double-digit growth during the quarter.
- Hair oils grew 19.1% YoY, driven by the Amla franchise, Dabur Almond, and Anmol Coconut. The hair oils portfolio gained a 193bp market share.
- Growth in hair oils category was largely price-led due to elevated coconut oil prices, while volume growth remained muted at ~3–4%.
- Coconut hair oil grew ~29%, while perfumed hair oil grew ~16–17%.
- In the Hindi belt, DABUR's hair oil market share reached ~20%, the highest level recorded across both coconut and perfumed oils.
- The shampoo category's growth was mid-single digit, with market share gains.

Healthcare

- The overall healthcare portfolio grew 3.3% YoY, excluding Baby Super Pants and Vedic Tea, while reported growth stood at 2.7%.

Health Supplements

- Health supplements grew in low single digits.
- Dabur Honey delivered ~10% YoY growth.

- Chyawanprash secondary sales grew ~11%, with market share gains. Primary sales remained muted due to inventory liquidation at the trade level. Strong tertiary/offtake trends indicate healthy underlying demand.
- Premium Chyawanprash account for ~13–14% of the Chyawanprash mix.
- 4Q primary growth is expected to improve on a low base as channel stocking normalizes.

Digestives

- Digestives grew in mid-single digits.
- Hajmola grew in high single digits, driven by strong candy performance.
- Pudín Hara grew in mid-single digits, with fizz variants continuing to perform well.

OTC & Ethicals

- OTC and Ethicals grew in mid-single digits.
- Dabur Honitus recorded strong double-digit growth due to a favorable season.
- Health juices sustained double-digit growth.

Food & beverages

- The Food & Beverages segment reported a 1% YoY decline in 3QFY26.
- The culinary portfolio grew in double digits, led by coconut milk, edible oils, and fats.
- The Badshah business performed well, with domestic growth in high single digits.
- The Activ range (juices and coconut water) maintained double-digit growth momentum.
- Despite headwinds, Dabur gained market share of 195bp in nectars and 650bp in Activ juices.
- The beverages portfolio is currently at ~INR2b, with a long-term target of INR5b.
- Beverages grew ~5% in 3Q despite winter seasonality.
- GST reduction in juices has narrowed the price gap vs carbonated beverages, supporting demand.
- Higher-margin products outperformed, with Active juices growing ~38% and coconut water growing ~50%, while lower-margin nectars remained muted.
- Management expects better performance in the summer season, aided by improved seasonality and inventory normalization.



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Emami

Buy

Current Price INR 488

Performance and outlook

- The quarter witnessed a sequential improvement following the GST 2.0-related disruptions that impacted the early part of 3QFY26.
- A favorable winter season supported a stronger offtake across the winter portfolio and health supplements. Oct-Nov'25 saw strong winter, while the first half of Dec'25 was warmer, which continued until mid-Jan'26.
- The domestic business volume grew 9% YoY.
- Summer product portfolio channel loading will start by Feb'26 end.
- Post GST 2.0, the blended price cut for Emami at portfolio level is ~8%.
- Rural demand continued to be resilient, aided by stable agricultural incomes and supportive government initiatives, while urban demand showed gradual improvement, supported by easing inflation and stable employment conditions.

- Given a strong performance in rural markets, Emami will increase its focus on smaller SKUs for FY27, with more focus on shampoo sachets, Smart and Handsome, and other small SKUs.
- Emami expects all brands to grow in double digits. Management expects strategic businesses to have a high growth rate.
- International business recorded sales growth of 9%, led by steady performance in the SAARC and CIS regions.
- Digital spends now account for almost 50% of Emami's overall media spends.
- Amortization will continue for next four years and on an annual basis, the amount will gradually come down to INR600-700m.

Cost and margins

- Emami continues to focus on rigorous cost discipline and judicious price hikes. It was also benefitted by input price stability.

Channel-wise performance

- The omnichannel strategy continued to deliver strong results, with healthy growth across general trade, modern trade, and e-commerce channels.
- Quick commerce now contributes ~20% of e-commerce sales.
- Organized channels contributed ~32% of YTD revenue, up 280bp from the previous year.
- Distribution focus remains on modern trade and e-commerce, including Q-commerce, while maintaining a strong footing in general trade.

Segment performance

- New launches in Smart & Handsome brand are currently in test markets with only digital presence. The company is using initial feedback to revamp the products before national launch.
- Smart & Handsome NPDs (launched in Jul'25) contributed 5% to 2Q-3Q sales.
- Strategic subsidiaries delivered robust growth of 31% in 3Q and management expects to sustain growth momentum going ahead.
- Kesh King Range - Revamped proposition, product, packaging & price.
- Healthcare range saw strong growth in Zandu Chyawanprash, Zandu Honey and Zandu Ayurvedic Cough Syrup in 3QFY26.
- BoroPlus Range witnessed strong growth, led by winter portfolio.

International performance

- International business recorded sales growth of 9%, with high double-digit growth in 7 Oils in One, BoroPlus, Creme 21, Pain Management range, etc.
- Bangladesh registered a healthy double-digit growth. Emami is correcting certain pipelines in that region. The company will closely monitor any developments in this market given the upcoming elections on 12th February followed by long holidays in March due to Ramadan.
- Rolled out a sharp new-launch POSM and in-store visibility drive for 7 Oils in One in Bangladesh.
- Emami is actively partnering with relevant, high-reach influencers to drive sharp, benefit-led messaging in GCC, Iraq and Egypt.



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Gopal Snacks

Buy

Current Price INR 315

Financial Performance

- Consolidated revenues grew at 1.8% YoY to INR4.0bn, led by Gathiya (+9.1% YoY) and followed by Snacks Pellets & Extruded Snacks (+3.5% YoY).



- Gross margin increased to 27.6%, up 621bp, supported by a favorable raw material mix and improved operational efficiency.
- EBITDA came at INR304m (+95.8% YoY), settling EBITDA margin at 7.6% (+364bp YoY). A&P spending stood at 1.9% of sales.

Category Trends

- Gathiya grew 9.1% YoY, followed by Snacks Pellets and Extruded Snacks growth of 3.5% YoY.
- Potato wafers segment declined by 19.6% YoY, due to conscious price increase for retail trade, reducing the price differential versus competitors from 20% to 6–7%.
- Overall volume growth stood at 4%, while volume growth for INR5 packs stood at 6.6%. Grammage was increased from 21–22g to 22–23g in INR5 packs.
- Newly launched Popcorn saw monthly revenue clocking INR 5.5mn, while wafer biscuits are growing faster with INR 6.5–7.0m per month, and Kaju-biscuit is clocking INR3.5–4.0m.

Distribution Expansion

- Core Market: Gujarat has achieved 99% distribution footprint, supported by bi-weekly service and automation, increased salespeople strength, and a recently launched marketing campaign. The company added 200 additional salesmen in Gujarat during the quarter. Booking frequency has increased from once a week to twice a week.
- Other Markets: The company now operates with 93 micro-distributors, aiding expansion into other states. Uttar Pradesh market has achieved a run-rate of INR60m, with 75% contribution from two SKUs in the Gathiya category. UP currently has 110 distributors, with plans to expand to 180 distributors next year.

Manufacturing & Capacity

- The Modasa plant, with a capacity of 63,085MT has commenced operations. The complete product range has been supplied from Modasa since December 1, 2025, leading to supply-chain stabilization. Though sales in Dec was 7% more than Nov'25.
- Modasa currently caters to Gujarat (excluding Saurashtra and Kutch), Rajasthan, West Madhya Pradesh, and parts of Maharashtra (Mumbai).
- Modasa utilization is expected to improve to 50–55% in the first half of next year.

Management Guidance

- Expect category growth of ~20% in Fryums (supported by innovation), ~20% growth in Gathiya (supported by TV advertising), and recovery in wafers to original run-rate levels, while namkeen is expected to grow at 15–20%.
- FY26/27 revenue guidance stands at INR 15b/18–19b.
- FY26 Gross margins are expected to be around 27%, and EBITDA margins are likely to remain similar to current levels of 7–8%, while FY27 margins are guided at 8–9%.



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Godrej Consumer

Buy

Current Price INR 1,218

Business operations and environment

- In the long run, GCPL expects 10% volume growth in India vs current volume growth of ~6% in FY26 (with a subpar soaps performance). Over the next 18–24 months, GCPL expects India volumes to improve to 7–8%.
- The company aims for volume growth independent of general market conditions.

- Air fresheners, laundry liquids, incense sticks, perfumes/deos are rapid-growth segments with large TAM.
- GCPL's unit growth was robust in 3QFY26 despite GST-led grammage increases on the small packs. Management further alluded that small pack grammage is still significantly lower than in 3QFY25.
- Consumer demand for personal care is recovering, with soaps benefiting from improved affordability due to GST reduction and stable commodity prices.
- For soaps, improving affordability due to GST reduction and stable commodity prices contributed to a positive trajectory, with management expecting this to sustain through 4QFY26.
- The non-mosquitoes segment in HI is growing very fast. In Premium HI, while it is gaining share, growth remains muted.
- The company has implemented a weighted average price increase of 30% on Incense Sticks since the launch, observing no slowdown in volume growth, which has positively impacted margins.
- The company launched Spic Toilet Cleaner in Tamil Nadu two months ago, which is showing encouraging initial traction. However, GCPL will take a call on national or South India rollout after six months of evaluation.

Cost and margins

- The India business delivered healthy EBITDA margins of 24.8%, driven by favorable input costs, disciplined cost management, calibrated pricing, and improved operating leverage. Management believes past margin challenges are likely behind.
- Margin expansion was significantly driven by product composition changes in soaps and laundry portfolio, blend flex between vegetable oil, and fossil fuel. So, a combination of supply chain savings, blend flex in soaps and detergents, and media savings has been the key margin driver.
- GCPL further alluded that margins are highly dependent on oil price fluctuations, a sharp increase exceeding 15% could lead to a one or two quarter delay in margin recovery.
- Indonesia's profitability improved by nearly 100bp YoY, with meaningful recovery expected from FY27 as market conditions normalize.

Home care

- **Household Insecticide (HI):** In HI, GCPL has gained significant market share in all four segments (incense sticks, electrics, aerosols, and coils). Moreover, incense sticks is now quite a profitable business. Non-mosquito portfolio continues to deliver solid growth. GCPL expects HI business growth to improve from current mid-single digits to high single digits going forward.
- **Air fresheners:** Air fresheners delivered robust performance and continued to gain market share and enjoy market leadership. The company launched new Air Pocket internationally, which continued to receive healthy consumer traction.

Personal care

- **Soaps:** Personal Wash is showing positive trajectory, led by improving affordability post GST reduction and a stable RM scenario. GCPL continues to win competitively and gain market share.
- **Deodorants:** Perfumes & Deodorants maintain steady performance, led by Perfumes. KS99 continues to perform well and has scaled to other states of Southern India. The company has launched new products in Women's Perfumes in modern trade and e-commerce channel, aimed at driving penetration of fragrances and deodorants. In Park Avenue, specifically for EDPs, GCPL is competing for the #2 position and is experiencing robust growth. The EDP

business, now almost INR1b in gross sales value, is a fast-growing category. That said, the segment's current growth is trending below GCPL's internal expectations.

- For Muuchstac, management aims to consolidate and become the number two player in the men's face wash market, which is a INR10b market growing at 20%.

International business

- **Indonesia:** Pricing pressures persist, however GCPL is seeing early signs of stabilization. The region delivered 5% UVG led by Shampoo, Hair Colour, and Baby care. Sales declined by 3% (both Constant Currency and INR) due to competitive pricing pressure. EBITDA growth of 2% driven by strict cost discipline and controls. GCPL expects operating conditions to improve from FY27.
- **GAUM:** The business recorded strong growth led by Hair Fashion and scale up of Air Fresheners and profitability improvement continues. Aer Pocket continues strong traction across markets. Hair Care range continued to deliver strong double-digit growth across Africa. GAUM EBITDA grew 18%, and while sharp margin increases may moderate, there is still scope for continued margin improvement, with the bottom line expected to grow faster than the top line for the next few years.

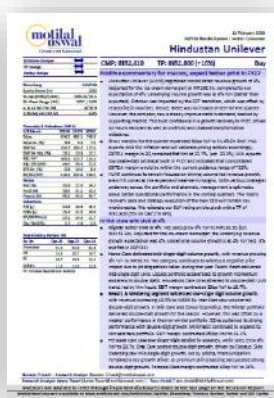
Outlook

- The Indian business is expected to deliver continued growth performance while maintaining normative EBITDA margins in the coming quarter.
- The GAUM business (Africa, USA, and Middle East) is expected to deliver double-digit revenue and profit growth for the year.
- Indonesia's recovery is anticipated to start meaningfully from FY27 as market conditions normalize.
- For the full year, consolidated revenue growth is expected to be in high single digit.
- Management is confident of sustained profitability momentum into FY27, despite temporary macroeconomic and pricing pressures in Indonesia and LATAM.



Hindustan Unilever Limited

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Hindustan Unilever

Buy

Current Price INR 2,324

Operational environment

- Management highlighted a steady recovery in underlying demand, supported by easing food inflation, improving consumer confidence, and supportive macro policies such as repo rate cuts and GST stabilization.
- Quick commerce is emerging as a structurally critical channel, currently contributing ~3% of sales and scaling rapidly.
- HUL has established a dedicated quick commerce organization and is deploying advanced supply chain capabilities, improving service levels by 1,400 bps and reducing lead time by 20%.
- The quick commerce portfolio is more premium, making it margin accretive. Gross margins are higher in quick commerce than modern trade, and higher in modern trade than general trade.
- Improved product discoverability on quick commerce encourages consumers to experiment and expand their baskets, supporting category growth.
- HUL expects 2HFY26 to be better than 1HFY26. Further, FY27 is likely to be better than FY26, led by portfolio and channel transformation.

- The company remains focused on driving competitive, volume-led revenue growth.
- Ice cream demerger completed, with the new entity (Kwality Wall's India) set to list, enabling sharper management focus.
- The Board approved acquisition of the remaining 49% stake in Oziva for INR8.2b to strengthen presence in the fast-growing health & wellbeing space.
- HUL will divest its minority stake in Nutritional Lab for INR3.1b, sharpening portfolio focus toward high-growth segments.
- Management expects low-single digit price growth for the full year in FY27.
- Distributor and retailer pipeline levels have largely normalized following October destocking and November restocking; 3QFY26 should be considered a normal quarter.
- The company has undertaken organizational restructuring, with business unit heads now reporting directly to the CEO, aimed at improving agility and accelerating decision-making.

Costs and margins

- The input cost environment remains volatile, with a depreciating rupee and mixed commodity trends prompting calibrated pricing actions and continued focus on cost savings.
- The company maintains the consolidated EBITDA margin guidance in the range of 22.5-23%, adjusted for the Ice cream business demerger.
- Management highlighted that A&P spends would be ~10% of sales on a yearly basis.

Segmental highlights

Home Care

- Home Care posted 3% USG, driven by mid-single digit UVG, while overall growth was partially offset by negative pricing impact following price cuts taken in 1QFY26.
- Fabric Wash recorded mid-single digit UVG, supporting category volume expansion. The Liquids portfolio sustained strong momentum, delivering double-digit growth during the quarter.
- Household Care maintained double-digit UVG, led by robust performance in Vim Liquid.
- The company undertook market development initiatives to enhance penetration and encourage consumer premiumization, with a sharper focus on the INR99 Surf Excel Easy Wash pack.
- In home care, pricing has remained benign, influenced by commodity trends and competitive pressures. Rising inflation in commodities has prompted the company to initiate calibrated price hikes in home care. Going forward, HUL plans gradual low-single digit price increases while maintaining competitiveness.

Beauty & Wellbeing

- Beauty & Wellbeing reported 6% USG, supported by low-single digit UVG.
- Hair Care delivered volume-led double-digit growth, further strengthening its leadership position. Growth in Hair Care was driven by strong traction in premium brands, particularly Dove and TRESemmé.
- Skin Care and Colour Cosmetics performed well in light moisturizers and the winter portfolio, though this was partly offset by weak demand in non-winter products.

- Summer categories such as talcum powder and sunscreen underperformed; however, the company expects a rebound in these categories.
- Health & Wellbeing posted high double-digit growth.
- The company has enhanced premium appeal with the launch of TRESemmé Hydra Matrix, featuring advanced hydration technology.
- Minimalist expanded its skin and face range with science-backed toners and serums focused on barrier repair and anti-ageing benefits.
- OZiva sustained its strong performance with double-digit growth.
- Minimalist and Oziva together form an INR11b business.
- Minimalist delivered strong double-digit growth, expanded to 25,000+ offline stores (vs. 3,000 earlier), and benefited from full-funnel marketing and innovation pipeline support.

Personal care

- Personal Care registered 6% growth during the quarter.
- Skin Cleansing posted mid-single digit growth, supported by strong double-digit performance in Pears and Dove. Bodywash portfolio continued to outperform.
- Oral Care delivered double-digit growth, led by strong traction in Closeup.
- Deodorants delivered double -digit growth on a small base. Rexona is the first global women-only partner for ICC Women's Cricket, championing female athletes at a global level.

Food & Refreshment (F&R)

- Foods reported 6% USG, driven by high-single-digit UVG.
- Tea registered mid-single digit UVG, while revenue grew in low-single digits due to price reductions in a deflationary commodity environment.
- Coffee maintained strong double-digit growth, supported by both price hikes and volume gains.
- Lifestyle Nutrition delivered high-single-digit growth, led by consistent performance from Boost and Horlicks.
- Packaged Foods posted high-single digit volume-led growth, with broad-based traction across Ketchup, Mayonnaise, Soups, and Unilever Food Solutions.
- The company expanded the Kissan masterbrand by entering new demand spaces with the launch of the 'Great Indian Chutneys' range, inspired by regional flavors.
- Horlicks' premium positioning was strengthened through the launch of Horlicks Superfoods, enriched with superfood ingredients and powered by Nutrimax technology for improved nutrient absorption. Also, a zero added sugar variant was introduced to cater to health-conscious consumers.
- Nutrition business saw its third consecutive quarter of positive growth. Boost is growing in double digits, while Horlicks is improving through price-pack corrections.



Indigo Paints

Buy

Current Price INR 975

Performance and outlook

- Sales in Oct'25 were affected by the early Diwali and delayed withdrawal of monsoon. However, post festive period, demand was robust, and the company has been achieving double-digit growth since Nov'25.

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- Management indicated that the last three months have seen a gradual demand uptick compared to the past period. For INDIGOPN, after two years, the company has seen Nov'25-Jan'26 growing in double digits in value terms.
- The company expects the paint industry to revive from 4QFY26 onwards.
- A favorable product mix, backed by premium offerings, along with rigorous cost management initiatives, has optimized operational efficiencies.
- There has been no noticeable price change in the industry, and for INDIGOPN, the value-volume growth has been ~1%.
- Given benign RM prices, paint players have resorted to higher discounting in trade vs price cuts. Thus, the discounting on a YoY basis is slightly higher.
- In 3QFY26, enamels & wood coatings led performance, with 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 despite industry calling out downtrading trends.
- Its waterproofing products continue to post robust growth, accounting for ~7% of the company's top line vs no presence two years ago.
- For INDIGOPN, the share of the premium end of emulsions has been significantly growing for the last two years, despite broader slowdown in the paint industry. For 9MFY26, the economy range of emulsions has not performed well.
- Birla Opus products were selling at the highest level of discount and the lowest price in the market compared to all other industry peers. Despite the company implementing a price increase, they still remain the cheapest products available.
- Management does not expect any significant changes in pricing in the foreseeable future.
- New construction accounts for a small % of paints purchase, with majority being repainting.
- The differentiated products segment accounts for 28-29% of the company's portfolio, backed by proprietary technology, targeted advertising, etc. Competitors have tried to replicate these products but have been unable to succeed so far.
- Tinting machine additions have grown much faster than the company's dealer count over the last two years.

Guidance

- The company expects double-digit growth in 4QFY26.
- FY27 sales growth can revert to 20% levels if the broader paint category's demand revives.
- Gross margin expansion was supported by softer raw material prices. Management expects RM prices to remain benign.
- EBITDA margins for FY26 are expected to expand with an improvement in demand and product mix.
- Its A&P spends declined to 5.9% in 9MFY26 vs 7% in 9MFY25 as the company has deliberately moderated traditional advertising expenses. Instead, it is focused on ramping up investment in direct influencer engagements.

Distribution network

- INDIGOPN added 257 tinting machines in 3QFY26, bringing the total count to 11,913.
- As of Dec'25, the number of active dealers stood at 19,134, reflecting a QoQ increase of 220.
- It has opened one more depot in Uttar Pradesh, (Prayagraj) to enhance service efficiency, taking the overall depot count to 55.

Apple Chemie

- Apple Chemie posted stellar sales growth (+32%) in 3QFY26, with an improvement in profitability metrics as well.
- A large portion of its revenue comes from Maharashtra and some nearby states like Madhya Pradesh. It is expanding its presence in southern and eastern India.
- Apple Chemie has become the first construction chemical manufacturer to receive NABL accreditation.
- WPCC products for the retail channel were launched and marketed under the Indigo brand (Protect Plus Series), while Apple Chemie continues to target the B2B, fast growing infrastructure segment.

Others

- To serve enamel demand in the northern and eastern regions, (previously catered from the Tamil Nadu facility), the company has commenced output from its brownfield Putty plant expansion at Jodhpur.
- Its Jodhpur water-based plant (90,000 KLPA capacity) is expected to be commissioned from Jun'26 onwards.
- Apart from these projects, the company does not anticipate any major capex over the next 4-5 years.



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LT Foods

Buy

Current Price INR 421

Industry and Domestic Scenario

- The Basmati and Specialty Rice market in India/NA/Europe+UK/ME is estimated at ~INR500b/INR250b/INR75b/INR400b, with an expected industry CAGR of ~7-9%/10-12%/4-6%/9-10%.
- The Indian FMCG market is estimated at ~USD105b, with an expected CAGR of 11%, driven by increased per capita consumption and household penetration.
- The crop production outlook for CY25 has been revised downward due to lower-than-expected yields across key producing states, mainly impacted by weather disruptions during critical crop stages. Production was lower than estimates despite stable acreage, which resulted in a price increase (~7-8%). There is ~4.5% increase in LTFOOD's paddy inventory.
- India's export of Basmati rice to Iran led to ~11% growth YoY in 9MFY26.
- 80% coverage; increase in price procurement is expected to be passed to customers.

Guidance

- Management has maintained its guidance of double-digit revenue growth.

International business

- Golden Star continues to remain the number one Jasmine rice brand. Jasmine rice prices have gone up, impacting margins; demand is robust (~INR7b revenue in 9MFY26) (USD130m for CY25).

- Golden Star reported 2% revenue growth in INR terms; PBT margins at 7% (vs 8.5% in 9MFY25). Margins contracted due to input costs rise of jasmine rice.
- NA accounts for 46% of revenue for LTFOODS and continues to be a key growth driver, with a 52% YoY revenue growth (12% normalized); 60% share in basmati rice segment for Royal brand.
- NA region witnessed consumption slowdown of Basmati rice in Jan'26 due to price increase by tariffs (more clarity on this in 4QFY26); Tariffs are being passed on to customers (~25% price increase for customers). 2-3 months of inventory is kept in the US.
- Europe and the UK constituted 18% of overall revenue (~42% growth in 3QFY26), driven by rising demand and expanding market reach. Capacity additions in the UK is a major growth driver (normalized ~11-12%).
- The EMEA constituted 9% of revenue (+6% YoY); LTFOODS has 10% market share in the UAE in premium end; the company is targeting ~20% YoY growth in the coming FY.
- 50k customer base in Middle East; branded revenue has increased,
- The company is losing market share as it is targeting the premium end.

Organic business

- The organic business revenue declined mainly due to capacity expansion (which will be utilized in the coming FY), seasonality and crop switching.

RTH and RTC

- This segment's revenue remained stable YoY with operating loss at INR29m. Breakeven at INR4b revenue; targeting to achieve breakup by next three years.
- Major business is in the US; 15m additional capacity will be started in FY27; additional USD20m revenue potential.
- DAAWAT RTH growth of ~20% MoM; doing good in India.

Other

- LTFOODS's proposed acquisition of Global Green Group in Hungary, which was awaiting government approval, has been rejected by Hungarian government.
- CVD's public hearing was conducted for Ecopure Specialties Ltd; final determination was earlier postponed by 1 month, which was expected by 17th Nov 25. However, due to US government shutdown, the timeline has been further extended and is now expected by 17th Feb'26.
- In India, the household penetration of brand 'DAAWAT' rose to ~5.8m (~4.5m in Mar'25) (Kantar Household Panel MAT Sep'25).
- LTFOODS launched 'DAAWAT I'm Organic' range, a thoughtfully crafted offering designed for consumers who seek authentic and organic produce. LTFOODS also unveiled DAAWAT Saffron Basmati, a super-premium, limited-edition offering that celebrates heritage with refined indulgence.
- LTFOODS reported the highest 3Q/9M revenue.
- Regional rice will be focused on the premium-end of market; 2b regional sales in annualized terms ~50k volumes.
- Interest cost went up in 3QFY26 due to WC and lease accounting.
- Gross debt at INR11.8b as of 31st Dec'25.
- LTFOODS has received INR2.6b from insurance company, which cannot be utilized yet due to ongoing case in High Court; verdict is expected in 2-3 months
- UK revenue target of EUR100m in five years.



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Marico

Buy

Current Price INR 796

Business environment and outlook

- The company witnessed resilient demand conditions in India and remained optimistic about a gradual recovery in consumption over the coming quarters.
- Improvement will be supported by benign inflation, improved affordability following the recent GST rate rationalization, higher MSPs, and a strong rabi sowing season.
- Indian revenue grew 28% YoY, supported by timely price hikes in core portfolio to counter sharp inflation in key raw materials.
- E-commerce and Quick Commerce continued to lead overall growth. Traditional trade witnessed improved traction, driven by sustained investments and focused initiatives to revive the channel over the past 24 months.
- Offtake remained strong, with over 95% of the business gaining or sustaining market share and more than 80% gaining or sustaining penetration on a MAT basis, reflecting healthy consumer traction.
- The company remains on track to deliver over 25% consolidated revenue growth in FY26, supported by strong volume growth in India even as pricing growth moderates.
- With input costs easing, operating profit growth is expected to improve gradually in the coming quarters.
- Management expects mid-teen EBITDA growth along with an EBITDA margin expansion of 150–200bp.

Material costs, margin, and guidance

- Copra prices have corrected ~30% from peak levels and are expected to trend downward further, supported by the upcoming flush season from Apr'26.
- Vegetable oil prices remained elevated, while crude oil derivatives were largely benign.
- Management expects gross and operating margins to gradually expand over the medium term as material cost inflation eases, scale efficiencies build, and premium personal care contributes a higher share.

Segmental performance

Parachute coconut oil

- Parachute posted a 1% volume decline, primarily due to unprecedented hyperinflation in copra prices, which elevated consumer price points.
- After adjusting for ml-age reductions that were introduced to offset inflation, the brand's underlying volume performance was 2%.
- Revenue for the brand grew 50% YoY, led by price increases and mix.
- Copra prices declined ~30% from peak levels; the company is closely monitoring the trend and evaluating the possibility of passing on benefits to consumers.
- While near-term performance is expected to remain steady, volumes are likely to improve gradually over the next year, supported by easing consumer prices, strong brand equity, and a well-established distribution network.

- The company has not undertaken any pricing action in Parachute Oil despite recent input cost corrections, as it had not fully taken price hikes during inflationary periods. Copra prices increased by nearly 80% at peak levels, and the company passed on only around 60%.
- The company plans to implement pricing actions in a calibrated, one-time manner, depending on the trajectory of copra prices, as multiple price cuts disrupt trade.

Saffola oil

- Saffola Edible Oils witnessed a soft quarter amid a relatively high pricing environment, with flattish revenue growth as the impact of prior price hikes normalized during the quarter.
- The brand continues to shift its portfolio towards premium offerings, including the recently launched Cold Pressed Oils.
- The company expects Saffola Edible Oils to return to a healthy growth trajectory over the coming quarters, supported by premiumization and normalization in pricing conditions.

VAHO

- VAHO recorded a strong quarter, delivering 29% value growth and gaining 170bp in value market share on a MAT basis, bringing its share to an all-time high of ~30%.
- The growth momentum is expected to remain in double digits over the near to medium term, supported by continued innovation and strategic focus on mid and premium segments, improved direct reach through Project SETU, and benefits from GST rate rationalization.
- VAHO ex Shanti Amla delivered a two-year CAGR of 14%, while quarterly volume growth was in high teens (19% YoY) in 3Q, supported by Project SETU-led expansion in rural markets.

Foods

- The Foods segment reported 5% YoY growth, impacted by SKU rationalization in categories such as mayonnaise and peanut butter; as the rationalization began 1–2 quarters ago, growth is expected to revert to 20–25% over the next two quarters, supported by both organic and inorganic initiatives.
- Saffola Oats continued to gain market share on a MAT basis, maintaining its leadership position in the oats category. The portfolio is expected to return to a faster growth trajectory in the coming quarters.
- The company continues to target over 25% CAGR in Foods (both organic and inorganic), with a long-term aspiration to scale the portfolio to ~8x of FY20 revenue by FY27.

Premium Personal Care

- Premium Personal Care, including the digital-first portfolio, sustained strong growth momentum.
- The combined portfolio across Premium Hair Nourishment, Male Grooming, and Skin Care is expected to exit FY26 at an ARR of INR 3.5b, while the digital-first portfolio is projected to reach INR 10b ARR.
- The Indian revenue share of Foods and Premium Personal Care stood at ~22% in 9M FY26 and is expected to increase to ~25% by FY27.

- The profitability of these brands has improved steadily, with Beardo expected to cross double-digit EBITDA margin this year and Plix delivering single-digit EBITDA while scaling rapidly.
- The company aims to scale the digital-first portfolio to ~2.5x of FY24 ARR by FY27, supported by TAM expansion, innovation, and deeper brand penetration across channels.

Strategic investment in 4700BC – India's leading premium gourmet snacking brand

- Founded in 2013, 4700BC is a leading premium gourmet snacking brand in India.
- The brand pioneered gourmet popcorn and is the no. 1 player in the ready-to-eat popcorn category.
- The portfolio also includes popped chips, makhana, crunchy corn, and nachos.
- A strong new product development pipeline is in place to further expand the portfolio.
- The brand reported an ARR of ~INR1.4bn over the last three months.
- 4700BC has a well-diversified presence across offline, online, and institutional channels.
- The brand is expected to leverage company's existing Foods scale to unlock operational and growth synergies.
- 4700BC is available across premium channels, including Etihad business class, Qatar Airways, Cathay Pacific, Air India first & business class, select Indigo European routes, Vande Bharat, and 1–2 hotels; recently started in the Middle East.
- Around 20–25% of sales come from these premium offline channels; the rest is primarily online with minimal retail presence.
- The brand has generated ~INR100–120m losses last year.

International business

- The international business delivered 21% constant currency growth, showcasing double digit growth across core markets.
- Bangladesh reported 29% CCG, driven by a stable core portfolio and rapid scaling of new franchises.
- Vietnam rebounded with 22% CCG and is expected to sustain double-digit growth.
- MENA delivered 17% CCG supported by scale-up in Hair Care, while South Africa posted 16% CCG on recovery in key portfolios.
- NCD and Exports recorded strong growth of 27%.
- The company plans to maintain double-digit CC growth in the medium term through portfolio diversification, premiumization, innovation, and targeted investments across its key geographies.



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Page Inds

Buy

Current Price INR 33,473

Performance and Outlook

- Demand trends improved sequentially in 3QFY26, supported by a better macro environment, despite part of the Diwali impact shifting to 2Q.
- Management expects this momentum to sustain into 4QFY26.
- The company continues to aim for double-digit volume growth, led by improving consumer sentiment, new product launches, and distribution expansion. It will be led by both organic and inorganic ways.
- The company did not take any price hikes during the quarter.

Particulars	3QFY26	3QFY25	YoY % Change
Revenue	1,000.00	950.00	5.3%
EBITDA	150.00	140.00	7.1%
Net Profit	80.00	75.00	6.7%

- Management is closely monitoring potential input cost inflation, especially amid volatility in textile exports, and may consider price hikes only if cost increases exceed absorbable levels.
- **Net realization increased ~4% YoY in 3QFY26, driven by a favorable product mix and channel mix.**
- ASP growth was largely driven by channel mix with a structural shift from offline to online and from unorganized to organized retail supporting value growth despite modest volume expansion.
- Premium and higher-priced athleisure and winter products witnessed strong traction, driving value growth. Within categories, the Bonded collection (higher price points) launched in September–October across men’s innerwear and bras gained strong acceptance and supported mix improvement.
- Men’s innerwear, which forms a larger part of the business, continued to face relatively tougher demand conditions.
- Women’s innerwear and outerwear performed better.
- Across price bands, premium and super-premium segments outperformed entry-level products.
- For entry-level products, prices were maintained to protect value perception among price-sensitive consumers. The company is enhancing fabric quality to improve durability and comfort, alongside refreshing designs to strengthen appeal and competitiveness.
- Strong BTL initiatives, particularly in the general trade channel, were undertaken during 3QFY26, with early signs of improvement visible from January 2026.
- Inventory days stood at 67 days in 3QFY26, compared to 64 days at the beginning of the year.
- Working capital improved to 52 days from 54 days at the start of the year.
- GST rate reductions apply only to products priced above INR 1,000; however, as a majority of the portfolio is priced below this threshold, the overall brand-level impact remains negligible.
- In international markets, the company has expanded its Middle East footprint, securing licenses across the entire GCC region, including Saudi Arabia, Kuwait, and Bahrain, in addition to existing markets such as UAE, Oman, and Qatar.
- The company sees inorganic growth opportunities within the existing business through emerging channels such as quick commerce, international expansion, and entry into new product categories.
- While management remains open to evaluating acquisitions, new brands, or licensing opportunities, there is currently no specific visibility, and any decision will be taken based on strategic fit and value creation.

New launches

- The company continued to focus on expanding product range; the second wave of JKY Groove was launched during the quarter and PAGE witnessed an encouraging response.
- JKY Groove witnessed its second phase of launch in 3QFY26 with the introduction of the Winter ‘25 collection, following the initial Summer launch in 1QFY26.
- The first launch achieved distribution across ~50 EBOs, while the winter launch expanded the footprint to ~150 EBOs, along with availability on Myntra.

- The next phase, the Summer '26 collection, is scheduled for launch in April and is expected to further scale distribution to ~500 EBOs.
- The company plans to expand the reach in a phased manner across channels, including MBOs and large-format stores, while selectively extending well-performing products into general trade in key macro markets and suitable outlets to ensure appropriate brand presentation and sell-through.
- PAGE continued to expand and penetrate across all consumer segments during the quarter.

Costs and margins

- Employee headcount declined due to a recruitment freeze and ongoing productivity initiatives, including automation, lean processes, and value stream mapping.
- Improved operational efficiency enabled higher output with a smaller workforce, keeping employee costs within the company's target range.
- Workforce additions were limited to the new Odisha facility, in line with planned expansion.
- Outsourced procurement increased to 36% in 3QFY26 (vs. <30% in 2QFY26), which will lead to cost efficiencies.
- PAGE maintains its EBITDA margin guidance at 19-21% for FY27.

Distribution channels and performance

- Page has a distribution network comprising 113,600 MBOs, 1,556 EBOs, and 1,778 LFS as on Dec'25.
- Speedo brand is available in 919 stores and 34 EBOs, spread across 150+ cities.
- General trade (GT) remained relatively weaker compared to EBOs and e-commerce, impacted by softer consumer demand, inventory rationalization by retailers, and ongoing channel shifts.
- Retailers in GT undertook stock corrections to manage slower off-take, which weighed on reported growth.
- Management indicated that at least single-digit growth in GT is critical to achieving the company's overall double-digit growth ambition.
- Like-to-like performance remained below expectations, with MBO volumes likely declining in mid-single digits, while EBOs remained largely flat.
- While the shift towards online is structural, management remains confident of a gradual recovery in GT as consumption sentiment improves.
- Beyond demand recovery, there is meaningful scope to increase penetration per store in GT, as most outlets currently stock only a limited portion of the company's portfolio. Increasing styles and options per store is expected to improve shelf share and secondary sales.



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Pidilite Industries

Neutral

Current Price INR 1,489

Demand environment and outlook

- The domestic operating environment is expected to improve, supported by favorable monsoons, increased infrastructure and urbanization spending in the Union Budget, and the indirect benefits of GST 2.0, while geopolitical risks remain a key monitorable.
- The project-led B2B business maintained its growth momentum, although industrial products were impacted by a ~13.5% decline in exports, resulting in overall B2B growth of 3% in 3Q.

motilal oswal
Research

Pidilite Industries

	FY2020	FY2021
Revenue	1,100	1,200
Operating Profit	150	160
Net Profit	100	110
EPS	10	11

Key Highlights:

- Revenue growth of 9% in FY2021, driven by strong performance in the domestic B2B segment.
- Operating profit margin improved to 15% in FY2021, supported by cost optimization measures.
- Net profit growth of 10% in FY2021, reflecting the company's strong financial performance.

Outlook: The company expects to sustain double-digit volume growth, driven by improving performance of growth brands, and a robust pipeline of pioneering innovations, premium products.

- The domestic B2B segment delivered mid-teen growth, and management has plans in place to bring the overall B2B business back to at least mid-teen growth levels.
- Exports form a relatively small part of the business; however, the pigments segment, with direct exposure to the US, along with allied B2B segments such as footwear, leather and textiles, faced pressure through 3Q, though management believes the worst impact is largely behind.
- The domestic business, comprising C&B and B2B, has delivered 11% underlying volume growth.
- The company delivered 10% revenue growth; however, ex-exports, it delivered 12% growth.
- Roff is emerging as the next key growth brand. The Roff cleaner is backed by strong product efficacy and natural adjacency to tile installation and maintenance. The company is prioritizing applicator education to drive adoption while avoiding direct competition with FMCG players.
- Around 70–75% of the portfolio is driven by renovation and repair, making the business relatively less cyclical, while only ~25% is exposed to new construction. Moreover, resilient demand in premium housing and large projects help to set off the impact of any slowdown in select residential segments.
- The company expects to sustain double-digit volume growth, driven by improving performance of growth brands, and a robust pipeline of pioneering innovations, premium products.
- Price growth is driven by selective price laddering, mix/premiumization and tactical pricing in a few categories, with management aiming to sustain a ~100–150 bps price–volume gap over time, though not necessarily on a consistent QoQ basis.
- Management believes market share gains in waterproofing are underway, driven by growth significantly ahead of the overall market, indicating early signs of reversal after past share losses to paint companies.
- Retail waterproofing (Doctor Fixit) has started to recover, supported by better distribution, solution-led offerings, and new product launches gaining traction, though still at an early stage.
- Project-led growth is accelerating faster through specification- and solution-based selling (Pidilite Professional Solutions), helping expand presence across segments and supporting overall share gains in waterproofing and allied categories.
- The growth in Roff will continue, given the growth in tile markets. Tile adhesive is a higher-value substitute for cement, and while overall tile demand in India is growing at ~8–10%, the real growth driver is the rapid increase in tile-adhesive penetration in tile fixing (high double-digit growth). The tile adhesive adoption is stronger on vertical surfaces, but flooring penetration remains lower due to limited awareness of performance benefits, making contractor education and on-ground demonstrations critical for category creation.
- The company is focused on expanding the tile adhesive category through brand building, applicator engagement, and cost-competitive go-to-market execution, while simultaneously gaining market share in this highly price-sensitive segment.

- The growth is largely being driven from existing distribution through deeper penetration, premiumization and portfolio expansion, supported by initiatives like deeper Pidilite ki Duniya coverage.
- The core adhesives portfolio is delivering robust single-digit growth (around 1.2–1.4x GDP), driven by volume, innovation and premiumization, with several pilots underway that could provide incremental growth momentum over the medium term
- The company is making steady progress in its paints venture, Haisha, which currently operates across southern markets including Telangana, Andhra Pradesh, Odisha, Tamil Nadu and Karnataka, and has recently expanded into select eastern states; however, management is focused on refining its 'right-to-win' business model before undertaking a broader national rollout.

Cost and margin

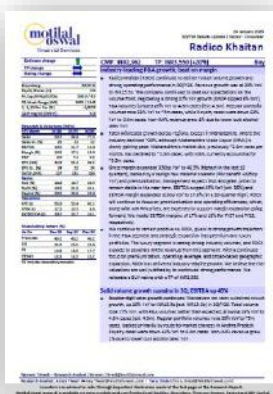
- VAM price in 3QFY26 was USD830 vs USD884 in 3QFY25, leading to a GM expansion of ~220bp YoY to 56.5%.
- The company maintains its EBITDA margin guidance of 20–24% for the medium term.

New launches

- The company launched Fevicryl YUDU, a clean, safe and durable art essentials range for kids.
- Roff Liquid Additive was launched for floor leveling to enable smoother tile and stone installation.



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Radico Khaitan

Buy

Current Price INR 2,788

Operating environment

- RDCK has seen growth across regions, except Maharashtra. It has grown relatively faster in Andhra Pradesh, Uttar Pradesh, Telangana, Rajasthan, Madhya Pradesh, and Haryana.
- In Maharashtra, the industry declined ~20% in 3Q, but MML is slowly gaining pace. RDCK stated that the total market size of Maharashtra was ~2.4m cases per month, which has now come down to ~1.8m cases. MML currently accounts for ~0.5m cases.
- In UP, RDCK has the highest volume and market share in the country liquor segment.
- In Telangana, the company grew 5-6% YoY in 3QFY26 (as October and November were relative muted).
- Recent premium and luxury launches are gaining early momentum.
- Ongoing premiumization, coupled with a stable raw material scenario, has led to significant margin expansion.
- Indian malts are becoming more expensive than Scottish malts.
- Jaisalmer Indian Craft Gin now commands more than 50% of market share in the luxury gin space.
- The company has an on-trade mix of ~6-7% of total sales.
- RDCK is accelerating its presence in the on-trade channel, where premium consumption and strong brand advocacy among trade partners and influencers are deepening consumer engagement and long-term brand equity.
- Recent launches are seeing strong early traction.

- The company is seeing broad-based strength across its premium brands, driven by strategic price positioning and sharper execution.
- Exports are ~6% of volumes and ~10% of sales for the company.
- Ongoing capex is largely directed toward maintenance.
- RDCK remains on track to be debt-free by FY27.
- Management is confident of achieving ~INR5b sales from the luxury portfolio in FY26 (vs 3.4b in FY25).
- The company remains confident of delivering strong double digit growth in the P&A category. For FY26, its overall volume growth is expected to be in the 20%+ range, led by strong P&A volumes.

Brand performance

- Magic Moments Vodka continued its strong growth trajectory with 18% volume growth in 3Q, and crossed INR10.5b sales in 9MFY26.
- After Dark Whisky grew 40% YoY and crossed 2.4m cases.
- 8PM Premium Black Whisky (available in 24 states) will see continued distribution expansion. RDCK is seeing strong traction for the brand. As part of its premiumization strategy, the company has introduced a bold new look for 8PM Premium Black Whisky.
- Morpheus Rare Luxury Whisky is now available in eight states, and the response to the brand has been encouraging. RDCK plans to enter to 12 states in FY26.
- Royal Ranthambore whisky grew over 50% in 3Q, driven by demand across both civil and CSD channels. It held a market share of 10% in CSD in December 2025.
- Spirit of Kashmir, a luxury vodka brand, continues to gain traction. It is currently available in eight states, with launches planned in four more states by the end FY2026. It is also available in the UAE and Africa, with Australia and UK planned for end of Jan'26.

Cost and margins

- Gross margin during the quarter was 46.5%, representing a 350bp expansion YoY and 290bp expansion QoQ. GM expanded on a YoY basis due to a relatively benign raw material scenario, coupled with ongoing premiumization. That said, raw material accounted for 225bp of gross margin expansion during the quarter.
- Management expects ENA and grain prices to remain benign in the near term.
- In 3QFY26, A&SP was 6.9% of IMFL sales, compared to 5.5% in the base. A&SP spend is expected to remain around 6% to 8% of IMFL revenue going forward.
- EBITDA margin expanded 310bp, benefiting from GM expansion.
- Net debt has reduced INR2.1b since Mar'25, driven by improved profitability and tighter working capital management.

TATA CONSUMER PRODUCTS

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Tata Consumer Products

Buy

Current Price INR 1,168

Guidance

- The company has guided for 5-9% growth in the tea/salt business.
- The growth portfolio (~30% of the total portfolio) is expanding at a 30% rate, driven by low penetration, strong category tailwinds, and expanding distribution. It is expected to maintain the same growth rate in the near foreseeable future.

India packaged beverages business

The image shows a screenshot of a Motilal Oswal Research Report for Tata Consumer Products. The report includes a table of financial data for the quarter ended 31st March 2025, comparing actual performance with the previous year and the prior quarter. The table lists various metrics such as Revenue, Gross Profit, Operating Profit, and Earnings Before Interest and Taxes (EBIT). Below the table, there is a section titled 'Key Highlights' which provides a summary of the company's performance and outlook. The report also includes a section on 'Risks and Opportunities' and a 'Conclusion' section.

- The business reported revenue growth of 3% YoY, with 3% volume growth. This growth was broad-based across brands/segments.
- Margins continued to improve and were back to normal operating levels.
- Coffee continued its robust performance, with revenue growth of 40% in 3Q.
- Tata Tea Premium launched new communication for Tata Tea Premium Care to build awareness about the innovation.

India foods business

- The business posted 19% YoY revenue growth and 16% YoY volume growth.
- Salt revenue grew 14%, backed by strong 15% volume growth.
- Tata Sampann delivered a notable 45% sales growth in 3QFY26. New launches and innovations continued to perform well.
- During the quarter, the company launched Tata Himalayan Rock Salt Crystal, strengthening its presence in the high-growth rock salt category.
- Tata Simply Better entered the flavored dry fruits and nuts segment with innovative single-serve packs.
- Tata Sampann has seen broad-based growth. The dry fruits business is achieving at an annual revenue rate of INR2.5-3b. The company maintains its 30% revenue growth guidance for Tata Sampann.

RTD

- Revenue rose 26% YoY to INR2b, led by strong volume growth of 27%.
- Tata Copper+ maintained its strong performance with 31% growth.
- RTD Coffee & Tea delivered robust performance, scaling up rapidly.
- Tetley entered the RTD tea segment with two differentiated launches, Tetley Green Tea Slimcare and Tetley Fruit Tea.

Capital Foods and Organic India

- Capital Foods/Organic India revenue stood at ~INR2.4b/INR1.2b, with combined growth of 15% (including international operations).
- Combined gross margin stood at 48% in 3QFY26.
- Capital Foods' exports to the US were impacted by tariff-led uncertainty, with exports accounting for 20% of business (flat YoY).
- The pace of innovation for Capital Foods and Organic India remains strong with launches across categories.

Tata Starbucks

- 3Q revenue grew 7% YoY, with same-store sales growth (SSSG) of 3%.
- The company added 12 new stores (net) in 3Q, mainly in metros and small cities, including new store formats. The total store count stood at 504 in 81 cities as of Dec'25.
- Beverage collaborations with Baileys, continued innovation in the food program, and the enhanced Diwali gifting portfolio were the three key growth drivers for the quarter.

GTM

- The company launched GTM transformation pilot in right cities to improve its focus on growth categories of tea and salt.
- The national rollout is underway across metros and larger cities through phased tranches. Business continuity has been maintained with minimal operational disruption.

- More than 270 distributors have been transitioned to the new GTM model (80% of target). Over 60 additional distributors have been onboarded across priority growth markets.
- The company has optimized Beat routes and servicing norms, aligned Dispatch plans and auto-replenishment systems, and realigned the sales hierarchy.
- The company covers ~1.8m outlets directly and its numeric reach is about 4.5m. In the medium term, it aims to get ~5m numeric reach. The company would like to increase its direct reach number to ~1.9 to 2m outlets.

Non-branded business

- Non-branded business revenue in constant currency grew 26% YoY in 3Q.
- Soluble business revenue in constant currency rose 34% YoY, while plantations saw a 16% decline.
- Profitability remained healthy, with margins remaining stable sequentially.

International operations

- Revenue grew 17% (constant currency) in 3QFY26.
- US business: The US continued to witness strong growth, up 31%. Eight O'clock continued to gain market share.
- UK business: 3Q revenue remained flat YoY, with higher pricing offsetting a decline in everyday black volumes; Good Earth grew ahead of its category. The company's value market share in Everyday Black/Fruit & Herbal is 18.9%/10.0%.
- The company achieved strong margin delivery in the UK, with coffee bags growing 4x K-cups.
- Canada business: Revenue fell 6% YoY, largely due to the timing of promotions in the base quarter. Tetley is the fastest growing brand in specialty tea.
- International margins remain below normative levels as higher coffee prices are yet to be fully passed through. The company expects pricing in the international business to normalize in 4Q.

Other highlights

- The company has appointed separate distributors for salt/tea and growth segments, with this segmentation implemented at both the supervisory and execution levels. These GTM changes are aimed at driving growth at pan-India level (not restricted to specific states).
- The company's innovation pipeline continues to be robust, with 55 product launches in 9MFY26. The innovation-to-sales ratio stands at 4.8, and management has guided for it to exceed 5 going forward.
- The company recorded a one-time gain from the sale of a property, which was largely offset by a one-time impairment charge related to asset write-downs arising from the ongoing transformation of its coffee facility in the US.



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United Breweries

Neutral

Current Price INR 1,616

Business and operating performance

- The beer industry continues to face affordability pressures and weather-related disruptions, which remain the two key near-term challenges impacting demand.
- Category volumes declined sharply in several key states, including Karnataka (-17%), Rajasthan (-5%), and double-digit declines in Telangana and West Bengal, reflecting the impact of pricing and affordability constraints.



- Management stated that industry growth recovered to 4–5% in January, indicating early signs of demand normalization.
- Over the longer term, the company continues to expect industry volume growth of around 6–7%, although near-term headwinds may persist.
- The company achieved approximately 5% realization growth during the quarter, which was evenly split between pricing actions and favorable product and state mix.
- Pricing gains were largely driven by earlier price revisions in large volume states, while stronger performance in markets such as Maharashtra and Karnataka supported mix improvement.
- The company currently has a 48-49% market share in the industry.

Cost and Margins

- Margin expansion during the quarter was supported by higher bottle return rates, localized sourcing, favorable state mix, and multiple operational efficiency initiatives.
- Management indicated that approximately 50% of the 220bp margin expansion is structural, suggesting sustainability in profitability going forward.
- The company has implemented productivity and cost-effectiveness programs focused on reorganizing key business functions, optimizing the supply network, simplifying the portfolio, and improving sourcing efficiencies.
- These initiatives are expected to generate gross savings of 3–6% between FY26 and FY28, with a meaningful portion of the savings planned to be reinvested into brand building, innovation, affordability initiatives, and strengthening competitive positioning.
- The company expects high single-digit inflation in barley prices, primarily driven by increases in MSP.
- Aluminum prices have risen globally in recent weeks, which could create near-term margin pressure, particularly for cans.
- Bottle economics remain favorable due to improved return rates, and the company has fully localized barley sourcing, reducing reliance on imports.

Innovation

- The company continues to witness strong momentum in its premium portfolio, including brands such as Heineken, Heineken Silver, Amstel, Kingfisher Ultra, and Ultra Max, reinforcing its premiumization strategy.
- The company launched Kingfisher Strong Smooth in Jan'26, targeting younger consumers seeking less bitter beer, and expects the product to drive category growth, improve profitability relative to Kingfisher Strong, and attract new consumers.
- The localization of premium production across multiple breweries has started contributing positively to margins.

State level

- Maharashtra delivered strong performance during the quarter, supported by affordability measures and favorable regulatory developments.
- Jharkhand has emerged as a positive market following the implementation of a privatization policy.

Others

- The company now has over 35,000 stores equipped with visi-coolers, which has driven both category growth and market share gains in those outlets.



UNITED SPIRITS

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UNITED SPIRITS	
Revenue	1,425
Profit	1,425
EPS	1,425
Dividend	1,425
Debt	1,425
Equity	1,425
Capital	1,425
Assets	1,425
Liabilities	1,425
Net Worth	1,425
Current Ratio	1,425
Debt to Equity Ratio	1,425
Return on Equity	1,425
Return on Assets	1,425
Operating Margin	1,425
Net Profit Margin	1,425
EBITDA Margin	1,425
EBIT Margin	1,425
EBT Margin	1,425
Pre-tax Margin	1,425
Post-tax Margin	1,425
Effective Tax Rate	1,425
Interest Coverage Ratio	1,425
Dividend Yield	1,425
Payout Ratio	1,425
Retention Ratio	1,425
Plowback Ratio	1,425
Dividend Payout Ratio	1,425
Dividend Coverage Ratio	1,425
Dividend Sustainability Ratio	1,425
Dividend Safety Ratio	1,425
Dividend Growth Rate	1,425
Dividend Payout Ratio	1,425
Dividend Coverage Ratio	1,425
Dividend Sustainability Ratio	1,425
Dividend Safety Ratio	1,425
Dividend Growth Rate	1,425

- Management believes that expanding cold availability remains critical, as beer consumption is strongly linked to chilled product availability.
- The company continues to face receivable-related challenges in Telangana, and although some past overdues have improved, the overall exposure remains largely unchanged.

United Spirits

Neutral

Current Price INR 1,425

Demand environment

- At a macro level, the company is witnessing consumption green shoots with the top end of the portfolio delivering strong performance in 3Q.
- P&A volume growth ex-AP remained flat YoY in 3QFY26. Moreover, ex-Maharashtra, P&A volume grew by 6%, implying healthy growth in rest of India.
- P&A revenue growth excl. AP stood at ~10% YoY and ex-Maharashtra, it was 14% YoY.
- UNSP's top-end brands growing faster than the market.
- Amid continued headwinds from Maharashtra, UNSP seeing strong growth in luxury and premium segment on the back of scotches and Smirnoff.
- Royal Challenge pocket pack driving consumer penetration.
- Launch of MML at very attractive price points and gradual distribution increase remain a competitive challenge in Maharashtra especially for the popular and lower prestige segment (lower end of the portfolio).
- The industry association has taken actions to ensure a level playing field in the medium to longer term and UNSP is tracking the developments closely.
- October to December fared well for UNSP. However, citing concerns about the job market and geopolitical volatility, management remains cautiously optimistic about the upcoming wedding season and the next couple of quarters.

India UK FTA

- The India-UK FTA will be tabled in the British Parliament in Mar'26 or Apr'26. In India, the cabinet approval will be required. **UNSP expects the implementation of FTA in 2QFY27.**

Cost and margins

- Key input costs remained benign, while bulk Scotch remained structurally inflationary (Nov'25 onward). UNSP expects bulk Scotch to remain inflationary for the next couple of quarters.
- Bulk Scotch is sourced from Diageo on a cost-plus model.
- Gross margin continued to expand by 220bp YoY to 46.9%. Headline pricing, product mix and benign RM inflation have been supporting margin expansion.
- Going forward management expects GM to be in the similar range. While inflation will go up a little, the price mix will continue and neutralize it.
- Marketing reinvestment was 14% of sales in 3Q and 10.6% in 9MFY26. The company expects its ad spends to be slightly higher than earlier guidance of 9.5-10% of net sales for FY26.
- Management expects its historically stated price mix range of 6-8% to be sustainable at the higher end.
- Management expects P&A to continue growing in double digits.

Brand performance

- Signature continues to lead growth in the Prestige segment, supported by purpose-driven storytelling. Signature has registered strong double-digit growth in the festive season and contributed to upper Prestige segments' nearly double-digit growth
- Royal Challenge continues to do well; the 180ml pocket pack continues to drive penetration and share gains.
- McDowell's No.1 rolled out a pocket pack in Maharashtra and the same will be extended nationally over the next 2 to 3 quarters.
- Godawan (Indian single malt) growth was led by CSD channel.
- Smirnoff driven by new flavors innovation, took India into the top 5 markets globally for Smirnoff.
- Don Julio is penetrating the overall spirits market in the country, and as of 9MFY26, Don Julio has crossed INR1b in NSV.



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Varun Beverages

Key Metrics:

Financial Metric	Q4 FY25	Q3 FY25	Q4 FY24	Q3 FY24
Revenue (INR Cr.)	1,234	1,189	1,156	1,102
Operating Profit (INR Cr.)	234	221	218	205
Net Profit (INR Cr.)	156	148	142	135
EPS (INR)	15.6	14.8	14.2	13.5

Key Highlights:

- Revenue growth of 4.2% QoQ, driven by strong performance in the Indian market.
- Operating leverage improved, with operating profit margin at 18.9%.
- Net profit margin of 15.4%.

Varun Beverages

Buy

Current Price INR 464

Operating performance

- Despite unprecedented heavy rainfall during CY25, the company was able to maintain steady operational execution, demonstrating resilience in challenging weather conditions.
- The newly commissioned greenfield and backward integration plants are functioning as planned and have begun contributing to overall production efficiency.
- African markets delivered healthy volume growth during the year, largely driven by the company's expansion into general trade channels, which has broadened market reach.
- The distribution of snacks in Zimbabwe and Zambia is showing promising traction, indicating successful market penetration in these territories.
- The India business continued to perform strongly and remained net debt-free as of Dec'25, reflecting robust financial management.
- While reported revenue growth in international markets appeared higher (~20%), the underlying volume growth was approximately 10%, with the difference largely due to currency effects.

Guidance and outlook

- Management expects CY26 volume growth in India to be in double digits, with margins projected at around 22–23%.
- South Africa remains a key growth territory, where both organic growth and the recently announced Twizza acquisition are expected to drive significant expansion.
- Costs and capacity overhang from four new plants commissioned in CY25 affected margins temporarily; however, operating leverage is expected to support improved volume growth and mitigate dilution.
- 4Q discounting was higher than usual due to weak demand and inventory liquidation, but discount intensity is expected to normalize as channel inventories adjust.

- While value growth may lag behind volume growth due to pack upsizing, management anticipates that higher volumes will offset any margin pressure, leading to year-on-year revenue and EBITDA improvement.
- Rural distribution expansion in CY25 faced limitations due to weak offtake; additional reach in CY26 is expected to strengthen volumes and improve utilization of the expanded network.

Capex and expansion

- During CY25, the company capitalized approximately INR45B in capital expenditures, of which INR16.5B was incurred in the previous year, CY24.
- Greenfield capex, amounting to around INR17B, was primarily allocated to the establishment of new production facilities in Prayagraj (UP), Buxar (Bihar), Himachal Pradesh, and Mendipathar (Meghalaya).
- Brownfield expansion projects accounted for capex of approximately INR3B and were carried out at Sitarganj and Gorakhpur in India.
- International capital expenditures totaled roughly INR13b, which included the commissioning of a PET line and backward integration facilities in the Democratic Republic of Congo, the setup of snack manufacturing facilities in Morocco and Zimbabwe, and the installation of a new K9 line in South Africa.
- The remaining CapEx was directed toward investments in glass bottles, pellets, vehicles, as well as write-offs and the impact of foreign exchange fluctuations.
- As of Dec'25, capital work-in-progress and capital advances stood at approximately INR5.5b, primarily related to ongoing phase-wise expansion projects and sports infrastructure development across domestic and international operations.
- For CY26, no major CapEx is planned in India as the company believes it already has adequate installed capacity following recent expansions.
- Overseas CapEx in CY26 is expected to be limited and will primarily involve small brownfield capacity additions in South Africa, with no large-scale greenfield investments anticipated.

Product & Market Strategy

- The company generated INR3.4b in snacks revenue during CY25, with production starting in Morocco around May–June and in Zimbabwe in December; management expects substantially higher revenue from these markets in CY26.
- Pack upsizing, from INR20 for 250 ml packs to 400 ml packs, was largely completed by 4Q, with the impact already reflected in product realizations, while the resulting margin impact is expected to be minor.
- The INR10 price-point portfolio is being selectively introduced in West Bengal and the Northeast and is projected to contribute only 5-7% of overall volumes.
- Around 10–12% of the base mix comprises 250 ml packs; even with full upsizing to 400 ml, incremental costs are limited and partially offset by higher volumes and operating leverage.
- Key cost drivers, such as GST linked to MRP and concentrate costs, are largely variable, and low- or zero-sugar formulations further limit the effective impact on profitability to well below 10%.

- Management emphasized that all pack-size and pricing strategies are designed to drive profitable volume growth, with only minor and manageable fluctuations in margins.
- The food business is in its early stages, with one market operating for approximately six months and another having just commenced production; meaningful visibility is expected over the next two to three quarters.
- Directionally, the food business is expected to deliver high-teens growth rates once operations stabilize, with a potential to achieve approximately USD100m in revenue across two to three territories over a 2–3 year horizon.
- Innovation in India includes new energy flavors under the 'AdRush' brand and the upcoming Nimbus Jeera range, which will introduce additional flavors and price points during the peak summer season.

Acquisition and International Expansion

- The acquisition of Twizza comprises three manufacturing facilities, including backward integration capabilities, and is expected to significantly enhance the company's manufacturing footprint as well as its route-to-market capabilities in Africa's largest soft drink market.
- Management expects the acquisition to generate meaningful operational synergies, as it includes owned land, buildings, solar-powered plants, and integrated logistics, all of which are likely to be margin accretive.
- Following the acquisition, the company anticipates an increase in South African capacity by approximately 70–80%, driving combined organic and inorganic growth of over 80% in the region.
- Margin improvement in South Africa is expected as capacity constraints ease, logistical efficiencies improve, and production facilities are located closer to key markets.
- The benefits of backward integration, scale, and lower logistics costs are likely to gradually align international margins with those achieved in India.

Others

- International margins are expected to improve gradually over the next few years, supported by scale benefits, owned logistics, and solar-powered plants.
- FX benefits will become more visible in future quarters as higher-cost inventory turns over and operational currency effects take effect.
- The INR10 price-point portfolio is being carefully managed, with margin impact expected to be muted due to juice-based products and controlled discounting.
- Overall CapEx commitments for FY26 are expected to be conservative, with no major projects planned apart from the announced acquisition.
- All pack-size and pricing strategies are being implemented with a focus on profitable growth rather than volume maximization, ensuring sustainable margin performance.



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[illegible]

Zydus Wellness

Buy

Current Price INR 402

Business environment

- Consumption trends remained stable, supported by a sustained recovery in rural demand, which continued to outpace the gradual improvement in urban markets.
- Volume in 3QFY26 (excluding the newly acquired Comfort Click business) registered double-digit growth.
- E-commerce and quick-commerce channels maintained strong growth momentum.
- Personal care performance (revenue down 1.4%) was impacted primarily by Nycil, with some softness in Everyuth; however, Everyuth delivered double-digit growth in FY26 YTD.
- The company reported higher other expenses due to the Comfort Click acquisition, with no structural increase in the organic cost base.

Cost and Margins

- Commodity input costs remain mixed; except for milk, most raw material prices are under control for the upcoming season.
- Most brands recorded gross margin expansion, reflecting portfolio strength and further supported by the high-margin Comfort Click business.
- The company guided for consolidated gross margins of ~66–67%.
- Organic business EBITDA margin declined YoY in 3QFY26, impacted by ~INR90m related to GST budgetary support and higher employee costs.
- EBITDA margins are expected to remain in the 16–18% range.

Comfort Click

- Comfort Click continues to perform in line with expectations.
- Management guided double-digit revenue growth and ~14% EBITDA margins.
- The acquisition is cash EPS-accretive, excluding one-time acquisition-related costs, and is expected to become EPS-accretive from next year.
- CC growth is largely driven by existing European markets, with increasing focus on D2C performance, alongside expansion into new markets such as Poland, Finland, and Portugal; the US contribution remains small.
- Strong repeat purchase rate (>50%) across the top five markets, a brand rating of 4.6/5, and 8–10% market share indicate significant headroom for growth.
- The company plans to prioritize international expansion and currently has no near-term plans to launch Comfort Click products in India.
- Employee strength stands at 300+, largely based in India (Hyderabad and Baroda).
- Comfort Click strengthened its portfolio with the launch of four variants in gummies for adults, a probiotic gummy for kids, and pure Himalayan shilajit resin, reinforcing its presence in the high-growth wellness categories.
- The brand 'WeightWorld' advanced its expansion into the European markets by entering Poland, Finland and Portugal thereby strengthening Comfort Click's geographic footprint.

RiteBite

- RiteBite business has doubled its legacy performance on like to like basis.
- The brand strengthened its global footprint by entering two additional countries, taking its presence to nine international markets within the first year, supported by strong initial response.
- The business continues to outperform in protein snacking, improving EBITDA from breakeven at acquisition to near double-digit margins.
- Gross margins of RiteBite remain in line with the core business (~50–52%).
- Repeat purchase rates are improving across both organized trade and general trade, with strong growth in existing outlets and continued expansion into new outlets.
- The recently launched Wafer Bar continues to contribute to category's growth and market expansion of RiteBite – Max Protein.

Brand wise performance

- Sugar-free brands maintained leadership in the category with a market share of 96.3% (YoY gain of 80bp).
- Sugar Free D'Lite Cookies have now been extended into multiple markets, and the entire D'Lite range continues to witness strong growth.
- Sugar Free Green has registered sustained double-digit growth for 19 consecutive quarters.
- The marketing and distribution in the organized trade for Cuticolor, the No. 1 doctor-prescribed hair coloring brand, was initiated, adding to the company's portfolio.
- Nutralite delivered double-digit growth, supported by a strong six-year CAGR.
- Nutralite Professional expanded its range with the launch of Cheesy Delight and Slim Mayonnaise variants.

CONSUMER DURABLES



- Management highlighted that growth remained strong, driven by robust demand and stable commodity-led value growth in the C&W segment. RAC segment has shown signs of recovery, supported by channel stocking of new BEE-rated products ahead of the upcoming summer season. Inventory levels are expected to normalize by the end of Mar'26, aided by an improvement in secondary sales and the onset of the summer season. Demand trends across other FMEG categories—such as fans, switchgear, lighting, and small domestic appliances—remained mixed. Overall, companies expect consumer durables demand to stay healthy over the coming quarters.

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Insights and future outlook	Capex plans
Blue Star	■ Management expects a strong 4QFY26, led by seasonal RAC demand, recovery in commercial AC, and improved refrigeration trends. The FY27 outlook remains positive, supported by data center and manufacturing demand, normalization in B2B orders, and stable UCP margins. ■ The pricing environment remains tight, with ~10% net price increases expected despite the GST cut, driven by efficiency upgrades, commodity inflation, and INR depreciation. However, hikes are staggered in 2–3 month cycles to maintain channel stability.	■ The company has guided for capex of INR3b–3.5b for FY26 and FY27, directed towards capacity additions, international manufacturing capabilities, R&D, repair and maintenance infrastructure, and IT systems.
Crompton	■ Quarter saw a gradual recovery in demand, supported by improving channel traction, stronger distributor engagement, and better retail execution. ■ In Q3FY26, higher input costs, particularly copper and aluminum, pressured margins, leading to calibrated price hikes from Jan'26, with more planned. The company intensified cost control and alternative sourcing efforts and remains confident that industry-wide pricing discipline will aid medium-term margins.	■ The INR3.5b greenfield expansion project is progressing as planned, with further operational details expected to be shared in the coming quarters. ■ It announced its entry into the residential wires segment in the quarter, targeting a market size of INR360b–370b. Management highlighted that the segment has strong synergy with its existing fans, lighting, and accessories portfolio, enabling the company to leverage its brand strength and pan-India distribution network
Havells	■ Demand remained modest, though there was a pickup during the festive season. Consumption trends are still uneven across categories, with heating products benefiting from a strong winter while cooling products faced challenges over the last couple of quarters. ■ Industry will require a price increase of ~5–10% to offset higher costs from new BEE norms, copper inflation, and INR depreciation. Lower GST rates are expected to partially offset the impact on end consumer prices.	■ Capex spending stood at INR12b over 9MFY26. Management guided for a capex of INR10b in FY27, primarily led by continued investments in C&W and the development of a new R&D center. Lloyd manufacturing capex is largely complete in FY26, though incremental investments may continue for capability enhancement.
Polycab	■ Domestic C&W volumes grew ~40% YoY, reflecting strong underlying demand across government capex, private capex, and real estate, along with incremental channel pre-stocking amid sharp copper price inflation. ■ Fan demand improved modestly in Dec'25 due to pre-buying ahead of the BEE star-rating transition effective Jan'26, which is expected to result in ~2%–4% industry-wide price hikes.	■ Capex in 3Q/9MFY26 was INR3.4b/INR10.9b. Management reiterated its capex guidance of INR12b–16b till FY30 under Project Spring. Net cash in 3QFY26 stood at INR30.3b.
KEI Inds	■ It is hopeful of achieving +20% growth in FY26 and improving the operating margin in FY26–27. Phase-1 commercial production at Sanand is now operational, and with a strong order book across domestic institutional cable sales, export orders, and EHV cables, it is confident of delivering a CAGR of +20% over the next three to four years. ■ It expects ~25% YoY growth in 4QFY26, aided by higher copper prices. Volume growth is expected at ~16–18%, with the balance coming from price inflation.	■ During 9MFY26, the company incurred INR9.3b of capex, of which INR7.7b was at the Sanand plant. Cumulative Sanand capex has reached INR13.5b, with another INR2.0b to be spent in 4Q and the balance in FY27. Total project cost (including land) is estimated to be INR20b. ■ Beyond Sanand, the company plans further brownfield and greenfield investments of INR20b over the next 3–4 years, including projects at Bhiwadi and Baroda.
RR Kabel	■ The C&W segment remained the primary growth driver, led by strong volume growth in both domestic and export markets, supported by improving housing, infrastructure, and industrial demand. In contrast, the FMEG segment faced a weak 3QFY26 due to subdued	■ The company has guided for INR12b of capex over three years, with ~80% earmarked for expanding cable capacity and the rest for modernization, automation, warehousing, and digital upgrades to enhance efficiency.

	demand, channel adjustments, and poor seasonality, especially in fans.	In 9MFY26, it incurred INR4.8b of capex, largely toward C&W expansion. Management highlighted that execution remains on track, with phased capacity additions to avoid disruption and overcapacity, alongside investments in new lines, plant upgrades, and testing infrastructure.
Voltas	- Management noted that CY25 remained challenging amid geopolitical tensions, supply disruptions, and input cost volatility, leading to sourcing and pricing uncertainties. - Domestic demand was relatively stable, supported by urban consumption and government spending, though inflation and high interest rates impacted discretionary demand.	The consolidated order book stood at INR61b, backed by a healthy pipeline in infrastructure, data centers, pharmaceuticals, and logistics parks. The company is prioritizing faster-execution segments such as industrial and data centers, increasing focus on metro projects with better terms, and remaining selective in water and commercial projects due to higher risks and working capital intensity.
LG Electronics	Management indicated that the business environment during the year remained challenging, impacted by multiple external factors, including US tariffs, sharp currency fluctuations, purchase deferments following the GST announcement, geopolitical uncertainties, and relatively soft consumer demand amid rising prices.	The company secured INR7.1b incentive support from the Maharashtra government. This will be realized over 15 years from May'25, with ~INR430m expected to be accounted in FY26. v It is progressing with its INR50b investment in the Sri City (Andhra Pradesh) plant. The first line of room air conditioner production is expected to commence in CY26, with compressor manufacturing to follow. Capex will be fully funded through internal accruals over the next four to five years.



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Blue Star

Current Price INR 2,018

Neutral

Unitary Cooling Products (UCP)

- Revenue in the segment remained largely flat YoY, reflecting subdued industry demand during the quarter; however, profitability improved, supported by disciplined inventory management, lower discounting, and cost moderation measures initiated since May'25.
- The energy label transition, effective Jan'26, led to a reduction in old inventory and aided revival in RAC volumes. Management consciously curtailed production of lower star-rated models to avoid excess stock and heavy discounting.
- Inventory level is better than the industry, with industry inventory at 8-10 weeks vs. the company's at a lower level of 5-6 weeks (normal being two to four weeks). It said inventory pressure eased significantly from Oct'25 and is unlikely to cause issues in Feb–Mar'26, subject to a timely onset of summer.
- The pricing environment remains challenging, with net consumer prices expected to rise by ~10% despite GST reduction, driven by energy efficiency upgrades, commodity inflation, and INR depreciation.
- Management noted that price hikes cannot be implemented frequently due to channel stability and customer sensitivity, and are therefore planned in 2–3 month cycles. Dealer network expansion continues as per plan, supporting medium-term volume growth.
- The commercial refrigeration business remained weak due to muted FMCG and ice-cream/freezer demand. Except for storage water coolers, most product lines dipped. Revival is expected only in summer.
- The industry bears the cost for channel financial (~40% of sales happen through financing), e-waste liability, additional warranties that are being offered, and in-shop demonstrators.
- Management reiterated UCP margin guidance of ~8.5% for Q4FY26 and FY27, with potential upside to ~9% in case of a strong summer.

Electro-Mechanical Projects and Services

- Revenue in this segment grew while margin declined YoY due to an adverse project mix and closure of low-margin infrastructure projects. Order inflow fell 16.5% YoY to INR14.6b, with the order book down ~7% YoY to INR47.8b, while revenues in commercial air-conditioning were impacted by deferred deliveries to 4Q despite healthy bookings. Management remained selective in order intake, prioritizing profitability and capital efficiency over volume.
- Demand remains healthy, driven by strong inquiries from data centers, factories, and select commercial offices, with hospitals and malls gaining traction in Tier-3 cities, while infrastructure projects continue to see steady but low-margin execution.
- Infrastructure projects (~1/3rd of revenue) typically face margin pressure near closure due to cost overruns and accelerated execution, impacting overall profitability. The management guided for single-digit to ~10% EMP growth in FY27, given the current order book and muted recent B2B inflows.
- Further, Jan'26 saw a strong revival in order finalization (INR4b), while margin protection measures such as price escalation clauses, pass-through of higher labor costs, and improved project selection are expected to support profitability, with management not anticipating any margin deterioration.
- Revenue growth in this segment should be at a CAGR of ~8%-10% (lower than the earlier guidance of ~12%-15%). Lower guidance is due to low growth in the shop, showroom, boutique, and retail segments in FY26.

PES segment

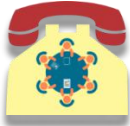
- Revenue in the segment reduced while the margins improved due to better cost management.
- The uncertainties around the regulatory policy framework pertaining to the MedTech solutions business are yet to be resolved. However, industrial solutions continue to grow due to strong demand in the automotive and steel industries. Data security solutions are maintaining their steady performance.

Outlook and other highlights

- It expects 4QFY26 to be strong, supported by a seasonal pickup in RAC demand, revival in commercial AC, and continued recovery in refrigeration. Also, the FY27 outlook remains constructive, driven by healthy data center and manufacturing demand, normalization of B2B ordering, and stabilization in UCP margins.
- US and Europe expansion faces challenges from trade barriers and subsidy uncertainty, while management targets ~15% of revenue from exports over three years, focusing on strengthening OEM/ODM manufacturing capabilities.

Crompton

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Crompton Greaves Consumer

Buy

Current Price INR 272

Demand and pricing

- The quarter saw a gradual recovery in demand, supported by improving channel traction, stronger distributor engagement, and better retail execution.
- During Q3FY26, rising input costs, especially in copper, aluminum, and electrical components, pressured margins, prompting the company to implement gradual price hikes in Jan'26, with further hikes planned in 4QFY26 and 1QFY27.
- The company further strengthened cost control and alternate sourcing initiatives, qualifying new suppliers without compromising quality, while management remained confident of industry-wide pricing discipline supporting medium-term margin stability.

ECD segment

- In the ECD segment, fans continued to be the backbone of the segment. It completed the transition to the new BEE 2.0 energy efficiency norms from Jan'26 without any major supply chain or execution disruptions. It attributed this smooth transition to investments in product development, testing infrastructure, and engineering capabilities over the past 18 months.
- It witnessed strong volume growth of ~50% YoY in BLDC fans, along with market share gain of ~5%. BLDC fans continued to support the premiumization of the portfolio and contributed positively to margins due to higher realizations and better operating leverage. Both induction and BLDC fans remain core to the portfolio, with induction fans supporting volumes through affordability and air delivery, while BLDC fans drive premiumization and margin expansion.
- The pumps business witnessed strong momentum, particularly in solar pumps, where revenue more than doubled YoY. This growth was supported by improved order execution and a healthy pipeline of government and institutional orders. In addition, the agri and specialty pumps segments have emerged as important growth drivers. These categories are witnessing faster-than-industry growth due to increasing mechanization in agriculture and rising water management needs.
- In water heaters, it strengthened its competitive position and is now ranked second in market share in the general trade channel. The company has successfully leveraged its earlier leadership in e-commerce to expand its offline presence and improve distribution reach.
- The solar rooftop business contributed INR180m–190m in 3QFY26. Initial execution has been largely driven by state tenders and institutional projects, while the B2C rollout is expected to gather pace from Q4FY26 onwards. The order book stands at INR5b, with execution timelines of 9–12 months.
- Overall, margins improved due to a combination of price increases, a favorable product mix led by BLDC fans and premium appliances, scale benefits in solar and pumps, and disciplined cost control under its 'Munati' efficiency program.

Lighting segment

- The lighting segment continued to maintain industry-leading margins. Demand was driven primarily by ceiling lights, accessories, and recently launched premium products. After several years of muted performance, the lighting business has undergone a structural turnaround over the past two years,

supported by focused portfolio rationalization, better channel management, and improved execution.

- Margin benefited from a higher share of premium and value-added products, supply chain optimization initiatives, and improved scale in ceiling lights.

BGAL

- The segment was supported by double-digit revenue growth in gas stoves and pressure cookers, aided by GST-driven demand.
- Management attributed margin improvement to premiumization led by the 'Idea First' series, which saw strong consumer acceptance. Disciplined pricing aligned with input costs, improved trade terms, and a revamped go-to-market strategy strengthened profitability and operational stability, while volume growth remained in single digits, driven mainly by pressure cookers.

Other highlights

- The INR3.5b greenfield expansion project is progressing as planned, with further operational details expected to be shared in the coming quarters.
- It announced its entry into the residential wires segment in the quarter, targeting a market size of INR360b–370b. Management highlighted that the segment has strong synergy with its existing fans, lighting, and accessories portfolio, enabling the company to leverage its brand strength and pan-India distribution network.
- It plans to adopt an asset-light model initially, with outsourced manufacturing and limited near-term capex, while in-house production may be considered after achieving scale. The rollout will start in select states, with full availability in six to seven weeks, followed by gradual pan-India expansion. C
- It will further leverage a mix of existing and new distributors and invest in influencer marketing, channel programs, and product positioning to build credibility, while remaining focused on residential wires, with cables to be evaluated later.



HAVELLS

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Results Update



Havells India	
Q4 FY2020	Q4 FY2019
Revenue	Revenue
Profit	Profit
EPS	EPS
Dividend	Dividend
Market Cap	Market Cap
Debt	Debt
Equity	Equity
ROE	ROE
ROA	ROA
Operating Margin	Operating Margin
Net Margin	Net Margin
Current Ratio	Current Ratio
Debt to Equity	Debt to Equity
Interest Coverage	Interest Coverage
Free Cash Flow	Free Cash Flow
Capex	Capex
Opex	Opex
Revenue Growth	Revenue Growth
Profit Growth	Profit Growth
EPS Growth	EPS Growth
Dividend Yield	Dividend Yield
Market Cap Growth	Market Cap Growth
Debt Growth	Debt Growth
Equity Growth	Equity Growth
ROE Growth	ROE Growth
ROA Growth	ROA Growth
Operating Margin Growth	Operating Margin Growth
Net Margin Growth	Net Margin Growth
Current Ratio Growth	Current Ratio Growth
Debt to Equity Growth	Debt to Equity Growth
Interest Coverage Growth	Interest Coverage Growth
Free Cash Flow Growth	Free Cash Flow Growth
Capex Growth	Capex Growth
Opex Growth	Opex Growth
Revenue Growth	Revenue Growth
Profit Growth	Profit Growth
EPS Growth	EPS Growth
Dividend Yield	Dividend Yield
Market Cap Growth	Market Cap Growth
Debt Growth	Debt Growth
Equity Growth	Equity Growth
ROE Growth	ROE Growth
ROA Growth	ROA Growth
Operating Margin Growth	Operating Margin Growth
Net Margin Growth	Net Margin Growth
Current Ratio Growth	Current Ratio Growth
Debt to Equity Growth	Debt to Equity Growth
Interest Coverage Growth	Interest Coverage Growth
Free Cash Flow Growth	Free Cash Flow Growth
Capex Growth	Capex Growth
Opex Growth	Opex Growth

Havells India

Neutral

Current Price INR 1,434

- **Key highlights:** Overall demand conditions remained modest during the quarter, though there was a pickup during the festive season. Consumption trends are still uneven across categories, with heating products benefiting from a strong winter while cooling products faced challenges over the last couple of quarters.
- Channel inventory in cooling categories, especially RACs, has started normalizing, which is expected to support a more stable demand environment going into the summer season.
- Revenue growth was supported by strong volume growth in select categories and commodity-led price inflation, particularly in C&W.
- **Lloyd:** The Lloyd segment continued to face a challenging environment due to weak summer demand earlier, which led to elevated channel inventories. Channel inventory has now reduced significantly and is at more comfortable levels, with clearance expected over the next couple of months as the seasonal demand picks up.
- Residual inventory of old BEE-norm products exists across RACs and fans, which will be liquidated before new BEE-compliant products fully scale up.

- The industry will require a price increase of ~5–10% to offset higher costs from new BEE norms, copper inflation, and rupee depreciation; however, lower GST rates are expected to partially offset the impact on end consumer prices.
- The company is taking a cautious approach to summer production, keeping output aligned with demand to avoid overstocking in the channel. Export opportunities for RACs remain limited in the near term, amid tariff-related challenges in overseas markets.
- **Cables and Wires (C&W):** The C&W segment delivered strong double-digit volume growth supported by infrastructure spending, housing demand, and channel stocking amid rising copper prices. Growth was further amplified by sharp commodity price inflation. The company remains relatively wire-heavy vs. peers. There has been inventory stocking at the channel level as prices increased through 3QFY26.
- Sharp fluctuations in copper prices could lead to temporary volume volatility, though no shift towards a B2B-heavy model is being made. Capacity utilization stood at ~65%–70% for wires, while cables are at ~90–100%.
- Margins of the segment witnessed volatility due to inventory mix effects. Export opportunities in cables remain a strategic priority and offer a hedge against domestic demand moderation, though near-term exports have been impacted by weaker US demand due to higher tariffs.
- **ECD segment, small appliances, and lighting:** Growth was driven by winter-led categories such as water heaters. Fans remained under pressure due to weak summer conditions, similar to the cooling category. ECD growth was largely volume-led rather than pricing-driven.
- Margins in ECD remain below normalized levels due to sharp RM cost movements, which could not be offset by price hikes. Margin recovery in ECD is a process that will play out over time, particularly during the upcoming summer season, and the company does not want to chase volume growth at the cost of profitability.
- Market share in ECD categories is stable, with selective gains reported in lighting and water heaters, where HAVL's performance has outpaced industry growth.
- Small domestic appliances continue to face a challenging demand environment due to heightened competition from regional and value players.
- In lighting, there was an outperformance v/s peers, with signs of market share gains as competitors struggle with profitability and execution. Ad spending was lower compared to last year, though this was not driven by reduced focus on any specific category and remains demand-led. Over the medium term, HAVL expects cost rationalization and gradual pricing actions to support margins across both small appliances and lighting.
- **Goldi Solar investment:** Solar business growth was higher than several other product categories, primarily led by solar modules, while inverter growth was relatively slower. The faster pace of solar growth has been margin-dilutive for the segment, as the business is currently balanced between utility-scale projects and C&W installations, with margins being in high single-digit to early double-digit depending on project mix. Goldi is in the process of backward integration into cells, and solar is a part of a broader renewable ecosystem rather than a

standalone module business. It maintains a positive outlook on solar growth and margins over the coming years.

- **Working Capital and Capex:** Elevated inventory levels in select categories, such as Lloyd and wires, were largely attributed to BEE transition and commodity price inflation. Channel inventory for RACs has reduced YoY, while higher wire inventories at the channel level reflect price-led stocking and are likely to normalize as end-market consumption absorbs supply. It does not foresee any shift in channel structure or higher dealer stress, even in a volatile commodity environment.
- Capex spending stood at INR12b over 9MFY26. Management guided for a capex of INR10b in FY27, primarily led by continued investments in C&W and the development of a new R&D center. Lloyd manufacturing capex is largely complete in FY26, though incremental investments may continue for capability enhancement.



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KEI Industries

Buy

Current Price INR 4,611

Demand outlook and guidance

- KEI is hopeful of achieving +20% growth in FY26 and improving operating margin in FY26-27. With Phase-1 commercial production at Sanand now operational and a strong order book across domestic institutional cable sales, export orders, and EHV cables, KEI is confident of delivering a CAGR of +20% over the next three to four years.
- It expects ~25% YoY growth in 4QFY26, aided by higher copper prices. Volume growth is expected at ~16-18%, with the balance coming from price inflation. The company expects to achieve EBITDA margin of ~11% in FY27.
- KEI currently holds a strong position in the institutional cable market in both domestic and export segments. It has established a clear leadership position in EHV cables, being the first Indian company to supply 330 kV cables to Australia, 220 kV cables to the UAE and Spain, and the only Indian company qualified under the National Grid UK Framework Agreement for voltages up to 400 kV.
- Its export footprint continues to expand across the Caribbean, West Indies, and other neighboring regions. Domestically, it supplies across the entire solar power value chain, including marquee customers. KEI has also secured multiple 132 kV cable contracts in the Middle East, reinforcing its growing acceptance as a credible EHV cable manufacturer. US exports are currently on hold due to tariff-related uncertainty.
- It believes export share will increase to +20% of revenue over the next 1-2 years vs. ~16 in 9MFY26.

KEI – 3QFY26 performance

- The total order book stood at INR39.3b –INR24.3b for domestic institutional cables, INR7.2b for EHV cables, INR4.2b for export cables, and INR3.6b for the EPC division. Most orders are executed within 3-4 months and are replenished regularly, ensuring steady revenue visibility.
- Exports grew ~95% YoY in 3Q and ~79% in 9MFY26, reaching INR5.4b in 3QFY26 and INR13.90b in 9MFY26. B2C revenue grew ~29% YoY in 3Q, with B2C contribution rising to ~55%. Institutional sales contribution moderated slightly due to higher B2C and export share.

- Capacity utilization in cables stood at ~76%. Better product mix (EHV, exports), inventory management, and timely pass-through of RM costs supported margin improvement. Management clarified that quarterly margin volatility may occur due to copper price movements, but full-year margins are improving.
- On the retail front, its active dealer base stood at 2,114 vs. 2,060/2,100 in 3QFY25/2QFY26. This included around 100 large dealers contributing ~70-80% of revenue.
- Management focuses on improving dealer productivity rather than expanding numbers. Annual advertising spend is guided at INR750-800m to strengthen retail presence.
- The company does not undertake active hedging and instead operates under a natural hedge framework. Inventory levels typically cover three to four months, supported by a similar pending institutional order book, along with around two-and-a-half months of inventory on the shop floor and about one month in transit. As nearly 85% of metal procurement is sourced domestically from suppliers such as Hindalco and Vedanta and purchases are denominated in INR, foreign exchange exposure remains minimal. In the retail segment, prices are revised roughly every 15 days, in line with movements in input costs, resulting in an effective pass-through of price changes. Cable prices have seen a meaningful increase starting Dec'25, extending into Jan'26, with an overall rise of ~10%. In-house wire prices increased by ~15%.

Competitive intensity

- Over the past year, several new players have entered the C&W market on a pan-India basis, alongside smaller regional entrants. Despite heightened competition, the company continues to grow, supported by its strong product performance, established brand equity, and competitive pricing. Building comparable brand strength and product credibility typically takes five to seven years for new entrants.
- With industry demand growing at around 13-14%, the market is expected to absorb new players over time while providing growth opportunities for incumbents. Additionally, the company offers a comprehensive product portfolio across cables, wires, and specialized applications; is approved by leading consultants and architects; and has an established distribution network.
- Management reiterated its focus on disciplined growth, emphasizing that it has delivered ~17% CAGR over the last 15 years despite commodity cycles. Capacity expansion, export penetration, EHV leadership, and operational efficiency remain core pillars of its long-term strategy.

Capex plan and net cash/debt position

- During 9MFY26, the company incurred INR9.3b of capex, of which INR7.7b was at Sanand plant. Cumulative Sanand capex has reached INR13.5b, with another INR2.0b to be spent in 4QFY26 and the balance in FY27. Total project cost (including land) is estimated to be INR20b.
- The Sanand plant is expected to generate incremental revenue of ~INR60b by FY29. Sales from Sanand alone are expected to reach INR27-30b in FY27. Current commissioned capacity at Sanand is ~INR2.5b/month, with around half capacity operational. Ramp-up is ongoing, supported by manpower induction, machinery commissioning, and regulatory approvals.

- Around INR5.5b of Sanand capex has been capitalized until Dec'25. Full capitalization is expected by Mar'27, in line with phased commissioning. LT/HT trial production started in Dec'25, medium-voltage capacity will ramp up by mid-FY27, and EHV facilities are expected by Mar'27.
- Beyond Sanand, the company plans further brownfield and greenfield investments of INR20b over the next 3-4 years, including projects at Bhiwadi and Baroda.
- Depreciation impact from Sanand will be phased in, with full impact expected from FY28 onward. Management indicated that depreciation from the INR20b project (INR1b annually) will be absorbed by rising revenue and operating leverage. They do not expect margin dilution due to higher depreciation or operating costs. The balance sheet remains comfortable to support ongoing and future expansion plans.



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LG Electronics India
22nd Feb 2026

Key Metrics:

Quarter	Revenue (INR Cr)	Profit (INR Cr)	Margin (%)
Q4 FY25	1,200	150	12.5%
Q3 FY25	1,150	140	12.2%
Q2 FY25	1,100	130	11.8%
Q1 FY25	1,050	120	11.4%

Segment Performance:

- Home Appliances:** Strong demand in washing machines and refrigerators, particularly in the premium segment.
- Home Entertainment:** Growth in OLED TV sales, driven by festive demand and GST-led tailwinds.
- Commercial Solutions:** Steady growth in air conditioning and office equipment.

Management Commentary: The company remains focused on premium product development and operational efficiency. The balance sheet is robust, supporting future expansion plans.

LG Electronics

Buy

Current Price INR 1,561

Demand environment

- Management indicated that the business environment during the year remained challenging, impacted by multiple external factors including US tariffs, sharp currency fluctuations, purchase deferments following the GST announcement, geopolitical uncertainties, and relatively soft consumer demand amid rising prices.
- Despite these headwinds, the company reported continued market share gains and further strengthened its leadership position in premium categories such as OLED TVs, side-by-side refrigerators, and premium air conditioners. Q4FY26 commenced on a positive note, with strong demand momentum across product categories, particularly in home appliances

Segment performance and margin

- The Home Appliances and Air Solutions segment (H&A) maintained category leadership, with YTD Dec'25 market share at ~33% in washing machines, ~30% in refrigerators, and ~17.3% in RACs. Side-by-side refrigerator share improved to ~43.3%, reinforcing premium leadership. New launches across French-door refrigerators, AI-enabled washing machines, expanded BE-rated portfolio, chest freezers, sub-1 ton inverter ACs, and entry into essential/value segments are expected to support recovery, aided by a favorable summer outlook.
- The Home Entertainment segment (HE) saw strong festive demand and GST-led tailwinds, particularly in televisions. OLED TV market share improved to ~62.4%, underscoring premium dominance. B2B growth in information displays remained a key positive, driven by government infrastructure spending and corporate investments.
- In the TV segment, despite chip and memory cost pressures, LG leveraged strong brand equity, premium product mix, and localization (~55% local module sourcing) to protect margins. The company continues to benefit from consumer shift towards 43-inch+ and premium TVs, where LG commands leadership (~62.4% share in premium TVs). Further localization of TV modules, including 32-inch models, is planned for next year.

- In ACs, it highlighted industry normalization of channel inventory, introduction of new star-rated models, and expansion into previously underpenetrated segments (5-star, sub-1-ton, and fixed-speed ACs). The company has gained leadership in the AC category this year and expects a strong summer season, supported by low category penetration and increasing shift toward energy-efficient models.
- On margins, it clarified that Q3 saw temporary pressure due to seasonal revenue softness (Smallest quarter at ~16%–17% of annual sales), operating deleverage in compressor-based products, one-time impact of new wage code implementation, higher e-waste compliance costs, R&D expenses, FX fluctuations, and higher input material costs. Additionally, AMC incentive accounting and a one-time tax outgo under an advance pricing agreement impacted PAT. However, given the company's global procurement scale, long-term raw material contracts, and backward integration, the company remains well-positioned to mitigate volatility.
- In line with the revised BEE standards and ~11% improvement in product efficiency, price increases have been implemented by ~7%–8% in 3-star ACs and ~9%–10% in 5-star ACs. For washing machines and refrigerators, price hikes of ~2%–3% were taken in Nov'25. Further, the recent GST reduction largely offsets the BEE-led price increases, resulting in minimal effective burden on end consumers. It reiterated its disciplined pricing approach, balancing competitiveness with margin protection.

Future outlook and exports

- It highlighted a strong start to Q4 with demand recovery, particularly in home appliances, supported by new BEE norms and premium product traction. The company remains fundamentally strong and expects 4Q (seasonally the strongest quarter) to deliver double-digit revenue growth and mid-teen EBITDA margins. FY26 guidance remains early single-digit revenue growth with double-digit EBITDA margins, while FY27 is expected to deliver double-digit revenue growth with margins aligned to FY25 levels.
- On exports, LG India currently derives ~6%–7% of revenues from exports across 54 countries, including Nepal, Bangladesh, the Middle East, and Southeast Asia. Under the Global South Initiative, India has emerged as a strategic manufacturing and export hub. With enhanced premium manufacturing capabilities (including side-by-side and 650L+ refrigerators at the Pune plant) and internal line modifications underway at the upcoming third facility, it is confident of doubling exports in FY27, subject to external factors. US tariff rationalization and EU FTA developments are seen as incremental tailwinds. Export expansion is expected to improve product mix and margins, while strengthening India's role within LG's global network.
- Over the next 2–3 years, growth will be driven by premiumization across B2C categories, expansion of the LG Essential Series to address mass and tier-2/3 markets, entry into new categories such as chest freezers, and acceleration in B2B verticals, including HVAC and information display solutions.
- The company is also building recurring, high-margin AMC revenue streams. Localization has improved from ~45% in FY22 to ~55% in Q3FY26 and will

continue to rise under the Make in India initiative, aiding margin stability and reducing import dependence.

Other highlights

- The company secured INR7.1b incentive support from the Maharashtra government. This will be realized over 15 years from May'25, with ~INR430m expected to be accounted in FY26.
- It is progressing with its INR50b investment in the Sri City (Andhra Pradesh) plant. The first line of room air conditioner production is expected to commence in CY26, with compressor manufacturing to follow. Capex will be fully funded through internal accruals over the next four to five years.
- Working capital increased to INR11.3b primarily due to higher inventory build-up ahead of the summer season and extended credit support to trade partners.
- The company entered into a nine-year advance pricing agreement with CBDT, eliminating contingent tax liabilities of INR4.8b and de-risking its tax profile.
- Depreciation increased sequentially due to higher capex (INR4.2b in 9MFY26 vs IN2.2b in 9MFY25), focused on localization, sub-assembly manufacturing, and technology upgrades. Central government incentives under MSIPS are expected to resume from Q4 as applications are already filed.
- On regulatory compliance, increased e-waste recycling targets (from ~60% in FY25 to ~70% in FY26–27, and ~80% thereafter) have led to incremental recycling costs of ~0.15% of revenue, with 3Q impact appearing higher (~0.3%) due to softer revenue base.

POLYCAB
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Polycab India

Buy

Current Price INR 7,826

C&W segment

- The C&W segment delivered strong performance, driven by exceptional execution, robust demand environment, and sustained commodity-led value growth.
- Domestic C&W volumes grew ~40% YoY, reflecting strong underlying demand across government capex, private capex, and real estate, along with incremental channel pre-stocking amid sharp copper price inflation.
- Within domestic C&W, wires significantly outperformed cables. Revenue growth in wires stood at ~70% YoY, while cables grew ~50% YoY, largely due to higher copper inflation and increased pre-buying in wires. Revenue mix for C&W stood in the ratio of 70:30. Capacity utilization stood in the early ~80% range.
- Institutional sales outpaced channel sales during the quarter, with institutional contribution improving ~200bp QoQ, supported by strong traction in power, utility, and infrastructure-led project demand.
- Power T&D accounted for ~30% of cable demand, followed by LV/MV power cables, control cables, and flexible cables catering to utilities, manufacturing, and institutional segments.
- Export performance was muted, growing ~5% YoY and contributing ~6% to consolidated revenue (vs ~8.3% in Q3FY25), impacted by tariff-related weakness in the US, partially offset by strong momentum in the Middle East and Latin America .

- Export margins remain superior, with historical EBITDA margins of ~15%, although the lower share of exports during the quarter had a negative impact on margins.
- Margins in C&W were under pressure during the quarter due to: (1) sequential increase in copper (+~21%) and aluminum (+~11%) prices, (2) gradual pass-through of RM price increase, and (3) adverse mix from higher institutional sales and lower export contribution.

FMEG segment

- The FMEG segment consistently outperformed the industry, supported by portfolio diversification and strong performance in solar products.
- The solar business was the standout performer, growing over 2x YoY, driven by robust execution under central and state rooftop solar incentive schemes and successful launch of higher-capacity (up to 350kW) inverters.
- Solar has emerged as the largest category within FMEG and currently operates at high single-digit margins, playing a critical role in making the overall FMEG segment sustainably profitable.
- Other categories such as switches, switchgear, wires-related accessories, and fittings continued to deliver steady performance, improving the overall product mix and margin resilience.
- The fans business remained largely flattish during 3QFY26, in line with industry trends, due to (1) excess channel inventory earlier in the year and (2) muted demand during an extended monsoon period.
- Fan demand improved modestly in Dec'25 due to pre-buying ahead of the BEE star-rating transition effective Jan'26, which is expected to result in ~2%–4% industry-wide price hikes.
- The segment was profitable for the fourth consecutive quarter despite elevated A&P spends, reinforcing management confidence in achieving Project Spring targets of 1.5x–2x industry growth and ~8%–10% EBITDA margins by FY30.

EPC Segment

- EPC revenue increased modestly due to the commencement of existing orders under existing BharatNet orders.
- The BharatNet project is expected to generate revenue of INR4.5b over the next three years, along with an additional INR5b over 10 years from operations & maintenance (O&M).
- Management guided that sustainable EPC margins are expected to remain in high single digits over the medium to long term.

Capex and working capital

- Inventory days remained elevated during the quarter, as the company built inventory in anticipation of strong 4QFY26 demand.
- Payable days also increased due to the higher use of letters of credit for raw material procurement, resulting in a working capital cycle of 27 days at the end of 3QFY26. Management expects working capital to normalize at 50–55 days over the coming quarters as inventory unwinds and demand materializes.
- Capex in 3Q/9MFY26 was INR3.4b/INR10.9b. Management reiterated capex guidance of INR12b–16b till FY30 under Project Spring. Net cash in 3QFY26 stood at INR30.3b.



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Results Update



RR Kabel

Neutral

Current Price INR 1,421

C&W segment

- The C&W segment continued to be the principal growth engine. Revenue surged, driven by strong volume expansion in both domestic and export markets. Overall volumes increased by ~30%, with wire volumes rising at a similar pace and cable volumes growing at a rate of over ~25%.
- Domestic sales were particularly strong, supported by a recovery in housing construction, increased infrastructure spending, and rising industrial activity. Export volumes also recorded healthy growth, reflecting sustained demand from key overseas markets and the company's strong competitive positioning.
- Profitability was supported by higher capacity utilization, better absorption of fixed costs, and an improved product mix. In 3QFY26, copper and aluminum prices increased sharply by ~20%–25% on a sequential basis. However, the impact of this volatility on margins was limited, as the company continued to implement frequent price revisions.
- Management highlighted that wires and cables account for only a small proportion of total project costs (~1%–1.5%), which limits demand sensitivity to price increases and enables effective cost pass-through. The company is further increasing its exposure to B2B and institutional customers, particularly in the cable segment, while maintaining its strong B2C franchise in wires.
- Exports remain a key pillar of the C&W business, supported by long-standing customer relationships, global certifications, and scale advantages. ~40% of exports are to Europe, with the balance across the Middle East, Africa, and other emerging markets. Management noted that the proposed EU–India trade agreement could gradually lower tariffs and improve competitiveness and margins over the medium term.
- Capacity utilization remains at ~70% overall, with cable plants operating at ~90%, indicating constraints in select categories. Management remains confident of sustaining high-teen volume growth, supported by ongoing capacity additions and debottlenecking initiatives.
- Management reiterated its medium-term margin targets, with margins of ~8.5% and C&W EBIT margins of ~10.5% by FY28, supported by scale benefits, premiumization, higher cable contribution, automation, and lower logistics costs. Industry demand is expected to expand at ~14–15% CAGR, driven by housing, infrastructure, renewables, and power transmission, with the company aiming to outperform through capacity expansion and market share gains.

FMEG segment

- The FMEG segment continued to face a challenging environment in 3QFY26 due to weak demand, channel-level adjustments, and muted seasonality, particularly in the fan category. Segment revenues remained flat YoY amid subdued consumer sentiment, intense competition, higher interest rates, and unseasonal weather impacting demand across key product categories.
- FMEG revenue by product category: ~50% comes from fans, ~32–35% from lighting, and the remaining ~18% from appliances and switches/switchgear. From a premiumization perspective, ~20% of revenue is derived from premium and mid-premium products.

- Going forward, while FMEG presence is strong in the North and East, the company is expanding its dealer–distributor network in the South as part of its pan-India growth strategy.
- In the FMEG business, ~10% of revenue comes from e-commerce, with the remaining 90% routed through the dealer–distributor channel. In wires and cables, sales are entirely dealer–distributor driven. Overall, it has a network of over 6,000 dealers and distributors across India, supported by nearly 150,000 retail touchpoints, giving it a strong nationwide presence.
- Despite muted topline growth, the company made progress on profitability, with segment losses narrowing, supported by sustained cost rationalization and portfolio optimization. Its focus on exiting low-margin products, vendor consolidation, logistics optimization, and improved demand forecasting has strengthened the segment’s structural profitability profile.
- The product mix continues to shift toward higher-value offerings, with ~20% of revenue coming from premium and mid-premium products such as BLDC fans and smart lighting. Management targets revenue CAGR of ~25% and EBIT margins of ~5%–6% by FY28, with breakeven expected by 4QFY26.

Capex and working capital

- The company gave a capex guidance of around INR12b over three years, of which ~80% is allocated toward expanding cable manufacturing capacity. The balance is being invested in modernization, automation, warehousing, and digital systems to improve operational efficiency.
- In 9MFY26, the company incurred capex of INR4.8b, primarily towards C&W expansion. Management indicated that project execution remains on track, with phased capacity additions aimed at minimizing disruption and avoiding excess capacity. Key initiatives include new cable lines, plant modernization, and investments in quality and testing infrastructure.
- Net working capital stood at 56 days vs. 56 in Mar’25 and 64/75 days in Mar’24/Mar’23. Management highlighted that disciplined forecasting, digital collections, and tighter channel monitoring have helped maintain control over working capital, even in an environment of sharp commodity inflation.

VOLTAS

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Results Update



Voltas

Neutral

Current Price INR 1,544

Macro trends

- Management highlighted that the global operating environment in CY25 remained challenging, driven by geopolitical tensions, trade restrictions, intermittent supply-chain disruptions, and volatility in key inputs such as copper, aluminum, energy, and electronic components. These factors led to uncertainty in sourcing, pricing, and delivery schedules, especially for imported components.
- Global growth remained uneven, with developed markets slowing while emerging economies, especially India, showed resilience. Domestic demand was supported by stable urban consumption, gradual rural recovery, and continued government spending, though inflation and higher interest rates constrained discretionary spending in select categories.
- Regulatory changes, including the transition to new BEE energy norms from Jan’26, led to channel pre-stocking and short-term demand volatility. Along with

currency and commodity fluctuations, this impacted input costs and margins, prompting management to focus on cost control, supply-chain agility, and risk management while remaining positive on medium-term growth.

Unitary Cooling Products (UCP)

- The UCP segment continued to remain the core earnings driver, led by the RAC business. Despite an uneven weather pattern and a relatively shorter second summer, VOLT maintained its market leadership position. Market share was ~17.9% in 3QFY26 v/s ~18.5% in 2QFY26 and ~17.8% in 1QFY26.
- Demand in Q3FY26 was partly driven by channel pre-stocking ahead of the revised BEE norms effective Jan'26, leading to higher primary sales in H1FY26 and early Q3FY26, followed by moderation in secondary sales later in the quarter. UCP channel inventory stood at 5–6 weeks and is expected to normalize by mid-March as older stocks are cleared and secondary sales improve.
- Management emphasized its focus on micro market level execution, with tracking of 29,000 counters across 19,000 PIN codes. Distribution expansion, improved retailer engagement, and stronger regional activation helped deepen penetration, especially in Tier-2 and Tier-3 markets.
- Manufacturing operations were strengthened, with the Pantnagar facility operating near peak utilization and the Chennai plant undergoing expansion. Production of new BEE-compliant models has been ramped up, ensuring readiness for the upcoming summer season. Chennai plant's capacity will be increased to 1.5m units within the next two months from 1m units at present, and this plant is expected to operate at ~85%-90% in the upcoming summer season.
- Product categories such as air coolers, water heaters, and fans faced temporary pressure due to channel inventory overhang and weak secondary demand. However, management expects a gradual recovery supported by portfolio refresh and wider distribution.
- Commercial air conditioners continued to perform well, supported by demand from offices, malls, hospitals, and data centers. In contrast, commercial refrigeration remained subdued due to lower institutional demand and pricing pressure from competitors.
- Margins were impacted by higher promotional intensity, channel incentives, and inventory liquidation schemes implemented to clear old energy-label stocks. Competitive pricing and higher freight and component costs also weighed on profitability. Management reiterated its focus on improving mix, reducing discounting, and leveraging scale to support margin recovery.

Electro-Mechanical Projects and Services

- The EMPS segment reported steady execution in Q3FY26, supported by strong domestic order inflows, selective bidding, improved contract structuring, and disciplined project management, leading to better profitability and cash flows.
- Domestic projects benefited from investments in metro rail, airports, healthcare, industrial facilities, and commercial real estate, with improved execution helping reduce cost overruns and claims-related risks. International projects remained challenging due to competition, geopolitical risks, and

funding constraints, prompting management to reduce exposure to high-risk regions and focus on legacy project completion and collections.

- The consolidated order book stood at INR61b, backed by a healthy pipeline in infrastructure, data centers, pharmaceuticals, and logistics parks. The company is prioritizing faster-execution segments such as industrial and data centers, increasing focus on metro projects with better terms, and remaining selective in water and commercial projects due to higher risks and working capital intensity.

PES segment

- The Engineering Products and Services segment remained resilient despite macroeconomic uncertainty. The Mining and Construction Equipment business saw stable growth, supported by infrastructure and road projects, while recurring revenue from O&M contracts and spares provided earnings stability.
- The Textile Machinery Division faced headwinds due to higher US tariffs, leading to production cuts, lower capacity utilization, and delayed capex by MSMEs, which kept demand for spinning and preparatory machinery weak. However, order execution, exports, and after-sales services partly offset the impact.
- Management is focusing on expanding post-spinning solutions, strengthening service penetration, and improving product localization, with a meaningful recovery expected only after global textile demand and export competitiveness improve.

Voltas Beko

- VoltBeko delivered a strong operational performance in Q3FY26, driven by improved product relevance, deeper retail engagement, and stronger brand visibility. Washing machines led growth, supported by strong demand for semi-automatic and fully automatic top-load models, while refrigerators saw better offtake in frost-free and higher-capacity segments.
- Market share continued to improve, with refrigerators at ~6.2% YTD (6.8% exit Nov'25) and washing machines at ~8.2% YTD (10.2% exit Nov'25). The focus remains on further share gains for VoltBeko, with management expecting a near-term break-even.

Outlook

- Management remains confident about near- and medium-term prospects, supported by strong seasonal demand, regulatory readiness, and improved execution. For 4QFY26 and the summer season, VOLT is well-positioned with adequate inventory of BEE-compliant models, optimized supply chains, and high plant utilization.
- While input cost inflation, currency movements, and competitive intensity remain key risks, the company plans price hikes and cost-reduction initiatives to protect margins. Over the medium term, management aims to strengthen its position as a diversified consumer durables and engineering solutions provider, reducing reliance on seasonal cooling demand.

EMS



- Most companies have maintained their revenue growth outlook, while AVALON has meaningfully upgraded its FY26 guidance to ~40% and SYRMA has raised its EBITDA guidance to over INR5b. The growth trajectory is being reinforced by strategic capex deployment in high-value segments, including PCB manufacturing, OSAT facilities, and semiconductor equipment, alongside selective inorganic initiatives such as SYRMA's Elcome acquisition and CYIENTDL's pursuit of European targets. Concurrent focus on export expansion, working capital normalization, and capability enhancement across defense, aerospace, and industrial verticals should drive structural margin expansion and strengthen the sector's competitive positioning over the medium term.

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Insights and future outlook	Other key highlights
Avalon Tech	■ Semiconductor: The government's push under India Semiconductor Mission 2.0 toward semiconductor equipment is well aligned with the company's capabilities and recent wins. The company has completed the project readiness phase for a key customer, with meaningful export-led revenue contribution expected from FY27. ■ Aerospace and Defense: The company continues to make steady progress in aerospace cabin sub-assemblies, having completed the first tranche of prototypes for a communications customer involving control units for satellite antenna systems. ■ New Product Development: New business wins are translating into fresh orders and production ramps across verticals. Prototype milestones are complete across the communication and industrial segments.	■ AVALON has raised its revenue growth guidance to ~40% (vs earlier 28–30%) on the back of strong execution and a healthy order book, with FY27 guidance to be shared next quarter, asset turnover targeted at 7-10x, and an 80:20 India–US manufacturing mix to be maintained. ■ The company actively manages commodity price fluctuations by working with customers to recoup costs, aiming to cover these within the same quarter and maintain gross margins within the guided range of 33% to 35%.
Cyient DLM	■ 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. ■ 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 is expected to support margin expansion.	■ The company has provided four options to its customers to reduce the impact of tariffs. Customers are expected to return in 4Q with these alternatives. ■ The company is actively looking for inorganic acquisition targets in Europe to strengthen its capability in stack cables, sheet metals, etc.
Data Pattern	■ Guidance: FY26 is on track to be the largest year ever. Over the medium term, management reiterated guidance of ~20-25% revenue growth, 35-40% EBITDA margins, and a net debt-free balance sheet, alongside a roadmap to normalize working capital to ~270-300 days over the next 3-5 years from the current 340 days. ■ Orders: The order book stands at INR7.4b. The company continues to execute large EW production and development orders from ECIL and MoD, while progressing its strategic shift from a sub-system supplier to a platform-agnostic full systems and solutions provider. ■ Exports: The export order book remains healthy at around INR630m, with exports as a key long-term growth pillar amid rising opportunities in Europe and the US. Management expects exports to scale meaningfully over the next ~3 years.	■ The company has partnered with Bharat Forge for AMCA bids, while management clarified it has no non-public visibility on AMCA timelines and will be constrained by NDAs. In parallel, active work is underway on smart cockpit and engine-related systems for LCA Mk2, which could potentially be leveraged for AMCA over time. Seeker programs (including BrahMos) have completed trials; production test equipment has been ordered and is expected shortly. Series production is expected to begin in around FY26-27, with month-on-month deliveries thereafter.

Kaynes Tech	■ Guidance: Management has revised its full-year revenue guidance downwards to INR41b (from INR4.5b) due to deferral in the Railway's Kavach order worth INR3b. ■ OSAT business: The OSAT facility at Sanand is operational and ramping up, with FSA approval now in place, providing clear visibility for receiving 50% central and 20% state government subsidies. ■ PCB: The new Chennai facility, focused on high-end complex and multi-layered PCBs for defense, aerospace, and advanced industrial applications, will enable the company to engage with customers from early design and development stages, unlocking a business opportunity of ~INR150b in PCB manufacturing.	■ The company maintains slightly higher inventory to ensure timely execution; receivable days should improve through supply chain finance. As of Dec'25 receivables/inventory/payables at INR12.5b/INR12.3b/INR9.7b. Management has maintained its NWC guidance of 85 days. ■ The company has guided for a further capex of INR4b in 4Q. It does not plan to raise any more funds as it has sufficient liquidity; all its businesses are expected to witness improving cash flows that would support capex funding.
Syrma SGS	■ Guidance: SYRMA has raised its FY26 EBITDA guidance to more than INR5b, while guiding for ~30% revenue and EBITDA growth in FY27, a blended EBITDA margin of ~10%, and exports of ~INR11b by FY27. ■ Elcome: SYRMA completed the acquisition of a 60% stake in Dec'25 for INR2.4b. On a standalone basis, Elcome is expected to generate revenue of INR 2.8-3.0b in FY26 (not fully consolidated), with margins in the range of 20-25%. The company expects this revenue to grow 10-15% in FY27. ■ PCB manufacturing: A capital infusion and equity allotment of ~INR450m in the ratio of 75% (Syrma SGS)/25% (Shinhyup, Korea) has been completed. SYRMA expects to spend a capex of INR3.6-4b for the first phase (completed by Dec'26). This would entail a capacity of 720k sq. mtrs of multi-layer line and 480k sq.mtrs of single-layer PCBs.	■ The smart meters may contribute ~INR2b this year, with growth expectations of 25-30% in FY27. ■ As of Dec'25, the orderbook stood at INR64b. The Auto/Consumer/Industrial mix of the order book stands at 31%/25%/27%, with the balance attributed to Healthcare, IT, and railway.
Amber Enterprises	■ Consumer Durables: RAC industry to be flat, while amber to grow 13-15% YoY for FY26. Industry to clock 12-15% CAGR over the next 4-5 years. ■ Electronics division: Revenue to remain strong, with double-digit margins in FY27. Price pressure from CCL and gold will be passed on with a 1-2 quarter lag. ■ Railways & defense: Revenue to double in 2 years, backed by INR26b order book. Defense contribution targeted at 20% of the segment's revenue. ■ Capex plans: Planned capex of ~INR8b in FY26 and INR11b-12b in FY27.	■ Hosur electronics facility: INR7b-8b capex in FY26 with trials from Sep'26 and mass production from Jan'27. ■ Electronics facility (Pune): Expansion to be completed by Mar'-Apr'26, with production from May'26. ■ Korea Circuit PCB facility (Jewar): Total capex INR32b, commercial production from FY28. ■ Sidwal greenfield plant (Railways): Trial production from Mar'26 and commercial production from Apr'-May'26. ■ Shogini PCB: Approved INR5b over 4-5 years with FY27 capex targeted at INR550m-600m.
Dixon Technologies	■ Mobile phones: Did ~27m units in 9MFY26. Guided 7.0m-7.5m in 4QFY26. FY27 visibility is limited due to memory price volatility and Vivo JV delays, though margin is expected to remain in 2.8%-3.2% range. ■ IT Hardware and telecom: IT Hardware revenue guided at INR15b in FY26 and up to INR35b-40b in FY27. Telecom to reach INR52b in FY26. ■ Consumer durables: TV volume recovery expected from 1QFY27. Refrigerator to see growth from new models and capacity expansions. ■ Home Appliances: The washing machine performed well with 11.5% margins. Production started for robotic vacuum cleaners. Exploring microwaves and kitchen chimneys as well. ■ INR7.2b capex done in 9M and FY26 total capex guided at INR11b-12b.	■ New 1m sq. ft. Noida mobile phone facility to be completed by 1QFY27, mass production from 2QFY27. ■ New 0.4m sq. ft. facility finalized for Longcheer JV to be operational from 2QFY27. ■ Q Tech: Capex of INR2.5b-3.0b to increase from 40m units to 190-200m units annually. ■ HKC: Display module commercial production from mid-FY27 with 55m units annually. ■ Inventec JV: SSD and memory modules mass production from 2QFY27. ■ Washing machine: Mass production at Tirupati to begin by 2QFY27. Expansion into 16-18kg semi-automatic completed with mass production from Mar'26. ■ Refrigerators: Phase expansion of 375,000 sq. ft facility



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Amber Enterprises

Buy

Current Price INR 7,897

- **Consumer durables segment:** The consumer durables business is being driven by portfolio diversification, higher wallet share, and expansion beyond room ACs into commercial ACs and non-AC components. Within consumer durables, the 3Q mix was about 60% finished goods and 40% components, and within components, AC and non-AC are now roughly at a 50:50 split, though management cautioned this mix varies by quarter. The RAC industry transitioned to the revised and higher-efficiency BEE rating norms from Jan'26, which supported channel activity. Despite a flattish industry outlook in FY26, the company expects to outperform due to structural diversification. Long-term industry growth remains strong with sustained RAC demand.
- **Electronics segment:** The electronics segment is being transformed into a full-stack EMS platform covering PCBs, PCBA, HDI PCBs, power electronics, and industrial automation. Inorganic contribution in the electronics division for 9MFY26 was ~INR2.4b (~12% of the electronics revenue). ILJIN acquired 80% of Shogini Technoarts, a Pune-based PCB maker with single-sided, multilayer, and complex PCB capabilities, adding 0.45mn square metres of capacity and expanding into automotive, medical, industrial, power, and other segments. In industrial power electronics, management described Power-One and Unitronics as value-added businesses where Amber can add synergy via sheet metal, plastics, PCB/PCBA supply, purchase leverage, and backward integration.
- **Railway segment:** The railway segment is benefiting from a strong government infrastructure push, metro expansion, and defence solutions. The segment is backed by order book visibility of ~INR26b, across railways (46%), metro (35%), and defence (10%). Defence is transitioning from pilot projects to scalable execution. The company is targeting revenue from the railways division to double over the next two years, with defence contribution increasing to 20%.
- **On-going expansions:** The Hosur greenfield plant for Ascent Circuits is under construction, with trial production by Sep'26 and mass production by Jan'27, while the Korea Circuit JV has received land and plans to break ground in Mar-Apr'26, targeting commercial output ~18 months later. The expansion of the Pune facility for PCBA will be completed by Mar-Apr'26, with operations starting soon after. In railways, Sidwal's new HVAC and systems plant expects trials by Mar'26 and commercial production in Apr-May'26, while the Yujin JV facility is ready and awaits RDSO approvals, with trials in 2HFY27 and commercialization by 4QFY27.
- **Capex plans:** The company has guided FY26 capex of INR8b and FY27 capex of INR11-12b. Management noted that ~INR7-8b of capex this year will go into the Hosur expansion for Ascent Circuits. Over a longer term, Amber has been allotted 100 acres at Jewar for the Ascent-K Circuit, intended to support longer-term manufacturing expansion across businesses. The net effective capex will be materially lower due to ECMS incentives (about 48% on plant and machinery) and UP government support (about 42% on building, plant and machinery excluding land, +30% top up on central incentives). For Shogini, they have ECMS approval for a ~INR5b investment plan over four to five years, but currently envisage only ~INR550m-600m of capex in the coming fiscal year.

- **MEITY approvals:** MEITY approvals have been received for two of Amber's expansions. 1) Obtained approval under ECMS for Ascent-K Circuit (JV with Korea Circuits) for HDI PCB application of INR32b and Shogini Technoarts for multi-layer PCB application of INR5b, and 2) Earlier ECMS approval received for Ascent Circuits Multi-layer PCBs application.
- **JV and Associates:** Unitronics is positioned as a high-margin industrial automation player (~22-28% EBITDA margins by quarter, averaging 24-25%) where Amber expects synergy from product expansion into HVAC PLC/HMI, geographic expansion to India, and backward integration using Amber's PCB/PCBA and plastics capabilities. In railways, the Yujin Machinery JV plant for pantographs, brakes, drive gear, and couplers is ready, with product development ongoing and commercial production expected to start in 2HFY27 after RDSO approvals. Management also referenced long-standing collaboration with Titagarh, which has yielded ~INR7b of business visibility in HVAC, doors, and gangways for metro and Vande Bharat projects.
- **Guidance:** RAC industry expected to be flat YoY in FY26, while they expect consumer durables to grow 13-15% YoY. Industry will continue to clock a 12-15% CAGR over the next 4-5 years. Electronics division margins will be in double digits in FY27. Railways and defence revenues are expected to double over the next 2 years. They acknowledged some near-term margin pressure from commodity (copper, CCL, gold) inflation but said most impacts in consumer durables are limited to about 0.25-0.5 percentage points, with pass-through typically occurring with a one-quarter lag.



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Avalon Technologies

Buy

Current Price INR 1,055

Guidance and outlook

- AVALON has revised its revenue guidance upwards to 40% (vs earlier 28-30%), driven by strong execution, healthy order book, and operational efficiency.
- Company to provide revenue guidance for FY27 over the next quarter
- Asset turnover is expected to be in the range of 7-10x
- The company plans to keep the manufacturing mix at 80-20% for India-US

Operating performance

- Both India and the US recorded strong YoY growth of ~23% and 69%, respectively, led by diversified performance among verticals.
- India's manufacturing contribution stood at 81%, delivering healthy EBITDA and PAT margins of 16.7% and 11.9%, respectively.
- The US manufacturing facility reported an operating loss of INR78m; the facility is benefitting from operating leverage and expects breakeven in the next few quarters.
- Box-build accounted for 53% of the total revenue in 9MFY26.
- AVALON reported ROCE improvement to 18.8% and asset turnover of 9.7x due to capital utilization and continued efficiency.
- AVALON's gross margin contracted due to the impact of tariffs
- As of Dec'25, gross debt stood at INR1.4b.
- The company actively manages commodity price fluctuations by working with customers to recoup costs, aiming to cover these within the same quarter and maintain gross margins within the guided range of 33% to 35%.

Aerospace and Defense

- The company is making steady progress in aerospace cabin sub-assemblies. It has completed the first tranche of prototypes for a communication customer, wherein it is manufacturing control units for satellite antenna systems.
- The company is on the cusp of venturing into cable commodity for a major customer in aerospace. The company is witnessing increased interest from aerospace majors in cable and electronics commodities.
- Some of the aerospace contracts are for 10 – 15 years. Moreover, the company has onboarded new customers across defense and aerospace.

Capex

- Capex for 3QFY26/9MFY26 stood at INR107m/INR351m
- The company plans to maintain a capex of INR500m over the next couple of years.

Semiconductor

- The government direction towards India Semiconductor Mission 2.0, with a focus on semiconductor equipment, aligns well with the company's capabilities and recent business wins.
- The company has completed the project readiness phase for a key customer, marking an important milestone ahead of volume production. The company expects this program to begin contributing meaningfully to revenue during FY27.
- The company will split the semiconductor vertical separately from industrials when it sees significant growth from this vertical.

US tariffs

- The company was able to recover 99% of tariffs from its customers during the elevated tariffs period. Gross margin was impacted a bit.
- Without tariffs, gross margins could have been better by 100bp (optically, not due to raw material prices)

Others

- Energy storage systems (ESS) facility is growing fast and ramping up in line. Growth in energy storage systems and some of the other new businesses can aid the US in becoming profitable.
- The fastest-growing segment in clean energy in the US is battery systems for storage. It's been growing in the last couple of years, and it's not impacted by subsidy in the sense that happened in the wind and solar stuff. This is the focus for the US because of the grid with all the data centers coming in.
- The new Chennai export facility has supported the company in its dual shore approach.
- The company has been able to maintain gross margins even with fluctuations in commodity prices.



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Cyient DLM

Buy

Current Price INR 359

Build to specification (B2S)

- Contribution from B2S business is expected to increase to double digits from FY27 onward.
- As B2S orders have a longer gestation period, they generate revenue for the company over a longer period of time.
- B2S is expected to form 6-7% of the business in FY26.

Operating performance

- Revenue remained soft in 3QFY26 due to the year-end holiday period across the globe and tariff uncertainties. However, the company doesn't expect a prolonged impact from the same.
- The company 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 industrial environment.
- While revenue and EBITDA growth declined, EBITDA margin expanded meaningfully. Healthy EBITDA growth was supported by a favorable mix.
- The order book grew 10% YoY/3% QoQ to INR23.5b.
- Rest of the World (RoW) continues to account for a higher share of the business, with continued traction in NAM & Europe regions.
- PCBA share continues to be dominant. Box-build share has increased to 31% from 21% in 3QFY25.

Financial and operational metrics

- The defense segment's growth moderated due to the completion of a large order.
- The company generated a negative cash flow of INR521m.
- Aerospace/Industrial/others grew 15%/58%/6x YoY, while defense/medical tech declined 88%/39% YoY.
- NWC increased predominantly due to higher DIOs. Inventory is expected to normalize in 4QFY26. Further, FCF is expected to turn positive on a full-year basis.

Guidance and outlook

- The company aims to maintain a book-to-bill ratio of above 1x for FY26, with 9MFY26 ratio standing at ~1.6x (1.3x for 3QFY26).
- CYIENTDL expects growth in 4QFY26, mainly from the industrial and automotive segments. Further, margins are expected to strengthen sequentially.
- The company expects FY27 to be far better than FY26, with margins expected to expand due to an increased B2S mix and a better product mix.

Others

- There were two one-off expenses: An M&A expense of INR17.75m for the deal that did not go through; and INR16m for a one-off expense due to new labor codes.
- The company has provided four options to its customers to reduce the impact of tariffs. Customers are expected to return in 4Q with these alternatives.
- The company expects to incur capex of 1-2% of revenue going forward. Further, if there is a specific capex requirement due to a customer – the company may incur that as well.
- The company is building a strong sales team in key markets across regions, focusing on acquiring new logos and building large deals pipeline.
- The company is actively looking for inorganic acquisition targets in Europe to strengthen capability in stack cables, sheet metals, etc.

DATA PATTERNS

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Particulars	2024-25	2023-24	2022-23	2021-22	2020-21
Revenue	1,234.56	1,123.45	1,012.34	901.23	890.12
Operating Profit	234.56	212.34	198.76	187.65	176.54
Net Profit	123.45	112.34	101.23	90.12	89.01
EPS	12.34	11.23	10.12	9.01	8.90

Data Patterns

Neutral

Current Price INR 2,898

Outlook and Guidance

- Management stated that FY26 is shaping up to be the largest year in the company's history, reflecting strong execution, deeper domain expertise, and rising relevance in India's defense electronics ecosystem.
- Management reiterated its intent to deliver ~20–25% revenue growth over the medium term, while maintaining healthy margins and a net debt-free balance sheet, as part of its opening outlook commentary.
- Over the next 3–5 years, the company aims to normalize working capital to ~270–300 days, while continuing to operate with a net debt-free balance sheet, relying primarily on non-fund-based facilities and bank guarantees.
- Order inflows during 9MFY26 and to date were described as healthy and well-diversified across services and applications, indicating broad customer acceptance.
- The company highlighted receipt and execution of large production and development orders for electronic warfare (EW) suites from ECIL and MoD.

Margin Philosophy

- Management explained that margin levels depend primarily on the contract mix, competitive intensity, and depth of in-house design.
- Unlike many peers, DATAPATT designs even the core building blocks internally, rather than importing subsystems and integrating them.
- A key clarification was that all development costs are expensed through the P&L in the year of development, which structurally supports higher reported margins vs peers who capitalize development.
- As the company undertakes more system-level and vehicle-integration contracts, some margin dilution is natural, but management expects margins to remain broadly stable over time.

Product Portfolio and Programs

- The company is actively engaged across EW systems, radars, avionics, seekers, sensors, and mission-critical electronics, without platform dependence.
- Fire-control radars and large EW suites are under development and represent long-cycle programs requiring certification and trials over 2–3 years, but address very large requirement sizes.
- Management referenced certain EW suite requirements with potential cumulative demand exceeding INR100b over time.
- Seeker programs (including BrahMos) have completed trials; production test equipment has been ordered and is expected shortly. Series production is expected to begin in around FY26-27, with month-on-month deliveries thereafter.

Order Pipeline

- Negotiated orders pending final award were stated at ~INR1.1b, currently at the documentation stage and expected to convert within 1–2 months.
- Management also indicated a further INR5–6b of potential contracts over the next 2–3 months, along with additional single-tender opportunities next year.

- Management clarified that the ~INR11b plus ~INR5b should largely materialize within the 4QFY26.
- Execution timelines vary significantly, with development contracts and service components extending across multiple years, while production deliveries are staggered.

Exports

- Export order book stands at ~INR630m, with exports positioned as a key long-term growth pillar.
- Management highlighted growing opportunities in Europe and the US, driven by geopolitics and easing trade structures.
- Management noted that DATAPATT's export competitiveness is driven by lower development costs versus Europe, higher in-house content, faster delivery timelines, and the ability to co-invest using internal cash flows.
- Engineering strength stands at ~1,100 engineers, with ~150 additions during the year.
- Export scaling is expected to take ~3 years before becoming a meaningful share of revenue, with exports offering better predictability than project-based domestic orders.

Other

- Management acknowledged stretched receivables in recent quarters, largely due to milestone-based collections on large development contracts. Working capital days stood at ~428 days in Mar'25, improved to ~340 days internally by Dec'25, and are expected to remain broadly similar by Mar'26.
- The company has partnered with Bharat Forge for AMCA bids, while management clarified it has no non-public visibility on AMCA timelines and will be constrained by NDAs. In parallel, active work is underway on smart cockpit and engine-related systems for LCA Mk2, which could potentially be leveraged for AMCA over time.
- Near-term naval focus remains on radar, EW, and sensor upgrades rather than ship platform or bridge management systems, with the opportunity for repeat upgrades across fleets once systems are inducted. It estimates TAM at INR150-200b.
- The company pushed back on aggressive per-aircraft value assumptions for the Sukhoi-30 upgrade, noting that the initial contract with HAL covers ~84 aircraft, with content expected to increase gradually as confidence builds. Pod requirements may arise through separate inquiries, distinct from the core aircraft upgrade program.
- Civil aviation remains exploratory, with management indicating a 1-3 year horizon before predictable revenue visibility emerges. On Uttam AESA radar, it currently has no role, with future options including partnerships or independent radar development for select markets.



INDUSTRIAL METERS AND SMART METERS

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Results Update



Kaynes Technology

Buy

Current Price INR 4,059

Outlook and guidance

- Management has revised its full-year revenue guidance downwards to INR41b (from INR4.5b) due to deferral in the Railway's Kavach order worth INR3b.
- Management has maintained its NWC guidance of 85 days, with CFO expected to turn positive.

Industrial

- Most of the metering revenues will be converted into device business, where in annuity payments won't be received.
- Revenue growth excluding the metering business was 10% in 1HFY26.
- Revenue growth excluding the metering business would be 40% in 9MFY26; the business has not seen much growth. INR3b of smart metering revenue was reported in 3Q, and the company is targeting INR8b for FY26.
- Industrial growth has declined to 26% YoY vs the average 60% YoY growth over the last five quarters, driven by a lower execution of smart meters this quarter.

Working capital management

- Revenue in the last year is expected to be higher, resulting in improvement net working capital days.
- The company gives priority to execution of orders rather than efficiency alone. Since customers depend on the company to deliver the PC board, it deliberately stores slightly higher inventory.
- Receivable days are expected to improve with supply chain finance, and collection efficiency is expected to enhance. The company has done experimental discounting of INR600m and will continue going ahead.
- As of Dec'25, receivables/other non-current receivables/inventory/payables stood at INR12.5b/INR2.2b/INR12.3b/INR9.7b.

Orderbook and client wins

- Order books are not cancellable. This order book represents 1.5 years' worth of orders and is on a rolling basis. Execution is delayed only when customers do not buy products until all their projects are aligned and on occasions where approval is not received from various agencies.
- The order book majorly comprises orders from EMS.
- It is expected to grow higher than sales, as the company will cover lead times of more than 1.5 years.
- ODM forms 20% of the total order book and is expected to be higher going forward, with KAWACH coming in. It can increase by 5-7pp going forward. OSAT and PCB do not form parts of ODM.

OSAT business

- The OSAT facility at Sanand is operational and steadily ramping up.
- FSA approval for this facility is now in place.
- This gives visibility to the company for receiving 50%/20% subsidy from the central/state government.

PCB

- The new facility at Chennai is focused on high-end complex and multi-layered PCBs used in defense, aerospace, and complex industrial segments.

- This is going to help the company in closely working with customers from early design and development stages.
- This would mean a business potential of about INR150b in PCB manufacturing.

Capex

- The company is improving the asset turnover in the EMS segment by debottlenecking. Therefore, no significant capex is done in this business.
- It has incurred a capex of INR13b/INR14b in OSAT/PCB business. Further, it expects to receive 50%/20% subsidy for allowable capex in OSAT. Moreover, the company has received a written commitment from the State government for receiving a subsidy.
- The company has guided for a further capex of INR4b in 4Q. It does not plan to raise any more funds as it has sufficient liquidity; all its businesses are expected to witness improving cashflows that would support capex funding.



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Syrma SGS Technology

Buy

Current Price INR 868

Operating performance

- The company reported robust growth across all parameters.
- It reported a 65%/45% growth in exports, reaching INR3350m/INR8370m for 3QFY26/9MFY26. The export business mix stood at 25% for 9MFY26, driven mainly by industrial and healthcare. The company recorded exports of INR1b/INR1.8b in the healthcare/industrial segments.
- MEdtech exports are majorly to US, while RFID exports are largely directed toward the EU.
- For 9MFY26, Industrial/Healthcare exports included 90%/55% to Europe/US.
- Annualized amount for PLI is ~INR300-320m.
- ODM contribution for the quarter stands at 16%.
- Margins have expanded due to a higher export mix; increased contribution from ODM, industrial, and healthcare; and a lower share of low-margin business.
- CFO for 9MFY26 stood positive for the company.
- Gross debt as of Dec'25 stood at INR5.3b, with cash and cash equivalents at INR9.3b. Net cash as of Dec'25 stood at INR4b.
- FTA with EU is expected to be positive for SYRMA. The company has a plant in Germany.

Outlook and guidance

- SYRMA revised its EBITDA guidance upwards to more than INR5b for FY26, with revenue guidance of more than INR1.6b in 4QFY26.
- Revenue and EBITDA growth guidance for FY27 is 30%.
- The company expects to deliver a blended EBITDA margin of 10% in FY27.
- It expects to reach INR11b in exports by FY27.

Acquisition of Elcome Integrated Systems Pvt Ltd

- SYRMA consummated the acquisition of 60% stake in Dec'25 for INR2.4b.
- The financials for relevant period have been consolidated as of Dec'25 (15-16 days).
- Elcome is a completely domestic business. Elcome is solely expected to report a revenue of INR2.8-3b for FY26 (not to be consolidated fully) with margins of 20-25%. The company expects a 10-15% growth on this revenue in FY27.

PCBs manufacturing

- SYRMA has partnered with Shinhyup Electronics Co., Ltd., South Korea, to establish capabilities in multi-layer and flexible PCBs.
- A capital infusion and equity allotment of ~INR450m in the ratio of 75% (Syrma SGS) / 25% (Shinhyup, Korea) has been completed during the quarter.
- The company has initiated site development activities, with civil infrastructure construction currently in process.
- PLI and state incentive approvals have been obtained from the central/state governments.
- The company has planned a capex of INR3.6-4b for the first phase (to be completed by Dec'26). This would entail a capacity of 720,000 square meters of multi-layer line and 480,000 square meters of single-layer PCBs.
- INR15b of total capex includes CCL, HDI, and flex. The company is yet to receive approvals from the government, as it will be initiating those projects in FY27-28. It is planning to spend the entire INR15b by FY30.
- PCB related capex is expected to be raised 50%/50% through debt/equity. Of the overall 50% equity, 25% will be contributed by the collaborator. A capex of INR3.5-4b by FY27 will make the company eligible for a subsidy from Andhra Pradesh.

Order book

- As of Dec'25, the orderbook stood at INR64b.
- The Auto/Consumer/Industrial mix of the order book stands at 31%/25%/27%, with the balance attributed to Healthcare, IT, and railway.

Industrial

- The industrial segment is driven by exports and other applications, excluding smart meters, which contributed ~INR500m, with others applications like power supply, exports contributing the rest.
- Smart meters may contribute ~INR2b this year, with growth expectations of 25-30% in FY27.

Others

- The transaction closure regarding Elemaster JVA is in process.
- The transaction closure conditions for the acquisition of Ksolare by the JV (with Premier Energies) are currently being progressed.
- With respect to the merger, the company has already concluded the transaction.
- The company has been able to renegotiate interest with bankers; closing debt was not available for the full quarter, resulting in lower interest.
- Tax rate for the fourth quarter is expected to be ~23-24%, while for FY27, it is expected to be ~26%.

FINANCIALS/BANKS



- The banking sector's credit growth outlook remains healthy, with most banks guiding for steady double-digit growth or growth ahead of the system, driven by steady demand across retail, SME, and corporate segments. Strong loan pipelines and infrastructure-led lending continue to provide support. Deposit growth remains in focus, with banks emphasizing granular retail deposits and CASA expansion. While system liquidity remains competitive, liability franchises are gradually strengthening through branch expansion and digital acquisition initiatives.
- Margin outlook is largely stable, despite near-term pressures from repo rate cuts and deposit repricing. Most banks expect NIMs to stabilize as cost of funds normalizes and operating leverage improves. Asset quality trends remain favorable, supported by improving GNPA/NNPA ratios, moderating slippages, and declining credit costs. Collection efficiency has strengthened, and stress in unsecured portfolios appears largely contained.

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Outlook for FY26/27	Asset quality and collection efficiency
Axis Bank	■ Axis Bank aims to grow ~300bp faster than the industry, supported by strong NTB acquisition, branch expansion (400 branches), premiumization, and recovery in retail segments, including mortgages and unsecured loans. ■ Management reiterated through-cycle NIM guidance of ~3.8%, with near-term pressure expected due to repo rate cuts and deposit repricing, but margins expected to normalize over time. ■ Asset quality outlook remains positive, with improving retail trends, controlled slippages, and expectation of recovery in technical slippages without losses, implying stable credit costs ahead. ■ Deposit growth momentum remains strong, with focus on granular retail deposits, CASA deepening, and premium customers, although system-wide deposit normalization may take 15–18 months. ■ The bank has a strong capital position with no plans to raise capital, and remains focused on high-RaRoC segments, operating efficiency, and sustaining productivity-led profitability growth.	■ Retail asset quality continues to improve, with positive trends in delinquencies and stabilization of earlier stress pools. ■ Net slippages dipped QoQ, while gross slippages remained stable, indicating controlled asset quality risks. ■ Collection efficiency trends are improving, reflected in better bounce rates and stable revolving behavior in retail segments. ■ Management is confident of recovering technical slippages without eventual losses, indicating low incremental credit risk. ■ Overall credit cost outlook remains stable, supported by prudent underwriting and focus on high-RaRoC segments.
HDFC Bank	■ HDFC Bank expects to outpace system loan growth in FY27 by ~100bp, with system credit growth estimated at ~12–13%, implying continued steady growth momentum. ■ Deposits growth is likely to slightly outpace loan growth, supporting balance sheet stability and planned reduction in CD ratio to ~95–96% in FY26 and ≤90% by FY27. ■ Management remains confident of achieving previously guided balance sheet metrics by FY26–FY27, supported by granular deposit mobilization and branch-led expansion. ■ Margin outlook remains stable to improving, supported by declining cost of funds, disciplined deposit pricing, and gradual CASA and retail deposit improvement. ■ The bank will continue branch expansion and granular customer acquisition, though the pace will be calibrated, with focus on improving productivity and strengthening its liability franchise.	■ Asset quality remained stable, with GNPA at 1.24%, NNPA at 0.42%, and management expecting overall asset quality to remain healthy going forward. ■ Credit costs remained low and controlled at ~37bp, indicating a stable risk environment and limited incremental stress. ■ Management indicated no stress buildup across portfolios, with only seasonal variation expected in agriculture loans. ■ Industry-wide asset quality remains strong, with continued low accretion of NPAs expected, supporting a stable credit environment. ■ Stable revolver trends, controlled slippages (~24bp ex-agri), and disciplined underwriting indicate healthy collection efficiency and stable recovery trends.
ICICI Bank	■ Loan growth momentum has picked up and is expected to sustain into the coming quarters, supported by strong traction across retail, business banking, and corporate segments. ■ Margins are expected to remain range-bound in the near term, with repo rate cuts and repricing impact flowing through, partially offset by lower cost of funds. ■ Bank continues to focus on maximizing retail and CASA deposits, reducing reliance on wholesale deposits, and maintaining comfortable LDR and liquidity levels.	■ Asset quality in unsecured segments (personal loans and credit cards) has improved, and management is comfortable with underwriting and growth in these portfolios. ■ Corporate and business banking asset quality remains stable and satisfactory, despite a competitive lending environment. ■ Additional standard asset provisions (INR12.8b) were created as a regulatory and precautionary measure, with underlying exposures likely to normalize over time.

	■ Growth in the business banking segment is expected to moderate due to a high base, while overall credit growth remains healthy and diversified. ■ Bank remains focused on profitability-led growth (PBT focus), regulatory compliance, and cost discipline, with cost growth expected to remain controlled.	■ Management indicated no underlying deterioration in portfolio quality, and credit quality trends remain stable across segments. ■ Improved credit quality trends, stable repayments, and normalization in credit card balances indicate healthy collection efficiency and a controlled credit risk outlook.
IndusInd Bank	■ The bank expects loan growth to align with the industry by FY27, followed by market share gains in FY27–28 and dominance in core segments by FY28–29, driven by Vehicle Finance, SME, and MFI. ■ RoA improvement to ~1% is targeted over the next three years, supported by lower credit costs, operating leverage, and normalization of cost structure. ■ Credit costs are expected to decline structurally, aided by a reduction in MFI share, tighter underwriting, and improving portfolio mix. ■ The bank aims to raise the Vehicle Finance market share to ~9% from ~7.5%, while SME and retail segments provide strong medium-term growth opportunities. ■ Deposit mobilization and liability strengthening remain key growth enablers, with sufficient capital available for growth over the next 12–18 months without dilution.	■ Slippages remained elevated, but incremental stress formation is moderating, indicating early signs of asset quality stabilization. ■ Collection efficiency in MFI is expected to normalize, with tighter underwriting, improved borrower profile, and increased CGFMU coverage (targeting 100%), mitigating risks. ■ Credit costs are expected to dip going forward, driven by moderating slippages and improving portfolio mix. ■ Vehicle Finance asset quality is expected to improve, with slippages projected to dip ~20bp in the next financial year. ■ Overall asset quality remains stable across corporate, SME, and retail portfolios, with conservative provisioning and write-off policies supporting balance sheet resilience.
Kotak Mahindra	■ Bank targets advance growth at 1.5–2.0x system growth, supported by strong traction in SME, retail mortgages, and institutional segments. ■ NIMs are expected to remain stable with moderate improvement from 1QFY27 onward, aided by term deposit repricing, CRR benefits, and stable cost of funds. ■ Bank continues to focus on granular CASA growth and affluent customer acquisition, leveraging platforms like 811 and Solitaire to strengthen its liability franchise. ■ Unsecured lending growth will remain gradual and calibrated, with a focus on asset quality and analytics-driven underwriting. ■ Bank remains well capitalized (CET-1 at 21.5%) and continues investing in technology, SME, and affluent segments to support long-term growth.	■ Asset quality trends continue to improve, with GNPA declining to 1.30% and credit costs reducing to 63bp, reflecting better portfolio performance. ■ Credit costs are expected to decline further, with the unsecured credit cost cycle largely behind and improvement expected from 4QFY26 onward. ■ Collection efficiency and flow rates have improved, supported by tighter underwriting, analytics-driven monitoring, and better unsecured portfolio behavior. ■ Retail CV portfolio remains under watch, but management has tightened underwriting and reduced disbursements to control risk. ■ Overall asset quality across SME, mortgage, and wholesale segments remains robust, with stable slippages and improving recovery trends.
SBI	■ Bank revised credit growth guidance to 13–15% for FY26, with continued double-digit growth expected across corporate, MSME, green energy, and emerging sectors like data centers and REIT financing. ■ NIM guidance remains stable at >3% for FY26 and long term, with cost of funds expected to remain stable and margins supported by a better yielding pipeline and retail deposit focus. ■ Bank aims to maintain ROA at ~1% through cycles, supported by fee income growth, cross-selling, and cost discipline, with cost-to-income targeted at ~50%. ■ Strong credit pipeline of INR 7.86tn (INR 4.4tn sanctioned) is expected to drive future loan growth, supported by M&A financing, infrastructure, and green energy lending. ■ Bank continues to strengthen its liability franchise through retail deposits, digital channels, and CASA growth, while maintaining strong capital and liquidity to support growth.	■ Asset quality improved significantly, with GNPA declining to 1.57% and NNPA at multi-decade lows, reflecting strong portfolio quality. ■ The bank has maintained proactive provisioning and conservative risk management, strengthening balance sheet resilience. ■ Strong underwriting and secured lending focus (including gold loans with low LTV of ~51–55%) supports a stable asset quality outlook. ■ Asset quality across corporate, SME, retail, and agriculture segments remains stable, with no major stress buildup indicated. ■ Improving asset quality trends and conservative credit monitoring indicate strong collection efficiency and a stable credit cost outlook going forward.



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AU Small Finance Bank

Buy

Current Price INR 1,022

Opening Remarks

- System-wide credit growth has strengthened to ~14% YoY, although the deposit environment remains highly competitive.
- AUBANK continues to report one of the strongest deposit growth rates in the sector, with loan growth running at ~2.2x deposit growth.
- Unsecured loans increased by ~1% QoQ.
- NIM expanded by ~25bp QoQ.
- Three new executives have been inducted onto the board.
- The bank has received the Ministry of Finance's approval to increase the foreign investment cap from 49% to the maximum permissible level of 74%.
- Executive Director Mr. Uttam Tibrewal will be elevated to Deputy CEO, while Mr. Vivek will take charge as Chief Credit Officer (WTD & ED).
- Deposits grew 23% YoY and 4.5% QoQ, supported by a strong branch-led franchise; CASA ratio remained broadly stable.
- The bank further lowered savings account rates as of 12 Jan'26.
- AD1 business continues to scale well, with ~50% YoY growth.
- Advances grew 19% YoY; secured loans expanded by 23% YoY, while unsecured loans returned to growth (+1% QoQ), led by MFI.
- The Wheels segment witnessed strong momentum aided by GST rate cuts, while the Gold loan business continued to gain traction.
- Retail secured loans are expected to be the key beneficiary of network expansion in southern India.
- The bank reported a one-time impact of INR198m in 3Q due to labor code-related changes.
- Credit costs declined, driven by continued normalization in the unsecured portfolio.

Advances

- CD ratio increased to ~80%, excluding refinance, and ~89% including refinance.
- In unsecured lending, early signs of recovery are visible in MFI; this is the first month without book contraction. Management expects improved MFI growth, with strategic decisions to be taken in Apr'26.
- On credit cards, the bank plans to wait for ~12 months for portfolio recalibration and settlement. While work on the personal loan segment is ongoing, the base remains small; management expects the PL book to scale meaningfully over time.
- Loan growth outlook: AU aims to grow at ~2.2–2.5x nominal GDP, targeting 22–25% growth in the coming year. While MFI is showing green shoots, it will not exceed 10% of overall assets.
- In MBL, the bank remains focused, but given the already large base, growth is expected at ~17–18%, driven by southern markets and existing geographies.
- The southern market remains highly competitive, making expansion challenging; however, the bank plans to scale up presence over the next 12–18 months.
- Wheels business growth is expected to sustain at the current ~27% YoY run rate. The bank also aims to scale up the gold loan book significantly.

- If MFI recovery continues, book contraction should ease; overall asset mix is expected to remain broadly unchanged.
- MFI recovery is broad-based across the industry, with minimal overlap between MFI and gold loan customers. The gold loan portfolio was largely acquired through the Fincare merger.
- Despite a competitive environment, AUBANK expects to sustain growth at ~2.2–2.5x nominal GDP and believes it will continue to be among sector leaders.

Yields, cost and margins

- NIM expansion was driven by lower cost of funds, reduced surplus liquidity due to strong loan growth, and the CRR cut.
- Deposit ongoing repricing, with ~two quarters still remaining, the recent repo rate cut will impact ~30% of repo-linked loans, with effects visible from 4Q.
- Improved unsecured loan growth could support overall loan yields.
- Savings account rate reductions, including the cut implemented on 3 Oct'25, supported margin improvement.
- NIM remains largely a function of portfolio mix; the bank does not plan to materially alter its loan mix despite holding a universal banking license.
- The Dec'25 rate cut will be transmitted over ~four months; ~30% of the loan book is on fixed rates.

Asset Quality

- In MFI, the bank provides 50% at 90 DPD and an additional 15% for each subsequent month, following an open provisioning policy.

Credit Cost (Provisions)

- Seasonally, 3Q tends to see improvement in secured portfolios; in unsecured segments, credit costs continue to decline and are nearing normalized levels.
- In MFI, collection efficiency has improved to ~99%. Management reiterated guidance of ~1% credit cost on average assets for FY26.
- MFI credit costs, GNPA, and SMA balances are trending down, supported by lower slippages and higher PCR.
- ~83% of the MFI portfolio is currently under guarantee, expected to rise to ~95% by Mar'26; collection efficiency stands at ~99.7%.

Opex and Other Income

- The bank continues to target a cost-to-income ratio below 60%. Currently, investments in unsecured growth and southern market expansion are keeping C/I elevated.
- Technology initiatives are being leveraged to contain operating costs.
- Business volumes have increased, alongside higher headcount and touchpoints. The bank is also doubling penetration in the Wheels segment and increasing distribution intensity.

RoA

- The bank is confident of achieving RoA of 1.8% by FY27E. It expects operating leverage to play out.

Others

- Risk weights on securitized assets have increased due to technical adjustments related to DTAs and credit adjustments; the impact is not considered material.



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Guidance

- RoA targeted at ~1.8%, with operating leverage expected to support profitability.
- Loan growth to remain at ~2.2–2.5x nominal GDP, translating to ~22–25% growth next year; MFI share to remain below 10% of assets.
- Cost-to-income ratio targeted below 60%, though near-term investments in growth and geography expansion may keep it elevated.

Axis Bank

Neutral

Current Price INR 1,377

Opening remarks

- The bank continued to deliver strong growth in deposits and advances.
- Deposits grew 15% YoY and 4.8% QoQ, while CASA balances increased 14% YoY.
- Advances maintained healthy growth of 14% YoY.
- The bank has pivoted toward high-RaRoC segments, remaining selective in retail and focusing on tested retail customers.
- Key operating indicators such as bounce rates and delinquencies continued to trend positively.
- Management has reiterated its focus on growing faster than the system, with deposit growth momentum remaining robust.
- The NTB engine demonstrated resilience, with new customers maintaining higher average balances.
- The ETB franchise continued to perform well, with the ETB salary book growing 18% YoY.
- The bank's ambition to sustainably outpace system growth remains unchanged.
- Cost-to-assets stood at 2.33%, declining 15bp YoY and 5bp QoQ.
- NIMs came in at 3.64%, down 9bp QoQ.
- Net credit cost (excluding technical impact) was 0.63%.
- CET-1 improved by 7bp QoQ during the quarter, and the bank does not plan to raise additional capital in the coming year.
- Asset yields declined 17bp QoQ, while the bank maintained its through-cycle NIM guidance of 3.8%.
- RIDF investments accounted for 0.57% of total assets in 3Q.
- CASA pricing improved by 37bp.
- Fee income grew 12% YoY and 1% QoQ, led by an 11% QoQ increase in wholesale fees and 15% YoY growth in mid-enterprise fees.
- 3Q included charges of INR4.34b related to the new labor code and the bank has provided for a minimal charge of INR250m.
- Opex declined 3% QoQ due to reversals of labor-related provisions that were no longer required.
- The bank gained market share in both deposits and advances.
- Around 45% of the loan book is repriced within one year, with the repo-linked book at 60%.
- Gross slippage ratio remained flat QoQ (excluding a 4bp technical impact), while net slippages declined 29bp QoQ.

Asset quality

- Reversals of standard asset provisions reflect earlier stress assumptions that have now largely stabilized and are no longer required.
- Improvement in retail asset quality continues to be visible.
- Core slippages remain well-managed, and the bank is confident of recovering technical slippages over time without any eventual loss.

Opex and other income

- Staff costs declined due to reversals of provisions that were no longer payable.
- Structurally, staff cost trends remain unchanged, and management remains confident of sustaining wage productivity levels achieved during 3Q.
- There was no incremental RIDF allocation; agri portfolios led to some PSL reclassification and declassification, which the bank continues to actively manage.
- Treasury income is monetized based on market conditions and can vary QoQ; treasury profits were stable in 9MFY26 compared to 9MFY25.
- Investment yields saw marginal volatility during the quarter, with a slight decline that is not considered material.
- Higher retail disbursements may increase opex, which is expected to be offset by higher fee income.

Advances and deposits

- Credit and deposit growth need to converge for stable economic growth. Regulatory support through liquidity infusion should aid system growth over the next 15-18 months, though deposit mobilization will take time to stabilize.
- NTB growth has been encouraging, supporting healthy salary account additions. The bank plans to add 400 branches this year, in line with its premiumization strategy.
- Current account balances are deepening, supported by increased engagement from new customers and strong traction in government and private cash management services.
- Corporate growth remains selective, driven by strong engagement across power and large corporate segments, without chasing volume-led growth.
- Credit card spends moderated after the festive season, leading to a QoQ decline; however, revolve rates remain stable, and EMI conversions and spends are unchanged.
- The bank aims to grow ~300bp faster than the industry while maintaining RaRoC-led approach. Unsecured disbursements, which had seen a slowdown, are now recovering and gaining traction.
- Retail mortgage growth has accelerated, a segment previously dominated by PSU banks.
- Management expects a broader recovery in the retail book, with higher RaRoC across select retail asset classes.

NIMs

- The bank has reiterated its through-cycle NIM guidance of 3.8%, independent of interest rate cycles.
- Reduction in term deposit costs has been lower vs. peers, with shorter-tenor deposits already repriced. TD rates have begun to edge up amid rising competition, which could increase CoF.

- The 8bp decline in spreads during 3Q was largely due to faster growth in the corporate book and changes in CASA mix.
- Management remains focused on NII optimization and will calibrate growth decisions accordingly.

Others

- LCR declined to 116% and has remained in the 115-120% range over the past few quarters; the bank intends to maintain this range going forward.
- Under the new LCR guidelines, the bank remains largely neutral and will focus on increasing granular and retail deposits, with outflows dependent on retail deposit mobilization.
- While organic growth opportunities continue to exist, the bank's size limits the availability of opportunities that meet its investment criteria.



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Bank of Baroda

Neutral

Current Price INR 305

Opening remarks

- Global advances grew 14.7% YoY, with continued focus on RAM advances.
- Deposits increased 10.3% YoY, while CASA grew 8.6% YoY; the CD ratio stood at 83.89%.
- Cost of deposits was low at 4.75%, among the best in the industry, driven by lower reliance on bulk deposits.
- Capital efficiency remains strong and among the best in the sector.
- There were no one-off items during the quarter.
- Business growth has remained robust over the last eight quarters.

Advances and deposits

- BoB is operating at a CD ratio above 80% and is comfortable with 82–84% domestically and 86–88% for international operations.
- Focus remains on core deposits rather than wholesale deposits; advance growth is expected to exceed 13%, above guidance.
- LDR is not a constraint, and the bank expects to sustain loan growth going forward.
- MSME portfolio is largely covered under CGTMSE, with ticket sizes in the range of INR10–50m.
- The bank has been among the best performers in CASA growth in recent quarters. While bulk deposits are used opportunistically when pricing is attractive, the strategic focus remains on core deposits, even if bulk deposit growth comes at the expense of NIMs.

Cost, margins and yields

- Core NII stood strong at INR118b, among the best in the industry.
- NII was flat QoQ, reflecting asset-side repricing, while borrowing costs remained elevated.
- Interest income from IT refunds had a limited impact of 5-6bp in the quarter; core NIMs stood at 2.72-2.74%, excluding this impact.
- Some margin reset occurred in 3Q, though absolute NIMs remained healthy; exit NIMs are expected at 2.85-3.0%.
- Peak retail deposit rates have moderated, and repricing is largely complete, with full-quarter benefits expected in 4Q.

- Full-year NIMs are expected to improve, supported by lower dependence on bulk deposits; the bank is comfortable with an NIM range of 2.85-3.0%.
- Approximately 25% of term deposits may be due for repricing, though an exact figure is not available.

Other income and opex

- Labor code – there was no material impact on gratuity. There was a minimal impact of INR80-90m.

Asset quality

- Recoveries during the quarter were in the range of INR7-8b; the bank has two stressed books aggregating to INR630b, with quarterly recovery guidance of INR7.5-8b.
- PCR remains healthy, with no volatility in asset quality and no concerns on coverage.
- Credit cost averaged 0.34%; full-year guidance has been lowered to below 0.60% from the earlier 0.75%.
- Standard restructured book stands at approximately INR80b.

Miscellaneous

- The bank is comfortable operating at an LCR of ~120% and has been maintaining this level.
- Excess SLR has declined but is expected to be rebuilt as yields move higher.
- Some investments were sold during the quarter to capitalize on the interest rate cycle.

ECL and credit cost

- Credit cost is expected to remain below 0.6%, supported by adequate provisioning and comfortable floating provisions.
- ECL guidelines are still in draft form; the combined impact of ECL and changes in risk weights on CRAR is estimated at 0.6–0.7% at most.
- ECL implementation could increase annual credit costs by up to 18bp.
- Floating provisions stand at around INR10b.

Guidance

- Credit growth guidance at 11-13%
- Deposits growth guidance at 9-11%
- Credit cost guidance cut to below 60bp from 75bp earlier.



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Bandhan Bank

Buy

Current Price INR 172

Opening remarks

- The bank reported consistent growth in advances, supported by continued expansion in the MFI portfolio.
- Retail deposit mobilization remained strong, while dependence on bulk deposits declined.
- Focus remains on accelerating CASA growth and strengthening asset quality.
- RazorPay was onboarded as a key payments partner, and an in-app collections ecosystem was launched during the quarter.
- The bank completed the sale of NPAs and written-off portfolios to an ARC. Unsecured written-off loans of INR37.1b were transferred, with the bank

The screenshot displays a detailed financial analysis report for Sandhan Bank. It includes various financial metrics such as assets, liabilities, and capital, along with a commentary section discussing the bank's performance and outlook. The report is structured with tables and bullet points, providing a comprehensive overview of the bank's financial health and strategic initiatives.

retaining a 62% share in SRs. Additionally, unsecured NPAs of INR31.7b were sold for INR5.7b, with the bank subscribing to 46.7% of SRs.

- The asset sale led to a reversal of provisions in the P&L.
- A provision of INR1.2b was made related to the labor code.
- Deposit granularity improved, driven by strong retail mobilization.
- Margins showed an uptick, aided by an improving deposit mix.
- CASA growth remained weak across the industry, though the bank enhanced customer engagement initiatives.
- Slippages declined, and the bank remains focused on improving recoveries.
- NIMs were broadly stable at ~6% in 9MFY26, while GNPA and NNPA ratios improved on a QoQ basis.
- Advances grew 10% YoY and 4% QoQ; excluding the NPA sale, growth would have been around 12% YoY.
- The EEB book (excluding the stake sale) would have grown ~2% QoQ.
- The non-EEB portfolio delivered strong, broad-based growth and now constitutes 65% of total advances.
- Housing loans grew 10%, with the secured portfolio strengthening further and forming 57% of total advances.
- Total deposits increased 11% YoY, continuing to outpace loan growth. Bulk deposits declined 6% QoQ, retail term deposits rose 36% YoY, while CASA balances fell 4% due to a reduction in savings account rates.
- CASA pressure is seen industry-wide, though core balances are relatively stable.
- Collection performance improved across key metrics.
- The decline in slippages was primarily led by the EEB segment, with encouraging trends in early delinquency buckets. The most notable improvement was seen in SMA-0, indicating easing forward flows.
- Credit costs moderated to 3.3% from 3.4% in 2QFY26. Effective PCR remained largely stable despite the NPA sale.
- NIMs improved to 5.9%, supported by a 20bp QoQ reduction in cost of funds.

Advances and deposits

- Excluding the ARC sale, the EEB book would have grown around 2% QoQ, with management expecting better momentum in 4Q.
- Non-EEB advances grew 25% YoY, while EEB advances declined 10% YoY. The bank continues to guide for a 60:40 mix between secured and unsecured loans.
- Elevated rates on bulk deposits increased funding costs; however, the bank has successfully reduced bulk deposits, which now account for 38% of total deposits. Average current account balances have been growing at a healthier pace.

Margins, cost and ratios

- NIMs: CoF reduction should lead to NIM improvement. The repo rate cut of 25bp in Dec'25 could impact NIM by 11bp. The bank expects some granularity in deposits and some improvement too.
- Overall portfolio yields stand at ~13%, with EEB yields at ~22%; the bank continues to reassess yield dynamics within the EEB segment.

Asset quality

- EEB slippages declined to INR94.2b from INR111.8b in 2QFY26.
- SMA-0 levels in the EEB portfolio remained stable.

- EEB segment is seeing positive traction, with declining slippages and improving collections; 99.6% of CE (excluding buckets) was recorded in past two months.
- Credit costs are expected to improve further, with lower provisioning needs, aided by minimal slippages in the wholesale book.
- Management does not expect elevated provisioning to persist, as asset quality trends improve across EEB and housing portfolios.
- The bank is implementing changes in its underwriting framework.
- Collection efficiency improved across regions; October holidays led to a temporary uptick in SMA, while November and December showed strong recovery. West Bengal continued to perform well on collections, and Bihar also delivered strong performance despite election-related disruptions.
- In line with IRAC norms, accelerated provisions were made, including a 1% standard asset provision. NNPA stood at ~1%, lower than last year's 1.4%.
- NPA portfolio sold was fully provided, resulting in some dilution of PCR.
- Credit cost guidance is maintained at 1.6-1.7% by 4QFY27.

ARC portfolio sale

- The bank sold an unsecured NPA portfolio of INR31.6b at a consideration of INR5.7b, receiving INR3.0b in cash and subscribing to 46.7% of the SRs.
- A written-off pool of INR37b was also sold, yielding INR3.3b in value, including INR1.3b received in cash.

Others

- While the MFI segment contracted, the employee segment remained stable; management remains optimistic about MFI recovery. RO roles were rationalized and redeployed towards collections.
- Management indicated no near-term risk of further senior-level resignations.
- No additional provision is required for leave encashment; only gratuity provisions were needed; further clarification to be provided as visibility improves.



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Canara Bank

Buy

Current Price INR 152

Opening remarks

- Global business grew 13.23% YoY, with global deposits up 12.95% YoY and global advances increasing 13.59% YoY.
- RoA improved 9bp to 1.13%, while credit cost declined 4bp QoQ to 0.64%.
- CET-1 ratio strengthened 40bp YoY, and slippages declined 32bp QoQ.

Advances and deposits

- SA book continues to grow at a healthy pace and is outperforming peers, while the CA book declined due to one specific account.
- The bank rolled back certain products in metro and urban centers, following which gold loan growth has picked up meaningfully.
- Retail loan growth during the quarter was entirely organic, with no buyouts undertaken.
- The bank continues to grow in line with its earlier guidance of 10-11% and maintains its growth aspiration.
- Borrowings increased marginally during the quarter due to the issuance of AT-1 bonds and refinancing from NABARD and SIDBI.

- In 2Q, the bank received INR260b in the CA book, which led to volatility in CA balances during the current quarter.
- A reclassification of overseas deposits as borrowings resulted in a reduction of INR330b in reported deposits.

Yields and margins

- NIMs remain lower than peers due to repo rate cuts and the fact that 49% of the loan book is repo-linked. Consequently, yields declined 6bp, while cost of funds reduced 4bp. With improving CASA and RAM growth, the bank expects to manage NIMs better.
- Only 15% of deposits remain pending repricing.
- The bank believes NIMs are close to bottoming out, supported by OMOs and systemic liquidity infusion.
- Recoveries contributed approximately INR3.7b to interest income during the quarter.
- Retail yields stood at 8.7%, RAM yields at 8.88%, and vehicle finance yields at 8.5%.
- NIMs were impacted by slower CASA growth, with average CASA at 30%. The bank remains focused on improving this ratio.

Other income and opex

- PSLC income is typically recognized in the first quarter and ranges between INR12b and INR13b. The bank earned INR9b in 1Q and INR1.4b in 2Q and expects to recognize PSLC income again in 4Q.
- No material change in PSLC income is expected in FY27.
- Opex included two one-off items: IPO-related expenses of INR0.8b and employee benefit expenses of INR0.8b. Additionally, the bank recognized INR1b in technology-related expenses.
- The bank offloaded stakes in Can HSBC and Can Robeco, resulting in gains from these subsidiaries being recorded under other income.

Asset quality

- SMA-1 increased due to the Kaleshwaram irrigation project being classified under SMA-1; however, the bank does not expect this to slip further as it has remained in SMA.
- The total written-off book stands at INR660b, with the bank targeting recoveries of INR20b annually.
- Recoveries from written-off accounts are evenly split between retail and wholesale, with retail contributing around INR10b.
- Certain accounts aggregating INR19.56b are under monitoring, though no immediate risk is perceived.
- Total slippages during the quarter stood at INR19b, comprising INR7.89b from agriculture, INR7.39b from MSME, and INR2.94b from retail, with no slippages from corporate accounts.

ECL draft guidelines related

- Stage 1 and Stage 3 exposures have a similar impact under ECL. The total transition impact of ECL across Stage 1, 2, and 3 is estimated at INR100b.
- The bank is comfortable with the transition, supported by improving slippage trends. The total SMA book stands at INR356.04b, while the slippage ratio at 0.64% is among the best in the industry.

DCB BANK

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[illegible]

- ECL requirements are expected to moderate over time, and even post ECL implementation, the CET-1 ratio is expected to remain above 11%. The bank does not foresee any material impact, as quarterly profits are sufficient to absorb the transition impact.

Miscellaneous

- The bank's LCR stood at 125%.
- The bank is adequately capitalized to support double-digit growth going forward and, therefore, does not see a need for raising capital in the near term.

DCB Bank

Buy

Current Price INR 197

Opening remarks

- Deposits grew 19.5% YoY, advances rose 18.5% YoY, and the balance sheet expanded by 14.4% YoY.
- The labor cost impact was INR268.7m in 3Q.
- Cost of deposits fell 10bp QoQ, which led to 4bp QoQ NIM expansion.
- Fee income remained strong due to TPP, trade finance and processing fee.
- Deposit and advances grew despite a reduction in headcount YoY to 10,981.
- Operating jaws are improving, with income growth of 16% YoY and opex growth of 15% YoY despite one-time labor cost impact.
- Highest-ever quarterly profit of INR1.85b, RoA of 0.91%, RoE of 12.73%.

Advances and deposits

- The co-lending portfolio now constitutes 16% of the bank's overall book.
- The bank has reduced borrowings to INR47b due to its ability to get a lower cost of deposits. Accordingly, NIMs will be healthy going forward as well.
- Some bit of repricing is happening in fixed to floating.
- Top 20 deposits have been generated at 6.61% now.
- Ratio of retail to bulk remains at the same level as portfolio. Reduction of rates on both are at par.
- The bank has curbed DSA sourcing and is running an organic book, so mortgage has lower growth. Actual growth has been curtailed and the focus is more on BL.
- Expects ~18% YoY growth or more in mortgages in FY27.
- Proportion of HL is less than 50% and BL is more than 50% now. Increased focus on BL in lower ticket size and more growth is coming from here.
- The difference between the retail peak rate and the highest retail peak rate of the six largest banks is down to 60bp.
- DCBB has seen a good base of Neo customer, primarily for low-cost forex card purpose, leading to cross-selling of SA and CA.
- For SME and self-employed segments, demand can be seen in instalment loan.
- Uptick in mortgage disbursement can be seen. Ticket size is also increasing.
- On merchant OD, efforts are made but not much progress can be seen yet.
- Lack of CA growth has robbed the bank of an opportunity in trade fee income and SME book as well, apart from effecting cost of deposits.
- Getting current account moving is critical for the bank and is a priority.
- The bank has already done three changes: 1) reorientation of BL and HL, 2) increase in the ticket size of mortgages; and 3) change the queue from DSA-originated to organic, the benefit of which has started to come.

- Co-lending book is expected to be ~15% or less by Mar'26 and the bank will be comfortable with 15% of book.
- Co-lending book will grow as much as overall advances from next year.
- Aims to double the balance sheet size every three to four years.
- The proportion of LAP within the mortgage book is rising, aiding margin resilience.
- The bank has been prioritizing LAP over traditional mortgage loans.

Income and costs

- Core fee income is healthy due to third-party distribution and trade finance. Asset growth has been good, leading to healthy processing fee.
- Fee income to avg asset is expected at ~1% consistently going forward.
- ~INR40mn of interest on tax in this quarter.
- Excluding the one-time labor impact, RoA would be ~1.01% in 3Q.
- The labor cost is expected to be only ~INR10m incrementally in coming quarters.
- Fee growth is linked more to deposits rather than loans, as fee income is more from TPP, forex remittance and ATM fees, which all are linked to loans.
- Core fee income is expected to remain consistent going forward.
- No. of employees stood at ~10,981 vs. 10,700 in 2Q. The bank will be increasing headcount in some categories going forward.
- DCBB expects FY26-27 RoE of 13.5% and FY27-28 RoE of 14.5%, adjusted for capital.

Yields and margins

- BL continues to be more than 60% of incremental sourcing, which is helping the bank in bounce rate, interest income and NPAs.
- Full impact of CRR is not yet boxed in, which is positive, but a 25bp repo rate reduction has also not been boxed in, so it will have some impact in 4Q.
- The fall in cost of deposit is sharper than the fall in cost of fund. Full impact of 50bp earlier has been taken in 3Q; therefore, yields declined 13bp QoQ.
- Benefit from TD will be there in future but not much from SA rates.

Asset quality

- Provisions increased as the bank wants to reduce its NNPA ratio to below 1%.
- Slippage ratio stood at 3.08%, the lowest in 18 quarters.

Guidance

- Targets RoA of 1% or above in the near term.
- Growth in deposits and loans expected at 18-19% going forward.
- Targets RoE of 13.5% for FY26-27 and 14.5% for FY27-28 without considering any fresh capital that can be raised.



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Equitas Small Finance Bank

Buy

Current Price INR 68

Opening remarks by MD & CEO

- From Aug'25, all MFI disbursements are aligned to a monthly repayment mode, which is helping to improve collection efficiency. 63% of the entire book is currently aligned to the monthly repayment mode.
- MFI mix stood at 8.8% of advances (excluding DA pool of 3QFY26). MFI mix is expected to be ~10% going forward.

Equitas Small Finance Bank

Particulars	31-Mar-25	31-Mar-24	31-Mar-23
Assets			
Net Worth	1,000.00	1,000.00	1,000.00
Capital	1,000.00	1,000.00	1,000.00
Reserves	1,000.00	1,000.00	1,000.00
Provisions	1,000.00	1,000.00	1,000.00
Other Assets	1,000.00	1,000.00	1,000.00
Liabilities			
Deposits	1,000.00	1,000.00	1,000.00
Other Liabilities	1,000.00	1,000.00	1,000.00
Capital	1,000.00	1,000.00	1,000.00

- Delinquencies in SBL have shown improvement. Karnataka has shown signs of improvement in net slippages. Also, disbursements have improved and reached closer to normal levels.
- EQUITASB will continue to guide for 1% exit RoA in 4QFY26.
- EQUITASB expects 15% advances growth for the full year (without DA purchase in 3Q). In the current quarter, excluding this DA purchase, advances growth was 12% YoY/7% QoQ.
- RoA/RoE stood at 0.65%/6.1% in 3QFY26.
- The recently launched FCNR deposit has crossed USD20 million.
- Growth in the MFI segment led to overall healthy growth in 3QFY26.
- Excluding MFI, the bank has made the highest ever disbursement of INR53.8b in 3Q.
- MFI (ex DA) stood at INR38b in 3QFY26.
- Strategic Drivers to enable reduction in interest rates on deposits: Introduced Elite Lite & ARTHA to complement the existing elite product, addressing the Mass affluent to HNI segment; increased the number of clients on family banking for Elite accountholders; and raised the number of products and services per client
- The bank has started expanding new customer acquisition in MFI. The NTB (New to Bank) customer mix has increased to 47% in 3QFY26 from 18% in 2QFY26.
- Last quarter, the bank did rate tweaking strategically. CD, which was earlier 8.48%, stood at ~7.3% in 3Q.
- New book (Disbursed from Jan'25) constitutes 65% of the MFI portfolio. The X Bucket collection efficiency of the said book for Dec'25 is 99.72%.
- With the MFI contribution expected to grow from 8.8% to 10% by the end of this year, the proportion of new books will increase, resulting in improved collection efficiency.
- Gold loans from branches – signs are very positive, and the bank is disbursing ~INR1.0-1.2b in a month.
- Credit costs have significantly improved from 2.16% in 2QFY26 to 1.88% in 3QFY26. Credit cost is further expected to taper down from here.
- During 3QFY26, the bank sold its NPA assets (Secured Portfolio) to ARC, from which income was ~INR315.2mn.

Loans and deposits

- 60% of existing book has been repriced, 20% is due for repricing now.
- Increase to disbursement has been there in the quarter.
- For FY26, we expect advances growth of about 15% YoY (excluding DA book). Beyond FY26, we expect to sustain a steady-state trajectory of around 20% growth, driven by diversified portfolios and making all asset products available in existing asset branches.
- Microfinance & Micro Loans Advances includes purchase of Agri assets from other Regulated Entities under Direct Assignment (DA) of INR13.43b. Excluding this DA, Overall bank Advances grew by 12% YoY & 7% QoQ.
- By Mar'26, the bank will comply with all the requirements required for Universal Bank, and then it will apply for the license.
- In TN, currently the book is 44%, and EQUITASB expects this to reduce to ~36%.

- Traction in the used CV segment will continue, and asset quality is also healthy in this segment.
- Affordable housing is a three-year-old product post Covid. This year, EQUITASB has turned profitable, and from next year, it will be fully contributing to the RoA.
- The overall book, excluding MFI, is secured in nature.
- SBL growth is expected to be above 20% YoY next year.
- Gold Loans: Presently, this is offered in 250+ liability branches. To improve this business, Gold loan has been introduced in 38 existing Asset branches. A phased rollout in other branches will follow in FY27.
- AHF, which was operating through 70 asset branches, expanded to an additional 19 asset branches in 3QFY26. The expansion pipeline remains intact, with ~10 more asset branches expected to be added by 4QFY26.
- Used Car and Used CV Advances have registered a growth of 36% YoY and 23% YoY, respectively. The vehicle finance portfolio is shifting towards used segments as per plan and guidance.

Yield, cost of funds, margins, and operating expenses:

- Cost of SA as of Sep '25 at 5.57% reduced to 5.24% by Dec'25.
- NIM has expanded 43bp QoQ, as for the first time, MFI has not dipped, and the rest of the book continues to do well.
- NIM is expected to remain around a similar range, with a very minor uptick.
- Labor code impact was ~INR295mn in 3QFY26, which led to higher opex.
- Cost of fund is expected to trend down more over 2-3 quarters, and MFI is expected to be ~10% vs 8.6% currently; these two will be the lever for better margins. Some offset will be there from lower yields on advances.
- 65% of deposits have been repriced. 4QFY26 exit will be ~85% repriced book.
- ~17% yields is there for used CV and used Car.
- C/I ratio will come down to 65% in next year.
- Excluding the one-time incremental provision due to the implementation of the new labor code, the C/I ratio stood at 70.37%.
- ~5.1% is the SA rate, 8.1% is the TD rate in the repriced book.
- ~10.75% is the yield on the DA book purchased. None of this has exposure to Karnataka and Gujarat.
- CRAR stood at ~20.47%, EQUITASB does IBPC, and CGTSME to maintain its capital. Going forward, the bank will cover its VF book under CGTSME.
- In 3Q, disbursement yield on overall book stood at 16.22%.

Asset quality

- PCR ratio is ~67%, and the bank is comfortable with this ratio.
- X bucket CE of SBL is 99.3%. Net slippages in 4Q are expected to go down.
- 1-90 DPD for the bank has reduced by 146 bps QoQ.
- 100% of all the MFI loans disbursed from 1QFY26 are covered under CGFMU. As of Dec'25, 51% of the MFI principal outstanding is covered under this guarantee scheme.
- No asset quality concern can be seen in the used CV and car segment in 4Q as well. The bank will be disbursing more going forward.
- Bank expects credit cost in 4Q to be <1.5%, and full-year credit costs are expected to be ~1.5-1.7%.

- MFI DPD shows significant improvement QoQ on account of increased collection efficiency. TN constitutes more than 50% of the MFI portfolio, and its collection efficiency continues to remain under control (higher than the overall portfolio). Karnataka started showing improvement in collections, which is ~8% of the MFI portfolio.

Guidance and outlook

- C/I ratio will come down to 65% in next year.
- Bank expects credit cost in 4Q to be <1.5%, and full-year credit cost is expected to be ~1.5-1.7%.
- Bank will continue to guide for 1% exit RoA in 4QFY26.
- For FY26, we expect advances growth of about 15% YoY (excluding DA book). Beyond FY26, we expect to sustain a steady-state trajectory of around 20% growth.
- SBL growth is expected to be above 20% YoY next year.
- NIM is expected to remain around a similar range as now, with a very minor uptick going forward.



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Federal Bank

Buy

Current Price INR 291

Opening remarks

- During 3Q, the bank received approvals from shareholders, the board, and the CCI for Blackstone's investment.
- The 3Q performance reflects strong fundamentals, supported by lower funding costs, driven by an improved CASA mix and margin expansion.
- The portfolio mix is being calibrated toward products with better risk management and an improved asset composition.
- Liquidity conditions remain supportive, and the macroeconomic environment continues to be relatively stable.
- 3Q marked a strengthening of fundamentals, with PAT growing 9% QoQ, aided by a decline in CoF and a structural shift in the balance sheet.
- CASA balances grew by a healthy 6.7% QoQ, among the best growth rates in the industry.
- Gross advances increased 4.46% QoQ, led by segments prioritized by the bank.
- BB grew 3.8% QoQ, indicating early signs of recovery. Gold loans grew 12% YoY/ 9% QoQ, despite a calibrated slowdown in the book.
- LAP continued to expand, and the growth momentum is expected to sustain over the coming quarters.
- NIMs expanded by 12bp QoQ, driven by a reduction in CoF and CRR cuts.
- Despite a cumulative 100bp rate cut, NIMs expanded and RoA improved.
- The bank increased its stake in Aegis Federal Life Insurance to 30% from 26%.

Loans and deposits

- The strategy remains focused on growing the mid-yield book, while the composition of high-yield and very high-yield segments remains unchanged until greater comfort on credit costs emerges.
- Asset growth stood at 4.5% QoQ, with a healthy run-rate in the chosen segments. The bank expects advance growth to remain robust going forward.

- CASA balances typically experience some volatility at quarter-end; however, average CASA growth remains healthy and is driven by multiple factors.
- The bank has accelerated growth in the LAP portfolio. In home loans, the risk-reward profile is currently less attractive, and the bank remains non-aggressive on pricing, which could limit growth.
- Structural changes have been implemented in auto loans, and FB will continue evaluating home loans and competitive dynamics to accelerate growth.
- In gold loans, yields remain under pressure due to PSU competition. The bank has largely maintained its yields, while LTV levels have declined to 52-53%, an industry-wide trend. Growth has remained reasonably strong.
- The bank is cautiously scaling up in personal loans and has recorded its highest monthly disbursements recently.
- Personal loans remain a small portfolio at INR36b and will be gradually built over the next few quarters.
- The bank has exited select large A+ rated corporates and is reducing its focus on the A-rated segment while expanding its mid-corporate portfolio. The unwinding of the corporate book is largely complete.

Yields, costs, and margins

- NIMs have expanded by 24bp over the past two quarters. As CASA improves and medium-yielding assets scale up, margin expansion is expected to continue, although the impact of the latest 25bp rate cut will be felt in the next quarter.
- NIM improvement has been driven by lower CoF, CRR reduction, and growth in higher-yielding assets.
- From the start of a rate cycle, it typically takes around 14 months for full repricing, with a 1-1.5 quarter period during which most term deposits mature.
- Asset yields declined 12bp QoQ, of which 2-3bp was attributable to the repo rate cut, while new business continues to be booked at lower rates.
- NIMs are supported by improvement in CASA mix, leading to a reduction in borrowing costs.
- Margin expansion remains a key driver for RoA improvement, supported by better liability mix, asset mix, and fee income.
- The bank expects 4Q NIMs to remain broadly at 3Q levels, factoring in the transmission of rate cuts.
- Term deposit rates have seen only moderate reductions and do not yet fully reflect cumulative rate cuts. With bond yields hardening, further rate cuts across the system may be challenging.

Other income and opex

- Fee income exhibits seasonality, with distribution-led revenue typically stronger in 2Q compared to 3Q.
- The bank maintains a C/I ratio guidance of 53-55%, reflecting continued investments in distribution. While income will scale up, operating efficiencies are not expected to improve meaningfully in the near term.

Asset quality

- FY26 credit cost guidance remains at 50-55bp. Credit cost for 3Q stood at 47bp and is expected to decline further in 4Q.

- Credit costs in the MFI segment are trending down, with recovery expected in 4Q. The bank will monitor the segment for another quarter to assess the pace of improvement.
- MSME asset quality remains stable, with no deterioration observed due to US tariff-related concerns.

Miscellaneous

- The Blackstone transaction is expected to be completed in 4Q.
- Branch expansion has been slower as the bank re-evaluates its branch rollout model; expansion is expected to pick up from 4Q onward.
- LCR stood at 114% (avg. 123%). The bank expects a 5-6% adverse impact due to revised LCR guidelines.
- MSME moratorium exposure is negligible and has no material impact.
- The impact from labor code changes is minimal and non-recurring.



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HDFC Bank

Buy

Current Price INR 925

Opening remarks by the MD and CEO, Mr. Sashidhar Jagdishan

- Credit growth build-up has been encouraging. The bank continues to maintain rate discipline.
- For SA and CA, focus on granularity has given good results to the bank.
- Cost of fund has reduced. Cost has remained under control.
- The bank expects to outpace system loan growth.
- It continues to expand its customer base, largely focused on granular mobilization.
- Glide path to reducing CD ratio will continue. The bank is confident that by Mar'26/27, it will achieve all metrics guided for earlier.
- CD ratio increased to 98.7% as of 3QFY26.

Yields, cost, and margins

- The bank reported INR8b impact arising from the transition to new labor code. This is an estimate provided by the bank, driven through actuarial valuation.
- As and when more information is available, this will be revised accordingly.
- LCR stood at 116% in this quarter. No material impact expected due to new guidelines.
- For margins, the most important level is cost of fund; within this, TD rates have been changed after a repo cut and 2/3rd has been done by the bank.
- CASA and borrowing can also lead to improvement in CoF, which, in turn, will improve margins.

Deposits

- LDR will come at 90% or below for FY27 and ~95-96% for FY26.
- The bank has rundown some bulk deposits due to rate discipline. Individual in retail is growing; the bank sees lower growth in non-individual in retail.
- Deposits growth is expected to slightly outpace loan growth.
- The bank opened 750 branches in FY22, 1500 branches in FY23, 900 branches in FY24, 700 branches in FY25. It will continue to add branches, not necessarily at same pace.
- The bank commands more than 11% of deposits market share. These incremental branches contribute to 20% of incremental deposits.

- Branches in metro areas take 22 months to break even, whereas branches in semi-urban areas break even in 27 months.
- Branches in 5-10 years bucket are ~1232 out of ~9600 branches, and 1300 branches are in the 3-5 years bucket.
- The bank saw lower growth in non-retail deposits, but retail deposits growth has been healthy.
- There has been element of disciplined pricing. Bank has been comfortable on its deposits growth.
- Granular retail deposits has grown but bulk hasn't, which is good for bank.
- Institutional type has mid-single digit growth. Non-individual type has higher single digit growth, individual at branch has double digit growth.
- Branch addition will normally be in suburbs, where there are opportunities; however the bank wants to stabilize large cohort of its branches, and some amount of recalibration will be there in the next addition of branches.

Loans

- Loan growth is expected to outpace system growth in FY27.
- Growth momentum has been healthy for economy. Card discretionary spends grew 21% YoY, non-discretionary spends grew 13% YoY. Revolver is not going up.
- Growth in two- wheeler is lower than expected; four wheeler and other loan mix is doing well.
- In the last two year , retail asset accretion has been lower, where the bank is focusing now.
- Customer acquisition is important. Addition has been lower in recent times. So, liability accretion will also come through this.
- Overall card receivable is stable, as cards are now enabler for liability as well; credit card spends provide ~20-25% of total deposits basket.
- The bank expects system credit growth at ~12-13% next year (FY27), and expects to grow ~100bp above that.
- The bank is addressing competition through relationship and not through pricing for auto and mortgage loans. ~80% of auto loans are self-funded.
- The bank is the largest financier of auto loans in the country, not only in disbursement but also in book size.
- It has seen some amount of irrational pricing in auto and home loan products, but this has never sustained in the past.

Asset quality

- GNPA/NNPA ratio stood stable at 1.24%/0.42%, respectively. PCR stood stable at ~66%.
- Regulatory inspection for HDFCB has been completed, and ~INR5b of the impact is already subsumed this quarter. Going further, the bank needs to operate in the model that is acceptable by regulatory.
- Banking industry is going through a Cinderella phase – lower accretion of GNPA and NNPA.
- None of the particular portfolio has seen any stress building up. There will only be seasonality in agri, otherwise asset quality is expected to remain healthy.
- Slippages (ex-agri) are ~24bp. Credit cost (net of recoveries) is ~37bps.

Subsidiaries



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- HDB Financial reported loan growth of 12% YoY/ 2.9% QoQ to INR1146b, while PAT stood at INR6.4b. GS3 assets stood at 2.81%, while CAR was 21.8%.
- HDFC Securities: Revenue grew 5.1% YoY to INR8.3b, while PAT declined 18% YoY to INR2.2b.

ICICI Bank

Buy

Current Price INR 1,408

Opening remarks

- The bank continues to focus on PBT growth through a comprehensive, 360-degree approach.
- Total provisions stood at INR25.56b in 3QFY26, including an additional standard asset provision of INR12.8b following RBI's annual supervisory review.
- LCR remained comfortable at 126%.
- Average deposits increased by 8.7% YoY and 1.8% QoQ during 3QFY26. Average CASA deposits grew by 8.9% YoY and 1.5% QoQ.
- Domestic advances rose 11.5% YoY and 4.0% QoQ. Retail advances grew 7.2% YoY/1.9% QoQ, while the BB portfolio expanded 22.8% YoY/4.7% QoQ. Domestic corporate loans grew 5.6% YoY and 6.5% QoQ.
- NIMs stood at 4.3%, remaining flat QoQ. The benefit from income tax interest refund contributed 1bp, compared to nil in 2QFY26.
- Employee expenses include INR1.45b provision made on an estimated basis due to the new labor code.

Standard asset provisions

- The bank created INR12.8b of provisions as certain exposures were identified as not fully compliant with PSL classification norms for agricultural lending.
- These provisions will be maintained until the loans are either repaid or renewed in compliance with PSL guidelines.
- The underlying affected portfolio is estimated at INR200–250b.
- Management is actively working to align the portfolio with regulatory expectations.
- The cost of PSL compliance has increased, partly driven by PSLC purchases.
- Efforts are underway to bring the declassified portfolio back into regulatory conformity.

Advances and deposits

- Loan growth has picked up meaningfully, with momentum expected to sustain into 4QFY26.
- Credit card balances saw strong growth in 2Q due to the festive season, followed by repayments in 3Q.
- Credit quality in personal loans and credit cards has improved, and the bank is now comfortable with underwriting in unsecured products.
- The credit card book is broadly similar to June levels; the increase in transactors is in line industry trends. The sequential decline in 3Q is viewed as a one-off.
- On the corporate side, traction remains healthy despite a highly competitive pricing environment; the bank remains comfortable with both pricing and asset quality.

- Growth in the BB segment is expected to moderate over the coming quarters, largely due to a high base. The BB portfolio is now larger than the corporate book, with asset quality remaining stable and satisfactory.
- Retail savings account growth has been healthy, with some seasonality in 1Q and 2Q driven by salary inflows. Retail SA, retail term deposits, and current accounts are witnessing strong momentum. Institutional SA balances have
- remained a drag over recent quarters and now account for less than 15% of the average SA book.
- On LDR, the bank indicated that well-capitalized banks can operate at higher levels. At current capital levels, the LDR is comfortable and could even moderate slightly. The bank continues to focus on maximizing retail deposits, including CASA, with limited reliance on wholesale deposits.

Margins and yields

- Margins were impacted by repo and MCLR repricing, partially offset by benefits from lower CoF and CRR cuts.
- The impact of potential repo rate cuts is expected to flow through in 4Q, keeping NIMs range-bound.

Opex

- Cost growth is expected to be slower compared to the previous quarter.
- The implementation of the new labor code is likely to result in a marginal increase in costs.

Others

- Mr. Sandeep Bakhshi has received a two-year extension following consultations between the Board and the CEO.
- LCR is expected to remain broadly stable following the latest regulatory guidelines.

Subsidiaries

- ICICI Pru Life recorded a VNB of INR16.6b b in 9MFY26 vs INR15.75b in 9MFY25. New business sum assured grew 18.1% YoY in 9MFY26.
- ICICI Lombard's Gross Direct Premium Income (GDPI) grew to INR70.41b in 3QFY26 vs INR62.1b in 3QFY25. The combined ratio was 104.5% in 3Q.
- ICICI Securities' total assets grew 4.1% YoY to INR8.7t in 3QFY26. It held a market share of 17.7% in MTF as of 3QFY26.
- ICICI Pru AMC's MF QAAUM grew 23.2% YoY to INR10.7t in 3QFY26. It had a market share of 26.3%/13.8% as of 3QFY26 for equity hybrid and equity schemes, respectively.



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IDFC First Bank

Neutral

Current Price INR 85

Opening remarks by management

- The bank has resolved its liability-side issues by replacing bulk borrowings with granular retail deposits.
- Deposit costs have declined from ~7.8% at the time of merger to ~6.1% currently. Over the past seven years, the bank has not only mobilized healthy deposit growth vs SFBs and other mid-sized banks but has also reduced its cost of funds to levels comparable with most mid-tier peers.

Particulars	Q3 FY2020	Q3 FY2019	Q3 FY2018
Deposits	1,10,000	1,00,000	90,000
Loans	80,000	75,000	70,000
Capital Adequacy Ratio (CAR)	18.5%	18.0%	17.5%
Provision for Non-Performing Assets (NPA)	5,000	4,500	4,000
Net Income	1,500	1,400	1,300

- Savings account rates have been reduced and deposit structures optimized to ensure bulk deposits are not raised at elevated rates. High-value deposits (INR100m+) have been reduced to ~4–5%, broadly in line with market levels.
- Over the last five years, credit cost has averaged 1.95% on funded assets and 1.36% on total assets, providing comfort on the overall product mix.
- Risk-adjusted NIMs have averaged ~4.35% over the past five years.
- Over the long term, the bank is targeting a sustainable RoA of ~1.6%.
- Losses on the liability franchise continue to weigh on profitability, resulting in an elevated cost-to-income ratio.
- Deposits grew strongly at 23% YoY, while customer deposits increased 24% YoY.
- The MFI portfolio constitutes 2.4% of the total funded book. Disbursements have resumed, and the book is now ~84% insured.
- Gross slippages declined 7% QoQ, with a notable reduction in MFI-related slippages. Collection efficiency (excluding MFI) remains strong at ~99%, while MFI collections have also stabilized.
- The bank absorbed an impact of INR653.6m towards employee benefit expenses during the quarter.
- INR750m of excess MFI provisions were written back as they were no longer required, while the bank continues to maintain a contingency buffer of INR1,650m for the MFI portfolio.

Opex and Other Income

- Over the last four quarters, operating expenses have remained tightly controlled. While opex growth could increase from ~12% to ~14%, management remains confident that stronger NII growth will offset this increase.

Loan and deposits

- Current account balances form a relatively smaller share of overall deposits, with CA as a proportion of both CASA and total deposits remaining low. The bank continues to focus on building the CA franchise.
- The CA book accounts for ~7% of total deposits, while the remaining ~51.6% comprises savings account deposits.
- The bank has limited exposure to co-lending models. Two-wheeler and car loans are primarily sourced through dealership and third-party-led channels. The bank has consciously constrained cross-selling to remain customer-centric.
- The credit card business is largely managed in-house. The bank has tie-ups with platform companies supported by robust APIs. Branch-led sourcing is increasing, with reduced reliance on DSAs.
- Revolver balances stand at ~16.5%, EMI conversions have increased to ~36%, while transactors account for ~47.5%—a mix that has remained broadly stable sequentially.

Yields and Margins

- NIMs expanded 17bp QoQ. Of this, ~12bp was driven by cost of funds reduction, ~2–3bp from CRR-related benefits, and the remainder partly due to capital infusion during mid-quarter.
- Savings account rates were reduced by ~200bp in the INR0.5–1.0m deposit bucket. Further rate adjustments will depend on funding requirements, branch expansion, and deposit mobilization trends.

- For 4QFY26, management expects NIMs to trend towards ~5.85%, reflecting the full impact of savings rate reductions.
- The bank reduced savings rates in line with industry trends, as most peers had already implemented similar cuts. Management remains comfortable with the current CASA ratio.

Asset Quality

- Credit costs stood at ~205bp in 3QFY26, with management expecting a similarly stable performance in 4QFY26.
- PCR declined marginally due to the utilization of contingency buffers; excluding this, PCR would have stood at ~71.7%.
- The SMA book remains largely stable. Stress in the mortgage portfolio is flat, and growth in this segment has moderated.
- Management expects credit costs to decline over the next year, with MFI-related stress largely resolved, though full normalization may take another one to two quarters.
- Over the medium term, the bank expects credit costs to revert to ~1.95% on advances and ~1.36% on total assets.
- Standard asset provisions stand at ~INR500m, equivalent to ~30–35bp of the loan book.
- Approximately 85% of the portfolio is covered under CGFMU. The bank provides 100% provisioning once accounts cross 180 days past due.

Others

- ECL implementation is expected to be marginally positive overall, although it may result in some increase in reported credit costs going forward.
- LCR stood at ~115%, largely unchanged QoQ. Management expects a ~1–1.5% impact on LCR upon migration to the revised LCR framework.



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Indian Bank

Buy

Current Price INR 938

Opening remarks

- The bank has performed well in credit and NIMs.
- In advances, bulk remained unchanged QoQ.
- Total CASA grew 2.4% QoQ. CASA ratio stood at 37.4%.
- Recoveries stood at INR51.5b for 9MFY26 vs. FY26 guidance of INR60b.
- SMA-2 increased as two PSU accounts moved from SMA-0 to SMA-2, though the bank does not expect this to slip.
- INBK is focusing on CASA and salary accounts and has added more than 1,000 non-SMA accounts in 3Q.
- Account opening saw good traction; in 9M, the bank has surpassed the number of accounts it opened in FY25.
- CRAR/CER-1 are healthy at 16.6%/14.5%.
- Asset quality ratios have seen meaningful improvements.
- Its mobile app rating is 4.4, with branch transaction at 6%.
- Achieved digital business worth INR1.98t.
- Launched a virtual ATM and tied up with 600k + merchants.
- Migrated to cloud for optimal utilization of their hardware.

Advances and deposits

- The bank has reiterated its credit growth guidance of 11-12% and aims to outperform this in FY26.
- Has so far not extended any moratorium to MSME.
- RAM and corporate book mix is expected to be ~65:35 (maintaining this).
- Good pipeline of INR500b of corporate credit.
- Sold IBPC of INR70b in current quarter.
- Seeing good demand in some corporate sector, like green sector.
- Focusing on making deposits more and more granular. Bulk rate for industry has gone up by 20-30bp.
- Expects to maintain or report a slight decline in CASA in 4Q.
- Incremental LTV on retail and MSME jewel loans 65-70% and Agri ~75%.
- Incremental borrowing of bulk rates would be ~6.7-6.8% on blended basis.
- Bulk is currently at ~18% of total deposits, with endeavor to maintain this or lower it going forward.
- Getting ~8.7% yield on gold loans overall.

Yield, cost and margin

- About 37% of MCLR book will repriced in 4Q, which could have some impact on NIMs (1-2bp impact).
- Cost of funds could have some impact next year due to bulk deposit rates.
- ~INR1.4b was the interest saved due to sale of IBPC in current quarter.



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IndusInd Bank

Neutral

Current Price INR 944

Opening remarks

- The bank has exited inefficient assets and liabilities. Deposits increased ~1% QoQ, despite a deliberate reduction in bulk deposits.
- VF disbursements remained strong during the quarter.
- Slippages remained elevated, similar to the previous quarter; however, incremental stress formation is moderating.
- Cost of funds declined, supported by a reduction in bulk deposits, with the CD ratio down 3% QoQ and borrowings lower by 13% QoQ.
- Average deposits declined 1% QoQ, driven by lower bulk deposits.
- NIMs expanded 20bp QoQ, aided by a 17bp benefit from IT refunds. Adjusted NIM stood at 3.35%, supported by term deposit repricing.
- Operating expenses included a one-off impact of INR2.29b.
- Slippages remained range-bound; SMA-1 and SMA-2 improved to 17bp from 26bp QoQ.

Retail

- KCC and other rural loan portfolios remained stable on a QoQ basis.
- Certain rural products have achieved scale.
- Home loans witnessed a strong momentum, growing 10% QoQ. Personal loans grew 12% YoY, while credit cards declined 6% YoY.
- The bank has rationalized credit card spending to improve portfolio quality.

MFI business

- BFIL is led by Mr. Tapobradh Chaudhary. The bank has tightened MFI norms this year.
- The bank is aiming for normalized collections in the MFI segment.
- It has revived micro banking disbursements.

- Disbursements were towards high and better profile customers. The CGFMU cover will be at 38% for the bank.

SME banking

- There is a large segment in this book. Mr. Ramaswamy has joined the bank and is a veteran with two decades of experience.
- The portfolio has a robust scope in the years to grow.

Vehicle segment

- The segment saw robust growth amid GST changes. VF disbursements increased 26% QoQ; as a result, the loan book grew 2% QoQ.
- The bank saw broad-based disbursements in the VF book.

Corporate

- Mr. Ganesh has joined the wholesale banking department. The bank has revised its coverage model.
- The bank has started rationalizing exposures; as a result, the book declined in 3Q.
- Asset quality is healthy.

Loans and deposits related

- Management aims for loan growth to align with industry growth by the end of FY27.
- MFI remains a strategically important business. As the industry evolves, the SMF category may face challenges but continues to qualify under PSL norms.
- CGFMU coverage is currently ~38%, with an intent to scale it up to 100% over time, which should mitigate MFI-related headwinds.
- FY26–27 growth is expected to be in line with the market; FY27–28 is expected to see market share gains, and FY28–29 is expected to be a phase of dominance in the bank's core expertise areas.
- In Vehicle Finance, the bank currently holds ~7.5% market share, with an aim to increase it to ~9%.
- Deposit mobilization remains the key determinant of growth.
- The SMF portfolio has declined over the past 2–3 quarters, while MFI disbursements have increased since Oct'25. The full benefit of higher disbursements is expected in 4Q, as disbursements outpace repayments.

Margins, yields, costs, and RoA

- RoA improvement is a medium-term (three-year) journey, with a targeted RoA of ~1%.
- Cost-to-assets remains elevated; however, there is scope for operating leverage as asset growth improves. Management expects this normalization over a three-year period.
- A significant part of RoA improvement will be driven by lower credit costs. As MFI share reduces, overall credit costs are expected to moderate, providing upside across segments.

Other income and opex

- The bank has already absorbed INR2.3b related to revised employee labor norms.
- Management is focused on reducing the opex ratio, given the available operating leverage.

Asset quality related

- Net NPA stood at 1.04%. The bank continues to follow a consistent provisioning and write-off strategy.
- Gross slippages have remained stable; the bank writes off 100% of eligible accounts, which has led to a decline in PCR.
- SMA exposure in the MFI book stands at ~2.4%.
- NNPA trajectory will depend on slippage trends; with slippages moderating, credit costs are expected to decline.
- The bank will continue to follow a conservative provisioning approach.
- ECL guidelines are awaited; the estimated impact is ~1.5–1.7% of the loan book.
- VF slippages are expected to be lower by ~20bp in the next financial year compared to the current year.
- In the MFI segment, the bank writes off accounts 365 days post-NPA recognition.
- Exposure to the Adani Group has declined over the past two years.

Others

- The bank is currently focused on the liability side. Growth capital is not required as of now, and the bank has sufficient capital for the next 12-18 months.
- There will be a small impact from changes in LCR due to the new norms.



Kotak Mahindra Bank

Buy

Current Price INR 426

Opening remarks

- Within the banking system, overall credit growth remains healthy, although financial market flows are creating pressure on deposit mobilization.
- The bank remains focused on scaling growth responsibly in line with its long-term strategy. Net advances grew by 16% YoY, in line with the targeted 1.5-2x system growth, with consistent ~4% QoQ growth over the last three quarters.
- On the Kotak-IDBI deal, the bank said that it evaluates every transaction available in the marketplace. Its assessment framework focuses on three aspects: whether the transaction adds strategic value, whether the valuation is appropriate, and whether it is value-accretive for the group from a strategic and financial perspective.
- Deposits grew by 15% YoY, with continued emphasis on CASA accretion.
- Asset quality trends have continued to improve, with credit costs trending down, aided by better collection efficiency and tighter underwriting standards.
- Credit costs declined from 93bp to 79bp and further to 63bp over the past three quarters. That said, retail CV remains under close watch.
- KMB continues to focus on four core segments: HNI, Core India, SME, and Institutional.
- Private banking witnessed healthy growth across businesses, with Solitaire, the affluent offering, gaining strong traction within retail assets.
- Within Core India, the 811 Banking platform continued to acquire customers, while the recently launched 811 Super offering is gaining traction among youth.
- The SME segment, regarded as a backbone business, reported 17% YoY growth in the loan book.

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- In the Institutional segment, investment banking and AIF businesses delivered a strong quarter.
- On the technology front, the bank made progress in automation and digitization across sales offices, branches, and digital channels.

Asset quality

- Asset quality improved sequentially, with GNPA declining to 1.30% from 1.39% QoQ and NNPA coming down to 0.21% from 0.20% QoQ.
- Credit cost in 3Q stood at 63bp, down 16bp QoQ, reflecting improvement in the unsecured retail portfolio.
- Credit costs in the Retail CV segment are trending down, with the bank remaining cautious and expecting them to come down by 4QFY26. The unsecured credit cost cycle is largely behind, leading to a reduction in overall credit costs, with a gradual decline expected in 4Q.
- Slippages amounted to INR16b, of which INR2.57b were upgraded within the same quarter, with slippage ratio declining to 1.34% from 1.41% in 2QFY26.

Advances and deposits

- SME advances, sourced across three separate verticals, grew 17% YoY on a combined basis.
- Unsecured lending showed gradual growth, in line with management's stated approach, while the bank remained cautious on the retail CV book.
- Deposits grew by 15% YoY, reflecting healthy traction in low-cost CASA, with CA and fixed-rate SA growing 15% YoY.
- Average CASA balances also improved, with average CA balances rising 8% QoQ. The bank continued to reduce reliance on MIBOR-linked SA, with the CASA ratio standing at 41.3%.
- The deposit strategy continues to focus on three key levers: consumption, investment and asset-led sourcing.
- The bank is increasingly leveraging demat and trading accounts to build CASA, while liability opportunities from asset relationships are being tapped to acquire NTB customers.
- Average current account balances grew by 14% YoY, driven largely by a focus on the self-employed segment. Kotak Solitaire, launched in 1Q, has seen encouraging traction, with an uplift in affluent customers across both deposits and investments.
- Kotak 811 continued to accelerate customer acquisition, with super SA gaining traction among younger customers. Term deposits grew by 17% YoY and 4% QoQ.

Consumer loans

- Demand remains durable, supported by stable economic activity. The portfolio grew 16% YoY and 4% QoQ, led by the MSME segment, with a continued focus on asset quality.
- Mortgage loans, including home loans and LAP, grew 18% YoY and 5% QoQ. Home loans remain price-sensitive, while relationship-led sourcing in the affluent segment is driving steady traction and improving wallet share through cross-selling of liabilities.
- LAP, serving large MSME customers, continues to witness strong momentum, with the bank maintaining a strong position through ongoing investments.

- Overall mortgage asset quality remains robust.

Business banking

- Demand for WC loans remained stable, in line with consumption trends. Secured BBG, including micro and SME loans, grew 32% YoY and 5% QoQ, supported by the festive season.
- Growth was steady in unsecured business loans, with continued focus on asset quality, alongside traction in secured and unsecured BBG segments.

Unsecured lending

- Within unsecured lending, personal loans continue to be driven by organic retail sourcing, with strong disbursements led by the salaried segment and stable credit quality. Rapid expansion of digital channels continues to support growth.
- Credit cards, a key part of the core strategy, saw Kotak Solitaire continue to perform well, with moderating delinquencies during the quarter.
- The bank has completely revamped its credit card proposition, and expects card accretion to improve. The newly launched Kotak Solitaire has performed well and is expected to reflect in numbers in the near term.
- Overall, the unsecured portfolio improved, supported by better flow rates and collections, with the bank increasingly using analytics and machine-learning.

Commercial banking

- CV portfolio – the industry recorded sales growth of 22% YoY and 21.5% QoQ, with broad-based growth across verticals, supported by GST rate cuts and OEM price hikes, effective from 1st Jan'26. Within this, retail CV segment continued to witness stress; accordingly, the bank has tightened underwriting standards and reduced disbursements. The portfolio built during the last growth quarter is performing well.
- CE segment: Industry sales declined 14% YoY and 10% in 9MFY26, impacted by slower infrastructure activity. Disbursements to small contractors and first-time buyers remained broadly in line with industry trends. Budget remains a key monitorable for growth to revive in this segment.
- Tractor segment saw industry growth of 22% YoY and 19% QoQ, led by GST rate cuts, government subsidy support, and a good monsoon. Agri commodity prices had some impact on cash flows; however, disbursements remained broadly in line with industry trends.
- MFI portfolio has been declining since 2QFY25, though disbursements picked up in recent months. Retail microcredit remained flat QoQ, with portfolio quality under the new underwriting performing well. Disbursements are expected to increase from 4Q onward, and the bank is opting for CGFMU.

Wholesale banking

- Wholesale banking grew 17% YoY and 3% QoQ, while credit substitutes remained flat QoQ, highlighting granular growth through SME and mid-market segments.
- SME book grew 16% YoY and 7% QoQ and remains a core focus area, supported by ongoing investments in technology.
- Mid-market segment continues to see a substantial proportion of flows from working capital and flow-based lending.
- In larger corporates, pricing challenges persist, particularly in the project finance business.

- Trade finance remains a priority, though overall growth in the trade book stayed muted due to pricing pressures; however, the cross-border trade book at GIFT City recorded good growth.

NIMs

- Yields were impacted by the 50bp rate cut in Jun'25; however, this was largely offset by the CRR reduction and deposit repricing during the quarter.
- The bank witnessed inflows of IPO-related short-term funds, which were temporarily deployed in treasury instruments, resulting in a drag on reported NIMs. On an adjusted basis, excluding this impact, NIMs would have been 4.58%.
- Unsecured loan growth remains gradual and broadly in line with expectations, while NIMs remain healthy at 4.54%, steady QoQ, supported by a low cost of funds.
- Going forward, a 25bp rate cut will have an impact on NIMs, while TD repricing will continue in 4Q at a slower pace. CRR cut will provide a full-quarter benefit in 4Q. Assuming no further rate cuts, the bank expects moderate improvement and stability in NIMs from 1QFY27 onward.

Capital and Opex

- Net worth increased, including an unrealized gain of INR20b on MCX and KFin, which has been accounted for under AFS reserves.
- ROE, computed including AFS, stood at 11.29%; adjusted for excess equity, ROE stood at 14%.
- CRAR stood at 22.6%, with CET-1 at 21.5%.
- Higher short-term liquidity was maintained in treasury assets; adjusted for this, NIM would have been 4.58%, up 4bp QoQ. Cost of funds declined by 16bp, as term deposit repricing played out.
- Employee costs included INR0.96b related to the labor code, while CTC costs remained flat QoQ.
- Other operating expenses increased 5% QoQ, driven by branch proportion expenses, higher brokerage related to tractor finance disbursements, and acquisition costs across 811 products.
- Agri PSL: The bank has not taken any provisions. As per RBI audit norms, details remain confidential; however, management clarified that no provisions have been made.

Subs

- Subsidiaries contributed ~30% of consolidated profit, growing 11% YoY, while consolidated BVPS increased by 15% YoY. Within subsidiaries, the capital markets business recorded growth in volumes and market share.
- The insurance business, which had been impacted by GST-related changes, normalized during the quarter.
- Kotak Mahindra Prime, the auto finance subsidiary, reported customer assets growth of 13% YoY.
- DCM volumes were robust led by corporates, real estate and infrastructure, thereby garnering healthy fees.
- The bank saw a strong quarter in terms of capital market – Investment banking divisions managed 11 IPOs and 3 QIPs in 3QFY26.



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Punjab National Bank

Buy

Current Price INR 128

Opening remarks

- The bank continues to prioritize sustained business growth.
- PNB has added 82 new branches and plans to open an additional 100 branches over the next six months.
- A strong focus on profitability has resulted in the highest profit recorded so far.
- Global business grew 9.5% YoY, with global deposits up 8.5% and advances rising 12.3%.
- The CD ratio increased to 72% in 3QFY26.
- Deposit rates were not reduced during the quarter, while yields declined in line with the repo rate cut.
- NIMs for 4Q are expected to remain at the same level as in 3Q.
- Recoveries stood at 2.2x of slippages; the bank created prudential floating provisions of INR9.6b.
- Floating provisions were made keeping in mind the forthcoming ECL framework.

Business update

- The bank has exposure to certain low-yielding corporate accounts and is aiming to replace this book at a faster pace.
- It also plans to shed a portion of its bulk deposits in the coming quarter.
- IBPC exposure is being reduced quarterly, with an annual reduction of INR300b. As the bank intends to exit IBPC over time, it has not upgraded its guidance.

Other Income

- Fee income is expected to improve, supported by upcoming product launches.
- Treasury income is expected to remain healthy over the next few quarters.
- The bank recovered INR7b from one account and expects additional recoveries of INR4-5b in 4Q.

NIMs

- Interest income from investments has declined, in line with prevailing market conditions.
- NIMs declined due to deposit rate repricing; over 50% of the loan book is repo-linked, and rate transmission was immediate.
- Around 70% of special deposits were repriced in December, with full repricing expected by 15th May 2026.
- Investment yields have moderated due to market conditions.
- The 25bp repo rate cut impacted NIMs; term deposit rates were not cut in October but were reduced in January 2026. Repricing is expected to be completed by April 2026.

Asset Quality

- The bank created INR9.6b of floating provisions as a prudential buffer in anticipation of ECL implementation.
- Standard provisions stand at INR9b, with a possible reversal being considered in 4Q.
- Preliminary ECL estimates are in the range of INR90–100b; total floating provisions of INR17.8b are expected to largely absorb the transition impact.

- Stage 1 standard asset provisioning stands at 0.4%, while Stage 2 provisioning could see an impact of ~INR100b, translating into a 15-20bp rise in credit costs.
- The SMA pool stands at 4.61% of total loans.
- Floating provisions are not included in net NPA calculations.
- SMA breakup: SMA-0 at INR341.8b, SMA-1 at INR94.4b, and SMA-2 at INR131.2b.

Others

- LCR for the bank stands at 130%. There will be some 5% positive impact due to the new LCR guidelines.
- PNB completed a stake sale in Canara HSBC Life for INR9.12b.
- There is no impact from the labor code, and provisions are adequate.
- Improved performance in PSLC is expected to result in a ~50bp reduction in PSLC costs.
- A reversal of INR5b in income tax led to a lower effective tax rate of 19%.

Guidance for FY26

- Guidance has been maintained to be at <1% of the slippage ratio.
- RoA – Bank aims for >1% of RoA in FY26.
- Credit growth guidance maintained at 11-12%.
- Bank expects global NIMs to be at 2.6%, while Domestic NIMs at 2.7%
- Gross NPA ratio shall be below 3%.
- Net NPA ratio shall be at 0.35%.
- Bank expects PCR to be at >96% for FY26.
- Total recovery expected is at INR160b. Bank is expecting INR40b of recovery in 4Q. Bank is further expecting INR140b and 150b.
- Credit growth is at 10.9%, and the bank is confident of achieving 11-12%. PNB will be touching 9% of the deposit growth.



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RBL Bank

Buy

Current Price INR 326

Opening remarks by the MD and CEO, Mr. R Subramaniakumar

- Net advances grew 14% YoY and 3% QoQ. Retail advances increased 10% YoY and 1% QoQ, with the retail-wholesale mix at 59:41, adjusted for an IBPC reduction of INR30b.
- Secured advances grew 24% YoY and 1% QoQ, while BL + home loans increased 3% YoY and 8% QoQ. Retail quarterly disbursements stood above INR50b.
- Wholesale banking grew 21% YoY, with commercial banking expanding at a faster pace of 30% YoY and 7% QoQ. Secured business loans – average tenure is 4-5 years and is linked to Repo.

Advances and deposits

- Gold loan disbursements stood at INR2.25-2.5b per month, with management indicating for a meaningful increase.
- RFL has been gaining traction as a sourcing channel for secured loans, while retail secured businesses have turned profitable at the operating level.
- Deposits grew 12.5% YoY and 2% QoQ, with the CASA ratio at 30.9%. Branch banking-led deposits grew 18% YoY and 3% QoQ.
- CASA ratio continues to remain a challenge for the bank and continues to drag the impact on overall cost PF deposits.

- LCR stood at 125%, while the CD ratio was 86.1%, within the banks comfortable range of 83–87%.
- LCR Impact: Expected to have a marginal positive impact.
- Management's priorities remain focused on building granular liabilities, maintaining a balanced retail asset mix with faster growth in secured products, driving branch-led acquisition, and improving operational efficiency. Overall, the bank believes it is on the right trajectory to achieve these objectives.
- Credit Guidance: Wholesale advances are at 20-25%, retail advances are at 25-30%, and JLG advances are likely to grow 10-15%.
- Unsecured advances have stopped declining and grew 1% QoQ, with JLG disbursements reaching a monthly run rate of INR7b, supported by an improvement in collection efficiency and a reduction in slippages.
- In the credit card segment, the bank issued ~100,000 cards in a single month, with cards-in-force growing QoQ after 6–7 quarters. Slippages in the segment remain slightly elevated, and this trend is expected to continue for the next two quarters. However, the bank aims to reach card accretion of 150-200K in the near future.
- Early bucket collection efficiency in the JLG portfolio stood at 99.5%, improving sequentially.
- The bank expects the credit card book to turn positive. With portfolio build over the past 2two years, the bank expects a visible improvement in collections and reduction in costs.

Cost and margins

- Term deposits are expected to reprice further in 4QFY26, with margins likely to expand marginally in the coming quarter.
- NII increased 7% QoQ, while NIM stood at 4.63%, rising 12bp (led by an uptick of 4bp CRR release, balance sheet efficiency, and an improvement in short term investments).
- Cost of deposits stood at 6.2% vs 6.26% in the previous quarter. Savings account rate actions included a reduction in the peak bucket from 6.5% to 6%, with cost of deposits expected to reduce further.
- Other income grew 13% YoY, excluding the one-off impact of the listing of strategic investments.
- Operating expenses increased 8% YoY, with the cost-to-income ratio improving to 66.3% from 70.7% QoQ.
- Gratuity provision increased INR300m on account of labor codes.

Asset quality

- Term deposits are expected to reprice further in 4QFY26, with margins likely to expand marginally in the coming quarter.
- NII increased 7% QoQ, while NIM stood at 4.63%, up 12 bp (led by uptick of 4 bps CRR release, balance sheet efficiency, improvement in short term investments).
- Cost of deposits stood at 6.2% vs 6.26% in the previous quarter. Savings account rate actions included a reduction in the peak bucket from 6.5% to 6%, with cost of deposits expected to reduce further.

- Other income grew 13% YoY, excluding the one-off impact of the listing of strategic investments.
- Operating expenses increased 8% YoY, with the cost-to-income ratio improving to 66.3% from 70.7% QoQ.
- Gratuity provision increased INR300m on account of labor codes.

ECL and capital related

- ECL transition: currently, the impact is ~10% of net worth; would further await some more clarity.
- On the capital front, shareholder approval has been received for the proposed capital infusion by Emirates NBD. Applications have been submitted to the RBI, GOI, CCI and SEBI, and are currently at various stages of approval.
- Capital adequacy remained comfortable, with overall capital adequacy at 14.94% and CET-1 at 13.45% (including profits) with 7–8 bps capital consumption during the quarter due to growth.

Others

- The bank added 18 branches during the quarter, reflecting accelerated branch expansion, which is expected to continue to strengthen the deposit franchise. Branch-led businesses, including gold loans, working capital and secured business loans, also witnessed traction.
- The bank aims to exit March-26 by 600 branches, 800 branches by FY27 and 1000 branches by FY28 with annual operating cost of INR 6-7m per branch.

Guidance

- Credit Guidance: Wholesale advances at 20-25% and Retail advances are at 25-30%; JLG advances are expected to grow 10-15%.
- The bank aims to exit March-26 by 600 branches, 800 branches by FY27 and 1000 branches by FY28 with annual operating cost of INR 6-7m per branch.



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State Bank of India

Buy

Current Price INR 1,219

Opening remarks

- Despite the geopolitical scenario, the Indian economy remains well-positioned due to strong macro fundamentals. Global growth is projected at 3.3%, while India continues to outperform with growth projected at 7.4%
- Growth is expected to remain resilient, aided by a Budget outlay of INR12.2t.
- Services exports remain robust, while merchandise exports should see acceleration due to trade deals.
- Quarterly PAT was driven by fee-based income, with secular growth observed across segments, along with moderating opex.
- The bank received dividend income of INR22b (SBIMF); despite netting off the one-off, performance remained strong. The bank aims to maintain ROA at current levels of ~1% through the cycles.
- Deposits grew by 9.02% YoY, with CA growing at 10.32% YoY and CASA ratio at ~39%. Retail term deposits grew by 14.54% YoY.
- Foreign deposits grew 8.3% YoY. LCR was broadly in the range of ~120-125%.
- Current accounts: Government CA business was drying up, and SBIN has focused on the private side in the last 1-2 years; daily average balances holding up well.

- PSL target pressure increases as the book grows; to eliminate or reduce this, the bank has implemented certain measures. Organic growth PSL targets are assigned to business heads (including corporate); SMF continues to be a concern, but this is a systemic challenge rather than specific to SBI. The bank frontloaded its PSLC purchases in 2Q and did not move to these in 3Q.

Advances and deposits

- Credit grew by 15.14% year-on-year, driven by secular growth among segments; domestic CD ratio stood at ~72%, up 404 bps YoY.
- Despite a 3.2% expansion in LDRs, NIM traction was slower, as corporate loan growth was also driven by WC loans, which are reasonably priced.
- Corporate book saw traction, up 13% YoY. SBIN had earlier guided for double-digit credit growth in corporate segments and maintains the same for 4Q.
- Bank aims to strengthen its liability franchise by increasing the share of CA and digital channels to enhance customer acquisition.
- Unsecured personal loans: bank was hoping to achieve double-digit growth in personal loans (Xpress credit); however, some customers from these segments have transitioned to gold loans due to sharply growing metal prices and the rate differential between gold loans and personal loans.
- Gold loans have a modest LTV ratio: ~54.89% for agri gold loans and 51% for personal gold loans. Agri gold loans stood at INR1.44t and personal gold loans at INR862b.
- SBIN revised its credit growth guidance for 4Q to 13-15% from 12-14% earlier.
- MSME – SBIN is a large player with a ~15-16% market share and expects this traction to continue; this aligns with the positive developments from the government on account of trade deals and budget announcements.
- SBIN actively finances data centers and participates in most projects where they are being developed; it expects traction in green energy, having reached INR 1tn in terms of portfolio.
- Out of total book, ~50% of the total loan book consists of MCLR-linked and fixed-rate loans, with the latter pertaining to EBLR and other benchmarks. Overall, 45-48% of the book is linked to floating rates.
- Pipeline stood at INR7.86t, of which INR4.4t has been sanctioned but not disbursed. SBIN expects the pipeline to be supported by M&A financing and lending to REITs, as these will offer better yields and support margins.

Yield, cost, and margins

- Domestic NIMs stood at 3.12%. NIM guidance for FY26 is +3% (remains unchanged) and long-term view also remains the same.
- Cost of funds: The focus is expected to remain on retail deposits and less on wholesale deposits. It expects CoF to remain around current levels in 4Q. SBIN would wait for credit growth to play out before providing further guidance. It maintains capital buffers and adequate liquidity to support credit growth.
- SBI Life offers PMJJBY as micro insurance distributed through SBIN, where the bank holds a 47% market share. Cross-sell income grew sharply on account of trail income from mutual funds and selling of life insurance policies on account of GST rationalization.
- Labor code Impact: Gratuity impact was ~INR0.16b.

- Bank aims to maintain cost to income at ~50% levels.
- Interest on IT refund stood at INR7.69b vs. INR3.72b in previous quarter.

Asset quality

- GNPA improved to 1.57% (down 15bp YoY), and net NPA improved by 14 basis points, reaching the lowest levels in the last two decades.
- SBIN has made proactive provisions on accounts basis; not specifically built for ECL.
- AUCA pool: SME at INR340b, agriculture at INR70b, retail at INR70b, and corporate at INR1.01t.

Miscellaneous

- CRAR improved by 101 basis points YoY to stand at 14.02%.
- Profitability metrics remain strong, with ROA above 1% and ROE at 20.68%.
- Digital transformation remains a continuous journey, with YONO users reaching 9.65 crore as of now. Subsidiaries delivered consistent performance with expansion in digital channels.
- Overseas branch expansion: the bank has wholesale banking branches across overseas markets (New York, Chicago, and LA) and retail branches in California – there might be some potential in building retail business -doesn't aim to open branches but deepen its global YONO market.
- Participation in Bond market: this is largely influenced by credit growth - Partial credit enhancement will enable lower rated corporate to explore bond markets.

Guidance-related

- SBIN revised its credit growth guidance for 4Q to 13-15% from 12-14% earlier.
- Domestic NIMs stood at 3.12%. NIM guidance for FY26 is +3% (remains unchanged) and long-term view also remains the same.
- Bank aims to maintain cost to income at ~50% levels.



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Union Bank of India

Neutral

Current Price INR 193

Opening Remarks

- India remains in a “Goldilocks” phase, characterized by strong economic growth and low inflation.
- Government and regulatory reforms continue to provide structural support to growth.
- The bank has undertaken a detailed review and rationalization of its balance sheet. Around INR400b of bulk deposits have been consciously run down.
- The IBPC exposure of ~INR200b has been fully extinguished.
- Low-yielding loan exposures have been reduced, with a greater shift towards longer-tenure assets.
- The AAA–A rated portfolio now constitutes ~95% of the loan book.
- Management and the Board are now focused on driving growth in identified priority verticals.

Advances & deposits related

- ~38% of the loan book is linked to MCLR, with the balance linked to T-bill and EBLR benchmarks.
- The bank is witnessing an ongoing mix change within the corporate portfolio.

- Around INR300b of corporate exposures have been churned out; management expects improved growth momentum in 4Q, with loan growth aspirations aligned with industry levels and higher than 3Q.
- Deposit growth for 9MFY26 stood at 3.88%, while the CD ratio remains comfortable at ~81%. Deposit mobilization is not a constraint, and the bank has adequate headroom to increase the CD ratio.
- Both CD ratio and LCR are well within regulatory comfort levels. While ALM remains a focus area, the bank is prioritizing CASA mobilization. Deposits are not the sole funding source, with refinancing also available.
- Retail and MSME segments have seen some moderation, and the bank is focused on reviving growth in these segments. The corporate pipeline remains strong with healthy proposals in the pipeline.
- Gold loan book stands at ~INR940b, with incremental additions of ~INR20b during the quarter. Yields in this segment are ~8.85–9%.
- The agriculture loan book is ~INR480b, with LTVs at ~75% for non-agri gold loans and ~85% for agri gold loans.
- Domestic LDR of ~81% is considered comfortable, while international LDR is comforted at ~82–83%.

Yields, cost, and margins

- NIMs are expected to improve in FY27E, driven by an anticipated decline in cost of funds.
- While the immediate focus is on defending margins, management's long-term aspiration remains margin expansion.
- Term deposits worth ~INR1.5t are scheduled to mature in 4QFY26.

Other income and opex

- The bank has allocated ~INR16b towards technology investments, with ~80% of liability-side relationships now being onboarded digitally.
- PSLC income was strong last year; however, opportunities were limited in the current year. Management expects PSLC profitability to improve in the coming year.
- Treasury income was normalized during the quarter, with no one-off gains. It included income from mutual funds, MTM movements, and other treasury income.
- Operating expense growth has remained modest over the past two years. The bank has initiated investments in technology and infrastructure. It plans to open ~75 branches during the current year and ~200 branches in the next financial year.

Asset quality

- SMA-2 exposures (below INR50mn) stood at ~INR240-250b.
- Provisions declined due to lower slippages and healthy recoveries, eliminating the need for additional provisioning.
- Recoveries from the written-off pool were lower, reflecting reduced fresh slippages. Some recoveries were expected during the quarter.
- Standard asset provisions were made in the previous quarter and in 1QFY26; however, given low slippages and adequate PCR, no standard asset provisioning was required this quarter.

- Lower provisioning reflects an improved asset mix with a higher proportion of BBB and above-rated exposures. Management expects provisioning to sustain at similar run rates. Additionally, ~50% of the restructured book has already been classified as NPAs.
- The written-off pool continues to offer recovery potential. While some recoveries were anticipated in 3Q, management expects a larger share to materialize in 4Q.
- Excess standard asset provisions remain adequate, and the bank will reassess the buffer once final regulatory guidelines are issued.

Miscellaneous

- The estimated ECL impact is ~INR43b. Management does not expect any material increase in credit costs, as existing provisions are largely aligned with ECL requirements.
- The impact of labor codes on employee expenses is expected to be immaterial for PSU banks, with a maximum impact of ~INR100–150m. Gratuity provisions are already in place.
- Under the MSME export moratorium, ~78 proposals amounting to ~INR5b were received, of which 61 proposals aggregating ~INR2.17b have already been disbursed.

FINANCIALS/NBFC



- Management indicated that NBFCs delivered a steady performance in 3QFY26, supported by improving disbursements, stable asset quality, festive-driven demand, strong rural cash flows, and continued lender confidence. While lower funding costs are providing support, management highlighted that increased competition in secured retail segments such as housing and gold loans is constraining margin expansion. Asset quality trends have shown marginal improvement overall; however, management acknowledged continued stress in certain pockets, particularly small-ticket MSME and micro-LAP portfolios. In contrast, MFIs and other unsecured segments have benefited from improved collections and disciplined underwriting practices.

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Outlook for FY26/FY27	Asset quality and others/3QFY26 Highlights
ANGEL ONE	■ Operating leverage to improve as fixed costs remain stable; management confident of sustaining 40–45% margins in core broking & distribution businesses. ■ Continued investments in AI, Super App integration, Wealth, and AMC to strengthen wallet share and build a balanced, less volatile earnings profile. ■ Realizations improved sequentially following the recent minimum brokerage hike, and management has indicated that there would be no further pricing hikes in the near term.	■ The company has maintained strong profitability, with 39.4% operating margins, despite a temporary rise in finance costs and ongoing investments in new businesses. ■ Revenue diversification is visible – broking contribution reduced to 58% from ~65% last year, with strong traction in credit, IPO distribution, and rising MTF book. ■ Broking activity saw a clear recovery, with the highest-ever commodities orders and ADTO, along with improved realizations following the brokerage hike.
Bajaj Fin.	■ BAF anticipates growth of ~20-30% across all business segments, except gold loans, where growth may be higher if gold prices stay elevated. The company has provided guidance for AUM growth of about ~22-23% in FY26. ■ Fee income is expected to grow at ~18-20% from FY27 onwards. ■ There is limited repricing in funding costs, and the CoB guidance for FY26 is in the range of ~7.55%-7.6%. ■ Management has guided for FY27 credit costs of ~165-175bp, including higher provisions due to a higher PCR.	■ BAF introduced a minimum LGD floor across all businesses to enhance balance sheet resilience amid a volatile global economic environment. Accordingly, an accelerated ECL provision of around INR14b was taken in 3QFY26, which led to an increase in PCR across all three stages. ■ Management guided that it expects an additional provisioning of ~INR3b-4b in FY27 from this higher PCR across S1/S2/S3. ■ Growth in gold loans is likely to be supported by continued distribution expansion and higher gold prices.
BSE	■ Recent STT hike in F&O has had limited impact on options volumes. With regard to futures, minimal impact is expected, given the nascent Sensex futures segment. ■ Transaction charges are ~INR250 lower per crore of premium turnover vs peers, with scope for gradual hikes over time depending on market capacity to absorb higher costs. ■ The focus remains on scaling derivatives and deepening liquidity before expanding commodities.	■ The company reported its 11th consecutive quarter of record revenues, supported by strong listing activity. The SME platform crossed 700 listings by Feb'26, with the fastest 100 additions completed in 179 days. ■ Trading revenue remained strong, driven by healthy volumes and higher participation, while the expiry cycle shift led to deeper participation, broader contracts, and higher open interest. ■ Star MF delivered robust growth (14% YoY revenue, 21% YoY volume), with a record 79.7m monthly transactions in Jan'26.
GROWW	■ Management has guided for employee and marketing costs to grow ~10–20%, but margins to expand as long as revenue growth outpaces cost growth. ■ AMC is positioned for accelerated scale-up with State Street partnership, enabling stronger investment, governance, and inorganic growth optionality. ■ Under wealth, the focus is on embedding curated affluent offerings, driven by cross-selling to existing customers and expanding through additional channels.	■ The commodities segment is scaling well, with 0.1m+ customers contributing ~4% to total broking revenue and achieving double-digit notional market share. ■ The MTF book continues to grow steadily, adding ~INR6b per quarter over the last three quarters. Management expects momentum to sustain, subject to market volatility and MTF-eligible stock performance. ■ Activation ratios improved in 3Q, driven by strong gold and silver performance, IPO-led reactivation of dormant users, and higher QoQ user acquisition.
Mahindra Finance	■ MMFSL expects AUM growth to improve from mid-teens to high-teen CAGR over the next few years. ■ Margins are expected to remain resilient, supported by structural tailwinds such as an	■ MMFSL updated its ECL model using an in-house framework, changing the LGD methodology from a 42-month calculation to a more stable, industry-aligned approach.

	- improved portfolio mix and a growing share of tractor financing. Management noted that some benefits may be passed on in a declining interest rate environment. - The company expects credit costs to trend towards the ~1.5-1.7% range in the coming quarters.	- Management emphasized that diversification remains a key strategic priority, with a clear focus on transitioning away from a monoline, wheels-focused franchise. - The company sees substantial long-term potential in SME lending, supported by capability building and continued channel investments. SME is expected to become a key growth driver as the company diversifies beyond its wheels business.
Muthoot Fin.	- Muthoot highlighted that gold loans are increasingly recognized as a reliable, secured financing option across a broad customer base, including salaried employees, self-employed individuals, small business owners, and professionals. - Muthoot revised its gold loan growth guidance to 45% (vs. earlier 30-35%), driven by rising gold prices and unavailability of unsecured credit. It expects margins to remain resilient.	- Management stated that although competition exists, the overall gold loan market remains under-penetrated, with banks holding INR13t in gold loans compared to only around INR3t held by NBFCs. - Demand picked up during the festive season and remained strong through Jan'26 and Feb'26, indicating a sustained growth momentum.
NUVAMA	- Opex growth guidance of 10–12% is maintained; FY26 opex is guided at INR4.4–4.5b. - Medium-term earnings growth target remains 20–25%, though FY26 may see pressure from Asset Services headwinds. - Under Asset Services, focus is on expanding offshore and domestic clients, with PMS/AIF RTA services launching in 3–4 months to drive share gains. Improved flows should see 4QFY26 earnings match 1QFY26, establishing a new base post the July'25 client exit. - Entry into SIFs is underway, with regulatory approval awaited and launches expected in 2–3 months.	- Sequential revenue softened due to timing effects, with ECM billing deferred to the next quarter and Nuvama Private transaction revenue moderating after elevated syndication income in 2Q. - MPIS revenue was sequentially flat, reflecting mix-led volatility between higher-yield managed products (AIF/MF/PMS) and lower-yield investment solutions (MLDs, insurance, fixed income). - Under the AMC business, public market flows remained weak amid volatility and SIF competition; despite gross flow recovery, scheduled redemptions led to net outflows. Private markets are in consolidation mode, focused on deploying existing funds and closing older vintages.
CAMS	- Management aspires to scale the non-MF portfolio to 25–30% EBITDA margins over the next 2–3 years, with a clear objective of flowing a higher portion of the INR400–500m to the bottom line. - Cost discipline remains strong, with management aiming to restrict cost growth to ~10% YoY. - While a minor reset from upcoming TER regulations is possible, AMCs have not initiated discussions yet, and CAMS expects to retain strong negotiating power due to scale and volumes. - With no major AMC renewals due and only a few mid-sized AMCs expected for renewal, yield stability is likely over the next 18 months.	- MF revenues grew in line with AUM expansion and stable yields. Total AUM crossed INR55t, with market share steady at 68%. Equity AUM surpassed INR30t, with a 66.4% market share. - The SIF category is emerging as an attractive product class; ~INR24b has already been mobilized across four AMCs, tapping into a relatively higher risk appetite investor base. - The payments business remained stable, while newer payment solutions drove incremental growth. Revenue scaled from INR300m two years ago to INR700m currently, with management targeting INR1b in the medium term.
ABSL AMC	- Expense growth should track inflation; the Jan'26 ESOP rollout will reflect in 4QFY26 and FY27 manpower costs. - Alternates generated INR340m (~4.5% of revenue); management is focused on scaling alternates and PMS as key long-term growth and margin drivers, supported by improving institutional/HNI traction and better fund performance. - The TER circular is expected to have limited yield impact, with margins likely to remain broadly stable.	- Equity AUM market share erosion has continued, though the pace of decline has moderated, and management indicated that market share is approaching stabilization. - Cost discipline remains strong, with other expenses controlled on a rolling 12-month basis. Lower distributor engagement in 3QFY26 led to muted sequential expense growth. - Improving fund performance has begun to translate into better market perception and stronger flow momentum.
NAM AMC	- Bullish on SIF (~INR30–40b raised in 3–4 months), pursuing a profitability-led strategy with potential to evolve into a standalone vertical over 5–10 years. - Offshore flows are lumpy, but traction is improving through Japan-focused launches and the proposed DWS AIF JV, with better outcomes expected over 2–3 years. - Expense growth guidance of ~15% is maintained; FY27 ESOP cost is guided at ~INR260m.	- Monthly SIP market share declined slightly QoQ due to lower equity volatility and narrower industry flows, especially in flexi-cap funds. - Overall yields remained stable despite ETF growth, aided by a favorable shift toward higher-yielding gold and silver ETFs. - ETF AUM stood at INR2.1t (20.3% share); the company holds 48% of ETF folios and 51% of trading volumes, with ~35–40% share in gold and silver AUM.

360ONE

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360ONE WAM

Key Metrics:

Quarter	Q4 FY25	Q3 FY25	Q4 FY24	Q3 FY24
Revenue (INR b)	1,128	1,050	1,050	1,050
Profit (INR b)	128	105	105	105
Operating Profit (INR b)	128	105	105	105
Net Profit (INR b)	128	105	105	105

Management Commentary:

The company continues to see a gradual improvement in the CI ratio, supported by scale benefits and operating leverage. 9M net flows stood at INR470b, of which INR260b were organic, already matching FY25 organic flow levels. Technology remains a key investment priority, with AI pilots being advanced across core functions to improve decision-making and productivity. Management reiterated that cost optimization will be a key objective in the coming year, driven by productivity improvements and normalization of investments in new businesses.

360ONE WAM

Buy

Current Price INR 1,128

Business performance

- The company continues to see a gradual improvement in the CI ratio, supported by scale benefits and operating leverage. 9M net flows stood at INR470b, of which INR260b were organic, already matching FY25 organic flow levels.
- Technology remains a key investment priority, with AI pilots being advanced across core functions to improve decision-making and productivity.
- Management reiterated that cost optimization will be a key objective in the coming year, driven by productivity improvements and normalization of investments in new businesses.
- Around 3.5-4.0% of the CI ratio currently comes from ET Money and the HNI business. The rest of the business is already operating at ~44.5-45% CI. Both ET Money and HNI are expected to move towards breakeven next year, aiding further CI improvement.
- Management is targeting a 120-150bp CI improvement in the core business (with a similar improvement in newer businesses) and aspires to reach a 45-46% CI ratio next year.
- Incremental carry income added ~6bp to retention during the period. However, on a normalized basis, retention is expected to revert to ~75-76bp.
- The company is guiding toward 22-24% AUM growth, translating into 16-18% revenue growth and 22-24% PAT growth over the medium term.

Wealth management

- Wealth management reported flows equivalent to 12% of opening ARR AUM in 9MFY26, despite attrition.
- Total net flows during the period were INR400b, well diversified across regions. Flow composition remains healthy, with ~60% driven by wallet-share expansion and ~40% from new client acquisition.
- TBR is largely driven by brokerage and syndication across multiple asset classes. The platform currently books TBR across 6-7 lines of business, covering institutional and family offices through B&K, and UHNI clients via the securities platform. Incremental contributions from IB and ECM mandates are expected over the next few months.
- Wealth retention is expected to remain broadly stable.
- The UHNI franchise currently has 191 relationship managers, with a few teams expected to be added over the next 3-6 months. Management's longer-term aspiration is to scale to 300-350 RMs over the next 3-4 years.

Asset management

- Asset management reported INR44b of net flows during the quarter, driven by new fund launches as well as sustained traction in existing strategies.
- Institutional interest in India's private markets continues to strengthen, with the company securing its first PE mandate from a global institution during the period.
- In listed strategies, focus remains on expanding reach through the MFD channel to scale the equity franchise.
- Retention expectations remain unchanged: 70-75bp on alternates (excluding carry), with 15-20bp of carry income expected to be booked, while listed

strategies should deliver ~50bp retention. On a blended basis, overall AMC retention is expected to remain in the 73–75bp range.

New Strategic initiatives

- Early traction is visible from the UBS partnership, particularly on cross-border client referrals, with tangible synergies expected to start translating into numbers from Apr'26 onward.
- The HNI segment is being actively scaled, with 60 RMs across 12 locations and INR20b+ of net flows already mobilized in the current financial year. This segment is expected to be a strong feeder into the UHNI franchise.
- ET Money is undergoing a strategic transition from a transaction-led platform to a comprehensive digital wealth manager, closely aligned with 360 ONE's core proposition, with the objective of building a scalable digital moat.
- B&K, now rebranded as 360 ONE Capital, significantly enhances the group's capital market footprint and reinforces its positioning as a comprehensive financial services platform. Management expects this acquisition to drive a 25–30% increase in UHNI equity brokerage revenues over time.



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Aavas Financials

Neutral

Current Price INR 1,306

Guidance

- AAVAS guided for ~25% disbursement growth and 17-18% loan growth in FY27.
- Management guided for credit costs of ~20bp to sustain.
- The company plans to add ~20-25 branches in 4QFY26 and another ~50 branches in FY27.

AUM growth and disbursements

- The company undertook significant transformation in its business and accounting processes during 1H, tightening credit in a subdued environment, which temporarily moderated AUM growth. However, the business momentum has picked up since Diwali and is expected to sustain in 4QFY26.
- Incremental branch expansion over the past 24 months and new branches planned next year are expected to provide ~INR3-3.5b of additional disbursements. Digital channels such as CSC and e-Mitra are expected to generate an additional ~INR5b, and inflation-led growth is expected to contribute ~6% (~INR4b) to disbursement growth in FY27.
- Focus on Tier 2 and Tier 3 towns with smaller branches is expected to optimize cost and improve growth.
- Management stated that growth in Karnataka has been recovering after eKhata-related slowdown seen in 2HFY25 and FY26. Rajasthan continues to expand at ~20% CAGR, with AUM reaching ~INR74b across 111 branches. Uttar Pradesh will be a key focus for AAVAS and will look to penetrate deeper in this state. Gujarat remains an important growth market. It sees opportunities in Southern India, with distribution expansion planned in Tamil Nadu and foray into AP/Telangana planned in the coming years.
- The company's competitive advantage lies in understanding local customers, cashflow assessment based underwriting, and serving lower-ticket segments. AAVAS has ~65-70% self-employed customers, while larger HFCs typically cater to mostly salaried customers.

- AAVAS prioritizes risk-adjusted returns over market share.
- Disbursement to sanction ratio improved from ~30-32% in 1Q to 38-40% in 3QFY26.

Yields and margins

- AAVAS will cut its PLR by 15bp effective Mar'26. The company guided for a ~9-10bp decline in overall portfolio yields from this PLR reduction.

Business updates

- The macroeconomic environment is encouraging, supported by the Aatmanirbhar Union Budget, positive progress on India-US trade agreements, GST rationalization, and continued FDI liberalization.
- Government initiatives such as the Interest Subsidy Scheme under PMAY 2.0 and a stable interest rate environment support homebuyer sentiment and affordability.
- AAVAS successfully raised ~INR9.75b (~USD108m) from a marquee multilateral financial institution, the largest NCD placement in the company's history. The proceeds from this borrowing is expected to support affordable housing loans, women home ownership, green-certified housing, and MSME lending in underserved regions.
- Asset quality exhibited a minor improvement, with ~GS3/NS3 declining ~5bp each QoQ at 1.2%/0.8% and 1+dpd improving ~20bp QoQ to ~3.8%. Credit costs stood at ~16bp.
- AAVAS benefited from a ~25bp cut in the repo rate and will pass on ~15bp to customers (effective 1st March 2026). On the asset side, ~70% of loans are floating and the remainder are fixed.
- Reported NIM in 3QFY26 remained stable at ~8%.
- AUM grew ~15% YoY and ~4% QoQ to ~INR222b.

Employee initiatives

- Employee attrition has remained constant for AAVAS.
- The company has introduced Project Rise, which will help strengthen employee engagement and structured recognition. Branch excellence programs support last-mile frontline salespeople through digital tools like pin code identification and market mapping.
- Visits by sales frontline staff has risen by ~30%, which has allowed it to source better quality customers.

Competitive landscape

- AAVAS does not view competition as a significant risk, as the company focuses on the underserved segment with a ticket size of around INR1.25m, whereas other competitors in the geography target salaried customers with ticket sizes nearly double that of AAVAS.
- Management considers macroeconomic instability as the primary risk to its growth guidance with no others headwinds currently anticipated. AAVAS does not anticipate its disbursement growth to be impacted by competition.

Others

- The company focuses on risk-adjusted returns, accelerating growth only when credit environment is conducive.



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Aditya Birla AMC

Buy

Current Price INR 907

Business performance:

- Improving fund performance has begun to translate into better market perception and stronger flow momentum.
- The PMS and AIF segments continue to demonstrate robust traction, reinforcing the diversification strategy beyond mutual funds.
- Current yields remain healthy with equity at 64–65bp, debt at ~24bp, and liquid at ~13bp.
- Management indicated that the TER circular is expected to have a limited impact on yields, based on preliminary assessment, with the intent to maintain margins broadly at current levels.
- Cost discipline remains strong, with other expenses controlled on a rolling 12-month basis. Lower distributor engagement in 3QFY26 led to muted sequential expense growth, though management highlighted that QoQ fluctuations will continue depending on engagement intensity.
- Expense growth is expected to track inflation going forward. The new ESOP scheme rolled out in Jan'26 will gradually reflect in manpower costs in 4QFY26 as well as FY27.

Mutual fund business:

- Equity AUM market share erosion has continued, though the pace of decline has moderated, and management indicated that market share is approaching stabilization.
- Improved fund performance, rising retail participation, and stronger distributor engagement are expected to drive gradual flow recovery.
- SIP AUM stood at INR870b, providing stability to the equity franchise.
- Management highlighted Flexi-cap, Multi-Asset, Small-cap, and Mid-cap funds as focus products, with visible improvement in flows across these categories.

Non-MF business

- The alternates business generated INR340m of revenue, accounting for ~4.5% of total revenue.
- Management remains focused on scaling alternates and PMS, viewing these segments as key long-term growth and margin support levers, alongside improving institutional and HNI engagement.

Distribution:

- Improving fund performance has strengthened partner confidence, particularly in the MFD channel, where traction is gradually building.
- Organized distributors continue to operate through product recommendation lists, with improving performance aiding product inclusion.
- Flow momentum from online platforms is also picking up, supporting broader distribution diversification.



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Aditya Birla Capital

Buy

Current Price INR 349

Opening remarks

- Indian economy continued to maintain strong growth momentum.
- Rural consumption benefited from a good monsoon, while urban spending accelerated on the back of festive demand and GST cuts.
- The government, in its Union budget, has announced investments for electronic, textiles and many other industries to boost manufacturing, tourism, youth, skilling and medical tourism to further improve economic growth.

NBFC Business

Guidance

- Guided for NBFC AUM growth of 24-25%, with management reiterating its target to double the loan book over the next three years.
- Credit costs expected to remain in the 1.2-1.3% range going forward.
- NBFC margins are expected to expand after a couple of quarters, driven by improving yields and a higher share of unsecured products, including P&C.
- RoA for the NBFC business is guided to reach 2.5% over the next 4-5 quarters.

Financial highlights

- NBFC AUM grew 24% YoY to INR1.48t in 3QFY26. Quarterly disbursements reached INR214b, up 41% YoY, reflecting strong business momentum.
- PAT stood at INR7.7b, up 8% QoQ and 29% YoY. RoA improved 15bp QoQ to 2.25%.
- 56% of the NBFC portfolio comprises MSME business loans, which grew 26% YoY and 7% QoQ. ~82% of MSME loans are secured by collateral, with only 18% unsecured.
- Unsecured business loans grew 36% YoY and 12% QoQ and now form 10.3% of total AUM.
- Secured business loan disbursements grew 6% QoQ, driven by higher direct sourcing through branches.
- The Budget's push on MSME liquidity via TReDS strengthens the company's ability to scale supply-chain finance offerings, supported by a strong, next-gen underwriting framework.
- P&C and Mid-market/Corporate books grew 28% and 19%, respectively. P&C disbursements were INR49b, driven by scaling of digital proprietary and direct platforms.

Asset Quality

- Credit cost declined 13bp YoY to 1.23% in 3QFY26, in line with the 1.2-1.3% guided range. The company expects to maintain the credit costs in the guided range.
- GS2 + GS3 declined by 20bp QoQ. In the unsecured business loan portfolio, GS2 + GS3 improved by 20bp QoQ, while in the P&C segment, it improved by 60bp QoQ.
- GS3 in unsecured business loans is at 1.9%, of which 40% is backed by government guarantee schemes.
- Stage 2 and Stage 3 have reduced significantly, reflecting stabilization of the newer vintages.

- The company continues to reduce high-risk unsecured exposure, while Stage 1 and Stage 2 books are stacking well and bounce rates are healthy.

Margins and opex

- Opex/AUM declined by 8bp QoQ, despite the impact of the new labor code.
- The company remains one of the most efficient borrowers in the market, and expects cost of funds to decline further.
- Margins will be driven by product mix, with growth in P&C now recovering; yields are expected to improve after a couple of quarters, leading to a gradual expansion in margins.

Housing Finance (ABHFL)

- Housing finance continues to be one of the key growth drivers for the group. The company achieved the highest ever quarterly disbursements of INR62b during the quarter.
- Over the past two years, ABHFL has built a full-stack franchise across affordable, prime and construction finance. The company has one of the strongest distribution networks, enabling full market penetration and making it among the fastest growing HFCs in India.
- Loan portfolio has grown at a 48% CAGR to INR422b.
- Asset quality remains best-in-class within the HFC segment. Stage 2 + Stage 3 declined by 15bp QoQ, reflecting improving credit quality.
- Operating leverage benefits are visible, with profitability continuing to improve. RoA improved by 14bp QoQ to 1.96%, reflecting better scale and efficiency.
- LTV in the housing business remains conservative at 50-52%.
- Construction finance penetration remains low, giving significant headroom for growth, with increasing focus on developer-led sourcing.
- NCD share increased to 48%, improving liability diversification. Cost of funds declined 11bp QoQ to 7.41% in 3QFY26.

Capital Infusion

- The Board approved a primary capital infusion in ABHFL by Advent, subject to regulatory approvals, at a post-money valuation of INR192.5b.
- Post transaction, ABFL will hold 85.7% stake in ABHFL.
- Both Boards have approved the transaction; CCI approval expected in ~45 days (by end-March), post which the transaction will close.

HFC: Digital, AI & Operating Leverage

- AI-enabled co-pilots across sales, underwriting, customer service and audit are gaining strong traction. Account Aggregator usage increased to 62% from 39% in FY25.
- These initiatives have driven a 1.3x YoY improvement in sales manager productivity.
- ABHFL migrated to the ABC Stellar platform, a next-generation onboarding and partner engagement system, which will further improve turnaround time, scalability and partner experience.
- Application scorecards and collection scorecards are already delivering tangible improvements in asset quality. End-to-end digital collection platform is helping reduce Stage 2 migration.

AMC

- Average AUM (including alternates) stood at INR4.81t, up ~20% YoY.
- Equity MF AUM was ~INR2t, up ~11% YoY, driven by improved performance and stronger investor perception.
- SIP book reached ~INR10b across ~400m accounts, providing strong recurring inflows.
- PMS, AIF and advisory assets increased to ~INR326b from ~INR238b last quarter.
- The company received an EPFO portfolio management mandate, with onboarding expected from next quarter post approvals.
- Passive AUM rose ~28% YoY to INR306b, while ETF AUM grew ~40% YoY, significantly ahead of industry growth.

Life Insurance

- 9MFY26 premium grew 14% to INR154.7b, with individual business up 19%.
- Partnership channel grew 26%. Distribution continued to scale, with 20 new proprietary branches added, taking the total to 445, while partnership business expanded meaningfully through deeper presence across Bank of Maharashtra, HDFC Bank and Axis Bank, now covering ~50% of partner business versus ~20% earlier.
- Traditional and protection products now form 70% of individual business, improving margins.
- Credit life grew 37%, while group AUM stood at INR282b (26% of total).
- 13-month persistency at 84.4%, renewal premium up 18%, NPS at 62 and solvency at 210%.
- Net margin improved to 14.6% (from 10.8%), and management reiterated 20%+ FYP growth and 18%+ VNB margin over the medium term.

Health Insurance

- FY26 YTD gross written premium rose 39% YoY to INR46.5b, far ahead of industry growth of ~21%, leading to 210bp market share gains to 14.2%.
- Retail and group business both grew ~40%+ YoY.
- Combined ratio improved to 108% (old framework) and 111% (new framework), despite labor code impact.
- Health-First engagement model is improving customer quality, with 40% customers actively engaged, leading to 8% lower loss ratios and 11% better persistency.
- Targeted health programs across 210k high-risk lives have improved loss ratios by 9%+.
- Continued investments in AI-based underwriting, claims, digital servicing and Gen-AI platforms are supporting sustained above-industry growth and improving profitability.

ANANDRATHI
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Anand Rathi Wealth

Neutral

Current Price INR 3,010

Financials

- Revenue from the distribution of financial products declined sequentially by 9%, largely attributable to lower primary issuances, which stood at INR18b in 3QFY26 vs INR19.8b in 2QFY26.
- Management indicated that the revenue mix between mutual funds and other financial product distribution may fluctuate by ~4–5% depending on MTM movements across product categories; however, there has been no material change in the mix so far.
- Employee costs as a % of topline moderated to 42% in 9MFY26 from 45% in FY25, reflecting operating leverage benefits as relationship managers (RMs) mature, onboard clients at a faster pace, and manage higher wallet shares. Management expects a gradual decline in this ratio going forward.
- The impact of the newly introduced labor code is expected to be limited, as the company already complies with minimum regulatory requirements; consequently, no meaningful impact on operating margins is anticipated.
- ARWL surpassed the INR1b PAT milestone for the first time in 3QFY26, marking the 17th consecutive quarter of PAT growth exceeding 20%.
- Secondary issuances during the quarter stood at INR7.2b vs INR9.9b in 2QFY26 and INR5.9b in 3QFY25, while primary issuances were ~INR18b vs INR19.8b in the previous quarter.
- For FY27, management reiterated its guidance to deliver 20–25% growth on an overall basis.
- The AUM flow mix between new and existing clients stood at 40:60.

Business

- RM attrition during 9MFY26 stood at six RMs managing AUM of INR11.2b, of which ARWL retained 88% (INR9.8b). In comparison, during the previous year, three RMs exited with AUM of ~INR4.5b, of which INR3.5b was retained.
- The firm currently has 393 RMs and around 450 account managers undergoing training to transition into RM roles; management does not intend to pursue lateral RM hiring.
- Management highlighted that the existing RM strength is sufficient to support business growth over the next 3–4 years.
- Within the structured products segment, a total of 1,630 products matured during the period.

Private Wealth, Digital Wealth, and OFA

- Under the Private Wealth segment, the company added 1,800 net new clients over the past 12 months, taking the total client base to 13,262. Client attrition as a % of AUM improved to 0.31% in 9MFY26 from 0.41% in 9MFY25.
- In the Digital Wealth segment, AUM increased by 29% YoY to INR23.6b, while the client base expanded by 19% YoY to 6,858.
- Under the OFA segment, total subscribers stood at 6,850 as of Dec'25, with total assets under this segment at INR1.6t as of 9MFY26.

Others

- ARWL has achieved 76% and 78% of its full-year FY26 revenue and PAT guidance, respectively, and management reiterated its guidance for the year.

- AUM guidance has been largely met at ~99%; however, given global uncertainties, management does not intend to revise guidance upwards.
- Any potential future corporate actions (such as bonus issues or stock splits), as the share price approaches pre-bonus levels, remain subject to board discretion.
- ARWL currently holds ~8% stake in Anand Rathi Global Finance Limited and does not plan to increase this stake further.



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Angel One

Buy

Current Price INR 2,588

Business overview

- ANGELONE is increasingly focused on institutionalizing AI across the organization, with the launch of an in-house data analytics platform enabling better decision-making across teams. The company continues to build itself into a full-stack omnichannel financial services platform.
- Operational and financial metrics showed clear signs of recovery, supported by diversification of revenue streams. Broking contribution declined to 58.1% of revenue from 64.8% last year, while distribution saw strong growth, aided by a traction in credit and a healthy IPO environment. The share of F&O declined, reflecting a deliberate strategy to move towards a more balanced and less volatile revenue profile, while the commodities segment gained momentum.
- Finance costs rose in the quarter due to higher borrowings following regulatory changes requiring upstreaming of client margins to clearing corporations from 1st Oct'25. This led to a temporary rise in working capital requirements. Management clarified that this impact is transient, with software upgrades likely to help segregate costs and reduce finance expenses going forward.
- Operating discipline remained strong, with employee expenses largely stable despite an INR38.6m one-time labour code impact. Other opex rose modestly due to higher client acquisition.
- Despite ongoing investments in newer businesses, the company delivered a consolidated operating margin of 39.4% and reiterated confidence in achieving 40–45% operating margins for the broking and distribution businesses.
- Fixed costs are not expected to rise meaningfully, given the existing technology and infrastructure base while investments in AMC and wealth will continue to enhance capabilities.

Broking business

- The broking business showed early signs of recovery, with order run rates improving gradually from the lows seen in February 2025 post regulatory changes.
- 3QFY26 marked the highest-ever orders and ADTO in commodities. While commodity market share declined marginally, orders grew 21% QoQ, and ADTO rose 43% YoY, reflecting the rapid expansion of the overall commodities market.
- Realization improved sequentially following the recent minimum brokerage hike, and management indicated no further pricing hikes in the near term.

MTF

- The client funding book continued to expand, reflecting rising client confidence and deeper wallet share.

- Growth remains within internal risk thresholds, and management is comfortable with current pricing levels.
- MTF is viewed as a natural extension of the broking journey rather than a standalone product, with pricing having limited impact on customer behavior given its integration into the overall platform experience.

Wealth management

- Wealth AUM crossed INR82b, registering 34% QoQ growth, with over 1,600 clients being serviced.
- The broader wealth management industry has seen heightened demand for experienced talent, which Angel One continues to tap into.
- Consistent research output has strengthened client confidence, while technology investments have improved productivity and reduced operating costs.
- Management indicated plans to integrate the wealth platform into the Angel One Super App, which should further enhance client experience and scalability.

Asset management

- AMC AUM stood at INR4.7b, spread across 190,000 folios.
- As household savings continue to rise, passive products are increasingly finding space in investor portfolios.
- During the quarter, Angel One AMC launched two industry-first offerings, taking the total scheme count to nine.
- Growth is being driven by the captive distribution network, supplemented by third-party online and offline channels to broaden reach.



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Billionbrains Garage Ventures

Buy

Current Price INR 171

Broking business

- The commodities segment continues to scale up well, with over 100,000 customers contributing around 4% of total broking revenue.
- On a notional basis, it has achieved double-digit market share in commodities.
- Cash order growth is supported by rising participation in commodity ETFs.
- Activation ratios improved in 3Q, led by strong performance in gold and silver, IPO-related reactivation of dormant users, and higher user acquisition QoQ.
- After regulatory changes, the platform has seen an increase in its customer base, with turnover exceeding INR10m, reflecting an improvement in the quality of active users.

MTF

- The MTF book continues to expand steadily, with ~INR6b added every quarter over the last three quarters. Management expects this momentum to continue, subject to market volatility and performance of MTF-eligible stocks.

AMC

- Groww AMC remains in the investment and scale-up phase. The partnership with State Street, following its stake acquisition, is a key development, with State Street bringing global asset management expertise and institutional capabilities.
- This partnership is expected to significantly accelerate capability building across investment processes, operations, and governance.

- AMC business currently requires capital for growth, and the cash generated from the stake sale will be deployed to scale up operations.
- Management also highlighted that the partnership provides optionality for inorganic growth, positioning the AMC for faster market penetration.

Wealth management

- Integration of Fisdom is still underway, and P&L contribution to Groww remains modest at this stage.
- The focus is on gradually embedding curated affluent offerings within the Groww ecosystem and leveraging the existing customer base.
- The product suite spans mutual funds (regular plans), PMS/AIF, unlisted securities, and insurance. Early traction has been observed across MF distribution and AIF/PMS.
- Growth is expected to come from both cross-selling to existing Groww customers and expansion through additional channels as integration deepens.

Company performance

- In 3Q, Groww made provisions of INR25-30m for gratuity, in line with the new labour code, noting that this may change once regulatory clarity emerges.
- Employee strength reduced sequentially from 1,450 to 1,350.
- EBITDA margins expanded in 3Q, aided by strong revenue growth. Management guided that employee and marketing costs are likely to grow 10-20%, but margin expansion will continue as long as revenue growth outpaces cost growth.
- Customer acquisition will remain market-dependent, with an increasing focus on cross-selling and deepening product usage per customer rather than pure acquisition-led growth.



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BSE

Neutral

Current Price INR 2,824

Performance

- 11th consecutive quarter of record revenues with new highs being set consistently.
- SGF contribution during the quarter reflects implementation of the revised policy whereby 5% of transaction-linked revenue is allocated to the core SGF fund every month, with an upper-limit mechanism to ensure prudent capital and risk management.
- Core SGF balance stood at INR12b as of Jan'26, including INR456m incremental contribution during the quarter. The exchange has reached the 150% threshold this quarter.
- The SME platform crossed 700 listings by Feb'26, with the most recent 100 companies added within 179 days, which is the shortest interval so far.
- Investor accounts registered on BSE have surpassed 240m.
- Management indicated that the recent increase in STT for F&O historically has not had a meaningful impact on options volumes.
- For futures, the intent appears to be encouraging longer-term participation and longer-duration contracts. Given the nascent stage of Sensex futures, the impact is expected to be limited while providing an opportunity to deepen the segment.

Trading segment

- Trading revenue continued to see strong momentum, supported by healthy volumes and increased participation.
- Average daily premium turnover reached a new record during the quarter.
- The shift to a Thursday expiry cycle has led to deeper market participation, broader contracts, and higher open interest.
- The Bankex index has been revamped to better represent the evolving banking landscape, aiding liquidity and participation.
- Management remains focused on scaling the derivatives segment and deepening liquidity before expanding into the commodities segment.
- Stock options are being evaluated as a key product diversification area, while the primary focus remains on strengthening cash market volumes and improving traction beyond weekly options.
- Transaction charges remain ~INR 250 lower per crore of premium turnover vs. peers. Management indicated scope for calibrated increases over time, depending on market capacity to absorb higher costs.
- In the cash segment, common contract notes have improved the level playing field, though some bottlenecks remain in implementing smart order routing across participants.

Colocation

- Colocation remains a key enabler for market access and latency-sensitive trading infrastructure, supporting long-term revenue stability.
- Colocation revenue stood at INR480m during the quarter and was largely flattish QoQ. This should remain stable at current levels in the absence of pricing changes.
- Colocation was not initiated as a profit center but to deepen market participation.
- BSE plans to add ~80 more racks, taking the total capacity to ~500 racks.

Star MF platform

- The Star MF platform delivered another strong quarter with revenue growth of 14% YoY and transaction volumes rising 21% YoY.
- A new monthly peak of 79.7m transactions was recorded in Jan'26, indicating continued strong momentum in mutual fund transaction activity.



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Bajaj Finance

Neutral

Current Price INR 1,024

Guidance

- BAF guided for AUM growth of ~22- 23% in FY26, driven by a slowdown in the MSME business and winding down of the captive finance book.
- The company guided for FY27 credit costs of ~165–175bp (including higher provisions from higher PCR).
- Management expects all business segments to grow at ~20-30%, except gold loans, where growth could be higher if gold prices remain elevated.
- Fee income growth is expected to normalize at ~18-20% from FY27 onwards.

Asset quality

- GNPA and NNPA stood at ~1.21% and ~0.47%, respectively.
- Management highlighted that, to enhance balance sheet resilience amid a volatile global economic environment, a minimum LGD floor has been implemented across all businesses. Accordingly, an accelerated ECL provision of

~INR14b was taken in 3QFY26. This led to an increase in PCR across all three stages.

- Stage-wise PCR: S1 PCR rose from 0.74% to 0.98% QoQ; S2 PCR rose from 31% to 37% QoQ, and S3 PCR rose from 52% to 61% QoQ.
- Management mentioned that the volatile macroeconomic environment necessitated additional provisioning to protect the balance sheet and P&L. Management guided that it expects an additional provisioning of ~INR3b-4b in FY27 from this higher PCR across S1/S2/S3.
- Vintage credit performance at 3MOB, 6MOB, and 9MOB has improved significantly, which suggests that the core credit costs in FY27 would be lower.
- Consumer leverage remains a concern, but bureau data shows flat YoY trends.
- Stage-wise PCR coverage was redefined with the same LGD applied uniformly across all the three stages. Different PD and EAD assumptions across the three stages result in different PCR.

Cost of funds and liabilities

- Cost of funds in 3Q was 7.45%, improving ~7bp over 2QFY26, with FY26 CoB guidance at ~7.55–760%.
- Management highlighted that there is limited repricing remaining in the CoF.
- Deposit book stood at INR710b, contributing ~17% to consolidated borrowings.

Customer acquisitions, geographical presence, and franchise

- New loans booked stood at ~13.9m in 3QFY26 (v/s ~12.06m in 3QFY25), reflecting ~15% YoY growth.
- In 3QFY26, ~4.76m new customers were added; management expects new customer additions of ~17-18m in FY26.
- Customer franchise stood at ~115.4m as of Dec'25, with a cross-sell franchise of ~73.8m.
- Geographic presence covered 4,052 locations, with focus shifting from expansion to deeper penetration.

Growth and business strategy

- Gold loans are expected to continue growing as long as pricing holds. The growth will be supported by sustained distribution expansion and rising gold prices, with AI adoption further enhancing operational efficiency and customer access. Management targets to continue increasing its distribution in gold loans.
- BAF's market share remains small across most business segments, leaving significant growth potential.

Operational Highlights

- Management highlighted that sustainable ROE is a key benchmark for allocating capital to each business line and would evaluate a new product only where there is a visibility of USD2b opportunity in the next five years.
- Competition has intensified threefold across segments, including personal loans and urban/rural B2C, with public sector banks entering previously untapped markets.
- The company shared that along with growing the balance sheet, the focus is on sustainable profitability.
- Customer-centric strategy will define the company performance over the next 3-5 years, enabling easier business with existing customers and providing opex and credit cost benefits. This would be done with the assistance of AI.

- By FY30, management envisions ~100m loans per year, supported by a 40:60 hunting-to-farming strategy to capture larger wallet share.

AI & technology initiatives

- Management highlighted that AI is transitioning from innovation to implementation, with expected benefits across customer journeys.
- In 3Q, AI was deployed for voice-to-text and text-to-data conversion for customer interactions, video and banner generation, face matching for onboarding, and automated quality checks. Efficiency gains of 25–45% have emerged.
- It plans to enable AI across the app and website for all business and service journeys in FY27 and to build a new consumer AI platform.
- The company aims to become a tech-enabled financial company in India, with a focus on expanding market share and wallet share.

Others

- BAF made a one-time provisions of ~INR2.65b on account of the new labor codes.
- Gain on stake sale in BHFL stood at INR14b (pre-tax). This is reported below the P&L in the consolidated financials and directly accretes to reserves and surplus.
- 3QFY26 RoA/RoE stood at 4.3%/18.5% (adjusted for the accelerated ECL and one-time charge of new labor codes)
- Capital adequacy stood at 21.45% as of Dec'25.
- Margins in new car financing are very thin.



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Bajaj Housing

Current Price INR 89

Neutral

Guidance

- Opex/NTI is expected to decline to 14-15% over the next 3-4 years despite continued investments in Sambhav housing.
- Sambhav (near prime+ affordable) disbursements are expected to double over the next 12-15 months, with heavy investments in the business continuing for 2-3 years.
- Medium-term growth guidance remains intact, with near-term moderation in growth due to elevated BT-out driven by rate cuts.
- NTI is expected to decline by ~10bp in FY26 (vs. earlier expectation of 20bp decline)
- As attrition stabilizes, the company expects to return to its medium-term growth trajectory.

Financial highlights

- AUM grew 23% YoY, driven by healthy disbursement momentum despite elevated portfolio attrition.
- Quarterly AUM addition was INR66b in 3QFY26 vs. INR57b in 3QFY25.
- Disbursements grew 32% YoY to INR165b, reflecting sustained business traction.
- Growth was broad-based with home loans up 18%, LAP up 32%, LRD up 39% and developer finance up 18%.
- The company operates 221 branches across 178 locations.
- CRAR stood at a healthy 23.15% and the company continues to carry an AAA credit rating.

- Net total income grew 24% YoY, supported by higher assignment income and higher fee and commission income.
- ROA stood at 2.3% vs. 2.4% last year, while ROE improved to 12.3% from 11.5% in 3QFY25.
- Operating expenses grew 20% YoY, while NTI grew 24%, resulting in operating leverage.

Margins and Cost of funds

- Cost of funds declined by 50bp YoY and 5bp QoQ due to policy rate cuts and transmission on existing borrowings.
- Portfolio yields declined by 17bp following the 25 bps policy rate cut.
- Gross spreads declined by 12bp in the quarter as asset repricing caught up with earlier liability repricing.
- Spreads had expanded to 1.9% in 2QFY26 from 1.8% in 1QFY26 & 4QFY25 due to faster CoF transmission earlier. In 3QFY26, spreads normalized as portfolio yield transmission played out while some benefit from lower CoF was already reflected.
- The company currently operates at NTI of around 3.95-4%. NTI impact is now expected to be limited to 8-10bp versus earlier guidance of 20bp, helped by higher assignments. However, if the attrition rate increases, it can change going forward.
- About 60% of AUM and 52% of assets are floating-rate. 10-12% of the book is repo-linked (EBLR), while MCLR-linked loans have already seen a 60bp pass-through.
- No further rate pass-through is expected in the next 60 days with an assumption that no further cuts are expected in the upcoming MPC meeting.
- Incremental borrowing costs are lower than book CoF, which will result in decline in CoF going forward.
- Management expects a 25-30 bp reduction in CoF in FY27.
- Liquidity tightness is expected to normalize from April.

Asset quality

- Asset quality remained stable with GNPA at 27bp vs. 26bp in the previous quarter, while NNPA improved to 11bp.
- Provision coverage ratio remained strong at 58.8% and above 50% across all product lines.
- Home loan GNPA rose by 2bp sequentially to 34bp. LAP GNPA improved by 7bp to 52bp, while developer finance GNPA remained flat. Overall net NPA improved by 1bp on a sequential basis.
- Annualized credit cost was 19bp in 3QFY26 compared with 15bp in 3QFY25. In 3QFY25, a one-time overlay release of INR100m had reduced reported credit cost to 15 bps; adjusted credit cost would have been ~20 bps, making 3QFY26 broadly comparable.

Sambhav Housing: Near-prime & affordable segment

- Sambhav currently disburses INR3.25-3.5b per month and is targeting INR6b+ per month within the next 12-15 months.
- The platform operates across 73 urban and 72 tier-4 / rural locations.
- Sambhav AUM (near-prime + affordable) currently stands at ~INR50b+.
- Sambhav loans have two segments: near prime and affordable housing.

- Near prime: Near-prime loans have ticket sizes of INR4-6m with yields of 9-11%.
- Affordable housing loans: Affordable loans have ticket sizes of INR1.5-3.5m with yields of 11-13%, focused on deeper geographies of the top-36 markets and tier-4 / rural locations.
- The company is diversifying sourcing via under-construction developer counters (B2B), BT-in channels and dedicated LAP teams.
- About 35-40% of disbursements of total Sambhav disbursements are towards affordable segment, with the balance coming from near-prime segment.
- BT-in accounts for 27-30% of disbursements in these segments, with the rest coming from purchase and P+C.
- BT-in is sourced primarily through direct channels, with some contribution from intermediaries.
- The company uses four sourcing teams: internal data team, data & digital processing team (mainly for BT-ins), market intermediary team, and builder counter teams for fresh purchases, along with a dedicated LAP team.
- For the next 6-12 months, the affordable mix will remain broadly stable, while longer-term growth in disbursements will increasingly come from affordable housing.
- For the next 2-3 years, the company will remain focused on competitive markets where peers are present, before expanding further.

Prime, near-prime & affordable strategy

- Prime and super-prime home loans continue to be a key growth focus under the leadership of Jasminder.
- The company has strengthened structures in prime housing over the last 18 months and remains confident of continued volume growth.
- Near-prime and affordable housing, led by Mr Bansal, is expected to double its run-rate over the next 12-15 months.
- Management is not chasing market share in affordable housing through aggressive pricing and is focused on the upper end of the affordable segment for the next 12-18 months.

Attrition and BT-out

- Portfolio attrition runs at ~20% annually, including BT-outs, prepayments and natural churn.
- 60-70% of attrition is due to BT-outs, 4-5% is natural attrition, and the balance is customer prepayments.
- Around 40% of applications move out within a 90-day period.
- Repayment rates across the industry, including the company, remain elevated at 18-20%, and this has been factored into FY26 guidance.

Assignments

- INR34.7b of loans were assigned during the quarter, representing ~2.6% of the balance sheet.
- INR900m of income came from derecognition of assigned loans, with non-interest income broadly stable YoY for 9MFY26.
- In 3QFY26, the company assigned non-home loans in line with its policy to meet PBC requirements.

Tier 1 capital

- Management said that after RBI issued a consolidated prudential circular in November, an earlier illustration that allowed capital provisioning only up to the next disbursement tranche for under-construction home loans and construction finance was removed.
- In the absence of explicit guidance, the company has taken a conservative approach by providing capital on the entire undisbursed portion of these loans rather than just the next tranche.
- This led to a sharper drop in Tier-1 capital in the current quarter.
- Management clarified that this impact is mainly on under-construction home loans, where the undisbursed portion is meaningful today.
- Over time, as older sanctions keep getting disbursed, the build-up of undisbursed balances will reduce even if fresh volumes grow.

Management structure

- The sales team comprises ~600 employees, with ~900 front-end staff.
- Credit and operations have ~150 people, while collections operate in a horizontal structure.
- The three business verticals are: Prime housing led by Jasminder, Near-prime & affordable housing led by Mr Bansal and Commercial lending (construction finance, LRD, developer loans) led by Vipin.



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Can Fin Homes

Current Price INR 903

Neutral

Guidance

- CANF has guided for loan growth of ~11-12% in FY26 and ~15% in FY27 (aided by disbursements of ~INR135b). It targets loan growth of 2pp above industry level.
- Guided for spreads and NIM at ~2.75% and ~3.75%, respectively, while credit costs are expected at ~15bp and the CI ratio at 19.5% (reflecting higher expenses from implementation of new IT stack).
- CANF guided for product mix of 80% housing and 20% non-housing and customer mix of ~65% salaried and ~35% non-salaried by end-FY28.
- With further improvement in asset quality, it expects provision write-backs in 4Q.

Loan growth and disbursements

- 3Q disbursements reached a record INR27b, with 1Q, 2Q, and 3Q all setting record disbursement levels for their respective quarters. FY26 disbursements are expected at INR105b, with 4Q disbursements at INR32-33b.
- 3Q growth benefited from base effects (e.g., the e-khata issue in 3QFY25); however, sequential growth in disbursements was ~7% QoQ.
- Loan growth was dragged down by elevated prepayments and BT-OUTs, a trend that continued from 2QFY26.
- In the normal course, quarterly prepayments used to be ~INR13.5b; however, elevated BT-OUTs over the last two quarters eroded ~INR4b of loan growth. In 4QFY26, CANF expects net addition of ~INR15b to the loan book, which will take FY26 loan growth to ~11-12%.
- Regional loan growth: AP/Telangana ~10%, Karnataka ~8%, Tamil Nadu >15%, and North/West >15%.

- Karnataka is on track for ~10% loan growth in FY26. Telangana disbursements were lower than expected but are projected to grow ~10-15% next year.
- CANF plans to increase sales team headcount to 150 by Mar'27 and 250 by Mar'28. Sales executives increased from 37 in 1QFY26 to ~90 in 2Q/3QFY26, contributing sales of INR1b in 1Q, INR1.85b in 2Q, and INR2.75b in 3QFY26.

Margins and pricing

- CANF has cumulatively reduced its PLR by ~50bp in this rate cut cycle (10bp in May'25, 15bp in Jul'25, 10bp in Dec'25 and 15bp in Jan'26). Borrowing benefits from Oct '25 (after a large borrowing facility was repriced) were passed on from 1st Dec'25 (instead of 1st Nov'25), resulting in a transitory boost to NIM.
- Incremental 3Q NIM stood at 4.14% with spreads of 2.93%; management remains confident of achieving 3.75% NIM and 2.75% spreads.

Liabilities

- Borrowings comprised bank term loans at ~6.9% (62% of the mix, with ~80% repo-linked and 20% T-bill linked), CPs at ~6.4%-6.5%, NHB borrowings at ~6.3% (50% fixed-rate under AHF and 50% floating with annual reset), and NCDs at fixed-rate.
- 65-70% of overall borrowings see rate transmission within one month.
- CANF plans to draw down ~INR10b of sanctioned NHB borrowings in 4QFY26.

Credit costs and asset quality

- Delinquencies improved for the fourth consecutive quarter, driven by lower SMA0 levels and increased focus on reducing SMA1 and SMA2. Provisions of ~INR100m were taken due to book growth, with no broad-based asset quality stress; GNPA is expected to remain below ~1%. Further improvement in delinquency is expected in 4Q.
- Stress in Telangana related to DSA calibration and Hydra issues is easing, with declining delinquency and 30% YoY disbursement growth in 3Q. Karnataka disbursements, which were down 10% YoY until 1HFY26, grew 3% YoY in 9MFY26, and have scaled up to a monthly run-rate of INR2.5b.
- Credit costs are expected to decline, with no stress observed across geographies or segments. SENP customers typically file ITRs, with no assessed or surrogate income.
- Management remains confident of maintaining GNPA below 1%, despite the shift toward SENP and changes in product mix.

Branch expansion

- The company targets to scale up to 300 branches by end-FY28 and will be adding ~25 branches each across 20 identified locations, primarily focused on North/West, Tamil Nadu, and AP, with limited expansion in Karnataka.
- Currently present in 249 locations, the company plans to add new branches within a 60-70km radius (contiguous strategy), targeting tier-1 cities and outskirts with strong demand, credit quality, and long-term growth potential.

IT implementation

- The legacy 2011 IT system has been upgraded with new application, enhanced security, and increased capacity to handle a larger customer base.
- LOS/LMS is expected to go live by end-Feb'26 and the company might defer its implementation to 1QFY27. This is expected to deliver ~20% productivity gains,

faster go-to-market, simplified processes, and potentially reduce the need for branches over time.

- The implementation may result in 3-4 days of downtime and around two weeks for staff acclimation, with no impact expected in remainder of FY26. CANF expects ~INR2.5b-3b impact on disbursements from the LOS/LMS implementation in 1QFY27.

Other Highlights

- The company is targeting ~35% SENP customer mix by FY28; management noted that the highest proportion of salaried customers is in North India.
- The proportion of annual reset customers currently stands at ~54% (down from ~59% as on Sep'25); the company is targeting to improve quarterly reset customers to 80–85% by the end of 4Q through customer outreach.
- Proactive communication is helping counter prepayment pressure and should improve the share of quarterly reset customers.
- There are no separate balance transfer (BT) rates, nor instances of customers negotiating for lower rates.



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CDSL

Neutral

Current Price INR 1,356

Business:

- CDSL added over 7.5m new demat accounts during Q3, bringing total accounts to 172.7m, while maintaining an 80% market share
- Management reiterated that CDSL operates as an infrastructure utility and will continue to invest across the application layer, hardware, network, and cybersecurity. Technology investments are capacity-led rather than volume-linked, with infrastructure built ahead of demand to ensure scalability, resilience, and regulatory readiness, rather than in response to near-term market volumes.
- Tech cost largely includes: Software licenses, Security systems, and Network & infra opex. The Hardware costs are largely capitalized, not expensed.
- Future outlook on tech costs includes AI adoption, application security upgrades, and regulatory-driven tech changes.
- Folio count: 337.6m (same as last when disclosed). Expected reset, higher folio count in Q1FY27 due to IPO-heavy year.
- No impact concerning the recent STT hike on depository business, as F&O is not held in demat form
- CDSL received two of the major global awards during the quarter
- Launched its first “Reimagined Radiothon” initiative, having ~1k registrations; participation from ~100 institutions across 21 states + 2 UTs.

CIRL

- Revenue growth was stable during the quarter, in line with overall insurance industry growth.
- Policy growth in the industry has been muted, but CDSL aims to gain market share within a slow-growing market.

CVL (basis 9M)

- Revenue from operations: INR1.3b (vs INR1.9b in 9MFY25)
- Total income: INR1.5b (vs INR2.1b in 9MFY25)

- Expenses: INR900m (vs INR830m in 9MFY25)
- PBT: INR550m (vs INR1.2b in 9MFY25)
- PAT: INR420m (vs INR910m in 9MFY25)
- KYC 2.0 is not perceived as a threat to the business, as CRA data is fully validated vs KYC registries and CRA holds significantly more data fields.

Financials

- Pledge & margin income stood at INR54.2m; Unlisted issuer income: INR26.6m; Application processing income: INR31.7m
- E-voting/E-cash income stood at INR52.3m/INR127.8m. E-voting income declined sequentially because the majority of it gets accrued in 2Q, hence the seasonality impact
- The annual issuer charges rose 40% YoY, mainly driven by rising folio count and the addition of unlisted companies. The sequential decline of 2% was mainly due to a reduction in the number of unlisted companies onboarded
- Impairment costs during the quarter stood at INR40m on a standalone basis.



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Cholamandalam Inv. & Finance

Buy

Current Price INR 1,717

Guidance and outlook

- Sequential momentum remains strong, with management indicating 4Q disbursements will be higher QoQ. The demand trends remain positive in Jan'26 as well.
- AUM growth for FY26 is guided at 20-22%.
- VF demand is expected to remain strong in 4Q and FY27, as GST cuts, lower EMIs and higher fleet utilization support CV demand.
- Credit costs are expected to moderate as early delinquencies have started improving.
- CSEL credit costs are expected to fall below 5% from next financial year.
- The company expects 5-10bp benefit in its CoF resulting in modest margin expansion in 4Q. The company expects NIMs of ~8-8.1% in 4Q and FY27.
- Partnership lending in CSEL business will be fully eliminated next year, improving both credit quality and RoA.

Disbursements trends

- 3QFY26 disbursements stood at INR300b, up 16% YoY, leading to AUM growth of 21% YoY.
- Growth was broad-based across all product segments, indicating a healthy diversification of the franchise.
- VF disbursements grew by ~17% YoY, driven by strong traction in CVs, PVs and two-wheelers across both new and used categories.
- GST-led reduction in vehicle prices lowered EMIs and revived customer demand across CV and PV segments.
- Mortgage and SME-backed products also performed strongly, led by LAP, home loans and SBPL. This led to strong disbursements driven by resilient housing demand across geographies.
- Unsecured lending saw strong sequential momentum in 3Q, even though YoY growth remained negative due to the earlier exit from fintech partnerships.

Segment-wise business trends

- In 3QFY26, LAP disbursements grew 26% YoY, home loan disbursements grew 10% YoY and SBPL disbursements grew 30% YoY.
- AUM growth in these segments remained strong, with LAP up 31%, HL up 27% and SBPL up 52% YoY.
- SME saw robust customer enquiries and improved conversion rates, supporting mortgage-led retail growth.
- Higher mix of small-ticket LAP and reduction in supply-chain finance improved yields in the SME book.
- Shift toward equipment finance and shorter-tenure, higher-yield products is supporting SME margins.

CSEL and consumer durable

- CSEL disbursements improved sequentially as the company reduced dependence on risky FinTech partnerships.
- Current CSEL monthly disbursement is ~INR10b vs. a peak of INR12b earlier.
- In CSEL, the company has two engines: 1) DSA/DST business, which is doing disbursements of INR7b per month, 2) digital + consumer durable (CD), where the company is doing INR3b per month.
- In CD, the company is doing INR2b per month, of which INR2b is in a tie-up with Samsung and in digital, the company is doing INR1b per month disbursements.
- The company has tied up with Samsung and others, covering ~75% of the mobile market. Infrastructure for CD and digital lending is already in place.
- From 1QFY27, the company expects strong YoY growth as base becomes low in the CSEL segment.

Vehicle finance

- Vehicle finance continues to be the largest and most important growth engine. Disbursement growth is being driven by both industry recovery and market-share gains across segments.
- Growth is broad-based across HCV, LCV, SCV, PVs and 2W, and across new and used vehicles.
- The company gained market share across OEMs, including Tata Motors, Ashok Leyland, Volvo and Maruti, and in two-wheelers across Hero, Honda and Royal Enfield.
- HCV disbursements grew much faster than the industry due to improving affordability after GST cuts and rate cut.
- ILCV and SCV growth is coming from retail operators and tier-3 to tier-5 towns, where banks are less active.

Vehicle finance market trends

- Chola's strong CV disbursement growth is being driven by both industry recovery and market-share gains. While the industry grew around 20%, Chola grew 56% in HCV and 28% in SCV, significantly ahead of the market, whereas in LCV its growth was broadly in line with industry as its base was already high.
- Management said that after the GST cut and interest-rate reductions, vehicle prices and EMIs declined, bringing SRTD customers back into the market, especially in HCV and SCV.
- LCV spans a wide weight range from 3.5 tons to about 19 tons, and currently banks are mainly focused on financing higher-tonnage vehicles above 10 tons.

- Lower-tonnage LCVs are largely sold in Tier-3, Tier-4 and Tier-5 towns to small transporters such as vegetable and local goods carriers, where financing is dominated by NBFCs rather than banks.
- Within this, CIFIC is seeing strong traction from retail operators in the IMLCV and M&HCV segments, with demand picking up from November and December and continuing into January.

Gold loans

- Gold loan disbursements were INR7.8b in 3QFY26 across 118 branches concentrated in southern and eastern India.
- Management highlighted this as a key growth engine going forward

Margins and CoF

- NIM improved by 33bps YoY in 3Q due to interest-rate cuts and better funding costs.
- A further 5-10 bps reduction in cost of funds is expected in 4Q, which should flow into NIM.
- Management expects NIM at around 8-8.1% in 4Q and to remain broadly stable next year.
- Post-COVID, the company introduced a small-ticket LAP product at higher interest rates as part of a conscious shift in business mix. This strategic change was made early, anticipating margin pressure in the LAP segment.
- The small LAP product has now gained meaningful traction, with rising volumes and higher yields, which are helping support overall SME yields.
- Capital and liquidity
- Capital adequacy at 19.16%. Tier-1 capital at 14.12%

Asset quality trends

Vehicle finance

- Stage-3 assets remained broadly stable between June and Dec at ~4.17%, while Stage-2 improved by ~30bp in 3Q.
- NCL declined from 2.2% in 1Q to 2% in 3Q, despite being elevated due to earlier rainfall impact and capacity utilization issues.
- Over the past 4 quarters, VF has done better in terms of all metrics including collection efficiency. For the month of Jan also despite many holidays, collection efficiency is trending strong in the southern region.
- Early delinquencies and non-starter accounts are declining, which should translate into better asset quality over the next 2-3 quarters.
- Collection efficiency improved in Jan'26 across OEMs, geographies and new/used vehicles.
- Tractor portfolio had seen stress over the past two years due to low capacity utilization, but trends are now improving.

SBPL and SME

- SBPL credit costs have peaked and will begin to improve as legal recoveries start flowing through in multiple geographies. The business is delivering PBT ROA of ~7% and management remains confident of maintaining profitability.
- Stabilization is expected in 4Q and 1QFY27, with gradual improvement thereafter as legal recoveries start flowing.
- SME stress is improving as recoveries through legal and SARFAESI routes have started coming through in Dec, which will be visible more meaningfully from 4Q

onwards. SARFAESI recoveries in SME typically take 12-18 months and the current Stage-3 pipeline is now beginning to resolve. Management expects Stage-3 and NCL in SME to trend down from 4Q and continue improving into FY27.

CSEL

- CSEL NCL reduced from 6.7% in 1Q to 6.4% in 3Q, driven by run-down of the partnership book.
- Traditional on-ground unsecured portfolio is also seeing improvement in absolute delinquencies.
- The company has segmented DSA/DST sourcing into Gold, Silver, Bronze and Diamond categories and is now sourcing only Diamond-quality customers.
- The impact of this improved sourcing will be visible after one year, but early indicators are positive.

Home loans

- In 3Q, INR650m of Stage-3 home loan assets were sold to an ARC, resulting in an NCL impact of about INR350m, while interest income of about INR230m was recognized.
- This was a proactive clean-up move and does not reflect deterioration in the underlying home loan book, where early delinquencies are actually declining. Management reiterated steady-state home loan NCL of 0.5-0.6% with PBT ROA of 4.5%.
- The company has created little bit of extra provision on this ARC sale and it has not taken entire benefit into the P/L.

Others

- CSEL is expected to deliver ~3.5% RoTA by FY27 as scale improves and partnership book runs down.
- SBPL continues to deliver PBT RoA above 7%.
- SME is now delivering more than 2% RoA and improving.
- Vehicle finance profitability should improve meaningfully as credit costs normalize.
- Opex remained flat YoY despite wage increases, supported by productivity improvements.



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Computer Ages Management

Buy

Current Price INR 736

Company performance

- CAMS reported its highest ever quarterly EBITDA, despite absorbing the INR280m labor code impact. While certain labor code rules are yet to be notified, the company has already taken the full gratuity impact, which is expected to be the largest component, hence limiting the likelihood of any meaningful incremental cost going forward.
- Performance remained resilient despite a pricing reset phase and some slowdown in capital market activity. With pricing resets now largely completed, asset-based revenues have resumed sequential growth, indicating a return to a steady-state yield profile.
- The company is targeting over 20% revenue growth in the non-MF segment, driven by strong momentum in CAMS Pay and other emerging businesses.

- Cost discipline remains strong, with management aiming to restrict cost growth to ~10% YoY.
- While a minor reset from upcoming TER regulations is possible, AMCs have not initiated discussions yet, and CAMS expects to retain strong negotiating power due to scale and volumes.
- Platform-led businesses, such as CAMS KRA and CAMS Rep, have the potential to deliver 30–40% EBITDA margins, while smaller businesses typically require INR120–150m of revenue to breakeven.
- Management aspires to scale the non-MF portfolio to 25–30% EBITDA margins over the next 2–3 years, with a clear objective of flowing higher portion of INR400–500m to the bottom line.
- Notably, non-MF margins have expanded from sub-10% a few years ago to 13%+ this quarter.
- Headcount remained flat in CY25, despite significant business expansion, reflecting strong automation, tech interventions, and cloud migration. Revenue per employee continues to improve even as new AMCs are onboarded.
- Sequential EBITDA margin expansion was driven primarily by the MF business, with incremental support from non-MF segments and operational efficiency.

MF Business

- MF revenues grew in line with AUM expansion and stable yields. Total AUM crossed INR55t, with market share steady at 68%. Equity AUM surpassed INR30t, with a 66.4% market share.
- Equity net sales stood at INR840b, translating to a 71% market share (up ~100bp YoY). New SIP registrations reached 160m (+18% YoY), outpacing industry growth, while monthly SIP collections remained strong at INR180-190b.
- Carnelian AMC was added as a new client.
- The SIF category is emerging as an attractive product class, with SBI and Tata already live, followed by ICICI AMC and Bandhan MF in Jan'26. Around INR24b has already been mobilized across 4 AMCs, tapping into a relatively higher risk-appetite investor base.
- Interest in overseas investment offerings continues to build.
- With no major AMC renewals due and only a few mid-sized AMCs expected for renewal, yield stability is likely over the next 18 months.
- Competitive intensity remains unchanged. In CY24, six mandates were won, with selective participation in price-sensitive bids. CAMS continues to prioritize profitable mandates and premium value positioning.
- Four AMCs have been won but are yet to go live in FY26, and management expects 2–3 additional mandates, taking total live additions to potentially 6 AMCs this year as well.

CAMS KRA

- The NSE KRA migration is complete, and CAMS KRA is now live, positioning the company as the second-largest KRA.
- While account opening momentum remained muted, overall folio expansion continued, enabling revenue growth despite lower capital market activity.

CAMS Pay

- The base payments business remained stable, while newer payment solutions drove incremental growth. Revenues have scaled from INR300m two years ago to INR700m currently, with management targeting INR1b in the medium term.
- The strategy is two-fold – 1) gaining market share in the base business and 2) launching new payment offerings to expand the addressable opportunity.
- Importantly, dependence on MF-linked revenues has reduced to below 50%, enhancing business diversification.

CAMS Alternatives

- Wealthserv is not yet a large revenue driver but serves as a strategic client acquisition and engagement platform, currently servicing ~250 mandates. Management plans to scale this to ~500 mandates over time, improving long-term optionality.

CAMSRep

- The business is still in early innings, with the full impact of Bima Central yet to play out.
- LIC is nearing go-live on insurance dematerialization, while the broader industry is expanding its digitization processes—creating a strong runway for CAMS Rep over the medium term.



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CreditAccess Grameen

Q4 FY26 Results

Particulars	Q4 FY26	Q4 FY25	Q4 FY24
Revenue	1,275	1,150	1,050
Operating Profit	150	140	130
Net Profit	100	90	80
EPS	10	9	8

Key Highlights:

- Revenue growth of 10% QoQ, driven by strong performance in the MFI segment.
- Operating profit margin improved to 12% from 11% in Q4 FY25.
- Net profit margin improved to 8% from 7% in Q4 FY25.
- Management expects continued growth in FY27, with a target of 15-20% revenue growth.

CreditAccess Grameen

Buy

Current Price INR 1,275

Guidance

- The growth in MFI segment will be lingering in early teens, whereas Retail finance is expected to grow at a faster rate, with overall AUM growth target of 20%+ for FY27
- 4QFY26 credit costs are expected to remain broadly stable QoQ and the Stage 1 PCR is expected to increase to 1.5%.
- For FY27, management has guided for credit costs of 4.0-4.5%, assuming monthly PAR accretion of 30-35bp. If monthly PAR 15+ accretion sustains at 20-25bp, credit costs could trend lower than the current guidance; management will reassess after observing PAR accretion trends for the next couple of months.
- FY27 AUM growth guidance of ~20% remains intact for now, with a firm outlook to be provided in May'26 with 4Q results.
- With normalized asset quality, a strong balance sheet, improving margins, and scalable digital infrastructure, the company is positioned for robust growth with healthy return ratios over the medium term.
- Management expects NIM to trend toward 14-14.5% over time, supported by ~10bp quarterly reduction in borrowing costs over the next 2-3 quarters.
- The company targets RoA of 4-4.5% across cycles; if RoA exceeds 4.5%, management may consider reducing pricing/lending rates to customers.
- In an MFI uptrend, the company expects RoA of ~4.5% and RoE of 16-17%.

Business momentum and AUM growth

- Oct'25 saw a temporary slowdown due to festive seasonality, but momentum picked up thereafter, with Dec'25 recording 90k new borrower additions.
- The company is witnessing normalization in asset quality across geographies, enabling a renewed focus on growth.

- X-bucket CE was strong at 99.5% in Dec'25, indicating sustained repayment discipline.
- Jan'26 trends remain encouraging, with continued improvement in asset quality; Karnataka has shown a notable recovery, reaching earlier asset quality trends.
- Disbursements grew 13% YoY, with Dec'25 monthly disbursements crossing INR22b. AUM grew 2.6% QoQ and 7% YoY as on Dec'25.
- New customer acquisition is expected to improve meaningfully from 4QFY26 as historical PAR overhang gets cleared.
- 4Q is seasonally strong for the company, and management expects sequentially higher disbursements in the quarter.

Asset quality trends

- Monthly PAR accretion declined sharply from 47bp in Sep'25 to ~18bp in Dec'25. If PAR accretion remains at these levels in Feb'26 and Mar'26, then the company might revisit its FY27 credit costs guidance.
- Improvement is visible across operating geographies, with Karnataka reverting to historical asset quality levels.
- UP, Bihar, and MP continue to see gradual improvement; while QoQ improvement is slower, YoY trends are positive, with further scope for normalization in coming months.
- Jan'26 PAR 15+ accretion trends mirror Dec'25, reinforcing confidence in asset quality stabilization.
- PAR stood at 2.94%, GNPA at 4.04%, and NNPA at 1.36% as of Dec'25.
- Collection efficiency (excluding arrears) stood at 95.5%.

Credit costs and provisioning

- Credit costs declined QoQ, driven by lower new PAR accretion, though PAR 90+ witnessed higher forward flows during 3QFY26.
- Total credit costs for 3QFY26 stood at INR3.4b. This included INR590m related to accelerated write-offs (taken in Oct'25) and INR370m due to higher PCR on standard loans.
- The company undertook INR1.8b of accelerated write-offs in 3QFY26 pertaining to non-paying accounts. Additionally, accelerated write-offs were undertaken only in Oct'25 and are not expected to recur in 4QFY26.
- Excluding the impact of accelerated write-offs and PCR increases, non-annualized credit cost stood at 96bp for 3QFY26, broadly in line with 109bp of new PAR 15+ accretion during the quarter.
- 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.
- If the company is able to demonstrate a monthly PAR 15+ accretion rate of 20-25bp, it would translate into lower credit costs in the future. The company will monitor the monthly trend for the next 3 to 4 months before revising lower its credit cost guidance.

MFI business and industry environment

- MFIN guardrails have strengthened overall MFI system quality and credit discipline.
- Rejection rates have increased, reflecting tighter underwriting.

- Approval rates for new customers have moderated to 55-60%, while renewal approval rates stand at ~45% (v/s ~60% earlier), requiring higher effort to acquire new customers to sustain MFI growth.
- MFI growth is expected to remain modest in the near term, with incremental growth increasingly driven by retail finance.

Retail finance portfolio

- Retail finance portfolio share increased to ~14% as of Dec'25, partly aided by slower growth in the group lending book.
- Retail finance AUM stood at INR38b as of Dec'25, comprising multiple unsecured and secured products.
- Unnati loans AUM stood at ~INR17b, with an ATS of INR170k; this borrower segment has stronger cash flows and demonstrated strong credit track record.
- Vishesh individual loans AUM stood at ~INR16b AUM, with an ATS of ~INR80k; while income levels are higher, income demonstrability is lower, implying relatively higher risk.
- PAR 30 for Retail unsecured loans remains below 2%.
- Secured retail portfolio includes ~INR2.7b of mortgage loans, INR2b of Home loans, and INR130m of 2W loans; Mortgage loans have ATS of INR 600-700k, with stable delinquency trends.

Margins

- Yields improved by 30bp QoQ, while cost of borrowing declined by 20bp. NIM expanded 60bp QoQ to 13.9% in 3QFY26.
- Average cost of borrowing declined to 9.4% at the end of 3QFY26, while marginal cost stood at 8.9%, reflecting disciplined liability management.
- Borrowing profile remains diversified, with bank term loans accounting for <60% of borrowings, enabling continued access to funding even during credit cycles.
- The company has increased pricing in 3QFY26 after looking at current credit cost trends. If credit costs improve sustainably, pricing may be reduced but RoA will be protected.

Others

- One-time opex impact of INR183m due to labor law-related provisioning. Cost-to-income ratio stood at ~34%.
- Customer digital platform Mahi has crossed 1m downloads, reflecting strong adoption. The platform enables instant digital loan eligibility checks, supports group loan underwriting, generates targeted leads for retail products, and integrates collections into a cashless ecosystem.
- Digital collections now account for ~20% of total collections, supporting efficiency and scalability.

FIVE STAR 

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Five-Star Business

Buy

Current Price INR 439

Business updates

- Small-ticket loan segment continues to face stress, driven initially by overleveraging and now increasingly by borrower behavioral issues.
- The company follows a three-step approach: 1) understand the crisis, 2) fix the issues, and 3) move ahead with sustainable solutions. Management indicated

The image shows a screenshot of a financial report titled "Five Star Business Finance". It includes various financial metrics such as Revenue, Profit, and Assets, along with a detailed commentary on the company's performance. The report is presented in a structured format with tables and text blocks.

that the company is at the fag end of the second step, with long-term corrective measures now being put in place.

- Underwriting actions taken over the last two quarters have helped ensure continued stability in soft-bucket collections in 3QFY26.
- Jan'25 performance was better than Oct'25 despite multiple holidays, with lower slippages and stable collections. February and March performance is expected to improve further due to fewer holidays.
- Affordable housing lending has been introduced cautiously, with ~100 sanctions issued; the company is not in a hurry to scale and plans to deploy separate teams for growth in this product.
- Management has clearly prioritized collections over disbursements, consciously slowing growth to stabilize the book and bring operating metrics back in line. As a result, AUM and disbursement growth have moderated, with management indicating that this phase is intentional and corrective. Once collections stabilize sustainably, growth is expected to resume over the next couple of quarters, led by higher disbursements and gradual AUM acceleration.
- The company is focused on fixing issues comprehensively with a long-term lens, rather than pursuing short-term growth.

Operational highlights

- Disbursements grew ~4% YoY but declined ~18% QoQ to ~INR9.8b, reflecting the deliberate slowdown in growth.
- 3QFY26 PAT increased 1% YoY to INR2.8b, broadly in line with expectations.
- RoA and RoE for 3QFY26 stood at ~7% and ~15.8%, respectively.
- Opex increased marginally due to lower operating leverage amid subdued disbursements.
- The company added 35 branches during the quarter, continuing investment in physical infrastructure.
- Collection officer strength increased to 2,452 as of Dec'25, with a full-fledged dedicated collections vertical being established, which is expected to positively impact collections and asset quality over time.

Margins, cost of funds, and liquidity

- Around ~25-30% of liabilities are linked to repo/T-bill/EBLR, and transmission benefits are expected to flow through. An additional ~10-15bp reduction in cost of funds is expected over the next two quarters purely on the existing book.
- Incremental funding costs are meaningfully lower than the portfolio cost of funds.
- During the quarter, the company raised ~INR4.6b at a cost of ~8.2%, lower than the previous quarter.
- The cost of borrowing has steadily declined over the last year and is expected to improve further. Management guided for 15-20bp improvement in CoB over the next 3-6 months.
- The company has signed a ~USD100m loan with the Asian Development Bank, which will be drawn down over the next few quarters. Fully loaded cost will be determined by the hedge rate, and it will be 25-30bp higher than other borrowing instruments (expected to be at 8.75%-8.8%)

Crisis, borrower behavior, and credit culture

- The crisis initially stemmed from overleveraging, but has now evolved into a behavioral issue, with EMI capacity rising while cash flows remained unchanged. This is a lender-made crisis, unlike past disruptions such as demonetization or COVID, making behavioral correction critical.
- Management is consciously avoiding a clean slate approach, as blanket write-downs can negatively impact borrower behavior across lenders in the ecosystem.
- The company is actively educating customers on credit discipline and the long-term importance of maintaining a healthy credit profile. Five Star believes this approach will have a durable, long-term impact, even if near-term recovery appears slower.

Collections performance and trends

- Focus on collections is clearly reflected in metrics, with overall collection efficiency at ~96.6% and unique customer collection efficiency at ~95.1% for 3QFY26.
- Current book collection efficiency improved from ~98.5% in Sep'25 to ~99% in Dec'25.
- Unique collection efficiency (excluding NPAs) improved from ~96.5% to ~97.3% over the same period.
- Unique CE on the current book rose from ~98.5% (in 2Q) to ~99.2% in 3Q, signaling improvement in softer buckets.
- Despite slightly elevated slippages, the company has successfully contained customers within <60 DPD, with Stage 2 assets remaining steady QoQ.
- Incremental stress formation and additions to Stage 2 assets are at their lowest levels over the last 3–4 quarters.

Asset quality and credit costs

- NPAs remain elevated, reflecting borrower stress; however, management does not see principal loss risk due to the secured nature of the book.
- Recoveries from NPA and the written-off pool amounted to ~INR230m in 3QFY26, with management expecting the recovery momentum to remain healthy.
- Management does not favor aggressive technical write-offs, as these can weaken borrower discipline and credit culture. Instead, the company prefers adequate but prudent write-offs, combined with strong recovery efforts to bring down Stage 3 assets.
- ECL/EAD will remain between ~1.6-1.7% structurally, while the company currently holds ~1.8%, indicating prudence. Write-offs of ~INR630m were taken during 3QFY26.
- Once an account moves to Stage 3, it is handled by the legal recovery team focused on partial or full settlement rather than EMI collection.
- Many borrowers clear arrears in one go through settlements, supported by continuous engagement from the legal recovery team.

Underwriting, customer profile, and competition

- Underwriting filters have been tightened significantly, with loans disbursed over the last eight months performing better, with higher NACH usage and pre-due-date payments.

- Rejection rates have increased to ~38–40% in 2Q and 3Q, reflecting tighter underwriting. However, these are expected to moderate once the company sharpens its target borrower profile.
- Repeat customers undergo fresh underwriting and must have a minimum two-year relationship with the company. Management does not see elevated risk here.
- While MFI ticket sizes have increased, Five Star has not moved up the ticket size, leading to some overlap. However, MFIs are not seen as direct competitors due to differences in ticket size, underwriting approach, and tenure, with Five Star remaining relevant for longer-tenure secured loans.

Growth outlook and way forward

- Management reiterated that growth will be accelerated after collections stabilize sustainably.
- The company is nearing the end of its corrective phase and expects visible results from ongoing collection and underwriting efforts.
- With borrower behavioral issues now taking hold and stress formation reducing, disbursement growth is expected to pick up from the next quarter.



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Results Update

Fusion Finance

Current Price INR 189

Buy

Guidance

- Fusion targets an AUM of ~INR100b by end-FY27, supported by improving portfolio quality and disciplined growth in disbursements.
- Guided for credit costs of ~3.25-3.75% at normalized levels (~2.8-2.9% when the times are benign)
- Management expects opex to decline meaningfully over time, driven by operating leverage and better utilization of the existing workforce.
- MSME will see a significant scale-up, with AUM targeted to increase from ~INR7b to ~INR15b, which will account for ~15% of the overall AUM. MSME will exhibit lower credit costs given its secured nature and low LTVs.
- The company anticipates quarterly recoveries of ~INR500m over the next one year, largely driven by higher recoveries from the 60+dpd pool.

Business Updates and Opening Remarks

- Mr. Krishan Gopal has joined as Chief Financial Officer, bringing over two decades of experience in financial leadership.
- Mr. Brahmanand, an MSME veteran and founder, has joined as an Independent Director, strengthening strategic oversight as the company scales its MSME and semi-urban franchise.
- The business has entered a phase of controlled stabilization and disciplined execution, with a return to profitability supported by improvements in asset quality, collections, credit costs, and calibrated disbursement growth.
- Auditors have reviewed the company's financial position and confirmed that the earlier emphasis related to going concern is no longer applicable.
- The company has reported the third consecutive period of improvement in asset quality, collections, and credit costs without any relaxation in underwriting standards, reinforcing the durability of the ongoing recovery.

Disbursements and Growth Momentum

- Disbursement growth has been driven by reduced operational friction at the front end and increased leverage of a pre-approved base of high-quality customers, resulting in materially higher approval rates. Around ~30% of new disbursements are sourced from the pre-approved customer base, with approval rates of ~50%.
- Pre-approvals are provided at the individual loan level, restricted to customers where sanctioned amounts remain below the defined guardrails. Pre-approved customers are required to have a minimum vintage of ~19 months and be non-delinquent, compared to the standard guardrail of 14 months for the broader base. Pre-approved customers continue to demonstrate superior PAR performance compared to newly acquired customers.
- The company does not extend multiple concurrent loans to the same customer.
- Top-performing A and B category branches continue to exhibit lower stress and stronger collection efficiency, accounting for ~82% of the branch network and ~91% of fresh disbursements.
- Strong traction continues in the MSME portfolio, particularly in the INR0.7-1.5m ticket size segment, supported by scalable processes and tools that enable meaningful future growth.

Collections and Operating Discipline

- Collection efficiency stood at 99.4% in Dec'25 and 99.7% within the new book, which now accounts for ~80% of the portfolio.
- Strong center meeting discipline continues to reflect in collection behavior, with ~94% of collections occurring on the same day of demand, ~4% within the same week, and ~1.5% within the same month.
- Net flow-forward rate stood at ~0.25%, translating into a collection efficiency of ~99.75%.
- Monthly cash recoveries in the 60+dpd bucket stood at ~INR120m, with ~85% driven by internal recovery teams.
- Borrower leverage has reduced sharply, with customers having exposure to more than three lenders declining to ~7% from ~16-17% earlier. Fusion + 3 exposure stands at ~7%, while ~80% of the book comprises Fusion-only and Fusion +1 customers.

Asset Quality and Credit Costs

- Gross Stage 3 declined ~20bp QoQ to ~4.4%, while Net Stage 3 increased ~25bp QoQ to ~0.6%. Stage 2 assets declined by ~50bp QoQ to ~1.7%, while Stage 2 PCR declined ~365bp QoQ to ~66.3%.
- ECL/EAD, including a management overlay of ~INR295m, declined to ~5.9% from ~7% in the previous quarter. Write-offs during the quarter stood at ~INR1.7b compared to ~INR2.5b in the prior quarter.
- ~INR8-9b write-off pool is considered recoverable based on Bureau runs and Active borrower transactions with other lenders.
- Recoveries of ~INR500m per quarter are expected over the next year, translating into total recoveries of ~INR2b in FY27.
- Credit cost improvement remains visible even excluding management overlay reversals, and this trend is expected to sustain. Management plans to utilize a portion of the management overlay on a calibrated basis over the next few quarters.

- From a risk management perspective, the company continues to operate with guardrails that are 3x tighter than industry standards and maintains conservative ECL models, supported by external consultants.

Margins, Profitability, and Operating Leverage

- Reported NIMs expanded by ~50bp QoQ to ~11.3%, supported by a favorable portfolio mix, improving asset quality, and lower interest reversals from Stage 3 assets.
- Marginal cost of borrowing is expected to improve from current levels, supported by better funding access and refinancing opportunities.
- Any sequential movement in the cost-to-income ratio is largely attributed to portfolio normalization.

Opex and Workforce Management

- Around ~85% of operating expenses comprise employee costs, and management is focused on optimizing employee deployment rather than reducing headcount during a downcycle.
- Employees are being increasingly leveraged for collections, with higher recoveries from the 90+ dpd pool expected to offset elevated opex over the next year.
- Branch manager attrition has stabilized at ~30% annually, with over 75% of branch managers having more than three years of vintage with Fusion. Attrition among field officers with more than six months of tenure stands at just under ~50%.

Capital, Liquidity, and Funding

- The company maintains a strong capital and liquidity position, with CRAR at ~38.8% and liquidity of ~INR17.8b.
- During the quarter, ~INR25.2b was raised through borrowings and the conclusion of the Rights issue.
- Funding diversification has improved meaningfully, reducing concentration risk, with several banks newly opening lines, reinforcing confidence in the company's credit profile. Leverage stands at ~2.2x
- The company has sufficient capital to fund growth without relying on DTA utilization and does not face any funding constraints.
- Sanctions on the debt side stand at ~INR18.3b.
- The overall DTA quantum stood at ~INR3.8-4.0b and is not considered operating profit, with no urgency to claim it.
- Monthly updates on collection efficiency and P&L are regularly shared with lenders.

Other Highlights

- The company has been piloting technology changes across select branches and is increasingly leveraging AI to improve efficiency.
- AI adoption is expected to deliver meaningful upside by reducing employee and call center costs.
- Enhancements to LOS and LMS systems are underway and are expected to go live by May.
- Currently, ~36% of customers are unique to Fusion, and management remains cognizant of the risk of overleveraging even within the existing customer base.
- Group selection continues to focus on proximity, meeting accessibility, borrower debt levels, and overall group quality.



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HDB Financials

Neutral

Current Price INR 724

Guidance

- AUM growth should be in the range of Nominal GDP + 6-7% over the medium-term. The target market is large enough for HDB to grow at this rate for the next 5-7 years.
- Current CoB should sustain for the next few quarters and the company would need to watch the debt markets (NCD) space closely. If opportunities arise, it should be able to improve its CoB by a few basis points as well.
- There is pressure on yields across products but it expects the yields to remain range-bound in the range of 5-10bp for the next few quarters.
- The company has guided for NIM to remain at ~8% over the next few quarters.
- The company expects credit costs to stabilize and improve in the subsequent quarters. Over the longer term, it aims to operate at credit costs that are 15-20bp lower than the current levels.

Stabilization in CV/CE and MSME

- On asset finance, the CV and CE businesses have exhibited minor improvement in delinquencies and in the 0-90dpd bucket. Asset quality challenges seen in Vehicle Finance have shown some improvement in 3Q.
- The company expects asset quality weakness to stabilize in the current quarter. In 90+ dpd, the company has seen it stabilize and there is some more work to be done. What has been positive is that it has managed to pull back from the delinquent book.
- Odpd across all products has been inching up (exhibiting improvement) and flow forward rates have reduced.
- Unsecured MSME pain: That has clearly started easing off - Book has reduced by 1% but the health of the book has actually improved. The company needs to start pushing out and growing in this space to see growth resume in the next couple of quarters in the MSME segment.

Disbursements and Loan Growth

- Vehicle Finance: There has been a slight reduction in the ticket size of ~5% and the balance has been growth in volumes.
- Total disbursements grew 15% QoQ; HDB has held on to its yields and in some businesses, the prepayments also were elevated, which led to higher repayments.

Impact of GST rate cuts

- The GST cut has had a significant impact on the Auto Loans and 2W Loans business. Some benefit of the GST rate cut was there in large-sized TVs.
- Bulk of the business of HDBFIN has not had much impact from the GST rate cut, barring sentimental buoyancy in demand.

Asset Quality

- Asset quality remained stable with GS3 at 2.8% and Stage 2 declining ~25bp QoQ to 2%
- CV and CE: The 90/120dpd book has remained in a similar zone, and the company needs to put in efforts to bring it down. X-bucket CE and recoveries

have improved and delinquencies have come down, driven by higher collection efforts.

- A large part of the slippages in the quarter was in the CV and CE segment. There has been no significant impact of cyclones in Southern India on the CV portfolio of the company.
- Smaller ticket LAP book and CV book were sold to the ARC during the quarter.

Yields and NIM

- Minor yields improvement through focused originations and improvement in product mix.
- NIM improved ~15bp QoQ to 8.1% (PQ: 7.95% and PY: 7.46%).

Liabilities

- HDB is largely done with most of the repricing on its liabilities - Most of HDBFIN's bank borrowings are EBLR-linked and a very small portion is linked to MCLR.
- ECB book is hedged and is fixed rate. Bond yields have hardened in December/January despite the 25bp rate cut in Dec'25.

Operating Expenses

- Effective November 21, 2025, the Government of India notified the four Labour Codes - collectively referred to as the 'New Labour Codes' - consolidating 29 existing labour laws. Accordingly, the New Labour Codes have resulted in an estimated increase in provision for employee benefits of INR605m.
- Labour code implementation remains a developing regulatory area, with adequate provisions already taken.
- CIR for the lending business stood at 39.5% in 3QFY26 (PQ: 40.7% and PY: 42.5%).
- Cost to assets (excl. provisions for new labor codes) was flat QoQ at 3.7%.

Financial performance

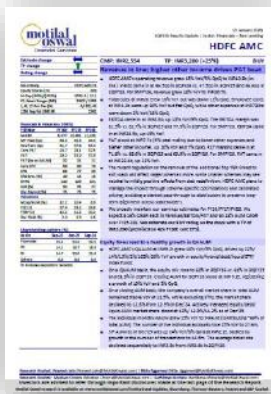
- Gross Loans grew 2.8% QoQ and 12.2% YoY.
- Disbursements for 3QFY26 stood at ~IN179.2b, up 15% QoQ, led by the Consumer Finance and Asset backed businesses. Consumer Finance disbursements grew 17.5% QoQ, and it expects the momentum to continue going forward as well.
- Customer franchise grew 19.8% YoY.
- Gold loans book grew 17.8% QoQ.
- Secured Loans formed 74% of the loan mix.
- Asset finance (CV Finance) disbursements grew 4% YoY.
- Reported PAT grew 36% YoY to INR6.43b. Excluding the impact of the new labor codes, the PAT grew 45% YoY.
- RoA in 3QFY26 stood at 2.35% and RoE stood at 14%.

Others

- The reason why new vehicles in the loan mix were higher in the quarter was due to new vehicle sales during the festive period following the GST rate cut.
- Secured loans in the mix have improved by ~50bp in 3QFY26 and ~90bp over the last two quarters.
- With a stable book, it has ensured to take efforts to reduce the cost-to-income ratio to below 40% and bring down the opex to assets to below current levels of 3.7%.
- Higher ATS in Auto and 2W was due to the higher volumes of new vehicles in the disbursement mix.



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HDFC AMC

Buy

Current Price INR 2,814

Business

- Management remains positive on long-term industry growth, citing SIP flows crossing INR 310b and increasing participation from new investors, which is expected to support further scaling despite market volatility.
- Equity allocation in overall AUM for the quarter stood at 65.5%.
- Added 2.8m unique investors during the quarter, taking the total to 15.4m, with investor penetration at 26%.
- Product portfolio remains largely comprehensive across core categories (active equity, fixed income, money market, active, and passive). Incremental launches are expected to be selective, sectoral, or thematic, driven by high-conviction bets, with low launch frequency.
- HDFC Bank follows an open-architecture model, but HDFC AMC benefits from a strong brand and parent linkage; equity AUM sold through the bank stands at high-20% vs. ~13% industry average.
- SIP flows through the bank exceed its AUM share, supported by dedicated teams and engagement initiatives, likely to drive higher AUM share over time.

PMS, AIF, and Alternatives

- PMS AUM surpassed INR 50b during the quarter, supported by a few large mandates in 3QFY26.
- PMS is segmented into discretionary (INR8b AUM) and non-discretionary (INR50b AUM), with focused growth strategies for both.
- Won mandates from EPFO and SPFO.
- Alternatives: It closed the first tranche of HDFC AMC Structured Credit Fund – I with commitments of ~INR13b from institutions, family offices, and investors.
- IFC committed up to INR2.2b as anchor investor to the Structured Credit Fund – I (Category II AIF) to expand private credit access.
- Developing a second fund focused on private equity and venture capital, targeting engagement with large global institutional investors.

Yields

- 3QFY26 yields: Equity (including index) ~56–57bp, Debt ~27–28bp, Liquid ~12–13bp; blended yields ~45bp for 3QFY26 and ~46bp for 9MFY26.
- Margins have remained resilient over the past six quarters despite telescopic pricing.
- Management emphasizes absolute profit growth rather than focusing solely on margin protection.

Financials

- Other expenses declined 28% QoQ due to elevated CSR and marketing expenses recorded in 2QFY26.
- ESOP cost guidance for FY26 stood at INR680m, of which INR470m has been booked over 9MFY26.

Regulations

- Removal of an additional 5bp TER linked to exit loads is expected to impact larger schemes more, with smaller schemes likely seeing neutral to positive TER effects due to slab redefinition.



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- HDFC AMC plans to manage TER impact through scheme-specific optimization and calibrated pricing actions, without blanket pass-through to distributors, maintaining a long-term win-win for investors, distributors, and the AMC.
- Industry-level impact on ~INR44t active equity AUM implies ~INR22b revenue reduction, significant relative to FY25 industry operating profit of ~INR160b.
- Cash market brokerage cap reduced to 6bp (excluding levies) from 12bp (including levies), translating to an effective cap of ~8.5bp and exerting further pressure on TER for larger schemes.

Home First Finance

Buy

Current Price INR 1,181

Guidance

- HomeFirst targets to end FY26 at 25% AUM growth and also guided ~25% AUM growth in FY27
- Expects to get to AUM of INR196b-197b by FY27
- Guided for spreads of 5.0%-5.2%; Anything more than that will follow the fair practice of passing it on to the customers.

Management Continuity

- Manoj Viswanathan (MD/CEO) strongly reiterated that it does not have any plans to move out of HomeFirst. He will be continuing in an Executive role going forward as well.

Asset Quality

- Asset quality metrics remain healthy and range-bound, and there has been an improvement in the early delinquencies.
- 1+dpd improved ~20bp QoQ and stood at 5.3%, 30+dpd was flat QoQ at 3.7%, and the Stage 2 improved by 10bp QoQ. GS3 increased ~10bp QoQ to 2%, and the company is confident that this will also improve, given that the early delinquencies have improved.
- Earlier in the year, it was grappling with some asset quality issues and higher delinquencies. Some problems from the spillover of MFI stress are now coming to an end.
- Recovery will take another two quarters in Tamil Nadu; From 2QFY27 onwards, one would expect recovery in TN.
- Bounce rate was elevated in 2Q as well, but the collections in 3Q were better than those in 2QFY26.
- It is coming out very clearly that the company should start seeing an improvement in Stage 3 from 4Q onwards, as the company has managed to bring down its early-stage delinquencies.
- Increase in Bounce Rates is only behavioral in nature, and the customers repay using other payment instruments.
- LAP Stage 3 stood at 1.4%, and HL Stage 3 stood at 2%; LAP NPA is slightly lower than the HL NPA

State-specific color

- Gujarat: The company had earlier anticipated the impact of tariffs; Gujarat has successfully overcome this on account of the overall economic vibrancy of the State. Continues to witness strong growth and stable asset quality in Gujarat.

- Maharashtra: Successfully re-established a strong growth trajectory, particularly in larger and more competitive markets like Mumbai and Pune. It has seen a strong AUM growth in this State.
- Tamil Nadu: Faced both tariff-related delinquency issues and churn in the team. Made good progress in stabilizing the team and expects a strong turnaround in the State in FY27.
- Uttar Pradesh: Calibrated approach and in the process of setting up a strong team, and UP will be a large contributor from FY28 onwards.
- Karnataka is emerging out of the eKhata overhang and has brought strong growth in this quarter,

Status in Tamil Nadu

- TN Ordinance is several months old, and it did have some temporary impact on collections.
- HomeFirst has stabilized the team in TN, and now it is gradually building the portfolio.
- TN is still growing, but not at the same pace that it used to grow earlier. Growth in TN was muted, and it expects TN to start accelerating from 2QFY27 onwards.

Yields and Pricing

- HomeFirst has reduced its PLR by ~10bp effective 1st Jan'26.
- PLR is a function of the borrowing cost, and if there is a decline in the borrowing cost, it will be passed on to the customers. If there is a further reduction, the Board will decide on the quantum of PLR reduction to be done.
- Out of the 125bp Repo Rate cut, it would have received a 40-50bp benefit in its CoB. Now that the Banks have started reducing their MCLR, it expects a benefit of another 5-10bp in its CoB.
- It does not expect to effect any more PLR cuts in 4QFY26, and any PLR cuts (if any) will be done only from 1Q onwards.
- Because the marginal CoF has dropped by 30-40bp, it is likely to reflect in the new origination yields as well.

Branch Additions

- Added 2 branches in the quarter - one each in Karnataka and MP. The company has 6-8 branches in the pipeline, and they will be added in 4Q. A few of these branches are coming up in North Uttarakhand and Delhi.
- In FY27, it will look to add 25-30 branches across MP/AP/TN/Maharashtra.

Liabilities

- Optical spreads in co-lending are lower than the directly originated pool. That is why the company also reports its cost of borrowings (excl. co-lending)
- HomeFirst is still having co-lending conversations with 3 Banks and expects to start co-lending with at least one of those banks.

Financial performance

- AUM grew ~25% YoY and 5% QoQ to INR149.2b
- The company is experiencing green shoots, and it is positive about its originations and disbursement numbers in the coming quarters.
- Origination yields stood at 13.1%.
- Strong business momentum and robust profitability; stable asset quality and improving delinquencies.
- NIM expanded 60bp QoQ to 6%.

- Provisions arising from the implementation of the new labor code were INR33m.
- The reported cost-income ratio (excl. the gratuity provision) stood at 31%.
- 1+dpd has already turned around, and even the GNPA should moderate in the coming months
- Executed assignment transactions of INR2.15b in the quarter, and co-lending will continue to be an important contributor, aiming to take co-lending to 10% of the disbursements as it scales.

Others

- About 83% of the approvals happened through the Account Aggregator framework.
- Several AI pilots are in progress, and it expects them to give operational efficiency improvements.
- Expects PMAY 2.0 to pick up traction as the awareness improves and the process gets more streamlined.
- Increase in CRAR was due to lower cash held in Mutual Funds
- Faster disbursement growth in the coming quarters will not come from relaxation of the credit filters.
- Tightening of filters is an ongoing process; When the macros are not doing well, these trends emerge and help the company tighten the credit filters.
- Employee count declined QoQ, and attrition has remained in the 35% range. It has about 250 people who are joining the company in Jan'26.
- UP expansion was always part of the plan. However, its early experience in UP was not very good, so the company decided to go slow in UP. However, it has not deterred the company from expanding into UP. It will take a few more quarters for the company to put the team together, and UP will become a significant contributor to disbursements from FY28 onwards.
- As the country grows and the income grows, the availability of housing in lower ticket sizes is shrinking. Ticket sizes will continue to increase by 3-5% in the coming quarters to account for inflation.
- Active Connectors stood at 3600 in 3QFY26
- The affordable housing market is shrinking in <INR1m ticket size and the affordable housing market is expanding in the INR1m-4m ticket size.
- All Home Loans given out to customers are floating-rate loans.



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IIFL Finance

Buy

Current Price INR 512

Guidance

- Management guided for 20-25% consolidated AUM growth for FY27. The company expects gold loan growth of 25% QoQ in 4QFY26.
- It guided for home loan growth of 15-16% and disbursement growth of 24-25%.
- Even at current gold prices, management expects strong gold loan momentum.
- Credit costs are expected to normalize to around 2% on a steady-state basis from next year onwards.
- Current quarter GNPA levels in home loans are seen as sustainable going forward.
- RoE in normal conditions were at 18-20%, and management aims to reach these RoE levels over the next 2-3 years.

The image shows a screenshot of the Motilal Oswal IIFL Finance financial statements. It includes a balance sheet and an income statement for the quarter ending March 2026. The balance sheet shows assets of ₹1,00,00,00,000 and liabilities of ₹1,00,00,00,000. The income statement shows a profit of ₹1,00,00,00,000.

- Rising gold prices, improving customer productivity, and higher share of secured lending are expected to structurally support profitability and asset quality.
- Gold loan tonnage is expected to continue growing strongly.
- SR has declined from INR36b in 2QFY26 to INR31b IN 3QFY26, and the company expects most of the SRs to get realized the next year.

Income tax audit clarification

- The special income tax audit under Section 142(2A) is a procedural step in an ongoing assessment for a multi-year block period and does not represent any allegation, finding, or adjudication against the company.
- Such audits are common for large and complex financial institutions with high transaction volumes, multi-year data, and diversified operations.
- There is no tax demand, no penalty, no determination, and no financial impact on the company at this stage.
- The audit allows income tax authorities to appoint an independent auditor to assist in verification and reconciliation of data.
- The audit report will be an input to the assessment process and does not imply any conclusion.
- The scope of audit is more to do with areas that were identified during the search conducted by the authorities.
- The company has already filed revised returns, and the department will now verify the same.
- Management reiterated that there is no risk to business operations, growth, or financial position of the company from this audit.
- For large and complex businesses with millions of customers and six-year block periods, such special audits are considered normal procedure.
- Once the audit is completed, the tax department may issue a final demand, which the company may contest if required.

Financial highlights

- The company continued consistent execution of its strategy with a strong focus on asset quality and balance sheet strengthening.
- GNPA improved from 2.14% to 1.6%, reflecting meaningful improvement in portfolio quality. Stage 2 and 3 assets also trended down, indicating improving credit behavior across segments.
- RoA stood at 2.1% and RoE at 11.3% for the quarter.
- S&P International Rating Agency has reaffirmed rating and revised the outlook to positive.
- Gold loan continued the strong momentum, growing 26% QoQ, and Gold loan AUM crossed pre-embargo levels.
- Core segments now form 95% of total AUM, reflecting a more stable business mix.
- The company maintained a cautious stance on unsecured and MFI segments, focusing on recovery and collections, which have remained resilient QoQ.

Gold loans

- Core products, such as home loans, gold loans, and microfinance, collectively grew 46% YoY and 11% QoQ during the quarter.
- Gold loan AUM grew around 26% QoQ and 189% YoY, driven by strong customer demand and higher tonnage.

- Gold loan tonnage has crossed 60 tons and is now above pre-embargo levels.
- The addressable market for gold loans has expanded significantly. The calibration of unsecured MSME and MFI portfolios has led many customers to shift toward gold loans.
- Average loan per branch is INR125m, which is about half of the market leader, providing substantial growth headroom and operating efficiency.
- If gold prices remain at current levels, management expects strong growth in gold loans, with potential for ~25% QoQ growth.

Strategy shift in housing

- The company has revised its strategy to focus more on affordable and emerging housing segments. In Tier 3 and Tier 4 cities, around 90% of opportunity lies in affordable housing.
- In the top 50-60 cities, the company will selectively target higher-yield segments. The shift is towards affordable first, followed by emerging segments.
- This strategy does not require geographical expansion, as the company is already present in relevant locations.
- Segment mix within existing geographies will be adjusted to improve yields.
- Onboarding yields are expected to increase over the next 2-3 quarters due to this shift.

ARC transaction in Housing subsidiary

- The company conducted a comprehensive review of its entire housing loan and LAP portfolio to align with its long-term strategy. Certain segments such as BLC (beneficiary-linked construction), construction-linked loans, and micro-LAP were identified as non-core and were fully exited.
- These discontinued segments were transferred in a one-time transaction to ARC, with joint collection efforts, enabling the company to focus on core strategic businesses.
- The total portfolio transferred was approximately INR8.75b. As a result of this clean-up, gross NPAs in the housing segment declined sharply from 1.4% to 0.5%, which is the targeted steady-state level.
- The clean-up was undertaken to prepare the balance sheet for sustainable growth over the next 3–4 years. The BLC and micro-LAP portfolios have now entirely moved out of the book.

Asset quality and credit costs

- Asset quality has improved materially on the ground, with better credit discipline and lower customer leverage.
- Discontinued portfolios now mainly comprise unsecured MSME, digital loans, and personal loans in the standalone entity.
- Credit costs remained elevated due to turbulence in MFI and micro-LAP. Losses from discontinued digital personal loan partnerships also impacted provisions.
- The discontinued portfolio reduced from INR40b to INR30b in one quarter. Management expects credit costs to normalize to ~2% on a steady-state basis next year.

MSME portfolio

- The secured MSME portfolio has been completely recalibrated. Earlier, historical portfolio yielded 18-19% but carried higher risk.

- The current portfolio focuses on ticket sizes of INR5m-10m, extendable up to INR20m. Current yields are 13.6-14% on an ongoing basis.
- Management indicated that there are no meaningful delinquencies in the recalibrated MSME portfolio so far.
- Secured MSME sourced from housing averages ticket size of around INR1.4m.

Co-lending and capital raise

- Co-lending was on hold for a few months due to the new RBI co-lending guidelines, which has been enforced from 1st Jan. The company is undertaking integration and once done, it will restart co-lending.
- Management emphasized that the co-lending engine must scale up quickly to support growth.
- Leverage is expected to remain in the range of 4-4.5x.
- Capital adequacy should be maintained at around 20%. While it is slightly lower, the company will restart co-lending, which is expected to release capital. There are no immediate plans for equity capital raising.
- Co-lending and direct assignments carry around 100bp higher cost. However, these structures help release capital and avoid equity dilution.
- Net gains on derecognition arise from selling loans to banks under direct assignments and co-lending.
- NIMs remain broadly similar, whether assets are retained on book, sold to banks, or transferred to ARC.

Borrowings & funding

- There was no significant change in the borrowing mix during the quarter.
- Cost of funds declined marginally by around 10bp.
- The company continues to receive fresh funding lines from banks.
- Management expressed confidence on liquidity access, even as smaller MFIs face funding pressure.

IIFL Samasta

- Collection efficiency improved significantly in Tamil Nadu and Karnataka during November and December.
- Collection efficiency reached over 99.5% in both states and sustained into January.
- Disbursements in MFI recovered steadily, with disbursements of INR5b in Oct'25, INR7b in Nov'25, and INR8b in Dec'25.



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KFin Technologies

Neutral

Current Price INR 1,039

Financials:

- MF revenue contribution declined to 59.8% from ~71% in 3QFY25 due to the Ascent acquisition, which increased international revenue share to 16.7% from ~4% YoY. The strategic objective is to reduce concentration risk in domestic MF servicing (<50%) and build a diversified global platform, particularly in private markets and international fund administration through Ascent.
- Consolidated EBITDA margin (including Ascent) stood at 40.9%. The sequential moderation of ~300bp was due to Ascent integration costs and amortization impact (largely within guided ranges). Margins are expected to remain range-bound at these levels (40-45%).

**motilal
oswal**
Financial Services

KFin Technologies

Strong growth in international business

The consolidated financial statement for the quarter ended 31st March 2025, shows a strong growth in international business. The company's revenue has increased by 15% YoY, driven by a 20% increase in international revenue. The company's operating profit has also increased by 15% YoY, driven by a 20% increase in international operating profit. The company's net profit has also increased by 15% YoY, driven by a 20% increase in international net profit.

Particulars	Q3 FY25	Q3 FY24	Q3 FY23
Revenue	1,200	1,050	900
Operating Profit	240	210	180
Net Profit	180	160	140

- On the employee cost front, headcount growth is expected to remain under control. With the company shifting its focus to automation and AI-led productivity improvement, the payroll cost may stabilize or decline over time.
- The one-time labor code impact stood at ~INR86m for the quarter.
- Depreciation costs for 3Q rose 42% YoY and 26% QoQ, driven by INR27.7m amortization of customer relationships and brand from the Ascent acquisition. This is a non-cash accounting impact and is expected to normalize over time, with no effect on operating cash flows.
- Cash & cash equivalents (excluding Ascent) stood at INR4.9b; including Ascent, it stood at INR5.1b. The balance sheet remains robust despite the acquisition, providing flexibility for further inorganic opportunities, technology investments, and strategic expansion initiatives.

Mutual Fund Solutions

- Won two new RTA mandates during the quarter: Nuvama Wealth and Monarch Network Capital. Also won two SIF mandates from AMC clients.
- Domestic MF yields declined ~2.6% in the quarter due to a ~200bp shift in AUM toward lower-yield passive products (notably metal ETFs); the compression was mix-driven, not pricing-led, and is viewed as cyclical rather than structural.
- Issuer Solutions Business
- Revenue mix: folio maintenance/corporate actions/value added solutions at 47.6%/40.2%/12.2%.
- Revenue grew by 24% YoY, driven by IPO annuity revenue from past and recent wins.
- The per-folio realization was higher during the quarter (INR12.9 vs. INR11.2 in 3QFY25) due to comparatively lower retail participation. Management expects normalization in coming quarters.
- Business is expected to grow at 15-20% annually over the medium term.
- Market share in the NSE 500 by market cap for the quarter crossed the 50% mark (51.4%).

International Business

- The consolidation was effective from mid-Oct'25 and has significantly improved international revenue contribution to 16.7% from ~4.6% in 2QFY26.
- Ascent's margins are currently below KFin's core business, but management expects alignment within three years through scale and cost optimization, with potential to exceed domestic margins over the long term.
- Number of clients increased to 428 (Ascent: 328 and KFinTech SEA: 100), of which 7 clients in the SEA business and 47 funds in the Ascent business were added during the quarter.
- Strategic focus remains on cross-selling and global expansion.
- KFin has secured a license to set up a global capability center (GCC) in GIFT City from where it can do global operations.

Alternatives & Wealth Segment:

- Market share increased to 39% in 3QFY26 from 36.7% in 3QFY25.
- Won 25 new AIF funds, including from True Beacon, Alpha Alternatives, Anand Rathi Asset Management, Equirus, ASK Investment Managers, MO Alternative IFSC, Kotak Asset Managers.

NPS Platform

- NPS business achieved breakeven with EBITDA margin of ~30%.
- The subscriber base grew 34% YoY, which is faster than industry growth of 12.7% YoY during 3Q and has crossed the 2m mark.



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L&T Finance

Buy

Current Price INR 300

Guidance

- Core retail franchise remains resilient, with management confident that momentum built over recent quarters will sustain through 4QFY26 and continue into FY27, alongside continued improvement in asset quality.
- Management has guided for NIM and fee income to remain around 10–10.5%.
- The company has guided for cost-to-income (CI) ratio of ~40%. Over the medium term, it would look to bring this down below 40%.
- Guided for credit costs to decline to 2.0-2.2% by 4QFY27.
- Secured-to-unsecured loan mix is expected to stabilize at 60:40 over the next couple of years.
- Steady-state growth for MFI business projected at ~15-20%, with yield optimization from other high-yield segments compensating for slower MFI growth.

Segment-wise Updates

Gold Loans

- Disbursements stood at INR14.1b in 3QFY26.
- Added 64 new gold branches, focusing on areas with high cross-sell potential.
- By end-FY26, distribution is expected to exceed 330 gold loan branches.

MFI Business

- Showed early signs of recovery with improved disbursement volumes and collection efficiency.
- Karnataka Odpd CE improved by ~40bp (Sep'25: 99.18% to Dec'25: 99.56%).
- Overall O DPD CE steadily improved from 99.35% (Jun'25) to 99.5% (Sep'25) to 99.7% (Dec'25).

Two-Wheeler Finance

- Quarterly disbursements up 33% YoY, driven by GST 2.0 reforms and festive season demand.
- Focus on quality: 87%+ of disbursements to Prime segment vs. 53% in Mar'24.

Farmer Finance

- Quarterly disbursements of INR27.8b, up 12% YoY and 68% QoQ.
- Loan book reached INR162b, driven by GST 2.0 and favorable monsoon conditions.

Personal Loans

- Quarterly disbursement of INR35.7b (+118% YoY), with loan book growing 64% YoY/18% QoQ due to big-tech partnerships (GPay, Amazon).

Housing

- Housing growth supported by new partnerships and strong distribution channels.

Strategic and operational initiatives

- Project Cyclops: Implemented in PL business; full rollout expected by 4QFY26. Reduced net non-starters in 2W and farm business. Expects to improve portfolio quality and reduce credit cost.
- Project Nostradamus: Proprietary AI portfolio management engine for 2W finance in Beta mode.

Asset quality and credit costs

- Credit costs gradually reduced from 3.8% at peak to 2.8% in 3QFY26.
- S3 PCR increase in 3QFY26 was more to do with higher provisions done on Stage 3 assets. It also had to do provisions on co-borrower exposures where the provision cover was higher than existing Stage 3 assets.
- Benefits of Cyclops will start flowing in and the ECL models will also churn out lower PD/LGD.
- Forward flows expected to decline as more portfolios are created using Cyclops.
- MFI credit cost expected at ~3% given its current 0 dpd CE of ~99.7%; 2W expected below 3%, with the weighted average credit cost of the portfolio to be in the range of 2–2.2%.
- By 4QFY27, seasoned portfolios under Cyclops underwriting should result in better credit cost across 2W, Farm, and rural segments.
- Macro-prudential provisions to be rebuilt across unsecured assets (not exclusively towards the MFI business as done previously).
- Total write-offs in 3QFY26 stood at INR4.7b (largely from MFI).
- LTF shared that the objective is to rebuild Macro-prudential Provisions as fast as possible and it has started taking CGMFU guarantee on its portfolio as well. As SR portfolios get resolved, they will be utilized for creating macro provisions.
- Looking to take the CGMFU guarantee on the unsecured MSME loans as well, so that there is some additional cover.

Digital partnerships

- Disbursements continue to increase; portfolio quality steadily improving.
- Focus on prime PL segment where the bounce rate is sub-2% for LTF (vs. 3-4% industry average).
- Cyclops applied to digital partnerships, ensuring stable credit quality.
- Rapid scale-up expected in next 6-9 months in personal loan segment, stabilizing after initial growth from partnerships with GPay, Amazon, etc.

NIMs and fees

- NIMs and fees improved due to better portfolio composition and lower interest reversals.
- QoQ improvement in funding cost to ~7% and further rate transmission may support NIMs in upcoming quarters.
- NIM guidance: 10-10.5% (in a favorable environment at the upper end of the guided range, while in a stressed environment tending to the lower end of this range).
- Fee income will grow with higher disbursements and expected introduction of certain fee-income products.

Opex

- Cost-to-income ratio expected to remain ~40% (in the near term) as LTF invests in technology, new branches, gold loans, and Sampoorana branch network.
- Focus remains on top-line growth, which will eventually improve the CI ratio.

PCR and prudential coverage

- MFI loans PCR at 100% for 90+ DPD loans and the future adjustments would be done based on cyclops early indicators and ECL model.
- Expects the PCR to decline in the subsequent quarters (even after the ECL review, which is taken up at the end of 4Q every fiscal).

Five pillars of execution

- Enhance Customer Acquisition: Expand customer base, deepen reach in existing segments, broaden geographic presence, and strengthen digital footprint. Onboarded 0.7m new customers (up from 0.6m).
- Sharper Credit Underwriting: Improve Cyclops engine across mortgage and rural finance verticals.
- Futuristic Digital Architecture: Full-stack Nostradamus implementation by Mar'26; Planet 3.0 app with 220m downloads offering multilingual, real-time dealer services.
- Heightened Branch Visibility: Participation in expos and campaigns for 2W and Farmer Finance.
- Capability Building: Integrating multi-product Sampoorana branch networks; 11 new gold branches opened in Sampoorana format.

Other Highlights

- Tailwinds could reduce credit cost to 2% before 4QFY27; conservative guidance is 2–2.2%.
- CP in the borrowing mix is currently 8–9% and the company's ALM has headroom to increase it to 14–15%.
- LTF is not looking to give out individual consumption loans. It will look at some pilots (in FY27) for individual micro business loans (something on the lines of micro LAP) but will be looking to build this very gradually.
- Lakshya 2031 plans to be shared with investors/analysts along with 4QFY26 results.
- LTF scaled up Micro-LAP book size to ~INR10b.
- Any compression in NIM + fees will be offset by a reduction in credit costs.



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LIC Housing Finance

Neutral

Current Price INR 522

Guidance

- Management remains confident of retaining NIM between ~2.70–2.72% in 4QFY26.
- Jan'26 disbursements stood at ~INR60b. For 4QFY26, management expects ~INR200b in retail disbursements and ~INR15–20b in project finance.

Opening & Macro Remarks

- The RBI reduced the repo rate by ~25bp in the December MPC, supported by a benign inflation outlook.
- The company reduced lending rates on new home loans effective 22nd Dec'25. New individual home loans are now offered at ~7.15% onwards, among the lowest in the industry.
- Liquidity conditions were comfortable at the start of 3Q due to RBI's ~75bp CRR reduction. Along with this, RBI announced multiple liquidity measures, including enhanced VRR operations and USD/ INR buy/sell swap interventions, to ensure smooth liquidity transmission.

Business Update & Portfolio Mix

- The total loan book continues to be dominated by individual home loans, which account for ~85% of the portfolio.

- Outlook for the coming quarter remains positive, as Jan-Mar is seasonally strong, contributing ~30% of annual business.
- Management expects the performance for FY26 to remain healthy, supported by improving traction in disbursements in 4QFY26.

Growth Environment & Competitive Landscape

- The housing finance market remains highly competitive, with intense rate competition from banks. The company's portfolio largely comprises salaried individual home loans, a segment facing the most pricing pressure.
- Management has consciously prioritized margin protection over aggressive growth in this rate-war phase.
- Indian home loan customers remain highly rate-sensitive, especially prime borrowers. The recent reduction in home loan rates to ~7.15% has started showing traction, particularly in January.
- Disbursements are expected to pick up meaningfully in Feb-Mar, which are typically the strongest months.

Disbursement Outlook

- Demand for housing loans remains normal and not structurally compressed, with rate cuts improving customer sentiment.
- PMAY 2.0 is expected to support demand in 4QFY26 and FY27, especially in the affordable housing segment.

Product Strategy & Diversification

- Historically, the company is focused on salaried individual home loans. However, over the last two years, the company has expanded into LAP and self-employed segments.
- Other Home Loans (LAP & LRD) are expected to rise to 17-18% of the loan mix over a period of time, aiding diversification. These products offer ~150bp higher yields than IHL and will support margins.

Margin & Funding Strategy

- LICHF did not reduce PLR aggressively earlier.
- A rewriting facility was introduced, allowing customers to reset rates at new home loan lending rate + 50bp, which the company considers to be competitive.
- Funding mix is being consciously shifted toward floating-rate borrowings with Dec'25 borrowings at 50% fixed and 50% floating.
- Borrowings are increasingly sourced from banks linked to repo rates to benefit from future rate cuts. However, banks are reluctant to lend at lower rates, considering pressure on their margins.
- Fixed-rate borrowings will gradually roll off and be replaced by floating-rate borrowings, while maintaining diversification. ~INR78b of NCDs priced at ~8% are expected to mature by Mar'26.
- Management expects ~5-7bp benefit in funding cost in 4QFY26.
- PLR was last reduced by 25bp in Apr'25.
- The company does not expect NIM contraction, despite competitive pricing.

Asset Quality

- Total Stage 3 assets stood at INR77b as of Dec'25, down from INR78.3b in Sep'25 reflecting a QoQ reduction of ~INR1.25b in Stage 3, reflecting improving trends. Stage 3 breakup: IHL: ~INR30b, NHI: ~INR13.1b and NHC + Builder loans: ~INR34.5b

- GNPA improved ~6bp QoQ, indicating gradual asset quality recovery.
- Majority of stress is in legacy project loans, some of which are at advanced stages of resolution.

BT Trends

- Lower new home loan rates have led to an increase in BT-IN. Net BT-out has reduced over the last two quarters. Management expects further moderation in net BT-out in 4Q, supported by competitive repricing.

Credit Underwriting

- Credit underwriting SOPs are dynamic and market-aligned, not rigid. Over the last six months, underwriting norms have been adjusted by LICHF to remain competitive with banks. Banks are adopting aggressive credit strategies to boost growth, requiring calibrated responses.
- Underwriting changes have been made while maintaining risk discipline.

Organizational Review & Consultants

- LICHF has engaged external consultants (including a Big 4) for a comprehensive review. Scope includes organizational structure, marketing, credit and operations, compensation structure with higher performance linkage and technology, digitization, and peer benchmarking.
- The report is expected in 3-4 months, post which the Board will prioritize actions.
- The management structure is largely derived from LIC (promoter), and any changes will require promoter engagement.

Other Highlights & Capital Position

- Dividend payout decisions will be taken by the Board; profits are expected to grow ~7% YoY.
- Engagement with LIC is underway to better leverage LIC branches and agents for home loan distribution.
- LIC agents are expected to actively market home loans, supporting growth in FY27. LICHF is facing the challenge that LIC managers believe if employees start distributing home loans, they will neglect their insurance sales.
- No capital infusion is required for the next ~2- 3 years. If needed, LIC can provide capital support, avoiding the need for new partners.

NCLT & Resolution Update

- There is no material update on NCLT cases, as large corporate borrowers continue to delay proceedings. However, meaningful progress has been made on several large accounts.
- Management expects 2- 3 large resolutions, potentially in 4Q or early FY27, though timelines remain uncertain.



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Mahindra & Mahindra Financials

Buy

Current Price INR 385

Guidance

- Management guided for through-cycle credit costs of 1.5-1.7%. GS2 and GS3 pools are expected to remain range-bound, supporting credit cost sustainability.
- The company aims to sustainably achieve 2% RoA and then improve it further. Medium-term RoE aspiration is ~15%, with RoA improvement as the bigger lever.

Particulars	Q3 FY2026	Q3 FY2025	Q3 FY2024
Revenue	1,000	950	900
Profit	150	140	130
Assets	10,000	9,500	9,000
Liabilities	8,000	7,500	7,000

Key highlights:

- Revenue growth of 5% YoY.
- Profit growth of 7% YoY.
- Assets growth of 5% YoY.
- Liabilities growth of 7% YoY.

- Aspires to get to AUM CAGR of mid-teen to high-teen over the next few years.
- By FY30, the company aims to reduce wheels in the Loan mix from ~88% to ~70%. Other product segments, including Housing and SME, are targeted to grow from ~12% to ~30% of the loan book.
- The long-term objective is to build a diversified, multi-product lending franchise rather than a monoline vehicle financier.

Opening remarks

- Management reiterated that the bulk of the capability building undertaken over the last few years under the UDAAN program is now complete.
- Investments in technology, manpower, underwriting, collections, and distribution are now yielding visible results.
- These outcomes are evident across customer experience, dealer engagement, collection efficiency, and operating leverage. Profitability has improved meaningfully in 9MFY26, supported by operating improvements and stable asset quality.
- Asset quality metrics have remained range-bound, with GS3 <4% and GS2+GS3 below 10% for the last eight quarters.
- With capabilities built and operating metrics stabilized, the company is now pivoting towards structural growth.

Segment wise disbursements trends

- Tractors: Tractor financing stood out with 65% YoY growth in disbursements in 3Q. The company remains the largest tractor financier in India, with a significant gap vs. the second-largest player. Strong tractor performance was aided by GST benefits and rural demand tailwinds. Management highlighted that the recent growth is the outcome of deliberate investments over the past 12 months, including the creation of separate organizational structures for Mahindra Tractors and Swaraj Tractors and incremental manpower and distribution additions to deepen rural reach, the benefits of which have become visible over the last few quarters.
- PV: PV disbursements grew in volume terms, but value growth was muted due to declining ticket sizes. In PVs, while premiumization remains a key trend, entry-level vehicles have also seen healthy traction, and the company was able to effectively capture this demand.
- CV: CV disbursement volumes increased, but value growth remained muted due to conservative LTV norms and tighter customer selection, with the company staying selective in CV lending by avoiding aggressively priced segments, new-to-credit borrowers, and remaining cautious on used CV financing, while refining its CV strategy to focus on select retail and used segments where risk-adjusted pricing supports RoE and RoA. The company is not aggressively building exposure in new CV segments and remains cautious given State government payment delays to contractors.
- 3W: The company is conservative on 3W, with increased focus on electric 3Ws.
- SME: SME disbursements showed stronger YoY growth. Management sees significant long-term opportunity in SME lending with capability building and ongoing channel investments to support SME growth. SME is expected to be a key growth driver as the company diversifies beyond wheels.

Asset quality, credit costs and provisioning

- GS3 stood at 3.8%, declining 14bp QoQ and 13bp YoY. GS2+GS3 declined to 9.2%, down 52bp QoQ and ~1pp YoY. The decline in GS3 was also driven by the company's complete write-off of its Aizawl portfolio of INR1.46b, which had already been fully provided for.
- Stage 2 declined meaningfully, contributing to lower forward flows. Asset quality has remained stable without much volatility for eight consecutive quarters.
- Credit costs were 1.3% in 3QFY26. Credit costs for 9MFY26 stood at 1.8%, compared to 2.2% in 9MFY25 on a PCR-adjusted basis. Management expects credit costs to trend towards the 1.5-1.7% range in coming quarters.
- Adjusted credit costs declined to INR4.8b in 3QFY26 vs. INR 6.2b in 2QFY26 and INR5.9b in 3QFY25.
- The company refreshed its ECL model during the quarter, using an in-house framework. The LGD methodology was shifted from a 42-month calculation to a more stable, industry-aligned approach.
- While the LGD reset could have resulted in PCR release, management chose not to take any benefit through the P&L. Instead, a management overlay of INR6.35b was created as a measure of prudence.

Merger of housing finance subsidiary

- Asset quality stabilization in the housing finance subsidiary is largely complete. Management is now evaluating whether mortgages should be scaled through one entity or two entities.
- Capital efficiency, risk weights, and RoA outcomes are key considerations in this evaluation.
- The NBFC has ~1,400 branches, while the HFC has ~500 branches, creating potential duplication. Management will undertake a comprehensive evaluation before deciding on a merger or separate growth strategy.

Margins and Yields

- NIMs expanded by 50bp QoQ to 7.5% (6.9% YoY). 9MFY26 NIMs stood at 7.1%.
- Management clarified that 3Q NIM included some one-off benefits and that 9M NIM of 7.1% is a more sustainable level.
- Structural benefits exist in NIMs, driven by portfolio mix and tractor share increase.
- Loan income yields declined sequentially but were offset by higher fee income. Incremental cost of funds remains at comfortable levels.
- Some NIM benefit in 3QFY26 came from trade advances getting converted into retail customer loans and interest income write-backs from decline in GS3.
- In a declining interest rate environment, some benefits may be passed on, though margins are expected to remain resilient.
- MIBL, a 100% subsidiary, is a top-5 insurance broking company and provides a structural and recurring dividend stream. Fee income of ~1.4–1.5% (as a % of avg assets) is considered sustainable going forward.
- Trade advances in 2QFY26 were extended to support seasonal disbursements and are non-interest bearing. Half of that amount becomes interest-bearing in the next quarter and this transition resulted in higher reported loan income during 3QFY26.

- There were no exceptional items in interest income during the quarter, apart from smaller sources of income, including prepayments, penalties, and late fees, though these are immaterial.

Diversification strategy and portfolio mix

- Management reiterated that diversification is a core strategic priority, with a clear intent to move away from a monoline wheels-focused franchise.
- While wheels continue to anchor the portfolio, the company aims to gradually reduce their share from ~88% currently to ~70% by FY30.
- The balance growth is expected to come from SME, housing finance, leasing, and fee-based businesses.
- SME will be a key growth engine, supported by ongoing capability building, underwriting enhancements, and channel investments.
- The housing finance subsidiary has largely completed its asset quality turnaround and is now structurally stable.

Growth pivot and rural tailwinds

- Rural and semi-urban demand remains supported by favorable monsoon conditions, agri commodity price discovery, and MSP support.
- Post-festive, the auto demand has softened, but the company remains optimistic on market share gains.
- 4QFY26 growth may moderate QoQ, though traction remains visible in smaller vehicles and rural geographies.

Tech transformation and operating infra

- ~95% of channels have adopted the new technology stack, materially improving collection efficiency. Legacy LOS/LMS platforms, old infrastructure, and manual processes have been fully sunset.
- Client onboarding is now completely paperless across products.
- Branches are enabled for multi-product and omni-channel customer journeys.
- The new stack supports faster decision-making, better risk monitoring, and improved scalability.

Profitability and RoA

- Reported RoA stood at 2.5% in 3QFY26. For 9MFY26, RoA was 1.9%, reflecting a clear step-up versus prior periods.
- Management reiterated that the company will sustainably reach 2% RoA and then climb further from that level.
- RoE improvement is primarily expected to be driven by RoA expansion, supported by modest leverage optimization.
- PAT grew 59% QoQ in 3QFY26, driven by higher disbursements, margin expansion, and lower adjusted credit costs.
- PAT for 9MFY26 increased 76% YoY. YoY comparison is distorted as PCR coverage fell from 59% to 50% last year, limiting meaningful comparability.
- Tier 1 capital stands at 17.4%, reflecting strong balance sheet strength. The company is well-capitalized and has headroom to modestly increase leverage.



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Manappuram Finance

Neutral

Current Price INR 310

Guidance and Outlook

- Gold loan business is expected to remain the primary growth engine over the next two years, supported by structural tailwinds and improving competitiveness.
- Non-gold businesses will return to growth from 1Q/2QFY27, but with disciplined underwriting and calibrated risk.
- Asirvad is expected to grow strongly from FY27, with new, better-quality book representing the majority of the portfolio. The company expects the new book to form 57-60% of overall book after two quarters.
- MGFL targets to improve profitability, with standalone ROA expected to reach 4.25-4.5% by 2HFY27.
- The company is progressing well across all strategic priorities and will provide a full strategic roadmap and formal guidance from the next financial year onwards.

Strategic priorities and roadmap

- Gold lending is the top priority, with AUM growth momentum having rebounded strongly, supported by multiple customer pricing schemes.
- Branch infrastructure for gold is being upgraded, with a new branch design in the final stage of vendor negotiations, which will materially improve customer service, operating efficiency, and branch experience over the next year.
- The company is moving toward paperless customer acquisition, which is expected to improve portfolio quality, operational controls, and turnaround time.
- AI-based systems are being rolled out across branches to strengthen decision-making, monitoring, and customer servicing.
- Co-lending has emerged as a major strategic priority, with the platform going live this week, which should meaningfully improve the subsidiary's scale, balance sheet efficiency, and market profile. The company is working with at least three co-lending partners, including Asirvad, and all are expected to be operational within 1-3 weeks. Co-lending will provide growth, capital efficiency and improved risk sharing across products.

Gold loan business

- Gold loans remain MGFL's largest retail lending asset and primary growth engine.
- Structural tailwinds include regulatory support for secured lending, rising gold prices, and increasing customer preference for gold loans.
- Yield on incremental gold loan disbursements is ~18% and is aligned with market leaders, with no major compression in yields expected going forward.
- MGFL has moved from being priced above market earlier to now being largely in line with competition after running extensive pricing experiments across geographies and customer cohorts. Management shared that yield on gold loans will be in line with what the competitors are charging.

- Online gold loan app and digital payment systems give MGFL a structural advantage in maintaining regulatory compliance and improving customer experience.

Non-gold businesses

- A consolidated growth strategy is being implemented across non-gold businesses with a strong focus on improving credit quality and profitability.
- The company has significantly scaled down non-gold businesses and reduced exposure across select geographies, including MSME and vehicle loans.
- New car, used car, and farm loans have been paused as part of this portfolio reset.
- Underwriting standards have been strengthened, collections have been tightened, and operational processes have been streamlined.
- Management expects non-gold businesses to return to growth mode from 1QFY27 after this clean-up phase.
- Vehicle finance AUM rose only ~INR400m QoQ due to residual slowdown. Provision coverage in vehicle finance remains at ~25-27%, and accounts are written off 100% after 730dpd.
- In MSME and unsecured loans, most digital PL and weak unsecured books have been written off fully, while secured MSME portfolios carry low LTVs with credit loss of only 5-6% over five years.

Asirvad MFI

- Asirvad continues to operate in a challenging environment, though the broader MFI sector is showing signs of stabilization.
- Asirvad AUM stood at INR61b, including gold loan AUM of INR16b, down ~39% YoY.
- Credit costs remain elevated, reflecting a cautious stance and old book stress.
- Collection efforts on NPAs continue, including the use of external recovery agencies, though recoveries beyond 90dpd remain difficult in MFI.
- The new book now constitutes ~1/3rd of Asirvad's portfolio and is performing extremely well, with management guiding that this will rise to 55-60% by Sep'26
- Degrowth is largely behind, and Asirvad is expected to return to growth from here, with portfolio quality improving into FY27.

Housing Business

- In housing and vehicle business, the focus is on stabilizing asset quality and risk-adjusted returns rather than aggressive expansion.
- The housing finance subsidiary is a strategic priority for the group, with strong long-term plans in place.
- A high-quality leadership team for the housing finance business is being onboarded and is expected to be in place by Jun'26.
- Until the new team is fully in place, the housing finance business is expected to see low to moderate growth.
- The company sees housing finance as a key medium-term growth driver once the new platform and leadership are in place.

Organizational effectiveness and leadership build-out

- The new organizational structure is already showing improved operating rigor and stronger ownership across teams.

- Management is highly encouraged by the positive adaptation of teams to this structure, which provides confidence in meeting future growth aspirations.
- A comprehensive overhaul of people and HR practices will be rolled out shortly to further strengthen the performance culture.
- A new Group CFO, Group Compliance Officer, and Group General Counsel have already joined and are actively leading the transformation.
- The company is onboarding group heads for technology, risk, internal audit, operations, HR, and two group business heads, along with staffing at lower levels where required.
- All processes are being re-mapped to become simpler, more efficient, and more scalable, while work on the new technology stack and product strategy is ongoing, to be shared in 1QFY27.

Bain Capital transaction

- RBI approval for Bain's controlling stake is in the final stages, with clarifications already submitted. Management expects approval within one month.
- Bain is aligned with all RBI conditions, including any requirements related to controlling stakes in two NBFCs.
- Branch expansion approvals are also expected after the RBI approves the Bain transaction.

Macro and opening remarks

- The Indian economy remains resilient, supported by strong domestic consumption, healthy GST collections, PMAY momentum, and stable vehicle demand despite global geopolitical and tariff-related uncertainties.
- GDP growth for India is expected at ~7.2%, supported by growth-friendly policies and improving macro stability.
- Consumption, rural demand and broader economic activity showed gradual improvement through the quarter.
- The lending environment remains competitive and tightly regulated, especially across unsecured and semi-secured
- Gold loans continued to show resilience, supported by elevated gold prices and regulatory preference toward secured credit.

Standalone and Consolidated financial highlights

- Consolidated AUM stood at INR522b, up 13.8% QoQ and 17.9% YoY, driven primarily by strong expansion in gold loans.
- Consolidated gold loan AUM rose to INR287b, up 23% QoQ and 58% YoY, supported by higher customer demand and rising gold prices.
- Gold tonnage increased to 58.9 tons, up 3.2% QoQ and 2.8% YoY.
- Consolidated PAT for 3QFY26 was INR2.4b, up ~10% QoQ and declined 14% YoY.
- Liquidity buffers and high provision coverage provide comfort.
- Standalone AUM stood at INR442b, up 17% QoQ and 36% YoY, driven primarily by gold loan growth.
- Standalone PAT was INR3.8b, up 1.4% QoQ but down 16% YoY.
- Gold loan growth was driven by larger ticket sizes and competitive pricing rather than sharp growth in customer numbers.
- LTV remained stable at ~56-57% despite the rise in gold prices, reflecting conservative underwriting.

Technology & Digital Strategy

- MGFL is evaluating a future-ready tech architecture designed for the next 8-10 years of growth.
- The technology stack will be product-specific, with different LMS and workflows for each asset class to improve flexibility, risk control and scalability.
- Technology will enhance efficiency and controls but will not significantly reduce manpower as the company is planning for a much larger AUM and footprint.
- Paperless onboarding, AI-enabled branch operations and digital KYC are key near-term priorities.
- Others
- Borrowings are elevated as the company drew down a lot of sanctioned lines at the fag end of the quarter, which resulted in higher borrowing growth.
- Interim dividend of INR0.5/share was declared.



The Power of Distribution

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MAS Financials

Buy

Current Price INR 337

Guidance

- Management has guided for AUM growth of ~20-25%, with calibrated execution depending on market conditions.
- RoA guidance is maintained at ~2.75–3.0%, to be achieved through a balanced mix of margins, operating efficiency, and credit costs.

Business Updates

- Ground-level conditions continue to improve, with management tracking recovery through eligible demand rather than headline growth.
- AUM growth in 3QFY26 was supported by festive demand. However, management remains cautious about accelerating growth immediately. Growth is expected to gradually improve over the next ~2-3 quarters, aligning with the targeted ~20-25% AUM growth trajectory.
- Risk and profitability are prioritized over AUM growth, with management willing to moderate growth in specific products if conditions warrant.
- Asset quality remains stable and benign across businesses, including the housing finance subsidiary.
- The company continues to benefit from its multi-product model, allowing growth in some segments to offset temporary headwinds in others.

Operational Highlights

- Branch network has been stabilized at ~208 branches, with focus on sweating existing branches before incremental expansion.
- Workforce stands at ~4,500 employees. Management is focused on improving productivity per employee to support RoE expansion.
- Technology continues to be a strategic priority, with a dedicated team of ~100 professionals.
- Standalone disbursements stood at ~INR36b, while consolidated disbursements were ~INR36.6b during the period.
- Capital adequacy remains comfortable with CRAR at ~22.8% and Tier 1 at ~21.5%.
- Debt-to-equity stood at ~3.35x
- Average CoB stood at ~9.53%, while incremental CoB is lower at ~9.0-9.25%.

Housing (MAS Housing)

- Housing AUM stood at ~INR8.6b, growing ~22% YoY.
- Long-term growth potential is seen at 30–35%, though growth was moderated this quarter due to overlap with stressed MFI borrowers.
- ATS is ~INR800–900k, with strong asset quality despite sector headwinds.
- Growth is expected to pick up sequentially from next quarter.

Growth Strategy and Outlook

- Management plans to grow at ~20-25%, while recognizing that growth is driven both by market opportunity and execution capability. Management remains open to growing faster than guidance if risk-adjusted opportunities improve, given adequate capital and resources.
- MSME and Wheels are expected to be the key growth drivers, with higher-ticket SME loans scaling (as they have better asset quality).
- Salaried PL has scaled meaningfully and is expected to grow ~22–25%, but will remain capped at ~10% of AUM.
- CV growth, which was deliberately slowed due to stress in certain pockets, is expected to recover over the next two quarters.
- Expansion plans include North and South India, with ~5–6 branches planned in UP and deeper penetration in southern markets as teams stabilize.

Asset Quality and Collections

- In NBFCs, 90+ DPD does not automatically imply loss, with provisioning done strictly under the ECL framework based on 5-year historical recovery data. No excess provisioning is taken beyond ECL, given the recoverable nature of the book.
- Improvements are visible in 30dpd and 60dpd buckets, supported by better borrower intent, improved collections, and tighter underwriting.
- New lending has been undertaken prudently, and eligible demand is showing early signs of revival.

Opex and Fintech Partnerships

- The company works with several fintech partners across 4–5 products, following a revenue-sharing model.
- Interest income is booked upfront, while fintech revenue share is recognized as opex, leading to an increase in opex.

Technology and Digital Initiatives

- LOS is fully operational across all products, and BRE engines are live for major products.
- Scorecards are being fine-tuned using back-testing and historical data, with a green–yellow–red channel framework to improve TAT and approval efficiency.
- 2W lending has seen real-time approvals and disbursements, while SME scorecards are under active development.
- Technology deployment is prioritized in products where data availability is high, enabling faster scaling with controlled risk.

Segment-wise Performance

MSME (MEL & SME)

- MSME growth remains strong, with SME secured lending and MEL continuing to scale steadily.

- MEL origination is feet on street led, with 200–300 identified clusters. The customers are sourced directly and the loan amount is disbursed post understanding the requirement of the client.
- MEL is unsecured due to smaller ticket size but covered under CGFMU, and the ATS is further expected to increase to ~INR300–400k.
- Embedded finance has also been introduced with an ATS of ~INR150k under the MSME umbrella.
- Segment-wise GNPA: MEL GS3 stood at 2.87% and SME GS3 stood at 1.49%.

Two-Wheelers (2W)

- Strong growth observed, supported by festive demand and GST-related momentum.
- 2W GNPA stood at ~3.35%.

Commercial Vehicles (CV)

- The company focuses on small-ticket, used CVs.
- Stress is visible in Rajasthan and MP, leading to deliberately slower growth in these regions.
- Collection efficiency for CV stands at ~88–89%, with GNPA at ~4.14%.
- Growth in CV is expected to recover gradually over the next two quarters.

Salaried Personal Loans (SPL)

- SPL growth is expected to remain at ~22–25%, but the product will be capped at ~10% of AUM.
- GNPA stood at ~3.45%.

Other Highlights

- Approval ratios have improved meaningfully from ~14–15% during stressed periods to ~20% currently (enquiry-to-sanction).
- Textile sector shows green shoots in Gujarat, Rajasthan, and Maharashtra, while South India remains weak.
- The FMCG segment remains under stress. Agro is facing a temporary cycle in select geographies like MP, with no structural concerns.
- Gems and jewelry financing has been discontinued for a prolonged period.
- Dividend payout policy remains unchanged at ~10% of PAT. Dividend of INR1.25/share has been declared.



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MCX

Neutral

Current Price INR 2,341

Business and Financial Highlights

- 3Q underscores robust performance, reflecting strong volume growth, revenues and profitability, led by deeper participation across segments and varied product launches.
- Participations was strong across categories such as new members, foreign broker institutions, and domestic institutions players.
- Sequential increase in UCCs (~10%) was driven by: better alignment of user experience across equity and commodity platforms; adoption of common ledger/front-end experience by members; and onboarding of new members. Management expects momentum to continue in the near term.
- The bullion segment's share in ADT grew to 69% QoQ, supported by the launch of new variants viz. Gold Mini, Gold Ten Futures. Other commodity segments

also continue to support overall growth, indicating diversification beyond bullion.

- Base metals volumes rose 156% QoQ and 77% YoY, driven by the consolidation of warehouses (e.g., copper moved to a single delivery center), simplification of contract structure, market engagement on GST-related delivery processes, and increased participation as members set up commodity desks. Warehouse rationalization is ongoing across base metals.
- Index futures saw a healthy volume build-up, while Index options traction remains limited; management expects options activity to follow once futures liquidity deepens (if future contracts crosses INR10b, only then can the exchange apply for options contracts).
- With regard to short delivery margin requirements, no abnormal instances existed in the last 3–4 months amid volatility in prices. Management indicated that systems are comfortable at 3–4x current volumes, while building readiness for up to 10x capacity over time.
- Technology investments are ongoing, with a continuous focus on high resilience, availability, and scalability.
- SGF contributions are made as per SEBI-prescribed norms. Strong SGF provides flexibility in managing margins and enhances settlement safety. Management reaffirmed the adequacy of the current framework.
- Revenue from futures and options transaction fee is INR2.3b and INR3.8b, respectively.
- Float income for the quarter stood at ~INR450m.
- Expenses are currently lagging growth, reflecting investments in technology and operations to support sustained momentum. Management expects expenses to normalize over time.

Launches

- MCX launched monthly Options contracts on the MCX iCOMDEX Bullion Index - MCX BULLDEX, covering both Gold and Silver effective Oct'25.
- Management maintains a healthy pipeline of products. Near-term focus lies on stabilizing recently launched contracts. New launches will be timed, based on internal readiness; market appetite, and regulatory processes.

Others:

- Conversations around the entry of banks and other foreign institutional players into the commodity markets are ongoing.
- With regard to the colocation facility being introduced into the commodities market, no recent updates have been received from the regulatory authority.

 Nippon Life **india** Asset Management Ltd

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Nippon Life India AMC

Buy

Current Price INR 979

Business

- NAM India was the fastest-growing AMC among the top 10 in both 3QFY26 and 9MFY26, with an overall market share at 8.7% (the highest since FY19), supported by the highest increase in AUM share in the industry during the period.
- The equity sales market share and SIP market share remained in high single digits, above the equity AUM market share.

**motilal
oswal**
Nippon Life India AMC

Strong performance led by equity and debt and equity funds

■ Equity and debt funds continued to be the main drivers of growth, with equity funds contributing 75% of the total AUM and debt funds contributing 25%.

■ The company's equity funds have performed well, with a 10% increase in AUM and a 15% increase in SIPs.

■ The company's debt funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's hybrid funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's small-cap funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's multi-asset funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's alternative investments have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's real estate funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's infrastructure funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's commodity funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's ESG funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's impact funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's socially responsible funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's sustainable funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's green funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's blue funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's brown funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's grey funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's black funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's white funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's yellow funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's orange funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's red funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's purple funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's pink funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's brown funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's grey funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's black funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's white funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's yellow funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's orange funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's red funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's purple funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

■ The company's pink funds have also performed well, with a 5% increase in AUM and a 10% increase in SIPs.

- The equity and hybrid net sales market share was in high single digits, and would be in double digits excluding NFOs.
- There was a slight QoQ decline in the monthly SIP market share, led by recent moderation in the equity market volatility and narrowing of industry flows into select categories, particularly flexi-cap funds.
- ~75% of NAM's SIPs category belongs to below INR10k by value.
- The company has an investor base of 22.7m unique investors (largest), with over one-third of mutual fund investors having exposure to its schemes.
- Despite some short-term underperformance in select schemes, ~two-thirds of equity funds remain in the top two quartiles over a one-year period.
- After the earlier rationalization across ~60% of equity AUM, management indicated a continued, gradual progress on commission optimization. Directionally, efficiency gains and selective pass-throughs will be used to mitigate regulatory impacts.
- NAM has restricted lump-sum inflows into its small-cap fund for ~2 years, citing stretched valuations and overheating concerns. Flows are currently allowed only via SIPs. The small-cap fund continues to see positive net inflows, with no negative net flows reported.
- Digital channels accounted for 77% of new purchase transactions in 3QFY26. New SIP registrations rose to 4.3m, with Dec'25 marking the highest-ever monthly transaction volume.
- Management expects both active and passive strategies to grow strongly in India, addressing distinct investor segments rather than cannibalizing each other. Nippon AMC is well positioned across both verticals.

SIF

- Management is highly bullish on the SIF opportunity, viewing it as a nascent but structurally important segment. Since its launch, the segment has already garnered ~INR30b–40b over the past 3–4 months.
- SIF platform is currently led by a six-member team under Andrew Holland. Management is actively investing in back-testing capabilities and risk management frameworks, signaling long-term commitment to building SIF as a distinct and scalable business vertical.
- The company's SIF strategy is clearly profitability-led rather than AUM-led. Management does not intend to price SIF products like liquid or passive funds and believes that differentiated, value-added strategies can command higher yields, with investors willing to pay for performance and expertise.
- Over a 5–10 year horizon, management expects SIF to evolve into a standalone business vertical, similar to how ETFs/passives are discussed today.

Yields

- Yields for the quarter: Equity/Debt/ETF stood at 53bp/25bp/20bp. On an overall basis, average yields are ~37bp.
- Overall yields have remained stable despite strong growth in lower-yielding ETFs, supported by a favorable mix shift within ETFs toward higher-yielding commodity products, particularly gold and silver ETFs.

ETFs

- ETF AUM stood at INR2.1t, with a 20.3% market share. The company accounted for 48% of ETF folios and 51% of ETF trading volumes.

- Gold and silver ETF AUM rose sharply, crossing INR1t in Jan'26; Nippon's Gold ETF ranked among the top 15 globally by inflows in FY25.
- Nippon AMC commands ~35–40% of the industry's gold and silver AUM, reinforcing scale-based advantages of the ETF platform.
- Gold and silver ETFs carry meaningfully higher yields compared to plain-vanilla equity ETFs. Gold ETF yields are ~60bp, while silver ETF yields are ~30bp, vs a blended ETF yield of ~20bp. The rising share of commodity ETFs within overall ETF AUM has, therefore, helped support aggregate ETF and overall AMC yields.

AIF and Offshore

- The Board approved a strategic collaboration with DWS Group, under which DWS intends to acquire up to a 40% minority stake in Nippon Life India AIF through fresh equity issuance. The partnership will also explore collaboration in passive products and global distribution.
- Cumulative AIF commitments stood at INR89.2b (+28% YoY). During 3QFY26, INR2b was raised.
- The maiden private credit fund (NICO I) was fully deployed, and the second series (NICO II) has been launched.
- Offshore AUM grew 7% over 9MFY26 to INR162b, with inflows from Asia and Europe.
- Offshore flows remain lumpy in nature. However, management highlighted increasing traction through initiatives such as Japan-focused fund launches, an Indian strategy under Japanese regulations, and the proposed AIF JV with DWS, with expectations of better outcomes over the next 2–3 years vs the past five years.

GIFT CITY

- Two feeder funds are operational, with combined AUM growing 35% QoQ to USD41m.

Financial Performance

- Management reiterated its guidance of ~15% overall expense growth, which is expected to broadly sustain going into the next year.
- ESOP expense for the quarter stood at INR110m (including INR6m from the new scheme). For FY27, the ESOP costs from existing schemes are guided at ~INR260m.

Regulations

- Management views recent regulatory actions (including exit load removal, TER slab revisions, and brokerage changes) as broadly investor-friendly and industry-positive. While some impact is expected on equity-oriented AUM and larger schemes, smaller schemes could benefit, and overall implications are not seen as materially disruptive at this stage.
- Reduction in cash market brokerage caps to 6bp is not expected to materially affect economics, as the industry's effective brokerage rates were already in the ~8–8.5bp range.



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Muthoot Finance

Neutral

Current Price INR 3,457

Gold loan business trends

- The company described FY26 so far as an exceptionally strong year for the gold loan franchise, with standalone gold loan AUM growing ~51% YoY to INR1.4t, driven by sustained customer demand and favorable operating conditions.
- 9MFY26 standalone PAT rose 91% YoY to INR70.5b, driven by strong disbursement volumes and stable margins.
- Management highlighted that gold loans are increasingly being accepted as a trusted, secured financing option across a wide customer base, including salaried employees, self-employed individuals, small businessmen and professionals.
- Higher gold prices have also empowered customers to unlock greater value for their existing gold assets.
- Demand accelerated during the festive season and remained strong through Jan'26 and Feb'26, indicating that growth momentum has remained intact.
- Management stressed that gold loan growth is driven by customer need for liquidity rather than gold price movements, as people bring gold when they need funds and not because of price direction.
- The operating environment remains highly favorable for secured lending, especially gold loans, as unsecured credit availability tightens across the system.

Branch expansion

- The RBI's draft regulation removing the requirement of prior approval for branch openings is viewed as a major positive.
- Once finalized, this will allow both Muthoot Finance and Muthoot Money to open branches without seeking individual approvals, enabling faster and more flexible expansion.
- The company currently operates ~5k branches in Muthoot Finance and ~1k in Muthoot Money and plans to expand in a calibrated manner depending on business conditions.
- Management highlighted that regulatory comfort and support for gold loans is improving.

Customer behavior, LTV and gold tonnage

- At current gold prices, the outstanding loan book represents only ~57% of the value of the underlying gold.
- With rising gold prices, customers require lower gold quantity for the same loan amount, which has led to a decline in gold tonnage even as loan values continue to rise.
- Daily transactions remain very healthy, with around 50k-60k gold loan disbursements and a similar volume of repayments every day.
- Because gold prices have risen, customers increasingly perceive their collateral as more valuable and are therefore more willing to monetize it, which is supporting strong demand.
- At the same time, with unsecured personal loans and microfinance credit becoming harder to access, borrowers are turning to gold-backed loans as a reliable and readily available source of funding.

Competitive landscape

- Management stated that while competition exists, the overall gold loan market remains under-penetrated, with banks holding INR13t of gold loans while NBFCs hold only ~INR3t.
- Muthoot's ~50% gold loan growth is considered healthy given its already large base.
- Weakness in unsecured personal loans, business loans and parts of microfinance is driving borrowers towards collateralized gold loans, particularly among small businesses and self-employed customers.
- PSU banks' agricultural PSL gold loans have not led to any visible customer migration, as Muthoot continues to grow strongly alongside the banking system.

Asset quality, NPAs and recoveries

- There has been significant clean-up of legacy NPAs during the quarter. Old legacy NPAs worth ~INR9.5b were recovered, while new NPAs worth INR3.48b were added, resulting in a net reduction of INR5.56b during the quarter.
- Gross NPAs have declined sharply from INR3.7b at Mar'25 to INR2.3b currently.
- The company recovered INR5.b of interest on legacy NPAs accounts, INR1.2b through gold auctions and INR240m via ARC recoveries – recognized in interest income for 3Q.
- The company follows a customer-friendly approach and does not aggressively auction gold, often giving customers time to repay before triggering auction.

Cost of funds

- Cost of funds has not seen meaningful relief as banks have not reduced MCLR rates meaningfully and there is significant volatility in the interest-rate environment.
- The company follows a stable pricing strategy, aiming to protect margins and spreads, with any reduction in borrowing cost passed on to customers when it materializes.

Subsidiaries performance

Muthoot Home Finance

- AUM stood at INR33.8b as of Dec-25, growing 24% YoY.
- Total revenue grew 27% YoY to INR11.7b, while PAT was INR890m.
- Stage 3 assets rose to 2.32% as of Dec'25

Belstar Microfinance

- AUM stood at INR79b with revenue of INR4.7b.
- The business delivered a strong turnaround in 3Q, reporting INR510m of profit.
- GS3 stood at 3.95% with a high PCR of 96%, with higher stress largely reflecting industry-wide challenges.
- Belstar has also opened 39 gold loan branches, strengthening cross-sell and secured lending exposure to diversify the portfolio.

Muthoot Money

- RBI-registered NBFC focused on vehicle finance and gold loans.
- AUM surged to INR80b from INR29.8b, implying 168% YoY growth.
- 9MFY26 revenue rose to INR8.6b from INR2.68b, while PAT improved sharply to INR2.b from a loss of INR20m in 9MFY25.



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Others

- Opex has risen due to higher employee costs, variable pay linked to business growth, rent increases, regulatory compliance costs, advertising and external consulting expenses.
- Management indicated a steady inflow of new customers, with ~4 lakh new customers being added.
- Accrued interest currently stands at INR8b.
- The company has not yet decided to offer loans against silver.
- Management shared that non-gold loan businesses are also doing well for the company.

NSDL

Neutral

Current Price INR 930

Business:

- Despite industry-wide deceleration in demat account additions (industry added ~23.5m accounts in the last 9MFY26 vs ~33.9m in 9MFY25), the company reported strong growth, with demat accounts increasing to ~3.7m in 9MFY26 from ~3m in 9MFY25. This outperformance was driven by higher digitization, improved conversion of savings accounts into 3-in-1 accounts with existing bank-based brokers, and scaling up of previously onboarded DPs.
- Sequential decline in incremental demat market share in 3Q was attributed particularly to the large and high-profile IPOs that came in 2Q that tend to disproportionately benefit discount brokers.
- Total folios stood at ~155m as of Dec'25.
- NSDL crossed a milestone of 0.1m issuers on its platform following MCA's revision in dematerialization thresholds.
- Investor awareness initiatives reached ~80m individuals through joint campaigns with SEBI, with ~2.5k programs conducted annually across Tier I–V cities.
- NSDL has onboarded multiple new depository participants, including fintech DPs, some of which have already begun scaling. The impact of new DP onboarding typically materializes with a 2–3 quarter lag, as technology integration, team build-out, and customer acquisition take time. Management expects the benefits of recent onboarding efforts to become visible from 2QFY27 onwards.
- NSDL introduced digital demat account opening for HUF and joint accounts effective Dec'25, improving ease of access and onboarding efficiency.
- NSDL completed the allotment of the first Specialized Investment Fund (SIF) under SEBI's new framework.
- API-based enhancements were launched to enable value-free transfer of government securities, facilitating retail participation in G-secs.
- Margin pledge systems were streamlined to support counterparties offering MTF facilities.
- Management indicated that there is no visibility or ongoing discussion with the regulator regarding a potential issuer fee hike.

NPBL:

- On a net contribution basis, Banking Services revenue (Payments Bank) increased to ~INR140m in 9MFY26 from ~INR20m in 9MFY25, reflecting strong momentum. Management expects the current growth momentum to continue over the next 1–2 years.
- Key profitability drivers include growth in CASA float from deposit holders and UPI acquiring income, both of which have started scaling in the current year.
- The payment bank does not require incremental capital at this stage and is currently focused on strengthening the existing partnership, rather than further capital infusion.
- The Payments Bank crossed INR4.8b in deposits and ~3.8m account holders as of Dec'25.
- Contribution margin improved materially to ~5% in 3QFY26 from ~0.5% in 3QFY25 and ~2.4% in 2QFY26, reflecting ongoing operational and business model optimization.
- Protean e-Governance acquired a 4.95% stake in NSDL Payments Bank for ~INR302m, aiming to boost its digital financial services and enhance fintech capabilities.

Financials:

- Consolidated Q3FY26 total income was broadly flat YoY but declined 9% QoQ due to seasonality in e-voting and dividend income.
- Consolidated PAT came in at INR897m; excluding the one-time tax impact, PAT would have grown 13.3% YoY to INR 972m.
- Other transaction income declined ~26% QoQ and ~8% YoY due to lower joining fees from unlisted companies following recent regulatory changes. Sequentially, the impact was sharper as company additions fell to ~4.4k in the quarter vs ~11k in the previous quarter.
- Sequential decline in e-voting revenue reflects inherent seasonality, with Q2 typically stronger due to AGM-related activity and dividend income from subsidiaries.
- Recent regulatory changes have reduced the eligible universe of unlisted companies, leading to a moderation in the run-rate of custody fee growth from this segment. However management expects that companies already dematerialized will continue to pay recurring custody fees, providing revenue stability.
- Going forward, incremental growth in custody fees is expected to be driven more by listed space expansion, supported by rising demat account additions.



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Nuvama Wealth

Buy

Current Price INR 1,317

Company performance

- The quarter witnessed sequential revenue softness, largely timing-led. ECM billing shifted to the next quarter, while transaction revenue in Nuvama Private moderated due to unusually high syndication income in 2Q. Management highlighted a healthy pipeline of deals and syndication, which should support recovery ahead.
- The INR110m one-time labor code impact was absorbed during the quarter. Variable costs declined across businesses—most notably in Asset Services,

The image shows a screenshot of a financial statement for Nuvama Wealth, dated 27 August 2025. The document is titled 'Nuvama Wealth' and includes a table of contents. The table lists various financial metrics and their values for FY26 Q3. The metrics include Revenue, Profit, and other financial indicators. The values are presented in a structured format, likely representing the company's performance for that quarter.

where bonus structures were recalibrated to align with revenue growth. PAT excluding labor code impact stood at INR2.6b, and would have been broadly flat QoQ after accounting for the one-off charge.

- Operating expense growth guidance of 10–12% remains intact, with nearly 50% of incremental opex allocated towards business expansion (new branches, teams), while 4–5% reflects inflation. FY26 opex is expected to close at INR4.4–4.5b.
- People costs grew 7% YoY in 9MFY26 and could trend slightly higher by year-end, with ~10% RM addition continuing as a structural strategy.
- On the Anugrah litigation, the case has now been formally admitted, though management does not expect any near-term developments and remains confident of a favorable outcome.
- Around 30–35% of wealth management revenue is recurring. Medium-term earnings growth aspiration remains 20–25%, though FY26 growth is expected to be impacted by headwinds in Asset Services.

Nuvama Wealth

- Competitive intensity continues to rise with the entry of PE-backed platforms alongside traditional brokers. Product innovation, access to large-ticket products, strong distribution and placement capabilities, and balance sheet availability are increasingly key differentiators.
- The business remains on track to deliver 28–30% CAGR in MPIS revenue.
- The loan book expanded to INR43b from INR28b at the start of FY26, supporting higher NII. Management targets 20–30% loan book growth in FY27, aligned with core wealth growth.
- MPIS revenue was sequentially flat, reflecting mix-led volatility between managed products (AIF/MF/PMS) and investment solutions (MLDs, insurance, fixed income), which carry varying yields.
- Revenue mix is now ~60% MPIS and ~20% NII, with the balance coming from broking and other streams.
- The firm is also investing in partner wealth managers, alongside scaling internal RM capabilities.

Nuvama Private

- The product pipeline remains robust, providing confidence in sustaining growth. While net new money moderated QoQ, management sees no structural issues and remains confident of delivering ~25% YoY growth on opening AUM.
- Teams have been strengthened in Hyderabad and Bangalore, with three new locations added. Offshore operations continue to scale as Dubai has reached breakeven, while Singapore is expected to follow.
- Offshore currently contributes ~5% of private revenue, but is expected to rise as client portfolios allocate more offshore exposure. Expansion can be organic or inorganic.
- Yield improvement was driven by asset mix within ARR, with 80–90bp retention seen as a sustainable range.
- Transactional income is expected to grow ~20%, with INR700–800m seen as a steady quarterly run rate.

Asset management

- Historically focused on AIFs and PMS, the business is now expanding into SIFs, with regulatory approval awaited. Launches are expected in 2–3 months, which should support flow recovery.
- Management is evaluating M&A opportunities, primarily in alternates.
- The deal pipeline remains healthy, with real estate allocation currently at ~40%, expected to rise to ~50%, and full deployment likely over the next 1–2 quarters. A second real estate fund is targeted by end-1QFY27.
- Public market flows remained subdued due to market volatility and competitive pressure from SIFs. While gross flows have recovered, scheduled outflows resulted in net outflows.
- The private market segment is currently in a consolidation phase, focused on deploying existing funds and closing older vintages.
- Across sub-segment, management estimates INR70-80b of net new money potential next year, backed by new fund launches, with management fees of ~1.5–1.75%.
- Yield expectations (excluding carry): Real estate: 50–55bp (stabilizes post fund closure), Private markets: 50–55bp, Public markets: 60–62bp

Asset services

- The focus remains on client base expansion across offshore and domestic markets. RTA services for PMS and AIFs are set to go live in 3–4 months, which should support market share gains.
- Client flows have shown meaningful improvement, with 4QFY26 earnings expected to be at par with 1QFY26, helping establish a new base post the exit of a large client in July'25.
- HFT activity has normalized, with new participants ramping up.
- Yields are primarily driven by deposit and G-Sec movements and are expected to remain in the 2.6–2.9% range for the year barring sharp rate changes.

Capital markets

- Institutional equities revenue was flat QoQ and declined YoY due to F&O regulations.
- In Investment Banking, fixed income performed well, though ECM billing deferment weighed on reported revenues.



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PB Fintech

Neutral

Current Price INR 1,502

Core online insurance

- Term and health together account for ~50% of overall premiums. New protection premium grew 68% YoY, while health insurance grew 79% YoY, driven largely by strong customer additions.
- Health renewals are accelerating and term business is growing, improving contribution margins despite the high share of fresh business.
- The quality of business remains strong, aided by better customer disclosures and higher efficiency, which has been well received by insurer partners.
- Reliable customer disclosures, better claims outcomes and strong investments in insurance awareness and branding have supported steady market share gains as well as insurer trust for Policy Bazaar.

PB Fintech

Particulars	2024-25	2023-24	2022-23
Revenue			
Insurance	1,12,10,00,000	1,08,00,00,000	1,00,00,00,000
Other	1,00,00,00,000	1,00,00,00,000	1,00,00,00,000
Operating Profit	1,00,00,00,000	1,00,00,00,000	1,00,00,00,000
Operating Profit Margin	89%	93%	100%
Operating Profit per Share	1,00,00,00,000	1,00,00,00,000	1,00,00,00,000
Operating Profit per Share Margin	89%	93%	100%
Operating Profit per Share per Share	1,00,00,00,000	1,00,00,00,000	1,00,00,00,000
Operating Profit per Share per Share Margin	89%	93%	100%
Operating Profit per Share per Share per Share	1,00,00,00,000	1,00,00,00,000	1,00,00,00,000
Operating Profit per Share per Share per Share Margin	89%	93%	100%

- Policybazaar continues to gain disproportionate market share, accounting for ~40% of the ~4m new lives added in FY25.
- The aim is to improve claims settlement experience for customers while maintaining discipline on portfolio quality.

GST impact and take rate

- The GST exemption provided a meaningful near-term boost to growth, though management does not expect the current pace to fully sustain in 4QFY26.
- Take rates have remained largely stable over the years as Policybazaar continues to add value by delivering better risk quality customers.
- The company is comfortable with take-rate adjustments if benefits are passed on to customers. Negotiations with insurers have concluded on a win-win basis.

PB Partners

- PB Partners continues to dominate the PoSP ecosystem with INR70-80b of premium, significantly ahead of peers.
- Growth is driven by small advisors in Tier-2 cities and beyond.
- While near-term focus remains on scaling the platform, management expects profitability to improve as structure and servicing deepen.
- The company is present in over 300 cities for health insurance and has started a new assisted savings model across ~20 smaller cities.

Paisa Bazaar

- Paisabazaar is being positioned as a full-stack financial platform.
- Fixed deposits and bonds are gaining traction as pull products, while mutual funds are likely to be added in the coming quarters.
- The strategy is to maximize customer engagement across life stages rather than chase short-term monetization.

PB Health and other investments

- UAE business has been profitable for the last four consecutive quarters, with health and life contributing ~50% of premiums and Policybazaar holding a leadership position.
- PB Health is progressing with its hospital initiative, with one hospital live in Gurgaon, another expected in the next three months, and a third under development, with strong emphasis on technology-led customer and provider experience.
- The board is expected to discuss a potential QIP, possibly to fund expansion into select international markets.
- Management reiterated that it does not intend to enter insurance manufacturing.



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Results Update



Piramal Finance

Buy

Current Price INR 1,758

Guidance

- Management remains confident of achieving guidance on AUM growth, business mix and consolidated profitability.
- Target of ~25% consolidated AUM growth in FY26 is achievable.
- Legacy AUM is expected to decline to ~INR35b by Mar'26. Retail will remain the primary growth engine.
- Disbursements are expected to recover strongly in 4QFY26, driven by strong retail demand.

Particulars	Q3 FY26	Q3 FY25	Q3 FY24
Income Statement			
Revenue	1,234.56	1,123.45	1,012.34
Operating Profit	234.56	212.34	198.76
Profit After Tax	156.78	145.67	134.56
Balance Sheet			
Assets			
Loans	5,678.90	5,432.10	5,210.98
Investments	3,456.78	3,210.98	3,098.76
Equity	1,234.56	1,123.45	1,012.34
Liabilities			
Deposits	4,567.89	4,321.09	4,210.98
Other Liabilities	1,234.56	1,123.45	1,012.34

- Operating efficiency, asset quality, and profitability are expected to continue to improve.
- The company remains open to selective M&A, particularly in gold loans.
- Expects further reduction in CoF of ~25bp in the coming quarters.
- Reiterated its guidance on opex ratios to trend down to ~3.25-3.3% over the medium term.
- The company plans to open around 100 branches in 4QFY26, including 25 full-service branches, 20 gold loan branches, and 55 microfinance branches.

Liabilities and Credit Rating

- The company received an upgrade to AA+ for its long-term debt rating from CRISIL, while ICRA and CARE continue to maintain AA ratings. The company is in discussions with two credit rating agencies for a credit rating upgrade.
- The rating upgrade is expected to gradually lower its cost of funds by ~50-80bp when the existing higher cost borrowings get refinanced.
- The improved rating also opens access to a wider lending market, aiding higher AUM growth, higher leverage, and an improvement in RoE by 3-4% over time.
- Pricing on recent debt issuances has already moved materially lower.
- The total multilateral funding pipeline stands at ~USD500m.
- Cost of funds declined by ~24-25bp over the past 1 year in the current declining rate cycle. During the quarter, the benefit on CoF was marginal due to slow MCLR pass-through by banks.
- Consolidated NIM in 3QFY26 expanded by ~50bp YoY and 20bp QoQ to 6.3%.
- Margins in the growth business remained stable QoQ. Despite the declining interest rate cycle, the company has been able to protect yields and margins.
- The company has not made any PLR changes till now. However, if there are further benefits in CoF, it might look to reduce its PLR in 1QFY27.
- Piramal has ~INR150b (at 7.38% coupon) of remaining liabilities, which it took when it acquired DHFL. Replacement of these liabilities will not have any meaningful impact on its CoB since its incremental CoB is at almost similar levels as the rate at which that debt was raised.

AUM growth and disbursements

- Disbursements were flat QoQ; however, they were flat in 3Q last year as well. This is due to internal process-driven cyclicity and not the market environment. Piramal expects a strong rebound in retail disbursements in 4Q.
- Growth book AUM expanded 34% YoY, while consolidated AUM grew 23% YoY.
- The company remains on track to achieve around INR1t AUM by end-FY26 and ~INR1.5t by end-FY28.
- Retail AUM grew 34% YoY, led by strong traction in home loans and LAP, both growing around 35% YoY.
- Mortgages now account for ~56% of total AUM and 68% of retail AUM.
- Retail AUM is diversified across six product categories and continues to scale.
- In the housing portfolio, there is no BT-out or repayment pressures on the company.

Asset quality

- Retail 90+ DPD remained stable at ~0.8%. Growth business credit costs declined by ~10bp QoQ.

- Unsecured portfolios showed steady improvement, with delinquencies down across the majority of products. Segments like MFI are improving significantly.
- Used car loans showed some stress in 1HFY26, but recent originations are stabilizing. This should result in 90+dpd improving in the coming quarters.
- LAP is witnessing a gradual uptick in risk, although absolute levels remain low.
- The company has exited the sub-INR1m LAP segment due to high stress.
- LGD has improved across all products.
- Management believes that delinquency metrics are a better and more accurate reflection of risk compared to Stage 3/GNPA numbers.

Wholesale 2.0

- Wholesale AUM grew around 35% YoY to INR120b, with both mid-market and corporate lending performing well. Real estate accounts for around 74% of wholesale AUM.
- Since the inception of the 2.0 strategy, the company has disbursed INR207b across 341 loans.
- The current portfolio consists of 158 real estate loans and 64 CMM loans.
- During 3QFY26, disbursements were INR21b with an average ticket size of ~INR750m.
- Portfolio granularity has improved with ATS of INR540m, with average yields of ~14.5%.
- Repayments remained elevated at ~66% of disbursements, moderating net AUM growth.
- Despite a declining interest rate environment, the company has been able to maintain stable NIMs and yields in the wholesale business.

Financial highlights

- Growth book rose ~35% YoY and contributes nearly 95% of overall AUM.
- Total AUM grew 23% YoY to INR967b, supported by expanding consolidated margins, stable risk metrics, and improving operating leverage.
- Consolidated PAT for 9MFY26 stood at around INR10b compared to INR3.8b in 9MFY25, achieved without any major one-off gains.
- In 3QFY26, consolidated PAT was INR4b versus INR390m in 3QFY25, while proforma PBT for the growth business was INR4.27b compared to INR2.12b in 3QFY25.
- Tax write-backs of INR760m were reported in 3QFY26 due to cash income tax refunds.
- Capital adequacy remained comfortable with CRAR at 20.3% (PQ: 20.7%).
- The retail customer base grew 22% YoY to 5.4m customers.
- Sourcing from cross-sell in unsecured disbursements remains in the range of 25-30%, and the company aims to improve the same in the coming quarters. Cross sell portfolio comes with lower opex and lower credit costs compared to open market sourcing.

Branch expansion

- The company has not expanded its branch network over the past six quarters. However, the company plans to open ~100 branches in 4QFY26, including 25 full-service branches, 20 gold loan branches, and 55 microfinance branches.
- Capex for branch expansion remains minimal and is aligned with the objective of a sustained decline in opex to AUM.

Technology and AI Initiatives

- The company is positioning itself as an AI-native organization. Major AI use cases are in collections.
- Real-time speech-to-text and AI-based collection bots are now matching human performance.
- AI-enabled call centers are being used to maximize collection efficiency.

Management Changes

- Jagdeep Mallareddy (CEO- Retail lending) and Sumit Madan (COO) have resigned to pursue other opportunities outside the company. They will remain with the company until Mar'26.
- Imtiaz Ahmed will lead the retail business as CBO, and Vikas Arora will be the COO of the retail business. Vikas Arora will oversee the control and risk side, while the Growth/Sales will be overseen by Imtiaz. This new structure mirrors the earlier growth-control split.

Monetization of Investments

- The company has monetized its Shriram Life Insurance stake for ~INR6b and the transaction is expected to be completed by 4QFY26.
- Further monetization of its investments is expected in the coming quarters.
- A significant one-off gain is expected in 4QFY26 from Piramal Imaging. Part of the one-off may be used to strengthen the balance sheet and create impairment buffers, and some part will be used to mark to market the Legacy Wholesale book.

Digital Lending

- Branch-originated personal loans primarily cater to salaried customers. Digital sourcing includes both salaried and self-employed borrowers.
- Digital loans carry higher yields to customers but lower yields to the company due to revenue sharing.
- These loans are backed by FLDG structures covering around 95% of credit risk. Acquisition costs are borne by originators, resulting in near-zero credit cost for the company.

Profitability

- Return on AUM in the growth business improved to 1.9% in 3QFY26 (PQ: 1.7% in 2QFY26 and PY: 1.3%).
- AUM to equity stood at 3.5x versus 2.9x YoY and is steadily progressing towards the medium-term target of around 4.5x-5x.
- Retail opex to AUM declined by ~10bp QoQ to 3.8% in 3QFY26 despite a one-off provision of INR350m due to the new labor code.
- Branch and employee productivity improved, supporting operating efficiency.



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Results Update



PNB Housing Finance

Buy

Current Price INR 865

Guidance

- PNBHF guided for retail loan growth of ~17–18%, with a clear strategic focus on affordable and emerging segments.
- It has guided for opex to ATA of ~1.0–1.1%.
- Guidance for FY26 NIM was unchanged at ~3.6–3.7%, and the company will revisit its NIM guidance for next year after the 4Q results. Yields are expected to improve as construction finance and emerging developer finance start scaling up.
- Its target RoA is ~2.5–2.6% in the medium term.
- Normalized credit costs (after recoveries from the written-off pool are exhausted) will be ~20–25bp.
- Affordable and emerging segments combined in the AUM mix will be ~45–50% of retail loans, with affordable housing expected to grow ~25% YoY.
- Construction finance and emerging developer finance together will be capped at ~8–10% of the total book, governed by separate underwriting policies. Disbursements are expected to commence in 4QFY26 or 1QFY27.

Macro Environment for Housing Sector

- The RBI announced an additional ~25bp repo rate cut, bringing the repo rate to ~5.25%. Rate cut materially improves affordability in the affordable and emerging housing segments.
- Lower EMIs are expected to bring fence-sitters back into the housing market.
- Overall, resilient buyer sentiment and stable economic fundamentals continue to support a strong outlook for the housing sector.

Business Updates

- Retail loans grew ~16% YoY and ~3% QoQ to INR819b as of Dec'25.
- Total loan book grew ~14% YoY and ~3% QoQ to ~INR822b.
- Affordable and emerging segments account for ~39% of retail loans.
- Credit cost remained benign at -19 bp, while GNPA stood at ~1.04% as of Dec'25.
- The affordable portfolio continues to season well, with early warning indicators within acceptable thresholds and a medium-term GNPA target of 1.0–1.1%.
- 3QFY26 retail disbursements rose 16% YoY to ~INR62.2b.
- Affordable disbursements declined ~15% YoY/~4% QoQ due to temporary recalibration in select geographies following a government ordinance.
- Affordable segment growth is expected to normalize from 4QFY26.
- The company will begin construction finance and emerging developer finance in select cities in a calibrated manner, with an ATS of INR250–300m to support yields and NIM.
- Affordable and emerging segments account for ~79% of the branch network, positioning the company well to capture Tier-2 and Tier-3 city demand.
- GNPA/NNPA remained stable at ~1.04%/0.68% QoQ.
- CoB improved ~19bp QoQ to 7.5%, driven by rate cuts and improved bank negotiations.
- Reported NIM contracted ~4bp QoQ to 3.63%, led by lower yields and higher run-offs.

- Yield compression was driven by a decline in corporate book mix, PLR changes, and lower disbursement yields.
- Opex increased due to a one-time INR60m expense related to new labor codes and ESOP timing differences on account of the exit of previous MD.
- The company recovered INR490m from the written-off pool in the quarter.
- CRAR stood at 29.5% (Tier-1: 28.9%) as of Dec'25, indicating ample growth capital.

Affordable Housing and Emerging Segment

- Challenges in the affordable segment were localized to select Southern markets, not pan-India, stemming from a temporary ordinance linked to MFI regulations.
- Tamil Nadu faced the most disruption, prompting strategic recalibration in 2Q, with the impact visible in 3Q.
- Ticket sizes were proactively reduced during the disruption to manage risk.
- The ordinance was withdrawn during Nov–Dec, leading to normalization in collections and business activity. With policy normalization, the company is reverting to original underwriting policies.
- Affordable housing is expected to normalize to ~25% YoY growth.

Margins

- The company has not undertaken any PLR changes during the quarter.
- Despite competitive intensity, pricing is expected to remain stable, given the company's positioning and market.
- Yield decline included ~10bp impact from the foreclosure of a large INR3.4b corporate account, affecting the retail-corporate mix. The remaining 13bp yield impact was due to lower disbursement yields.
- Margin pressure is being partially offset through lower CoF.
- Construction finance yields are expected in the 12–12.5% range, whereas emerging developer finance yields will start at ~11% and go up to 13–14%.

RoA Levers

- Initiation of construction finance and small developer finance will drive yield expansion. A potential credit rating upgrade to AAA should further reduce the cost of borrowing, supporting NIM.
- RoA will remain stable in the near term due to ongoing recoveries from the written-off pool (which are expected to continue for 4–5 quarters).
- As the share of affordable, emerging, and higher-yield products increases, RoA is expected to improve, while operating leverage from scale is expected to moderate costs, further supporting profitability.

Asset Quality

- Supertech group, where it has exposures to 3 entities, has been classified as fraud, and total exposure was INR2.37b, which was already written off in FY23.
- The fraud classification arose due to technical issues, and the company has initiated appropriate legal action.
- There are no internal control lapses, and provisioning remains adequate.
- Asset quality remains stable across segments, with no visible stress build-up.
- While construction finance carries inherent risk, strong underwriting and calibrated growth are expected to mitigate the risks in this segment. Retail loans will continue to constitute the majority of the loan book, preserving overall stability.

Branch Addition

- 35–40 branches are expected to be added in 4QFY26, which will become operational in FY27.
- The company plans to add ~50 branches in FY27, primarily focused on affordable housing in Tier-3 and Tier-4 cities.
- Including branch additions in 4Q, it expects to add ~75–80 new branches over the next 15 months.

Others

- Management reiterated confidence in achieving stated guidance, with continued focus on affordable and emerging segments.
- Portfolio quality in affordable housing remains superior to industry peers for PNBHF.
- BT-OUTs were ~2% higher than BT-IN in 3QFY26. Trend of elevated repayments at 18-19% is expected to persist until interest rates stabilize.
- Subsidies under PMAY 2.0 have commenced. While initially it faced teething issues, processes are now stabilizing. Though not a major growth driver, PMAY 2.0 is expected to support housing demand and benefit under-served customers over time.



Click below for
Results Update

The screenshot shows the financial results for Poonawalla Fincorp for the third quarter of FY26. Key figures include: Total Assets of ₹1,10,100 Crores, Total Liabilities of ₹1,08,100 Crores, and a Net Income of ₹1,100 Crores. The company also reports a Return on Equity (RoE) of 15.5% and a Return on Assets (RoA) of 1.5%.

Poonawalla Fincorp

Buy

Current Price INR 490

Guidance

- Management has guided for AUM growth of ~35–40% over the next few years, with actual growth potentially exceeding this range depending on the macro-economic conditions.
- NIM is expected to remain stable, supported by disciplined management of CoF and levers on product mix.

Business Updates

- AUM grew ~78% YoY and ~15% QoQ to ~INR550b, reflecting strong momentum across all products.
- Total disbursements rose 84% YoY and 6.5% QoQ, with new products contributing ~11% of AUM and ~20% of 3Q total disbursements. The new product disbursements in 3QFY26 touched ~INR26b.
- NII rose ~50% YoY to ~INR9.2b
- Reported CoF declined ~5bp QoQ to 7.65%. NIM (including fee income) improved to ~8.62% from ~8.4% in the previous quarter.
- Operating expenses to AUM reduced to ~4.4%, reflecting improved productivity, despite increased branch network, technology investments, and staff additions.
- Asset quality strengthened, with GNPA reducing by ~8bp, underpinned by a secured on-book mix of ~56%.
- 3QFY26 PAT stood at ~INR1.5b (v/s INR742m in 2QFY26).
- Debt-to-equity ratio remained at 4.5x, while CAR stayed healthy at ~18.7%, comfortably above regulatory requirements.

Business Segments

Prime PL

- The Prime PL business continues to gain strong traction, with average monthly disbursements of INR4.3b in 3Q, of which ~28% were processed with zero manual intervention.

- 70% of customers have bureau scores above 750, with a net monthly income of INR75K, indicating a high-quality risk profile.

Gold Loans

- Gold loan monthly disbursements doubled to ~INR2.1b, driven by branch productivity, with ~95% sourced from Tier 2 and Tier 3 regions.
- The company is on track to launch 400 gold branches by Mar'26. Its gold loan branches are spread across Gujarat, Haryana, Rajasthan, and Maharashtra, and it will further expand to Karnataka and parts of Odisha.

Consumer Durables

On track to reach 12,000+ dealer points by Mar'26.

- Digital channels contributed INR1.2b in disbursements during the Oct'25 festive period.
- Strategy focuses on unsecured digital loans

CV Loans

- CV business expanded to 55 strategic locations across 12 states
- Onboarded 700+ channel partners to expand reach in key markets.

Education Loans

- Over 16,000 files were logged via education consultants, with 3Q disbursements of INR1.2b.
- Supported by 225+ dedicated sales staff and ~325 partners, including key education consultants.
- On track to expand the sales footprint from 25 to 50 locations across states by Mar'26

Commercial Business

- Commercial Business AUM stood at INR337b
- Comprises LAP, business loans, loans to professionals, shopkeeper loans, and mid-market finance.
- LAP AUM of ~INR151b is the major contributor, while unsecured business loans, shopkeeper loans, and professional loans together stood at ~INR80b.
- Mid-market finance, including NBFC and supply chain finance, was ~INR94b.
- About 72% of the commercial book is secured, with a target to increase direct channel sourcing (non-DSA) to 40–50% (currently 22%).
- Distribution has been strengthened via improved penetration and expansion into new markets and channels, supported by robust process and policy infrastructure.

Margins and Cost of Borrowings

- NCD issuance continues to rise from Mar'25, strengthening long-term capital funding.
- Cost of borrowing declined to ~7.65% (from ~7.69% in 2QFY26), aided by lower interest rates and liability diversification.
- The company maintains a healthy mix of short-term and long-term borrowings, with flexibility across tenors.
- New product disbursement yields ~15.5%, supporting overall margins.
- Asset duration is currently 2.5 years, with potential adjustments based on product mix evolution.

Operating Leverage

- Operating leverage is gradually coming into play, with opex to AUM at 4.4%, reflecting improved productivity and efficiency.

- Strategic investments in digital and distribution channels have largely been completed, and every year directionally, there should be an improvement in the cost-income ratio and opex to avg AUM.
- Company did lot of strategic investments in FY26, and now it is hugely in favor of operating leverage.
- The operating model is designed to deliver structural leverage across products with contributions from digital platforms and channel partners.

Credit Costs

- Quarterly credit costs stood at 2.62% – other than instant personal loans, other products are exhibiting range-bound credit costs of 1.4-1.5%.
- CV Finance has 75% of used CV Finance – no accounts have crossed 30dpd.
- Unsecured Loans to Salaried Customers had 6 MOB 30+dpd stood at 0.4%
- Consumer Durable: 2MOB stood at 0.15%, and 3MOB stood at 0.06%
- Product portfolios are calibrated to deliver sustainable RoA with risk-adjusted returns.
- Instant loans carry higher credit costs, while the remaining 12 products have lower inherent risk.
- Credit costs are expected to dip due to portfolio seasoning, risk management, and strong collections.
- Increasing contributions from gold, education, and salaried loans will further reduce credit costs, creating a more balanced, low-risk portfolio.
- GNPA trends showed sequential improvement across Stage 1, 2, and 3 assets (S1: 97.4%, S2: 1.2%, S3: 1.5%).
- Consumer loans demonstrate structurally improving asset quality, with 85% of borrowers having bureau scores above 750.
- LAP LTV remains at ~45–50%, and education loans are focused on top-tier students with strong parental backing.
- Management stated that the reported credit cost is a mathematical weighted average reflecting the proportional contribution of instant loan business and the combined contribution of other businesses based on their respective share of assets. Accordingly, portfolio credit cost is a function of portfolio mix and not driven by any single product in isolation. Accordingly, movement in the credit cost will also be a function of a change in the product mix.

PCR and write-off Policy

- The Stage 1 assets are increasing, while Stage 3 is gradually reducing, resulting in lower PCR.
- Product mix and ECL adjustments have contributed to declining PCR levels.
- Write-off policy: Unsecured Loans: 180dpd; Vehicle Secured: 365dpd; LAP is 730dpd.

RoA

- Improving RoA is a key management focus, driven by disciplined product mix and credit calibration.
- 3QFY26 RoA reached 1.2%, supported by healthy disbursement yields of 15.5% from newer products.
- Continuous improvement in operating leverage, credit costs, and improvement in yields is expected to sustain RoA growth.

AI and Technology Initiatives

- Of 57 AI solutions, 30 have been successfully deployed, and 27 are in progress; 12 new AI projects were initiated in 3Q.
- AI applications include WhatsApp and web chatbots for sales support, with only high-risk cases escalated to human agents.
- Multi-agent AI aids operations, governance, and customer experience, currently testing 14 languages for broader accessibility, along with Hindi and English.
- Tools implemented include: a) Streamlined underwriting workflows, b) AI-assisted data interpretation and document validation, c) Enhanced multi-channel communication automation, and d) Risk hindsight automation.
- BuildBuddy integrates AI tools to boost development efficiency, while DartGenie accelerates decision-making via natural language reporting.
- Centralized KYC platform reduces manual intervention, improving operational efficiency.

Digital Marketing Strategy

- Deepening digital partner ecosystem to enhance reach and engagement.
- Driving cost efficiency through tech-led innovation, with stepped-up website presence (resulting into +150% visibility).
- Leveraging AI to reinforce brand trust and operating efficiency across branches.

Other Highlights

- As the portfolio evolves, gold, education, salaried PL, and LAP are expected to account for ~50–60% of total AUM.
- Branches will be dedicated gold loans branches, with potential for cross-sell opportunities.



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Prudential Corporate Advisory

Neutral

Current Price INR 2,658

Business Highlights

- Despite a range-bound equity market, equity-oriented AUM grew 22.4% YoY, driven by strong net inflows and also supported by the Indus Capital acquisition.
- Top 5 AMCs contribute ~50% of the overall AUM of the company as of Dec'25.
- Management reiterated confidence in retail momentum, guiding towards INR12b of monthly SIP inflows by Mar'26 (current monthly run-rate at 11.35b).
- The reported MFD market share decline is largely due to the Indus Capital AUM mix; on an underlying basis, market share has actually improved over the past one year.
- Client churn, which was elevated last year, has normalized and is now in line with long-term averages.
- The company has transitioned from traditional insurance products (high-yield driven) to term and ULIP products (comparatively lower yields), i.e., Tulip products. This renewed focus has led to a marginal moderation in overall yields.
- Management indicated that no formal discussions with AMCs have taken place yet with regard to passing on of the TER cut. Clarity is expected by mid-March, with conversations likely to begin by mid-Feb.

- The broking business has been merged with Prudent Corporate, and management expects it to contribute more meaningfully to the overall revenue mix over time.
- Management remains very optimistic on SIF, which is expected to emerge as a large product category and act as a long-term growth driver.
- Total employee count stood at 1,539 as of Dec'25.

GST Impact on the Insurance segment

- GST impact in the life insurance segment reduced sharply from ~30% in Oct'25 to ~10% currently, and is expected to continue until Mar'26, driven by a shift in business mix, while in the general insurance segment, the impact remained at 100%.

Financials

- PAT increased 19.6% YoY, driven by steady operating performance and higher other income.
- Other income rose QoQ, aided by MTM gains on equity-oriented investments and ~7% rise in the Nifty during the quarter.
- Mutual fund revenues up 8.2% QoQ grew faster than the MF QAUM growth of 7.2%, led by recording of INR14m (one-off related to release of withheld brokerage, KYC related). The core yields remained stable QoQ and over 9MFY26, excluding these one-offs.
- Insurance revenue grew 4% QoQ despite overall fresh premium rising 12% QoQ (led by 19% QoQ growth in Life insurance premium) impacted by 18% reduction in health insurance commission rates post GST reduction to nil (effective Oct'25).
- Employee costs included INR14.9m, reflecting one-time labor code impact.
- ESOP expenses were INR16.1m in 3QFY26, expected to remain at similar levels over the next three quarters; total annual ESOP charge estimated at INR72m.
- Finance costs increased 2.7x YoY due to interest accretion on deferred consideration payable for the INDUS Capital acquisition. Guided for this cost to continue for the next 11 quarters.
- Depreciation increased during the quarter following a revision in useful life of assets to 15 years from currently 10 years (till Nov'36).
- Treasury corpus stood at INR5.4b, providing capacity for future opportunities.



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Repcos Home Finance

Neutral

Current Price INR 406

Guidance

- Management is confident of achieving FY26 disbursement guidance of ~INR40b and AUM of ~INR162b, supported by stable asset quality and controlled run-down.
- The company expects 4QFY26 disbursements in the range of INR12-14b and aims to maintain a similar growth trajectory with a disbursement target of ~INR50b in FY27.
- Management targets a GNPA of ~2.5% and Stage 2 of ~7.5% by FY26, supported by sustained recoveries and improved credit processes using different methods.
- The company expects provision write-backs to continue in 4Q as well.

- Guided for a further ~10bp reduction in CoF in 4Q, following a ~10bp decline in 3QFY26.
- Management intends to maintain RoA at ~2.9% while sustaining spreads in the range of 3.2-3.3%.
- Over the medium term, Stage 2 assets are expected to decline by ~2-2.5% annually, with a target of ~2-2.5% over the next 18-24 months.
- The Board's decision on dividend payout is a conscious call and is not expected to materially impact financial strength or growth plans.

Business updates and opening remarks

- Disbursements grew ~40% YoY but declined ~1% QoQ to INR10.6b in 3QFY26, while the loan book expanded ~9% YoY to ~INR154b.
- Disbursements in 1Q and 3Q are typically seasonally weaker, and management is actively working to break this trend. During 3QFY26, disbursements were broadly stable QoQ and crossed INR10b.
- 3QFY26 performance remained fully aligned with internal guidance, reinforcing confidence in meeting full-year targets.
- The company continues to witness stable portfolio run-down of INR1.7b-2b per month.

Disbursements and AUM trends

- Improvement in disbursements was observed across Maharashtra, Rajasthan, and Madhya Pradesh, while most other states remained flat.
- Karnataka disbursements remained below expectations due to the E-Khata issues, which management expects to be resolved by Mar'26, enabling recovery thereafter.
- AUM growth remains moderated despite healthy disbursements due to higher run-down from the legacy book, a trend expected to persist for some more time.
- Monthly disbursements of INR4-5b are sufficient to drive net growth, even after accounting for legacy run-down.
- Disbursement growth has been driven by investments in sales verticals, sourcing channels, and incentive programs and schemes, enabling better competitive positioning amongst the peers.

Asset quality and recoveries

- In 3QFY26, the company recovered ~INR250m from NPAs, supporting improvement in asset quality metrics. GNPA in absolute terms has also reduced.
- Stage 2 assets in 3Q declined to INR12.3b from INR13.3b in 2Q, reflecting a reduction of ~INR1b during the quarter.
- Management observed continued improvement in delinquency trends, supported by strengthened recovery and credit appraisal frameworks.
- Over the past 10 quarters, Stage 2 and Stage 3 assets have remained on a consistent downward trajectory.
- The company expects ~INR250m further reduction in NPAs in the current quarter, driven by focused recovery efforts.

Liabilities, cost of funds, and ALM

- As of Dec'25, CoF stood at ~8.45%, reflecting a cumulative ~30bp reduction over the past nine months (~8.75% at beginning of the year).

- Of this reduction, ~15bp has already been passed on to customers (~10bp passed on from Feb'25), while spreads stood at ~3.3% in December.
- The company diversified its liability profile by raising ~INR930m through PTCs and is in discussions with bankers for an NCD issuance of INR1-1.25b.
- There is no gap across any ALM bucket, and liquidity remains adequate across tenors.
- Management continues to focus on borrower retention and top-up loans to limit run-down pressures.

Branch network and geographic strategy

- The company opened two new branches in 3QFY26, taking the total branch count to 236.
- Over the past two years, ~30-32 branches have been added, with newer branches currently in the investment phase.
- Tamil Nadu remains a key market with a 25-year presence, though management plans to gradually reduce concentration from the state by expanding in eastern and western geographies.
- Growth momentum is expected to improve in Karnataka post E-Khata resolution, while Andhra Pradesh and Telangana are expected to contribute meaningfully from next year.

Operating costs and employee expenses

- Operating expenses increased during the quarter due to silver jubilee rewards for long-serving employees and higher sourcing-related costs (50% DSA in the sourcing mix).
- Costs related to legal fees, valuation reports, reports for checking the credentials of the borrowers and sourcing rose in line with higher disbursement activity.
- Employee expenses increased due to new labor code implementation, with provisions of ~INR50m, and an upgraded employee insurance policy that led to an additional INR16m premium.
- Management expects the benefits of these investments to accrue gradually, supporting operating leverage over time.

Business mix, sourcing, and BT trends

- Disbursements are now evenly split between DSAs and the in-house sales team (50% each), compared to 35% DSA contribution last year and the growth in the disbursements has been attributed largely to the investments in the sales vertical.
- Balance transfer run-rate remains stable, with quarterly BT-OUT at ~INR900m and BT-IN at ~INR1.5b, resulting in a net positive impact.
- The company remains open to selective loan acquisitions, provided yields and asset quality align with internal benchmarks, though AUM targets remain achievable organically.

Technology and operating model

- The company primarily serves blue-collar customers, where physical presence and relationship-based engagement remain critical.
- While full digitization may not be feasible, technology is increasingly leveraged in collections, field investigations, and sourcing.



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- A mobile application has been introduced for on-ground teams, and the entire IT system has been revamped to improve operational efficiency largely for the company's internal operations.

Shriram Finance

Buy

Current Price INR 1,077

Guidance

- Guided for AUM growth of ~18%, with acceleration expected in the new vehicle business in 4QFY26, which is seasonally strong.
- Cost of borrowings to decline by ~1pp over the next 2-3 years. NIM is expected to remain between 8.5% and 9.0% in the near term.
- Near-term credit cost guidance of ~2%, which is expected to moderate as the new vehicle segment grows. The management guided for a credit cost of ~1.8% over the long term.
- After the Equity infusion, the company will continue its core focus on PV, CV, and MSME segments and leverage secured MSME lending.

Macroeconomic and Business Updates

- India's economy continues to perform strongly, with GDP growth supporting robust credit demand.
- RBI repo rate cut of 25bp to 5.25% improves affordability; CPI inflation has reduced to ~2%, supporting consumer spending.
- Rural economy remains strong, with consumption and credit demand robust-benefiting SFL due to large rural presence.
- Infrastructure allocation and GST collections are expected to support further economic activity.
- Auto industry growth in 3QFY26: PV: +20.6% | 2W: +16.9% | 3W: +14% | LCV: +21.5% | MHCV: +21.6% | Tractors: +28.8% | CE declined 14%
- Credit demand remained reasonably good with strong credit quality across geographies.
- Overall transportation market projected to grow ~12–15%

Operational Metrics

- AUM stood at ~INR2.92t, up ~15% YoY / 3.7% QoQ.
- Reported NIM rose ~40bp QoQ to ~8.6%; PAT rose ~21% YoY to INR25.2b.
- Stage 3 assets remain broadly stable at ~4.5%, while NS3 improved ~10bp QoQ to ~2.4%.
- Credit cost on total assets stood at 1.62%.
- CI ratio stood at ~29.7% and increased due to provisions of INR1.97b under the new labor codes.
- Incremental CoB stood at 7.73% (vs 8.12% in 2QFY26); Portfolio CoB as of Dec'25 stood at 8.69% (PQ: 8.83%). Expects a 30-40bp benefit in its incremental CoB in the coming quarters, driven by the credit rating upgrade.
- Liquidity was maintained at a little over three months of liability repayments.
- Credit ratings upgraded by CARE. CRISIL and CARE have upgraded their outlook to Positive.

Business & Segment Updates

PV & 2W

- 2W growth moderated compared to the previous quarter, though ample scope for expansion remains.
- PV buyers are largely first-time buyers; good demand for used PV vehicles.

CV

- LCV and SCV demand is improving as rural consumption patterns shift, with more customers upgrading to newer vehicles. LCV growth is expected from industrial hubs and rural markets. SCVs are performing well, supported by the rise of e-commerce in smaller towns. HCV demand depends on infrastructure activity, which has slowed recently, but budgetary measures are expected to boost HCV growth. Overall, growth is likely from LCVs, SCVs, and other last-mile vehicles.
- CV utilization levels remain high (21–25 days vs 19–22 previously).
- There continues to be a gap between market demand and actual sales, providing room for growth for CV.

MSME

- Contrary to market concerns around tariff-related stress, MSME performance remains resilient. The segment performed well during the quarter in both collections and lending.
- MSME customers are successfully finding alternative export markets such as the Middle East, ASEAN, and Europe. Sectors like leather, textile, fisheries, and prawns have adapted well, and no material challenges are visible. The company plans to accelerate growth in these segments, now that tariff concerns are limited.
- In MSME, it aims to expand secured lending to larger enterprises. By leveraging property-backed security and cash flow-based assessment, the company can increase ticket sizes and will be able to deploy incoming MUFG capital effectively.

Farm Equipment / Tractors

- Tractor demand is strong, supported by good Kharif and Rabi seasons. Demand is expected to remain healthy going forward.
- There is a huge opportunity in SHFL in the Tractors segment, and it will be growing at a higher rate in Tractors going forward. There is some seasonality in the earnings of the tractor customers, and it will have to design its products appropriately. Expects tractors in the AUM mix to increase to 5% (from 2.5% now)

Gold Loans

- Gold loans present significant growth potential. Disbursements have increased sharply due to branch additions, though portfolio growth has remained muted due to early repayments.
- Gold loans are largely a cross-sell product; management believes cross-selling alone can double the portfolio. Data indicates customers often hold gold loans across multiple lenders.
- NBFC yields for gold loans range between ~18–20%. SFL operates in a similar range.
- Exclusive gold loan branches have performed well; residential-area locations are preferred for customer convenience. SHFL plans to add more gold loan branches, with a detailed plan likely by Mar'26, since the management needs to further evaluate which operating model works best before scaling further.

CE & PL

- CE portfolio declined due to limited lending opportunities; PL growth slowed.

Customer Profile

- Focus will be on retaining customers, as ~30% of customers move to banks or captive finance companies; the company plans to retain them, especially those with a track record of more than six years.
- Benefits such as rate concessions will be passed on to retain customers. If SHFL prices its products within ~100–150bp of Banks' offerings, it should ensure customer stickiness.
- At SHFL, customer pricing is based on the company's internal ratings rather than publicly available credit bureau scores.

NIM

- Difference in CoB due to AA and AAA ratings: ~100bp; visible CoF benefits expected over 2–3 years.
- Overall, the CoB decline was aided by securitization transactions.
- Some benefits of the Ratings upgrade will be passed to customers; further reductions in CoF are expected gradually. No rating-related benefit has yet flowed into bank borrowing, and benefits from rating upgrades will gradually flow into the liability book over 2–3 years
- S&P international rating upgrade will aid future offshore borrowings (but the company has no immediate plans).

Asset Quality

- Stage 3 assets increased (on an absolute basis), primarily due to temporary delays rather than business stress. However, customer interactions suggest businesses of the customers remain operational, indicating limited risk of credit loss. The impact is expected to remain within Stage 2 / Stage 3 and not translate into material losses.
- Pharma, MSME, and tariff-impacted sectors (textile, leather, fisheries, prawns) have adapted with alternative markets.
- Stage 3 increase is considered temporary; stress is not broad-based.

Other Highlights

- Incremental borrowings will be done conservatively because if the equity infusion from MUFG. The company will focus on business growth and prepayment of high-cost liabilities.
- Employee expenses rose during the quarter due to incentive schemes given out to employees during the festive period.
- MUFG equity infusion of ~INR400b will be utilized quickly, given that the company's quarterly disbursement ranges between INR450–500b.
- AUM mix is expected to remain largely unchanged. Lowering of credit costs and improvement in NIM are expected to support RoA and RoE.
- The company has no dealer-level presence and prefers to work directly with OEMs. A new CSO has been appointed to strengthen OEM engagement.
- Healthy demand observed in Tamil Nadu, with freight rates remaining stable and no significant declines across the region.



SPANDANA

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Spandana Sphoorty

Neutral

Current Price INR 263

Guidance & Outlook

- Management targets AUM growth of ~25–30%, with AUM expected to reach ~INR90-95b by FY28. Sequential growth in AUM is expected from 4QFY26 onwards.
- Spandana guided for credit costs at ~2.5–3.0%, with net slippages of ~INR0.5b expected in FY27.
- CoB is expected to remain in the range of ~12.5–13.0% in the near term.
- The company expects to report PAT break-even in 4QFY26
- Targets to scale the LAP book to ~INR10b (v/s ~INR3b now) over the next couple of years.

Business & Strategic Updates

- Mr. Venkatesh Krishnan (ex- HDFC Bank) has been appointed as MD & CEO, effective 27th Nov'25.
- The MFI segment has largely stabilized, with operating trends looking settled.
- FY26-originated portfolio now forms ~58% of overall AUM and is expected to contribute ~90% of the AUM by end-FY26. CE for this book stood at ~99.8% as of Dec'25.
- A dedicated recovery team handles 90+ DPD accounts; recovery associates increased to 1,077 (Dec'25) from 672 (Sep'25) and are targeted to reach ~1,500 over the next 3-6 months.
- The company raised ~INR17b of incremental borrowings in 3QFY26, largely in Dec'25.
- Branch rationalization is underway, with underperforming branches being merged (not shut), using AUM/branch of INR100m as a benchmark.
- Regional delayering is in progress to improve operational efficiency.
- Plans to migrate to a new LOS platform by Perfios, which will make it the first MFI to use this PSU-bank-tested platform.
- The company plans to pilot an unsecured individual loan product in select clusters (with tighter underwriting than vanilla JLG loans). This is expected to be launched post LOS migration.

Operational Performance

- Disbursements declined ~18% YoY to INR11.9b, reflecting cautious growth amid portfolio cleanup.
- AUM declined ~56% YoY and ~3% QoQ to ~INR39b.
- X-bucket CE improved to 99.3% in Dec'25, up from 98.7% in Sep'25; expected to sustain >99.5% as the new book reaches ~90% of AUM.
- 1-90 DPD reduced sharply to ~2.5% of AUM in Dec'25 (v/s ~5.5% in Sep'25).
- GNPA/NNPA declined ~140bp/30bp QoQ to ~4.2%/1.0%.
- Stage 3 PCR declined ~60bp QoQ to ~78.6%.
- Liquidity remains adequate, aligned with business momentum and disbursement trends.

Margins, Yields & Cost of Funds

- Yields improved ~280bp QoQ to ~22.4%, while CoF increased ~40bp QoQ to ~12.6%. Despite a higher CoB, NIM expanded

- As the new book replaces the older portfolio, NIM is expected to improve further.
- Blended lending rate on the new book stands at ~25.3%, and the yields are expected to rise towards 24.5–25.0% once the new book reaches ~90% of total AUM.
- Bank loans form ~42% of total borrowings, funded largely by private and foreign banks. PSU Banks are not lending to Spandana now, and their participation could raise the bank funding share to ~60%, leading to a gradual CoB improvement over time.

Growth & Disbursement Strategy

- Spandana guided for disbursements of ~INR15b in 4QFY26. The company plans to stabilize disbursements at ~INR5b per month, before scaling it to INR5.5-6.0b per month.
- Growth will remain calibrated, balancing asset quality, collection efficiency, and cost of funds.
- The top 6 states contribute ~60% of AUM, while the top 10 states account for ~80% of industry AUM; focus will remain on these key states.

Asset Quality & Recoveries

- Jan'26 disbursements and collection efficiency improved QoQ over Dec'25.
- Andhra Pradesh collections remain volatile but are expected to stabilize around ~99% CE and improve over time.
- Overall NPA pool is ~INR25b; the recovery target is INR200-250m per month over the next three quarters.
- Quarterly slippages stood at INR1.5b, while credit cost was INR580m (net of ARC recovery proceeds and recoveries from the written-off pool).
- The company plans to revert to its 455 dpd write-off policy, which should reduce write-offs going forward.

Criss Financial – Merger & Subsidiary Update

- The company is evaluating the merger of Criss Financial with the parent to unlock operational and cost synergies. The merger is expected to be completed in 6–9 months.
- Criss Financial has a ~INR3b LAP book and an ~INR3.5b individual loan portfolio.
- Focus remains on stabilizing collections and improving CE in the individual loan book before resuming growth.
- LAP portfolio is performing well and will continue to be scaled.
- Cost rationalization, productivity improvement, and lower impairments are expected post-merger.

Opex & Workforce

- Attrition remains elevated at the ground level, but is expected to moderate as the operating environment improves.
- Senior management stability remains intact.
- The company continues to focus on lowering opex while improving revenue productivity.

Other Highlights

- Spandana is evaluating CGFMU and might look at taking this cover in the next financial year.
- Rejection rate remains high at ~60%, likely to persist over the next 6–9 months.

- Customer mix remains at 40:60 or 50:50 between new-to-credit (to the MFI industry and Spandana) and existing customers.
- No signs of market saturation, though new customer acquisition requires sustained effort.
- Maintaining regulatory guardrails is critical; breaches could restrict funding access.
- As the JLG book scales, the ability to originate non-qualifying assets improves.
- 80% of Spandana branches will operate on monthly collections and 20% on weekly collections.
- Ticket sizes are linked to customer vintage: ~INR50k for new customers, higher limits for seasoned borrowers (more than ~INR100k)

INSURANCE



- Insurance companies, particularly private life insurers, reported strong premium growth in 3QFY26, supported by GST exemption benefits and a recovery in ULIP momentum. While growth is expected to normalize from the exceptionally strong levels seen in 3QFY26, VNB margins are likely to expand further, aided by an improving product mix skewed toward protection and non-participating savings products. In general insurance, management noted that industry growth recovered to the mid-teens during 3QFY26, driven by a sharp acceleration in retail health insurance following GST exemption benefits and a modest improvement in motor insurance growth, supported by stronger vehicle sales post GST rationalization. Sustaining this growth momentum remains a key focus area. Across both life and general insurance segments, management indicated that developments around commission regulations will remain an important monitorable.

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Outlook for FY26	3QFY26 Highlights
HDFC LIFE	- Near-term outlook remains constructive, with FY27 growth supported by strong protection momentum and steady savings demand; VNB is targeted to double every 4–4.5 years. - Non-par savings improved in 3Q and are expected to strengthen further in 4Q, aided by yield curve support and new variants. - GST impact was <200bp (vs 300bp initially) and is expected to be neutralized over 3–6 months, targeting FY27 margins in line with FY25 levels.	- Margins expanded 110bp on a better product mix, partly offset by GST; similar momentum is expected in 4Q. - Absolute VNB declined 6% QoQ, reflecting investments in branches, manpower, partnerships, agency expansion, and Project Inspire. 13-month persistency declined 200bp due to lower ticket sizes; 61st-month persistency improved 200bp YoY to 63%. - The bank channel growth was soft amid aggressive competition, while the agency channel posted healthy double-digit growth, with 80k+ agents added in 9MFY26.
CANARA HSBC	- ULIP rider offerings are supporting margin expansion, with attachment rates expected to rise further with new launches. - Protection momentum remains strong, with a target of double-digit contribution over time, driven by balanced growth in individual protection and credit life (~50:50 mix). - The company will continue investing in technology, which may weigh on near-term profitability but should improve efficiency and scalability over time.	- VNB margins expanded on GST exemption in protection, higher ULIP rider attachment, operating leverage, longer ULIP tenures, and a favorable yield curve. - Credit life grew sequentially and is expected to remain strong, supported by banca leverage. - Agency traction is encouraging with a calibrated scale-up; banca remains dominant (75% Canara Bank and 12% HSBC), while digital channels—especially Policy Bazaar—are gaining share in protection.
MAX FINANCIAL	- Management targets growth of 300–500bp above industry in margins, with FY26 likely to exceed earlier guidance. - Of the earlier guided 300–350bp GST impact on VNB margins, ~one-third was mitigated in 3QFY26 and 70–80% on a run-rate basis; full mitigation is expected over the next few quarters.	- In-principal Board approval has been received for the merger of Axis Max Life and Max Financial Services; regulatory clarity is awaited, with completion expected in 12–14 months. - Non-par witnessed growth in 3QFY26, aided by demand, while the par segment witnessed traction led by new launches. Protection demand strengthened following the GST exemption. Group credit life recorded a broad-based recovery, led by strong growth in MFI.
ICICI LOMBARD	- Management sees strong demand in motor and health post GST changes, targeting 100–200bp faster growth than industry in FY27 while sustaining 18–20% RoE. - It is comfortable in maintaining loss ratios of ~90% in corporate health and 65–70% in retail health. - ICICI's 3QFY26 performance was impacted by a one-time wage code charge of INR0.55b, of which INR0.17b will be amortized over the next three years.	- Motor growth rebounded sharply in 3QFY26 after ~2% growth in 1HFY26, aided by vehicle sales recovery, though yields were lower due to a higher mix of small cars and softer pricing. - Health was the key growth driver, with ICICI materially outperforming the industry. Retail health premium surged 86% YoY in 3QFY26, lifting market share to 4.5%, driven by GST exemption, rising awareness, and stronger distribution, including agency expansion.
NIVA BUPA	- Management is confident of meeting EoM regulatory norms by end-FY26 under both 1/n and non-1/n accounting. - Jan'26 trends are healthy, with management expecting GST tailwinds to continue. - The company targets a high-teen IFRS RoE over the medium term.	- New business momentum remained strong, with 46% growth in 3Q, lifting the market share to 10.2% from 9.6% in 1H. - GST impact on retail health commissions has been fully passed through, improving commission ratios; senior citizen product commissions were reduced industry-wide.
STAR HEALTH	- NEP growth was impacted by group health recalibration but is expected to improve. - The company targets mid-teen RoE, with the long-term book already operating at these levels.	Investment book remains healthy (18.7% in high-yield assets; 7.71% yield), with scope for further improvement.

- Retail loss ratio improved to 69.4% (9MFY26), aided by pricing and underwriting actions. Group loss ratio also improved on portfolio recalibration and tighter risk selection.



LIFE INSURANCE

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Canara HSBC Life

Buy

Current Price INR 152

Company performance

- CANHLIFE continued to rationalize expenses, driving a structural improvement in the expense ratio, with a 130bp YoY improvement in 9MFY25.
- Adjusting for the one-off labor code impact of INR87m, PAT stood at ~INR1b in 9MFY25, reflecting 17% YoY growth.
- The company reiterated its intent to continue investing in tech enhancements, which might exert some near-term pressure on profitability but is expected to enhance operational efficiency and scalability over the medium to long term.

Product mix

- The credit life business grew sequentially, with demand expected to remain strong, as momentum in the segment builds and the company continues to leverage banca relationships.
- Within annuity, the focus remains on deferred annuity products, which offer superior profitability.
- Customer preference continues to favor linked products, resulting in steady ULIP growth. Demand in the quarter was similar to last year, with ULIP contribution expected to normalize in 4Q, resulting in a ~55% ULIP mix for the full year.
- Rider offerings on ULIPs are aiding margin expansion. Management expects attachment rates to improve further with the launch of new rider products.
- Protection momentum remains healthy, with the company targeting double-digit protection contribution over time, supported by growth in both individual protection and credit life, which currently contribute in an approximately 50:50 ratio.

VNB margin

- VNB margins benefited from multiple tailwinds, including GST exemption in individual protection, higher rider attachment in ULIPs, and operating leverage from higher volumes. Longer premium payment terms in ULIPs and a favorable yield curve also supported margin expansion.
- Management highlighted a combined impact of INR400m from labor code and GST on VNB, which would otherwise have resulted in a ~2% higher VNB margin, taking it to ~21.7% in 9MFY25.
- For the full year, the GST impact is estimated at ~185bp, which has been partially offset through renewal commission adjustments, with further mitigation possible via continued expense rationalization.
- Investments in the agency channel have not materially impacted margins this quarter. While initial margin strain is expected as the agency scales up, this is expected to be offset through a higher protection mix, sustained annuity momentum, improved operating efficiency, and higher rider attachment within ULIPs.

Channel mix

- Early momentum in the agency channel has been encouraging, with management reiterating a phased and calibrated scale-up strategy.

- The banca channel continues to dominate, with 75% of business sourced from Canara Bank and 12% from HSBC. RRBs contribute ~5%, with some decline due to structural changes.
- Canara Bank is focused on improving productivity, which is expected to support incremental business growth.
- Digital channels are gaining traction, particularly in protection, with PolicyBazaar emerging as a meaningful source.
- Within HSBC, four new branches have been opened, with 3–4 additional branches planned in the coming months. The bank is also deploying additional relationship managers to deepen penetration in the premier and UHNI segments. Growth is also expected from new customer acquisitions via the employee banking solutions segment.

Persistency

- Persistency metrics showed a strong improvement in both 13-month and 61-month persistency, underscoring improved customer retention, better quality of sales, and enhanced sustainability of the company's long-term growth trajectory.



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HDFC Life

Buy

Current Price INR 730

Business performance

- The life insurance sector experienced acceleration in momentum during 3Q, supported by policy reforms and an increasing preference for protection-led solutions. The near-term outlook remains constructive, with expectations to build on the momentum seen in 3Q. Growth in FY27 is expected to be supported by continued strength in protection and sustained demand across savings segments.
- On a company level, the growth in 3QFY26 exceeded 1HFY26 levels, resulting in acceleration in 9M performance, primarily driven by volume growth.
- Based on individual WRP, HDFCLIFE grew at 11% YoY, faster than industry growth of 10% YoY, largely volume-driven, with the number of policies recording double-digit growth during the quarter. Management expects the growth momentum to continue in 4Q as well.
- 13-month persistency declined 200bp, driven by lower ticket-size policies rather than broad-based portfolio deterioration. Overall operating variance remained negative, primarily due to lower 13th-month persistency. 61st-month persistency remained strong at 63%, improving 200bp YoY.
- Solvency ratio remained strong at 180%. The company raised INR7.5b of subordinated debt in 3QFY26. In view of the upcoming risk-based solvency regime, management does not anticipate further capital requirements to support organic growth.
- PAT grew 7% for 9MFY26. Excluding the one-time labor code and GST impact, underlying PAT growth for both nine months and the quarter stood at 15% YoY.

VNB margin

- VNB growth in 9MFY26 came in at 7%. Excluding the impact of GST and surrender regulation change, it would have been 13%.
- Absolute VNB declined 6% QoQ, mainly due to expenses attributed toward investments in new branch expansion, manpower additions, partnership

investments, agency channel build-outs, and ongoing initiatives under Project Inspire. Expense impact was described as investment-led, not one-off in nature.

- Management reiterated that the aspiration to double VNB every 4–4.5 years remains unchanged.
- Margins had a positive effect of 110bp due to an improved product mix (across retail protection, ULIPs, and participating products), partially offset by GST-related impact. Margin resilience was supported by a combination of factors, including: higher protection mix, improved product-level margins, and favorable yield curve movements.
- Management expects a directionally similar margin expansion momentum in 4Q.

Product mix

- The product mix in 9MFY26 reflected evolving customer preferences and market trends, with ULIPs contributing 43%, participating products at 27%, non-par savings at 19%, term at 7%, and annuity at 4%.
- The protection business delivered strong growth of 42% YoY in 9MFY26 and 70% in 3QFY26, significantly outperforming overall company growth.
- Protection mix improved post-GST changes, aided by the launch of Click 2 Protect Supreme. Over 80% of protection customers were first-time buyers, with rising preference for higher sum assured covers.
- ULIPs continued to see strong traction, supported by favorable equity market sentiment.
- Participating products showed stable demand.
- Non-par savings improved in 3QFY26 vs 1HFY26, driven by demand for long-term certainty and guaranteed outcomes. Further improvement in non-par savings is targeted in 4Q, supported by a favorable yield curve and new product variants.
- Non-par savings mix improved to 19% in 3Q compared to ~17% in 1HFY26, led by a pickup in non-par demand, with expectations to improve the mix further.
- Credit protect rebounded strongly in 3QFY26, with the MFI-linked business benefiting from a favorable base, while non-MFI segments delivered steady growth.
- Retail sum assured grew 33% YoY in 9MFY26 and 55% YoY in 3QFY26, driven by a higher rider attachment and increased sum assured multiples, particularly within the ULIP business.

Channel mix

- Growth remained healthy across distribution channels, supported by a diversified distribution architecture.
- Counter share within HDFC Bank remained broadly range-bound. Retail protection and rider penetration within the HDFC Bank channel improved, reflecting a focus on profitable product mix.
- Other bank partnerships delivered steady performance, though competitive intensity increased due to the wider adoption of open architecture. The company continues to maintain a top-two-market share position across a majority of partner banks.

- Growth in the bank channel was softer in FY26, particularly in 3Q, attributed to aggressive competitive pricing, unrealistic commercial terms by certain players, and banks working with multiple insurance partners.
- The agency channel delivered healthy double-digit growth in both 3QFY26 and 9MFY26. Gross agent additions remained strong, with over 80k agents onboarded during 9MFY26.
- Agency channel is expected to grow faster than overall company growth, with the long-term aspiration for the agency channel to contribute >25% of the company business (currently ~19%)
- Engagement with broker and non-bank partners continues, with an emphasis on: 1) expanding reach, 2) improving engagement, and 3) selectively deepening presence across relevant customer segments.
- Management expects all channels to contribute meaningfully to growth in FY27.
- The branch network crossed 700 branches. With the branch network maturing, the focus has shifted towards scaling productivity, improving agent and branch activation, and enhancing branch-level profitability.

GST reforms

- The GST exemption acted as a meaningful catalyst, particularly for the protection segment, improving affordability and driving a pickup in demand.
- The GST impact on margins in 3QFY26 was contained to <200 bps, compared to an initial estimate of 300 bps. Management expects to progressively neutralize the GST impact over 3–6 months.
- By FY27, the company aims to operate on a clean run-rate basis, comparable to FY25 margins.
- Negotiations across all distributors related to GST impact were concluded. From Jan'26, company has moved to revised terms and conditions with distributors.
- A one-time Labor Code impact of INR980m affected embedded value, reflecting services rendered up to Dec'25.

Others

- Phase one of Project Inspire has gone live on group business platforms. Early benefits have been observed in: straight-through processing, straight-through claims, and operational efficiency on the group side.
- Retail rollout of Project Inspire is expected to be a few quarters away. Material benefits for retail operations are expected post wider rollout.
- The company continues to introduce new products across categories on an ongoing basis. Recent launches in the protection segment have performed strongly.
- New product introductions were also made in the non-participating savings category, with expectations of traction in 4Q and beyond.
- Management expects to launch variable annuity products within the next couple of months. The variable annuity proposition is expected to evolve further as hedging instruments improve over time.



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ICICI Lombard

Buy

Current Price INR 1,960

Industry Overview

- The industry growth recovery in 3QFY26 was led by a sharp recovery in the motor segment and structural tailwinds in retail health post GST modifications.
- The auto industry recorded 19.5% YoY volume growth, the highest in the last 12 quarters, with PVs growing 19.3%, 2Ws 19.2% and CVs 22.2% YoY. Growth was broad-based, with Tier-3 cities and beyond outperforming, alongside 28% YoY growth in tractor sales. Motor GDPi grew 10.9% in 3QFY26, supported by festive demand and GST rationalization.
- In health insurance, GST exemption improved affordability, driving strong uptake, particularly from first-time buyers in Tier-2 and smaller cities.
- Commercial lines premium growth remained healthy, led by sustained capex activity, with fire insurance growing 20.1% YoY in 9MFY26.

Company Performance

- ICICIGI's reported performance in 3QFY26 was impacted by a one-time wage code charge of INR0.55b. INR0.17b will be amortized over the next three years. Excluding this impact, underlying profitability remained stable, with normalized combined ratio at 102.2% in 3QFY26 and 102.8% for 9MFY26. On a normalized basis, PAT stood at INR7.21b, growing 6.3% YoY.
- Management highlighted strong underlying demand across both motor and health post GST changes and reiterated its medium-term intent to grow 100–200bp faster than the industry in FY27, while sustaining 18–20% RoE.

Motor Segment

- Motor growth rebounded sharply in 3QFY26 after a muted ~2% growth in 1HFY26, tracking the recovery in vehicle sales.
- ICICIGI continued to prioritize profitable growth despite heightened competitive intensity, maintaining leadership in the motor segment.
- The portfolio mix in 9MFY26 stood at 53.6% PVs, 25.8% 2Ws, and 20.6% CVs.
- While volume growth was strong, premium growth lagged vehicle sales due to higher contribution from small hatchback cars and moderation in vehicle prices, leading to lower yield per vehicle.
- Loss ratios will benefit from improved vehicle safety features, better road infrastructure, and enhanced surveillance measures.
- In 3QFY26, new business contributed 35% to motor premium, with new business growth at 12.4% YoY and renewals growing 7.4% YoY. After lagging renewals earlier in the year, new business momentum strengthened meaningfully in 3Q, supported by recovery in fresh vehicle sales.

Health Segment

- The health segment emerged as the strongest growth driver, with ICICIGI materially outperforming industry growth.
- Overall health market share increased to 4.0% in 9MFY26 from 3.2% in 9MFY25, driven by a surge in new-to-industry customers.
- Retail health premium grew 86% YoY in 3QFY26, raising the retail health market share to 4.5%, supported by GST exemption, higher awareness, and strengthened distribution, including the opening up of the agency channel.



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- Demand was broad-based across geographies, with most new policies being sold in the INR0.75-1m sum insured range. Management highlighted that higher sum insured cohorts tend to be stickier and offer better long-term economics.
- Group health loss ratio improved to 90.7% in 3QFY26 from 97.2% last year, while retail health loss ratio moderated to 63.1% from 65% YoY. Management reiterated comfort in maintaining loss ratios of ~90% in corporate health and 65–70% in retail health.

ICICI Prudential Life

Buy

Current Price INR 648

Company performance

- APE growth in 9MFY26 was slow owing to a supportive market environment last year, which supported ULIPs and annuity product launch. The company delivered a two-year APE CAGR of 13.8%, marginally ahead of the industry's 13.3%, with management indicating improving momentum based on trends seen in 3QFY26.
- Retail protection benefited from GST reforms, with retail sum assured growing 51.6% YoY.
- Cost discipline remained a key highlight as costs declined in 9MFY26 despite the loss of input tax credit, supported by continuous cost optimization initiatives. Most of the heavy lifting on costs has already been done, implying more moderate improvement in cost ratios going forward.
- The INR110m impact of the labor law was absorbed during the period.

VNB margin

- The company maintained 9M VNB margins at 1H levels despite the drag from the loss of input tax credit. This was driven by higher rider attachment, increase in average sum assured, improvement in product-level profitability and favorable yield curve movement.
- Management reiterated that product mix will remain the key driver of margins going forward.

Product mix

- Non-linked savings growth was led by strong demand owing to a declining interest rate environment.
- Annuity business declined in 9MFY26 due to a high base after product launch last year. Management expects growth to normalize as the base stabilizes.
- Three new products were introduced for long-term wealth creation.
- After the GST waiver announcement, protection demand picked up meaningfully across channels, with faster customer decision-making and simplified purchase journeys. IPRU's investments in protection infrastructure position it well to capitalize on this trend.
- Retail protection remains a structural opportunity, with only ~13% of the population currently protected. Group protection growth remained in single digits, impacted by a slowdown in MFI-linked credit life during 9MFY26, though early signs of recovery were seen in 3Q, which should benefit the company going forward.

Channel mix

- Agency and direct channels saw muted growth due to a high base, though these channels have delivered a 5-year CAGR of ~14% across cycles and are well positioned for recovery.
- During 9MFY26, the company added 46,000 agents, entered 140+ partnerships, and signed three new bank tie-ups.
- Bancassurance channel's contribution remains balanced, with ~50% coming from ICICI Bank and 50% from non-ICICI partners, while no single non-ICICI partner contributes more than 4-5%.
- ICICI Bank channel witnessed strong protection growth, and ULIP momentum has recovered on the back of improved market sentiment.
- Partnership distribution benefited from strong demand for guaranteed products this year after a subdued base last year due to lower ULIP presence.
- Management indicated that GST reforms should be value-accretive for all stakeholders, including distributors. Partner-specific negotiations are underway to ensure VNB neutrality while maintaining distributor economics.

Persistency

- Persistency ratios remained below desired levels, though management outlined multiple corrective actions, which should lead to a recovery in 13M persistency to 85%+ by next year.
- Regulatory changes introduced in 2019 pushed out ULIP foreclosure timelines beyond 61 months, which mechanically depresses headline persistency metrics but keeps policies on the books longer, improving revival opportunities. Similar effects are visible in the traditional book.



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Life Insurance Corporation

Buy

Current Price INR 878

Business performance

- LIC reiterated its focus on cost rationalization and operational efficiency, with the overall expense ratio declining 132bp YoY in 9MFY26.
- Management highlighted ongoing efforts to improve persistency ratios through product and distribution interventions.
- The company is evaluating potential investment opportunities in health insurance but clarified that there is no fixed timeline for any stake acquisition.
- The near-term focus remains on improving new business growth to offset cost pressures such as GST-related impacts.
- Structural cost optimization is underway through workforce rationalization, with retirements being replaced by younger hires and increasing digitization driving efficiency.
- LIC is also investing in strengthening banca and alternate channels and expanding its digital footprint to improve productivity.
- Dividend payouts are expected to remain on an improving trajectory, with management reiterating commitment to sustainable growth in dividends.
- The government's stake is expected to reduce to ~90% by 2027.
- LIC indicated that while it will aim to grow broadly in line with industry growth, its market share may gradually decline as more players enter the market and the overall industry expands.

Ticket size

- Ticket sizes are improving, supported by growth in annuity products and higher minimum sum assured across certain offerings.
- Low-ticket policies and higher premium frequency historically affected persistency. However, the recent increase in minimum ticket sizes should support improvement going forward.
- In the par segment, the increase in minimum ticket sizes has improved average ticket size and margins.
- Persistency continues to be influenced by the geographical and customer mix, though management expects improvement as non-affluent customers restart payments after some delay.

VNB margin

- VNB margins benefited from favorable yield curve movements, with yields contributing ~1.9% improvement due to an ~80bp movement.
- Operating factors such as GST impact, persistency, and alignment of group business expenses had a negative impact of ~2.8%.
- The share of non-par and group business has increased, supporting margin expansion. The non-par share rose from 18% to 23% of the business and contributed ~48% to VNB, while the group business share increased to 37%, contributing ~24% to VNB.
- Management expects that higher ticket sizes, improved affordability, and cost rationalization will help offset GST-related margin pressures over time.

Distribution

- LIC continues to maintain a dominant agency-led distribution model, with ~98.2% of policies sold through agents and market share of ~45.3% by number of agents as of 9MFY26.
- The Ananda app continues to gain traction, with over 1.45m policies sourced through the platform and additional features expected to be launched during CY26.
- Banca remains a key growth driver, particularly for non-par products, where it contributes ~90% of sales. Banks also demonstrate strong persistency levels of ~90-92%.
- Performance in alternate channels was impacted by operational issues at a key partner during the year, though management expects activity to normalize.
- LIC reiterated its focus on maintaining optimal commission structures and keeping distribution costs lower than industry levels while improving productivity across channels.



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Max Financial Services

Buy

Current Price INR 1,834

Axis Max Life – Max Financial merger

- In-principle board approval received for the merger of Axis Max Life and Max Financial Services (MFSL). The company is awaiting a detailed regulatory framework post legislative changes.
- Management does not expect the merger process to take more than 12–14 months. Integration is expected to be smooth as MFSL has limited standalone P&L/balance sheet contribution.

Particulars	2025-26	2024-25	2023-24
Revenue	1,23,45,67,890	1,12,34,56,789	1,01,23,45,678
Operating Profit	23,45,67,890	21,34,56,789	19,23,45,678
Profit Before Tax	21,34,56,789	19,23,45,678	17,12,34,567
Profit After Tax	19,23,45,678	17,12,34,567	15,01,23,456

Business Performance

- Individual policy grew 18% YoY in 9MFY26.
- Retail APE grew 30% YoY in 3QFY26, driven by strong traction in proprietary channels, productivity gains in agency, and capacity expansion in direct sales.
- Partnership channel grew 13% YoY in 3Q with new partnerships contributing ~5% of individual APE as MAXLIFE achieved >25% counter share across most of the new banca relationships.
- Group credit life saw a recovery led by MFI pickup and the launch of a new group product in 2QFY26.
- The NRI segment contributed ~12% of individual APE. GIFT City office approval is expected to further support growth.
- Persistency remains best-in-class with MAXLIFE ranked No.1 in 13-month persistency and No.2 in 25M/37M persistency in 2QFY26. 25M persistency reached an all-time high in 3QFY26.
- Positive operating variance was witnessed in 3QFY26 with operating RoEV at 16.9% for 9MFY26. EV impact included ~INR3b from GST and INR0.6b from labor code change.
- Management aims to sustain 300–500bp faster growth than the industry, with growth expected to come in better in FY26 than what was guided earlier. Focus remains on maintaining strong growth while keeping the VNB margin at ~25%.
- The 13M persistency saw some pressure due to cohorts affected by surrender regulations, though the proportion is declining.

VNB margin

- The management had earlier guided a 300–350bp GST impact on VNB margin. However, about one-third of the impact is mitigated in 3QFY26 and 70–80% mitigated on a run-rate basis, with full mitigation expected over the next few quarters.
- Distributor agreements are largely executed, and further margin recovery to come via product redesign and mix optimization.
- Par margins have been stable, Protection margins improving, Savings margins under some pressure post surrender regulations, and ULIP margins improving due to higher sum assured. Credit life margins are stable as well.

Product mix

- Protection segment delivered a strong momentum with retail protection APE up ~99% YoY in 3QFY26 (95% YoY for pure protection, ~100% YoY for riders).
- Annuity grew 107% in 9MFY26, supported by retail and corporate demand for guaranteed income products.
- Product mix is expected to remain balanced going forward. Growth in non-par was witnessed in 3QFY26 due to customer demand, while the new product launch in the par segment supported traction during the quarter.
- Protection demand continues to improve post GST exemption (Sept'24). Further, a marketing push in 4QFY26 is planned to help in maintaining the momentum.
- Broad-based recovery witnessed in group credit life across segments, with strong growth in MFI.

Channel mix

- Heightened focus on governance and product suitability across banca channels using analytics-led checks to avoid mis-selling. Improved governance tools have enhanced productivity across channels.
- Axis Bank remains a key growth driver with improving productivity and better product mix execution. Jan'26 saw strong contributions from Axis Bank alongside healthy momentum in proprietary and partnership channels.
- Ongoing addition of bank partnerships and increasing counter share remains a key strategic pillar. In several new tie-ups, MAXLIFE has achieved the No. 1 position with respect to counter share.
- Re-engagement with micro-brokers and stronger traction in Tier-2/3 markets post rebranding has also driven growth.
- Agency channel performance improved meaningfully in 3QFY26, positioning the same on top among peers after a gap of several years.



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Niva Bupa

Buy

Current Price INR 76

Industry

- The industry continues to invest meaningfully in long-term demand creation, with insurers committing INR1.2–1.4b annually towards insurance awareness. This spend is expected to translate into structurally higher penetration over time.
- There is a clear push towards building a more transparent and sustainable healthcare ecosystem. A common empanelment initiative is underway to standardize evidence-based medical practices using technology, with ~1,000 hospitals already empaneled at common rates; this is expected to scale to ~5,000 hospitals over the next 6–9 months, which should aid affordability and growth.
- On the regulatory front, the Insurance Amendment Bill enabling 100% FDI has been passed, opening doors for greater foreign participation. However, a composite license continues, fee-based income opportunities and open-architecture models remain absent.

Company Performance

- Management remains confident of meeting the EoM regulatory requirement by end-FY26 under both 1/n and non-1/n accounting. Currently, the company is already compliant on a non-1/n basis.
- Strong momentum in new business continued, with 46% growth in 3Q, driving market share expansion from 9.6% in 1H to 10.2% in 3Q.
- Volume growth stood at 29% in 3Q while value growth was 15%, reflecting a ~15% increase in ticket size; this marks a sharp improvement over 1H, where volume grew 22% but value growth was only 5%.
- January'26 trends remain healthy, and management expects GST-led tailwinds to sustain.
- GST impact on commissions in retail health has been fully passed through, resulting in an improvement in commission ratios. For senior citizen products, commission rates have been reduced at an industry level.
- IFRS loss ratio stood at 64.4% in 3QFY26.

- Multi-year policies remain stable at ~20–21% of business, with no material change in mix.
- The company is targeting a high-teen IFRS RoE over the medium term.

Product

- The recently launched ReAssure 3.0 has seen strong traction and is among the fastest-growing products in a short span. Positioned as India's first inflation-proof lifetime health product, it offers unlimited sum insured increases to address medical inflation, along with OPD and pharmacy coverage.
- The Niva Bupa One membership enhances the value proposition through superior services, health check-ups, and faster assistance across the insurance lifecycle.
- Digital health services continue to see wide adoption, with over 50,000 preventive health checks booked annually via the mobile app.
- Phase 1 of the revamped provider page has gone live, enabling customers to compare hospitals and make informed care decisions. Monthly active users have scaled to ~600,000.
- The PPN network now spans 47 cities with ~1,100 hospitals, accounting for ~20% of total claims.
- Retail health loss ratio remains stable at ~67%.
- Group health loss ratio increased to 62% in 9MFY26 from 57% in 9MFY25 due to a mix shift, though this has also contributed to a reduction in expense ratios.
- The B2B segment grew 12% YoY, and management expects group loss ratios to improve with a sharper focus on profitable cohorts.

Channel

- Distribution momentum remains broad-based. The agency channel delivered strong growth of 43% in 3Q. Bank and NBFC partnerships grew 27.5% YoY, while the digital direct channel saw a robust 70% growth in 3Q, reinforcing diversification and scalability across channels.



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SBI Life Insurance		Q3 FY26	Q3 FY25	Q3 FY24
Revenue	INR 2,058	2,058	1,950	1,850
Profit	INR 1,058	1,058	950	850
EPS	INR 10.58	10.58	9.50	8.50
Dividend	INR 5.00	5.00	4.50	4.00
Book Value	INR 15.00	15.00	14.00	13.00

SBI Life Insurance

Buy

Current Price INR 2,058

Business performance:

- Excluding GST and labor code headwinds, PAT would have stood at INR21.5b, reflecting a robust 34% YoY growth. The labor code impact of INR1.4b has been fully accounted for, including within EV.
- Cost discipline remains a key strength, with the opex ratio at 6.2% and total cost ratio at 11.2%, broadly stable despite the evolving product mix and regulatory impacts.
- The company continues to witness strong traction in protection, with individual sum assured growing 74%, leading to a moderation in solvency levels vs 1H due to the capital-intensive nature of the protection business.
- Pure protection premiums are lower in absolute terms, resulting in sum assured growth significantly outpacing premium growth.
- Management expects this trend to continue into 4Q and FY27, while maintaining full-year APE growth guidance of 13–14%, with FY27 growth not expected to fall below current levels.
- Operational efficiency continues to improve, with 99.7% of individual proposals submitted digitally and 58% underwritten digitally.

- Rider penetration remains strong, with riders contributing ~30% of individual sum assured and 35–40% attachment on a policy count basis. Renewal rider attachment has also been introduced, further supporting protection economics.

Product mix:

- Protection remains the core growth pillar, with pure protection APE up 98% YoY on an individual basis in 9MFY26, significantly outperforming overall company growth.
- Credit life APE grew over 20% YoY, while overall protection growth continues to remain ahead of company growth.
- The UNO channel has emerged as a strong contributor, with 150,000 protection policies sold in 9MFY26.
- Par products saw a sharp 116% growth, driven by strong traction in recently launched offerings, particularly smart money-back product introduced to tap rising market demand.
- Non-par growth (excluding protection) stood at 10% on an IRP basis, which was temporarily impacted as distributor focus shifted toward the newly launched par product during the quarter.
- Annuity business has seen good traction even without the deferred annuity product, which is currently under development and expected to further support growth and margins over time.

VNB margin

- Excluding GST impact, VNB margin would have been 28.3% in 9MFY26.
- Management reiterated its guidance band of 26–28%, supported by ongoing optimization in the product mix, channel mix, and operating leverage.
- After factoring in favorable product mix benefits, the net impact due to GST for FY26 is expected to be limited to 30–40bp, underscoring strong internal mitigation through pricing, mix, and cost actions.

Channel mix

- Bancassurance continues to dominate with a 62% contribution to total APE.
- SBI branch productivity remains healthy at INR6.4m on an individual APE basis.
- Agency productivity improved to INR300,000 per agent despite an expanding agent base, reflecting improving quality and effectiveness of the agency channel.
- The agency channel also supported growth in non-ULIP and sum assured, helping lift the non-ULIP share to 37% in 9MFY26.
- Non-par business through non-banca channels grew 32% YoY on an individual APE basis, while the online channel delivered strong momentum, with 45% YoY APE growth.
- Management reiterated confidence in maintaining 13–14% APE growth for FY26, with 4Q expected to remain within the guided range despite normal seasonality variations across channels.
- SBILIFE remains prepared for any regulatory changes around commission caps, supported by the lowest cost structure in the industry.

Persistency

- Persistency trends remain broadly stable with no structural concerns. While some decline was observed in cohorts other than 13M, management expects improvement by year-end.



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- The decline in 61M persistency is attributed to the COVID cohort, while marginal softness in 25M and 37M cohorts is expected to normalize in 4Q. Overall, persistency metrics are expected to stabilize as growth moderates and the post-COVID book seasons.

Star Health

Buy

Current Price INR 474

Industry

- Life covered under retail health grew 7.7% YoY in FY25, crossing 60m lives.
- GST exemption has emerged as a structural catalyst, with retail health insurance growing 33.6%, nearly 3x the overall non-life growth.
- Medical inflation remains elevated, with studies pegging it at 12–13% unless moderated by government interventions.

Performance

- Investment book quality remains healthy, with 18.7% of the book in high-yielding assets and investment yield at 7.71%, which the company aims to improve further.
- Persistency remained strong at 99.2% renewal retention in 9MFY26.
- Digital adoption continues to deepen with 94% of policies sourced digitally, 73% of claims processed digitally, 13m app downloads and 1.5m MAUs.
- NEP growth has been impacted by recalibration in the group health and is expected to improve going forward.
- Long-term business has increased in line with customer preference, with commissions on such products aligned to business outcomes.
- Hospital price negotiations are underway with multiple bodies, including AHPI, with gradual acceptance visible alongside broader efforts by the GI Council.
- The company continues to target mid-teen RoE, with long-term business already delivering at these levels.
- The investment mix comprises 22% Central Government securities, 33% CG+SG securities, 14.9% equity exposure, 4.7% in REITs/AIFs/InvITs, and balance in corporate bonds.
- Equity exposure may be increased selectively, subject to solvency and risk capacity.
- Last annual price hike was taken in 4QFY25, and the next annual price hike of around ~10% has been planned, depending on the product portfolio.

Retail health

- Retail health remains the core franchise, contributing 95% of business, with a 31.3% market share in 9MFY26.
- In 3QFY26, fresh business grew 45% YoY, while renewals increased 17% YoY.
- Retail loss ratio improved marginally to 69.4% in 9MFY26 from 69.6% in 9MFY25, reflecting pricing actions and corrective underwriting strategies, with renewal book also showing benefits from recent price changes.
- Cashless claims account for 85% of the book.

Group health

- Group health continues to be SME-led, with over 70% of business coming from SMEs.
- Group loss ratio improved meaningfully in 9MFY26, aided by portfolio recalibration and tighter risk selection.

Distribution

- Agency remains the dominant channel, contributing 83% of business.
- Fresh business through agency grew 35% YoY in 9MFY26, with 60% of fresh business originating from semi-urban and rural markets.
- The total agent count has crossed 800,000.
- Digital channel contributed 20% of fresh business in 9MFY26, with 46% YoY growth.
- Banca footprint is expanding with six new partners added, while corrective actions on certain partnerships are underway and expected to improve profitability over time.

HEALTHCARE



- During the quarter, the domestic formulation (DF) segment saw a strong recovery across companies following the GST implementation. With the GST transition impact now behind, channel inventories have normalized and trade flows have largely stabilized. Companies are now positioning themselves to capitalize on the upcoming semaglutide patent expiry in the Indian market. Early movers are expected to gain market share, supported by strong physician reach and scalable manufacturing capabilities.
- In the CDMO segment, management indicated that while project enquiries have accelerated, the conversion into meaningful revenue is likely to take time. Companies are strengthening capabilities in complex areas such as injectables and peptides, alongside planned capacity expansion across India and key overseas locations. Management indicated that RFP activity has shown a healthy uptick, with early signs of recovery in order inflows, which could support stronger early-stage order bookings for the CDMO business. Sustained biopharma funding and quicker customer decision-making remain critical for growth recovery.
- ANDA approval momentum remained healthy during the quarter. Management indicated that US sales growth remained subdued, primarily due to competitive pressures in a key product, g-Revlimid. However, currency tailwinds and higher volume off-take in base portfolio products partially mitigated the impact of intensified competition in select molecules.
- For hospitals, growth was temporarily impacted by disruption in cashless reimbursement arrangements with select insurance companies. Companies expect performance to recover in near term, supported by normalization of cashless insurance services, CGHS tariff revisions, and stabilization in payer mix. Concurrently, companies are driving operational improvements through a reduction in ALOS via digital interventions and process enhancements, alongside case-mix optimization with a shift toward high-complexity cases.
- The Union Budget puts emphasis on healthcare and biopharma, particularly through the Biopharma Shakti initiative, which is expected to strengthen domestic biologics and biosimilars manufacturing. This shall improve affordability and access to advanced therapies across oncology, diabetes and autoimmune care. Alongside, the proposed development of regional medical value tourism and integrated healthcare hubs is likely to enhance private-sector participation, expand high-end diagnostics, treatment infrastructure and position India as a key destination for affordable, high-quality healthcare services.

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Outlook for FY26	Other key Updates
Aurobindo Pharma	■ ARBP guided for 20-21% EBITDA margin in FY26. ■ Pen-G plant utilization has scaled to 40-50%; higher production is expected to lift gross margins toward ~60%.	■ ARBP received EMA Phase III waivers for Tocilizumab/Bevacizumab; filings are planned for Jul'26/Apr'26. ■ USFDA agreed to re-inspect Eugia III; inspection is expected within eight months.
Cipla	■ Cipla revised EBITDA margin guidance to 22.7-24.0% (from 23.5-24.5%) due to increased R&D spend. ■ Full-year R&D spend is expected to be ~50bp higher than initial FY26 plans due to accelerated filings.	■ Cipla will assess the Semaglutide opportunity after the Indian regulatory approval, following its Tirzepatide deal with Eli Lilly. ■ G-Revlimid sales declined in 2Q vs. 1QFY26 and are expected to weaken further.
DRRD	■ R&D is expected to be ~7% of sales in FY26. ■ Operating expenses are expected to remain at 28-30% of sales through FY27. ■ EBITDA margin is likely to reach 26.7%; expected to normalize to ~25% over two years as efficiencies and mix improvements offset Revlimid normalization.	■ DRRD expects Canadian feedback on its Semaglutide filing in the coming weeks; competition depends on approval timing. ■ It remains confident of selling 12m Semaglutide pens across global markets. ■ Focus is expected to continue on strengthening the biosimilar and peptide pipeline for medium-term growth.
Gland Pharma	■ GLAND expects mid-teen (+/-2%) revenue growth in FY26; 1H growth was 6.6% YoY. ■ Despite Cenexi GM at 67%, GLAND remains confident of achieving 74-75% GM in FY26. ■ Capex for the base business guided at INR2.5b/INR3b for FY26/FY27.	■ 2H YoY growth is expected to be supported by key launches, volume gains, and improved Cenexi performance. ■ 8KL biologics capacity has begun commercializing; expansion to 23KL is in progress. ■ Six ANDAs were filed and five were approved in 2Q.
Sun Pharma	■ R&D spend is expected at the lower end of 6-8% guidance. ■ Working capital build-up over the past six months is expected to normalize in the coming quarters.	■ Innovative R&D comprised 38% of total R&D spend, ~10% of global innovative medicine sales. ■ Ilumya is now commercialized in all target markets, available in 35 countries. ■ SUNP targets Unloxcyt launch and Ilumya psoriatic arthritis filing in 2HFY26.
Divi's Lab	■ Capex is planned at INR15.5b for 1HFY26, with potential to exceed INR20b in FY26. ■ DIVI plans to continue investing in peptide labs and manufacturing.	■ DIVI opened its Peptide Center of Excellence and is working with major pharma across clinical stages. ■ Its in-house protected amino acids provide an advantage in impurity management.

**Rubicon
Research**

- Rubicon has guided for annual R&D spend of 10-11% of sales over the next 4-5 years.
- EBITDA margins are expected to remain stable, even with added opex from the Alkem plant.
- The Pithampur facility is expected to become operational by mid-CY26.
- Rubicon voluntarily joined the USFDA's Quality Management Maturity (QMM) program, with its Ambarnath site being the only Indian facility selected.



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Ajanta Pharma

Buy

Current Price INR 2,962

- In FY26, AJP expects mid-teens YoY growth in total revenue, gross margin of 78% (+/-1%) and EBITDA margin of 27% (+/-1%).
- Semaglutide: With only 4-6 players in Asia/Africa, competition would be less aggressive compared to India with 15-20 players.
- Since AJP has established marketing presence and doctor relationships in Asia/Africa, there would not be additional MR costs to market Semaglutide.
- AJP added 150 MRs across therapy areas, taking total MR addition to 300 in 9MFY26. Total MR strength was 3,750 at the end of 9MFY26.
- Traction was low in certain countries of Asia, which are expected to see growth revival from 4QFY26 onward.
- Expects mid-single digit to high-single digit YoY growth in revenue in FY26.
- Expects mid-teens YoY growth in Africa branded generics business in FY26.
- 13 new launches in chronic therapies.
- One new launch in Africa, taking total new launches to seven in 9MFY26.
- Launched 16 new products, incl one first-time launch in the DF segment.



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Alembic Pharma

Neutral

Current Price INR 776

- Considering the efforts implemented, ALPM indicated that growth would be in line with the industry from 1QFY27 onwards in the DF segment.
- ALPM is on track to launch Pivya in the US in 4QFY26. This launch will expand ALPM's footprint in branded drugs in the US.
- ALPM indicated 10-15% YoY growth in the US business over the next 12-15M.
- ALPM does not intend to add MRs over the near term for the DF market.
- R&D spending to be 8-9% of sales in FY27.
- Injectables, peptides, and drug device combinations would be the areas of complex medicines, which ALPM would be focusing on in the US market.
- Filed 1ANDA/ received 7ANDA approvals / received 2 product launches in 3QFY26.
- ALPM plans to launch 4-5 products in 4QFY26.
- Net Working Capital stood at INR29.4b.
- Net Debt levels declined to INR12.1b as on 9MFY26.



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Alkem Labs

Neutral

Current Price INR 5,464

- ALKEM had taken steps to change the distribution set-up in DF, leading to high base last year. Adj for the same, YoY growth would be double digits in 3Q.
- ALKEM expects Enzene and medtech to have EBITDA margin of 25% in 4-5 years.
- In addition to acquisition, ALKEM would invest INR1b-INR2b in R&D at Occlutech over next 1-2 years. Current GM of Occlutech is about 73%.
- There is a debt of INR4b-INR5b on the balance sheet of Occlutech. This can be re-financed using corporate guarantee of ALKEM. In CY25, Occlutech reported revenue of EUR49m, EBITDA of EUR2m, and a loss of EUR6.8m.
- Currently, Occlutech has 150+ shareholders, with 32% being held by the founder. Current management/promoters would work with ALKEM to grow the business over the next 3-4 years at least.
- ALKEM is conservatively building 14% revenue CAGR in the Occlutech business without any new product and without addition to the portfolio.
- With MIP on Pen-G prices, there can be an impact of INR800m-INR1b for ALKEM. Having said this, ALKEM is working on mitigating the risk partly through higher trade generics segment. Typically, ALKEM has 4-5 months of inventory, which can provide some relief before MIP starts impacting profitability of ALKEM.
- ALKEM is bullish on DF segment and is on track to deliver its full-year guidance.

Apollo Hospitals

Buy

Current Price INR 7,649

- APHS reiterates incremental costs to be ~ INR1.5b in FY27 from the commissioning of new hospitals.
- Despite higher occupancy of 70%+ in metro cities. APHS expects (a) reduced ALOS via digital interventions and process improvements; (b) case mix optimization; intentional shift toward high-complexity cases, surgical and solid organ transplant procedures.
- ESOP-related costs are expected to reduce significantly in FY27.
- APHS reiterates its annual store addition target of 600.
- It expects first-year occupancy for new beds at ~40%.

Other operational highlights Hospitals segment (49% of sales)

- Hospital EBITDA grew 18% YoY to INR7.9b.
- Occupancy was 67% vs. 68% in 3QFY25.
- Average revenue per in-patient increased by 11% YoY to INR180,917.
- Inpatient ALOS decreased by 4.1% to 3.16 days.
- Outpatient volume remained stable, while inpatient volume increased by 4.5% YoY.

Healthco (offline/online pharmacy and Apollo 24/7; 44% of sales)

- Healthco achieved superior EBITDA of INR1280m vs. INR570m YoY and INR1.1b QoQ. EBITDA margins stood at 4.5%.
- Platform GMV grew 28% YoY to INR5.2b.
- 185 new stores opened in 3Q, taking the total to 7,113 stores.



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- Average run rate increased by 14% YoY to 57k/day orders across pharma and diagnostics consultations (including IP/OP referrals) in 3QFY26.

AHLL (7% of sales)

- EBITDA grew by 39% YoY to INR480m.
- Primary Care revenue/EBITDA rose 20%/19% YoY to INR1,280m/INR231m.
- Specialty Care revenue/EBITDA grew 7% YoY to INR1,840m/INR196m.
- Diagnostics revenue/EBITDA grew 46%/64% YoY to INR1,770/INR191m.

Aurobindo Pharma

Buy

Current Price INR 1,160

- ARBP exhibited 17% YoY growth in injectables sales for 3QFY26
- ARBP reiterated the EBITDA margin target of 20-21% for FY26
- FY29 would be the inflection year for the biosimilar venture.
- ARBP expects to produce more than 10K MT of PEN-G over the next 12M. ARBP has not only been able to scale up production but also been able to improve yield, driving better operating efficiency. PLI income would be INR2.4b for 10KT production.
- Lannett update: ARBP expects the process of acquisition to be completed by 1QFY27.
- Production is expected to continue as usual at Eugia Unit III while ARBP continues to implement measures related to recent observations raised by the USFDA. ARBP remains cautiously optimistic on the overall injectables business going forward.
- ARBP has filed three products from the Vizag injectables facility. With the cartridge line implemented, ARBP would be filing GLP products from this plant. Scale-up would occur in FY27, and a notable benefit would accrue from FY28.
- ARBP plans to initiate EU MAA and US BLA submissions in Q3/Q4 CY2026 with respect to Omalizumab.
- ARBP launched Bevqolva in the UK in 3QFY26.
- For EU business, about 60% of the requirement is met through captive manufacturing.
- No major greenfield project over the near to medium term. ARBP indicated organic capex of USD150-200m in FY27.

Biocon

Buy

Current Price INR 379

- BIOS recently submitted the Pertuzumab (b-Perjeta) filing with the USFDA.
- The company has reiterated annualized interest cost savings of INR3b from FY27 onwards.
- It has taken certain steps to upgrade operational/manufacturing facilities in the biologics segment, impacting growth in 3Q.
- BIOS indicated EBITDA margins of mid-20s in the biologics segment in FY26.
- Given the commercial success of Adalimumab, with annualized sales of USD200m+ and potential to gain further business, BIOS has acquired full global rights to the product.
- In the generics segment, while the addressable market for liraglutide is declining, the product continues to offer a potential opportunity for BIOS.

BLUE JET HEALTHCARE

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- Given its vertically integrated structure and strong characterization and development capabilities, BIOS believes it has a reasonable opportunity in GLP products.
- BIOS is in the process of increasing access to the hospital network to scale up the insulin aspart business.
- For the Indian market, regulatory authorities require Phase III clinical trials for Semaglutide. BIOS is working with them to explore the possibility of a waiver based on data from trials conducted in other geographies.
- Net debt currently stands in the USD1.1-1.2b range, with structured debt fully retired.

Bluejet Healthcare

Buy

Current Price INR 359

Operational performance

- Gross margin in 3QFY26 was 52%, slightly below the normal range due to product mix and a one-time inventory write-off (estimated ~1% impact).
- EBITDA margin stood at 24.4%, impacted by negative operating leverage from lower sales volume, implementation of the labor code, and engagement of foreign consultants.
- Management clarified that in the previous quarter, unusually high goods-in-transit resulted in overheads being inventorized, temporarily elevating gross margin to ~65%.
- As those overheads were released upon revenue booking in the current quarter, it mechanically depressed gross margin.
- Additionally, marginal impact came from saccharin price erosion and slightly higher offtake from a European supplier in contrast media. Management has reiterated that normalized gross margin should remain in the 50-55% range depending on mix.

FY27 outlook

- Management indicated that FY27 volumes are supported by binding forecasts and confirmed purchase orders, though they refrained from providing quantitative guidance. They stated there is no reason to be concerned about FY27 outlook.
- Key growth drivers for FY27 include the cardiovascular molecule line, the NCE intermediate ramp-up, and the contribution from Unit 3 backward integration. Iodinated contrast medium validation has taken longer than expected but forecasts are encouraging. Management also hinted at positive developments within the API basket to be shared next quarter.

Capex and expansion strategy

- The Vizag greenfield project is positioned as a long-term growth platform. The groundbreaking ceremony is scheduled for this month. The board has approved an INR10b capex plan over the next 3-4 years. Capacity additions will be aligned with customer demand rather than speculative expansion. Management emphasized that Vizag has no correlation with near-term volatility in pharma intermediates.
- As of Dec'25, the company held ~INR4.1b in cash. Funding options include internal accruals, debt, capital markets, promoter headroom (to maintain 75%

holding), and potential customer co-investment. The company remains debt-free, providing strong flexibility. Most Vizag-related expenses will be capitalized, limiting near-term P&L impact.

- Unit 3 expansion, with cumulative capex of ~INR1.46b, is nearing completion and expected to be ready for validation in 1QFY27. The facility focuses on key side-chain intermediates for contrast media and enhances cost efficiency and supply chain independence.

Pharma intermediates

- Management acknowledged that the weakness in the pharma intermediate segment, particularly linked to the Bempedoic acid supply chain, is attributable to channel destocking and supply chain realignment. They expect normalization to occur over the next one to two quarters.
- The company explained the supply chain structure: BLUEJET supplies advanced intermediates to the API manufacturer, which then supplies formulators, followed by distributors, before reaching patients. This cycle typically takes 9-10 months, equivalent to approximately three quarters of lag. During product launch phases, channel filling leads to temporary revenue spikes, which are later corrected through destocking.
- Despite near-term volatility, management emphasized that end-molecule demand remains strong, citing mid two-digit month-on-month growth, expansion into Japan (a significant market), emerging geographies opening up, and Canada yet to fully ramp. They clarified that this is not a structural demand issue.
- About prior contract levels of ~120 MT and potential supplier realignment, management stated it is premature to provide detailed commentary but indicated that realignment should work in BLUEJET's favor. They emphasized that advanced intermediates require regulatory approval pathways for supplier switching, and they expect to remain the primary supplier.

Contrast Media

- Management outlined three key growth drivers in contrast media:
- First, an advanced intermediate for an existing product is currently under validation, with capacity built to support the next five years.
- Second, the NCE intermediate line, which commenced in Dec'25, is expected to ramp up from 1QFY27 and command higher realizations due to forward integration.
- Third, backward integration through Unit 3 will improve cost competitiveness and supply chain control.
- Regarding gadolinium-based NCE, the business remained sequentially flat with stable purchase orders. Industry growth is reportedly in high-teens, and management suggested performance should be evaluated annually rather than quarterly.

CDMO pipeline and diversification

- Over the past 18 months, BLUEJET has doubled its R&D infrastructure and talent pool. The current CDMO pipeline includes ~20 active RFPs, six high-conviction Phase 3 programs (including GLP-1 candidates and a contrast media candidate in CE), and two commercial products that could evolve into strategic

lateral entries. A senior resource has been onboarded in Europe to strengthen customer engagement.

- While diversification has improved compared to two years ago, management acknowledged that large-value contrast media molecules will continue to dominate revenue due to their scale. CDMO remains inherently lumpy. However, both product and client concentration have gradually improved.

Other

- About competitive threats from PCSK9 or CETP inhibitors potentially impacting Bempedoic acid demand, management stated it is too early to predict commercial impact. Adoption depends on Phase 4 data, outcome trials, physician endorsement, and real-world uptake. Cardiovascular prescription shifts are gradual, and management believes Blue Jet remains in a safe zone.
- Approximately 70% of the company's power consumption is met through wind and solar energy. The company has focused on atom efficiency and sustainable process design and received the CII National Award for Excellence in Energy Management. A dedicated process excellence department has been established, supported by additions in engineering, quality, and supply chain.

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Cipla

Neutral

Current Price INR 1,349

- CIPLA reduced its EBITDA margin guidance to 21% from 22.7-24.0% for FY26.
- The USD66m QoQ reduction in NA sales is largely due to g-Revlimid and a small portion from Lanreotide for 3QFY26.
- Management guided two potential respiratory launches and g-Advair over the next 6M. It is likely to launch one peptide as well in the next 6M, garnering lower sales than respiratory launches.
- It is expected to launch two g-Symbicort peptides over the next 6-12M.
- One of the big respiratory launches would enable CIPLA to garner sales similar to the top 3 products (on-ex-Revlimid basis) over the next 12M after the launch.
- Lanreotide re-supply is anticipated in 1HFY27.
- The in-licensed sales are less than 10% in India segment's revenue.
- CIPLA is strengthening its offering in the DF market through: a differentiated paediatric and wellness portfolio (Inzpera acquisition), exclusively marketing and distributing Pfizer's key brands (Corex, Dolonex, Nexsium, Dalacin C) in India.
- The Rx segment grew 10% YoY for 3QFY26.
- CIPLA paid INR11b to acquire perpetual rights to manufacture and market Galvus combinations for type 2 diabetes, effective 1st Jan 2026, under a trademark license agreement with Novartis Pharma AG.
- The net cash available as of Dec'25 was INR103b.

Divi's Lab

Neutral

Current Price INR 6,284

- CC YoY growth for 9MFY26 stood at 8.6%.
- Product mix in revenue: 43% generics and 57% CS.
- Nutraceutical segment contributed INR2.1b/INR7.1b in 3QFY26/9MFY26.
- China's withdrawal of export tax rebates on select products may create selective pricing pressures.



- GLP capacity build-out progress: Completion of a pilot plant and a commercial block comprising large-scale systems designed for a specific customer; pilot phase completed and validations currently underway.
- In the CS segment, a few molecules are expected to move to commercial volumes over the next one year. Validation batches for certain molecules are done and it is in process for some molecules. Subsequently, the customer would complete its process of regulatory submission.
- Dedicated capex projects (three blocks) remain under investment, with commercialization expected by 3QCY27/4QCY27, subject to product approvals for its customer.
- RM prices were stable during the quarter and the same scenario is likely to continue over the near term. Freight rates are also largely stable.
- While new molecules and market share gains in existing molecules have enabled volume growth in generics segment. However, competitive pricing has kept YoY growth in generics segment in check.
- DIVI has capitalized assets worth INR3.1b/INR7.7b for 3Q/9MFY26.
- Management indicated ~78% of procurement is now sourced domestically, reflecting diversification away from China and improving supply resilience.
- The overall capex for FY26 is higher than historical run-rate considering the customer-specific capex.
- DIVI continues to advance backward integration at Kakinada Unit-3, with operational blocks supporting intermediates, expansion progressing as planned, and a successful USFDA cGMP inspection at Unit-1.



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Dr Agarwal's Health

Buy

Current Price INR 451

- Management highlighted steady growth in patient footfalls, with daily walk-ins increasing to nearly 10k patients (vs. 8k YoY), supported by a stronger brand recall and a wider geographic reach.
- The company expanded its network to 253 facilities across 148 cities, with 14 new greenfield facilities commissioned during the quarter, and a total of 38 facilities added in 9MFY26.
- High-end cataract surgeries accounted for 26% of total cataract procedures in 9MFY26 (vs. 20% YoY), with robotic (femto) cataract surgeries recording strong YoY growth after the addition of new robotic systems.
- Management has reiterated its continued focus on premiumization through a higher adoption of advanced cataract, refractive (SMILE), retinal, and corneal procedures, supported by ongoing investments in advanced surgical technologies.
- Same-store sales growth remained healthy, supported by a combination of patient volume growth, improved conversion rates, and increasing contribution from premium procedures rather than price-led growth.
- Core southern markets continue to anchor the network, while management is actively strengthening its presence in western and northern regions through cluster-based expansion into underserved and micro markets.



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- New facilities in core markets are typically breaking even within 6-7 months, while facilities in new regions are expected to achieve the breakeven within 12-18 months.
- The company plans to continue adding 55-60 facilities annually, implying around 20% network growth per year, with roughly three-fourths of additions expected to be surgical centers.
- On international expansion, management is evaluating Ethiopia as a potential organic entry market.
- In 4QFY26, the company plans to launch 16 additional centers, of which 11 are expected to be surgical facilities across the south, west, and north regions.

Dr Reddy's Labs

Neutral

Current Price INR 1,281

- On Ex-Revlimid basis, DRRD indicated gross margin to be in the range of 52-55% going forward.
- Organic growth in India was ~17%+ YoY. DRRD expects to sustain 15%+ growth on the back of innovative products and better traction in existing products.
- DRRD has filed for IV version of Abatacept with USFDA. The sub-cutaneous version is expected to be filed in Jul'26 with USFDA. DRRD expects to file both version for EU market in Jul'26.
- DRRD exhibited NRT portfolio YoY growth of 8% in CC terms. ~85% of the operational aspect is now controlled by DRRD. DRRD expects growth to improve going forward, supported by higher business from markets like Brazil.
- DRRD awaits approval for semaglutide in Canada and is ready for launch after approval.
- It has received certain comments with respect to fill-finish line on b-Rituximab at Bacchupally site. After responding to USFDA query in the next two weeks, DRRD expects re-inspection for that particular fill-finish line.
- DRRD indicated that innovator (Novo Nordisk) is in the process of tie-ups for authorized generic versions of semaglutide for Canada market.
- With respect to b-Denosumab, DRRD's manufacturing partner, Alvotech, needs to respond to CRL issued by USFDA. The CRL is referring to observations raised by USFDA during the pre-approval inspection.
- On CC basis, Russia segment grew 21% YoY in 3QFY26.
- DRRD had 28 global generics filings and launched 10 products globally in 3QFY26.

Eris Life Science

Neutral

Current Price INR 1,344

- The discontinuation of certain low-margin products has led to lower YoY growth in the DF segment in 3QFY26.
- ERIS has guided for FY27 revenue/EBITDA of INR5.5b-INR6b/INR1.8b-INR2b from the international business.
- ERIS is currently lagging market growth in oral anti-diabetes therapy but expects to stabilize over the next 2-3 quarters.

Thumbnail image showing a document titled "Eris Lifesciences" with financial data and text.

- The company has identified three key growth drivers for the next 3-4 quarters: its diabetes franchise, integration of biotech manufacturing, and ramp-up of the international business.
- ERIS has developed Esaxerenone in-house. The clinical data is favorable for reduction in hypertension as well as some benefits on the kidney side.
- For GLP products, endocrinologists and diabetologists make 70% of the total prescription. ERIS will enter the semaglutide market in India via exclusive partnership with NATCO and is ready for Day 1 launch.
- ERIS' partner (Natco) has received approval for Semaglutide for the Indian market. ERIS is geared up for launch in India.
- The company would be among the few insulin players having fully interchangeable products and domestic backward integration.
- The drag due to operational costs related to new facilities is about INR600m-INR700m on an annualized basis.
- ERIS had an order book of INR10b in the EU-CDMO segment at the end of 3QFY26. The order book is expected to be delivered over the next three years.



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Thumbnail image showing a document titled "Gland Pharma" with financial data and text.

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Gland Pharma

Buy

Current Price INR 1,847

- GLAND remains confident in its FY26 performance, targeting mid-teen YoY growth in revenue (+~2%).
- The goal date for USFDA approval of Dalbavancin for GLAND's partner has been postponed to Feb'26.
- GLAND indicated that additional demand from the EU market could help offset the delay in business from g-Dalbavancin approval.
- GLAND highlighted CC growth of ~7%/5% YoY for 3QFY26/9MFY26.
- The milestone income/profit share for the quarter was 7%/9%, as a % of sales.
- Overall, GLAND has the visibility to utilize 15-20m pen/cartridge capacity in FY27. It intends to utilize the capacity for contracts beyond GLP, including products like insulin.
- GLAND indicated an asset turn of 3x from newer investments over steady state basis.
- Capex for FY27 would be INR4b towards the base business expansion through the addition of a line for ophthalmic, Blow-filled Seals (BFS), Lyophilization, as well as cartridge capacity.
- Cenexi performance improved through focused capacity debottlenecking, contract repricing, work force optimization, higher utilization, and operational integration with GLAND.

Global Health

Buy

Current Price INR 1,172

- In 3Q, 110 doctors were onboarded, taking cumulative doctor additions to 309 in 9MFY26 across Noida and existing facilities; 119 doctors were added in FY25. The total doctors onboarded at Noida stands at 220 to date.
- Bed capacity increased 18% YoY during 9MFY26 with the addition of 537 beds across Patna (99), Ranchi (110), and Medanta Noida (328). 144 beds were added in Q3 FY26, including 42 beds at Patna and 102 beds at Noida.

The image shows a screenshot of a financial report titled 'Global Health' by Motilal Oswal. It contains various financial metrics, charts, and text analysis of the healthcare sector's performance.

- The company has the potential to add 496 beds through brownfield expansions at Lucknow (193), Patna (81), and Noida (222), expected to drive near- to medium-term growth with minimal incremental Capex.
- At Noida, some departments such as pediatrics, obstetrics, liver transplant, vascular surgery, and certain niche specialties are yet to be operational; most hiring has been completed, with further onboarding to continue based on bed availability and talent.
- Lucknow hospital has performed well over the last nine months, with a margin expansion of over 150 bps YoY in 9MFY26, while Patna margins remained stable.
- Matured hospital margins were hurt by higher employee costs and certain repairs and maintenance expenses.
- In Guwahati, barricading has been completed, and drawings have been submitted for approval.
- In Mumbai, land acquisition is complete, additional FSI approvals have been received, and drawings have been submitted for approval.
- In South Delhi, construction activities are underway following completion of site surveys and soil testing.
- The Pitampura, Delhi project is currently in the regulatory approvals phase.
- ARPOB improvement during the quarter was driven by better case mix and reduced ALOS; the reduction in ALOS at matured hospitals was partly due to a higher share of cancer treatments.
- The company reported net cash of INR6b at the end of 9MFY26.
- Management indicated that FY27 Capex is expected to be sub-INR5b, with limited spending in existing units and most new-project Capex back-ended.

Other operating highlights

- Mature hospitals' revenue (65% of total revenue) grew 9.4%YoY to INR7b. EBITDA was INR1.7b for 3Q, and the margin contracted 110bp YoY to 23.9%.
- Developing hospitals (ex-Noida) revenue grew 21.5%YoY to INR3.7b. EBITDA stood at INR1.2b for the quarter, with margins contracting 230bp YoY to 31.7%.
- Noida hospital had revenue of INR343m with opex loss of INR320m in 3QFY26.
- ARPOB grew by 10% YoY to INR67,361 in 3QFY26. The matured hospitals segment witnessed YoY ARPOB growth of 13.7%. The developing hospitals segment witnessed YoY ARPOB growth of 8.3% for 3QFY26.
- Both IPD/OPD volumes increased 14.3%/19.5% YoY for the quarter.
- Occupancy levels stood at 59% (vs. 64% in 3QFY25) and 64% in 2QFY26.
- ALOS stood at 3.02 days (vs. 3.23/3.06 days in 3QFY25/2QFY26).
- OPD Pharmacy revenue increased 30.3% YoY to INR465m.
- International Patients revenue increased 30% YoY to INR703m.
- Heart/cancer/digestive/neuro/urology contributed ~65.8% of the revenue in 3Q.
- Medanta incurred INR6.2b of capex in 9MFY26. Maintenance capex estimated at INR4.5b to be incurred over the next three years.
- Total project capex estimated at INR 34.5b for the next five years, will be funded by a combination of debt funding and internal accruals.
- Medanta has added 537 beds in 9MFY26 and plans to add 496 more beds by the end of FY27.



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Granules India

Buy

Current Price INR 582

- GRAN is on track to achieve an EBITDA break-even in the Peptide/CDMO businesses.
- It met the USFDA with respect to the Gagillapur site. GRAN is likely to submit documents, based on the meeting outcome, to resolve the regulatory issues.
- In addition, as risk mitigation efforts, GRAN has filed select products from the US and GLS facilities.
- Overall, GRAN is expected to exhibit business scale-up and subsequent improvement in profitability going forward.
- The paracetamol-related inventory situation eased at the industry level in certain geographies. Accordingly, GRAN expects a revival in demand for the product.
- GRAN has 8-9 products in the controlled substance category as a part of its complex generics portfolio. It expects 3-4 launches over the medium term.
- Post-EU approvals at the site, GRAN is expected to scale up its business from the Genome site.
- Consultancy costs related to remediation measures at Gagillapur largely moderated in 3QFY26.
- GRAN received the ANVISA Brazil GMP certificate for the Gagillapur site.
- Tentative approval received for Amphetamine ER (Adzenys) ANDA in Q3FY26.
- Capex during the quarter stood at INR1.3b.
- GRAN filed about 36 products (five in 9MFY26) across focus markets and is awaiting approval.
- R&D spend was INR690m and formed 5% of sales.
- Net debt was INR10.1b at the end of 3QFY26.



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IPCA Labs

Buy

Current Price INR 1,491

- 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.
- Unichem's US market share recovery is expected over the next 1-2 quarters.
- IPCA guided for Unichem's overall revenue growth at ~8-10% over time once US market share is recovered.



LAXMI DENTAL LIMITED

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- The company indicated that Unichem's EBITDA margin is targeted at ~15% in 2-3 years, with a gradual improvement toward ~20% as Europe registrations come through and capacity utilization improves.
- Biosimilar pipeline comprises five candidates, with two under technology transfers, and manufacturing is expected to commence shortly, targeting global regulated markets.
- LATAM grew 20% YoY, MEA grew 27% YoY, East Asia grew 36%, West Africa grew 69%, and CIS remained largely flat for the quarter.

Laxmi Dental

Buy

Current Price INR 188

- Management expects a recovery from 4QFY26 onward, aided by easing global policy headwinds and course corrections done by the company in various segments.
- With US tariffs on products reduced from 50% to 25%, it would not only make LAXMIDEN cost competitive but also provide better certainty of business from the US.
- The company estimated ~150bp impact on EBITDA due to US tariffs in 3Q.
- Management expects 20-25% near-term growth in the international business, supported by improving trade dynamics and a better pricing environment.
- Overall, management guided for 20%+ YoY growth in revenue for FY27, subject to limited geopolitical disruption.
- In the aligner segment, new product launches planned in 4QFY26 are expected to boost sales in the current quarter and help to sustain growth ahead.
- The domestic lab business has shown recovery from Jan'26, with further improvement expected in 4Q.
- In 3Q, LAXMIDEN entered 1-2 new countries; however, the addition was relatively slow due to the festive season impact.
- The company is targeting ~90% digital penetration over time through higher scanner sales and expansion of scanner-related services.
- LAXMIDEN has about 300 field representatives in India market to promote lab products and aligners.

Laurus Labs

Buy

Current Price INR 1,038

- Over the past 18 months, Laurus has commercialized and supplied three NCEs.
- 9MFY26 had a strong operating cash flow led by robust EBITDA growth, working capital optimization, and customer advances.
- ARV FDF/API sales were INR2.4b/INR5b for the quarter. This implies Non-ARV FDF was INR3.6b vs INR1.3b YoY/INR1.8b QoQ.
- Laurus noted that gross margin is expected to be sustained at 60%, supported by segment mix as well as product mix.
- Management indicated growth in 4QFY26 CDMO sales on a YoY basis. Effectively, FY27 is expected to further scale up in sales over FY26 performance.
- FY26 capex is guided at ~INR10b, with a similar level expected in FY27, while maintaining net debt broadly stable.

Laurus Labs

28 August 2026

Research Report

Current Price: ₹1,226

Target Price: ₹1,400

Rating: Buy

Key Highlights:

- Human health dominates the CDMO mix and is expected to remain the largest contributor, followed by animal health, with crop science currently a small but emerging segment.
- Animal health CDMO is generating meaningful commercial revenues, with ongoing supplies and additional validations and filings supporting continued growth.
- Crop Science CDMO has commenced commercial supplies for select partners, with revenues expected to scale meaningfully over the next 1–2 years as new partners are added.
- ADC and gene therapy platforms remain in the investment phase, with GMP facilities under construction and no material revenues expected over the next two years.
- Peptide manufacturing investments are progressing well, with commercial facilities expected to qualify during CY26, enabling medium-term scale-up.
- Expansion in capacity has enabled better growth in the ARV business. The guidance is revised to INR26b+-INR2b. The profitability of the business remains steady. The price reduction due to competitive reasons was addressed through cost optimization, driving stable margins for Laurus.
- Net debt stood at INR20.9b at the end of 3QFY26.



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Lupin

28 August 2026

Research Report

Current Price: ₹1,226

Target Price: ₹1,400

Rating: Buy

Key Highlights:

- LPC has reiterated its EBITDA margin guidance of 24-25% in FY27.
- The company would have a licensing outgo of more than USD75 per unit licensing fee with respect to Mirabegron. Still LPC believes the profitability to remain healthy in this product.
- It added 600 MRs for Rx market in India.
- LPC has created a separate division comprising 200 MRs for the semaglutide opportunity to reach out to the doctor pool comprising diabetologist, cardiologist, and gastroenterologist.
- LPC expects to sustain US sales at USD1b over the next couple of years.
- Beyond the current commercial product, US growth drivers are injectables (Dalbavancin/iron sucrose and smaller profitable opportunities), biosimilars (Pegfilgrastim, renibizumab, aflibercept with potential combined sales of USD100m), and respiratory products.
- The company has 40% generic market share in mirabegron.
- LPC has ~67% of Rx portfolio, driven by chronic therapies (vs. 65% QoQ).
- It has implemented AI in marketing/sales and has been working with consultants to not only collect required data but also optimize the field force productivity.
- US sales was driven by niche launches, higher volumes from base products and seasonal tailwinds.
- Brazil grew 99% YoY (local currency), driven by dapagliflozin commercialization.

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- Net debt stood at INR20.9b at the end of 3QFY26.

Lupin

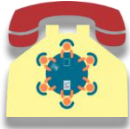
Neutral

Current Price INR 2,226

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Mankind Pharma

Buy

Current Price INR 2,075

- On organic basis in DF Rx segment, Mankind grew 9.1%/8.2% YoY for 3QFY26/9MFY26.
- Mankind continues to focus on prescription generation basis strategic reset.
- While it has taken more time to revive the business, management indicated growth is coming back on track.
- OTC revenue grew 5.2% YoY in 3Q and 5.6% YoY in 9MFY26 despite some softness in trade channel segment.
- Modern trade/e-commerce channel registered 40% YoY growth, increasing the contribution to 13% of OTC sales. This, along with reduction in stockiest, has led to a higher gap between secondary and primary sales growth.
- While the overall respiratory portfolio underperformed IPM, Inhaler portfolio, including Symbicort/Combihale, grew 30% YoY, delivering 1.3x IPM growth.
- CFO-to-EBITDA ratio improved to 93% for 9MFY26 vs. 80% in FY25, driven by working capital optimization/government receivables realization.
- FY26 R&D expenses to remain within the range of 2.5-3% of sales.
- Net debt reduced by INR4.1b QoQ in 3QFY26 to INR43b. Net debt-to-adjusted EBITDA ratio was 1.3x.
- Capex at INR4.7b at the end of 9MFY26.
- Mankind is on track for Day-1 launch of Semaglutide in India.
- Workforce restructuring took longer than planned due to underestimated cultural integration challenges, though team stability and attrition are now improving.



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Max Healthcare

Buy

Current Price INR 1,086

- Management highlighted that 3Q revenue and EBITDA were sequentially impacted by a temporary shift toward institutional patients following disruption in cashless services. Standalone health insurers and services were fully restored by 3Q end.
- Oncology revenue mix moderated due to the discontinuation of select high-value patented chemotherapy drugs for CGHS/institutional patients after revised pricing guidelines made supply unviable (sale below cost). Management continues discussions with CGHS.
- Jaypee Hospital clock over 30% YoY revenue growth in 3Q (post-acquisition). Adjusting for the initial revenue dip following the acquisition, when referral streams were rationalized, the underlying growth trajectory would be ~40%. EBITDA improved in line with revenue recovery, though margins remained ~3-4% below overall network margins.
- 63 brownfield beds were commissioned at Nanavati Max (45 currently occupied).
- At Mohali, 53 beds were commissioned in 2Q (46 currently occupied).
- Remaining beds at both locations will be commissioned in 4QFY26. Incremental capacity is EBITDA and margin accretive.
- Max-Smart infrastructure for ~400 beds (including OTs and OPDs) is ready; the commissioning is pending occupancy certificate, expected by Feb'26 end.

- The company has plans for expansion into Western India with a planned 450-bed greenfield hospital in Pune, targeted for completion by 2030.

Other conference call highlights

- Max Dwarka received board approval for addition of 260 beds, increasing total capacity to 560 beds.
- Max Lucknow: Current capacity stands at 413 beds and is expected to increase to ~500 beds by the end of FY26. Radiation bunker and nuclear medicine services have commenced operations, strengthening the oncology offering.
- Sector 56, Gurgaon (500 beds): Construction pace has accelerated after earlier disruptions. Phase 1 commissioning is now targeted by the end of 1HFY27.
- Nagpur (100 beds): Consent has been received and civil construction has begun. Project completion is targeted within 24 months.
- Zirakpur, Mohali (400 beds): Project execution remains on track, with commissioning scheduled for FY28.
- Max Vaishali (200 beds): Awaiting environmental clearance and building plan approvals before commencing construction. Completion is expected within 24 months post approvals.
- Patparganj (397 beds): All regulatory approvals have been secured and barricading work is complete. Revised D-wall design has been finalized, with project completion now targeted by FY29.
- Insurance negotiations concluded with four insurers; pricing increase secured and a formal annual revision mechanism agreed.
- INR4b was deployed during the quarter toward capacity expansion, facility upgrades, and new units.



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Piramal Pharma

Buy

Current Price INR 166

- Piramal has maintained its guidance of stable YoY revenue in FY26.
- There has been no further update on the resumption of supplies from one large customer to Piramal.
- The Lexington and Riverview facilities are nearing completion of capex, and the business is expected to pick up from FY27 onward.
- Annualized sales of Kenalog stand at USD30-40m. In addition to upfront payment of USD35m, the contingent payment would be linked to commercial traction of the product.
- Considering established CHG portfolio and commercial presence, Piramal indicated Kenalog can add revenue with limited increase in opex, driving better outlook for CHG business.
- CDMO business, excluding a particular customer, has grown by single digits YoY in 9MFY26.
- Biopharma funding in 2HCY25 has shown signs of recovery; it was close to double vs. 1HC Y25 and higher by over 50% vs. 2HCY24.
- Piramal initiated Sevoflurane supplies from lower-cost Digwal facility in RoW markets. However, the initial pickup was lower than expected due to regulatory delays.
- Net debt is INR42b and is expected to increase by the end of FY26.
- For FY27, the margin expansion will be driven by higher utilization at overseas CDMO facilities and growth in the consumer products business.



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Rubicon Research

Buy

Current Price INR 795

- RUBICON reiterated its guidance of 22-23% operating margin and 10-11% of sales as R&D spend. In fact, R&D as a % of sales is expected to remain consistent at 10-11% for the next several years.
- R&D productivity has improved from 3.3x for incremental revenue over FY22-FY24 to 4.1x for incremental revenue over FY22-25. It has been further enhanced to 5.7x for incremental revenue over FY23 to annualized YTD FY26 revenue.
- The cumulative R&D spend over FY26/FY27/1QFY28 is expected to be INR5b, aiding better visibility for revenue in FY29/FY30 and beyond.
- Higher-than-expected demand led to increased outsourcing, which dragged gross margins for the quarter.
- Cash generated from operations (pre-tax/post-working capital requirement) was INR810m against EBITDA of INR1.1b for the quarter.
- Inventory was INR7b at the end of 3QFY26. About 30% of the Inventory is toward recent/upcoming launches. Despite this, the current ROCE is 34% vs 30% in FY25.
- RUBICON is on track to operationalize the acquired Pithampur facility in mid-CY26, with the commercial scale-up expected from CY27 onwards. This is expected to reduce outsourcing, supporting better gross margin going forward.
- The field force expansion for branded/specialty products will be incremental and portfolio-linked, with all costs already considered in the EBITDA margin guidance.
- Management highlighted that pricing remains stable, while future margin expansion will be driven by product complexity, delivery innovation, and differentiated filings rather than price hikes.
- As of Dec'25, RUBICON has 83 active approved products (one approval in 3Q) in the US, with a 92.8% commercialization rate (77 out of 83).

Sun Pharma

Buy

Current Price INR 1,724

- Innovative medicine sales grew 23% YoY, adj. for milestone payment in 3QFY26/3QFY25 as well as a high base (~USD25m) in 3QFY25.
- Generics business was subdued YoY due to competition in some products. Compliance at sites is vital for recovery in this segment.
- GL0034 phase-IIb study would take 12-18 months.
- Leqselvi requires genetic testing. Such guideline is for all JAK inhibitors. Currently, SUNP facilitates these tests for the patient pool.
- SUNP would add field force for the launch of Semaglutide in India.
- Innovative R&D spend was low at 30.5% of total R&D spending for 3QFY26, though it is expected to increase based on the clinical programs, specifically related to GL0034.
- SUNP had 12/26 new launches in DF in 3QFY26/9MFY26. Higher contribution by volume and new launches helped SUNP outperform IPM for the quarter.
- The company enjoys No.1 ranking by prescriptions in 14 different doctor categories.
- EM grew 13% YoY in CC terms in 3QFY26.



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Torrent Pharma

Neutral

Current Price INR 4,210

- TRP indicated synergy benefits of INR4b-INR4.5b from integrating JBCP over the next 2-3 years, largely driven by the cost efficiency.
- Despite announcement of JBCP acquisition, attrition in JBCP's marketing team has been in the historical range.
- With JBCP EBITDA margin at 28-29% and TRP EBITDA margin at 32-33%, there is a scope to bring JBCP margins to TRP margin level in FY27.
- Germany business is impacted by continued disruption from a third-party supplier, which has got a regulatory issue and it is difficult to predict the timeline to resolve it. TRP is working on the alternate supplier, which would take 3-4 quarters.
- TRP expects that substitution of semaglutide in Brazil for weight loss would be minimal given strict regulatory constraints.
- Volume/price/new launches grew 5.5%/5.8%/2.2% YoY in DF compared to 1.2%/6.6%/2.8% YoY for IPM in 3QFY26.
- Current MR strength is 6,900, which TRP plans to take to 7,000 by FY26 end.
- Curatio portfolio grew 27% YoY in 3Q, driven by demand generation due to OTC ad spends and addition of MRs.
- In Brazil, TRP plans to launch 5-6 products per year and revenue growth of 10-15% YoY on an annual basis.
- TRP witnessed 12% CC YoY growth in the US, driven by new launches and increased purchases from existing contracts.



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Zydus Lifesciences

Neutral

Current Price INR 910

- ZYDUSLIF expects 23%+ EBITDA margin in 4QFY26 despite minimal contribution from g-Revlimid.
- Keytruda partner is leading in terms of clinical development and regulatory guidance. This provides improved outlook for this product for ZYDULIF. The company is geared up for launching the product post patent expiry.
- Compared to market growth of 1% YoY, ZYDUSLIF delivered 11% YoY volume growth in 3Q. ZYDUSLIF remained poised for healthy growth in US generics business in the coming years.
- ZYDUSLIF has 4-5 limited competition product launches over the next 12-24 months in addition to ~40 products in the US segment. 505b2 products and biosimilars would further aid growth in US.
- Innovative portfolio is growing at 23% YoY for ZYDULIF. With a further scale-up in products like Saroglitazar, Desidustat and biosimilars, the innovative portfolio is expected to grow at a higher rate going forward.
- Amplitude business witnessed like-to-like growth in high single digits in 3Q.
- CDMO business scale-up would take 2-3 years.
- ZYDUS is not only in the first wave of Semaglutide launch in India, it has also out-licensed to certain companies.
- Guidance of R&D expense (7.5-8% of revenue) remains intact for FY26, while it was higher for 3QFY26.

LOGISTICS



- The logistics sector performance was healthy in 3QFY26, aided by strong festive season demand and GST rate cut benefits. Port volume was modest. Growth was moderated by a slowdown in coal and iron ore handling at select terminals, partially offset by strong traction in container volumes, which remained a key growth driver. Express segment delivered strong growth during the quarter, while PTL reported modest growth with healthy margins. Supply Chain business continued to outperform, registering healthy double-digit growth, led by improved traction in auto and farm-related volumes. The rail logistics segment delivered a stable operational performance; however, realizations and market share remained under pressure amid intensifying competition. We remain optimistic about the outlook, supported by ongoing industry consolidation and a gradual demand recovery, aided by improved consumption following the recent GST rate cuts across products.

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Outlook for FY26	Highlights – 3QFY26
Adani Ports & SEZ Ltd	■ Management maintains its guidance to handle 505-515MMT (including NQXT) of cargo in FY26, with containers being the primary growth driver. ■ Revenue is projected to reach INR380b, while EBITDA's guidance is revised upwards by INR8b (INR5b from incremental organic growth + INR3b from consolidation of NQXT) to reach INR228b. ■ APSEZ has outlined a capex plan of INR120b for FY26, with about INR60b likely to be spent on domestic ports.	■ APSEZ reported revenue growth of ~22% YoY to INR97b in 3QFY26. Cargo volumes grew 9% YoY to 123.1mmt. The growth was primarily led by containers. ■ EBITDA margin came in at 59.6% in 3QFY26 vs. our estimate of 60% (-70bp YoY; -90bp QoQ). EBITDA grew ~21% YoY to INR58b, while APAT increased ~23% YoY to INR33b. ■ The all-India cargo market's share stood at 26.4% (vs 27% in 3QFY25). The container segment's share stood at 45.8% (vs. 45.4% in 3QFY25).
JSW Infrastructure	■ Management is targeting cargo volumes of ~123MT in FY26, followed by 6-7% growth in FY27 and a sharp acceleration in FY28, driven by the operationalization of newly expanded capacities. ■ During FY28, JSWINFRA expects Ports and Logistics revenues of INR80b and INR36.5, respectively. It expects EBITDA for Ports and Logistics to be INR43b and INR7b respectively, in FY28. ■ JSWINFRA maintains its plan to invest INR35b in capex for FY26 (INR20b for ports and INR15b for logistics), compared to INR24.4b spent in FY25.	■ JSWINFRA consolidated revenue grew 14% YoY to INR13.5b. During 3QFY26, the company handled cargo volumes of 31.7MT (+8% YoY). The volume growth was driven by improved performance at the Southwest, Dharamtar, and the overseas port in the Middle East (aided by an incentive volume of 0.8 MT at the Port of Fujairah, exceeding volumes under the current O&M contract). ■ In addition, interim operations at the Tuticorin Terminal and the JNPA Liquid Terminal also supported growth. However, JSWINFRA's volume growth was partly offset by lower volumes at the Paradip iron ore and coal terminals. ■ The company's EBITDA grew 10% YoY to INR6.4b. EBITDA margin stood at 47.7%. The margin was lower by ~190bp YoY and ~50bp QoQ.
Delhivery	■ Management expects to sustain strong momentum in the express business going forward. Revenue growth is likely to be driven by Express Parcel and PTL, with SCS and new services contributing in subsequent quarters. ■ The integration cost of Ecom Express stood at INR350m this quarter and is expected to be ~INR200-300m in 4QFY26.	■ Revenue grew 18% YoY to INR28b in 3QFY26. ■ Reported EBITDA doubled YoY to ~INR2.1b (est. INR1.6b). EBITDA margins stood at 7.4% (+310bp YoY and +470bp QoQ). ■ APAT stood at INR670m. After adjusting costs related to E-com Express integration, APAT stood at INR1.1b. ■ Core transportation segment, comprising Express Parcel and Part Truckload (PTL) segments, saw robust volume growth (Express Parcel: +43% YoY and PTL: +23% YoY). ■ Revenue in Express Parcel/PTL grew 24%/25% YoY.
Container Corporation	■ For FY26, CCRI maintained its guidance of 13% growth in total volume, with 10%/20% growth in EXIM/domestic volumes. ■ Management has guided for strong revenue growth, targeting ~INR150b in FY29, driven by robust traction in both EXIM and domestic segments. EXIM revenues are expected to expand at ~15% CAGR through FY29, supported by WDFC commissioning, ramp-up in	■ Revenue grew 4.5% YoY to INR23b in 3QFY26. ■ Total volumes grew 11% YoY to 1.4m TEUs, with EXIM/domestic volumes at 0.107m/0.35m TEUs (+10%/+13% YoY). ■ Blended realization dipped 6% YoY to INR16,172/TEU. EXIM/domestic realization stood at INR14,300/INR21,888 per TEU (flat/-17% YoY).

	double-stack volumes from Ahmedabad and Jodhpur, and throughput from new terminals at Mandalgarh, Jajpur, and Kadakola. Domestic revenues are guided to expand at ~20% CAGR through FY29, aided by incremental volumes from cement tank container contracts with UltraTech, JK Cement, and Adani Cement.	- EBITDA margins came in at 22%. EBITDA grew 10.4% YoY. In line with the operating performance, APAT declined 4.2% YoY to INR3.3b. - For 9MFY26, CCRI's revenue and EBITDA grew ~3% each. - The land license fee for 9MFY26 stood at INR3.27b.
Transport Corporation	- TRPC maintains its consolidated revenue and profit growth guidance in the range of 10-12% for FY26. - Management indicated that Seaways' EBIT margins are expected to moderate with two new vessels coming on stream, as higher depreciation is likely to cap margins at ~30-40%. - During 9MFY26, the company invested ~INR2.7b and plans to close the year with total capex of ~INR3.5b.	- Revenue grew ~9% YoY to ~INR12.5b in 3QFY26. - EBITDA margin came in at 10.2% in 3QFY26 (-10bp YoY and -30bp QoQ). - EBITDA grew ~7% YoY to INR1.27b, while APAT grew ~14% YoY to ~INR1.14b. - Supply chain revenues grew ~25% YoY, while the freight division and seaways division reported ~3% and 9% YoY growth, respectively. - EBIT margin for the Freight/Supply Chain/Seaways divisions stood at 1.9%/5.2%/40.6%, respectively, in 3QFY26.
Blue Dart Exp	- BDE expects ground express business, particularly B2C, to drive the growth. - BDE expects margins to expand as a result of yield improvement and network efficiencies rather than operating leverage. - Growth in the B2C ground express segment may fluctuate based on economic and demand conditions, but BDE is leveraging India's improving ground infrastructure, such as better roads, to command stronger pricing in this segment.	- Revenue grew ~7% YoY to INR16.1b. - The company handled 0.37m tons of cargo volumes (+6.5% YoY) in 3QFY26. - Realization was flat YoY at INR43.1/kg. It carried 107.4m shipments in 3Q. - EBITDA margin came in at 11.8% (up 210bp YoY and 170bp QoQ). EBITDA grew ~30% YoY to INR1.9b. - APAT stood at INR1b vs. INR791m. - In 9MFY26, revenue/EBITDA/APAT grew 7%/19%/20%.
Mahindra Logistics	- MLL guided for continued focus on profitable growth, driven by pricing discipline and cost control. - Last-mile delivery is expected to improve gradually from 4QFY26, supported by ongoing discussions and negotiations with customers.	- Revenue grew ~19% YoY to ~INR19b in 3QFY26. - EBITDA margin came in at 5.4% in 3QFY26 (up 80bp YoY and 40bp QoQ). - EBITDA grew ~40% YoY to INR1028m. - APAT stood at INR88m in 3QFY26 vs an adjusted net loss of INR90m in 3QFY25.
TCI Express	- Management provided yield improvement guidance of ~1% in FY26, followed by ~2% each in FY27 and FY28. - For FY27, management guided for 15% volume growth along with a ~2% price hike, implying ~17% revenue growth. - Multimodal revenue share is targeted to rise from 17-18% currently to 20-22% over the next 2-3 years.	- Revenue grew 6% YoY to INR3.1b (+2% QoQ). - Volume grew 2% YoY. EBITDA stood at INR336m (+16% YoY/-5% QoQ). - EBITDA margin came in at 10.7% in 3QFY26 vs. our estimate of 11.2%. - APAT rose ~19% YoY to INR229m (-9% QoQ). - For 9MFY26, TCIE's revenue/EBITDA/APAT stood at +1%/-1%/+2% YoY.
VRL Logistics	- Management expects volume growth to recover, driven by increasing tonnage from existing customers and onboarding of new clients. Volume is expected to grow ~4% QoQ in 4QFY26. - Management expects revenue to grow ~10-11% in FY27, primarily driven by tonnage growth. - EBITDA margins are expected to normalize to ~20%, with margin stability supported by improving tonnage growth.	- Revenue was flat YoY at INR8.3b (+4% QoQ). - EBITDA margins stood at 20.6% (+40bp YoY and +160bp QoQ). - EBITDA grew ~2% YoY to INR 1.7b in 3QFY26. - Lower interest expense and lower tax outgo led to APAT growth of 9% YoY to INR648m in 3QFY26. - In 9MFY26, revenue growth was flat, while EBITDA and APAT rose ~22% and ~51%, respectively.

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Metric	FY25	FY26
Revenue (INR bn)	1,155	1,250
EBITDA (INR bn)	1,000	1,100
Net Profit (INR bn)	300	350
EPS (INR)	155	175
P/E Ratio	10.0	8.8

Adani Ports & SEZ

Buy

Current Price INR 1,551

Operational highlights

- APSEZ handled 123.1 MMT of cargo in 3QFY26, up 9% YoY, driven by growth in container volumes. Mundra Port contributed 39%/42% to total volume/domestic volume in 3QFY26 (vs. 43%/46% in 3QFY25), marking diversification across ports.
- The all-India cargo market's share stood at 26.4% (vs 27% in 3QFY25). The container segment market share stood at 45.8% (vs 45.4% in 3QFY25).
- Domestic cargo volume increased ~6% YoY from 106.5MMT to 112.6MMT, while international cargo volume rose 75% YoY from 6MMT to 10.5MMT, driven by Colombo terminals.
- Net debt-to-EBITDA ratio was 1.9x as of Dec'25. The average debt was 5.2 years.
- Cash and equivalents stood at INR118b (including NQXT), with gross debt of INR530b (including NQXT but excluding NQXT's non-core liabilities) as of Dec'25.

Ports

- Revenue from domestic ports grew 15% YoY to INR67b, with EBITDA margins expanding to 72.8% (vs. 73.1% in 3QFY25).
- Mundra Port volumes grew at an average of ~4% over the past 12 quarters, while revenues increased ~17%. This was due to take-or-pay coal contracts and the diversification of cargo towards high-value container cargo.
- The company partnered with Motherson Group to establish a dedicated facility for auto exports at the Dighi Port. The new RoRo terminal will handle 200,000 cars per year for exporters in the Mumbai-Pune auto belt.
- APSEZ commenced Phase 2 construction at Vizhinjam port, scheduled for completion by December 2028. The construction will expand Vizhinjam port's capacity to 5.7m TEUs from the current 1.6m TEUs. Total capex is estimated to be ~INR160b.
- An MoU was signed with BPCL, under which Vizhinjam Port will serve as a dedicated LNG refueling hub for vessels along the East-West shipping corridor.
- Karaikal Port enhanced its permissible draft to 14.5 meters.
- International ports: Revenue rose 20% YoY to INR10.7b, and EBITDA grew 104% YoY, fueled by operations commencement and margin improvement at the Colombo Port.
- The company completed the acquisition of NQXT Australia, resulting in an INR3b upward revision to FY26 EBITDA guidance, while continuing to expand its international footprint with the commencement of operations at CWIT in Sri Lanka—the country's first fully automated deep-water terminal—and securing a 30-year concession to operate a container terminal at the Port of Dar es Salaam in Tanzania.

Logistics business

- Logistics revenue rose 62% YoY to INR11.2b, driven by recently launched asset-light Trucking and International Freight Network service (representing 52% of Q3 FY26 Logistics revenue vs. 17% in Q3 FY25). RoCE rose 9% in 1HFY26 vs. 6% in FY25.
- APSEZ handled 0.17m TEUs of container rail volume (+4% YoY) and ~5.2 MMT GPWIS volume (-6% YoY).

- Trucking revenue stood at INR10.3b in 9MFY26 vs. guidance of 3x-4x over FY25 revenue of INR4.3b. EBITDA stood at INR240m in 3QFY26 vs. INR4m in 3QFY25, while margin stood at 6.4% in 3QFY26 vs 9.3% in 3QFY25.
- APSEZ handled 528,872 TEUs container rail volume (+11% YoY) and 16.1 MMT GPWIS volume (-21 bps YoY) during 9M FY26
- APSEZ received approval to commence EXIM operations at Virochannagar (Gujarat), Kishangarh (Rajasthan), and Malur (Karnataka) ICDs.
- The company launched double-stack container rake movement between ICD Tumb and ICD Patli.
- It continues to scale up its integrated logistics platform, including rail, trucking, and warehousing segments.

Marine

- The integration of its marine services business (includes Ocean Sparkle, Astro, and TAHID) has been progressing well, and APSEZ achieved INR19.6b in 9MFY26 marine business revenue vs. the 2x target from INR11.4b in FY25.
- Marine business RoCE improved to 15% in 1H FY26 from 13% in FY25.
- The marine segment's revenue jumped 91% YoY to INR7.7b, driven by a significant increase in vessel count from 76 (Jun'24) to 129 (Dec'25). The ramp-up reflects APSEZ's aggressive expansion and consolidation in marine services.
- APSEZ also focuses on expanding its marine operations globally, with projects in various regions contributing to both revenue and operational efficiency.

Guidance

- Management maintains its guidance to handle 505-515MMT (including NQXT) of cargo in FY26, with containers being the primary growth driver.
- Revenue is projected to reach INR380b, while EBITDA's guidance is revised upwards by INR8b (INR5b from incremental organic growth + INR3b from consolidation of NQXT) to reach INR228b.

Capex guidance

- FY26 capex plan stood at INR110-120b. The bulk of this capex is directed to domestic ports (INR60b), including the development of new terminals in existing ports and enhancing container terminal capacities based on industrial demand.
- Internationally, the company plans to invest INR20b, primarily in capacity expansion at its ports in Colombo and Tanzania.
- In marine services, INR6.2b will be allocated for fleet additions for subsidiaries.
- The logistics segment will receive INR20b for the expansion of trucks, silos, MMLPs, and warehouses.



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Blue Dart Express

Buy

Current Price INR 5,826

Volume and other highlights

- In 3QFY26, BDE handled shipment volumes of 107.4m parcels and tonnage of 0.37mt, reflecting robust operational activity.
- EBITDA margin expanded 210bp YoY on account of improvement in the number of shipments and cost optimization.
- The company's revenue mix remained stable, with Air Express contributing ~70% and Surface Express ~30% of total revenue, while the B2B and B2C segments accounted largely for 70% and 30%, respectively.

The image shows a screenshot of a financial statement for Blue Dart Express. The document is titled 'Blue Dart Express' and includes a table with financial data. The table has columns for 'Particulars', '2023-24', '2022-23', and '2021-22'. The data includes various financial metrics such as Revenue, Expenses, and Profit. The table is presented in a structured format with bold headings and clear column delineations.

- Shipment volumes for BDE have been healthier than tonnage growth over the past two quarters, leading to improved yields as a higher number of shipments typically carries a better margin profile.
- The company's volume growth during the quarter was supported by strong festive season momentum that continued through Dec'25.
- Management indicated that margins are expected to remain stable in the near term and, over the medium term, could reach ~12–13% in a steady state scenario. The anticipated expansion will be driven by yield improvement, cost rationalization, product mix optimization, and enhanced network efficiencies.
- BDE announced a General Price Increase (GPI) effective 1st Jan'26, with average shipment prices set to rise 9-12%, depending on product variations and customers' shipping profiles. Negotiations are ongoing with customers.
- GST demand of ~INR4.21b on the subsidiary Blue Dart Aviation Limited (BDAL) for Apr'21–Mar'23 has been largely dropped, with ~INR4.20b set aside by the adjudicating authority. The revised liability of ~INR65m (plus interest of ~INR4.2m and penalty of ~INR0.6m) has been accepted and paid to avoid litigation, removing any material overhang.
- The company also launched its Instant digital account opening platform, enabling businesses to self-onboard and start shipping within 10 minutes. Moreover, the company inaugurated its largest Green Integrated Ground Hub in Pataudi, Haryana, to enhance network efficiency, scalability, and sustainability across its express operations.

Operations

- Aircraft utilization remained steady. Management indicated that future improvements will come from route planning and yield management rather than additional aircraft capacity.
- Capex is expected to remain stable at ~INR1–1.5b, with investments focused on augmentation of existing facilities, network modernization, and automation. No major fleet expansion is planned in the near term, given optimal aircraft utilization levels.
- BDE's service quality continues to be a key differentiator, particularly in the BFSI segment, which contributes around 25-30% of revenue through high-volume document handling. Meanwhile, B2B parcel volumes continue to show steady growth with minimal volatility.

Guidance

- Management has refrained from assigning a specific future growth number. However, it indicated that as the industry grows, the company expects to play a bigger role, especially in the e-commerce and SME-driven B2C segments.
- The company expects margins to expand as a result of yield improvement, cost rationalization, product mix optimization, and network efficiencies.
- Growth in the B2C ground express segment may fluctuate based on economic and demand conditions, but BDE is leveraging India's improving ground infrastructure, such as better roads, to command stronger pricing in this segment.
- The company expects the ground express business, particularly B2C, to drive growth, while maintaining steady performance in B2B parcels, supported by its robust service quality and operational efficiencies.



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Container Corp

Buy

Current Price INR 507

Operational highlights

- In 3QFY26, CCRI reported 11% YoY growth in total volumes to 1.4m TEUs, led by 10%/13% growth in EXIM/domestic volumes to 0.107m/0.35m TEUs, respectively. However, revenue grew modestly by 4.5% YoY to INR23b due to a 6% YoY dip in blended realization to INR16,172/TEU. This was due to a sharp fall in domestic realization by ~17% YoY, which is the lowest since FY12. The domestic realization has been in a downward trend for the past two quarters.
- Management clarified that it continues to avoid low-margin business, prioritizing profitability over volume growth.
- CCRI's land license fee (LLF) stood at INR3.27b in 9MFY26. The company continues to evaluate and surrender underutilized land parcels to rationalize LLF, which is expected to remain at FY25 levels through FY26.
- During the quarter ended Jun'25, the Company reviewed and revised the estimated useful life of its LNG Trucks and Trailers. Consequently, the useful life of these assets has been extended from 8 years to 15 years. As a result, depreciation on LNG trucks & Trailers for the quarter stood at ~INR15.2m—a reduction of INR46.4m in 9MFY26. This change led to a corresponding increase in PBT for 9MFY26
- The Board has declared the third interim dividend of INR3.4 per equity share, amounting to INR2.59b
- The company targets 100 terminals and 70,000 containers by 2028.

Volumes

- EXIM volumes stood at 0.107m TEUs (+10% YoY) and domestic at 0.35m TEUs (+13% YoY). EXIM realization was flat YoY at INR14,300/TEU, while domestic realization fell 17% YoY to INR21,888/TEU.
- The originating volume for EXIM/Domestic stood at 0.56m/0.12m TEUs.
- The lead distance YTD stood at 693km.
- Management guided to a better FY27, aided by the expected completion of WDFC connectivity by Mar'26.
- Rail freight margin increased by 200bps from 25.7% to 27.7%
- In 9MFY26, the company reported a market share of 53.8% in EXIM and 55.9% in the domestic segment.
- Market share at JNPT/Pipavav increased by 186bps/93bps; however, the company lost 232bps of market share at Mundra, reflecting aggressive competition from Adani Logistics.
- Management sees a significant opportunity in cement container transport, as only ~10% of cement is currently transported by rail, with the balance moving by road. The company has signed MoUs with Ultratech and Adani Cement to transport 1 lakh tonnes of cement per month, with each of them to tap this opportunity.

Other highlights

- Delays in the delivery of specialized tank containers persisted in 3QFY26, which were hurting domestic volumes.
- CCRI had signed an MOU for developing and managing Common Rail handling operations at Vadhavn port, which is expected to get commissioned by 2030. Total project investment amounts to ~INR5b.

- The company has revised the capex for FY26 to INR10b from INR8.5b earlier.
- Market share as on Dec'25: JNPT – 60%, Mundra – 36% (v/s 38% YoY), Pipavav – 48%. The market share in Mundra declined due to increased competition.

Guidance

- For FY26, CCRI maintained its guidance of 13% growth in total volume, with 10%/20% growth in EXIM/domestic volumes.
- Management has guided to strong revenue growth, targeting ~INR150bn in FY29, driven by robust traction in both EXIM and domestic segments. EXIM revenues are expected to grow at ~15% CAGR through FY29, supported by WDFC commissioning, ramp-up in double-stack volumes from Ahmedabad and Jodhpur, and throughput from new terminals at Mandalgarh, Jajpur, and Kadakola. Domestic revenues are guided to grow at ~20% CAGR through FY29, aided by incremental volumes from cement tank container contracts with UltraTech, JK Cement, and Adani Cement.
- The commissioning of the Western DFC up to JNPT is on track and expected to be commissioned by Mar'26. This is expected to significantly enhance volumes, particularly by shifting light cargo from road to rail.



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Delhivery

Buy

Current Price INR 432

Operational highlights

- In 3Q, volumes saw a boost from the strong festive season demand, GST rate cut-led consumption, the integration of Ecom Express and gain in market share driven by industry consolidation. Management expects to sustain the strong momentum in express business going forward.
- Management expects to gain further market share in the near term as competitors face structural headwinds, including low or negative margins, weak incremental profitability, rising cost pressures, and limited operating leverage.
- The company closed the quarter with 51,547 active customers, supported by the integration of Ecom Express and new initiatives such as Delhivery Direct (on-demand intra-city logistics) and Delhivery Protect (insurance cover for transit loss/damage).
- Delhivery continued to drive profitability improvements and shut down select unprofitable accounts to protect margins.
- The company expects to stabilize the corporate overhead expense to 6-7% of revenue in the medium term.
- In 3Q, there was an integration cost of INR350m for Ecom Express, which will be ~INR200-300m in 4Q, post which no material integration costs are anticipated.
- Capex intensity has eased, with major investments in mega-gateways and high-capacity trucking already completed. Ecom acquisition brings in automation assets and infrastructure, further lowering future capex needs. On a steady-state basis, management expects capex at ~4% of revenue in the next eight quarters.
- New services: Delhivery Direct (on-demand intra-city logistics) was launched in Mumbai and Hyderabad in 3Q. It already has a presence in Ahmedabad, Delhi NCR, and Bengaluru. The company plans to expand in 1-2 more cities each quarter for the next eight quarters. Rapid operates 23 dark stores in four cities, targeting sub-three-hour fulfillment for D2C brands. The company also signed its

first B2B client in this segment in Oct'25 and plans to take the store count to 25 by FY26.

- The company expects rapid commerce to contribute ~INR1b in the medium term. Delhivery Direct has reached an average annual revenue rate of INR400m.

Express Parcel Business:

- Express Parcel revenue grew 24% YoY to INR18.4b, with shipments growing 43% YoY to 295m, post integration of Ecom Express. Service EBITDA margin remained healthy at 18.1%, indicating strong cost control and network efficiency.
- The company expects ecommerce volume growth at ~15-20% annually over the medium term.
- Express parcel yield was impacted by a change in the product mix after Ecom Express integration, which led to a decline in the average weight per shipment and, consequently, affected margins.
- Ecom Express volumes have been largely integrated into Delhivery's network seamlessly.

PTL Business:

- PTL revenue grew ~25% YoY to INR5.8b, with tonnage increasing 23% YoY to 0.507MT. Service EBITDA margin stood at 11%, up 250bp QoQ and 720bp YoY, supported by improved yields and a favorable client mix.
- PTL profitability has improved over 13 consecutive quarters, with steady-state EBITDA margins of 16-18% targeted over the next two years.
- The company has expanded its sales team footprint outside metro cities to acquire new customers.

SCS:

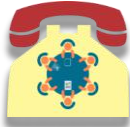
- SCS revenue declined ~23% YoY to INR1.7b, partly due to the exit from unprofitable contracts. However, service EBITDA margin improved 20bp QoQ to 13% due to cost control and renegotiated deals.
- Management is in active discussions with few clients and expects some contribution by 4QFY26.
- The company targeted service EBITDA margin of 12%+, which has been achieved this quarter, and it expects to maintain this and achieve 20%+ RoCE in the medium term.
- Key focus areas include tech stack enhancement (WMS, OMS, TMS), deeper client pipeline, and expansion of white-labelled "Prime" service for D2C and SME e-commerce.
- Revenue guidance maintained for the segment at INR18-20b over the next three years.

Truckload (TL) Freight and Cross-border Services:

- TL revenue rose 1% YoY to INR1.6b.
- Orion and Axle platforms, alongside TransportOne, are expected to contribute to long-term scalability.
- Cross-border revenue declined 24% YoY to INR380m.
- The business remains nascent, but Delhivery plans to expand product offerings via global partnerships and the launch of economy services.
- While Express Parcel remains in focus, freight will be a small contributor in FY26.



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Guidance

- Management expects to sustain the strong momentum in the express business going forward. Revenue growth is likely to be driven by Express Parcel and PTL, with SCS and new services contributing in subsequent quarters.
- The integration cost of Ecom Express stood at INR350m this quarter and is expected to be ~INR200-300b in 4QFY26.

JSW Infra

Buy

Current Price INR 259

Operational highlights

- JSWINFRA handled cargo volumes of 31.7MT during 3QFY26, marking an 8% YoY increase. The volume growth was driven by improved performance at the South West, Dharamtar, and overseas port in the Middle East (supported by an incentive volume of 0.8 MT at the Port of Fujairah, exceeding the volumes under the current O&M contract). In addition, interim operations at the Tuticorin Terminal and the JNPA Liquid Terminal also supported growth. However, growth was partly offset by lower volumes at the Paradip iron ore and coal terminals.
- Port Revenues grew 9.5% YoY to INR11.6b. The logistics segment recorded revenues of INR1.86b.
- Third-party cargo volumes rose ~10% YoY, with their share rising to 50% in 3QFY26 (vs. 49% in 3QFY25). Improved operations in existing and new terminals led to an improvement in the cargo mix.
- The company reported a strong balance sheet with net debt of INR18.9b and cash and bank balances of INR34.55b (gross debt: INR53.43b as of Dec'25).
- Navkar delivered a strong performance, with EXIM volumes reaching 85,000 TEUs (+19% YoY) and domestic cargo volumes at 0.405m tons (+45% YoY).

Logistics business roadmap

- JSWINFRA remains focused on scaling its logistics business, leveraging synergies from the Navkar acquisition. It aims to build a pan-India multimodal network, targeting INR80b revenue with a 25% EBITDA margin by FY30.
- In Dec'25, JSWINFRA announced the acquisition of JSW Rail Infra Logistics Private Limited, JSW Minerals Rail Logistics Private Limited, and JSW (South) Rail Logistics Private Limited from JSW Shipping & Logistics Private Limited (Promoter entity) at an enterprise value of INR12.1b. The acquired entities are expected to generate an EBITDA of INR1.5b in FY27. Rail fleet to expand from 25 rakes to 45 rakes by FY27 post-acquisition, targeting 110 rakes by FY30. The transaction is expected to be completed by 4QFY26.
- JSWINFRA has also received an LOA for the development of the Gati Shakti Multi-Modal Cargo Terminal at Somathane, Maharashtra, under the GCT policy.
- Management expects the group volume to contribute ~35-40% of the total logistics segment's revenue by FY30.
- In FY26, the logistics business is expected to contribute INR7b in revenue and ~INR1.2b in EBITDA, driven by improved operations at Navkar and increased traction from recently added assets.

Port updates

- Group cargo volumes were up 6% YoY, which was driven by better performance in Southwest and Dharamtar port.

- The total volume growth was impacted by lower volumes in Paradip Iron Ore and the coal terminal. However, a turnaround in volumes has been observed in recent months, and management expects volumes to improve from hereon.
- During the quarter, JSWINFRA signed an agreement with Minerals Development Oman to develop and operate a 27 MTPA port in Oman with a project cost of USD419m.

Key project updates

- JSWINFRA continues to make significant progress across multiple port and logistics development projects. They have entered into a transformative partnership with Minerals Development Oman (MDO) by acquiring a 51% stake in a newly incorporated Port SPV. The SPV will develop and operate a 27mtpa Greenfield bulk port to support the industrial minerals projects in the Dhofar region of Oman. With a total project capex of USD419m and a construction timeline of 36 months, the port is expected to commence commercial operations in 1QFY30. The port is designed to handle industrial minerals sourced from MDO's extensive concessions.
- At V.O. Chidambaranar Port in Tuticorin, the company signed the concession agreement in July 2024 for the construction of a 7 MTPA dry bulk cargo berth with an estimated capex of INR6b. Pile foundation works are in progress, and 1.38MMT of cargo was handled under interim operations during 3Q FY26. Project completion is targeted for 2Q FY27.
- The Mangalore Container Terminal is undergoing a capacity expansion from 4.2MTPA to 6MTPA, backed by a capex of INR1.5b. The project is expected to be ready by 2QFY27.
- At the Kolkata Container Terminal, JSW Infra signed a concession agreement on September 25 for the reconstruction and mechanization of berths with a capacity of 6.3 MTPA and an estimated capex of INR 7.4b. Project completion is targeted for 1HFY28.
- At South West Port (Goa), JSWINFRA is expanding terminal capacity from 8.5MTPA to 15MTPA through the construction of a covered shed. With the Consent to Operate (CTO) now in place, total capacity has increased to 11 MTPA, while approvals for the remaining 4 MTPA are currently in process.
- In Jaigarh, a new LPG terminal with a capacity of 2MTPA is being developed, requiring an estimated capex of INR 9b. Completion is targeted within FY27.
- Expansion efforts are also underway at Dharamtar and Jaigarh, where a combined capacity addition of 36MTPA (21MTPA at Dharamtar and 15MTPA at Jaigarh) is planned. This is being developed in line with the 5MTPA steel-making capacity expansion by JSW Steel at Dolvi, the anchor customer. The estimated capex for this project is INR 23.6b, with commissioning expected by March 2027.
- The proposed Keni Port in Karnataka is a 30MTPA all-weather, greenfield, deep-draft, multi-cargo commercial port with direct berthing facilities. The concession agreement was signed with the Karnataka Maritime Board in November 2023. The project has an estimated capex of INR 41.2b. A public hearing was completed in Aug'25, and thus awaiting environmental clearance. The project is targeting commercial operations by FY29.

- For the Jatadhar Port project, the concession agreement was signed in Jun'25 by the anchor customer. The port will have a capacity of 30MTPA and require a capex of INR 30b, with construction targeted for completion by Mar'27.
- Lastly, the company is advancing the 30MTPA slurry pipeline project in Odisha, connecting Nuagaon to Jagatsinghpur over 302km. As of Dec'25, 227km of welding and 204km of pipeline lowering have been completed. The project is backed by a long-term Take-or-Pay agreement with JSW Steel and entails a capex of INR40b. It is scheduled for completion by Mar'27.

Guidance

- Management is targeting cargo volumes of ~123MT in FY26, followed by 6-7% growth in FY27 and a sharp acceleration in FY28 driven by the operationalization of newly expanded capacities.
- During FY28, JSWINFRA expects Ports and Logistics revenues of INR80b and INR36.5 respectively. It expects EBITDA for Ports and Logistics to be INR43b and INR7b respectively, in FY28.
- JSWINFRA aims to expand port capacity to 400 MTPA by FY30, scale its logistics business to INR80b in revenue with a 25% EBITDA margin through value-accretive inorganic opportunities.
- JSWINFRA maintains its plan to invest INR55b in capex for FY26 (INR40b for ports and INR15b for logistics), compared to INR24.4b spent in FY25, reflecting a continued momentum in capacity expansion.



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Mahindra Logistics

Neutral

Current Price INR 425

Business update:

- MLL reported healthy consolidated revenue growth of 19% YoY in 3QFY26, driven by broad-based growth across the 3PL, Freight Forwarding, Mobility, and Express segments. The company has recorded profit after 11 consecutive quarters of loss.
- In 3QFY26, the company recorded a one-time exceptional expense of ~INR74m toward incremental retiral benefit obligations, in line with the implementation of the new labor codes.
- Management expects incremental volume ramp-up from SML Mahindra, with commercial negotiations already underway.
- The growth was aided by festive-season demand and GST rate cut-led consumption, providing a seasonal tailwind to volumes.
- The express logistics industry is transitioning from aggressive capacity expansion to consolidation and utilization-led growth, favoring players with execution strength and network efficiency.
- Management indicated that the B2B express business is approaching EBITDA breakeven, supported by improving yields, lane utilization, and cost discipline.
- MLL rights issue proceeds were utilized to significantly reduce borrowings, with standalone operations now debt-free, while consolidated gross debt stands at INR640m. The savings in interest cost post repayment of debt also aided in profitability.

Segment-wise performance and overview:

- The Contract Logistics division reported YoY revenue growth of 20% to INR15b. Gross margins expanded 27% YoY and 12% QoQ. Volume momentum in the

auto and farm sectors remained healthy for two consecutive quarters. MLL continues to scale its Contract Logistics business, with a warehousing footprint of 20.4m sq ft, supported by marquee clients.

- The B2B Express segment delivered revenue of INR1.1b, up 30% YoY. Volume grew 19%. The Express business delivered positive gross margins of INR27m and remained gross margin positive for two quarters consecutively since the acquisition, with a 19% YoY increase in delivered volumes. MLL's service levels remained stable at 89%, while improved lane utilization enhanced route efficiency, lowered per-unit linehaul and handling costs, and improved revenue per parcel, supporting margin expansion. Under Phase-2 initiatives, MLL continues to focus on automation, hub consolidation, and route density expansion to drive further operating leverage.
- The Cross-border Services segment posted revenue of ~INR9.5b, up 33% YoY. Gross margin stood at INR100m rising 18% QoQ and 36% YoY. MLL witnessed softness in global freight rates, while maintaining a continued strategic focus on key corridors such as LATAM, Europe, and the Far East.
- In Last Mile Delivery, revenue stood at ~INR8.2b, down 21% YoY. Gross margin stood at INR27m down from INR54m in 2QFY26. The segment faced significant industry-wide pricing pressure and exited low-margin activities, while continuing to focus on building a strong pipeline of delivery associates.
- The Enterprise Mobility segment recorded strong revenue of INR1b, up 38% YoY. Gross margins stood at INR90m. The company rebranded its B2C business
- as Alyte. The growth was driven by fleet expansion in the B2C segment, particularly at Delhi International Airport, and new B2B customers wins, while premium EV cab services continued to gain traction.

Guidance:

- MLL guided for continued focus on profitable growth, driven by pricing discipline, cost control. Last-mile delivery is expected to improve gradually from 4QFY26, supported by ongoing discussions and negotiations with customers.
- MLL reiterated its commitment to improving profitability without providing a specific timeline, while remaining positive on margin expansion over the near to medium term. The company remains focused on driving long-term shareholder value through cost optimization, operating leverage, and improved segmental profitability.

TCIEXPRESS
LEADER IN EXPRESS

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TCI Express

Neutral

Current Price INR 570

Operational highlights

- Volumes in 3QFY26 stood at 0.25m tons (+2% YoY). Capacity utilization during 3QFY26 remained steady at 83.25%.
- The company announced an interim dividend of INR7.
- TCIE added five branches under Surface Express.
- Capex of INR450m was incurred till 9MFY26, which was directed toward branch expansion, sorting center construction, and IT infrastructure upgrades.
- Management highlighted a favorable mix trend driven by domestic consumption, supporting a steady demand outlook across segments. Moreover, contract renewals are currently underway, which is expected to support margins going forward.

- The company continues to maintain very low customer concentration, balancing SME and large institutional clients while prioritizing profitable growth over pure volume-led growth.
- The top three sectors (Automobile, Pharma, Textile) together contribute ~55% of revenues.
- The last meaningful price hike was taken in FY23; recent and upcoming hikes across the industry are largely aimed at offsetting higher cost pressures, including rising toll rates.
- It continues to focus on automation, with upcoming facilities in Kolkata and Ahmedabad to replicate technologies deployed at Gurugram and Pune.
- Multimodal express capabilities remain a strategic focus, with the contribution targeted to reach 20-22% of the total revenue over the next 2-3 years.

Segment performance

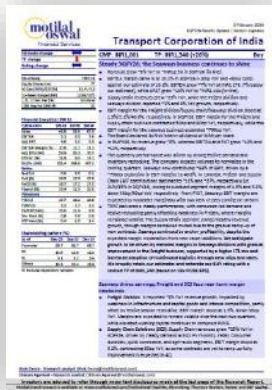
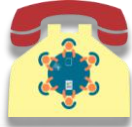
- **Surface Express:** Surface Express recorded 3% YoY growth in 3QFY26. While it remained the largest revenue contributor, growth continued to be muted, with incremental traction from new customer additions, higher business from key accounts, and increased contribution from Automotive, Defence, Solar, EV, SME, and Pharma segments.
- **Rail Express:** Rail Express continued to scale, delivering 24.0% YoY volume growth driven by Pharma with enhanced compliance and shipment tracking with ERP-enabled rail-mode e-way bill integration
- **Domestic Air Express:** Domestic Air Express recorded 14.1% YoY growth, driven by capacity expansion, new airport connections, customer additions and wins, improved airport-level execution, and lower in-transit inventory.
- **International Air Express:** International Air Express delivered 28.5% YoY growth, supported by customer additions and enhanced carrier capacity.
- **C2C Segment and E-commerce Express:** The C2C segment grew 32% YoY, driven by new customer acquisition, regional expansion, and adoption of customized delivery solutions, while e-commerce express volumes growth remained steady.

Guidance

- For FY27, management guided to 15% volume growth along with a ~2% price hike, implying ~17% revenue growth.
- Management provided yield improvement guidance of ~1% in FY26, followed by ~2% each in FY27 and FY28.
- Multimodal revenue share is targeted to rise from 17-18% currently to 20-22% over the next 2-3 years, aided by separate service networks for air, rail, international, and C2C segments.
- EBITDA margin is expected to expand through cost optimization, higher automation benefits, and price increases.
- The total capex of INR5b is planned for FY23-FY27, with INR2.47b spent to date. Expect not more than INR1.53b capex till FY27, which is below the initially planned capex of INR5b, primarily for automated sorting centers in Kolkata and Ahmedabad, and network expansion.



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Transport Corporation of India

Buy

Current Price INR 1,044

Freight Segment

- Revenue in the Freight segment rose just ~3% during the quarter, as the business continued to face headwinds from weakness in infrastructure and capital goods sectors. However, the softness was offset by consumer-facing business and festive season restocking.
- Broader economic activity picked up post the GST rate cut, especially in finished goods and inventory rebalancing. The company maintained its strategic focus on expanding its LTL network to capture growth in the fragmented freight market.
- Intense competition and ongoing SME softness delayed margin normalization.
- Management expects freight segment margins to remain volatile over the next two quarters, with stability likely thereafter.
- The ROCE profile remains compressed due to elevated working capital requirements.

Supply Chain Segment

- The supply chain segment's revenue growth rose by ~25% YoY in 3QFY26, supported by steady demand in PV mobility, retail, consumer durables, quick commerce, and Agri – auto segments.
- Management highlighted that a few contracts have gone live but are yet to reach full scale, which led to muted margins; these are expected to improve in 4Q.
- The company witnessed strong traction in warehousing and multimodal services, particularly within the automotive sector post the GST rate cut, where it continued to strengthen its hub-and-spoke distribution model.
- The company remains focused on increasing its capacity in warehousing and fleet.
- The company already operates three rail rakes and is in line with its green logistics strategy. TRPC has ordered two additional rail rakes, which are expected to be commissioned in the next 12-15 months. The newly ordered ones are specially designed to carry two levels of SUVs. With the Indian passenger vehicle market increasingly shifting towards SUVs, the new rakes are expected to enhance efficiency and competitiveness in automobile logistics.

Seaways Segment

- The seaways segment's revenue grew by ~9% YoY in 3QFY26. EBIT margin stood at 40.6%.
- The Seaways business continued to benefit from favorable freight rates and relatively lower average fuel prices, which supported healthy profitability.
- Management indicated that fuel costs are likely to be higher in 4Q with two new ships coming on stream, while higher depreciation is expected to cap EBIT margins at ~30–40% in FY27.
- One vessel underwent dry docking in 3Q, and two more are scheduled for similar maintenance in FY27.
- The government's ambition to double the share of waterways in India's modal mix from 6% to 12% by 2030, supported by over USD 120b in planned investments, bodes well for long-term demand. Policy initiatives such as the Sagarmala program and the Coastal Shipping Bill, 2024, are further expected to improve infrastructure and cost efficiencies for domestic coastal shipping.

Joint Ventures

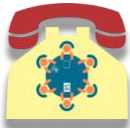
- The company's joint ventures posted healthy revenue growth during 9MFY26, though profit growth was muted due to potential margin pressures from competitors in container logistics.
- The Transystem JV with Mitsui continued to perform well, growing 12% YoY in 9MFY26 with stable profitability of INR1.16b.
- Cold Chain JV reported ~17% growth in 9MFY26, supported by customer additions in the quick commerce and retail verticals. Capital employed in the cold chain segment has now crossed INR1b. Management acknowledged that profitability is muted and expected to remain subdued for the next few quarters due to ongoing investments and scale-up costs.

Guidance

- TRPC maintains its consolidated revenue and profit growth guidance in the range of 10-12% for FY26.
- Management indicated that Seaways' EBIT margins are expected to moderate with two new vessels coming on stream, as higher depreciation is likely to cap margins at ~30–40%.
- During 9MFY26, the company invested ~INR2.7b and plans to close the year with total capex of ~INR3.5b.



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Financial Metric	FY25	FY26
Revenue (INR Cr.)	1,100	1,150
EBITDA (INR Cr.)	150	160
EBIT (INR Cr.)	120	130
Net Profit (INR Cr.)	80	90
Operating Leverage	1.2x	1.3x
Capital Expenditure (INR Cr.)	250	300
Debt to Equity Ratio	0.8x	0.7x

Key Highlights:

- Revenue growth of ~5% YoY, driven by strong performance in container logistics.
- EBITDA margin improved to 14.5% from 13.6%.
- Net profit margin improved to 7.3% from 7.3%.
- Operating leverage of 1.2x, indicating strong operational efficiency.
- Capital expenditure of INR250 Cr. for fleet expansion.
- Debt to equity ratio of 0.8x, indicating a strong balance sheet.

VRL Logistics

Buy

Current Price INR 287

Operational highlights

- Revenue was flat YoY as volume decline of ~9% (due to the strategic exit from low-margin contracts) was offset by improved realization.
- Margins remained healthy despite higher administrative expenses and employee costs, reflecting strong cost control.
- Internal fuel procurement improved significantly to 40.0% (vs. 39.9% YoY), reducing fuel cost as a percentage of revenue to 24.8% (from 26.4%). Lorry hire charges declined to 4.9% from 5.1%, aided by higher own fleet utilization and reduced dependency on external vehicles.
- Administrative expenses rose to 1.7% of revenue (vs. 1.4% YoY), led by legal and professional fees.
- Net debt as of Dec'25 stood at INR2.72b.
- The company expects no incremental impact from the compliance with new labor codes.
- Employee costs rose to 18.1% of revenue due to salary revisions w.e.f. Aug'25.
- Capex during the quarter stood at INR740m, which included INR560m to buy land and building for setting owned premises.
- Fleet size stood at 5,745 vehicles (vs. 6,101 YoY). Net vehicles declined by 356 YoY, reflecting improved asset utilization and selective scrapping of high-maintenance vehicles.
- VRL maintains the lowest attrition rate in the industry and continues to deliver high service levels with strong human capital and operational systems.

Operational efficiency and network expansion

- Management has ordered 500 vehicles, entailing capex of ~INR1.6–1.7b. Total capex for FY27 is expected at ~INR3.5b, including vehicle procurement and land & building.

- VRL sustained 100% hub-to-hub efficiency across its network, enabling a reduced turnaround time and improved vehicle loading.
- Investments in proprietary in-house digital infrastructure, including GPS tracking, real-time route optimization, OTP-based vehicle unlocking, consignment barcoding, and CCTV-based security systems, have contributed to better claim ratios and cost savings.
- Total branches stood at 1,249, including 50 hubs as of Dec'25.
- VRL aims to augment its existing branch and franchise network to drive tonnage growth, while exploring expansion opportunities in the eastern and northeastern regions.

Guidance

- Management expects volume growth to recover, driven by increasing tonnage from existing customers and onboarding of new clients. Volume is expected to grow ~4% QoQ in 4QFY26.
- Management expects revenue to grow ~10-11% in FY27, primarily driven by tonnage growth.
- EBITDA margins are expected to normalize to ~20%, with margin stability supported by improving tonnage growth.

METALS



- Management indicated that NSRs in the ferrous segment are expected to rise meaningfully, even as coking coal costs are likely to increase by USD5-15/t in 4Q. Margin resilience is expected to be supported by higher volumes from newly commissioned capacities and a growing share of captive raw materials. In the non-ferrous segment, management guided for stable cost of production, while favorable pricing trends are expected to drive margin improvement over the coming quarters. Overall, management stated that 3Q performance was decent and broadly in line with expectations, with further improvement anticipated in 2H, led by stronger volumes, supportive pricing, and stable cost structures. While global uncertainties may exert pressure on global metal and raw material prices, companies believe domestic operations are relatively insulated, supported by safeguard duties in the ferrous segment and favorable pricing dynamics in non-ferrous metals.

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Outlook for FY26	Drivers
Tata Steel	■ EBITDA improvement in European operations is expected to continue steadily in the coming quarters, supported by its cost-restructuring measures. ■ The capacity ramp-up in the Netherlands and lower fixed costs should also support overall EBITDA performance going forward. ■ Though there are near-term uncertainties related to price volatility due to trade tensions and recent corrections in steel prices, the long-term outlook remains strong for TATA.	■ The company expects INR2,300/t QoQ improvement in India NSR in 4Q as spot steel prices in India have improved since Dec'25. Coking coal costs are expected to rise USD15/t in 4Q. ■ India steel volumes in 4QFY26 are expected to be ~0.5mt higher vs. 3QFY26. ■ NSR for the Netherlands is expected to dip ~EUR30-33/t QoQ in 4Q due to product-mix dilution. Despite lower NSR, EBITDA of the Netherlands is expected to improve in 4Q on account of cost take-outs and better volumes ~0.4mt. ■ Management expects the UK loss to reduce in 4Q and the UK government to implement measures by mid-2026 to safeguard local steel players.
JSW Steel	■ The company expects double-digit revenue growth in FY26/FY27, driven by the ramp-up of new capacity and price recovery. Further, as input costs are expected to remain soft, we believe EBITDA/t will rebound to ~INR13,500/t in FY27/28E on account of domestic steel price recovery, led by safeguard duty. ■ Strong margins will enable JSTL to generate a strong CFO to fund the expansion plan of INR150-200b annually over FY26-29E. JSTL's net debt/EBITDA stood at 2.91x as of 3QFY26, which we expect to decline further by FY28, supported by robust operating performance.	■ Prices saw a cumulative recovery of ~INR3,500/t from late Dec'25, and management expects 4QFY26 margins to improve on higher NSR and seasonally strong demand. ■ Coking coal costs are expected to rise USD15-20/t, while iron ore prices are likely to remain range-bound. ■ Domestic steel demand is expected to grow at 7-9% for FY27, driven by infrastructure, construction, industrial capex, renewables, automotive, and consumer durables. ■ Management outlined an INR1t capex pipeline over the next 4-5 years, with annual spend expected to be front-loaded in the near term. For FY26, capex guidance stands at INR150-160b, with INR100b already spent in 9MFY26.
Jindal Stainless	■ Industry-level SS demand is set for strong growth and is projected to reach +7mt by FY31, driven by domestic SS consumption. We believe JDSL is well-placed to capitalize on this robust demand outlook, with higher VAP supporting margins. ■ We project a revenue CAGR of ~13%, with steady EBITDA of INR22,000/t, leading to ~15% EBITDA CAGR over FY25-28E. Moreover, the healthy CFO and steady capex outflow will ensure a resilient B/S (consol. net debt/equity of 0.18x as on 3QFY26).	■ Firmness in nickel prices since Dec'25 is expected to support a recovery in NSR in 4QFY26, both in India and globally. ■ The company maintains its FY26 EBITDA/t guidance of INR19,000-21,000/t. ■ The company has guided for capex of ~INR27b for FY26 (incl. spillovers and annual maintenance capex of INR5b). ■ The SMS project in Indonesia is progressing as planned and will be commissioned by 1HFY27, while the downstream capacity expansion at Jajpur, comprising two CR mills, is expected to be commissioned by mid-FY27.
Hindalco	■ Strong earnings outlook for the Indian business will remain intact. However, the overall Hindalco business outlook has weakened due to the Oswego fire incident and the Bay Minette project cost escalation. ■ Novelis' volumes are expected to decline 150-200kt, with an FCF impact of USD1.3-1.6b (incl. an EBITDA impact of USD150-200m till 2QFY27), which erodes near-term earnings visibility and stretches the working capital. Management expects to recover ~70-80% via insurance in the next 18-24 months in a phased manner.	■ India Aluminum (Upstream) CoP is expected to rise ~1% QoQ, primarily due to higher CP Coke (anode) prices amid China supply-demand tightness. ■ Novelis' cost to serve is expected to remain elevated, in line with 3Q levels, due to increased external slab sourcing and supply chain reorientation, though Midwest premium arbitrage could provide some offset. ■ Management targets to keep it below the threshold of 2x. Net debt increased ~INR240b during 9MFY26, largely driven by Novelis' negative FCF (capex + working capital + fire impact) and a working capital build-up of ~INR40b due to higher copper concentrate inventory.



Hindustan Zinc Limited

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Hindustan Zinc

Neutral

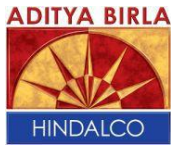
Current Price INR 585

Performance guidance

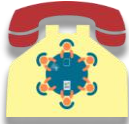
- The company reiterated its refined metal guidance to 1,075-1,100ktpa and expects to achieve its silver output guidance of 680t (±10t) for FY26.
- In 4QFY26, management anticipates silver volumes to improve QoQ, driven by the resumption of capacity post shutdowns, favorable weather conditions, and operational improvements.
- HZ expects further cost improvement to USD950-975/t by 4QFY26, supported by higher renewable-energy usage and better ore grades.
- Renewable energy contributed 20% of total power in 3QFY26, and the company expects to reach 25% by FY26 end.
- With the upcoming wind power capacity, the company expects the RE share to increase to 35-40% in FY26 and ~70% in FY27. The commissioning of battery storage is expected to lead to an incremental annual saving of INR2.5-3b.
- Silver surged to an all-time high of over USD93/toz in Jan'26, driven by continued supply constraints and improved demand for industrial use and investment purpose.
- For 3QFY26, the company hedged 47kt of zinc and 55t of silver, which were squared off within the quarter. For 4QFY26, 53kt of zinc is hedged at USD2,900/t and 68t of silver at USD39/toz, executed in Jun-Jul'25. For FY27, the company has hedged 66kt of zinc and 56t of silver at USD58/toz.
- Grades comparison – 7.3% during 3QFY26 and 7.4% during 3QFY25. Grade for overall 9MFY26 was 7.4%.
- For next year, management anticipates to continue operating in a lead-plus-zinc mode, especially if zinc prices remain stable at around USD3,200-3,300/t. Management indicated that it could have switched to a lead-heavy mode if zinc prices were lower and silver prices higher, making it more economical to produce silver and less zinc, while lead quantity would remain constant.

Capacity update/capital allocation

- Total growth capex for the full year is projected to be ~USD300m, with USD180m already spent as of Dec'25. Management guided a maintenance capex of USD350-400m for FY27 and USD90-100m in 4QFY26.
- The combined investment plan of INR160b includes INR120b for the 250ktpa integrated capacity expansion, with target completion by 2QFY29 and INR38b for the 10mtpa zinc tailings project by 4QFY28.
- For 250ktpa capacity expansion, the company commence the groundwork and site mobilization and completed 50% of detailed engineering. This expansion plan also includes mined capacity from 1,180ktpa to 1,510ktpa, for which the company has appointed a mining partner.
- For the Zinc Tailings Reprocessing Plant, the company has commenced the groundwork and appointed a tech, engineer, and construction partner.
- HZ completed debottlenecking at Dariba Smelting Complex in 2Q. Debottlenecking at the Chanderiya Lead Zinc smelter was commissioned in 3QFY26.
- The 510kt DAP/NPK fertilizer plant at Chanderiya is in progress and will be commissioned by 1QFY27.



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- The hot acid leaching plant for lead (27mtpa) and silver (6ktpa) recovery from smelting waste at Dariba will be completed by 4QFY26. These projects will enable higher refined metal and silver production in the coming years.

Hindalco Inds

Buy

Current Price INR 899

Guidance/outlook:

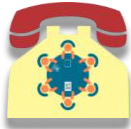
- India Aluminum (Upstream) CoP is expected to rise ~1% QoQ, primarily due to higher CP Coke (anode) prices amid China supply-demand tightness.
- Novelis' cost to serve is expected to remain elevated but on similar lines to 3Q due to increased external slab sourcing and supply chain reorientation. Midwest premium arbitrage may provide some offset.
- Consolidated Net Debt/EBITDA stood at 1.73x; management targets to keep it below the threshold of 2x. Net debt increased ~INR240b during 9MFY26, largely driven by Novelis' negative FCF (capex + working capital + fire impact) and working capital build-up of ~INR40b due to higher copper concentrate inventory.
- AV Minerals raised USD800m at SOFR + 105bp (5-year tenure) to fund higher Bay Minette costs. The weighted average cost of Novelis debt stands at ~5.3%, while the cost of capital is at mid-8% range.
- The Indian business currently has a net cash of INR6b.
- 4QFY26 aluminum hedging: 64% commodity hedged at USD2,807/t and 26% currency hedged at INR88.18/USD. For FY27, the aluminum hedging stood at 21% at USD2,925/t and targets to achieve ~25% at USD3,000/t.
- China finalized CY26 long-term TCRC contracts at 0 cents/lb, indicating structural concentrate tightness. Spot TCRCs remain negative at -USD0.10-0.11/lb.
- The Chakla Mine box cut was delayed by a quarter and is now expected in Apr'26.

Capex and capacity update:

- India's capex guidance for FY26: INR100b (INR80b organic + INR20b for Banda mine), and 9MFY26 spend stood at INR60b (on track to meet full-year guidance). For FY27, management guided a capex of INR100-120b.
- The Aditya Alumina Refinery and Aluminum Smelter expansion projects are progressing on schedule with the commissioning target of FY28.
- Total project cost for Bay Minette is estimated at USD5b (revised from USD4.1) and so far, ~54% (USD2.7b) of capex has already been spent, with the rest to be spilled over to CY27 post commissioning in 2HCY26.
- The phase-1 181kt aluminum smelter expansion at Aditya will proceed alongside the alumina refinery with operational target of FY28 and Phase-II of +193kt by FY29. Also, the 300kt copper smelter expansion is expected to be commissioned by FY29.
- Chakla, Banda, and Meenakshi coal mines are progressing toward commissioning. The two captive coal mines (Chakla 1HFY27 and Bandha FY27) are expected to be operational by FY27, while Meenakshi will be operational in FY29.
- In copper, the 50kt e-waste and scrap recycling project remains on track for commissioning in FY27, strengthening its circular-economy credentials.



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- The current renewable capacity stands at 418 MW, and management is on track to add 103 MW next quarter + 130 MW storage-based, reaching 522 MW by FY26 end.

Jindal Steel

Buy

Current Price INR 1,222

Guidance and Outlook

- Company have successfully ramped up the new Angul capacity in 3QFY26, and management reiterated to achieve volume guidance of 8.5-9mt for FY26.
- Domestic steel prices declined during 3Q due to weak Chinese steel prices and subdued construction activity, but the prices recovered since quarter-end.
- NSR decline was higher than peers during 3Q, due to adverse product mix due to capacity ramp-up, coupled with lower sales of by-product (pellets), which were consumed internally.
- Management highlighted that the steel prices for JINDALST have improved by INR3,000-3,500/t till now in 4Q vs. 3QFY26-end.
- The company will continue to consume the by-product internally to carter the metallic requirement of the newly added capacity.
- Management expects the longs:flat mix to normalize at 55:45 by year-end.
- Management strategy is to prioritize the optimum utilization first for the added capacity and then pivoting towards a higher value-added share of 70%.
- Coking coal costs were USD2/t higher in 3QFY26 (vs guidance of USD3-5/t) and are expected to increase by USD18-23/t in 4QFY26 on a consumption basis. Also, guided overall cost (ex-coking coal) to remain flat QoQ in 4Q.

Capex and Capacity Update

- Capex for the quarter was INR20.9b, primarily driven by the expansion projects at Angul. Of the announced INR470.4b capex program, the company has spent ~INR329.4b till Dec'25, and the balance will be deployed over FY26-28E.
- Management reiterated its capex guidance of INR75-100b for FY26.
- During the quarter, JINDALST has operationalized SBPP Module-1 (525MW) and subsequently synchronized SBPP Module-2 (525MW) with the grid in Jan'26. With this, the Company has successfully turned around the 1,050MW power plant acquired under the IBC framework. This power capacity will require 2-3 months to stabilize and largely fulfill the internal requirement.
- The company reiterated that the Angul expansion (Phase-II), which includes additional SMS (12mtpa to 15.6mtpa), HSM with associated downstream facilities, is currently on track for completion by FY26 end.
- JINDALST also commissioned CCL-1 capacity of 0.2mtpa in Jan'26, and going forward, it targets to commission CCL-2 and CGL-1/2 in the next two years
- The slurry pipeline project is over 90% complete and expected to be commissioned in 4QFY26, reducing the logistics costs saving of INR750-850/t.
- The Utkal B1 mine has been opened, and overburden removal is currently underway. The Utkal B2 is on track to be commissioned soon after.
- Associated DRI is expected to get commissioned in FY27, and management expects Angul BOF-2 utilization run-rate to be at 60-65% without the DRI plant.



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Jindal Stainless

Buy

Current Price INR 758

Guidance:

- NSR softened sequentially in 3QFY26 due to lower nickel prices and an adverse shift in product mix, particularly toward higher 200-series volumes.
- Exports were weak due to customers holding back orders amid the implementation of CBAM. While CBAM calculation thresholds have been announced, the absence of clarity on verification methodology and authorized verifiers continues to create uncertainty.
- The recent firmness in nickel prices since Dec'25 is expected to support a recovery in NSR in 4QFY26, both in India and globally.
- SS prices remain largely linked to input material movements (in nickel and ferrochrome), which get largely passed through to customers with a short lag of 30-45 days.
- Management indicated that SS prices remain largely linked with input material movements (in nickel and ferrochrome), which gets largely passed through to the customers with a short lag of 30-45 days.
- The company maintained its FY26 EBITDA/t guidance of INR19,000-21,000/t, noting that the 9M average of INR21,300/t provides adequate headroom to close the year within the guided range.
- CRAP now accounts for ~55% of overall sales, compared to ~50% in last year, with the improved mix structurally supporting better realizations.
- JDSL increased its renewable energy share to 56% in 3Q vs 42% in 2QFY26 and targets to increase it further with the commissioning of the green hydrogen plant at the Jajpur facility by mid-next year.
- The SS series mix for 3QFY26 stood at 200 series - 38%, 300 series - 45%, and 400 series - 17%.

Capex and subsidiaries operational update:

- The company has guided for a capex of ~INR27b for FY26 (incl. spill overs and annual maintenance capex of INR5b), of which ~INR22b has been spent in 9M.
- The SMS project in Indonesia is progressing as planned and will get commission by 1HFY27, with the downstream capacity expansion at Jajpur, including two CR mills, expected to be commissioned by mid-FY27.
- All subsidiaries reported a positive contribution to consolidated EBITDA during 3QFY26. JUSL witnessed a QoQ decline in EBITDA, primarily due to the temporary shutdown and lower job-work volumes.
- The current capacity utilization of Rathi Steel stood at 85% in 3QFY26. Meanwhile, Chromeni is currently operating at ~75% utilization level and targets to reach 90-95% in the near-term. RVPL is currently operating at a lower level, operating only its finishing line.
- NPI is operating at a run rate of 90%, with an EBITDA target of USD500-1,500/t due to high volatility.

Other Highlights:

- Domestic demand remained resilient during 3QFY26, supported by strong traction from automotive, railways (Vande Bharat, Amrit Bharat, and metro projects), white goods, and pipe & tube segments.

- On the export front, global trade sentiments remained subdued due to elevated uncertainties and protectionist measures in key western markets (US/EU).
- Management indicated that while CBAM calculation thresholds have been announced, the absence of clarity on verification methodology and authorized verifiers continues to create uncertainty.
- Management guided the company remains well-compliant with its scrap-based operations, rising RE usage, and strong global ESG rankings (78/100; Ranked top 5% globally in the steel sector).
- Suspension of the Stainless-Steel Quality Control Order (QCO) has extended till Mar'26 and remains a key concern.
- The suspension of QCO has enabled the influx of sub-standard imports, and management expects clarity on its reinstatement by the government in the coming months, which could materially improve industry sentiment.
- The company expects clarity from the government in coming month and anticipates that the reinstatement of QCO will help restore pricing discipline and curb aggressive imports.



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JSW Steel

Buy

Current Price INR 1,251

Guidance and Outlook:

- Steel prices have bottomed out in 3QFY26, with average NSR declining by INR1,400/t QoQ against the market price decline of INR2,200/t. This was aided by higher valued-added product mix (ex-JVML ~67% in 3Q).
- Prices saw a cumulative recovery of ~INR3,500/t from late Dec'25 (INR1,500/t in Dec'25 and INR2,000/t in Jan'26), and management expects 4QFY26 margins to improve on higher realizations and seasonally strong demand.
- Production moderation and export licensing measures in China, coupled with safeguards duty in India, will support domestic prices.
- Coking coal costs are expected to rise by USD15-20/t, while iron ore prices are likely to remain range-bound.
- Management remains constructive on domestic steel demand and guided demand growth of 7-9% for FY27, driven by infrastructure, construction, industrial capex, renewables, automotive, and consumer durables.
- Management has welcomed government trade protection measures, such as anti-dumping duties on HRC imports from Vietnam/China and the 12% safeguard duty implemented in Dec'25.
- Management indicated that the CBAM implementation remains a medium-term issue, with emissions assessment and verification currently underway on an asset-wise basis. The company continues to evaluate asset-level emission intensities and mitigation options, with clearer quantification expected as regulatory clarity improves.

Capex:

- Management outlined an INR1t capex pipeline over the next 4-5 years, with annual spend expected to be front-loaded in the near term. For FY26, capex guidance stands at INR150-160b, with INR100b already spent in 9MFY26.
- The Board approved a 5mtpa greenfield integrated steel plant at Jagatsinghpur, Odisha, with a capex of INR316b and targeted to commission by FY30, which can be expanded up to 13.2mtpa in future. The capacity will have a port-based

logistics (private developed port), captive pellet plants (2x4mtpa by FY28), and an under-construction slurry pipeline (30mtpa by FY27).

- Aligning with its energy transition goals, the Board approved 2.5GW of RE and 320MWh of battery storage capacity.
- Management indicated that commercial discussions are underway for the 1mtpa EAF and structural mill at Kadapa, AP, which is targeted to be commissioned by FY29.
- Ongoing brownfield expansions remain on track across existing assets. The 5mtpa Vijayanagar expansion is fully ramped up, while the BF-3 upgrade of 1.5 mtpa underway and expected to be commissioned by the end of 4QFY26. The Dolvi Phase-III expansion (from 10mtpa to 15mtpa) is progressing as planned, with completion targeted by Sep'27.
- Downstream and value-added capacity additions continue to be a strategic focus. The Board approved a 0.2mtpa tinplate capacity and 0.36mtpa GI/GL lines at Rajpura, alongside other VAP projects across Vijayanagar, Dolvi, and downstream units, cumulatively adding ~4mtpa flat and long products.

Raw material security (Iron ore/Coal mines):

- The company has 23 iron ore mines, of which 13 are operational as of 3Q, with production commenced at the Codli mine in Goa (~0.5mtpa). Together, management expects ~50mtpa of captive iron ore production by FY31, covering ~50% of total iron ore requirements and the balance requirement via a mix of domestic sourcing and selective imports for grade.
- On the coking coal side, the company has secured three coal mines/linkages in India and acquired a 30% stake in the Illawarra coking coal mine (Australia), together providing ~5mtpa of coking coal, sufficient to meet ~25% of coking coal requirements by FY31.
- Additionally, the company is in the process of acquiring the Mozambique MDR high-grade coking coal deposit, with transaction closure expected by 4QFY26, further strengthening long-term coal security.

Outlook:

- The company has formed a 50:50 JV with JFE Steel, Japan in the BPSL business at an equity value of INR315b and EV of INR530b. This transaction will result in cash inflows of INR320b and net debt reduction of INR370b, improving the leverage position and financial flexibility to accelerate future growth.
- Management reaffirmed its roadmap to achieve ~50mtpa steel capacity (ex-BPSL) in India by FY31. Also highlighted a INR1t capex pipeline for the next 4-5 years, to be funded via mix of internal accruals and proceeds from BPSL-JFE transaction.



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Results Update](#)

Midwest

Buy

Current Price INR 1,345

Granite & Natural Stone

- The company has received a 30-year quarry lease work order from the government of Andhra Pradesh for the extraction of colored quartzite blocks.
- It has been awarded a 10.9-hectare galaxy mine, which is adjacent to existing operations, and production is expected to commence in 4QFY26.

The image shows a financial report for a company named MIDWEST. It includes a table with multiple columns and rows of financial data, likely representing quarterly or annual performance. The table is partially obscured by a watermark and some text, but it appears to contain key financial indicators.

- The granite business witnessed healthy growth in 3QFY26, supported by strong domestic demand and improving China offtake.
- China (the largest export market) witnessed strong demand, driven by a reduction in legacy real estate inventory, completion of stalled construction projects, strong RMB (~6.9 vs historical ~6.2), and improving import economics.

Quartz Vertical

- During 3QFY26, the operational challenge of solar integration with the engineered stone plant has been resolved, and commercial production has commenced.
- Phase I has been completed, and the company has started its commercial production. Phase II expansion work has been initiated, and equipment ordering is expected to begin shortly, with commissioning targeted by 4QFY27.
- HPQ (High Purity Quartz) capacity advanced into Phase II, which was earlier planned for Phase 3, with initial production expected next year.
- Phase I has revenue potential of ~INR2-2.1b, with Phase 2 expected to add a similar scale, taking the quartz vertical revenue potential to ~INR4-4.2b. The HPQ addition could take the total quartz revenue potential to ~INR5.5-6b over time.

Heavy Mineral Sands & Rare Earth

- Sri Lanka concessions were temporarily paused due to the new mining policy; the cabinet approval has now been obtained, and operational clarity is expected in the near term.
- The initial commissioning timeline may see ~1-2 months of delay, and management aims to recover the lost time via EPC execution.
- A subsidiary has been formed in Sierra Leone, and the company is scouting HMS opportunities with the low upfront capital approach.
- Phase I HMS capacity is planned at ~150ktpa, with revenue potential of INR3.5-4b.

Others

- The company has repaid INR0.5b debt using the IPO proceeds, thereby reducing the borrowings to INR1.6b.
- The company's current cost of debt is 8%.
- The HMS phase I project will have an estimated capex of INR1.5-1.6b, and the company plans to fund it through internal accruals.
- Management guided that the sustainable EBITDA range shall be ~26-28%, with some quarterly blips.
- The company is finalizing the ESOP framework to attract and retain senior talent in the company.



Click below for
Results Update

NALCO

Neutral

Current Price INR 344

Capex and capacity update/timeline

- NACL's 5th stream alumina refinery of 1mtpa is on track (+80% physical progress completed) for mechanical completion by Jun'26 (delayed from Sep'25 earlier).
- Commercial production will start by Jun'26 with an expected output of 300kt in FY27E (due to steady stabilization and target ramp-up of 1mt by FY28E).

**motilal
oswal**
Financial Services

NACLCO
Strong alumina realizations and favorable alumina price outlook

Key Findings:

- Strong alumina realizations and favorable alumina price outlook.
- Capex guidance was ~INR17b for FY26 and is expected to be INR18-20b for FY27 (INR10b growth capex + INR7-8b maintenance capex).
- Management indicated that the capex intensity will rise from FY28 onward, driven by ordering for new smelting facilities around Apr-May'27.
- The company has spent ~INR50b to date on alumina refinery and the balance spending of INR5-6b is likely to be incurred in FY27.
- Brownfield aluminum smelter expansion of 0.5mtpa is progressing. The revised DPR is under preparation and is expected to be completed by Jun'26, followed by board approval, tendering by Mar'27, and ground-breaking thereafter.

Volume and demand guidance

- NACL witnessed a temporary export disruption in the Middle East during Jan'26 due to regional tensions; it expects to recover volumes in Feb-Mar'26. It has also reiterated the alumina sales target of ~1,250-1,300kt (~1.25-1.30mt aluminum sales target) for FY26, with a possible upside depending on 4Q execution.
- NACL executed four alumina shipments of ~30kt each per month in 3Q and the shipment mix comprised 3/4 spot-linked cargoes and 1/4 LME-linked cargo.
- Management indicated that the same shipment mix (broadly ~75% spot and ~25% LME-linked) is expected to continue in 4Q.
- Management plans to maximize profitability through continued volume growth, improved operational efficiencies, and better techno-economic factors, including caustic soda and CP coke consumption optimization.
- Alumina margins are expected to remain under pressure in 4Q over weak prices, while cost escalation is expected to be managed via operational efficiency.

Pricing and cost guidance

- Management expects alumina realizations to remain at USD310-320/t in 4Q (broadly in line with current levels).
- The current LME aluminum price is USD3,200/t vs. earlier expectations of USD2,900-3,000/t. The price surge is attributed to supply-side constraints, incl. smelter closures and China's capacity cap. For the near term, management expects LME aluminum prices to sustain at USD3,000/t. Looking ahead, for FY27, LME prices are likely to be in the range of USD2,800-3,000/t.
- The cost of production for 4Q is expected to be at INR150,000-160,000/t, with the current average trending at INR153,000-156,000/t. For 4Q, costs are expected to inch up QoQ, primarily due to higher caustic soda prices, which could be offset by operational efficiencies and improved specific consumption.
- Caustic soda prices surged from ~USD39/kg to ~USD45/kg, resulting in a cost impact of ~INR820m, which was offset by savings from reduced specific consumption (~INR1,290m) from ~121 kg/t last year to ~99 kg/t.
- The procurement contracts of caustic soda placed in Dec'26 were at elevated rates, which will have a negative price impact of ~INR7,000-8,000/t in 4Q.
- The company expects ~200-250 employees to retire, resulting in employee cost savings of ~INR0.7-1b. In FY27, only some provisions may be required for wage revisions, subject to Government of India committee guidelines.

Coal outlook

- NACL has achieved captive coal production rate of ~4mtpa (in line with stated target), materially reducing its dependence on e-auction and linkage coal.

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- Incremental savings from captive coal usage are expected in 4Q, although the benefit is likely to moderate QoQ as linkage coal prices have declined, which narrows the arbitrage vs. captive coal.
- The current price differential between captive coal and linkage/FSA coal stands at ~INR200-250/t, with additional GST savings not applicable on captive coal, enhancing the overall cost advantage.

Other Highlights

- NACL is pursuing three parallel pilot-scale initiatives to extract critical and rare earth minerals, with no commercial-scale production at present.
- Signed an MoU with NML, Jamshedpur; currently in process of setting up a pilot facility for rare earth and critical mineral extraction from red mud, with technology development and validation expected to take ~1.5–2 years.
- MoU signed with a Chennai-based technology partner. Currently the reactor installed at site with red mud samples under active testing and results awaited.
- Focuses on gallium extraction from Bayer liquor (not red mud) under an MoU with BARC, where a pilot plant is being set up to evaluate technical and commercial feasibility.



Click below for
Results Update

The image shows a screenshot of a financial results table for SAIL. The table includes various financial metrics such as Revenue, Profit, and Earnings Per Share (EPS) for different periods. The data is presented in a structured format with columns for the metric and rows for the respective periods.

Steel Authority of India

Buy

Current Price INR 159

Guidance and outlook:

- Management guided for FY26 crude steel volume of 20.5mt and sales volumes of ~19.5mt (14.6mt in 9MFY26; ex-NSL 18.2-18.5mt), supported by inventory liquidation and trading volume from NMDC steel.
- Finished and in-process inventory declined to 2.4mt (1.5mt + 0.9mt, respectively) from 2.7mt in FY25 end, enabling significant working capital release. For 4Q, management expects inventory reduction of ~0.6mt.
- NMDC steel (NSL) contributed a volume of 1mt in 9MFY26 and 0.37mt in 3QFY26. NSL volumes are sold at price parity with SAIL products, with low but positive margins, primarily aiding market stability in southern regions.
- For FY27 (ex-NSL), management targets ~22.5mt of hot metal and ~20.5-21mt of saleable steel (for FY28: 21.5 saleable steel ex-NSL, in absence of new capacity).
- Flat steel NSR fell from INR48,790/t in 2Q to INR46,580/t in 3QFY26, while long product NSR improved to INR49,021/t. As a result, the average NSR fell from INR48,836/t in 2Q to INR47,735/t in 3Q.
- SAIL took price hikes in Jan'26, with long products up INR2,000-2,500/t and flat products up INR3,300-3,500/t. Management indicated that the full benefit of Jan'26 price hikes will reflect in Feb'26 realizations, supporting 4Q margins.
- Further pricing upside is expected in 4QFY26, encouraged by rising coking coal costs and improving domestic demand conditions.
- Average blended coking coal cost stood at INR18,351/t in 3Q, largely stable QoQ due to inventory benefits. Coking coal consumption cost is expected to rise by INR1,500/t QoQ in 4Q, reflecting the recent rise in coal prices (USD250/t).

Capex and capacity update:

- Capex guidance for FY26 is INR75-100b, with INR54.3b already spent in 9MFY26. For FY27, management expects capex of INR150b, led by the ramp-up of ISP modernization spending.

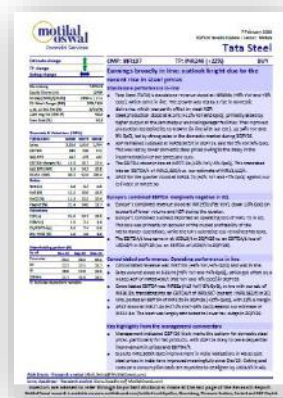
- The ISP expansion project entails a total capex of INR360b, with peak spending in FY28-29 and commissioning targeted by FY30.
- After ISP expansion, management expects EBITDA/t to exceed INR10,000, materially narrowing its cost disadvantage vs. peers.
- A 1mt TMT bar mill at Durgapur is under execution and expected to be commissioned in ~18-24 months, which should reduce semis to near zero. Additional debottlenecking at Durgapur is expected to add ~1mt of hot metal capacity post TMT commissioning.

Other highlights:

- Net debt reduced by INR50b in 9MFY26, with an additional INR20b reduction in Jan'26, strengthening the balance sheet.
- Wage revision impact will commence only from Jan'27 and there is no near-term cost pressure, which is expected to be offset by reducing the manpower.
- Recent incidents at Bokaro and Bhilai plants are fully resolved, with operations now running at 98-100% capacity, and no impact expected in 4Q.



Click below for
Detailed Concall Transcript &
Results Update



Tata Steel

Buy

Current Price INR 209

Management guidance

- Management indicated Q3FY26 likely marks the bottom for domestic steel prices, particularly for flat products, with Q4FY26 expected to see sequential improvement in prices and EBITDA/t.
- The company achieved INR86b of cost savings in 9MFY26, representing 93% execution of the internal cost-out plan.
- In 3QFY26 company delivered +INR30b of cost benefits, led by the Netherlands (INR16b), India (INR8.9b), and the UK (INR5.7b). Key India cost levers included reduced refractory consumption, optimized coal blend, higher coastal shipping usage, and improved power wheeling, structurally lowering conversion costs.
- Management guided INR2,300/t QoQ improvement in India realizations in 4Q as spot steel prices in India have improved meaningfully since Dec'25. Guided increase in coking coal consumption cost by USD15/t in 4Q.
- Management guided that the India steel volumes in 4QFY26 are expected to come ~0.5mt higher as compared to 3QFY26.
- NSR for Netherlands operation to decline by ~EUR30-33/t QoQ in 4QFY26 due to product-mix dilution. Despite lower NSR, Netherlands EBITDA is expected to expand in 4Q on account of cost takeouts and higher volumes by ~0.4mt QoQ.
- Auto contracts in India are due for renewal from Apr'26, and prices are expected to reset higher in line with spot trends.

TATA – European operations

- CBAM entered its definitive phase from Jan'26, embedding carbon costs into imports. Alongside proposed EU safeguard revisions (duty beyond quota increasing from 25% to 50% from Jun'26), management expects imports to fall materially and pricing to improve structurally.
- European steel prices have a medium-term upside potential of ~EUR100/t, driven by CBAM implementation and safeguard revisions.
- UK steel prices remained depressed at GBP500–510/t, down materially from historical levels of +GBP900/t, reflecting excess imports. Management indicated

that a GBP100/t improvement in spread is required for UK operations to turn EBITDA positive.

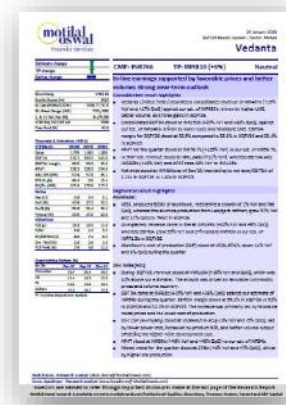
- A lawsuit is being filed in Dec'25 by an environment-linked foundation against the company and is currently in early procedural stages, with the company preparing its defense.
- Management highlighted that Europe is likely to undergo supply-side restructuring, as not all blast furnace operators will have the balance sheet strength or government support to invest in decarbonization and realignment. This is expected to improve medium-term market dynamics.
- CBAM and tariff-led price increases are fully passed through to the customers with no incremental cost burden on Tata Steel.
- Management reiterated that the project is being progressed under a Joint Letter of Intent (JLoI) with the Dutch government, which provides a framework for financial support and risk sharing, subject to final agreements.
- Tata Steel Netherlands has already absorbed EUR150m of carbon cost impact in 9MFY26, and CBAM is expected to mitigate this headwind by improving realized prices rather than directly reducing costs.

India expansion update

- Guided total capex of INR160-180b for FY26, with spending calibrated to the ongoing India expansions, maintenance capex, and selective growth projects.
- India CAPEX remains the dominant component, focused on Kalinganagar ramp-up, downstream additions, and debottlenecking.
- TATA Automotive & Special Products delivered best-ever quarterly and 9M volumes, supported by rapid OEM approvals for advanced grades from Kalinganagar.
- Cold rolling and galvanizing lines at Kalinganagar continue to ramp up strongly, with the auto downstream mix now exceeding 50% at the 9M sales level.
- Ludhiana EAF (0.75mtpa) is expected to be commissioned shortly, providing incremental volumes in FY27.
- NINL expansion is a few weeks away from environmental clearance, with FID expected shortly, and commissioning is expected around FY29.
- Meramandali expansion remains the next priority post-NINL, followed by Maharashtra greenfield, which provides strategic access to western and southern markets.
- India's growth strategy prioritizes downstream expansion (CRM, galvanizing, tubes, wires, color-coated steel) to improve mix resilience and reduce cyclicality. Color-coated steel capacity currently stands at ~600 kt, with management targeting profitability doubling over the next 1–2 years via mix improvement and debottlenecking.
- Hisarna pilot project is expected to progress toward engineering completion and FID at Jamshedpur; discussions with Nucor are ongoing.



Click below for
Detailed Concall Transcript &
Results Update



Vedanta

Neutral

Current Price INR 678

Capacity update and expansion plan

- Aluminum expansion remains on track with Lanjigarh Train-2 (1.5mtpa) commissioned, bringing alumina capacity to 5mtpa. However, the 435ktpa BALCO smelter and 125ktpa billet line are currently ramping up.
- BALCO smelter ramp-up is underway with 20 pots operational, targeted to reach ~100kt production by Mar'26, and full commissioning over the next 3-6 months, bringing the total aluminum capacity to ~2.8mtpa, with debottlenecking aimed at ~3mtpa over 18 months.
- Zinc International's Gamsberg Phase-2 (~220ktpa) is ~90% complete and scheduled for commissioning next quarter.
- The power segment expanded capacity by 1.3GW in 1HFY26, bringing the operational capacity to 4.2GW, with commissioning of the second 600MW unit at Athena expected to lift capacity further by 1HFY27.
- Coal expansions are progressing, with the Kuraloi coal mine commissioning targeted in 4QFY26 and Gogharpalli coal mine expected to commence operations in 1QFY27, supporting fuel security and cost optimization.
- VEDL reiterated its FY26 growth capex guidance of ~USD1.7b, having already spent ~USD1.3b in 9MFY26, implying a front-loaded capex profile for the year.
- Management reaffirmed that the current capex plan remains fully funded through internal accruals, without compromising deleveraging targets or the demerger timeline.
- Capex continues to be prioritized toward aluminum upstream and downstream expansions, zinc capacity additions, merchant power growth, and oil & gas field development, aligned with near-term earnings visibility and long-term scale benefits.

Guidance

- VEDL remains on track to achieve its alumina volume guidance of ~3mt for FY26.
- Management guided that 4QFY26 performance will further increase QoQ, driven by higher operational run rates across aluminum, zinc, power, steel, and oil & gas. This will position VEDL to deliver a lifetime-high EBITDA of USD6b for FY26 (surpassing the earlier guidance as on 1H).
- Aluminum CoP to remains positive, with alumina costs expected to decline by ~USD25/t in 4Q, while a net USD50-60/t QoQ reduction in hot metal costs will be partially offset by planned power plant maintenance.
- For power business, the company reiterated Athena to operate at structurally higher PLFs, supported by contracted capacity and improving demand. However, Meenakshi will continue to scale up under short to medium-term PPAs.
- Zinc International volumes and recovery trends remain aligned with full-year guidance, with Gamsberg Phase-2 expansion.
- The aluminum business reported its lowest hot metal cost at USD1,674/t, lower than the FY26 guidance range of USD1,700-1,750/t, driven by a USD110/t QoQ reduction in power costs post captive power plant maintenance.
- VEDL has hedged ~10% of FY26 aluminum volumes at ~USD2,625/t, ~9% of zinc volumes hedged at ~USD3,000/t, and ~10% of silver volumes hedged at ~USD45/oz, limiting near-term downside risk.

Other highlights

- The company received NCLT approval for its demerger scheme in Dec'25, with the certified order received in Jan'26, and the effective date targeted as Apr'26, followed by listings of the demerged entities in the same quarter.
- It implemented Ind AS 105 demerger accounting in 3QFY26, with aluminum, oil & gas, and iron & steel businesses now disclosed separately.
- Management reiterated that the demerger remains on track without any impact on capex, deleveraging, or growth plans, and confirmed that recent asset acquisitions will not delay timelines.
- The average cost of borrowing declined to below 9% in 3Q, with management guiding for further reduction through refinancing and maturity optimization.
- Post-demerger, total net debt of ~USD6.7b will be allocated largely to the aluminum and power businesses, while oil & gas and iron & steel are expected to remain largely debt-free.
- Inter-company loan repayments remain on track, with ~USD417m outstanding, incl. ~USD150m due in Jan'26 and ~USD200m due in May'26, both expected to be repaid on schedule.

OIL & GAS



- **CGDs:** GUJGA expects the Morbi volume run rate to improve in 4QFY26. MAHGL management has guided for double-digit YoY growth in 4QFY26/FY27 and stable EBITDA margins at INR8-9/scm over the medium term. GAIL has reiterated its guidance of average gas transmission volumes of 124-125mmscmd in FY26, followed by a ~10mmscmd YoY increase in FY27 to 134-135mmscmd. ONGC foresees strong production growth from KG-98 and the commissioning of the Daman Upside project and DSF project. OINL expects strong volumes, with NRL expansion on track and growth in the number of wells being drilled. GAIL expects 5-6% YoY growth in gas marketing volumes.

KEY HIGHLIGHTS FROM CONFERENCE CALL

Oil & Gas	Outlook	Quarterly snapshot
Gas Utilities	■ GAIL: The 1,250ktpa PTA plant should be commissioned in 4QFY26, and the 500ktpa PDH-PP project is scheduled for commissioning in CY26. The 60ktpa plant at Pata is at an advanced stage and may be commissioned imminently. Gas marketing volumes should grow at 5-6% YoY. FY26/FY27 gas transmission volume guidance is maintained at 124-125mmscmd/134-135mmscmd. PLNG: Dahej terminal's 5mmtpa capacity shall be mechanically completed by end-Mar'26. Kochi terminal - KMBPL is likely to be connected to NGG by the end of Jun'26. The FY26/27 capex shall be INR30b/90b.	■ GAIL's standalone 3QFY26 EBITDA came in 9% below our estimates at INR26.6b. EBIT for the gas transmission/marketing segment missed our estimates by 4%/19%. Volumes for natural gas transmission came in line with our estimate at ~125.5mmscmd. GUJS's EBITDA was 8% below our estimates, driven by transmission volumes of 27.5mmscmd, which was 4% lower than expected, and higher-than-estimated opex. PLNG's EBITDA (adjusted for the labor codes impact) was 7% above our estimate, while adjusted PAT was 10% above our estimate. Total volumes came 3% above our estimate at 233tbtu.
Upstream	■ ONGC: FY27 production guidance is maintained at 21mmt/21.5bcm of oil/gas, with capex guided at INR320-330b. The Daman Upside Development project (peak gas output of ~4-5 mmscmd) is expected to be operational by 4QFY26-end, while the DSF project is under development and targeted for commissioning by 4QFY27. OINL: Drilling intensity remains strong with 19 wells drilled in 3QFY26 (51 in 9MFY26); the company plans 75/100 wells in FY26/FY27. Production is targeted at 7.5/8.5mmtoe in FY27/28, including 3.8/4.0 mmt crude, while the Numaligarh refinery expansion is on track, with stabilization by 4QFY26 and FY27 exit throughput of ~4 mmtpa.	■ ONGC's 3QFY26 revenue came in line with our est. at INR315.5b. Crude oil/gas sales were in line with our est. at 4.7mmt/3.9bcm. Reported oil realization was USD61.6/bbl, at USD1.5/bbl discount to Brent in 3Q. EBITDAX came in line with our est. at INR173b. However, PAT came in 21% above estimates. OINL's 3Q oil/gas sales at 0.82mmt/0.66bcm came 3%/1% below our estimate. Oil/gas production was down 1%/3% YoY at 858mmt/801bcm in 3Q. Oil realization stood at USD62.84/bbl (our est. USD61.1/bbl). EBITDA was 34% below our estimate at INR13.1b, down 39% YoY, primarily due to a significant rise in contract costs.
CGDs	■ MAHGL: Four large CNG stations are planned (two in South Mumbai in FY27; one each on the Western and Eastern Express Highway). Wadala mega CNG station (60 dispensers) is expected to be commissioned in phases, with Phase-1 expected to begin from Apr/May'26. GUJGA: FY26 capex is guided at INR 6.5-7b; similar capex is expected p.a. in FY28. The Board intends to own propane infrastructure; Port discussions are ongoing for storage/unloading facilities. IGL: Long-term EBITDA margin guidance is reiterated at INR7/scm. FY26 exit volume is maintained at 10 mmscmd; 1 mmscmd p.a. volume addition has been planned for FY26-28.	■ MAHGL's/IGL's EBITDA came in 14%/4% above our estimates, while GUJGA's EBITDA came in 7% below our estimates. Total volumes for MAHGL/GUJGA were in line with our estimates at 4.6/8.4mmscmd, while IGL's volumes were slightly below our estimates at 9.42mmscmd.
OMCs	■ HPCL: The Residue Upgradation Facility (RUF) in Visakhapatnam is expected to attain 100% utilization in 1QFY27, with distillate yield to be 82% once RUF is fully operational. The HPCL Rajasthan Refinery Ltd has achieved 90%+ overall physical progress. From FY28, the entire complex, including petchem, will be operational.	■ Strong refining margins and healthy marketing margins in 3Q led to another strong quarter for OMCs. IOCL reported a beat, with EBITDA/PAT coming in 36%/45% above our estimates. In contrast, HPCL's 3QFY26 EBITDA/PAT was 17%/20% below our estimate, while those of BPCL came in line with our estimate. Two equal monthly instalments of LPG compensation totaling INR24.1b/12.7b/13.2b have been recognized by IOCL/BPCL/HPCL in 3Q.



**Click below for
Results Update**

Aegis Logistics

Neutral

Current Price INR 693

Operational performance and project update:

- Mumbai port liquid storage capacity currently stands at 334,000kl and LPG static capacity stands at 21,000mt. An additional capacity of 64,000kl is being developed, which is expected to be operational by 1QFY27 (project cost INR1.25b).
- JNPA terminal liquid storage capacity currently stands at 101,900kl. Additional liquid capacity of 318,100cbm and LPG static capacity of 77,286mt are being developed, along with an LPG bottling plant of 35,000mtpa. The capex is INR16.8b. The liquid capacity is expected to be commissioned in 1QFY27. The company is exploring the addition of a 36,000mt cryogenic LPG tank.
- Kandla port liquid storage capacity currently stands at 952,276cbm and LPG static capacity stands at 48,000mt. Utilization levels have improved.
- The Kandla-Gorakhpur pipeline connection is expected to be operational by Jun'26.
- VLC at Kandla berth became operational in 3QFY26, with the first VLC vessel received on 31st Dec'25.
- A 94,148cbm liquid terminal is being planned and is expected to be operational next year.
- The Kochi port liquid storage capacity currently stands at 82,545cbm (operating at higher utilization levels). The company plans to develop an additional 60,000cbm capacity.
- The Pipavav port liquid storage capacity currently stands at 116,620cbm and LPG static capacity stands at 70,800mt. The ammonia storage terminal at Pipavav has a planned capacity of 36,000mt (expected to be commissioned in 1QFY27). The port is working on a new VLC-compliant jetty, which is expected to be completed in CY26.
- Mangalore port LPG terminal stands at 82,000mt of the static cryogenic capacity. The liquid storage capacity currently stands at 194,382cbm. The company plans to develop an additional 60,000cbm capacity.
- The Haldia Port liquid capacity is 226,890cbm and LPG capacity is 25,000mt. 3 acres of land have been acquired to expand terminal capacity.
- The company has signed a non-binding MoU to invest in the proposed Vadhavan Port, with a potential project outlay of ~INR200b. The company awaits land allotment and formal approvals. Once these are in place, it plans to initiate the development of a new gas and liquid complex.
- The company has successfully utilized IPO proceeds to pay off outstanding debt during the financial year.

Strategic Partnerships

- Signed a 15-year take-or-pay contract with a large conglomerate for handling 0.5mmt annually of petroleum products at Pipavav.
- Aegis Gas Private Limited, a wholly owned subsidiary of Aegis Logistics, and Vopak India B.V. sold a combined 75% stake in Hindustan Aegis LPG Limited to Aegis Vopak Terminals, thereby adding 25,000 MT capacity in Aegis Vopak Terminals.

- Non-binding MoU signed with Larsen & Toubro to develop an ammonia terminal for its upcoming green ammonia project.

Capex:

- The company plans to incur a cumulative capex of USD5b by FY30, with USD1.2b capex to be incurred till FY27.
- The company plans to maintain a debt gearing ratio of 0.6x (3.5x EBITDA) to fund the same.

3QFY26 LPG volumes:

- Logistics: 1.36mmt (1.22mmt in 3QFY25)
- Distribution: 183kmt (127kmt in 3QFY25)
- Sourcing: 151kmt (140kmt in 3QFY25)



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Results Update



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Results Update

Castrol India

Buy

Current Price INR 188

Volumes:

- Volumes grew ~8% YoY in CY25.
- Castrol expects volumes growth at 1.5x to 2x industry growth rate.
- Operating EBITDA margin guidance was maintained at 21-24% (CY25: 23.6%).
- As industrial volumes grow, EBITDA margins would be diluted a bit.
- The current capacity is enough to support volume growth for at least next two years.
- CY26 capex guidance: INR1b
- BP-Stonepeak deal: The transaction is expected to be completed by CY26 end.
- EV fluids: EV margins are expected to be similar to ICE business margins.
- About 65% of revenue comes from retail segment. Advertisement and sales expenses make up ~2-3% of revenue.
- Automotive segment is the largest part of its portfolio, with growth in high-single digits YoY. Industrial segment account for 10-12% of portfolio, growing in double digits YoY.

GAIL

Buy

Current Price INR 167

- The increase in gas transmission volumes was driven by a recovery in the fertilizer, refinery, and CGD sectors.
- Moreover, GAIL took the first mover advantage by adding 2mmscmd CGD tie-ups in 9MFY26
- FY26 gas transmission volume guidance is maintained at 124-125mmscmd.
- FY27 gas transmission volume guidance is maintained at 134-135mmscmd.
- ~4mmscmd from natural growth in CGD;
- ~2mmscmd power volumes that were lost in FY26 should come back;
- ~3mmscmd volumes from refineries;
- Some volumes were lost due to disruptions in FY26.
- Brent-linked contracts are more competitive vs HH-linked contracts as of now. By CY30, the company plans to add 6-7mmtpa additional LNG.
- **Marketing margin guidance:** FY26/27: INR40b+ PBT (INR22b PBT for 1HFY26). Gas marketing volumes should grow at 5-6% YoY.

- Petchem input gas costs stood at INR11.2/mmbtu (vs USD10.5/mmbtu in 2Q; USD9.45/mmbtu in 3QFY25). A significant portion of feedstock is HH-linked. Dec'25 HH contract prices were not a challenge, but Jan'26 prices are challenging. Polymer realizations have increased INR3,500/mt over the last three months (positive).
- **Tariff revision:** Management estimates a INR12b EBITDA increase due to interim relief. GAIL has also filed a petition seeking an INR15/mmbtu upward tariff revision.
- **Next tariff revision:** While tariff revision was due in 1st Apr'28, interim relief was provided by PNGRB, considering only 2 parameters in appeal. Now GAIL has filed an appeal for an INR15/mmbtu additional tariff revision. There is no timeline for PNGRB to address the appeal. The next tariff revision is expected from 1st Apr'28, as per law.
- **Capex:** Capex of INR21.9b was incurred during the quarter, including INR8.0b on pipelines, INR4.6b on operational capex, and INR6.2b on other projects, with the balance spent on CGD, renewables, equity contributions, and related items.
- GAIL plans to set up two fertilizer plants with an estimated capex of INR 210b; projects are under evaluation with a targeted ~12% equity IRR.
- Update on ongoing petchem projects: The 1,250ktpa PTA plant should get commissioned in 4QFY26 and the 500ktpa PDH-PP project is scheduled for commissioning in CY26, while the 60ktpa plant at Pata is at an advanced stage and may be commissioned imminently.
- **FY27 guided capex:** INR90-100b; 2-3 pipelines are under construction.
- INR52b was capitalized in 3QFY26. Another INR25-30b shall be capitalized in six months.
- **LPG & LHC production:** Current gas allocation: 1.12mmscmd APM allocation and 0.2mmscmd NW gas. Hence, production would be in line with 3Q volumes.
- Details w.r.t LNG contracts: Of the existing 16.5mmtpa of LNG contracts, 6.55mmtpa is HH-linked, comprising 5.8mmtpa from the US and 0.75mmtpa from the Middle East. The balance is largely crude-linked, including 4.5mmtpa from Ras Gas, ~3.0mmtpa from a marketing company, 2mmtpa via PLL, 0.4mmtpa from another supplier, 1.0mmtpa recently contracted with Vitol, and an additional 0.53mmtpa under crude-linked arrangements.
- Retail LNG is progressing steadily, with plans to set up 29 LNG stations. Development is underway at five locations.
- GAIL has six directly authorized GAs, with a combined infrastructure of 215 CNG stations and 0.46m connections. During the quarter, two CNG stations and ~16,000 new connections were added, with physical volumes at 0.55mmscmd. Over the next two years, GAIL targets adding ~85 CNG stations and ~0.15m new connections across these GAs.
- **GAIL gas:** 3QFY26 turnover stood at INR33b (vs. INR32b in 2QFY26). PBT declined to INR1.4b (vs. INR1.5b QoQ) and PAT to INR1.1b (vs. INR1.1b), largely due to higher input gas costs and adverse exchange rates. Physical volumes were 7.8mmscmd in 3Q. During the quarter, GAIL Gas and its JVs added 71,411 new connections and nine CNG stations. Overall, including subsidiaries, GAIL Gas now has ~12.46 lakh PNG connections and 674 CNG stations.
- **Staff cost:** FY27 staff cost could be INR1b higher vs FY26 staff cost.



GUJARAT GAS

**Click below for
Results Update**

Gujarat Gas

Buy

Current Price INR 411

- Morbi volumes recovered to ~2.2mmscmd (from 1.68mmscmd) and are guided to reach ~2.6–2.7mmscmd by end-Jan'26; Feb/Mar'26 volumes likely at ~3.0–3.2mmscmd.
- Morbi demand volatility driven by spot LNG (-19% YoY) and Propane prices (-25% YoY), prompting temporary customer switching to Propane.
- Non-Morbi volumes increased 1% QoQ and 7% YoY to 2.25mmscmd in 3QFY26.
- Morbi pricing: I&C-PNG prices cut by INR4.5/scm from Jan'26 to support ceramic demand.
- Fuel economics: NG is ~INR2.4/scm costlier than Propane; Propane prices expected to rise from Feb'26, narrowing the gap.
- CNG volumes at 3.46mmscmd (Gujarat: 2.95; non-Gujarat: 0.51), delivering double-digit growth.
- CNG vehicle base in GUJGA GAs stood at ~1.7mn as of 31 Dec'25 (up 14% YoY); CNG remains ~45%/23% cheaper than petrol/diesel.
- Gas sourcing (3QFY26): 24% APM (down QoQ), 4% NG gas, 39% long-term LNG, 33% short-term (IGX + spot).
- APM allocation: 49% to priority segment; NW gas allocation declined to 0.31mmscmd (vs 0.44mmscmd in 2QFY26).
- Long-term sourcing target: GUJGA aims to raise LT share to ~70% by FY27-end (39% currently); GSCP-signed contracts to start flowing from 4QFY26.
- Zonal tariff impact: Neutral at current volumes and up to an incremental 2–3mmscmd CNG volumes. However, every 1mmscmd rise in I&C-PNG could reduce margins by ~INR1/scm.
- EBITDA margins (including other income) guided at INR5.5–6.5/scm for FY26-28.
- Capex: INR4.1bn in 9MFY26; FY26 guidance at INR6.5-7b, with similar spend expected in FY27-28.
- Propane infrastructure: Board plans to own Propane infra; discussions underway with port authorities for storage and unloading facilities.
- Interim Propane arrangements: Engagements are ongoing with existing infrastructure providers on a short-term basis.
- CNG stations: 833 operational; target to exceed 1,000 stations over the next 2-3 years.
- F-DODO: ~78 agreements signed; stations operational in Jamnagar (Q2FY26) and Morbi (21 Jan'26).
- Corporate actions: MCA final hearing for scheme of arrangement scheduled in Feb'26; completion expected by Apr-May'26, including GTL listing.
- Volume outlook: CNG and PNG volumes guided to grow at 10–12%.



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Results Update**

Hindustan Petroleum

Buy

Current Price INR 457

GRMs:

- Refining inventory loss stood at INR5.4b in 3Q (USD1.3/bbl). Core GRM stood at USD10.2/bbl.
- GRM, ex-B80 crude impact, would have been USD10.24/bbl (~INR5.5b impact). Mumbai refinery GRM was impacted by USD3.5/bbl.

HPCL

Key Metrics:

Particulars	Q3 FY26	Q3 FY25	Q3 FY24
Revenue	1,23,45,678	1,20,00,000	1,15,00,000
EBITDA	12,34,567	11,00,000	10,00,000
EBIT	10,00,000	9,00,000	8,00,000
Net Profit	8,00,000	7,00,000	6,00,000

HPCL

Key Metrics:

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Net Profit	8,00,000	7,00,000	6,00,000

Update on ongoing projects:

- HRRL has achieved 90%+ overall physical progress.
- From FY28, the entire complex, including petchem, will be operational.
- Planned capex has been increased to INR794.6b from INR729.4b.

RUF in Visakhapatnam

- 100% utilization from 1QFY27
- Distillate yield would be 82% once RUF is fully operational.

Project Samriddhi:

- Operational efficiencies have started to kick in after the start of the project.
- Under this project, accruals during 9MFY26 amounted to INR12.7b (INR5.2b is recurring), translating into ~USD0.54/bbl.
- The company has exceeded the target of INR10b set for FY26.

LNG import contract with ADNOC

- Effective 2028, HPCL will import 0.5mmt of LNG per annum for 10 years. The contract is linked to Brent at very competitive rates.

LPG loss per cylinder:

- INR35-40/cyl in 3QFY26; Current LPG UR: INR95/cyl in Jan'26 and INR120-130/cyl in Feb/Mar'26.

HMEL:

- 9MFY26 EBITDA/PAT stood at INR40b/(INR0.2b).
- Due to the 40-day turnaround in 3Q, PAT loss stood at INR940m in 3QFY26.

Venezuela crude:

- RUF and HRRL give HPCL the opportunity to process Venezuela crude.
- **Capex:** HPCL incurred capex of INR49.8b in 3QFY26 (INR110.9b in 9MFY26). FY26 guided capex is at INR130b-140b.

Lubricants:

- The company is introducing value-added projects and entering allied products.



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IGL

Key Metrics:

Particulars	Q3 FY26	Q3 FY25	Q3 FY24
Revenue	1,23,45,678	1,20,00,000	1,15,00,000
EBITDA	12,34,567	11,00,000	10,00,000
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IGL

Key Metrics:

Particulars	Q3 FY26	Q3 FY25	Q3 FY24
Revenue	1,23,45,678	1,20,00,000	1,15,00,000
EBITDA	12,34,567	11,00,000	10,00,000
EBIT	10,00,000	9,00,000	8,00,000
Net Profit	8,00,000	7,00,000	6,00,000

Indraprastha Gas

Buy

Current Price INR 169

- IGL added 45 CNG stations in 9MFY26 (total stations ex-DTC: 920+).
- 80-100 CNG station additions planned p.a. in FY27/28, entailing 45% of guided annual capex (every station is expected to sell 6,000kg per day CNG).

Regulatory developments:

- Replacement of 15% VAT with 2% CST on domestic gas sourced from Gujarat will result in lower gas cost for IGL by ~INR0.25/scm.
- Two-zone tariff reform will also benefit IGL in terms of lower gas cost by ~INR0.75/scm (after partial passthrough to customers).
- Owing to these factors, management has maintained its EBITDA/scm margin guidance of ~INR7/scm.
- 3Q volume performance: IGL's total volumes grew 3% YoY, with CNG/PNG volume up 3%/5% YoY.
- Adjusted CNG volume growth reached ~10% YoY, excluding institutional volumes from DTC and DIMTS fleet migrating to electric mobility. DTC fleet is expected to have minimum impact on volumes going forward.

- Volume offtake from DTC buses: Average DTC sales stood at 6,000kg per day in 3QFY26 (vs 44,000kg per day in 2QFY26, 1,55,000kg per day in 3QFY25).
- 3QFY25 total sale: 47.55 lakh kg, 44.14 lakh kg ex-DTC; 3QFY26 total sale: 50.01 lakh kg, 48.63 lakh kg ex-DTC
- Less than 100 buses are left. By Mar'26, DTC buses should be zero.
- DIMTS sale is ~1.32lakh kg per day (vs. 1.47 lakh kg per day in 2QFY26, 1.85lakh kg per day in 3QFY25). This is expected to be similar for the next 2-3 years.
- CNG vehicle registration average is up from 21k to 26k per month, primarily due to a reduction in GST on vehicles.

Gas sourcing split (total volumes: 9.75mmscmd):

- APM: 3.38mmscmd
- New Well Gas: 0.57mmscmd
- HP-HT: 0.5mmscmd
- Spot-LNG was nil.
- R-LNG: 5.3mmscmd
- HH linked: Brent linked is ~60%:40%.
- IGL plans to keep 50%:50% HH/Brent-linked RLNG exposure in long term.
- IGL plans to source 0.5mmscmd additional gas every year.
- Volume guidance is maintained at FY26'exit volume of 10mmscmd. The company plans to add 1mmscmd per annum over FY26-28.
- Delhi volumes ex-DTC are expected to grow at 8-10%, and other GA volumes should grow in high teens.
- Total 9MFY26 volumes split among GAs (total volumes: 9.43mmscmd)
- Delhi: 5.43mmscmd growing at 0.5%-1% YoY
- Noida, Gaziabad: 2.43mmscmd growing at 6-7% YoY
- Newer GAs: 1.26mmscmd growing at 17% YoY.



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Mahanagar Gas

Buy

Current Price INR 1,131

Operational performance:

- 6 CNG stations have been added in 3QFY26, taking the total to 491 CNG stations.
- 32,315 CNG vehicles have been added, taking the total to 1.25m vehicles.
- The split of new vehicles added is approximately:
 - 6600 taxis
 - 14000 private cars
 - 9000 3-wheelers
 - 2200 small commercial vehicles
- 337 I&C customers added, taking the total to 5,618 customers
- 124,908 domestic households connected, taking the total to ~3.01m households

Volumes details:

- Total volumes in 3QFY26 at 4.62mmscmd (vs 5.593mmscmd in 3QFY25)
- CNG – 3.281mmscmd in 3QFY26 (vs 3.098mmscmd in 3QFY25)
- DPNG – 0.604mmscmd in 3QFY26 (vs 0.554 mmscmd in 3QFY25)
- I&C PNG – 0.735mmscmd in 3QFY26 (vs 0.659mmscmd in 3QFY25)
- 9MFY26 average volumes were 4.556mmscmd (vs 4.181 mmcmd in 9MFY25)
- UEPL 0.283mmscmd in 3QFY26 (vs 0.194mmscmd in 3QFY25)

- MAHGL is expected to reach double-digit volume growth in 4Q. In FY27, total volumes should increase in double digits.

CNG volumes impacted by outages:

- CNG volumes would have clocked 1% higher growth in the absence of outages.
- CNG volume growth in Mumbai was down to ~2% YoY:
- The decline was largely due to dipping volumes from BEST buses.
- Buses are down from 3,000 to a few hundred now. So, ~0.1m+ kgs/day volumes are lost.
- Land unavailability is another significant issue.

New CNG Stations:

- Wadala mega CNG station could support CNG volumes in Mumbai. It will have 60 dispensers and start in phases, with the first phase to begin in April/May'26.
- Two large CNG stations in South Mumbai are expected to be developed in FY27, with two additional large stations planned—one each on the Western and Eastern express highways.
- The company is targeting large fleet owners and transporters:
- MAHGL is in talks with a transporter in JNPT to convert a fleet of 300 trucks. It provides fuel cards and other schemes to assist conversion.

GA wise break-up:

- GA 1: 2mmscmd
- GA2: 2mmscmd
- GA3 + UEPL: 0.6mmscmd to 0.65mmscmd

Margin guidance:

- FY26: INR8-9/scm, down vs INR9.5/scm in 9mFY26 due to high volatility in HH prices.
- 4QFY26 margin guidance: Margins could be marginally lower QoQ.

Price changes:

- INR0.5/kg CNG price hike taken on 1st Feb'26.

Henry hub pricing:

- Price rose only USD0.14/mmbtu; However, lower Brent rate by USD0.2/mmbtu supported margins.
- In 3Q, HH was taken as low as possible, replacing it with Spot LNG and HPHT.
- MAHGL has ~1.6mmscmd of HH-linked contracts.
- It has 4-5 contracts priced at a lag of 1-2 months.
- The company optimizes contract utilization to reduce margin impact. 60% take-or-pay threshold is to be maintained over the calendar year

Gas sourcing split: 3QFY26:

- APM: 39%, NWG: 6% -Total APM+NWG 2.1mmscmd
- HH-linked offtake: 1.3mmscmd (down 4% QoQ)
- HPHT (contracted is 0.6mmscmd. Additional is sourced from IGX).
- Spot and Brent linked sourcing is largely similar QoQ and is compensating for HH-linked.
- The company plans to increase Brent-linked sourcing while reducing HH dependence.
- From Jan'26, MAHGL has a new Brent-linked contract of ~12500mmbtu. From Apr'26, it will have bilateral contracts on a take-or-pay basis of ~10,000mmbtu.

Zonal tariff:

- Earlier, 70% of volumes were attributed to Zone 1 and 30% to Zone 2.
- Management expects to maintain 90% volume under the Zone 1 unified tariff structure to minimize the transportation cost impact going forward, and 10% in Zone 2.

Capex:

- Capex of INR7.6b has been incurred in 9MFY26.
- Capex Guidance: INR11-12b in FY26 and INR12b in FY27.
- INR3.8b of capex has been approved for battery in phases. However, actual could be lower.

CBG blending:

- Currently, CBG blending is of a very small proportion.
- Excise duty impact will be over a period of time.
- APM + CBG blended price: USD6.95/mmbtu vs USD6.75mmbtu non-blended.



Click below for
Results Update

The screenshot shows a financial results table for Oil India Limited. It includes columns for various financial metrics and their values. The table is partially obscured by a watermark, but the structure is visible.

Oil India

Neutral

Current Price INR 453

Production volumes:

- Combined oil and gas production for 3Q was 1.659mmt (4.991 for 9MFY26).
- Crude oil production for 3Q was 0.358mmt, and natural gas production was 0.801bcm.
- The Rajasthan field is producing 1000bbl/day.
- Management targets production of 7.5/8.5mmtoe in FY27/28.
- Crude oil production target: 3.8/4mmt in FY27/28.

Projects:

- The Numaligarh-Siliguri product pipeline expansion from 1.72mmtpa to 5.5mmtpa has achieved mechanical completion and is in the process of commissioning.
- The Duliajan pipeline expansion from 1mmtpa to 2.5mmtpa has achieved mechanical completion, with commissioning expected by Apr'26.
- The common carrier licensing process with PNGRB is expected to be completed by Apr'26 to initiate the hookup of the DNPL and IGGL lines.
- The Numaligarh refinery expansion from 3mmtpa to 9mmtpa is progressing, with commissioning of the mother units having commenced in Dec'25. Stabilization is expected by 4QFY26, with FY27 exit throughput targeted at 4mmtpa.
- The Paradip-Numaligarh crude oil pipeline has achieved 90% physical progress, and commissioning is expected by 1QFY27. The pipeline is ~1,635km in length, with ~1,600km already operational.
- The company is currently drilling the third well in Andaman-Nicobar and completing seismic surveys in Mahanadi and KG basins.

Wells:

- 19 new wells have been drilled in 3QFY26. 51 wells have been drilled in 9MFY26.
- 38 wells have been drilled in Andhra Pradesh and Assam, and 10 in Rajasthan.
- The company aims to drill over 75 wells by FY26 end. The target for FY27 is 100 wells.

NRL:

- Majority of the crude is sourced from eastern Assam, and some is sourced from Haldia.

- High diesel margins and 100%+ capacity utilization led to high GRM at NRL.
- Current debt – 160b (250b-260b expected once all projects are completed).
- Capex of ~INR60b has been incurred, with ~INR80b being the year-end target.
- The Polypropylene unit will require a capex of INR72b.

Capacity utilization:

- Refinery segment is expected to achieve 50% capacity utilization by FY27'end, which shall gradually ramp up to 100% by 2QFY28'end.
- The petchem unit will start by FY28-end and achieve full capacity by 2QFY29.

Russian assets:

- Taas-Yuryakh: 100%+ dividend has been received.
- Vankorneft: 90%+ dividend has been received.

Others:

- Capex of INR88b is expected for FY26, this will reach ~INR92b in FY27/28.
- Seismic costs were INR5.8b in 3Q (vs INR3.2b in 2QFY26).
- Natural gas price was 6.65/mmbtu in 3Q.
- Refinery capacity utilization was 100.31%, and the distilled yield was 86.8%.
- OINL has an acreage of 1 lakh sq.km., of which 50,000 sq.km. pertains to shallow water, deep water, and ultra-deep water acreages.
- AP Refinery, steered by BPCL, will be a high-end refinery petrochemical complex with a refining capacity of 12mmt.



Click below for
Results Update

The screenshot shows a detailed financial results table for ONGC. It includes various metrics such as Revenue, Earnings Before Interest and Taxes (EBIT), Earnings After Interest and Taxes (EAT), and Dividend per Share. The table is organized into columns for different financial periods and rows for various financial indicators. The data is presented in a structured format, allowing for easy comparison of performance over time.

ONGC

Neutral

Current Price INR 265

Production growth:

- 3QFY26 crude oil production was 4.592mmt (13.907mmt 9MFY26). FY27 SA production guidance: 21mmt/21.5bcm for oil/gas (maintained).
- ONGC is witnessing higher production from the MH field with technical support from BP. The number of wells to be drilled has been identified. Production uptick has started, and further improvement is expected in the coming quarters.
- Daman Upside Development project (~4-5mmscmd peak gas output) is expected to be operational by 4QFY26'end, while DSF is under development and targeted for commissioning by 4QFY27.

KG-98/2:

- The KG 98/2 project is advancing well with all 26 wells drilled, subsea infrastructure nearing completion, and the processing platform with living quarters and utility platform fully installed.
- The gas flow shall start from 1QFY27.
- The gas production shall reach upto 5-6mmscmd by FY27'end (peak output will be 7-8mmscmd).
- Oil production is around 25,000-30,000 barrels (peak production – 35,000-40,000 barrels).

NW gas

- In 9MFY26, revenue from NW gas crossed INR50b (additional INR9.4b revenue over APM gas price).
- The NWG contribution in total gas revenue was 21% in 1HFY26 and 18% in 9MFY26.

- NWG contribution is expected to increase from 18% to 23-24% of total gas revenue.

Capex:

- Capex incurred during 9MFY6 is INR244b.
- FY27 standalone capex guidance: INR320-330b.
- 20 major development, redevelopment, and infrastructure revamp projects are under execution with a total combined capex of about INR770b. These projects are designed to augment production and improve operational efficiency for sustained growth. 4 key infrastructure and revamp projects will be completed in the near term.

OPAL:

- It is operating at more than 90% capacity utilization, with the average 9MFY26 capacity utilization of 92%.
- 9MFY26 revenue was INR98b with EBITDA of INR3.5b.
- Net debt stands at INR230-240b.
- Profitability should improve as petchem prices have risen.
- Renewables:
- Ayana Renewables continues to be on track to produce electricity from solar and wind projects.
- The 2030 RE target is maintained at 10GW.
- A 300MW solar greenfield project will be set up.
- The company may make acquisitions in case of opportunities.

OVL:

- Mozambique is on track for production from FY28 following the lifting of force majeure.
- ONGC's share of equity in Sakhalin is secured.
- The dividend from Vankor has been used internally.
- Venezuela: The US Government is lifting sanctions progressively. The Company is hopeful that it will receive its share of the dividend of USD550m in FY27.

Other KTAs:

- The Company targets INR10b in cost reduction through initiatives including inventory rationalization, fuel efficiency, and renewable energy integration.
- LNG consumption grew significantly to 11.331mmbtu in 3QFY26 (vs 7.68mmbtu in 3QFY25) at Dahej.
- The Company is evaluating a petrochemical complex in Prayagraj. It is in talks with BPCL, which has the land available at Prayagraj and the UP Government. Feasibility studies are being performed with no decision yet.



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Results Update



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Results Update

Petronet LNG

Buy

Current Price INR 304

- Service income during the quarter stood at INR8.65b.
- CY22 UoP charges are expected to be paid by Mar'26.
- W.r.t the upcoming 5mmtpa capacity at Dahej, mechanical completion is expected to be completed by Mar'26.
- Capex guidance: FY26/27 capex shall be INR30b/INR90b. Total INR100b capex shall be spent on the petchem project by Mar'27. INR23b has been incurred till date, and ~INR75b shall be incurred in FY27.
- Inventory gain: INR270m
- Kochi terminal achieved the highest ever utilization during the quarter. BPCL's Kochi refinery, MRPL, and OMPL have started importing cargoes at the Kochi terminal, leading to an improvement in utilization. This trend is expected to continue.
- KMBPL to be connected to NGG by the end of Jun'26. Lower LNG prices and pipeline connectivity shall increase terminal utilization in FY27.
- Dividend: PLNG expects to maintain similar dividend payouts in the coming years.
- Gopalpur terminal:
- Land has been acquired, and revised EC (Environmental Clearance) has been resubmitted. The company is expecting the clearance soon (no timeline shared).
- Major capex on this project will start in FY28 (total capex: INR60b).

Reliance Industries

Buy

Current Price INR 1,441

RJio: Key takeaways from the management commentary
5G adoption continues to accelerate

- RJio's 5G user base expanded to 253m in 3QFY26 (vs. ~234m in 2QFY26), with RJio accounting for ~65% share of India's 5G subscribers.
- 5G traffic now contributes ~53% of total wireless data traffic on the Jio network.
- According to the management, superior 5G network experience has driven RJio's incremental industry VLR net adds to 99%, over the last 12 months ending Nov'25.
- Per capita data consumption rose to 40.7GB/month (vs. 38.7GB in Q2 FY26), driven by rising 5G and fixed broadband usage.
- Blended ARPU improved to INR 213.7 (vs. INR 211.4 QoQ), supported by subscriber mix improvements. Management remains pleased with rising customer traction-led organic growth in ARPU (+5% YoY).
- The company is working internally in preparation for the JPL IPO and is awaiting final approval of the minimum IPO float from the Ministry of Finance.

HBB — momentum remains strong

- RJio surpassed 25m HBB connections in 3QFY26, with ~2.5m net additions, led by the adoption of multiple technologies across fiber, 5G FWA, and FWA-UBR.
- Jio AirFiber reached 11.5m connections in 3QFY26 and now accounts for more than 75% of HBB additions for RJio.
- RJio's HBB market share improved by ~800 bp YoY to ~41% in Nov'25, with ~70% share of incremental industry HBB net additions.

- Multiple access technologies (Fiber, FWA-5G, FWA-UBR) support scalable and cost-effective home connectivity rollout.
- Management noted that 5G FWA is being deployed selectively, and most of the recent net adds were on FWA-UBR, which does not face any capacity constraints.
- The incremental capex in FWA has reduced over time as the same CPE can be used to connect multiple homes in UBR.

One Jio approach driving growth in the enterprise segment

- RJio continues to deepen its managed services-led enterprise strategy, offering integrated connectivity, Wi-Fi, security, and cloud solutions.
- Pan-India fiber footprint and last-mile reach positions RJio as a preferred partner for hyperscalers and AI infrastructure deployment.
- Wallet share in targeted enterprise verticals has scaled to 60%+, supported by bundled connectivity, broadband, and managed services.
- Low-latency, high-capacity connectivity demand is accelerating with AI-led data center expansion across India.

Digital platforms and ecosystem scaling well

- Jio continues to strengthen its ecosystem through product partnerships such as Google Gemini Pro, offering an 18-month free Gemini Pro subscription to unlimited 5G users.
- The Google Gemini Pro offering does not entail any cost to RJio. Management noted that RJio instead gets certain revenue for distribution.
- Digital twin mapping of network towers and buildings in scope is being deployed across network planning and operations to accelerate JioAirFiber rollouts.

RRVL: Key takeaways from the management commentary

- **Growth:** Management noted that, adjusted for the festive shift and RCPL demerger, the revenue growth would have been in double digits. Aggregate 2HCY25 (to negate the impact of festive shift) revenue growth was robust at ~13-14% YoY. Further, management noted that volatility in the retail growth rate will likely be short-term, and underlying business performance has been steady.
- **Store additions:** The bulk of the store consolidation exercise is more or less done, and the incremental closures would now be due to typical reasons for store closures in Retail. Retail store/area addition has commenced QoQ, albeit at a slower pace currently.
- **Margins:** Accelerated expansion in QC offerings, implementation of labor code, shift in festive (lower salience of high margin fashion & lifestyle), and RCPL demerger (+ve EBITDA for RCPL) led to moderation in EBITDA margins.
- **Grocery:** Delivered steady growth during the festive quarter, anchored by big-box formats and resilient everyday consumption. Growth was broad-based across dairy, frozen & bakery (+23%), staples (+19%), and packaged foods (+15%). Festive gifting drove incremental volumes, while Metro Wholesale benefited from higher footfalls, improved wallet share, and successful campaigns.
- **JioMart/Hyperlocal Commerce:** Continued rapid scale-up with exit daily orders exceeding 1.6m and average daily orders rising +53% QoQ (+360% YoY). The platform is supported by 3,000+ stores and 800 dark stores, reducing average

delivery distance. 5.9mn new customers were added in 3Q, while higher repeat rates and transaction frequency (~2X of peers). Management indicated that JioMart QC offering is a contribution margin positive and is accretive to RRVL's overall offerings.

- **Fashion & Lifestyle:** Grew in the single digit due to the impact of the shift in the festival season to 2Q (vs. 3Q YoY). Growth was supported by seasonal assortments, expansion in ethnic, lingerie category extensions (thermal wear, winter outerwear), and celebrity-led festive campaigns.
- **AJIO & Digital Fashion:** AJIO delivered festive-led growth with ABV rising 21% YoY, supported by expanded catalogue (up 27% YoY to 2.8m+ options). AJIO Rush scaled to 420 pin codes across 10 cities, offering next-day delivery in top 26 cities, while SHEIN continued to scale bookings with ~6.5m app installs and a doubled catalogue to 50,000+ options. AJio Luxe brand portfolio grew 41% YoY.
- **Jewelry:** Strong festive and wedding demand drove a standout quarter. ABV rose 73% YoY, largely aided by higher gold prices, while old gold exchange contribution increased to 29% (vs. ~21% last year). The business recorded its best-ever Dhanteras, with 21% LFL during the period.
- **Consumer Electronics:** Strong festive demand, year-end campaigns, and GST-led price resets in TVs and ACs drove growth. Laptops (+46%), Mobiles (+38%), TVs (+25%), and Appliances (+19%) witnessed robust traction. Digital stores and flagship campaigns delivered the highest-ever single-day sales on Dhanteras. The resQ service network expanded to 1,611 locations (+9% YoY), strengthening service-led retention and repeat purchases.
- **Consumer Products (RCPL):** 3QFY26 gross revenue stood at INR50.7bn (+60% YoY), with YTDFY26 sales at ~INR150bn (~1.8x YoY). Growth was led by beverages and daily essentials, with Campa maintaining double-digit market.

REAL ESTATE



- Real estate companies witnessed a ~16% YoY decline in bookings during 3QFY26, largely due to the absence of meaningful project launches. Average price realizations also declined by ~16% YoY during the quarter. Despite the near-term softness, management remains optimistic about demand sustainability over the medium to long term. With regulatory approval processes gradually improving, the launch pipeline for 4QFY26 is expected to be stronger. Additionally, companies are actively pursuing land acquisitions to strengthen their future development portfolio and support long-term growth.

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Quarterly Snapshot	Near-term outlook/launch pipeline
DLF	In 3QFY26, DLF reported bookings of INR4b due to a temporary sales halt at Dahlias, with 9MFY26 bookings at INR161.8b. Collections rose to INR48b, strengthening operating cash flow, enabling zero gross debt, and raising net cash to INR116.6b; the medium-term launch pipeline stands at INR602b post the Westpark launch. Revenue grew 32% YoY to INR20.2b, with EBITDA at INR3.9b (19.3% margin), while PAT came in at INR12.0b, supported by one-time income items; 9MFY26 PAT stood at INR31.5b.	DLF's residential outlook remains supported by a robust launch pipeline across NCR, Mumbai, Goa, and Panchkula, with Arbour 2 slated for 4QFY26 and multiple projects, including the next phase of The Dahlias and Mumbai Phase 2, lined up for FY27, underpinning medium-term growth visibility. On the commercial side, high pre-leasing across Downtown Gurugram, Chennai, and Atrium Place, along with upcoming mall completions, is expected to drive rental income growth into FY27 while sustaining strong cash flows and balance sheet strength.
Godrej Prop.	In 3QFY26, Godrej Properties reported presales of INR84b on volumes of 6.4msf, taking 9MFY26 presales to INR240b (20msf), with realizations at INR13,096/sqft; the company launched projects worth INR110b during the quarter (INR296b in 9M), sold 3,973 units, and saw strong contribution from MMR led by Godrej Trilogy, Worli. Collections rose to INR42.8b, though continued land investments increased net debt to INR69b; revenue stood at INR5.0b with an EBITDA loss of INR1.8b, while reported PAT came in at INR1.9b (INR12.0b in 9MFY26).	The company remains confident of meeting/exceeding its FY26 presales guidance, supported by strong 9M momentum and a robust ~INR1,350b business development pipeline that provides multi-year launch visibility across key markets. With a healthy mix of new launches, geographic diversification, upcoming commercial entry at Panvel, and a strong OC pipeline in 4QFY26/1QFY27, management expects sustained presales growth, improving revenue recognition, and continued market share gains into FY27.
	In 3QFY26, Lodha Developers reported presales of INR56.2b, taking 9MFY26 presales to INR146.4b, and launched 1.9msf with a GDV of INR96b. Collections stood at INR35.6b (INR99.3b in 9M); the company entered NCR via two JDA projects in Gurugram (GDV INR36b) and added five projects across MMR, NCR, and Bengaluru, taking 9M additions to INR588b, while net debt rose to INR61.7b within its leverage ceiling. Revenue came in at INR46.7b with EBITDA of INR14.2b (30.3% margin), and reported PAT was INR9.6b; for 9MFY26, revenue and PAT stood at INR119.6b and INR24.2b, respectively.	LODHA remains confident of sustaining strong presales momentum, supported by a healthy 4QFY26 launch pipeline across MMR and Pune, steady non-launch sales run-rate, and targeted price growth of 5-6% in FY26. Expansion in Bangalore and NCR, township-led growth at Palava, scaling of digital infrastructure/data center platforms, and a rising annuity portfolio with clear rental visibility position the company for diversified, multi-year growth while strengthening balance sheet metrics.
Oberoi Realty	In 3QFY26, OBER reported presales of INR8.4b (0.19msf; 130 units), taking 9MFY26 bookings to INR37.7b. Collections stood at INR9.7b. The Board declared an interim dividend of INR2/share, received the OC for Eternia, Mulund, and signed a redevelopment pact at Nepean Sea Road, Mumbai. Revenue was INR14.9b, with EBITDA of INR8.6b (57.4% margin), while PAT came in at INR6.2b after a one-time labor code-related expense; 9MFY26 PAT stood at INR18.0b.	OBER's near-term growth is expected to be driven by a pick-up in launches from 4QFY26 onwards, including Goregaon, Borivali, and the Gurugram project, followed by multiple marquee Mumbai projects in FY27, providing strong medium-term visibility. Alongside this, improving occupancy across Commerz and Sky City Mall and steady Thane sales are likely to support annuity growth and stable cash flows.
Mahindra Lifespace	In 3QFY26, Mahindra Lifespace Developers reported bookings of INR5.7b (0.6msf), taking 9MFY26 presales to INR17.7b (2.4msf), with realizations at ~INR9,533psf. Collections stood at INR3.9b, while the company added projects worth INR53.1b GDV during the quarter (INR105.1b in 9M); IC&IC revenue rose to INR1.3b with 17.9 acres leased. Revenue came in at INR4.6b, aided by three completions,	MLDL's growth outlook remains robust, supported by a strong launch pipeline across Mumbai, Pune, and Bengaluru, led by the marquee Bhandup project in 4QFY26 and several high-GDV launches planned through FY27, offering solid presales visibility. Backed by an expanded ~INR515b development pipeline (10% higher than current levels), a net cash balance sheet, and improving collections post-OC receipts, the company is well

	leading to an operating profit of INR298m and PAT of INR1.1b; for 9MFY26, PAT stood at INR2.1b.	placed to sustain momentum despite approval-related timing delays in select luxury projects.
BRGD	In 3QFY26, BRGD reported presales of INR17.5b (1.3msf), taking 9MFY26 presales to INR49b, with collections at INR17.6b. The company launched one project in Hyderabad and acquired two Chennai projects with a GDV of INR26b, while outlining a pipeline across key South Indian cities. Net debt stood at INR18.9b (0.23x D/E) with cost of debt at 7.61%. Leasing revenue rose 19% YoY to INR3.3b (56% margin, 93% occupancy), and hospitality revenue grew 12% YoY to INR1.7b; nine hotels are planned, including six tied up with Marriott International.	BRGD's outlook remains constructive, supported by strong demand across Bengaluru, Hyderabad, and Chennai, and a sizeable ~12msf near-term residential launch pipeline, including ~4.5msf slated for 4QFY26, which provides healthy presales visibility. Continued land additions, high commercial occupancy, planned office launches, and steady growth in hospitality position the company for diversified growth with portfolio-level IRRs targeted at ~18% over the medium term.
SOBHA	In 3QFY26, SOBHA reported bookings of INR21.2b (1.4msf), taking 9MFY26 bookings to INR61b, with realizations at INR15,436psf; Bengaluru remained the key contributor. The company launched three projects, maintained a ~25msf pipeline, and saw collections rising 37% YoY to INR18.2b, ending the quarter with net cash of INR7.9b (0.17x equity). Revenue stood at INR9.4b, with EBITDA of INR388m, while 9MFY26 PAT came in at INR1.0b.	SOBHA's outlook remains strong, backed by healthy traction in recent launches across NCR, Bengaluru, and Mumbai, and a robust 17msf near-term residential pipeline (with ~45% in NCR) scheduled over the next 6–8 quarters, alongside Hoskote Phase 1 in 1QFY27. With a targeted 35% presales growth in FY26, improving EBITDA margins as completions scale up, and a sizeable identified pipeline beyond current launches, the company is well positioned for sustained growth into FY27 and beyond.
Kolte Patil	In 3QFY26, Kolte-Patil Developers reported presales of INR6.1b (0.7msf), taking 9MFY26 presales to INR18.9b (2.4msf), with Life Republic contributing 0.38msf. Realizations improved to INR8,768/sqft. Collections rose to INR7.1b, and the company added a new Pune project in Bhugaon with ~1.1msf saleable area and GDV of ~INR8.5b, taking 9M additions to ~INR22.5b GDV. Revenue stood at INR2.7b, with EBITDA of INR81m and PAT of INR45m, while 9MFY26 reported a net loss.	The company's outlook is supported by a sizeable ~37.2msf pipeline across Pune, Mumbai, and Bengaluru, with ~INR298b of the remaining GDV potential providing multi-year launch and monetization visibility, led by the anchor Life Republic project. Recent launches, skewed toward 3Q-end, coupled with fresh BD additions in Bhugaon and a sharper focus on approvals, execution, and capital-efficient JVs/JDAs, position the company to accelerate presales, improve liquidity, and drive steady growth going forward.
Prestige Estates	In 3QFY26, Prestige Estates Projects reported presales of INR41.8b (3msf), taking 9MFY26 presales to INR223b, with realizations at INR13,992psf. The company launched 5.02msf during the quarter (23.8msf in 9M), while collections rose to INR45.5b and net debt increased to INR87.7b (0.53x D/E); 16 projects were added in 9M with GDV of ~INR399b. Revenue stood at INR38.7b, with EBITDA of INR8.6b (22.2% margin) and PAT of INR2.2b; 9MFY26 PAT came in at INR9.5b.	The company has raised its FY26 presales guidance to INR300b, supported by strong 9M momentum and a substantial upcoming pipeline of ~INR255b, with additional projects ready for launch if required, ensuring healthy growth visibility. Continued business development additions (~INR399b GDV in 9M), a deep unrecognized revenue base of INR619b, expanding commercial and data center forays, and sustained 28–30% residential margins position the company for multi-year growth despite a calibrated rise in leverage.
Phoenix Mills	In 3QFY26, Phoenix Mills reported revenue of INR11.2b and EBITDA of INR6.6b (58.5% margin), taking 9MFY26 EBITDA to INR18.9b with adjusted PAT at INR8.2b. Retail consumption grew 20% YoY to INR48b in 3Q and 17% YoY to INR121b in 9M, led by Phoenix Mall of the Millennium (Pune) and Phoenix Mall of Asia (Bengaluru), while rental income stood at INR5.7b. Office leasing totaled ~1.2msf in 9M with stable occupancy, hospitality remained strong, and operating free cash flow was INR5.3b. Consolidated net debt stood at INR27.1b.	Retail growth remains strong, supported by 25% YoY festive consumption growth, double-digit rental/EBITDA expansion, improving trading densities, and a significant renewal cycle over the next three years that provides scope for rental re-rating. Alongside steady office leasing momentum and rising occupancy across new assets, upcoming developments, such as the Thane mixed-use project and Kolkata residential launch, underpin Phoenix's medium-term growth visibility across retail, office, and residential segments.
Signature Global	SIGNATUR posted 3QFY26 presales of INR20.2b, down 27% YoY and flat QoQ, taking 9MFY26 presales to INR67b (-23% YoY). Volumes stood at 1.4msf (-42% YoY), while realizations were INR14,028/sqft (+28% YoY). Collections increased 14% YoY to INR12.3b in 3Q (9M: INR31b, flat YoY). Revenue declined to INR2.8b (-66% YoY), with operating and PAT losses of INR632m and INR453m, respectively; 9M PAT loss was INR578m. Net debt rose to INR10.2b, though management remains	While presales guidance has been moderated to align with FY25 levels, the company retains healthy growth visibility supported by ~21msf of upcoming launches (INR350–400b GDV) over the next 8–10 quarters and strong traction in recently launched projects like Sarvam. A robust near-completion pipeline of 13.8msf, expected to be recognized over the next 4–6 quarters, along with anticipated acceleration in collections and high single-digit price growth, positions the company for improved cash flows and earnings momentum ahead.

Sunteck Realty

optimistic given recent launches and a ~55msf development pipeline.

- SRIN reported 3QFY26 presales of INR7.3b (+16% YoY, +5% QoQ), with 9MFY26 at INR20.9b (+26% YoY). Collections declined 5% YoY to INR3.2b, while 9M collections rose 6% YoY to INR10b; net D/E increased to 0.07x. The company acquired a 1.75-acre Andheri land parcel (~INR25b GDV), taking total 9M additions to ~INR50b GDV. Revenue stood at INR3.4b (2x YoY), EBITDA at INR815m (+68% YoY; 24% margin), and Adj. PAT at INR582m (+37% YoY); 9M PAT was INR1.4b (+41% YoY).

- SRIN remains confident of achieving its FY26 presales guidance of INR30b, supported by an active launch pipeline across Naigaon, Vasai, Mira Road, and premium Bandra/Nepean Sea Road projects, providing healthy near-to-medium term visibility. Strong BD investments, improving operating cash flows, and the commencement of construction at the marquee Nepean Sea project are expected to drive higher collections and strengthen growth momentum into FY27.

Anant Raj

- ARCP posted 3QFY26 revenue of INR6.4b (+20% YoY) and EBITDA of INR1.7b (+27% YoY; 26.5% margin), while 9MFY26 revenue/EBITDA rose 23%/40% YoY to INR18.6b/INR4.9b. Adj. PAT came in at INR1.4b (+31% YoY); 9M PAT increased 33% YoY to INR4.0b.

- ARCP's outlook remains positive, driven by upcoming residential launches, including The Estate One in 4QFY26 and additional phases within Anant Raj Estate, which enhance development visibility in Gurugram. Simultaneously, accelerated data center expansion across Manesar, Panchkula, Rai and the proposed Andhra Pradesh facility (taking planned capacity to 357 MW) positions the company for diversified, multi-year growth across real estate and digital infrastructure.

Sri Lotus

- Sri Lotus Developers reported 3QFY26 presales of INR3.8b (+248% YoY/+46% QoQ), taking 9MFY26 to INR6.9b (+117% YoY). Key launches—Arcadian, Amalfi, and Varun (~INR14.5b GDV)—contributed ~80% of 3Q sales, with two more launches planned in 4QFY26. Collections stood at INR1.2b (9M: INR3b). FY26YTD additions include eight MMR projects (~INR75–85b GDV). Revenue came in at INR2.2b, EBITDA at INR794m (35.5% margin), and PAT at INR697m; 9M PAT was INR1.4b.

- The company's outlook remains strong, supported by a deep pipeline of 14 upcoming projects (INR130–140b GDV) across premium MMR micro-markets and 7–8 secured launches lined up for FY27, providing multi-year growth visibility. Backed by a net cash balance sheet, asset-light redevelopment model, and expected pricing uptick in key locations like Prabhadevi and Nepean Sea Road, management projects a 3–5x scale-up in presales and revenue over the next three years.

AB Real Estate

- ABREL reported 3QFY26 presales of INR25.4b (+276% YoY/+185% QoQ), taking 9MFY26 to INR38b (+64% YoY). Only two of four guided projects were launched in 3Q (~INR26.2b GDV); FY26 launch guidance was reduced to INR88b. Collections were INR12.9b in 3Q (9M: INR23b). Net debt declined to INR35.1b. Revenue fell to INR812m in 3Q (9M: INR3.2b). EBITDA loss was INR891m (9M: INR2.0b), while PAT loss stood at INR729m (9M: INR1.1b). Collection efficiency was 51%.

- ABREL's outlook remains robust, with 4QFY26 launches of INR62b across MMR, Bengaluru, NCR, and Pune, alongside RERA-ready Evara (INR16b), while Niyaara Tower C and Birla Navya are slated for FY27. The company maintains strong margins (25–30% for JDAs, ~40% for own/JVs) and fully leased properties, with gross rentals expected to rise to INR10b over 4–5 years. Pending collections of INR132.7b, unsold inventory of INR51.3b, and ongoing business development ensure multi-year growth visibility and steady revenue recognition through FY29.



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Results Update



Brigade Enterprises

Buy

Current Price INR 741

- **Demand:** Management indicated strong on-ground demand, with all upcoming launches to be fully priced. BRGD aims to sell 50% of inventory in the initial few quarters after launch, and the balance to be sold as part of sustenance. Of the 3Q presales, 35% came from Hyderabad, 15% from Chennai, and 50% from Bangalore.
- **New launches:** In 3Q, BRGD launched Brigade Gateway Phase 2 in Hyderabad with 1.19msf of residential area (INR5.5b sold of the total GDV of INR16-17b). Overall, it launched 5.56msf of residential and commercial projects in 9MFY26 with INR48b GDV. Typically, projects are launched within 12 months of acquisition. Of the total sales in 9MFY26, ~30-35% came from new launches, whereas 60-65% were contributed by ongoing projects.
- **Upcoming launch pipeline:** BRGD has a pipeline of nearly 12msf of upcoming residential launches across key cities—Bengaluru (10 projects), Chennai (3 projects), Hyderabad (3 projects), and Mysuru (4 projects), of which ~4.5msf of projects with a GDV of INR54b are expected to be launched in 4QFY26. These

will include the Velacherry Project in Chennai with a GDV of INR20b (1msf), two large mixed-use developments in North and East Bangalore with cumulative INR25b and another 1 msf in Hyderabad. 1/3rd of these projects are in the final leg of approval.

- Of the total collections, INR12.5b came from real estate, INR3.3b from commercial, and INR1.8b from hospitality. Net cash flow from operating activities stood at INR2.8b.
- **Business development:** In 9MFY26, BRGD incurred expenses of INR21b for landbank acquired (INR160b of GDV and 14msf), with 54% in Bangalore, 30% in Hyderabad, and 16% in Chennai. The company is in negotiations for other projects and is exploring opportunities in additional geographies.
- **Commercial:** BRGD has a total capex commitment of INR16.9b for the commercial segment, of which INR6.6b has already been spend and INR10.3b is pending. The company estimates INR8b to be spent in FY27. Occupancy stands at 93%. BRGD plans Significant launches of ~4-6msf in the upcoming quarters. It expects INR13b of commercial revenue in FY26.
- **Hospitality:** BRGD listed its hospitality arm, Brigade Hotel Ventures (BHVL), on 31st Jul'25, retaining a 74.09% stake. In 3Q, BHVL reported revenue growth of 12% YoY to INR1.7b and EBITDA growth of 10% YoY to INR580m. The company currently operates 1,604 keys and has nine hotels with a total of 1,700 keys in the planning stage, including six properties with 940 keys under agreement with Marriott International. The cost of construction is likely to be at INR10m-15m per key for the 5-star category, while for the 4-star it will be at INR7.0-7.5m.
- Portfolio-level IRRs would be at 18%.
- Unsold inventory stands at 5.5msf. ICON is a high-end project and will take 3-3.5 years to be sold off.



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Detailed Concall Transcript &
Results Update



DLF Buy

Current Price INR 642

Real estate business:

- **Housing demand** remains strong in Gurgaon, driven by a growing preference for quality residential options, both for ownership and rental.
- **Sales:** 3QFY26 did not see any new launches, and sales were from the existing Camellias inventory and sale of commercial projects. In 9MFY26, 68% sales came from DLF Privana North (launched in 1QFY26), whereas 14% came from DLF's Mumbai – Westpark (launched in 2QFY26). 9M also saw some incremental sales coming from Dahlias, which contributed to 13% of total presales value.
- **Dahlias:** Bookings in the Dahlias project was halted in 3QFY26 due to design changes. The design changes were undertaken to align the project with updated building and safety codes and required consent from existing customers as well as regulatory approval under RERA. The approval process resulted in a pause of approximately 2–2.5 months during the quarter. All necessary approvals were received in early January, following which sales have resumed. There will be a marginal increase in construction cost due to design upgrades. However, project margins are expected to remain intact, supported by continued price appreciation at The Dahlias.

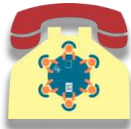
- **Collections**, which were subdued due to construction delays in 1HFY26, have improved significantly in 3QFY26, leading to 2x of cash flows on a YoY basis. This has enabled the company to achieve its long-term vision of becoming gross debt zero. Going forward, the company expects 10-15% YoY growth in collections.
- **Launches and guidance:** Arbour 2 (senior living with GDV of INR20b) is ready for launch in 4QFY26, while all approvals for the Goa project have been received, and the company is preparing for a formal launch in FY27. Panchkula and Phase 2 of the Mumbai project (~1.2 msf) are also expected to be launched in FY27. The subsequent phase of The Dahlias is scheduled for FY27, although limited invitation-only sales are expected in 4QFY26. Additionally, the upcoming DLF City group housing project is planned for launch in FY27, further underpinning the medium-term growth pipeline. Projects valued at INR602b are planned over the medium term (3-4 years). In 1Q, DLF launched Privana North, achieving 39% embedded gross margins, followed by the Mumbai project (~0.9msft of area) in 2QFY26. Presales guidance for FY26 stands at INR200-220b, with ~80% already achieved in 9MFY26, led by Privana and Westpark launches.
- **RERA cash:** With the virtuous cycle of high-rise coming into play in the future, cash escrowed with the RERA account (at ~INR104b) will reduce.
- **Business development:** Currently, DLF focuses only on NCR, Tri-City, MMR, and Goa (existing land bank). There is little scope for acquisitions, though DLF will surely evaluate good opportunities in the future.
- **Capex guidance:** Capex is expected to be around INR50b each in FY26 and FY27.

Commercial business:

- **Vacancies** for office and retail stand at 6% and 3%, respectively.
- **Downtown Gurugram:** Phase 2 construction has commenced. Block-4 (2msft) is 97% pre-leased and OC was received in 4QFY25. Rentals commenced in 3Q. Cost of construction initially was INR6,200psft of GLA, which, post-inflation and other adjustments, stands at INR8,000psft. Construction has commenced for Block-5/6/7/8 and Mall of India (total ~7.5msft). On Retail, the cost of construction stands at ~INR10,000psft on GLA.
- **Downtown Chennai:** Downtown-3 (1.1msf) received OC in 1QFY26. Downtown-3 is currently pre-leased at 99%. Rentals to commence in 3Q-4QFY26, while construction for Downtown 4&5 (3.6msf) has already commenced in Jul'24 and should take ~36 months for commissioning.
- **Atrium place:** OC has been received for the first phase of 2.1msf, which is 93% pre-leased. Rentals for 2.1msf Phase-1 started from 2Q, which will provide rentals for 9-10 months. The next tower (1.1msf) is slated to be completed in 4QFY26, for which rentals will start from May/Jun'26. The cost of construction is INR6,000psf. Overall costs, including land and approval cost and construction cost, stand at INR17,000psf.
- **Summit Plaza**, DLF 5, Gurugram (0.5msf) is preleased at 95% and OC is received.
- DLF Promenade Goa of 0.7msf is also expected to commence in the next few months.
- **Malls:** Highstreet Plaza Mall is 85% leased, with rental income commenced by 3QFY26. DLF 5 Mall is projected to begin generating rentals from 4QFY26. Promenade Goa is scheduled for completion by 4QFY26.



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- Rental income for FY26 is projected at INR64b, with INR59b from DCCDL and INR5b from DLF. This is expected to rise to INR74-75b in FY27, with INR63b from DCCDL and INR11b from DLF, driven by rentals from Atrium Place and upcoming mall assets.

Godrej Properties

Buy

Current Price INR 1,877

- **Long-term vision and market positioning:** In addition to sustaining a robust national footprint, the company aspires to establish leadership in each of its operating markets. It expects healthy growth in both volumes and pricing across its portfolio. Demand drivers and market positioning: Increasing disposable incomes, improving job stability, supportive government policies, and shifting consumer preferences are driving housing demand and speeding up consolidation within the sector—benefiting well-established, branded developers.
- The company is highly confident on meeting and potentially exceeding FY26 presales guidance, with 9M already at ~74% of the annual target. It sees strong visibility for presales growth into FY27. Geographic diversification has improved with >INR30b sales across five markets. A robust business development pipeline of ~INR1,350b across in-city, high-demand parcels provides multi-year launch visibility. Entry into commercial at Panvel and a strong OC pipeline in 4QFY26 and 1QFY27 are expected to support near-term revenue, cash flows, and market share gains, aided by robust demand in Bangalore and Hyderabad.
- **Launches:** 3QFY26 saw launches worth GDV of INR110b, of which it saw bookings in: Godrej Triology in MMR (INR17.4b), Godrej Evora Estate in Panipat (INR8.7b), Godrej Golf Links in Noida (INR5.2b), Aravya Estate in Bengaluru (INR4.8b), Godrej Elaris in Pune (INR4.3b), Godrej Woods in Bengaluru (INR3.6b), Verdania Estate in Indore (INR1.8b), Godrej Sora in Gurugram (INR1.3b), Godrej Heritage Estate in Vadodara (INR1.01b), Godrej Azure in Chennai (INR1.2b), and Godrej Majesty in Noida (1.1b). Overall, ~59% of sales in value terms were from new launches and the balance from sustenance sales. GPL maintains its annual launch guidance of INR400b of GDV and presales guidance of INR325b for FY26.
- **Upcoming launches:** Upcoming launches span Sigma and Beverly Golf in Greater Noida, a 7.5-acre parcel on Golf Course Road in Gurgaon, a commercial parcel in Panvel, phases in Mulund and Kalpataru (Mumbai), Hoskote, Airport Road, Bannerghatta Road and MSR City in Bangalore, Upper Kharadi, Manjri and Evergreen Square in Pune alongside OC momentum in Mahalunge and Mamurdi, three auction parcels in Hyderabad, and new projects in Raipur, Ahmedabad (Makarba) and Nagpur, with Bandra planned for next financial year.
- **Completions:** The company reported muted revenue in the 9M due to limited project completions; however, with a significant OC pipeline scheduled for 4QFY26, revenue recognition is expected to be lumpy in 4Q.
- **Sustenance sales:** Management believes that the sustenance sales momentum is in line with the strategy and will continue to build on it in future.
- **Market-wise outlook:** Growth in FY26 is expected across Mumbai, NCR, Bangalore, and Pune, with aspirations for leadership in all key cities and long-term expansion into Hyderabad and plotted developments.

LODHA

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Detailed Concall Transcript &
Results Update



motilal oswal
Financial Services

Lodha Developers

Particulars	Q4 FY26	Q3 FY26	Q4 FY25	Q3 FY25
Revenue	1,107	1,017	1,107	1,017
EBITDA	1,107	1,017	1,107	1,017
Net Profit	1,107	1,017	1,107	1,017
Operating Profit	1,107	1,017	1,107	1,017
EBIT	1,107	1,017	1,107	1,017
EBT	1,107	1,017	1,107	1,017
EPS	1,107	1,017	1,107	1,017
Dividend	1,107	1,017	1,107	1,017
Dividend Yield	1,107	1,017	1,107	1,017
Dividend Payout Ratio	1,107	1,017	1,107	1,017
Dividend Coverage Ratio	1,107	1,017	1,107	1,017
Dividend Sustainability Ratio	1,107	1,017	1,107	1,017
Dividend Sustainability Index	1,107	1,017	1,107	1,017
Dividend Sustainability Score	1,107	1,017	1,107	1,017
Dividend Sustainability Rating	1,107	1,017	1,107	1,017
Dividend Sustainability Outlook	1,107	1,017	1,107	1,017
Dividend Sustainability Summary	1,107	1,017	1,107	1,017
Dividend Sustainability Conclusion	1,107	1,017	1,107	1,017
Dividend Sustainability Recommendation	1,107	1,017	1,107	1,017
Dividend Sustainability Disclaimer	1,107	1,017	1,107	1,017
Dividend Sustainability Footer	1,107	1,017	1,107	1,017

Lodha Developers

Buy

Current Price INR 1,107

- **Demand:** LODHA noted continued strong demand with footfalls and conversions steady and with consumers increasingly preferring high-quality homes amid expectations of a downward trend in interest rates. The company believes branded developers are well-positioned to withstand any potential slowdown or lean phase. Non-launch weekly sales reached ~INR3b as of Dec'25. The company aims to raise weekly sales to INR4b by the end of FY26, up from INR2.5b per week in FY25.
- **Launches:** In 9MFY26, launches stood at INR229b with 9.7msft (20 projects) of area across the micro-markets of MMR, Pune, and Bangalore. This includes 10 new projects with 6.0msf area and GDV of INR163b, and 10 new phase launches with 3.7msf of area and GDV of INR65b. For 4QFY26, it plans to launch four new projects (3.8msf with a GDV of INR92b) in Pune and MMR, along with eight new-phase launches (3.2msf with a GDV of INR36b). Overall in FY26, sales contribution from new launches is expected to be ~30-35%.
- **Sales and price growth:** Of the remaining INR64b sales guided in 4QFY26, ~60-65% is expected to come from non-launch sales, while the balance is likely to come from new launches. Price growth for like-for-like projects stood at 4%. The company expects to achieve 5-6% of price growth in FY26. Average quarterly presales to increase to INR50b from FY26 onwards.
- **Bangalore's growth momentum:** LODHA is moving to the growth phase in Bangalore, in line with its established strategy. The strategic focus will be on the premium and luxury segments. It expects the workforce to be ~400 employees by the end of 1QFY27. In 9MFY26, it added INR106b with 8.4msf in Bangalore. LODHA is in the process of launching one of the large projects in Bangalore spanning 70 acres. Currently, Bangalore accounts for 2-3% of total sales, and management aims to increase this to 15% over the next decade.
- **Delhi NCR in its pilot phase:** The pilot phase in NCR has commenced. The company signed two projects with GDV of INR33b (1.1msf) through JDA, which is expected to be launched in FY27. The company is in the process of establishing a local operating team, while a CEO for NCR is already appointed.
- **Township projects:** On average, 60-80 acres/annum of land will be sold, of which 70-80% will be data center land. Palava is likely to deliver INR80b in annual sales and an EBITDA margin of 50% in the next decade. The Upper premium and premium segments are expected to contribute >50% of sales by value. The visibility of Palava is expected to increase further with the opening of the Airoli-Katai tunnel by the end of FY26, leading to an expected 20% growth in sales. More sales are expected in FY27 as the tunnel becomes operational. Additionally, the Navi Mumbai Airport is set to become operational in the next 12 months, and the Bullet Train project by 2029.
- **Digital infrastructure:** In FY25, LODHA successfully acquired approximately 33 acres of land in NCR and around 45 acres in Chennai. With these strategic additions, the company has expanded its geographical footprint and is now operating across five distinct locations. In 9MFY26, it has completed net leasing of 0.4msft under the digital infrastructure segment, with popular tenants added, including Tesla, GXO logistics, DP World, FM Logistics, and Compass.

Mahindra LIFESPACES

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- **Data centre:** 400 acres with 3GW of power is gaining traction. Amazon Web Services (AWS) and ST Telemedia (STT) – part of Temasek – are anchor operators. Over the coming years, the build-to-suit concept of boxes will be prepared for end users on a power shell model. This will help the company generate higher rentals for long term.
- **Annuity:** LODHA aims to generate INR15b in annual rental income, with clear visibility of over INR11b from operational/under-construction assets by FY31 and INR5b by the end of FY26. The INR5b will cover interest costs, enabling LODHA to become net debt-free. The yield on cost for rental assets is expected to be in the high teens or better.

Mahindra Lifespaces

Neutral

Current Price INR 364

- Approval delays in luxury projects, led by site complexities and higher regulatory scrutiny, are affecting launch timing rather than reflecting weak demand.
- **Launches:** In 1QFY26, MLDL launched New Haven in Bangalore (80% sold) and Citadel in Pune (80% sold) for a total GDV of INR4.5b. In 2QFY26, MLDL launched Marina64 (50% sold) in MMR and Lakewoods in Chennai (100% sold). In 3QFY26, the company launched Hopefarm Phase 1 in Bengaluru with INR18b GDV towards the fag end of the quarter. Upcoming launches in 4Q include the Mahalaxmi project (INR16.5b) and Bhandup phase 1 (~INR25-30b). Citadel phase 3 (INR9.8b) and Mahalunge (INR35b) in Pune are expected to be launched in 1QFY27. Moreover, the Saibaba Nagar redevelopment project in Borivali, with a GDV of INR18b, is facing an ongoing road alignment issue with a neighboring society. Groundwork is done, and the approval is imminent; the project is likely to be launched in 2QFY27. In FY27, MLDL expects to generate INR45-50b in presales.
- **Business development:** MLDL has signed seven projects with a GDV of INR105b in 9MFY26. In 1HFY26, the company added Lokhandwala 2 (INR11.5b), in addition to the Lokhandwala 1 cluster development added in Feb'25, second at Mulund Mumbai (INR12.5b), third at Navrat Bengaluru (INR11b), and fourth at Chembur MMR (INR17b). In 3QFY26, the company added three projects with a total GDV of INR53.1b (Mahalunge, Pune – INR35b, and Navy 2, MMR – INR8b and Matunga, MMR – INR10b). MLDL has already exceeded its initial INR450b GDV expansion plan and now stands at INR468b as of Dec'25. Of the existing pipeline of INR468b, INR200b is towards Bhandup and Thane, INR145b is towards redevelopment, INR35b is towards Rajasthan and Murud, and the remaining ~INR88b is outright. The outright portion is expected to be launched within 12 months of acquisition, while the balance may take more time.
- **Cash flows:** The company is net cash positive with a cash/equity ratio of 0.12x. In 9MFY26, the operating cash flow stood at INR5.6b, and overall spending on land stood at INR8b.
- **Bhandup strategy:** The Bhandup project spans ~6.4msf of saleable area. It is in the final stages of approval and is currently nearing readiness to launch. The development is expected to offer over 3,000 apartments for sale. Adopting a conservative outlook, MLDL anticipates generating sales of around INR120b over the next 8-9 years. The project will have three phases of residential and one phase each for commercial offices and retail. The project positions MLDL to

deliver a marquee, high-quality residential offering to customers. Bhandup is recognized as a strong market with excellent connectivity through the railway station, metro networks, and east-west bridge linkages, enhancing its appeal to future residents. Phase 1 of this project is expected to be launched in 4QFY26.

- **Completions:** MLDL received the OCs towards the fag end of the quarter. Hence, collections to recover in 4QFY26. The company plans to complete five more projects in the upcoming quarters across Delhi, Pune, Mumbai, and Bangalore.
- The balance sheet remains healthy. MLDL retains sufficient capacity to raise debt in the near term, should attractive project opportunities arise. It believes that a continued momentum in the business, driven by end-user demand, is favorable and will help meet the anticipated sales of INR95b within the next five years.



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Oberoi Realty

Neutral

Current Price INR 1,544

- **Launches:** OBER's 3QFY26 did not experience any launches during the quarter. Overall, in 9MFY26, one new tower — Elysian Tower D (Goregaon) was launched. In 4QFY26, management expects to launch one tower in Goregaon, another where higher floors need to be launched and one tower in Borivali (0.6-0.8msf with GDV of INR30b+). Gurugram project may be launched in 4QFY26 or 1QFY27. Two towers in Forestville (Thane), Peddar Road, Adarsh Nagar, Worli, and Tardeo shall come in FY27. Alibaug and recently acquired Nepeansea road redevelopment to be launched earliest in FY27.
- **Annuity portfolio:** Occupancy in Commerz I was at 96% and Commerz II was fully leased out following an increase in occupancy in Commerz III to 90% in 3QFY26. Sky City Mall is ~56% occupied. Both Commerz III and Sky City Mall are likely to reach occupation stability at ~80-90% by the end of FY26 or early FY27. Sky City Mall is expected to achieve full occupancy by 1QFY27, supported by the recent signing of three large leasing agreements which will come into effect.
- **Gurugram project:** Approvals are in final stage and the company will apply for RERA in next 30-40 days. The project is estimated to be launched by 4QFY26 or 1QFY27.
- The company is in the process of signing three large BD deals in Mumbai, which will come into effect in 4QFY26.
- The company has sold apartment on the lower floors in projects 360 West, Elysian, Forestville and Jardin due to which the prices look declined QoQ.
- **Thane strategy:** Sales at the Thane project follow a typical high-rise cycle - strong launch momentum, slower sustenance sales, and revival closer to completion. They remain confident of long-term demand, expecting steady annual sales of ~INR10b with potential price hikes as construction advances.



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Results Update



Phoenix Mills
Q3 FY26 Concall Transcript & Results Update

Key Highlights:

- Revenue:** ₹1,770 crore (YoY +25%)
- EBITDA:** ₹570 crore (YoY +16%)
- Net Profit:** ₹180 crore (YoY +19%)
- Operating Leverage:** 1.5x
- ESG Initiatives:** 30% renewable energy usage

Management Commentary:

The company is pleased with the strong performance in Q3 FY26, driven by robust consumer demand and operational efficiency. The retail portfolio continues to show strong growth, with a 25% increase in revenue. The company is also focused on enhancing its ESG initiatives and operational cost efficiency.

Phoenix Mills

Buy

Current Price INR 1,770

Retail:

- Driven by diverse consumer demand, the retail portfolio saw consumption climb 25% YoY to INR 48b this festive season. While Phoenix Mall of Asia led the pack with a 112% jump, established locations like Phoenix Palladium Mumbai and Phoenix Palasio Lucknow also posted strong double-digit gains of 22% and 25%, respectively.
- From a category perspective, growth was broad-based, with Jewelry leading the charge with a remarkable 39% YoY increase. The performance across other key segments included:
 - Family, Entertainment, & Multiplex: Up 19% YoY.
 - Fashion & Accessories: Grew by 16% YoY.
 - Food & Beverage (F&B): Saw an 11% YoY uptick.
- Phoenix Mall of Asia is now the go-to hub for major brand debuts in Bangalore. It recently hosted the launch of Apple's first local outlet, the largest Lego store in South India, and a national first for Onitsuka Tiger with their debut concept store.
- Phoenix Palladium Mumbai is leading the shift toward lifestyle-integrated retail with the launch of India's largest Racquet Sport club. Since opening in December 2025, the facility has already engaged 1,000+ customers and contributed INR5m to the bottom line.
- Retail Rental income grew by 13% YoY to INR5.7b while EBITDA was up 16% YoY to INR5.9b in 3QFY26.
- Phoenix has made significant strides in its ESG initiatives, successfully enhancing both sustainability and operational cost efficiency. Renewable energy now accounts for 30% of the retail portfolio's total power requirements, a substantial increase from 20% in the previous year.
- Looking ahead, the company anticipates sustained double-digit growth across its retail portfolio for FY26. This optimistic outlook is backed by resilient consumer demand, robust performance from retail partners, and a strategic focus on continuous portfolio enhancement.
- The company is progressing on a large-scale Thane mixed-use development (1.3–1.5msf retail, 0.5–1msf office, plus luxury hotel), with demolition currently active and excavation set to begin in 3–4 months following final environmental clearances.
- The Kolkata residential project is in the final stages of the approval process. The company expects to announce official launch timelines within the next two quarters.
- The company remains on track to hit 90% trading density in Bangalore and Pune by March 2026, meeting its original guidance. Bolstered by a pipeline of brands making their city debuts, density is projected to reach 95% by mid-FY27.
- Robust consumption growth has strengthened the company's leverage to attract premier new brands, commanding both higher base rentals and increased revenue-share margins. This momentum is perfectly timed, as 50% of GLA is scheduled for renewal over the next three years, presenting a significant opportunity to optimize the tenant mix and drive rental yields.

- For new malls, the rent-to-consumption ratio is expected to converge within a 3 to 5 year timeline. Historically, consumption has grown at a 14% CAGR over the last decade. Typically, revenue share begins at 11% and scales toward 14% as consumption matures and the mall stabilizes.
- Recent portfolio optimization has led to substantial rental growth, with Phoenix Marketcity Bangalore seeing a 39% rise in fixed rents and Pune witnessing a 25% increase after reconfiguring 40% of its space.

Office:

- In the office segment, the company has completed 1.2msf of gross leasing year-to-date. This represents approximately 25% of the total office portfolio, with further growth expected from a healthy pipeline of discussions currently in advanced stages.
- The office portfolio is witnessing a steady absorption of space. Occupancy in stabilized Mumbai and Pune assets grew by 9% points since Mar'25 to reach 76%. Meanwhile, the newest developments across Pune, Bangalore, and Chennai have hit 41% occupancy, with significant **deal flow in the final stages of negotiation**.

Residential:

- For the first nine months of FY26, gross bookings reached INR4.1b, with INR2.7b already recognized as revenue. The company expects to recognize the remaining INR1.8b in 4QFY26, contingent upon the completion of registrations for One Bangalore West and Kessaku.



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Results Update

Prestige Estates Projects

Investment Thesis: Strong performance, primarily from expanding...
Key Metrics: Revenue (INR 1,234.56), Profit (INR 456.78), EBITDA (INR 789.01)
Valuation: Current Price INR 1,527
Guidance: FY26 presales guidance is raised to INR300b (from earlier INR270b)

Prestige Estates

Buy

Current Price INR 1,527

- New launches in 9MFY26: A total of ~23.8msf with GDV of INR196b, spanning 9 residential projects and 2 commercial projects.
- Prestige Mulberry, Prestige Oakwood and Prestige Mayflower in NCR — all mid-segment projects (11.6msf with GDV of INR115b). Also launched Forum @ The Prestige City Indirapuram retail project in NCR (1.2msf)
- Prestige Gardenia Estates, Prestige Greenbrook, Prestige Autumn Leaves and Prestige Crystal Lawns in Bengaluru — all plots (3msf with GDV of INR26b).
- Prestige Pallavaram Gardens in Chennai (4.24msf with GDV of INR34b).
- Garden Trails in MMR (21.1msf with GDV of INR20.3b)
- Forum @ The Prestige City Retail project in Hyderabad (1.7msf)
- Stock in hand stood at 12.43msf (INR186.4b) in NCR, Bangalore, Hyderabad, Mumbai, Chennai and others.
- **Guidance and launch pipeline:** FY26 presales guidance is raised to INR300b (from earlier INR270b), of which 74% was achieved in 9MFY26. The upcoming GDV pipeline stands at INR254.8b with 24.6msf of area. 4QFY26 already saw Evergreen park launch (INR49b) in Bangalore (INR20-30b already sold) and plans to launch Eaton Park (INR9.8b), Fernvale (INR6.2b) and marigold phase 2 (INR7.8b) in Bangalore, while Hyderabad will see Rockcliffe (INR9.1) and Golden Grove (INR85b). Additionally, INR100-150b worth of projects are available for launch, if required. ~30% of sales will come from sustenance sales.
- **Pipeline expansion:** Total GDV of INR400b is currently in the planning stage and will be reflected in the pipeline over the upcoming quarters.

- **Hyderabad launches in FY26:** Hyderabad will see launches of Prestige Rock Cliff (0.81msf) in FY26, while Prestige Imperial Park (2.78msf) is moved to FY27.
- **Commercial:** Over 1.6msf (40%) of Prestige 101 is preleased, and Mahalaxmi (Prestige Mumbai) also has very good demand. BKC to be ready for fitouts in CY27. Mahalaxmi should be ready by CY29 as it is a high-rise development.
- **Business development:** In 9MFY26, PEPL acquired 16 projects (11 projects as JDA and 5 owned) across Hyderabad, Bengaluru, Chennai and Mumbai, Mysore and Chikkamagaluru, with a total area of 351 acres comprising GDV of INR399.2b. Another big project will be closed in Thane soon. All the projects acquired by 9M will be launched within 12 months. The company spent INR47b in 9MFY26. The company plans to spend additional INR10b in 4QFY26. In FY27, the company plans to spend INR45b. The company is also planning to tap Pune market and is set to close a land deal in FY27.
- **BIAL at Bengaluru Airport** will be a mixed-use project (hotel, convention center, luxury retail, office). Office component will be handed over in April, while hotel will be ready soon.
- The **Lonavala land procurement** is completed but approval process will take few more months. Jeejamata project is 4.5msf, of which 2.5msf is residential and the rest is Hotels, convention center, office and retail. Overall GDV will be ~INR250b.
- **Data center:** in 9MFY26, PEPL signed an MoU with Maharashtra to invest over INR125b, including a large data center campus (INR50b) in Taloja, Navi Mumbai. The project is expected to commence operations in CY26 and create ~1,200 direct jobs. The investment also covers a global capability center (INR50b) and a logistics/industrial park (INR25b) across the Mumbai Metropolitan Region.
- **Revenue recognition:** In FY26, revenue is guided in the range of INR110-120b. PEPL has INR619b of unrecognized revenue across regions, which will flow in over 4-5 years. Residential EBITDA margins will remain at 28-30% on a sustainable basis.
- **Debt and leverage:** Net debt rose to INR87.7b (vs. INR73.2b in 2QFY26), with a net debt-to-equity ratio of 0.53x and a low borrowing cost of 9.47%. 40% of the project funding comes from debt and the remaining 60% from existing cash flows.
- **Completions:** 12.71msf in 9MFY26, with 4.72msf in 3Q.



Signature Global

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Results Update



SignatureGlobal

Buy

Current Price INR 1,062

- **Presales:** In 9MFY26, the company achieved INR67b in presales. This was driven by the sale of 4.4msf across 1,746 units, representing an average realization of INR15,182/sft and an average unit ticket size of INR38m. The company revised presales guidance as it will miss its initial FY26 guidance of INR127b, instead aiming to match FY25 sales levels. Performance for the 3QFY26 remained steady sequentially but saw a dip by 27% YoY to INR20b.
- **Collections:** The company reported total collections of INR31b for the 9MFY26, reaching approximately 50% of its annual guidance. The majority of these inflows were generated from ongoing projects. Management anticipates a significant acceleration in 4QFY26, which is expected to bridge the current gap and bring total collections nearer to the full-year target. The third quarter

showed strong momentum in cash inflows, where collections were INR12.3b with a growth of 32% QoQ and 14% YoY.

- **Launches:** In 9MFY26, the company successfully launched two major projects totaling 6.8msf with a GDV of INR106b. These projects include Cloverdale in Sector 71 and Sarvam (DXP Estate) in Sector 37D. The Sarvam project, which debuted in Dec'25, has already seen healthy traction, with 318 out of 800 units sold, representing roughly 40% of the initial inventory. Looking ahead, Signature Global plans to launch an additional 2–3 msf of projects with a GDV of INR45–50b before year-end. While the total expected launch value for the year will exceed INR150b, this remains slightly below the original guidance of INR170b.
- Over the past 24 months, the company has launched a significant 21msf (valued at INR330b) and maintains a robust pipeline of another 21msf. This upcoming inventory carries an increased valuation of INR350–400b and is scheduled for launch over the next 8–10 quarters.
- **Surplus:** Generated INR8.6b operating surplus in 9MFY26, using INR6.7b for land, INR2.7b for debt servicing, and INR0.6b for approvals; net debt rose by INR1.4b.
- **Debt:** Total debt increased to INR10.2b in 3QFY26, to maintain FY26 net debt below 0.5x projected surplus.
- **Focus on core segments:** The company's focus will continue to be on middle-income housing and the premium segment, and it foresees the consumption trends to be steady with sustained supply. Dwarka Expressway, the Southern Peripheral road (SPR), and the Sohna corridor continued to attract high-net-worth individuals and premium segment customers.
- **Completions:** To date, the company has successfully delivered 16.5msf. The current execution pipeline remains robust, with 13.8msf (valued at a GDV of INR98b) in the advanced stages of completion. Of this, 2msf is slated for delivery in 4QFY26. This high volume of near-completion projects sets the stage for a significant financial uptick; the entire 13.8msf is expected to be recognized over the next 4-6quarters, ensuring a steady and substantial increase in revenue recognition through the coming years.
- **Average Realization:** Prices are expected to grow at a high single digit for the next 18-24 months.



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Results Update

Sobha

Buy

Current Price INR 1,487

- **Recent launches:** In 9MFY26, SOBHA launched six projects with TDA of 2.58msf.
- **SOBHA Aurum (first project launched in Greater Noida):** The project is located in Sector 36, Greater Noida, and is spread across 3.46 acres and offers a total saleable area of 0.7msf. The project comprises 420 units in 1, 2, 3, and 4 BHK configurations, with unit sizes ranging from 739 to 2,306sqft. As of 1QFY26, 80% of the project is sold out (i.e., INR8.3b).
- **Marina One, Kochi:** The remaining four towers are launched, comprising a saleable area of 0.9msf, offering 362 units in 2, 3, and 4 BHK formats, with unit sizes ranging from 2,006 to 3,061 sqft.

- **SOBHA lifestyle boutique extension:** Extension of SOBHA Lifestyle boutique luxury villa project spread across 2.12 acres located in North Bangalore, close to the international airport.
- **SOBHA Magnus:** A luxury project located in South Bangalore. Development is spread across 5.78 acres with a total saleable area of 0.6msf. The project comprises 294 homes in 3 / 4 BR configurations, with sizes ranging from 1,250 to 2,578sqft
- **SOBHA Strada:** Commercial development, located at Sector 106, Gurgaon. The project is spread across 2.03 acres with total development of 0.3msf (mix of Serviced Apartments and Retail), of which the saleable area is 0.2msf comprising 222 units with 1BR configured studio apartments (sizes ranging from 857 to 926sqft), along with some retail portion.
- **SOBHA Inizio:** It marks the company's first luxury residential project in Mumbai. Located at Sewri Parel, the project is developed on 1.03 acre of land. Launched Phase I with total area of 0.15msf, of which SOBHA saleable area would be 0.13msf, comprising 134 homes in 1 / 2 / 3 BR configurations, sizes ranging from 498 to 1,225sqft.
- **Upcoming launches:** The company has guided for 35% growth in pre-sales in FY26. Launches in 4QFY26 are expected from Gurgaon (0.8msf), Greater Noida (2.4msf), Chennai (1.5msf) and Calicut (0.8msf). Overall, 45% of the new launches in FY26 will be in NCR. Hoskote phase 1 (48 acres) of ~5.4msf is expected to be launched in 1QFY27. Several other new projects in Bangalore, Pune, and Gurugram will contribute to FY27 sales.
- **Margins:** Management targets a project-level EBITDA margin of 30% from the remaining INR186b in revenue to be recognized. RE margins currently stand at 6% and are expected to rise further in the coming quarters. With the increasing scale of completions, decent margins are expected to be realized in FY26. Own-developed projects like Neopolis will start contributing from FY27 onward as they are completed.
- **Pipeline:** SOBHA has a robust upcoming pipeline of 17msf across 14 residential projects in nine cities and a commercial pipeline of 0.6msf in one project in one city, scheduled for launch in the next six to eight quarters. The effective share of SOBHA expected from the upcoming launch is guided at ~85.3%.
- SOBHA has unsold inventory of 8.6msf, valued at INR107b. With the inventory buildup and accelerated launches, management expects decent sales in 4QFY26.
- The company has spent INR8.7b on land acquisition in 9MFY26, up 38% YoY, which is aligned with its growth and expansion plans.



Click below for
Results Update

The screenshot displays the financial results for Sri Lotus Developers & Realty for the third quarter of FY26. It includes a balance sheet, profit and loss statement, and cash flow statement, along with a management discussion and analysis. The company reports a net profit of ₹1.45 crore for the quarter, with a net debt-free position and a net cash balance of ₹8.45 crore.

Sri Lotus Developers

Buy

Current Price INR 146

- **Demand and execution:** Luxury housing in the MMR region continues to witness strong momentum, particularly across Bandra, Versova, Juhu, Andheri, and Prabhadevi. Execution track record is robust, with projects consistently delivered 12–18 months ahead of RERA timelines.
- **Net debt:** As of 3QFY26, the company is net debt-free with a net cash balance of INR8.45b.
- **Project pipeline:** It has completed 4 projects to date—2 in Juhu and 2 in Andheri West. The pipeline comprises 6 ongoing (INR27–28b) and 14 upcoming projects, totaling (INR130–140b). 11 of the 14 upcoming projects are in the western suburbs, while expansion is underway in South, Central Mumbai, and Gift City. Out of 20 projects (ongoing and upcoming), 19 follow an asset-light model, while 15 of them are redevelopment-led.
- **Launches:** During the quarter, the company launched Varun (Bandra) with a total GDV of INR4.5b. Over 9MFY26, it launched three projects — The Arcadian (Juhu), Amalfi (Versova) and Varun (Bandra) — aggregating ~INR14.5b GDV and ~0.21msf area, which together contributed ~80% of 3QFY26 presales, while two additional projects, Lotus Aquaria (Prabhadevi) and Lotus Celestia (Versova), are slated for launch in 4QFY26 with a combined GDV potential of ~INR20b. Lotus Trident to be launched in 1QFY27.
- **FY27 launches:** For FY27, 7–8 projects are already secured and expected to be launched.
- **Business Development:** In FYTD, the company added eight projects across premium micro-markets in MMR (including two in 3QFY26) — Lotus Portofino (Versova), Lotus Sky Plaza (Oshiwara), Lotus Odyssey (Bandra), Lotus Avalon (Juhu), Lotus Imperial (Bandra), Lotus Upper Crest (Bandra), along with a mixed-use project in GIFT City — aggregating to an estimated GDV of INR75–85b.
- **Inventory:** Current unsold inventory stands at INR1.9b for the completed projects, whereas for the recently launched ‘Arcadian’ and ‘Amalfi’, it stands at INR8.5b.
- **Guidance:** Management reiterated its FY26 presales target at INR11–13b, with major contributions expected from three recently launched projects and two upcoming projects to be launched in 4QFY26. Annual presales and revenue are projected to jump 3–5x over the next three years.
- **Pricing:** FY25 pricing was INR40,000–60,000psf; further increases expected in FY26, especially due to projects coming in Prabhadevi and Nepean Sea Road projects.
- **High efficiency driven by asset-light, redevelopment-led model:** LOTUSDEV’s operating efficiency remains high, supported by its asset-light approach. The company benefits from a redevelopment-driven model, which eliminates the need for large land acquisitions and ensures strong returns on capital employed. Higher PAT margins stem from a debt-free balance sheet, negligible marketing spends due to referral-based demand, faster execution, and premium pricing (~20% higher across micro-markets).
- **Customer engagement:** The company uses advanced tools such as 3D building information modelling and virtual reality walkthroughs for customer engagement.

RETAIL



- **Retail:** Most retailers indicated that demand in 3Q was impacted by the festive shift and delayed winter, leading to moderation in growth trends across apparel and grocery. Footwear witnessed early signs of recovery in the mass segment. Most retailers are now looking to accelerate store expansions. Overall, management commentary reflects a measured outlook, with recovery contingent on improved discretionary demand and seasonal tailwinds.
- **Jewelry:** Jewelry companies reported strong 3Q sales growth, led by strong festive demand and old-gold exchanges amid a sharp rise in gold prices (~60% YoY, ~20% QoQ). Management highlighted that revenue growth was mainly driven by higher average selling prices, offsetting flat buyer growth. Management also highlighted that steady demand momentum continued in Jan'26 despite gold price volatility, with companies focusing more on lightweight jewelry to sustain footfalls.
- **QSR:** QSR demand improved slightly in 3Q, aided by the Navratri timing shift to 2Q. Management highlighted that Jan'26 saw a further uptick as companies rolled out targeted promotions and channel tweaks. While delivery channels remain strong, dine-in is showing a gradual improvement. Margin recovery is likely to follow with a lag, driven by operating leverage as demand strengthens through FY27.

KEY HIGHLIGHTS FROM DEPARTMENTAL RETAIL CONFERENCE CALL

	Salient takeaways from 3QFY26's performance	Outlook
Aditya Birla Fashions	■ Refreshed-identity Pantaloon stores are outperforming legacy ones, with early marketing traction driving a younger customer mix and better conversions. Management delayed EoSS, reflecting confidence in merchandise quality, and expects to recover the weak 3Q in the coming quarter.	■ Store rationalization in Pantaloon is largely complete. Management plans ~20 Pantaloon stores annually (18-30k+ sq. ft.), targeting high to mid-single-digit LTL and double-digit revenue growth.
Aditya Birla Lifestyle	■ Growth was strong in Oct-Nov but moderated in Dec'25 due to fewer weddings. Small towns outperformed urban centers, while healthy secondary sales supported primary offtake. Demand improved in late Jan'26, with momentum expected to sustain.	■ The company is targeting ~12% revenue CAGR over the medium term, driven by 6-7% LTL and the remaining from network expansion. The company targets a pre-IND-AS margin of ~11-12%, driven by improved channel mix, lower discounting, and operating leverage benefits.
Campus	■ Wider distribution, stronger product mix with rising traction in sneakers and women's category, drove Campus' outperformance. The benefits of GST rationalization have not played out as per the industry's expectations yet.	■ The campus's near-term focus is on correcting store-level unit economics and franchisee profitability, with expansion paced more judiciously.
Go Fashions	■ SSSG declined ~5%, largely due to weak footfalls, while core metrics (full-price sell-through, conversions, transaction quality) remained stable.	■ FY26 net additions of 60-70 stores will be selective, alongside the consolidation of underperforming small formats. Phasing out smaller stores and adding more mid-sized formats should mechanically support blended SSSG.
Metro Brands	■ MBL reported ~15% YoY growth in 3Q despite weak discretionary demand and festive shift to 2Q, aided by GST rate cuts and faster store additions. Stable SPSF (despite lower throughput at new stores) reflects strong LFL performance of mature stores.	■ Reiterated ~15% medium-term revenue CAGR, led by mid-high single-digit SSSG and ~10% annual store additions (with ~50% first-year productivity). Margin guidance remains intact at 55-58% gross, 30%+ EBITDA, and ~15% PAT.
Raymond Life	■ 3QFY26 saw strong demand (tier-2/3 led), with volume-driven growth and premiumization. ASPs +~INR26/m supported margins despite higher brand spending.	■ Guided for visible working capital reduction by March as corrective measures take effect.
Shoppers Stop	■ SHOP saw weaker-than-expected 3Q demand due to early Diwali, post-festive slowdown, and pollution-led footfall disruption in North India. LFL declined in Oct, improved in Nov (Black Friday), and was flat in Dec—leading to overall flat LFL for the quarter despite strength in select categories.	■ During 4QFY26, the company plans to add five Departmental stores (two closed in 9MFY26) and three INTUNE stores (ten added in 9M) and two beauty stores (eight closed).
Vedant Fashions	■ Festive demand was healthy, but fewer wedding dates and mid-premium slowdown led to weak 3QFY26 growth.	■ VFL is consolidating smaller/SIS stores and shifting to larger formats, focusing on square footage addition over store count. Normalization expected in 2-3 quarters post-consolidation.

Vishal Mega Mart	3QFY26 SSSG was hit by ~210bp due to Pujo shifting to 2Q, but adj. 9MFY26 SSSG remained strong at ~10.3%. Growth was broad-based across regions/towns, with winter merchandise delivering double-digit SSSG despite a delayed onset.	Expect FY26 store additions to be at the upper end of 80-100 store additions guidance, while the store addition guidance for FY27 has been retained in the 80-100 band, including the small store formats.
Arvind Fashions	Demand remained steady, with ~8.2% retail LTL growth (USPA ~11%, FM ~17%) and sustained double-digit wholesale secondary growth.	Operating leverage from strong LTL growth, better gross margins, and stable fixed costs should drive EBITDA growth ahead of revenue. The company remains on track for 12-15% growth, backed by retail expansion, DTC scale-up, and adjacencies.
V-Mart	Sentiment was hit by weather and festive shifts, but demand remained resilient. Tier-2+/rural markets outperformed, supported by better agri income and organized shift.	Management reiterated its guidance of opening ~75 stores in FY26 and ~13-14% annual area additions over the medium term and is targeting mid to high single-digit SSSG.

KEY HIGHLIGHTS FROM QSR- CONFERENCE CALL

	Highlights from 3QFY26 commentary	Outlook for FY26
Jubilant Food Works	- During the quarter, JUBI undertook calibrated price increases on select products to strengthen margins. - Popeyes continues to see high double-digit LFL growth and improved profitability. - Capex has been in the range of INR7.5-8b over the last two years, and management does not expect any significant capex in the near term.	- In FY26, JUBI expects India Domino's sales to grow 15% YoY, with 5-7% growth from LFL. - Management reiterated its guidance of 200bp EBITDA margin expansion (on FY24 margin) over FY28. - Management expects Popeyes store count to scale from 73 currently to 100 by 1QFY27, with a medium-term ambition of ~250 stores, generating ~INR10b in sales.
Devyani International	- Devyani reported positive SSSG across all brands in January, except for Pizza Hut, where losses continue to moderate. - The company has initiated the turnaround of Pizza Hut by rationalizing loss-making stores. New store openings will largely be limited to offset closures.	- The company plans to add 110-120 KFC stores annually, maintaining KFC as the key growth driver. No net store additions are planned for Pizza Hut in FY26. - For the Devyani-Sapphire merger, applications for stock exchange approvals have been submitted, and the CCI filing is expected shortly. Management reiterated that it does not expect any material deviation from the previously guided 12-15-month merger timeline.
United Food	- UFBL witnessed SSSG trends improving MoM, with ~5% growth in Oct, further improvement in Nov, and stronger acceleration in Dec'25. - No price hikes were taken in the quarter, with growth aided by higher throughput and volumes. The company has witnessed strong transaction growth, driven by improved customer experience, value-led campaigns, and higher engagement across its app and digital platforms. The company continues to introduce new offerings in the premium Casual Dining Restaurant (CDR) segment.	- The company plans to add 9-12 stores per quarter, targeting 265 stores by FY26, 300 by FY27, and 400 by FY30. - The company plans to operate 15 international stores by FY26 and expand to 23-25 stores by FY27. - The company currently has no plans to take any price hike. - Management expects short-term net debt to remain within the range of INR1,000m. The company expects to maintain a monthly revenue run rate of ~INR1,250m
Sapphire Foods	- SAPPHIRE also witnessed a demand uptick in January vs 3QFY26. The gap between dine-in and delivery has narrowed for KFC, while delivery continues to lead. - The decline in dine-in revenue for PH was lower than the decline in delivery. Management alluded that the limited marketing budget for PH is adversely impacting its recovery.	The company has plans to open 60-80 KFC stores in CY26.
Westlife Food	- Westlife witnessed GM contraction of 260bp YoY to 67.5%. However, like-for-like gross margin remained broadly stable on a sequential basis, driven by supply chain efficiencies, partly offset by menu price adjustments following the GST rate change. - Digital sales contribution remained stable, led by the loyalty program and increased interaction via the mobile app and SOKs.	It plans to open 20-25 stores in 4QFY26 and aims to grow its network to 580-630 restaurants by 2027.

KEY HIGHLIGHTS FROM Jewel- CONFERENCE CALL

	Highlights from 3QFY26 commentary	Outlook for FY26
Titan	- Buyer growth in studded share was high, while gold saw higher growth in ticket size, backed by the steep rise in gold prices. The overall ticket size stood at INR190k in 3Q. - Gold exchange programs and Tanishq exchange program continue to grow, with ~50% of TTAN sales coming from exchange. TTAN stated that Golden Harvest contributed ~20-25% to the business. - TTAN completed the acquisition of a 67% stake in Damas. It has been incorporated from 1st Jan'26 onward.	- Management remained focused on the exchange program, looking to improve buyer trajectory, which was flat in 3Q and -2% in 2Q. Jewelry margin has multiple variables, and the company is focused on healthy EBIT growth vs. chasing EBIT margin. - Caratlane is expected to sustain the double-digit EBIT margin.
Kalyan Jew	- KALYANKJ, during the 30 days leading up to Diwali, reported LFL growth of over 30%, reflecting sustained festive demand. - The gold saving scheme gained strong traction, aiding customer acquisition, while the gold exchange program also saw improved participation during the quarter (typically ~30% of sales, slightly higher in 3QFY26). - The adoption of 18K studded jewelry is higher than plain jewelry, and the company plans to introduce studded collections in 14k and 9k.	- A new regional brand is expected to be launched in 4QFY26 in a single state; further expansions are expected in FY27 through the addition of five stores. - Management plans to repay ~INR1,500m in 4QFY26, targeting INR4,000m debt by Mar'26 and a debt-free status by FY27. - The company plans to add 80-90 stores over the medium term in India and 6-7 overseas stores annually over the medium term. - Maintenance capex in India is estimated at ~INR1.75 Bn for FY26.
Senco	- Gold volume declined ~3% QoQ in 3Q and ~10% in 9MFY26, while the diamond segment recorded a 12.5% growth during 9MFY26. - Inventory stood at INR 46b (up 55% YoY) to support wedding-season demand. Higher gold prices increased working capital requirements, funded through bank borrowings of INR22.5b (up 44% YoY). - The company hedged 55–60% of inventory in 9MFY26 in a volatile gold price environment (normally 75-90%). In FY25, 95% of its inventory has been hedged.	- The company remains on track to open 20 stores in FY26 and plans to add 3-4 more outlets to cross the 200-store milestone. - For FY27, the company plans to open 18–20 stores, split evenly between COCO (8–10) and franchisee (8–10) formats. - For FY27, the company maintained its EBITDA guidance at 7.5-7.8% and reiterated revenue growth of 20-22%. For 4QFY26, sales growth is expected to be over 25%.
P N Gadgil	- Jewelry demand remained resilient in 3Q due to wedding and festive purchases, with ~40% of jewelry purchases through the old gold exchange scheme. - The Board has approved a QIP to fund future store expansion, with the resolution valid until Aug'26. - The company added three new company-owned stores during the quarter under the LiteStyle format, taking the total retail footprint to 66 stores as of Dec'25.	- The company targets the addition of 78-80 stores by FY26-end and ~25 stores in FY27 across COCO, FOCO, and LiteStyle formats. - Management guides for sustainable gross margins of 13–14%, EBITDA margins of 7.0–7.25%, and PAT margins of 3.75–4.0%. - Management expects PNG Lifestyle to contribute 10% of revenue in the near term. - Marketing costs are expected to remain within the range of 1.25-1.5% of total revenue.



Click below for
Detailed Concall Transcript &
Results Update


Aditya Birla Fashion
Neutral
Current Price INR 72

- Pantaloons delivered ~3% LFL growth after adjusting for a festive shift and deferral of EOSS to 4Q. Sell-through rates improved materially following merchandising resets, with women's western wear and non-apparel outperforming. Performance of stores with refreshed identity is tracking ahead of legacy stores, while initial marketing traction indicates a younger customer mix and improving conversions. Delayed EoSS reflects management's confidence in the quality of merchandize and expects to make up for the weaker 3Q in the coming quarter.
- Guidance:** Store rationalization is largely complete, with closures focused on underperforming and small-format stores misaligned with the refreshed proposition. Management expects to add ~20 Pantaloons stores annually, prioritizing larger formats of 18,000–30,000+ sq. ft. in high-potential markets.

The image shows a screenshot of a financial report for Aditya Birla Fashion and Retail. It includes a table of contents and a detailed financial statement with various metrics and figures.

Management is targeting high to mid-single-digit LTL and double-digit revenue growth in Pantaloons.

- **Premiumization:** ASP increased ~2-3%, driven by improved assortment and mix, without broad-based price hikes. Basket size uplift remains modest but is expected to improve as non-apparel penetration deepens.
- Loyalty continues to anchor demand stability. Green-card members contribute over 70% of revenues, underpinning repeat purchases and predictable traffic. The top-tier Insignia cohort, though small in absolute numbers, delivers disproportionate revenue contribution.
- OWND has been structurally refined over the past 2-3 years, with sharper fashion aesthetics and youth-centric positioning. Recent discounting aligned with normal EOSS and was not inventory-led. Inventory remains healthy, with most new merchandise correctly tagged. Management targets to open 40-50 stores in FY27, with profitability targeted by FY29.
- **Competition:** Pantaloons' repositioning has shifted it away from intense price-led competition into a relatively less crowded premium mid-market, lowering direct price war exposure. In contrast, OWND operates in a highly competitive value-fashion segment with multiple scaled incumbents and new entrants, requiring tight execution on differentiation, inventory control, and cost discipline to defend margins.
- **Liquidity:** Standalone gross cash stands at ~INR16b (vs. ~INR21b in FY25), with most cash burn in 1HFY26 and no cash burn in 3Q. Standalone long-term debt is ~INR8b, largely via debentures. After adjusting for subsidiary-level cash and borrowings, net cash is ~INR6b, providing adequate liquidity and balance-sheet flexibility.
- **Profitability:** Ex TMRW, the core business is EBITDA breakeven to marginally positive for 9M on a pre-Ind AS basis. Management expects TCNS to start delivering profits in FY27 and as newer businesses mature, profitability is expected to inflect, with pre-Ind AS profits targeted from FY27E.
- TCNS reported flat revenue due to ~50 store closures, with the network streamlined from ~650 to ~480 stores. On this leaner base, LTL growth was 8% for 3Q and ~10% YTD. Pre-Ind AS margins expanded ~500 bp, and losses declined over 50%, supporting expansion resumption from 4Q with 50-60 stores planned next year.
- **Designer-led brands:** These brands grew in healthy double digits YoY, with strong profitability. The strong performance was despite a subdued wedding calendar and a shift in the festive period.
- **Tasva:** Tasva continues in a high-growth phase, delivering ~20% LTL growth over nine months (though lower ~8% LTL in 3Q).
- **Galleries Lafayette (GL)** The launch incurred ~INR200–250m in P&L investments for ~90k sqft store. The capex in fixed assets stood at ~INR1.3b, with inventory of ~INR0.7b, taking total capital employed to ~INR2b. The store operates a mixed model across categories, with ~70% of ~250 brands new to India. Management expects GL to reach ~INR1-2.5b revenue over the next two years with steady-state store-level margins of ~15–20% as the proposition matures with the introduction of unique brands and F&B offerings.



Click below for
Results Update

The screenshot shows a research report titled 'Aditya Birla Lifestyle Brands' by Motilal Oswal. It includes a table of contents, a summary of key findings, and a detailed analysis of the company's performance. The report highlights the company's strong growth in retail channels, its expansion into small towns, and its improved profitability. Key metrics mentioned include a 30% growth in TMRW, a 12% LTL growth, and a 16.6% EBITDA margin.

- **TMRW:** ~30% growth was entirely organic, with brands such as Bewakoof and Nobero delivering strong growth. The online channel currently accounts for ~95% of the revenue for TMRW. With scaling of offline presence, the online salience is likely to reduce to ~85%, but TMRW brands will remain digital first.

Aditya Birla Lifestyle

Neutral

Current Price INR 109

- **Demand:** Early festive (Pujo/Navratri) and strong growth in small towns drove strong LTL growth in retail channels, but overall consumption remains muted due to weather and GST transition-related disruptions. Diwali sales were modest and the near-term outlook hinges on the recovery in the ongoing wedding season. Management remains cautious but expects normalization as channel issues ease and store renovations translate into higher productivity.
- **Expansion:** Network consolidation is largely complete, with ABLBL adding 75+ gross stores across formats (~26 on net basis). Management expects store additions to accelerate from 2HFY26.
- **Inventory:** Higher inventory levels reflect early festive stocking and precautionary winterwear sourcing amid sourcing uncertainty from Bangladesh. Working capital is elevated in the short term but is expected to normalize by year-end as sales accelerate.
- **Regional trends:** Small towns (Tier 4; 1-1.5m population) led growth with stronger LTL performance than urban centers, signaling a clear rebound after several weak quarters. In contrast, the East saw temporary setbacks due to floods in West Bengal and disturbances in the Northeast, while the North remained robust.
- Despite double-digit secondary growth across Lifestyle (12% LTL) and Emerging Businesses (11–12% LTL), reported primary sales lagged due to GST-related wholesale disruptions, store renovations, and inventory corrections in Reebok.
- **Profitability** improved during the quarter, with EBITDA margin up 125bp to 16.6%, driven by strong retail LTL growth, operating leverage (especially on rent), and disciplined discounting. Emerging Businesses improved profitability by 150bp (F21 losses in base quarter and reducing losses in Innerwear). Management expects further margin improvement through scale, sharper retail productivity, and calibrated channel mix, even as Innerwear prioritizes growth over near-term margin maximization.
- **Reebok** posted over 10% consumer-level growth, supported by store additions (9% LFL) and strong departmental performance (12% YoY). However, implementation of ARS across the channel led to a delta between primary and secondary. With these adjustments nearly complete, management expects reported sales to align with underlying consumer momentum.
- **Van Heusen Innerwear:** Achieved the highest LTL sales growth in the company at 20%+ across 110-115 exclusive stores. The segment posted double-digit LTL growth overall but faced headwinds from a soft market and wholesale inventory corrections. Despite near-term challenges, management remains committed to aggressive expansion, prioritizing scale-building over immediate profitability.

- **Forever 21** has been fully phased out since 3QFY25, with its exit impacting overall revenue growth by ~100bp; no material impact is expected beyond 3QFY26.
- **Expansion:** Network consolidation is complete, though renovations continue (65 stores upgraded), temporarily impacting growth. With the clean-up behind, the company is back in expansion mode, adding 75+ gross new stores in the quarter, led by Lifestyle and Reebok.
- Higher depreciation and finance costs stem from the addition of 75 new stores, as lease liabilities are recognized upfront. Rent expenses have reduced accordingly, partly due to tactical shifts of select stores from franchisee to COCO, though the core model remains franchisee-led.

Arvind Fashions

Buy

Arvind Fashions

Current Price INR 479

Click below for
Detailed Concall Transcript &
Results Update



The screenshot displays the Arvind Fashions Q3 FY25 financial results. The top section shows key metrics: Revenue (₹1,000.00 Cr), EBITDA (₹150.00 Cr), and Net Profit (₹100.00 Cr). Below this, there is a detailed breakdown of the income statement, including Gross Profit, Operating Profit, and Non-Operating Income. The bottom section contains management commentary, discussing the company's performance, growth strategy, and the impact of various factors on its financial results.

- **Demand remained** stable, supported by ~8.2% retail LTL growth (USPA: ~11%, FM: ~17%) and sustained double-digit secondary growth in wholesale. Revenue grew ~15% YoY, the strongest in several years, driven by healthy retail throughput, expanding direct channels, and a steady wholesale contribution despite an uneven discretionary backdrop.
- **Online B2C grew** ~50% YoY, increasing direct channel contribution to ~63% of sales. The mix shift supports closer consumer engagement, improved pricing control, and stronger margin discipline, with DTC targeted to reach ~75% of sales over time.
- **Adjacency categories** grew ~23% YoY and now contribute ~25% of the portfolio, led by footwear and innerwear (>20% growth each) and strong early traction in womenswear (~50% growth on a low base).
- **USPA delivered** ~25% growth, driven by product elevation and premiumization, stronger retail execution, and rapid digital scaling. Retail grew ~23% with ~11% LTL, supported by targeted store expansion and closure of underperforming locations. Online B2C grew >80%, expanding reach and reinforcing momentum across both mainline and adjacency categories.
- **Flying Machine** showed early recovery with ~17% LTL growth in retail, ~40% online B2C growth, and ~35% growth in department stores, reflecting an improving product-market fit. Near-term profitability was impacted by a business model transition involving inventory take-back and sales reversals. Mainstream traction is expected over the next 2–3 seasons, supported by Gen-Z positioning and digital-first distribution.
- **Arrow delivered** steady growth, constrained by higher formalwear exposure and limited participation in wedding-led demand. Recent supply disruptions from Bangladesh delayed key inventory, though normalization post-November has supported recovery. EBITDA is targeted to reach mid-single digits over the next year as execution stabilizes.
- **PVH** was impacted by supply-chain disruptions and a GST rate hike from 12% to 18%, leading to temporary price-led demand softness in Oct–Nov. Volumes stabilized from mid-November as consumers adjusted to revised pricing.
- **Inventory quality** improved, with management indicating that stock aged over two years has been at its lowest level in the past three to four years. Higher

quarter-end inventory reflects precautionary pre-buying to mitigate Bangladesh supply risk and is expected to normalize, with inventory turns reverting to ~3.8–4x.

- **EBITDA margin expanded** ~40bp YoY, driven by gross margin expansion from a favorable channel mix, sourcing efficiencies, and tighter discount control. Premiumization supported higher full-price sell-through. Employee costs increased due to ESOP charges and higher hiring in data, AI, and consumer intelligence.
- **Outlook:** Operating leverage from high LTL growth, expanding gross margins, and stable fixed costs is expected to drive EBITDA growth ahead of revenue. The company remains on track to deliver 12–15% growth, supported by retail expansion, DTC scaling, and adjacencies, underpinning medium-term earnings visibility.

Bata

Click below for
Detailed Concall Transcript &
Results Update



Bata

Neutral

Current Price INR 836

- **Demand:** Early demand recovery is visible, supported by GST-led formalization and stronger internal execution—scaling up ZBM, improving sell-through, sharper brand focus, and leaner inventory driving better availability and turns. Growth is broad-based across price points, including lower ASPs, indicating that value proposition recalibration is working, while product funnel re-engineering remains the key medium-term accelerator.
- **Marketing spends** have grown in double digits for two consecutive quarters and are expected to remain high, increasingly skewed to digital and influencer-led campaigns. Focused product campaigns (Festive, Victoria Ballerina, Power Easy Slide) indicate sharper ROI orientation rather than diffuse brand advertising.
- **E-commerce** contribution is now in double digits, with profitability broadly at par with overall business, signaling scale-led operating leverage. Strategic focus is on brand-led online growth, deep quick-commerce partnerships, and strong digital brand presence to capture younger discovery-led cohorts. Floatz are currently under-indexed in online vs. offline, providing runway for growth.
- **Hush Puppies** (~INR7b brand; 15-20% retail mix) remains a disproportionate growth driver with premium positioning intact. It operates ~160 EBOs (120-130 COCO) with an ambition to scale to 200+ over the next 12 months, reinforcing premiumization strategy. Sharper product authority (materials/design nuance) should sustain premium-end momentum despite rising competitive intensity.
- **Product innovation** is being institutionalized through a reimagined end-to-end funnel aimed at building design and comfort authority. Management views this as the highest-gestation yet the highest-impact lever, with examples like Floatz indicating early validation.
- **Franchise** expansion has accelerated to ~700 stores currently, targeting 1,000+ in 2-3 years, largely in tier 3+ and suburban markets. This asset-light push enhances accessibility at lower price points while protecting ROCE, correcting Bata's historical under-indexing in franchise-led penetration.
- **Zero Base Merchandising (ZBM)**, now scaled to 400 stores with full-network ambition, is delivering measurable gains in turns, availability and resupply efficiency. Beyond decluttering, ZBM is structurally lifting revenue per sq.ft. and

SSG by simplifying choice architecture and tightening consumer-centric assortment curation.

- **Inventory quality** has materially improved with a 25% reduction over two years and record-low aged stock, driven by SKU rationalization and data-led forecasting under 'Project Customer First'.



Click below for
Detailed Concall Transcript &
Results Update



The screenshot shows a slide titled 'Campus Activewear' with financial data for Q3 FY26. The data is presented in a table format with columns for 'Q3 FY26' and 'Q3 FY25'. The table includes various financial metrics such as Revenue, Gross Profit, Operating Profit, and Net Profit, along with their respective percentages and year-over-year changes. The slide also includes a small chart showing the company's performance over time.

Campus Activewear

Buy

Current Price INR 271

- **Growth drivers:** Wider distribution, stronger product mix with rising traction in sneakers and women's category, drove Campus's outperformance. The benefits of GST rationalization have not played out as per the industry's expectations yet.
- **Premiumization** remains a key focus area, with sneaker volumes doubling YoY (ASPs of INR900+ vs. blended company-level ASP of ~INR700). Higher salience of premium SKUs, refreshed collections, and rising exposure to sneakers and women's footwear have cushioned demand softness for Campus. The share of the Women's and Kids category improved to 22% (vs. 18.7% YoY).
- **Apparel:** Campus has ventured into athleisure apparel in Jan'26, with pilots across ~60 EBOs, brand.com, and online marketplaces. The value proposition is fashion-forward, everyday apparel at accessible price points, leveraging existing brand equity in comfort and durability. Early response is encouraging, with the category likely to expand Campus' addressable market and improve store economics.
- **Gross margin expanded** ~175bp YoY to 52.6%, driven by rising premiumization, and is influenced by favorable seasonality. While there would be quarterly variations, the overall trajectory remains upwards in line with the business plan.
- **Online channel** has largely transitioned to a marketplace model, with ~75–80% of sales now routed through marketplaces. This has improved control over pricing, inventory, and profitability, supporting strong traction on platforms such as Amazon. The reported online revenue would have been ~INR100m higher on like-for-like accounting of freight costs.
- **Tight control on costs**, through better production phasing, higher capacity utilization, and mitigation of wage inflation—has enabled operating leverage without compromising growth investments.
- **A&P intensity** increased to ~10.3% of sales in 9MFY26 (vs ~9.2% YoY), reflecting seasonal TV and digital campaigns supporting new launches. Brand investment remains disciplined and aligned with long-term equity building. The full-year A&P spends are likely to remain within the guided range.
- **GT network** is being streamlined through a super-stockist model, under which smaller distributors are mapped to larger intermediaries, leading to a rationalization of direct distributor count.
- **Inventory** across channel partners remains stable at ~84 days, within the historical 80-90 day range. A replenishment-led model, supported by real-time secondary sales tracking, ensures primary dispatches are closely aligned with sell-through, preserving working capital discipline and distributor health.
- Upper manufacturing has stabilized, with commercial production of premium uppers commencing in Jan-26. Over 90% local sourcing and in-house assembly

enhance cost control, supply reliability, and regulatory compliance, enabling scalable premium growth without near-term capacity constraints.

- **Net store count** remained broadly flat YoY as closures of underperforming stores offset new openings. Near-term focus is on correcting store-level unit economics and franchisee profitability, with expansion paced more judiciously.
- **Brand Campaign:** The “You Go Girl” campaign featuring Kriti Sanon resonated strongly with women consumers, significantly improving women’s category saliency and reinforcing long-term brand-building objectives.



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medit owl
LIFE & LEARNING

21 October 2020
11:00 AM - 12:00 PM
English - International

Topic : English

Duration : 1 hour

Language : English

Difficulty : 100-120

Section : 100-120

MAIN TOPICS : **Reading**

Subtopic : **English grammar, prepositions (to, at, in, on)**

Questions : 10

Section : 100-120

Q.No.	Q.No.	Q.No.	Q.No.	Q.No.
1	2	3	4	5
6	7	8	9	10
11	12	13	14	15
16	17	18	19	20
21	22	23	24	25
26	27	28	29	30
31	32	33	34	35
36	37	38	39	40
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51	52	53	54	55
56	57	58	59	60
61	62	63	64	65
66	67	68	69	70
71	72	73	74	75
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Questions : 10

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Devyani International

Buy

Current Price INR 133

Business and Environment

- The company reported positive SSSG across all brands in January, except Pizza Hut, where losses continue to moderate.
- Management indicated that sustained momentum through the quarter could provide a strong base for medium-term growth.
- Management undertook select tactical initiatives in January, including targeted promotions and changes in online and offline channel strategies, which have started to show early positive results.
- Pizza Hut has been clearly positioned as a turnaround brand, with no planned store additions in FY25 and FY26, while KFC continues to be the key growth engine.
- Corporate G&A is expected to remain at around ~5% of revenues, broadly in line with historical levels.
- International operations delivered mixed performance. Nepal and Nigeria posted healthy growth but remain small contributors to overall revenues. Some near-term softness has been observed in Thailand.

Devyani Sapphire merger

- For the Devyani Sapphire merger, applications for stock exchange approvals have been submitted, and the CCI filing is expected shortly.
- Management reiterated that it does not expect any material deviation from the previously guided 12–15 month merger timeline.
- The proposed merger is expected to generate annual synergies of INR2.1–2.25bn, creating incremental headroom for reinvestment in India.
- Pre- merger, Both DIL and Sapphire had independently signed development agreements with Yum brands. Management plans to present a consolidated India growth strategy for KFC to Yum! Brands.
- In the merger, the company took technology operations and supply chain management currently handled by Yum!, which is expected to improve operational control and efficiency when combined with in-house execution.

KFC

- The company plans to add 110–120 KFC stores annually, maintaining KFC as the key growth driver.

Pizza Hut

- The company has initiated the turnaround of Pizza Hut by rationalizing loss-making stores.
- New store openings will largely be limited to offset closures, enabling better utilization of existing assets and lowering capex intensity.

- No net store additions are planned for Pizza Hut in FY26.

Product innovation

- KFC launched the 'Dunked' fried chicken range, supported by a strong marketing push, which has seen encouraging initial response.
- Pizza Hut also launched the 'Crafted Flats' pizza range, a global product adapted to Indian preferences, which has witnessed positive early traction.

Sky gate

- The Biryani by Kilo brand achieved EBITDA breakeven ahead of management guidance, indicating improving unit economics.
- The company launched its first Sanou Kitchen outlet in Gurgaon, targeting consumers seeking Thai and Asian cuisine offerings.

GO COLORS

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Go Fashions

Buy

Current Price INR 356

- **SSSG** was weak during the quarter at $\sim(-5\%)$, driven predominantly by weak footfalls. Core operating metrics such as full-price sell-through, conversion, and transaction quality remained stable. With non-leggings and value-added categories now contributing $\sim 65\%$ of sales, the optimal store size has increased. Sub-300sqft stores are witnessing a steeper decline in same-store sales ($\sim 9-10\%$) due to display limitations.
- **Store expansion** has been deliberately slowed to prevent EBITDA dilution amid weak SSSG. FY26 net additions will be selective, alongside the continued consolidation of underperforming formats. Phasing out smaller formats and skewing additions toward mid-sized stores should mechanically lift SSSG.
- **Brand relevance:** The demand slowdown reflects macro-driven footfall weakness rather than brand fatigue, with category expansion aligned to broader market trends. The focus has moved to sharper product refresh cycles, higher depth in non-core categories, rationalizing small stores, upgrading store layouts, and more targeted digital marketing—aimed at improving conversion and throughput rather than relying on footfall recovery alone.
- **A&P** is structurally maintained at $\sim 2-2.5\%$ of revenue, with no planned increase despite near-term revenue softness. The shift toward targeted digital and influencer-led marketing improves reach and conversion efficiency, supporting SSSG recovery without compromising margins or operating leverage.
- **Gross margins** remain resilient despite industry-wide demand pressure, anchored by $>95\%$ full-price sales and negligible discounting. With over 90% of SKUs sharply priced, small price cuts (INR100-200) are unlikely to stimulate incremental volumes but would directly dilute margins.
- Despite intensified post-Covid competition and brand proliferation, the company operates in inherently high-margin categories. Stable gross margins indicate disciplined pricing and mix, with margin pressure driven more by weak footfalls and operating leverage than by promotional activity or competitive discounting.
- **LFS performance** in 3QFY26 was hit by a sharp operational disruption. A key partner paused fresh inventory intake across brands for ~ 45 days due to format changes, preventing replenishment and leading to lost secondary sales. The resulting $\sim 30\%$ decline in LFS sales is largely non-recoverable, but normalization is expected as dispatches have resumed.
- **Inventory increased** marginally due to the rollout of new concepts and initial pipeline stocking. As demand stabilizes, inventory is expected to normalize back

toward the 85-90 day steady-state range, with limited scope for further working capital optimization beyond sales recovery.



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Jubilant Foodworks

Neutral

Current Price INR 524

Business environment and outlook

- Domino's India delivered an LFL growth of 5% on a strong base of 12.5%. The positive LFL growth trajectory continued for the eighth quarter in a row.
- Delivery channel revenue grew 16.0% YoY, with channel share now at 74.9% in the mix.
- JUBI's investments in technology and AI are leading to strong execution capabilities and is helping the company drive efficiencies in its corporate G&A.
- The company's site selection process is totally AI-enabled now and it has a list of 1,000 potential store locations.
- During the quarter, JUBI undertook calibrated price increases on select products to strengthen margins.
- Recent new product launches, including pizzas and cheese lava pull-apart, have seen strong response and have scaled rapidly in a short period. These products are gross margin accretive as well.
- JUBI has approximately two third of the market share in the category.
- Popeyes continued its strong momentum, delivering high double digit LFL growth backed by strong growth in orders and Bill-Per-Order. Further, Popeyes is seeing GM and restaurant profitability expansion.
- JUBI added five new stores in Popeyes, taking the total store count to 73. By 1QFY27, JUBI plans to have 100 Popeyes stores.
- Over the medium term, JUBI expects Popeyes to record INR10b of sales, along with 250 stores.
- For FY26, the company expects the standalone business to grow ~15% YoY, comprising 5–7% growth from LFL.
- JUBI is penetrating into schools, colleges, airports, and railway stations at a faster pace.
- The Mumbai commissary is expected to be operational by the end of 4QFY26.
- Capex over last two years has been in the range of INR7.5-8b, and management does not expect any significant capex in the near term.
- Domino's store network in India expanded to 2,396 outlets with the addition of 73 new stores during the quarter and entry into 11 new cities, taking its total presence to 511 cities.

New launches

- Popeyes rolled out the range of seven flavor bust burgers. JUBI also topped it up with a 15-piece chicken bucket (INR399), which has also received an excellent response.
- The company introduced Cheese Lava Pull Apart starting at INR399.
- Investments in the digital platform continue to yield results, with JUBI's app reaching 17m monthly active users (MAUs), up 28% YoY, and 5.7m monthly transacting users (MTUs), up 21% YoY.

Cost and margins

- Gross margins expanded despite persistent inflation in dairy oil and flour, supported by productivity led efficiencies and mix improvement.
- Pre-Ind AS 116 EBITDA margin expanded 90bp YoY and 120bp QoQ on account of portfolio-wide improvement in gross margin, gains in store productivity, and operating leverage.
- JUBI is receiving better rental negotiations due its operational scale, more so in Tier 2 and smaller markets.
- Management reiterated its guidance of 200bp EBITDA margin expansion (on FY24 margin) over the next three years.

International business

- The international business in Sri Lanka and Bangladesh reported impressive top-line growth and improvement in the bottom line.
- Turkey continues to deliver ahead of JUBI's expectations.
- The Turkey business finance cost reduced by 59% YoY on account of refinancing of DPEU debt from Turkish Lira to Euro.
- DPEU's entire interest obligation is being paid by Turkey business, with no cash remittance from India business since last three quarters.



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Kalyan Jewellers

Buy

Current Price INR 419

Demand environment and outlook

- The company highlighted that on-ground momentum remained robust through most of 3QFY26, with the festive period delivering stronger growth than anticipated.
- During the 30 days leading up to Diwali, KALYANKJ reported LFL growth of over 30%, reflecting sustained festive demand.
- The demand in Jan'26 was good, supported by healthy consumer footfalls despite volatility in gold prices.
- New customer additions remained strong, with the share of new customers exceeding 39%.
- Studded jewelry recorded ~50% growth in 3QFY26, and management expects this momentum to continue, supported by rising consumer awareness driven by social media and marketing campaigns.
- Growth in 18k jewelry outpaced 22k, largely due to a lower base; acceptance is faster in North India compared to the South.
- The adoption of 18K studded jewelry is higher than plain jewelry, and the company plans to introduce studded collections in 14k and 9k.
- The gold saving scheme gained strong traction, aiding customer acquisition, while the gold exchange program also saw improved participation during the quarter (typically ~30% of sales, slightly higher in 3QFY26).
- The company currently has no immediate plans to launch products in the LGD segment.
- The company has appointed a mediator to identify potential buyers for its land parcel and expects the transaction to close by 1HFY27.
- Share pledging was undertaken solely for the purpose of a share buyback, with plans to reduce pledged shares over the next six months.

Cost and margin

- Margin expansion was driven by a richer product mix, procurement efficiencies, operating leverage, a higher share of FOCO revenue.
- Gold inventory is fully hedged; additionally, rising platinum and silver prices supported margins.
- In a rising gold price environment, the company trims inventory volumes, helping optimize working capital and support cash flows.
- There has been no change in GML rates.

Capex, debt, and cash flows

- Kalyan India plans to add 80–90 stores over the medium term.
- Maintenance capex in India is estimated at ~INR175cr for FY26. The company does capex of INR2–2.5cr per store.
- A new regional brand is expected to launch in 4QFY26 in a single state; more expansions are expected in FY27 with five showrooms (INR4–4.5cr per store).
- FOCO stores in South India currently stand at ~30.
- Franchisee showrooms contribute ~51% of revenue.
- Studded jewelry mix in franchise stores is ~30% in non-South markets.
- Of the free cash generated from operations, ~INR3b will be deployed toward Candere stores and international pilots, while another ~INR3b will be used for debt reduction and dividends.
- The company repaid INR1,300m in 2QFY26, reducing non-GML debt to INR5,500m as of Sep'25. No debt was repaid in 3QFY26; however, management plans to repay ~INR1,500m in 4QFY26, targeting INR4,000m debt by Mar'26 and a debt-free status by FY27.

Candere

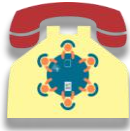
- Candere's revenue grew to INR1350mn in 3QFY26 vs INR550m in 3QFY25, and reported profit of INR30mn vs loss of INR70m in 3QFY26.
- Candere turned PAT positive during the quarter.
- The company remains focused on transitioning Candere stores into an omnichannel format.
- Going forward, alongside new showroom launches, the strategy will emphasize increasing inventory in existing stores to drive higher SSSG.
- The company added 14 Candere showrooms in India, taking the total store count to 110 in 3Q.

International business

- The Middle East business grew ~27% YoY in 3QFY26, with growth expected to remain healthy.
- The company plans to add 6–7 overseas stores annually over the medium term. However, expansion in the Middle East through the franchise route has been slower than initially planned.
- The company will also invest in pilot showrooms in the UK and US.



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Metro Brands

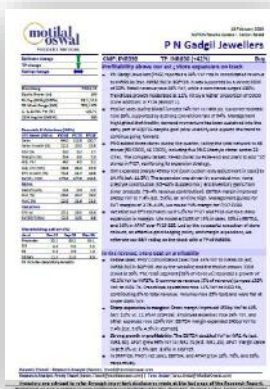
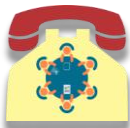
Buy

Current Price INR 1,069

- **Demand:** MBL delivered ~15% YoY growth in 3Q, despite the softness in discretionary demand and festive shift to 2Q. Recent GST rate rationalization and acceleration in store additions supported the growth. Stable SPSF despite store additions (new stores at lesser throughput) indicates strong performance of older stores on LFL basis. Further, MBL's SPSF is based on closing store area, which masks the actual performance in the quarters with accelerated store additions.
- **Store rollout:** The company opened 35/100 gross stores in 3Q/9MFY26 and would remain focused on opening profitable stores using internal accruals. The closures were higher in 3Q (11), but are expected to remain within the 2% store closure range annually.
- **Guidance:** Management has reiterated its guidance of ~15% revenue CAGR over the medium term, driven by mid-to-high single-digit SSSG and store additions (~10% annually with roughly 50% productivity in first year and ~5% contribution from last year's stores delivering revenue for full year). Management has stuck to its medium-term guidance of 55-58% gross margin, ~30%+ EBITDA margin, and ~15% PAT margin.
- **Margins:** New formats carry lower gross margins due to third-party mix and create temporary EBITDA drag during the gestation period, though the impact on overall margins is currently miniscule. Pre-Ind AS PAT margin gap stays at ~1.2-1.3%, widening only in quarters with large-store opening (such as opening of four Foot Locker stores in 2QFY26).
- **E-commerce revenue** grew 24% YoY, with omni-channel sales up ~25%, taking online contribution to 12% of revenue. MBL's priority is profitable growth without diluting brand equity in online channels. Further, management noted that global brands have ~20% share of e-commerce in their mix.
- **FILA** remains a strategic pillar in MBL's push into S&A. Growth is constrained by BIS-related supply-chain complexities, but legacy inventory was fully liquidated last year, removing margin drag. As operations stabilize, FILA is expected to deliver margins in line with company-level margins.
- **Foot Locker** expansion would be measured in the near term, due to BIS-related inventory constraints, resulting in ~20-25% lower-than-potential sales from suboptimal product mix. Gross margins remain structurally lower given third-party sourcing.
- **MetroActiv** has been launched in non-metro Tier 1/2 cities to refine the performance-athleisure concept before scaling up to larger metros. This approach lowers execution risk while tapping a growing athletics market. The format complements Foot Locker by addressing performance-focused consumers and broadens portfolio salience in S&A category without cannibalizing existing banners.
- **Clarks:** The Clarks partnership has seen encouraging early traction. Management plans to commence exclusive Clarks store rollouts from 3QFY27. The brand strengthens the company's premium formal and comfort footwear portfolio.
- **Inventory:** There was a modest sequential build-up in inventory in 3Q, aligned with seasonal stocking and an accelerated store-opening pipeline, in line with



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- expectations. BIS-related constraints continue to disrupt optimal inventory flow for global brands.
- **Inventory liquidation** is handled through Shoe Depot outlets (7-8 outlets currently, clubbed in Metro for reporting purposes). Shoe Depot operates a ~2,500 sq. ft. multi-brand format, improving rental economics and enabling year-round clearance with flexibility across brands. E-commerce complements this by selectively liquidating slow-moving stock while offering online-exclusive lines to avoid price conflicts across channels.
- **Other Income:** The decline in other income during 3Q was primarily due to a lower treasury base following the payout of a special dividend. While investable surplus declined, yield was higher in 1HFY26.
- **Interest and depreciation:** Finance costs and depreciation remained largely stable during the quarter. There was a temporary spike in 2Q due to the opening of large-format Foot Locker stores, which normalized in 3Q.

PN Gadgil

Buy

Current Price INR 569

Demand trends and business performance

- Despite elevated gold prices, demand momentum remained strong, supported by the festive and wedding season.
- Healthy demand continued into the start of 4Q, even amid volatility in gold prices.
- A shift toward bullion was observed; bullion now contributes 25–26% of total revenue, while the remainder comes from jewelry.
- Jewelry demand remains resilient due to wedding purchases, with nearly 40% of jewelry purchase was through the old gold exchange in 3Q.
- In 9MFY26, the silver category delivered exceptional performance, registering 96% value growth and 56% volume growth.
- In 9MFY26, Diamond jewelry also gained traction, with volumes rising over 50% YoY, taking the stud ratio to 8.4%.
- Festive sales was growth driver in 3Q. Dussehra recorded the company's highest-ever single-day festive sales of INR1,900mn, up 64% YoY.
- During Diwali, the company achieved festive sales of INR6,060mn, reflecting a robust 74% YoY growth.
- Volume growth was up ~25% QoQ, while it grew in single-digit or remained flat YoY in 3Q.
- Franchisee revenue grew only 12% YoY. It is due to that most store expansions in FY26 to date are through COCO stores, both within and outside Maharashtra.
- The make-to-order mix stands at 35–40% in Maharashtra versus 20–25% in other states, reflecting stronger demand for fancy jewelry outside the state.
- The company appointed Ranbir Kapoor for PNG and Sara Tendulkar as brand ambassadors for PNG LiteStyle.
- The company is 100% hedged against gold price movements, limiting commodity risk.
- The board has approved a QIP to fund future store expansion, with the resolution valid until Aug'26.
- Store expansion

- The company added three new company-owned stores during the quarter at Moshi (Pimpri-Chinchwad), Patna (Bihar), and Viman Nagar under the LiteStyle format, taking the total retail footprint to 66 stores as of Dec'25.
- The network currently comprises 61 legacy stores and 5 LiteStyle stores.
- The company plans to launch two additional stores in UP (Gorakhpur and Banaras), followed by further expansion in Lucknow and Prayagraj, targeting 8–10 stores in UP in the near term.
- PNG aspires to reach 78–80 stores by Mar'26 and plans to open ~25 stores in FY27 across COCO, FOCO, and LiteStyle formats.
- Outside Maharashtra, the company initially establishes stores through the COCO model before scaling further.
- It plans to strengthen its presence in Central India through exhibitions and market research in cities like Bhopal, Jabalpur, Gwalior, Banaras, and Prayagraj, deepening penetration across Madhya Pradesh, Uttar Pradesh, and Bihar.
- Capex is ~INR20mn for a PNG store and ~INR7mn for a LiteStyle COCO store. Inventory investment stands at ~INR550mn for a PNG COCO store (gold, diamond, and silver combined) and INR80–100mn for a LiteStyle store.
- Store breakeven is typically achieved within 15–18 months in Maharashtra and 18–24 months outside the state.

PNG LiteStyle

- PNG LiteStyle currently contributes 5–6% of revenue, with a near-term target of 10% contribution.
- LiteStyle stores carry a 35–40% studded mix and are primarily focused on expansion across major Maharashtra cities such as Mumbai, Pune, and Solapur etc.

Margins and Profitability

- Gross margins expanded due to a higher studded mix (52% YoY value growth) and the growing contribution from PNG LiteStyle jewelry.
- The company believes 13–14% gross margins, EBITDA margins of 7–7.25%, and PAT margins of 3.75–4% are sustainable.
- Retail margins remain stronger, with 8–8.25% retail EBITDA and 5–5.5% retail PAT margins, supported by a higher focus on lightweight jewelry.
- Other expenses increased due to higher advertising spends for store expansion and onboarding of new brand ambassadors. Overall marketing costs are expected to remain within 1.25–1.5% of total revenue.

Growth Outlook

- The company expects to cross INR9.5bn revenue in FY26 and has guided for INR11–12b revenue in FY27.
- Growth will be driven by both store additions and same-store performance, while e-commerce continues to perform well.
- Management aims to increase the studded jewelry contribution to 13–14% over the next 3–4 years.

Raymond LIFESTYLE LIMITED

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Raymond Lifestyle

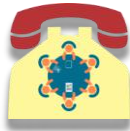
Buy

Current Price INR 943

- **Demand:** 3QFY26 demand strengthened meaningfully, driven by tax-led discretionary uplift and a strong festive and wedding season. Consumption recovery was most visible in tier-2/3 markets. A large part of the earnings growth was volume-led, supported by a richer mix and premiumization. ASPs increased ~INR26/m, aiding margin expansion despite continued investments in brand building, advertising, and future capabilities.
- **Channel Mix:** Primary sales were aligned with improved on-ground demand during the quarter. Secondary inventories corrected YoY, reversing last year's build-up, indicating healthier channel throughput. Tertiary demand strengthened materially post tax cuts, with festive and wedding-led consumption driving strong off-take, particularly across tier-2/3 markets.
- **Ethnix:** Ethnic wear recorded high single-digit growth, trailing other apparel segments. The business remains in a multi-year brand-building and stabilization phase, with emphasis on product correction and communication, and meaningful acceleration expected over the next 2–3 years.
- **Branded Apparel:** delivered healthy growth, led by strong momentum in owned channels, with EBOs recording mid-double-digit LFL growth and LFS posting low-double-digit LFL growth. MBOs continue to provide scalable reach without incremental capital intensity. Expansion remains calibrated and asset-light, focused on return-led store additions. Store rationalization to continue for another couple of quarters.
- **Branded Textiles** reported robust growth and ~21% EBITDA margins, driven by full capacity utilization, cost rationalization, and richer premium/technical mix. Domestic growth (>12%) outpaced industry trends, with mix optimization and premiumization key medium-term margin levers.
- **Garment exports** remained under pressure due to US tariff uncertainty, limiting competitiveness versus lower-duty peers. The company reduced US exposure to ~35% and is pivoting toward Europe, the UK, and Asia-Pacific. Mix is shifting toward higher value-added finished apparel to protect margins, with volume recovery expected to be gradual. Ongoing FTAs are structurally positive for exports but remain sentiment-led near term, with meaningful volume benefits expected to accrue gradually rather than immediately.
- **Working capital** remained elevated due to higher inventory holding for US shipments and an increased mix toward domestic and apparel businesses, which carry longer cycles. Management guided for visible working capital reduction by March as corrective measures take effect.
- **A one-time non-cash charge** of INR570m was recognized due to the actuarial impact from the new labor code implementation. Management indicated no material recurring impact going forward.



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Sapphire Foods

Buy

Current Price INR 220

Business environment

- Similar to other QSR companies, SAPPHIRE has also seen demand uptick in January vs 3QFY26. The gap between dine-in and delivery has narrowed for KFC, while delivery continues to lead.
- The decline in dine-in revenue for PH has been lower than the decline in delivery. Management alluded that limited marketing budget for PH is adversely impacting its recovery.
- The company saw an improvement in dine-in from Dec'25-end onwards. The INR99 launch of Krisper Chicken Burger Meal also helped in increasing footfalls.
- The merger is expected to take ~12 months; until completion, both entities will operate independently, with strategic planning to commence post-CCI approval.
- Digital kiosk now covers ~70% of the total stores.
- The company launched the global 'Saucy' concept in Dunked in Jan'26.
- Management indicated that the innovation pipeline remains strong for CY26.
- In 3QFY26, it added 27 KFC restaurants, 1 PH in India, and 3 PH in Sri Lanka. SAPPHIRE's total restaurant count was 1028 as of 31st Dec'25.
- Exceptional items include the one-time impact of INR80m on account of labor code changes and INR31m towards merger-related costs.

Segmental information

KFC

- SAPPHIRE reported KFC SSSG of 1% for the quarter (Navratri benefit included). The company delivered a healthy restaurant EBITDA margin of 18.8% (+ 60bp) on the back of GM expansion and cost efficiencies.
- The GM expansion was on account of reduced discounts and a rationalized value offer construct.
- SSSG and SSTG are largely in the similar range.
- The INR299 EPIC Saver value campaign did not yield the desired results; hence, to attract new customers, the company pivoted towards the INR99 Krisper Chicken Burger Meal in Dine In & Takeaway channels. The initial response to the same has been encouraging.
- The Krisper Chicken Burger was available in ~25% of stores as of Dec'25, which was increased to 33% as of Jan'26.
- The INR99 launch is expected to be dilutive in nature (impact of 50-60bp on GM); however, the increase in SSSG and improved footfalls are likely to offset the same.
- The company has opened 60 KFC stores in CY25, and going ahead, it plans to open 60-80 stores in CY26.
- App downloads for KFC was 63m, with 2.1m monthly active users.
- Digital kiosks are now implemented across more than 70% of KFC restaurants, enhancing efficiency and customer experience.

PH

- PH Tamil Nadu continues to deliver positive double-digit delta performance over the rest of the country.
- SAPPHIRE is focused on improving the dine-in speed of service metrics.

- The Ultimate Cheese Pizza and Cheesy Pocket was launched in Oct'25 and New Crafted Flatzz launched in Jan'26. The company has a strong innovation pipeline ahead.
- It launched exclusive value offerings on Dine-In (Buy1 Get3, 4 Course Meal starting INR99, Unlimited Pizza Fridays).
- The lack of marketing and consumer awareness initiatives hampers new launches and value offerings offtake.
- App downloads for PH exceeded 20m, with more than 1m monthly active users.

Sri Lanka business

- In Sri Lanka, the business continued to deliver strong performance under the same dine-in forward omni-channel strategy, supported by consistent innovation and marketing investments.
- The Sri Lanka business recorded double-digit SSSG of 11% in LKR terms.
- Restaurant-level EBITDA stood at 16.7%, down 110bp YoY on account of a significant increase in minimum wage, and was further impacted by Cyclone-related costs.
- SAPPHIRE opened seven stores in CY25 and expects the same pace of store additions to continue in CY26.



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Senco Gold

Neutral

Current Price INR 341

Operational performance

- The company recorded INR 17.2bn sales in October'25, supported by robust festive demand.
- Growth in 3QFY26 has sustained into 4QFY26, indicating continued demand momentum.
- Gold volume declined by ~3% QoQ in 3Q and ~10% in 9MFY26, while the diamond segment recorded a 12.5% growth during 9MFY26.
- Old Gold Exchange contributed 43% of total sales, compared to 25–30% two years ago.
- Customer footfall conversion remained strong at 66%.
- The company is well-prepared for key demand catalysts, including the 4Q wedding season, Valentine's Day, International Women's Day, Akshay Tritiya, Poila Boishakh, and other regional festivals.
- Management expects 25%+ sales growth in 4QFY26, driven by seasonal demand tailwinds.
- Customer advances declined in the December quarter due to festive redemptions; management expects balances to rebuild, supporting cash flows and future sales.
- Advances currently stand near INR2bn; the company is pursuing a higher credit rating to raise the cap to ~INR5bn, which should enhance customer acquisition and footfalls.
- The company plans to introduce fixed-rate schemes and wedding-focused Marigold plans (offering making charge discounts) aim to improve consumer traction without impacting margins.

- The acquisition of Melorra is aimed at strengthening the company's connection with Gen Z and millennial consumers, adding a design-centric portfolio to complement its traditional offerings.

Geographic & channel mix

- Non-East revenue surpassed INR 11bn, underscoring the company's expanding national footprint and strong traction in newer markets.
- Revenue mix stood at 65% from owned stores, 33% from franchisees, and 2% from other channels.
- The East market delivered 18–20% growth, while non-East markets grew faster at 25–30%, supported by a lower base.

Product mix & consumer strategy

- The company introduced 9-carat gold and diamond jewelry to attract price-sensitive customers in a volatile gold price environment.
- Studded jewelry ratio stood at 10.9% for 9MFY26.
- Coin sales contributed ~7% of YTD revenue, while e-commerce, Digi Gold, and Digi Silver generated ~INR 420mn, and exports added ~INR 2,450mn.

Store expansion

- The company launched four new franchise showrooms in 3QFY26, taking the total showroom count to 196 (including eight SenS stores).
- It remains on track to open 20 stores in FY26 and plans to add 3–4 more outlets to cross the 200-store milestone.
- For FY27, the company plans to open 18–20 stores, split evenly between COCO (8–10) and franchisee (8–10) formats.
- Stores older than two years are considered for SSSG calculations. Of the 196 stores, 156 are mature stores while 40 are new.

Margins & profitability

- The company maintained its FY27 EBITDA margin guidance at 7.5–7.8% and reiterated 20–22% revenue growth guidance.
- In 9MFY26, EBITDA margin stood at 10.9%, including 2–2.5% realization gains.
- In 3QFY26, EBITDA margin was 13.4%, with a normalized margin of ~9.5–10% and the remainder driven by inventory/realization gains.
- Rising gold prices increased absolute making charges (linked as a % of sales), contributing to margin expansion.
- In different store format the Gross margin profile is - 18–20% from owned stores (~60% revenue), 7–8% in franchise stores (~30–35%), and 5–6% in e-commerce (~4%).

Inventory, Hedging & Balance Sheet

- Inventory stood at INR 46bn (up 55% YoY) to support wedding-season demand. Higher gold prices increased working capital requirements, funded through bank borrowings of INR 22.5bn (up 44% YoY).
- The company hedged 55–60% of inventory in 9MFY26 in a volatile gold price environment (normally 75–90%). **In FY25, the company 95% inventory is hedged.**



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Shoppers Stop

Neutral

Current Price INR 361

- **Demand trends:** SHOP has seen weaker-than-anticipated demand in 3Q, driven by early Diwali, post-festive demand taper, and pollution-led footfall disruptions in North India. LFL sales declined in October, improved modestly in November on Black Friday-led events, and remained largely flat in December, resulting in overall flat LFL for the quarter despite selective category strength.
- SHOP closed net two stores during 3Q (seven opened and nine closed), with departmental stores seeing one net closure. During 4QFY26, the company plans to add five Departmental stores (two closed in 9MFY26), three INTUNE stores (10 added in 9M), and two beauty stores (eight closed).
- SHOP continued to see premiumization momentum in 3Q despite demand headwinds, with premium (2% LFL) and premium-plus (9-10% LFL) mix rising.
- Non-apparel categories continued to gain share, indicating deeper customer engagement beyond apparel. Watches, handbags, and fragrances delivered strong double-digit growth.
- **Private brands'** performance was softer in 3Q, largely due to the festive shift impacting Indian wear and availability issues in key brands (notably Kashish), resulting in lost sales opportunities.
- **Gross margin** contraction in 3Q was driven by a combination of earlier-than-usual EOSS (~50bp impact), higher private brand provisions, and adverse mix (~40–50bp impact). EBITDA was further pressured by higher investments in marketing, customer acquisition, and technology, along with a one-time INR175m labor code-related charge weighing on reported profitability.

INTUNE: Focus shifts to fixing fundamentals

- **INTUNE** saw a materially weaker quarter, with growth slowing to ~22% vs ~70% in 2Q, reflecting legacy inventory overhang, lower freshness, and aggressive discounting in a highly competitive value-fashion environment.
- Store expansion has been deliberately slowed, with only ~14 INTUNE stores added in 9MFY26 vs the guidance of 30–40 stores at the start of the year. The focus has shifted decisively toward fixing supply chain and inventory execution rather than scaling store count.
- Inventory correction is largely advanced, with INTUNE inventory reduced from ~INR1b to ~INR0.6b through the liquidation of aged merchandise. This has impacted gross margins (company-level impact of 50bp). Stores are expected to be fully refreshed by end-4Q, which is critical for improving conversion, restoring customer trust, and normalizing growth trajectory in FY27.
- Losses remain elevated but are past the peak, with FY26 losses guided at ~INR0.6b. SHOP expects FY27 losses to decline sharply to ~INR200-250m (PAT level, incl. HO costs).
- New businesses (INTUNE + Beauty digital) continue to weigh on earnings due to front-loaded investments in customer acquisition, marketing, and technology, with ~25% of losses attributable to Beauty as the platform scales.



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Titan

Buy

Current Price INR 4,248

Performance and outlook

- Domestic business grew 40% YoY, led by strong festive collections and visible and evocative campaigns for all brands. January was good for TTAN despite volatility in gold prices.
- In 3QFY26, gold (plain) grew 37% YoY on the back of wedding purchases and gold coin sales. Studded grew 26% YoY, driven by high-value segment purchases in Tanishq and Zoya, Mia expansions, and growth in solitaires.
- Management indicated that competitive intensity remains high. While the jewelry industry continues to formalize, there has been no meaningful incremental consolidation in the market.
- TTAN completed the acquisition of a 67% stake in Damas. It has been incorporated from 1st Jan'26 onward.
- Gold exchange program continues its healthy momentum.
- Given high gold prices, TTAN is increasing focus on lightweight jewelry to keep jewelry accessible and ensure consumer footfalls.
- Management added that 18K jewelry is seeing encouraging traction in North and East.
- TTAN had 14k jewelry in CaratLane and Mia and has now introduced it in Tanishq stores. It is also increasing its store presence for 9K jewelry.
- The overall buyer growth was flat for this period due to the substantial gold price jump impacting the entry price bands.
- The new buyer share stood at 45% vs. 42% in 2QFY26 and has largely been consistent in the last few quarters.
- Buyer growth on studded share has been higher, while gold has seen higher growth in ticket size, backed by a steep rise in gold prices.
- TTAN stated that new buyers come in at lower ticket size, while repeat buyers come at higher ticket size.
- Overall ticket size stood at INR190k in 3Q. The studded ticket size grew by 15%, while plain gold ticket size grew 44% YoY.
- Tanishq's attractive exchange program (introduced in Sep' 25) drove sizeable consumer traction and was well supported by exhibitions/on ground launches of high-value collections, delivering substantial growth for the portfolio.
- Gold exchange programs and Tanishq exchange program continue to grow, with ~50% of TTAN sales coming from exchange.
- TTAN stated that Golden Harvest contributed ~20-25% of business.
- TTAN is seeing some pressure in sub-INR100k studded jewelry. That said, the pressure is relatively low in more than INR100k offerings.
- International business clocked robust double-digit retail growth in 3Q, aided by store expansion and strong LFL growth. In addition, with higher primary billing for the planned new stores in 4QFY26, overall revenue grew 83% YoY.
- International business had primary sales (in Dubai to Damas) of ~INR1.9b, with margins in the range of 5-6%.

Margin guidance

- In 3Q, there were no one-off hedging gains, unlike 3QFY25, which had a custom duty gain; normalizing for this, 3Q margin dropped 50bp YoY.

- Jewelry gross margins were impacted by increased gold coin sales, lower studded jewelry margins (due to higher gold content value), and jewelry's increased dominance in the overall portfolio mix.
- Management expects continued margin stress from rising gold prices, though it aims to maintain EBIT/PBT levels through operating leverage from revenue growth. It remains focused on driving the absolute PBT growth.

Segmental Information

Caratlane

- CaratLane (domestic) sustained its strong momentum, delivering 42% YoY growth in 3QFY26.
- The category performance was broad-based, with the studded portfolio clocking a robust 35% YoY growth, led by consumer offers in 3Q. CaratLane has studded share in the range of 85-90%.
- In 1QFY26, the segment was impacted by a steep rise in gold prices, though it has gradually recovered in 2Q and 3Q.
- Caratlane is expected to sustain double-digit EBIT margin.
- Targeted promotions for bundling coins resonated well with customers, aiding in conversions and increase in average ticket sizes.

Watches & Wearables Segment

- Watches (domestic) delivered revenue growth of 13% YoY, propelled by strong festive-led gifting demand.
- Analog watches continued to be the core growth driver, with 20% YoY growth in (secondary) consumer prices (17% YoY revenue growth), well supported by 19% YoY volume growth. ASP was broadly flat YoY.
- Smart Watches declined 27% YoY due to significant contraction in volumes, though pricing was largely steady YoY.
- Titan brand continued to benefit from premiumization, recording healthy double-digit growth in both value and volume. Sonata led the growth charts in the analog portfolio, with strong double-digit gains in both pricing and volume. Fastrack volumes grew in double digits YoY.
- Same-store retail growth across key retail formats of Titan World, Helios and Fastrack ranged from early double-digits to low-teens.

EyeCare (Domestic):

- Domestic growth was ~17.5%, with volume growth at ~9% in 3QFY26.
- Lenses led the portfolio with healthy double-digit growth, followed by Sunglasses growth in mid-teens.
- International brands continued to gain traction, clocking a healthy 25% YoY growth, driven by strong consumer preferences in this segment.

Emerging businesses

- Women's Bags delivered 110% YoY growth, led by strong double-digit growth in both volumes and ASP.
- Fragrances business grew 24% YoY, driven by strong volume growth across Skinn and Fastrack perfumes, while continuing to uphold its profitability trajectory.
- Taneira recorded lower revenue growth of 6% YoY, the consumer (secondary) growth was higher by 7% YoY, driven by double-digit ASP growth (partially offset by decline in volumes). It continues its strategy of driving optimization across its existing store network.



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- TEAL has a good order book and future visibility, though quarterly margin fluctuations are anticipated.

United Foodbrands

Neutral

Current Price INR 262

Business environment and performance

- The company delivered 8% SSSG in 3QFY26. Management indicated that the positive momentum witnessed in 3Q has continued into Jan'26.
- The company believes a structural shift in the business is supporting sustained growth momentum going forward.
- SSSG has been driven primarily by volume growth and was broad-based across India.
- SSSG trends improved MoM, with ~5% growth in October, some more improvement in November, and stronger acceleration in December.
- The company reported a 26% YoY growth in consolidated transactions.
- Consolidated dine-in volumes increased 25% YoY. Delivery transactions jumped 29% YoY.
- The company has witnessed strong transaction growth driven by improved customer experience, value-led campaigns, and higher engagement across its app and digital platforms. These initiatives have led to higher repeat behavior, increased digital-led transactions, and positive consumer feedback.
- Over the last six months, the company has seen a sustained improvement in transaction growth.
- 53% of dine-in transactions are now conducted through the company's own digital channels.
- In India, the company is curating themed food events to enhance guest engagement and footfalls.
- The company continues to introduce new offerings in the Premium Casual Dining Restaurant (CDR) segment.
- Management remains focused on scaling the existing portfolio of high-potential brands to drive long-term growth.
- The average time gap between repeat customer visits has improved by 10%, indicating stronger customer stickiness.
- Customer feedback is tracked through three mechanisms: 1) an in-house structured guest feedback system, 2) digital LPA scores, and 3) ratings on Google and other app platforms. The rating on all platforms is increasing.
- Cancellation rates have declined, while customer conversion ratios have improved meaningfully.
- No price hikes were taken during the quarter, with growth supported by higher throughput and volumes. The company currently has no plan to take any price hike.
- South India markets are performing well, with growth trends returning to levels broadly in line with the company's overall growth.
- Matured restaurants delivered strong annualized revenues of INR67m per restaurant, supported by healthy SSSG. It reported an operating margin of 17.2% in mature restaurants, which remained broadly in line with last year.
- New restaurants generated annualized revenues of INR49m per restaurant, with healthy sequential improvement as stores continue to ramp up.

Store expansion

- The company is well-positioned to add 9–12 restaurants every quarter.
- The company currently has 18 restaurants under construction, of which 14–15 are expected to be launched in 4Q.
- Three international restaurants are currently under construction. Five new stores are under development in the premium Casual Dining Restaurant (CDR) segment.
- The company plans to operate 15 international stores by FY26 and expand to 23–25 international stores by FY27.
- No stores were closed during the quarter, though management expects 2–3 loss-making store closures annually as part of portfolio optimization.
- The total store count is expected to reach around 265 by the end of 4Q.
- The company remains on track to cross 300 restaurants by FY27 and 400 stores by FY30.

Cost and Margins

- The company reiterated gross margin guidance of 67–68%.
- The company continues to invest in gross margin initiatives and marketing to drive transaction growth and attract customers.
- Marketing spends are maintained at ~3% of sales and are expected to remain at this level in the near term, which is still below industry averages.
- Commodity prices declined during the period, and pricing was also moderated to support customer acquisition, which led to some pressure on gross margins.
- The impact of lower gross margins and higher marketing spends was partly offset by the operating leverage benefits of ~2.2% in 3Q.
- Operating margins are expected to improve gradually as revenues scale up across new outlets.

Debt

- Net debt stood at INR900m in 1HFY26 and reduced to INR800m in 3Q, net of capex.
- The company is funding new store additions primarily through internal cash flows.
- Management expects short-term net debt to remain within the range of INR1,000m.

Outlook

- The company expects to maintain a monthly revenue run rate of ~INR1,250m.
- Management is targeting an improvement in EBITDA (post-Ind AS) to 18% over time.
- Management remains confident that the growth momentum will continue, supported by ongoing initiatives across digital, marketing, operations, and store expansion.

Premium Casual Dining Restaurants (CDR)

- The addition of new stores led to a decline in gross profit margins in the Premium CDR segment.
- In the Premium CDR business, delivery revenue growth has outpaced dine-in growth; however, delivery carries lower GP margins compared to dine-in.
- Of the 10 Premium CDR restaurants in the pipeline, 6–7 will be under the Toscano brand, while the remaining 3 will be under the Salt brand.



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V-Mart Retail

Buy

Current Price INR 605

- **Demand trends:** Consumer sentiment was affected by uneven weather and festive shift, though underlying demand trends remained resilient, driven by lower inflation and good monsoons. Tier-2+ towns and rural-semi-urban markets continued to outperform, supported by unorganized-to-organized shift, and improved agri income.
- **Regional trends:** Eastern and Southern markets saw disruptions due to excess rainfall and political disturbances during the festive period. North India was impacted by a delay in the onset of winter (till ~late December), leading to a lull in post-festive demand. South India delivered a relatively better performance, supported by improved product acceptance and execution in Unlimited.
- **Demand outlook:** Policy decisions such as GST rationalization have not led to a material boost in consumption yet. However, consumer sentiment remains stable and 4Q should see a boost from festivals such as Holi, Eid, Pongal, etc. Management remains cautiously positive about the near-term demand environment.
- **Guidance:** Management has reiterated its guidance of opening ~75 stores in FY26, annual area additions of ~13-14% over the medium term, and SSSG target of 5-8%.
- **Margin:** Margin expansion in 3Q was driven by improved inventory health (leading to lower provisioning), operating leverage and robust cost controls (especially on advertisements). The company remains focused on margin protection and cashflow generation over aggressive revenue growth through heavy discounting.
- **Unlimited:** Unlimited continued to show visible improvement, led by a better performance of new stores opened after acquisition. Over 45+ new Unlimited stores are delivering higher sales density and profitability, increasingly aligning with the core V-Mart model. Legacy stores remain profitable but structurally lower in productivity; chain-level metrics are expected to improve as the mix shifts toward newer stores over the next 2-3 years.
- **New store performance:** New stores are ramping up faster than historical averages, with most achieving break-even within 1-2 months of operations. Store expansion in South was muted in 3Q, but the region would be a key driver of store expansions going ahead.
- **Gross margins:** The gross margins in the offline business expanded ~70bp YoY, driven by improved inventory health, high full-price sale-through, favorable wedding-season mix, and reduced shrinkage/provisioning.
- **Operating leverage:** Total expenses grew just ~1% YoY, well below revenue growth, driving strong operating leverage. Tight control across manpower, logistics, warehousing, and marketing, along with productivity initiatives (higher sales density, process simplification, tech enablement), ensured execution-led profitability growth. However, management believes the company is operating at optimal costs (on per sqft basis) and there is not much room for further cost reduction.
- **Inventory:** Inventory days increased marginally to ~95 (+1% QoQ), largely due to a strategic increase in apparel focus over FMCG. Inventory health remained

strong both in apparel and FMCG with no overstocking concerns, though temporary shortages were seen in select categories due to erratic weather and delayed winter demand.

- **LimeRoad:** LimeRoad losses have reduced significantly, and it has turned profitable on contribution margin 3 level. Management continues to prioritize profitability rather than growth in LimeRoad, with 100% of the omni orders on platform being pre-paid.
- **Capex and cash flow:** Quarterly capex stood at INR570m (~INR1.2b in 9MFY26), primarily toward new store additions and selective refurbishments. The business generated FCF of INR630m during 9M (up ~9% YoY), reflecting disciplined capital allocation, margin protection, and tight working capital control.



VEDANT FASHIONS
— LIMITED —

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Vedant Fashions

Neutral

Current Price INR 435

- **Demand:** VFL saw growth during Sep-Nov'25 festive and wedding periods; however, 3QFY26 growth was affected by calendar shifts. Management indicated that Dec'25 had just three wedding dates and Jan'25 had none (vs. ~10 YoY), which, coupled with a slowdown in mid-premium discretionary consumption, led to overall weak performance.
- **Demand drivers:** Muted middle-class discretionary sentiment over the past 2-3 years has affected Manyavar's core mid-premium positioning. There is no major region-wise divergence (South impacted temporally in 3Q due to inauspicious period starting early).
- **Twamev:** VFL's premium offering delivered ~40% growth with double-digit SSSG (12% in 3Q; ~16% YTD), demonstrating strong premium resilience. With ASPs in the INR15-16k range, the brand is benefiting from premiumization and lower price sensitivity among affluent cohorts.
- **Network expansion:** VFL continues to prioritize the quality of retail network over store count, closing sub-1,000 sq.ft., SIS and weaker micro-market stores while shifting toward larger flagship formats. Store count may decline, but square footage remains the more relevant metric. Expansion has been calibrated amid rental inflation, with normalization expected over the next 2-3 quarters once consolidation stabilizes and productivity improves.
- **Gross Margins:** Moderation was primarily attributed to the GST rate hike (12% to 18% on ~90% SKUs), with only partial price pass-through to preserve value positioning. VFL tries to strike a balance between value proposition and margins, with normalization expected as pricing adjustments flow through.
- **Management's focus area:** Operationally, VFL's focus on retail quality, better merchandising, sharper price architecture, improved customer experience and inventory turns, along with increasing spends on brand awareness, has strengthened store productivity despite subdued revenue growth.
- **Competition:** After Covid, multiple retailers (organized as well as unorganized) have accelerated expansion in premium and ethnic occasion wear, increasing competitive intensity. However, store-level data indicates limited performance variance between locations with and without nearby competition, suggesting macro demand softness rather than market share loss.

- **Blended ASP** stands at ~INR5k YTD, with Manyavar below average and Mohey at ~INR6-7k. ASP continued to improve during the quarter. Mix is gradually shifting toward premium brands, with Manyavar facing middle-class demand pressure, while Mohey remains relatively stable given resilience in wedding-led women's spends.
- **Input tax credits:** With the majority of SKUs now taxed at 18% and key inputs (fabric) attracting ~5% GST, the output-input mismatch increases the effective tax burden and working capital intensity despite available service credits. Small unorganized players, operating with thinner liquidity buffers, are likely to face sharper cash flow and margin stress, which could accelerate consolidation.



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Vishal Mega Mart

Buy

Current Price INR 120

- **Demand trends:** SSSG in 3QFY26 was adversely impacted by ~210bp due to the shift in Pujo to 2QFY26 (vs. 3QFY25). However, adj. SSSG in 9MFY26 remained robust at ~10.3%. Management indicated that growth trends were broadly consistent across regions and city tiers. Winter merchandise also delivered double-digit SSSG despite a delayed onset of winter.
- **Demand outlook:** Management reiterated confidence in the medium-term consumption outlook, supported by policy measures such as GST 2.0, direct tax reforms, and broader structural drivers to boost disposable income. However, the benefits of GST rationalization have been camouflaged to a large extent by the shift in the festive period, adverse weather conditions, etc.
- **Store additions:** VMM added 29 stores in 3Q (75 net in 9M). Management expects to end FY26 at the upper end of its 80-100 store guidance in FY26. The execution capabilities have been beefed up to continue the accelerated store expansions. The store addition guidance for FY27 has been retained in the 80-100 band, including the small store formats, to avoid long-term detrimental decisions that can compromise store quality and profitability.
- **SSSG drivers:** VMM has managed to drive double-digit SSSG for the past several years (excluding COVID and initial years after the acquisition). The key drivers for VMM's strong SSSG trajectory are 1) higher footfalls driven by market share gain from competition and customers upgrading from mom & pop stores (transactions driving ~70% of growth), 2) increase in ABV (~30% contribution to growth) and ASP for existing VMM customers (premium price points growing faster) and 3) relevant customer proposition around making aspirations affordable.
- **Premiumization:** Management indicated that premium price points continue to outperform with ~14% SSSG, followed by ~9% for mid-price points and ~6% for the opening price points. The company consciously introduces one higher price point during every festive season through investment of savings from better buying to improve the product quality and increase promotional activities to drive upgrades.
- **Discounting:** The discounts have generally been higher YoY, driven by regional factors (unfortunate incidents which led to shut down in Assam during the peak Pujo season) and seasonal factors (such as delayed onset of winters). However, VMM has not faced much issue on its winter inventory.

- **Expansion in newer states:** The company is making rapid progress in its store expansion in Kerala (19 stores opened in the last 12 months, with 20 more in the pipeline). It has also expanded its pilot in Maharashtra (four stores) and Gujarat (six stores), and would add more stores to gauge the market feedback.
- **Small format stores:** The company added four more smaller format stores in 3Q to bring the total to 10. The smaller stores are delivering throughput and profitability on par with larger format stores. VMM is looking to extend the pilot to 30-40 stores in the near term to test the hypothesis before aggressively expanding the format. The assortment for smaller stores in rural areas is focused on lesser priced merchandise, both in apparel and FMCG, based on the customers' demand.
- **Retail area additions:** VMM's retail area additions have been lower than store additions as the company is deliberately capping the store size to ~15k sqft in certain markets such as Kerala (contagious population, will add more than earlier envisaged stores), Maharashtra and Gujarat (higher cost structure), Further, the company has also right sized several stores in Karnataka to improve their productivity.
- **Quick Commerce (QC):** The quick commerce initiative has expanded to 723 stores across 485 cities, with ~12m registered users on the platform. Management noted continued growth in QC contribution to store revenues, with a measured and sustainable scale-up strategy.
- **Labor code impact:** Impact from revised labor codes amounted to ~INR 84m in 9MFY26, largely affecting managerial and corporate staff. Most store employees were already covered under the higher gratuity threshold, keeping the impact non-material.
- **Revenue per store (South India):** Lower revenue per store in southern states (vs. system average) reflects a higher proportion of new and smaller stores, particularly in Kerala. Management expects throughput to improve as stores mature.



Westlife Foodworld

Neutral

Current Price INR 516

Performance and outlook

- Amid an ongoing challenging operating environment, the company prioritized driving affordability through its value platform while maintaining strict execution discipline.
- SSSG was at -3.2% for the quarter.
- WESTLIFE saw encouraging traction in guest counts from November onwards. Both November and December delivered flat to positive comparable guest count growth YoY. This positive momentum continued into January, with positive SSSG driven by a mid-single digit increase in guest counts.
- Near-term focus remains on aggressive guest count growth while maintaining economic discipline.
- In 3QFY26, West markets continued to outperform the southern markets.
- In December (every year), WESTLIFE received additional accrued incentive from its parent company for its strong performance (eg. store count, etc.). The

company reduced the royalty rate in 3Q but maintains its guidance for the annual royalty rate.

- Everyday value meal proposition (INR99) was launched in December 2025 in the West markets, leading to higher footfalls.
- Management alluded that INR99 value meal offering is not margin dilutive in nature.
- On-premise sales grew by 6% YoY. The growth was supported by value meals, enhanced digital engagement, and focused hyperlocal marketing initiatives.
- The delivery business declined slightly due to volatility in third-party aggregators business, partially offset by strong growth in the McDelivery app.
- WESTLIFE is closely working with third-party aggregator platforms to achieve sustainable growth, even if it means slower growth.
- Digital sales contribution remained stable, led by the loyalty program and increased interaction via the mobile app and SOKs. Digital sales (through SOK and mobile apps) contributed ~74% to revenue. The company currently has +50m cumulative app downloads.
- It now has a total of 458 restaurants, with 100% penetration of McCafés and EOTF restaurants.
- WESTLIFE plans to open 20-25 stores in 4QFY26. The company remains on track to achieve its target of 580–630 restaurants by 2027.

Strategic focus

- The company is focused on expanding its value portfolio, driving product innovation, and optimizing costs.
- The four strategic focus areas for WESTLIFE over the medium term are:
- Meals strategy: Achieving market leadership in core day parts (such as lunch and dinner) through brand relevance, driven by menu innovation and focused marketing efforts.
- Omnichannel strategy: Integrating various customer touchpoints and channels into a unified 'One McDonald's' platform to offer consumers a seamless experience across in-store, delivery, and digital platforms.
- Network expansion: Expanding aggressively into unserved geographies and strengthening presence in existing markets, with a goal of achieving significant footprint growth.
- Lead with performance: Targeting superior business performance and operating efficiency through execution excellence.

Cost and margins

- GM contracted by 260bp YoY to 67.5%. However, like-for-like gross margin remained broadly stable on a sequential basis, driven by supply chain efficiencies, partly offset by menu price adjustment following the GST rate change.
- There was an optical impact of 400-500bp in gross margin in 3QFY26 due to the regrouping of processing charges from other operating expenses to cost of goods for a like-for-like comparison.

TECHNOLOGY



- Management commentary on discretionary spending and early AI-related demand remained relatively constructive. Among large-cap IT companies, HCLT stood out with an upgrade to FY26 services guidance to 4.75-5.25% CC, positioning it among the fastest-growing large-cap IT players. Infosys' guidance upgrade (FY26 CC revenue growth to 3-3.5% vs. 2-3% earlier) is a positive signal and an early step toward an AI-led growth inflection.
- Management commentary in BFSI remained encouraging and a further uptick in activity is expected with potential rate cuts. Discretionary spending has increased across banking, payments, mortgages, and asset and wealth management. However, management highlighted pressures in manufacturing and hi-tech due to macro headwinds and cost pressures. The quarter also had a one-time impact from changes in labor codes, which affected margins, with the incremental impact expected to be approximately 10-20bp in the next quarter.

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Revenue outlook for FY26	Margin (%)
HCL Tech	■ For FY26, revenue growth guidance was changed to 4-4.5% YoY in CC (vs. 3-5% earlier). Services revenue growth is expected to be around 4.75% to 5.25% (vs. 4-5% earlier). ■ Management reiterated confidence in HCLT's positioning as the fastest-growing large-cap IT services company, driven by early-stage ('Day-minus-1') AI-related demand.	■ EBIT margin guidance was maintained at 17-18%. ■ Restructuring is expected to impact margins by ~50bp for FY26, with a similar impact in 4Q.
Infosys	■ INFO upgraded its FY26 cc revenue growth guidance to 3.0-3.5% from 2.0-3.0% earlier. Guidance excludes any contribution from the Telstra JV. ■ INFO expects to have multiple partnerships, including with several smaller firms that bring capabilities across AI foundation models, agents, and coding. ■ The overall macro environment remains stable, with expectations of potential interest rate cuts.	■ Adjusted EBIT margin guidance for FY26 was maintained at 20-22%. ■ New labor codes are expected to have a ~15bp annual impact.
TCS	■ Data center operations initiative is underway, with an anchor customer announcement expected. Revenue realization will begin post an 18-month build-out. ■ BFSI is expected to return to sustained growth, with continued growth momentum despite furloughs, including contribution from a mega deal in North America. ■ The company continued to win several large deals, including one mega deal in North America. If the current TCV trend continues, FY26 could see one of the highest TCVs, supporting growth into FY27. ■ Changes in US credit card rates are expected to have a two-way impact, with no major net effect anticipated.	■ Labor code provisions amounted to ~INR18 Bn towards gratuity and ~INR 300 Bn toward unearned leave. A normalized impact of 10-15bp is expected from the next quarter. ■ Apart from macro uncertainty, near-term headwinds include the annual intervention cycle in 4Q and ongoing investments in coming quarters.
Tech Mahindra	■ The hi-tech sector is expected to remain volatile as clients continue to operate under cost pressure and remain cautious in IT spending. ■ The communications vertical is viewed as a key growth area. A large net-new deal has been signed, with delivery expected to start in 1HFY27. ■ Revenue contribution will be back-ended and non-linear, with less than 1.5% impact expected in the next fiscal year.	■ Gross margin expanded 120bp QoQ, driven by improvements in fixed-price productivity programs and volume growth in INR terms. Gross margin expansion is expected to continue. ■ The company reiterated its intent to avoid large deals that materially dilute margins, including the recently won large telecom deal. ■ Wage hikes have not yet been decided.
LTIM	■ The company expects growth momentum to continue through the remaining of the year and is preparing for the next phase of the journey in FY27 and beyond. ■ A large deal announced in 2Q is progressing through its initial phase and is expected to move toward steady state by 4Q.	■ The company remains confident of closing the year with better EBIT margins than the previous year. ■ Wage hikes will begin in 4Q and be spread over a couple of quarters, with 50% of employees receiving hikes in 4Q. The wage hike impact is expected to be around 1% in 4Q and the following quarter. ■ The company aims to maintain SG&A in the 11-11.5% range over the long term. ■ Labor code impact is expected to be largely one-time.
Wipro	■ IT Services revenue for 4QFY26 is guided at USD2,635-2,688m, implying a 0%-2% QoQ growth in CC. ■ Guidance includes an incremental two-month contribution from Harman DTS. Growth is impacted by fewer working	■ A restructuring charge of ~INR 2.6b was taken during the quarter; management confirmed that restructuring is now complete with no further charges expected. ■ Wage hikes have not yet been announced; a decision is expected in the coming weeks.

days in 4Q and delays in ramp-ups of some large deals won earlier.

- Delay in the ramp-up of two mega deals has impacted 4Q growth guidance.

Coforge

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Particulars	Q4 FY26	Q3 FY26	Q4 FY25	Q3 FY25
Revenue (USD mn)	593.0	578.0	578.0	578.0
Operating Profit (USD mn)	105.0	100.0	100.0	100.0
Net Profit (USD mn)	85.0	80.0	80.0	80.0
EPS (USD)	0.85	0.80	0.80	0.80
Market Cap (USD mn)	1,373.0	1,373.0	1,373.0	1,373.0

Coforge

Buy

Current Price INR 1,373

Demand outlook

- Two years ago, boards were asking how to implement AI; now they want a clear transformation path with measurable KPIs and enterprise-grade delivery.
- Witnessing a clear market inflection point.
- AI, driven by data and cloud, is becoming the engine of enterprise reinvention.
- Enterprises are done managing fragmented vendor relationships and want partners that can move at start-up speed while managing enterprise risk.
- Execution intensity is expected to further accelerate with the Encora acquisition.
- COFORGE's revenue grew 4.4% QoQ in CC terms, following 5.9% and 8% CC growth in the previous two quarters.
- Large deal velocity and growth in key accounts remain reassuring for the growth outlook; six large deals were signed during the quarter.
- Closed 16 large deals in FY26 YTD.
- Increase in unbilled revenues is tied to the nature of contracts signed; internal guardrails are in place to maintain FCF to PAT within the stated range.
- Order intake stood at USD593m (up 18% YoY). Six large deals were signed during the quarter.
- The 12-month executable order book increased 30% YoY to USD 1.7 bn. Added nine new logos during the quarter.
- BFSI: Two large deals were signed in banking and one in insurance. Given the current and expected large deal momentum, banking is likely to be the fastest-growing vertical next year. Insurance is not declining; management expects stronger growth in FY27 compared to FY26.
- Travel: Travel and banking are expected to outpace insurance next year. Sabre deal ramp-up in 1Q and 2Q progressed as planned, with costs tracking lower than initial estimates. Delivery execution remains comfortable for CY26. Post-Sabre, COFORGE is seeing USD20m airline opportunities that were not accessible earlier. Sabre is viewed not just as a client but as a partner, with significant cross-sell potential.
- Healthcare and Hi-Tech: Growth was led by Healthcare and Hi-Tech, which grew 8.5% QoQ. Together, these verticals now contribute ~10% of revenue, doubling YoY. One large, completely net-new deal was signed in healthcare during 3Q, with another large deal expected in 4Q from provider clients.
- Continued focus on life sciences and payer segments; combined COFORGE-Encora capabilities are expected to win tactical deals as well. Management expects this segment to grow sharply next year.
- Govt. outside India: Likely to close a large UK public services deal in 4Q. Continued focus on government opportunities in the UK and Australia, not the US.
- Net headcount additions during the quarter; it continued aggressive hiring from campuses and lateral channels.

- Utilization is expected to improve sharply in 4Q; near-term pressure is due to fresher intake.
- Outcome-based contracts are increasingly part of deal structures, carrying higher margins due to risk underwriting and leading to higher revenue per employee.

Margin performance and other comments

- EBIT margin stood at 13.4%, down 60 bp QoQ. Wage hikes of ~150 bp were partly offset by cost optimization initiatives and lower ESOP costs.
- Management indicated that reported EBIT margins and the plan to report ~15% margins in 4Q imply an exit margin of ~14% for FY26.
- FCF to PAT came in at 110%, well above the company's guided range.
- Exceptional items included INR135m of legal and professional charges related to the Encora acquisition. Additional acquisition-related expenses of USD10–15m are expected over the next few quarters, likely by next quarter or at the latest by 1Q.
- Other acquisition-related expenses may spill into 1Q.
- Cigniti acquisition update: NCLT hearing is expected in March, with resolution likely within one to two hearings. By the next earnings call, integration is expected to reflect in numbers, including minority interest addition and new shares issued to Cigniti shareholders.
- Very close to finalizing a USD550m term loan for three years with a consortium of four to five banks. Management believes there is no need for a QIP. Interest rate expected to be in the mid-single digits.
- Encora acquisition closure: regulatory filings are complete. HSR/CCI approval is expected in February, with all approvals anticipated between March and April, post which consolidation will begin.
- Guidance of no EPS dilution in FY27 remains intact.
- Other direct costs typically include third-party components for large SI deals and fluctuate based on milestone deliveries; this is seasonal and impacts DSO and liabilities.
- Sub-contracting costs as a percentage of revenue have started to decline. Hedge losses are in line with the existing hedging policy: 90% exposure hedged for the next quarter, then tapering to 80%, 70%, and 60%, averaging ~75% over one year.
- Hedge losses are largely due to USD movement. The company uses cash-flow hedges and is revisiting the hedge strategy, including balance sheet hedges, which could result in FX income being booked under other income.
- ESOP costs as a percentage of revenue are not expected to impact margins; incremental pool additions will not affect margins, though absolute ESOP costs may vary.
- Wage hikes are unlikely over the next four quarters.

CYIENT

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The screenshot displays the Motilal Oswal Financial Services website for Cyient. It includes a table with financial data for the last 12 months and a section for the company's business overview. The table shows metrics like Revenue, EBITDA, and Net Profit, along with their respective growth rates. The business overview section provides a brief description of Cyient's operations and its market position.

Cyient

Sell

Current Price INR 1,019

Commentary on verticals

- **Transportation:** In aerospace, Cyient is seeing traction across multiple areas of work across the product lifecycle. With no major new designs currently underway, a large portion of growth is driven by MRO and aftermarket services. Customers are experiencing significant volume ramp-ups due to growth in commercial aviation, which is supporting demand.
- **New aircraft designs,** particularly in the mid-size segment, are emerging across geographies, and Cyient is seeing traction in related design work.
- **Networks & Infrastructure:** Growth was driven by account mining and a value-chain-oriented sales approach.
- **Connectivity** led growth during the quarter, and utilities also delivered solid performance despite some ramp-downs
- **Strategic Units:** The company continues to build presence in critical sectors to support long-term growth.
- **Semiconductors:** As part of its intent to become a product company in the semiconductor power space, the Kinetic acquisition is considered an important milestone. Cyient Semiconductors has been selected as a preferred partner for a critical package covering technology and IP design enablement, along with additional MES and automation responsibilities. As announced by MeitY, three partners have been selected for a project with a total value of ~INR 4,500 crore. Cyient will be a significant partner, though the revenue will not be evenly split.
- The Kinetic transaction is expected to close in March or April, followed by integration. There will be no upside contribution in 4Q, and the business is expected to incur losses in 4Q.
- The semiconductor business is expected to be EBIT-neutral in FY27, excluding any inorganic contribution.

Demand and outlook

- The company expected a period of stabilization followed by consistent growth and improved profitability.
- Looking at performance so far this year, in constant currency, the company has demonstrated improving quarter-on-quarter growth for each of the last three quarters.
- As an organization, Cyient believes it has turned the corner and built momentum for continued consistent growth going forward.
- Growth was delivered despite continued fluidity in the macroeconomic environment and the fact that 3Q is a seasonally challenging quarter due to furloughs; this is a traditional indicator for quarters ahead, as per the management.
- The company reported two sequential quarters of revenue and margin expansion in the DET business. Visible progress has been made through transformation initiatives, including GTM acceleration, technology adoption, and leadership additions. With strengthening leading indicators such as key account growth and strong financial fundamentals, including a strong cash position enabling investments in future growth, management remains confident about the immediate and medium-term prospects of the DET business.

- There may be industry-specific or account-specific challenges. For example, in 3Q, one of the top customers underwent a CEO change, which put a halt to several initiatives that were expected to close during the quarter.

Margin

- DET's adjusted EBIT margin came in at 12.4%, up 25bp QoQ. Headwinds included the third tranche of wage hikes, which were mitigated by cost optimization initiatives.
- DET's adjusted PAT increased 9.1% QoQ and 40.2% YoY to INR 1,496m.
- Management reiterated its medium-term goal of achieving a 15% EBIT margin for the current business by 4QFY27 and stated it remains on track.
- Margins in 2H are expected to be better than in 1H.
- Investments made so far in technology solutions need to be fully monetized, which is one of the key levers for margin expansion in FY27 and beyond. Another important lever is offshoring, as the current offshoring percentage is below 50%, providing meaningful scope for improvement.

HCL

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HCL Technologies

Current Price INR 1,467

Buy

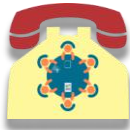
Demand and industry outlook

- While global macro uncertainty continues to weigh on overall IT spending, structural demand for technology-led business transformation remains intact.
- Traditional discretionary spending has slowed; however, new pockets of discretionary spend are emerging, particularly in AI infrastructure, data foundations, and agentic AI use cases.
- Management emphasized little value in waiting for a broad discretionary recovery; instead, the focus is on identifying where spending is actively occurring and aligning offerings accordingly.
- GCCs remain a large structural opportunity for HCLT, with presence across ~200 GCCs.
- Limited impact from insourcing trends in large markets; instead, new GCC locations and higher-value service requirements are creating incremental opportunities.
- HCLT highlighted strong demand for augmenting GCCs with advanced capabilities across engineering, data, and AI services.
- Growth was broad-based across service lines and geographies, with HCLT capturing market share despite facing a constrained demand environment.
- Continued traction in AI services, including physical AI, agentic AI, and large-scale ADM operations.
- Vertical growth: 5 of 7 verticals grew YoY; 3Q growth was led by Manufacturing and Consumer verticals.
- India business saw strong acceleration; appointment of Mr. Sandeep Kumar to lead India operations is expected to further deepen client engagement.
- Management reiterated confidence in HCLT's positioning as the fastest-growing large-cap IT services company, driven by early-stage ("Day-minus-1") AI-related demand.
- Deal bookings can be lumpy; management expects FY26 TCV to normalize around ~USD2.5b per quarter.

- Strong momentum in Applications and ER&D services, with the highest ACV bookings in the last four years.
- A five-year mega deal worth USD473m in Applications to modernize applications and data landscape using AI Force 2.0, aimed at improving engineering productivity and data lifecycle management.
- Large vendor consolidation deal with a leading US insurer, powered by HCLT's GenAI platform.
- Pipeline remains healthy, with continued strength in application modernization, data solutions, and large-scale system integration.
- Rapid growth in the Applications business is being driven by strong execution capabilities.
- For FY26, revenue growth guidance was changed to 4-4.5% YoY in CC (vs. 3-5% earlier). Services revenue growth is expected to be around 4.75% to 5.25% (vs. 4-5% earlier). EBIT margin guidance was maintained at 17-18%.
- AI conversations have meaningfully matured YoY from experimentation to enterprise-wide reimagination of business processes. Clients are increasingly prioritizing data lifecycle management and foundational "Day-minus-1" services ahead of scaled AI deployments.
- Enterprise-wide AI adoption remains early; acceleration is currently the strongest in AI readiness, infrastructure, and data engineering, rather than large-scale production deployments.
- **Retail:** No contribution from recent mega deals in 3Q; ramp-up expected from 4Q in a few large clients.
- **Life Sciences & Healthcare:** Growth moderated after Covid; US healthcare pressure persists. Management expects stabilization over the next few quarters.
- Margin performance
- For 3QFY26, EBIT margin was 18.6%, up 110bp QoQ. This included an 81bp impact from restructuring costs and excluded the one-time impact of new labor codes of INR9,560m.
- **QoQ margin walk (~110bp):** QoQ margin improvement of ~110bp was driven by improved software segment profitability and higher utilization. Project Actian contributed ~104bp from utilization gains. Wage hikes impacted margins by ~80bp. Furlough seasonality impacted margins by ~45bp. Forex gains from INR depreciation contributed ~40bp. Restructuring had an incremental adverse impact of ~26bp in the quarter.
- Restructuring is expected to impact margins by ~50bp for FY26, with a similar impact in 4Q.
- Minimal incremental impact is expected from new labor codes (10-20bp at most going forward).
- Continued SG&A investments in AI and GTM initiatives.

HEXAWARE

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Key Metric	Q4 FY25	Q3 FY25	Q4 FY24	Q3 FY24
Revenue (USD m)	389	389	389	389
Operating Profit (USD m)	100	100	100	100
EBITDA (USD m)	100	100	100	100
Net Profit (USD m)	100	100	100	100
EPS (USD)	100	100	100	100

Hexaware Technologies

Buy

Current Price INR 572

Performance and demand outlook:

- The demand environment is improving, with better decision-making by clients.
- AI will create several new growth avenues but will also act as a dampener in certain existing areas such as software engineering, testing, and IT operations. Renewal business could see a 30–40% impact if scope remains unchanged.
- The company continues to launch at least one major new service every quarter, and growth from these new services is expected to drive net positive growth over time.
- Four key AI-led initiatives are positively impacting customers: 1) Building AI into platforms (Tenzai, RapidX); 2) Creating and launching new AI-enabled services and revenue streams; 3) Workforce training; and 4) Redesigning processes for AI adoption (e.g., reworking the SDLC).
- HEXT is approaching clients with a proposition to define guardrails and allow AI to execute work, particularly in IT operations and data engineering.
- AI for IT: RapidX was launched as the first product for legacy reverse engineering, a critical first step in coding. AI for outsourcing is enabled through the Tenzai platform, which has ~400 atomic agents.
- Software products are increasingly being replaced by agentic AI.
- AI for business: Across the industries where HEXT operates, the AI impact is categorized across levels 1 to 5, depending on process complexity.
- Legacy modernization is a key growth accelerator, with 2–3 projects expected to be completed in CY26. Management believes the largest opportunity still lies ahead.
- HEXT's revenue came in at USD389m, down 1.4% QoQ in constant currency terms. For CY25, revenue grew 7.6% YoY in USD terms and 7.1% in constant currency.
- Revenues were slightly lower than expected due to: 1) A GSE-related cut with a ~70 bp annualized impact, which will also affect 1Q, 2) Furloughs at one client, which is atypical, and 3) Lower pass-through revenues.
- License revenues relate to third-party licenses.
- 1Q will continue to face headwinds from calendar-related issues and furloughs.
- License revenues were lower than historical levels, while volume growth resulted in headcount additions that impacted utilization.
- CY26 growth could improve based on deal ramp-ups (including consolidation deals with a bank and a tech company), execution of deals won in 2HCY25, and new wins in CY26.
- Banking and Healthcare & Insurance are expected to lead growth in CY26 (above company average), followed by Financial Services and GTT (around company average).
- Manufacturing & Consumer is expected to resume growth. Both M&C and HTPS (to be split into PS and TPP in CY26) are expected to grow, though they may trail company growth.
- 1Q is seasonally weak, and the company is currently experiencing an unusually weak patch due to multiple unrelated one-offs.
- Growth is expected to accelerate sequentially after 1Q, with higher ask rates in 2Q and 3Q.

- Progress on deal wins remains strong, with all expected deals in 4QCY25 closed except for one major consolidation deal with a GSE, which remains a work-in-progress. Wins include another major consolidation deal in software engineering.
- The GSE has not yet finalized the design of the consolidation deal.
- The deal pipeline crossed USD4b for the first time. The company won a large consolidation deal with a big tech client, which provides access to a significant pool of spend.
- ACV performance in CY25 was better than CY24.

Margin performance and outlook

- Adjusted EBIT margin stood at 12.3% in Q4. For CY25, adjusted EBIT margin was 14.0%.
- Normalized EBITDA margins were at 15%, reflecting a sequential decline of 250bp. The key contributors were FX headwinds (20 bps), calendar/furloughs (60 bps), utilization (80 bps), and wage hikes (80 bps).
- Earnout reversals were one-off in nature following impairment testing as part of the annual exercise; one-offs reversals will occur in the future.
- Additional expected credit loss provisions were taken due to observed credit risks over recent years. If collections improve, these provisions could reverse.
- One-time reversals had a 160bps impact on EBITDA.
- Accelerated amortization of leases in Europe resulted in a 64bps impact at the EBIT level.
- Ongoing labor code impact is estimated at ~20bps for CY26.
- CY26 EBIT margin guidance is 13.0–14.0%, lower than CY25. 1H will see pressure due to large deal ramp-ups, while calendar effects are expected to recover sharply in 2H. The 2H exit margin is expected to be better than 2HCY25, while the full-year margin remains within the guided band.
- 1QCY26 EBIT is expected to be lower than 4QCY25 due to higher seasonality and calendar impact.
- 2HCY26 EBIT is expected to be better than 1H, with 1H weakness driven by large ramp-ups, including rebadging deals.
- Offshore mix dipped in 4Q due to deal constructs, with SMC contributing ~100 bps to the offshore mix.
- ETR for CY26 is expected to be 25–26%.

Infosys®

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Infosys

Buy

Current Price INR 1,374

Performance in 3QFY26 and demand outlook

- In Financial Services, a good set of deals is coming through. FY27 is expected to deliver better outcomes than FY26. ENU is seeing good deal activity across industry verticals. Discretionary spending is beginning to return in Financial Services, and growth is expected to be better than FY26.
- No deterioration is being observed in other verticals. The overall macro environment remains stable, with expectations of potential interest rate cuts.
- Cognition has built agents for software development, and INFO is enabling these agents to operate within client environments. Over time, usage is expected to span all clients and verticals.

The image shows a screenshot of the Motilal Oswal Infocaps report for FY26 Q3. The report includes a table of financial metrics and a detailed narrative section. The table lists various financial ratios and metrics, while the narrative provides a comprehensive overview of the company's performance, including revenue growth, EBIT margin, and operational highlights across different sectors like BFSI, Manufacturing, HLS, Hi-Tech, and EURS.

- Across six AI areas, economics have shifted favorably for clients. In legacy modernization, AI agents, combined with software development and domain expertise, are making projects viable that were earlier uneconomical.
- INFO expects to have multiple partnerships, including with several smaller firms that bring capabilities across AI foundation models, agents, and coding.
- CY26 technology budgets are expected to be discussed in the next quarter.
- USD revenue rose 0.5% QoQ to USD5.1b, up 0.6% QoQ in cc terms.
- Third-party costs as a percentage of revenue declined by 0.5% QoQ to 7.3%.
- Across renewals and competitive takeaways, the company is benefiting from vendor consolidation. Client expectations around AI-led productivity gains are increasing, particularly for three- to five-year deal structures.
- INFO upgraded its FY26 cc revenue growth guidance to 3.0-3.5% from 2.0-3.0% earlier. Guidance excludes any contribution from the Telstra JV.
- Strong execution in 3Q, following large deal wins in 2Q, and continued traction in Financial Services and ENU underpin a positive outlook for FY27.
- Adjusted EBIT margin guidance for FY26 was maintained at 20-22%.
- Large deal TCV stood at USD4.8b, up 55% QoQ and 92% YoY. The book-to-bill ratio was 0.9x, with 26 large deals won during the quarter. Net new deal TCV for 9MFY26 increased 40% YoY.
- Growth is also coming from smaller accounts, which are scaling up well.
- A USD1.6b large deal was won with the NHS in the UK, aimed at leveraging AI to streamline operations and improve patient care.
- **BFSI:** Strong AI adoption among large financial services clients, including partnerships with Cognition. Discretionary spending has increased across banking, payments, mortgages, and asset and wealth management.
- **Manufacturing:** The vertical remains impacted by tariff uncertainty, delaying long-term client commitments. Discretionary spending is under pressure, with slow decision-making. Industrial and aerospace segments are performing well, while auto remains challenged.
- **HLS:** The vertical benefited from the NHS deal contribution during the quarter.
- **Hi-Tech:** Performance remains mixed, with some client groups performing well and others under pressure. Cost pressure persists, and clients continue to seek productivity improvements.
- **EURS:** Utilities are seeing rising demand, driven by investments in AI data centers. Energy clients remain focused on decarbonization, cost optimization, and consolidation amid enterprise AI adoption.

Margin performance

- Adjusted EBIT margin came in at 21.2%, up 20bp QoQ.
- Margin drivers included ~40bp benefit from currency and ~50bp from Project Maximus initiatives, including value-based selling and lean automation, partly offset by ~70bp impact from furloughs.
- Higher variable pay accruals were partially offset by one-offs such as property sales.
- Investments in sales and marketing boosted margins by ~50bp YoY, while utilization was lower by ~1% as capabilities were built for future growth.
- Volumes remained soft during the quarter and year; however, nine-month RPE improved, reflecting productivity gains and value-based pricing.

KPIT

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- Pricing remains accretive, supported by AI-led services and Project Maximus. Premiums are increasingly reflected through productivity delivered rather than headline rate increases.

KPIT Technologies

Buy

Current Price INR 862

3QFY26 performance and demand outlook

- Business models and OEM priorities are changing, and the company aims to move towards a solution-based transformation.
- Fixed-price revenue increased to 66% from 59% last year. Revenue per employee has also improved. The company invested USD3.8m during the quarter.
- Management sees several positives from the quarter and the past six months.
- Clients increasingly prefer solutions that are ready ahead of time and can be delivered to end customers faster, with full ownership to avoid client-side delays. A large part of the business is expected to convert to this model over the next 12–18 months.
- OEMs have accepted this as a way of life and are prioritizing select technologies. Japan is impacted by uncertainty, as many OEMs have exposure to the US.
- The company expects growth next year to be higher than this year and believes it is well positioned to deliver this.
- Since 2019, KPIT has moved across domains such as electrification, autonomous driving, and digital cockpit. Earlier, solution demonstrations were largely exploratory, with only 5–7% translating into actual delivery programs.
- The current approach involves delivering end-to-end solutions, including collaboration with client teams and, where required, other vendors and Tier-1 suppliers. Over time, this could account for 50–60% of business visibility.
- The next six months will provide better clarity on adoption, and this approach is expected to drive high-quality growth for KPIT in the medium term.
- The company sees opportunities in digital cockpit and powertrain, including ICE.
- Increasing vehicle connectivity and OTA updates are driving higher spend on cybersecurity.
- Multiple powertrain strategies across geographies are leading to renewed investments in ICE alongside EVs.
- In markets such as China, autopilot and navigation have become mandatory, with similar trends emerging in the US and Europe. KPIT believes it can increase market share over the medium term. OEMs remain under pressure, and overall spend may not increase materially.
- Organic revenue growth declined 1% during the quarter. Europe and the commercial vehicles segment recorded growth in the quarter.
- A large portion of the solution development work is already completed, but customization is required based on individual customer requirements and internal complexities.
- Additional software development and validation are needed to make solutions customer-ready.
- KPIT is able to present customers with end-to-end readiness to support new vehicle or product launches.

- This approach reduces delivery timelines, improves quality through accumulated domain know-how, lowers customer costs, and enhances KPIT's profitability.
- The solution-led approach may cannibalize some revenue but is expected to increase wallet share.
- Adjacencies such as commercial off-highway and micro-mobility are expected to contribute incremental revenues.
- 4Q is expected to be better than the previous three quarters, with positive organic growth and improved revenue quality.
- Passenger car OEM spend has declined by 20–25%, driven by lower volumes and sharper profit declines.
- Except for one or two clients, KPIT has not lost wallet share across its 25 clients and has, in fact, gained share in most cases.
- The overall market size has shrunk, which remains a key challenge.
- European OEMs are looking to realign supply chains, shifting spends from local markets to India.
- Focus remains on adopting new technologies while saving costs and investing cautiously.

Margins performance and outlook

- Profitability is expected to improve in 4Q compared to 3Q, despite continued investments.
- Revenue per employee has become the most critical performance metric.
- Depreciation and interest costs are expected to stabilize, with interest costs potentially declining marginally but remaining largely in the same range.



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LTIMindtree

Buy

Current Price INR 5,053

Demand and industry outlook

- The industry is at an inflection point, marked by significant reimagination of capabilities and redefined operating models.
- The convergence of technology and domain expertise, along with evolving client expectations, is unfolding rapidly. The company is reimaging its service lines with a clear focus on AIOps and integrated transformation capabilities.
- Expects growth momentum to continue through the balance of the year and is preparing for the next phase of the journey in FY27 and beyond.
- Delivered 6.1% YoY growth in 3Q, with performance improving each quarter and now within reach of double-digit growth in FY26E.
- Decline in the top five customers continued; one of the top five accounts is expected to eventually bottom out.
- Every customer is going through a productivity journey driven by AI adoption on the existing book of business, and the company is proactively helping clients navigate this transition. Given the material size of the top five accounts, short-term declines will persist until all five complete this journey.
- Portfolio balance remains intact despite near-term pressure. Of the top five clients, four have largely transitioned, while one remaining client may take more time. This account is expected to bottom out in the next quarter.
- A large deal announced in 2Q is progressing through its initial phase and is expected to move toward steady state by 4Q.

- Selected as a strategic partner by a leading US insurance and financial services company for a multi-year engagement covering application management, infrastructure, operations, and end-user services, driven by an AI-led delivery model. The contract carries a total value of USD155m over five years.
- Selected by a leading manufacturer to consolidate its technology landscape under a multi-year agreement spanning applications, cloud infrastructure, cybersecurity, data, and AI services.
- Renewals are increasingly becoming strategic inflection points where clients reimagine their vendor ecosystem. Renewals are no longer transactional and often result in taking wallet share from other service providers, as reflected in recent large deal wins.
- No change in deal tenure, with the average cycle remaining at three to five years.
- BFSI: Margin improvement was driven by Fit4Future initiatives, fresher infusion, pyramid optimization, rate realization, and foreign exchange benefits. BFSI is expected to bottom out in Q4, followed by an accelerated growth trajectory. For several large global banks, the company is now the prime supplier, with other BFS accounts growing faster than the market.
- Technology, Media & Communications: The top high-tech client completed its productivity journey around the same time last year, and that phase is now behind.
- Healthcare, Life Sciences, and Public Services: Ramp-up of the PAN deal is reflected in RoW and public services. These verticals are influenced by project life cycles, leading to cyclical impacts in India. Fit4Future-driven productivity improvements have also influenced this segment.
- Consumer Business: Momentum is expected to continue, with ongoing client conversations that are likely to materialize. The opportunity in this space appears attractive.
- Total headcount at the end of 3Q stood at 87,958, with net additions of 1,511, including 1,736 freshers.
- Recognizing the importance of industry domain expertise, over 70% of the workforce has now been covered under tech-domain skilling initiatives across various competency levels.
- Concentration risk has reduced organically over the past few quarters. The revenue contribution of the top two accounts has declined from ~20–23% last year to approximately 18–19%, reflecting improved portfolio diversification.

Margin performance

- EBIT margin expanded 20 bp QoQ to 16.1%, driven by the Fit4Future program and favorable currency movements, partially offset by lower working days and furloughs.
- The effective tax rate stood at 26.5%, while DSO was at 85 days.
- Fit4Future has delivered on its stated objectives over the past three quarters from an execution standpoint.
- Wage hikes will begin in 4Q and be spread over a couple of quarters, with 50% of employees receiving hikes in 4Q. The wage hike impact is expected to be around 1% in 4Q and the following quarter. The next quarter will also see headwinds from lower working days and ongoing client productivity programs.



L&T Technology Services

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The company remains confident of closing the year with better EBIT margins than the previous year.

- SG&A efficiency has been driven by the Fit4Future program along with a one-off reversal during the quarter. The company aims to maintain SG&A in the 11–11.5% range over the long term.
- Cost discipline and margin improvement initiatives remain ongoing.
- The company plans to sunset Fit4Future and replace it with a more balanced transformation initiative, New Horizon, focusing equally on growth and cost discipline. Further efficiency potential remains.

L&T Technology

Neutral

Current Price INR 3,493

Demand and industry outlook

- Based on management interactions, CY26 holds promise as the macro situation improves and demand continues to strengthen, particularly in new-age technologies. This is also reflected in the large deal pipeline and deal closures.
- USD revenue declined 2.8% QoQ in cc terms. This was driven by portfolio rebalancing, with selective exits from offerings and regions in line with the upcoming five-year strategic plan.
- The Sustainability segment continued to grow at a double-digit rate on a YoY basis, while Mobility is witnessing a turnaround.
- The company is guiding for mid-single-digit overall growth in FY26.
- The company has rationalized parts of the portfolio, including certain technology businesses in the Middle East and Europe, and legacy technology work in the US that is expected to become commoditized over the next 18 months. In such cases, operations were shut down and equipment returned to customers.
- Several large deal bookings were recorded in 3Q, including a USD70m deal from a global OEM, a USD30m deal, a USD20m program, and five deals above USD10m.
- The company sustained momentum in large deal wins, delivering an average TCV of ~USD200m for five consecutive quarters.

Vertical-specific demand commentary

- **Mobility:** The business showed early signs of improvement despite a seasonally slow quarter. Around 50% of large deals were from the Mobility segment. Aero and rail subsegments grew sequentially, while highway traction was slightly subdued. The auto subsegment turned the corner and is seeing positive traction. Software-defined vehicle offerings are being accelerated by incorporating advanced AI capabilities across software lifecycle and product development. From a geographic perspective, the US market is positioned for recovery after several quarters of subdued spending, with increased investments in SDV technologies. Europe's focus has shifted toward cost optimization and strategic partnerships, with deferred investments in new vehicle models. The company is well positioned to benefit, as evidenced by recent large deal wins.
- **Sustainability:** The segment grew 11.4% YoY and QoQ, reflecting steady demand and strong execution on deals won in recent quarters. The industrial subsegment is benefiting from AI solutions combining digital automation and AI-powered platforms across PDLC offerings. Energy, automation, and industrial

machinery sectors continue to see strong demand, supported by a robust pipeline in asset management and large deals. The USD100m deal announced last quarter is ramping up as planned, leveraging AI capabilities for new product development and platform automation in plant engineering. Demand remains strong across O&G and CPG for capex projects and digital modernization of legacy plants in India, with additional traction from the chemical industry.

- **Hi-Tech:** The business has been recalibrated to focus on future technologies that offer higher profitable growth. The media tech subsegment is evolving rapidly, with a strong emphasis on design-led offerings and higher-end, higher-margin work. Steady growth was seen in semiconductor accounts, along with a multi-year engagement with a global semiconductor platform provider to consolidate advanced lab support operations. Telecom subsegment deals won in earlier quarters continued to ramp up, while the medtech subsegment saw healthy demand across geographies.
- Medtech is expected to grow in FY26, supported by AI-led digital manufacturing solutions. The software and platforms subsegment, including SWC, is enabling the deployment of the engineering intelligence framework across data science, automation, and data engineering. A large hyperscaler empanelment has been received, with ramp-ups expected from 1Q onward. Tech segment margins improved to 10.6%, up 160bp QoQ, driven by improved revenue quality, discontinuation of strategic support, and portfolio and geographic recalibration aligned with the five-year strategy.

Margin performance and outlook

- EBIT margin stood at 14.6%, up 120bp QoQ.
- 3QFY26 saw a ~200bp sequential improvement in gross margins, largely driven by improved revenue quality, operational efficiencies, discontinuation of strategic support provided in prior quarters, and INR depreciation.
- In preparation for the Lakshya five-year strategy commencing 1st Apr'26, LTTS reassessed market trends, client spending priorities, and high-growth profit pools.
- Decisive actions were taken to pivot toward full-stack Engineering Intelligence solutions and to reassess regional focus and offerings not aligned with the five-year roadmap. These actions are already yielding results, reflected in the QoQ margin improvement.
- Margins are expected to continue improving on a YoY basis, supported by capital allocation toward higher-margin Sustainability and Mobility segments, selective portfolio and geography choices, and better operational efficiencies.
- The company maintains its aspiration to reach mid-16% EBIT margins between FY27 and 1QFY28, with intent to achieve this earlier than guided.



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Mphasis

Buy

Current Price INR 2,436

Demand and industry outlook

- The nature of technological shifts underscores that every business is looking for opportunities not only to drive higher efficiency using AI, but more importantly, to reimagine entire business models to remain relevant to end customers. Customers are recalibrating classic managed services constructs, with outcomes becoming more important than effort-based services.
- While there is deflation in traditional people-based models, there is an extremely healthy appetite for AI-led technology solutions and AI-driven efficiencies. Even as clients seek significant rationalization of service partners, there is a strong focus on bringing in partners that can build the AI stack, establish governance, and implement guardrails.
- Discretionary spending is unlikely to return in the same shape and form. Spending is expected to remain stable or trend upwards in CY26.
- There is a reallocation of spending underway, as enterprises free up budgets to invest in AI fabric, whether through stack build-out, migration to new stacks, deployment of agents, or incremental software spend. This creates new pools of spending.
- In banking, while the company is comfortable across multiple domains, there are still areas that require further investment to reach the same level of execution capability. Overall, the market is opening up, and partner channels, including hyperscalers and ecosystem partners, are seeing strong activity.
- Management believes this is a good time to take its proposition to customers, as there is openness to new ideas and engagement models. If demand picks up, particularly in BFSI, given that applications account for ~75% of revenue, the company could be among the biggest beneficiaries in the coming quarters due to its application-heavy portfolio skew.
- The pace of revenue growth and conversion is expected to remain strong, propelled by savings-led transformation initiatives, while growth momentum in Direct continues to remain strong.
- In the last quarter, the top client delivered sequential growth higher than the company average, and this trend continued in the current quarter.
- The company is not seeing AI-related deflation due to its positioning as a transformation partner. The new IP platform is enabling deeper participation in customer spending compared to the past.
- Management expects growth to exceed 2x the industry rate, supported by 1Q–3QFY26 performance and steady conversion of strong TCV wins into revenue.
- Seasonality was in line with expectations.
- Large deals are expected to ramp up steadily over the coming quarters.
- The strongest sequential quarter in FY26 is expected to be 4Q.
- Improvement in the client pyramid is driven by gains in existing accounts, supported by a strong account mining approach, large deal wins, and successful ramp-up of neo-cons.
- The pipeline is at record levels, growing 66% YoY, with ~69% of the pipeline linked to new IP platform-led opportunities, reflecting strong customer interest.

- The correlation between revenue and TCV remains strong and is expected to improve further, as client-specific issues seen in early 2025 are no longer present.
- Excluding the impact of one vertical, overall revenue growth is in the mid-teens.
- BFS grew 14.8% YoY, with overall growth impacted by the ramp down of business in India.
- BFS Direct grew 2.5% QoQ and 18.2% YoY, driven by wallet share gains and growth in new wins and accounts.
- Management indicated early signs of increased activity linked to the interest rate environment. In the BPO headcount, there has been an increase in inflows, along with a deal from an existing customer to set up a mortgage origination unit.
- Over the last four to five quarters, strong growth has been observed in BFS, with insurance contributing meaningfully over the last couple of quarters.
- Banks and financial institutions, particularly in the US and Europe, continue to operate in a strong earnings environment, supported by elevated NIMs and record spreads.
- Insurance maintained growth momentum, with Direct revenue growing 8.1% QoQ, supported by the continued ramp-up of recent large deal wins.
- Life and annuity segments are positioned for growth, driven by the integration of distribution and wealth platforms. P&C remains under pressure due to elevated claim ratios.
- Customers leveraging the NeoIP platform contribute more than 50% of the company's total revenue, indicating strong traction.
- The company is confident in its ability to drive rapid deployments, particularly in modernization archetypes, where value capture paths are clearly defined. There is early evidence of transitioning from traditional pricing models to improved pricing structures in select archetypes, though it is still early to see this across all use cases.
- Three years after the launch of ChatGPT, enterprises have moved beyond experimentation and proof-of-concept stages. While adoption stages vary by customer and industry, AI is increasingly becoming real and embedded within enterprise operations, driven by top-down focus.

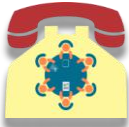
Margin performance

- EBIT margin remained stable at 15.2%.
- The quarter had 91 days, an increase of two days QoQ. The increase in receivable days is primarily due to unbilled receivables related to milestone-based contracts and remains controlled and aligned with deal constructs, as highlighted in previous quarters.
- The company maintained its sustainable EBIT margin within the target range of 14.75-15.75%.



Persistent

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Persistent Systems

Buy

Current Price INR 5,518

Growth and demand outlook

- The company remains firmly on track to achieve its USD2b and USD5b revenue aspirations by March 2027 and March 2030, respectively.
- 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 expected to be increasingly bundled together.
- The growth in intangible assets on the balance sheet reflects sustained investments in AI tools, productivity platforms, and SaaS offerings. These assets have now reached a reasonable level of maturity, and growth in intangibles is expected to moderate versus prior periods. Importantly, the company has begun generating revenue from these investments, supporting the capitalization approach.
- There is a meaningful IP portfolio and a strong set of case studies that are being taken to the top 100 customers. These customers account for ~82% of revenue and are currently growing at ~20%.
- 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.
- Management remains confident in PSYS's growth momentum.
- BFSI: A tier-one US bank selected the company to support a cybersecurity transformation program covering data provisioning for monitoring, data leakage prevention, and identity and access management optimization across enterprise applications.
- The company secured a total USD100m deal with this customer during the quarter, including a 25% net-new TCV component.
- AI-led productivity platforms are enabling 60–70% reverse engineering of legacy systems that were previously difficult to decode manually, supporting large-scale migration from legacy to modern platforms.
- Application and data modernization discussions have gained momentum over the last 3–4 months.
- Healthcare & Life Sciences: The company was selected by a leading US-based professional organization for pathologists and laboratory professionals as an end-to-end technology partner to modernize applications, data, cloud infrastructure, and security.
- The engagement, valued at USD50m+ over five years, is among the largest deals signed in pathology and laboratory automation.
- Demand has strengthened over the last 3–4 months across application modernization and transformation programs.
- Wins span payer-provider technology, provider-side systems, and pharma, reflecting broad-based and forward-looking demand.
- Hi-Tech: Mid-to-large high-tech firms are increasingly adopting AI to drive productivity in product development.

- The company supports clients across product engineering, professional services, and customer support.
- Solutions are customized for varied use cases, including private equity-led carve-outs where the company supports greenfield IT setup and managed services for newly independent entities.
- SASVA continues to be a central AI driver for clients, scaling through assessment-led expansions and delivering 60–75% cycle-time reduction in workstreams such as private-equity due diligence, application modernization, and data transformation.
- In one European bank engagement, SASVA assessed millions of lines of legacy code, enabling a full-scale transformation win to a modern technology stack. The platform helped decode fragmented legacy logic, design the target architecture, and deliver ~22% productivity improvement alongside faster time-to-market.
- Partnerships with DigitalOcean and Anthropic are accelerating adoption. DigitalOcean strengthens private cloud and sovereign deployments, while Anthropic enhances access to frontier AI models.

Margin performance and outlook

- Adjusted EBIT margin stood at 16.7%, up 40bp QoQ.
- Margin walk: + Tailwinds included currency benefits (30bp), lower subcontracting costs (20bp), higher utilization and SG&A optimization (40bp), and ~150bp benefit from pricing driven by increased use of AI platforms and tools. A growing proportion of engagements is now driven by AI platforms, with evolving commercial models combining people- and tool-based pricing. Several such engagements signed in prior quarters are now scaling.
- Headwinds included wage hikes (180bp), labor code impact (230bp), and furloughs (20bp).
- Monetization of platforms such as SASVA, iAura, and the GenAI Hub is beginning to reflect in margins.
- 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.



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Tata Consultancy Services

Buy

Current Price INR 2,695

3QFY26 performance and demand outlook

- Based on client conversations and strong momentum in AI leadership, the company is confident about a good CY26.
- Management had highlighted an improving business environment in 2Q, which continues to be visible in 3Q. AI and Data continue to be key growth drivers across all verticals.
- BFSI and Hi-tech performed well after adjusting for furlough impacts.
- AI & Data, Enterprise Solutions, IoT & Digital Engineering, and Cybersecurity led growth during the quarter.
- Revenue grew 0.8% QoQ in CC terms, while international business grew 0.4% QoQ CC.

Particulars	Q3 FY26	Q3 FY25	Q3 FY24
Revenue	1,234.56	1,123.45	1,012.34
Operating Profit	234.56	212.34	198.76
Net Profit	156.78	145.67	134.56
EPS	15.67	14.56	13.45

- The company continues to aspire for higher growth in international markets compared to emerging markets in FY26.
- Most contracts assume productivity improvements over time and are priced accordingly.
- Deal TCV stood at USD9.3b in 3QFY26, down 7% QoQ and 8.8% YoY.
- The company continued to win several large deals, including one mega deal in North America. If the current TCV trend continues, FY26 could see one of the highest deals TCVs, supporting growth into FY27.
- **BFSI:** BFSI is expected to return to sustained growth. Continued growth momentum despite furloughs, including contribution from a mega deal in North America. Clients remain focused on cost discipline, with technology spend cantered on validated solutions and simplified architectures.
- Agentic AI adoption is proceeding cautiously, with retail banks focusing on customer experience enhancements. Corporate banks are modernizing operations through cloud migration and digital initiatives.
- Payments are undergoing rapid transformation driven by regionalization, while capital markets and asset management remain strong.
- Insurance clients are adapting to new disruptions, including emerging risk products and AI integration, with consolidation in brokerage and agency channels.
- Changes in US credit card rates are expected to have a two-way impact, with no major net effect anticipated.
- **Technology and Services:** Declined due to typical seasonality. While large technology companies continue heavy investments in AI infrastructure, the broader industry faces geopolitical uncertainty and evolving data and AI regulations.
- Workforce restructuring continued among top clients, with a focus on AI development, operational efficiency, and manufacturing diversification.
- Software companies are increasingly integrating agentic capabilities and shifting products towards professional services models.
- Strategic partnerships with hyperscalers such as Microsoft, Google, and Nvidia are being leveraged to accelerate AI adoption and co-innovation.
- **Life Sciences and Healthcare:** Delivered good growth momentum during the quarter. The sector is undergoing shifts driven by regulatory interventions, risk and security challenges, and changing consumer behaviour.
- Providers and payers are leading AI deployment in revenue cycle management, clinical workflows, and network management, moving beyond pilot stages.
- **Regional Markets:** Growth in 3Q was led by regional markets and others, up 4.6% QoQ CC. Demand for AI-led services remains robust, with markets showing resilience despite geopolitical challenges. Growth was driven by enterprise demand in India and strong public services momentum across India, APAC, and EMEA.
- **North America:** Clients are increasingly focused on ROI-based decision-making, with reduced decision cycles. Growth is expected to resume.
- **India:** Revenue recognition from BSNL remained similar to last quarter. A pickup is not expected until receipt of the final purchase order.
- **On Gen AI :** Annualized AI services revenue reached USD1.8b, up 17.3% QoQ CC. This includes AI programs across value chains and the data work required to

deliver them, but excludes AI leveraged within delivery (e.g., testing and software engineering).

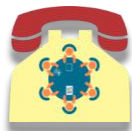
- AI deployments have shifted from POCs and pilots to ROI-led, scaled implementations, driving growth.
- Two AI labs were set up in India—one for a leading US insurer and another for regional US banks—to incubate AI use cases and accelerate deployment.
- Data center operations initiative is underway, with an anchor customer announcement expected. Revenue realization will begin post an 18-month build-out.
- The Board declared a third interim dividend of INR 11 per share and a special dividend of INR46 per share in 3QFY26.

Margin performance and outlook

- EBIT margin stood at 25.2%, flat QoQ.
- Margin walk included tailwinds of ~80bp from operational efficiencies (productivity and pyramid optimization) and ~20bps from currency. These were offset by ~50bps wage hike impact and ~50bps from incremental investments in brand building and partnerships, resulting in stable margins.
- The company continues to invest in strategic growth areas.
- Growth in other expenses was primarily due to legal costs related to M&A and marketing initiatives in 3Q. Some CSR-related provisions may spill into the next quarter, with 10–20bps likely being one-time.
- Apart from macro uncertainty, near-term headwinds include the annual intervention cycle in 4Q and ongoing investments in coming quarters.
- Labor code provisions amounted to ~INR1,800 crore towards gratuity and ~INR 300 crore towards unearned leave. A normalized impact of 10–15bps is expected from next quarter.
- Restructuring activities may continue into the next quarter.



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Tata Elxsi

Sell

Current Price INR 4,889

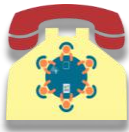
3QFY26 performance and demand outlook

- Industry headwinds persist. Customers are making decisions, but they are cautious and carefully calibrated.
- In Automotive and Media, profitability pressures have remained intact, keeping cost takeout and profit improvement as key areas.
- Growth during the quarter was volume-led, supported by higher utilization.
- Growth was driven by the Transportation business, aided by accelerated ramp-ups in SDV-led OEM deals won earlier in the year and normalization of workstreams with a strategic OEM client that was impacted in the last quarter.
- Media & Communications and Healthcare & Life Sciences were impacted by seasonal furloughs in the last 1-2 weeks of the quarter and delays in some key deal awards.
- The company reiterated its aspiration for double-digit growth in Transportation and Healthcare & Life Sciences in FY27.
- EBIT margins expanded by 240bp QoQ to 20.9%, driven by operational excellence and improved utilization in line with business growth.
- There is scope to improve utilization, with large-scale hiring likely a quarter or two away, though calibrated hiring will continue for select clients.

- Margin included a ~35bp benefit from currency exchange, 200bp from operating leverage including utilization, and ~80-85bp from cost discipline, partially offset by ~110bp headwind from wage hikes for junior staff.
- The remaining wage hike impact is expected in 4Q, estimated at ~60-70% of the current quarter's impact (~65-70bp).
- The company plans to reach ~80% utilization before initiating broader hiring, compared to ~75% currently.
- Management is confident of returning to historical margin levels by FY27 end.
- Continued investments are being made in applying GenAI and AI across innovation and product engineering workflows, tailored to chosen verticals and domains, with scaling adoption across the organization.
- The new labour code may have a 15-20bp margin impact, which is expected to be offset by operational efficiencies.
- **Transportation:** Growth was led by accelerated ramp-ups in SDV-led OEM deals and normalization of programs with a strategic OEM client affected in the previous quarter, pulling in pent-up demand.
- Growth continues to be driven by SDV programs, with Electrification as another large opportunity, while ADAS maintains traction.
- Ramp-ups are nearing steady-state levels, with a meaningful portion already baked into the quarter, though further upside exists from new opportunities.
- A new program was won with a strategic US-based off-highway OEM for development of a complex operator information and control system.
- The company continues to build momentum in the automotive industry.
- Entry into off-road and adjacent businesses supported growth in 3Q. Steady growth is expected next quarter, with acceleration in the next fiscal year.
- Multiple large deals are driving growth in the top five and top 10 customers.
- It may take a quarter or two to return to earlier base levels for one anchor customer, though overall share of wallet has increased.
- **Media and Communication:** Several large deals have already ramped up, while bidding is underway for a couple of large deals expected to close in 4Q, indicating positive momentum.
- No challenges were reported in top accounts.
- The company continues to track technology convergence and invest ahead of demand, which can lead to mixed near-term outcomes for products and platforms.
- Investments such as Neuron, a network automation and orchestration platform, are viewed as ahead of their time but strategically positioned to reduce network management costs through automation rather than labor-intensive models.
- Healthcare and Life Sciences: The business bottomed out during the quarter following the runoff of certain large regulatory programs.
- Strong new customer additions were recorded, with confidence expressed in a return to growth in 4Q.
- Investments in GenAI-powered regulatory workflows are gaining traction, including a multi-million, multi-year deal with a European MedTech leader to transform regulatory processes and improve cycle time and quality.

TATA TECHNOLOGIES

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Particulars	QoQ	YoY
Revenue	10%	12%
Profit	15%	18%
Market Capitalization	10%	12%

Tata Technologies

Sell

Current Price INR 605

Performance and demand outlook – 3QFY26

- Management expected a relatively strong demand environment this fiscal year, but it has been impacted by tariffs and geopolitical issues.
- In North America, changes in government policies and regulations have led to a shift in investments from EVs to internal combustion engines. Investments by the large OEMs are now largely focused on conventional powertrains. From a technology perspective, the company remains propulsion-agnostic and can support EVs, plug-in hybrids, and ICE platforms.
- Aztec brings a sizable and strategic relationship with Volkswagen, the largest R&D spender in the automotive sector. Aztec is currently focused on SDV and embedded electronics, providing an opportunity to extend the full TTL portfolio to Volkswagen and realize planned synergies.
- In cc, services revenue grew 1% QoQ organically, a solid outcome given that 3Q is traditionally the softest quarter due to fewer billing days amid festivals and holidays across geographies.
- The quarter included a one-month contribution from Aztec, with opportunities expected to convert in the near term.
- The company experienced a temporary disruption at one of its largest customers, which has since been resolved. Growth was delivered despite these headwinds.
- Aerospace and industrial machinery verticals delivered 10% QoQ revenue growth in USD terms, driven by demand across predictive maintenance, digital transformation, sustenance engineering, MRO, PLM, and manufacturing engineering programs.
- The joint venture with BMW continues to scale up and has grown to over 1,500 engineers. This platform is a critical enabler of BMW's global engineering strategy and has helped TTL secure multiple direct framework agreements in Europe. The JV's profit share increased 37% sequentially.
- Over the last 12-18 months, parts of the business were impacted by delays in full vehicle programs and moderation in outsourcing spends at some large OEM accounts.
- It has been focusing on reducing concentration risk, improving the portfolio mix, and building a structurally resilient growth engine. The acquisition of Aztec strengthens capabilities in embedded and software-defined vehicle engineering, particularly in Europe.
- After integration, one of the largest client relationships has become the third-largest account, anchored to embedded electronics and SDV-led engineering.
- Sequential revenue growth in excess of 10% is expected in 4Q. Targeting double-digit organic growth in FY27.
- The aerospace business is emerging as a strong growth pillar. From a low base, aerospace revenue has doubled for four consecutive years and is expected to reach close to USD40m in FY26.
- Closed six large deals during the quarter spanning automotive, industrial engineering, and education.

- Services Segment: Growth was driven by recent deal closures and strong performance in aerospace and industrial machinery verticals, which delivered 10% sequential growth in USD terms.
- The strategic relationship with Airbus continues to scale up, with plans to expand into Airbus's supply chain.
- Revenue that could not be billed in Oct'25 due to a cybersecurity incident at JLR was recovered in Nov-Dec'25.
- The order book continues to build across 2Q and 3Q, supported by signed deals and a full-quarter contribution from Aztec. 4Q growth is expected to exceed 10%, split between organic growth and Aztec contribution.
- Technology Solutions: Products business grew 30% QoQ, supported by renewal deals.
- Education business declined 20% due to slower decision-making across multiple accounts.
- Product revenue may plunge in 4Q; however, with an expected rebound in education, overall technology solutions revenue should grow sequentially.
- EBIT margin stood at 11.5%, down 190bp QoQ, reflecting the impact of annual wage revisions and temporary revenue softness. The company chose to retain delivery capacity rather than optimize short-term margins, staying invested in teams in anticipation of a 4Q rebound.
- These margin headwinds are now behind.
- EBITDA margins in 4Q are expected to exceed the 2Q run rate.



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Tech Mahindra

Buy

Current Price INR 1,504

Demand and industry outlook

- Client programs are shifting beyond POCs, with improvement seen in the overall technology spending environment.
- Clients with revenue above USD20m continue to grow consistently – faster than the company average. These large clients are also the most profitable, and there is a significant opportunity to cross-sell multiple service lines in this segment.
- TECHM continues to aim to grow faster than the peer average by FY27. Growth is being driven by the quality of the leadership team and a focused strategy on expanding revenues from large accounts through selling additional service lines.
- Revenue seasonality is more pronounced in 1Q than in 4Q. While the degree of seasonality has reduced over the years, some 1Q pressure is expected to persist.
- Net new deal TCV stood at USD1,096m, up 34% QoQ and 47% YoY. Deal wins during the quarter were tilted toward telecom and hi-tech.
- The largest deal win was in Europe in the Communications vertical, a strategic engagement with a TCV of USD500m over five years, covering application modernization across CIO and CTO domains and AI-led operational efficiencies.
- The deal pipeline remains strong but may remain lumpy on a quarterly basis.
- Management indicated confidence in sustaining deal win momentum, with no expectation of deterioration from recent levels.
- BFSI revenue declined 6.2% QoQ due to higher-than-normal furloughs and the pass-through of annual productivity gains in a large infrastructure contract.
- Europe is expected to move from stabilization to growth, led by large deal wins. Growth during 3Q was supported by the ramp-up of a large automotive client.

- BFSI remains an important business relative to the overall revenue mix.
- Good logo additions were made in recent quarters, including in Japan, Singapore, and Europe, along with contract renewals with a US insurer. Higher furloughs were seen in a Canadian client. Productivity-related step-downs are linked to multi-year contracts and are not expected to spill over.
- Strong demand continues across transformation, experience, data analytics, cybersecurity, and AI adoption. A steadier trajectory is expected in the coming quarters as seasonal factors normalize.
- The hi-tech sector is expected to remain volatile as clients continue to operate under cost pressure and remain cautious in IT spending.
- In Europe, growth was supported by the ramp-up of a large automotive client, which is unlikely to recur next quarter.
- The US automotive segment remains in a wait-and-watch mode, with demand expected to improve over the medium term.
- The communications vertical is viewed as a key growth area. A large net-new deal has been signed, with delivery expected to start in 1HFY27.
- Revenue contribution will be back-ended and non-linear, with less than 1.5% impact expected in the next fiscal year.
- The company's differentiated proposition includes IT, network, BPS, and software capabilities. Comviva has won multiple Tier-1 accounts.
- Retail, travel, and logistics continued to perform well, delivering 11.7% YoY growth, supported by strong traction in logistics and above-normal seasonality.
- Management remains optimistic about opportunities in this portfolio.
- Productivity levers in the fixed-price portfolio, which accounts for over half of revenues, continue to be a focus.
- Productivity improvements are freeing up existing talent, which is being redeployed instead of hiring fresh talent.

Margin performance

- EBIT margin improved by 100bp QoQ to 13.1%, driven by better operating discipline and pricing stability.
- Gross margin expanded by 120bp QoQ, driven by improvements in fixed-price productivity programs and volume growth in INR terms. Gross margin expansion is expected to continue.
- Forex contributed marginally to margins, with a benefit of around 30-40bp.
- Other income was negative due to forex losses.
- Normalized ETR remains close to 27%.
- The company reiterated its intent to avoid large deals that materially dilute margins, including the recently won large telecom deal.



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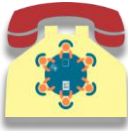
Wipro

Neutral

Current Price INR 212

3QFY26 performance and demand outlook

- There is no major change in the demand environment yet, especially for discretionary spending, as uncertainty continues.
- Across clients, priorities are clearly shifting as AI starts influencing how companies plan and invest.
- AI has moved to a board-level mandate, with CEOs directly driving adoption and transformation.



Particulars	Q4 FY26	Q3 FY26	Q4 FY25	Q3 FY25
Revenue	2,635	2,688	2,635	2,688
Operating Profit	1,234	1,234	1,234	1,234
Net Profit	876	876	876	876
EPS	12.34	12.34	12.34	12.34

- January is a key month when clients finalize budgets; visibility should improve only after that. Overall, clients remain cautious and are still in a wait-and-watch mode.
- IT Services revenue for 4QFY26 is guided at USD2,635–2,688m, implying a 0% to 2% QoQ growth in CC.
- Guidance includes an incremental two-month contribution from Harman DTS. Growth is impacted by fewer working days in 4Q and delays in ramp-ups of some large deals won earlier.
- IT Services revenue in 3Q stood at USD2.64b, up 1.4% QoQ in CC (1.2% QoQ reported).
- Excluding Harman DTS, organic growth was 0.6% QoQ in CC.
- Deal ramp-ups have been delayed, but management stressed these are timing issues rather than cancellations.
- Inorganic strategy remains aligned to strategic priorities; Harman DTS adds both capabilities and access to new markets.
- Total deal TCV stood at USD3.3b in 3QFY26, down ~30% QoQ and ~6% YoY.
- Deal momentum continues to be driven by cost optimization, vendor consolidation, and AI-led transformation.
- Management said deal signings tend to be lumpy, with several deals still in the pipeline and expected to close.
- Delay in the ramp-up of two mega deals has impacted 4Q growth guidance.
- BFSI: Continues to see traction, driven by deal ramp-ups and new wins. Capco remained impacted by furloughs and was flat YoY.
- Healthcare: Performance remains strong. 3Q benefited from seasonal strength due to open enrollment.
- Consumer: Impacted by tariff uncertainty. A large SAP program was put on hold last year and has not yet restarted. Overall performance remains mixed, though some deals are gradually ramping up.
- EMR: Impacted by tariff-related issues and supply chain disruptions. Pipeline remains strong. Good momentum in energy in the US and Europe; manufacturing traction improving in Europe.
- FY26 fresher hiring target reduced to ~8,000 from ~10,000 earlier.
- Increase in headcount during the quarter was mainly due to the Phoenix deal ramp-up and Harman DTS acquisition.
- Attrition remains low and supply-side utilization is improving.
- Brings together WPRO's delivery platforms (software, infrastructure, and business operations) and industry-specific AI platforms.
- AI adoption is becoming a key differentiator, with WPRO Intelligence contributing to multiple wins.
- Clients are increasingly adopting AI-enabled platforms and delivery through WINGS and WEGA.
- Strategy rests on three pillars:
- Industry-specific, consulting-led AI platforms.
- Opens access to new geographies and enables WPRO to handle more complex transformation programs.
- Tech and communications is the key area where management sees the biggest upside from the acquisition.

zensar™

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Margin outlook

- IT Services EBIT margin came in at 17.6%, up ~70bp QoQ.
- Margins exclude a one-time gratuity charge of INR3.0b due to the implementation of the new labor code.
- Management highlighted incremental margin dilution from Harman DTS going forward.
- Despite this, the company aims to keep operating margins broadly in the 17.0–17.5% range.
- A restructuring charge of ~INR 2.6b was taken during the quarter; management confirmed restructuring is now complete with no further charges expected.
- One large deal (Phoenix), won in 4QFY25, is now fully ramped up and has started contributed fully in 3Q.
- Wage hikes have not yet been announced; a decision is expected in the coming weeks.
- Restructuring was mainly related to obsolete skills, primarily in Europe (due to labour laws) and at Capco, similar to actions taken in 1Q.

Zensar Technologies

Buy

Current Price INR 576

Growth and outlook

- The macro environment remains uncertain. Client budgets for CY26 reflect delayed spending decisions and a stronger push toward vendor consolidation.
- AI-led cost optimization is emerging as a key decision driver, with enterprises prioritizing efficiency over discretionary spending.
- The IT industry is going through a structural shift, with accelerated AI adoption driven by economic uncertainty. Spending is increasingly focused on cost optimization and vendor consolidation over discretionary spend.
- MCS delivered 3.4% QoQ CC growth, while TMT and HLS declined 8.7% and 2.3% QoQ CC, respectively.
- Overall revenue stood at USD 160.5m, down 1.3% QoQ in constant currency. Seasonality and furloughs weighed on growth during the quarter.
- Growth was supported by healthy volume traction, largely driven by offshore delivery.
- Offshore volumes grew 3.1%, while overall volumes increased 1.7%. On-site volumes declined due to continued work migration offshore.
- Gross margins improved by 270bp QoQ, despite the impact of furloughs.
- Financial services and insurance remained areas of strength, while TMT continued to be the weakest vertical.
- The shift toward offshore delivery contributed meaningfully to margin improvement and is expected to be sustainable.
- With a higher number of working days in the next quarter, sustained volume growth is expected to start reflecting more clearly in revenue.
- Management reiterated its focus on protecting profitability in seasonally weak quarters, emphasizing bottom-line delivery.
- Order intake for Q3FY26 stood at USD 180.2m, up 13.6% QoQ, with a book-to-bill ratio of 1.12x.
- Around 20% of the current year's order book is AI-influenced, reflecting a sharper focus on AI-led transformation.

- Management remains comfortable operating within a BTB range of 0.9x–1.2x, supported by a healthy pipeline.
- BFS: Continued secular growth in Europe and Africa, with steady performance in the US.
- Manufacturing & Consumer: Exposure to manufacturing remains limited, with retail forming the bulk of the portfolio. The quarter was seasonally weak, though early signs of improvement are visible in retail. Life sciences continued to face headwinds due to consolidation, with some impact expected in 4Q, though the client is not large.
- TMT: The vertical remains under stress and has seen YoY decline for 11 consecutive quarters. Spending is shifting from services to capital investments, particularly AI hardware. A meaningful recovery is not expected; at best, revenues may remain flat. TMT now accounts for ~18% of total revenue. Competitive intensity remains high, with peers offering steep discounts of up to ~30% to retain clients.
- Through the ZenAI agentic AI platform, an end-to-end modernization assessment was delivered for a large financial services client's retail credit processing platform.
- The engagement reverse-engineered 300+ complex mainframe programs and interfaces, delivering an execution-ready roadmap and achieving up to 60% faster documentation.
- A physical AI lab has been set up for a Fortune 50 client, focused on large-scale physical simulation and real-world model development, enabling multi-agent simulation, synthetic data generation, and closed-loop training.
- The company continues to actively evaluate inorganic growth opportunities.
- Margin performance and outlook
- Margins expanded ~200bp QoQ, aided by favorable forex (~70bp), higher offshore mix (~140bp), leave utilization benefits (~100bp), and other operational efficiencies (~70bp).
- These gains were partly offset by furlough impact (~100bp) and a full-quarter ESOP cost (~90bp).
- One-time costs related to labor codes amounted to INR 254m during the quarter.
- Management maintained mid-teens margin guidance.
- Offshore mix improvement is viewed as structural and sustainable, while benefits from leave utilization and certain efficiencies may normalize in coming quarters.
- Part of the margin expansion is expected to be reinvested into AI capabilities and sales to support long-term growth.
- On-site headcount declined by ~90 over the last two quarters.
- Offshore mix has improved by ~400bp YoY, supported by the nature of work being won and the greater feasibility of offshore delivery in AI-led engagements.
- Management reiterated its focus on achieving double-digit profit growth.

TELECOM



- Telecom giants indicated that the quarter reflected steady operational momentum across the sector, with a continued focus on improving subscriber mix through higher adoption of 5G services and international roaming. Momentum in home broadband additions remained strong, led by FWA-driven expansion. Telcos continue to prioritize network investments while scaling up enterprise offerings and digital adjacencies, alongside efforts to drive premiumization among subscribers. Vodafone Idea guided for a significant acceleration in capex over FY25-28, aimed at achieving network coverage parity with peers across 17 priority circles.

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Outlook	Management guidance
Bharti Airtel	■ The company is now among the least leveraged telcos globally with a consolidated net debt-to-EBITDA ratio of ~1x. While the dividends would be progressively stepped up, management's preference is to invest in long-term growth rather than returning capital to shareholders.	■ FY26 India (ex-Indus) capex is guided to be lower YoY, with room for step-up in 5G, transport, HBB, and DC investments; radio capex is expected to taper off, while DC capacity is targeted to scale to ~1GW over 3-4 years.
Bharti Hexacom	■ BHL's underperformance (vs. Airtel) was attributed to a drag from the continuation of certain external challenges.	■ While national home broadband (HBB) penetration could reach ~33-40%, BHL's circles may see relatively lower uptake; however, FWA remains a key growth lever, with HBB revenue mix improving to ~4% but still trailing Bharti India's ~6.5%.
Indus Towers	■ INDUS continues to garner high share in its key customers' rollouts, while gaining share from other tower cos through migration by key customers, driven by superior cost efficiency and network uptime track record.	■ Order book remains healthy; however, the company is yet to receive detailed rollout plan from Vi, based on its recent revision to capex guidance.
Tata Com	■ TCOM's order book remains strong, with healthy double-digit growth QoQ/YoY, aided by a large OTT core-connectivity win. Funnel remains robust with ~70% of the contribution from digital portfolio.	■ The company remains committed to improving margins to the 23-25% range over the medium term. Incremental margin drivers are expected to be operating leverage and strategic bets. Within the digital portfolio, management expects the CIS and the Media verticals to reach breakeven first.
Vodafone Idea	■ The company's market share in the industry's gross additions remains significantly higher than its overall subscriber market share; however, subscriber retention has been a challenge due to gaps in network coverage with peers.	■ The company targets to deliver double-digit revenue growth over the next three years, driven by continued subscriber additions and ~INR450b capex plans. As a result, improve cash EBITDA to 3x (from current levels).
Reliance Jio	■ RJio's 5G subs reached 253m, with 5G contributing ~53% of wireless data traffic. HBB subs crossed 25m (11.5m AirFiber; ~41% share). Enterprise momentum remains strong, aided by bundled offerings and AI-driven data center demand.	■ Focus remains on 5G ramp-up, HBB expansion (fiber/FWA), and enterprise scale-up. JPL IPO is in progress (pending float approval), with AI partnerships and digital twin tech aiding rollout efficiency.



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Bharti Airtel

Buy

Current Price INR 2,021

- **AGR issue:** The company has written to DoT seeking parity in treatment (with Vi) on AGR dues, highlighting errors of commission, omission and computation. Management is awaiting DoT's response and will then decide on the next steps.
- **Home broadband (HBB):** The company added ~2m fiber home passes (~6m in 9MFY26), while FWA subs base scaled to 3m+. Management reiterated that total addressable market for HBB could be ~100m over the medium term, and the company has stepped up investments in HBB amid the ongoing land grab mode. Its HBB deployment strategy is dependent on customer needs, and the

The image shows a screenshot of a financial report for Bharti Airtel, likely from Motilal Oswal. It includes a table with financial data and a small chart. The table has columns for various financial metrics and rows for different periods. The chart shows a line graph with data points and a trend line.

first port of call remains fiber for the company, followed by FWA for connecting fiber dark areas.

- **Capital structure & FCF deployment:** BHARTI is now among the least leveraged telcos globally, with consolidated net debt to EBITDA at ~1x. While dividends would be progressively stepped up, management's preference is to invest in long-term growth (core business, DC, cloud and financial services etc.) rather than returning capital to shareholders.
- **Data center (DC):** Management reiterated its unhappiness with current presence (~12% DC market share) and reiterated its ambition to scale DC capacity to ~1GW over the next 3-4 years, targeting ~25% share in a rapidly expanding market. Investments in DC will be stepped up meaningfully over the next few years. Opportunities for consolidation in the fragmented DC industry are being evaluated.
- **Airtel Business:** The order book and funnel remained strong with multiple deal wins in connectivity and adjacencies such as Cloud and cybersecurity. Nxtra delivered strong growth with uptake in recent capacities.
- **B2B business split and growth vectors:** Management indicated that core-connectivity (industry growth of ~5-6% YoY) accounts for 45% of Airtel's B2B revenue, followed by 30% share of adjacencies (with certain business such as IoT, Cloud and cybersecurity growing upwards of ~30% for Airtel). The commoditized wholesale voice and bulk SMS business accounts for remaining of Airtel's B2B business and is facing structural headwinds. Airtel Business grew in double digits (excluding the rationalization of commoditized portfolio in base quarter) and management expects the growth rate to pick up as share of higher growth businesses in the mix improves over the medium term.
- **Upcoming call on partly paid shares:** The decision to call rights issue money was driven by no option of foreclosure, rather than any immediate cash requirements in the business.
- **Capex:** Management sees room for a step-up in 5G and transport capex, given ~90% of new smartphone shipments are 5G enabled (vs. BHARTI's ~74% current 5G population coverage). However, radio capex is likely to remain modest, with focus areas for capex deployment being HBB, DC, Cloud, Financial services.
- **5G:** The company's 5G user base expanded to 181m (vs. 167m QoQ and 253m for RJio). Management indicated that the company is gaining its fair share of 5G smartphone shipments. The company has deployed SA + non-SA dual mode in all circles for FWA and wireless. It would gradually transition to SA completely through reframing of spectrum, as the data traffic shifts from 4G to 5G.
- **Focus on quality customers:** BHARTI continues to focus on subscriber mix premiumization through upgrades from feature phone to smartphone, prepaid to postpaid, increasing penetration of international roaming (international roaming revenue up 30% YoY), along with partnerships for value-added services such as Google Cloud, Adobe Premium and Perplexity as a lever for revenue growth.
- **Pricing construct:** Management ruled out a differential pricing strategy based on technology (5G vs. 4G). However, it reiterated the need for the industry to rethink the pricing construct to usage-based plans, with heavy data consumer paying more for the data usage.



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- **DTH:** The company is focusing on profitable growth amid macro headwinds. The recent IPTV launch has witnessed strong customer traction.

Bharti Hexacom

Buy

Current Price INR 1,702

- **Weaker growth vs. Airtel:** The underperformance was attributed to a drag from the continuation of certain external challenges (interference from BSNL's network in RJ in our view).
- **Capital allocation:** BHL's robust balance sheet (<0.5x leverage) and rising free cash flow generation provide the company with significant resources to invest in growth. Increasing 5G coverage (in line with handset penetration growth) and ramp-up of FWA services (given lower fiber availability and difficult terrain) remain key focus areas for capex deployment.
- **Potential addressable market for HBB:** Compared to a nationwide potential of ~33-40% household penetration (100m out of ~250-300m households), the penetration in BHL's circles could be a tad lower. However, FWA could be a big play in driving the adoption of HBB in BHL's circles. Further, management noted that while the share of HBB in BHL's revenue mix has improved from ~2.5% to ~4% in past few years, it still remains below ~6.5% share for BHARTI India.

Indus Towers

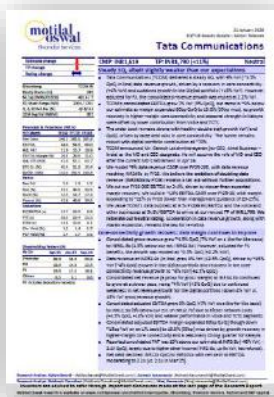
Neutral

Current Price INR 478

- **Orderbook:** Indus continues to garner high share in its key customers' rollouts. Management indicated that order book remains healthy; however, the company is yet to receive detailed rollout plans from Vi, based on its recent revisions to capex guidance. The company has also been gaining share from other tower cos through migration by key customers, driven by Indus' superior cost efficiency and network uptime track record.
- **Higher tenancy exits in 3Q:** Indus reported 611 tenancy exits in 3Q (vs. ~300 quarterly rate). Management indicated that some of these tenancy exits were due to the relocation of towers and these did not pertain to one single customer.
- **Africa foray:** The company has made progress, with the establishment of a holdco in the UAE and operating companies in each geography. The company is currently working on securing the licensing and regulatory approvals and is looking to demonstrate differentiation in overall capital and operating costs to create value for shareholders. Overall, capex outlay is yet to be firmed up. The company's current focus remains on greenfield expansion in Africa.
- **Elevated capex:** The capex remains elevated, driven by tower additions, investments in energy efficiency initiatives, creation of additional infrastructure to support second tenants on existing towers, and continued maintenance capex for strengthening the aging tower portfolio and battery replacements.
- **Reinstatement of dividends:** Management reiterated the stance of considering shareholder returns with its 4QFY26 results and remains committed to distributing surplus cash. The modalities of returning cash would be evaluated holistically in light of recent changes in buyback taxation.

TATA COMMUNICATIONS

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- **Energy costs and under-recoveries:** Diesel consumption declined ~4% YoY in 3QFY26 (vs. ~3%/10% YoY increase in 2Q/1QFY26), despite ~9% YoY increase in colocations and higher 5G loadings, driven by continued focus on energy-efficient solutions. The company expects energy under-recoveries to directionally trend downwards over the medium term.
- **RJio tower renewals:** Management noted that the company remains focused on delivering superior service quality to retain all key customers, including RJio. However, renewals with RJio will be renegotiated in line with the established renewal framework.

Tata Communications

Neutral

Current Price INR 1,656

- **Leadership transition:** The Board has approved the appointment of Mr. Ganesh Lakshminarayanan as CEO and MD designate, following the retirement of the current MD & CEO in Apr'26. Ganesh is currently the MD and Group Vice-President of ServiceNow India & SAARC. He was earlier the CEO of Airtel Business (India).
- **Order book and funnel:** The order book remains strong with healthy double-digit growth QoQ and YoY. The company won a large deal in core connectivity from one of the world's largest OTT content providers for a multi-continent subsea connectivity project. The funnel remains robust, with ~70% contribution from the digital portfolio. Management highlighted continued progress in the "deeper with fewer" strategy, with an increase in USD 1mn+ and USD 10mn+ customers.
- **Normalized revenue growth:** Adjusted for INR depreciation, the revenue growth was muted at 0.5% QoQ (+2% YoY).
- **Net revenue decline in the digital portfolio** was attributed to a couple of onerous deals in the CIS portfolio. The company took the hit in 3QFY26 and expects the trends to improve going ahead with a focus on growing the salience of higher margin non-SMS channels and AI integration with Kaleyra.
- **Margin improvement** was led by a recovery in core-connectivity growth and lower losses in digital. Management remains committed to 23-25% margin guidance over the medium term. The incremental margin drivers would be operating leverage, strategic bets (new product launches, more like SAAS), and moving away from SMS to channels such as Voice, RCS, etc. in CIS. Among the digital portfolio, management expects breakeven to be first hit in the CIS and Media verticals.
- **Higher depreciation:** The depreciation during 3Q was higher due to one of the deals being an IRU (indefensible right of use). The cost for the deal for the past three quarters was taken through the P&L as depreciation, and going ahead, the depreciation should normalize. Management didn't call out the EBITDA growth/margin, adjusted for the accounting treatment, as several deals in the past have been of the same nature.
- **Core connectivity:** The recovery in core-connectivity growth was driven by the implementation of a large hyperscaler connectivity deal announced earlier. The recent deal wins with large OTT provides growth visibility even though the hit from cable cuts persists. The net-to-gross ratio improvement to 83% (vs. 80% typically) was a factor of mix and operating leverage.

- **Digital portfolio:** The growth in digital portfolio remain broad based with 17-19% YoY growth in CIS, Cloud & Security, and NextGen Connectivity. The growth was driven by large deal wins and seasonally higher usage. Cloud business order-book, which was muted for the last 12-18 months, saw signs of a pick-up even as the growth was mainly driven by a large deal in security (India PSU bank). The growth in NextGen Connectivity was supported by large international deal wins in the UK/Europe.
- **Media:** The business witnessed growth moderation (on a high base due to the World Athletics deal). However, the company is working with several broadcasters to diversify from the event-led cyclical nature of sports federation deals.
- **IoT and MoVE:** IoT witnessed growth (albeit on a low base). However, the priority for this segment is on reducing losses rather than driving growth.
- **TCR:** TCR margins recovered QoQ, but have been reset to mid-50s, following the change in the operating model.
- **TCTS:** The revenue decline was on account of the exit from the second onerous contract in the domestic market. The business is now largely international with a 20%+ EBITDA margin profile.
- **Kaleyra acquisition:** The Kaleyra acquisition helped the company in scaling up its capabilities in the CIS portfolio, while also providing good growth and a healthy margin in TCR. Management believes TCOM would have to spend more to scale the portfolio if it went ahead organically through DiGo. However, ~92% of the Kaleyra business was SMS led and was at lower profitability, which, over time, the company is looking to curtail.
- **Strategic initiatives and AI bets:** During the quarter, the company acquired a majority stake in Commotion Inc., an AI-native enterprise SaaS platform. Management highlighted accelerated AI integration across products and processes, with Commotion capabilities integrated with Kaleyra channels, cloud infrastructure, and security. The company aims to position itself as a full-stack AI platform provider. Several strategic bets, including AI Cloud, AI Studio, Voice AI, and Edge Distribution Platform, are either launched, under pilot, or slated for rollout in the coming months.
- **Exceptional items and accounting:** Other income witnessed a significant bump-up, driven by interest income on tax refunds. The boost to PAT was partially offset by a one-time provision of INR610m towards the new labor code implementation.



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Vodafone Idea

Neutral

Current Price INR 12

- **Ambitions:** Management has set the following targets for itself over the next three years: 1) sustained subscriber additions, 2) deliver double-digit revenue growth, 3) improve cash EBITDA to 3x.
- **Capex guidance:** Management has laid out investment plans of INR450b over the next three years for aggressive network rollout to a) regain coverage parity in its 17 priority circles, b) deliver 100% coverage on national highways, key state highways, airports and places of interest in the remaining five circles, c) provide seamless 5G experience across urban markets, and d) tap into

adjacencies such as FWA and leverage satcom to expand remote and rural coverage.

- **Getting to positive subscriber additions:** Management noted that Vi's market share in gross adds remains significantly higher than its overall subscriber market share; however, retaining the subscriber base has been a challenge. With potential parity on network coverage with peers over the next few years, management remains hopeful of getting back to positive subscriber additions.
- **Construct for double-digit revenue growth:** Management indicated that 60% of the revenue growth would be driven by subscriber additions and premiumization of subscriber mix, while the remaining ~40% would be driven by ARPU improvement (tariff hike, upgradation to higher price points). Further, it noted that the translation of a tariff hike to ARPU has been broadly in line with peers; however, subscriber base declines have resulted in weaker translation to revenue, which should not be the case going ahead.
- **Capex deployment:** The capex deployment would likely be higher in FY27 and FY28, with targets of i) reaching 90% population coverage on 4G within the next 12-15 months, ii) rolling out seamless 5G across urban markets. Management noted that ~70% of the capex would be for radio and the remaining ~30% for the access layer.
- **Risk from delays in tariff hike:** Management noted that Vi, being a challenger, is not in a position to take a unilateral tariff hike and would wait for the market leader to take the lead on raising tariffs. While delays in tariff hike remains a risk, management believes the double-digit revenue growth would still be achievable irrespective of tariff hikes, driven by improvement in subscriber mix and Vi regaining traction in postpaid and unlimited data plans.
- **Equity raise:** Management ruled out the need for any equity raise (either from promoter or onboarding of strategic investor) in the medium term and believes INR250b debt raise (~INR350b along with non-funded limits), along with improvement in cash EBITDA, should be sufficient to fund capex and also service Gol's spectrum repayments (~INR500b over FY26-29). On the other hand, the company's promoter (ABG) noted combined investments of ~INR270b by two promoters over the last few years and assured investments if required in the future.
- **Spectrum repayments:** Vi has ~INR500b in spectrum repayments over FY26-29 (INR70b in FY27, INR100-120b in FY28 and INR270b in FY29). The company has not been in discussions with Gol for waiving or equity conversion of spectrum dues and believes further equity conversion is not likely as Gol would not want to cross 49% shareholding in Vi.
- **Impact of adverse AGR judgement and likely outcome of recent relief measures:** Management indicated that adverse AGR judgement pushed Vi into a vicious circle, which led to a lack of funding, which translated into curtailed investment plans, inferior network experience, and adverse impact on brand perception, thereby leading to customer losses. However, now with relief on AGR dues, management believes Vi can raise funds and increase its network capex meaningfully over the medium term.
- **Results from network investments post FPO:** Vi invested ~INR160b in network capex over 2QFY25 to 3QFY27, adding ~117k new broadband sites, expanding

4G population coverage by 100m, raising data capacity by ~43% and rolling out 5G to 43 cities. Management noted improved performance across most metrics on sites where network capex was incurred (vs. sites without any fresh capex). These network investments have led to sharp reduction in Vi's subscriber losses trajectory.

- **Subscriber trends:** Management highlighted sustained improvement in Vi's subscriber trends (from ~4m quarterly losses declining to ~1m loss) over the last few quarters, driven by wider coverage (4G population coverage up by 100m), rising data capacity (+43%) and data speeds (+22% vs. Mar'24) and 5G rollout in key cities (43 as of now). The subscriber decline acceleration in 3Q was driven by its tactical focus on the quality of subscriber net additions.
- **Recent positive developments: Management noted several positive developments in Dec'25 such as:**
 - NCD raise of INR33b, even before the relief on AGR dues.
 - Settlement of the pre-merger indemnity agreement with promoter, Vodafone Plc, entailing ~INR23b cash payment over 12 months and proceeds from sale of 3.28b equity shares, for a total cash cushion of ~INR56b (at Vi's CMP).
 - And most importantly, the long pending relief on AGR dues with dues frozen at ~INR877b, relaxation in repayment timelines by 10 years with minimal dues over FY26-35 and reassessment of the AGR dues (~73% cut on NPV basis vs. original ask or a relief of INR5.9/share on our estimate).

Utilities



- Management noted that a prolonged monsoon in 2025 kept electricity demand subdued, with 3QFY26 demand flat YoY, though consumption improved in Dec'25 (+6.6% YoY) and Jan'26 (~3.8% YoY), and a warmer summer is expected to drive further recovery. Bids in 9MFY26 indicate a structural shift from plain-vanilla renewables toward a balanced mix of thermal, storage, and firm power to enhance grid stability and energy security. The wind sector is positioned to exceed 10GW of annual installations over the next two years, supported by ~54GW of installed capacity and a strong STU-, PSU-, and C&I-led pipeline, keeping India on track for its 100GW target by 2030. In solar manufacturing, management highlighted the US as a structurally important market, aided by higher Chinese cell prices following the withdrawal of export rebates. Management also referenced the Draft National Electricity Policy 2026, which focuses on cost-reflective tariffs, phased reduction in cross-subsidies, and time-of-day pricing to improve efficiency and DISCOM finances, while emerging mechanisms such as BESS, FDRE, VPPA, electricity derivatives, and storage arbitrage are expected to provide long-term structural tailwinds.

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Outlook	3QFY26 Highlights
ACME Solar	■ Management has guided a capex of INR120b/100b in FY27/28, with capacity additions of 1.5GW in FY27. ■ ACME is targeting 10GWh of BESS to be deployed by CY27 at existing operational sites, with 2 GWh coming in 4QFY26, and another 2GWh coming in 1QFY27. ■ The long-term target is to reach 10GW of operational capacity by 2030.	■ ACME Solar reported an in-line revenue and EBITDA and a 10% beat on APAT, driven by higher-than-expected other income. ■ CUF for 3Q stood at 24.3% (vs 22.7% in 3QFY25). ■ Cumulative FY26YTD capacity commissioned stands at 422MW (FY26 guidance – 450MW).
JSW Energy	■ Management remains firm on its commitment to add 1.5GW of organic RE capacity in 2HFY26, with JSWE remaining on-track to achieve its long-term goal of 30GW by 2030. ■ JSWE signed a PPA for 400MW at Utkal thermal plant, which shall reduce the company's merchant exposure from ~8% to ~5% at the start of FY27. ■ Management expects elevated levels of depreciation and finance costs over the next 2-3 years, in line with the capitalization trends of new assets. ■ JSWE aims to close GE Power's boiler plant acquisition by Jul'26, and the Tidong acquisition is expected to be completed by the end of Jan '26.	■ JSWE's consolidated revenue/EBITDA missed our est. by 13%/6% due to weaker than expected generation at Ratnagiri, Barmer, and KSK Mahanadi thermal plants. ■ The company reported an adjusted loss of INR2.6b (excluding deferred tax asset recognition and exceptional expenses on recent labor code changes) vs. our estimate of INR2.3b profit. ■ Organic capacity addition in 3Q totaled 125MW vs. 2HFY26 guidance of 1.5GW.
Power Grid	■ Management revised their FY26 capex targets for FY26/FY27 to INR320b/INR370b, with the target for FY28 reiterated at INR450b. ■ Management raised its capitalization guidance for FY26/FY27/FY28 to INR220b/INR300b/INR350b. ■ The total transmission pipeline is INR6.6t until 2032, with INR3t already bid out and the remaining INR3.6t to be bid over the next four years (~INR900b annually).	■ PWGR's standalone EBITDA came in line with our estimate. Reported PAT was a marginal beat, aided by higher-than-expected other income (partially offset by a higher tax rate) and a positive net movement in regulatory deferral account balances, while APAT was broadly in line. ■ Capitalization of INR187b done in 10MFY26 (FY26 guidance upward to INR220b).
IEX	■ CERC had ordered DAM market coupling by Jan'26, and IEX has filed an appeal with APTEL; hearings have concluded, and an order is likely in a month. ■ Management has guided 15-20% growth in traded electricity volume on its platforms with strong tailwinds expected from BESS arbitrage, FDRE, VPPAs, and electricity derivatives. ■ IEX is seeking approval for three new products: 1) long-duration TAM contracts, 2) green Market RTM, and 3) peak power DAM and RTM instruments.	■ IEX's standalone revenue and EBITDA were in line with our estimate, while PAT was 5% above our est., primarily due to higher other income. ■ Electricity traded volumes of 34.1BUs (+11.7%YoY) were also in line with our estimate.

Tata Power	- TPWR has an RE pipeline of 5.2 GW, with project commissioning being aligned with transmission readiness. It expects to commission 2.5–3 GW next year, about half of which will be solar. - Management has claimed that discussions with the Gujarat govt. for an SPPA for its Mundra plant are nearly complete, in time for summer demand. - TPWR expects structural changes in the distribution sector going forward	- TPWR missed our Revenue/EBITDA/APAT estimates by 23%/4%/20%. - The weaker-than-expected performance was primarily attributable to the standalone business, which reported a PAT loss of INR1.6b during the quarter due to the Mundra plant remaining shut.
Suzlon Energy	- Management reiterated confidence in achieving FY26 guidance of 60% YoY growth across key KPIs. - The company is exploring export markets, expecting order inflows to begin in FY27 and translate into revenues from FY28 onwards. - Management announced the launch of DevCo, a standalone development vertical focused on identifying wind-based sites over the next five years and securing long-term contracts with large customers; the initiative is expected to improve execution speed and scale the EPC business.	- SUEL's reported revenue is missing our estimates by 6% on account of lower-than-expected deliveries of 617MW (~8% lower than our estimates). - EBITDA/APAT came in 11% below our estimates.
IWL	- Management has guided for revenue of INR50b, with a 20-22% EBITDA margin for FY26, and 75% growth in consolidated revenue in FY27. - With respect to Inox Green, management expects the demerger of the substation business from Inox Green to be approved by NCLT in due course. With the expansion of its total O&M portfolio to 13.3GW FY27 onwards, management has guided an EBITDA of INR6b in FY27.	- IWL's revenue came in 34% below our estimate due to a 16% miss on execution at 252MW vs. our expectations of 300MW. - EBITDA missed our estimate by 15%, with EBITDA margin reported at 23% vs. our estimate of 18%.
NTPC	- Targets for thermal additions are 1.6GW/2.1GW in FY27/28. Additionally, NTPC expects to be awarded 4GW of thermal projects in FY27, with a strategic focus on brownfield projects. - The company has guided 8GW of renewable additions in both FY27 and FY28, through its subsidiary, NTPC Green. - Going forward, NGEL curtailment is expected to reduce to near zero following the commissioning of the Narela-Khetri line.	- NTPC's standalone reported PAT was in line with our estimates, favored by lower-than-expected finance costs and higher-than-expected other income. - EBITDA missed our estimates mainly due to weak power demand leading to soft generation trends. - The company's gross generation dipped 4% YoY to 87 BUs.
WEL	- Management is fairly confident of surpassing its EBITDA guidance of INR55-60b for FY26. - Through its investment in United Solar Holding (Oman), WEL has secured its polysilicon supply, with polysilicon production at the Oman facility expected to start in 4QFY26 itself. - Post a successful fundraise of INR10b in equity for its 20GWh BESS plant, WEL expects to commission 3.5GWh of manufacturing capacity in FY27.	WEL's revenue/EBITDA came in 16%/12% higher than our estimates, with module/cell production improving 34%/35% QoQ and a favorable DCR/Non-DCR product mix.



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ACME Solar

Current Price INR 231

Financial Highlights

- Revenue was reported at INR6.2b, marking an improvement of 54% YoY.
- EBITDA margin (incl. OI) improved to 92%, on the back of improved operating leverage.
- APAT was reported at INR1.1cr, implying an 18.4% PAT margin.
- ACME reported a 20.6% cash RoE, as operational capacity additions gave better cash flows.
- Net debt to net worth ratio now stands at 2.0.

Buy

ACME Solar Holdings

Consolidated Financial Statement for the quarter ended 31 March 2026

Particulars	31 March 2026	31 March 2025	31 March 2024
Revenue	6,200	4,000	3,000
EBITDA	1,200	800	600
EBIT	1,000	700	500
Profit after tax	800	500	400
Net income	700	400	300
Operating assets	15,000	12,000	10,000
Operating liabilities	5,000	4,000	3,000
Net operating assets	10,000	8,000	7,000

- Through debt optimization efforts, the weighted average cost of debt of the operational portfolio was reduced to 8.45% per annum, down by over 100bp from 3QFY25 due to refinancing and credit rating updates.
- Weighted average cost of debt for the entire outstanding debt for both operational and under construction projects stands at 8.6% p.a.

Operational Highlights

- During the current quarter, ACME commissioned 72MW of its wind capacity, taking the total operational capacity to 2,962MW.
- ACME has commissioned 422MW of capacity in 9MFY26, in line with the targeted 450MW for FY26.
- The company's generation stood at 1,567MUs for 3QFY26 with a CUF of 24.3% and a grid availability of more than 99.5%.
- ACME has signed PPAs for 450MW of projects in 3QFY26 (incl. 250GW announced on 29-Jan-2026).
- Total portfolio is now 7,770 MW, including 16GWh of BESS, out of which PPA is signed for 5,460MW of projects.

Guidance on Capex and Commissioning Targets

- ACME is targeting 10GWh of BESS to be deployed by CY27 at existing operational sites, with 2 GWh coming in 4QFY26, and another 2GWh coming in 1QFY27.
- The capacity installation target for FY27 is 1.5GW. The long-term target is to reach 10GW of operational capacity by 2030.
- As ACME already has the land and connectivity in place, the strategy to deploy batteries will generate early cash flows with seamless integration into the project when they are commissioned. These will be charged with merchant power until their respective projects are commissioned.
- The company has guided ~INR1.7b of EBITDA per 1GWh of BESS deployed, assuming an INR5/unit arbitrage and single battery charge-discharge cycle.

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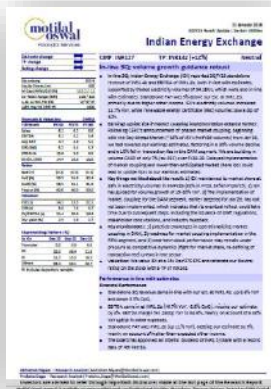
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Indian Energy Exchange

Neutral

Current Price INR 126

Sector Updates

- India's electricity demand in Dec'25 improved 6.6% YoY, after the prolonged southwest monsoon kept demand subdued for the remaining year. Power demand growth in 3QFY26 remained flat YoY at 392BUs.
- In 9MFY26, 44.7GW of capacity was added, with India's installed capacity now exceeding 500GW, with contribution of renewable at over 50%.
- India has a comfortable fuel situation with a 25-day stock of coal maintained as of 17th Jan'26.
- The Draft National Electricity Policy 2026 prioritizes cost-reflective tariffs, peak hour pricing, ATC loss reduction to single digits, and reduction of cross subsidies to improve efficiency and strengthen discom finances. It sets a per capita power consumption target of 2,000 units per annum in 2030 and 4,000 units by 2047.

Financial and operational performance

- Electricity volumes for 3QFY26 were 34.1BUs, up 12% YoY.
- Revenue was INR1.8b, up 14% YoY. PAT rose 11% YoY to INR1.2b.
- Green market volumes rose 7.2% YoY to 3BUs. Green market helps DISCOMs meet their RCOs.
- REC volumes in 3QFY26 were 1.9m vs. 2.7m in 3QFY25. The dip is attributable to extension of a certain compliance timeline to 31st Mar'26 from the earlier 30th Sep'25, leading to several purchases that were delayed. Furthermore, the government has notified that in the event of failing to meet the RPO requirement, 1.05x the REC price has to be deposited with the government, leading to some players choosing to deposit money with the government instead of purchasing RECs, leading to a fall in demand.
- Supply liquidity improved on IEX, in line with capacity additions, leading to a fall in prices, with DAM price recorded at INR3.2/unit (-13% YoY) and RTM prices recorded at 3.56/unit (-16% YoY). The fall in prices led to a drive-in demand as C&I consumers met their demand from cheap sources as available on IEX.

- January has so far reported 18-19% growth in electricity volumes.
- IEX had an 83% market share in electricity volumes in 9MFY26, and ~50% market share in REC market.

Market coupling

- CERC had earlier issued an order for the implementation of market coupling of DAM segment to be done by Jan'26. IEX appealed in APTEL against the same citing a lack of transparency in the process of issue of the order and an absence of merit in implementation of market coupling.
- The APTEL hearing has concluded and the order is expected to be released within a month.
- Even if APTEL rules in favor of the market coupling, there is a long timeline for the order to actually come in place with the issue of draft regulations, followed by industry comments, etc. Also, the procedure would be transparent, with IEX being consulted in the process.
- In the event of implementation of market coupling, price discovery is likely to be on a round-robin basis with price discovery happening on each exchange for a stipulated period of time.

Outlook on future demand and competition

- Electricity from long-term PPAs may be encouraged to be routed through power exchanges through bilateral contract settlement.
- The Draft Electricity Amendment Bill proposes INR0.35-0.40/unit for non-fulfillment of RPOs.
- As per the final guidelines on VPPAs issued by CERC, electricity exchanges are authorized platforms for the sale of electricity by renewable generators. This should boost volumes on the exchange.
- IEX is seeking CERC approval for alignment of their green contracts with the updated RCO norms as published by the Ministry of Power. Once approved, RE participation should improve.
- Battery storage arbitrage, FDRE, VPPAs, electricity derivatives are set to be key growth drivers.
- IEX recorded its first merchant BESS trade from Juniper Green.
- It has guided for electricity volume growth of 15-20%, while gas volumes are set to grow by 25-30% as IGX is still in a nascent stage.

New instruments and diversification initiatives

- ICX issued 5.1mn I-RECs (+219%YoY). Revenue for ICX stood at INR18m in 3Q.
- IEX is working to set up first coal exchange in India.
- It is seeking approval for three new products: 1) Long duration TAM contracts, 2) Green Market RTM and 3) Peak power DAM and RTM instruments. There is a good response from market of the new products.
- For long-duration TAM, the volumes can be as high as 15-20BUs.

IGX

- IGX represents 3% of India's gas consumption and 20% of spot market.
- It has grown to include 23 delivery points with 10 types of contracts.
- Traded volume stood at 17.5m mmbtu (+8% YoY).
- IGX reported a PAT of INR88m, higher by 6% YoY.
- The plan is to list IGX in CY26.



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Inox Wind

Buy

Current Price INR 99

IWL (Consolidated) – Performance Snapshot

- 3QFY26 results: IWL reported a cash PAT of INR2.6bn for 3QFY26 (excluding one-time gains), reflecting a 38% YoY growth.
- During 9MFY26, the company received orders aggregating 600MW from customers, including Aditya Birla, Jakson, Amplus, and others.
- The total order book stood at 3.2GW as of end-3QFY26, providing 18–24 months of revenue visibility.
- The company targets 200 days of working capital by FY26-end. The long-term target is 120–150 days by FY27. Current levels stand at 200–210 days at end-3QFY26.
- As of 1HFY26, the company was in a net cash position, and the company expects to maintain a net cash position in the foreseeable future.
- The 3.2GW order book provides 1.5–2 years of execution visibility, and discussions are ongoing for additional orders.

Guidance and Growth Outlook

- The company plans to launch its 4.5MW turbine within the current calendar year.
- Management guidance:
 - FY26 revenue expected at around INR50b.
 - FY26 EBITDA margin guidance at 20–22%.
 - FY27 outlook: ~75% consolidated revenue growth, with 20–22% EBITDA margins guided.
- The C&I segment remains a key growth area, with 1.4–1.5GW of orders at the India level stemming from this segment out of 6GW of installations in FY26.
- The company expects the Inox Clean large-scale hybrid platform to accelerate growth, targeting ~3GW hybrid annual capacity additions.

Change in Guidance

- Management stated during the conference call that they will no longer give guidance for execution, but only for revenue and profitability, as execution delays persist due to customer offtake issues.
- Execution remains a near-term challenge, but the broader growth story remains on track.

Inox Green Energy Services – Performance Snapshot

- The scheme of demerger of Inox Green's substation business and its merger with Inox Renewable Solutions is currently awaiting NCLT approval.
- Portfolio availability stood at a robust 96.5%.
- The company manages a 13.3GW asset portfolio, of which 6.5GW of upcoming assets are part of ongoing acquisition and yet to be fully integrated.
- FY27 EBITDA guidance: INR6b+ on the 13.3GW portfolio. Of this, ~10GW is wind (50% EBITDA margin) and the remainder solar (15–20% margins).
- Around INR100m of revenue may be reduced due to the demerger impact, but the commissioning of new turbines in 4QFY26 will offset this through incremental EBITDA contribution.
- Inox Green is deploying AI tools to help increase execution speed and reduce manual dependency.



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- Upon completion of the demerger, a gross block of INR10b will be eliminated, along with INR500-550m of annual depreciation.

JSW Energy

Buy

Current Price INR 486

Industry and demand outlook

- India's power demand increased by ~6% YoY in Dec'25 and during the first 20 days of Jan'26; however, 9MFY26 demand growth remained muted at ~0.5% YoY.
- Thermal bidding momentum strengthened, with 12.8 GW of bids awarded in 9MFY26, underscoring rising demand for baseload capacity.
- Renewable energy (RE) bidding moderated, with ~10.4 GW bids in 9MFY26.
- Management estimates ~10-12 GW of RE PPAs were signed in 9MFY26.
- The government has announced 97GW of fresh thermal capacity additions by 2034; management expects new bid activity over the next 1.5-2 years.

Operational performance

- Net generation in 9MFY26 increased 62% YoY to 39.6 BUs (vs. 24.4 BUs).
- Net generation rose 65% YoY to 11.1 BUs:
- RE generation grew 96% YoY to 3.2 BUs, driven by organic wind additions and the O2 Power acquisition.
- Thermal generation increased 55% YoY to 7.9 BUs, led by Mahanadi, Utkal Unit-II, and LT tie-ups at Vijayanagar.
- Long-term PPAs accounted for 82% of total power sales, with volumes up 63% YoY.
- Standalone revenue declined ~30% YoY due to shutdowns (notably in UP); however, revenue remained protected via fixed charge recovery.
- Kutehr Hydro project is now fully stabilized.
- Seasonal impact: ~5.2 GW of total operational capacity is wind and hydro capacity, making 3Q structurally weaker due to lower PLFs.

Capacity additions and pipeline

- 5.2 GW capacity added in 9MFY26, comprising:
- 3.2 GW RE (including 1.5 GW inorganic)
- 2.1 GW thermal (including 1.8 GW inorganic)
- 125 MW commissioned in 3QFY26. Management reiterated 1.5GW organic RE addition guidance for 2HFY26.
- Operational + under-construction capacity stands at 27.5 GW, with PPAs secured for the entire under-construction portfolio.
- 30 GW capacity target by 2030 remains on track.
- Connectivity visibility remains intact till FY28 for JSWE.

Financial performance

- EBITDA rose 98% YoY to INR22b, driven by acquired assets (Mahanadi Thermal and O2 portfolio).
- 9MFY26 EBITDA increased 83% YoY to INR84.4b.
- Cash profit increased 12% YoY to ~INR5.7b.
- Higher depreciation and interest expenses reflect ongoing capitalization of new assets; elevated levels are expected over the next 2-3 years.

Contracted capacity and tariffs

- ~3.3 GW (~25% of installed capacity) is secured under high-quality group captive and C&I contracts; expected to rise to ~5.7 GW as capacity scales beyond 30 GW. Blended RE tariff for these contracts exceeds INR3.65/unit.
- Utkal 400 MW PPA (Karnataka DISCOMs) signed for 25 years, commencing 1st Apr'26:
- Total tariff: INR5.78/unit (Fixed: INR4.04; Variable: INR1.74)
- Fixed charges are fully protected, subject to plant availability.
- Open merchant capacity to decline from ~8% to ~5% after Utkal PPA commencement.
- KSK tariff to reduce by ~INR1.25/unit for 1,000 MW (out of 1,800 MW) from one DISCOM (UP) in FY27. Fourth unit under construction (commissioning in ~3 years) and the remaining units to be commissioned at 3-6-month intervals.

Salboni Thermal Project (West Bengal)

- Secured steam turbine generators (2 × 800 MW) from Toshiba JSW post quarter-end.
- Signed second 1,600 MW PPA with the West Bengal Government.
- Tariffs (fixed charge):
- Phase 1 (1,600 MW): INR3.65/unit
- Phase 2 (1,600 MW): INR4.06/unit
- Fuel costs are passed through; project benefits from strategic proximity to captive coal blocks.

Balance sheet and liquidity

- Net debt stood at INR637.7b at 3Q end (vs. INR619.6b in 2Q).
- Cost of debt declined by ~11bp QoQ to 8.68%.
- Cash & cash equivalents exceeded INR71b.
- Receivables reduced to INR30b, with debtor days improving to 73 (vs. 96 in 3Q).
- Net leverage expected to reduce upon the full receipt of INR30b preferential allotment proceeds.

Equity and fundraising

- Preferential allotment of INR30b to promoter group:
- INR5b via equity
- INR25b via warrants (to be converted within 18 months or earlier)
- Promoter participation at higher valuations is viewed positively and management remains open to fundraising as and when required.

Strategic initiatives

- Commissioned India's largest green hydrogen plant at Vijayanagar:
- 3,800 TPA Green Hydrogen
- 30,000 TPA Green Hydrogen + Oxygen
- Tidong acquisition expected to be completed by end-Jan'26.
- Received NCLT approval post quarter-end for Raigarh Champa Rail Infrastructure resolution plan.
- GE boiler manufacturing plant acquisition at Durgapur expected to close by Jun-Jul'26; plant to cater to JSWE's captive thermal requirements.

Key risks and challenges

- RE bidding activity slowed during 9MFY26; ~40 GW of awarded bids pending PPA signing, impacting new bid momentum.
- From FY27 onward, availability of fresh connectivity may pose challenges, potentially leading to continued moderation in RE bidding.



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- RE curtailment: Arises from evacuation constraints and is done for grid stability and occurs either under GNA (where JSWE remains financially protected as it receives full payment as per tariff) or TGNA during grid stress, which has a financial impact (JSW Energy's exposure to TGNA is insignificant).
- Wind assets acquired from Mytrah continue to operate at lower PLFs as assumed at acquisition; other wind assets perform above industry averages.

NTPC

Neutral

Current Price INR 368

Capacity Additions

- NTPC Group added 1,744MW during 3QFY26, comprising 800MW Patratu TPP, 694MW renewable, and 250MW THDC PSP.
- In January 2026, an additional 468 MW of RE capacity was commissioned, taking the total capacity addition in 10MFY26 to 6,615 MW.
- Thermal capacity additions: 2,780 MW commissioned in FY26 to date; no further additions expected in FY26. Targets: 1,600MW in FY27 and 2,120MW in FY28.
- Thermal expansion strategy remains focused on brownfield projects; currently not bidding for greenfield Sec-62 projects but may evaluate selectively.
- Expected thermal project awards of ~4GW in FY27.

Demand and Generation Trends

- Power demand grew 6.3% YoY in December and 5.9% YoY in January 2026 (to date). Peak demand reached 245 GW on 9th January, 2026.
- Non-solar peak demand increased to 237.4 GW in FY26 vs 234.4 GW in FY25 and 218.4 GW in FY24.
- NTPC Group generation grew 8.82%YoY in Dec'25 and ~4%YoY in Jan'26.
- 9MFY26 Group generation stood at 320 BUs vs 327 BUs in 9MFY25.
- Standalone generation in 9MFY26 was 261 BUs vs 277 BUs in 9MFY25.

Sinnar Thermal Power Plant

- Shareholders' agreement signed on 9th Jan'26 following NCLT approval of the NTPC–MAHAGENCO resolution plan.
- Transfer process is at an advanced stage and will add 1,350 MW capacity.

Operating Performance

- Coal PLF for NTPC stations in 9MFY26 was 70.69%, higher than the national average of 60.79%.
- Coal stock stood at 15 million tons, sufficient for ~18 days of generation at 85% PLF.
- Captive coal mines reported 4.34%YoY dispatch growth.
- Fixed cost under-recovery till Dec'25 stood at INR4.5b.

Receivables & Discom Health

- Outstanding receivable days improved to 26 days as of 31 December 2025 vs 34 days a year earlier.
- Discoms reported profit of ~INR27b in FY25 vs loss of INR255b in FY24, driven by lower AT&C losses and improved payment discipline — strengthening payment security for generators.

Financial Performance

- Standalone Q3FY26 total income: INR416b. Standalone 9MFY26 total income: INR1,256b.
- Group 9MFY26 total income: INR1,393b.

- Dividend income from subsidiaries/JVs in 9MFY26 increased to INR19b vs INR13b YoY.
- Regulated equity as of 31st Dec'25: Standalone INR944b; Consolidated INR1,189b.

CapEx and Balance Sheet

- Group CapEx (9MFY26): INR334b vs INR307b YoY.
- Standalone CapEx (9MFY26): INR194b vs INR178b YoY.
- Group gross PP&E increased by INR670b YoY to INR4,542b.

Funding & Cost of Debt

- Executed INR50b unsecured term loans (INR35b SBI; INR15b J&K Bank) with 15-year tenure and floating rate linkage.
- Weighted average borrowing cost declined to 6.05% in 9MFY26 vs 6.64% in 9MFY25 due to refinancing and portfolio restructuring.

Battery Energy Storage Systems (BESS) & PSP

- CERC draft regulations allow BESS installation at thermal stations, enabling peak support and improved plant utilization under a cost-plus framework.
- NTPC finalized a 320 MWh BESS project in Kerala.
- Evaluation is underway for 5,000 MWh BESS across 16 NTPC stations under Sec-62, with commissioning expected within ~18 months.
- Third unit of Tehri PSP commissioned; final 250 MW unit expected before FY-end.

NGEL (NTPC Green Energy Ltd.)

- NGEL added 2,108 MW RE capacity in FY26 to date, taking the total operational capacity to 8,010 MW as of 31 December 2025.
- 9MFY26 generation rose 206% YoY to 9,959 MUs, supported by the Ayana acquisition.
- 9MFY26 consolidated revenue increased 23% YoY to INR19b; EBITDA rose 25% to INR17b with 87% margin.
- NGEL CapEx in 9MFY26 stood at INR116b.
- Contracted and awarded capacity increased 11.54% YoY to 15,527 MW.
- Raised INR15b NCDs at 7.01% which was oversubscribed ~8x.

NGEL Capacity Pipeline & PPAs

- FY26 addition target: 5GW; ~2.6 GW already added (including post-9M additions).
- Expected next ~2 months additions of 2.3–2.4 GW across Khavda, Bhadla, Kalasar, Gujarat wind, and Ayana projects.
- Capacity addition targets: 8 GW each in FY27 and FY28.
- PPA tie-up levels: FY26 – 82%, FY27 – 83%, FY28 – 60%.
- Total ~74% PPA secured for 3 years ~20 GW pipeline.
- Firm connectivity currently available for 865MW, with additional connectivity expected from February onward.

Curtailment

- RE curtailment impact in 9MFY26: ~420 MUs lost (NGEL + NREL), including 212 MUs at NREL.
- NGEL curtailment expected to reduce to near zero following commissioning of the Narela Khetri line.

- Residual NREL curtailment linked to Khavda line constraints, expected to ease by October.

Policy & Nuclear

- The Shanti Nuclear Act positions nuclear as a core long-term baseload source aligned with Viksit Bharat 2047 and Net Zero 2070 goals.
- Provides NTPC with a clearer pathway for new nuclear capacity additions and participation in advanced nuclear technologies, supporting long-term portfolio diversification and shareholder value.



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Power Grid Corporation

Neutral

Current Price INR 300

Financial performance:

- In Nov'25-Jan'26, PWGR added ~2,120ckm of transmission lines and 16.5GVA of transformation capacity.
- Up to 31st Dec'25, transmission system availability was 99.84%, and tripping per line per year stood at 0.21.
- In 9MFY26, billing of INR282b was done, while realization was INR290b.
- As of Dec'25 end, Debt stood at INR1,430b, and net worth was INR989b. Gross fixed assets stand at INR3,043b, and CWIP at INR501b.
- Outstanding dues at 3QFY26 end stood at INR25.2b, and trade receivable days stood at 24.65.
- Standalone (SA): Total income grew 4% YoY to INR350b for 9M FY26, and PAT increased 3% YoY to INR113b.
- Consolidated: Total income grew 2% YoY to INR357b for 9M FY26. PAT remained flat YoY at INR113b, impacted by a one-time income in the previous year.

Project execution in Oct'25- Jan'26:

- Transmission line commissioning:
- 765kV D/C lines of Khetri–Narela, Ahmedabad–Lakadia, Bhadla II – Sikar II, Ahmedabad – New Navasari, and Banaskantha – Ahmedabad.
- 400kV lines of Kishenpur – Kishtwar, Kurnool III – Ananathapuram, and Maharani Bagh – Narela.
- Transformer capacity additions:
- 765kV- 1,500 MVA ICT Kotra, 1,500 MVA ICT#6 at Khavda2, 1,500 MVA ICT#7 at Khavda2, 1,500 MVA ICT at Ahmedabad, 3 transformers of total 4,500 MVA capacity at Narela substation, 1,500 MVA ICT at Indore, and two transformers of 1,500 MVA each at Dausa substation.
- 400kV- 500 MVA ICT at Kurnool-III, upgradation at Bawana from 350 to 500MVA, two 500 MVA ICTs at Fatehgarh-III, one 500 MVA ICT at Bhuj, and one at Bachau.

Substation commissioning:

- Commissioned 765/400 kV substations at Narela GIS and a 400/200kV substation at Ananthapuram.

Telecom and consultancy division highlights:

- 9MFY26 consultancy income rose to INR11.7b from INR4.3b in 9MFY25 (9MFY26 includes the income from the Smart Meter business). The company received 5 new consultancy orders during the quarter.
- Customer growth in the telecom division: Added 18 new customers; revenue was INR8.8b in 9MFY26 (vs. INR8.3b 9MFY25).

Capex, capitalization, and works in hand:

- Capex done in 3QFY26- INR113.8b, 9MFY26- INR267.6b, 10MFY26- INR292b. Capex target for FY26/27 revised upward from INR280b/350b to INR320b/370b. FY28 capex guidance maintained at INR450b.
- Capitalization done in 3QFY26- INR90.3b, 9MFY26- INR129b, 10MFY26- 187b. Capitalization target for FY26/27/28 revised upward from INR200b/250b/280b to INR220b/300b/350b. 80-90% capitalization will be TBCB only.
- Work in hand is at INR1.46t, including INR1,097b for TBCB projects, INR99b for ongoing RTM projects, INR236b for new RTM projects, and INR22b for other projects.

Regulatory & Right of Way (RoW)

- The Government of India issued revised RoW guidelines in March'25, with states such as Haryana, Delhi, and Gujarat adopting them subsequently. Several states implemented these guidelines during July–August'25, with formal orders issued in September–October'25.
- Execution momentum picked up post-issuance of orders; hence, project progress is expected to improve meaningfully from 4Q onwards.
- Battery Energy Storage Systems (BESS)
- Entered the BESS segment with its first Letter of Award for a 150MW / 300MWh project under the TBCB route (BOO model) with VGF support in Andhra Pradesh.
- Estimated project cost: ~INR2.5b and Annual tariff: INR295m.
- PWGR is actively and aggressively participating in upcoming BESS tenders.
- BESS is expected to become an integral part of transmission planning; once the CERC draft regulations are approved, BESS may also be included under RTM projects.

Transmission Pipeline & TBCB Outlook

- Projects worth ~INR550b are currently under bidding, with an additional ~INR150b awaiting approval for bidding.
- Total transmission project pipeline stands at INR6.6t up to 2032, with INR3t already bid out and the balance INR3.6t is expected to be bid out over the next four years (~INR900b per annum).
- PWGR continues to command a dominant market share of ~50–60% in new TBCB tenders.
- Cost discovery is based on PWGR's internal cost estimates, which may differ from NCT cost; execution discipline remains focused on staying within bid assumptions.

Manufacturing & Supply Chain

- Transformer manufacturing facilities outside India are expected to receive approvals, which should improve supply availability.
- OEM transformer capacity in India currently stands at ~228,000 MVA, projected to rise to ~398,000 MVA over the next 2–3 years, but demand is expected to reach ~421,000 MVA before that.
- Government policy remains focused on importing components rather than finished transformers, with assembly continuing domestically.
- Execution Metrics (FY26)
- Transmission lines: 3,300 ckm achieved to date. FY26 target: 5,500 ckm; confidence of achieving an additional 1,500–2,000 ckm within FY26.

- Transformer commissioning: FY26 target: 60,000 MVA. Achieved: 42,000 MVA and ~18,000–20,000MVA expected to be commissioned over the next two months.

Operational Challenges & Mitigation

- Land acquisition remains a key challenge, though government interventions and revised guidelines are expected to ease execution.
- Skilled manpower shortage is emerging as a constraint; PWGR is addressing this through the development of a large human resource base and three-month training programs across four locations.
- Dedicated RoW cells have been established across regions, enabling faster issue resolution. Proactive procurement of transformers and reactors, mechanization of tower erection, advanced land acquisition planning, and real-time site monitoring through regional control rooms and camera connectivity are supporting execution efficiency.

SUZLON
POWERING A GREENER TOMORROW

Click below for
Results Update

The screenshot displays a detailed financial results update for Suzlon Energy. It includes a table with various financial metrics such as Revenue, Profit before tax, and Earnings per share, along with their respective growth rates. There are also several charts and graphs illustrating the company's performance over time. The page is titled 'Suzlon Energy' and includes a 'Click below for Results Update' button.

Suzlon Energy

Buy

Current Price INR 46

- Suzlon 2.0 strategic priorities include the launch of DevCo as a standalone FDRE project development vertical, transformation of OMS into a digital-first platform, establishment of AI-enabled smart manufacturing facilities, and scaling global business opportunities.

Quarterly performance highlights:

- The company achieved the highest-ever quarterly deliveries of 617MW in 3QFY26, reflecting 38% YoY and 9% QoQ growth.
- Net cash position stood at INR15.5b as of 31 December 2025.
- Order book stood at 6.4 GW as of end-January 2026. EPC contribution in the order book increased from 20% in 2QFY26 to 27% in 3QFY26.

9MFY26 financial performance:

- Revenue increased 58% YoY to INR112b. Profit before tax increased 77% YoY to INR15.8b.
- Deliveries during 9MFY26 stood at 1.6 GW, representing 66% YoY growth.

3QFY26 performance:

- Revenue increased 42% YoY to INR42b. Profit before tax grew 5% YoY to INR5.6b.

Industry outlook:

- With ~54GW of installed wind capacity in India and a strong pipeline from PSU, state utility, and C&I demand, India is well positioned to achieve the 100 GW wind capacity target by 2030.
- Repowering activity is gaining traction, with rising customer interest expected to translate into meaningful opportunities over the next 1–2 years.
- India is emerging as a credible supplier for ~10% of global wind demand.

Global expansion:

- SUEL strengthened global leadership with the appointment of Paulo Suarez as President – Europe.
- Export markets under evaluation include Europe, Australia, South Africa, the Middle East, and Portugal. Order inflows are expected from FY27, with revenue contribution commencing from FY28 onwards.

Execution and installation update:

- The company installed 442 MW during 9MFY26. An additional 2,354 MW is currently under active execution across multiple stages (this excludes 617MW delivered in 3QFY26).
- Execution challenges include RoW issues, delays in land availability, and evacuation infrastructure constraints.
- Management expects a significant pickup in execution and installations in 4QFY26, with momentum continuing thereafter.
- Installed manufacturing capacity stands at 4.5 GW, though planned deliveries are only 2.5 GW for FY26 due to offtake constraints.

Order pipeline and bidding environment:

- Order pipeline remains strong, with 3–4 GW of non-bidding route discussions currently underway.
- Management indicated that order inflow is not a constraint, while industry-wide slow offtake remains the key challenge.
- Of the ~43GW bids pending, approximately 11GW pertains to wind under hybrid tenders.
- SUEL's participation in bidding has increased to ~36%.
- State-level bidding activity is witnessing a pickup.
- Management expects the closing order book to exceed opening order book each quarter, despite rising deliveries.

C&I and data center demand:

- A significant number of data centers are planned to be commissioned by 2030, with mandates for green power consumption.
- This is expected to drive strong incremental demand under the C&I renewable energy segment, where SUEL has established capabilities.

DevCo details:

- DevCo will focus on identifying high-quality sites over the next five years, leveraging SUEL's proprietary wind data.
- The platform aims to enable strategic, long-term engagements with large renewable energy customers, improving execution timelines, and enhancing EPC order visibility. It is expected to start delivering results from 2HFY27/FY28 onwards.
- Forgings and foundry business (SE Forge):
- Revenue grew 33% YoY in 9MFY26 to INR4.2b.
- EBITDA stood at INR0.8b.
- Growth momentum is expected to sustain, supported by stronger domestic demand and export opportunities.

Margins:

- WTG EBITDA margin moderated to 13.7% in 3QFY26 vs 15.6% in 1QFY26 and 16.0% in 2QFY26, primarily due to quarter-specific customer mix and contract realizations.
- Trade receivables stood at INR57b, of which ~INR21b is not due within the next 12 months, while the balance INR36b is due within the next 12 months.

Project-specific update:

- One project in Karnataka remains stalled due to delayed payments. SUEL has adequately provided for credit exposure related to this project, though payment processes are progressing slower than expected.



Click below for
Results Update

Tax outlook:

- SUEL expects no cash tax outflow until cumulative profits of INR44b are exhausted.
- In addition, the company has INR65b of carried-forward losses, providing further tax shield beyond this level.

Tata Power

Buy

Current Price INR 379

- India's peak power demand is expected to reach around 270 GW during the summer months. Over the last nine months, the country has seen strong renewable energy capacity additions, with 45 GW installed, of which 38 GW was renewable energy, and this growth momentum is expected to continue.
- The company has delivered a solid financial performance despite challenges. EBITDA for the first nine months rose 12% year-on-year, while PAT increased 7% year-on-year. Profit after tax stood at INR11.9b, even though the Mundra plant remained non-operational during the period.
- During Q3 FY26, new businesses scaled up well. The C&M manufacturing segment reported a sharp rise in profitability, and the rooftop solar business showed strong growth, executing 372 MW compared to 173 MW in the same quarter last year. Rooftop solar PAT increased to INR1.1b from INR0.6b last year.
- The Odisha discom business showed a significant turnaround, with Q3 PAT rising to INR2.26b from INR0.8b last year. This improvement was supported by operational gains, lower expected credit losses, and cash recovery of nearly INR8b.
- In the Delhi distribution business, EBITDA improved, and performance was supported by a one-off gain related to a FY23 tariff true-up. In 3QFY26, this contributed about INR3.44b at the PAT level.
- Losses from the Mundra plant shutdown — estimated at around INR8b over nine months due to foregone capacity charges — were partly offset by stronger performance in Delhi distribution and rooftop solar. A similar regulatory impact had also occurred in the same quarter last year.
- The Mundra power plant did not operate in 3QFY26. However, discussions on a Supplementary Power Purchase Agreement (SPPA) with the Gujarat government are nearly complete, and the plant is expected to restart soon in time for summer demand. The company also plans to offer similar arrangements to other states, which could enable a broader revival of the plant.
- In the transmission segment, the company completed some TBCB (tariff-based competitive bidding) projects and expects to complete more shortly.
- The company has a renewable energy pipeline of 5.2 GW, with project commissioning being aligned with transmission readiness. It expects to commission 2.5–3 GW next year, about half of which will be solar. An additional 400–500 MW of projects are close to completion this quarter (9MFY26: 559 MW), and third-party EPC projects are largely winding down.
- In the solar manufacturing business, the company sold 960 MW of modules, including 168 MW under ALMM, and plans to increasingly use its own solar cells. Decisions on wafer and ingot technology are still under evaluation, and although

Chinese wafer prices have increased, the impact on project returns has so far been modest.

- The distribution sector could see structural changes going forward, with more opportunities arising from parallel licenses and potential public-private partnerships, especially in financially stressed states. Greater policy clarity on nuclear power is also expected in the coming months.



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Results Update



Waaree Energies

Buy

Current Price INR 2,964

Manufacturing scale-up, capacity additions, and order book strength

- Module production stood at 3.51GW for the quarter, improving 34% QoQ, which included 275MW produced in the US facility.
- Cell production during the quarter stood at 0.75GW, registering a growth of 35% QoQ. It consumes nearly all the cells that it produces internally.
- The total installed capacity reached 22.8GW for modules and 5.4GW for cells as of 3QFY26 end.
- During the quarter, WEL added 5.1GW of module capacity and a 3GW pilot inverter facility.
- Cell utilization during 3QFY26 was ~56%. Management claims that the current utilization has improved to 80–81% and can further improve to 85-90% in the next 3-4 months with a shift to standardized G-12R cells.
- WEL's order book stood at INR600b as of 21 Jan'26, with 35% domestic and 65% overseas orders. Within the domestic share, ~80–85% is currently non-DCR.

Financial metrics:

- WEL reported consolidated revenue of INR75.7b in 3QFY26, up 118% YoY, driven by strong module volume growth.
- Operating EBITDA for the quarter stood at INR19.3b, an increase of 167% YoY.
- During 9M FY26, the company reported revenue of INR180.6b and EBITDA of INR43.3b, translating into an EBITDA margin of ~24%, a sharp improvement from ~17% in 9MFY25.
- Management is confident of surpassing its FY26 EBITDA guidance of INR55-60b.
- Overseas revenue (excl. inter-segment eliminations) exceeded INR20b in 3QFY26.
- An exceptional expense of INR2.9b was recorded toward a provision made for potential liabilities related to the ongoing investigation under US Customs and Border Protection. No demand has yet been raised, but the company recognized the provision after consultation with legal advisors in the US.

Diversified expansion across renewables, batteries, and upstream integration

- Alongside manufacturing expansion, the company is developing renewable infrastructure, with PPAs signed for 713 MW (AC)/1,069 MWp (DC), connectivity secured for ~6.1GW, and a committed capex of over INR22.5b to build, de-risk, and subsequently monetize part of the portfolio with marquee C&I customers, utilities, and global renewable investors.
- WEL has also raised INR10b equity for its 20GWh lithium-ion cell and battery manufacturing plant, as part of the announced capex of INR100b. Of the 20GWh, 3.5GWh will come by FY27 itself, with the balance coming in FY28. We

expect the company to venture into the export market for batteries, as the cost of batteries is ~USD70-80/kWh in India and 40-50% higher in the US.

- WEL has secured a Non-Chinese polysilicon supply chain through a USD30m strategic investment in United Solar Holding of Oman, and production is expected as early as 4QFY26.
- WEL has also commissioned 1GW of solar inverter facility in 3QFY26, with an additional gigawatt of capacity coming in FY27.

US market opportunity and IRA-led profitability tailwinds

- The US continues to be one of the key growth markets for WEL, supported by IRA benefits and a rapidly expanding demand.
- The company's US facility contributed 275MW of module production in 3QFY26.
- The country of origin for exports is determined by cell manufacturing location, allowing tariff optimization through strategic sourcing.
- Management stated that the US remains a structurally important and profitable geography for WEL, especially after the recent rise in Chinese cell prices following the removal of export rebates.
- WEL booked IRA incentive income of INR0.8b during the quarter. IRA generally provides 7 cents/Wp of incentive, and WEL realized around 90% of that rate.

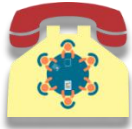
Margin drivers and cost competitiveness in solar manufacturing

- WEL highlighted that silver accounts for less than 9% of total module cost, and rising input prices are being offset by means of pre-tied contracts, improving operating leverage.
- The increase in the share of DCR modules in the organization's sales has led to better realizations, thereby boosting margins.
- Cell production cost in India currently stands around 7 cents/Wp, with silver contributing about 25% of total cell cost.
- DCR realizations are around INR23/Wp, while non-DCR realizations in India are INR14–15/Wp and about INR23/Wp in the US domestic market.
- The company noted that cell and module production improvements, coupled with higher utilization and DCR share, will enhance cost absorption and maintain profitability.
- China's export rebate removal has lifted Chinese cell prices from 4 cents/Wp to 6 cents/Wp, narrowing the cost differential and improving India's global competitiveness.

Others



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APL Apollo Tubes

Buy

Current Price INR 2,242

Operating performance

- The company managed to sell 375k tons of volume in Dec'25, very confident that this momentum will continue. While it reported volumes of ~250k tons in Oct'25 and ~300k tons in Nov'25
- The company was able to reduce its freight cost by INR100-200 per ton. There has been an increase in freight cost in Raipur to 2,600 per ton, while freight cost in other plants stood at INR1,100 per MT. The company expects to bring down the freight cost to INR750 per MT in other plants.
- Going forward, the company expects the working capital to be negative
- APL Apollo is the highest selling price point, and SG is the lowest selling price point.
- Overall debt has gone down, but bank charges and an increase in borrowing rate result in higher charges, to go down in 4QFY26.

Guidance and outlook

- Company targets a volume growth of 20% in 4QFY26 and FY27
- Management has revised its EBITDA per ton guidance upwards from INR4,800 – 5,000 to INR5,500

Capacity and capex

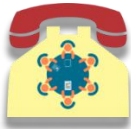
- The company plans to expand its capacity from 5m MT currently to 8MT by FY28.
- Dubai and Raipur are at low tax rates. The Raipur plant was started in FY18 (scheme by govt). Once Dubai and Raipur are at peak, ETR will be 20% by FY28.
- Out of the 2.3m MT capacity expansion, 0.8m MT will be brownfield expansion (Dubai 200k MT, Raipur 500k MT in roofing sheets, and another 100k MT tons in heavy pipes).
- The company plans a greenfield expansion of 1MT – Gorakhpur (200k MT), Siliguri (300k MT), Bhuj (300k MT), new Malur (600k MT), and Raipur (600k MT). This is going to entail a capex of INR13b. Further company plans a debottlenecking capex of 1m MT across all plants. This is expected to entail INR2b. APAT plans to incur this capex completely through internal accruals.
- It plans to add 2m MT of capacity in special tubes after FY28, till FY30.

Others

- Working capital days are expected to go negative going forward. Further, ROCE stands at 33%, and the company expects the ROCE to hit 40% by FY27.
- There has been no impact on the company's operations due to the safeguard duty; the increase in RM prices will be passed on completely.
- Any increase or decrease in price is easily passed on to the customers (if such increase or decrease is less than 10% in a quarter).
- With a strong 4Q, surplus cash on the balance sheet could be INR15b. Further company plans to increase its dividend payout ratio from 20% to 25%
- Special tubes are for EVs, aerospace, petrochem, and oil and gas
- Post-Covid, the Apollo brand has maintained a market share of 65%.



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Astral

Buy

Current Price INR 1,637

Guidance and outlook

- Management is confident of a strong exit in 4Q, with better QoQ performance across segments.
- Retains 12-15% volume growth outlook for FY26 and 20%+ for 4QFY26 (already above 20% in Jan'26), supported by strong demand and market share gains.
- Maintains FY26 EBITDA margin guidance at ~16-18%, with potential for ~18% margins in 4Q, aided by inventory normalization.
- While some inventory gains may arise in 4Q, management indicated it may sacrifice part of this gain to remain aggressive on volumes and market share.
- Industry growth remained in a single digit in 3Q, but large organized players like Astral continued to outgrow the industry, while smaller players faced pressure.
- Government capex remained muted, but B2B and B2C demand stayed healthy, supporting overall growth.

PVC/CPVC prices and inventory

- Management believes PVC prices have bottomed out, with restocking activity starting; dealers are still running lean inventories given better demand visibility. Prices are expected to move up by INR1–2/kg and then stabilize.
- The company incurred an INR200-250m inventory loss in 3QFY26 due to the sharp fall in PVC/CPVC prices. Of the INR7/kg price move, INR5/kg has already been passed on, with the remaining INR2/kg to be passed on shortly.
- No meaningful low-priced imports from China were seen earlier; however, a bulk of lower-cost Chinese material arrived during Jan-Feb, with current import prices at USD680-690/MT. Formosa guidance likely near USD700/MT next month, and the impact of the withdrawal of Chinese export rebates under close watch.

Plumbing

- Astral has undertaken ~INR14b in capex over the last four years, which is now translating into capacity availability, wider product basket, and operating leverage.
- Hyderabad plant is currently operating at ~50-55% utilization. Ramp-up is progressing steadily and expected to contribute meaningfully over coming quarters.
- In Kanpur plant, newly added capacity is already fully absorbed. Additional capacity was added during 3QFY26 and a further ramp-up is underway.
- CPVC segment delivered double-digit growth in 3QFY26. Management stated Astral has not lost market share; in fact, it gained share over the last few quarters. The company will remain aggressive in CPVC pricing and volumes until backward integration kicks in.
- Construction is substantially complete of CPVC Resin Plant (Backward Integration), and trial runs expected by Diwali (3QFY27) and commercial operations by 4QFY27. The full contribution from it is expected from FY28.
- The objective of CPVC resin plant is not only margin improvement but also market share expansion, with scope to pass on cost benefits to customers to drive volumes.

- In OPVC, performance is better than peers. The company has secured private orders, and machines are operational. It is a low-capex model with no license or royalty costs and machines are fungible, allowing use for other products during weak OPVC demand. They got OPVC approvals across all relevant states.
- Al-Aziz Plastics received DVGW certification from Germany for electro-fusion products. Thus, certification positions Al-Aziz among globally trusted manufacturers, opening domestic and export opportunities.
- Government has allocated INR670b2 under Jal Jeevan Mission in the current budget. Management expects actual spending to pick up during the year, supporting demand.

Adhesives and paints

- India adhesives revenue grew to INR3.19b from INR2.8b YoY, while EBITDA increased to INR550m from INR460m, supported by operating leverage and better cost management.
- UK adhesives business reported 16% YoY revenue growth in 3Q and EBITDA improved to INR11m from INR5m YoY with margins turning flat after exiting loss-making levels. Management expects strong 4Q performance with mid- to high-single-digit EBITDA margins going forward.
- In US adhesives business, certain manpower rationalization measures have been implemented, and management expects improvement in growth momentum and margin profile in the coming quarters.
- In the Middle East adhesives business, an office has been established in Dubai to scale up the business across the Middle East and nearby export markets.
- Management reiterated EBITDA margin guidance of ~12-14% for FY26 for the overall segment, supported by improving international profitability and operating efficiencies.
- Paint revenue grew 21.6% YoY in 3QFY26 to INR610m (vs INR500m), with management guiding for 20%+ growth again in 4QFY26.
- In paint, EBITDA loss of INR40m (vs. INR20 profit YoY) was due to manpower build-up to support scale-up; cost rationalization over the next 2-3 quarters is expected to restore profitability.

New product launch

- The company has launched STP Pro in collaboration with a US-based partner, offering an energy-efficient, corrosion-free (plastic tank) sewage treatment solution with low maintenance, low operating costs, and remote monitoring.
- With STP pro residential, commercial, and industrial segments are being targeted, with demand supported by government mandates, water-reuse norms, and regulatory compliance requirements.
- While near-term revenue contribution from STP pro will be modest, management noted that STP is a large, scalable market in developed economies and expects meaningful ramp-up over the next few quarters, with market size estimates to be shared in 1–2 quarters.
- In PEX Aluminum progress, the machine installation is complete, and the commercial launch is expected by the end of 4QFY26.



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Cello World

Buy

Current Price INR 456

Overview

- Demand environment remains mixed; demand was weaker in December
- The company's priority is to rationalize its portfolio
- There was softness in profitability due to lower steel volumes and softness in profitability
- The company plans to put a sharper emphasis on working capital over the next few quarters
- The company doesn't see any pricing pressure issue as of now – it is working on the manufacturing side, where they can cut costs and optimize

Guidance and outlook

- Profitability is expected to be subdued over the next 2 quarters
- The company expects revenue growth to stabilize post 1HFY27
- The company expects to see a growth of 8-10% in 1HFY27; after that, the company expects to get back to its original revenue and EBITDA.

Consumerware

- The company faced stockouts in insulated steel products, resulting in a 40% decline in steel revenue. Had steel delivered the same growth, significant growth would have been possible. Growth would have been up 12% YoY in the Consumerware segment.
- BIS had come in about last January, and the company had built a significant amount of stock. Hence, the company had about six to eight months of stock. Further, CELLO also procured some products locally through some OEMs.
- The company is unable to have all of those products today. However, going forward, the company plans to ramp up its production of these products.
- Two production lines are still operational in the Consumerware segment
- In-house manufacturing of steel stands at ~72%
- Gross margin has been down majorly due to steel ware and Diwali being preponed.
- The glassware facility operates at ~60% utilization, to remain at this level for the next couple of quarters.
- The company plans to increase capacity utilization to ~80% by the end of FY27.
- Currently, the glassware facility is not profitable; it is only breaking even
- Opalware facility currently operates at ~85% utilization level, the company looks forward to use 100% of its facility before any capex
- Brownfield capex in the opalware facility is not possible; any new greenfield capex at this point would require INR1-1.1b
- Rise in imports in opalware is not very significant
- At peak utilization, opalware can generate a revenue of INR4-4.1b

Writing Instruments

- The company expects a contribution from the Cello brand in 4QFY26
- In FY27, the company expects a revenue of INR5b from both Cello and Unomax combined. Over the next few years, the company would like to scale this revenue to more than INR10b
- Stationery is not a very small part of BIC Cello, leaving a big opportunity for the company

- The Cello brand was bought by CPIW, which is a promoter group entity, and all of the brand is housed there. Two deals had happened. One was the brand deal, and one was the asset deal. The company was only involved in the brand deal. The assets were bought by a separate company altogether
- The company will require some more machines in the next couple of quarters. This would require a capex of about INR500m to INR600m in this category in the next one year

Molded furniture

- There was a decline due to weak polymer prices and some govt orders last quarter (not reflected this quarter)
- 62% of the total cost is accounted for by the polymer

Others

- Wimplast merger is expected to be completed by 1QFY27
- In 9MFY26, CELLO's distribution channel mix was ~75%/6%/8%/11% for General Trade/Modern Trade/Exports/Online.



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Century Plyboards

Buy

Current Price INR 765

Business development and outlook

- **Management** expects the healthy 3Q performance to sustain, targeting 25%+ revenue growth in FY26.
- **Double-digit EBITDA** margins targeted by FY27.
- **Plywood:** Continued expansion of the distribution network is driving volumes, while margins benefited from operating leverage and sustained cost-optimization initiatives.
- **Laminate:** Early signs of recovery in volumes and margins, aided by better cost absorption and an improved product mix. Exports are emerging as a key growth lever alongside the domestic market.
- **MDF:** Strong volume momentum (up 13% YoY) expected to continue, with margins gradually improving to 15%+ in the coming quarters and further upside thereafter.
- **Particle Board:** Higher volumes and improved capacity utilization led to EBITDA breakeven; margins are expected to normalize by 4QFY27.

Large additional capex announced in Plywood and MDF

- Approved setting up a new unit in Uttar Pradesh for manufacturing of plywood and MDF
- Land acquisition to be finalized
- Plywood:
 - Phase 1: 60k CBM p.a., completion by 3QFY28, capex INR2b
 - Phase 2: 30k CBM p.a., completion by 2QFY29, capex INR1.3b
- MDF: Proposed capacity addition of 330k CBM p.a. with completion expected by 2QFY29; capex of INR8b
- Capex to be funded through a mix of equity and debt

3QFY26 Performance - broadly in-line

- Revenue/EBITDA/adj. PAT grew 18%/31%/22% YoY, broadly in-line, driven by demand and ramp-up of new units
- Plywood/Laminate/MDF/PB revenues grew 17%/7%/18%/84% YoY in 3Q
- Gross margin stood at 49.3%, up 249bp YoY

CERA

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- EBITDA margin improved 125bp YoY to 12.6%, supported by operating leverage and cost-optimization
- Reported PAT (up 9% YoY) was impacted by an INR76m exceptional item related to new labour codes
- Capacity utilization: Plywood 93%, MDF 85%.

Cera Sanitaryware

Neutral

Current Price INR 5,218

Key highlights: 3QFY26

- Revenue grew by 11% YoY, led by 18.1% growth in faucet ware (40% mix) and 6.4% growth in sanitaryware (48% of mix)
- Gradual demand revival was witnessed across categories.
- Project-led business remained a key support, contributing 38% of revenue.
- Retail and rural segments are showing early signs of improvement.
- Both Senator and Polipluz brands continue in the focused build-out phase. 32 Senator stores are now operational.
- EBITDA margin at 10.2% was impacted due to multiple factors, such as 1) higher trade discounts due to increased project sales mix, 2) ~12% rise in brass prices, 3) INR40m higher publicity cost linked to SKU rationalization, and 4) new brand launch related expenses
- The company has taken price hikes of 11% in faucet ware and 4% in sanitaryware, effective 1st Mar'26.
- FY26 revenue growth guidance at 7–8%; EBITDA margin targeted at 13–14% in 4QFY26 and 15%+ from 2HFY27.
- Capacity utilization stood at 82% in Sanitaryware and 102% in Faucet ware
- Faucet ware capacity can be scaled from 0.4mn to 0.6mn units within 4–6 months, subject to demand visibility
- Capex in 9MFY26 at INR132m was largely towards routine maintenance
- Working capital improved by 2 days to 79 days; cash balance at INR7.6bn.
- A Dealer Management System (DMS) is being implemented to enhance efficiency and channel management.
- Polipluz and Senator revenue expected at ~INR200m in FY26, revised from INR400–450m earlier.

Operational data (3QFY26)

- Segment revenue: Sanitaryware up 6.4% YoY (48% mix); Faucet ware up 18.1% YoY (40% mix); Tiles up 5.5% YoY (10% mix); Wellness up 29.0% YoY (2% mix)
- The category mix comprised 44% premium, 35% mid, and 21% entry segments
- Geographic mix was led by Tier-3 markets at 41%, followed by Tier-1 at 36% and Tier-2 at 23%
- Gas costs stood at 3.8% of revenue, with gas prices increasing by ~INR2/scm; sourcing was split between GAIL (69%) and Sabarmati (31%)
- Outsourcing mix stood at 61% for sanitaryware and 47% for faucet ware.



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Coromandel Intl

Buy

Current Price INR 2,358

Industry scenario

- The weather disruptions from delayed southwest monsoon hurt kharif demand in 3Q, while normal northeast monsoon rainfall and reservoir levels at 125% of LTA supported ~3% YoY growth in rabi sowing.
- Fertilizer industry consumption declined ~7% YoY in 3Q due to extended monsoon, even as industry primary sales grew ~15% in 9MFY26, aided by inventory replenishment and higher imports.
- Structural shift toward NPK fertilizers continues, with NPK now accounting for ~50% of phosphatic fertilizer consumption, supporting demand for differentiated grades.
- Raw material costs remained volatile, with sharp increases in sulphur, ammonia, and phosphoric acid prices driven by global supply disruptions and China-led demand, partially offset by softer rock phosphate prices.
- Regulatory developments such as the Draft Pesticides Management Bill and Draft Seeds Bill are expected to formalize the sector, improve traceability, and enhance long-term industry stability.
- Medium-term industry outlook remains stable despite near-term volatility, supported by rabi recovery, policy continuity, digital subsidy processes, and export opportunities under the India-EU FTA.
- Phosphoric acid prices rose from ~USD1,050/ton to ~USD1,290/ton YoY, while rock phosphate prices softened, partially offsetting cost pressures.

Outlook

- Management expects fertilizer demand to recover in the coming quarters, supported by normal rabi sowing, adequate reservoir levels, and continued government subsidy support.
- Management expects the current sulphur price spike to be temporary, with normalization likely by 1QFY27.
- CRIN's volumes and market share are likely to benefit from full capacity utilization, backward integration projects, and differentiated NPK and specialty fertilizer offerings.
- Crop protection business is positioned for growth, driven by new product launches, B2C expansion, and sustained export demand, particularly for key molecules like Mancozeb.
- Medium-term growth remains strong across fertilizers, specialty nutrients, nano products, and digital initiatives, with management targeting 20-25% YoY growth in domestic formulations and operational synergies from NACL integration.

Subsidy

- Subsidy collections remained timely and strong, with INR25.71b collected in 3Q versus INR20.36b last year; for the nine-month period, collections were INR72.08b compared to INR58.91b in the previous year.
- Subsidy outstanding as of Dec'25 stood at INR37.85b versus INR20.95b last year; an additional ~INR13.b was collected in January, covering sales up to the last week of December, indicating continued robustness in collections.

- Government support remains strong, with INR180b supplementary subsidy released in 3Q, FY26 subsidy outgo expected at ~INR1.86t, and FY27 allocations viewed as adequate with scope for additional grants.
- Fertilizer subsidy remains the backbone of the industry, contributing ~82% of revenues and ~62% of EBITDA, providing earnings visibility despite raw material volatility.
- FY27 subsidy allocation of INR1.17t for urea and INR540b for phosphatic fertilizers under NBS is viewed as adequate, with precedent of additional grants if costs rise.

Fertilizer Business Performance

- The 3Q was challenging due to higher raw material costs, INR depreciation, and weak consumption, but Coromandel delivered a resilient performance through competitive sourcing, operational efficiency, and full capacity utilization.
- The company achieved its highest-ever quarterly fertilizer production of ~990k tons, up 18% YoY, with phosphoric acid production also increasing YoY.
- Primary fertilizer sales for 3Q stood at ~1.12m tons, broadly flat YoY, with moderated sales in Andhra Pradesh and Telangana offset by strong performance in Maharashtra, Karnataka, Tamil Nadu, and northern markets.
- Consumption-based market share declined from 15% to 14% in Q3 due to regional crop issues, while the share of differentiated grades improved from 33% to 36%.
- The selective price hikes of 3-4% were implemented to partially offset cost inflation, and the SSP business remained strong, with differentiated products contributing ~47% of SSP volumes.

Crop protection business

- Revenues from export increased ~30% YoY, driven by volume growth and higher realizations in key technical molecules.
- Domestic B2B institutional sales grew ~36% YoY, while domestic B2C formulation sales were muted due to adverse weather, rising only in low single digits.
- New products contributed ~25% of year-to-date revenues, reflecting successful innovation and portfolio expansion.
- Channel expansion added approximately 1,000 dealers during the year, strengthening market reach.

Specialty Nutrients, Nano & New Initiatives

- The specialty nutrient business, including water-soluble fertilizers and organics, achieved record 3Q volumes, with strong growth in micronutrients and organic categories.
- Four new products were launched during the quarter, and the MEP water-soluble fertilizer plant at Vizag commenced operations.
- Nano products grew ~68% YoY, with CRIN emerging as the market leader in nano-DAP, which gained strong traction in horticulture crops.
- The company's global trials are underway, and the export opportunities are expected once registrations are completed.
- The retail network expanded to 2,113 stores, strengthening market presence and customer access.

Backward Integration & CAPEX

- Sulphuric acid and phosphoric acid backward integration projects at Kakinada are on track for commissioning, with a combined CAPEX of ~INR2b.
- These projects are expected to generate an annual value addition of ~INR4b, supported by an integrated power generation capacity of ~24 MW.
- Management highlighted long-term EBITDA potential, with current normalized EBITDA at ~INR5,500/ton and post-integration potential of ~INR6,500/ton on an annualized basis.
- The granulation expansion project is targeted for commissioning in 3QFY27, with management expecting 100% utilization from day one.
- Overall, these initiatives aim to strengthen backward integration, operational efficiency, and long-term profitability.

Others

- Mancozeb remains central to Coromandel's export strategy, with structurally increased demand due to additional spray cycles in Brazil and farmer preference for cost-effective fungicides.
- Mancozeb's capacity expanded by ~20%, with a further 30% expansion planned; combination products are being developed, and Latin America registrations are underway. Its strategy includes a selective B2C presence overseas.
- NACL integration is progressing with improved liquidity and working capital discipline, standalone margins at ~19%, hedge constraints being addressed, and visible synergies across R&D, manufacturing, marketing, and registrations expected from 1QFY27.
- CRIN's Senegal rock phosphate mine meets ~20-25% of its requirements, exceeded initial production targets (~350k tons vs 300k tons) with plans to scale to ~500k tons annually, provides supply security and cost stability, and remains profitable standalone while vessel integration and recovery improvements continue.



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EPL

Buy

Current Price INR 218

Operating performance

- 3Q RoCE stood at 18.7% (+180bp YoY).
- EBITDA margins improved across all regions, except in Europe.
- Sustainability tube products contributed ~38% to revenue in this quarter.
- Net debt as of Dec'25 stood at INR6b, with a net debt-to-EBITDA ratio of 0.65x.

Guidance and outlook

- The company is progressing toward shifting to personal care segment.
- Gradual improvements in margins are expected going forward.
- EPL will continue a gradual reduction of debt, with interest cost coming down.
- The company has guided for double-digit revenue growth in 4Q and beyond, with EBITDA growing higher than revenue.
- The B&C segment is expected to deliver high-teens growth momentum, while Pharma and Oral segments will grow on a stable basis.
- EPL stated that depreciation growth will be lower than revenue growth.
- The company is targeting RoCE of over 25% by FY29.

AMESA

- Strong B&C growth offset the soft oral demand, leading to overall revenue growth of 9.7%.
- EPL reported India revenue growth of ~9% YoY, with margins of 18.5% (vs. 17% YoY), aided by traction in B&C. India is an attractive destination for growth.
- B&C is showing momentum and oral care is showing signs of improvement, which is expected to support growth going forward
- Company is focusing more on B&C segment in India

EAP

- Strong growth in the quarter was driven by strong performance across portfolio. The 3Q results were majorly driven by China performance
- EPL initiated commercial production in Thailand plant in Nov'25. The plant is scaling up in 4Q. The company exports to Thailand from China.
- China factory closure was driven by moving equipment from one facility to another because the customer's filling facility moved closer to another facility of the company. There are no capacity cuts and the machines are operating in another facility. EPL maintained coordination with the customer.

Americas

- The Americas continued double-digit performance with strong revenue delivery across countries.
- Brazil continued to deliver robust revenue growth.

Europe

- Revenue grew 8% YoY (below EPL's expectations), driven by good B&C momentum though oral care performance was soft.
- Europe was affected by an adverse customer mix, high write-offs and operational issues.
- With improvement in oral care volumes, growth is expected to strengthen further.
- Europe margin declined YoY due to short-term operational issues, an adverse mix and high base last year.
- The company is confident of returning to targeted mid-teen margins in the coming quarters by undertaking operational initiatives like cost savings.

Personal care and beyond

- The Personal Care and Beyond category, which includes Beauty & Cosmetics and Pharma, contributed 53% to the overall portfolio in 9MFY26.
- Under this category, B&C delivered robust growth of 26%, with all regions delivering at least 20% growth.

Oral care

- Oral care contributed ~47% to revenue in 3QFY26.
- EPL is seeing signs of improvement of Oral care segment in AMESA.

Raw materials

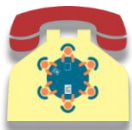
- Polymer prices remained stable in the current quarter, though they are higher than the pre-Covid level.
- Aluminum prices have slightly increased from last quarter.
- 50% of the company's business is on pass-through basis, while the remaining 50% is negotiated with customers. So, the company expects margins to not be affected by RM price increase.
- Polymer mix is higher in RM consumption.

Others

- This is the third quarter of double-digit growth for the company.
- The company commands 8x premium on innovative tube products in China. New products are gaining traction across regions.
- The per-tube margin of non-oral segment is better than the oral segment, but on the percentage terms, both are same. The B&C segment delivered economies on overall P&L basis.



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Eternal

Buy

Current Price INR 277

Demand and growth outlook

- Management remains watchful of competition but largely focuses on its own execution as long as competition does not meaningfully impact its business. So far, there has been no noticeable impact from the recent increase in competitive intensity on business quality, customers, or NOV market share.
- Competition across the board has improved.
- QC: Adjusted EBITDA margin (as % of NOV) turned positive for the first time on a quarterly basis, with an adjusted EBITDA profit of INR40m, improving significantly from a loss of INR 1560m in the previous quarter.
- Margin improvement was driven by supply chain cost efficiencies, a favorable shift toward long-tail categories, and operating leverage. This reflects the natural progression of a strong and maturing QC business.
- More than half of the expected 1pp margin accretion from the shift to an inventory-led model has already been realized. The full benefit is expected over the next 6-9 months and is not expected to exceed 1pp. In 3QFY26, ~90% of NOV was on own inventory, and this is not expected to increase meaningfully from hereon.
- Management does not believe a sustainable QC business can be built on heavy discounting. However, if competitive tactics begin to materially impact the business, a response may be required, which could affect margins.
- The pace of margin expansion may not remain uniform, as it is a multi-variable outcome. However, management is confident of margin expansion to 5-6% of NOV. More mature cities are already operating close to the steady-state guidance of 5-6%.
- No material P&L impact is expected from recent changes to labor laws.
- The ESOP pool stands at over 220m shares and may expand by ~30m shares.
- **FD:** YoY growth is expected to gradually inch toward ~20% over time. Growth was driven by three key factors: 1) A modest improvement in the demand environment, particularly in the second half of the quarter, leading to higher app engagement and higher-than-expected order volumes; 2) Full-quarter impact of the reduction in minimum order value for free delivery on Gold orders (to INR99 from INR199), which increased ordering frequency among more budget-conscious customers; 3) Continued investments in customer activation across cohorts, reflected in 21% YoY growth in average MTC during the quarter.
- **Blinkit:** The business continues to grow at a robust pace, and the ceiling of the QC market in India is not yet visible. Mature cities such as Delhi NCR are still growing at ~55% YoY. The next seven metros are growing at over 100% YoY.

- In the near term, NOV growth can be influenced by competitive intensity, which introduces volatility. Aggressive pricing actions can stimulate demand, but such demand tends to be less durable and may moderate subsequently.
- Current guidance of 3,000 stores by Mar'27 assumes continued irrational competitive intensity. If competition moderates, the company would aim for 3,500-4,000 stores by Mar'27, supporting NOV growth of over 100% YoY.
- Competitive intensity is focused on taking share, while Blinkit's strategy is centered on expanding overall market size.
- Competitive intensity increased during the last quarter as several competitors moved to zero minimum order values and zero delivery fees, alongside increased discounting across the market.
- Store throughput is influenced by expanding assortment. In some quarters, assortment expansion may include slower-moving categories vs. core SKUs, but this is not seen as a long-term concern.
- In the previous quarter, competitive freebies did not materially impact market share, allowing pricing discipline to be maintained. However, delivery charges were reduced in some markets recently after observing some impact. Overall, competition is having an effect.
- QC NOV growth remained strong at 121% YoY (14% QoQ) despite GST changes and seasonality.
- Part of this reflects a more aggressive competitive stance, and some share loss to peers was observed.
- 211 net new stores were added during the quarter, taking the total store count to 2,027, about 70 stores short of the guidance of 2,100.
- The shortfall was due to regulations in Delhi NCR, where pollution-related restrictions slowed construction and store fit-outs for several weeks. These restrictions remain in place.
- The company remains on track to reach 3,000 stores by Mar'27.
- Capex per store is expected to increase due to higher warehousing infrastructure, increased automation, and marginally larger store sizes. This is expected to drive higher productivity per store. Net working capital is expected to remain below 18 days, with ROCE outcomes north of 40%.
- **Going-Out (District):** Going-out NOV grew 20% YoY, while adjusted EBITDA margin declined to -4.7%, resulting in an adjusted EBITDA loss of INR1,210m for the quarter (vs. INR 630m in 2QFY26). This was driven by continued investments in category creation. Two primary drivers of higher-than-expected burn were investments in new live IPs in the events business and upfront investments in District Pass, over and above ongoing customer acquisition and engagement costs.
- Losses are expected to reduce sequentially, moving toward breakeven over the next 4-6 quarters. District is expected to become a USD3b NOV business with a 5% adjusted EBITDA margin by FY30.

NYKAA

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FSN e-Commerce Ventures

Company Overview

Business:

Product:

Market:

Revenue:

Profit:

Employees:

Locations:

Website:

Phone:

Fax:

Email:

Address:

City:

State:

Zip:

Country:

Industry:

Sub-Industry:

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Market Share:

Market Rank:

Market Segment:

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Market Alias:

Market Handle:

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Market

FSN E-Commerce

Neutral

Current Price INR 273

Demand and growth outlook

- Consolidated GMV grew 28% YoY to Rs. 5,795 Cr in Q3 FY26, with Q3 being a seasonally strong quarter. Revenues grew 7% YoY to INR 28.7 bn.
- EBITDA margin expanded to 8.0% in Q3 FY26 versus 6.2% in Q3 FY25.
- Gross margin improvement was driven by a higher contribution from House of Nykaa and higher service income. Part of the service income is seasonal, as Q3 sees large sales events, leading to higher brand participation and ad spends.
- Operationally, management is confident that each of the four businesses can continue improving profitability.
- In the Beauty business, which is the largest contributor, there could be periods of reinvestment of profits to expand market share, reach, and customer acquisition.
- In B2B and other businesses, meaningful profitability improvement is expected to flow directly to the bottom line.
- Each business is structurally well-positioned to improve its margin profile over time.
- Marketing and other operating costs are expected to benefit from scale leverage, supporting further EBITDA margin improvement.
- Historically, advertising opportunities were largely top-of-funnel; however, Nykaa has built a comprehensive martech stack enabling brands to advertise across the entire funnel.
- Fulfillment costs rose 13% YoY, driven by Nykaa's focus on faster deliveries.
- Consolidated adjusted PAT stood at INR 780m. EBITDA margin for the Beauty business stood at 10.1% in Q3 FY26.
- BPC: Investments in customer acquisition are yielding results; flash sales were conducted in late November and early December.
- Beauty AUTC grew 26% YoY to 18.7 m customers.
- The offline network remains a key growth and premiumization lever. Nykaa expanded to 276 beauty stores across 94 cities, adding 11 new stores and entering four new cities in Q3 FY26.
- The Beauty business continues to focus on penetration and premiumization, targeting a multi-decadal growth opportunity through accelerated customer acquisition and retention.
- Cumulative Beauty customer base stood at ~42m+ as of 3Q FY26.
- Nykaa's decade-long partnership with L'Oréal entered a new phase, with Nykaa assuming full operational control of Kiehl's India business, including EBOs, D2C, and the digital ecosystem.
- L'Oréal is launching La Roche-Posay in partnership with Nykaa, the world's leading dermatologist-recommended skincare brand.
- International brand launches during the quarter included Dolce & Gabbana Beauty, Kylie Cosmetics, and Milk Makeup.
- Nykaa is building dedicated Nykaa Perfumery stores focused only on fragrances.
- Increasing involvement in B2B2C partnerships, acting as exclusive importer and distribution partner for international brands such as Nike and Kiehl's.

- New user AOV is typically lower than repeat customers, driven by engagement and familiarity rather than customer quality.
- Majority of revenues are derived from repeat customers, with no meaningful AOV dilution from new users.
- The e-commerce component of the Beauty business continues to grow strongly
- The India-EU trade deal could provide tariff relief for global brand partners, potentially aiding volume growth if benefits are passed on.
- Imports of global brands form a significant portion of overall revenues.
- Fashion: Strong traction on the core platform is visible through improving customer metrics, including visits, orders, and new customer acquisition.
- H&M's partnership with Nykaa Fashion has strengthened its assortment and emerged as the number one brand on the platform since launch.
- Marquee brand wins, such as H&M, strong customer additions, and festive sales drove market-leading growth and sharp profitability improvement.
- Nykaa Fashion will operate Nike.in and the Nike Commerce App in India, managing end-to-end digital commerce operations, including site experience, digital marketing, fulfilment, and customer experience.
- Unit economics are similar to e-commerce models, with structured inventory, margins, and marketing costs, resulting in a positive outcome.
- Nykaa's tech stack and digital capabilities were key reasons for being selected as a partner, along with support across marketing, fulfilment, and customer experience.
- House of Nykaa: House of Nykaa Beauty and Fashion GMV stood at Rs. 872 Cr in Q3 FY26, reaching an annualized GMV run rate of Rs. 3,500 Cr, marking 48% YoY growth.
- House of Nykaa Beauty portfolio GMV stood at Rs. 775 Cr, reaching an annualized run rate of ~Rs. 3,100 Cr, growing 65% YoY.
- Dot & Key operates at high-teens EBITDA margins, with a strong focus on facewash, moisturizers, and sunscreen categories.
- New third-party channels were added in the past year.



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Godrej Agrovet

Buy

Current Price INR 641

Animal Feed (AF)

- The category witnessed another quarter of robust volume growth (up 12%), driven by sustained improvement in cattle feed, layer feed, and fish feed categories.
- Cattle feed volumes witnessed significant growth of 21% YoY, contributing significantly to the overall volume expansion.
- Segment revenue grew 2%, as strong volume growth was offset by lower average realizations due to a change in the product mix.
- EBIT improved 17% YoY, reflecting the sustained impact of operational efficiencies and cost management initiatives, with underlying EBIT/MT improving to INR2,020/MT in 3QFY26 (~4% YoY growth).
- Overall, 9M volume growth was 9.5%.

Crop Protection (Standalone)

- The segment registered a 37% YoY revenue growth in 3QFY26 on account of higher salience of generics and certain specialty products.
- Margin remained flat due to lower volumes in in-licensing and in-house categories, which were severely impacted by unseasonal rains and cyclones in key geographies.
- In-licensing now contributes around 60-61% of the total business and expects to be in the same range going ahead.
- The company expects to sustain mid-term margins of Standalone CP at 28-30% (higher than the industry).
- In 3Q, unseasonal rains affected all players in the market.
- This quarter witnessed unseasonal rains till mid-Nov'25. Grapes, being one of the company's major crops, were significantly affected, which in turn adversely impacted sales.
- In 4Q, the base effect will come into play. Hitweed co-marketing was conducted in the previous 4Q, and since this season was not favorable, 4Q numbers are expected to be weak. Excluding this impact, growth should remain healthy.

Astec LifeSciences

- Segment revenue improved significantly YoY on account of robust volume growth in both the enterprise and CDMO categories.
- EBITDA for the quarter was positive at ~INR50m, supported by higher volumes and gross margins in the enterprise category.
- Historically, 4Q has been a better quarter for the company, and it expects this momentum (recovery) to continue in 4Q.
- The company might fall short of the INR5b turnover target but is still holding the guidance of EBITDA breakeven.
- Growth for FY27 is expected to be ~15%, with EBITDA to be positive.
- CDMO will lead growth and is expected to outpace the enterprise business.
- CDMO margins are indexed at least ~1.5x of the enterprise business.
- The company has shifted from being source registered to getting its own registrations.
- Geographies such as Europe and Latin America have started getting registrations.
- In Europe, the company has received registration for three growing triazoles and two registrations in Brazil. Another three are in the pipeline for the next 1-1.5 years.
- Overall, the situation seems to be back to normal for triazoles, both in terms of margins as well as volumes. The company plans to add more chemistries this year.

Dairy

- Segment revenue grew marginally by ~ 3% YoY on account of flat volumes across key products.
- EBITDA margins were adversely impacted by higher milk procurement prices and deficit in revenue.
- The value-added product mix is ~35% vs 33.8% last year.
- There are some structural changes the team has made, with ~85% -90% procurement now done directly from farms.

- The company has built a strong network across the states of Maharashtra, Telangana, and some parts of Tamil Nadu.
- Milk prices are driven by a rise in butter prices across the globe. India is a large exporter of butter, resulting in inflation of milk prices in India.

Palm Oil

- Segment revenue registered a healthy YoY growth of 27% in 3QFY26, backed by higher volumes of end-products, supported by an improvement in Fresh Fruit Bunch (FFB) by ~16%.
- Strong growth in FFB arrivals and improved Oil Extraction Ratio (OER) contributed to persistent strong YoY growth in profitability in 3QFY26.
- While palm kernel oil prices were higher than last year, this was offset by lower CPO prices. Growth was led by strong volumes.
- OER improved to 21% this quarter vs 19.5% in 2QFY26 and 20.7% in 3QFY25.
- The supply of coconut oil has been impacted and demand for CPO and PKO is higher than before.
- Coconut prices have shot up significantly and are at a high premium to PKO. It is not easy to increase coconut oil production while the demand remains high. This is expected to lead PKO prices to remain at a premium, with PKO prices currently holding at higher levels.
- The company has expanded by 15,000 hectares in 9M and is expected to reach 17-18k by end of FY26, which was half last year.
- While there can be seasonality and weather impacting the plantations, FFB tonnage growth is expected to be in healthy teens (12-15%).
- The new CPO processing plant (upstream) in Khammam will go live in two months, and the downstream refinery will also get commissioned by 1QFY27.
- The company has planned capex for a downstream refinery to manufacture high-value products such as cocoa butter substitutes and equivalents. CPK refining projects are currently in the last stages.

Poultry

- Branded salience rose to ~81% in 3QFY26 from ~77% in 3QFY25, reinforcing the strategic shift towards value-added products.
- Mix of RJC and Yummies in VAP will be 52%/28% (total VAP Salience 81%).
- The company's efforts to reduce live bird volumes resulted in flat segment revenues.
- Segment EBITDA grew by ~51% YoY, driven by expansion of contribution margins in the branded category and better live bird prices.

New products

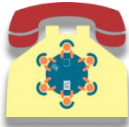
- Dhanalaxmi G, nutritious premium cattle feed for high yielding cows and buffaloes, was launched in Nov'25 in key geographies such as Western India, where users saw increased yield after regular use. The company plans to launch the product in other geographies with a focus on building a strong volume base.
- Bypro Plus, based on the trusted Bypro formulation with improved protein levels, was launched in Nov'25 in select geographies of Southern India. Channel partners have reported a positive response, with strong repeat purchases expected. The company plans to launch the product in other Southern geographies as well.

Others

- The strong performance was driven by sustained margin expansion across most key businesses, supported by a sharp operational execution and continued focus on value creation.
- The company operates multiple businesses and is in the final stages of a value creation exercise, which is expected to be announced in a month.
- The company stated that the pet food manufacturing plant for the group has been fully set up and is now ready, with commissioning expected within the next month.



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GR Infra

Buy

Current Price INR 980

Business updates

- In 3QFY25, the company reported healthy revenue growth driven by the execution of Oil & Gas projects, contributing ~INR4b. Management expects execution momentum to continue, targeting ~INR5b in 4QFY25, with cumulative revenues from this segment projected to exceed INR10b by FY27.
- The company witness slowdown in tender awarding from the government during the quarter.
- During 3QFY26, GRINFRA added INR300m to fixed assets. The net block of property, plant, and equipment, including intangibles, stood at INR10.9b as of Dec'25.
- Working capital days improved to 93 (vs. 124 days as of Dec'24), driven primarily by better realization from debtors.
- The company repaid INR2.62b in debt during the quarter, improving standalone debt-equity to 0.03x—among the best in the sector. Consolidated debt-equity stood at 0.68x.
- Consolidated trade receivables are INR6.31b; standalone unbilled revenue is INR8.5b.
- Management indicated that investments in subsidiaries stood at INR27.9b as of Dec'25, with a balance equity commitment of INR30.4b for operational HAM/BOT projects, including ~INR5b expected to be infused in 4QFY26.
- NHAI has also tightened the qualification and bidding criteria, which will ease the competition going forward.

Order book

- The order book stood at ~INR249b (incl. L1) as of Dec'25. The company holds L1 status in three road projects worth ~INR47.1b.
- The company expects bid opportunities worth ~INR200b, comprising ~INR160b in highways and ~INR40b across hydro and tunnel projects.
- It has also bid for ~INR200b of projects in the Oil & Gas segment and expects to secure orders of ~INR40-50b from this sector.
- FY27 order inflow guidance is ~ INR200b (vs earlier INR300b-350b), contingent on bid pipeline materialization.
- Management indicated that the margin trajectory will be contingent upon the strength of order inflows. A higher quantum of project wins is expected to support margin expansion.



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Guidance

- The company expects revenue of ~INR30b in 4QFY26, supported by ~INR6b of execution in the oil & gas segment, and has guided for ~10–15% revenue growth in FY27, contingent on execution ramp-up and order inflows.
- EBITDA margins are guided to be in the range of 10-12% for the medium term.
- GRINFRA continues to diversify beyond roads, with increasing opportunities in oil & gas and expanding presence across railways, metro, power transmission, hydro, tunneling, and telecom.

Gravita India

Buy

Current Price INR 1,618

Operating performance

- India generated 72% of the revenue for the quarter, while the rest was generated overseas. This ratio was maintained at the profit level as well.
- Imports contributed 75% of scraps, with 25% being procured domestically. Since the company is expanding its capacity, it has procured ample stock at once.
- However, going forward, the company aims to maintain the same ratio of 45 : 55 (domestic : international).

Outlook and guidance

- The company is targeting 50% contribution through VAPs by FY29.
- Aims to grow non-lead business's contribution to over 30% of total revenue.
- Growth guidance is supported by a focused capex program.
- GRAVITA aims to diversify into lithium, rubber, and paper going forward.
- Under Vision 2029, the company guides for RoIC of 25%, profitability growth of 35%, and a volume CAGR of 25%.
- INR19-20/kg of EBITDA can be considered sustainable going forward.

Capex

- Total capacity has reached 3.4L MT and is likely to reach 7L MT by FY28.
- Capex guidance is kept at INR12.3b, with INR8.5b on existing verticals. Rest of the capex will be done on new verticals.
- The company has incurred a capex of INR1.3b by 9MFY26, which is expected to cross INR2b by FY26 end.
- There has been a delay in the commissioning of the Mundra plant owing to pending approvals from government authorities. The company plans to initiate a capacity of 80k MT/45k MT in Mundra/Jaipur in 4QFY26.
- GRAVITA adds higher capacities in overseas regions to fetch more scrap from those regions. Imports in such regions are generally not allowed.

Aluminum

- Aluminum volumes declined sequentially due to high metal prices in the market. During such times, vendors hold material for further price increases.
- The regulatory constraints for MCX have now been resolved, although the SCRA pass-through process took over a year. The next step involves the formulation of an appropriate contract, which is now contingent on MCX's commercial decision to initiate.
- The company has been keeping low volumes in aluminum, as there is no certain hedging mechanism for the same yet.

Plastic

- Growth in plastic depends on secondary plastics going forward. Since most of the industry is not using secondary plastic for their primary packaging, growth is constrained as of now.
- All the brands require different types of products, and it is difficult to provide them with secondary plastics.

Rubber

- Currently rubber is used for inhouse consumption only.
- Romania facility started in 3QFY26 and reported revenue of INR350m.

Others

- Stronger enforcement of BWMR and EMR has enhanced regulations. These measures have increased domestic scrap availability.
- To strengthen the EPR process, further rules are in place – audit rules are being formed for EPR.
- The company does not see any demand saturation in lead from OEMs currently. The company may shift to LMEs as well (which give low realizations). If the company finds any demand saturation, then it may resort to LMEs.
- Currently, the company does not see any impact of labor codes. There was a total impact of INR420m, which included INR35m for previous year and the rest for 9MFY26.

IHCL

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[illegible]

Indian Hotels

Buy

Current Price INR 695

Operating performance

- IHCL reported double-digit growth in revenue, EBITDA and PAT across both the consolidated and standalone basis.
- ARR grew 7% YoY to INR21,900, while OR remained flat at 78.0%.
- About 65% of its revenue comes from the luxury segment.
- Nearly 53% revenue comes from domestic cities, 15% from domestic leisure and 22% from international markets.
- Around 68% of the keys are asset-light. Further, 94% of the total pipeline is managed and 6% is owned or leased.
- IHCL has a gross cash reserve of INR3800cr
- The company achieved RevPAR growth of 8% in Taj at a base of INR22,000, 10% growth in Vivanta Selections and Gateway, and 9% growth in Ginger.

Outlook and demand

- The company remains confident of achieving double-digit revenue growth in the hotels segment in FY26 and FY27, with 12-14% growth in revenue in 4Q.
- Management fee income is set to grow in high teens, driven by 60+ openings; should clock ~18% growth in FY26.
- Ginger and new business verticals are expected to support 25%+ revenue growth.
- TajSATS growth should accelerate with newer airports, and it is venturing into non-air business segments.

New and reimagined business

- The Air & Institutional Catering business (TajSATS) clocked revenue of INR3.2b, up 17% YoY, and EBITDA margin of 26%.

- New businesses, comprising Ginger, Qmin, amã Stays & Trails and Tree of Life, reported an enterprise revenue of INR3.2b, up 39%, and consolidated revenue of INR 2.2b, up 31%.
- Enterprise revenue of Ginger stood at INR232 crores with a strong EBITDAR margin of 47%.
- Qmin has grown to 110 outlets across multiple formats, amã Stays & Trails has reached a portfolio of 351 bungalows with 176 in pipeline, and Tree of Life has a resort portfolio of 27 with nine in pipeline.

International business

- New York asset has crossed INR1b in revenue in Dec'25 for the first time, with improvement in profit as well. IH would like to keep the asset, with no plans to exit in the future.
- RevPAR rose 50% in San Francisco.
- London is under renovation, to come back in operation by end of Feb/Mar – should give a big boost by 1QFY27.
- IH expects some improvement in Sri Lanka and Maldives.
- Positive impact of currency was to the tune of 1.5-2% on RevPAR.

Portfolio

- IHCL signed 239 hotels across its brandscape, including entering into strategic acquisitions and partnerships with Clarks Group, Madison, Rajdarbar Group, Ambuja Neotia and Atmantan brand.
- IHCL opened and onboarded 120 hotels, taking its operating hotel count to 361 with inventory of over 32,000 rooms.

Partnerships

- IHCL has completed the acquisition of a 51% stake in Ank and Pride. Further, it has also completed the acquisition of a 51% stake in Atmantan (wellness).
- All these new segments are expected to contribute INR2.5-3b in revenue in FY27.
- The company has divested its stake from the Taj GVK. Moreover, it has signed another contract with the GVK Group for a 250-plus room hotel (Yelahanka) in Bengaluru. This is expected to open in the next 3-4 months.
- Brij represents penetration into boutique leisure space. This is expected to contribute INR1b in FY27.

Midscale

- Ginger, ANK and Pride have combined keys of 10,000+ with ~24% market share of midscale inventory, as per a report from Lodging Econometric.
- With this integration, combined midscale portfolio jumps to more than 250 hotels.

Atmantan

- Atmantan is expected to grow in a hybrid fashion (all growth is not expected on owned basis, some might be asset light as well).
- IHCL would like to have one asset in the west, one in Kerala, next in Hyderabad and then in the north. Margins are comfortable at ~40% as of now, which IH expects to be in the high 40s going forward as well.
- Projects in Atmantan require 25 to 35 acres of land, along with good transportation facilities.

Taj Bandstand

- Excavation at the site has commenced for a few months, and the tendering process is currently underway. The company is progressing in line with the planned milestones.
- Taj Bandstand will be a state-of-the-art project, redefining the seafront skyline of Mumbai.
- After stabilization, Taj Bandstand is expected to contribute INR10b to IH's revenue and EBITDA margins of close to 50%.

Others

- One-off expenses of INR200-250m included legal expenses. It increases technical expenses, deal expenses, due diligence expenses, etc. These are some of the one-offs related to GST, with GST expenses expected to be neutralized in the next quarter.



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IndiaMart InterMesh

Buy

Current Price INR 2,182

Collections, paying suppliers, and customer additions

- 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 INR3,000 per month/INR28,000 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.
- Gross additions are expected to normalize around April–June, implying one more quarter of roughly flat-to-marginal customer additions.
- Gold and Platinum customers constitute ~50% of the customer base and contribute over 75% of revenue. These segments continue to see a healthy upsell activity, leading to improved collections per customer.
- Churn levels remain largely unchanged. Monthly churn has not yet improved, while annual churn rates are typically ~0.5% lower than monthly levels. Management expects churn to improve over time.
- Collections grew 15% YoY. After several quarters of sub-10% collection growth, it 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.
- Historically, 15–16% of Silver customers upgraded to Gold and ~10% to Platinum. However, renewals have declined, resulting in a ~10% drop in renewal-led upsell. Current upsell rates stand at 5–10% vs 15–16% earlier.
- The market is not saturated and continues to exhibit unlimited demand for leads. The company intends to remain a software and technology platform rather than moving into a sourcing or delivery model to attract customers.
- The company continues to refine product–market fit for buyers to maximize buyer generation.

- Unique Business Queries (UBQ) reached 28m, growing 4% YoY, with continued improvement in the quality of enquiries. Seasonal factors, including one to two fewer working days, impacted enquiry volumes.
- Repeat traffic remains strong at 58–59%.

Cost and margin

- EBITDA margin stood at 33.5%, supported by lower-than-expected outsourced sales costs and other expenses.
- 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.
- The new labor code resulted in a one-time impact of INR85m.

Other highlights

- Approximately 10,000 licenses were sold during the quarter. The company continues to invest in product experience and expansion of its sales channel.
- Normalized YoY growth, after adjusting for changes in the partner payout structure, stood at 28%.
- Revenue from operations stood at INR320m, while deferred revenue was INR1.12b at the end of 3Q. This represents normalized growth of 50% and 56%, respectively.
- Busy continues to perform well in the small and medium business segment, particularly among businesses requiring inventory management in addition to sales and GST filing.
- Vyapar focuses on micro-sized businesses, where billing remains the primary requirement.
- LiveKeeping focuses exclusively on existing Tally customers seeking browser-based and app-based access to their data.



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Indegene

Neutral

Current Price INR 497

- Growth was broad-based across client segments and geographies, supported by improving industry sentiment and faster customer decision-making.
- EBITDA margins are expected to remain broadly stable in the near term and gradually improve from 1QFY27 onwards, supported by operating leverage, normalization of deal-related setup costs, and realization of integration-led synergies, with margins trending back toward ~20% over the next 6–8 quarters.
- Management clarified that amortization will remain elevated over the next three quarters before tapering from 3QFY27 and falling meaningfully by FY29, and emphasized that these are non-cash charges with no impact on cash flow generation.
- Management highlighted steady progress in scaling its “agency-less” delivery model, wherein AI-led modular solutions replace fragmented agency structures across commercial and medical operations.
- On the industry outlook, management noted that despite policy-related headlines around pricing, tariffs, and visas, demand remains resilient with minimal near-term impact.

- Pharma companies are increasingly focused on improving efficiency, accelerating launches, and modernizing commercial and medical operations amid declining revenues from mature products. These structural pressures, coupled with accelerated adoption of digital and GenAI-led transformation, are driving steady demand for Indegene's offerings across the value chain.
- BioPharm integration remains on track with no disruption to client engagements and strong employee retention. Transition of shared services is expected to be completed by FY26-end, with technology and IP integration progressing as planned.
- Management emphasized that enterprise segments will remain the primary growth engine, benefiting from scale, stickiness, and increasing centralization within pharma organizations.
- To better reflect the convergence of offerings and client engagement models, management announced a realignment of segment reporting, integrating Brand Activation and Biopharm into the Enterprise Commercial segment. Going forward, the company will report under three segments: Enterprise Commercial, Enterprise Medical, and Others.
- Geography-wise, North America (71.8% of revenue) up 35.7% YoY and 20.9% QoQ, while Europe (25.5% of revenue) up 19.4% YoY and 10.7% QoQ.
- Industry-wise, Biopharma (89.9% of revenue) up 25.4% YoY and 14.5% QoQ,
- Medical devices (4.2% of revenue) up 112.2% YoY and 44.1% QoQ, and Emerging Biotech (3.4% of revenue) up 73.7% YoY and 29.3% QoQ.
- Service offering-wise, Enterprise medical solutions (25.3% of revenue) up 16.3% YoY and 6.4% QoQ, Enterprise commercial solutions (71.0% of revenue) up 36.7% YoY and 21.3% QoQ, and Others (3.7% of revenue) up 33.2% YoY and 20.2% QoQ.
- Total headcount stands at 5,497 vs. 4,880 in 3QFY25 and attrition was at 15.9%, down 30bp QoQ.
- Top client concentration reduced to 9.5% from 13.6% YoY, while Top-10 fell to 48.9% from 56.3% YoY.
- Total active client base was 86 as of 3QFY26, up from 73 in FY25. Notably, USD1m+ clients are 52.
- Revenue from Top 5 accounts grew 3.6% QoQ and Top 20 accounts grew by 7.0% QoQ.
- Three of the top five customers are now USD25m.
- Strong deal wins from the top 20 accounts; multiple deal wins in 2 accounts with aggregate revenue potential in excess of USD15m.
- Several breakthrough wins were secured, with clients partnering to combine proven execution strength with AI to transform operations and unlock differentiated, measurable outcomes.
- Revenue per employee (RPE) crossed USD70k.
- During the quarter, it completed acquisitions of BioPharm and Warn & Co to deepen domain expertise and expand high-value capabilities.
- Net DSO stands at 71 days, stable QoQ.
- Cash and cash equivalents at INR13,954m.



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Inventurus Knowledge Solutions

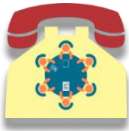
Buy

Current Price INR 1,638

- IKS's core value proposition centers on outcome-based outsourcing, in which IKS assumes responsibility for eliminating operational burdens rather than billing customers based on effort or headcount. Clients typically pay as a percentage of revenue, fostering strong alignment of incentives and ensuring scalability and efficiency gains for both parties. This model allows customers to remain agnostic to the effort required for delivery, while IKS gains from increasing technology leverage over time.
- About 50% of revenue is outcome driven, and IKS aims to increase this contribution. At present, IKS has 13,350 employees, and notably, it just added 1.5% headcount YoY and delivered 24% growth. In the past five years, more and more tech leverage has been clearly visible, where growth is not linked to headcount addition.
- R&D investment in 3Q stood at ~5%. Apart from R&D, IKS is increasing investments in sales and marketing. At present comfortable with 33-35% EBITDA margin range and aiming to outperform industry growth rate of 12%.
- ~60% of net FX exposure over the next 12 months is hedged.
- 90% of the time replacing incumbent in house entity.
- Top-5 and Top-10 clients have grown at a healthy pace on QoQ and YoY basis, and vintage with them is more than five years and fairly healthy.
- Effective tax rate is ~21% in FY26E.
- Over 90% of revenue came from repeat customers.
- Client organizations stood at 600 vs. 700 in 3QFY25, reduction as per plan.
- Top-10 clients accounted for 48% of revenue during the quarter.
- In the past five years, IKS has steadily moved toward a tech-led operating model, culminating in a fully AI-native, agentic workflow architecture in the last two to three years with the maturation of generative AI.
- IKS has developed interconnected agentic AI workflows across three high-impact physician friction points: clinical documentation, medical coding and prior authorization.
- For e.g.: Autonomous ambient documentation solution (Scribe) leverages generative AI to eliminate manual note-taking, while the autonomous coding platform reduces or removes dependency on traditional medical coders.
- For prior authorization and patient access, a multi-agent orchestration model integrates scheduling optimization, financial clearance, and patient engagement campaigns into a single intelligent workflow. These innovations have received external validation, including recognition from Google, demonstrating technological maturity.
- AI impact: Broader AI advancements, particularly in code generation and developer productivity, represent a structural tailwind. Anthropic and Palantir platforms accelerate software development, enabling faster, cheaper, and more scalable deployment.
- Core features such as Scribe and autonomous coding continue to advance from human-led to tech-led to fully autonomous, reinforcing the AI-native operating model and enabling revenue scale without proportional workforce expansion.

info**edge**

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[illegible]

- Partnership with Palomer Health (15-year full-platform contract), in which IKS invested USD16.5m: It has already invoiced USD3m in net economic value in the first year of deal. This provides IKS strong confidence in the scalability and profitability of this model.

Info Edge

Neutral

Current Price INR 1,119

Recruitment

- Tech, IT & BPM segments combined grew 14% YoY. GCCs grew 13%, Recruitment Consultants grew 5%, and Other Sectors combined grew 2%.
- Billing's growth in Q3 remained stable for the recruitment business, while non-recruitment businesses sustained steady billing growth.
- The hiring environment remains uncertain.
- BFSI, retail, infrastructure, and consulting witnessed softness and grew in single digits.
- Healthcare and manufacturing continue to grow in double digits.
- Marketing expenses were significantly lower in Q3 compared to Q1 and Q2, and were flat YoY for Naukri.
- The company continues to invest in Job and other smaller businesses as they scale up, along with monetization efforts. Operating margins, which moderated to 53% in Q1, improved by 330 bps to 56% in Q2 and further improved by 350 bps to over 59%.

Real Estate

- Billings grew at a mid-teen rate in Q3. The Secondary business performed well, while the Primary segment remained relatively slower.
- Live new project listings grew 27% YoY in Q3, while live resale and rental listings from brokers grew 41% YoY.
- The company continues to grow faster than other classified players and gain market share. Traffic-time share increased by 13.8% to 46% in Q3FY26 versus 44% in Q2FY26.
- Fresh supply share continues to increase across residential, resale, rental, and commercial segments, strengthening supply leadership.
- The new project segment is estimated at ~INR5,000 crore, including digital and non-digital advertising. Current share remains modest, with a meaningful portion captured by horizontal platforms such as Meta and Google.
- There is significant headroom in this segment. Responses, which were flat last year, are now growing at 30% YoY on the platform.

Other highlights

- The matrimonial industry remains competitive, with the top three players focused on expanding market share.
- Aisle grew 35%+ during the quarter. Arike, the Malayalam-focused app, is growing even faster.
- Operating loss stood at INR2 crore.
- Domestic private universities and colleges continue expanding course offerings beyond engineering.
- Domestic billings grew 14%, while the study abroad business witnessed a slowdown.
- AI impact has resulted in a sharp drop in traffic and is expected to impact revenue billings as well.
- The study abroad segment is experiencing softness in select markets, particularly the US and Canada. The company is diversifying toward destinations

such as the UK, UAE, and continental Europe while strengthening its presence in these markets.

- The dividend payout ratio has been revised to 65% of PAT.

Margins

- Ad spends have been flat in the recruitment business, but have grown in Real Estate and Jeevansathi. A significant portion of the spend is performance advertising; brand spend remains discretionary.
- Marketing strategies are helping grow traffic share, supply, and revenue share in the matrimony business, and this approach will continue.
- The company continues to invest in the Job (blue-collar) business, which currently incurs ~₹50 crore annual losses. This is viewed as a long-term strategic investment.
- AI investments will also continue.
- If revenue growth remains in the teens, margins can be maintained or improved. However, if growth falls to single digits, margins may compress.



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Particulars	Q3 FY26	Q3 FY25	Q3 FY24
Revenue	1,234.56	1,123.45	1,012.34
Operating Profit	234.56	212.34	198.76
Net Profit	123.45	112.34	101.23
EPS	12.34	11.23	10.12

InterGlobe Aviation

Buy

Current Price INR 4,980

Outlook and guidance

- Due to capacity moderation in 4Q, mid-single digit growth in unit cost (ex. Fuel and forex) is expected for FY26.
- ASK growth expected of ~10% YoY in 4QFY26, driven primarily by International destinations and affected due to reduced scheduled flights
- In 4QFY26, Early-mid single digit growth is expected in Unit passenger revenue basis high base YoY due to Maha-Kumbh.

Strategic investments

- INDIGO has announced an investment of USD820m in the GIFT City entity for aviation asset acquisition. A part of the investments has been utilized, as it has increased the number of owned aircraft to 28
- INDIGO received delivery of Airbus 321XLR in Jan'26 (India's first A321XLR), which will be commencing operations from 23 Jan'26 (Mumbai to Athens and subsequently Delhi to Athens)
- INDIGO became the first airline to commence operations from Navi Mumbai International Airport (NMIA). Currently operating 15 daily flights to key cities from Navi Mumbai; looking to expand to international locations from NMIA.
- In CY25, INDIGO received 57 aircraft deliveries comprising 55 A320 aircraft and 2 ATR aircrafts positioning the company as the largest recipient of Airbus aircraft globally for the 2nd consecutive year, accounting for around 7% of Airbus deliveries worldwide.
- During 3QFY26, INDIGO injected a total of 24 aircraft from its original order book, out of which 18 were inducted through the Gift City entity. In addition, the company also inducted 12 aircraft in the form of leases, thus adding 36 aircraft on a gross basis. INDIGO redelivered 13 aircraft during 3Q, resulting in a total fleet of 440 aircraft as of 31st Dec'25.

Operations

- Operationally, Indigo served 31.9m passengers in 3QFY26 and 124m passengers (+9% YoY) in CY25, providing scheduled services to 96 domestic and 44 international destinations. Busiest day in 3QFY26 comprised of 380k passengers

- Indigo operated at a peak of 2,344 daily flights in 3QFY26, including non-scheduled flights
- Industry rebounded in this quarter with capacity back catering to high passenger demand.
- INDIGO faced operational disruptions in 3Q (3-5 Dec'25). The company had increased teams to support customers in restoring normalcy. At present, 2100-2200 daily flights are operating again. Refunds have been processed by the company, and additional travel vouchers have been given to affected passengers. The company has revised its internal process to adapt to FDTL norms. Domestic operations have been cut down by INDIGO.
- INDIGO is one of the Top 3 airlines globally based on OTP levels in CY25.
- In 3QFY26, Fuel CASK reduced by 3%, driven by negotiated rates, fleet mix, and international expansion.

Others

- INDIGO has USD10b forex exposure; mitigating exposure through hedging (~USD3b), aircraft acquisition and International operations growth
- Incremental staff costs due to FDTL norms are already included in the Employee expenses; Costs expected to increase in the coming quarters due to FDTL
- Unutilized slots are handed back to DGCA due to the revised operation schedule
- INDIGO's growth strategy is unchanged, focusing on operational robustness; QoQ variations are expected going forward
- Blue Chip program has grown to around 10m members.



Click below for
Results Update

The screenshot displays the financial results for IRB Infrastructure Developers Ltd for the third quarter of FY26. The table includes various financial metrics such as Revenue, EBITDA, and Net Profit, along with their respective percentages and year-over-year changes. The data is presented in a structured format with multiple columns for different financial indicators.

IRB Infra

Buy

Current Price INR 42

- Consolidated EBITDA stood at INR10.2b (+4% YoY) with a margin of 54.6% (+600bp); increase in margin was led by high profitability in the BOT segment and gains from InvIT & related assets.
- BOT EBITDA stood at INR6.3b (margin 89%); InvITs & related assets EBITDA was INR3.5b (margin 92%); construction EBITDA was ~INR1.3b (margin 17% vs. 24% YoY).
- Interim dividend was declared at INR0.07 per share (~INR423m).
- IRB announced a bonus equity share in the ratio of 1:1.
- Management expects TOT-17 and TOT-18 to start contributing from next quarter.
- Intense competition is being witnessed in HAM projects.
- IRB will not bid for TOT-19, given its new MLF-based tolling model and relatively smaller project size.
- Private InvIT per-day toll collection fell to INR95m as of 9MFY26 (from INR105m in FY25), down ~10% due to three projects assets transferred from Private InvIT; combined Private InvIT + IRB per-day toll collection stood at INR168m.
- Distribution of INR504m was declared by Private InvIT in 3QFY26, proportionately contributing to IRB's cash flows.
- The company won TOT-17 project in Uttar Pradesh worth ~INR 100b. Operation commenced from 23rd Jan'26 following the upfront payment of INR93b to NHAI.

- Private InvIT won TOT-18 project worth INR40b, with IRB appointed as the project manager for an estimated consideration of INR15.8b.
- IRB transferred the VM7 Expressway project to its Public InvIT at an enterprise value of ~INR12b, unlocking equity value of ~INR5b.
- The Ganga Expressway project, which received INR14.7b (~82% of the total grant) from UPEIDA in 1QFY26, is progressing well, with construction on track.

Order book

- Order book by end-Dec'25: INR373b (excl. GST) – O&M: INR357b, EPC: INR16b.
- IRB concluded the sale of three SPVs (KG, KR, Shapur–Moradabad) from Private InvIT to Public InvIT for an EV of INR84.5b. The company realized equity release of INR49b from the transaction, thereby strengthening its financial flexibility and enhancing its capacity to bid for upcoming projects.

Industry and bidding pipeline

- NHAI plans to monetize about 1,500km of operational highways via the TOT model.
- The government asset monetization pipeline remains strong at ~INR3t with an annual opportunity size of INR400-500b. TOT assets remain the primary growth driver.
- NHAI's awarding activity remains muted (only ~1,135km awarded FY26YTD) due to delays in bid timelines despite identified opportunities; however, it is expected to improve in coming quarters, with robust pipeline in place.

Medium-term vision

- The company targets to scale its road AUM from ~INR800b to ~INR1,400b over the next three years.
- Over the next five years, it 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.
- The company targets for a net debt-free balance sheet by FY30, driven by disciplined capital allocation and calibrated asset monetization.

Guidance

- EPC order inflows remain subdued at present, and 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.
- Management expects EPC margins in the range of 18–20% (including O&M), while BOT projects are likely to deliver margins of ~85%. The order book stands at INR373b, while the company is evaluating a bid pipeline of three new TOT projects worth INR100–120b over the next month.
- The contribution from O&M revenue is expected to rise, with O&M execution increasing to 50% of the order book in the future (from ~25-30% currently).
- The focus will remain on core road infrastructure, with no diversification into unrelated sectors.
- Proceeds from asset monetization are expected to be used for competitive bidding in upcoming BOT/TOT opportunities.

Kajaria

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Results Update



Kajaria Ceramics

Buy

Current Price INR 1,001

Key operational highlights: 3QFY26

- KJC continued to face weak demand in 3Q, with tile volume flat YoY due to the liquidation of slow-moving SKUs in ceramic tiles.
- Revenue/EBITDA/PAT grew 1%/31%/13% YoY.
- EBITDA margin expanded 395bp YoY to 17.2% but declined 78bp QoQ owing to discounting undertaken for SKU rationalization.
- PAT margin improved 78bp YoY to 7.5%.
- Sanitaryware and Faucet-ware revenue grew 9% YoY, while Adhesives revenue surged 72% YoY.
- Extraordinary items of INR396m comprised provisions for the new labor code (~INR200m) and financial fraud (~INR200m).
- Gas costs averaged INR37/scm (North and South: INR38; rest of India: INR37); a further increase of INR1/scm was observed in 4Q.
- No plywood revenue in 3Q following closure of the division.
- Working capital increased to 64 days in 3Q (vs. 56 in 2Q), driven by higher receivables and lower other current liabilities.
- Net cash position stood at INR4.72b.
- In 9MFY26, revenue/EBITDA/PAT grew 1%/23%/31% YoY.
- EBITDA margin expanded 311bp YoY to 17.4% and PAT margin improved 216bp YoY to 9.5%.

Business development and outlook

- Volume recovery is visible from Jan'26, indicating early signs of demand revival.
- Reiterated EBITDA margin guidance of 17-18%
- Focusing on driving sales through dealer unification, deeper engagement with architects and interior designers, and government sector expansion.
- To appoint a consultant to strengthen internal systems and processes to prevent employee-level wrongdoing. KJC has also appointed a consultant to drive market share gains by rationalization of dealerships and channel expansion.
- Price hike of 8-12% taken in faucets w.e.f. 19th Jan'26 following a surge in brass prices and other key raw materials.
- Price hike in sanitaryware to follow from 1st Mar'26.
- At the Gailpur plant, one unit (9.1 msm p.a.) was converted from ceramic floor tiles to glazed vitrified tiles, aligning capacity with demand for value-added products.
- No major capex planned over the next 1-2 years.
- A&P spend at INR240m in 3Q, expected to increase in 4Q; though FY26 spends will be lower YoY due to the absence of overseas dealer meets.
- India tile exports stood at ~INR40b in 3Q and are expected to reach ~INR160b in FY26; management does not anticipate pricing pressure from Morbi players.



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KNR Constructions

Neutral

Current Price INR 144

Industry opportunity

- The road infrastructure industry witnessed muted project awarding activity during the quarter, with both MoRTH and NHAI showing slower award conversion despite a healthy pipeline of ~INR3.5t.



KNR Constructions

Balance Sheet as at Dec 25, 2025

Particulars	Dec 25, 2025	Dec 25, 2024
Equity and Liabilities		
Equity		
Share Capital	1,000.00	1,000.00
Reserves and Surplus	1,200.00	1,100.00
Total Equity	2,200.00	2,100.00
Liabilities		
Long-term Debt	500.00	500.00
Short-term Debt	300.00	300.00
Trade Payables	200.00	200.00
Other Payables	100.00	100.00
Total Liabilities	1,100.00	1,100.00
Total	3,300.00	3,200.00

- Government focus on large-scale infrastructure—such as 25 new greenfield expressways, a 3,000km port connectivity highway network, and ~INR1t investments in religious tourism corridors—is expected to boost momentum. Additionally, NHAI has lined up ~INR400b worth of assets for monetization to support further infrastructure development.
- Moreover, NHAI's tightened RFP norms now emphasize awarding projects to technically and financially strong contractors, thus reducing competition in the industry, while new initiatives like the deployment of network survey vehicles aim to enhance highway monitoring and maintenance efficiency.

Order book and bidding pipeline

- As of Dec'25, the order book stands at ~INR88.5b, including INR35.5b from the mining project. The composition includes 29% roads, 19% irrigation, 12% pipeline, and 40% mining projects. Client-wise, 82% was government projects (80% state govt, 2% central govt), 2% private sector, and 16% captive HAM projects. Excluding mining, the order book is executable over the next 18-24 months.
- The company has placed bids for projects worth INR80–90b and plans to bid for an additional ~INR300–400b of projects.
- Of the revised INR9.6b equity requirement for HAM projects, INR7.3b has been infused to date, with the balance INR2.4b to be invested.

Other highlights

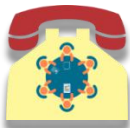
- The company has executed Share Purchase Agreements with Indus Infra Trust for the proposed sale of its 100% shareholding (including Sub Debt) of four special purpose vehicles (SPVs), translating into a total consideration of INR15.4b vs. ~INR5.66b of equity to be invested. The divestment is expected to be completed by Sep'26.
- Working capital days moderated to 97 days in 3QFY26, compared to 166 days in 1QFY26, as the company witnessed improved collections. The spike in 1QFY26 was largely due to delayed payments from Telangana irrigation and HAM projects, which had elevated receivable days. Outstanding receivables from the Telangana government currently stand at INR14.3b
- Irrigation projects will broadly be completed by the end of FY26, with some spillover over the next year. Unbilled revenue for the irrigation sector stood at ~INR8b as of Dec'25.
- EBITDA margin during the quarter was hit by higher subcontracting expenses in an outsourced water pipeline project, leading to margin suppression. Management also indicated that executable orders are in the final stages of execution, which typically carry lower margins.
- Mining project: Won in 1QFY26 through a JV with NCC (74:26), awarded the Vemardi coal mine in Jharkhand (INR48b excl. GST). Management expects the project to commence by 2HFY27, with first-year revenue of ~INR900m, ramping up to ~INR7b annually thereafter.
- KNR is planning to enter the metro, railway, BOT toll, and solar sectors, and is exploring JVs for capability expansion.
- Net debt-to-equity at 0.5x (Dec'25).

Guidance

- Management expects INR4.5b of revenue in the 4QFY26, implying ~INR20b of revenue in FY26 against the guidance of INR20-25b provided in 1QFY26



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Parameter	Q4 FY23	Q3 FY23	Q4 FY22	Q3 FY22
Revenue (INR Cr.)	1,015	1,015	1,015	1,015
EBITDA (INR Cr.)	150	150	150	150
EBITDA Margin (%)	14.8	14.8	14.8	14.8
Net Profit (INR Cr.)	100	100	100	100
Net Profit Margin (%)	9.8	9.8	9.8	9.8

Management Commentary:
The company reported a strong performance in Q4 FY23, with revenue growth of 15% YoY and EBITDA margin improvement to 14.8%. The management expects continued growth in FY27, supported by a meaningful expansion in EBITDA margins. The GST change alone accounted for 1.8% of revenue in what is typically a seasonally strong quarter. For the full-year FY27, this impact is expected to average around 2%, before easing to approximately 1.7% in FY28. The company incurred a one-off exceptional expense of INR313m related to the Labor Code impact, ex-gratia payments to employees, and a property tax settlement for its properties in New Delhi. RevPAR growth was impacted by a weak quarter in Gurgaon, where the region saw negative RevPAR momentum. In Mumbai, the company is prioritizing occupancy improvement first, following which it plans to drive rate-led growth.

- EBITDA margin guidance has been revised to 9–10% based on the current executable order book, compared with the earlier guidance of 13–14%.
- Based on the currently thin executable order book, management expects FY27 revenues of no more than INR20b.

Lemon Tree Hotels

Buy

Current Price INR 124

Operating performance

- The margin decline was largely driven by higher spending on renovation, technology upgrades, and GST-related costs. These investments accounted for 6.4% of revenue in the quarter. However, all three expense heads are expected to moderate to ~3.6% of revenue by FY28, supporting a meaningful expansion in EBITDA margins.
- The GST change alone accounted for 1.8% of revenue in what is typically a seasonally strong quarter. For the full-year FY27, this impact is expected to average around 2%, before easing to approximately 1.7% in FY28.
- The company incurred a one-off exceptional expense of INR313m related to the Labor Code impact, ex-gratia payments to employees, and a property tax settlement for its properties in New Delhi.
- RevPAR growth was impacted by a weak quarter in Gurgaon, where the region saw negative RevPAR momentum.
- In Mumbai, the company is prioritizing occupancy improvement first, following which it plans to drive rate-led growth.

Aurika

- The company has initiated the design and approval process for its upcoming Aurika project at Nehru Place, which is expected to be completed over the next 3-3.5 years.
- It plans to open two out of three blocks of Aurika, Shimla, by 2Q 2026 to capture the increased demand during the summer season.
- In January, Lemon Tree Hotels signed a license deed for a 47-room heritage Aurika hotel in Varanasi, located directly on the ghat adjoining the Ganges River. Its prime riverfront location, coupled with Varanasi's year-round demand, is expected to support exceptionally high rates. Management expects ARR to be nearly 3x that of other Aurika properties.
- Material ARR growth expected going ahead in Mumbai Aurika.
- Aurika Shillong is scheduled to commence operations in 3QCY27. The total project cost is estimated at ~INR2b. The company can fund 70% of this through borrowings at an interest rate of 5% lower than its normal cost of debt, effectively borrowing INR1.4b at ~3%-2.5%. Additionally, the project is eligible for a GST retention benefit for the next 9 to 15 years, significantly enhancing project returns.
- In the Shillong market, the upcoming Aurika property will primarily compete with Taj Hotels and Marriott International. The property is strategically located directly opposite the Chief Minister's residence, giving it a strong visibility and positioning advantage.

Fee income

- Fee income did not decline materially this year despite the addition of 1,600 rooms to the portfolio.

- The company added 800 rooms in 1H and another 800 rooms in 2H. Since fee income becomes meaningful only once new hotels stabilize, these additions are expected to start contributing meaningfully after roughly one year of operations.

Outlook

- 4QFY26 is shaping up to be strong. While it began on a slower note, February has turned highly positive across companies, and March also appears to be excellent. Overall, 4Q is expected to outperform 3Q.
- Gurgaon remains a work in progress, as the company still needs to replace the large group business it had in 3Q and 4Q last year. As a result, the Lemon Tree and Red Fox portfolios continue to underperform meaningfully vs last year.
- The existing portfolio is expected to deliver ~15% revenue growth in the long run.

Renovations and rebranding

- Instead of refurbishing the entire older portfolio, the company is selectively renovating hotels where there is strong potential to reprice meaningfully based on product upgrades.
- The Red Fox Hotel, New Delhi, was rebranded as a Lemon Tree property, resulting in a significant increase in ADR.
- A similar rebranding is planned for Red Fox Hyderabad, which is well located and has large rooms. Following renovation, it is expected to be rebranded as a Lemon Tree Hotel by October this year.
- The company has already rebranded Lemon Tree Keys Select into Keys Prima in Pimpri-Chinchwad, and it also plans to rebrand Keys Whitefield into Keys Prima, which aligns with the Premier positioning.
- The company is evaluating converting Lemon Tree LLP, a small but attractively located hotel outside Kochi, into an Aurika property—though this transition is not expected in the near term.

Other key highlights

- Around 65% of the portfolio identified for renovation has already been completed, and at any given time, roughly 800 rooms remain closed due to ongoing refurbishment.
- In Gurgaon, large corporate blocks seen in Sector 60 last year did not materialize this year, and performance of the Red Fox brand was notably weaker.
- All ongoing technology investments are being pursued with a clear monetization roadmap. These initiatives began in FY25, will continue over the next 4–5 years, and are expected to become a progressively smaller share of revenue as they scale.
- In Pune, growth has been strong: Keys Prima delivered 25-30% RevPAR growth, while Lemon Tree Premier has stabilized. The Hinjewadi micro-market, which was high-performing when the hotel opened 20 years ago, had become oversupplied, but the supply is now being absorbed, leading to improved market dynamics.
- Earlier, hotels were not designed to accommodate large MICE formats, but the company is now integrating MICE-friendly design into new properties to align with evolving demand trends.



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The screenshot shows the Motilal Oswal Concall Transcript for MTAR Technologies. It includes a table of financial metrics comparing the current quarter (Q4 FY25) with the previous quarter (Q3 FY25) and the corresponding period of the previous financial year (Q4 FY24). The metrics include Revenue, EBITDA, Earnings Before Interest and Taxes (EBIT), Earnings Before Tax (EBT), and Net Profit. The transcript also contains a section titled 'Operational performance' and a 'Management commentary' section.

Metric	Q4 FY25	Q3 FY25	Q4 FY24
Revenue (INR Crores)	30.2	28.5	25.1
EBITDA (INR Crores)	6.2	5.8	4.5
EBIT (INR Crores)	5.5	5.2	4.0
EBT (INR Crores)	5.0	4.8	3.8
Net Profit (INR Crores)	3.5	3.2	2.5

- The company also plans to expand its presence in Dubai, strengthening its international footprint.

MTAR Technologies

Buy

Current Price INR 3,747

Operational performance

- This marks the highest quarterly revenue achieved by the company to date, and the management is confident of sustaining this momentum and achieving further milestones in the coming periods.
- One of the most encouraging structural developments is the strong growth witnessed across all the business verticals, supported by favorable industry tailwinds.
- The company has strategically focused on technology-intensive products in high-growth sectors and has built a strong export wing, creating a robust foundation for long-term sustainable growth. This has reflected in the current performance of the company.
- Gross margin dipped this quarter due to product mix – gross margin is lower in fuel cells, while higher in domestic. The company has plans to manufacture domestic is higher than fuel cells, hence, a higher GM.

Overall guidance

- Both the clean energy fuel cells and aerospace verticals are expected to witness exponential growth in the coming years. Driven by favorable demand trends and expanding market opportunities.
- Overall, the company remains confident of sustaining the growth momentum and growing rapidly over the next three years, driven by a healthy order book, favorable industrial trends, and continued execution excellence.
- The company is well positioned to capitalize on growth opportunities across the green energy, civil, nuclear, and aerospace sectors and is actively augmenting the infrastructure to support future expansion. The strong growth momentum is visible in these sectors.
- The company also anticipates a meaningful improvement in margins over the coming quarters, supported by operating leverage and a favorable shift in product mix towards higher volume production.
- EBITDA guidance maintained at 21% (+1 %), with the margins further expected to improve in the next FY27
- Revenue guidance maintained at 30 to 35% growth guidance for this year, and expecting INR9b plus for the financial year FY26 and ~50% growth for FY27 based on the current growth rates.
- Return on Capital Employed is expected to improve even further, supported by a high asset turnover ratio in the clean energy segment.
- While there may be a short-term impact on the working capital base, the management expects this to improve substantially over the coming quarters as the company continues to optimize inventory levels.
- The company is focused on securing customer advances, and strengthening receivables management, and is also expecting significant advances from customers, which will enable the company reduce its working capital cycle.
- The working capital days are ~260 days during this quarter, primarily due to the higher receivables associated with increased turnover. The company is targeting

working capital levels of ~200 to 210 days. Inventory days are expected to be down another 5-12 days with the increase in revenue

Clean Energy

- Fuel cells are one of the most exciting sectors and are poised for significant growth driven by the global transition towards clean and sustainable energy sources.
- In addition to this energy transition, the rapidly growing demand for power for air-driven data centers is accelerating the need for reliability.
- The management is further encouraged by the recent development wherein one of the customers has entered a USD2.65b agreement with AEP for the supply of solid oxide fuel cells.
- Driven by strong demand from air power data centers. In conventional data centers and the global clean energy transition, the customer is projected to grow at an average rate of ~30% through CY30.
- As part of this expansion, the customer is expected to add another two gigawatts of capacity by the end of 26 and further scale this to approximately four gigawatts in the subsequent years.
- The company is in the process of increasing capacity to 12,000 boxes by end of the FY26 (Capex ~ INR350-INR400m) from the current capacity of 8,000 units and planned to further scale this to 20,000 units by end of FY27 (capex of ~INR500m-INR600m) and further to 30,000 units in the subsequent year (capex of ~INR400m), this capacity expansion is being done on the back of a clear demand visibility from Bloom Energy.
- Given the company's strong engineering capabilities, cost competitiveness, and execution track record, the management expects to retain a majority market share in these units.
- The company is planning to execute 12000 units in FY27 for Bloom.

Nuclear

- Furthermore, the company has also received the much-anticipated orders of INR5b plus for the Kaiga Units 5 and six nuclear reactors, reinforcing the strong positioning and long-term role within the Indian nuclear energy ecosystem.
- MTAR has been in the nuclear business for the last 40 years and has been supplying all the core nuclear reactor and the assemblies to the government
- The government is Likely to announce a dedicated PLI INR180b - INR200b for the manufacture of an independent nuclear unit in this budget – this will drive growth in this segment.
- Revenue is expected to start from 1QFY27 and increase going forward
- Expect INR80b closing order by FY26, which will be executed in the next three years, with further growth going ahead
- Management witnesses every year two to three nuclear reactors supposed to start, or at least the part. And assumes INR3b-INR5b additional order book every year on the conservative side
- INR1.5b revenue for FY27 and is further expected to increase going ahead

A&D

- Considering recent European defense security initiatives, and pushed by the Indian government on exports. The Indian aerospace sector is at a structural inflection point.
- The company is well-positioned to capture this emerging growth opportunity

- The company is actively engaged in strategic next-generation programs
- Recently, the company was declared L-1 for the main landing gear test setup. The company is working on the prototype, which is for INR40m, but the production will be very big
- Management expects revenue of INR1.5b-1.60b in FY27 just from export aerospace
- INR3b-INR4b revenue from the current MNC aerospace customers, such as GKN and others, in the next three years
- IAI complete production of the 1st article to be done by Jun/Jul'26, and then expect volume production.
- Current capacity is capable to do INR2b revenue as well, but the company is also adding some additional capacities in the next 2-3 months to take the annual revenue more than INR2b.

Product and other

- The management is aiming for a revenue of INR1.3b for FY26.
- Ball screws got qualified for exports for MNC customers, and the outlook remains robust.
- Got certification for Roller screws and just waiting for the paperwork.



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As of August 2012

MOTEL 161 has been named a Top Franchise

One 97 Communications

Our 97 performance: One 97 Communications is proud to be the #1 Franchise in the Communications category for the 10th year.

Key Franchise Advantages:

- **Proven business model:** One 97 Communications is a proven business model with a track record of success.
- **Proven marketing and advertising:** One 97 Communications has a proven marketing and advertising strategy that has resulted in a strong and loyal customer base.
- **Proven technology:** One 97 Communications has a proven technology platform that is scalable and flexible.
- **Proven management team:** One 97 Communications has a proven management team with extensive experience in the communications industry.
- **Proven financial performance:** One 97 Communications has a proven financial performance with a strong track record of profitability.

Key Franchise Advantages (continued):

- **Proven business model:** One 97 Communications is a proven business model with a track record of success.
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- **Proven management team:** One 97 Communications has a proven management team with extensive experience in the communications industry.
- **Proven financial performance:** One 97 Communications has a proven financial performance with a strong track record of profitability.

One 97 Communications

Neutral

Current Price INR 1,199

Revenue

- The company has increased its focus on the consumer side of the business. Consumer and UPI traction is improving, with management highlighting this as a strong product that can drive market expansion. While PAYTM already holds leadership in the merchant segment, the consumer business is viewed as the key long-term opportunity.
- Customer acquisition remains a long runway, with monetization expected to play out gradually over the longer term.
- The marketing business has remained flat over the past few quarters. However, EBITDA margin guidance remains intact, supported by operating leverage benefits.
- Growth in the consumer segment is driven primarily by market share gains.
- PPM expanded to ~4bp vs ~3bp in the earlier quarters. Management indicated comfort in sustaining margins above 4bp, aided by higher contribution from RuPay credit cards on UPI.
- In the absence of MDR, PPM is expected to remain stable; any introduction of MDR would provide upside to margins.
- The company continues to perform strongly on the RuPay UPI front, with peer disclosures indicating PAYTM's superior merchant-side positioning.
- Consumer GMV stood at INR5.1t, including both P2P and P2M transactions.
- Consumer UPI market share increased to 6.2%. Management views this as a strategic priority and believes PAYTM is well-positioned to address market share concentration issues.
- Digital gold, a category pioneered by PAYTM, is positioned primarily as an engagement tool rather than a direct revenue generator.

- Credit, wealth, travel, and mobility ('wheels') are the more monetized segments within the consumer business.

Cost related

- The company is prioritizing organic growth over promotion-led expansion.
- Costs are expected to remain broadly flat over the next 3-4 quarters, reflecting a disciplined cost approach. Sales personnel costs, which had risen sharply earlier, are now being better controlled through AI-led monitoring.
- While investments in sales and marketing will continue, the focus will be on improving productivity and efficiency.
- The sharp decline in opex was largely driven by lower PDD and improved provisioning discipline.

AI related

- AI-driven models are being deployed to improve payback periods by targeting customers with higher monetization potential, across lending as well as subscription-based revenues.

Postpaid/ Wallet

- Management plans to reintroduce the wallet business in the near term. Wallet profitability had reached ~INR5b in Jan'24. While the wallet remains an optional offering, it is acknowledged to be less sticky today than in the past.
- Postpaid is aimed at completing the overall product suite.
- BNPL is a foundational initiative and is expected to cross INR1b in business volume within six months of launch.
- The company intends to scale BNPL into a more meaningful business over time.

Merchant business

- Significant upside remains in the merchant segment. Online merchant business delivers superior margins with higher monetization potential.
- The device-led offline merchant business continues to perform strongly, with PAYTM maintaining leadership vs peers.
- Revenue is not recognized for merchants inactive for more than 30 days, in line with the company's policy.
- Subscription merchants at ~14.4m serve as a proxy for the merchant funnel and form the base for evaluating business performance. QR and soundbox merchants account for the majority of offline GMV.
- Device rental economics are driven by: 1) higher merchant engagement enabling better pricing, 2) declining soundbox costs, and 3) lending cross-sell potential impacting payback.
- Subscription revenue stood at ~INR600m; management indicated no major concerns around merchant subscriptions.

Lending business

- Non-DLG lending has continued to scale, with growth trends sustained over the past three quarters.
- Consumer lending remains challenging, though stronger collection efforts are supporting improved growth.
- Merchant lending continues to grow steadily, with good asset quality and strong partner satisfaction.

Paytm Money

- Paytm Money is a key focus area, with management aiming to position it among the top five players over the next few years.

- The business currently operates at low- to mid-single-digit scale; more detailed disclosures are expected as it approaches double-digit contribution.
- Market share gains have been driven by MTF offerings, alongside improved monetization.

International geographies

- Foundational work through acquisitions and partnerships has been completed, with further announcements expected in the coming months.

PIDF scheme

- Expansion of payments infrastructure was challenging, leading to the introduction of the PIDF scheme to support POS and card device deployment.
- While PIDF is a positive development, management emphasized that the business is not dependent on grants. In the absence of PIDF, revenues are generated either through merchant fees or subscriptions.
- Approximately 30-40% of the impact from PIDF-related losses is expected to be offset through subscription revenues.
- Contribution margins are expected to be partially offset, though the exact extent remains unclear.
- In 4Q alone, the company offset ~INR180m, representing ~30-40% of the impact, with merchant monetization expected to improve over time.
- PIDF is effectively a capex subsidy, with certain elements already being funded by the company earlier.



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Quarter	Revenue (INR m)	Profit (INR m)	EBITDA (INR m)	Operating Profit (INR m)	Net Profit (INR m)
Q1 FY26	1,200	150	200	100	80
Q2 FY26	1,300	180	220	120	100
Q3 FY26	1,400	200	240	140	120
Q4 FY26	1,500	220	260	160	140
Q1 FY25	1,100	140	190	90	70
Q2 FY25	1,200	160	210	110	90
Q3 FY25	1,300	180	230	130	110
Q4 FY25	1,400	200	250	150	130

Prince Pipes

Buy

Current Price INR 267

Demand and Market Environment

- The pipe industry witnessed a challenging operating environment during 3QFY26, marked by subdued demand across key applications of plumbing, agriculture, and infrastructure.
- PVC prices have bottomed out in Dec'25 and started improving from Jan'26 (~INR11-12 per kg increase in PVC prices in the past one month)
- PVC prices have started improving due to the Chinese government's stoppage of rebates and lower imports
- The switch to organized players from unorganized players is happening due to the price difference being eliminated.

Operational Update

- PRINCEPI reported an inventory loss of INR180-200m in 3QFY26 (lower YoY due to inventory control)
- For 9MFY26, net working capital days stood at 66 days (98 days for FY25; 90 days YoY) with inventory days at 76 (v/s 102 YoY), Debtor days at 49, and Creditor days at 59.
- Free cash flow has occurred due to inventory reduction driven by increased sourcing.
- Going forward, inventory is expected to stabilize at 70 days
- Debtor days have decreased due to aggressive channel finance and policy changes. Debtor days to remain in mid-40s going forward
- The company reported a high-double-digit growth in CPVC volumes in 3QFY26. The PVC segment has dipped in 3QFY26 due to price volatility in Nov'25 and channel destocking

- The company has placed PVC and CPVC products with competitive pricing and freight benefits arising due to the Bihar plant, which were also passed to the channel.
- Currently, overall asset utilization is ~50-52%
- Gross debt stood at INR1.6b with no net debt position.

New product launches

- In 3QFY26, PRINCEPI launched 'SMARTFIT PLUS' in the CPVC category and CPVC solvent cement in new Co-ex packaging with a four-year shelf life.
- The company also introduced two new variants under the water tank category- Storefit HYDRA (four-layered water tank) and Storefit COOL (enabled with UFC technology)
- CPVC is made by in-house compounding (Lubrizol tie-up has ended), and the cost savings are being passed to the channel. A cost benefit of 6-7% have been passed to the channel.

Channel Restocking

- Jan'26 volume growth is double-digit, driven by restocking demand, which is expected to be sustained by positive sentiment across channel partners.
- Currently, channel inventory is not that high and is being normalized. More stability in stock holding is expected in the coming months due to price stabilization (~INR70/kg). The company has fully passed on the price increase to the channel.

Guidance and Outlook

- For FY26, the Company has maintained its volume growth guidance of high-single digit due to improved channel sentiments.
- 4QFY26 is expected to be a strong quarter due to agriculture and plumbing boost aided by restocking happening.
- Company looking for demand-generating initiatives in an underpenetrated market (Geographic expansion) to drive volume growth.
- Going forward, PVC growth is expected to normalize. CPVC is expected to continue to grow well due to the passing of cost savings
- For FY27, the company is targeting EBITDA margin at 10-12% (excluding the Bathware segment loss) on a conservative basis.
- Agri (~30-35% value contribution from this end segment) is likely to do well, and high YoY growth is expected in Agri due to low base YoY.
- For FY27, the company has anticipated double-digit volume growth.

Capacity Additions and Capex

- The company has incurred 1.6b capex for 9MFY26. No major capex is lined up in 4QFY26 expect Aquel capex of INR400-450m and regular capex at INR150m
- Bihar plant utilization has ramped up well in 4QFY26. No ramp-up in 3QFY26 due to subdued demand
- For FY27, capex for existing piping products is not expected, barring the maintenance capex. Further capex will be considered after utilization crosses 65%.

Bathware business (Aquel)

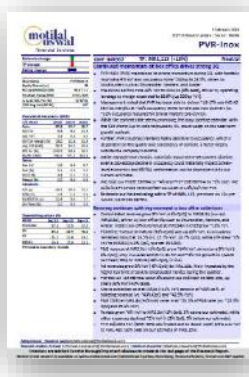
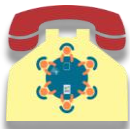
- In 9MFY26/3QFY26, revenue from the Bathware business stood at INR350m/INR130m, with a consolidated loss of INR180m/INR80m.
- ~INR800m-1b annual revenue required for the bathware segment to break even
- Aquel is poised for a superior margin profile and strong long-term growth

Others

- PRINCEPI has launched a new brand campaign 'India ki Pragati ka Taj', which is implemented across Dealer meets, Shop Signages, Transit Media, and Corporate Film
- The company has also launched a cashback rewards program in the bathware segment 'Aquel'. This initiative enables plumbers to earn direct cash incentives on selected bathware products, further strengthening channel loyalty and product adoption.
- The Bihar Govt has accepted the subvention request of the company, which has resulted in negative finance costs in 3QFY26. Cash realization of this subvention has not happened yet. Subvention limit has not yet fully utilized (max. INR100m)
- Advertisement expense is ~1.5% of Revenue (INR250m spent in 9MFY26).



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PVR Inox

Neutral

Current Price INR 1,050

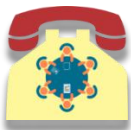
- **Box office trends:** Indian gross box office collections grew ~13% YoY to INR134b in CY25 (+32% vs. pre-COVID), driven by a broader box office success (37 films >INR1b), a strong revival in Hindi originals (+18% YoY), a sharp recovery in Hollywood (+49% YoY), and diversified regional outperformance led by Gujarati and Kannada cinema.
- **Operating momentum:** 3Q saw content-led operating leverage with admissions up 9% YoY and occupancy improving to 28.5% (+280bps YoY). Higher unique customer footfalls alongside better content spread are likely to result in structural uptrend in footfalls.
- **EBITDA margins** were sustained at ~16-17% for the second consecutive quarter at ~28% occupancy levels (~350-400bp lower occupancy requirement for similar margins before COVID). This reflects a structurally lower cost base driven by merger synergies, operating leverage, and tighter cost controls, implying a reduced break-even occupancy.
- **ATP/SPH spend** grew ~4% YoY, driven by premium formats and stronger content rather than price-led push. PVR aims ~3.5–4% annual growth in these metrics. Spend behavior indicates stable consumer willingness to pay when content quality improves, supporting steady ARPU expansion without sacrificing footfall.
- **Advertising revenue** growth was softer in 3Q due to the lower availability of highly marketable films, resulting in reduced inventory utilization, while pricing remained stable. The weakness was volume-driven rather than yield-led. With improving content visibility and enhanced data-led advertiser targeting, advertising remains a key lever with recovery potential as content breadth normalizes.
- **4700BC divestment** sharpens focus on core, high-ROCE in-cinema F&B, with the brand contributing just ~1% to PVR's F&B revenue. Retaining in-cinema retail while exiting ownership removes FMCG execution risk and frees capital for premiumization, new in-house brands, and food-court adjacencies.
- **Screen additions** are being executed with tighter capital discipline, with ~96 screens planned in FY26 and ~150 in FY27, largely under capital-light and asset-light formats, while exits are expected to be negligible. Planned capex of INR3.5-

4b in FY27 is increasingly skewed toward renovations and technology upgrades of high-value cinemas, which provide faster paybacks and lower execution risk vs new screens, supporting improving ROIC and balance sheet efficiency.

- **Net debt declined** to INR3.7b (lowest since the merger), reflecting strong free cash flow generation, asset rationalization, and non-core divestments. With accruals sufficient to fund growth and scheduled prepayments, leverage is expected to reduce further. Capital allocation remains biased toward deleveraging and reinvestment in high-return opportunities, with improving ROCE reinforcing balance sheet resilience.
- **Employee cost** growth is typically ~7–8% in line with wage inflation. The elevated costs in 3Q were due to one-off incentive payouts, adjusted for the same the growth in employee cost would have been ~6.4%
- **Others:** CCI proceedings and Karnataka ticket pricing remain sub-judice, with no price caps currently implemented, implying no immediate operational or financial disruption.



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Quess Corp

Neutral

Current Price INR 208

3QFY26 performance

- In GS, 71 new contracts were added. Headcount remained steady at 470,774 despite seasonal de-hiring in CRT and BFSI.
- Demand environment was mixed across sectors due to the labor code implementation. Displayed resilience through the quarter with strong contract wins.
- Seasonal softness in BFSI and CRT was offset by headcount additions from M&A.
- Open mandates remain healthy, providing confidence of demand pickup, particularly in manufacturing and construction.
- Labor code changes will continue in 4Q; these are expected to create a structural tailwind for Quess by ensuring stronger governance.
- GS continues to provide scale, although margins remain sensitive to mix and seasonal factors.
- In the previous 4Q, one BFSI customer undertook insourcing; the company responded by doubling down on PS and overseas as part of its diversification strategy. Within GS, focus has been on a multi-discipline strategy—volume businesses such as BFSI and CRT, and value businesses such as manufacturing and construction.
- Destocking post festive season and pauses in Nov-Dec due to the labor code implementation impacted volumes; 4Q is expected to see steady headcount additions.
- 4Q is expected to start on a more positive trajectory, with both volume and value growth continuing.
- Margins are expected to remain in the 1.4-1.5% range in the near term and improve to ~1.6% over the medium term.
- Clients have reassessed budgets and cost structures due to labor code changes. Interim impact will be in the cost of human capital, while long-term impact is expected to be formalization and consolidation.

- No client has pushed back on restructuring of costs due to changes in labor laws. Top 10 clients contribute ~40% of GS revenue; no single client contributes double-digit revenue.
- PS: EBITDA margin performance of 12.5% was driven by deeper penetration into high-quality contracts, strong GCC demand, and rationalization of low-margin contracts. This remains a key profitability driver for the company.
- Digital and consultancy demand forms the core of GCC, which contributes 72% of PS headcount.
- CRT has emerged as the strongest vertical within PS, followed by IT services and consulting.
- Double-digit EBITDA margins are considered sustainable due to high-quality contracts, pricing discipline, and deeper wallet mining within clients. PAPM stood at INR 1.2 lakh, reflecting the quality of work and seniority of roles.
- Focus remains on acquiring new quality logos; acquired logos are expected to see headcount buildup over the next 12 months, with growth driven by additions.
- Overseas Business: The Middle East continued to grow, while Malaysia saw strong traction, driven by large contracts.
- Singapore was softer due to cost-optimization initiatives.
- Middle East EBITDA margins remain in double digits (11.5-12.5%), representing a long-term success story for the company. The business now provides talent across multiple verticals; earlier reliance on GS has reduced with the addition of IT talent and cost optimization.
- International business is now more balanced than before.
- Continued margin expansion is being driven by improved collection efficiency and regional diversification.
- The board approved an interim dividend of INR5 per share and adopted a dividend payout policy of distributing 75% of FCF over a three-year block.
- The board elevated Mr. Lohit Bhatia (President, India and Global Operations) to CEO and appointed Mr. Neeraj Jain as CFO.
- EBITDA margin increased by 40bp YoY to 2%, driven by operating leverage, higher-priced contracts, and tighter cost controls.
- Adjusted PAT rose 29% YoY to INR620m, excluding a one-time impact of INR68m due to labor code changes.
- On an ongoing basis, management does not expect a material impact, with a maximum impact of INR10-15m.
- OCF-to-EBITDA remained strong at 92%. Headcount remained broadly flat, reflecting seasonal churn in certain sectors and calibrated hiring during the quarter. ~50% of operating profit is generated from high-margin businesses (PS and overseas), which together contribute ~14% of revenue.
- ECL provision was taken in 4QFY25; the company is working with the state government for processing collections. Delayed collections in 3Q are expected to be realized in 4Q, positively impacting financials.
- EBITDA margin guidance remains at 1.95-2.05%, driven by improving product mix; FY26 exit margin is expected to be ~2%. ETR is expected to remain around 10%.



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Sagility

Buy

Current Price INR 46

- Organic growth remained healthy at 19.9% YoY during 3Q, driven by continued expansion within existing clients, and increasing contribution from new clients acquired in FY26.
- USD30.5m (potential steady state ACV) of new business and expansion won in 3Q, other than Expansion and new SOWs from 22 existing clients.
- Three new clients were onboarded in 3Q (total 12 until 3QFY26). The total active client stands at 81.
- Top client concentration improved, with the top 10 clients contributing 84.6% of revenue, down from 90.5% in FY25, reflecting diversification into mid- and small-market segments.
- Payer verticals remained the dominant revenue driver at 90.4%, led by Medicare Advantage growth during the AEP season, while the Provider segment contributed 9.6%.
- Strategic investments in technology continued, with 32 GenAI use cases deployed across 10 clients, and the launch of "Sagility Synchrony," a unified Medicare Advantage lifecycle solution, aimed at eliminating siloed operations for health plans.
- Operational efficiency remained a focus, with Days Sales Outstanding (DSO) at 86 days due to seasonal billing and unbilled revenues; management expects working capital metrics to normalize in Q4.
- Management indicated that Sagility's growth strategy is centered on expanding white-space opportunities, outcome-based managed services, and technology-led transformation, while also selectively adding high-quality new logos.
- The company's shift toward outcome-based engagements helps de-link revenue from transaction or headcount-based pricing, improving margin resilience.
- Raised its FY26 constant-currency revenue guidance to 22.5%, including 13.8% organic growth, while maintaining adjusted EBITDA margin guidance at 25%.
- Management emphasized that client demand remains strong, supported by cost pressures on payers, ongoing regulatory shifts, and heightened outsourcing of administrative and clinical workflows.
- The company continues to target larger, multi-year managed services deals that provide committed cost takeout while maintaining service.
- BroadPath integration is progressing on schedule, with delivery-side integration expected by April 2026, while cross-sell opportunities are expected to drive incremental revenue over the next 2–3 years.
- BroadPath integration contributed to seasonal revenue uplift, with OE-related revenues estimated at ~5.5% in FY26 revenue vs. a historical ~3%.
- Inorganic growth through acquisitions is expected to complement organic momentum starting next fiscal year, while operational efficiency, AI adoption, and transformation-led service models are expected to sustain margin performance.
- During the quarter, the company recognized a one-time impact of INR328m amid the new labor code.



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- Sagility expanded its workforce by 22.5% YoY to 48,522 employees to support seasonal hiring for Medicare Advantage (MA) Annual Enrollment Period (AEP) and ongoing client ramp-ups.

SBI Cards & Payment Services

Neutral

Current Price INR 789

Opening Remarks

- India continues to progress towards becoming the world's third-largest economy, with GDP currently at USD4.18t.
- Industry-wide credit card spends reached INR17.67t, while transaction volumes grew 26% YoY.
- The company continues to enter strategic partnerships with leading brands; a recent partnership with Apple (iPhone 17) helped drive higher spends.
- CIF increased 8% YoY, with sourcing split at 56% from open market and 44% via bancassurance.
- SBICARD remains the second-largest player, with a 17.7% market share in spends and 18.8% CIF market share in 3QFY26.
- Online transactions accounted for 62% of retail spends during the quarter, while corporate spends recorded strong growth.
- UPI-linked credit card usage grew 20% QoQ across key metrics.
- Operating expenses rose, primarily due to higher corporate spends.
- A one-time expense of INR120m was recognized in line with the new labor code implementation.
- A higher share of transactors impacted yields, which stood at 16.3% in 3QFY26.
- CoF is expected to remain stable going forward.
- Asset quality has improved over recent quarters, resulting in a healthier portfolio mix; gross credit cost declined to 8.3% from 9%.
- Lower Stage 2 and Stage 3 assets led to improved slippages.
- Capital adequacy remained strong at 24.4%. RoA improved 79bp YoY and 59bp QoQ to 3.2%, while RoE rose 322bp YoY and 262bp QoQ to 14.7%.

Credit Cost and ECL

- The company has seen reversal of provisions of INR1.21b; however, the same has not been written-back in P&L in 3QFY26.
- Given the volatility in gross credit costs, management chose not to write back provisions to smooth earnings.
- The ECL release was driven by the adoption of new data, which led to a decline in balances across Stage 1, 2, and 3, resulting in partial provision releases, while management overlays were maintained.
- The company remains focused on reducing gross credit costs over the coming quarters, noting that credit costs had been as low as 6-7% in earlier years.
- Collection efficiencies continue to improve, supported by increased collection intensity.

Opex and Other Income related

- The company targets card acquisitions of 0.9-1.0m per quarter; while this elevates opex in the near term, it is viewed as a long-term investment. From 4Q onwards, management does not expect a sharp rise in corporate-related expenses.

- C/I ratio is guided to remain within the 55–57% range, supported by higher spend levels in the current year. Next year, opex may rise moderately as the card base expands.

NIMs, Cost and Yields

- NIMs are influenced by two factors: 1) yields, which are witnessing a gradual decline due to a lower share of revolving balances, and 2) cost of funds, which is expected to remain stable in the absence of rate cuts.
- With yields stabilizing, management expects CoF to stay largely unchanged going forward.

Spends; Loans and Receivables

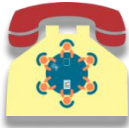
- AUM growth is not viewed as a structural concern, as retail payment volumes and transaction counts continue to grow steadily. Spends growth of 15% trails transaction growth, indicating increased usage of credit cards for smaller-ticket transactions.
- The company has tightened new customer acquisition to contain credit costs, leading to a marginal downward bias in revolving balances. Focus remains on installment-based assets, given the stickiness of revolvers. Growth will be pursued selectively where opportunities exist.
- The third quarter exhibits seasonality; however, spend quality has improved and spends per card have increased.
- SBICARD continues to see ample growth opportunities and plans to scale through new initiatives.
- Management is targeting customer acquisitions of ~1m per quarter going forward.
- While growth opportunities remain strong, the company will prioritize customer quality in expansion.
- Category-wise, online spends such as travel and entertainment witnessed a notable uptick.
- New customer vintages are showing a lower revolving mix, a trend expected to persist in coming quarters. While application volumes continue to rise, underwriting standards remain selective.
- Asset growth is expected to trail spend growth next year, as customers increasingly act as transactors rather than revolvers.

Others

- The company had earlier contributed to the PIDF and subsequently received regulatory clarification that further payments were not required. Consequently, PIDF contributions made between June 2024 and June 2025 were reversed, totaling INR700m, of which INR510m was recognized under other income and INR190m was adjusted against opex.
- Capital adequacy improved further, supported by profit accretion and a reduction in risk-weighted assets.



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SIS

Buy

Current Price INR 310

Quarterly performance and outlook

- Revenue growth was aided by ~23% growth in India Security, while International Security/Facilities Management posted growth of 1.5% (CC) / 1.0% QoQ.
- FY26 is a year of rebound, with 3Q being a milestone quarter marked by execution across all segments. SIS remains a predominantly organically driven company.

Security Solutions – India

- New order wins during the quarter were around INR 320m of monthly revenue. Major wins came from E-commerce, Education, Media, and Entertainment.
- Operating EBITDA margin contracted to 5.2% in 3QFY26 compared to 5.3% in 2QFY26 and 5.5% in 3QFY25, primarily due to the APS consolidation.
- Excluding APS, revenue growth would have been 11% YoY; on a consolidated basis, growth was 15% YoY.
- In India, the organized compliant security market is ~40%, compared to 60–70% in other countries.
- The company expects India to reach similar penetration levels over the next 3–5 years. Management aspires to grow at 1.5x GDP.

Facility Management Solutions

- New order wins during the quarter exceeded INR270m of monthly revenue. Major wins came from the Automotive, BFSI, Real Estate, and Oil & Gas sectors.
- In a recent large-scale industrial IFM mandate, the company implemented a fully mechanized service model supported by advanced machinery and digital manpower and asset management tools. The segment can grow at 12.5–15%.

Security Solutions – International

- The continued growth momentum is driven by new wins, primarily from the Steel and Aviation sectors.
- The company continues to be the market leader in Australia and a top-three player in New Zealand.
- Margins expanded following the completion of one-time SXP restructuring costs incurred in 2QFY26. Margin expansion remains a key management focus through FY26.
- Continued labor shortages due to record-low unemployment of 4.3% in Australia have led to higher labor costs, which are expected to persist in the medium term. Similar trends are observed in other geographies.
- The segment can sustainably grow at ~7.5%.

Margins:

- Adjusted EBITDA margin stood at 4.7%, flat YoY. Reported EBITDA margin was 4.5%, including one-time APS acquisition-related costs.
- Management remains focused on margin expansion through customer contract actions and SG&A rationalization.
- Consolidated adjusted PAT was INR 1,008m, up 8.4% QoQ. This excludes one-time labor code-related costs of INR2,320m and acquisition-related costs of INR70m.
- Balance sheet cleanup efforts are resulting in improved return on capital.

- The company has taken full provisions for labor codes and will begin educating clients to recover incremental pass-through costs.
- The gratuity charge shown relates to one-off exceptional items from prior periods. The company chose a conservative approach by taking the charge upfront and subsequently raising claims with customers.
- SIS intends to raise claims for gratuity and leave liabilities, which are the responsibility of the principal employer, and expects client compliance with regulations.
- APS operates at ~4% EBITDA margin, with a clear roadmap for integration, SG&A rationalization, and margin uplift to SIS levels over time. APS has been consolidated for a full quarter.



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Supreme Inds

Buy

Current Price INR 3,935

Guidance and outlook

- SI is anticipating high double-digit volume growth in 4QFY26 (Mar'26 strong due to harvesting), driven by good monsoon harvesting, favorable economic conditions encompassing housing, agriculture, and infrastructure.
- Management has guided a total volume growth of 10-14% in FY26, with plastic piping system volumes expected to grow 15-17%
- SI has targeted topline at INR110-115b for FY26.
- The company is targeting an EBITDA margin of ~15-16% in 4QFY26, driven largely by operating leverage and price improvements. In the coming years, SI is targeting ~13.5-14.0% EBITDA margin.

Plastic Pipes

- Plastic piping products reported a volume of 147k MT (+16% YoY), with revenue at INR18b (+10% YoY). CPVC volume growth ~30% in 9MFY26
- Plastic piping business growth is now coming back to normalcy as the continuous downward price trend scenario has been arrested. Restocking has started by the channels.
- Polymer pricing has started an upward trend in CY26 (At present ~USD650 v/s low of USD580), aided by demand improvement and also due to the closing of various plants in the market due to unviability. China's export restrictions starting from Apr'26 are expected to further drive prices up.
- The company maintains its volume growth target of 15-17% for the current year.
- SI is targeting 1MTPA capacity by FY26 with utilization rate ~70%
- PPE silent pipes has capacity of 3kTPA and OPVC capacity at 8kTPA (demand expected to pick up from 4Q)

Capex and expansion plans

- During 9MFY26, the company incurred a capex outflow of INR10b, which includes the Wavin acquisition. The company expects a total cash outflow of INR12b in FY26, funded from internal accruals
- Capacity expansions at various locations for the Plastic Piping business and Protective packaging products taken in hand are nearing completion and shall be available for FY27
- 2 Greenfield plants for Plastic piping in Bihar and Alampur will be operational by FY28, whose execution will commence in FY27. ~100kTPA capacity is targeted in these two plants.

Others

- SI has fully executed the LOI for the supply of 0.2m of 10 Kg. composite LPG cylinders to Bharat Petroleum Corporation (BPCL). The company has received further LOI for the supply of 0.2m of composite cylinders to BPCL, which shall be executed in 4QFY26.
- Three units acquired through Wavin are fully integrated and realigned and shall be available for their full potential from Feb'26 onwards; 180+ customers joined SI from Wavin in 3QFY26
- In 3QFY26, Revenue from value-added products stood at INR11.2b (vs. INR9.7b in 3QFY25 delivering ~16% growth YoY)
- Project execution at site for Profile window is nearing completion. Production trials have commenced. The Company expects to launch commercial production in the market from Feb'26. 250kPA windows production expected- Window business has revenue potential of INR3b+ at 100% utilization.
- Finance cost increased temporarily due to capex funding by short-term borrowings and stretched WC; going forward will be reduced (INR1.3b of short-term borrowings)
- SI planning debt-free by Mar'26
- Other income (liquid balances, investing income) is temporary; Normalized Other income from FY27 onwards.
- Supreme Petrochem's results were under expectations, resulting in lower income from associates.
- INR1-1.2b Inventory loss suffered by SI in 9MFY26
- Management claims the market share of SI has increased in piping
- In the Industrial products business, material handling and composite cylinders are showing moderate growth; component supply in the appliance sector is a challenge, while automobile component supply is doing well.
- Protective packaging demand is healthy; capacity expansion is planned in FY27.



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Swiggy

Buy

Current Price INR 334

Demand and growth outlook

- FD: Food Delivery GOV grew 20.5% YoY, driven by steadily improving order growth through FY26 (from single-digit growth in FY25 to mid-teens in Q3FY26).
- This was driven by the creation and marketing of new propositions and cross-pollination of users from other segments, resulting in MTU growth of 22% YoY (+3 million over three quarters).
- AOV continues to inch up, as premiumization and inflation more than offset affordability initiatives.
- Bolt and 99-store together now account for well over a fifth of Food Delivery platform volumes.
- The company maintains its guidance of 18–20% YoY GOV growth in Food Delivery.
- Management noted increasing confidence in momentum and indicated a bias towards the upper end of the guidance range, subject to one more quarter of observation.

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- QC: The network is currently underutilized and has sufficient capacity to support over 2x current GOV, along with further assortment expansion for the current addressable market.
- New store additions will be driven by hyperlocal growth and network utilization. Capital availability has never been a constraint for store rollouts, and network strategy remains unchanged.
- Order growth in recent quarters was impacted by Maxxsaver-led cannibalization (larger carts replacing smaller ones) and the deliberate weaning away from low-AOV orders. This effect was amplified in Q3 due to competitive actions that the company chose not to participate in.
- Management believes the very low-AOV order segment is structurally unsustainable due to weak monetization and has avoided encouraging discounted or basket-breaking behavior.
- Due to high and sometimes irrational competition, growth at the bottom of the AOV pyramid has been slower. Despite this, Instamart delivered over 100% YoY GOV growth for the fourth consecutive quarter.
- Warehousing capacity expansion into Tier 2 and Tier 3 cities has helped reduce middle-mile costs, improve replenishment speed, and increase proximity to consumers. Warehousing capacity has more than doubled over the past four quarters and remains a key component of capex.
- Capex is expected to remain elevated, particularly in warehousing, to structurally strengthen the supply chain.
- Working capital increased by ~INR 130 crore over the past few quarters, in line with guidance. Daily working capital intensity remains stable.
- Management views growth and contribution margin as separate paths. Growth has been impacted by market irrationality, which has affected all players and has already been factored into contribution margin guidance.
- Irrational growth has led to customer switching without loyalty. The company does not intend to pursue growth through unsustainable incentives or vanity metrics such as INR 99 pricing.
- Structural growth is defined as sustainable investment that builds long-term leadership rather than short-term order growth.
- Maxxsaver customer retention is similar to or higher than non-Maxxsaver cohorts. AOV movement was largely driven by seasonality.

Margins

- Food Delivery (FD): During the quarter, while advertising continued to grow healthily during the festive season, the overall take-rate dipped due to a significant expansion in the subscriber base of the horizontal program Swiggy One. This reduced overall consumer fees and improved affordability.
- Despite this, Food Delivery contribution margin rose 31 bps QoQ to 7.6%, led by improved utilization of the delivery fleet due to order growth, along with AOV expansion and operating leverage on other variable costs.
- The company maintains its Adjusted EBITDA margin guidance of 4.5–5% of GOV and intends to make steady progress towards it through a combination of contribution margin expansion and operating leverage.

- Quick Commerce (QC): Some recent efforts to test user behavior saliency and velocity through no-fee campaigns had limited success due to continued irrational competitive activity across pricing and monetization levers.
- This may have a near-term impact on underlying volume growth. Instamart AOVs increased to INR 746 (net AOV INR 513), representing a further 7% QoQ growth following the expansion seen in H1FY26.
- This increase was driven by larger basket sizes due to higher non-grocery purchases. As a result, non-grocery now accounts for over 32% of the sales mix (up from 26% last quarter), led by categories such as Electronics, Home & Kitchen, Jewelry/Accessories, and Toys/Sports.
- In Q3, advertising growth, lower discounts, and operating leverage on network costs delivered a planned improvement of over 100 bps in contribution margin QoQ. However, most of these gains were reinvested into lower consumer-side monetization (no-fee above INR 299 campaign), limiting net CM improvement to 9 bps QoQ.
- The company remains confident of achieving contribution breakeven by Q1FY27. Adjusted EBITDA losses are expected to reduce sequentially from here, driven by contribution margin improvement and operating leverage.
- GOV per store or orders per store will have an impact on infrastructure efficiency.
- The company continues to move closer to the IOCC model. The QIP helped improve domestic ownership, currently at 47%.
- Management does not see any change in the competitive environment guidance and continues to assume that competition remains extremely intense.
- Structural improvements supporting contribution margin expansion are independent of competitive actions. These include scale benefits and advertising growth.
- The remaining discretionary levers relate to discounting and competitive investments, which the company is consciously avoiding where such investments are not conducive to long-term growth.
- A quarter of the network is already contribution-margin positive, including the largest city, and this continues to improve.



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Team Lease

Buy

Current Price INR 1,336

Demand and growth outlook

- The company lost ~27k headcount during the quarter, largely impacting the BFSI segment across General Staffing and Degree Apprenticeship businesses.
- The full impact was absorbed in 3Q, with growth expected to correct in 4Q.
- Management will provide clarity on headcount recovery between 4QFY26 and 1QFY27.
- It continued to see a gradual structural recovery in the staffing ecosystem. While the pace remains uneven across sectors and geographies, fiscal and monetary actions over recent quarters have begun to support consumption and business sentiment. Customers, however, remain selective with hiring.
- Over the next 3–9 months, demand is expected to broaden gradually, with BFSI stabilizing further. Steady momentum is visible in consumer-linked roles, along with benefits from technology-led productivity initiatives.

The image shows a screenshot of a 'TeamLase' document from Motilal Oswal. It contains a table with financial data, likely a balance sheet or income statement, with columns for various metrics and rows for different periods. The text is small and partially illegible, but the structure is typical of a financial report.

- GS: Headcount growth was impacted by insourcing by a BFSI client, resulting in a 7% QoQ decline.
- Regulatory headwinds in BFSI continued, with one large NBFC client absorbing over 20,000 associates onto its own payroll to optimize costs.
- The sector mix is expected as follows: BFSI at 19–20%, consumer and FMCG at 20–25%, retail at ~15%, and manufacturing at ~12%.
- Revenue momentum in general staffing remains below historical trends due to higher hiring in non-metro locations, where average salaries are 30–40% lower than urban areas.
- BFSI remains in transition, but early signs of stabilization are visible, particularly in frontline sales, collections, and service roles, with stronger demand emerging in tier-2 and tier-3 markets. Regulatory clarity and improving rural liquidity are expected to support recovery in coming quarters.
- Consumer demand remains mixed, with subdued urban consumption but relative resilience in semi-urban and rural markets.
- E-commerce and logistics saw seasonal staffing upticks linked to festive demand, though growth remains measured.
- Telecom and industrial segments continue selective, productivity-driven hiring with increased focus on technology-led leverage.
- PAPM increased to INR680 from INR669 last year. Large clients typically pay lower PAPM compared to smaller clients.
- Specialized Staffing: Demand is rising sharply in AI/ML coding, data security, data engineering, cloud and cybersecurity roles. While volumes are lower than conventional tech hiring, higher rate cards support revenue and margins.
- The business now serves over 100 GCC clients, with high activity across Life Sciences, Telecom, Consulting, Engineering, BFSI, Consumer and IT.
- Volume-led headcount growth from IT services has not yet resumed.
- Any incremental regulatory cost is contractually passed through to clients, resulting in no P&L impact from gratuity-related changes.
- HR Services: 4Q growth is expected to be higher than 3Q, supported by seasonality.
- University admission and revenue cycles typically drive stronger performance in 3Q and 4Q, with 4Q outperforming 2Q and 3Q.
- Strong demand visibility in 4Q, along with cost optimization, is expected to sustain margin expansion.

Margin outlook

- PBT grew 69% QoQ, primarily driven by interest credits on tax refunds. EBITDA grew 11% QoQ and 22% YoY, supported by digitization and cost optimization.
- Margin expansion in General Staffing was achieved despite revenue headwinds, driven by productivity and cost initiatives.
- A marginal sequential dip in EBITDA was recorded due to fewer billable days in 3QFY26 vs 2QFY26.
- HR Services EBITDA margin expanded to 7%, supported by EdTech seasonality.
- Technology-led leverage remains central to margin expansion, enabling support for a larger associate base without proportional overhead increases.
- Investments in digital hiring, payroll compliance and associate engagement continue to lower cost-to-serve and improve client experience.



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The screenshot displays a detailed financial analysis report for Time Technoplast. It includes a table with various financial metrics such as Revenue, Earnings Before Interest and Taxes (EBIT), Earnings Before Tax (EBT), and Net Income, along with their respective percentages and year-over-year growth rates. The report also features a section on management commentary, highlighting key business developments and financial performance indicators.

- Any incremental regulatory cost is contractually passed through to clients, resulting in no P&L impact from gratuity-related changes.
- International business headcount is ~100. Peer margins remain higher due to a larger share of international operations, which are structurally higher-margin.
- Specialized Staffing and Degree Apprenticeship are expected to return to growth and contribute to margin expansion over time.

Time Technoplast

Buy

Current Price INR 198

Business development & outlook

- VAP revenue grew 18% YoY in 3Q, with management continuing to focus on higher-margin VAP-led growth.
- Despite INR1.8b capex in 9MFY26, debt declined INR3.8b, supported by QIP proceeds and healthy operating cash flows (INR3.3b CFO).
- The company aims to be debt-free within the next six months.
- Non-core asset divestment continues; INR370m is pending out of INR1.25b identified.
- 4Q typically contributes ~30% of annual revenues.
- Revenue growth guidance: Overall 15%+; Packaging Products 11-13%, Composite 25-30%, PE Pipes 20-25%.
- Margin levers include efficiency improvements, manufacturing consolidation, automation-led manpower cost reduction, and increased use of solar power.
- RoCE expansion to ~20% in FY26E is on track (stood at 18.6% in 9M).
- The company is targeting a reduction of working capital to ~90 days from 100+ days currently.
- VAP contribution is expected to exceed 35% over the next two years.
- Of the INR8b QIP proceeds, INR3.2b has been utilized for debt reduction, with INR4.6b yet to be deployed.
- Finance costs are expected to decline further as overall debt reduces through QIP utilization and strong internal cash generation.
- Due diligence for the proposed FIBC acquisition is expected to be completed by Mar'26.
- Hydrogen composite cylinders are seen as a large opportunity; the company has tied up with Drone Stark to develop hydrogen-powered drones using composite cylinders and fuel cell technology.
- Fire extinguisher is also a big market, with revenues expected to commence from FY27.
- The company expects to save ~INR100m in FY27 through an increased use of solar power across select plants.
- The greenfield composite cylinder expansion and consolidation project (from 480 to 1,080 cascades) remains on track for commissioning in 4QFY26.
- The first recycling plant is expected to become operational by Apr'26.
- Phase-1 automation for IBC manufacturing is targeted to be ready in FY27.
- Capacity expansion for PE pipes is underway across multiple locations.
- Expansion in the US market is progressing as planned and remains unaffected by tariffs.



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- The Gujarat government has allotted 3 acres of land for expansion of packaging products.
- Lease land has been received at Chiplun, Maharashtra, for IBC manufacturing under the TPL Plastec subsidiary.

UPL

Neutral

Current Price INR 747

Outlook and guidance

- The crop production value chain continues to remain under some pressure from geopolitical uncertainties, shifting trade dynamics, continued tariff-driven volatility, pricing pressure, and softer commodity prices.
- The Crop protection market continues to experience a slow recovery, with volumes showing modest growth along with persistent pricing pressure in most molecules, limiting value recovery and holding back a stronger rebound.
- The crop protection market is anchored by continued overcapacity in China and low commodity prices for growers, pressuring margins.
- Building on the momentum of the first three quarters of this financial year, the company remains fully confident in delivering on its FY26 commitments and maintains its full year guidance of 4 to 8% revenue growth in revenue and 12 to 16% EBITDA growth.
- Management expects a strong volume-led quarter supported by in-season demand of products in key markets and higher revenues from the new product launches.
- The company continues to strengthen the new product pipeline and is on track to exceed our USD130m revenue target for new product launches this year.
- The management anticipates growth across all regions in 4QFY26, and the company has geared its supply chain.

Debt

- Second significant reduction in net finance costs, down from INR7.04b to INR6.39b this year, through debt prepayment of around USD250m in Mar'25.
- Net debt reduced by USD427m YoY to USD2.59b.
- Net debt-to-EBITDA improved from 3.8x to 2.5x.
- Net debt-to-equity improved from 0.8x to 0.6x.

Operational performance

- Despite continued operational headwinds over the year, UPL delivered yet another record quarter, building on the solid foundation of last year's strong base.
- The growth in 3Q was led by broad-based growth across platforms, driving improved profit before tax and operating profit.
- Revenue was driven by a strong 8% increase in volumes, favorably supported by exchange, impact, and partially offset by pricing pressure.
- At a regional level, growth was broad-based, with all regions growing versus last year. Impressively
- Growth in Latin America was led by herbicides and corn in Argentina, while some pressure in Brazil due to insecticides on a nine-month basis.
- In North America, revenue is up by 3% despite the continued tariff-related uncertainties.

- Europe grew strongly by a robust 21% year on year for the quarter, driven largely by herbicide volumes.
- Products launched in the last nine months are already delivering exceptional results, led by strong traction in Brazil and across Latin America.

UPL Corp

- Revenue growth of 8% was driven by higher volume and favorable forex impact
- Strong growth across all key regions, including North America
- The advantages of the diversified regional footprint and benefits gained from the continued focus on operational excellence enabled the company to effectively offset headwinds such as pricing pressure in Brazil and US tariff impacts.
- Herbicides delivered strong and resilient results across Latin America, North America, and Europe.
- The insecticides portfolio, particularly in Brazil, where UPL holds a leading position, has continued to face intense competition and pressure, resulting in price erosion in the premium brand.
- The company is preparing a major new product launch for next year, a new insecticide successor. The field trial results and the feedback from growers who have visited the trials give the company confidence that this product will be a high-impact addition to the pest portfolio.

Advanta

- Draft Red Herring Prospectus (DRHP) filed on January 19, 2025, for the seeds business platform, representing the first step in the company's 1–3-year plan to evaluate corporate actions, including IPOs and restructuring for all platforms. Further details pending regulatory approval.
- Advanta delivered a strong 22% growth versus last year, fueled by a robust volume expansion of 14% in the seed segment.
- The Growth driven mainly by field corn (India, Latin America, Thailand, and Indonesia).
- The valuation of Advanta is expected to be finalized. Based on a clearly defined price discovery or book-building process.
- The IPO will be an OFS and not primary; the selling shareholders are KKR and UPL.
- The IPO has three objectives. There is a deleveraging for UPN. 2) value unlocking for KKR and 3) strategy of Advanta, both for organic and inorganic value creation

Superform

- Super-specialty chemicals up by 42%, driven by contract manufacturing and cyanide derivatives
- Overall, the platform recorded a strong EBITDA margin, driven by an improved share of specialty chemical business to 27%, up from 18% last year.

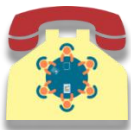
Others

- The improvement in PBT was led by lower losses from associates and joint ventures from INR2.7b to INR810m in this period.
- The net working capital as at Dec'25 stood at 156.25b or around 116 days
- Elevated working capital versus previous year is a function of increase in sales on a year-to-date basis and in anticipation for the upcoming Q4 sales.

- Working capital days would be in line with the guidance given during the capital market days of around 70 days.
- The company is witnessing some price headwinds on products that are in the differentiated portfolio.
- The EU trade deal is not expected to have a significant impact on the companies' operations.



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Va Tech Wabag

Buy

Current Price INR 1,299

Business development and outlook

- All major projects are progressing well in line with the execution timeline.
- The focus remains on profitable growth and expansion in overseas markets.
- The Middle East is identified as a key growth engine, supported by sustained investments in desalination, wastewater, and reuse projects.
- Africa continues to witness steady opportunities driven by multilateral-funded sanitation and water projects.
- Southeast Asia and CIS offer diversification, while Europe is being pursued selectively for high-technology and complex water treatment projects without compromising margin discipline.
- The company expects recovery in order inflow in India, with several tenders in the advanced level of finalization.
- The company has secured fresh orders of INR47b+ in 9MFY26. Moreover, it is a preferred bidder/L1 on 2-3 large projects worth INR30b across India and international markets.
- The current order book of over INR160b (~5x FY25 revenue) supports 15-20% revenue CAGR guidance for the next 3-4 years.
- International projects account for ~50% of the order book, which management highlighted as structurally superior in terms of margins, working capital, and cash flow.
- It has secured breakthrough orders in the future energy solutions sector for the CBG plant in Uttar Pradesh and UPW, ETP and ZLD for Renewsys in Hyderabad.
- New-energy segments such as solar manufacturing, hydrogen, bio-CNG, semiconductors and data centers present emerging opportunities; several discussions are ongoing.
- While the current order book is more inclined toward EPC projects having high volumes and relatively lower margins, VATW's focus remains on profitable growth by selective bidding in high-margin EPC and O&M jobs.

3QFY26 result – Healthy in-line quarter

- Revenue/adjusted EBITDA/adjusted PAT grew 19%/25%/37% YoY.
- Adjusted EBITDA margin expanded 67bp YoY to 13.6%, within the guided range of 13-15%.
- VATW treats forex gains/losses as part of its core operations. Hence, analyzing adjusted margins is more meaningful.
- Net cash stood at INR8.9b (over INR10b excluding HAM projects).
- RoW revenue surged 76% YoY, with an EBIT margin of 26.6% (up 47bp YoY).
- India revenue declined 16% YoY, with an EBIT margin of 20.2% (up 176bp YoY).
- EPC revenue (83% of mix) grew 21% YoY, whereas O&M revenue rose 9% YoY.



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- Municipal contributed 84% to revenue, while industrial contributed 16% to the mix.
- In nine months, revenue/adjusted EBITDA/adjusted PAT grew 18%/17%/26% YoY.

Zee Entertainment

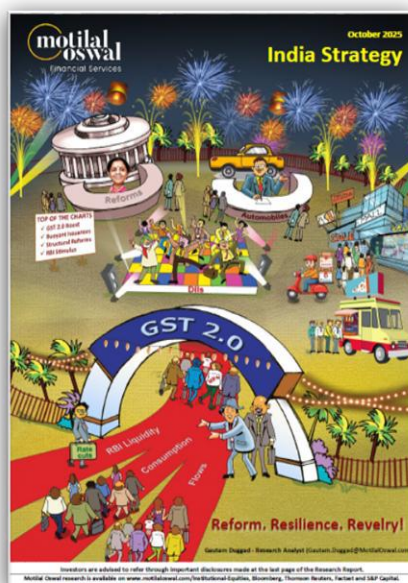
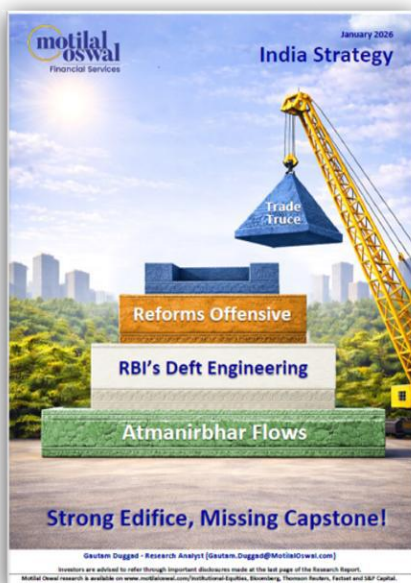
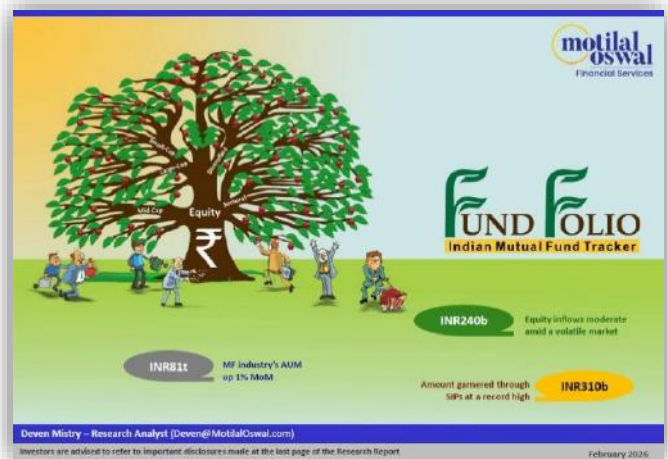
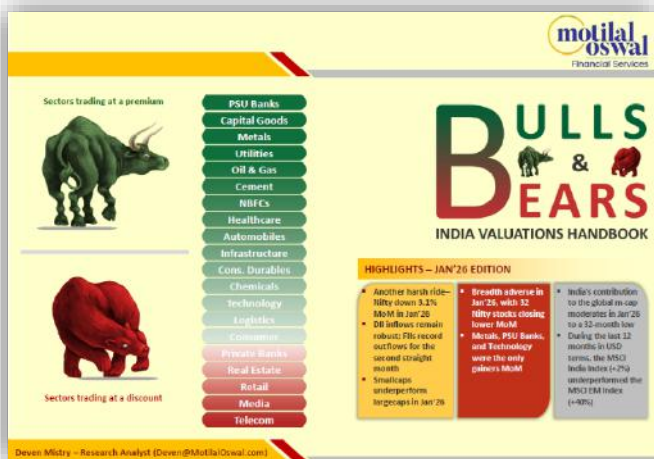
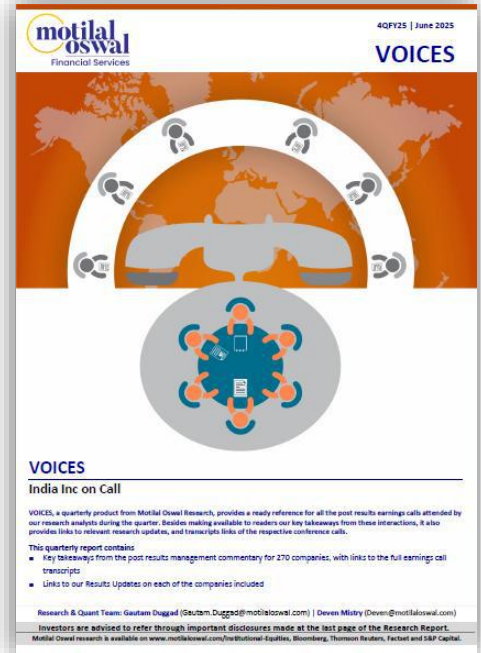
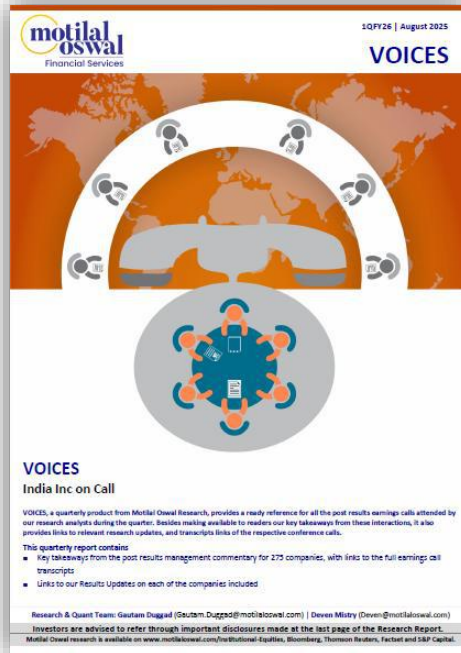
Neutral

Current Price INR 95

- **Ad revenue trends and outlook:** Advertising revenue declined YoY, primarily due to continued softness in FMCG ad spending. However, revenue improved sequentially, reflecting a slow but steady recovery. Management highlighted encouraging conversations with advertisers and remains cautiously optimistic about a gradual recovery, supported by expectations of a pickup in FMCG brand-building spends over the coming quarters.
- **Margins:** The company is operating at an optimum cost structure, and growth recovery in ad revenue remains the key driver for margin improvement.
- **Subscription trends and outlook:** Overall subscription revenue grew YoY, supported by strong traction in the digital business and the successful renewal of distribution contracts with DPOs.
- **Zee5:** Robust revenue growth was driven by pricing revisions in telco deals and higher syndication revenue. Management expects Zee5 to be the fastest growing vertical for the company and noted that despite this one-off revenue impact, Zee5 would have achieved EBITDA break-even.
- **Star arbitration:** The matter remains sub judice, with the next hearing scheduled for Jul'26. Management indicated that the verdict will follow after the hearing; however, timelines for the verdict are not predictable.
- **Higher programming spends:** Operating costs increased QoQ, largely driven by higher programming expenses due to ILT20 cricket matches and acquisition of movie titles (Kantara 2 and Akhanda). Excluding these items, overall operating costs would have declined by mid-single digits on a sequential basis.
- **Viewership trends:** Network viewership share improved by ~60bp YoY in 3Q, taking the overall network share to 17.5%. Flagship Hindi GEC Zee TV continued its strong performance. Zee Bangla regained leadership in the East, while Zee emerged as the fastest-growing network in the South. Zee Marathi strengthened its leadership position with a market share of ~33.6%, reflecting strong audience response to the refreshed content slate.
- **Strategic initiatives:** The micro-drama platform 'Bullet' continues to see steady traction, driven by its differentiated, gamified viewing model targeting younger audiences. Additionally, the company entered the kids entertainment segment with the launch of Kids content on Zee5, expanding its digital consumer base.
- **Music and studio business:** The music business delivered healthy performance with over 51b video views and ~175m subscribers on YouTube, supported by a diversified catalog of ~18,000 songs, while maintaining strong profitability. In the studio segment, the company released eight movies during the quarter (three in-house productions and five distribution titles) and acquired theatrical rights for Kantara and Akhanda, driving strong growth in other sales and services revenue.
- **FCCB drawdown:** The company has deferred the next tranche of drawdown until there is visibility on the cash utilization.

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GALLERY



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
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