Motilal Oswal Financial Services

1 April 2026

MORNING INDIA

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	71,948	-2.2	-15.6
Nifty-50	22,331	-2.1	-14.5
Nifty-M 100	52,650	-2.7	-13.0
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	6,529	2.9	-4.6
Nasdaq	21,591	3.8	-7.1
FTSE 100	10,176	0.5	2.5
DAX	22,680	0.5	-7.4
Hang Seng	8,374	-0.3	-6.1
Nikkei 225	51,064	-1.6	1.4
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	123	2.2	96.9
Gold ($/OZ)	4,511	0.4	4.4
Cu (US$/MT)	12,141	0.1	-2.5
Almn (US$/MT)	3,448	2.7	16.2
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	94.8	0.0	5.5
USD/EUR	1.1	-0.4	-2.4
USD/JPY	159.7	-0.4	1.9
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	7.0	0.09	0.4
10 Yrs AAA Corp	7.9	0.09	0.6
Flows (USD b)	**30-Mar**	**MTD**	**CYTD**
FIIs	-1.18	-13.30	-13.7
DIIs	1.57	16.97	27.2
Volumes (INRb)	**30-Mar**	**MTD***	**YTD***
Cash	1,574	1345	1286
F&O	6,55,834	2,91,418	2,96,014

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Technology | 4QFY26 Preview: Indian IT: One battle after the other

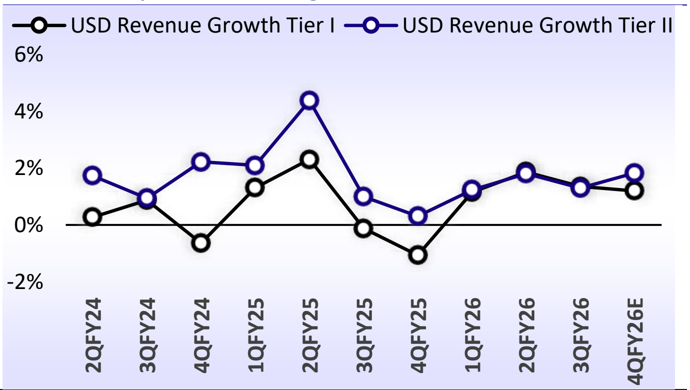
- After a whirlwind couple of months (NSEIT down 23% YTD), driven by narrative shocks, we expect 4QFY26E numbers to be somewhat uneventful: we see no major disruptions from the ongoing war on numbers yet (although deal wins may be impacted in the short term), and we do not see major evidence of deflationary shocks from AI implementation yet.
- However, we concede that both these data sets are backward-looking. If the war persists, demand is likely to be affected, whereas AI deflation is more a question of what AI will be capable of in the next two to five years, rather than the last quarter.
- Since we upgraded the sector multiples in Nov '25, numbers and narrative have diverged to extremes; the sector has seen earnings/guidance upgrades in 3Q, but the narrative shock from Anthropic launches has led to a brutal compression of multiples. While the fears around terminal value are difficult to validate or falsify, the burden of proof now sits with IT services. Re-rating, thus, depends on proof of surviving and thriving.

Research covered

Cos/Sector	Key Highlights
Technology	4QFY26 Preview - Indian IT: One battle after the other
Adani Ports & Sez	India's port volumes to be hit; APSEZ better placed
Marico	Limited impact of geopolitical headwinds; low risk of an earnings cut
EPL	Building a scaled consumer packaging leader for emerging markets
Financials | Banks	FY26: Tough year, yet 21 BFSI stocks deliver >25% returns
EcoScope	G-Sec borrowings (1HFY27): Front-loaded and short-tenor heavy
	Feb'26 IIP: Stable but risks emerging
	Feb'26 GST grows by modest 2.8% to INR1.88t

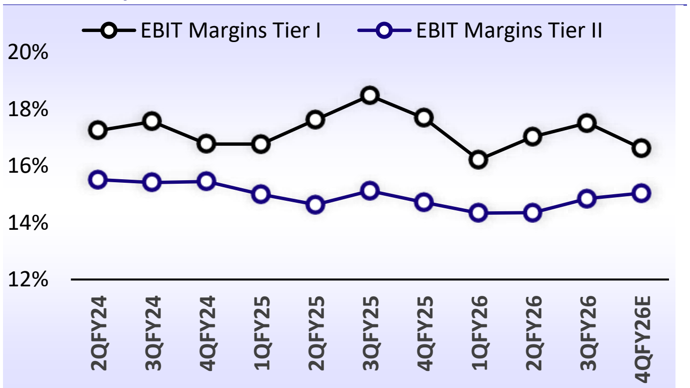
Chart of the Day: Technology| 4QFY26 Preview (Indian IT: One battle after the other)

Tier II to outperform Tier I again



Source: MOFSL, Company

Margins to largely remain range-bound for most Tier-I and Tier-II companies



Source: MOFSL, Company

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

RBL Bank plans to open 200 branches in FY27

Private sector lender RBL Bank on Tuesday said it is planning to open 200 branches in FY27 to take its network to over 800 branches.

2

Novo Nordisk price cuts set to shake up India's GLP-1 market, challenge generics

Novo Nordisk is slashing prices for its diabetes and weight loss drugs Ozempic and Wegovy in India.

3

Vedanta extends demerger deadline to June 30

Vedanta Ltd on Tuesday said it has extended the deadline for its proposed demerger to June 30, as approvals from certain government authorities remain pending and are still being processed.

4

Mumbai property market scales new high, records best-ever March registrations

Mumbai's property market achieved its best-ever March performance with over 15,983 registrations, generating Rs 1,534 crore in stamp duty revenue.

5

OPEC oil output plunges in March as war forces export cuts, Reuters survey finds

OPEC oil production hit a low in March, the lowest since mid-2020. This significant drop was caused by export cuts. Major producers like Kuwait, Iraq, Saudi Arabia, and the United Arab Emirates reduced their output.

6

Renewables' share in India's power mix rises to 20.2% in FY25: Report

India's renewable energy use has significantly increased. Renewable sources now provide over 20% of the nation's electricity.

7

RBI extends export credit window to June 30 amid West Asia disruptions

The Reserve Bank of India has extended export credit deadlines. Exporters can now get pre- and post-shipment finance for up to 450 days on disbursals until June 30, 2026.

Technology

Result Preview

Indian IT: One battle after the other

4Q likely uneventful but AI deflation and war risks keep outlook uncertain

- **After a whirlwind couple of months (NSEIT down 23% YTD), driven by narrative shocks, we expect 4QFY26E numbers to be somewhat uneventful:** we see no major disruptions from the ongoing war on numbers yet (although deal wins may be impacted in the short term), and we do not see major evidence of deflationary shocks from AI implementation yet.
- However, we concede that both these data sets are backward-looking. If the war persists, demand is likely to be affected, whereas AI deflation is more a question of what AI will be capable of in the next two to five years, rather than the last quarter.
- **4Q results are likely to mirror this set-up,** with QoQ cc growth expected in the range of -1.0% to 1.5% for large-caps, and mid-caps expected to outperform once again with a growth range of -0.5% to 3.5%. For 4Q, we expect aggregate revenue for our coverage universe to grow by 11.3% YoY, while EBIT and PAT are likely to grow by 12.9% and 10.8% YoY (all in INR terms), respectively.
- **On guidance,** exit rates for most large-caps now appear relatively favorable. We expect organic YoY CC growth exits of 4.3%/4.9% for INFO/HCLT in 4QFY26. However, **we expect companies to exercise caution in light of the current geopolitical environment. We expect INFO to guide FY27 revenue growth of 1.5–4.5% YoY CC.** The CQGR ask at the lower end is 0.5%, allowing for some deterioration in macros and headwinds from the Daimler ramp-down. There is potential for an upgrade if they backfill Daimler through the year.
- **For HCLT, 3–6% YoY cc growth is expected for services.** The top-end assumes mild improvement in CQGR over FY26E, while the bottom end assumes uncertainty from war. We expect products to be flat to slightly declining in FY27.
- **We expect margins** to be range-bound for TCS, INFO, MPHL, and PSYS. We expect a margin contraction for Wipro (Harman DTS dilution, wage hikes, slower growth) and HCLT (wage hikes, restructuring headwinds and P&P decline). Among mid-caps, Hexaware and LTTS may see ~40bp/~60bp pressure due to ramp-ups, seasonality, and wage hikes. Weak INR vs USD should support margins.
- **We expect INFO to maintain 20–22% margin guidance.** However, we believe that slower-than-expected product growth, along with pressure from productivity, puts HCLT's expectations of returning to the 18-19% margin band at risk.
- **Vertical performance in 4Q:** BFSI remains relatively resilient. Manufacturing is mixed - **Auto OEMs are adjusting to tariff risks, but spends remain elusive.** Hi-Tech is broadly flat. **Travel & Transportation is likely to be impacted** by war-related concerns, with some engagements facing delays.
- Since we upgraded the sector multiples in Nov '25, numbers and **narrative have diverged to extremes; the sector has seen earnings/guidance upgrades in 3Q, but the narrative shock from Anthropic launches** (see our report dated 13th Feb, 2026: Indian IT services: Assessing the narrative shock) has led to a brutal compression of multiples. While the fears around terminal value are difficult to validate or falsify, the burden of proof now sits with IT services. **Re-rating, thus, depends on proof of surviving and thriving. We, thus, cut our target multiples by 30-40% (Exhibit 5).**

Growth expectations across our coverage

- We expect revenue growth of 1.5% QoQ CC for TCS and 1.0% for WPRO, driven by a two-month inorganic contribution from the Harman acquisition. INFO/HCLT are likely to report 0.7%/0.9% revenue decline in 4QFY26, due to 2H being weaker than 1H as front-ended growth/seasonality in software. TECHM may post 0.5% QoQ growth, while LTIM could report 1.5% CC growth, aided by continued large-deal ramp-up.
- Among mid-tier firms, PSYS may lead with ~3.5% CC QoQ growth. COFORGE/MPHL could deliver 1.5%/2.5% growth. HEXT may decline 0.5% CC due to seasonality and delayed deal closures.
- Among ER&D names, we expect steady numbers. KPIT may report 1.0% QoQ CC growth, while TTL could report 9.5% QoQ CC (inorganic ~4.5% + recovery in core). TELX/LTTS may see 2.0%/1.2% growth.
- We expect Cyient DET to report 2.1% CC growth, as some stabilization is expected.
- **Cross-currency impact for the quarter:** On average, we expect ~10-40bp cross-currency tailwinds for our coverage on a sequential basis.

Margins a mixed bag

- We expect TCS/INFO EBIT margins to be range bound in 4Q. We expect HCLT margins to contract ~140bp QoQ, driven by wage hikes, restructuring headwinds and high-margin P&P decline.
- We expect TECHM to see ~50bp margin expansion, driven by fixed-price project optimizations leading to gross margin gains. We expect LTIM margins to contract ~90bp QoQ due to wage hikes, fewer working days, and client productivity programs.
- Among mid-caps, COFORGE margins could see an expansion of ~160bp QoQ to ~15.0%, as wage hike headwinds are behind. MPHL/PSYS are likely to hold margins range-bound. Zensar should see ~220bp decline as earlier one-offs benefits and efficiencies fade, along with lower revenue growth.
- For ER&D companies, margins are estimated to remain flat or improve, except TELX, which should see a decline due to wage hikes in 4Q.

INFO and COFORGE remain our top picks

- **Among large caps, we prefer HCLT and Tech Mahindra, while COFORGE remains our top mid-cap pick.**
- **We like HCLT** as the company remains the fastest-growing large-cap IT services firm, and we like its all-weather portfolio, which continues to outperform in an uncertain demand environment. At current valuations, upside risks meaningfully outweigh downside risks. **For TECHM,** we see signs of transformation under the new leadership and improving execution in BFSI. We believe TECHM's transformation remains relatively decoupled from discretionary spending.
- **In mid-caps, COFORGE remains our top pick.** We believe COFORGE's strong executable order book and resilient client spending across verticals bode well for its organic business. Encora's acquisition expands COFORGE's presence in the Hi-Tech and Healthcare verticals. We continue to view COFORGE as a structurally strong mid-tier player well-placed to benefit from vendor consolidation/cost-takeout deals and digital transformation.

Adani Ports & SEZ

BSE SENSEX	S&P CNX
71,94	22,331

adani
Ports and Logistics

Stock Info

Bloomberg	ADSEZ IN
Equity Shares (m)	2304
M.Cap.(INRb)/(USDb)	3024.2 / 31.9
52-Week Range (INR)	1584 / 1041
1, 6, 12 Rel. Per (%)	-2/3/16
12M Avg Val (INR M)	3505
Free float (%)	32.0

Financials Snapshot (INR b)

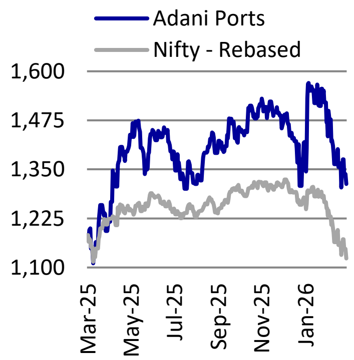
Y/E March	2026E	2027E	2028E
Net Sales	369	440	516
EBITDA	221	265	310
Adj. PAT	129	167	202
EBITDA Margin (%)	59.9	60.2	60.2
Adj. EPS (INR)	56	72	88
EPS Gr. (%)	11.3	29.5	21.2
BV/Sh. (INR)	316	377	452
Ratios			
Net D/E (x)	0.5	0.4	0.3
RoE (%)	19.0	20.9	21.1
RoCE (%)	13.4	15.2	16.1
Payout (%)	12.5	9.7	8.0
Valuations			
P/E (x)	23.5	18.2	15.0
P/BV (x)	4.2	3.5	2.9
EV/EBITDA (x)	15.3	12.6	10.6
Div. Yield (%)	0.5	0.5	0.5
FCF Yield (%)	2.2	2.7	3.0

Shareholding Pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	68.0	65.9	65.9
DII	13.9	15.0	14.2
FII	13.1	13.6	13.9
Others	5.0	5.5	6.0

FII includes depository receipts

Stock Performance (1-year)



CMP: INR1,313 TP: INR1,820 (+39%) Buy

India’s port volumes to be hit; APSEZ better placed

- **The disruption at the Strait of Hormuz has caused a setback in global shipping, leading to slower cargo movement and rerouting. Indian ports are facing challenges such as unscheduled cargo inflows from diverted vessels, resulting in congestion and export backlogs. This disruption is particularly significant given India’s heavy dependence on crude imports.**
- **While major ports handle a significant share of this trade, APSEZ’s exposure remains relatively limited, with liquid cargo accounting for less than 10% of total volumes. Within this category, crude oil handling accounted for ~6% in FY25, moderating to ~5% in 9MFY26, while gas volumes continue to represent a small portion of the mix at ~2% in both periods. Consequently, the overall impact on APSEZ is expected to remain contained. Further, the addition of NQXT port volumes is likely to ensure robust overall volumes going forward.**
- **All-India major port volumes grew 3.5% YoY in Feb’26 and ~8% YTD in FY26, fueled by healthy traction in petroleum, containers, and coking coal (albeit from a low base). Non-major port volumes inched up ~3% YoY, led by steady traction in container traffic (+5% YoY), while petroleum, oil, and lubricants (POL) volumes remained largely flat YoY.**
- **APSEZ reported ~14% and ~11% volume growth in 4QFY26 until Feb’26 and 9MFY26, respectively, primarily driven by robust container throughput, which grew ~20% YTD until Feb’26. Coal volumes remained subdued over the past few quarters due to weak industry demand for imported coal and disruptions at Tata Power’s Mundra plant. However, the impact on profitability was largely mitigated through take-or-pay contracts on coal cargo, supporting stable EBITDA despite lower volumes.**
- **With improving earnings visibility and limited downside risk from ongoing geopolitical tensions, APSEZ is well-positioned to sustain growth, aided by diversified port volumes, the acquisition of NQXT, and the expansion of integrated end-to-end logistics offerings. This strategy is driving higher customer wallet share and enhancing cargo stickiness, while its scalable and diversified model underpins long-term growth. These factors reinforce APSEZ’s ambition to become India’s largest integrated transport utility by 2029, with logistics and marine emerging as key growth engines alongside its core ports business. We reiterate our BUY rating with a TP of INR1,820 (based on 15x FY28E EV/EBITDA).**

Scale leadership and rising market share underpin long-term growth outlook

- APSEZ operates the largest private port network in India, with 15 ports and terminals across the west, south, and east coasts. The network offers a total capacity of 637mmt; it also has four international ports in Israel, Sri Lanka, Tanzania, and Australia.
- The company has commissioned the Haldia bulk terminal in Mar’26, with a capacity of ~4MTPA and a draft of 8.5m, supported by a dedicated rail line and integrated conveyor system.
- APSEZ’s domestic market share stood at 26.4% as of Dec’25. Management highlighted that its domestic port volume growth over the past decade has been nearly three times the industry growth rate.
- The container market share has also expanded steadily to 45.8% from 36% during Mar’20-Dec’25. Key capacity expansions, such as the automated Colombo West International Terminal and new berths at Dhamra, along with the rapid ramp-up of Vizhinjam, are strengthening APSEZ’s growth pipeline.

- Looking forward, management retains its target of 850mmt of domestic and 150mmt of international cargo volumes by 2030, with deeper integration into DFC-linked hinterland corridors and industrial clusters driving long-term growth.

Logistics business – Accelerating the shift to a unified logistics ecosystem

- As APSEZ aims to become India's largest integrated transport utility company by 2029, it is strengthening its capabilities across all logistics segments (ports, CTO, warehousing, last-mile delivery, ICDs, etc.). This enables the company to offer end-to-end services, capture a higher wallet share, and ensure cargo volumes remain sticky.
- Adani Logistics Limited (ALL) has expanded its services to cover container train operations, container handling in logistics parks, and warehouses, offering storage and trucking solutions. With 12 multi-modal logistics parks, 132 trains, 3.1m sq. ft. of warehousing space, and 1.3mmt of grain silos, ALL aims to establish a nationwide presence by further developing logistics parks and warehouses.
- With significant capital investments planned for trucking operations—INR10-15b in FY26 and INR50b by FY30—APSEZ maintains a hybrid model, owning 937 trucks and operating over 26,000 via third parties. It is also expanding value-added services like freight forwarding to improve RoCE.

Marine services: A swiftly scaling, high-margin growth engine

- Marine operations have emerged as another high-growth vertical within APSEZ, with a diversified fleet of 127 vessels (excluding 46 vessels operated by Adani Harbor across the APSEZ ports), including tugs, anchor-handling tug supply vessels, multipurpose support vessels, workboats, and barges.
- The business has been strengthened by acquisitions such as Ocean Sparkle in 2022 and Astro Offshore in 2024, along with the establishment of TAHID to manage international operations in the MEASA region.
- In 3QFY26, marine revenue jumped 91% YoY to INR7.7b, with EBITDA surging to ~INR4.3b and margins expanding to 55.3%. The surge was driven by vessel additions, integration of acquired entities, and higher demand from Tier-1 customers.
- The marine business's RoCE improved to 15% in 1HFY26 from 13% in FY25.
- Management is aiming to double its revenue from INR11.4b in FY25 (INR19.6b achieved in 9MFY26), positioning the segment as a profitable and capital-efficient business that complements port operations while extending APSEZ's reach across global shipping routes.

Valuation and view

- With strong cash flows, a healthy cash balance of INR118b, and a net debt-to-EBITDA ratio of 1.9x, APSEZ is well-positioned for further expansion. Capacity enhancements at key ports, ongoing infrastructure projects, and global port acquisitions provide clear visibility for steady growth in FY26 and beyond.
- APSEZ's diversified cargo mix and ongoing infrastructure investments are expected to support its volume growth. We anticipate APSEZ to report an 11% growth in cargo volumes over FY25-28. This growth is likely to drive a CAGR of 19%/19%/23% in revenue/EBITDA/PAT over FY25-28E. **We reiterate our BUY rating on the stock with a TP of INR1,820 (premised on 15x FY28E EV/EBITDA).**

Marico

BSE SENSEX	S&P CNX
71,948	22,331

Stock Info

Bloomberg	MRCO IN
Equity Shares (m)	1298
M.Cap.(INRb)/(USDb)	955.4 / 10.1
52-Week Range (INR)	814 / 640
1, 6, 12 Rel. Per (%)	5/15/18
12M Avg Val (INR M)	1480
Free Float (%)	41.1

Financials Snapshot (INR b)

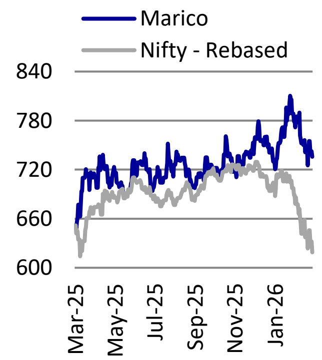
Y/E Mar	2026E	2027E	2028E
Sales	136.8	155.2	171.2
Sales Gr. (%)	26.3	13.5	10.3
EBITDA	23.5	29.1	32.7
Margins (%)	17.1	18.8	19.1
Adj. PAT	17.7	21.0	23.6
Adj. EPS (INR)	13.7	16.3	18.3
EPS Gr. (%)	10.6	19.1	12.2
BV/Sh.(INR)	32.0	34.8	38.6
Ratios			
RoE (%)	43.6	48.8	49.8
RoCE (%)	39.3	44.0	45.1
Payout (%)	91.2	82.7	79.2
Valuations			
P/E (x)	53.7	45.1	40.2
P/BV (x)	23.0	21.1	19.0
EV/EBITDA (x)	39.8	31.9	28.2
Div. Yield (%)	1.7	1.8	2.0

Shareholding Pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	58.9	58.9	59.1
DII	12.4	12.0	12.9
FII	24.2	24.5	23.4
Others	4.5	4.6	4.6

FII includes depository receipts

Stock's performance (one-year)



CMP: INR736 TP: INR900 (+22%) Buy

Limited impact of geopolitical headwinds; low risk of an earnings cut

- **The ongoing geopolitical challenges, if sustained, are expected to have huge bearings on cost inflation (more specifically on crude derivatives) across most of the FMCG companies. Besides raw material availability issues, a weak rupee is also expected to increase import costs for these companies. In this context, Marico appears relatively less affected by the overall RM volatility vs. its FMCG peers (refer to Exhibits 2 and 3). Copra accounts for ~50% of Marico's raw material basket, and it is currently witnessing a deflationary trend (with prices having corrected by 40% from their peak). Further, crude derivatives (including packaging) constitute 18-20% of total raw materials, resulting in a relatively lower impact than that faced by Marico's peers. After registering 130% inflation over the past two years, copra prices are expected to continue their deflationary trend. Consequently, Marico is among the few companies where operating margins are projected to expand in FY27. Management has guided a base case EBITDA margin expansion of 150-200bp in FY27, and we believe this guidance remains achievable in the current environment.**
- **Moreover, Marico has been one of the few FMCG companies successfully expanding its non-core businesses. The company is steadily shifting its focus toward foods and premium personal care (targeting a 20–25% CAGR), with digital brands (e.g., Beardo and Plix) scaling well and improving profitability. Management aims to increase the contribution from foods and digital-first brands to ~33% of domestic revenue (up from ~25% currently). Such initiatives will help the company navigate macro calamities.**
- **Marico has been one of the best-performing stocks among FMCG peers during the last two years, delivering a 50% return. We reiterate our BUY rating on the stock with a TP of INR900 (premised on 50x P/E on FY28).**

Resilient demand trends; minimal impact of geopolitical uncertainties

- Marico continues to witness resilient demand trends. The India business has delivered high single-digit volume growth and ~30% value growth in 9MFY26, outperforming most FMCG peers. The international business (~25% of revenue) grew ~18% in 9MFY26, driven by broad-based performance across geographies. The impact of ongoing geopolitical uncertainties remains limited, given low exposure to MENA (less than 5% of revenue).
- The demand trends are largely stable in 4Q, with no material disruption from gas supply issues due to the ongoing geopolitical uncertainties. The GST rate reduction has supported consumption, and this benefit is likely to continue into FY27, aiding demand recovery. Management remains confident in delivering double-digit growth over the medium term.

India's core business essential with strong market leadership

- **Parachute coconut oil:** The Parachute franchise witnessed muted volume performance (-1% 3Q and -2% in 9M) due to a spike in copra prices. However, the segment delivered strong value growth (+50% in 3Q and 45% in 9M), driven by price hikes and selective grammage reduction. This led to a significant divergence between value and volume growth, which is expected to normalize as copra prices correct. With copra prices correcting meaningfully (~40% from peak), the company is likely to implement price reductions, which should support a gradual recovery in volumes and consumption trends.
- **Saffola edible oil:** The segment reported a relatively subdued performance, with flat value growth and a marginal dip in 3Q volumes, reflecting the impact of prior price rises and a softer consumption environment. The segment continues to face demand sensitivity due to pricing volatility; however, the company is focusing on premium offerings and health-oriented positioning, which are expected to support the gradual recovery. The performance is also hit by competitive intensity and consumer downtrading in certain segments.
- **Value-added hair oil (VAHO):** It has delivered the healthy revenue growth (29% YoY in 3Q) and gained ~170bp market share. Growth is led by premiumization, rural expansion under Project SETU, and improved distribution reach, with the segment likely to sustain double-digit growth over the medium term.

Evolving from a legacy FMCG to a digital and premium portfolio

- Marico is steadily transitioning from a traditional FMCG player toward a more digital-first and premium-focused consumer company. The portfolio is gradually shifting away from core categories such as coconut oil and edible oils toward higher-growth segments, including value-added foods, premium personal care, and digital-first brands. This transformation is aided by targeted acquisitions, strong operational discipline, synergy-led scale benefits, and prudent capital allocation within a scalable operating framework. Going forward, the company aims to deliver double-digit growth, driven by steady expansion in the core portfolio and faster, strong double-digit growth in its digital-first businesses.
- The company is steadily shifting its focus toward foods and premium personal care (targeting a 20–25% CAGR), with digital brands (e.g., Beardo and Plix) scaling well and improving profitability. Management aims to increase the contribution from foods and digital-first brands to ~33% of domestic revenue (up from ~25% currently).
- Marico is strengthening its portfolio through inorganic growth (refer to Exhibit 9). Recent acquisitions (4700BC, Cosmix, and Candid) are expected to contribute ~5% to FY30 revenues. Distribution expansion through Project SETU and rising traction in quick commerce are additional growth levers.

Food segment: Building a scalable high-growth engine

- Marico continues to build its food portfolio (refer to Exhibit 6) as a key long-term growth engine, with a focus on premium snacking, health & wellness, and modern breakfast categories. The segment reported moderate growth (5% in 3QFY26), impacted by ongoing portfolio rationalization and exit from low-margin SKUs, aimed at improving the quality of growth.
- Despite near-term moderation, the company aspires to deliver a 20-25% CAGR in the foods segment. The segment has surpassed the revenue of INR9b in FY25 (5x that of FY20) and is expected to scale to ~9x FY20 levels by FY27 and ~15x by FY30 (refer to Exhibit 8). The growth is supported by strong traction in core brands such as True Elements, Saffola Oats, and Saffola Soya. In addition, recent acquisitions such as 4700BC (ARR of ~INR1.4b) and Cosmix (ARR of ~INR1b) are expected to scale 3.0–3.5x by FY30, further strengthening the portfolio.
- Operational improvements, including supply chain efficiencies and GTM refinements, have led to ~1,000bp gross margin expansion over the last two years, with further gradual improvement expected. While the company has a strong presence in modern trade and e-commerce, expanding general trade penetration remains a key growth lever.

Digital & D2C portfolio: Strong growth momentum

- Marico has built a strong portfolio of digital-first and D2C brands, including Beardo, Plix, Just Herbs, and True Elements (refer to Exhibit 7). The company is focusing on high-growth categories such as male grooming, plant-based skincare, Ayurveda, and dermatology-led products. Growth is driven by strong consumer engagement, high repeat purchases, and increasing traction in e-commerce and quick commerce channels. In FY26, the premium personal care portfolio is expected to exit at an ARR of ~INR3.5b, while digital-first brands are likely to surpass an ARR of INR10b.
- Key brands have delivered robust growth over the last few years. Beardo has scaled ~5x over FY21-26 (~INR3.5b in FY26E). Plix has also witnessed strong momentum, with revenue scaling ~6x since FY24 (INR9b in FY26E). The recently acquired Candid brand (ARR of INR1b) is anticipated to scale ~3x over FY25-30. The digital-first personal care (PPC) segment is on track to deliver double-digit EBITDA margins by FY27, with a gradual improvement to mid-teen levels over the medium term.

International business driving growth; diversification reducing risk

- Marico's international business reported strong growth of ~18% in INR terms during 9MFY26, driven by broad-based performance across key markets. The segment is expected to remain a key growth driver, supported by a gradual shift towards premium personal care and digital-first portfolios in core regions such as Vietnam, Bangladesh, and the Middle East.
- Marico is also focusing on reducing concentration risk through geographical and category diversification, while scaling up higher-margin segments within the portfolio. The increasing contribution from premium products and organized trade channels is likely to support margin improvement over the medium term.

Despite ongoing geopolitical uncertainties, the overall impact on Marico remains limited, given its relatively low exposure to the MENA region.

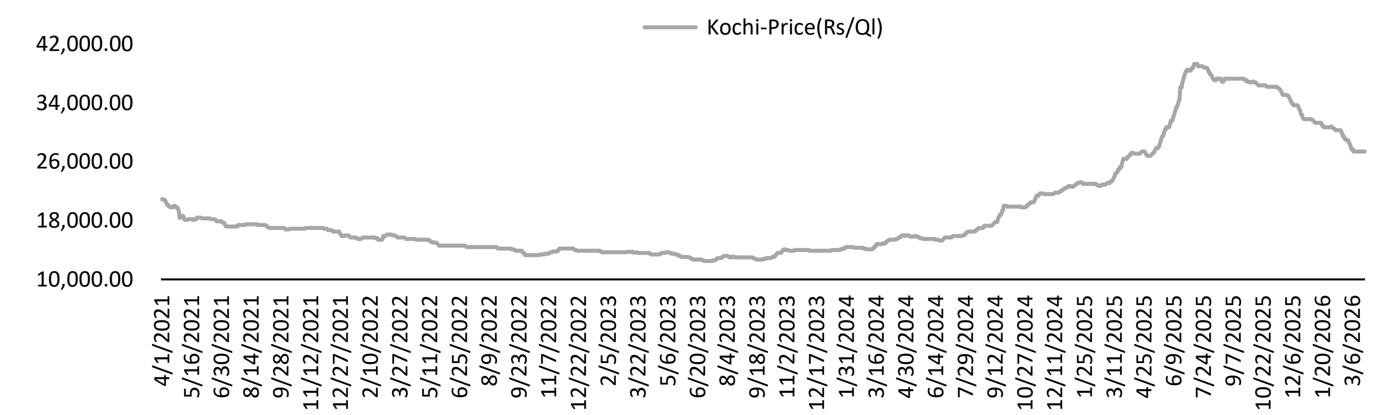
EBITDA margin outlook improving

- Marico's EBITDA margin dipped ~300bp YoY in 9MFY26 mainly due to a spike in copra prices, while the company did not fully pass on the cost increase through price hikes. Going forward, management expects margins to improve 150-200bp in FY27, supported by easing copra prices (which have declined ~40% from their peak), a higher share of premium and value-added products, and operating leverage from scaling newer businesses.
- However, while some pressure may persist due to inflation in select raw materials amid ongoing geopolitical uncertainties, Marico remains relatively less impacted by overall RM volatility compared to other FMCG peers (refer to Exhibits 2 and 3). This is primarily because ~50% of its raw material basket is copra, which is currently witnessing a deflationary trend. We model an EBITDA margin of 18.8% in FY27 and 19.1% in FY28 (vs. 17.1% in FY26E).

Valuation and view

- The company is on track to deliver ~25% consolidated revenue growth in FY26, driven by pricing, expanded direct reach, and strong momentum across core categories as well as newer growth engines, such as foods and premium personal care.
- To improve its distribution reach, Marico has also started Project SETU, which helps drive growth in GT through a transformative expansion of its direct reach.
- This project is designed to drive growth by deepening market penetration and strengthening Marico's presence across India. With these strategic initiatives in place, the company is focused on ensuring long-term profitability and further diversifying its business portfolio.
- We model a 12%/18%/16% revenue/EBITDA/APAT CAGR during FY26-28E. **We reiterate our BUY rating with a TP of INR900 (based on 50x Mar'28E EPS).**

Coconut oil prices declined 40% from their peak



Source: Coconut board, MOFSL

30 March 2026

Company Update | Sector: Packaging

EPL

BSE SENSEX	S&P CNX
71,948	22,331

Stock Info

Bloomberg	EPLL IN
Equity Shares (m)	320
M.Cap.(INRb)/(USDb)	65.7 / 0.7
52-Week Range (INR)	254 / 175
1, 6, 12 Rel. Per (%)	6/9/7
12M Avg Val (INR M)	156
Free float (%)	73.6

Financials Snapshot (INR b)

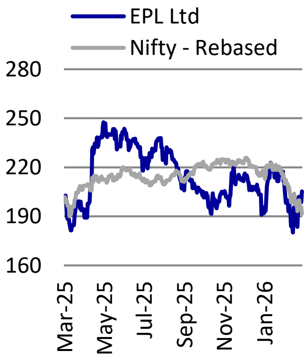
Y/E MARCH	2026E	2027E	2028E
Sales	47.0	52.3	57.6
EBITDA	9.7	10.9	12.1
Adj. PAT	4.2	5.4	6.4
EBITDA margin (%)	20.7	20.9	21.0
Cons. Adj. EPS (INR)	13.0	17.0	19.9
EPS Gr. (%)	14.7	30.6	17.5
BV/Sh. (INR)	81.4	93.4	108.3
Ratios			
Net D:E	0.1	-0.0	-0.2
RoE (%)	16.7	19.4	19.8
RoCE (%)	16.8	18.8	19.7
Payout (%)	39.3	29.5	25.1
Valuations			
P/E (x)	15.8	12.1	10.3
EV/EBITDA (x)	7.1	5.9	5.0
Div. Yield (%)	2.4	2.4	2.4
FCF Yield (%)	5.5	8.1	9.4

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	26.4	26.4	51.5
DII	9.6	10.0	11.6
FII	17.6	17.4	14.9
Others	46.5	46.2	22.0

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR205 TP: INR270 (+32%) Buy

Building a scaled consumer packaging leader for emerging markets

EPL and Indovida (a leading global rigid PET packaging company and subsidiary of Indorama Ventures Ltd) have signed definitive agreements to merge, creating a ~USD1b revenue entity with a combined valuation of ~USD2b. The transaction will form one of the largest consumer packaging platforms in emerging markets, combining complementary capabilities to expand global reach, accelerate growth, and enhance margins and returns.

- **Indovida is a leading global rigid PET packaging platform, with 19 facilities across nine countries (primarily in Southeast Asia and Africa), deriving ~90% of revenue from emerging markets; it operates mainly in preforms (~75% of revenue) and is supported by strong customer relationships, driven by high service quality, experienced management, reliable raw material access, and a diversified geographic footprint.**
- **For this merger, EPL is valued at ~USD1.2b (at INR339/share, i.e., ~70% premium to the 26th Mar'26 close), while Indovida India is valued at ~USD700m, at a ~35% discount to EPL's multiple.**
- **The implied EV/EBITDA multiples are 12.5x for EPL and 8.1x for Indovida India, with EPL commanding a premium due to its strategic pivot toward the beauty & cosmetics segment and expansion into high-growth markets such as Brazil and Thailand.**
- **Post-merger, Indorama Ventures will become the co-promoter with a 51.8% stake (three board seats), while Blackstone will hold 16.6% (one board seat) in the combined entity.**
- **The merger is expected to result in sizable synergies of USD35-50m annually, driven by mutually leveraging each other's moats, such as leading market positions in the key emerging markets, portfolio diversification, supply chain, and other costs synergies.**
- **This merger transforms EPL into a diversified multi-format packaging leader, expanding TAM from USD2.4b to USD29b, strengthening global presence and customer relationships while positioning the company for sustained growth across products, geographies, and emerging markets.**
- **EPL is trading at ~10.3x FY28E EPS of INR19.9 and ~5x FY28E EV/EBITDA. We value the stock at 14x FY28E EPS to arrive at a TP of INR270. We reiterate our BUY rating on the stock**

Indovida: A leading rigid PET player

- Indovida, wholly-owned by Indorama Ventures (99.99% stake), is a leading global rigid PET packaging platform that manufactures preforms, bottles, and closures for the food & beverage, healthcare, and broader consumer segments.
- The company operates 19 manufacturing facilities across nine countries, primarily in Southeast Asia and Africa, with ~90% of its revenue derived from emerging markets.

- **Preforms contribute ~75% of the revenue,** while the remainder comes from bottles and closures (equal split). Its strong customer franchise is driven by high-service quality, experienced management, reliable access to raw materials, and a well-diversified geographic footprint.
- The **customer base includes leading global FMCG players** such as Coca-Cola, PepsiCo, Nestlé, Unilever, P&G, L'Oréal, Danone, and ThaiBev. The company holds the #1 position in rigid packaging across the Philippines, Vietnam, and Nigeria, and ranks among the top two players in several other key markets, including Egypt, Thailand, Tanzania (recently entered), and Ghana.
- The company reported a revenue of INR38b in CY25 (~83% of EPL's CY25 revenue), with healthy **EBITDA margins of 21.3% and strong RoCE of 23.7%.**
- 100% owned by Indorama Ventures, Indovida benefits from supply chain resilience, strong sustainability capabilities, and a growing footprint across emerging markets.
- Indovida is **a net cash company**, providing significant balance sheet flexibility to pursue future inorganic growth opportunities.
- Indovida currently has no presence in India; the merger provides a strategic entry into the market through EPL's established platform.

Shareholding and transaction valuation

- The pre-merger shareholding of EPL includes ~26% of Epsilon Pte. (affiliate of Blackstone), 24.4% of Indorama Netherlands BV ('Indorama BV'), and balance held by other shareholders.
- The swap ratio determined for the transaction is 286 fully paid-up equity shares (FV INR2) of EPL for every 10,000 fully paid-up equity shares (FV INR10) in Indovida India.
- Accordingly, upon the merger becoming effective, the share of Indorama BV would rise to 51.8%, while the revised shareholding of Epsilon and other shareholders would stand at ~16.6% and 31.6%, respectively (Refer to Exhibits 9 and 10).
- For the purpose of effecting this merger, EPL is valued at ~USD1.2b, with a per share price of INR339 (~70% higher than the closing price as of 26 Mar'26), resulting in a transaction value of ~INR62.6b for the shares issued to Indovida India. Indovida India is valued at ~USD700m (~35% discount to the multiple ascribed to EPL).
- **The valuation is based on EV/EBITDA multiple of 12.5x and 8.1x for EPL and Indovida India, respectively,** based on CY25 financials. EPL was valued comparatively at a higher multiple due to its pivot in the Beauty & Cosmetic category, along with its entry into emerging markets like Brazil and Thailand.
- Post-merger, EPL would be valued at ~USD2b. The merger is cash neutral and expected to be EPS accretive from the first full year of operation.
- The merger's approval is pending from SEBI, CCI, Stock Exchanges, NCLT, Shareholders', Creditors, and other regulatory approvals. The transaction closure (including approval period) is expected to occur in ~12 months

Strategy, synergies, and leadership strength

- **This strategic merger is expected to drive incremental value for EPL through: 1) access to global operating expertise, capital support, and sustainability capabilities; 2) enhanced stability and continuity, enabling disciplined execution of strategic and investment plans; 3) stronger alignment with global customers, regulators, and employees; and 4) reinforcement of long-term structural value creation as a future-ready global packaging platform.**
- The merger is expected to unlock significant synergies (~USD35m-50m), driven by mutually leveraging leadership positions in key emerging markets, along with portfolio diversification and supply chain and cost optimization.
- The merger enables EPL to leverage Indovida's established presence and local expertise in key emerging markets (notably Africa and Vietnam), while also providing access to new geographies, thereby accelerating market entry, reducing execution risks, and deepening customer engagement through a broader multi-format portfolio.
- The combined scale and shared infrastructure are expected to drive cost efficiencies and improve capital allocation, while increased financial flexibility supports faster expansion and potential inorganic growth opportunities.
- Further, Indovida's positive net cash position is expected to reduce EPL's post-merger leverage (net debt/EBITDA ~0.25x from 0.65x in CY25), enhancing financial flexibility to pursue margin-accretive inorganic opportunities.
- The merger also lays the foundation for expansion into adjacent specialty packaging segments, including specialty caps & closures and rigid containers for the beauty and cosmetics industry (each with a global market size of ~INR 800b-900b), enabling deeper customer penetration and cross-selling opportunities.
- EPL is expected to benefit from procurement efficiencies, vendor consolidation, and logistics optimization, along with shared infrastructure and centralized support functions, driving structural cost savings, improved operational efficiency, and sustained margin expansion.
- Indovida's experienced management team will strengthen EPL's leadership, bringing proven execution capabilities and deep expertise in emerging markets.
- This merger aligns with Indorama Ventures' strategy to deepen its presence in India and supports its IVL 2.0 focus on building market leadership through partnerships and value-accretive investments.
- Indorama's strategic parentage is expected to enhance EPL's access to global operating expertise, capital support, sustainability capabilities, strengthening alignment with global standards and drive further value creation.

Building a scaled, high-growth packaging leader in emerging markets

- EPL currently stands as a global leader in packaging, underpinned by a strong foundation and consistent execution. The company has delivered robust growth, with revenue/EBITDA/Adj. PAT CAGRs of 7%/13%/19% over FY22-FY25, while maintaining a significant ~60%+ revenue contribution from emerging markets.
- The merged entity will leverage EPL's and Indovida's strong positions in emerging markets, accounting for ~75% of the companies' revenue, along with their complementary geographic footprints to drive enhanced growth.

- EPL and Indovida's combination will create one of the largest consumer packaging platforms in emerging markets, with a network of 40 manufacturing facilities spanning 17 countries.
- The merged entity's exposure to emerging markets underpins a strong growth outlook, with these markets expanding at nearly 2x the pace of developed economies.
- The laminated tube market in emerging regions is projected to expand at a ~6-6.5% CAGR over FY24-FY30, outpacing the ~4% CAGR in developed markets. Similarly, the rigid PET market in emerging regions is expected to expand at ~5% CAGR over FY25-FY30, compared to ~2% CAGR in developed markets.

Valuation and view

- The merger is expected to transform EPL into a diversified, multi-format packaging platform (rigid and flexible packaging) with a strong presence across high-growth emerging markets (combined 75% share), supported by an increased focus on innovation for both large and emerging brands.
- EPL's TAM will increase to USD29b (addition of Rigid PET market size of USD26.6) from USD2.4b (laminated tubes market). The combined entity's enhanced capabilities, deep customer relationships, and expanded global footprint are likely to strengthen its positioning as a preferred partner for customers, enabling it to drive sustained growth across product categories and geographies.
- We expect EPL, on a standalone basis, to continue delivering healthy operating performance across geographies, supported by robust demand, ongoing product innovation, and an improving sustainability-led mix, with management reiterating its double-digit revenue growth guidance.
- We expect a revenue/EBITDA/PAT CAGR of 11%/13%/21% over FY25-28 and value the stock at 14x FY28E EPS to arrive at a TP of INR270. We reiterate our BUY rating on the stock.

Financials | Banks

Stocks delivering more than 25% returns

BFSI stocks under MOSL coverage	Returns (%)
MCX	122
RBK	69
Anand Rathi	59
AUSFB	59
ABCL	59
INBK	58
LTFH	57
BSE	49
DCBB	44
CNBK	42
Nippon India AMC	39
Aditya Birla AMC	37
FB	37
Muthoot	35
UNBK	34
Shriram Finance	33
IIFL Finance	33
Max Financials	31
SBIN	29
Star Health	26
Paytm	26

FY26: Tough year, yet 21 BFSI stocks deliver >25% returns

Macro volatility persists; earnings recovery to support improved performance over FY27E

- **Despite FY26 being a challenging year for investing, ~21 stocks within our BFSI coverage universe delivered >25% returns, underscoring the importance of stock selection and the breadth of opportunities within the sector.**
- **BFSI market cap has expanded to INR108t in 2026 from INR91t in 2025, reflecting a growth of ~18% in a year. This shift is largely due to the outperformance of segments such as PSU Banks, NBFCs, and fintech firms, backed by technological shift and innovation.**
- **BFSI sector's evolution, driven by digitalization, retail credit expansion, and regulatory reforms, has broadened the investible universe beyond traditional banks, prompting MOFSL to significantly expand its coverage to 77 stocks (adding ~12 stocks in FY26), in line with the sector's increasing depth and complexity.**
- **BFSI earnings estimates have been consistently downgraded in recent quarters, owing to margin pressure, weak loan growth, and high credit costs. The pace of earnings revisions, though, has moderated significantly in recent months.**
- **In the last 12 months, MOFSL earnings estimates for private banks were lowered by 8%/5% for FY26/FY27, while PSU banks saw milder revisions.**
- **We estimate private banks' aggregate earnings growth at 20% over FY27-28. For our banking universe, we estimate earnings growth of 16%/17% in FY27/28 after growth bottoms out at 5% YoY in FY26E.**
- **This recovery in earnings momentum, along with improved loan growth (aided by GST, direct tax rate cuts, and lower borrowing costs), should help drive better sector performance over the medium term. Top picks: ICICIBC, HDFC, and SBIN.**

FY26 – Tough year for investing, but 21 stocks deliver >25% returns

FY26 has been a challenging year for investing, with benchmark indices like the Nifty 50 and Nifty Bank delivering muted returns of -5%/-2% amid macro uncertainties. Meanwhile, large private banks declined ~10–18% (barring AXSB delivering returns of ~5%). Select mid-size banks like Bandhan, IDFCB, and Equitas also underperformed. PSU and few mid-sized banks emerged as key outperformers, with names like RBK, Indian Bank, AUBANK, and KVB delivering 50–70% returns. Strong gains were also seen beyond banks, with stocks like MCX, ABCL, and LTFH delivering 60–120% returns. **Despite the weak broader backdrop, we note that 21 stocks within our BFSI coverage universe delivered >25% returns, underscoring the importance of stock selection and the breadth of opportunities within the sector**.

BFSI market cap grows ~18% to INR108t in FY26

The Indian BFSI sector has experienced a remarkable >60x surge in market capitalization over the past two decades. **It has expanded to INR108t in 2026 from INR91t in 2025, reflecting a growth of ~18% in a year**. This shift is largely due to the outperformance of segments such as PSU Banks, NBFCs, and fintech firms, backed by technological shift and innovation. The fintech space, which was virtually non-existent until 2015, **now boasts a market cap of >INR13t**, both listed and unlisted together. As the BFSI sector continues to grow, fueled by increasing digitalization and evolving consumer preferences, it will present significant high-growth investment opportunities.

MOFSL BFSI coverage expands by 12 stocks to a total of 77 in FY26

The BFSI sector has evolved significantly, driven by digitalization, retail credit growth, and regulatory reforms, leading to a more diversified ecosystem beyond traditional banks. This shift, along with the advent of new-age business models, has expanded the research focus and overall investible BFSI universe. **At MOFSL, we have stayed aligned with these trends and added ~12 stocks under our coverage in FY26 (more than doubled our BFSI coverage to 77 stocks over the past five years),** reflecting the sector's increasing depth, complexity, and the need for granular, stock-level analysis.

AQ robust; near-term credit cost in control – medium term under watch

- Banks with higher exposure to unsecured retail loans have seen sharper earnings downgrades over the past year due to elevated delinquencies in MFI and unsecured loans, though early signs now point to improving asset quality outlook in these segments.
- While overall credit costs are expected to remain contained for both private and PSU banks, stress persists in pockets such as retail CV and micro-LAP. Mid-sized private banks are likely to benefit from improving asset quality as conditions stabilize, whereas large private banks with diversified, secured portfolios continue to outperform.
- Additionally, PSU banks are gaining a structural edge through the CGTMSE frame**work, under which eligible loans can receive government guarantees (INR50m).** This reduces credit risk for banks and supports lending to smaller businesses, **enabling collateral-free MSME lending at competitive rates and narrowing the gap with private sector peers.**

Pvt banks witness 8%/5% cut in FY26/27E PAT; PSBs witnesses upgrades

- FY26-27 earnings estimates of the MOFSL banking universe have been downgraded over the recent years, considering a sharp contraction in margins and elevated provisioning mainly due to unsecured stress. Mid-size private sector lenders have witnessed sharper cuts due to higher exposure to MFI and unsecured assets, which resulted in a steeper rise in credit costs.
- However, with collection efficiency in the MFI segment recovering to over 99% across lenders and stability **in both the PL and credit card segments, the earnings cycle is expected to stabilize. In the past 3 months/12 months, private banks' aggregate FY26E PAT has been cut by 2%/8% vs. a 3%/5% increase for PSU banks. Likewise, FY27E aggregate PAT for private banks has been reduced by 5% in the last 12 months, while it has remained broadly unchanged in the past 3 months**.

MOFSL vs. consensus: Where do we stand vs. peers?

MOFSL aggregate earnings estimates are broadly in line with consensus; however, stock-level variations do exist. **We are slightly more positive than consensus for some mid-tier banks like RBK (+44%), BANDHAN (+11%), IDFCFB (+5%) and DCBB (+3%) for FY27,** driven by our expectation of credit cost normalization and NIM stability. **For PSBs like Canara (+2%) and PNB (+18%) too, our earnings estimates stand higher than consensus**. For large private banks, our estimate are broadly similar to consensus, barring our KMB estimate, which is lower by 4% than consensus for FY27.

Earnings growth slows to 5% in FY26E; estimate ~16% CAGR over FY27-28

Sector earnings have moderated due to margin pressure, elevated unsecured stress, and slower loan growth, with growth declining from ~40% CAGR in FY21–24 to ~5% in FY26E. However, early signs of recovery are visible, **and we expect earnings growth to rebound to ~16–17% in FY27–28, driven by improving asset quality, lower credit costs, and margin recovery.**

- In the last 12 months, HDFCB saw a 5% earnings upgrade, whereas ICICIBC saw a marginal cut in FY26, and KMB/AXSB saw earnings cuts of 13%/11% due to high stress in the unsecured segment and slower loan growth. **We estimate ~17% CAGR over FY26-28 for large private banks.**
- Mid-sized private banks have seen the sharpest earnings downgrades, with cuts of 30–98% over the past year due to higher exposure to unsecured and MFI segments. However, with stress now moderating, we expect earnings to bottom out and recover sharply, **estimating ~63% CAGR over FY26–28**.
- PSU banks have seen modest earnings upgrades, with FY26E estimates rising ~3%/5% over the past 3/12 months, led by upgrades in Canara, Indian Bank, and SBI, while PNB witnessed a ~13% cut. **We estimate a steady earnings CAGR of ~11% over FY26–28 for PSBs.**

Where are we in the earnings cycle?

After a flat FY26, we estimate a ~16-17% CAGR in earnings over FY27-28 (consensus estimate: ~15% CAGR). The earnings recovery is expected to be fairly calibrated, with growth moderating sharply from 34% in 2QFY24 to 17% in 2QFY25 and bottoming out in 2QFY26 at ~1% YoY (~3% excl. IIB). Thereafter, earnings started to recover gradually, improving to ~9% YoY in 3QFY26 (11% excl. IIB), enabling the **banking sector to exit FY26E with ~10% YoY growth and continue recovering further through FY27E.**

Sector outlook positive; estimate earnings CAGR of ~17% over FY27-28

The banking system has witnessed a **steady recovery in credit growth at ~14.5% YoY, led by growth across segments, especially MSME credit**. Buoyed by resilient margin performance and improved asset quality, we had earlier raised our aggregate FY26/27 earnings estimates by ~3%/1% in 2QFY26 results, mainly led by PSU banks, and have further maintained our estimates in the 3QFY26. **We estimate private banks' aggregate earnings growth at 20% over FY27-28.** For our banking universe, we estimate earnings growth of 16%/17% in FY27/28 after growth bottoms out at 5% YoY in FY26. This recovery in earnings momentum, along with improved loan growth (aided by GST, direct tax rate cuts, and lower borrowing costs), should help to drive better sector performance over the medium term. **Top picks: ICICIBC, HDFC, and SBIN.**

G-Sec borrowings (1HFY27): Front-loaded and short-tenor heavy

- **The Center's gross market borrowing in 1HFY27 stood at INR8.2t (51% of BE), better than market expectations. In 1HFY26, the share of market borrowing was 54%. The FY27BE is reduced to INR16.1t from the announced INR17.2t. The RBI has already announced a switch of INR755b and INR250b, reducing the gross borrowing to INR16.1t. Net issuance is lower at INR5.7t, considering INR2.5t of redemptions. In 1HFY26, the net issuance was INR5.9t. The calendar is marginally positive for the bond market, in view of the recent global developments.**
- **Key takeaways from the calendar: 1) the share is higher for shorter tenors (<=10Y) than longer tenors (>40Y); 2) redemptions are the highest in April, bringing the net auction size to (-)INR185b in the month; 3) T-bill calendar gross issuance stood at INR2.9t in 1QFY27 vs. INR2.5t in 1QFY26, with concentration more in the 91-day segment (50%).**
- **As the government has announced an excise duty cut on petrol and diesel, there remains an upside risk to the fiscal deficit to the tune of 40bps touching 4.7% of GDP (for details, refer to the Petro Tax Cut: Hit and Miss report). This could lead to an increase in the market borrowings, but the Union Government would have ample levers to bridge the gap. This could be done through additional short-term T-Bill borrowings (1QFY27 T-Bill issuance is already higher than last year) or through "Other Liabilities" such as small savings collections. Small savings collections are anticipated to remain robust, considering the higher interest rates that they offer compared to bank FDs (above a 7-8% interest rate on most schemes).**
- **We expect the 10Y yields to trade in the range of 7.10-7.20% over the course of the year, driven by elevated energy prices, sticky inflation, and worsening fiscal and CAD dynamics.**

Exhibit 1: Month-wise supply duration of bonds (INR b, % share)

Month-wise supply duration (INR b)

Month	3Y	5Y	7Y	10Y	15Y	30Y	40Y	50Y	SGrB	Total
Apr-26	110	210	110	340	170	50	110	240	50	1,390
May-26	110	210	110	340	340	100	110	110	0	1,430
Jun-26	110	210	110	680	170	50	110	110	50	1,600
Jul-26	110	210	110	340	170	100	110	110	0	1,260
Aug-26	110	210	110	340	170	50	110	110	50	1,260
Sep-26	110	210	110	340	170	100	110	110	0	1,260
Total	**660**	**1,260**	**660**	**2,380**	**1,190**	**450**	**660**	**790**	**150**	**8,200**
% of total	**8.0**	**15.4**	**8.0**	**29.0**	**14.5**	**5.5**	**8.0**	**9.6**	**1.8**	**100**

Source: RBI

Exhibit 2: Apr is the best month with the lowest net issuances

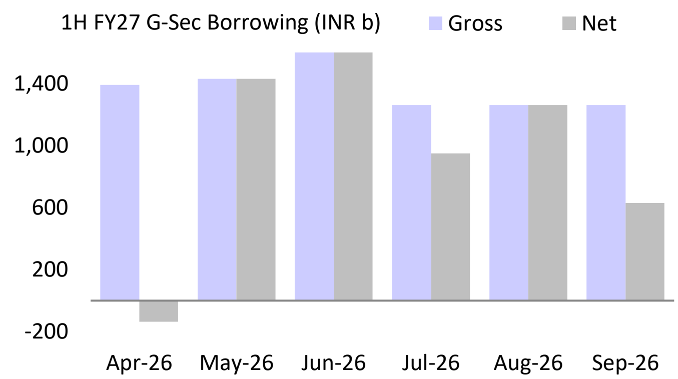
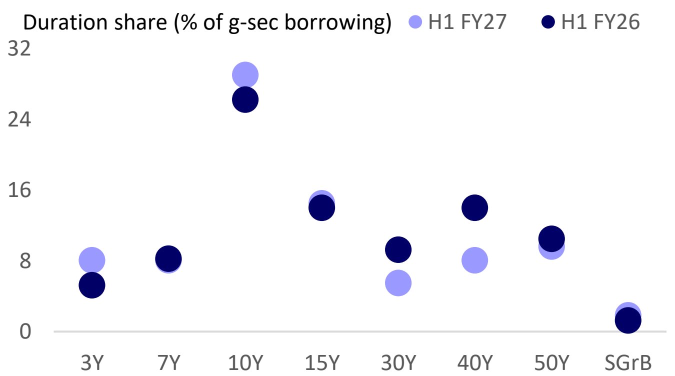


Exhibit 3: Mix shifts towards shorter tenor



Source: RBI, MOFSL

Feb'26 IIP: Stable but risks emerging

- **India's industrial production grew 5.2% YoY in Feb'26, a marginal pickup from the upwardly revised 5.1% YoY in Jan'26. In addition to favorable base support, manufacturing led the increase on an annual basis.**
- **The manufacturing sector, which carries the highest weight in the index, expanded 6% in Feb'26 from 5.3% YoY in Jan'26. 14 out of 23 manufacturing sub-sectors registered higher growth as against last month.**
- **Investment-oriented industries, such as metals, electrical equipment, machinery, motor vehicles, and other transport equipment, registered strong annual growth, indicating that the capex cycle remains supportive of industrial activity. Notably, this is prior to the start of geopolitical tensions in the Middle East. March and April IIP would be crucial to understand the true impact.**
- **In contrast, consumption-linked segments exhibited weakness. Sectors such as leather, wearing apparel, and pharmaceuticals saw muted or negative growth.**
- **The divergence is clearly visible in use-based classification: infrastructure and construction goods grew 11.2% YoY, supported by strong steel and cement output.**
- **Consumer durables output remained healthy, with 7.3% YoY growth in Feb'26, but consumer non-durables contracted for the second consecutive month by 0.6% YoY, highlighting continued softness in mass consumption demand.**
- **Electricity generation moderated to 2.3% YoY in Feb'26 vs. 5.1% YoY in Jan'26.**
- **Geopolitical tensions in the Middle East pose near-term risks through oil price volatility and export disruptions, given that the region accounts for a 15% share of India's goods exports.**
- **The possibility of extended conflict poses downside risk to growth. With oil prices remaining above USD90pb, we see risks of GDP growth slipping towards 6.5% for FY27 vs. our base case assumption of 7.5%, with oil prices at USD70 pb.**

Exhibit 1: IIP growth steady at 5.2% YoY in Feb'26…

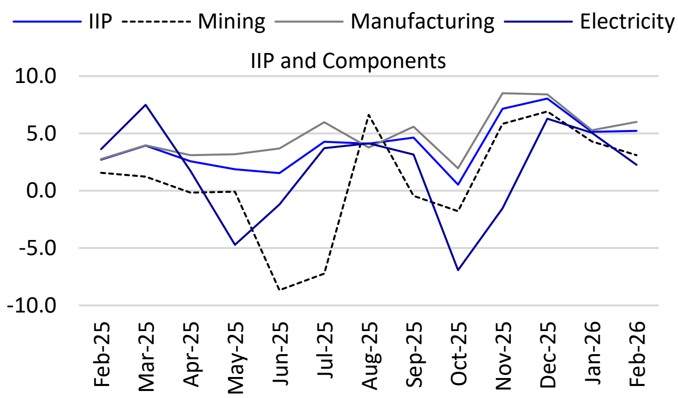


Exhibit 2: …driven by the manufacturing sector

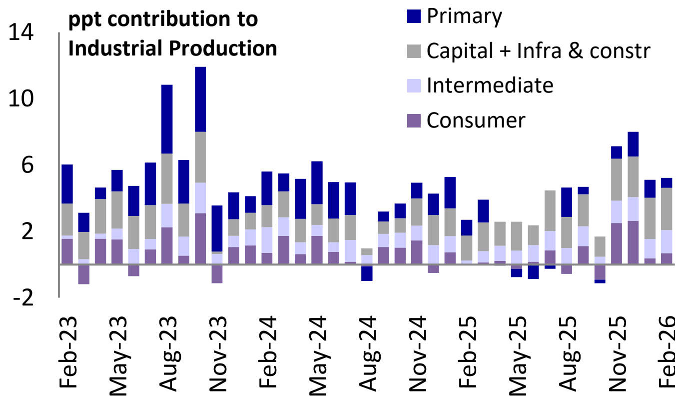


Exhibit 3: Capital intensive goods sectors growing strong

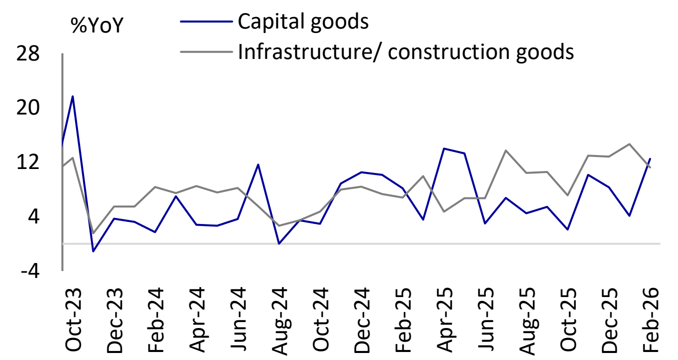
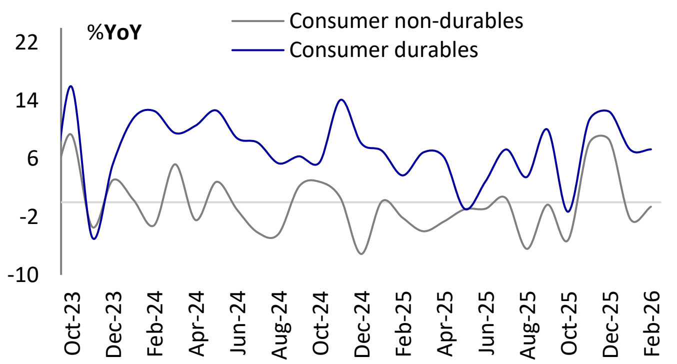


Exhibit 4: Consumer non-durables in negative, durables grew decently



Source: CSO, MOFSL

Data highlights

IIP growth registers a modest uptick in Feb’26

- India’s industrial production grew 5.2% YoY in Feb’26, a marginal pickup from the upwardly revised 5.1% YoY in Jan’26. In addition to favorable base support, manufacturing led the increase on an annual basis.
- On a sequential basis, there was broad-based moderation in growth across mining, manufacturing, and electricity.
- For FYTD26, average IIP growth stands at 4.1% YoY, matching the corresponding period last year. While the overall trend remains stable, supported by a favorable base, we believe production indicators will moderate in March and April, following the disruption in LPG gas and key components imported from the Middle East.
- Manufacturing contributed positively to growth, while mining and electricity share moderated.

Manufacturing sector leads growth

- The manufacturing sector, which carries the highest weight in the index, expanded 6% in Feb’26 from 5.3% YoY in Jan’26. 14 out of 23 manufacturing sub-sectors registered higher growth as against last month.
- Investment-oriented industries, such as metals, electrical equipment, machinery, motor vehicles, and other transport equipment, registered strong annual growth, indicating that the capex cycle remains supportive of industrial activity. Notably, this is prior to the start of geopolitical tensions in the Middle East. March and April IIP would be crucial to understand the true impact.
- In contrast, consumption-linked segments exhibited weakness. Sectors such as leather, wearing apparel, and pharmaceuticals saw muted or negative growth.

Infra leads, consumption lags

- Use-based data reflects a clear divergence between infrastructure and consumption segments. Infrastructure and construction goods grew 11.2% YoY, fourth consecutive double-digit growth, supported by strong output in core sectors such as steel and cement. This underscores continued public and private investment activity and aligns with sustained capital expenditure trends (state capex picked up 4QFY26).
- On the consumption side, performance was mixed. Consumer durables output grew 7.3% YoY, building on a healthy 7.2% YoY expansion in Jan’26. However, consumer non-durables contracted for the second consecutive month by 0.6% YoY.
- In FYTD terms, consumer non-durables production declined 0.2% YoY, highlighting subdued mass consumption demand. The relatively stronger 6% YoY growth in consumer durables remains a silver lining within the broader consumption basket.
- Our in-house investment tracker built using the IIP sub-components grew by a robust 11.6% YoY as against the consumption tracker, which showed a modest 2.7% YoY growth for Feb’26.

External risks and outlook:

- Geopolitical tensions in the Middle East pose near-term risks to industrial production, particularly through their impact on global oil prices and trade flows. With nearly 15% of India's goods exports directed toward Middle Eastern countries, prolonged conflict could disrupt shipments and delay export demand.
- The possibility of extended conflict poses downside risk to growth. With oil prices remaining above USD90pb, we do see risks of GDP growth slipping towards 6.5% for FY27 vs. our base case assumption of 7.5%, with oil prices at USD70 pb.

Exhibit 5: IIP and its components

	Wt (%)	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
IIP	100	4.6	0.5	7.2	8.0	5.1	5.2	1.3	-1.7	5.0	7.6	-0.5	-6.4
Sectoral Classification													
Mining	14.4	-0.4	-1.8	5.8	6.9	4.3	3.1	-2.6	13.5	12.2	8.1	2.7	-6.9
Manufacturing	77.6	5.6	2.0	8.5	8.4	5.3	6.0	2.5	-2.6	5.4	6.8	-1.5	-6.3
Electricity	8.0	3.1	-6.9	-1.5	6.3	5.1	2.3	-3.5	-9.4	-6.3	13.0	3.5	-6.5
	Wt (%)	**Sep-25**	**Oct-25**	**Nov-25**	**Dec-25**	**Jan-26**	**Feb-26**	**Sep-25**	**Oct-25**	**Nov-25**	**Dec-25**	**Jan-26**	**Feb-26**
Use Based Classification													
Primary goods	34.0	1.3	-0.6	2.2	4.4	3.1	1.8	-4.0	4.0	1.4	9.0	2.0	-7.7
Capital goods	8.2	5.4	2.1	10.1	8.3	4.1	12.5	9.4	-9.2	5.4	5.7	0.0	4.5
Intermediate goods	17.2	6.3	2.5	7.4	7.8	6.3	7.7	0.2	-1.1	0.6	7.7	0.0	-6.5
Infrastructure/construction goods	12.3	10.6	7.1	13.0	12.8	14.6	11.2	-1.3	-0.2	1.5	10.0	4.1	-7.1
Consumer durables	12.8	10.0	-1.3	11.2	12.4	7.2	7.3	8.9	-12.4	5.5	3.0	0.1	-2.7
Consumer non-durables	15.3	-0.3	-5.2	8.0	8.5	-2.3	-0.6	9.4	-4.4	23.1	6.0	-10.9	-9.6

Source: CSO, MOFSL

Feb'26 GST grows by modest 2.8% to INR1.88t

- **GST collections stood at INR1.88t in Feb'26 (INR1.99t in Jan'26), registering a 2.8% YoY increase. While collections remained solid in value terms, growth momentum moderated to 2.8% YoY, as against 9.1% YoY in Feb'25 last year, reflecting the high base.**
- **In November and December, post the GST rate cut, collections slipped below INR1.8t. However, in January and February, they recovered to above INR1.8t, as was the case for the rest of FY26, underscoring a stable revenue base.**
- **GST from domestic transactions contributed around INR1.5t, contracting by 0.7% YoY, while GST from import of goods stood at INR478b, rising about 14.7% YoY.**
- **The data shows steady but slowing growth, as GST inflows from domestic activity continue to drive the bulk of revenues, while import-related collections remain stable. The moderation largely reflects the impact of recent GST rate cuts and base effects from strong growth last year.**
- **The Central Government has collected GST worth INR9.8t in FY26YTD vs. the revised budget estimate of INR10.5t. This implies average GST collections of INR893b per month in FY26YTD. To meet the revised estimate, collections of INR637b are required in Mar'26. We believe the government will be able to achieve the revised amount in FY26.**

Exhibit 1: GST collections stood at INR1.88t in Feb'26…

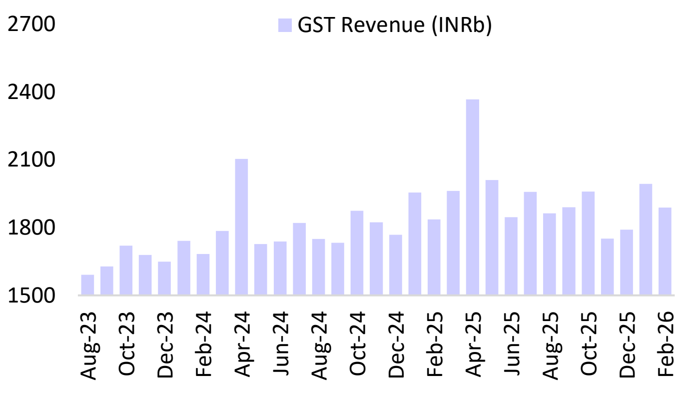


Exhibit 2: …led by higher IGST collections

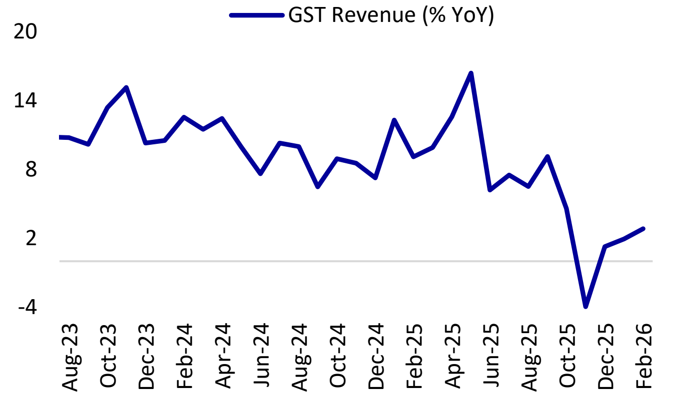


Exhibit 3: GST collected on domestic activities moderated to 74.3% in FY26YTD; share of imported GST picked up

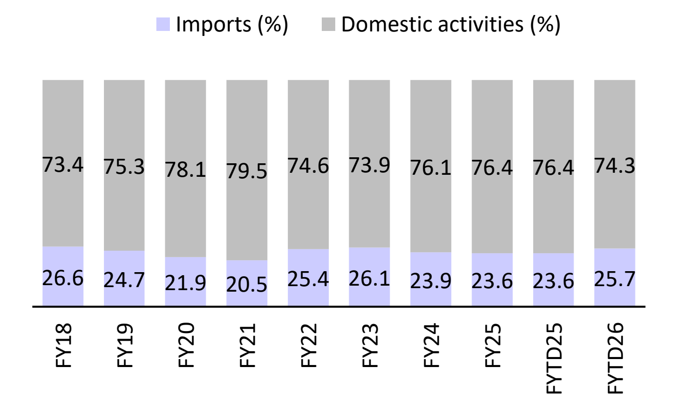
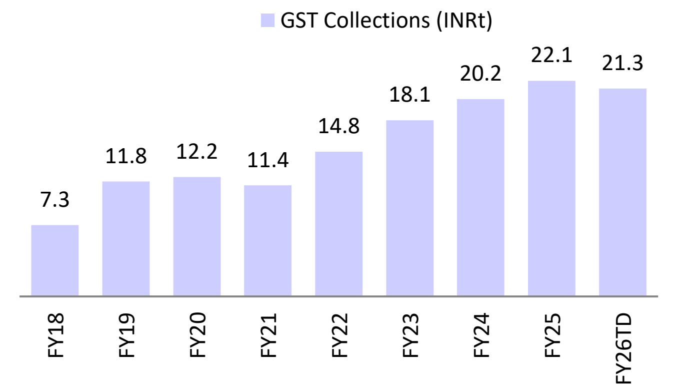


Exhibit 4: FY26TD GST collections at INR21.3t, likely to beat FY25



Source: Finance Ministry, MOFSL

Dixon Technologies: Need ECMS scheme to sustain development; Sunil Vachani, Chairman & MD

- ECMS emerges as a key policy push to deepen India's electronics ecosystem, driving ₹7,100 crore investments and boosting exports beyond the current ~$50bn scale.
- Dixon Technologies is a major beneficiary, scaling ~100mn camera modules annually and entering display modules with high backward integration.
- Localization of critical components (camera + display) is set to sharply increase mobile phone value addition from ~18% to ~40%.
- Government focus is shifting from assembly to indigenous design, skilling, and supply chain development, positioning India as a globally competitive electronics hub.

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Triveni Engineering: Centre's big E20 push boosts sugar prices, may see lower sugar output; Tarun Sawhney, Vice Chairman & MD

- Sugar stocks have rallied sharply on strong sentiment, driven by the government's push for higher ethanol blending (E20 now, targeting E30 by 2030).
- India's ethanol ecosystem remains robust with ~20% blending achieved and 60–70% surplus capacity, supporting higher future targets without immediate capex.
- Despite lower sugarcane output (ISMA cutting diversion estimates), ethanol supply remains secure via grain-based production, keeping both sugar and ethanol markets stable.
- Structural tailwinds from high oil prices and policy support outweigh near-term risks (monsoon, geopolitics), sustaining a positive outlook for the sector.

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Juniper Lifeline Hospital: BKC hospital to benefit from strong Mumbai city pricing; Ankit Thakkar, CEO

- Jupiter Lifeline Hospitals is setting up a 400-bed multispecialty hospital in Mumbai's BKC (₹354cr land, 80-year lease) to address the city's high-quality healthcare supply gap.
- The facility will target premium Mumbai-level ARPO with comprehensive services, reflecting higher complexity vs. its existing micro-market hospitals.
- Funding will initially rely on internal accruals with potential moderate leverage (2–3x EBITDA), while execution over the next ~2 years remains the key priority.
- Rising regulatory scrutiny on pricing and early supply chain pressures (West Asia conflict) are watchpoints, alongside a broader shift toward insurance-led healthcare affordability.

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N O T E S

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SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.
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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
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