

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	78,111	1.6	-8.3
Nifty-50	24,231	1.6	-7.3
Nifty-M 100	58,778	2.2	-2.8
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	7,023	0.8	2.6
Nasdaq	24,016	1.6	3.3
FTSE 100	10,560	-0.5	6.3
DAX	24,067	0.1	-1.7
Hang Seng	8,718	0.5	-2.2
Nikkei 225	58,134	0.4	15.5
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	117	-11.9	86.9
Gold (\$/OZ)	4,791	1.1	10.9
Cu (US\$/MT)	13,189	1.5	5.9
Almn (US\$/MT)	3,659	-0.8	23.3
Currency	Close	Chg .%	CYTD.%
USD/INR	93.4	0.0	3.9
USD/EUR	1.2	0.3	0.5
USD/JPY	159.0	-0.3	1.5
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.9	-0.07	0.3
10 Yrs AAA Corp	7.5	-0.05	0.2
Flows (USD b)	15-Apr	MTD	CYTD
FII	0.07	-2.97	-18.8
DII	-0.06	3.99	31.3
Volumes (INRb)	15-Apr	MTD*	YTD*
Cash	1,549	1400	1301
F&O	69,244	2,19,341	2,86,013

Note: Flows, MTD includes provisional numbers.

*Average



Today's top research idea

Cholamandalam Inv & Fin: The Chola playbook: From cyclical stress to structural strength

- ❖ CIFIC appears to be emerging from a cyclical slowdown, with a recovery in growth momentum and early signs of asset quality improvement. The company is expected to report strong, broad-based disbursement growth across its key product segments, supported by robust demand across CVs, PVs, and two-wheelers in both new and used categories.
- ❖ We expect asset quality to improve in 4Q and in FY27, supported partly by favourable seasonality and strengthening borrower cash flows, aided by a healthy monsoon, a robust kharif harvest, and improving vehicle capacity utilization. This should translate into a gradual moderation in credit costs over the coming quarters. We model credit costs (as a % of avg. AUM) of 1.65%/1.5% in FY27/FY28E (vs. ~1.75% in FY26E).
- ❖ CIFIC trades at 3.6x FY27E P/BV, a premium that we believe is well-deserved and likely to sustain. This reflects the company's consistent focus on navigating vehicle demand cyclicity while sustaining healthy AUM growth and stable asset quality through a well-diversified product mix. We expect CIFIC to deliver a PAT CAGR of ~26% over FY26-28, with an RoA/RoE of 2.6%/20% by FY28. We reiterate our BUY rating with a TP of INR1,870 (based on 3.6x Mar'28E BVPS).



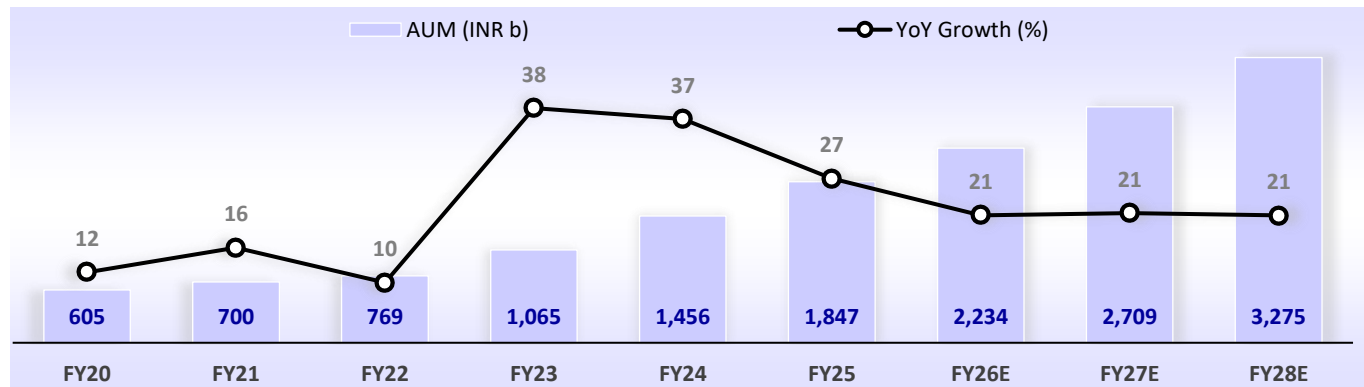
Research covered

Cos/Sector	Key Highlights
Cholamandalam Inv & Fin	The Chola playbook: From cyclical stress to structural strength
ICICI Lombard	Beat on Combined ratio; Tepid investment income drag earnings
HDB Financial Services	Healthy quarter; stronger loan growth will be key for a re-rating
Other Updates	MTAR Technologies Rubicon Research Financials - Banks EcoScope (Trade deficit Mar'26 WPI)



Chart of the Day: Cholamandalam Inv & Fin (The Chola playbook: From cyclical stress to structural strength)

AUM CAGR of ~21% over FY26-28E



Source: MOFSL, Company

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

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



Kindly click on textbox for the detailed news link

1

Titan's Zoya sees double-digit growth in bespoke segment

Zoya, the ultra-luxury jewellery arm of Titan Company, is witnessing strong double-digit growth in its bespoke and personalised jewellery segment. The brand reports rising demand from both domestic and international clients, with its customised offerings steadily increasing their share in overall...

2

Mahindra eyes South Africa expansion as China rivals gain ground

Mahindra & Mahindra is reportedly in advanced talks to upgrade its South African plant, potentially introducing completely knocked-down (CKD) production. This move aims to capitalize on rising demand for affordable vehicles and sidestep potential import tariffs...

3

India's monthly LPG imports halve, domestic output falls

India's cooking gas imports have significantly dropped this month. This follows a similar trend in March. Domestic production has also decreased. These factors are creating a tight supply situation for LPG. Disruptions in energy flows from the Gulf are impacting global markets.

4

Delhi's EV charging infra registers 'record' expansion; total charging points over 10,000

Delhi's EV charging network has crossed 10,000 points after record expansion in the past year, with over 3,000 added recently. Power Minister Ashish Sood credited policy clarity and faster rollout. Discoms, including BSES and TPDDL, drove installations as demand surged.

5

Dr Reddy's gets nod to roll out generic oral semaglutide drug

"The formulation was clinically evaluated in a head-to-head comparative study conducted in India, which established the non-inferiority to Novo Nordisk's oral semaglutide (Rybelsus brand).

6

Satin Creditcare's SGAL secures SEBI nod for Rs 200 crore women-focused AIF

Satin Growth Alternatives has secured SEBI approval to launch a ₹200 crore AIF focused on women-led businesses, aiming to drive inclusive growth, sustainability, and impactful investments across emerging sectors in India.

7

RBI gives operational flexibility to NBFCs for branch expansion

The Reserve Bank of India has eased rules for non-banking financial companies. NBFCs can now open branches without prior approval in most situations. This change aims to simplify business operations. Deposit-taking NBFCs have specific conditions based on their net owned funds and credit ratings for opening branches...

Cholamandalam Inv & Fin

BSE SENSEX 78,111
S&P CNX 24,231

CMP: INR1,550 TP: INR1,870 (+21%) Buy



Stock Info

Bloomberg	CIFC IN
Equity Shares (m)	844
M.Cap.(INRb)/(USDb)	1321.2 / 14.1
52-Week Range (INR)	1832 / 1299
1, 6, 12 Rel. Per (%)	-2/-4/-4
12M Avg Val (INR M)	2960
Free float (%)	50.3

Financials Snapshot (INR b)

Y/E March	FY26E	FY27E	FY28E
Total Income	170.1	203.7	245.5
PPP	104.2	125.1	152.4
PAT	51.0	62.8	80.6
EPS (INR)	60.0	73.4	94.2
EPS Gr. (%)	18	22	28
BV (INR)	352	428	520

Ratios

NIM (%)	7.0	7.0	7.0
C/I ratio (%)	38.7	38.6	37.9
RoAA (%)	2.3	2.4	2.6
RoE (%)	19.1	18.9	19.9
Payout (%)	3.3	3.4	2.7

Valuations

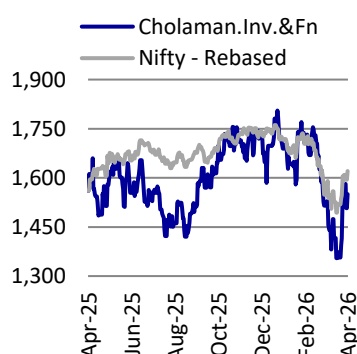
P/E (x)	25.9	21.1	16.5
P/BV (x)	4.4	3.6	3.0
Div. Yield (%)	0.1	0.2	0.2

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	49.7	49.9	49.9
DII	17.6	17.3	16.1
FII	26.6	26.9	27.4
Others	6.2	6.0	6.5

FII includes depository receipts

Stock Performance (1-year)



The Chola playbook: From cyclical stress to structural strength

Stabilizing risks, accelerating growth, and scaling new engines for sustained profitability

- Cholamandalam Investment and Finance (CIFC) appears to be emerging from a cyclical slowdown, with a recovery in growth momentum and early signs of asset quality improvement. The company is expected to report strong, broad-based disbursement growth across its key product segments, supported by robust demand across CVs, PVs, and two-wheelers in both new and used categories. The GST rate reduction aided affordability by lowering vehicle prices, thereby strengthening demand conditions and improving conversion rates across segments.**
- Over the past 12-18 months, CIFC faced sustained asset quality pressures, with GNPA deteriorating sequentially, driven by elevated delinquencies in the vehicle finance portfolio and higher slippages in the CSEL segment; however, early signs of improvement are now visible, aided by improving collection efficiencies in VF and moderation in credit costs, led by the exit from the partnership-sourced CSEL business.**
- We expect asset quality to improve further in 4Q and in FY27, supported partly by favorable seasonality and strengthening borrower cash flows, aided by a healthy monsoon, a robust kharif harvest, and improving vehicle capacity utilization. This should translate into a gradual moderation in credit costs over the coming quarters. We model credit costs (as a % of avg. AUM) of 1.65%/1.5% in FY27/FY28E (vs. ~1.75% in FY26E).**
- CIFC's NIM has begun to expand over the past couple of quarters, with the company guiding a further 5-10bp dip in cost of funds, which is likely to flow through to the NIM, implying ~10bp of incremental margin expansion in 4Q. We expect margins to improve in 4QFY26, driven by lower funding costs, and thereafter remain broadly stable over the medium term. Its NIM is estimated at ~7% for both FY27/FY28E.**
- The company's newer business verticals, including CD and gold loans, are scaling up well, with the gold loans network expanding to 118 branches and AUM reaching ~INR10b as of Dec'25. Additionally, the CSEL segment is witnessing a gradual recovery following a phase of stress and portfolio recalibration, with monthly disbursements reaching ~INR10b in Dec'25.**
- While a temporary ceasefire between the US/Israel and Iran has been announced, the situation remains fluid and fragile, with risks of re-escalation persisting. Accordingly, we expect continued volatility in stock performance, with news flow around the evolving geopolitical situation likely to act as a key near-term trigger. This will impact both growth outlook and asset quality trajectory for the company.**
- CIFC continues to demonstrate resilience through its diversified business model, prudent risk management, and focus on sustainable growth, even as it navigates a dynamic operating environment. We expect ~21% AUM CAGR and ~26% PAT CAGR over FY26-28, alongside a projected RoA/RoE of 2.7%/20.0% in FY28. We reiterate our BUY rating on the stock with a TP of INR1,870 (based on 3.6x Mar'28E BVPS).**

AUM growth accelerates; strong momentum in VF disbursements

- Over the past 3-4 quarters, the company's disbursement trajectory remained largely flat, impacted by subdued demand in vehicle finance and asset quality-related headwinds across select segments. However, disbursement momentum has picked up from 3QFY26 onwards, supported by GST rate cuts. We expect this improvement to be sustained in 4QFY26 and FY27.
- CIFIC is increasingly focusing on scaling its consumer durable (CD), gold loan, and in-house digital lending businesses, with management guiding for a visible improvement in AUM and disbursement growth from these segments by 4QFY26. We believe the ramp-up of these businesses will support overall growth momentum while also aiding margin expansion, given their relatively higher-yield profile.
- Additionally, the retail mortgage portfolio, including LAP, home loans, and SBPL, has also delivered strong disbursement growth, supported by sustained housing demand and healthy SME credit traction. Hence, we expect an AUM growth of ~21% in the coming quarter and model an AUM CAGR of ~21% over FY26-28.

NIM tailwinds largely behind; marginal ~5-10bp upside in 4Q

- NIMs have begun to expand over the past 2-3 quarters with ~45bp of improvement already realized. The company is guiding for a further 5-10bp decline in cost of funds, which is expected to largely transmit to NIMs, implying an incremental ~10bp of margin expansion in 4QFY26.
- While benefits from lower EBLR-linked borrowings will continue to support a decline in cost of funds, the extent of further reduction is likely to be limited due to recent hardening in bond yields (up ~35bp for AA+ NBFCs) and limited incremental pass-through by banks on MCLR-linked borrowings, leading to higher incremental funding costs.
- We expect margins to improve in 4Q, driven by lower funding costs, and thereafter remain broadly stable over the medium term, with NIM estimated at ~7% for both FY27/FY28.

Tight cost control and operational efficiency driving stable opex

- CIFIC has maintained strict control over its operating expenses, demonstrating a strong focus on efficiency and cost management. It continues to leverage digital initiatives and process optimizations to enhance operational efficiency, helping offset inflationary pressures and support sustainable profitability.
- Despite continued investments in branch expansions of its gold loan business and scaling up the consumer durable business (both opex-intensive), cost ratios are expected to remain broadly stable, supported by improving productivity and operating efficiencies, driving operating leverage. We expect the opex-to-average asset ratio to be sustained at ~3.1%/3.0% over FY27/FY28.

Early signs of asset quality normalization; expect moderation in credit costs

- Asset quality trends in the vehicle finance segment are exhibiting early signs of recovery, with Stage 2 assets declining from ~3.9% to ~3.6% (~30bp improvement). Further, early delinquencies and non-starters have moderated, indicating improved collection efficiency and a positive shift in portfolio behavior.
- The stress witnessed over the past two years was largely driven by external factors such as weak monsoons and subdued capacity utilization, particularly in the SCV, LCV, and tractor segments. However, we believe that, with a recovery

in demand following GST rate cuts and improving utilization levels, disbursement momentum has strengthened, which is expected to support a gradual improvement in credit performance.

- In the CSEL segment, asset quality is gradually improving following a series of corrective actions. NCL trends have begun to moderate, declining from 7% in 2Q to ~6.4% in 3Q, with management guiding for a reduction to below 5% over the next financial year.
- We expect these improving trends across vehicle finance and CSEL to drive a gradual normalization in asset quality, leading to moderation in credit costs from 4QFY26 onwards and into FY27. Accordingly, we model credit costs (as a % of avg. AUM) of 1.65%/1.5% in FY27/FY28E (vs. ~1.75% in FY26E).

Valuation and view

- CIFIC is gradually evolving into a more robust and resilient NBFC—one that is less cyclical, more diversified, and increasingly anchored in stable, secured retail and SME income streams. The company’s measured approach of curbing exposure to riskier product lines, while simultaneously expanding newer businesses such as CD and gold loans, underscores its commitment to preserving earnings quality and retaining balance sheet strength amid a weak macro environment.
- **The company is navigating a complex operating environment by reinforcing its core businesses and implementing corrective measures in the underperforming segments.** We expect near-term stock performance to remain volatile, driven by elevated geopolitical uncertainty. Any persistence or escalation of tensions between the US/Israel and Iran could act as a key downside risk, potentially impacting the macro environment and weighing on growth as well as asset quality trends.
- CIFIC trades at **3.6x FY27E P/BV**, a premium that we believe is well-deserved and likely to sustain. This reflects the company’s consistent focus on navigating vehicle demand cyclicality while sustaining healthy AUM growth and stable asset quality through a well-diversified product mix. **We expect CIFIC to deliver a PAT CAGR of ~26% over FY26-28, with an RoA/RoE of 2.6%/20% by FY28. We reiterate our BUY rating with a TP of INR1,870 (based on 3.6x Mar’28E BVPS).**

Valuation matrix of vehicle financiers in our coverage

Val summary	Rating	CMP (INR)	TP (INR)	MCap (INRb)	EPS (INR)		BV (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)	
					FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Cholamandalam	Buy	1,550	1,870	1,268	60.0	73.4	352	428	2.3	2.4	19.1	18.9	25.8	21.1	4.4	3.6
MMFS	Buy	300	350	412	19.8	23.3	178	194	1.9	2.1	12.3	12.5	15.1	12.9	1.7	1.5
Shriram Finance	Buy	1,021	1,110	1,888	51.9	53.7	343	485	3.2	3.6	16.2	14.1	19.7	19.0	3.0	2.1

ICICI Lombard

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	ICICIGI IN
Equity Shares (m)	498
M.Cap.(INRb)/(USD\$)	926.2 / 9.9
52-Week Range (INR)	2075 / 1630
1, 6, 12 Rel. Per (%)	-4/-4/-2
12M Avg Val (INR M)	1370

Financials & Valuations (INR b)

Y/E March	2026	2027E	2028E
NEP	222.6	252.2	286.0
U/W Profit	-11.1	-10.1	-9.9
PBT	36.6	43.6	51.8
PAT	27.7	32.9	39.1
EPS (INR/share)	56.3	66.8	79.4
EPS Growth (%)	10.5	18.7	18.8
BVPS (INR/share)	341.1	391.5	454.4

Ratios (%)

Claims	71.1	70.6	70.2
Commission	19.2	19.1	19.0
Expense	13.1	12.7	12.6
Combined	103.4	102.4	101.8
RoE	17.8	18.2	18.8

Valuations

P/E (x)	33.0	27.8	23.4
P/BV (x)	5.4	4.7	4.1

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	51.3	51.4	51.6
DII	18.4	17.5	17.3
FII	23.4	24.0	24.4
Others	7.0	7.1	6.8

FII includes depository receipts

CMP: INR1,858 TP: INR2,230 (+20%) Buy

Beat on Combined ratio; Tepid investment income drag earnings

- ICICI Lombard (ICICIGI)'s gross written premium grew 17% YoY in 4QFY26 to INR80.7b (in line). NEP rose 11% YoY to INR57.9b (6% miss) in 4Q, while it grew 13% YoY to INR222.6b in FY26.
- ICICIGI's claims ratio for the quarter stood at 70.8% (vs our est. 70.9%) vs 71.6% in 4QFY25. The expense ratio came in at 12.1%, which was flat YoY (in line). The commission ratio was 18.3% vs. 18.7% in 4QFY25 (our expectation at 19.6%).
- The combined ratio stood at 101.2% (vs. our expectation of 102.5%) compared to 102.5% in 4QFY25. For FY26, the combined ratio was 103.4% (102.4% excluding the impact of 1/n) vs. 102.8% in FY25.
- PAT at INR5.5b grew 7% YoY (23% miss), hit by lower-than-expected investment income and INR0.5b of impairment on the equity portfolio. For FY26, ICICIGI's PAT grew 11% YoY to INR27.7b.
- Management expects high single-digit industry growth for the motor insurance business in FY27, aiding ICICIGI's growth trajectory. Fire insurance growth is likely to be muted due to price discounting. The insurer is awaiting opportunities in the crop insurance market but will remain selective.
- We have cut our NEP/PAT estimates by 2%/3% and 6%/2%, respectively, for FY26/27, considering the 4QFY26 performance. We expect the combined ratio to improve to 101.8% by FY28, considering a stable claims environment and continued operational efficiency. **Reiterate BUY with a TP of INR2,230 (based on 28x FY28E EPS).**

Recovery in motor segment and continued market share gains in health

- ICICIGI's NEP grew 11% YoY, fueled by a 19% YoY growth in the health (including PA) segment. The fire segment grew 11% YoY, while the motor segment grew 6% YoY.
- The continued momentum with respect to fresh business in the motor and health segments post-GST reductions resulted in higher URR creation and a 6% NEP miss.
- Underwriting loss was INR2.8b compared to a loss of INR2.1b in 4QFY25 (vs. our estimates of INR2.3b).
- Total investment income on policyholders' accounts was 12% below our estimates at INR8.3b. For the shareholders' accounts, it was 20% below our estimates at INR2.4b, largely due to an MTM on the debt portfolio.
- The claims ratio at 70.8% improved 80bp YoY due to a 90bp improvement in the motor OD loss ratio and a 700bp YoY improvement in the motor TP loss ratio. The insurer has recalibrated its motor portfolio to drive claims efficiency. The health segment's loss ratio improved 80bp YoY due to the retail health segment, which improved 680bp YoY. Commercial lines' loss ratio increased YoY due to heightened competitive intensity.

- The investment book grew 9% YoY to INR584.2b, reflecting a strong investment leverage of 3.5x. Absolute investment yield for FY26 was 8.5%, which was slightly higher YoY (vs. 8.4% in FY25). The investment portfolio mix for FY26 stood at 40.8%/35%/18.7% for corporate bonds/G-Sec/equity (incl. equity ETF).
- The impact on profitability due to impairment of equity assets led to an RoE of 13.3% for 4QFY26 vs. 14.5% in 4QFY25. For FY26, RoE was at 17.8% compared to 19.1% in FY25 (excluding the wage code impact, RoE was 18.1% for FY26).
- The solvency ratio stood at 2.67x (vs. 2.69x in 4QFY25).

Key highlights from the management commentary

- The commercial lines' growth moderated in 2HFY26 for the industry due to elevated competitive intensity in the fire segment. Renewals from 1st April 2026 are at discounted pricing, reflecting continued pressure.
- ICICIGI's CV contribution remained stable at ~22%. The company is selectively evaluating opportunities in CV, leveraging its strengths in fleet management. While PV and 2W remain core strengths, CV traction has been gradually improving and is expected to contribute better going forward.
- The focus in commercial lines remains on underwriting discipline and profitability amid heightened competitive intensity, which has led to some market share loss. However, ample reinsurance capacity has helped mitigate competitive pressures.

Valuation and view

- ICICIGI witnessed a better-than-industry growth trajectory in 2HFY26, driven by recovery in motor insurance (owing to GST cuts) and strong market share gain in retail health (additional boost from GST exemption).
- The company's retail health segment continues its strong momentum, gaining market share through effective new customer acquisition, strong distribution capabilities, and significant traction of its "Elevate" product. Competitive intensity remains high in the motor OD segment, but the company has witnessed recovery driven by rising fresh vehicle sales. While the commercial lines segment is expected to face heightened competition, ICICIGI is well-positioned to capture profitable business within the segment.
- We cut our NEP/PAT estimates by 2%/3% and 6%/2%, respectively, for FY26/27, considering ICICIGI's 4QFY26 performance. We expect the combined ratio to improve to 101.8% by FY28, given a stable claims environment and continued operational efficiency. **Reiterate BUY with a TP of INR2,230 (based on 28x FY28E EPS).**

Quarterly Performance
(INR b)

Y/E March	FY25				FY26				FY25	FY26	4Q FY26E	act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q						
Gross premium	79.3	69.5	64.7	69.0	80.5	70.6	74.3	80.7	282.6	306.2	80.8	-0.1	17%	9%
Net written premium	53.6	48.4	50.8	54.8	56.1	53.1	59.6	64.9	207.6	233.7	64.2	1.0	18%	9%
Net earned premium	45.0	50.3	50.5	52.3	51.4	56.5	56.9	57.9	198.0	222.6	61.9	-6.5	11%	2%
Investment Income + Trf from SH A/C	8.5	8.3	8.4	6.3	9.5	9.3	9.2	8.3	31.3	36.3	9.4	-12.1	32%	-10%
Total Income	53.5	58.5	58.8	58.5	60.8	65.8	66.1	66.2	229.3	258.9	71.3	-7.2	13%	0%
Change YoY (%)	17.9	15.9	17.6	13.4	13.7	12.5	12.4	13.1	16.1	12.9	21.9			
Incurred claims	33.3	35.9	33.2	37.4	37.5	40.7	39.0	41.0	139.9	158.3	43.9	-6.7	10%	5%
Net commission	8.0	8.4	11.6	10.3	9.4	10.1	13.4	11.9	38.4	44.8	12.6	-5.7	16%	-12%
Opex	7.1	7.5	7.1	6.7	7.4	7.4	7.9	7.9	28.4	30.6	7.7	2.2	18%	-1%
Total Operating Expenses	48.5	51.9	52.0	54.4	54.3	58.3	60.4	60.7	206.7	233.7	64.2	-5.4	12%	1%
Change YoY (%)	15.3	16.5	13.3	18.2	11.9	12.4	16.2	11.7	15.8	13.1	18.1			
Underwriting profit	-3.5	-1.6	-1.5	-2.1	-2.9	-1.8	-3.5	-2.8	-8.7	-11.1	-2.3	22.8	N.A	N.A
Operating profit	5.0	6.6	6.9	4.2	6.5	7.5	5.7	5.5	22.7	25.2	7.1	-23.3	31%	-4%
Shareholder's P/L														
Transfer from Policyholder's	5.0	6.6	6.9	4.2	6.5	7.5	5.7	5.5	22.7	25.2	7.1	-23.3	31%	-4%
Investment income	2.5	2.8	2.8	2.6	3.3	3.2	3.1	2.4	10.6	11.9	3.0	-19.5	-8%	-23%
Total Income	7.5	9.4	9.6	6.8	9.8	10.7	8.8	7.8	33.3	37.2	10.1	-22.2	16%	-11%
Total Expenses	-0.2	0.2	0.0	0.1	-0.1	-0.0	0.1	0.7	0.1	0.6	0.3	92.3	797%	455%
PBT	7.7	9.2	9.6	6.7	9.9	10.8	8.7	7.2	33.2	36.6	9.7	-26.2	7%	-17%
Change YoY (%)	48.8	20.3	67.3	-4.2	28.4	17.2	-9.4	7.5	30.0	10.2	45.7			
Tax Provisions	1.9	2.3	2.4	1.6	2.5	2.6	2.1	1.7	8.1	8.9	2.6	-34.8	8%	-19%
Adj Net Profit	5.8	6.9	7.2	5.1	7.5	8.2	6.6	5.5	25.1	27.7	7.1	-23.0	7%	-17%
Change YoY (%)	48.7	20.2	67.9	-1.9	28.7	18.1	-9.1	7.3	30.7	10.5	39.4			
Rep Net Profit	5.8	6.9	7.2	5.1	7.5	8.2	6.6	5.5	25.1	27.7	7.1	-23.0	7%	-17%
Key Parameters (%)														
Claims ratio	74.0	71.4	65.8	71.6	73.0	72.1	68.7	70.8	70.6	71.1	70.9	-14bp	83bp	-213bp
Commission ratio	15.0	17.5	22.9	18.7	16.8	19.1	22.5	18.3	18.5	19.2	19.6	-131bp	42bp	422bp
Expense ratio	13.3	15.6	14.0	12.1	13.2	14.0	13.3	12.1	13.7	13.1	12.0	14bp	4bp	117bp
Combined ratio	102.3	104.5	102.7	102.5	102.9	105.1	104.5	101.2	102.8	103.4	102.5	-131bp	129bp	325bp
Solvency	2.56	2.65	2.36	2.69	2.70	2.73	2.69	2.67	3.0	3.1	0.0			

Y/E March	New estimates		Old estimates		Change	
	2027E	2028E	2027E	2028E	2027E	2028E
NEP	252.2	286.0	258.4	293.8	-2%	-3%
U/W Profit	-10.1	-9.9	-9.0	-9.2		
PBT	43.6	51.8	46.6	53.1	-6%	-2%
PAT	32.9	39.1	34.9	39.8	-6%	-2%
EPS (INR/share)	66.8	79.4	70.9	80.8	-5.8%	-1.8%
EPS Growth (%)	18.7	18.8	19.0	14.0		
BVPS (INR/share)	391.5	454.4	388.1	452.6		
Ratios (%)						
Claims	70.6	70.2	70.3	70.1	28bp	13bp
Commission	19.1	19.0	19.4	19.3	-26bp	-33bp
Expense	12.7	12.6	12.9	12.8	-22bp	-20bp
Combined	102.4	101.8	102.6	102.2	-20bp	-40bp
RoE	18.2	18.8	19.6	19.2	-142bp	-46bp

HDB Financial Services

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	HDBFS IN
Equity Shares (m)	830
M.Cap.(INRb)/(USD\$)	535 / 5.7
52-Week Range (INR)	892 / 555
1, 6, 12 Rel. Per (%)	-4/-9/-
12M Avg Val (INR M)	1606

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Total Income	89.7	100.8	114.7
PPP	61.2	69.5	80.6
PAT	25.4	29.6	36.5
EPS (INR)	30.6	35.7	43.9
EPS Gr. (%)	12.1	16	23.2
BV (INR)	249	285	328

Ratios

NIM (%)	8.2	8.2	8.1
C/I ratio (%)	41.1	41.0	40.2
RoAA (%)	2.2	2.3	2.5
RoE (%)	13.9	13.4	14.3

Valuation

P/E (x)	21.0	18.1	14.7
P/BV (x)	2.6	2.3	2.0
Div. Yield (%)	0.6	0.8	0.9

Shareholding pattern (%)

As On	Dec-25	Sep-25
Promoter	74.2	74.2
DII	11.4	10.9
FII	3.6	3.4
Others	10.9	11.5

FII Includes depository receipts

CMP: INR644

TP: INR720 (+12%)

Neutral

Healthy quarter; stronger loan growth will be key for a re-rating

Disbursements momentum picks up; NIM expands ~15bp QoQ

- HDB Financial Services' (HDBFIN) 4QFY26 PAT rose 41% YoY/17% QoQ to ~INR7.5b (in line). FY26 PAT grew 17% YoY to INR25.4b. NII in 4QFY26 grew 22% YoY to ~INR24b (in line). Other income stood at ~INR6.6b (up 3% YoY).
- Opex grew ~7% YoY to ~INR13.7b (in line). Cost to income (CIR) in the lending business was stable QoQ at 39.5% (PQ: 39.5%, excluding the impact of labor code, and PY: 42.9%). PPop stood at INR17b and grew 27% YoY (in line).
- Yields (calc.) declined ~10bp QoQ to 14%, while CoB (calc.) declined ~40bp QoQ to 7%, leading to spreads (calc.) rising ~30bp QoQ to ~7%. Reported NIM in 4QFY26 rose ~15bp QoQ to ~8.25%.
- Management shared that the sequential decline in yields during the quarter was driven by a change in the product mix, and it expects improvement in yields as growth in unsecured segments picks up. HDBFIN targets sustaining NIM in the ~8%+ range going forward as well. We estimate NIM of 8.2%/8.1% in FY27/FY28E (vs. 8.25% in FY26).
- **Management indicated that there has been no material impact from geopolitical tensions so far, including within the MSME segment, with performance in Mar'26 remaining stable. However, the situation remains fluid, and the company will continue to closely monitor any potential second or third order impacts over the coming weeks/months.**
- HDBFIN is witnessing improvement across key operating metrics, with better asset quality, moderating credit costs, and improving margins. However, overall loan growth remained relatively subdued, impacted by elevated repayments despite healthy disbursements. While the business trajectory is improving, the pace of recovery in loan growth continues to be gradual. We await a clearer and more sustained traction in loan growth before turning constructive on the stock, as a meaningful acceleration in loan growth will remain a key monitorable for a valuation re-rating.
- We estimate a CAGR of 14%/16%/20% in disbursement/loans/PAT over FY26-28, with RoA/RoE of ~2.5%/14.3% in FY28. **Reiterate Neutral with a TP of INR720 (premised on 2.2x Mar'28E BVPS).**
- **Key risks:** 1) Execution risk remains in translating scale into sustained profitability, as operating efficiency metrics currently lag peers; 2) rising competition in semi-urban and rural lending and potential yield compression, and 3) credit costs continuing to remain elevated even in the following years.

Disbursement momentum picks pace; loan growth muted at 11% YoY

- Total loan book grew 11% YoY and ~3.3% QoQ to INR1.18t. Enterprise lending loan book grew 7% YoY/3% QoQ, Asset finance grew 10% YoY/2.6% QoQ, and Consumer Finance grew 19% YoY/5% QoQ during the quarter.
- Disbursements grew 13% YoY and 11% QoQ to INR199b. Enterprise lending disbursements grew ~16% YoY, asset finance disbursements declined 1% YoY, and consumer finance disbursements grew 25% YoY. **Repayments (annualized) were elevated at 56% (PY: 50% and PQ: ~53%).**
- Total customer franchise rose ~20% YoY to 22.9m.

- HDBFIN indicated that while 1Q is typically a seasonally softer quarter, it still expects healthy growth, with the improving business momentum witnessed in 2HFY26 likely to sustain into FY27. Management targets a loan growth in the range of Nominal GDP + 6-7% over the medium term. We model a loan CAGR of ~16% over FY26-28E.

Improvement in asset quality; sequential moderation in credit costs

- Asset quality improved with GNPA declining ~40bp QoQ to ~2.45%, while NS3 declined ~15bp QoQ to ~1.1%. PCR was broadly stable QoQ at ~55.5%.
- Credit costs stood at ~INR6.8b (in line). Annualized credit costs stood at ~2.3% (PQ: ~2.5% and PY: ~2.4%). HDBFIN shared that asset quality improved across all segments, including the unsecured portfolio, supported by prudent underwriting and stronger collection efforts. Management guided for FY27 credit costs of ~2.3%, backed by improving trends in asset quality. We estimate credit costs (as % of avg. loans) of ~2.4%/2.2% in FY27/FY28E.

Key highlights from the management commentary

- Management highlighted its strategic focus on increasing the share of used vehicle financing, with a target to achieve a balanced 50:50 mix between new and used vehicles over the medium term.
- The company highlighted that risks arising from the West Asia conflict and potential weather-related disruptions remain key monitorables, particularly from the perspective of inflation and overall growth.
- Cost of funds (CoF) is being actively managed through a diversified borrowing strategy, with management indicating that CoF is expected to remain broadly stable in 1QFY27.

Valuation and view

- HDBFIN reported a healthy quarter, with a meaningful pickup in disbursements, even as the overall loan growth remained muted due to elevated repayments. Asset quality improved sequentially, leading to a moderation in credit costs. Margins expanded ~15bp QoQ, supported by a decline in CoF.
- HDBFIN currently trades at 2.3x FY27E P/BV. We estimate a CAGR of 14%/16%/20% in disbursement/AUM/PAT over FY26-28, with RoA/RoE of ~2.5%/14.3% in FY28E. **Reiterate Neutral with a TP of INR720 (premised on 2.2x Mar'28E BVPS).** With valuations largely factoring in medium-term growth potential, we will look for clearer evidence of stronger execution on loan growth, the ability to better navigate industry/product cycles, and structural (not just cyclical) improvement in return ratios.

Quarterly Performance
(INR M)

Y/E March	FY25				FY26E				FY25	FY26	4QFY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	32,646	34,310	35,169	36,233	38,315	38,865	39,890	40,813	1,38,358	1,57,883	40,756	0
Interest Expenses	14,964	15,985	16,448	16,505	17,397	16,940	17,040	16,825	63,902	68,202	17,082	-2
Net Interest Income	17,682	18,325	18,721	19,728	20,918	21,925	22,850	23,988	74,456	89,681	23,674	1
YoY Growth (%)	17.8	21.2	17.1	17.3	18.3	19.6	22.1	21.6	18.3	20.4	20.0	
Other Income	6,192	5,758	6,267	6,428	6,339	6,589	6,845	6,641	12,478	14,175	7,127	-7
Total Income	23,874	24,083	24,988	26,156	27,257	28,514	29,695	30,629	86,934	1,03,856	30,800	-1
YoY Growth (%)	3.2	2.2	6.5	14.2	14.2	18.4	18.8	17.1	18.2	19.5	17.8	
Operating Expenses	11,912	11,782	12,223	12,776	13,235	13,209	13,970	13,671	37,239	42,655	13,704	0
Operating Profit	11,962	12,301	12,765	13,380	14,022	15,305	15,725	16,958	49,695	61,201	17,096	-1
YoY Growth (%)	16.5	13.6	12.1	19.1	17.2	24.4	23.2	26.7	17.9	23.2	27.8	
Provisions & Loan Losses	4,125	4,310	6,357	6,338	6,697	7,483	7,122	6,846	21,130	28,148	6,835	0
Profit before Tax	7,837	7,991	6,408	7,042	7,325	7,822	8,603	10,112	29,278	33,863	10,261	-1
Tax Provisions	2,020	2,081	1,685	1,733	1,648	2,008	2,164	2,606	7,519	8,425	2,683	-3
Net Profit	5,817	5,910	4,723	5,309	5,677	5,814	6,439	7,506	21,759	25,438	7,578	-1
YoY Growth (%)	2.6	-1.6	-25.8	-19.1	-2.4	-1.6	36.3	41.4	-5.5	16.9	42.7	
Key Parameters (Calc., %)								16.6				
Yield on loans	14.1	14.1	14.0	13.9	14.2	14.1	14.1	14.0				
Cost of funds	7.7	7.9	7.9	7.7	7.8	7.4	7.4	7.0				
Spread	6.3	6.2	6.1	6.2	6.4	6.6	6.7	7.0				
NIM	7.6	7.5	7.5	7.6	7.7	7.9	8.1	8.2				
C/I ratio	49.9	48.9	48.9	48.8	48.6	46.3	47.0	44.6				
Credit cost	1.8	1.8	2.5	2.4	2.5	2.7	2.5	2.3				
Tax rate	25.8	26.0	26.3	24.6	22.5	25.7	25.2	25.8				
Balance Sheet Parameters												
Disbursements (INR b)	165	157	163	176	152	156	179	199				
Growth (%)	0.0	0.0	0.0	0.0	-8.1	-0.5	10.1	12.9				
AUM (INR b)	956	986	1,021	1,069	1,093	1,114	1,146	1,185				
Growth (%)	29.9	26.6	21.5	18.5	14.3	13.0	12.2	10.9				
Borrowings (INR b)	786	827	837	874	915	905	929	992				
Growth (%)	37.1	33.6	20.6	17.6	16.4	9.5	11.0	13.5				
Asset Quality Parameters												
GS 3 (INR B)	18.4	20.7	22.9	24.1	27.9	31.3	32.2	29.0				
GS 3 (%)	1.9	2.1	2.2	2.3	2.6	2.8	2.8	2.4				
NS 3 (INR B)	7.3	8.2	9.2	10.6	12.1	14.2	14.3	12.9				
NS 3 (%)	0.8	0.9	0.9	1.0	1.1	1.3	1.3	1.1				
PCR (%)	60.2	60.7	60.0	56.0	56.7	54.7	55.6	55.5				

MTAR Technologies

BSE SENSEX 78,111 S&P CNX 24,220

CMP: INR4,941 TP: INR6,000 (+21%) Buy



Building Nation with Exceptional Engineering

Stock Info

	MTARTECH IN
Bloomberg	MTARTECH IN
Equity Shares (m)	31
M.Cap.(INRb)/(USDb)	152 / 1.6
52-Week Range (INR)	5028 / 1348
1, 6, 12 Rel. Per (%)	41/128/257
12M Avg Val (INR M)	1084
Free float (%)	69.4

Financials Snapshot (INR b)

Y/E MARCH	2026E	2027E	2028E
Sales	8.9	14.6	22.3
EBITDA	1.9	3.4	5.4
Adj. PAT	1.0	2.2	3.7
EBITDA Margin (%)	20.9	23.5	24.3
Cons. Adj. EPS (INR)	32.3	70.3	118.8
EPS Gr. (%)	87.8	117.6	69.1
BV/Sh. (INR)	268.3	338.6	457.4

Ratios

Net D:E	0.3	0.3	0.2
RoE (%)	12.8	23.2	29.9
Payout (%)	11.9	19.6	25.3

Valuations

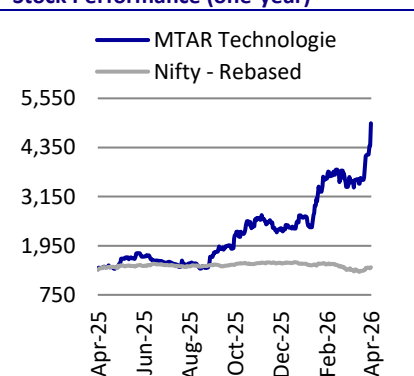
P/E (x)	153.2	70.4	41.6
EV/EBITDA (x)	83.0	45.1	28.7

Shareholding Pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	30.6	31.4	31.4
DII	30.0	24.8	23.2
FII	12.2	9.2	7.0
Others	27.2	34.6	38.4

FII includes depository receipts

Stock Performance (one-year)



Bloom-Oracle deal expansion—a big positive for MTARTECH

The expanded strategic partnership between Oracle and Bloom Energy (Bloom) to 2.8GW (from 1.2GW) underscores Bloom's capability to provide fast and reliable power suited for AI workloads, which require rapid, load-following support that traditional grids were not designed to deliver. **This additional order can translate into ~INR14-17b incremental orders for MTAR Technologies (MTARTECH)—i.e., 1.6-1.8x of its FY26E revenue.**

- Building on the theory of fuel cell growth and aligning with global data center expansion as per our [last report](#), we are factoring in strong order visibility for MTARTECH's fuel cell business. We, thus, raise our revenue growth estimates for this business by 16%/33% for FY27/FY28. This translates into a 14%/25% upward earnings revisions for FY27E/FY28E.
- We now forecast a revenue/EBITDA/PAT CAGR of 49%/65%/90% over FY25-FY28. We reiterate our BUY rating on MTARTECH and raise our TP to INR6,000, valuing the stock at 50x FY28 EPS (i.e., ~0.65x PEG on FY25-28E EPS CAGR).

Bloom and Oracle firm up their partnership

- Bloom has expanded its partnership with Oracle to support the rapid buildout of AI and cloud infrastructure in the US.
- Under a master agreement (*explained below*), **Oracle plans to procure up to 2.8 GW of Bloom's fuel cell systems**, with an initial 1.2 GW already contracted and currently being deployed (by 2027).
- Bloom's fast-to-install modular systems provide reliable onsite power for energy-intensive AI data centers, helping Oracle meet rising demand while reducing deployment time and project risk.
- The deal follows a successful earlier installation completed in just 55 days and strengthens both companies' shared vision for future energy and AI infrastructure.
- **They have structured their relationship as both a commercial supply agreement and a strategic equity-linked partnership, designed to accelerate Oracle's AI/data-center expansion while giving Blooms long-term revenue visibility.**
- **Commercial Contract:** Alongside the supply agreement, Bloom issued stock warrants to Oracle (announced on 30th Oct'25). A warrant provides Oracle with the right to buy Bloom's shares at a fixed price in the future, usually tied to commercial milestones. Reported terms indicate Oracle received warrants for roughly 3.5m Bloom shares at an exercise price near USD113.28 (subject to exact legal terms and vesting conditions).
- **Why use a warrant structure?** For Oracle, it provides upside potential if Bloom's stock rises significantly, aligning Oracle's interests with Bloom's success. It also reduces the effective cost of large procurements over time. For Bloom, it secures a marquee hyperscaler customer, guarantees substantial future orders, avoids immediate cash discounts, and generates a strong signaling effect for other hyperscalers.

- This 2.8GW contract can translate into multi-billion-dollar revenue potential for Bloom over several years, depending on pricing, service revenue, installation timing, and mix.

An order win for Bloom, incremental revenue for MTARTECH

- As discussed earlier, the correlation of Bloom's order wins and MTARTECH's incremental flows (i.e., 1GW of orders for Bloom translates into INR9-11b of revenue for MTARTECH). **This order win translates to INR14-17b incremental revenue potential (1.6-1.8x of FY26E revenue) for MTARTECH over the next few years.**
- Factoring this in, we raise our revenue projections for FY27/FY28 by 16%/33% for the clean energy fuel cells business.
- This rise in revenue is in line with the capacity expansion undertaken by the company. We expect MTARTECH to deliver ~9,700/14,000 hot boxes in FY27/FY28 (i.e., ~0.63/0.91GW), which is ~61%/56% of its utilization levels (refer to Exhibit 5).
- The increased revenue from clean energy is expected to increase its contribution to the overall business to 71% by FY28 vs. 62% in FY25 (indicating higher client concentration risk). However, in the current scenario of macro tailwinds, this is acting as a growth catalyst for the company.
- **The key risk** to the growing fuel cell business is the higher working capital requirement. MTARTECH may need additional short-term funding through internal cash flows, supplier credit, or bank working-capital lines to finance inventory and receivables growth.
- If the orders suddenly ramp up in the current scenario, the working capital needs can rise materially before profits are realized. However, if MTARTECH negotiates milestone advances, faster payment cycles, or vendor credit from suppliers, the pressure can be reduced significantly.

Valuation and view

- The global AI infrastructure buildout has created a singular and structural demand shock — one where power availability, not capital, has become the defining constraint for data center expansion. Bloom has uniquely positioned itself as the fastest and most reliable solution to this bottleneck.
- MTARTECH, as Bloom's key supplier of critical hot box assemblies (commanding 60-70% wallet share), is not merely a beneficiary of this theme but an irreplaceable enabler of it.
- We remain bullish on this long-term growth trajectory for MTARTECH, which presents a rare combination of structural positioning, earnings visibility, and exponential order growth, all anchored by a decade-long, deeply entrenched customer relationship that is difficult to replicate.
- **We are factoring in strong ordering visibility for the fuel cell business of MTARTECH and raising our revenue growth estimates for this business by 16%/33% for FY27E/FY28E. This translates into an upward earnings revision for FY27E/FY28E by 14%/25%.**
- **We now forecast a revenue/EBITDA/PAT CAGR of 49%/65%/90%. We reiterate our BUY rating on MTARTECH and raise our TP to INR6,000, valuing the stock at 50x FY28 EPS (i.e., ~0.65x PEG on FY25-28E EPS CAGR).**

Rubicon Research

BSE SENSEX 78,111 S&P CNX 24,231



INNOVATION
QUALITY
CARE

Stock Info

	RUBICON IN
Bloomberg	RUBICON IN
Equity Shares (m)	165
M.Cap.(INRb)/(USD\$)	135.3 / 1.4
52-Week Range (INR)	888 / 571
1, 6, 12 Rel. Per (%)	3/74/-
12M Avg Val (INR M)	394
Free float (%)	40.0

Financials Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	17.3	22.8	28.7
EBITDA	3.9	4.8	6.2
Adj. PAT	2.4	3.1	4.2
EBIT Margin (%)	22.4	21.3	21.6
Cons. Adj. EPS (INR)	14.4	19.0	25.3
EPS Gr. (%)	76.3	31.8	33.4
BV/Sh. (INR)	74.2	90.9	113.3

Ratios

Net D:E	0.0	0.0	-0.1
RoE (%)	26.9	23.0	24.8
RoCE (%)	25.9	24.8	26.6
Payout (%)	11.8	11.8	11.8

Valuations

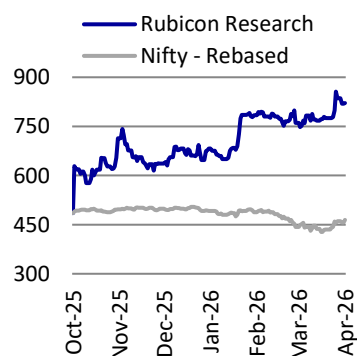
P/E (x)	57.3	43.5	32.6
EV/EBITDA (x)	34.9	27.9	21.8
Div. Yield (%)	0.2	0.2	0.3
FCF Yield (%)	-0.6	0.3	1.0
EV/Sales (x)	7.8	5.9	4.7

Shareholding pattern (%)

As On	Dec-25	Sep-25
Promoter	60.0	60.0
DII	9.5	10.5
FII	8.0	9.4
Others	22.6	20.1

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR821

TP: INR955 (+16%)

Buy

Arinna acquisition: Unlocking distribution moat and domestic growth engine

- Rubicon Research (Rubicon) aims to make inroads into the central nervous system (CNS) therapy in India's branded market (DF) through Arinna Lifescience (Arinna).
- While Arinna's products will be added to the portfolio, the key advantage of this acquisition would include gaining access to an established network of distributors, stockists, and retail pharmacies in India, along with a strong prescriber base. We find this acquisition to be a logical move, as it provides Rubicon's innovative US pipeline of commercialized as well as under-development products with access to a key market in the form of India.
- This provides a strong foundation in the branded domestic CNS formulation market. Further, Rubicon has a proven track record of acquiring capabilities/capacities and scaling them to deliver exponential, profitable growth through integration with its existing business.
- In the PR release, management has flagged off that US revenues have grown 32x over the past decade. We note that a decade ago, the company lacked balance sheet cash as well as business scale, and was yet to fire up its R&D engine. In the past decade, the US market went through a challenging macro environment on compliance and pricing, despite which Rubicon achieved 32x revenue growth with best-in-class return ratios.
- In that light, given that Rubicon today is a well-scaled, cash-generating machine, with its R&D engine firing solidly (which provides the opportunity to bring innovative products to India), we believe that the optionality of a substantial scale-up in the coming decade in the acquired Indian business should not be ignored by investors.
- The strong execution track record and foray into the CNS DF market warrant a higher valuation multiple, rather than bucketing its valuation with conventional US generics companies.
- We raise our P/E multiple to 37x (from 35x earlier) to factor in the potential upside from this acquisition. Accordingly, we revise our TP to INR955. Reiterate BUY.

CNS entry via Arinna: Established foothold in Indian branded CNS therapy

- Arinna, incorporated in 2013, is a branded pharmaceutical marketing company focused on CNS and neuro-psychiatric therapies, with a portfolio of 60+ brands and 140+ SKUs across chronic segments.
- Its **product portfolio** spans key CNS therapies, including antiepileptics, antidepressants, antipsychotics, anxiolytics, treatments for schizophrenia, bipolar disorder, Parkinson's disease, stroke, migraine, and OCD.
- Arinna operates a pan-India distribution network comprising 18 distribution centers, 680+ distributors/stockists, and ~5,000 retail outlets across 23+ states, supported by warehouses in Ahmedabad/Meerut. **Access to this established distribution network is a key advantage of the acquisition.**

- The transaction involves a consideration of ~INR1.76b for the 85% stake in Arinna, implying an enterprise valuation of ~INR2b.
- Arinna reported revenue of INR715m in FY25 (vs. INR 651m in FY24 and INR601m in FY23; ~9% CAGR), with 9MFY26 revenue of INR567m and EBITDA of INR95m (17% margin), reflecting healthy margins. The acquisition is at an attractive valuation of 2.6x EV/sales and 15.8x EV/EBITDA on 9MFY26 annualized performance basis.

Execution-led inorganic growth strengthening long-term moat

- Rubicon has not only strengthened its capabilities across R&D, manufacturing, and commercialization through bolt-on acquisitions, but has also scaled up meaningfully to maximize return on investments.
- Earlier acquisitions include Impopharma Canada (FY20), an Ontario-based development center for drug-device nasal spray products (USFDA and Health Canada inspected), Meditab Specialities' oral liquids manufacturing business (FY22), which added USFDA-inspected manufacturing capabilities for liquid formulations and nasal inhalers, and Validus Pharmaceuticals (FY24), which established a US-branded specialty commercialization platform in CNS/CVS with a 44-state distribution network and NDA portfolio.
- In CY25, Rubicon acquired AIM RX3PL LLC, a US-based pharmaceutical logistics provider with a warehouse in East Brunswick, New Jersey, licensed to distribute prescription drugs across 45 states. This enabled the company to enhance in-house distribution capabilities, reduce reliance on third-party logistics, and support margin improvement through better control over the supply chain.
- In CY25, Rubicon acquired a USFDA-inspected manufacturing facility in Pithampur from Alkem Laboratories, spanning ~125,000 sqm (with ~16,000 sqm built-up area). The facility is equipped for steroids, hormones, and high-potency products, strengthening manufacturing capacity, regulatory compliance, and supply resilience for regulated markets.
- Rubicon would be investing up to USD2.5m in Neuronasal, a clinical-stage CNS-focused company, for up to ~10.5% ownership through a milestone-based structure linked to development activities.
- The company has also agreed to invest up to USD3m in Gen1E Lifesciences, a pre-revenue pharmaceutical company, enabling access to early-stage pipeline assets aligned with its specialty and IP-led strategy.

Overall valuation and view

- Rubicon has not only strengthened its capabilities across R&D, manufacturing, and commercialization through bolt-on acquisitions, but has also scaled up meaningfully to maximize return on investments.
- From ~INR400m in FY15, Rubicon has scaled its business to INR16b over FY15-TTM ending Dec'25.
- The company has built full-spectrum capabilities comprising specialty products, drug-device combinations (Nasal sprays), complex generics, wide basket of 74 ANDAs/9 NDAs, and sales/marketing capabilities for branded/non-branded products in the US market. This is not only supported by a differentiated R&D approach but also robust manufacturing capabilities.
- The prescriber base and established distribution network are key for brand-led profitable growth in the DF space. Rubicon is rightly building the foundation for growth prospects in the DF segment.
- We raise our P/E multiple from 35x to 37x, factoring in the potential upside from earnings. Accordingly, we revise the TP to INR955. Reiterate BUY.

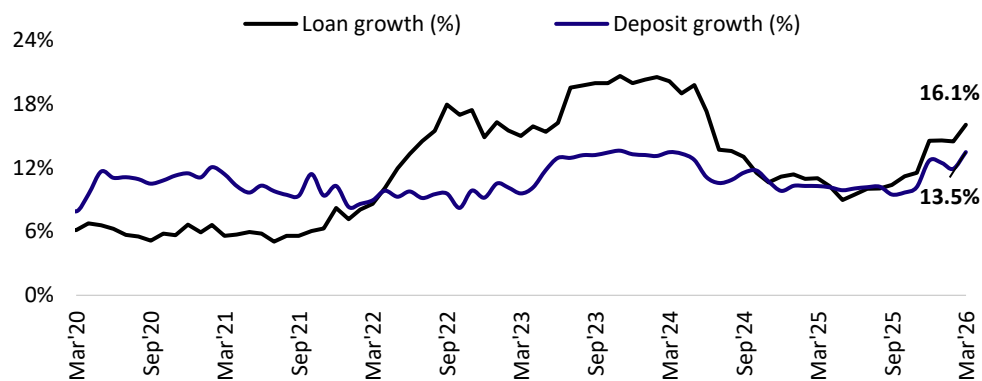
Financials: Banks

FY26 credit growth ends on a high note at 16.1%; deposit growth spikes sharply to 13.5% (INR12t deposit accretion in the past fortnight)

- Systemic credit growth accelerated to **16.1% YoY** for the fortnight and year ended **31st Mar'26** (vs **13.9% YoY** in the previous fortnight). Systemic credit added during the latest fortnight stood at **~INR6t**.
- Systemic deposit growth also witnessed a sharp acceleration to **13.5% YoY vs 10.8% in the previous fortnight**, with the system adding **~INR12t** of deposits during the last fortnight of FY26.
- The gap between credit and deposit growth continues to remain elevated at **2.6%**, though it has moderated compared to the earlier trend.
- Consequently, the **outstanding LDR** for the system moderated to **81.4%** (vs **83%** in the previous fortnight). **Incremental LDR** also declined to **81%**, one of the lowest levels since **Aug'25** (vs **101%** in the previous fortnight).
- Cumulatively, the system has raised **INR5.3t** through **Certificates of Deposit (CDs)** in **JFM'26**, of which **Mar'26** alone accounted for **INR2.1t**.
- We had earlier published a note on the **LCR-NSFR framework** ([Report Link](#)), where we highlighted that the **CD ratio for banks could theoretically rise by 7% as banks completely optimize their LCR and NSFR ratios**. After a strong pick-up in business growth during 2HFY26, we expect the momentum to continue. We maintain our **credit growth estimate of 14% CAGR over FY27-28E**.

Credit growth accelerates to 16.1%, with deposits also growing strongly at 13.5% YoY

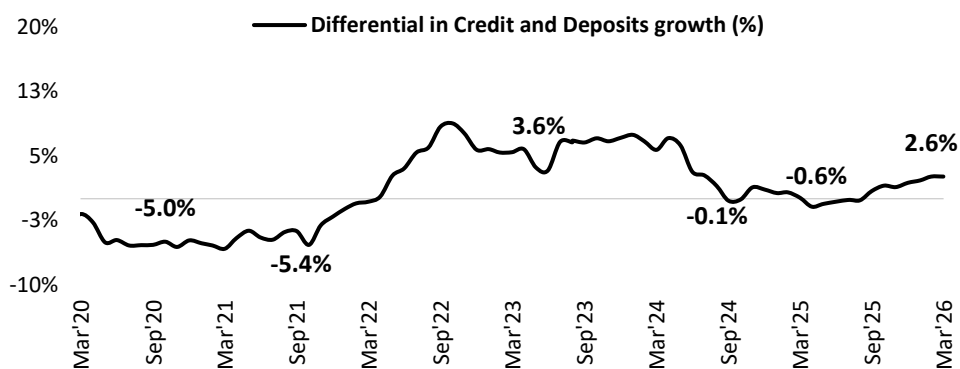
Deposits growth stood at 13.5%, while credit growth was higher at 16.1%.



Source: MOFSL, RBI

Differential in credit and deposits growth stood at 2.6%

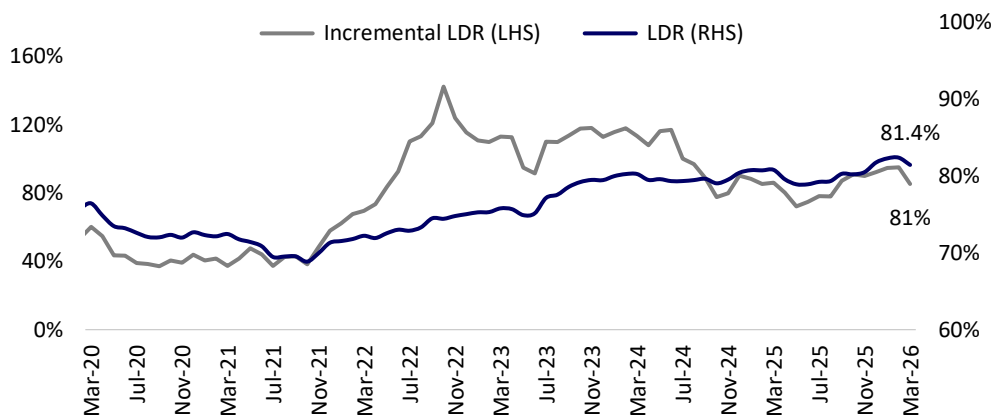
Differential in credit vs deposits growth stood higher at 2.6%.



Source: MOFSL, RBI

Outstanding LDR decreased to 81.4% vs 83% in the previous fortnight, while incremental LDR declined to 81%

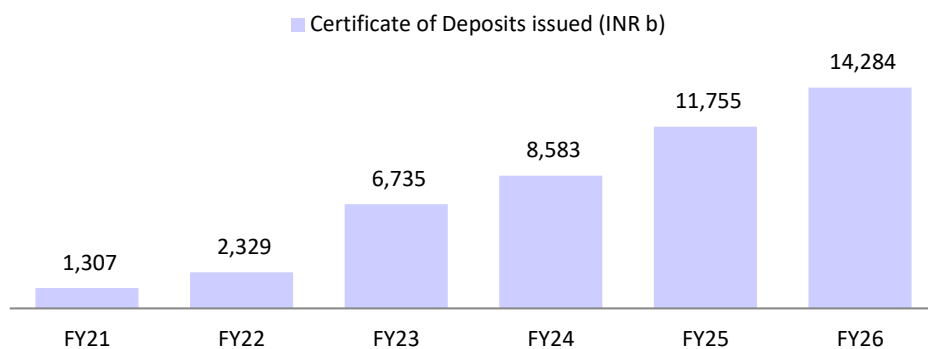
System added INR12t of deposits in the fortnight ended 31st Mar'26, which led to incremental LDR declining to 81%.



Source: MOFSL, RBI

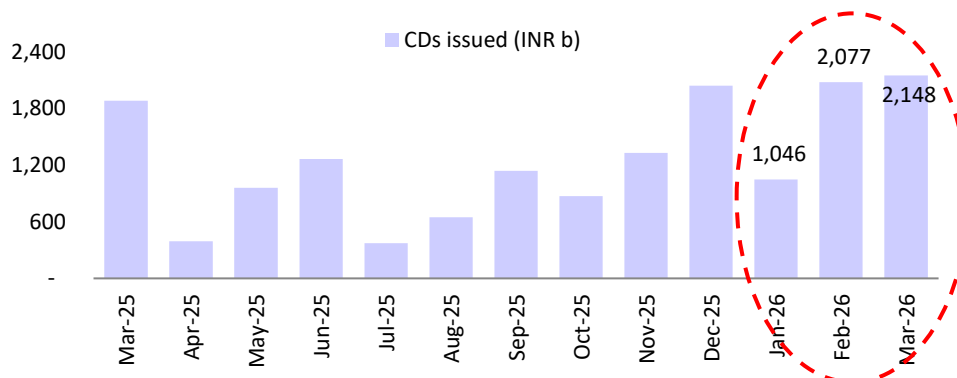
- On a cumulative basis, systemic CD issuances stood at **INR14.3t in FY26**, compared with **INR11.7t in FY25**.
- **Feb and Mar'26** together accounted for **INR4.2t**, representing **30% of total CD issuances in FY26**.
- Peak CD rates reached **8.2% in Mar'26**, despite the **repo rate declining to 5.25%**.

CD issuances stood higher at INR14.3t for FY26 vs INR11.75t in FY25



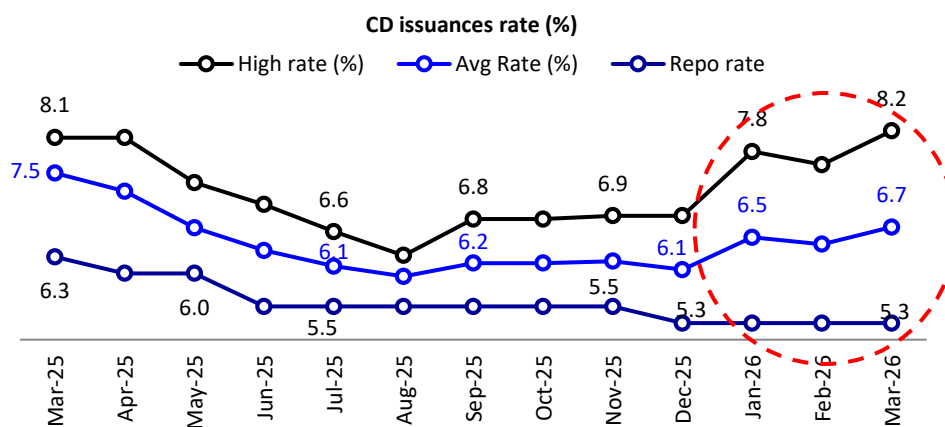
Source: MOFSL, RBI

Feb and Mar'26 together accounted for INR4.2t, representing 30% of total CD issuances in FY26



Source: MOFSL, RBI

Peak CD rates reached 8.2% in Mar'26, despite the repo rate declining to 5.25%



Source: MOFSL, RBI

Trade deficit shrinks in Mar'26

- India's merchandise trade deficit narrowed to USD20.7b in Mar'26, compared to USD21.7b in Mar'25, reflecting a contraction in both exports (-7.4% YoY) and imports (-6.5% YoY). On a sequential basis, the deficit narrowed by a larger margin (from USD27.1b in Feb'26), driven by a decline in imports alongside a decent recovery in exports (+6.3% MoM).
- Merchandise exports declined to USD38.9b in Mar'26 from USD42.1b in Mar'25 (-7.4% YoY), indicating weak external demand and softer commodity prices. On a MoM basis, exports increased from USD36.6b in Feb'26 (+6.3% MoM), mainly driven by a sharp 51% YoY increase in oil exports.
- Within merchandise exports, export growth was supported by petroleum products, engineering goods, minerals, cereals, and handicrafts, though the overall export basket remained weak.
- Imports fell to USD59.6b from USD63.7b in Mar'25 (-6.5% YoY), driven by a sharp correction in key commodities, particularly crude oil and gold. Sequentially, imports also declined from USD63.7b in Feb'26 (-6.5% MoM), contributing to the narrowing of the trade deficit.
- On the import side, there was a broad-based dip led by petroleum, gold, and chemicals. Non-oil, non-gold imports grew by a decent 7% YoY in Mar'26 (though lower than 17.9% in Feb'26), indicating continued resilience in domestic demand.
- For FY26, India's merchandise trade deficit widened sharply to USD333.2b vs. USD283.5b in FY25. Merchandise exports stood at USD441.8b, registering modest growth of 0.9%, while imports rose significantly to USD775b, up 7.5% YoY in FY26. The divergence between weak export growth and strong import demand led to a notable expansion in the deficit.
- Services exports stood at USD418.3b in FY26 (+7.9% YoY), reflecting continued strength in India's external services sector. This robust performance helped partially offset the widening merchandise trade deficit, with the services trade surplus expanding to around USD214b.

Outlook: CAD and Rupee

- The recent easing in geopolitical risks in West Asia, particularly around shipping routes near the Strait of Hormuz, has reduced the immediate threat of a sharp disruption to global oil supply. As a result, crude oil prices have softened from recent highs, lowering near-term risks to India's external balance. However, given that crude oil still accounts for ~23% of India's import bill, any renewed escalation remains a key upside risk. Our estimates continue to suggest that every USD 10/bbl increase in crude prices can widen the oil deficit by USD 10–12bn (~0.4–0.5% of GDP).
- Under the revised base case, with crude prices expected to average ~USD85/bbl in FY27 (in line with the RBI's estimates), the CAD is likely to remain contained at ~1.5–1.8% of GDP, supported by strong services exports and stable remittance flows. However, a sustained rise in oil prices above USD 95–100/bbl could still push the CAD closer to 2.4% of GDP.
- On the currency front, the USDINR has remained relatively stable so far, supported by strong reserves and active intervention by the RBI. We expect USDINR to average around 91 in FY27, although sustained high oil prices could lead to gradual depreciation toward 95 over the next year, especially if global risk aversion leads to capital outflows.

Exhibit 1: India's exports contracted 7.4% in Mar'26

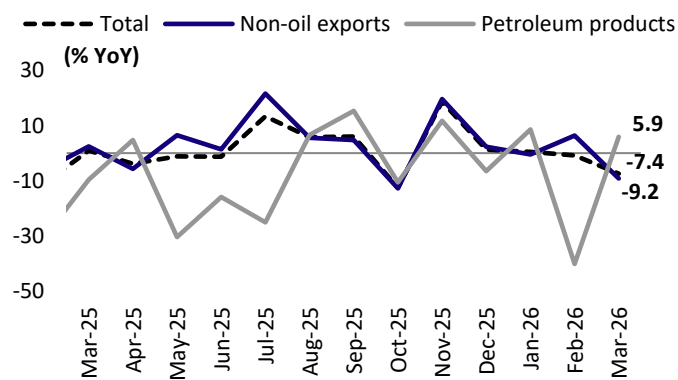
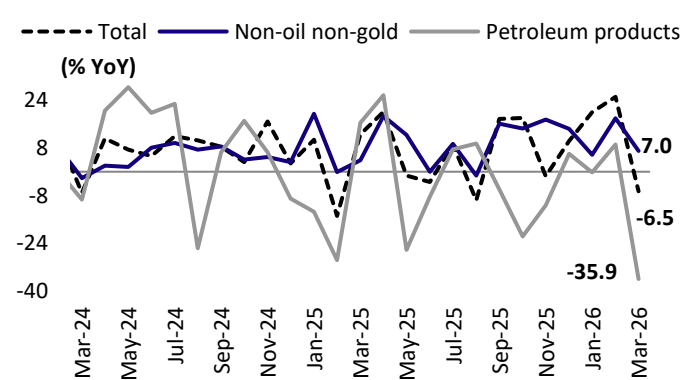


Exhibit 2: Imports declined 6.5% in Mar'26



Source: CEIC, MOFSL

Exhibit 3: Exports increased 0.9% in FY26

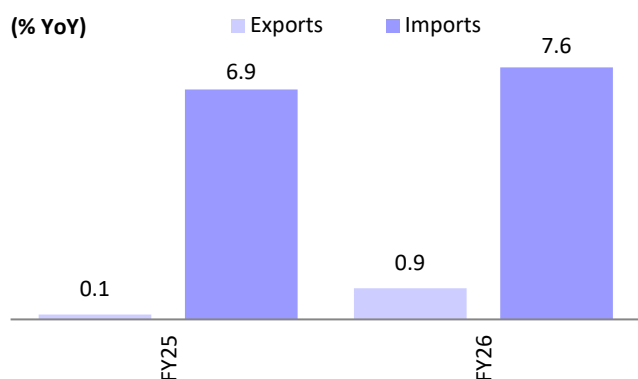
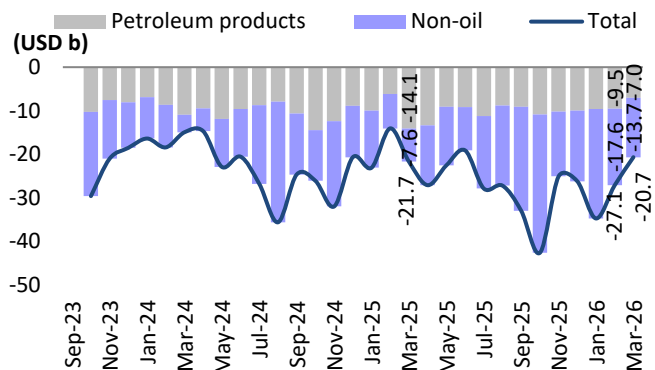


Exhibit 4: Trade deficit narrowed to USD20.7b in Mar'26



Source: CEIC, MOFSL

Highlights of trade data in Mar'26

Trade deficit narrows to USD20.7b in Mar'26

- India's merchandise trade deficit narrowed to USD20.7b in Mar'26, compared to USD21.7b in Mar'25, reflecting a contraction in both exports (-7.4% YoY) and imports (-6.5% YoY). On a sequential basis, the deficit narrowed by a larger margin (from USD27.1b in Feb'26), driven by a decline in imports alongside a decent recovery in exports (+6.3% MoM).
- For FY26, India's merchandise trade deficit widened sharply to USD333.2b, compared to USD283.5b in FY25. Merchandise exports stood at USD441.8b, registering modest growth of 0.9%, while imports rose significantly to USD775b, up 7.5% YoY in FY26. The divergence between weak export growth and strong import demand led to a notable expansion in the deficit.
- Services exports stood at USD418.3b in FY26 (+7.9% YoY), reflecting continued strength in India's external services sector. This robust performance helped partially offset the widening merchandise trade deficit, with the services trade surplus expanding to around USD214b.

Exports of goods improve sequentially in Mar'26

- Merchandise exports declined to USD38.9b in Mar'26 from USD42.1b in Mar'25 (-7.4% YoY), indicating weak external demand and softer commodity prices. On a MoM basis, exports increased from USD36.6b in Feb'26 (+6.3% MoM), mainly driven by a sharp 51% YoY increase in oil exports.
- Within merchandise exports, export growth was supported by petroleum products, engineering goods, minerals, cereals, and handicrafts, though the overall export basket remained weak.

Imports declined 6.5% MoM in Mar'26

- Imports fell to USD59.6b from USD63.7b in Mar'25 (-6.5% YoY), driven by a sharp correction in key commodities, particularly crude oil and gold. Sequentially, imports also declined from USD63.7b in Feb'26 (-6.5% MoM), contributing to the narrowing of the trade deficit.
- On the import side, there was a broad-based decline led by petroleum, gold, and chemicals. Non-oil, non-gold imports grew by a decent 7% YoY in Mar'26 (though lower than 17.9% in Feb'26), indicating continued resilience in domestic demand.

Outlook:

- The recent easing in geopolitical risks in West Asia, particularly around shipping routes near the Strait of Hormuz, has reduced the immediate threat of a sharp disruption to global oil supply. As a result, crude oil prices have softened from recent highs, lowering near-term risks to India's external balance. However, given that crude oil still accounts for ~23% of India's import bill, any renewed escalation remains a key upside risk. Our estimates continue to suggest that every USD 10/bbl increase in crude prices can widen the oil deficit by USD 10–12bn (~0.4–0.5% of GDP).
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- On the currency front, the USDINR has remained relatively stable so far, supported by strong reserves and active intervention by the RBI. We expect USDINR to average around 91 in FY27, although sustained high oil prices could lead to gradual depreciation toward 95 over the next year, especially if global risk aversion leads to capital outflows.

Mar'26 WPI: Rising cost pressures

- India's wholesale inflation (WPI) surged to 3.9% YoY in Mar'26 from 2.1% YoY in Feb'26. In contrast, retail inflation (CPI) remained relatively soft, suggesting that higher input costs have not yet been fully passed on to consumers. The increase in WPI was broad-based across major components. Primary articles, fuel & power, and manufactured products all contributed to the rise.
- The primary driver of the WPI increase was the sharp reversal in fuel and power inflation, which rose to 1.0% YoY in Mar'26, breaking an 11-month period of contraction. This was led by higher prices of petroleum products such as petrol, diesel, LPG, aviation turbine fuel, furnace oil, and bitumen.
- Inflation in primary articles jumped to 6.3% in Mar'26 from 3.3% YoY in Feb'26, driven largely by a 36% YoY increase in petroleum and natural gas prices.
- Inflation in manufactured products increased to 3.4% YoY in Mar'26 from 2.9% in Feb'26. Price increases are visible in sectors such as rubber and plastics, chemicals, and textiles, all of which are closely linked to petroleum-based inputs.
- Farm terms of trade decelerated sharply to 0.2% YoY in Mar'26 from 2% in Feb'26, due to a sharp increase in farm input prices, whereas farm output price growth remained stable.
- **Outlook:** WPI is flashing early warning signals of rising inflationary pressures, even as CPI remains contained for now. The key question ahead is not whether these costs will be passed on to consumers, but how quickly and to what extent, which will depend on demand strength and firms' pricing power. If current price pressures persist, it could create an upward bias to our nominal GDP growth forecasts, currently estimated at 11.5% for FY27. Overall, the data suggests that the inflation cycle is turning, with energy-led cost pressures gradually spreading across sectors. Given that CPI typically follows WPI with a lag, some pass-through to retail inflation is likely in the coming months, even though CPI remains contained for now.

Exhibit 1: WPI rises to 3.9% in Mar'26...

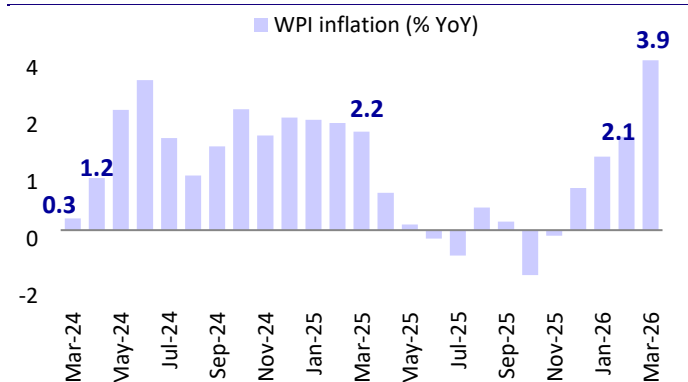


Exhibit 2: ...led by higher fuel & power inflation

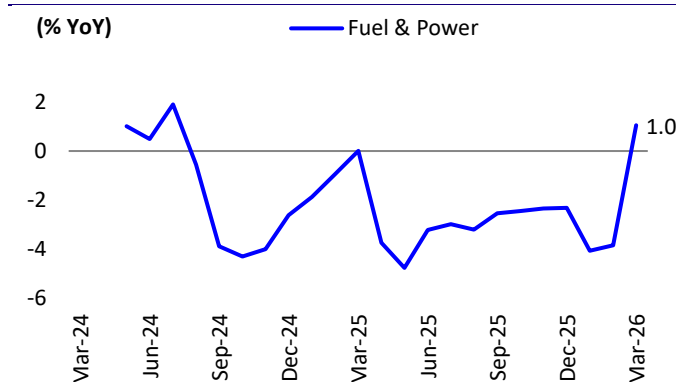


Exhibit 3: Imported inflation increased to 4.5% in Mar'26

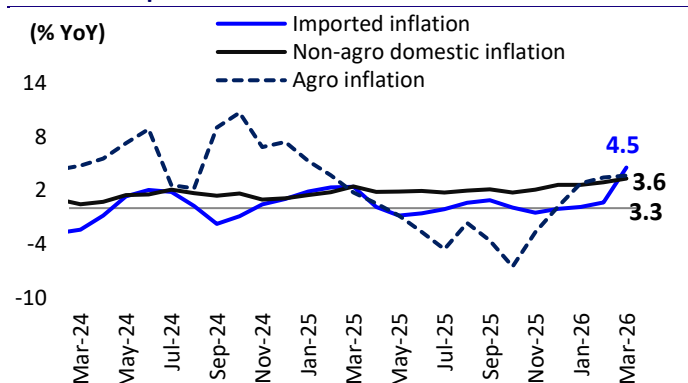
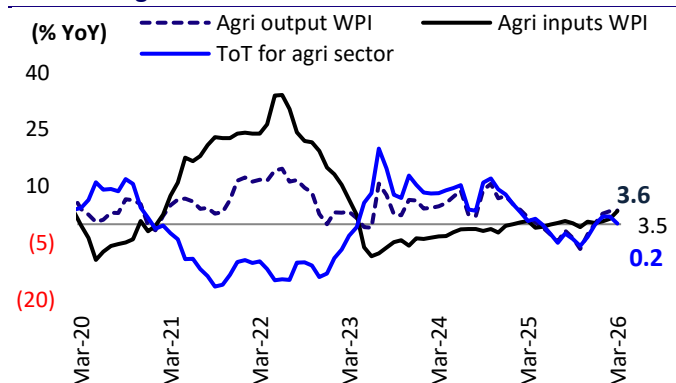


Exhibit 4: Agri terms of trade increased 0.2% in Mar'26



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

Source: Office of Economic Adviser, MOFSL

WPI inflation picks up sharply, signaling emerging cost pressures

India's wholesale inflation (WPI) rose sharply to 3.9% in Mar'26 from 2.1% in Feb'26. This marks a clear shift from the low-inflation phase seen in much of 2025. While retail inflation (CPI) remains relatively benign, the divergence suggests that price pressure is building at the producer level but has not yet been fully passed on to consumers.

Energy prices driving the inflation surge

- The primary driver of the WPI increase was the sharp reversal in fuel and power inflation, which rose to 1.1% in Mar'26, breaking an 11-month period of contraction. This was led by higher prices of petroleum products such as petrol, diesel, LPG, aviation turbine fuel, furnace oil, and bitumen.
- A significant rise in mineral oil prices reflects the impact of higher global crude oil prices feeding into domestic wholesale prices. This confirms that external commodity shocks are now translating into domestic cost pressures.

Primary articles show strong acceleration

- Inflation in primary articles jumped to 6.3% from 3.3% in Feb'26, driven largely by a 36% increase in petroleum and natural gas prices. This category typically captures early-stage price movements, indicating that inflationary pressures are building upstream in the supply chain.
- While food components remain relatively stable, the sharp increase in energy-linked items suggests that the current inflation cycle is driven by energy prices rather than food prices.

Manufacturing sector shows early signs of cost pass-through

Inflation in manufactured products has begun to firm up gradually, increasing to 3.4% YoY in Mar'26 from 2.9% in Feb'26. Price increases are visible in sectors such as rubber and plastics, chemicals, and textiles, all of which are closely linked to petroleum-based inputs. This indicates that input cost pressures are beginning to reflect into final goods prices, though the transmission remains partial at this stage.

Outlook:

- WPI is flashing early warning signals of rising inflationary pressures, even as CPI remains contained for now. The key question ahead is not whether these pressures will be passed on to consumers, but how quickly and to what extent, which will depend on demand strength and firms' pricing power.
- If current price pressures persist, this could create an upward bias to our nominal GDP growth forecasts, currently estimated at 11.5% for FY27.
- Overall, the data suggests that the inflation cycle is turning, with energy-led cost pressures gradually spreading across sectors. Given that CPI typically follows WPI with a lag, some pass-through to retail inflation is likely in the coming months, even though CPI remains contained for now.



Blue Star: Sees Strong Summer Demand Despite Global Risks; Demand Surge Across Tier 2-5 Markets; B Thiagarajan, MD

- Strong summer demand: Rising temperatures (>40°C in parts) driving early traction; outlook improving vs last year.
- No supply constraints: Industry well-stocked; no demand-supply mismatch, inventory levels comfortable.
- Gradual price hikes: ~13% hike planned but only partly passed; consumers likely see ~3–4% increase near-term.
- Risks & outlook: Rural demand (monsoon-linked) and Middle East tensions remain key; near-term sentiment positive but volatile.

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IHH Healthcare: Holding about 31% stake in fortis & looking to increase it to 50% over time; Prem Nair, Group CEO

- India growth focus: India (~17% of revenue) is a key market, likely to scale to 20%+, supported by strong demand, insurance growth, and large addressable opportunity.
- Expansion plan: Scale from ~6,000 to ~10,000 beds by 2030 via brownfield expansion and selective M&A; gradual stake increase in Fortis.
- Capital & strategy: Increased investment in India, with focus on hospitals + ambulatory care and cluster-based growth.
- Outlook & innovation: Strong industry tailwinds; manageable payer pressure; AI and advanced diagnostics to drive future efficiency and growth.

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Park MediWorld: ₹500 Cr Expansion Plan: 1850 Beds, Robotics & Transplants; Sanjay Sharma, CEO

- Panchkula launch & ramp-up: 350-bed greenfield hospital operational; strong opening response with advanced tech (robotics, transplants) to drive occupancy and ARPOB growth.
- Aggressive capacity expansion: Adding ~1,850 beds across FY27–28 (Tricity, NCR, Kanpur, Ambala, others), targeting ~5,400+ total beds.
- Strong growth visibility: 9M FY26 revenue ~₹1,243cr; guiding ~27% EBITDA margin, ~17% PAT margin, and ~21–22% CAGR ahead.
- Affordable + tech-led model: Low capex/bed (~₹32–34L) supports affordability; robotics and scale drive higher patient inflow and sustainable margins.

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Enviro Infra Engineers: Order Book Crosses ₹4,500 Cr ; Manish Jain, MD

- Robust order book: ~₹3,500cr EPC (₹2,500cr water + ₹1,000cr renewables) + ~₹1,100cr O&M with long-tenure visibility (5–15 yrs).
- Execution-led revenue: New ₹900cr orders to see ~10–15% execution in H1; ~50% conversion to revenue in FY27.
- Stable margins & growth: EBITDA margins guided at ~22–24%; sustaining ~35% CAGR growth over next 2 years.
- Strong pipeline & diversification: Healthy tender pipeline under govt schemes (AMRUT, SBM); renewables emerging as a key incremental growth driver.

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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