

## Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	76,010	-0.6	-10.8
Nifty-50	23,914	-0.5	-8.5
Nifty-M 100	62,299	0.5	3.0
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	7,519	0.6	9.8
Nasdaq	26,656	1.2	14.7
FTSE 100	10,491	0.2	5.6
DAX	25,185	-0.8	2.8
Hang Seng	8,577	0.3	-3.8
Nikkei 225	64,996	-0.2	29.1
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	104	-3.2	66.1
Gold (\$/OZ)	4,508	-1.4	4.4
Cu (US\$/MT)	13,566	-0.4	8.9
Almn (US\$/MT)	3,746	0.7	26.2
Currency	Close	Chg .%	CYTD.%
USD/INR	95.7	0.5	6.5
USD/EUR	1.2	-0.1	-1.0
USD/JPY	159.3	0.2	1.7
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	7.0	-0.03	0.4
Flows (USD b)	26-May	MTD	CYTD
FII	-0.25	-2.91	-23.7
DII	0.14	6.65	39.2
Volumes (INRb)	26-May	MTD*	YTD*
Cash	1,370	1438	1345
F&O	6,58,570	2,72,659	2,75,611

Note: Flows, MTD includes provisional numbers.

\*Average



## Today's top research idea

### Hitachi Energy: Another round of capex to cater to demand

- ❖ Hitachi Energy's results came in ahead of our expectations for 4QFY26, led by a beat on both revenue and profitability. For FY26, revenue/EBITDA/PAT grew by 28%/111%/203% YoY. Order inflows for the full year stood at INR185b, up 2% YoY. Excluding exports, which accounted for nearly 25% of total inflows, domestic order inflows (base + HVDC) stood largely flat in FY26.
- ❖ We expect base ordering to start ramping up from domestic markets, driven by strong opportunities from transmission, renewable, data center and exports.
- ❖ The company is also expanding its capacities by another INR20b, potentially adding 30,000-40,000 MVA by 4QCY28. This capex is over and above the existing INR20b capex, which is being done in phases. We incorporate FY26 results and raise our EPS estimates by 8%/6% for FY27/FY28, mainly owing to changes in below-EBITDA line items. We arrive at a revised TP of INR32,000 based on 60x Jun'28E EPS. The stock is currently trading at 110x/75x/54x P/E on FY27/28/29 EPS. Reiterate Neutral rating on the stock.



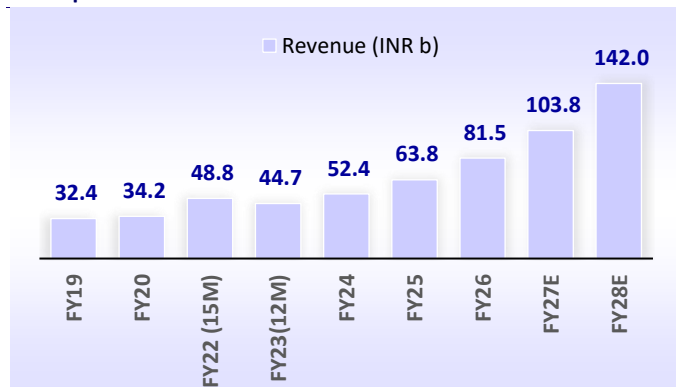
## Research covered

Cos/Sector	Key Highlights
Hitachi Energy	Another round of capex to cater to demand T&D demand outlook remains strong
Container Corporation	Weak 4Q; realizations and margins remain under pressure
Amara Raja	Cost pressures to hurt near-term margins
CEAT	Margins to remain under pressure in the near term
Other Updates	KEC International   Zensar   Aditya Birla Fashion and Retail   Financials: Banks   Life Insurance   ONGC   Siemens   Astra Microwave Products   Transport Corporation   Senco Gold   Midwest



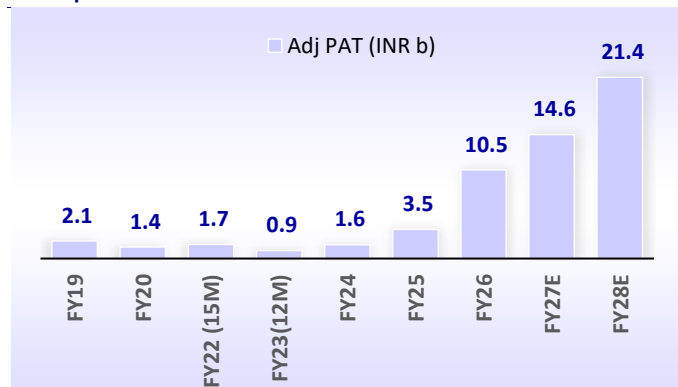
## Chart of the Day: Hitachi Energy (Another round of capex to cater to demand)

We expect 32% revenue CAGR over FY26-28



Source: Company, MOFSL

We expect 43% PAT CAGR over FY26-28



Source: Company, MOFSL

## Research Team

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

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



Kindly click on textbox for the detailed news link

1

**Coal minister flags unregulated expansion of online pharmacies**

Union minister G Kishan Reddy has written to the health minister about concerns over online pharmacies. These platforms are accused of deep discounting and selling drugs without oversight. This practice threatens local chemists and public health.

2

**Skymap Pharma to buy state-run Indian Medicines Pharma for Rs 121 crore**

The inter-ministerial committee has officially sanctioned the acquisition of the Indian Medicines Pharmaceutical Corporation by Skymap Pharmaceuticals for a whopping ₹121 crore, securing a 100% ownership stake.

3

**Zee nears deal to bag India media rights for 2026 FIFA World Cup after JioStar exits race**

Zee Entertainment Enterprises is close to securing the broadcast and streaming rights for the 2026 FIFA World Cup in India. JioStar has withdrawn from the bidding process. This move signals Zee's commitment to expanding its sports content.

4

**Telecom industry divided on Airtel's 5G priority plan; Jio, Vi call for regulatory clarity**

Bharti Airtel's new priority 5G service for postpaid customers is causing a stir. Rivals Vodafone Idea and Reliance Jio are calling for regulatory review. Authorities are examining if the plan adheres to net neutrality rules.

5

**Construction costs up 25% since global conflicts began, developers flag material shortages: CREDAI**

Construction costs have surged over 25 percent due to global conflicts. Supply chain issues, labor shortages, and rising material prices are impacting builders. Executives note challenges in material availability, stressing project timelines.

6

**Marico forays into hair cleansing segment with its Parachute Advanced brand**

Marico has launched Parachute Advanced Protein Shampoo, marking its entry into the Rs 10,000-crore hair cleansing market. This strategic move aims to capture a share of the growing shampoo segment, which is dominated by multinational players.

7

**Aiming at China, Quad announces massive USD 20 bn critical minerals framework**

The Quad nations have launched a critical minerals cooperation framework. This initiative pledges up to USD 20 billion in capital to strengthen supply chains. The grouping expressed concerns over economic coercion.

# Hitachi Energy

Estimate changes	↑
TP change	↑
Rating change	↔

**CMP: INR35,995    TP: INR32,000 (-11%)    Neutral**

## Another round of capex to cater to demand

Hitachi Energy's results came in ahead of our expectations for 4QFY26, led by a beat on both revenue and profitability. For FY26, revenue/EBITDA/PAT grew by 28%/111%/203% YoY. Order inflows for the full year stood at INR185b, up 2% YoY. Excluding exports, which accounted for nearly 25% of total inflows, domestic order inflows (base + HVDC) stood largely flat in FY26. We expect base ordering to start ramping up from domestic markets, driven by strong opportunities from transmission, renewable, data center and exports. The company is also expanding its capacities by another INR20b, potentially adding 30,000-40,000 MVA by 4QCY28. This capex is over and above the existing INR20b capex, which is being done in phases. We incorporate FY26 results and raise our EPS estimates by 8%/6% for FY27/FY28, mainly owing to changes in below-EBITDA line items. We arrive at a revised TP of INR32,000 based on 60x Jun'28E EPS. The stock is currently trading at 110x/75x/54x P/E on FY27/28/29 EPS. Reiterate Neutral rating on the stock.

Bloomberg	POWERIND IN
Equity Shares (m)	45
M.Cap.(INRb)/(USD\$b)	1604.4 / 16.8
52-Week Range (INR)	36766 / 16104
1, 6, 12 Rel. Per (%)	12/71/125
12M Avg Val (INR M)	3287

### Financials Snapshot (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Net Sales	81.5	103.8	142.0
EBITDA	12.6	17.9	27.0
PAT	10.5	14.6	21.4
EPS (INR)	234.6	327.7	480.0
GR. (%)	202.9	39.7	46.5
BV/Sh (INR)	1,220.7	1,561.2	2,061.7

### Ratios

ROE (%)	20.2	22.1	24.5
RoCE (%)	20.8	22.6	24.9

### Valuations

P/E (X)	153.4	109.8	75.0
P/BV (X)	29.5	23.0	17.5
EV/EBITDA (X)	124.0	87.2	57.2
Div Yield (%)	0.0	0.0	0.0

### Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	71.3	71.3	71.3
DII	7.0	7.2	12.3
FII	11.7	10.7	5.0
Others	10.1	10.8	11.4

FII Includes depository receipts

### Beat on revenue and PAT; EBITDA in line

4Q revenue grew 46% YoY to INR27.5b, 7% above our estimate. Gross margin contracted 30bp YoY to 36.9% (vs. est. of 41.6%). While revenue beat our estimates, absolute EBITDA was largely in line at INR4.5b (+65% YoY), mainly due to a lower-than-expected margin of 16.3% (vs. our estimate of 17.1%). Though EBITDA and PBT were broadly in line, a lower-than-expected tax rate resulted in a higher-than-estimated PAT, which jumped 84% YoY to INR3.6b. 4Q inflows increased 11% YoY to INR24b, taking the order book to INR296b (+54% YoY). For FY26, revenue/EBITDA/PAT grew 28%/111%/203% YoY to INR81.5b/INR12.6b/INR10.5b, while margins expanded 610bp YoY to 15.4%. For FY26, order inflow rose 2% YoY to INR185b (in line) due to HVDC wins in both financial years. NWC remained comfortable at -29 days vs. -28 days in FY25.

### Domestic pipeline to remain key growth driver

Overall base ordering and exports, excluding HVDC, remained muted for the company in FY26. However, going forward, the company is expected to benefit from multiple high-growth segments, supported by India's accelerating energy transition and power infrastructure investments. These include: 1) the planned INR8t transmission investment for integration of ~900GW of non-fossil fuel capacity by 2035, along with increasing opportunities in HVDC infrastructure and grid modernization, 2) the International Finance Corporation's plans to scale up annual investments in India's renewable sector to INR920b, 3) the increase in government capex to INR11.2t to support industrial expansion, and 4) strong momentum in the data center segment, where cumulative announced investments have crossed ~INR14t. Within data centers, the company estimates its total addressable market at ~15% of the overall capex. We expect overall inflows to increase at CAGR of 13% over FY26-28 on a high base, supported by improved base ordering and at least one HVDC order win annually.

### Exports driven by its three-pronged strategy

Exports formed 37% of total inflows in 4QFY26, and ~25% of inflows and revenue mix in FY26. The company continued to follow a three-pronged export strategy: 1) feeder factories in India for global supply: On an average, 30% of the annual export revenue comes from the company being a feeder factory to parent entities, with relatively stable margins; 2) allocated markets with local sales tie-ups: Hitachi Energy India has been allocated few neighboring nations such as Bangladesh, Nepal, Bhutan, and Sri Lanka, which the company caters to independently, while there are some Southeast Asian and European markets where the company competes with other entities of the parent company, and 3) component plants supplying overseas units: Few products such as 66kV circuit breakers are manufactured and supplied by Hitachi Energy India across markets either through its parent or directly to the customers.

### Margins to recover on better pricing and mix

Sequential margin contraction in 4Q was primarily driven by an adverse revenue mix and elevated commodity and logistics costs amid geopolitical disruptions. Inflation in key metals and freight costs impacted profitability in certain contracts where full pass-through was not possible. However, a majority of the order book carries commodity price variation clauses that help mitigate raw material volatility. Further, royalty and technology fees paid to the parent entity (~7-8% of sales) are likely to remain high as the company continues leveraging global technologies across HVDC, data centers and energy storage segments. Going forward, we expect gradual gross margin improvement, supported by better pricing discipline and an improving execution mix, with EBITDA margins improving to 17.2%/19.0% in FY27/FY28E.

### Expanding capacities to cater to growing demand

The company announced incremental INR20b capex for setting up a greenfield large power and HVDC converter transformer facility at Karjan, Vadodara. This investment is over and above the INR20b capex program announced in Oct'24, which is currently under execution and is expected to continue over the next 2-3 years. The new transformer plant is expected to add incremental capacity of ~30-40 GVA and is targeted to be operational by 4QCY28 under an accelerated execution timeline. In addition, the company is setting up two additional lines over and above the existing six lines at its Bengaluru facility for power quality. With a total capex of INR40b, and an asset-turnover ratio of ~7-8x, the company can generate additional revenue of ~INR250-280b at 90% utilization levels once all the additional capacities are up and running FY30 onward.

### Financial outlook and valuation

For FY27/FY28, we increase our EPS estimates by 8%/6% to factor in FY26 results, mainly on changes in below-EBITDA line items. We thus expect revenue/EBITDA/PAT CAGR of 32%/47%/43% over FY26-28E. The stock is currently trading at 110x/75x/54x P/E on FY27/28/29 earnings. **We reiterate our Neutral rating** with a revised TP of INR32,000 (vs. INR27,000 earlier), based on 60x Jun'28E earnings.

**Quarterly performance (Standalone)**
**(INR m)**

Y/E March	FY25				FY26				FY25	FY26	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
<b>Net Sales</b>	<b>13,272</b>	<b>15,537</b>	<b>16,203</b>	<b>18,837</b>	<b>14,789</b>	<b>18,326</b>	<b>20,822</b>	<b>27,541</b>	<b>63,849</b>	<b>81,477</b>	<b>25,852</b>	<b>7</b>
Change (%)	27.6	26.5	27.2	11.1	11.4	17.9	28.5	46.2	21.9	27.6	37.2	
<b>EBITDA</b>	<b>479</b>	<b>1,097</b>	<b>1,669</b>	<b>2,713</b>	<b>1,643</b>	<b>2,990</b>	<b>3,453</b>	<b>4,478</b>	<b>5,958</b>	<b>12,564</b>	<b>4,429</b>	<b>1</b>
Change (%)	42.3	68.0	145.5	49.1	242.9	172.5	106.9	65.1	70.7	110.9	63.3	
As % of Sales	3.6	7.1	10.3	14.4	11.1	16.3	16.6	16.3	9.3	15.4	17.1	
Depreciation	221	228	230	235	250	258	266	269	914	1,043	353	(24)
Interest	109	164	120	60	40	29	25	34	452	128	59	(42)
Other Income	1	1	2	182	509	698	618	574	186	2,399	606	(5)
<b>PBT</b>	<b>150</b>	<b>706</b>	<b>1,322</b>	<b>2,600</b>	<b>1,862</b>	<b>3,401</b>	<b>3,780</b>	<b>4,749</b>	<b>4,778</b>	<b>13,792</b>	<b>4,624</b>	<b>3</b>
Tax	46	183	467	628	453	886	864	1,129	1,324	3,331	1,559	
Effective Tax Rate (%)	30.8	25.9	35.3	24.1	24.3	26.0	22.8	23.8	27.7	24.1	33.7	
Extra-ordinary Items			519	(134)	(94)	128	(302)	(315)	386	(583)	-	
<b>Reported PAT</b>	<b>104</b>	<b>523</b>	<b>1,374</b>	<b>1,839</b>	<b>1,316</b>	<b>2,644</b>	<b>2,614</b>	<b>3,305</b>	<b>3,840</b>	<b>9,878</b>	<b>3,064</b>	<b>8</b>
Change (%)	332.4	111.4	498.1	61.8	1,163.0	405.6	90.3	79.7	110.9	202.9	66.6	
<b>Adj PAT</b>	<b>104</b>	<b>523</b>	<b>855</b>	<b>1,973</b>	<b>1,410</b>	<b>2,516</b>	<b>2,917</b>	<b>3,620</b>	<b>3,454</b>	<b>10,462</b>	<b>3,064</b>	<b>18</b>
Change (%)	332.4	111.4	272.1	73.5	1,252.8	381.1	241.2	83.5	110.9	202.9	55.3	
As % of Sales	2.5	0.7	1.7	0.4	8.5	2.1	1.2	0.3	0.2	0.2	0.2	

# Hitachi Energy India

BSE SENSEX 76,010 S&P CNX 25,015

**CMP: INR35,995 TP: INR32,000 (-11%) Neutral**



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Equity Shares (m)	45
M.Cap.(INRb)/(USD\$b)	1604.4 / 16.8
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1, 6, 12 Rel. Per (%)	12/71/125
12M Avg Val (INR M)	3287

### Financials & Valuations (INR b)

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### Ratios

RoE (%)	20.2	22.1	24.5
RoCE (%)	20.8	22.6	24.9

### Valuations

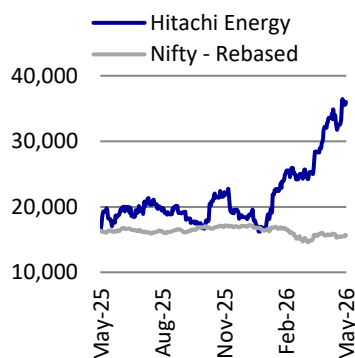
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Div Yield (%)	0.0	0.0	0.0

### Shareholding pattern (%)

As of	Mar-26	Dec-25	Mar-25
Promoter	71.3	71.3	71.3
DII	7.0	7.2	12.3
FII	11.7	10.7	5.0
Others	10.1	10.8	11.4

FII includes depository receipts

### Stock performance (one-year)



## T&D demand outlook remains strong

Hitachi Energy in its analyst day highlighted strong opportunities in the transmission space, driven by continued additions to increase renewable power capacity, data center, and electrification driven by mobility segment, BESS, STATCOM and another 10-15 projects on HVDC to be executed by FY35. The company has been doing capex ahead of demand and has so far announced capex of INR40b, which will take its capacity to 60-70GVA in the next 2-3 years. It aims to increase the share of exports and services, which will further be a margin driver. The company has a strong product portfolio to cater to technologically advanced requirements. We believe that domestic ordering will start ramping up after few quarters once incremental capacities from various players are commissioned, while the new pipeline of HVDC projects of 66GW will take 2-3 years to materialize. The stock is currently trading at 110x/75x/54x P/E on FY27/28/29E. We maintain Neutral rating on the stock and would look for better price points to enter.

## Demand environment to stay strong for long term

Hitachi Energy highlighted a strong domestic opportunity for power transformers over the next couple of years, driven by demand coming from 1) increase in non-fossil power to 900GW by FY26 and BESS and PSP capacity of 174GW by 2035, along with incremental thermal and nuclear power capacity addition; 2) corresponding investments of INR8t for setting up required transmission network; 3) increase in data centre capacity to 14GW by 2030 driving investments worth INR8t; 4) electrification from mobility segment such as railways, metros, EV charging network; 5) increase in BESS capacity to 80GW by FY36; and 6) shift toward incremental HVDC links, UHVDC and 1200kV lines by 2035.

## More projects on the anvil on HVDC, UHVDC and 1200kV lines by 2035

As per CEA's revised pipeline, 66GW of HVDC links are under planning and are to be executed by FY25. We expect pipeline of these projects to start framing up after 2-3 years. It talked about maintaining market share similar to the recent HVDC project bidding in these new links. Along with this, the recent CEA amendment to existing pipeline of projects to include 1,150kV transmission lines is also positive for Hitachi Energy. It has developed, manufactured and tested 1200kV power transformer and has capabilities for UHVDC too.

## Strong product portfolio

The company's product portfolio reflects its positioning as a diversified power technology player with capabilities spanning equipment, system integration, automation, and lifecycle services, allowing it to address a wider share of customer requirements across transmission and grid infrastructure projects. The company is increasingly focusing on solutions linked to grid modernization, renewable energy integration, and digital monitoring, which are becoming key investment areas globally as utilities upgrade aging networks and improve grid stability. In addition, its strong services and asset management offerings enhance customer stickiness and provide a relatively stable stream of recurring business through maintenance, upgrades, and efficiency improvement projects.

### **Capex to increase the capacity to nearly 60-70GVA**

Hitachi Energy has invested in capex ahead of demand and has so far announced capex of INR40b (INR20b announced in Oct,24 and INR20b accelerated capex announced in May'26). This capex is directed toward increasing HVDC control and valve, expanding HVDC facility in Chennai, adding greenfield transformer capacity of up to 30-40GVA and putting up lines for power quality. Entire capex will take its overall capacity to nearly 60-70GVA and the company has confirmed pipeline of projects, which are driving this capex. This incremental capex can potentially add INR250-280b of incremental revenue at peak utilization, which can be achieved by FY30/31.

### **Diversifying growth through exports and services**

The company continues to strengthen its international presence through its three-pronged export strategy while selectively participating in HVDC-related bids across overseas markets where it already has an established footprint and execution capabilities. In parallel, the company is scaling up its services business, with service-related order inflows reaching ~INR10b in FY26 and a medium-term target to expand this to ~INR20b. We expect the increase in exports and services to boost margins.

### **Building capabilities across advanced grid technologies**

The company has built technological capabilities across grid stability solutions, HVDC transmission and advanced power management systems for next-generation energy networks. Its enhanced STATCOM solutions integrate power electronics and storage technologies to support reactive power compensation, inertia support and grid strength in renewable-heavy systems. In HVDC, capabilities span both LCC and VSC technologies, supported by expertise in in-house semiconductors, capacitors, control algorithms and compact station design for complex transmission applications. The company is also positioned to address emerging AI data center requirements, where highly dynamic and unpredictable load behavior is increasing the need for advanced power quality management and energy storage solutions.

### **Financial outlook and valuation**

We expect revenue/EBITDA/PAT CAGR of 32%/47%/43% over FY26-28E. The stock is currently trading at 110x/75x/54x P/E on FY27/28/29 earnings. **We reiterate our Neutral rating** with a TP of INR32,000 based on 60x Jun'28E earnings.

# Container Corporation

Estimate change 

TP change

Rating change 

**CMP: INR476**

**TP: INR560 (+18%)**

**Buy**

**Weak 4Q; realizations and margins remain under pressure**

**Volumes to improve with DFC commissioning**

Bloomberg	CCRI IN
Equity Shares (m)	762
M.Cap.(INRb)/(USDb)	362.5 / 3.8
52-Week Range (INR)	653 / 421
1, 6, 12 Rel. Per (%)	-5/1/-16
12M Avg Val (INR M)	1008

## Financial Snapshot (INR b)

Y/E MARCH	2026	2027E	2028E
Sales	90.6	103.0	118.5
EBITDA	19.2	22.6	26.8
Adj. PAT	12.2	14.3	17.1
EBITDA Margin (%)	21.2	22.0	22.6
Adj. EPS (INR)	16.0	18.8	22.4
EPS Gr. (%)	(5.8)	17.4	18.9
BV/Sh. (INR)	169.2	178.0	188.4

## Ratios

Net D:E	(0.3)	(0.3)	(0.3)
RoE (%)	9.7	10.9	12.2
RoCE (%)	10.1	11.2	12.6
Payout (%)	53.6	53.6	53.6

## Valuations

P/E (x)	29.7	25.3	21.2
P/BV (x)	2.8	2.7	2.5
EV/EBITDA(x)	16.5	13.8	11.4
Div. Yield (%)	1.8	2.1	2.5
FCF Yield (%)	0.3	2.5	3.7

## Shareholding Pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	54.8	54.8	54.8
DII	29.8	28.7	26.3
FII	8.3	9.1	13.1
Others	7.1	7.5	5.8

FII includes depository receipts

- Container Corporation (CCRI)'s revenue dipped 1% YoY to INR22.5b in 4QFY26 (6% below our estimate). Total volumes grew 6% YoY to 1.4m TEUs, with EXIM/Domestic volumes at 0.107m/0.36m TEUs (+2%/+19% YoY). Blended realization declined ~7% YoY to INR15,803/TEU. EXIM/Domestic realization stood at INR14,015/INR21,112 per TEU (-2%/-19% YoY).
- EBITDA margin came in at 18.6% (vs. our estimate of 22.4%). EBITDA dipped 3% YoY to INR4.2b and was 22% below our estimate. In line with the weak operating performance, APAT declined 15% YoY to INR2.5b (24% below our estimate). Land license fee for FY26 stood at INR3.95b. The Board declared a dividend of INR1 per equity share amounting to INR761m.
- In FY26, CCRI's revenue/EBITDA grew ~2%/1%, while APAT dipped 6% YoY.
- CCRI posted a weak set of performance in 4QFY26, as the West Asia crisis hit volumes, which ultimately weighed on margins. In addition, realizations across both the EXIM and domestic segments remained under pressure due to lower lead distance. Growth was further affected by heightened competitive intensity, where the company continues to avoid low-margin business, impacting market share.
- We cut our EBITDA estimates for FY27 and FY28 by 5-7%, factoring in lower volume growth, weaker realization in EXIM/domestic business amid heightened competition intensity, and continued margin pressure. We remain watchful of how DFC connectivity translates to incremental volume growth for CCRI. We expect its revenue/EBITDA to clock a CAGR of 9%/12% over FY26-FY28. **We reiterate our BUY rating on the stock with a revised TP of INR560 (based on 14x EV/EBITDA on FY28E).**

## Key highlights from the management commentary

- The company faced operational disruptions due to ongoing geopolitical tensions, which impacted volumes during 4QFY26 as well as in Apr'26. However, management remains optimistic about a recovery in volumes from May'26 onward, supported by improving demand conditions and normalization in trade activity.
- For FY27, CCRI has guided for 9.5% growth in total volume, with 8%/15% growth in EXIM/domestic volumes.
- The domestic margin was hit during the quarter due to higher empty running, lower lead distance, and loss of tile volumes due to the closure of the tile factory in Morbi.
- Management expects the commissioning of the DFC by Jun'26 to notably improve rail-linked volumes at JNPT. The rail coefficient at JNPT, currently at ~15%, is likely to increase to 18-19% in FY27 and further rise to ~30% over the next three years, which is likely to drive strong growth in rail volumes.
- The originating volume for EXIM/Domestic stood at 0.55m/0.13m TEUs.

## Valuation and view

- CCRI posted a weak set of performance in 4QFY26, as the West Asia crisis hit volumes, which ultimately weighed on margins. In addition, realizations across both the EXIM and domestic segments remained under pressure due to lower lead distance. Growth was further affected by heightened competitive intensity, where the company continues to avoid low-margin business, impacting market share.
- We cut our EBITDA estimates for FY27 and FY28 by 5-7%, factoring in lower volume growth, weaker realization in EXIM/domestic business amid heightened competition intensity, and continued margin pressure. We expect its revenue/EBITDA to clock a CAGR of 9%/12% over FY26-FY28. **We reiterate our BUY rating on the stock with a revised TP of INR560 (based on 14x EV/EBITDA on FY28E).**

### Standalone quarterly snapshot

Y/E March	FY25				FY26				FY25	FY26	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4QE	4QE		
<b>Net Sales</b>	<b>20,971</b>	<b>22,830</b>	<b>22,019</b>	<b>22,814</b>	<b>21,495</b>	<b>23,514</b>	<b>23,017</b>	<b>22,568</b>	<b>88,634</b>	<b>90,595</b>	<b>24,121</b>	<b>(6)</b>
YoY Change (%)	9.3	4.2	-0.1	-1.6	2.5	3.0	4.5	-1.1	2.7	2.2	5.7	
<b>EBITDA</b>	<b>4,319</b>	<b>5,750</b>	<b>4,583</b>	<b>4,335</b>	<b>4,265</b>	<b>5,688</b>	<b>5,059</b>	<b>4,203</b>	<b>18,986</b>	<b>19,215</b>	<b>5,403</b>	<b>(22)</b>
Margins (%)	20.6	25.2	20.8	19.0	19.8	24.2	22.0	18.6	21.4	21.2	22.4	
YoY Change (%)	10.3	7.0	-10.4	-11.4	-1.3	-1.1	10.4	-3.0	-1.6	1.2	24.7	
Depreciation	1,649	1,617	810	1,552	1,570	1,427	1,490	1,488	5,628	5,976	1,521	
Interest	181	177	171	166	164	177	196	206	695	744	203	
Other Income	924	1,301	995	1,432	935	959	953	891	4,652	3,738	875	
<b>PBT before EO expense</b>	<b>3,413</b>	<b>5,257</b>	<b>4,596</b>	<b>4,049</b>	<b>3,465</b>	<b>5,043</b>	<b>4,325</b>	<b>3,400</b>	<b>17,314</b>	<b>16,233</b>	<b>4,555</b>	
Extra-Ord expense	0	333	0	0	0	0	0	0	-333	0	0	
<b>PBT</b>	<b>3,413</b>	<b>4,923</b>	<b>4,596</b>	<b>4,049</b>	<b>3,465</b>	<b>5,043</b>	<b>4,325</b>	<b>3,400</b>	<b>16,981</b>	<b>16,233</b>	<b>4,555</b>	
Tax	859	1,213	1,162	1,027	888	1,275	1,034	818	4,261	4,015	1,164	
Rate (%)	25.2	24.6	25.3	25.4	25.6	25.3	23.9	24.0	25.1	24.7	25.5	
<b>Reported PAT</b>	<b>2,554</b>	<b>3,711</b>	<b>3,434</b>	<b>3,021</b>	<b>2,577</b>	<b>3,768</b>	<b>3,291</b>	<b>2,582</b>	<b>12,720</b>	<b>12,218</b>	<b>3,391</b>	<b>(24)</b>
<b>Adj PAT</b>	<b>2,554</b>	<b>3,960</b>	<b>3,434</b>	<b>3,021</b>	<b>2,577</b>	<b>3,768</b>	<b>3,291</b>	<b>2,582</b>	<b>12,970</b>	<b>12,218</b>	<b>3,391</b>	<b>(24)</b>
YoY Change (%)	4.6	10.7	2.7	0.7	0.9	-4.9	-4.2	-14.5	4.9	-5.8	12.2	
Margins (%)	12.2	17.3	15.6	13.2	12.0	16.0	14.3	11.4	14.6	13.5	14.1	

# Amara Raja

Estimate changes

TP change

Rating change



**CMP: INR889**

**TP: INR878 (-1%)**

**Neutral**

Bloomberg	ARENM IN
Equity Shares (m)	183
M.Cap.(INRb)/(USDb)	162.8 / 1.7
52-Week Range (INR)	1096 / 670
1, 6, 12 Rel. Per (%)	1/2/-11
12M Avg Val (INR M)	690

## Financials & Valuations (INR b)

Y/E March	2026	2027E	2028E
Sales	135.5	146.8	158.1
EBITDA	15.4	16.3	19.3
Adj. PAT	7.8	7.8	9.6
EPS (INR)	42.5	42.6	52.4
EPS Gr. (%)	-11.7	0.2	23.0
BV/Sh. (INR)	446	480	522

## Ratios

RoE (%)	10.0	9.2	10.5
RoCE (%)	9.9	9.1	10.2
Payout (%)	20.0	20.0	20.0

## Valuations

P/E (x)	20.9	20.9	17.0
P/BV (x)	2.0	1.9	1.7
Div. Yield (%)	1.2	1.0	1.2
FCF yield (%)	3.5	6.6	7.0

## Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	32.9	32.9	32.9
DII	17.0	17.1	14.6
FII	17.3	17.4	20.7
Others	32.9	32.6	31.9

FII Includes depository receipts

## Cost pressures to hurt near-term margins

### Earmarks fresh investments for the BESS opportunity

- Amara Raja's (AMRJ) 4QFY26 Adj PAT at INR1.8b came in line with our estimates. The company has recently taken a 5-6% price hike in the lead acid business to pass on input cost pressure.
- The lead acid business is expected to witness near-term margin pressure given the sharp surge in input costs. Further, while the market is optimistic about AMRJ's Li-ion initiative, we are cautious about its potential returns. We believe the stock, trading at around 20.9x FY27E/17x FY28E EPS, appears fairly valued. **We reiterate our Neutral rating with a TP of INR878, based on 15x standalone FY28E EPS and INR92/sh value of the investment in the New Energy business.**

### In-line performance

- AMRJ's 4QFY26 revenue grew ~16.3% YoY to INR34.6b, in line with our estimate of INR33.9b. New energy business revenue grew 18.9% YoY to INR2.8b. Revenue from lead acid and allied products grew by a marginal 2.5% YoY to INR32.5b.
- LAB revenue growth was driven by the auto OEM segment, wherein both 2W and 4W segments posted robust 30%+ growth. Even the tubular battery business grew over 35% with the onset of the summer season. The replacement segment (both 2W and 4W) grew 5-6%. Further, while the telecom segment posted a decline, the industrial segment (ex telecom) grew 3%.
- EBITDA margin contracted ~60bp YoY to 10.9%, below our estimate of 11.3%, led by rising input cost pressure.
- EBITDA rose 10.2% YoY to INR3.8b (in line with estimates).
- During the quarter, AMRJ received an extraordinary payment of INR1.8b as a full and final settlement related to the insurance claim pertaining to damage caused to the tubular battery plant in Jan'23.
- Adjusted for this, PAT grew ~13% YoY to INR1.8b (in line with our estimates).
- In FY26, revenue grew 9.2% YoY to INR135.5b, whereas EBITDA/PAT declined 5.2%/11.7% YoY to INR15.4b/INR7.8b.
- CFO for the year stood at INR13.4b, while free cash flow was INR5.9b.
- The Board has approved a final dividend of INR10.6 for FY26 (INR 10.5 per share in FY25).

### Highlights from the management commentary

- Total investment in the new energy subsidiary till FY26 stands at around INR15b.
- AMRJ is setting up a battery energy storage systems facility for commercial & industrial and grid applications with an initial capacity of 5 GWh and has an ultimate planned capacity of 10 GWh. This facility is expected to commence production by the end of CY26. BESS has become a larger part of the company's new energy strategy. Management expects the BESS plant to initially generate operating margins of around 6-7%.

- For the lithium-ion giga factory, management indicated that the cell business could potentially deliver EBITDA margins of around 10–11% once it reaches a scale of 8–10 GWh.
- Management expects its lead acid battery business to record high single-digit growth in FY27.
- In the LAB business, AMRJ undertook a 5-6% price increase in 4QFY26 in the domestic automotive business, towards the fag end of 4Q. Management mentioned that a further 2–3% price increase may be required in the near future, though this also may not be enough if the current input cost pressure continues into the coming quarters.

### Valuation and view

- AMRJ's venture into the lithium-ion business appears strategically sound, given the opportunities in the segment and the evolving risks in its core business. However, there are notable challenges: 1) market opportunities are limited by existing OEM partnerships; 2) the low-margin nature of the lithium-ion business is likely to dilute returns; and 3) the long-term viability of the technology remains uncertain despite the large capital investment.
- The lead acid business is expected to witness near-term margin pressure, given the sharp surge in input costs. Further, while the market is optimistic about AMRJ's Li-ion initiative, we are cautious about its potential returns. We believe the stock, trading at around 20.9x FY27E/17x FY28E EPS, appears fairly valued. **We reiterate our Neutral rating with a TP of INR878, based on 15x standalone FY28E EPS and INR92/sh value of the investment in the New Energy business.**

### Quarterly Performance

Y/E March (INR m)	FY25				FY26				FY25	FY26	4QE	VAR (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>31,312</b>	<b>31,358</b>	<b>31,640</b>	<b>29,739</b>	<b>33,499</b>	<b>33,882</b>	<b>33,508</b>	<b>34,599</b>	<b>124,049</b>	<b>135,489</b>	<b>33,915</b>	<b>2.0</b>
YoY Change (%)	13.0	11.6	9.8	6.3	7.0	8.0	5.9	16.3	10.2	9.2	14.0	
RM Cost (% of sales)	68.9	67.6	66.9	67.7	70.5	67.2	68.2	70.2	67.8	69.1	68.2	200bp
Staff Cost (% of sales)	5.9	6.1	6.0	6.1	5.9	6.6	6.1	6.2	6.0	6.2	6.0	10bp
Other Exp (% of sales)	11.5	12.2	13.9	14.7	12.0	14.2	14.5	12.7	13.1	13.3	14.5	-180bp
<b>EBITDA</b>	<b>4,304</b>	<b>4,407</b>	<b>4,158</b>	<b>3,422</b>	<b>3,867</b>	<b>4,059</b>	<b>3,745</b>	<b>3,771</b>	<b>16,291</b>	<b>15,442</b>	<b>3,818</b>	<b>-1.2</b>
Margins (%)	13.7	14.1	13.1	11.5	11.5	12.0	11.2	10.9	13.1	11.4	11.3	-40bp
YoY Change (%)	16.7	7.5	-4.4	-16.1	-10.2	-7.9	-9.9	10.2	0.5	-5.2	11.6	
Depreciation	1,183	1,220	1,233	1,284	1,292	1,380	1,409	1,396	4,921	5,477	1,427	-2.2
Interest	90	131	107	95	104	83	87	134	422	407	89	50.2
Other Income	256	185	293	200	139	241	263	276	933	919	243	13.6
<b>PBT before EO expense</b>	<b>3,287</b>	<b>3,240</b>	<b>3,111</b>	<b>2,244</b>	<b>2,610</b>	<b>2,838</b>	<b>2,513</b>	<b>2,517</b>	<b>11,881</b>	<b>10,478</b>	<b>2,545</b>	<b>-1.1</b>
Extra-Ord expense	0	0	-1,111	0	0	-1,218	438	-1,812	-1,111	-2,591	0	
<b>PBT after EO</b>	<b>3,287</b>	<b>3,240</b>	<b>4,222</b>	<b>2,244</b>	<b>2,610</b>	<b>4,056</b>	<b>2,075</b>	<b>4,329</b>	<b>12,992</b>	<b>13,069</b>	<b>2,545</b>	<b>70.1</b>
Tax	841	833	1,103	576	670	1,032	558	1,106	3,353	3,365	652	
Tax Rate (%)	25.6	25.7	26.1	25.7	25.7	25.4	26.9	25.5	25.8	25.7	25.6	
<b>Adj PAT</b>	<b>2,446</b>	<b>2,407</b>	<b>2,298</b>	<b>1,668</b>	<b>1,940</b>	<b>2,120</b>	<b>1,842</b>	<b>1,883</b>	<b>8,815</b>	<b>7,780</b>	<b>1,893</b>	<b>-0.5</b>
YoY Change (%)	23.1	6.3	-9.1	-26.8	-20.7	-11.9	-19.8	12.9	-2.7	-11.7	13.5	

BSE Sensex 76,010 S&P CNX 23,914

**CMP: INR3,298 TP: INR4,228 (+28%)**

**Buy**



### Stock Info

Bloomberg	CEAT IN
Equity Shares (m)	40
M.Cap.(INRb)/(USD\$b)	133.4 / 1.4
52-Week Range (INR)	4438 / 3001
1, 6, 12 Rel. Per (%)	-5/-6/-7
12M Avg Val (INR M)	725
Free float (%)	52.7

### Financial Snapshot (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	156.8	172.8	193.6
EBITDA	20.5	20.4	25.6
Adj. PAT	7.5	6.1	9.5
EPS (INR)	185.1	151.9	234.9
EPS Gr. (%)	51.5	-17.9	54.7
BV/Sh. (INR)	1,247	1,367	1,547

### Ratios

RoE (%)	15.9	11.6	16.1
RoCE (%)	13.3	10.6	13.7
Payout (%)	20.3	21.1	23.4

### Valuations

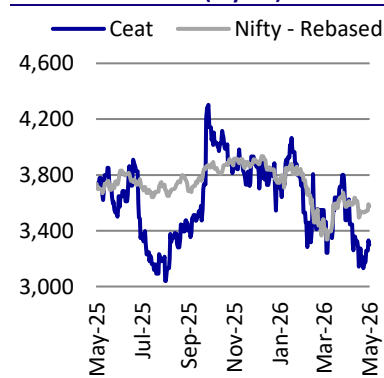
P/E (x)	17.8	21.7	14.0
P/BV (x)	2.6	2.4	2.1
EV/EBITDA (x)	8.1	8.0	6.3
Div. Yield (%)	1.1	1.0	1.7

### Shareholding Pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	47.3	47.2	47.2
DII	20.9	20.5	21.5
FII	16.8	17.2	15.3
Others	15.0	15.1	16.0

FII includes depository receipts

### Stock Performance (1-year)



## Margins to remain under pressure in the near term

### Camso integration roadmap disclosed

We met with the CEAT management at the annual RPG Conference on 26th May'26. The company outlined a roadmap for Camso integration, highlighting key growth drivers and the potential for the business to achieve 20-25% EBITDA margin over the coming years. In India, while demand across segments remains healthy currently, it is likely to moderate in the near term following sharp price hikes expected to offset rising input costs. Further, replacement demand for TBR is expected to grow in single digits, PCR at 3-5%, and scooters in high single digits in FY27. Raw material prices are expected to witness a sharp 15-20% QoQ increase in 1Q. While CEAT has already taken a 5% price hike, under-recovery remains at 5%, which is expected to keep near-term margins under pressure. We expect CEAT to clock a CAGR of ~11%/12%/13% in revenue/EBITDA/PAT over FY26-28. Overall, long-term integration benefits disclosed from Camso are likely to offset near-term concerns on margin pressure. **We reiterate our BUY rating on the stock with a TP of INR4,228 (based on ~18x FY28E EPS).**

### Following are the key takeaways from our interaction:

#### Camso to be a USD1b opportunity post brand migration in 1HFY28

- Camso represents an overall ~USD1b business, currently split between CEAT and Michelin. CEAT has acquired the ~USD150m compact construction tracks business through its Sri Lanka operations, which will continue to operate under the Camso brand, while Michelin will retain the remaining ~USD850m business under the Michelin brand. The transaction effectively opens up ~USD850m addressable market opportunity for CEAT, where it will directly compete with Michelin.
- The first phase of the acquisition has been completed, with integration activities currently underway. The next phase, extending through 2HFY27, will focus on complete value chain integration (mixer calendar installation will result in a 100% manufacturing control). The Camso brand's transition to CEAT is expected to be completed by 1HFY28, followed by the scale-up of operations in 2HFY28. Management plans to double capacity by FY28, with margin accretion from the OHT business expected from FY28-FY29 onwards. Management has guided that, once operations at Camso stabilize post 2028, margins are expected to be in the 20-25% range.
- Beyond the immediate market opportunity from Michelin, management highlighted multiple incremental growth avenues from FY28 onwards to achieve the USD1b target, including:
  - Scaling the OTR business (which currently stands at ~USD250-260m in revenue) to USD500m,
  - ~USD100m opportunity in agricultural tracks,
  - ~USD50-100m opportunity across solids, material handling, and export segments, and
  - USD150m opportunity from the Camso radial portfolio.

- Management indicated that Michelin currently has no meaningful presence in the agricultural tracks business, positioning Camso favorably to capitalize on this opportunity and gain market share. This aligns with management’s vision of regaining market share to ~40% over the next 4-5 years in the compact construction tracks segment. Camso’s market share has declined to ~20% from earlier levels of ~45%.
- Camso will remain a predominantly international business, with a strategic focus on the US and Europe markets, and selective exposure to Latin America. Domestic market participation is expected to remain limited.
- Camso generated revenue of ~USD125m in CY25. However, under the Michelin ownership, aggressive price increases that were not matched by competitors led to volume declines. Additionally, Michelin had curtailed new OEM programs due to its intention to divest the business, resulting in a lower share of business. Management believes revenues from Camso’s Sri Lanka operations alone could scale up to ~USD275-300m if utilization levels increase to ~95-100%.
- The company is currently engaging with two OEMs for agricultural radial tyres, although no order wins have been secured so far.
- Management clarified that it does not intend to pursue a dual-brand strategy, wherein CEAT would fill the gaps vacated by Camso. Instead, the company plans to carefully evaluate cross-selling opportunities while avoiding any potential brand dilution.
- Camso's operations saw some temporary production disruptions in 4QFY26 due to fuel shortages in Sri Lanka.
- On US tariffs, management highlighted that tyres are subject to a 10% tariff, metals to 25%, and tracks to 50%. The benefit of lower tariffs translating into higher demand is not yet visible, as the company is not directly handling customers at this stage. Complete customer transition from Michelin is expected to conclude by Oct’26.

#### **Commodity headwinds to result in margin pressure in the near term**

- Key input costs have risen sharply recently: Crude price has increased from around USD65 at the start of the quarter to nearly USD100 by early March; international natural rubber increased from around USD1,700/ton in 3Q to USD1,800/ton in 4Q and is currently at USD2,050–2,100/ton. Further, domestic natural rubber prices increased from around INR190/kg at the beginning of 4Q to nearly INR245/kg currently. The company is also likely to be impacted by INR depreciation.
- Raw material prices remained stable QoQ in 4Q but are expected to increase by around 15-20% QoQ in 1Q. Management indicated that a 10% price increase in the replacement market would be required to pass on this impact. So far, the company has implemented a 5% price hike by the end of April and may require an additional 5% increase. However, subsequent price hikes would depend on competitive dynamics.
- The company has already implemented a low single-digit price hike in the OE segment, while a further hike due to indexation is scheduled to take effect from July’26. Overall, management expects cumulative price increases of ~10-12%,

which could weigh on demand during 2QFY27. However, raw material inflation is expected to normalize by 2Q.

- Industry-wide price increases appear to be underway, with most players having implemented hikes during March and April, although some may have delayed the rollout in select segments. Despite competitors undertaking price hikes, the company did not observe any significant change in market share dynamics.
- The benefit of low-cost inventory supported margins in 4Q, while the impact of rising input costs is expected to be reflected in 1QFY27. Management expects margins in 1QFY27 and 2QFY27 to remain under pressure. The company has deferred certain costs into subsequent quarters to provide near-term relief and has also initiated a zero-based costing exercise to improve operational efficiencies and lower costs.
- International business continues to remain a key strategic focus, with management targeting one-third of consolidated turnover from overseas markets versus ~19% currently. The company is implementing price hikes in stages, cumulatively amounting to around 10%. However, as orders have already been booked for the next 30 days at lower prices, the full benefit of these hikes is expected to flow through with a lag of around 30-45 days. The US has levied a 44% tariff on imports from Sri Lanka. However, negotiations are ongoing, and CEAT does not expect a 44% tariff.

#### **Domestic demand likely to moderate in the near term due to price hikes**

- The current demand continues to be healthy, largely across all segments. However, given the sharp input cost inflation that is likely to be passed on soon and given the ongoing West Asia conflict, demand is likely to moderate in the coming months, especially for the CV segment.
- Replacement demand for TBR in FY27 is expected to grow in the single digit, driven by economic activity, positive seasonality, and an aging fleet. The pace of growth is expected to moderate due to the expected price hikes, but the management is confident that it will not decline. PCR growth is expected to increase from the usual 1-2% to 3-5%. Even the scooters segment is expected to witness high single-digit growth in FY27.
- In the OE segment, the MHCV segment continues to experience strong double-digit growth, and PV is expected to witness healthy single-digit growth coming largely from the SUV and MPV segments. LCV growth is also expected to remain strong.
- In the international business, the company expects demand recovery in multiple segments, especially in the MHCV in the US and the EU. PV demand in the EU is also recovering for CEAT. The Middle East accounts for 15% of CEAT's exports and is impacted due to the ongoing tensions. Exports to the Middle East completely dried up in 4QFY26.

#### **Updates on capacity expansion**

- Total capex for FY26 was INR10.8b, and the company plans to spend INR2–2.5b in mandatory capex in Q1FY27, with a total capex requirement of INR13–14b for FY27 in the India business. Further, the company would look to spend USD30m in Camso for upstream capacity, 75% of which would be incurred in FY27.

- Gross debt increased QoQ by INR800m to INR30b. The company would look to maintain these debt levels in 1Q on account of margin pressure, while it might increase in later quarters in order to fund the growth capex outlined for FY27 once the RM environment normalizes.
- Return ratios are expected to improve over the coming years, supported by faster utilization ramp-up of recent capex investments. Current utilization levels across manufacturing locations are averaging ~90%, with management remaining confident on ROCE expansion.

# KEC International

BSE Sensex 76,010 S&P CNX 23,914

**CMP: INR499 TP: INR630 (+26%) Buy**



Bloomberg	KECI IN
Equity Shares (m)	266
M.Cap.(INRb)/(USD\$b)	132.9 / 1.4
52-Week Range (INR)	947 / 466
1, 6, 12 Rel. Per (%)	-13/-20/-38
12M Avg Val (INR M)	896

### Financial Snapshot

Y/E MARCH	FY26	FY27E	FY28E
Net Sales	235.1	271.5	314.4
EBITDA	16.6	19.0	22.1
PAT	6.6	7.5	9.3
EPS (INR)	25.0	28.3	34.8
GR. (%)	14.0	15.8	23.0
BV/Sh (INR)	231.4	252.2	279.0

### Ratios

ROE (%)	11.5	11.7	13.1
RoCE (%)	11.7	11.3	12.0

### Valuations

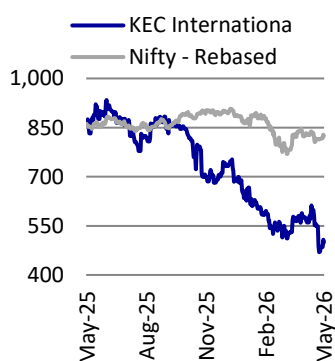
P/E (X)	20.4	17.6	14.3
P/BV (X)	2.2	2.0	1.8
EV/EBITDA (X)	10.8	9.6	8.7
Div Yield (%)	1.1	1.5	1.6

### Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	50.1	50.1	50.1
DII	26.9	25.5	24.2
FII	9.8	11.8	15.4
Others	13.2	12.7	10.3

FII includes depository receipts

### Stock performance (one-year)



## Strong demand; margins the key monitorable

KEC's management in its analyst meet highlighted a strong opportunity pipeline across transmission projects, both domestically and internationally. The company's projects in the West Asia region are progressing well currently, and it has seen improved inquiries on reconstruction-led demand from the Middle East post-war. Demand is also strong for towers in the US market, catering to data centers. The company also highlighted that ordering is improving from private sector projects too, with better payment terms, and the civil segment is now witnessing demand recovery. However, in light of the current West Asia crisis, uncertainty pertains to margins as overall costs have increased related to RM, freight costs, etc. The labor shortage, too, will also need to be monitored closely for its impact on execution progress. We maintain our estimates and reiterate our BUY rating with an unchanged TP of INR630.

## Key takeaways from the analyst meet

### Strong T&D demand across domestic and international markets

KECI's T&D business witnessed growth in the order intake from INR74b in FY22 to INR253b in FY26, while FY27 order intake is expected at ~INR300b, supported by a strong tender pipeline of ~INR1.8t. Domestic demand remains strong, driven by renewable energy expansion, grid strengthening, and rising transmission investments, supported by India's 900GW renewable energy target by 2035. Management highlighted a pipeline of seven to eight HVDC projects, with at least two likely to be tendered in FY27. Internationally, opportunities remain strong across the Middle East, Africa, CIS, and the US, with rising inquiries for transmission projects, redundancies, and rehabilitation work. In the US, KECI is witnessing strong traction for 765kV tower supply projects, driven by data center expansion. Management highlighted that the T&D business continues to generate an RoCE of 20-25% with an EBITDA margin of ~10-12%, supported by better payment terms, healthy private sector demand, and a favorable competitive environment.

### Non-T&D outlook remains mixed across segments

KECI's cables and conductors business continues to witness strong momentum, with management expecting ~20% growth in FY27, supported by capacity expansion in conductors, PV, and elastomeric cables, and improving margins towards the 8.0-8.5% level. Cable exports currently contribute ~5-6% of revenue and are expected to improve after receiving US approvals, while ~INR10b of cable and conductor output is internally consumed by KECI projects. The renewables business is witnessing healthy traction, with the company increasingly focusing on wind EPC projects amid intense competition in solar. In civil, the company has an order book plus L1 position of over INR100b, while completion of key metro projects is expected to ease margin and cash flow pressures, alongside increasing opportunities in industrial, metals & mining, and data center projects. Management remains cautious on the railways business, with FY27 revenue likely to remain ~INR15b, while focusing on faster closure of existing projects and selective opportunities in signalling and allied areas.

### Commodity and labor pressures persist on margins

KECI's EPC margins are likely to remain a key monitorable, and overall costs have increased, such as RM costs, freight costs, insurance costs, etc., with nearly 50% of the order book coming in from fixed-price contracts. We see risks to overall margins if these costs are not passed through to the end users. Commodity inflation and elevated metal prices remain a challenge, particularly in fixed-price contracts. Supply chain disruptions in West Asia impacted revenues by ~INR4b due to delays in steel movement and equipment supplies. Labor shortages, too, will also need to be worked out, as labor supply was hit by the ongoing elections in a few states. The company is focusing on mechanization, automation, and faster execution to reduce dependence on labor. We currently maintain our EBITDA margin estimate of ~7% for FY27E/28E and will evaluate after we see a solution to the West Asia crisis.

### Capital allocation strategy

Management highlighted an increasing focus on capital allocation and improving project quality, with selective bidding, better payment terms, and faster project execution becoming key priorities. The company has reduced exposure to the railways business from a peak revenue run rate of ~INR40b to ~INR15b, while increasing focus on higher-return businesses such as T&D, cables, and renewables. KECI is also targeting lower working capital intensity through faster project churn, improved retention terms, and tighter client selection, particularly in international markets. Capital expenditure continues to remain focused on the cables and conductors business, with annual investments of ~INR1b towards capacity expansion in conductors, PV, and elastomeric cables.

### Financial outlook

We maintain our estimates, and we expect a CAGR of 16%/15%/19% in revenue/EBITDA/PAT over FY26-28. This will be driven by 1) order inflow growth of 21% on a strong prospect pipeline; 2) stable EBITDA margin at ~7% for FY27E/28E; and 3) stable NWC.

### Valuation and view

KECI is currently trading at 17.6x/14.3x on FY27E/28E EPS. We maintain BUY with an unchanged TP of INR630 based on 18x P/E Mar'28E earnings.

### Key risks and concerns

A slowdown in order inflows, higher commodity prices, an increase in receivables and working capital, and heightened competition are some of the key risks that could potentially affect our estimates.

# Zensar

BSE SENSEX 76,010 S&P CNX 23,914

**CMP: INR488 TP: INR640 (+31%) Buy**



## Stock Info

	ZENT IN
Bloomberg	ZENT IN
Equity Shares (m)	227
M.Cap.(INRb)/(USDb)	111 / 1.2
52-Week Range (INR)	895 / 470
1, 6, 12 Rel. Per (%)	-9/-25/-38
12M Avg Val (INR M)	479
Free float (%)	51.0

## Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	56.9	62.0	67.3
EBIT Margin (%)	14.5	14.3	14.4
PAT	7.9	8.0	8.6
EPS (INR)	34.5	34.8	37.6
EPS Gr. (%)	21.7	0.7	8.1
BV/Sh. (INR)	207.8	225.4	244.3

## Ratios

RoE (%)	18.1	16.2	16.2
RoCE (%)	13.6	13.1	13.3
Payout (%)	43.4	43.4	43.4

## Valuations

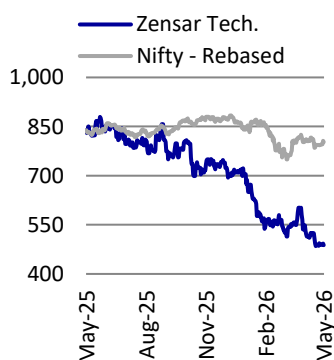
P/E (x)	14.1	14.0	13.0
P/BV (x)	2.3	2.2	2.0
EV/EBITDA (x)	9.3	8.1	7.0
Div Yield (%)	3.1	3.1	3.3

## Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	49.0	49.0	49.1
DII	23.7	23.1	19.9
FII	10.8	12.1	15.0
Others	16.5	15.7	16.1

FII includes depository receipts

## Stock performance (one-year)



## Moving step by step

We attended Zensar Technologies (ZENT)'s analyst meeting, where discussions were centered on AI strategy, growth outlook, pricing changes, and M&A. Key takeaways: ZENT is positioning itself as an AI orchestrator rather than a model/LLM layer with a focus on building an AI-native delivery model and creating new offerings such as AI token cost optimization. The company is also seeing improved deal momentum, supported by AI-led conversations across new buying centers, while maintaining a stance of growing above industry levels. We value ZENT at 17x FY28E EPS and reiterate our BUY rating with a TP of INR640, implying a 31% upside potential.

## AI strategy: Staying away from models, focusing on the orchestration layer

- ZENT has taken a deliberate call to stay away from the LLM/model layer, citing capital and ecosystem constraints. **Instead, it is focusing on 'AI orchestration' across delivery, client solutions, and new offerings.**
- AI use cases are already live across functions such as KYC, Finance, transfer agency, marketing, CFO, and CHRO workflows.
- **A new offering around AI cost optimization (token economics) is already being taken to clients. Management expects this to become a meaningful problem area over the next 6–12 months.**
- We believe this positioning is pragmatic. Most mid-tier IT firms are unlikely to compete at the model layer, and **AI orchestration/implementation remains the more accessible value pool.**

## AI token cost optimization: Early positioning in a likely pain point

- Management expects AI costs (token costs) to **follow a similar trajectory to cloud - initial optimism followed by cost overruns.**
- ZENT foresees a large opportunity in building a routing platform that directs queries to the **most appropriate model (high-end vs. low-cost), improving cost efficiency.**
- The opportunity lies in the long tail of models (including open-source/open-weight), which can be significantly cheaper than mainstream models.
- We think this could emerge as a niche but relevant offering if enterprise AI adoption scales meaningfully.

## Demand environment and deflation dynamics

- **Pricing pressure is primarily linked to large-deal renewals** rather than outright budget cuts.
- Smaller players like ZENT see less impact, as they can gain share from larger incumbents despite deflation.
- **Entry of AI labs into services is not seen as disruptive. Historically, product companies like SAP, Oracle, and Salesforce have had services arms, but these have largely complemented rather than replaced IT services vendors.**



- Services firms continue to play a key role in implementation and global distribution, which remains difficult for product companies to scale independently.
- On AI implementation, our conversations (refer to our note dated 4<sup>th</sup> May'26: [Thoughts from the disruptors](#)) lead us to believe that AI implementation is a huge opportunity, and **enterprises will need the help of managed service providers (MSPs) for this**. However, it might be the case that all these implementation gains will not go to the traditional vendors – new-age MSPs will be platform-heavy.
- **OpenAI has launched a USD4b consulting and implementation business to help enterprises deploy AI into their day-to-day operations**. We believe OpenAI's DeployCo is the first credible blueprint of the MSP of tomorrow.
- While this was taken negatively by the market, **we believe tech services are not a winner-take-all market; it generally has multiple winners but little pricing power**.

### Growth outlook: expect 1Q to be a growth quarter

- Management indicated that 1QFY27 is unlikely to see a further decline, with **growth trajectory dependent on the pace of ramp-up of the ~USD210m deal (full run-rate only from 3QFY27)**.
- Order book reached an all-time high in 4Q, with total intake up ~123% QoQ, supported by a ~USD210m mega deal (the largest in the company's history, spread over ~5 years).
- Ex-large deal intake stood at ~USD192–206m (vs. ~USD180m in 3Q), implying a book-to-bill above ~1.2x. That said, revenue ramp from large deals is phased (limited in 1Q, gradual in 2Q, meaningful from 3Q)
- **Management reiterated its aspiration to outgrow the industry organically**, despite near-term weakness linked to ramp-downs in certain programs.
- While order intake remains strong (ex-large deals at ~USD190-200m; BTB >1.1x), conversion into revenue will be gradual, given the transition timelines. **We estimate an uptick in revenue in 2HFY27, with 1H likely softer with a modest growth of 1.0%/2.0% QoQ cc in 1Q/2QFY27**.

### M&A: Active pipeline, but valuation discipline intact

- ZENT remains active on M&A but has walked away from three deals at the due diligence stage due to high valuations.
- **Management indicated a potential overpayment of ~30–40% had those deals gone through**.
- While the environment is seen as favorable for acquisitions, execution will depend on valuation alignment. **We believe M&A could be a key difference between winners and losers in the next 24-36 months**.

### Valuation and View

- With BFSI & Manufacturing providing a relatively resilient base, this shall help ZENT achieve better growth. The mega deal (~USD210m) provides better medium-term revenue visibility, though contribution will build gradually from 2Q and scale meaningfully only from 3QFY27. We have maintained our estimates for FY27/28. We expect EBITDA margins of 16.1%/16.2% in FY27/FY28. Over FY26-28, this translates into an ~8.8% CAGR in INR revenue and ~4.4% CAGR in INR EPS.
- Our **TP of INR640 is based on 17x FY28E EPS. We reiterate our BUY rating**.

# Aditya Birla Fashion and Retail

Estimate changes 

TP change 

Rating change 

Bloomberg	ABFRL IN
Equity Shares (m)	1221
M.Cap.(INRb)/(USD\$)	79.2 / 0.8
52-Week Range (INR)	95 / 54
1, 6, 12 Rel. Per (%)	5/-7/-21
12M Avg Val (INR M)	773

## Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	81.8	93.3	103.6
EBITDA	6.9	8.5	10.7
Adj. PAT	(8.0)	(8.2)	(8.7)
EBITDA Margin (%)	8.4	9.2	10.3
Adj. EPS (INR)	(6.6)	(6.7)	(7.1)
BV/Sh. (INR)	61.7	53.6	45.0

## Ratios

Net D:E	0.3	0.4	0.5
RoE (%)	(12.2)	(14.1)	(17.4)
RoCE (%)	(5.3)	(5.0)	(4.8)

## Valuations

P/E (x)	(9.9)	(9.6)	(9.1)
EV/EBITDA (x)	15.8	13.1	10.8
EV/Sales (x)	1.3	1.2	1.1

## Shareholding pattern (%)

As of	Mar-26	Dec-25	Mar-25
Promoter	46.6	46.6	46.6
DII	6.6	7.9	14.6
FII	15.8	18.7	22.6
Others	30.9	26.8	16.2

FII includes depository receipts

**CMP: INR65**

**TP: INR65**

**Neutral**

## Strong 4Q growth; cash outflow remains high in FY26

- Aditya Birla Fashion and Retail (ABFRL) delivered a strong 4QFY26, with ~16% YoY revenue growth and ~29% YoY comparable EBITDA growth, driven by a healthy ~17% YoY growth in Pantaloons, ~380bp YoY ethnic margin expansion, and losses reducing in TCNS and TMRW.
- FY26 revenue grew ~11% YoY, driven by Ethnic (+14%) and TMRW (+34%), while Pantaloons inched up ~4% YoY. Estimated pre-Ind-AS operating loss stood at ~INR4.6b, with a loss margin at ~5.7%.
- Pantaloons** reported a solid 14% LTL growth in 4Q, aided by a shift in EoS and rising customer acceptance of the refreshed brand identity. EBITDA margin expanded ~30bp YoY (~185bp beat) despite continued investments toward OWND ramp-up.
- Ethnic portfolio** EBITDA grew 42% despite muted ~3% revenue growth, driven by lower losses in TCNS, which remains on track for breakeven by FY27-exit.
- TMRW** revenue grew ~45% YoY in 4Q, while losses declined ~25% YoY. FY26 revenue grew 34%, with management expecting losses to have peaked in FY26, with breakeven targeted by FY29.
- FY26 FCF outflow** stood at ~INR16b, driven by higher working capital, higher investments into TMRW, OWND, and Galeries Lafayette, leading to ~INR10.8b increase in net debt. However, management noted that cash outflow remained on track and expects ~INR6b/INR5b cash outflows in FY27/FY28. with company expected to become FCF positive by FY29.
- We tweak our estimates for FY26 actuals and model a CAGR of ~13%/ 25% in revenue/reported EBITDA over FY26-28E, though we do not expect ABFRL to achieve pre-IND AS EBITDA breakeven by FY28.
- We value ABFRL on an SoTP basis and ascribe a **revised TP of INR65. We reiterate our Neutral rating on the stock.**

## Strong show in Pantaloons; losses reduce in TCNS and TMRW

- ABFRL's** 4Q revenue grew 16% YoY to INR19.9b (in line), driven by strong performance in Pantaloons (revenue up 19% YoY, with 14% LFL) and TMRW (up 45% YoY). Ethnic revenue grew modestly by ~3% YoY.
- Gross profit inched up ~3% YoY (8% miss) as gross margin contracted ~700bp YoY to 56.1%. There was a one-off ~INR1b demerger adjustment in the base quarter.
- Reported EBITDA at ~INR2b (27% above) declined ~4% YoY as EBITDA margin contracted 200bp to 9.9% (~205bp beat).
  - On a comparable basis (excl. revaluation gains and one-off demerger benefits in 4QFY25), segmental EBITDA grew 29% YoY, driven by 120bp YoY margin gain.
  - The beat was led by better profitability in Pantaloons (margin up ~30bp YoY, +185bp beat) and Ethnics (margin up 390bp YoY, 300bp beat).

- For FY26, revenue grew ~11% YoY, driven by Ethnic (+14% YoY) and TMRW (+34% YoY), while Pantaloons growth remained modest at ~4% YoY.
- FY26 reported EBITDA rose ~2% YoY to INR6.9b, with 80bp margin compression.
- On a comparable basis, segmental EBITDA grew ~23% YoY to INR9b, with margin expanding ~100bp YoY to 11%, aided by ~560bp margin expansion in Ethnic and loss reduction in TMRW.
- On our estimates, pre-IND AS operating losses stood at INR4.6b, with an operating loss margin of ~5.6%.
- OCF outflow (after interest and leases) stood at INR11.4b due to losses and INR4.4b working capital build-up, while FCF outflow (after leases and interest) was INR15.8b.
- Gross borrowings increased by 18% YoY to INR16.9b, while the cash position stood at INR15.5b (down 35% YoY), leading to a net debt of INR1.5b (vs. net cash of INR9.3b YoY).

### Key highlights from the management commentary

- **Demand trends** remained stable through 4QFY26, with March witnessing temporary moderation due to geopolitical uncertainty and weaker wedding demand. April trends have normalized, though inflation-led price hikes across categories could weigh on discretionary demand in 2HFY27.
- **Pantaloons** delivered one of its strongest quarters following a strategic reset across merchandising, customer targeting, in-store experience, and online channels. Growth remained largely volume-led, supported by higher basket sizes, improving footfalls, and better conversions. Management highlighted ~9% YoY growth (~7% LTL) across Nov'25-Mar'26, which normalizes for the shift in EoSS. The store additions are likely to remain measured at 20-22 in FY27.
- **RM inflation:** ~3-5% increase in raw material prices has occurred.%. However, management will take calibrated decisions on price hikes across categories depending on demand elasticity, competitive intensity, and the broader demand environment.
- **Cash outflow:** ~INR10b cash outflow on a standalone basis for FY26 was in line with the plan. Management expects FY27/FY28 cash utilization at INR6b/INR5b before turning FCF positive by FY29. Further, it believes standalone gross cash at ~INR11.4b should be sufficient for investments into growth businesses without the need for further equity raising.

### Valuation and view

- Consistent revenue growth and steady margin expansion in Pantaloons with the refreshed brand identity, along with loss reduction in TCNS and scale-up of TASVA/OWND, remain the key long-term catalysts for ABFRL.
- However, higher investments and/or slower profitability ramp-up in some of the currently loss-making businesses could remain a key drag on overall profitability and cash flows for ABFRL.
- We tweak our estimates for FY26 actuals and model a CAGR of ~13%/ 25% in revenue/reported EBITDA over FY26-28E, though we do not expect ABFRL to achieve pre-IND AS EBITDA breakeven by FY28.
- We value ABFRL on an SoTP basis. We assign an EV/EBITDA multiple of 9x to Pantaloons (inc. OWND!), and 13x to the designer-led ethnic portfolio. We

ascribe EV/sales multiple of 1x/0.9x/1.5x to ABFRL's attributable stakes in premium ethnic/TMRW/Luxury Retail portfolio **to arrive at our revised TP of INR65** (earlier INR70). The cut in TP is largely attributed to higher net debt.  
**Reiterate Neutral.**

### Consolidated - Quarterly Earnings Summary

(INR m)

Y/E March	FY25				FY26				FY25	FY26	FY26	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Revenue</b>	<b>16,742</b>	<b>17,605</b>	<b>22,005</b>	<b>17,195</b>	<b>18,315</b>	<b>19,817</b>	<b>23,737</b>	<b>19,901</b>	<b>73,547</b>	<b>81,769</b>	<b>19,783</b>	<b>0.6</b>
YoY Change (%)				9.2	9.4	12.6	7.9	15.7	14.2	11.2		
Total Expenditure	15,847	16,802	18,989	15,146	17,198	19,129	20,649	17,927	66,783	74,903	18,224	-1.6
<b>EBITDA</b>	<b>896</b>	<b>803</b>	<b>3,017</b>	<b>2,049</b>	<b>1,117</b>	<b>688</b>	<b>3,087</b>	<b>1,974</b>	<b>6,764</b>	<b>6,866</b>	<b>1,559</b>	<b>26.6</b>
Change, YoY (%)				486.6	24.7	-14.3	2.3	-3.6	82.8	1.5		
Depreciation	2,736	2,862	2,964	3,146	3,156	3,252	3,495	3,492	11,664	13,395	3,661	
Interest	1,321	1,412	1,507	1,434	1,134	1,242	1,325	1,457	5,674	5,157	1,216	
Other Income	337	312	349	959	635	545	680	1,235	1,957	3,096	507	
<b>PBT before EO expense</b>	<b>-2,824</b>	<b>-3,159</b>	<b>-1,105</b>	<b>-1,572</b>	<b>-2,538</b>	<b>-3,260</b>	<b>-1,053</b>	<b>-1,739</b>	<b>-8,616</b>	<b>-8,589</b>	<b>-2,811</b>	<b>38.1</b>
Extra-Ord expense	0	1,612	0	0	0	0	-285	-114	1,612	-399	0	
Share in JV	-3	-32	-89	-54	-58	-70	-71	-95	-179	-294	-51	
<b>PBT</b>	<b>-2,827</b>	<b>-1,580</b>	<b>-1,194</b>	<b>-1,626</b>	<b>-2,595</b>	<b>-3,331</b>	<b>-1,409</b>	<b>-1,948</b>	<b>-7,184</b>	<b>-9,281</b>	<b>-2,862</b>	<b>32.0</b>
Tax	-449	-418	-167	81	-258	-380	-36	-309	-942	-982	-689	
Rate (%)	15.9	26.4	14.0	-5.0	9.9	11.4	2.5	15.9	13.1	10.6	24.1	
<b>Reported PAT</b>	<b>-2,379</b>	<b>-1,162</b>	<b>-1,027</b>	<b>-1,706</b>	<b>-2,337</b>	<b>-2,951</b>	<b>-1,373</b>	<b>-1,638</b>	<b>-6,242</b>	<b>-8,299</b>	<b>-2,173</b>	<b>24.6</b>
<b>Adj PAT</b>	<b>-2,379</b>	<b>-2,774</b>	<b>-1,027</b>	<b>-1,706</b>	<b>-2,337</b>	<b>-2,951</b>	<b>-1,160</b>	<b>-1,553</b>	<b>-7,853</b>	<b>-8,001</b>	<b>-2,173</b>	<b>28.5</b>
YoY Change (%)					-1.7	6.4	13.0	-9.0	-14.6	1.9		

E: MOFSL Estimates

### Valuation: We ascribe a TP of INR65/share to ABFRL

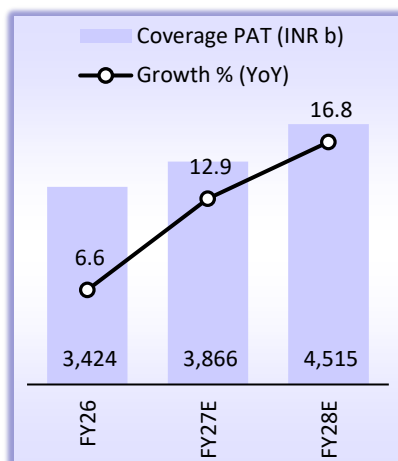
Dec'27	Revenue (INR b)	EBITDA (INR b)	EV/sales (x)	EV/EBITDA (x)	Valuation (INR b)	INR/share
<b>Pantaloon and OWND!</b>		<b>8.0</b>	<b>-</b>	<b>9.0</b>	<b>72</b>	<b>59</b>
<b>Ethnic</b>		<b>4.7</b>		<b>8.7</b>	<b>40</b>	<b>33</b>
<b>Designer (attributable)</b>		<b>4.0</b>	<b>-</b>	<b>13.0</b>	<b>26</b>	<b>22</b>
<b>Premium (attributable)</b>	<b>14.0</b>	<b>-</b>	<b>1.0</b>	<b>-</b>	<b>14</b>	<b>11</b>
<b>TMRW (attributable)</b>	<b>16.2</b>	<b>-</b>	<b>0.9</b>	<b>-</b>	<b>14</b>	<b>11</b>
<b>Luxury</b>	<b>7.9</b>	<b>-</b>	<b>1.5</b>	<b>-</b>	<b>12</b>	<b>10</b>
<b>EV (INR b)</b>					<b>138</b>	<b>113</b>
Net debt / (cash)					58	48
<b>Equity Value</b>					<b>80</b>	<b>65</b>
Nos of shares (in m)					<b>1,220</b>	
<b>Target Price (INR)</b>					<b>65</b>	

# Financials: Banks

## MOFSL PAT growth estimate % (YoY)

	Private	PSU	Coverage
FY25	3.8	24.0	12.5
FY26	4.2	9.1	6.6
FY27E	21.1	4.2	12.9
FY28E	20.4	12.4	16.8
<b>FY26-28E CAGR</b>	<b>20.8</b>	<b>8.2</b>	<b>14.8</b>

## Earnings growth to pick up to 15% CAGR over FY26-28E



## FY26-exit earnings growth recovered to double digits

Estimate ~15% EPS CAGR over F26-28E; private banks to take the lead over PSBs

- BFSI consensus earnings have started to pick up after tepid earnings growth of 6.6% YoY in FY26. We estimate banking sector earnings to clock a 15% CAGR over FY26-28, backed by steady loan growth, stable NIMs and easing credit costs (specially in unsecured segments).
- Over the past two years, consensus FY27-28 earnings estimates have been cut by ~8% over the past two years, largely driven by private banks. PSU banks have remained relatively resilient, though recent revisions indicate slight cuts.
- In the last three months, PSU banks have witnessed 3.5-5.0% reductions in FY27/FY28 earnings estimates, largely driven by sticky CoF amid rising deposit competition, NIM pressure, and higher projected credit costs due to the ECL transition. Private banks' earnings outlook remains relatively resilient.
- MOFSL's FY27/FY28 banking earnings estimates are broadly in line with the consensus (+1%/+2%), as we remain relatively constructive on select mid-sized private banks like RBK, DCB, Bandhan, AU, and IIB (+5% to +15%) amid expectations of better credit growth and NIM recovery. In PSU banks, our estimates for PNB, INBK and UNBK are ~2-27% above consensus but ~3% below consensus on SBI.
- We expect banking sector earnings to rebound to ~15% CAGR over FY26-28E (consensus: 14%), led by ~15% NII CAGR. Private banks with ~21% earnings CAGR are likely to outperform PSU banks with ~8% CAGR. Top ideas: ICICI, HDFCB, SBIN and AUBANK.

## Sector earnings to gain traction; Improvement visible in 4QFY26 growth

- Sector earnings growth has gained momentum, with earnings expected to grow at a 15% CAGR over FY26-28E after a relatively subdued FY26 (6.6% growth). Banks have witnessed a modest decline in NIMs during FY26, driven by lower CoF, while loan growth has remained steady at ~15% YoY. Additionally, easing asset quality stress in the unsecured segment has resulted in comparatively lower credit costs than earlier anticipated. (Exhibit 3)
- Amid this easing in headwinds, we remain watchful of the evolving situation in West Asia, which could potentially lead to some stress build-up in the MSME and CV segments. However, most banks have not indicated any such signs of stress emerging within their existing portfolios so far.
- As we move into FY27, we believe there are emerging risks to CoF amid intensifying competition for deposits. We note that select mid-sized private banks have increased deposit rates across certain buckets, reinforcing our view that CoF has likely bottomed out.

## Private banks to outperform; PSBs entering a slow earnings growth phase

- Over the past few years, PSU banks have delivered a strong earnings trajectory, with PAT compounding at a 16% CAGR, supported by healthy credit growth and comfortable CD ratios. Most PSU banks have witnessed robust profit accretion, driven by better loan growth and relatively resilient NIMs, aided by ample system liquidity. However, over the last two years, as surplus balance sheet liquidity has been largely utilized and CD ratios have moved closer to private banks' levels, PSU banks have increasingly entered the market to mobilize deposits. As a result, amid intensifying competition for both deposits and

advances, the competitive edge of PSU banks appears to be increasingly reliant on pricing rather than structural advantages.

- Consequently, we have reduced our NII estimates for PSU banks by ~3%, with the sharpest cuts for BoB, PNB, and Canara Bank vs. flat for private banks. Management commentary and guidance have also turned relatively cautious, broadly aligning with this view. In contrast, estimate revisions for private banks have been relatively limited. From the NIM perspective, we expect private banks to witness relatively stable margins, with only a marginal downside risk despite a gradual rise in CoF.

### **Consensus earnings estimates have been cut by 8% over the past two years, led by private banks; three-month change indicates stable trends**

- Consensus earnings estimates for FY27-28E have witnessed broad-based revisions over the past two years, including across the last 12 months, 9 months, and 3 months, with private banks accounting for the bulk of the downgrades. For private banks, aggregate FY27 PAT estimates have been reduced by ~1%/4%/6% over the past 3/9/12 months.
- In contrast, PSU banks witnessed earnings upgrades of ~4.1% and ~3.7% over the past 9 months and 12 months, respectively, although FY27 earnings estimates have declined by ~4% over the last three months, reflecting a more cautious near-term outlook.
- Similarly, aggregate FY28 earnings estimates for private banks have been lowered by ~1%/2%/3% over the past 3/9/12. For PSU banks, FY28 estimates have revised by -3.0%/+8.7%/+10.4% over the same periods, indicating that while the longer-term earnings outlook remains relatively resilient, recent estimate revisions have turned negative.

### **PSU banks witnessed minor earnings cuts for FY27-28E amid sticky CoF and ECL transition overhang**

- The pace of earnings downgrades for FY27-28E has moderated in recent months. However, the latest round of earnings cuts for PSU banks has largely been driven by rising competition for deposits in FY27E, resulting in incremental pressure on NIMs. In addition, the transition to the ECL framework is expected to exert some pressure on credit costs, contributing to the downgrade cycle.
- Private banks, on the other hand, have witnessed relatively limited estimate cuts. Select mid-sized private banks are likely to report relatively better NIM resilience (exhibit 4), while most large private banks have not seen meaningful downward revisions to margin estimates. Further, credit cost assumptions across most private banks remain relatively stable, supported by adequate provision buffers and healthy PCR levels.
- In contrast, PSU banks have witnessed earnings cuts of ~3.5-5.0% across FY27-28E, primarily driven by lower NIM assumptions amid rising CoF, coupled with an increase in projected credit costs due to the transition toward the ECL regime.

### **Mid-sized private banks have witnessed few upgrades; large private banks stable**

- During the previous earnings cycle, the steepest earnings downgrades were witnessed in mid-sized private banks, largely due to their relatively higher exposure to unsecured retail and MFI segments. However, with the unsecured

stress cycle now showing signs of improvement, select banks have witnessed earnings upgrades over the last three months. **Bandhan Bank, IndusInd Bank, and AU Bank have seen earnings upgrades of ~3%, ~10-16%, and ~1%, respectively. In contrast, IDFC First Bank and RBL Bank have witnessed earnings downgrades of ~14% and ~21-27%, respectively (refer Exhibit 2).**

- Among larger private banks, earnings estimates have largely remained stable, with limited downward revisions. **For instance, ICICI Bank, HDFC Bank, Axis Bank, and Kotak Mahindra Bank have broadly seen flat earnings estimates over the period. Notably, Axis Bank has witnessed earnings upgrades of ~2.8-6.0% for FY27-28, reflecting improving confidence in its earnings trajectory.**

#### **MOFSL vs. Consensus: How do our estimates compare with the Street?**

- We compare our earnings estimates with consensus and find that, at an aggregate level, MOFSL's forecasts remain broadly aligned with Street expectations, with a modest deviation of +1%/+2% in aggregate FY27E/FY28E earnings. However, meaningful stock-level divergences persist.
- Within mid-sized private banks, we remain relatively more constructive than consensus on select names, including RBL Bank (+15%), DCB Bank (+13%), Bandhan Bank (+12%), AU Bank (+9%), IndusInd Bank (+7%), and Federal Bank (+5%) for FY28E. This reflects our expectation of an improving earnings cycle for mid-sized private banks, supported by better credit growth and a gradual recovery in NIMs.
- Among PSU banks, our earnings estimates for PNB, INBK, and UNBK remain ~2-27% higher than consensus, while we are ~3% below consensus on SBI for FY28E. At an aggregate PSU bank level, our earnings estimates are ~1.5% ahead of consensus. Overall, for the banking sector, our FY27-28 earnings estimates remain broadly ~1-2% higher than Street expectations (refer Exhibit 11).

#### **BFSI sector earnings growth to rebound to 15% CAGR over FY26-28E**

- Consensus estimates indicate a rebound in banking earnings in FY27, with expected growth of ~13% YoY to INR3.9t, supported by ~14% YoY growth in NII. We expect private banks to outperform PSU banks, with private bank earnings projected to grow ~21% in FY27E vs. ~4.2% growth for PSU banks. FY27 is likely to be a transition year, wherein PSU banks may witness further earnings moderation after nearly three years of relative outperformance.
- **Over FY26-28E, we expect private banks to materially outperform PSU banks, with earnings growing at a ~21% CAGR vs. ~8% CAGR for PSU banks. For our banking coverage universe, we estimate an earnings CAGR of ~15% over FY26-28E, modestly ahead of consensus expectations of ~14% CAGR over the same period.**
- **This growth is expected to be driven primarily by a ~15% CAGR in NII, with private banks and PSU banks likely to deliver ~17% and ~13% CAGR, respectively. We also expect PPOP growth to remain healthy at ~15% CAGR over FY26-28E, led by ~17% CAGR for private banks and ~12% CAGR for PSU banks.**
- **Among private banks, we expect mid-sized players to outperform on earnings, supported by improving NIMs, easing stress in unsecured portfolios, and relatively stable credit costs, driven by better asset quality trends. Top picks: ICICIBC, HDFC, SBIN, and AUBANK.**

### Risk factors: What keeps us watchful on potential earnings trajectory

- While earnings visibility continues to improve, we remain watchful of several emerging risks that could potentially impact the sector's earnings trajectory. We believe competition for deposits is intensifying, particularly as most PSU banks have largely utilized their balance sheet liquidity and optimized their CD ratios. Consequently, rising competition for deposits could keep CoF elevated, a trend that was also reflected in management commentary across PSU banks.
- Asset quality metrics have remained resilient so far, with the sector gradually emerging from the unsecured stress cycle. However, a prolonged geopolitical conflict in West Asia could create incremental stress in select segments, particularly MSME and CV portfolios, warranting close monitoring.
- In addition, the upcoming transition to the ECL framework could lead to some normalization in credit costs across select private and PSU banks. Early estimates suggest the impact could be up to ~120bp for certain banks. While this appears manageable at present, the transitional flow-through impact of ECL on reported credit costs remains a key monitorable.

### Aggregate MOFSL banking earnings estimates have been reduced slightly; Private banks to take the lead in FY27

INRb	Earnings before preview			Earnings in 4QFY26 preview			Earnings after 4QFY26 results		
	FY26E	FY27E	FY28E	FY26A	FY27E	FY28E	FY26A	FY27E	FY28E
<b>Private Banks</b>									
AXSB	246.6	307.4	366.2	242.2	304.8	371.5	244.6	315.9	388.2
BANDHAN	12.8	28.2	37.5	11.0	27.8	37.3	12.2	29.1	38.7
DCBB	7.5	10.0	12.5	7.3	9.9	12.5	7.3	9.9	12.5
HDFCB	744.2	848.2	995.5	746.5	853.4	995.5	746.7	849.0	988.9
ICICIBC	496.5	569.1	669.5	496.8	566.9	666.1	501.5	565.9	659.4
IDFCFB	21.3	42.7	63.7	14.8	38.6	55.5	16.4	36.9	55.1
IIB	4.8	33.9	51.7	4.1	32.5	50.8	8.9	37.2	60.1
KMB	138.6	164.1	200.7	135.1	160.2	195.9	140.1	163.8	199.0
FB	39.7	52.0	67.0	39.5	51.6	66.3	41.2	53.2	65.9
RBK	8.9	27.7	41.7	7.8	23.5	34.5	8.2	20.3	32.9
AUBANK	26.1	36.8	48.1	26.0	37.1	47.8	26.4	37.4	48.7
EQUITASB	0.5	6.5	9.8	0.5	6.6	9.6	1.0	6.7	9.7
<b>Total Pvt</b>	<b>1,747.5</b>	<b>2,126.6</b>	<b>2,564.0</b>	<b>1,731.6</b>	<b>2,112.9</b>	<b>2,543.2</b>	<b>1,754.5</b>	<b>2,125.3</b>	<b>2,558.9</b>
<b>YoY growth</b>	<b>1.7%</b>	<b>21.7%</b>	<b>20.6%</b>	<b>1.0%</b>	<b>22.0%</b>	<b>20.4%</b>	<b>4.2%</b>	<b>21.1%</b>	<b>20.4%</b>
<b>PSU Banks</b>									
BOB	194.9	214.5	240.4	193.6	210.3	231.2	200.2	205.5	223.5
CBK	192.3	197.8	225.2	190.9	191.2	215.9	191.9	179.1	206.6
INBK	124.6	136.8	152.8	123.1	135.2	149.0	121.6	136.0	152.0
PNB	164.8	213.2	254.8	165.9	205.2	247.7	169.0	209.7	246.0
SBIN	815.0	858.8	980.6	803.8	856.0	975.3	800.3	829.3	927.5
UNBK	176.7	182.7	206.4	178.7	180.3	201.3	187.0	180.6	200.9
<b>Total PSU</b>	<b>1,668.2</b>	<b>1,803.7</b>	<b>2,060.2</b>	<b>1,656.0</b>	<b>1,778.2</b>	<b>2,020.5</b>	<b>1,670.0</b>	<b>1,740.2</b>	<b>1,956.6</b>
<b>YoY growth</b>	<b>9.0%</b>	<b>8.1%</b>	<b>14.2%</b>	<b>8.2%</b>	<b>7.4%</b>	<b>13.6%</b>	<b>9.1%</b>	<b>4.2%</b>	<b>12.4%</b>
<b>Total Banks</b>	<b>3,415.7</b>	<b>3,930.3</b>	<b>4,624.2</b>	<b>3,387.5</b>	<b>3,891.2</b>	<b>4,563.7</b>	<b>3,424.4</b>	<b>3,865.5</b>	<b>4,515.5</b>
<b>YoY growth</b>	<b>5.1%</b>	<b>15.1%</b>	<b>17.7%</b>	<b>4.3%</b>	<b>14.9%</b>	<b>17.3%</b>	<b>6.6%</b>	<b>12.9%</b>	<b>16.8%</b>
SBI Cards	21.3	30.4	39.0	21.4	28.9	36.8	21.7	29.5	36.4
Paytm	5.6	8.9	17.4	5.5	6.0	15.9	6.4	10.5	21.9

Source: MOFSL, Company

# Life Insurance

## Performance Highlights

	4QFY26	YoY
<b>APE (INR b)</b>		<b>%</b>
HDFCLIFE	52.5	1.3
IPRULIFE	38.3	9.4
SBILIFE	57.5	5.5
MAXLIFE	35.9	18.3
CANHLIFE	7.0	12.4
<b>VNB Margin (%)</b>		<b>bp</b>
HDFCLIFE	24.0	-253
IPRULIFE	25.2	249
SBILIFE	28.3	-211
MAXLIFE	28.2	18
CANHLIFE	30.5	744

## All eyes on profitability despite multiple regulatory actions!

### GST exemption-led growth continues; potential commission regulations ahead

- The life insurance industry has been impacted by multiple regulations since 2HFY25, such as surrender value regulations, new product guidelines, GST waiver, etc., which disrupted the industry's near-term growth trajectory. The industry posted single-digit growth in 2HFY25 after surrender value regulations and weak ULIP demand; however, growth rebounded to double digits in 2HFY26 after GST waiver and recovery in ULIPs.
- Individual APE growth moderated in Mar'26 due to volatile geopolitical conditions (from ~20% YoY in Oct-Feb'26 to 8% in Mar'26). Apr'26 witnessed recovery (21% YoY growth) with additional benefits of a low base. We expect the growth to stabilize from the current levels to a sustainable mid-teen trajectory. MAXLIFE/CANHLIFE were the only two private listed players witnessing double-digit APE growth in 4QFY26 and we expect them to continue leading the pack going forward.
- During 4QFY26, most listed players witnessed double-digit YoY growth in absolute VNB, with CANHLIFE leading the pack (+49% YoY). CANHLIFE also reported the highest VNB margin in the industry (30.5% in 4QFY26). Traction in the traditional product segment, rising share of protection and strong growth in rider attachments continue to be profitability drivers, offset by the impact from loss of input tax credit (ITC), which is likely to be mitigated by the end of 1HFY27.
- On the regulatory front, discussions are ongoing regarding commission regulations, which can possibly disrupt channel economics, posing near-term risks to new business growth and distribution expansion. Accounting transition to IFRS and risk-based solvency framework are the emerging regulatory themes, which would lead to operational changes but improve transparency, global comparison and capital allocation in the industry.
- Following 4QFY26 results, we expect stable APE growth momentum and positive outlook for VNB margin expansion, backed by a rising share of non-ULIP products and improving profitability of ULIPs. However, the stocks have seen de-rating after IFRS implementation and the noise around commission regulations, and we expect more color on both in the near future. Our preferred picks in the space are CANHLIFE (TP of INR180 premised on 1.7x FY28E P/EV) and SBILIFE (TP of INR2,340 premised on 2.1x FY28E P/EV).

### Regulatory concerns on mis-selling and high commission structure

- The life insurance industry has witnessed major regulatory changes over the past 18-24 months, with some regulations like surrender value charges impacting the near-term growth and profitability of companies and other regulations like GST exemption on term and 100% FDI serving as long-term tailwinds for the industry.
- The RBI has come up with guidelines (effective 1st Jul'26) that will tighten the sale of third-party financial products by banks, proposing various measures to curb mis-selling like customer suitability assessments, restrictions on bundled selling, bank accountability in case of fraud, etc.
- Another emerging regulatory theme is the potential tightening of distributor commissions and overall acquisition costs. Market expects a deferment of front-loaded commissions or capping of commission rates to better align distributor incentives with policy persistency and customer outcomes while reducing strain on insurers' acquisition costs and improving long-term policyholder value.

- Both these regulations serve as additional guardrails for the life insurance industry, possibly requiring changes in current operations. Over the medium term, the changes are likely to support better persistency, lower mis-selling risk and a more sustainable industry structure.
- On the commission front, PSU banks, CANHLIFE and SBILIFE, already operate at single-digit commission ratios compared to high-teen commission ratios of private insurers like HDFCLIFE and MAXLIFE. Hence, we expect a **lower impact of any potential commission regulations on PSU insurers**.
- In the mutual fund industry, the 2018 TER regulations disrupted the distributor economics and reduce the yields for AMCs by 5-10bp in FY20 compared to FY19, impacting revenue growth. However, the reforms ultimately strengthened the industry structure, resulting in all-time high SIP inflows of INR300b+ and AUM of INR80t+ (~INR25t in FY19) currently and mid-teen FY20-26 revenue CAGR for listed AMCs.
- IRDAI has mandated all insurance companies to transition toward Ind-AS accounting, which is aligned with global accounting standards (IFRS). The framework is expected to materially alter the way life insurers report profitability, embedded value emergence and balance sheet economics. Hence, all the insurers have sought 1-year forbearance from the regulator.
- The regulator is also working toward the implementation of risk-based capital framework for the industry. Unlike the current factor-based solvency system, risk-based solvency considers parameters such as underwriting risk, market volatility, credit exposure and operational risks while determining capital adequacy. **While the transition will require multiple operational changes, it could lead to more efficient capital allocation and sharper risk management practices.**

### Snapshot – 4QFY26

INRb	Max Life			Canara HSBC Life			SBI Life			HDFC Life			IPRU Life		
	4QFY25	4QFY26	YoY	4QFY25	4QFY26	YoY	4QFY25	4QFY26	YoY	4QFY25	4QFY26	YoY	4QFY25	4QFY26	YoY
APE	30.4	35.9	18%	6.3	10.0	60%	54.5	57.5	6%	51.9	52.5	1%	35.0	38.3	9%
VNB	8.5	10.1	19%	1.4	2.0	38%	16.6	16.3	-2%	13.8	12.6	-8%	8.0	9.7	21%
VNB Margin	28.0	28.2	18	23.0	19.8	-323	30.5	28.3	-211	26.5	24.0	-253	22.7	25.2	249
PAT	0.4	-0.3	-182%	0.3	0.3	-14%	8.1	8.0	-1%	4.8	5.0	4%	3.9	6.2	62%
AUM	1,750	1,898	8%	412	469	14%	4,480	4,872	9%	3,363	3,752	12%	3,094	3,136	1%
<b>Key Ratios</b>															
Solvency	201.0	194.0	-700	205.8	191.0	-1482	196.0	190.0	-600	194.0	177.0	-1700	212.2	227.3	1510
13th month persistency	88.0	85.0	-300	81.4	84.7	330	86.6	87.9	125	82.7	81.6	-110	84.3	82.1	-220
61st month persistency	53.0	58.0	500	53.0	53.9	90	61.5	56.7	-481	61.9	64.9	300	61.9	61.2	-70
<b>Product mix (Total APE %)</b>															
ULIP	40.1	37.9	-219	33.6	21.2	-1242	54.3	52.0	-231	40.0	41.2	121	43.4	45.5	216
Par	18.8	17.9	-85	16.1	16.9	88	3.1	8.7	558	19.0	19.8	85	-	-	
Non-Par	28.0	29.1	108	47.2	56.8	957	26.2	23.7	-259	27.0	21.0	-605	36.0	27.1	-888
Protection	13.1	16.1	296	4.3	7.0	274	13.0	10.1	-294	10.0	14.0	398	13.5	16.0	253
Group	-	-		-	-		3.1	5.4	227	4.0	4.0	0	7.2	11.4	419
<b>Channel mix (Individual APE %)</b>															
Banca	60.6	60.8	13		89.2		57.4	52.3	-517	74.7	58.0	-1670	32.9	31.5	-139
Agency							28.6	34.7	605	19.9	18.0	-194	26.5	23.2	-325
Others	39.4	39.2	-13		10.8		13.9	13.1	-88	5.4	24.0	1864	40.6	45.3	464

**BSE SENSEX**  
76,010

**S&P CNX**  
23,264

**CMP: INR288**

**Neutral**

### Analyst Meet Details



**Date:** 27 May'26  
**Time:** 1100 hours IST  
**Call details:**  
 086 34168832  
 086 45367270

### APAT miss driven by high dry-well write offs; Production volume growth disappoints

- In 4QFY26, ONGC's Standalone (SA) revenue came in-line with our est. at INR359b.
- Crude oil/gas sales came 4%/5% below our est. at 4.6mmt/3.8bcm. VAP sales stood at 595tmt (est. 599tmt).
- Reported oil realization was USD78.3/bbl.
- Crude oil production declined 3%/6% QoQ/YoY while and natural gas production declined 4%/3% QoQ/YoY.
- Weakness in oil production was attributed to 1) geological complexities at 98/2 field in Eastern offshore, 2) operational issues at DUDP project.
- SA EBITDAX came in 7% below our est. at INR178b.
- Other expenses stood above est. Exchange loss stood at INR11.8b in 4QFY26.
- ONGC has booked additional impairment at Mozambique (INR 2.1bn) and Sakhalin (INR 5bn) assets in 4QFY26.
- SA APAT stood 11% below estimate at INR67b.
- Dry well write-offs stood above est. Finance cost and other income stood in-line with estimate.
- ONGC has extended technical service provider contract to cover entire Western Offshore post promising outcome in Mumbai High field.
- **ONGC Videsh:**
- OVL's oil and gas production was down YoY at 1.74mmt/0.77bcm (1.86mmt/0.81bcm in 4QFY25).
- Crude oil sales stood at 1.05mmt, while gas sales came in at 0.35bcm.
- OVL's revenue (incl. other income) was INR44.4b, and PBDT stood at INR30.8b.
- **ONGC Petro additions Limited (OPaL):**
- OPaL's average capacity utilization for 4QFY26 stood at 93% (vs 85%/95% in 3QFY26/4QFY25).
- OPaL reported a loss of INR0.7b in 4QFY26 (vs. loss of INR5.4b/INR13.3b in 3QFY26/4QFY25).
- The Board has declared a final dividend of INR1/sh (Interim dividend: INR12.25/sh) (FV: INR5/sh)

**Standalone - Quarterly Earning Model**
**(INR b)**

Y/E March	FY25				FY26				FY25	FY26	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>352.7</b>	<b>338.8</b>	<b>337.168</b>	<b>349.8</b>	<b>320.0</b>	<b>330.3</b>	<b>315.5</b>	<b>359.3</b>	<b>1,378.5</b>	<b>1,325.1</b>	<b>364.1</b>	<b>-1%</b>
YoY Change (%)	4.3	0.2	-4.1	0.6	-7.6	-6.3	-6.9	6.6	-0.4	-3.9	8.0	
<b>EBITDAX</b>	<b>187.5</b>	<b>182.4</b>	<b>190.6</b>	<b>190.1</b>	<b>186.6</b>	<b>177.0</b>	<b>173.2</b>	<b>177.7</b>	<b>750.5</b>	<b>714.5</b>	<b>191.8</b>	<b>-7%</b>
Margin (%)	53.2	53.8	56.5	54.3	58.3	53.6	54.9	49.5	54.4	53.9	52.7	-0.1
Depreciation	59.0	56.0	67.8	60.8	65.3	63.7	66.1	56.2	243.5	251.3	66.9	-16%
Exploration cost written off	16.4	12.1	19.3	50.5	14.7	11.0	20.5	51.1	98.3	97.3	42.1	21%
Interest	11.8	11.6	10.7	11.9	11.2	11.1	11.5	11.4	46.0	45.3	11.2	2%
Other Income	19.3	47.7	17.2	20.7	12.1	34.2	30.9	26.3	105.0	103.6	26.4	-1%
<b>PBT</b>	<b>119.6</b>	<b>150.4</b>	<b>110.0</b>	<b>87.7</b>	<b>107.4</b>	<b>125.4</b>	<b>106.0</b>	<b>85.2</b>	<b>467.6</b>	<b>424.1</b>	<b>98.1</b>	<b>-13%</b>
Tax	30.2	30.5	27.6	23.2	27.2	27.0	22.3	18.7	111.5	95.2	23.1	-19%
Rate (%)	25.2	20.3	25.1	26.5	25.3	21.5	21.0	22.0	23.8	22.4	23.5	-0.1
<b>Reported PAT</b>	<b>89.4</b>	<b>119.8</b>	<b>82.4</b>	<b>64.5</b>	<b>80.2</b>	<b>98.5</b>	<b>83.7</b>	<b>66.5</b>	<b>356.1</b>	<b>328.9</b>	<b>75.0</b>	<b>-11%</b>
<b>Adj PAT</b>	<b>89.4</b>	<b>119.8</b>	<b>82.4</b>	<b>64.5</b>	<b>80.2</b>	<b>98.5</b>	<b>83.7</b>	<b>66.5</b>	<b>356.1</b>	<b>328.9</b>	<b>75.0</b>	<b>-11%</b>
YoY Change (%)	-10.8	17.3	-16.7	-34.7	-10.2	-17.8	1.6	3.1	-11.0	-7.6	16.4	
Margin (%)	25.3	35.4	24.4	18.4	25.1	29.8	26.5	18.5	25.8	24.8	20.6	
<b>Key Assumptions (USD/bbl)</b>												
Oil Realization (pre windfall tax)	83.1	78.3	72.6	73.7	66.1	67.3	61.6	78.3	76.9	68.4	77.9	1%
Crude Oil Sold (mmt)	4.6	4.6	4.7	4.8	4.7	4.8	4.7	4.6	18.7	18.8	4.8	-4%
Gas Sold (bcm)	3.8	3.9	3.9	3.9	3.9	3.9	3.9	3.8	15.5	15.5	3.9	-5%
VAP Sold (tmt)	629	608	649	645	616	592	662	595	2,531	2,465	599	-1%

**BSE SENSEX** 76,010  
**S&P CNX** 23,264

**CMP: INR3,675**

**Neutral**

**Conference Call Details**



**Date:** 28<sup>th</sup> May 2026

**Time:** 10:00am IST

**Financials & Valuations (INR b)**

Y/E MAR	18M26	12M27E	12M28E
Sales	248.5	192.2	218.8
EBITDA	28.2	25.7	30.3
Adj. PAT	28.3	21.0	24.9
Adj. EPS (INR)	79.4	59.1	69.9
EPS Gr. (%)	40.0	-13.0	18.3
BV/Sh.(INR)	508.7	556.2	626.1
<b>Ratios</b>			
RoE (%)	15.6	10.6	11.2
RoCE (%)	13.4	10.8	11.3
<b>Valuations</b>			
P/E (x)	46.3	62.2	52.6
P/BV (x)	7.2	6.6	5.9
EV/EBITDA (x)	44.3	47.2	39.6

**In-line revenue/PAT, miss on EBITDA**

- Siemens reported revenue and PAT broadly in line with our estimates, while EBITDA came in below expectations. YoY growth is not comparable as the current quarter's financials exclude the LVM business.
- Revenue grew 15% YoY to INR46b (excluding LVM), broadly in line with our estimates of INR44b. YoY growth was led by growth across Smart Infra (+14% YoY to INR26b), Mobility (+14% YoY to INR8b) and Digital industry (+15% YoY to INR12b) segments. Revenue growth was further supported by a strong export order in Mobility business.
- Gross margin came in at 26.2%, below our estimate of 28.8%.
- Absolute EBITDA stood at INR4.4b with margins at 9.6%, below our estimate of 11.1%, primarily due to lower gross margins and higher other expenses.
- Among segments, Smart Infra EBIT margin contracted 410bp YoY to 11.1%, whereas Mobility EBIT margin expanded 30bp YoY to 6.6%. Digital Industries margins contracted 230bp YoY to 2.3%.
- Due to a lower-than-expected tax rate, PAT came in broadly in line with our estimate, though it declined 9% YoY to INR3.7b on account of higher commodity prices and INR depreciation.
- Order inflow was up 33% YoY at INR67b, leading to 9% increase in order book to INR450b.
- For 18MFY26, revenue/EBITDA/PAT stood at INR248b/INR28b/INR28b vs. INR161b/INR21b/INR20b for 12MFY24.
- For 18MFY26, OCF/FCF outflow stood at INR5b/INR11b vs. an inflow of INR17b/INR16b for 12MFY24.
- The board has recommended a dividend of INR18 per share for 18MFY26.

**Quarterly performance (Consol)**

Income Statement	12FY24 (Y/E Sep)				18FY26 (Y/E Mar)						12M24	18M26	FY26E	Est	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	5Q	6Q			6QE	Var %	
<b>Y/E March</b>															
<b>Net Sales</b>	37,095	41,524	37,626	44,572	35,872	42,590	43,468	51,712	38,307	46,175	160,817	248,456	43,636	6	
Change (%)					-3.3	2.6	15.5	16.0	6.8	8.4		54.5	2.5		
Expenses	32,565	35,155	32,773	39,122	31,863	37,915	38,254	45,541	34,088	41,736	139,615	220,214	38,773	8	
<b>EBITDA</b>	4,530	6,369	4,853	5,450	4,009	4,675	5,214	6,171	4,219	4,439	21,202	28,242	4,863	(9)	
Change (%)					-11.5	-26.6	7.4	13.2	5.2	-5.0		33.2	4.0		
As of % Sales	12.2	15.3	12.9	12.2	11.2	11.0	12.0	11.9	11.0	9.6	13.2	11.4	11		
Depreciation	605	629	697	625	689	686	711	716	714	738	2,556	4,151	716	3	
Interest	28	212	46	154	34	23	49	45	56	141	440	338	34	313	
Other Income	1,618	3,253	1,569	2,331	1,723	1,515	1,241	1,224	843	1,003	8,771	7,530	998	1	
<b>PBT pre EO items</b>	5,515	8,781	5,679	7,002	5,009	5,481	5,695	6,634	4,292	4,563	26,977	31,283	5,111	(11)	
Extra-ordinary Items	0	0	0	0	0	0	0	0	-743	0	0	-743	0		
<b>PBT</b>	5,515	8,781	5,679	7,002	5,009	5,481	5,695	6,634	3,549	4,563	26,977	30,540	5,111	(11)	
Tax	1,399	2,289	1,309	1,776	1,288	1,402	1,461	1,780	861	1,011	6,773	7,706	1,265	(20)	
Effective Tax Rate (%)	25.4	26.1	23.0	25.4	25.7	25.6	25.7	26.8	24.3	22.2	25.1	25.2	25		
Disc. Operations	0	0	0	0	0	0	0	0	90	152	0	4,707	(90)		
<b>Reported PAT</b>	4,116	6,492	4,370	5,226	3,721	4,079	4,234	4,854	2,778	3,704	20,204	27,541	3,756	(1)	
<b>Adj PAT</b>	4,116	6,492	4,370	5,226	3,721	4,079	4,234	4,854	3,521	3,704	20,204	28,284	3,756	(1)	
Margin (%)	11.1	15.6	11.6	11.7	10.4	9.6	9.7	9.4	9.2	8.0	12.6	11.4	8.6		
Change (%)	NA	NA	NA	NA	-9.6	-37.2	-3.1	-7.1	-5.4	-9.2		40.0	(7.9)		

**Segmental revenue**

INR m	12FY24 (Y/E Sep)					18FY26 (Y/E Mar)					12M24	18M26	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	5Q	6Q				
Smart infrastructure	18,523	21,655	19,700	22,701	19,549	22,718	23,790	27,247	21,230	25,942	82,579	1,40,397	25,080	3
Mobility	6,597	7,573	6,168	8,823	6,364	7,309	8,273	11,352	8,154	8,326	29,161	49,778	8,791	(5)
Digital industry	10,379	10,419	9,644	10,519	7,901	10,253	9,156	10,655	9,024	11,749	40,961	58,722	9,841	19
Low Voltage Motors	2,219	2,171	2,370	2,606	2,290	2,380	2,395	2,731	0	0	9,366	0	0	NA
Others	161	275	215	385	239	459	460	563	451	613	1,036	2,784	454	35
Less : Intersegmental	-784	-569	-471	-462	-471	-529	-606	-836	-552	-455	-2,286	-3,225	-530	(14)
<b>Total Revenues</b>	<b>37,095</b>	<b>41,524</b>	<b>37,626</b>	<b>44,572</b>	<b>35,872</b>	<b>42,590</b>	<b>43,468</b>	<b>51,712</b>	<b>38,307</b>	<b>46,175</b>	<b>1,60,817</b>	<b>2,48,456</b>	<b>43,636</b>	<b>6</b>
<b>Segmental EBIT</b>														
Smart infrastructure	1,964	3,097	2,772	3,046	2,351	3,444	3,194	3,557	3,065	2,888	10,879	18,480	3,260	(11)
Margin %	10.6	14.3	14.1	13.4	12.0	15.2	13.4	13.1	14.4	11.1	13.2	13.2	13.0	
Mobility	492	698	160	723	513	458	319	1,264	348	547	2,073	3,441	527	4
Margin %	7.5	9.2	2.6	8.2	8.1	6.3	3.9	11.1	4.3	6.6	7.1	6.9	6.0	
Digital industry	1,313	1,721	908	988	484	468	988	751	87	273	4,930	3,042	295	(8)
Margin %	12.7	16.5	9.4	9.4	6.1	4.6	10.8	7.0	1.0	2.3	12.0	5.2	3.0	
Low Voltage Motors	142	214	278	151	109	191	6	48	0	0	785	0	0	NA
Margin %	6.4	9.9	11.7	5.8	4.8	8.0	0.3	1.8			8.4			
Others	14	10	38	27	11	54	32	36	33	45	89	220	36	24
Less- Demerger related expenses	0	0	0	-110	-148	-626	-36	-201	-28	-52	-110	-1,092	28	(286)
<b>Total EBIT</b>	<b>3,925</b>	<b>5,740</b>	<b>4,156</b>	<b>4,825</b>	<b>3,320</b>	<b>3,989</b>	<b>4,503</b>	<b>5,455</b>	<b>3,505</b>	<b>3,701</b>	<b>18,646</b>	<b>24,091</b>	<b>4,147</b>	<b>-11</b>
Margin %	10.6	13.8	11.0	10.8	9.3	9.4	10.4	10.5	9.1	8.0	11.6	9.7	9.5	

# Astra Microwave Products

BSE SENSEX  
76,010

S&P CNX  
23,914

**CMP: INR1,356**

**Buy**

## Conference Call Details



**Date:** 27<sup>th</sup> May 2026

**Time:** 11:00am IST

**Dial-in details:**

[Diamond pass](#)

### Financials & Valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	11.6	14.2	17.3
EBITDA	3.3	3.7	4.5
PAT	1.9	2.3	2.8
EPS (INR)	20.5	24.7	30.0
EPS Growth (%)	25.7	47.6	21.8
BV/Share (INR)	137.1	158.0	188.0
<b>Ratios</b>			
Net D/E	0.1	0.2	0.2
RoE (%)	16.1	16.9	17.4
RoCE (%)	14.0	14.7	15.1
<b>Valuations</b>			
P/E (x)	66.2	55.0	45.2
P/BV (x)	9.9	8.6	7.2
EV/EBITDA (x)	38.8	35.2	29.1

## Strong margins lead to a beat in profitability

- ASTM reported a strong set of results with a beat across all metrics.
- Revenue grew 20% YoY to INR4.8b, beating our estimate by 7%.
- Gross margin expanded 420bp YoY to 50.3%.
- This led to EBITDA beating our estimates by 39% at INR1.6b (+36% YoY), while margin expanded 400bp YoY to 33.3% vs our estimate of 25.7%.
- Due to higher-than-expected margin and other income, and lower-than-expected interest costs, PAT increased 44% YoY to INR1.1b (51% beat).
- For FY26, revenue/EBIDAT/PAT increased 11%/24%/26% YoY, while EBITDA margin expanded 310bp YoY to 28.7%.
- Orders inflows increased 29% YoY to INR16.6b in FY26, taking the consolidated order book to INR26.1b.
- For FY26, OCF stood at INR4b vs negative INR1b in FY25, while FCF stood at INR3b vs negative INR2b in FY25.
- The Board of Directors has recommended a dividend of INR2.4 per equity share for FY26.

### Consolidated - Quarterly Earning Model

Y/E March	FY25				FY26				FY25	FY26	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>INR m</b>												<b>Var (%)</b>
<b>Gross Sales</b>	<b>1,552</b>	<b>2,296</b>	<b>2,585</b>	<b>4,079</b>	<b>1,997</b>	<b>2,146</b>	<b>2,602</b>	<b>4,882</b>	<b>10,512</b>	<b>11,628</b>	<b>4,542</b>	<b>7</b>
YoY Change (%)	16.0	20.8	11.9	15.2	28.7	-6.5	0.7	19.7	15.7	10.6	11.4	
Total Expenditure	1,312	1,804	1,823	2,883	1,588	1,667	1,777	3,258	7,822	8,290	3,376	-3
<b>EBITDA</b>	<b>240</b>	<b>492</b>	<b>762</b>	<b>1,196</b>	<b>410</b>	<b>478</b>	<b>825</b>	<b>1,624</b>	<b>2,690</b>	<b>3,338</b>	<b>1,166</b>	<b>39</b>
YoY Change (%)	679.4	18.2	15.2	48.1	70.6	-2.8	8.3	35.9	40.4	24.1	-2.5	
Margins (%)	15.5	21.4	29.5	29.3	20.5	22.3	31.7	33.3	25.6	28.7	25.7	
Depreciation	82	62	95	111	93	101	114	130	350	437	91	42
Interest	104	126	149	192	146	135	130	145	571	556	236	-39
Other Income	21	22	23	110	25	57	32	70	175	185	33	113
<b>PBT before EO expense</b>	<b>75</b>	<b>326</b>	<b>540</b>	<b>1,003</b>	<b>195</b>	<b>300</b>	<b>614</b>	<b>1,420</b>	<b>1,944</b>	<b>2,530</b>	<b>871</b>	<b>63</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>75</b>	<b>326</b>	<b>540</b>	<b>1,003</b>	<b>195</b>	<b>300</b>	<b>614</b>	<b>1,420</b>	<b>1,944</b>	<b>2,530</b>	<b>871</b>	<b>63</b>
Tax	21	83	141	256	48	85	194	351	502	678	188	87
Rate (%)	28.7	25.5	26.2	25.6	24.6	28.2	31.7	24.7	25.8	26.8	21.5	
MI & P/L of Asso. Cos.	-19	-11	-76	11	-15	-23	-49	9	-94	-78	-20	
<b>Reported PAT</b>	<b>72</b>	<b>254</b>	<b>474</b>	<b>735</b>	<b>163</b>	<b>239</b>	<b>468</b>	<b>1,060</b>	<b>1,535</b>	<b>1,930</b>	<b>704</b>	<b>51</b>
<b>Adj PAT</b>	<b>72</b>	<b>254</b>	<b>474</b>	<b>735</b>	<b>163</b>	<b>239</b>	<b>468</b>	<b>1,060</b>	<b>1,535</b>	<b>1,930</b>	<b>704</b>	<b>51</b>
YoY Change (%)	NM	-15.4	9.3	35.1	125.9	-5.9	-1.3	44.2	26.8	25.7	-4.2	
Margins (%)	4.6	11.1	18.3	18.0	8.1	11.1	18.0	21.7	14.6	16.6	15.5	

# Transport Corporation

BSE SENSEX  
76,010

S&P CNX  
23,914

**CMP: INR900**

**Buy**

## Conference Call Details



**Date:** 27 May 2026

**Time:** 04:00 pm IST

**Conference call details:**

[Link](#)

## Financials & Valuations (INR b)

Y/E MARCH	2026	2027E	2028E
Sales	49.2	56.9	66.0
EBITDA	5.2	6.1	7.2
Adj. PAT	4.6	4.6	5.4
EBITDA Margin (%)	10.5	10.8	11.0
Adj. EPS (INR)	59.2	60.1	70.6
EPS Gr. (%)	10.6	1.6	17.4
BV/Sh. (INR)	330.7	382.8	445.3
<b>Ratios</b>			
Net D:E	0.0	0.0	0.0
RoE (%)	19.1	16.6	16.9
RoCE (%)	18.5	16.0	16.3
Payout (%)	13.5	13.3	11.3
<b>Valuations</b>			
P/E (x)	15.2	15.0	12.8
P/BV (x)	2.7	2.4	2.0
EV/EBITDA(x)	12.6	10.7	8.8
Div. Yield (%)	0.9	0.9	0.9
FCF Yield (%)	0.5	-1.1	1.2

## In-line performance

- Revenue grew ~12%% YoY to ~INR13.2b in 4QFY26 (in line).
- EBITDA margin came in at 10.8% in 4QFY26 (+50bp YoY and +60bp QoQ), against our estimate of 10.3%.
- EBITDA grew ~11% YoY to INR1.4b (7% above our estimate), while APAT grew ~8% YoY to ~INR1.2b (in line).
- Supply Chain reported revenue growth of ~16% YoY, while the Freight and Seaways divisions reported ~13%/16% YoY growth, respectively.
- EBIT margin for the Freight/Supply Chain/Seaways divisions stood at 1.8%/5.4%/39.1%, respectively, in 4QFY26. EBIT margin for the Freight and Supply Chain businesses contracted 50bp and 60bp YoY, while that for the Seaways business expanded ~270bp on a YoY basis.
- The company declared its final dividend of INR1.
- In FY26, revenue grew 9%, whereas EBITDA and PAT grew 12% and 11%, respectively.

## Quarterly snapshot

Y/E March (INR m)	FY25				FY26				FY25	FY26	FY26	Var. vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>10,451</b>	<b>11,208</b>	<b>11,471</b>	<b>11,788</b>	<b>11,393</b>	<b>12,049</b>	<b>12,488</b>	<b>13,238</b>	<b>44,918</b>	<b>49,168</b>	<b>12,853</b>	<b>3</b>
YoY Change (%)	10.0	12.8	14.5	9.3	9.0	7.5	8.9	12.3	11.6	9.5	9.0	
<b>EBITDA</b>	<b>1,038</b>	<b>1,171</b>	<b>1,185</b>	<b>1,217</b>	<b>1,210</b>	<b>1,267</b>	<b>1,270</b>	<b>1,424</b>	<b>4,611</b>	<b>5,171</b>	<b>1,330</b>	<b>7</b>
Margins (%)	9.9	10.4	10.3	10.3	10.6	10.5	10.2	10.8	10.3	10.5	10.3	
YoY Change (%)	3.0	16.6	18.6	11.2	16.6	8.2	7.2	17.0	12.3	12.1	9.3	
Depreciation	290	291	305	292	288	305	322	358	1,178	1,273	339	
Interest	42	46	59	55	54	59	57	58	202	228	59	
Other Income	109	106	68	184	113	125	121	123	467	482	155	
<b>PBT before EO expense</b>	<b>815</b>	<b>940</b>	<b>889</b>	<b>1,054</b>	<b>981</b>	<b>1,028</b>	<b>1,012</b>	<b>1,131</b>	<b>3,698</b>	<b>4,152</b>	<b>1,087</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>815</b>	<b>940</b>	<b>889</b>	<b>1,054</b>	<b>981</b>	<b>1,028</b>	<b>1,012</b>	<b>1,131</b>	<b>3,698</b>	<b>4,152</b>	<b>1,087</b>	
Tax	110	109	93	121	106	125	79	79	433	400	142	
Rate (%)	13.5	11.6	10.5	11.5	10.8	12.2	7.8	7.0	11.7	9.6	13.1	
Minority Interest	-6.0	-9.0	-12.0	-9.0	-7.0	-9.0	-11.0	-9.0	-36.0	-36.0	-3.0	
Profit/Loss of Asso. Cos	211	242	225	218	197	232	225	193	896	847	260	
<b>Reported PAT</b>	<b>910</b>	<b>1,064</b>	<b>1,009</b>	<b>1,142</b>	<b>1,065</b>	<b>1,126</b>	<b>1,147</b>	<b>1,236</b>	<b>4,125</b>	<b>4,563</b>	<b>1,202</b>	
<b>Adj PAT</b>	<b>910</b>	<b>1,064</b>	<b>1,009</b>	<b>1,142</b>	<b>1,065</b>	<b>1,126</b>	<b>1,147</b>	<b>1,236</b>	<b>4,125</b>	<b>4,563</b>	<b>1,202</b>	<b>3</b>
YoY Change (%)	10.6	22.3	27.1	9.3	17.0	5.8	13.7	8.2	16.8	10.6	5.3	
Margins (%)	8.7	9.5	8.8	9.7	9.3	9.3	9.2	9.3	9.2	9.3	9.4	

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
<b>Segment Revenue (INR m)</b>												
Freight	4,754	4,818	4,856	5,553	5,136	5,442	5,799	5,736	5,388	5,700	5,952	6,504
Supply chain	3,630	3,907	3,882	3,928	4,097	4,418	4,455	4,801	5,020	5,810	5,580	5,579
Seaways	1,254	1,354	1,426	1,492	1,415	1,633	1,554	1,597	1,575	1,423	1,689	1,848
Energy	16	21	7	11	13	20	4	8	14	18	5	5
<b>Net segment Revenue</b>	<b>9,654</b>	<b>10,100</b>	<b>10,171</b>	<b>10,984</b>	<b>10,661</b>	<b>11,513</b>	<b>11,812</b>	<b>12,142</b>	<b>11,997</b>	<b>12,951</b>	<b>13,226</b>	<b>13,936</b>
<b>Growth YoY(%)</b>												
Freight	2.6	2.7	0.6	10.1	8.0	13.0	19.4	3.3	4.9	4.7	2.6	13.4
Supply chain	20.1	9.0	16.4	13.4	12.9	13.1	14.8	22.2	22.5	31.5	25.3	16.2
Seaways	-17.7	9.0	-16.2	-1.9	12.8	20.6	9.0	7.0	11.3	-12.9	8.7	15.7
Energy	1.3	11.7	-53.9	3.8	-18.8	-4.8	-42.9	-27.3	7.7	-10.0	25.0	-37.5
<b>Net segment Revenue</b>	<b>5.0</b>	<b>5.9</b>	<b>3.0</b>	<b>9.4</b>	<b>10.4</b>	<b>14.0</b>	<b>16.1</b>	<b>10.5</b>	<b>12.5</b>	<b>12.5</b>	<b>12.0</b>	<b>14.8</b>
<b>Revenue Share</b>												
Freight	49	48	48	51	48	47	49	47	45	44	45	47
Supply chain	38	39	38	36	38	38	38	40	42	45	42	40
Seaways	13	13	14	14	13	14	13	13	13	11	13	13
Energy	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Revenue Share</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Segmental EBIT Margin(%)</b>												
Freight	3.3	3.4	3.1	3.2	3.0	2.7	2.4	2.3	2.4	2.3	1.9	1.8
Supply chain	6.3	6.7	6.5	6.4	6.0	5.9	6.1	6.0	5.6	5.6	5.2	5.4
Seaways	29.2	22.9	22.1	26.4	28.6	31.2	32.7	36.4	36.9	37.5	40.6	39.1
Energy	50.0	57.1	0.0	36.4	46.2	70.0	-75.0	12.5	35.7	50.0	-120.0	0.0
<b>Total</b>	<b>7.9</b>	<b>7.4</b>	<b>7.0</b>	<b>7.5</b>	<b>7.6</b>	<b>8.1</b>	<b>7.8</b>	<b>8.3</b>	<b>8.3</b>	<b>7.7</b>	<b>8.2</b>	<b>8.2</b>

# Senco Gold

BSE SENSEX 76,010 S&P CNX 23,914

**CMP: INR350 TP: INR325 (-7%) Neutral**

## Conference Call Details



**Date:** 27<sup>th</sup> Feb 2026

**Time:** 11:00 AM

**Dial-in details:**

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+91 22 7115 8218

[Diamond Pass Registration](#)

## Financials & Valuations (INR b)

Y/E March	2026	2027E	2028E
Sales	84.3	94.2	106.4
Sales Growth (%)	33.2	11.8	12.9
EBITDA	9.8	6.8	7.7
EBITDA Margin (%)	11.6	7.2	7.2
Adj. PAT	5.8	3.4	3.7
EPS (INR)	35.4	20.6	22.3
EPS Gr. (%)	186.0	-41.9	8.5
BV/Sh. (INR)	153.8	172.0	191.4
<b>Ratios</b>			
Debt/Equity	0.7	0.4	0.6
RoE (%)	25.8	12.6	12.3
RoIC (%)	18.4	10.9	11.2
<b>Valuations</b>			
P/E (x)	9.9	17.0	15.7
EV/EBITDA (x)	3.2	3.9	4.0

## Beat on profitability; quarterly margins remain volatile

- Senco reported strong consolidated revenue growth of 45% YoY to INR20b (est. INR20b) in 4QFY26, backed by a strong wedding season.
- SSSG stood at 34% vs. 50% for TTAN, 47% for Kalyan and 86% for PN Gadgil.
- Titan (Jewelry standalone, ex-bullion), Kalyan, and P N Gadgil (retail) delivered revenue growth of 45%, 66%, and 102% in 4Q.
- Senco in its pre-quarter business update indicated that, despite highly volatile gold prices, customers continued to purchase jewelry. Senco planned its inventory based on changing consumer demand and maintained its gross margin and profitability, there by managing the risk effectively. Our preview estimates were prepared prior to the pre-quarter update.
- Consolidated gross margin expanded sharply by 560bp YoY to 22.4% (vs. est. 18.5%; 19.9% in 3QFY26). We do note that quarterly margins remain volatile.
- Employee expenses rose 37% YoY, while other expenses increased 80% YoY.
- EBITDA margin expanded 450bp YoY and 30bp QoQ to 13.7% (est. 9.3%, 13.4% in 3QFY26), supported by healthy improvement in gross margins.
- EBITDA grew 116% YoY to INR2.7b (est. 1.9b).
- APAT grew 150% to INR1.6b (est. INR877m, 3QFY26 INR2.7b).
- In FY26, net sales/EBITDA/APAT grew by 33%/129%/186%.

## Consolidated Quarterly Performance

(INR m)

Y/E March	FY25				FY26				FY25	FY26	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Stores</b>	165	166	171	175	186	192	196	201	174	201	201	
<b>Net Sales</b>	14,039	15,005	20,460	13,777	18,263	15,361	30,710	19,967	63,281	84,300	20,092	(0.6)
Change (%)	7.5	30.9	23.8	21.1	30.1	2.4	50.1	44.9	20.7	33.2	45.8	
<b>Gross Profit</b>	2,428	1,976	2,373	2,313	3,489	2,616	6,107	4,468	9,090	16,680	3,715	20.2
Gross Margin (%)	17.3	13.2	11.6	16.8	19.1	17.0	19.9	22.4	14.4	19.8	18.5	
Operating Expenses	1,341	1,159	1,297	1,042	1,653	1,551	1,999	1,724	4,839	6,928	1,846	
% of Sales	9.5	7.7	6.3	7.6	9.1	10.1	6.5	8.6	7.6	8.2	9.2	
<b>EBITDA</b>	1,087	818	1,076	1,270	1,836	1,065	4,108	2,744	4,251	9,752	1,869	46.8
Margin (%)	7.7	5.4	5.3	9.2	10.1	6.9	13.4	13.7	6.7	11.6	9.3	
Change (%)	61.8	107.1	-40.6	44.8	68.8	30.3	281.8	116.0	13.2	129.4	47.2	
Interest	322	326	339	375	430	462	590	561	1,362	2,042	693	
Depreciation	181	178	131	191	187	190	211	232	681	820	251	
Other Income	123	149	127	147	186	178	301	134	546	799	285	
<b>PBT</b>	708	462	732	851	1,406	591	3,608	2,085	2,754	7,689	1,210	72.2
Tax	195	117	190	226	359	103	922	516	729	1,900	334	
Effective Tax Rate (%)	27.6	25.3	26.0	26.6	25.6	17.4	25.5	24.7	26.5	24.7	27.6	
<b>Adjusted PAT</b>	513	345	542	624	1,047	488	2,687	1,569	2,024	5,790	877	78.9
Change (%)	85.3	188.7	-50.4	94.0	104.1	41.4	395.7	151.3	11.8	186.0	40.4	
<b>PAT</b>	513	121	335	624	1,047	488	2,640	1,569	1,593	5,743	877	

E: MOFSL Estimates

**BSE SENSEX** 76,010  
**S&P CNX** 23,914

**CMP: INR1,256**

**Buy**

**Conference Call Details**



**Date:** 27 May 2026

**Time:** 12:00 pm IST

**Registration:**

[Diamond Pass](#)

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**Slight beat on earnings**

- The company reported revenue of INR2.2b in 4QFY26, declining 6% YoY but recovering strongly by 68% QoQ (in line with our estimate).
- EBITDA came in line at INR583m, down 22% YoY but up 91% QoQ, translating into EBITDA margin of 27% (vs. 23.7% in 3QFY26 and 32.4% in 4QFY25).
- APAT came in at INR356m against our estimate of INR381b, down 25% YoY but up 94% QoQ.
- In FY26, revenue stood at INR6.5b (+3% YoY) and EBITDA was INR1.7b (+2% YoY), with a margin of 27% vs. 27.4% in FY25. APT grew 9% YoY to INR1b.

**Consolidated Quarterly Performance (INR b)**

Y/E March	FY25				FY26				FY25	FY26E	FY26 4QE	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>1,377</b>	<b>1,412</b>	<b>1,171</b>	<b>2,302</b>	<b>1,423</b>	<b>1,587</b>	<b>1,289</b>	<b>2,158</b>	<b>6,262</b>	<b>6,456</b>	<b>2,276</b>	<b>-5.2</b>
Change (YoY %)	NA	NA	NA	NA	3.3	12.4	10.0	(6.2)	6.9	3.1		
Change (QoQ %)	NA	2.6	(17.1)	96.5	(38.2)	11.5	(18.8)	67.5				
<b>Total Expenditure</b>	<b>946</b>	<b>1,106</b>	<b>937</b>	<b>1,555</b>	<b>1,033</b>	<b>1,122</b>	<b>983</b>	<b>1,575</b>	<b>4,544</b>	<b>4,712</b>	<b>1,698</b>	<b>-7.3</b>
<b>EBITDA</b>	<b>431</b>	<b>306</b>	<b>234</b>	<b>747</b>	<b>390</b>	<b>465</b>	<b>305</b>	<b>583</b>	<b>1,718</b>	<b>1,744</b>	<b>578</b>	<b>0.9</b>
Change (YoY %)	NA	NA	NA	NA	(9.6)	51.9	30.7	(21.9)	13.4	1.5		
Change (QoQ %)	NA	(29.0)	(23.7)	219.5	(47.8)	19.4	(34.4)	91.0				
Margin (%)	31.3	21.7	20.0	32.4	27.4	29.3	23.7	27.0	27.4	27.0		
Other Income	48	42	58	21	42	21	53	26	170	142		
Depreciation	57	58	63	78	66	74	86	84	256	310		
Finance Cost	25	24	28	33	37	35	47	18	109	138		
<b>PBT</b>	<b>397</b>	<b>267</b>	<b>201</b>	<b>657</b>	<b>329</b>	<b>376</b>	<b>225</b>	<b>507</b>	<b>1,522</b>	<b>1,437</b>	<b>504</b>	<b>0.6</b>
Tax	106	113	56	172	85	99	51	137	447	373		
Effective Tax Rate (%)	26.7	42.2	27.8	26.2	25.8	26.4	22.8	27.0	29.4	25.9		
<b>PAT before MI, Assoc. &amp; EO</b>	<b>291</b>	<b>154</b>	<b>145</b>	<b>485</b>	<b>244</b>	<b>277</b>	<b>174</b>	<b>370</b>	<b>1,075</b>	<b>1,065</b>		
Minority Interest	(87)	(6)	(4)	(13)	(12)	1	9	(15)	(109)	(16)		
Share of profit/(loss) of Asso and JVs	-	-	-	-	-	-	-	-	-	-		
Exceptional Items	(258)	-	-	-	-	-	-	-	(258)	-		
<b>Reported PAT</b>	<b>462</b>	<b>149</b>	<b>141</b>	<b>472</b>	<b>232</b>	<b>278</b>	<b>183</b>	<b>356</b>	<b>1,224</b>	<b>1,048</b>		
<b>Adj. PAT</b>	<b>204</b>	<b>149</b>	<b>141</b>	<b>472</b>	<b>232</b>	<b>278</b>	<b>183</b>	<b>356</b>	<b>966</b>	<b>1,048</b>	<b>381</b>	<b>-6.7</b>
Change (YoY %)	NA	NA	NA	NA	13.6	86.7	29.4	(24.6)	(0.0)	8.5		
Change (QoQ %)	NA	(27.2)	(4.9)	233.5	(50.8)	19.7	(34.1)	94.2				



### **Awfis Space Solutions: Expect Occupancy To Rise From Over 76% To 84%; Amit Ramani, CMD**

- Targeting 25–26% revenue growth in FY27, backed by driving blended occupancy north of the current 76%
- GCC clients deliver 5–10% higher rental realizations, capitalizing on a specialized Grade-A+ premiumization strategy
- Planning 22,000–25,000 seat additions for FY27, prioritizing high-yield micro-markets over volume.
- Maintains net debt-negative status, backed by an exceptional 1.01x operating cash flow-to-EBITDA conversion rate

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### **Puravankara: New Land Parcel Acquisition Funded Via HDFC Platform & Internal Accruals; Mallanna Sasalu, CEO South**

- Secured a 14.57-acre Bengaluru land parcel with ₹2,300 crore GDV, structured via a mix of direct purchase and JDA
- Financed via HDFC Capital for acquisition alongside internal accruals, adding zero fresh corporate debt
- Targeting 25% project margins, further strengthening its existing ₹1,600 crore receivable cash surplus pool
- Bengaluru residential demand remains healthy and stable, though operations are managing a temporary 20% local labor shortage

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### **Gokaldas Exports: Africa Portfolio Expected To See Sequential Growth; Sivaramakrishnan Ganapathi, VC & MD**

- Q4 profits dipped 32% from absorption discounts linked to a 50% US penal tariff, which normalized in mid-February
- Profitability is tracking a linear quarterly expansion throughout FY27, backed by strong operational momentum
- Order books are fully locked in through Q2, with an insulation of freight risk via a predominantly FOB contract structure
- Preemptively hedged 80% of near-term receivables at ₹88–90, prioritizing currency risk management over spot market speculation

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### **Ganesha Ecosphere: Aim To Scale Market Share To 25-30%; Yash Sharma, Director**

- Projecting ₹225–250 crore total EBITDA, split between ₹65–75 crore from traditional lines and a stellar ₹150–170 crore from high-margin subsidiaries
- Traditional volumes remain flat, whereas subsidiary volumes (rPET and value-added yarns) are guided to surge 50–60%
- Holds a 20% share in India's recycled PET space, targeting 25–30% market share by 2029–2030 as EPR mandates tighten
- Safeguards margins against volatile scrap raw material cost inflation through robust, direct customer pricing pass-through mechanisms

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UNDER REVIEW	Rating may undergo a change
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