

**Market snapshot**


Equities - India	Close	Chg .%	CYTD.%
Sensex	76,808	0.7	-9.9
Nifty-50	23,989	0.6	-8.2
Nifty-M 100	61,802	0.4	2.2
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	7,511	-0.6	9.7
Nasdaq	26,376	-1.2	13.5
FTSE 100	10,494	0.6	5.7
DAX	24,910	0.1	1.7
Hang Seng	8,240	-1.6	-7.6
Nikkei 225	69,405	0.1	37.9
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	81	-4.5	29.3
Gold (\$/OZ)	4,331	0.5	0.3
Cu (US\$/MT)	13,700	0.2	10.0
Almn (US\$/MT)	3,372	0.4	13.6
Currency	Close	Chg .%	CYTD.%
USD/INR	94.6	-0.2	5.2
USD/EUR	1.2	0.2	-1.2
USD/JPY	160.4	0.1	2.4
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.9	0.00	0.3
Flows (USD b)	16-Jun	MTD	CYTD
FII	-0.08	-4.32	-25.9
DII	0.00	6.10	41.4
Volumes (INRb)	16-Jun	MTD*	YTD*
Cash	1,324	1353	1362
F&O	5,52,575	2,83,876	2,73,668

Note: Flows, MTD includes provisional numbers.

\*Average


**Today's top research idea**
**Financials | Banks: MOFSL BFSI picks 4.0: Earnings, growth and valuations to drive sector performance**

- ❖ Banking stocks have delivered a mixed performance in the past one year, with mid-sized banks faring better and large private banks delivering a muted performance, dragged down by uncertain macro, margin pressure and persistent FII selling. We maintain a balanced view as we expect the banking sector's performance to improve going ahead, with improving macro and impending recovery in earnings.
- ❖ Our portfolio returns since inception at ~25% (details inside) have outperformed the Nifty Financial index and the Nifty-50 Index returns of 10% and ~5%, respectively, over the similar period. We continue to prefer large-cap banks as valuations appear reasonable in context to earnings outlook. ICICIB, HDFCB and SBIN are our top large-cap picks. In mid-sized banks, we prefer AUBANK. NBFCs: Among vehicle financiers, Shriram Finance remains our preferred pick. We continue to prefer PNBHF for its increasing focus on high-yielding segments and the potential for NIM expansion.
- ❖ Life & General Insurance: We like SBI Life for its strong growth visibility. We also like Canara HSBC Life. Among general insurers, we prefer ICICI Lombard. Capital Markets: We prefer Groww (Billionbrains Garage). We also continue to like HDFC AMC, as the recent correction has made valuations more reasonable. NUVAMA remains our preferred pick in the wealth management space.


**Research covered**

Cos/Sector	Key Highlights
Financials   Banks	MOFSL BFSI picks 4.0: Earnings, growth and valuations to drive sector performance
JSW Steel	Capacity expansion to drive volume
Coforge	Growth, no matter what
P&G Hygiene and Healthcare	Focus on sustainable growth; near-term demand challenges


**Chart of the Day: Financials | Banks (MOFSL BFSI picks 4.0: Earnings, growth and valuations to drive sector performance)**
**MOFSL BFSI picks 4.0: Top ideas from our coverage of >75 BFSI names**

MOFSL BFSI picks	Segment
ICICI Bank	Private Bank
HDFC Bank	Private Bank
SBI	PSU Bank
AU SFB	Small Finance banks
Shriram Finance	Vehicle Financiers
PNB Housing Fin.	Housing Finance
L&T Finance	Diversified
Aditya Birla Capital	Diversified
Piramal Finance	Diversified
CreditAccess Grameen	Microfinance
SBI Life	Life insurance
Canara HSBC Life	Life insurance
ICICI Lombard	General insurance
Billionbrains Garage	Broking and Exchanges
HDFC AMC	AMCs
Nuvama Wealth	Wealth management

Source: 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.



## In the news today



Kindly click on textbox for the detailed news link

1

### UltraTech to deploy 45 heavy-duty e-trucks in partnership with Energy In Motion

The fleet will transport clinker from Kotputli Cement Works, an integrated manufacturing unit in Rajasthan, to its grinding units, Dadri Cement Works and Sikandarabad Cement Works in Delhi-NCR region

2

### TCS enters multi-year digital transformation deal with Tottenham Hotspur

This partnership marks a significant step in the integration of technology within sports, promising to transform fan interactions and operational performance

3

### HDFC Bank board to review findings on Atanu Chakraborty's exit on June 18

HDFC Bank's board meets June 18 to review legal findings on Atanu Chakraborty's concerns. Preliminary reports suggest no governance issues. The board will also seek a three-month extension for interim chairman Keki Mistry, pending RBI approval.

4

### P&G Hygiene and Health Care says operating environment remains volatile, some near-term challenges to continue

The FMCG major is doubling down on targeted investments, consumer-centric innovations as well as productivity improvement

5

### Wipro sets up facility for Claude models to accelerate enterprise AI

The new centre will focus on accelerating enterprise AI adoption, building specialised talent and developing AI-native platforms and industry solutions across sectors

6

### Essar Group, IRH to set up \$500 million crude oil, product sourcing facility

The facility enables Essar Energy Transition Fuels to diversify the crude sourcing and marketing options for its products while optimising its working capital arrangement.

7

### Centre raises export duty on diesel, ATF amid West Asia supply concerns

The government has increased export duties on diesel and aviation turbine fuel to discourage exports and ensure adequate domestic supplies amid the ongoing West Asia conflict

# Financials: Banks

MOFSL BFSI picks	Segment
ICICI Bank	Private Bank
HDFC Bank	Private Bank
SBI	PSU Bank
AU SFB	Small Finance banks
Shriram Finance	Vehicle Financiers
PNB Housing Fin.	Housing Finance
L&T Finance	Diversified
Aditya Birla Capital	Diversified
Piramal Finance	Diversified
CreditAccess Grameen	Microfinance
SBI Life	Life insurance
Canara HSBC Life	Life insurance
ICICI Lombard	General insurance
Billionbrains Garage	Broking and Exchanges
HDFC AMC	AMCs
Nuvama Wealth	Wealth management

## MOFSL BFSI picks 4.0: Earnings, growth and valuations to drive sector performance

### Large private banks looking attractive; prefer stock-specific approach

- Banking stocks have delivered a mixed performance in the past one year, with mid-sized banks faring better and large private banks delivering a muted performance, dragged down by uncertain macro, margin pressure and persistent FII selling.
- The Nifty Private Bank Index was flat in the past 12 months as large-cap banks such as HDFCB, ICICIBC and KMB delivered negative returns of -18.9%, -6.5%, and -4.7%, respectively. Mid-sized private banks, including RBL Bank, Federal, SIB, CUB, and KVB, led the pack with returns of 70%, 56%, 58%, 40% and 42%, respectively.
- We maintain a balanced view as we expect the banking sector's performance to improve going ahead, with improving macro and impending recovery in earnings. Additionally, management commentary is turning constructive, which, coupled with healthy credit growth, will boost investor sentiment.
- The model portfolio has navigated a volatile macro backdrop – tariff disruptions, geopolitical tensions, crude spikes, and currency pressures – leading to episodic drawdowns in BFSI stocks via NIM pressure, treasury MTM impact, and FII-driven sentiment, even as fundamentals remain stable. Despite this, our portfolio returns since inception at ~25% (details inside) have outperformed the Nifty Financial index and the Nifty-50 Index returns of 10% and ~5%, respectively, over the similar period.
- We continue to follow an active stock selection approach on the bottom-up basis and refresh our list of top-16 BFSI stocks from our overall BFSI coverage of >75 BFSI stocks. Please refer to Exhibits 1 and 3 for details on MOFSL BFSI picks 4.0 and the overall performance. We summarize our thoughts on various BFSI segments and preferred ideas below:

### Banks: Growth outlook steady; NIMs to stabilize after persistent decline

- Banking system loan growth was robust at 17.6%, led by broad-based momentum across Corporate, Retail and MSME credit. This has been supported by healthy growth in working capital loans and demand substitution from bond issuances to corporate loans as bond yields have increased significantly. We estimate a 14% CAGR in banking system credit over FY26-28.
- Sector earnings growth has gained momentum, with earnings expected to post a ~15% CAGR over FY26-28E after a relatively subdued FY26 (6.6% growth). Banks have witnessed a modest decline in NIMs in FY26, driven by lower CoF, while loan growth was healthy. Additionally, easing asset quality stress in the unsecured segment will lower the credit cost for many mid-sized banks.
- With inflation on the uptick, the possibility of a rate hike during 2HFY27 has increased. Large private banks have a better NIMs outlook than PSBs owing to their higher mix of repo-linked loans. Over FY26-28, we estimate private banks to report a higher earnings CAGR of ~21% vs. an ~8% CAGR for PSU banks. For our banking coverage universe, we estimate a 15% earnings CAGR over FY26-28.

### MOFSL model portfolio delivers 23% returns; index returns range-bound

- Over the past 12 months, the **Nifty Financial Services Index has declined 0.4% and the Nifty Bank Index** has gained 2%, while the Nifty-50 fell 4%. Banking stocks have delivered a mixed performance in the past one year, with select large private banks delivering negative returns. However, the market cap-weighted return of our model portfolio at ~25% exceeds the Nifty-50 returns of 5%.
- **Nifty Private Bank Index** was flat in the past 12 months as large-cap banks such as HDFCB, ICICIBC and KMB delivered negative returns of -18.9%, -6.5%, and -4.7%, respectively. Mid-sized private banks, RBL Bank, Federal, SIB, CUB, and KVB, led the pack with healthy returns of 70%, 56%, 58%, 40% and 42%, respectively.
- **NBFCs** delivered a healthy performance in 4QFY26, supported by strong disbursement momentum across vehicle finance, gold loans, and unsecured lending segments following the GST rate cuts. Housing financiers continued to face competitive pressure from banks, resulting in modest growth performance. Asset quality trends improved in most product segments, reflected in lower Stage-2 accretion and stronger collection efficiencies, enabling a moderation in credit costs. The recovery in microfinance portfolios also gained traction during the quarter, with PAR levels and collection metrics moving closer to pre-crisis levels. **AB Capital, LTFH and SHFL have delivered returns ranging from 48% to 54% over the past 12 months.**
- **Non-lending financial** sector witnessed a mixed performance, with sequential recovery seen for capital market players, subdued performance for general insurers and steady performance by life insurers. **AMC space** has seen a mixed performance, with Nippon AMC delivering healthy returns and HDFC AMC delivering a modest return.
- **Exchanges and brokers** saw a healthy stock performance in the recent past, led by a pickup in cash and F&O volumes. MCX, Anand Rathi, ABSL AMC and BSE delivered 84%, 68%, 46% and 54% returns, respectively, in the past 12 months.
- Private **life insurance** players reported a steady performance in 4Q; however, there was a slowdown in Mar'26, owing to volatile geopolitical conditions. However, rising contribution from protection and improved rider attachment continue to support VNB margins across the industry, offsetting the impact from the loss of input tax credit. On the regulatory front, discussions on commission regulations are ongoing, which could disrupt channel economics in the near term. Insurers have sought a one-year forbearance period for IFRS transition.
- **General Insurance** industry maintained strong momentum in 4QFY26, with the health segment posting over 20% growth and the motor segment delivering over 10% growth. NIVABUPA remained the fastest-growing player, with GWP growing 39% YoY in 4QFY26. While loss ratios increased slightly YoY, continued operational efficiency led to a sharp improvement in the combined ratio.

### Private Banks: Business momentum healthy; earnings growth to gain pace

- For private banks, business momentum has been healthy and NIMs have largely bottomed out. A potential rate hikes in 2HFY27 will support margins. Unsecured

loans saw growth revival, with MFI disbursements improving and banks looking to expand their PL and CC businesses in FY27.

- In the near term, NIMs are expected to remain stable, aided by stable CoF, which will be partly offset by slightly higher growth in corporate lending.
- Stress in unsecured retail MSME has eased, but potential challenges emerge in segments like CVs and M-LAP amid the ongoing West Asia conflict. We remain watchful and prefer large private banks with more diversified portfolios. Among large banks, we expect credit cost to remain under control, with AXSB reporting a 20bp decline in FY27E.
- We expect private banks to report an earnings CAGR of ~21% over FY26-28, supported by a stronger recovery for mid-sized private banks as unsecured portfolio stress eases, enabling a decline in credit cost.
- **Preferred Buys:** ICICIBC, HDFCB, SBIN, and AUBANK.

#### **PSU Banks: Earnings growth to moderate; estimate ~8% CAGR over FY26-28**

- Margins for PSBs declined amid yield pressure arising from loan repricing and faster growth in corporate loans.
- The recent FCNR (B) deposit announcement by the RBI will boost inflows, although there might be some competition from large private sector banks.
- Slippages remain well-contained for most PSBs, supported by minimal exposure to unsecured lending. The GNPA ratio improved across the board, with PCR levels healthy at ~75-90%. The normalization of credit cost over the coming years, along with ECL transition, will be closely monitored.
- The CGTMSE framework, along with ECLGS 5.0, will enable healthy growth in MSME loans while ensuring robust asset quality. Steady traction across RAM segments has helped PSBs sustain healthy credit momentum.
- RoA of PSBs has largely matured, and we expect earnings growth to remain modest. We thus estimate PSBs to deliver an 8% earnings CAGR over FY26-28 vs. 38% CAGR over FY22-25. **Preferred Buy:** SBIN

#### **SFBs: Steady operating performance led by AQ and margin recovery**

- **Small Finance Banks (SFBs)** showed improved performance as stress in MFI and unsecured loans started to ease and as collection efficiencies improved. The new MFIN guardrails implemented in FY26 are expected to keep growth measured while keeping asset quality trends steady. We expect credit cost to taper down going forward, aided by improved collection efficiencies.
- Margins have witnessed **mixed trends due to the interplay of yield pressure, led by a declining mix of high-yielding unsecured/MFI segments, while funding cost remains range-bound due to ongoing tightness in deposit rates.** We expect NIMs to be largely stable **going forward, though some near-term pressure may persist due to rate hikes in select deposit buckets.** **Preferred Buy:** AUBANK

#### **Payments & Cards: Maintain Neutral on both SBICARD and PAYTM**

- **SBICARD:** NIMs stood largely flat in 4Q and are expected to remain rangebound as revolve book and EMI book are broadly expected to remain stable. Asset

quality is anticipated to improve further, aided by lower forward flows and a supportive macro environment. **Maintain Neutral.**

- **PAYTM:** The company has reported healthy momentum in 4QFY26, aided by healthy GMV and better subscription + MDR revenue. Momentum in the financial services segment is expected to stay strong, supported by increasing monetization of the merchant business. The company expects EBITDA margins to improve further, supported by strong operating leverage. Recent developments around the PIDF scheme have weighed on profitability, although PAYTM has broadly offset 30-40% of the hit. **Maintain Neutral.**

### **NBFCs: Healthy growth with strong business momentum; AQ risks balanced**

- **NBFCs delivered a strong performance,** driven by healthy disbursements and stable AUM growth following GST rate cuts. Asset quality improved in unsecured, MFI and SME, partly aided by seasonal factors. NBFCs (incl. HFCs) under our coverage reported AUM growth of ~16% YoY in FY26. Demand remained broad-based across segments such as housing, vehicles, gold, and unsecured lending, with a visible revival in MFI disbursements during the quarter.
- **Gold lending:** Demand for gold loans remains robust, largely driven by the steady increase in gold prices over the year. However, competitive intensity in the segment has increased meaningfully, with several AAA (and AA+)-rated NBFCs entering the market and expanding aggressively alongside increased focus from banks.
- **Cost of funds:** Most NBFCs did not see any meaningful improvement in CoF during the quarter, as bond yields rose in the latter part of Mar'26 amid heightened geopolitical tensions; however, bond yields softened in Apr'26. Benefits from lower CoF are expected to remain limited across NBFCs in FY27.
- **Asset quality** for vehicle financiers improved meaningfully, supported by a decline in both Stage 2 and Stage 3 assets, along with strong collection efficiency. Most NBFCs indicated that they have not observed any asset quality stress arising from the West Asia conflict, with bounce rates in Apr'26 remaining stable and even improving compared to Mar'26 levels. NBFC-MFIs continued to witness broad-based improvement in PAR across geographies, with asset quality trends nearing pre-crisis levels.
- Overall, NBFCs have reported a strong performance, supported by healthy disbursement growth, improving asset quality, and gradual normalization in stress across unsecured segments. We remain constructive, **with Shriram, LTFH, AB Capital and PNBHF as our preferred picks in the NBFC sector.** While the overall outlook remains positive, near-term macro uncertainties, including the possible effect of El Niño on monsoon and consequently asset quality, will remain important to monitor in the near term.

### **Capital market: Activity remains broadly stable amid market volatility**

- **Capital market** activity witnessed a healthy recovery during 4QFY26 but moderated in the recent times amid market volatility. Among exchanges, BSE continued to gain market share in options premium turnover, supported by improving premium-to-notional turnover mix and healthy non-expiry day

activity, while STAR MF maintained strong traction. MCX delivered another strong quarter, led by robust growth in bullion and energy contracts, with sharp volume-led operating leverage driving earnings growth.

- **Among brokers**, ANGEL ONE and GROWW reported a strong recovery in earnings, supported by improving trading activity across segments, while volumes moderated amid market volatility. Industry-wide MTF growth remained strong across players. Commodity participation continued to remain strong, providing an additional growth lever. Overall, retail participation trends remain constructive, though activity levels and profitability continue to be influenced by regulatory developments and market sentiment.
- **AMC industry** remained resilient despite market volatility, with QAAUM supported by record SIP inflows of INR321b in Mar'26, reflecting stable retail participation. Industry yields remained broadly stable, aided by a favorable product mix, although weaker treasury income impacted profitability for some players.
- In adjacent **capital market infrastructure businesses**, CAMS benefited from operating leverage and diversification beyond mutual funds, while KFIN witnessed near-term margin pressure due to international integration costs. In the **depository segment**, revenue remained soft amid weaker IPO activity and slower account additions, with NSDL outperforming on banking-led growth. CDSL faced pressure from lower activity and KYC pricing cuts, while high opex continued to weigh on margins.
- **Wealth managers** continued to witness healthy net flows and stable ARR AUM growth, supported by rising HNI/UHNI wealth creation and increasing adoption of managed products. Growth investments across relationship managers, technology platforms, and product capabilities weighed on near-term earnings but position the industry well for long-term expansion. **Preferred Buys:** Nuvama, Groww, and HDFC AMC.

### Insurance: Protection-led mix supports margins; Health insurance momentum remains strong

- **Life insurance** industry witnessed a relatively slower premium growth in 4QFY26 amid volatile market conditions and geopolitical uncertainties. However, profitability remained resilient, supported by increasing contribution from protection products, rising rider attachment, and a favorable product mix. While the loss of input tax credit continued to impact margins, insurers have guided toward largely mitigating this impact by 1HFY27. VNB margins remained broadly resilient across the industry except for HDFCLIFE/SBILIFE where margins contracted 250bp/210bp. Going forward, protection-led growth, improving product mix, and recovery in demand should support stable growth and margin expansion. On the regulatory front, commission regulations remain a key monitorable, while IFRS transition timelines continue to be under discussion.
- **General insurers** continued to witness a favorable operating environment, led by strong momentum in the health insurance segment and steady growth in motor insurance. Health insurance demand remained robust following GST exemption benefits, while motor insurance growth was supported by stable

vehicle sales trends. Competitive intensity, however, remained elevated across motor and fire segments, with aggressive pricing continuing to weigh on yields.

- Health insurers delivered strong growth and improving profitability, supported by favorable claims experience and operating efficiencies. ICICI Lombard maintained healthy growth across key segments, aided by recovery in motor and sustained traction in retail health, while Star Health and Niva Bupa continued to benefit from strong retail health demand. Although claims inflation and competitive intensity remain key monitorables, improving combined ratios and sustained health insurance penetration provide a constructive outlook for the sector. Preferred Buys: **SBI Life, Canara HSBC Life and ICICI Lombard.**

#### **MOFSL BFSI Picks 4.0: Portfolio refresh reflects evolving preferences with changing times**

- As part of our disciplined and bottom-up portfolio review process, we have continuously refined the strategy by adding high-conviction ideas and exiting positions where risk-reward has become less favorable.
- **In MOFSL Picks 4.0, we have introduced six new stocks, and overall, we have churned 12 names from the previous three versions of our MOFSL BFSI portfolio.**
- From our previous picks, we generated the strongest returns from AU SFB (+103%), Federal Bank (+78%), LT Finance (+106%), Angel One (+66%), and Shriram Finance (+57%). While we remain positive on these three stocks, we book Federal and Angel One from our BFSI picks and add five new stocks wherein risk-reward looks more favorable. On the other hand, the largest drawdowns among the excluded names were from UTI AMC (-24%), Aavas Financiers (-16%), and HDFC Life (-10%).
- Overall our portfolio returns have significantly outweighed the losses, underscoring the effectiveness of our active, conviction-driven bottom-up stock selection framework.

#### **MOFSL BFSI picks 4.0: Earnings + Growth + Valuations to drive performance**

- We remain constructive on the sector as we expect the banking stocks' performance to improve going ahead, aided by an impending recovery in earnings and an improving macro. Additionally, management commentary is turning constructive, which, coupled with credit demand pickup, will boost investor sentiment.
- **Banks:** We continue to prefer large-cap banks as valuations appear reasonable in context to earnings outlook. These banks stand out due to their strong balance sheets, healthy PCR, and relatively better growth prospects, which are expected to enable a steady earnings trajectory. Over FY26-28, we estimate a 21% earnings CAGR for private banks and an 8% CAGR for PSBs. **ICICIB, HDFCB and SBIN are our top large-cap picks. In mid-sized banks, we prefer AUBANK.**
- **NBFCs: Vehicle financiers** have reported a steady improvement in asset quality over the past few quarters, supported by strengthening business momentum. Among vehicle financiers, **Shriram Finance** remains our preferred pick. Demand trends for large HFCs remain subdued due to heightened competitive intensity from banks. **We continue to prefer PNBHF** for its increasing focus on high-

yielding segments and the potential for NIM expansion over the next couple of years. **Within diversified financials, we maintain our preference for ABCL** on the back of its steady execution across businesses, and **LTF, as the worst of the MFI sector stress appears to be behind**, supporting improved growth and profitability. We also **add Piramal Finance to our preferred list**, supported by its consistent growth trajectory, strong improvement in asset quality, and steady NIM expansion. **NBFC-MFIs reported continued improvement in PAR** and overall asset quality during the quarter, with the positive trend further strengthening in Apr'26 and May'26. Preferred Pick: **CreditAccess Grameen**.

- **Life & General Insurance:** We like **SBI Life** for its strong growth visibility, improving mix toward protection and non-ULIP products, stable VNB margins, and continued strengthening of agency distribution alongside dominant SBI franchise. We also like **Canara HSBC Life** given its underpenetrated bancassurance opportunity within the Canara Bank ecosystem, strong APE growth visibility, improving product mix toward traditional products, and continued VNB margin expansion, driven by operating leverage and rising rider attachment. Among general insurers, we prefer **ICICI Lombard** given its balanced growth-profitability approach, improving retail health mix, strong underwriting discipline, and healthy reserve position, which should support earnings resilience despite competitive intensity.
- **Capital Markets:** We prefer **Groww (Billionbrains Garage)** given its strong execution in broking, rising share of retail participation, expanding MTF book and multiple monetization levers across financial products. We also continue to like **HDFC AMC**, as the recent correction has made valuations more reasonable, while strong market share gains and healthy SIP-led flows support earnings visibility. **NUVAMA** remains our preferred pick in the wealth management space, driven by its diversified multi-engine model, rising annuity revenue mix, strong operating leverage, and improving RoE visibility, supported by multiple emerging profit pools.

#### MOFSL BFSI picks 4.0: Top ideas from our coverage of >75 BFSI names

MOFSL BFSI picks	Segment
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HDFC Bank	Private Bank
SBI	PSU Bank
AU SFB	Small Finance banks
Shriram Finance	Vehicle Financiers
PNB Housing Fin.	Housing Finance
L&T Finance	Diversified
Aditya Birla Capital	Diversified
Piramal Finance	Diversified
CreditAccess Grameen	Microfinance
SBI Life	Life insurance
Canara HSBC Life	Life insurance
ICICI Lombard	General insurance
Billionbrains Garage	Broking and Exchanges
HDFC AMC	AMCs
Nuvama Wealth	Wealth management

Source: MOFSL

**MOFSL BFSI picks: Performance scorecard since inception of MOFSL BFSI picks in Mar'25**

MOFSL BFSI picks	MOFSL BFSI picks 1.0 (18-Mar'25)	MOFSL BFSI picks 2.0 (19-Jun'25)	MOFSL BFSI picks 3.0 (16-Sep'25)	Current price (16-Jun'26)	Returns (since inclusion)
<b>Nifty 50</b>	<b>22,834</b>	<b>24,793</b>	<b>25,046</b>	<b>23,989</b>	<b>5%</b>
<b>Nifty Financials</b>	<b>23,970</b>	<b>26,300</b>	<b>26,154</b>	<b>26,442</b>	<b>10%</b>
<b>Nifty Bank</b>	<b>49,315</b>	<b>55,577</b>	<b>54,614</b>	<b>57,297</b>	<b>16%</b>
<b>BSE-200</b>	<b>10,286</b>	<b>11,209</b>	<b>11,384</b>	<b>11,194</b>	<b>9%</b>
ICICI Bank	1,310	1,411	1,402	1,334	2%
HDFC Bank	866	968	963	785	-9%
Kotak Bank	407	429	404		-1%
Federal bank	180	204	199	321	78%
SBI	737	785	822	1,015	38%
AU SFB	504	790	710	1,023	103%
Shriram Finance	642	652	620	1,006	57%
PNB Housing Fin.	818	1,039	811	1,018	25%
Home First Fin.	993	1,290	1,277	1,136	14%
LT Finance	143	188	234	294	106%
Aditya Birla Capital		256	290	374	46%
Aavas Financiers			1,661	1,394	-16%
Piramal Finance				2,002	0%
CreditAccess Grameen				1,408	0%
SBI Life				1,768	0%
Canara HSBC Life				139	0%
HDFC Life	641	762	774	574	-10%
Max Financial			1,564	1,612	3%
Niva Bupa		80	82	84	5%
ICICI Lombard	1,752	1,928		1,784	2%
HDFC AMC	1,914	2,439	2,890	2,659	39%
UTI AMC		1,238	1,365	946	-24%
Aditya Birla Sun life AMC			841	1,121	33%
Billionbrains Garage				200	0%
Angelone	209	278	225	348	66%
Nuvama Wealth	1,096	1,393	1,276	1,655	51%
CAMS	720	803	778	757	5%
<b>Average return of stocks</b>					<b>28%</b>
<b>Market cap weighted returns</b>					<b>25%</b>

# JSW Steel

BSE SENSEX 76,808 S&P CNX 23,989

**CMP: INR1,274 TP: INR1,520 (+19%) Buy**



## Stock Info

Bloomberg	JSTL IN
Equity Shares (m)	2445
M.Cap.(INRb)/(USD\$b)	3116.2 / 33
52-Week Range (INR)	1328 / 984
1, 6, 12 Rel. Per (%)	-2/25/31
12M Avg Val (INR M)	2061
Free float (%)	54.7

## Financials Snapshot (INR b)

Y/E MARCH	2026	2027E	2028E
Sales	1,855	1,924	2,130
EBITDA	321	374	454
Adj. PAT	91	151	214
EPS Gr. (%)	137.3	66.0	41.9
BV/Sh. (INR)	410	468	553

## Ratios

Net D:E	0.5	0.3	0.2
RoE (%)	10.1	14.1	17.2
RoCE (%)	10.4	9.8	12.1
Payout (%)	7.8	5.7	4.0

## Valuations

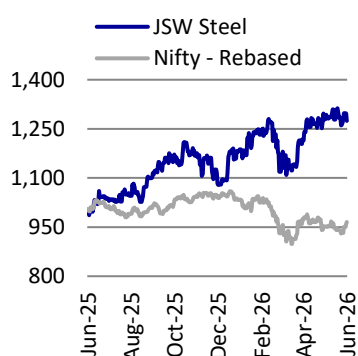
P/E (x)	11.1	20.6	14.5
P/BV (x)	2.8	2.7	2.3
EV/EBITDA(x)	10.6	9.4	7.5
Div. Yield (%)	0.6	0.3	0.3

## Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	45.3	45.3	44.8
DII	11.7	11.6	11.0
FII	25.6	25.6	26.0
Others	17.5	17.6	18.2

FII Includes depository receipts

## Stock performance (one-year)



## Capacity expansion to drive volume

- JSW Steel (JSTL), with an existing capacity of 32MTPA (excluding JVs), is targeting to reach a capacity of 50MTPA by FY31. Following the BPSL transaction, its balance sheet is much more comfortable, providing greater flexibility to execute its planned expansions.
- The expansion of the Dolvi facility from 10MTPA to 15MTPA (capex ~INR210b; completion by Sep'27) is expected to strengthen the company's positioning in Western India and in export markets. Additionally, the 1MTPA EAF at Kadapa (INR38b; commissioning by FY29) will enhance the long-product portfolio and provide decarbonization optionality.
- The company is undertaking a 5MTPA greenfield expansion at Utkal, comprising two 8MTPA pellet plants, 5MTPA blast furnace, 6MTPA SMS, and 6MTPA HSM-2 (scheduled to be commissioned by FY30).
- The company has planned ~INR1.3t of investments over 4–5 years, covering Odisha Phase-I, Dolvi Phase-III, downstream VAP, mining, and renewable energy (RE). Funding will be supported by internal accruals, INR320b proceeds from BPSL, and disciplined leverage management.

## Backward integration at play; likely to drive cost savings

- JSTL is accelerating its backward integration initiatives to support its capacity expansion target of 50MTPA by FY31. Iron ore captive sourcing is expected to increase from the current levels of 40% to the long-term target of ~50% on higher capacity. Incremental iron ore volumes are expected from three Karnataka mines (~4mt from 1QFY27) and Goa mines (~3.7mt across FY26-27), while two 8MTPA pellet plants in Odisha (by FY28) will further enhance integration.
- On coking coal, the company has secured domestic blocks in Jharkhand (2.2MTPA), which is expected to ramp up in 2-3 years. Internationally, the company has increased its stake to 30% in Illawarra Metallurgical Coal (~1.2MTPA offtake of PLV coal) and is pursuing the Minas de Revuboe project (Mozambique) to secure high-grade supplies, improving sourcing diversification.
- Logistics integration will be strengthened via a 302km (30MTPA) slurry pipeline by FY27, linking the Nuagaon mines to the Jagatsinghpur plant. Additionally, the company aims to develop the 30MTPA Jatadhar Port by FY27 to increase port throughput, along with expanding dedicated rail capacity.
- Renewable integration is scaling up, with ~1GW of installed capacity and Board approval for 2.5GW of RE capacity along with 320MWh of battery storage, supporting decarbonization and long-term energy cost optimization.

## Premiumization through VASP portfolio enhancement

- JSTL continues to shift toward higher-margin value-added and special products (VASP), which contributed ~62% to 4QFY26 volume.

- At Vijayanagar, key downstream projects include a 0.4MTPA Continuous Galvanising Line (Jun'28 target) focused on high-strength automotive grades and a 0.55MTPA CRNO electrical steel plant (Mar'28 target). Additional expansions include tinsplate and galvanized/galvalume capacities, along with EAF-based green steel projects.
- While current production at JVML Vijayanagar remains relatively higher upstream, the commissioning of downstream facilities will progressively increase the share of high-value products, strengthening margins.

#### **Valuation and outlook**

- JSTL is well-placed with new capacities coming on stream, strong domestic demand, and a rising share of value-added proportion in the sales mix. The recent sale of BPSL stake positions the company well to execute its various projects. Its focus on increasing the captive share of iron ore and improving coal linkages will support earnings.
- Going forward, we estimate double-digit revenue growth over FY27-FY28, driven by the ramp-up of new capacity and price recovery led by the safeguard duty. Despite input cost volatility, we believe EBITDA/t will rebound to ~INR14,000/t by FY28E on account of domestic steel price recovery, led by the safeguard duty.
- As BPSL was transferred to JFE JV via a slump sale, our FY27/28 earnings estimates exclude BPSL. **At CMP, JSTL trades at 7.5x FY28E EV/EBITDA, and we reiterate our BUY rating on the stock with a TP of INR1,520, valued on SoTP.**

BSE SENSEX 76,808 S&P CNX 23,989

**CMP: INR1,465 TP: INR1,900 (+30%) Buy**



### Stock Info

Bloomberg	COFORGE IN
Equity Shares (m)	335
M.Cap.(INRb)/(USDb)	629.9 / 6.7
52-Week Range (INR)	1994 / 1008
1, 6, 12 Rel. Per (%)	13/-14/-16
12M Avg Val (INR M)	4032
Free float (%)	100.0

### Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	164.0	196.3	233.3
EBIT Margin (%)	14.4	16.2	16.2
PAT	14.9	21.6	26.3
EPS (INR)	43.8	61.5	74.8
Adj. PAT	17.2	21.6	26.3
Adj. EPS (INR)	50.6	61.5	74.8
Adj. EPS Gr. (%)	100.4	21.5	21.6
BV/Sh. (INR)	284.3	315.5	354.2

### Ratios

RoE (%)	16.5	21.2	23.1
RoCE (%)	19.5	20.1	21.3
Payout (%)	35.1	50.0	50.0

### Valuations

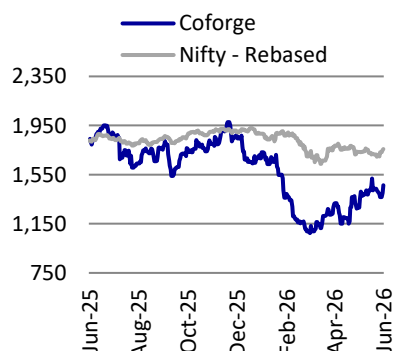
P/E (x)	33.5	23.8	19.6
P/BV (x)	5.2	4.7	4.1
EV/EBITDA (x)	15.8	11.8	9.8
Div Yield (%)	1.0	2.1	2.5

### Shareholding Pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	0.0	0.0	0.0
DII	56.2	53.7	49.9
FII	30.7	34.5	40.2
Others	13.2	11.8	9.9

FII includes depository receipts

### Stock's performance (one-year)



## Growth, no matter what

**Ambitious targets in a challenging macro setup, but evidence tilt the odds in Coforge's favor**

We attended Coforge's Analyst Day, where discussions were centered on the company's medium-term growth aspirations, margin outlook following the Encora acquisition, evolving commercial models and the role of AI across its key verticals. Management outlined its ambition to scale up revenue from ~USD2.5b currently to ~USD5b by FY30, implying a revenue CAGR of ~19% (~15% organic), supported by deeper penetration within existing verticals, increasing wallet share in large accounts, sustained large-deal momentum, and selective acquisitions. The company also indicated that its margin profile has structurally improved, with portfolio rationalization, acquisition integration and productivity initiatives supporting margins at levels above historical averages.

We came away with the view that Coforge is attempting to evolve beyond a purely volume-led growth model. Management increasingly emphasized domain-led transformation programs, outcome-oriented commercial structures, and larger, proactive engagements across key verticals such as Banking (29% of revenue) and Travel (25% of revenue). While the medium-term ambition appears achievable given the company's execution track record, sustained delivery will depend on successful large-deal conversion, integration of acquisitions and continued monetization of AI-led opportunities. We continue to view COFORGE as a structurally strong mid-tier player and reiterate it as our top pick. We value COFORGE at 26x FY28E EPS with a TP of INR1,900, implying a 30% potential upside. Reiterate BUY.

## Revenue outlook: Growth aspirations supported by vertical depth, deal momentum and acquisitions

- Management outlined an ambition to **scale up revenue from ~USD2.5b currently to ~USD5b by FY30, implying a revenue CAGR of ~19% (organic revenue growth of 15%; see Exhibit 1)**. The growth framework is built around deeper penetration within existing verticals, increasing wallet share in large accounts, and selective acquisitions.
- The next leg of growth is expected to be driven by scaling up existing franchises rather than building new businesses. **Management expects Banking to expand from ~USD625m currently toward ~USD1b, Travel from USD511m toward USD850m, Insurance from USD321m toward USD550m, and Healthcare & Hi-Tech from ~USD402m toward ~USD750m over the planning period.**
- Large deals remain an important source of visibility. **The number of large deals increased to 21 in FY26 from 11 in FY22, while the 12-month executable order book expanded to ~USD1.75b from ~USD720m over the same period.** Management also highlighted that order intake has nearly doubled over the last four years.

- We believe the key takeaway is that Coforge is attempting to move beyond a purely volume-led growth model. **Increasing wallet share within large accounts, embedding AI into transformation programs, and expanding outcome-oriented engagements could gradually improve the quality and durability of growth.** That said, execution around large-deal conversion, acquisition integration, and AI monetization will remain key monitorables.

#### **Margins: FY26 could mark a structural reset in the margin profile**

- Management argued that **FY26 margin expansion reflects structural changes in the business** rather than temporary one-offs. FY26 EBITDA margin expanded to 18.6% (+430bp YoY), while EBIT margin improved to 14.4% (+370bp YoY), supported by portfolio actions, AI-led productivity improvements, and integration benefits from acquisitions.
- Importantly, management referred to the current profitability profile as the 'new normal', with **FY27E EBITDA margin indicated at ~20.5% (consolidated) and EBIT margin at ~16.5% (standalone, ex-Encora) and ~15.5% on a consolidated basis.**
- As seen in Exhibit 4, several structural initiatives have contributed to the margin reset. **The exit from AdvantageGo added ~60bp to EBIT margins while improving cash conversion; the wind-down of the India government business removed a lower-margin revenue stream;** and Cigniti's EBITDA margin improved from ~12% at acquisition to ~21% within five quarters.
- Management also highlighted productivity gains across delivery and support functions, with **internal AI deployment helping sustain gross margins and reduce G&A costs.** In parallel, AI-led delivery constructs such as Mod Squads are already generating measurable productivity gains across modernization and application-management programs.
- **Overall, we believe Coforge's margin profile appears structurally stronger than its historical levels.** That said, continued investments in sales capabilities, AI assets, partnerships, and talent could mean that margin progression may not be linear.

#### **Cash flow and capital allocation: Growth investments remain the priority**

- Following the Encora acquisition, **management plans to repay the associated ~USD550m debt over three years, with repayments commencing from 3QFY27. The debt carries a fixed interest rate of ~4.6%.**
- At the same time, Coforge intends to continue investing in client relationships, alliances and selective acquisitions. **Incessant's revenue expanded from ~USD12m to ~USD120m over the past decade,** while Wishworks grew from ~USD27m to ~USD70m with a broader global delivery footprint.
- **Similarly, SLK reduced client concentration and expanded across geographies and verticals, while Cigniti improved EBITDA margins from ~12% at acquisition to ~21% within two years.** These examples suggest that acquisitions remain an important lever not only for expanding capabilities and client access but also for enhancing profitability over time.
- The company **reiterated that acquisitions remain an important component of its growth strategy,** particularly where targets bring in stronger client relationships, domain expertise or access to new markets.

### Vertical depth increasingly becoming the foundation for AI-led growth

- **Coforge's differentiation increasingly appears to lie at the intersection of deep industry expertise and AI-led delivery.** Across Banking, Insurance and Travel, the company showcased industry-specific assets aimed at solving business problems through a combination of domain knowledge, AI and modernization capabilities.
- **In Banking and Insurance,** Coforge introduced several AI-led assets focused on areas such as wealth management, underwriting, claims processing and modernization.
- **The company has also invested in industry-specific knowledge layers, including Lexicon in Banking and Nexa in Insurance, designed to improve contextual understanding,** governance and the effectiveness of agentic workflows. We believe these capabilities could strengthen Coforge's positioning in increasingly outcome-oriented transformation programs.
- **Travel remains one of Coforge's strongest verticals, supported by relationships spanning 60+ airlines and execution experience across 20 passenger service system (PSS) migrations.** The company's travel offerings are increasingly centered around modernization, retail transformation and AI-enabled traveler experiences.
- We believe Coforge appears to be positioning itself around the intersection of domain expertise, reusable assets and AI-led transformation rather than generic AI implementation. **The ability to scale up these assets into larger engagements and sustained revenue streams will remain the key monitorable.**

### Commercial models evolving alongside AI adoption

- Across multiple sessions, management highlighted that **transformation conversations increasingly extend beyond the CIO to include business leaders responsible for growth,** customer experience and operating outcomes.
- As a result, commercial structures are also evolving. **Traditional effort-based contracts are gradually being supplemented by outcome-linked models, including gain-sharing and revenue-linked arrangements.**
- Management believes that stronger domain expertise improves its ability to participate in these discussions, particularly where technology investments are directly tied to business KPIs.
- Large-deal momentum reflects this shift. **FY26 large-deal TCv increased ~38% YoY to USD629m, while win rates improved from 38% to 47%,** supported by earlier client engagement and stronger solution alignment.
- We think the nature of large deals may continue to evolve. Future opportunities could **increasingly combine legacy modernization, domain platforms, AI assets and outcome-linked commercials under a single transformation umbrella.** Coforge appears to be positioning itself accordingly.

### Valuation and view

- We expect **COFORGE to be the growth leader within our coverage universe and we reiterate it as our top pick.**
- The analyst day reinforced our confidence in Coforge's medium-term growth outlook. Management outlined its ambition to **scale up revenue to ~USD5b by FY30, supported by increasing wallet share within key accounts, healthy large-**

**deal momentum, deeper penetration across core verticals, and a structurally stronger margins profile.**

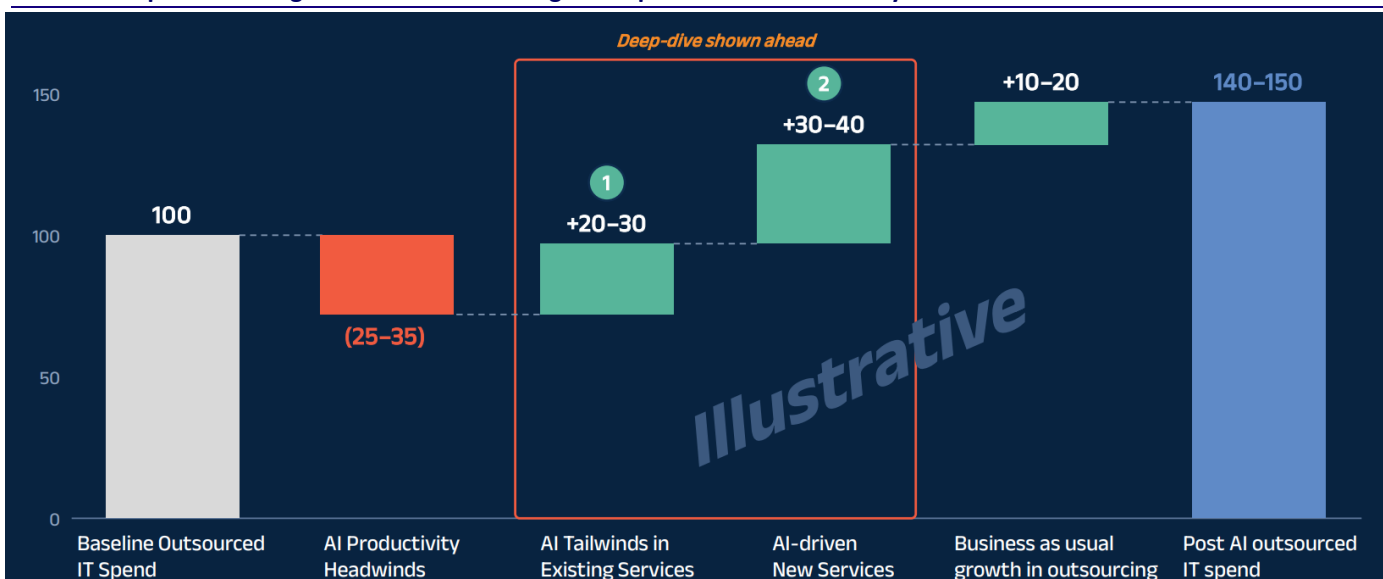
- We continue to view COFORGE as a structurally strong mid-tier player, supported by an improving margin profile, strong deal wins, and consistent growth outperformance. **We value COFORGE at 26x FY28E EPS with a TP of INR1,900, implying a 30% potential upside. We reiterate our BUY rating on the stock.**

**Exhibit 1: The next four years could mirror Coforge's nine-year organic growth track record**

<i>Figures in \$Mn</i>					
Vertical	FY26	FY27	FY28	FY29	FY30
Banking and Financial Services	625				1000
Insurance	321				550
Travel	511				850
Healthcare & HiTech	402				750
Government outside India	131				250
Others	481				900
	<i>2,470</i>				<i>4300</i>
New Acquisition			500	586	700
<b>Total</b>	<b>2,470</b>				<b>5,000</b>

Source: Company

**Exhibit 2: Impact of AI on growth in outsourced digital IT spend over the next 3-5 years**



Source: Company

# P&G Hygiene and Healthcare

BSE SENSEX  
76,808

S&P CNX  
23,989

**CMP: INR9,082**

**TP: INR10,000 (+10%)**

**Neutral**



## Stock Info

Bloomberg	PG IN
Equity Shares (m)	32
M.Cap.(INRb)/(USD b)	294.8 / 3.1
52-Week Range (INR)	14510 / 8884
1, 6, 12 Rel. Per (%)	-8/-23/-28
12M Avg Val (INR M)	146
Free float (%)	29.4

## Financials Snapshot (INR b)

Y/E June	FY26	FY27E	FY28E
Sales	42.9	45.9	49.1
Sales Gr. (%)	27.1	7.1	7.0
EBITDA	11.7	12.5	13.5
Margin (%)	27.3	27.2	27.5
Adj. PAT	8.6	9.2	9.9
Adj. EPS (INR)	263.5	283.1	305.2
EPS Gr. (%)	34.5	7.4	7.8
BV/Sh.(INR)	232.1	288.8	349.9

## Ratios

RoE (%)	114.9	108.8	95.7
RoCE (%)	129.5	121.0	105.2

## Valuations

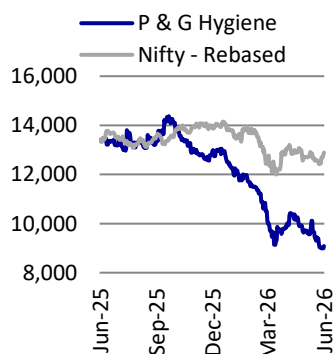
P/E (x)	34.5	32.1	29.8
P/BV (x)	39.1	31.4	26.0
EV/EBITDA (x)	24.7	23.0	21.1
Div. Yield (%)	2.8	2.5	2.7

## Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	70.6	70.6	70.6
DII	16.0	16.0	15.5
FII	1.0	1.1	1.3
Others	12.4	12.3	12.5

FII Includes depository receipts

## Stock Performance (1-year)



## Focus on sustainable growth; near-term demand challenges

We attended the analyst meet of P&G Hygiene and Healthcare (PGHH), and following are the key takeaways.

- PGHH continues to maintain its leadership position with a dominant ~50% market share in both the Feminine Hygiene and Healthcare categories. The company remains focused on driving category development through innovation, brand investments, and consumer education. Recent launches such as Vicks Cough Syrup, Vicks ZzzQuil Natura Sleep Gummies, and Whisper Super Absorbent Period Panty have further strengthened its portfolio. Competitive intensity has increased in Feminine Hygiene with the entry of several regional and D2C players; however, PGHH views this as a catalyst for category expansion. Rapid advancements in digital initiatives have enhanced PGHH's distribution, improving the product assortment in its retail outlets.
- Management expects the operating environment to remain challenging as macro inflation is expected to keep consumers value-conscious. It has noted soft demand trends across both rural and urban markets. The company is focused on creating superior propositions across product, packaging, brand communication, retail execution, and customer value equation. PGHH was able to save INR0.86b in FY26 (~2% of sales) on account of improved efficiency and operational productivity. These savings are reinvested into the business to drive future growth, innovation, and market expansion.
- PGHH delivered a 6% revenue CAGR during FY19-26, and we estimate ~7% CAGR for FY26-28E. EBITDA margin has expanded from ~21% in FY19 to ~27% in FY26. We model a 27%-27.5% EBITDA margin for FY27 and FY28. EBITDA clocked a 10% CAGR during FY19-26, while we model ~7% CAGR for FY26-28E. The stock currently trades at 32x/30x FY27E/FY28E P/E. We reiterate a Neutral rating with a TP of INR10,000.

## Valuation and view

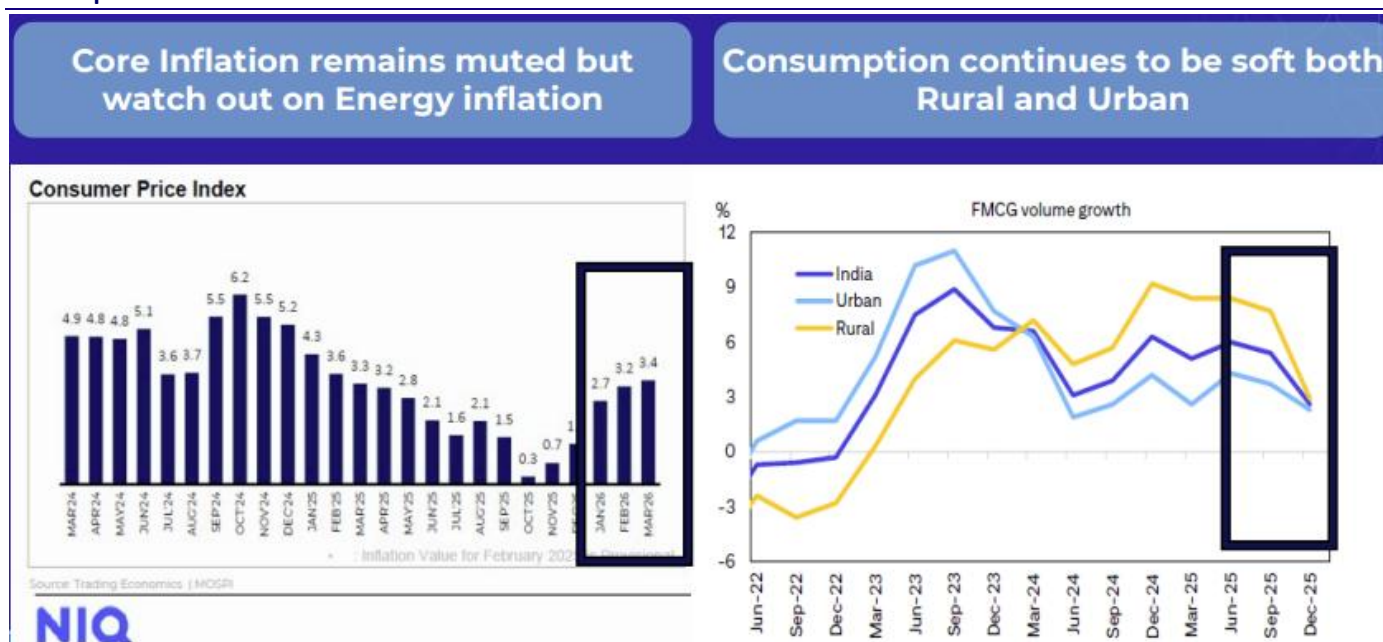
- We broadly maintain our estimates post the analyst meet.
- Two factors make PGHH an attractive long-term core holding: 1) robust growth potential in the feminine hygiene segment (65-68% mix of FY24 sales) and the potential for market share gains, aided by strategic initiatives, including the fortification of significant market advantages, and 2) potential for higher margin gains from the long-term trend of premiumization in the Feminine Hygiene segment.
- With a portfolio of essentials and healthcare, PGHH remains focused on product innovation-led customer acquisition. While penetration play will continue, it is expected to proceed at a stable pace despite the high scope of user additions. Further, we do not see any medium-term upside trigger.
- We model Revenue/EBITDA/PAT CAGR of 7%/7%/8% over FY26-28E. Given the volatility in margins, we find other consumer names relatively better than PGHH for the growth outlook at the valuation it offers. **We reiterate Neutral with a revised TP of INR10,000 (based on 35x Mar'28E EPS).**

## Key highlights from analyst meet

### Business environment and outlook

- The Indian economy continues to grow at an estimated 6.5%, which is a slowdown compared to the past three years, but remains strong relative to global peers.
- Inflation across food and energy is high, making consumers more value-conscious and prudent in their spending.
- Consumption continues to remain soft across both Rural and Urban markets.
- The company expects the near-term operating environment to remain challenging.
- While the medium-term outlook for India remains positive, near-term demand shows softening trends, particularly in rural areas, driven by an uptick in inflation over the last 3 to 6 months.
- In the FMCG industry, consumption habits are evolving rapidly, with demand being influenced by delayed monsoons and geopolitical tensions like the West Asia crisis.
- Recent disruptions from the West Asia conflict have caused crude and resin prices to spike by 30% to 50%. PGHH is mitigating these risks through long-term supplier relationships and business continuity, ensuring that no stock-outs occur.
- Going forward, the company aims to grow by focusing on user growth and volume through superior value propositions, alongside improving efficiencies to drive margin expansion.

### Consumption trends remain soft in both urban and rural markets



Source: Company



### **Turtlemint – Upcoming IPO: Our Extremely Scalable Platform Will Drive Returns; Dharendra Mahyavanshi, Co-Founder**

- We build around the POSP model, where a person can work under a broking company
- We provide POSP onboarding, we create an extra income for them
- This is an expert led production distribution
- We have a branch-wise network, we also have offline presence in about 80+ branches.

[➔ Read More](#)

### **Chalet Hotels: Expect Foreign Tourist Arrivals To Resume In H2; Shwetank Singh, CMD**

- April saw single digit growth
- May grew less well on low base, led by higher wedding calendar
- Saw a better than expected Q1
- May grew in high double digit

[➔ Read More](#)

### **Affle: Acquisition To Help Drive Volumes & Improve CPCU Rates; Anuj Khanna, MD & CEO**

- AdColony asset is something the company has been interested in for a while
- Acquisition will help deeper audience data and drive premier conversation of advertisers
- Will aid in achieving 20% growth rate in the medium term
- With more acquisition focused on developed markets, will look to increase the contribution

[➔ Read More](#)

### **MFIN: Disbursements From MFIN Have Grown In Q4; Alok Misra, CEO**

- Government support is to drive growth in micro-finance
- Monitoring monsoon season carefully
- Subpar monsoon could impact microfinancing if it is less than 85% below average
- Portfolio qualities of Mfins are improving

[➔ Read More](#)

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## NOTES

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

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Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

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Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; [www.motilaloswal.com](http://www.motilaloswal.com).

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: [na@motilaloswal.com](mailto:na@motilaloswal.com), Contact No.: 022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	<a href="mailto:query@motilaloswal.com">query@motilaloswal.com</a>
Ms. Kumud Upadhyay	022 40548082	<a href="mailto:servicehead@motilaloswal.com">servicehead@motilaloswal.com</a>
Mr. Ajay Menon	022 40548083	<a href="mailto:am@motilaloswal.com">am@motilaloswal.com</a>
Mr. Neeraj Agarwal	022 40548085	<a href="mailto:na@motilaloswal.com">na@motilaloswal.com</a>
Mr. Siddhartha Khemka	022 50362452	<a href="mailto:po.research@motilaloswal.com">po.research@motilaloswal.com</a>

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