Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	77,616	0.1	-8.9
Nifty-50	24,211	0.0	-7.3
Nifty-M 100	63,041	0.0	4.2
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	7,515	-0.8	9.8
Nasdaq	25,873	-1.6	11.3
FTSE 100	10,498	0.0	5.7
DAX	25,114	0.2	2.5
Hang Seng	8,066	0.3	-9.5
Nikkei 225	67,243	-1.9	33.6
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	77	4.3	24.0
Gold ($/OZ)	4,002	-2.9	-7.3
Cu (US$/MT)	13,488	0.5	8.3
Almn (US$/MT)	3,168	1.0	6.7
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	95.6	0.3	6.4
USD/EUR	1.1	-0.3	-3.1
USD/JPY	162.4	0.5	3.7
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.7	0.02	0.1
Flows (USD b)	**13-Jul**	**MTD**	**CYTD**
FIIs	-0.32	1.79	-26.9
DIIs	0.23	1.64	51.5
Volumes (INRb)	**13-Jul**	**MTD***	**YTD***
Cash	1,314	1398	1371
F&O	2,60,416	2,52,822	2,67,871

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

FINANCIALS - NBFCs: Liquidity tailwinds to meet cleaner balance sheets

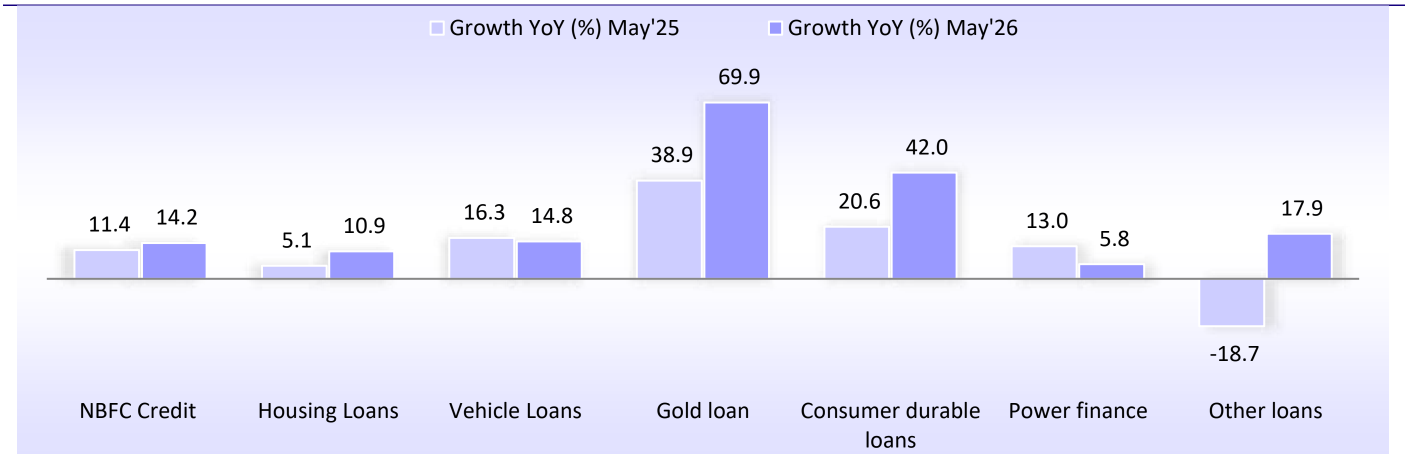
- After navigating nearly two-and-a-half years of asset-quality challenges across multiple retail lending segments, NBFCs are entering FY27 with cleaner balance sheets and improving growth visibility. With macro risks receding and banking system liquidity poised to improve, we believe the sector is well positioned to enter the next growth cycle from a position of fundamental strength.
- We believe FY27 could mark the beginning of a broad-based earnings uptrend for NBFCs. Cleaner balance sheets and improving liquidity should support stronger loan growth; stable interest rates and moderating incremental borrowing costs should provide margin visibility; and normalizing asset quality should result in benign credit costs. Our 1QFY27 preview suggests that NBFCs are starting the year on a strong footing across all three earnings drivers
- Our preferred picks are **SHFL, LTF, Five-Star** and **PNBHF**. Key risks to our thesis are a weak monsoon and a potential re-escalation of geopolitical tensions in West Asia.

Research covered

Cos/Sector	Key Highlights
FINANCIALS - NBFCs	Liquidity tailwinds to meet cleaner balance sheets
Fund Folio	Equity AUM scales to a record high of over INR40t; equity inflows accelerate
HCL Technologies	One eye on the future; near-term guidance maintained
Other Updates	Grasim Industries | ICICI Prudential AMC | L&T Finance | Indian Hotels | Healthcare | EcoScope

Chart of the Day: Financials – NBFCs (Liquidity tailwinds to meet cleaner balance sheets)

AUM growth remains healthy across majority of the segments (except power finance) (%)



Source: MOFSL, RBI Data

Research Team

Kindly click on textbox for the detailed news link

1

HCLTech bets on data centres with Rs 3,500 crore investment, 50 MW capacity

This comes on the heels of the Noida-headquartered IT firm's Sarvam AI investment of $150 million, underlining its ambitions of becoming a full-stack AI services company.

2

Shell Sells India Renewables Arm Sprng Energy To Aditya Birla Group For Rs 17,200 crore

The Rs 17,200-crore deal marks one of India's biggest renewable energy acquisitions and significantly boosts the group's green energy ambitions.

3

Delhi Power Bills May Hit Wallets Harder As DERC Approves Additional May Surcharge

DERC retained the additional FPPAS for BRPL and BYPL while lowering it for TPDDL after discoms cited higher power purchase costs for May.

4

Jio Platforms Replaces CEO Ahead Of Rs 37,700-Crore IPO

Jio Platforms has replaced Kiran Thomas as chief executive officer with Pankaj Pawar, according to its draft IPO papers, as the company seeks to raise about USD 4 billion at a valuation of around USD 137 billion.

5

SpiceJet Lessors Ask DGCA For Deregisteration Of Four Boeing 737-8 MAX Planes To Eliminate Rental Costs

Facing financial and legal headwinds, SpiceJet is already operating a reduced fleet.

6

Emcure to take full control of Gennova Biopharma with ₹232 crore stake acquisition

Besides the consolidation of its shareholding, Emcure also announced a leadership transition under which Samit Mehta will lead Gennova

7

FCNR inflows may reduce banks' reliance on CD market in Q2 FY27

Fresh inflows into Foreign Currency Non-Resident (Bank) deposits could reduce banks' reliance on certificate of deposit issuances during the second quarter of FY27, even as funding requirements across the banking system remain robust, a report said on Monday.

Financials - NBFCs

Val summary	Rating	CMP (INR)	TP (INR)
MSME			
Five-Star	Buy	546	650
Housing Finance			
LIC HF	Neutral	550	610
PNB HF	Buy	1,110	1,300
Bajaj Housing	Neutral	88	95
Aavas	Neutral	1,522	1,620
HomeFirst	Buy	1,223	1,425
CanFin	Neutral	920	975
Repco	Neutral	409	460
Vehicle Finance			
Cholamandalam	Buy	1,809	2,100
MMFS	Buy	341	395
Shriram Finance	Buy	1,044	1,230
Indostar	Buy	270	315
Gold Finance			
Muthoot	Neutral	3,130	3,050
Manappuram	Neutral	341	340
Diversified			
BAF	Neutral	1,020	1,120
Poonawalla	Buy	477	560
ABCL	Buy	408	470
LTFH	Buy	321	370
Piramal Finance	Buy	2,166	2,560
MAS Financial	Buy	322	380
IIFL Finance	Buy	553	660
HDB Financial	Neutral	755	800
Jio Financial	Buy	242	315
Northern Arc	Buy	327	390
Tata Capital	Neutral	360	390
Microfinance			
CreditAccess	Buy	1,528	1,820
Fusion Finance	Buy	234	270
Spandana Sphoorty	Neutral	305	295
Power Financiers			
PFC	Buy	407	515
REC	Buy	352	435

NBFCs: Liquidity tailwinds to meet cleaner balance sheets

Risks receding and growth cycle to strengthen

Cleaner balance sheets to meet abundant liquidity: After navigating nearly two-and-a-half years of asset-quality challenges across multiple retail lending segments, NBFCs are entering FY27 with cleaner balance sheets and improving growth visibility. With macro risks receding and banking system liquidity poised to improve, we believe the sector is well positioned to enter the next growth cycle from a position of fundamental strength.

The macro narrative has flipped; crude correction removes a key tail risk: The escalation in US-Iran hostilities and the spike in crude oil prices had materially altered the risk-reward for NBFCs by raising concerns around inflation, policy rate hikes and pressure on borrower cash flows. The subsequent peace agreement and a correction in crude prices have significantly diminished these risks. We now expect a broadly stable interest rate environment, while risks to the cash flow of commercial vehicle (CV) operators and MSMEs have also receded.

Liquidity could emerge as the next big catalyst for growth and margins: The key challenge for NBFCs over the past two quarters was not the availability of liquidity, but its price. Incremental borrowing costs continued to inch higher for most NBFCs and HFCs despite an easing policy rate environment. The impending liquidity influx into the banking system through FCNR(B) deposits could alter this dynamic. As banks look to efficiently deploy surplus liquidity, we expect NBFCs to benefit from improved funding availability, stronger negotiating power and a gradual moderation in incremental borrowing costs.

The trifecta is turning favorable – growth, margins and asset quality: We believe FY27 could mark the beginning of a broad-based earnings uptrend for NBFCs. Cleaner balance sheets and improving liquidity should support stronger loan growth; stable interest rates and moderating incremental borrowing costs should provide margin visibility; and normalizing asset quality should result in benign credit costs. Our 1QFY27 preview suggests that NBFCs are starting the year on a strong footing across all three earnings drivers.

Why this liquidity cycle could be different: Historically, periods of abundant liquidity have translated into stronger growth for NBFCs. We expect the same dynamic to play out again. However, the key difference this time is that NBFCs are entering the liquidity cycle after nearly two-and-a-half years of risk recalibration, tighter underwriting and balance-sheet clean-up. We consequently expect the next phase of growth to be supported by significantly stronger fundamentals.

Prefer diversified lenders and selective cyclical recovery plays: Within the sector, we prefer diversified lenders that can dynamically allocate capital across products and benefit from improving liquidity and accelerating credit growth. We also see opportunities to play the cyclical recovery in microfinance and micro-LAP. Our preferred picks are **Shriram Finance (SHFL), L&T Finance (LTF), Five-Star Business Finance and PNB Housing Finance (PNBHF)**. Key risks to our thesis are a weak monsoon and a potential re-escalation of geopolitical tensions in West Asia.

Why NBFCs, Why Now?

Phase	What changed?	Impact on NBFCs	Our stance
1. Asset-quality normalization	❖ After nearly 2.5 years of stress across credit cards, small-ticket PL, MFI, micro-LAP, unsecured business loans and vehicle finance, asset quality started improving in 3QFY26-4QFY26	❖ Cleaner balance sheets, normalizing credit costs and greater confidence to resume growth	**Turning constructive**
2. Geopolitical shock	❖ US-Iran hostilities drove a spike in crude oil prices, raising concerns around inflation, fuel price hikes and potential RBI policy tightening	❖ Risks emerged to margins, economic activity and borrower cash flows, particularly for CV operators and MSMEs	**Turned cautious**
3. Macro normalization	❖ US-Iran peace agreement and correction in crude oil prices reduced inflation and interest-rate risks	❖ Stable rate outlook and lower risks to CV operators and MSME cash flows	**Turning constructive again**
4. Liquidity tailwind	❖ Expected FCNR(B) inflows could boost banking system liquidity	❖ Better funding availability, stronger negotiating power for NBFCs and potential moderation in incremental borrowing costs	**Key catalyst**
5. Growth acceleration	❖ Cleaner balance sheets + abundant liquidity + stable margins + benign credit costs	❖ Potential for a broad-based earnings uptrend, driven by growth, margins and asset quality	**Positive for NBFCs**

Fund Folio

Indian Mutual Fund Tracker

Equity AUM scales to a record high of over INR40t; equity inflows accelerate

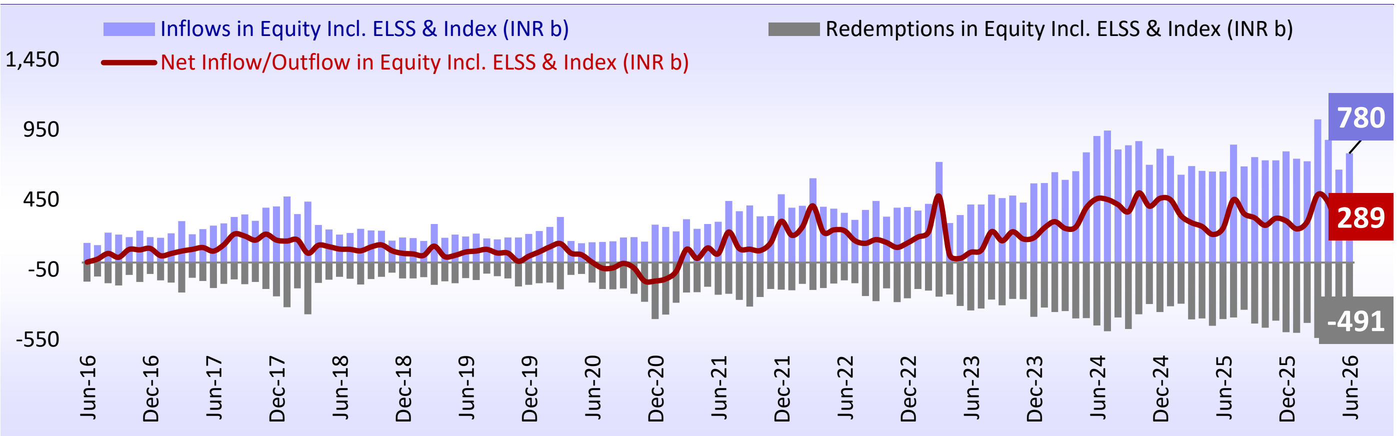
Key observations

- The Nifty, after consolidating in May’26, managed to close in the green (+1.4% MoM to 23,866 in Jun’26). Notably, the index was extremely volatile, swinging around 1,191 points before closing 318 points higher. DII inflows were strong at USD8.7b, while FIIs recorded outflows of USD3b for the fourth consecutive month in Jun’26.
- Equity AUM of domestic MFs (including ELSS and index funds) reached a new high of INR40.7t in Jun’26 (+3.2% MoM), owing to a rise in market indices (Nifty up 1.4% MoM) and an increase in sales of equity schemes (up 17.5% MoM to INR780b). The pace of redemptions picked up to INR491b (up 15.5% MoM). Consequently, net inflows climbed in Jun’26 to INR289b from INR238b in May’26.
- Total AUM of the MF industry increased marginally by 0.8% MoM to INR82.2t in Jun’26, primarily led by a MoM increase in AUM of equity (INR1,246b), balanced (INR206b), other ETFs (INR148b), and arbitrage (INR75b) funds. Conversely, the AUM of liquid funds declined INR454b, income funds decreased INR425b, and gold ETF funds fell INR144b MoM.
- Investors continued to park their money in mutual funds. Inflows and contributions in systematic investment plans (SIPs) stood at INR317.8b in Jun’26 (up 2.7% MoM and +16.5% YoY).

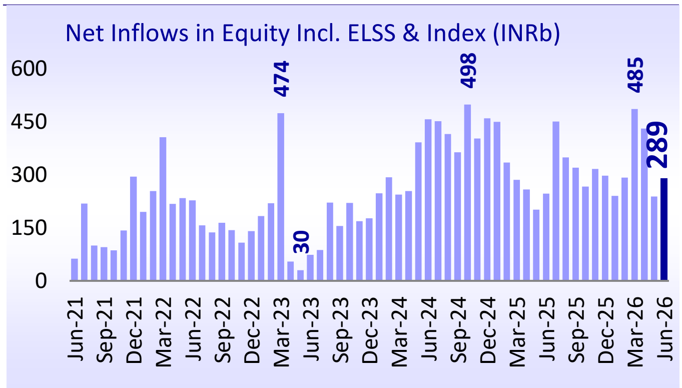
A few interesting facts

- **The month witnessed noteworthy changes in the sector and stock allocation of funds.** On a MoM basis, the weights of Private Banks, Healthcare, NBFC - Lending, Automobiles, Retail, E-Commerce, Real Estate, Consumer Durables, and Logistics increased, while those of Technology, Oil & Gas, Utilities, Metals, Consumer, Telecom, Insurance, NBFC – Non-Lending, and Cement moderated.
- **Private Banks’ weight saw a rise in weight for Jun’26** to 17.9% (+60bp MoM; +10bp YoY)
- **Healthcare weight climbed for the second consecutive month to a 66-month high** in Jun’26 to 8% (+20bp MoM; +60bp YoY)
- **Technology’s weight slipped to an all-time low** in Jun’26 to 5.9% (-70bp MoM; -240bp YoY)
- **Oil & Gas’ weight continued to slip to a new low** in Jun’26 to 4.9% (-40bp MoM; -120bp YoY)
- **The top sectors where MF ownership vs. the BSE 200 was at least 1% higher were** NBFC – Non-Lending (15 funds over-owned), Healthcare (14 funds over-owned), Capital Goods (9 funds over-owned), E-Commerce (9 funds over-owned), and Chemicals (9 funds over-owned).
- **The top sectors where MF ownership vs. the BSE 200 was at least 1% lower were** Oil & Gas (20 funds under-owned), Private Banks (15 funds under-owned), Consumer (14 funds under-owned), PSU Banks (13 funds under-owned), and Utilities (12 funds under-owned).
- **In terms of value change MoM, the maximum increase was visible in the BFSI stocks:** The top 10 stocks that witnessed the maximum rise in value were HDFC Bank, ICICI Bank, Bajaj Finance, Interglobe Aviation, Eternal, SBI, Adani Enterprises, JSW Infra, Axis Bank, and Maruti Suzuki. Conversely, the stocks that witnessed the maximum MoM decline in value were Infosys, NTPC, TCS, Hindalco, Reliance Industries, Tata Steel, Persistent Systems, HCL Tech, BSE, and ONGC.

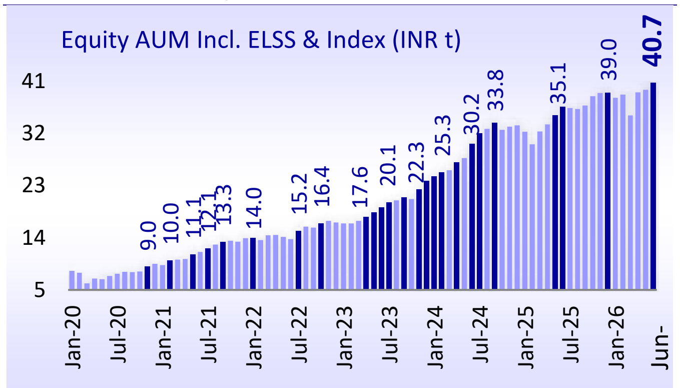
Monthly trends in sales, redemptions, and net amount raised by MFs (equity)



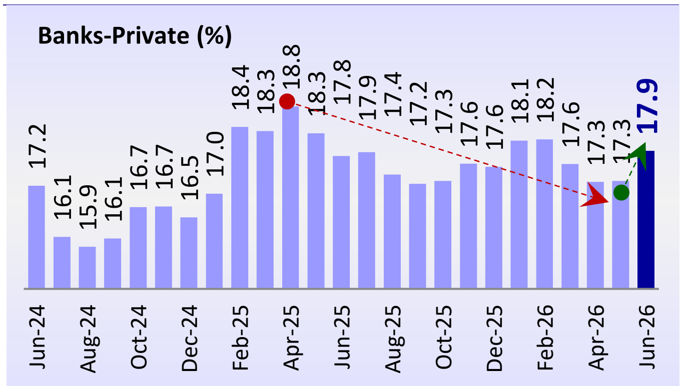
Net equity inflows pick up in Jun'26 after moderating for two consecutive months



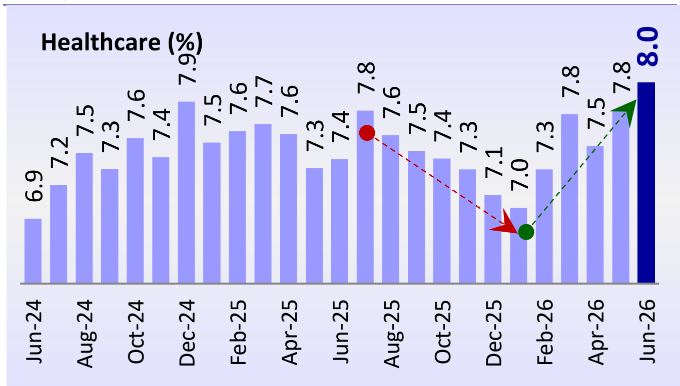
Equity AUM scales to a new high in Jun'26 to INR40.7t (up 3.5x in the last five years)



Private Banks' weight saw a rise in weight for Jun'26 to 17.9% (+60bp MoM; +10bp YoY)



Healthcare weight climbed for the second consecutive month to a 66-month high in Jun'26 to 8% (+20bp MoM; +60bp YoY)



HCL Technologies

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	HCLT IN
Equity Shares (m)	2714
M.Cap.(INRb)/(USDb)	3313.9 / 34.7
52-Week Range (INR)	1780 / 1030
1, 6, 12 Rel. Per (%)	8/-21/-22
12M Avg Val (INR M)	5027

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	1,301	1,423	1,497
EBIT Margin (%)	17.2	17.8	17.9
PAT	170	200	211
EPS (INR)	64.0	73.9	78.0
EPS Gr. (%)	0.2	15.5	5.6
BV/Sh. (INR)	258	255	251
Ratios			
RoE (%)	24.9	28.9	30.9
RoCE (%)	24.2	27.4	29.3
Payout (%)	84.4	90.0	90.0
Valuations			
P/E (x)	19.1	16.5	15.6
P/BV (x)	4.7	4.8	4.9
EV/EBITDA (x)	12.0	10.6	9.9
Div Yield (%)	4.4	5.4	5.8

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	60.9	60.8	60.8
DII	19.0	18.4	15.5
FII	15.8	16.5	19.3
Others	4.4	4.3	4.4

FII Includes depository receipts

CMP: INR1,221 TP: INR1,450 (+19%) Buy

One eye on the future; near-term guidance maintained

Investments in sovereign AI and data center stack encouraging

- HCL Technologies (HCLT) reported 1QFY27 revenue of USD3.6b, which declined 0.5% QoQ CC, above our estimate of 1.4% QoQ CC decline. EBIT margin came in at 16.9%, in line with our estimate of 16.9%. New deal TCV was USD2.4b (up 32.8% YoY) in 1QFY27. For FY27, revenue growth guidance was maintained at 1–4% YoY in CC. Services revenue growth was also maintained at 1.5% and 4.5% YoY in CC (vs. our expectations of a guidance cut at the upper end). EBIT margin guidance of 17.5–18.5% was in line.
- For 1QFY27, revenue/EBIT/adj. PAT grew 13.9%/18%/20.3% YoY in INR terms. We expect revenue/EBIT/PAT to grow 9.3%/15.7%/20% YoY in 2QFY27. Free cash flow stood at 99% of net profit for 1QFY27. We **reiterate our BUY rating with a revised TP of INR1,450, based on 18x FY28E EPS (earlier 16x).** We maintain HCLT as our preferred pick in the large cap space.

Our view: AI playbook starts taking shape; margins still below long-term average

- **Guidance maintained despite our expectation of a 100bp cut:** HCLT retained its FY27 revenue growth guidance of **1–4% YoY CC** and services growth guidance of **1.5–4.5% YoY CC**, implying ~1% CQGR at the midpoint.
- The company reported its highest-ever 1Q bookings, **while the recently announced USD1.14b mega deal (not part of 1Q TCV) provides additional comfort around achieving the midpoint of guidance**. Management clarified that the deal will have a negligible revenue contribution in FY27 as it reaches steady state only by Apr'27. We expect the ramp-up to provide a stronger exit into FY28**.**
- **Data center and Sarvam investments are encouraging:** HCLT announced plans to invest up to **INR35b to build a full-stack AI data center business**, scalable to **50MW** capacity. This follows its **USD150m** investment in Sarvam, India's sovereign LLM play. We believe HCLT is investing ahead of the market to build the next-generation AI stack**.**
- **We believe a clearer playbook is now emerging through HCLT's five-pillar AI strategy**—transforming services, building differentiated IP, expanding AI-led services, strengthening AI partnerships, and scaling AI talent. This should help the company defend against, and eventually benefit from, AI disruption, and **HCLT seems ahead of the curve here.**
- **Data center strategy is different from a traditional colocation model:** Management highlighted that this is not a pure data center or capacity leasing business. The **focus is on a full-stack offering** that combines AI-ready infrastructure with software, managed services, sovereign AI capabilities, and SLMs. Investments will be phased and supported by committed client demand, partner funding, and a mix of equity and debt.

- **EBIT margins expanded sequentially, helped by lower restructuring costs and forex**, partly offset by seasonal productivity commitments and weaker ER&D revenue. Management retained its FY27 EBIT margin guidance of 17.5%–18.5%, which already includes restructuring costs. We continue to expect margins to remain largely range-bound through FY27-28 as AI investments offset operating leverage.
- **Vertical commentary remains mixed:** BFSI remains the strongest vertical, supported by AI-led wallet share gains and healthy demand for data and analytics. **Technology and telecom remain impacted by discretionary spending cuts at two large US telecom clients**, weighing on ER&D growth. Life Sciences & Healthcare continues to face headwinds from the rollover of earlier regulatory programs and a weak US healthcare market.

Beat on revenues and deal TCV; margins in line with our estimates; FY27E services guidance maintained at 1.5–4.5%

- HCLT's revenue declined 0.5% QoQ in CC, compared to our estimate of 1.4% QoQ cc decline.
- New deal TCV stood at USD2.4b (up 24.3%/up 32.8% QoQ/YoY) in 1QFY27.
- P&P grew 2.2% QoQ cc, while ER&D declined 3.7% QoQ cc and IT Business remained flat QoQ cc.
- For 1QFY27, EBIT margin was 16.9%, in line with our estimate of 16.9%.
- For FY27, revenue growth guidance was maintained at 1–4% YoY in CC. Services revenue growth was also maintained at 1.5% and 4.5% YoY in CC (vs. our expectations of guidance cut at the upper end). EBIT margin guidance of 17.5–18.5% was in line.
- In 1QFY27, adj. PAT rose 3% QoQ and 20.3% YoY to INR46b vs. our est. of INR47b.
- LTM attrition improved 20bp QoQ to 12.7%. Net employee headcount declined by 1.45% in 1QFY27 and stood at 2,23,889 by the end of 1QFY27. HCLT added 1,056 freshers in this quarter.
- LTM FCF to Net Income stood at 99%.
- Management declared an interim dividend of INR12/share for 1QFY27.

Key highlights from the management commentary

- 1Q is a seasonally weaker quarter due to planned productivity commitments in large managed services contracts; despite this, the company delivered a broad-based performance.
- Management flagged a clear divergence in the AI landscape: AI-native and AI-amplified services continue to see strong, sustained growth, while AI-disrupted (traditional/commoditized) services remain under pricing and volume pressure from automation.
- The company signed a marquee deal with a Fortune 250 semiconductor equipment OEM for SAP-enabled design-to-manufacturing transformation, integrating SAP with PLM/MES to build an AI-led digital supply chain backbone.
- Moreover, the company announced its entry into the AI data center business with a planned investment of up to INR35b, scalable to 50MW of capacity. It is positioned as a full-stack play (data centers, software, managed services) rather

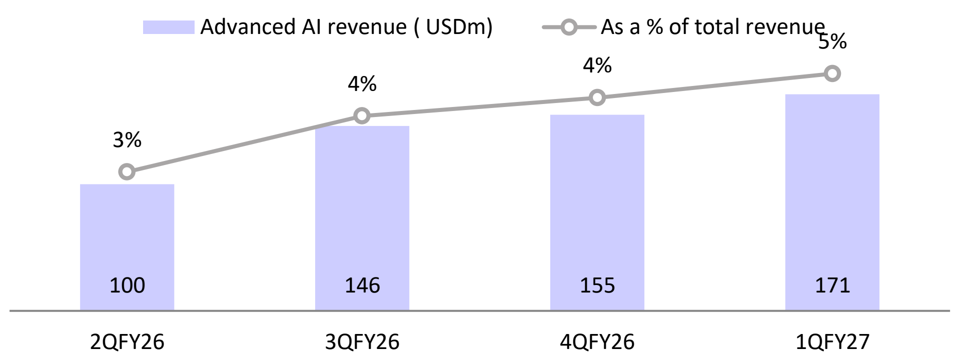
than a pure colocation business, and will be funded through partner arrangements, committed client capacity, and a mix of equity and debt.

- Management has retained FY27 revenue growth guidance of 1-4% (organic, CC), excluding acquisitions such as Jaspersoft.
- The company has added 1 client in the USD100m+ bucket, 6 in the USD50m+ bucket, 11 in the USD20m+ bucket, and 31 in the USD10m+ bucket on a YoY basis, reflecting continued account mining.

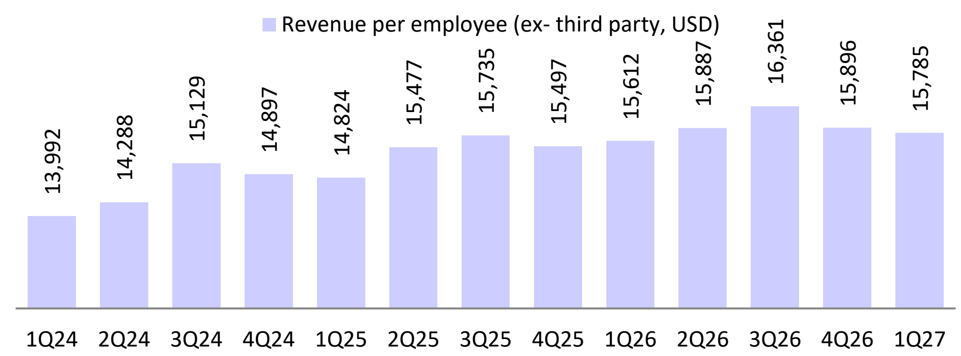
Valuation and view

- We now expect HCLT to deliver a USD revenue CAGR of ~4%/INR PAT CAGR of 12.0% over FY26–28, with EBIT margins of ~17.8%. Client-specific issues in key verticals such as telecom have reduced HCLT’s growth premium in FY27E. That said, a potentially strong exit as well as continued strong deal wins could restore the gap in FY28E.
- We continue to like HCLT's all-weather portfolio. Its investments in Sarvam and the AI data center business strengthen its long-term AI positioning. We have kept our estimates unchanged and **reiterate our BUY rating with a revised TP of INR1,450 based on 18x FY28E EPS (earlier 16x).** We maintain HCLT as our preferred pick in the large-cap space**.**

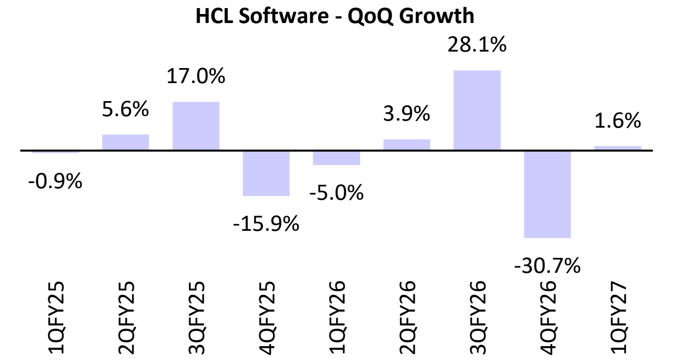
Annualized AI services revenue reached ~USD684m



Realizations have improved 1.1% YoY

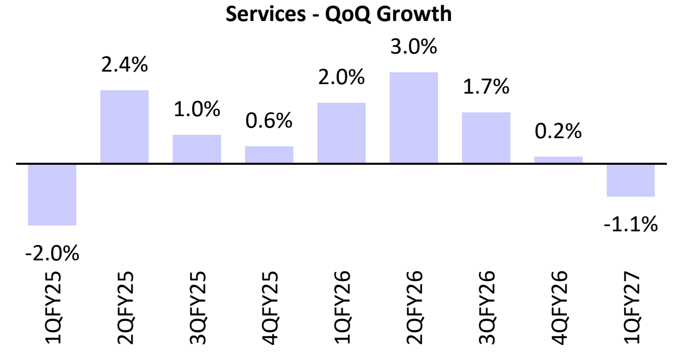


P&P business grew 1.6% QoQ.



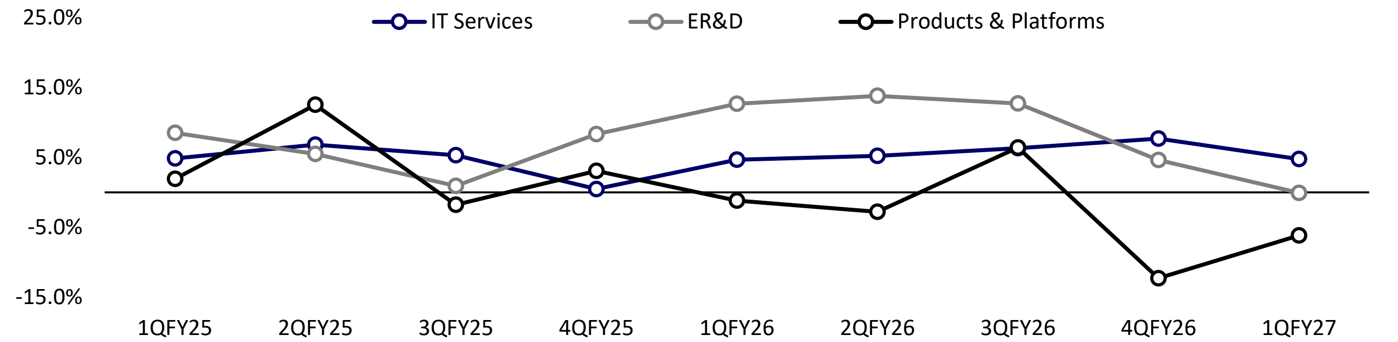
Source: MOFSL, Company

FY27 IT services growth guidance retained at 1.5-4.5% YoY CC



Source: MOFSL, Company

IT services growth remained resilient, while ER&D weakened and P&P contraction eased



Source: Company, MOFSL

RoW & India led growth; Americas also grew, while Europe's growth was the weakest

Geographies (YoY CC Growth, %)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Americas	7.3	3.9	6.7	6.8	8.0	7.5	6.2	0.1	0.5	2.4	1.5	4.9	2.9
Europe	10.5	3.9	1.7	5.5	3.0	4.2	2.6	4.3	9.6	7.6	4.6	-2.9	0.1
ROW	-6.0	-3.6	-7.5	-7.1	-3.6	-2.6	2.9	23.2	15.0	17.9	22.1	16.6	10.8
India									1.3	0.6	15.8	5.3	16.9

Source: Company, MOFSL

Retail & Public Service led growth, while Telecommunications declined

Verticals (YoY CC Growth, %)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Financial Services	14.4	12.5	12.9	12.1	-1.3	-4.5	-1.4	0.7	6.8	11.4	8.1	4.3	5.3
Manufacturing	16.5	3.3	5.8	9.8	3.5	7.1	0.0	-6.1	-1.0	-1.8	1.8	3.3	3.7
Technology & Services	-7.0	-9.5	-9.2	-8.6	2.7	5.6	7.6	10.8	13.7	13.9	14.4	17.8	7.3
Retail & CPG	3.2	8.1	11.7	8.2	9.7	6.2	17.2	9.5	8.2	5.5	-2.0	3.5	10.1
Telecommunications, Media, Publishing & Entertainment	-11.7	-10.4	8.3	6.5	69.2	61.2	33.1	24.3	13.0	11.7	7.1	-8.6	-10.9
Lifesciences & Healthcare	13.4	9.8	0.5	5.4	-4.1	-2.8	-1.1	-7.4	-4.0	-3.0	-1.4	1.6	0.4
Public Services	6.8	1.7	-0.6	0.1	-3.7	-2.0	-4.6	-0.5	-2.4	2.2	8.0	10.7	12.0

Source: Company, MOFSL

Quarterly Performance (INR b)

Y/E March	FY26				FY27E				FY26	FY27E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QFY27	(% / bp)
Revenue (USD m)	**3,545**	**3,644**	**3,793**	**3,682**	**3,650**	**3,696**	**3,846**	**3,862**	**14,664**	**15,054**	**3,624**	**0.7**
QoQ (%)	1.3	2.8	4.1	-2.9	-0.9	1.3	4.1	0.4	6.0	2.7	-1.6	71bp
Revenue (INR b)	**303**	**319**	**339**	**340**	**346**	**349**	**363**	**365**	**1,301**	**1,423**	**343**	**0.8**
YoY (%)	8.2	10.7	13.3	12.3	13.9	9.3	7.2	7.3	11.2	9.3	13.0	90bp
GPM (%)	**33.7**	**34.1**	**34.7**	**33.7**	**33.4**	**35.5**	**36.0**	**34.7**	**34.1**	**34.9**	**34.2**	**-78bp**
SGA (%)	12.3	11.9	11.3	12.4	12.0	12.2	12.5	12.5	12.0	12.3	12.5	-53bp
EBITDA	**60**	**66**	**74**	**68**	**69**	**76**	**80**	**76**	**268**	**301**	**69**	**-1.1**
EBITDA Margin (%)	19.6	20.7	21.9	19.9	19.9	21.9	22.1	20.8	20.6	21.1	20.2	-38bp
EBIT	**49**	**56**	**63**	**56**	**58**	**64**	**68**	**63**	**224**	**253**	**58**	**0.6**
EBIT Margin (%)	16.3	17.4	18.6	16.5	16.9	18.4	18.6	17.3	17.2	17.8	16.9	-4bp
Other income	2	2	2	1	3	3	4	4	7	14	5	-46.2
ETR (%)	25.9	25.7	25.7	21.3	24.3	25.0	25.0	25.0	24.7	24.8	25.0	-75bp
Adj PAT	**38**	**42**	**48**	**45**	**46**	**51**	**53**	**50**	**174**	**200**	**47**	
Exceptional items	0.0	0.0	7.1	0.0	0.0	0.0	0.0	0.0	7.1	0.0	0.0	
PAT	**38**	**42**	**41**	**45**	**46**	**51**	**53**	**50**	**167**	**200**	**47**	**-2.2**
QoQ (%)	-10.8	10.2	-3.5	9.9	3.0	9.7	5.1	-6.3			5.4	-236bp
YoY (%)	-9.7	0.0	-11.0	4.2	20.3	19.8	30.6	11.4	-4.3	20.3	23.1	-275bp
EPS	**14.2**	**15.6**	**17.7**	**16.6**	**17.1**	**18.7**	**19.7**	**18.5**	**64.0**	**73.9**	**17.5**	-2.2

Key Performance Indicators

Y/E March	FY26				FY27	FY26
	1Q	2Q	3Q	4Q	1Q	
Revenue (QoQ CC %)	**-0.8**	**2.4**	**4.2**	**-3.3**	**-0.5**	
Costs (% of revenue)						
COGS	**66.3**	**65.9**	**65.3**	**66.3**	**66.6**	**64.1**
SGA	12.3	11.9	11.3	12.4	12.0	12.4
Margins						
Gross Margin	33.7	34.1	34.7	33.7	33.4	35.9
EBIT Margin	16.3	17.4	18.6	16.5	16.9	18.2
Net Margin	12.7	13.3	14.2	13.2	13.4	14.3
Operating metrics						
Headcount (k)	223	227	226	227	224	227
Attrition (%)	12.8	12.6	12.4	12.5	12.7	12.4
Key Verticals (YoY CC %)						
BFSI	6.8	11.4	8.1	4.3	5.3	12.1
Manufacturing	-1.0	-1.8	1.8	3.3	3.7	9.8
Key Geographies (YoY CC %)						
North America	0.5	2.4	1.5	4.9	2.9	6.8
Europe	9.6	7.6	4.6	-2.9	0.1	5.5

Grasim Industries

BSE SENSEX	S&P CNX
77,616	24,211

Stock Info

Bloomberg	GRASIM IN
Equity Shares (m)	681
M.Cap.(INRb)/(USDb)	2139.8 / 22.4
52-Week Range (INR)	3246 / 2503
1, 6, 12 Rel. Per (%)	-1/19/18
12M Avg Val (INR M)	2145
Free float (%)	56.3

Financials Snapshot (INR b)

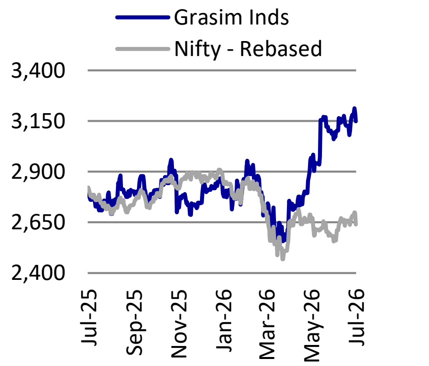
Y/E MARCH	FY26	FY27E	FY28E
Sales	410.4	493.4	537.4
EBITDA	17.7	27.1	33.6
Adj. PAT	4.2	29.9	19.4
EBITDA Margin (%)	4.3	5.5	6.2
S/A Adj. EPS (INR)	6.2	43.9	28.4
S/A EPS Gr. (%)	29.8	605.3	(35.2)
Consol EPS (INR)	83.7	124.3	116.0
BV/Sh. (INR)	812.2	846.2	864.6
Ratios			
Net D:E	0.1	0.1	0.1
RoE (%)	2.4	17.4	11.1
RoCE (%)	4.6	15.3	10.7
Valuations			
P/E (x)	206.1	24.0	37.1
P/BV (x)	3.9	3.7	3.6
EV/EBITDA (x)	36.6	24.0	19.0
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	0.4	0.2	0.4

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	43.7	43.2	43.1
DII	16.4	17.0	18.5
FII	17.5	17.2	15.9
Others	22.4	22.6	22.6

FII Includes depository receipts

Stock's performance (one-year)



CMP: INR3,144 TP: INR3,770 (+20%) Buy

GRASIM's renewable arm announces large-scale acquisition

- Grasim Industries (GRASIM) has announced the acquisition of a 100% stake in Solenergi Power (SPPL) through its subsidiary, Aditya Birla Renewables (ABREN). SPPL has a combined RE capacity of 5GWp (including 1.7GWp under construction). The EV for this deal is INR172b, while SPPL reported FY25 turnover of INR12.5b.
- Notably, in Dec'25, Global Infrastructure Partners (GIP) agreed to invest INR20b in ABREN for a minority stake, with a greenshoe option to invest an additional INR10b. At the time, the deal valued ABREN at INR146b (~9x EV/EBITDA). Essel Mining & Industries, a promoter group company, also invested INR5.0b by way of preferential issues, following which ABREN ceased to become a wholly-owned subsidiary of the company. As a result, GRASIM's shareholding in ABREN currently stands at 70.57%.
- ABREN has an RE portfolio of 4.4GWp (~2.0GWp operational and the balance under commissioning). In FY26, ABREN reported revenue of INR9.2b and EBITDA of INR7.3b. The acquisition is expected to be funded through a mix of debt and equity infusions from GRASIM and funds managed by GIP (part of BlackRock). The transaction is expected to be completed by CY26-end, subject to regulatory approvals and the fulfilment of other agreed conditions. The company targets doubling the RE capacity to 20GWp over the next three years.
- Upon completion, SPPL and its subsidiaries will become subsidiaries of ABREN and, consequently, of GRASIM. The acquisition will increase ABREN's RE portfolio to 9.4GWp by adding SPPL's 5.0GWp capacity, accelerating capacity expansion through an established platform while supporting the group's long-term energy transition strategy.
- Based on the increased capacity of 9.4GWp in FY28E and EBITDA estimates of INR5.5-6.0m/MWp, we believe this deal has been valued at 8.0x-9.0x FY28E EV/EBITDA, which is largely in line with the valuation of Acme Solar.
- We estimate GRASIM's equity contribution at ~INR24.3b (assuming the deal is funded by ~80% debt), with equity contribution itself likely to be largely funded through debt. Accordingly, we estimate this would lead to an ~8% cut to standalone FY28 EPS (mainly due to higher interest costs) and a reduction of INR40/sh in our SOTP-based TP. However, this reduction is estimated to be offset by a higher valuation for the renewable energy business under our SOTP-based valuation (post completion of acquisition).

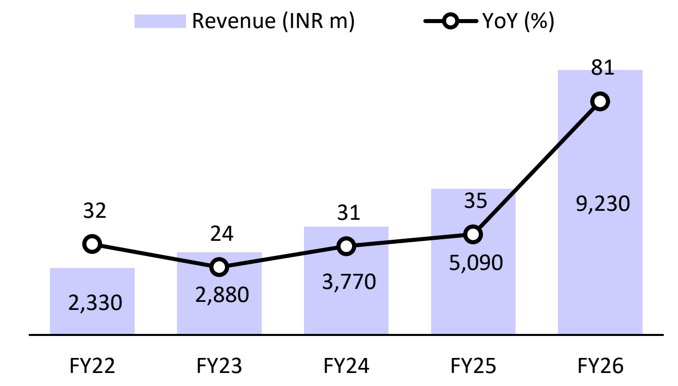
Valuation and view

- In our recent report, we highlighted that the company's core businesses (VSF and chemical) are witnessing improving profitability. Meanwhile, in its new growth businesses (Paint and B2B E-commerce), we expect losses to decline over the coming quarters, driven by increasing scale of operation and pricing actions.

- We reiterate our BUY rating with a TP of INR3,770, as we value: 1) its holdings in the listed subsidiary companies after assigning a 35% discount; 2) the VSF and chemical business at 7x FY28E EV/EBITDA; 3) the paint business at 3.0x of FY28E revenue; 4) B2B e-commerce at 1x of FY28E revenue, and 5) renewable business at 10x FY28E EV/EBITDA.

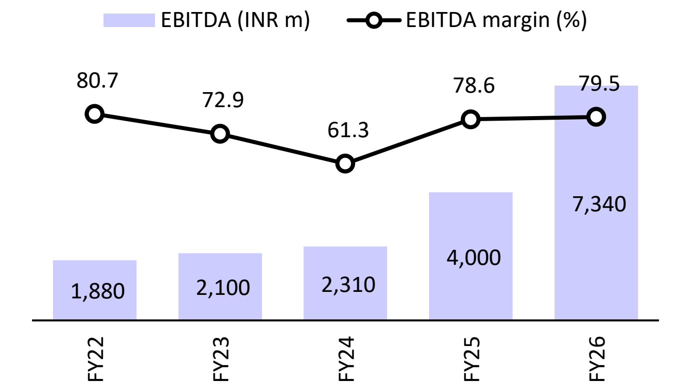
Story in charts

Renewable business revenue trend



Source: MOFSL estimate

Renewable business EBITDA trend



Source: MOFSL estimate

ABREN's net debt position post the acquisition of SPPL

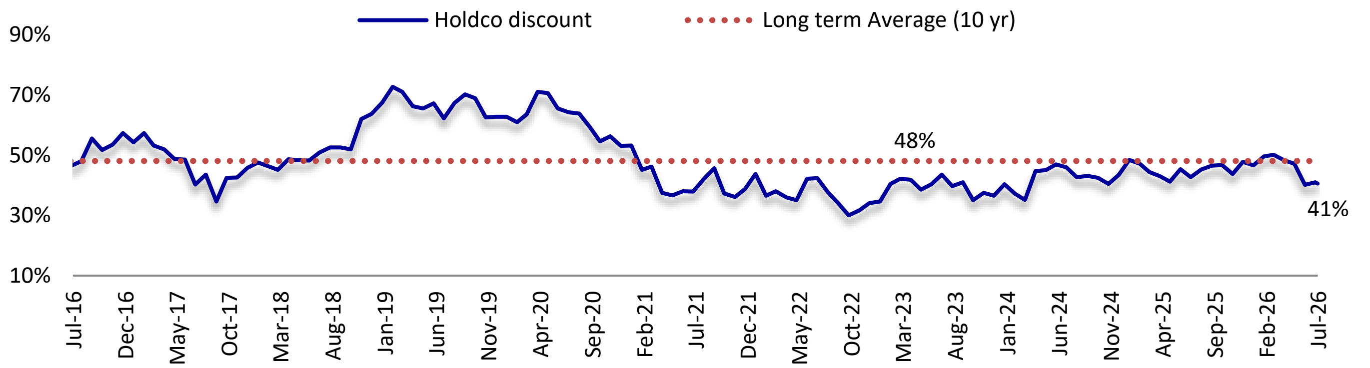
	FY22	FY23	FY24	FY25	FY26	FY28E
Operational Capacity (MWp)						9,400
Existing - Own and group companies	551	744	894	1,470	1,950	4,400
SPPL - Acquisition						5,000
Revenue (INR m)	2,330	2,880	3,770	5,090	9,230	44,466
EBITDA (INR m)	1,880	2,100	2,310	4,000	7,340	35,573
EBITDA margin (%)	80.7	72.9	61.3	78.6	79.5	80.0
Debt (INR m)						2,62,600
Existing - Own and Group companies						1,25,000
SPPL - Acquisition						1,37,600
Combined debt to EBITDA (x)						7.4

Source: Company, MOFSL

SoTP-based valuation

Particulars	Valuation method	Unit	FY28E	INR/share
UTCEM's m-cap based on TP		INR b	3,984	
Holding company discount		%	35	
GRASIM's stake		%	56.11	
Value of its cement stake		**INR b**	**1,453**	
Value/share	**35% HoldCo discount to our TP**	**INR**		**2,135**
Value of standalone business (excluding-Paint)		INR b	271	
Value/share	**7x for the standalone business**			**398**
Value of listed investments		INR b	123	
Holding company discount		%	35	
Assigned value to listed investments		**INR b**	**80**	
Value/share	**35% HoldCo discount on the CMP**	**INR**		**118**
Standalone net debt		INR b	64	
Value/share		**INR**		**93**
ABCAP		INR b	1,108	
Holding company discount		%	35	
GRASIM's stake		%	52.3	
Value of ABCAP's stake in GRASIM		**INR b**	**377**	
Value/share	**35% HoldCo discount on the CMP**	**INR**		**555**
Paint Business	**3.0x of Revenue**	INR b	281	
Value/share		**INR**		**412**
B2B e-commerce	**1.0x of Revenue**	INR b	137	
Value/share		**INR**		**201**
Renewable Business	**10x EV/EBITDA**	INR b	30	
Value/share				**44**
SoTP-based TP		**INR**		**3,770**

Holding company discount at 41% vs. last 10-year average of 48% and 5-year average of 42%



Source: Company, MOFSL

ICICI Prudential AMC

Estimate change	⟷
TP change	↓
Rating change	⟷

Bloomberg	ICICIAMC IN
Equity Shares (m)	494
M.Cap.(INRb)/(USDb)	1584.4 / 16.6
52-Week Range (INR)	3611 / 2529
1, 6, 12 Rel. Per (%)	-4/26/-
12M Avg Val (INR M)	2532

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
AAUM	10,348	11,693	13,718
MF Yield (bp)	46.8	45.8	45.3
Rev from Ops	57.6	64.9	75.4
Core PAT	31.2	34.1	39.9
PAT	33.0	37.7	43.9
PAT (bp as AAUM)	32	32	32
Core EPS	63	69	81
EPS	67	76	89
EPS Grw. (%)	24	14	16
BVPS	84	100	117
RoE (%)	86	83	82
Div. Payout (%)	80	80	80
Valuations			
Mcap/AUM (%)	15.3	13.6	11.6
P/E (x)	48.1	42.1	36.1
P/BV (x)	38.0	32.2	27.3
Div. Yield (%)	1.7	1.9	2.2

Shareholding pattern (%)

As On	Mar-26	Dec-25
Promoter	87.6	87.6
DII	7.2	6.5
FII	2.4	2.7
Others	2.8	3.2

FII Includes depository receipts

CMP: INR3,206 TP: INR3,800 (+19%) Buy

In-line revenue/EBITDA; higher other income drives PAT beat

- ICICI Prudential AMC's (IPRU) operating revenue grew 18% YoY (flat QoQ) to INR15.6b (in line) in 1QFY27. Yields came in at 56.1bp vs. 56.4bp in 1QFY26 and 55.9bp in 4QFY26.
- Total opex came in at INR4.3b, up 12% YoY/15% QoQ. Employee costs at INR2b rose 11% YoY/45% QoQ, while other expenses came in at INR1b, up 6% YoY but down 12% QoQ. EBIDTA came in at INR11.3b (in line), up 20% YoY but declined 3% QoQ. EBIDTA margin was at 72.4% vs. 71.1% in 1QFY26 and 75.7% in 4QFY26.
- PAT stood at INR9.6b (6% beat mainly due to higher-than-expected other income due to MTM gains), up 23% YoY/26% QoQ. PAT margins came in at 61.7% vs. 58.9% in 1QFY26 and 49.8% in 4QFY26.
- Management indicated that the recent TER regulations will have no impact on earnings as the reduction is passed on to distributors. IPRU maintains a strong product pipeline with recent and upcoming launches across life-cycle funds, ETFs, SIF strategies, commercial real estate and real estate alternate funds, alongside the launch of its first GIFT City inbound offering.
- **We have broadly maintained our FY27/FY28 earnings estimates, as higher employee costs and lower debt AUM assumptions are offset by higher other income and lower operating expenses. We project a CAGR of 15%/14%/15% in AUM/revenue/PAT over FY26-FY28E and maintain a BUY rating with a TP of INR 3,800, based on 47x FY28E core EPS.**

Market share continues to expand

- Total MF QAAUM grew 18% YoY (flat QoQ) to INR11.1t. Equity/Hybrid/ETFs/ Index/Liquid segments grew 17%/23%/45%/16%/9% YoY, but debt remained flat YoY in 1QFY27, led by higher redemptions by corporates.
- The share of Equity/ETF/Debt/Liquid in the total QAUM stood at ~59%/ 13%/13%/10% in 1QFY27 vs. 59%/11%/15%/11% in 1QFY26.
- Alternates QAAUM grew 3% QoQ to INR794.5b, driven by PMS (INR290b; +8% QoQ) and AIF (INR227.4b; +7% QoQ), partly offset by a 5% QoQ decline in assets under advisory (INR277.1b). Yields declined sequentially, with AIF/PMS yields at 95.2bp (vs. 106bp in 4QFY26) and advisory yields at 29.9bp (vs. 34.2bp).
- SIP inflows rebounded in Jun'26 vs. Apr-May'26 (in line with industry trends) to INR48.7b in 1Q, although remained marginally below Mar'26 levels of INR51b in 4Q. The bulk of SIP inflows continued to come from equity funds.
- The company also recently launched its first inbound offering in the GIFT City, i.e., the ICICI Prudential Smart Navigation Fund.
- On the distribution front, MFDs remained dominant in the equity AUM mix at 36.2%, followed by direct at 29.5%, national distributors at 15.9%, and banks at ~18.4% in 1QFY27 vs. 36.7%/28.9%/15.5%/18.9% in 4QFY26.

- Unique customer base grew 2% QoQ to 17.3m as of Jun'26, with 7 out of every 10 new industry customers added by the company.
- The total investment book stood at INR42.3b as of Jun'26, with 72.9% in MFs (57.1% equity, 42.3% liquid & debt, balance others), 23.5% in AIF/other equity/REITs, and the remainder in corporate bonds vs. 75.2% in MFs and 20.9% in AIF/other equity/REITs as of Mar'26.
- Opex-to-AUM ratio at 15.5bp vs. 16.3bp in 1QFY26 and 13.6bp in 4QFY26.
- Operating expenses rose 12% YoY/15% QoQ, primarily driven by 11% YoY/45% QoQ growth in employee costs. The QoQ jump was owing to a one-off reversal in 4QFY26 and new ESOP costs accruing from 1QFY27.
- ESOP expense would be in the range of INR640-680m in FY27, with total ESOP cost of INR1.25-INR1.30b spread over three years.
- Fees and commission expenses increased 20% YoY, reflecting higher distribution payouts in the fast-growing AIF and PMS businesses.
- Other income came in at INR1.8b vs. our est. of INR1.1b, led by MTM gains.

Key takeaways from the management commentary

- IPRU indicated no earnings impact from the revised TER regulations as the reduction is passed on to distributors.
- Product pipeline remains robust, with planned launches in life-cycle funds (recently launched), additional ETFs in-line, the remaining SIF strategies (4 out of 7 launched with approvals received for 1 more), and multiple commercial real estate and real estate alternate funds.
- Debt AUM remained flat YoY but declined sequentially due to institutional redemptions amid geopolitical uncertainty, with corporates deploying liquidity into their businesses rather than debt mutual funds.

Valuation and view

- The absence of any material earnings impact from TER revisions, coupled with improving contribution from alternatives, AI-led operating efficiencies, and new product launches, strengthens confidence in the company's long-term growth trajectory and valuation.
- We have broadly maintained our earnings estimates for FY27 and FY28, factoring in higher employee costs and lower debt AUM assumption, which should be offset by higher other income and lower other expenses. Over FY26-FY28E, we project AUM/revenue/PAT CAGRs of 15%/14%/15%. **We maintain our BUY rating on the stock, with a TP of INR3,800, based on 47x FY28E core EPS.**

Quarterly Performance (INR m)

Y/E March	FY26				FY27				FY26	FY27E	1QFY27E	Act v/s	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				Est. (%)		
Revenue from Operations	13,307	14,196	15,147	15,419	15,642	16,065	16,500	16,716	58,069	64,923	15,531	0.7	17.6	1.4
Change YoY (%)			23.5	21.5	17.6	13.2	8.9	8.4	24.0	12.6	18.3			
Fees & Commission	1,030	999	1,085	1,153	1,237	1,249	1,302	1,326	4,268	5,115	1,191.2	3.8	20.1	7.2
Employee Expenses	1,837	1,728	1,659	1,411	2,040	2,060	2,081	2,151	6,636	8,332	1,789.3	14.0	11.0	44.5
Other expenses	984	994	999	1,175	1,039	1,113	1,119	1,282	4,152	4,553	1,191.7	-12.8	5.6	-11.6
Total Operating Expenses	3,851	3,722	3,743	3,740	4,316	4,423	4,502	4,759	15,055	18,000	4,172	3.4	12.1	15.4
Change YoY (%)			7.8	-0.2	12.1	18.8	20.3	27.3	12.1	19.6	13.6			
EBIDTA	9,456	10,475	11,403	11,680	11,327	11,642	11,997	11,957	43,014	46,923	11,359	-0.3	19.8	-3.0
EBIDTA Margin (%)	71.1	73.8	75.3	75.7	72.4	72.5	72.7	71.5	74.1	72.3	73.1	-73bps	135bps	-334bps
Other Income	1,469	718	1,089	(899)	1,808	1,000	1,000	1,001	2,376	4,809	1,100	64.4	23.1	-301.2
Depreciation	253	266	260	277	281	305	315	331	1,056	1,232	290	-3.2	10.8	1.5
Finance Cost	52	36	45	46	47	50	51	51	178	199	48	-1.3	-8.0	3.3
PBT	**10,620**	**10,891**	**12,188**	**10,459**	**12,807**	**12,287**	**12,631**	**12,576**	**44,157**	**50,301**	**12,121**	**5.7**	20.6	22.4
Tax Provisions	2,783	2,536	3,017	2,773	3,160	3,072	3,158	3,185	11,109	12,575	3,030	4.3	13.5	14.0
Net Profit	**7,836**	**8,354**	**9,171**	**7,686**	**9,646**	**9,215**	**9,474**	**9,391**	**33,047**	**37,726**	**9,091**	**6.1**	23.1	25.5
Change YoY (%)			45.1	11.1	23.1	10.3	3.3	22.2	24.7	14.4	16.2			
Core PAT	6,753	7,804	8,351	8,346	8,284	8,465	8,724	8,643	31,269	34,119	**8,266**	**0.2**		
Change YoY (%)			28.2	27.8	22.7	8.5	4.5	3.6	28.8	9.3	22.4			

Financials & Valuation (INR b)

	New Estimates		Old Estimates		Change in Estimates	
Y/E March	**2027E**	**2028E**	**2027E**	**2028E**	**2027E**	**2028E**
AAUM	11,693	13,718	12,025	14,129	-3%	-3%
MF Yield (bps)	45.8	45.3	45.8	45.3	0bps	0bps
Rev from Ops	64.9	75.4	66.4	77.3	-2%	-2%
Core PAT	34.1	39.9	35.8	41.8	-5%	-4%
PAT	37.7	43.9	38.4	44.5	-2%	-1%
PAT (bps as AAUM)	32	32	32	32	0bps	1bps
Core EPS	69	81	72	84	-5%	-4%
EPS	76	89	78	90	-2%	-1%
EPS Grw. (%)	14	16	16	16		
BVPS	100	117	100	118	0%	0%
RoE (%)	83	82	84	83	-100bps	-100bps
Div. Pay-out (%)	80	80	80	80		

13 July 2026

Company Update | Sector: Hotels

Indian Hotels

BSE SENSEX	S&P CNX
77,616	24,211

IHCL

Stock Info

Bloomberg	IH IN
Equity Shares (m)	1423
M.Cap.(INRb)/(USDb)	1051.3 / 11
52-Week Range (INR)	812 / 565
1, 6, 12 Rel. Per (%)	6/15/4
12M Avg Val (INR M)	2010
Free float (%)	61.9

Financials Snapshot (INR b)

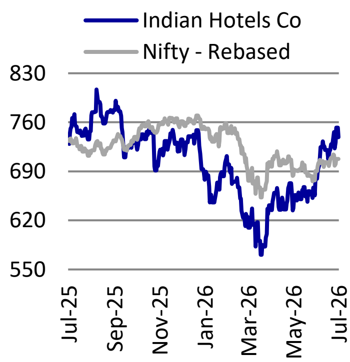
Y/E MARCH	2026	2027E	2028E
Sales	96.9	110.7	127.2
EBITDA	31.9	36.9	43.7
Adj. PAT	18.8	22.2	27.5
EBITDA Margin (%)	33.0	33.3	34.4
Cons. Adj. EPS (INR)	13.2	15.6	19.3
EPS Gr. (%)	11.8	18.3	23.8
BV/Sh. (INR)	91.9	106.7	125.3
Ratios			
Net D:E	(0.3)	(0.4)	(0.5)
RoE (%)	15.5	15.7	16.7
RoCE (%)	15.7	15.7	16.4
Payout (%)	5.5	5.1	4.1
Valuations			
P/E (x)	56.0	47.4	38.2
EV/EBITDA (x)	32.2	27.4	22.5

Shareholding Pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	38.1	38.1	38.1
DII	22.7	20.8	19.2
FII	23.2	25.1	27.0
Others	16.0	16.0	15.7

FII includes depository receipts

Stock's performance (one-year)



CMP: INR739 TP: INR870 (+18%) Buy

Driving growth through scale and diversification

- **Indian Hotels (IHCL), India's largest hospitality company and an industry pioneer with over 120 years of operating history, is uniquely positioned to benefit from India's structural consumption-led growth, underpinned by rising private consumption, increasing domestic tourism, expanding affluence, and accelerating demand for premium travel experiences.**
- **India's resilient hospitality market, supported by strong structural tailwinds and a widening demand-supply gap, provides a favorable backdrop for IHCL. Its diversified brand portfolio and asset-light expansion strategy helped IHCL achieve a new milestone in FY26 with the acquisition of three new brands and signed 250 hotels, taking its total portfolio to 645 hotels under its Accelerate 2030 vision.**
- **IHCL continues to evolve into a house-of-brands, expanding across customer segments through strategic acquisitions and brand additions. IHCL's growth was supported by a record performance at TajSATS, continued investments in catering infrastructure, and an aggressive expansion pipeline for Ginger (~96 hotels) , strengthening its long-term growth visibility.**
- **IHCL's asset-light strategy continues to gain traction, with management contracts and distribution arrangements accounting for ~55% of operational inventory in FY26 (compared to 31% in FY20) and ~80% of the pipeline, supporting rapid network expansion, margin accretion, and management fee revenue growth.**
- **Strong domestic performance offset mixed international operations in FY26. This trend is expected to continue as industry demand growth (~8-10%) is expected to outpace supply (~5-6%) in India's hospitality market (12.4% CAGR over CY25-30).**
- **IHCL's outlook remains healthy, supported by continued traction in its core and new businesses. The company is well positioned to benefit from a favorable demand-supply environment, along with sustained growth in leisure and luxury travel, increasing MICE (Meetings, Incentives, Conferences and Exhibitions) activity in India, room additions in new geographies and robust pipeline with a balanced mix of asset-heavy and asset-light hotels.**
- **Going ahead we expect IHCL to post a CAGR of 15%/17%/21% in revenue/EBITDA/ adj. PAT over FY26-28, with ROIC improving to 22.5% by FY28 from 17.5% in FY26. We reiterate BUY with our FY28 SoTP-based TP of INR870.**

India's hospitality boom

- The Indian hospitality sector is underpinned by long-term structural tailwinds rather than a cyclical recovery, driven by an expanding affluent middle class, rising consumer spending (with private consumption, ~57% of GDP, projected to exceed INR344.4t by CY30), growing domestic tourism (domestic tourist visits expected to increase from ~4.5b in CY25 to ~9.5b by CY30), and rising demand for premium and experiential travel.
- Despite global macroeconomic uncertainties in FY26 that disrupted the hospitality sector worldwide, the Indian hospitality industry has remained resilient. Rising per-capita GDP, a large and increasingly affluent population, and sustained investments in airports, railways, and road infrastructure have structurally strengthened demand for both leisure and business travel, supporting the sector's growth trajectory.

- With the Indian hospitality market projected to clock a 12.4% CAGR from INR4.1t in CY25 to INR7.4t by CY30, outpacing the US and European markets and widening the demand-supply gap.
- IHCL is well positioned to capture a significant share of industry's growth, led by its diversified brand portfolio and asset-light expansion strategy.
- On the back of industry tailwinds, FY26 was a milestone year in IHCL's Accelerate 2030 journey with the addition of three brands, 250 hotel signings and 132 hotel openings/onboarding, taking the total hotel portfolio to 645.
- Over FY19-26, IHCL delivered a CAGR of ~12%/21%/31% in revenue/EBITDA/adj. PAT, with EBITDA margins expanding from 18.4% in FY19 to 33% in FY26, primarily driven by an increasing share of management contracts and capital-light hotels in the portfolio.
- Going ahead we expect IHCL to sustain its robust performance and deliver a CAGR of 15%/17%/21% in revenue/EBITDA/adj. PAT over FY26-28, with EBITDA margins of 34.4% in FY28E.

Strengthening leadership through brands, experiences and expansion

- IHCL is strategically transitioning from a branded-house model to a **house-of-brands portfolio**, enhancing its ability to cater to diverse traveler segments and expand its presence across luxury, upscale, and regional commercial hospitality markets.
- The company continues to capitalize on emerging market opportunities through its entry into the niche integrated wellness segment with Atmantan, expansion of its premium experiential leisure offerings through Brij and Tree of Life, and further strengthening of its heritage hospitality portfolio via a strategic distribution alliance with the iconic Clarks Hotels.
- Additionally, Soulinaire, the outdoor catering business, is expanding at a strong pace and strengthening its position in the premium experiential catering segment.
- **New businesses, comprising Ginger, QMIN, AMA and Tree of Life brands, contributed 8% to revenue in FY26, while new additions – CLARIDGES COLLECTION, BRIJ, ATMANTAN, CLARKS and SOULINAIRE – contributed ~1% to revenue.**
- During FY26, IHCL further strengthened its leadership position through marquee launches, including Taj Paro in Bhutan (45 keys), and the announcement of sustainable luxury offerings in Lakshadweep with Taj Suheli and Taj Kadmat (183 keys).
- The company also commissioned two owned greenfield hotels in Ekta Nagar – a 127-key Vivanta and a 151-key Ginger – while selectively expanding into high-yield international markets through the launch of Taj Hessischer Hof in Frankfurt and luxury wildlife lodges in South Africa's Kruger National Park.
- Brand equity remains a cornerstone of IHCL's growth strategy, with the company continuing to strengthen customer trust, and the distinct positioning of its brands across diverse market segments.

Margin-lucrative management contracts help to scale up rapidly

- Keys relating to management contracts and distribution arrangements grew ~56% YoY in FY26 to 18,281 (inclusive of Pride and ANK Hotels). The said contracts/arrangements now comprise ~55% of the total operational inventory (vs. 31% in FY20).
- Revenue from management fees grew 19% YoY to INR6.9b in FY26. During FY20-26, management fees delivered a CAGR of ~20%, whereas management contract keys saw a CAGR of ~21% (Refer Exhibit 7 & 8).
- As of Apr'26, ~80% of IHCL's keys pipeline comprises management contracts and distribution arrangements (24.9k keys), which are expected to help IHCL to scale up rapidly and improve its margin profile.
- Going ahead, owing to significant additions in management contract keys, we expect revenue from management fees to witness a **CAGR of ~20% over FY26-28E to reach ~INR10b in FY28E**.

Record performance at TajSATS; Ginger accelerates network expansion

- **TajSATS** recorded its highest-ever revenue of INR12b in FY26 (up ~16% YoY), led by deepened collaborations with key domestic airline partners and new contracts in institutional catering segment.
- Going ahead, it will continue to invest in infrastructure in Delhi and Bengaluru to upgrade and expand the current units. IHCL currently has 10 operational kitchens, including new in-flight kitchen at Noida International Airport, Jewar.
- FY26 marked a landmark year for **GINGER** as its portfolio reached 260 hotels (97 in pipeline), accelerated by the acquisition of a stake in ANK Hotels and Pride Hospitality. The planned migration of most of these properties to GINGER is expected to significantly strengthen the brand's footprint and unlock operational synergies.
- GINGER brand also completed its F&B insourcing, driving F&B revenue from ~INR70m in FY20 to ~INR1.5b in FY26. The 'Qminization' of GINGER hotels has now been rolled out across 60+ restaurants. Qminization is IHCL's strategic integration of its QMIN brand into GINGER hotels.
- Moreover, Ginger Mumbai Airport surpassed INR1b in revenue with the occupancy rate (OR) exceeding 90%, while Ginger Candolim, Goa, reported a strong performance in its first full year of operations.
- GINGER is expected to witness robust growth, led by: i) scaling up in high-growth micro-markets (pipeline of 325 keys at Bengaluru, ~200 keys at Kolkata and ~300 keys at Goa); ii) growing opportunity in the midscale segment.

Subsidiary portfolio delivers healthy growth

- Revenue of subsidiaries (consolidated numbers less standalone) grew 26% YoY to INR43.1b. EBITDA stood at INR9.1b, up 24% YoY, and EBITDA margin stood at 21.2% compared to 21.6% in FY25.
- Revenue from domestic subsidiary grew 34% YoY to INR28b (~29% of consolidated revenue), while EBITDA stood at INR8.2b (up 26% YoY). For international operations, revenue grew 14% YoY to ~INR15b (~16% of consolidated revenue) and EBITDA grew ~7% YoY to INR871m.

- **Key domestic subsidiaries:**
  - **PIEM Hotels** (accounting for ~7%/5% of consolidated revenue/EBITDA) recorded revenue growth of 4% YoY to INR6.3b in FY26. EBITDA stood at INR1.7b in FY26 (flat YoY) with margin of ~27%. The CFO-to-EBITDA ratio stood at ~85% in FY26 (vs. 90% YoY), leading to a robust CFO of INR1.4b in FY26 (vs. ~INR1.5b in FY25). The company is debt-free with cash balance of INR2.7b (including bank balance and current investments).
  - **Roots Corp.** (~6%/6% of consolidated revenue/EBITDA) posted revenue growth of ~22% YoY to INR5.8b in FY26. EBITDA stood at INR1.8b in FY26 (up 11% YoY) with an EBITDA margin of ~31%. Roots Corp. has generated CFO of ~INR1.8b in FY26 (CFO/EBITDA of ~97%) vs. ~INR1.7m in FY25. It has cash balance of INR72m and short-term investments of INR174m on its books as of FY26.
- **Key international subsidiaries:**
  - **St James Courts Hotel** (~6%/3% of consolidated Revenue/EBITDA) recorded revenue growth of 18% YoY to INR6b in FY26. EBITDA declined 11% YoY, while margins contracted to 17% in FY26 from 23.1% in FY25. During the year, the company fully repaid its outstanding loan of GBP16m and became debt free. As a part of reorganization, the company acquired the business and net assets of Taj International Hotels in Apr'25, comprising the operations of Quilon and Bombay Brasserie.
  - **The United Overseas Holdings Inc.** (~10% of consolidated revenue): Revenue grew by ~12% YoY to INR9.2b in FY26. Operating loss narrowed to INR175m in FY26 from INR358m in FY25. The company's cash outflow from operating activities stood at USD1.9m in FY26 vs. USD4.9m in FY25. Further, the company received a capital infusion of USD5.6m from its parent company (IHOCO BV).

Robust revenue growth and cost rationalization amid various disruptions

- Amid a volatile year marked by geopolitical shifts and airline disruption, IHCL's consolidated revenue grew 16% YoY to INR96.9b on the back of a resilient demand environment, disciplined capital allocation and an increasingly capital-light portfolio.
- Consolidated room revenue/F&B and others services/management contract grew 9%/11%/19% YoY to INR42.6b/INR35.6b/INR7.0b.
- IHCL generated an EBITDA margin of ~33% in FY26 vs. 33%/32% in FY25/FY24. The company's EBITDA grew 15% YoY to INR31.9b in FY26.

Following are the key insights from the analysis of revenue breakup on standalone basis:

  - **Room income** grew 6% YoY with an average occupancy of 78% (flat YoY) and ARR of INR18,506 (up 7% YoY). RevPAR stood at INR14,390 (up ~8% YoY). Performance was driven by increased business across key markets, underpinned by robust domestic demand and higher conference activity.
  - **Food and beverage** income grew by 9% YoY, supported by strong growth in restaurant operations and higher traction in banqueting events.
- Other operating income increased 15% YoY, comprising income from 'The Chambers' membership fees, rentals, spa health club fees, laundry, transportation, telephone, business center rents, and the Epicure Membership/Loyalty program (including breakage income).
- **Management and reimbursable fees** grew 18% YoY to INR6.4b. The increase was mainly due to a revenue surge in existing managed properties in the

portfolio, new managed properties commencing operations, technical fees from new contracts, and brand fees from Taj-branded residences.

- **Cost management:** Amid several disruptions in FY26, IHCL was successful in maintaining its EBITDA margins (flat YoY at 33%), led by efficiency in cost operations and productivity.
- Employee cost as a percentage of revenue remained flat YoY at ~26% in FY26. Depreciation and amortization expense increased 17% YoY to INR6.1b due to completed renovations at hotels and additional amortization on right-of-use assets.
- Consolidated net cash generated from operating activities stood at INR24.7b in FY26, witnessing a CAGR of 14% during FY23-26. For FY26, FCFF stood at INR14.4b vs. INR6.1b in FY25.
- **Debt:** Gross debt was reduced to INR513m in FY26 from ~INR2.2b as of FY25. Consolidated net cash stood at INR42.8b as of Mar'26 vs. INR28.6b as of Mar'25.
- **Taj GVK Divestment:** IHCL sold its entire 25.52% stake in Taj GVK during the year. Despite this divestment, IHCL continues to operate the hotels in the Taj GVK portfolio under agreements executed after the sale.

Valuation and view

- IHCL's outlook remains healthy, supported by continued traction in both the core business and new & reimagined businesses amid a favorable macro-economic environment where demand growth (~8-10%) continues to outpace supply growth (~5-6%).
- IHCL continues to evolve into a house of brands, expanding into high-growth niche segments such as wellness, premium experiential leisure, and heritage hospitality to capitalize on emerging market opportunities.
- We expect the strong momentum to continue in the medium to long term, led by: 1) a strong room addition pipeline, 2) strategic acquisitions, 3) continued favorable demand-supply dynamics, 4) increasing MICE activities, 5) rising private consumption, increasing domestic tourism, and 6) accelerating demand for premium travel experiences.
- We expect IHCL to deliver a CAGR of 15%/17%/21% in revenue/EBITDA/Adj. PAT over FY26-28. **We reiterate our BUY rating with an SoTP-based TP of INR870.**

Valuation methodology

Particulars	Methodology	Metrics	FY28	Multiple (x)	Value (INR m)	Value/ share (INR)
IHCL- ex JV/ Associate						
EV	EV/EBITDA (x)	EBITDA	39,683	28	11,08,613	779
Less: Net Debt					91,284	64
Less: Minority Interest					-21,277	(15)
Sub Total					**11,78,620**	**828**
JV/Associate						
Oriental Hotel (IHCL's share - 35.7%) - Associate	20% discount to MCAP	Attributable Mcap	5,708	80%	4,567	3
Taj Sats	P/E (x)	PAT (51% holding)	1,379	40	55,171	39
Sub Total					**59,738**	**42**
Target Price					**12,38,358**	**870**

Source: MOFSL

L&T Finance

Estimate changes	↑
TP change	↑
Rating change	↔

Bloomberg	LTF IN
Equity Shares (m)	2503
M.Cap.(INRb)/(USDb)	813.6 / 8.5
52-Week Range (INR)	339 / 194
1, 6, 12 Rel. Per (%)	15/18/62
12M Avg Val (INR M)	1993

Financials Snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
Total Income	99.0	124.6	151.5
PPP	67.4	86.9	106.2
PAT	29.8	39.9	50.2
EPS (INR)	11.9	15.9	20.0
EPS Gr. (%)	12.3	33.7	25.9
BV/Sh. (INR)	112	125	141
Ratios			
NIM (%)	9.4	9.5	9.3
C/I ratio (%)	39.8	38.1	37.3
RoAA (%)	2.3	2.5	2.6
RoE (%)	11.1	13.5	15.1
Payout (%)	23.1	25.0	25.0
Valuation			
P/E (x)	27.2	20.4	16.2
P/BV (x)	2.9	2.6	2.3
Div. Yield (%)	0.8	1.2	1.5

Shareholding pattern (%)

As of	Jun-26	Mar-26	Jun-25
Promoter	66.0	66.0	66.2
DII	14.9	14.9	14.1
FII	7.7	7.6	6.2
Others	11.4	11.5	13.5

FII includes depository receipts

CMP: INR325 TP: INR380 (+17%) Buy

Strong quarter backed by disciplined execution

Earnings in line; NIM + fees stable QoQ despite some pressure on core NIM

- L&T Finance's (LTF) 1QFY27 PAT grew 29% YoY to INR9b (in line) and NII grew ~28% YoY to INR29.2b (in line).
- Opex grew ~21% YoY to ~INR12.7b (in line). The cost-income ratio declined 100bp QoQ to 38.7% (PQ: 39.7%). PPoP (5% beat) grew 27% YoY to INR20.1b. Credit costs stood at INR7.7b (in line). Reported credit costs declined ~10bp QoQ to 2.54% (PQ: 2.64%).
- LTF outlined three key strategic priorities for FY27: (i) accelerating cross-selling and up-selling, (ii) improving productivity, and (iii) embedding a technology-first, AI-led culture across the organization.
- Management shared that the company had consciously forgone incremental disbursements of ~INR10b-12b during the quarter to calibrate asset quality amid a volatile operating environment and to prioritize sustainable long-term profitability over near-term growth. LTF shared that rural business finance, gold loans and personal loans will remain the key growth engines over the medium term. It plans to open 500 new gold loan branches in FY27.
- We remain constructive on LTF, as the company continues to execute well on its Lakshya 2031 strategy while differentiating itself through a technology and AI-led lending platform. With multiple growth levers, improving franchise quality and a roadmap toward higher profitability, it remains well positioned for a further re-rating in valuation multiples.
- We estimate a CAGR of ~25% in the loan book and ~30% in PAT over FY26-FY28E, with consolidated RoA/RoE of 2.6%/~15% in FY28E. We expect LTF to deliver a structural improvement in profitability and RoA going forward. **Reiterate BUY with a TP of INR380 (based on 2.7x Mar'28E BVPS).**

Retail loans grow 28% YoY; strong momentum all across

- Disbursements grew 36% YoY to INR238b. Secured disbursements grew ~40% YoY to INR30b, led by 2W finance. Gold finance disbursements stood at INR19.3b. Personal loan disbursements stood at INR43.8b with an increased focus on Big Tech partnerships. Rural business finance disbursements increased 24% YoY to INR69.6b.
- Total loan book grew ~27% YoY and ~6.5% QoQ to ~INR1.3t. Wholesale loans declined to ~INR21b. Retail assets contributed ~98% to the loan mix. Retail loans grew ~28% YoY, led by healthy growth in MFI, 2W, LAP and personal loans. Personal loans saw robust growth of 15% QoQ and 80% YoY. Rural business loans (MFI) grew 5% QoQ, Gold loans grew 35% QoQ and SME rose 4% QoQ.

NIM + fees remained stable sequentially; WACC (reported) up ~3bp QoQ

- Reported NIMs declined ~25bp QoQ to 8.55%. However, reported NIMs +Fees were stable QoQ at ~10.5%. Spreads (calc.) expanded ~15bp QoQ to ~8.6%. Yields (calc.) rose ~60bp QoQ to ~15.6%, while CoF (calc.) increased ~40bp QoQ to 7%. Reported yields were broadly stable QoQ at 14.8%. CoB rose ~3bp QoQ to 7.2% (PQ: 7.17%).
- Management attributed the decline in core NIMs to a) higher leverage, b) a marginal increase in borrowing costs, and c) elevated liquidity maintained during the quarter amid a volatile and uncertain geopolitical environment.
- Despite the decline in core NIMs, NIMs + Fee income remained stable QoQ, supported by higher treasury income from surplus liquidity deployed during the quarter and an improvement in fee income.
- The company is also developing an AI-led payments platform to diversify its fee income, with meaningful revenue contribution expected over the next two to three years. The company continued to guide for NIMs+fees to remain in the range of 10.0-10.5%. We estimate NIMs (calc.) of 9.5%/9.3% in FY27/FY28E.

Asset quality broadly stable; retail GS3 declines ~5bp QoQ

- Consol. GS3 was broadly stable QoQ at ~2.85%, while NS3 declined ~5bp QoQ to ~0.9%. PCR rose ~175bp QoQ to ~69.6%. Retail GS3 declined 5bp QoQ to 2.48%.
- Management remains confident of further improvement in asset quality as newer portfolios season and AI-led underwriting capabilities mature further. The company expects credit costs to continue to moderate and decline to <2% over the Lakshya 5-year period. We expect credit costs for LTF to decline gradually from ~2.6% in FY26 to ~2.3% in FY28E.

Highlights from management commentary

- The company is selectively utilizing CGFMU and CGTMSE credit guarantee schemes for identified customer segments rather than the entire portfolio, with coverage focused on higher-risk cohorts in Microfinance and SME lending to enhance portfolio protection while optimizing guarantee costs.
- Management remained cautious in SME lending during the quarter amid geopolitical uncertainty in West Asia, selectively moderating disbursements across certain sectors and customer segments.

Valuation and view

- LTF's 1QFY27 earnings were broadly in line, supported by strong disbursements, leading to healthy retail loan growth. Asset quality remained broadly stable, leading to a sequential moderation in credit costs. Despite an uncertain geopolitical environment and elevated bond yields during the quarter, CoF and NIMs + fees remained largely stable.
- LTF currently trades at 2.6x FY27E P/B. We estimate a CAGR of ~25% in the loan book and ~30% in PAT over FY26-28E, with consolidated RoA/RoE of 2.6%/15% in FY28E. We expect LTF to deliver a structural improvement in profitability and RoA going forward. **Reiterate BUY with a TP of INR380 (based on 2.7x Mar'28E BVPS).**

Quarterly performance (INR M)

Y/E March	FY26				FY27E				FY26	FY27E	1Q FY27E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	39,145	40,374	42,401	44,240	48,949	51,543	54,121	57,001	1,66,160	2,11,614	47,072	4
Interest Expenses	16,357	16,343	17,030	17,470	19,701	20,981	22,429	23,914	67,201	87,025	18,833	5
Net Interest Income	**22,788**	**24,031**	**25,371**	**26,770**	**29,248**	**30,562**	**31,692**	**33,087**	**98,959**	**1,24,589**	**28,239**	**4**
Change YoY (%)	8.4	10.3	13.4	24.5	28.4	27.2	24.9	23.6	14.2	25.9	23.9	
Other Operating Income	3,451	2,983	3,382	3,470	3,180	3,720	3,930	4,375	12,977	15,205	3,300	-4
Net Operating Income	**26,238**	**27,015**	**28,753**	**30,240**	**32,429**	**34,282**	**35,622**	**37,462**	**1,11,936**	**1,39,794**	**31,539**	**3**
Change YoY (%)	7.8	6.2	13.7	24.8	23.6	26.9	23.9	23.9	12.8	24.9	20.2	
Other income	0	0	32	1	304	152	76	6	34	538	5	5,859
Total Income	**26,239**	**27,015**	**28,785**	**30,241**	**32,732**	**34,434**	**35,698**	**37,468**	**1,11,970**	**1,40,332**	**31,544**	**4**
Change YoY (%)	7.8	6.0	13.5	24.6	24.7	27.5	24.0	23.9	12.6	25.3	20.2	
Operating Expenses	10,486	10,680	11,350	12,013	12,668	13,030	13,507	14,238	44,529	53,442	12,426	2
Change YoY (%)	8.6	11.5	7.3	19.7	20.8	22.0	19.0	18.5	11.8	20.0	18.5	
Operating Profits	**15,753**	**16,335**	**17,435**	**18,228**	**20,064**	**21,404**	**22,191**	**23,230**	**67,440**	**86,889**	**19,118**	**5**
Change YoY (%)	7.3	2.7	18.0	28.0	27.4	31.0	27.3	27.4	13.2	28.8	21.4	
Provisions	6,320	6,446	7,513	7,489	7,701	8,092	8,311	8,573	27,459	32,678	7,730	0
Profit before Tax	**9,432**	**9,889**	**9,922**	**10,739**	**12,363**	**13,312**	**13,880**	**14,656**	**39,982**	**54,212**	**11,388**	**9**
Tax Provisions	2,424	2,540	2,542	2,648	3,203	3,301	3,470	3,579	10,153	13,553	2,676	20
Profit after tax (Pre-NCI)	**7,008**	**7,349**	**7,380**	**8,092**	**9,160**	**10,011**	**10,410**	**11,078**	**29,829**	**40,659**	**8,712**	**5**
Non-controlling interest (NCI)	-3	0	-6	25	135	180	220	265	17	800	-	
Profit after tax (Post-NCI)	**7,011**	**7,348**	**7,386**	**8,066**	**9,025**	**9,831**	**10,190**	**10,813**	**29,812**	**39,859**	**8,712**	**4**
Change YoY (%)	2	6	18	27	29	34	38	34	13	34	28.7	
Key Operating Parameters (%)												
Rep. Net Income (% of Avg Assets)	10.22	10.22	10.41	10.47	10.47							
Rep. Cost of funds (%)	7.68	7.32	7.25	7.17	7.20							
Cost to Income Ratio	40.0	39.5	39.4	39.7	38.7							
Rep Credit Cost	2.23	2.41	2.83	2.64	2.54							
Tax Rate	25.7	25.7	25.6	24.7	25.9							
Balance Sheet Parameters												
Gross Customer Assets (INR B)	1,023	1,071	1,143	1,217	1,296							
Change YoY (%)	15.3	15.1	20.1	24.5	26.7							
Borrowings (INR B)	938	977	1,026	1,099	1,154							
Change YoY (%)	16.8	15.1	19.0	19.1	23.1							
Customer Assets /Borrowings (%)	109	110	111	111	112							
Asset Quality Parameters (%)												
GS 3 (INR B)	33.9	35.2	36.5	35.1	37.0							
Gross Stage 3 (%)	3.30	3.29	3.19	2.88	2.86							
NS 3 (INR B)	9.9	10.5	10.2	11.5	11.4							
Net Stage 3 (%)	0.96	0.98	0.92	0.96	0.90							
PCR (%)	70.8	70.3	71.9	67.3	69.3							
Return Ratios (%)												
ROAA	2.4	2.4	2.4	2.4	2.5							
ROAE	10.9	11.3	11.1	11.7	12.7							

E: MOFSL Estimates

Performance of top companies in Jun'26

Company	MAT growth (%)	Jun'26 (%)
IPM	11.1	16.0
Abbott*	8.9	16.4
Ajanta	15.1	18.3
Alembic	2.1	13.1
Alkem*	10.0	16.4
Cipla*	10.6	18.7
Dr Reddys	13.5	17.7
Emcure*	4.6	6.8
Eris	9.6	13.8
Glaxo	8.5	14.2
Glenmark	14.6	19.2
Intas	15.8	20.8
Ipca	11.7	14.6
Lupin	13.0	17.5
Macleods	11.5	15.9
Mankind	9.0	15.1
Sanofi	11.5	11.0
Sun*	12.7	17.0
Torrent	11.9	19.9
Zydus*	11.7	19.8

Acute/Chronic witness highest YoY growth in 24m

- IPM grew 16% YoY in Jun'26, compared to 12% in Jun'25 and 12% in May'26. On a 12-month (MAT) basis, IPM growth stood at 11.1% YoY.
- Growth was driven by strong outperformance in Cardiac, Anti-diabetic and VMN therapies, which exceeded overall IPM growth by ~ 450bp, 430bp and 300bp, respectively, in Jun'26.
- Acute therapies continued to witness 13% YoY growth in Jun'26, compared to 10% in May'26 and 11% in Jun'25.
- The chronic therapy segment maintained robust double-digit growth of 20% YoY, supported by an increased focus on chronic portfolios amid evolving lifestyle trends in the domestic market.
- For the 12 months ending in Jun'26, IPM growth was driven by 3.4%/4.6%/3.1% YoY growth in volumes/prices/new launches.
- Mounjaro remained the top-selling drug in Jun'26 with sales of INR1.4b, followed by Foracort at INR0.8b, according to IQVIA.
- Mixtard continued to decline, reporting a 31% YoY drop in Jun'26, as per IQVIA data.

Intas/Torrent/Zydus outperform in Jun'26

- Among the top 20 pharma companies, Intas (+20.8%YoY), Torrent (+19.9%YoY) and Zydus (+19.8%) outperformed the overall IPM in Jun'26.
- Emcure (+6.8%YoY), Sanofi (+11%YoY) and Alembic (+13.1%YoY) were the key underperformers during the month.
- Torrent outperformed IPM, driven by superior growth across Cardiac/ VMN.
- Zydus outperformed IPM, driven by momentum in Cardiac/Respiratory/ Antineoplast.
- Corono Remedies reported industry-leading price growth of 8.2% YoY on MAT basis. Intas reported the highest volume growth of 9.6% YoY on MAT basis. Ajanta Pharma posted the highest growth in new launches of 5.4% YoY on MAT basis.

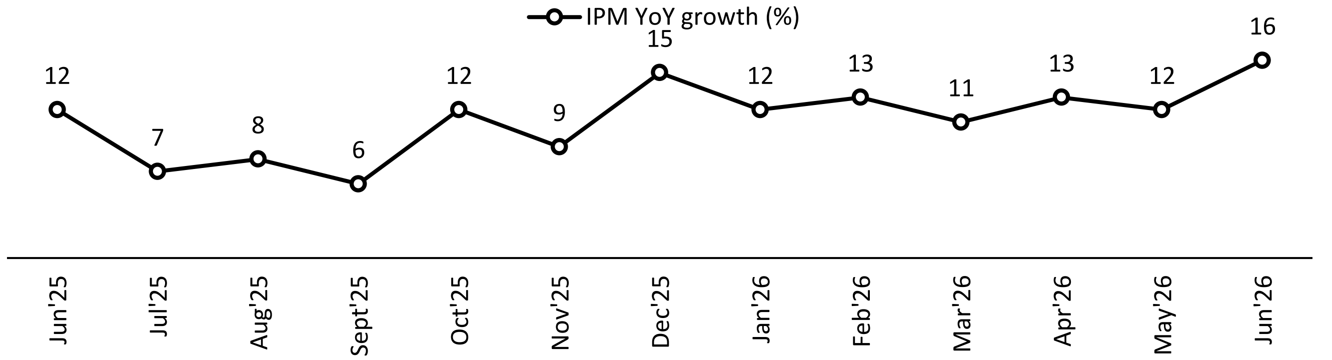
Cardiac/Anti-Diabetic/Respiratory lead YoY growth on MAT basis

- On MAT basis, the industry reported 11.1% growth YoY.
- On MAT basis, chronic therapies posted 15.2% YoY growth, while acute therapies recorded 8.5% YoY growth in Jun'26.
- The acute segment's share in overall IPM stood at 59.3% for MAT Jun'26.
- Cardiac/Anti-Diabetic/VMN grew by 20.5%/20.3%/19.0%YoY. AI/Gastro/Derma underperformed IPM by ~590bp/350bp/300bp on YoY basis for 12 months ending in Jun'26.

MNCs continue to outperform domestic companies in YoY growth

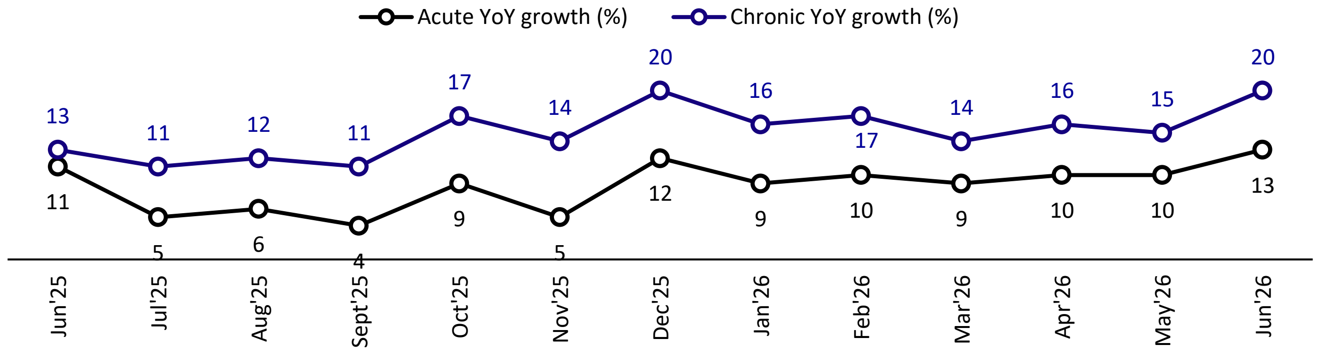
- As of Jun'26, Indian pharma companies retained a dominant 84% market share in IPM, with the remainder held by MNCs.
- In terms of growth, Indian companies expanded by 16% YoY, while MNCs outpaced them with 19% YoY growth in Jun'26.

IPM posted 16% YoY growth in Jun'26



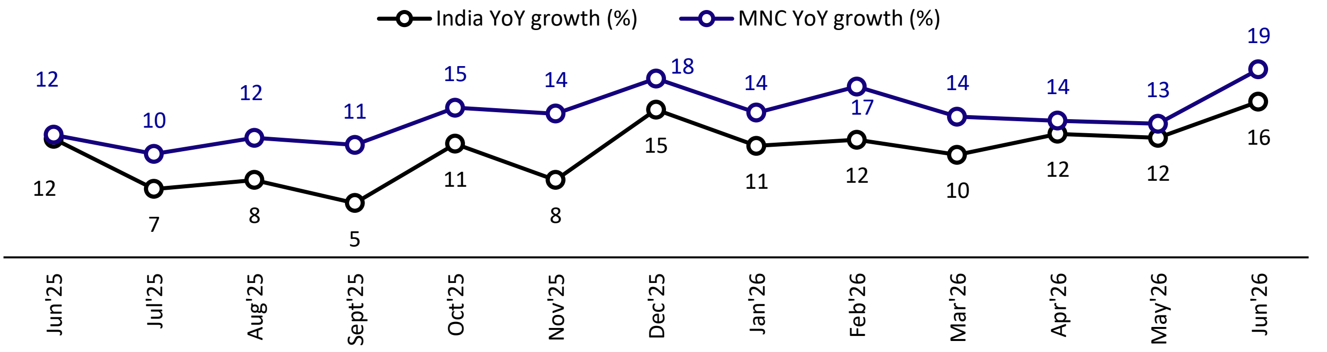
Source: MOFSL, IQVIA

Acute/chronic therapies registered YoY growth of 13%/20%



Source: MOFSL, IQVIA

Indian companies/MNCs reported 16%/19% YoY growth



Source: MOFSL, IQVIA

India CPI Jun’26: CPI above 4%; food inflation key

- India's CPI inflation accelerated to 4.4% YoY in Jun'26 from 3.9% in May'26 (slightly lower than our expectations of 4.5%), marking the first breach of the RBI's 4% target in nearly 18 months. The increase was primarily driven by higher food prices and the gradual pass-through of war-induced increases in global energy prices and transportation costs. Despite the June uptick, average CPI inflation during 1QFY27 stood at 3.9%, well below the RBI's forecast of 4.2%.
- Food inflation increased to 5.3% in Jun'26 from 4.8% in May'26, remaining the largest contributor to headline inflation. The acceleration was led by vegetables, spices, and edible oils. Ginger inflation surged to 50.4% YoY in Jun’26 from 32.5% in May’26, while tomato inflation remained elevated at 31.9% YoY, despite moderating from the previous month. Inflation also remained firm in edible oils, fruits, and processed food items, whereas continued deflation in potatoes and peas partly offset the increase. Going forward, uneven monsoon distribution and lower sowing of pulses and oilseeds could keep food inflation elevated over the coming quarters.
- The impact of the West Asia conflict is now becoming increasingly visible in domestic inflation. Higher global crude oil prices, elevated freight costs, and supply chain disruptions have started feeding into transportation and services prices. Transport inflation accelerated further to 4.3% YoY in Jun'26 from 1.8% in May'26, while restaurant and accommodation service inflation increased to 6.9% YoY in Jun’26 from 5.7% in May’26, reflecting the pass-through of higher fuel and commercial LPG prices.
- Headline core CPI inflation (excluding food and fuel) edged up marginally to 4.0% YoY in Jun'26 from 3.9% in May’26. Besides transport and hospitality, inflation also strengthened across several demand-sensitive categories, with education services rising to 3.3% in Jun’26 from 2.9% in May’26 and clothing & footwear to 3.2% from 3.0%. Meanwhile, personal care, social protection, and miscellaneous goods & services inflation remained elevated at 16.7% in Jun’26, largely due to persistently high gold and silver prices.
- Going forward, food inflation is likely to remain the key upside risk to headline CPI, even as fuel-related pressures moderate. Following the war-led spike, Brent crude has eased to the USD 76-80/bbl range, reducing the likelihood of further retail petrol and diesel price hikes. However, the agricultural outlook has weakened, with cumulative monsoon rainfall 18% below the LPA (as of 12th July) and kharif sowing down 16.0% YoY, led by sharp declines in pulses (-23.3%), oilseeds (-21.0%), coarse cereals (-22.5%), and rice (-8.6%). Unless rainfall improves materially over the coming weeks, food inflation is likely to remain elevated during the second half of FY27.
- Rural inflation continued to outpace urban inflation, with CPI inflation at 4.7% YoY in Jun'26 versus 3.9% in urban areas, reflecting greater food price pressures. Persistently high food inflation, coupled with delayed monsoon progress, could weigh on rural purchasing power and discretionary consumption. Nevertheless, with average CPI inflation at 3.9% in 1QFY27, below the RBI's 4.2% forecast, we expect the MPC to remain on hold through CY26, with the next policy rate hike more likely in 2027, contingent on food inflation and monsoon conditions. We peg CPI inflation at 5.2% in FY27, 10bp higher than RBI’s forecast of 5.1%.

Exhibit 1: Inflation increased to 4.4% in Jun’26 from 3.9% in May’26

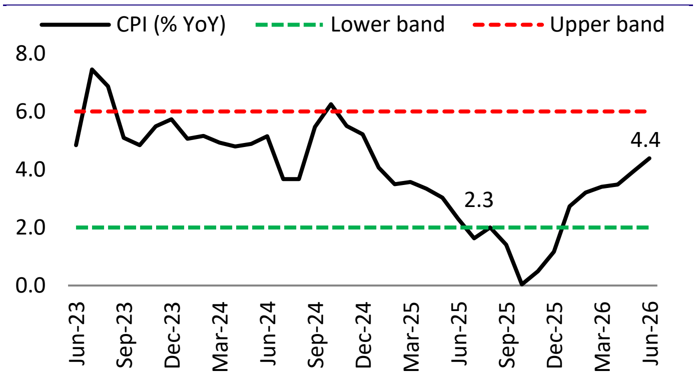
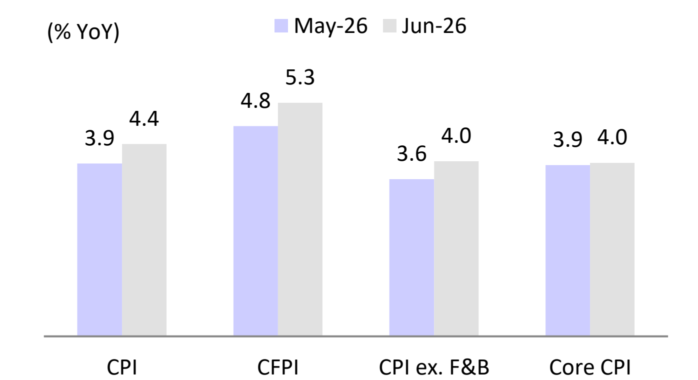


Exhibit 2: Food inflation increased to 5.3% in Jun’26; core inflation rose to 4.0%



Source: CEIC, MOSPI, MOFSL

Exhibit 3: Rural inflation rose to 4.7% in Jun'26, compared with 3.9% in urban areas

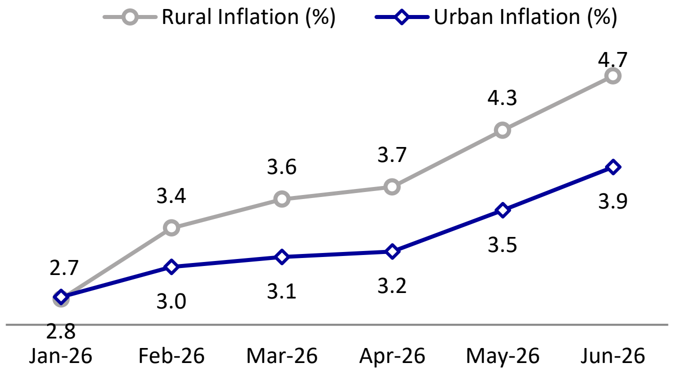
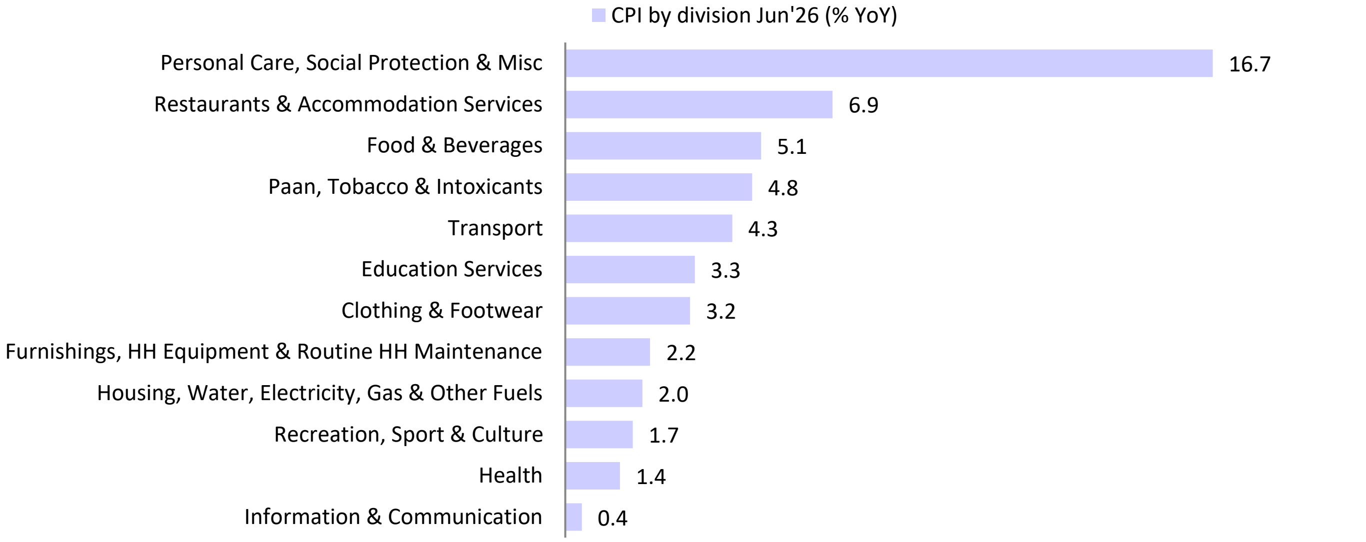


Exhibit 4: Top five items with the highest inflation (% YoY)

Item	Weight	May'26	Jun'26
Silver Jewellery	0.31	155.3	133.2
Ginger	0.26	32.5	50.4
Gold/Diamond/Platinum Jewellery	0.62	40.9	36.8
Tomato	0.50	48.4	31.9
Raisin (Kishmish) & Monacca	0.16	22.0	20.5

Source: CEIC, MOSPI, MOFSL

Exhibit 5: CPI by division (% YoY)



Division-wise inflation in Jun'26 (% YoY)

Category	Mar 2026	Apr 2026	May 2026	June 2026
Consumer Price Index	3.4	3.5	3.9	4.4
Consumer Food Price Index	3.9	4.2	4.8	5.3
Food & Beverages	3.7	4.0	4.5	5.1
Paan, Tobacco & Intoxicants	4.2	4.8	4.8	4.8
Clothing & Footwear	2.7	2.8	3.0	3.2
Housing, Water, Electricity, Gas & Other Fuels	2.0	1.7	1.7	2.0
Furnishings, Household Equipment & Routine HH Maintenance	1.4	1.6	1.9	2.2
Health	1.8	1.6	1.5	1.4
Transport	0.0	0.0	1.8	4.3
Information & Communication	0.3	0.5	0.3	0.4
Recreation, Sport & Culture	2.5	2.1	2.0	1.8
Education Services	3.3	3.1	3.0	3.3
Restaurants & Accommodation Services	2.9	4.2	5.7	6.9
Personal Care, Social Protection & Misc	18.6	17.7	18.5	16.7
Excluding Food & Beverages	3.2	3.2	3.6	4.0
Excluding Food & Beverages and Fuel & Light	3.7	3.7	3.9	4.0

Source: CEIC, MOSPI, MOFSL

Rural inflation was higher than urban inflation in Jun'26 (% YoY)

Division Name	Rural	Urban	Combined
Food and beverages	5.2	4.8	5.1
Paan, tobacco, and intoxicants	4.6	5.3	4.8
Clothing and footwear	3.8	2.3	3.2
Housing, water, electricity, gas, and other fuels	2.4	1.8	2.0
Furnishings, household equipment, and routine household maintenance	2.5	1.7	2.2
Health	1.4	1.4	1.4
Transport	4.4	4.2	4.3
Information and communication	0.6	0.3	0.4
Recreation, sport, and culture	2.1	1.4	1.8
Education services	2.7	3.8	3.3
Restaurants and accommodation services	6.8	7.1	6.9
Personal care, social protection, and miscellaneous goods and services	17.7	15.4	16.7
All India	**4.7**	**3.9**	**4.4**

Division-wise CPI weights (new structure comparison)

Division	Rural 2012	Rural 2024	Urban 2012	Urban 2024	Combined 2012	Combined 2024
Food and beverages	50.9	42.0	32.8	30.3	42.6	36.8
Paan, tobacco, and intoxicants	3.3	3.7	1.4	2.1	2.4	3.0
Clothing and footwear	7.4	7.1	5.6	5.5	6.5	6.4
Housing, water, electricity, gas, and other fuels	8.0	11.8	27.3	25.0	16.9	17.7
Furnishings, household equipment, and routine household maintenance	3.6	4.6	3.7	4.3	3.7	4.5
Health	6.8	6.8	4.8	5.3	5.9	6.1
Transport	5.6	8.6	7.1	9.0	6.4	8.8
Information and communication	2.8	3.6	3.9	3.6	3.3	3.6
Recreation, sport, and culture	1.5	1.4	1.6	1.7	1.5	1.5
Education Services	2.5	2.4	4.7	4.5	3.5	3.3
Restaurants and accommodation services	3.2	2.8	3.5	4.0	3.2	3.3
Personal care, social protection, and miscellaneous goods and services	4.4	5.2	3.6	4.9	4.0	5.0

Source: CEIC, MOSPI, MOFSL

LTMindtree: CEO Bets On Stronger Growth From Q2; Venu Lambu, CEO & MD

- Management expects stronger growth from Q2, led by BFSI, Tech, and ramp-up of large deal wins.
- Client spending remains AI-led, with discretionary budgets increasingly shifting toward AI transformation.
- AI revenue is ~12% of total revenue and is expected to grow faster than the core business, supported by the Anthropic partnership.
- Margin expansion is expected from AI-led work, higher utilization, and cost optimization initiatives.
- The Randstad deal is expected to close in early Q3FY27, with revenue and margin synergies to follow.

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L&T Finance: Targets 20% Loan Growth Amidst Strong Q1 Performance and Digital Expansion; MD & CEO, Sudipta Roy

- Growth: Management reiterated 20%+ loan growth guidance, with potential upside if macro conditions improve.
- Retail: Personal loan growth remains strong, driven by digital partnerships and cross-selling.
- Asset Quality: Credit cost is expected to decline to ~2% by FY27-end, supported by AI-led underwriting.
- AI: AI initiatives are expected to deliver 30–40bp opex savings over the next 3–4 years.
- Margins: NIM moderated slightly, but overall NII and fee income remained stable.

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Radico Khaitan: Q1 Biz Update | Will Report 125 Bps Margin Expansion This Year; Abhishek Khaitan, MD

- Vodka Growth: Magic Moments volumes rose 43% YoY to 3.25m cases, with vodka now contributing 33% of revenue.
- Management sees a structural shift toward vodka, supported by flavored variants and rising demand across metros and Tier-2 cities.
- Reiterated 20%+ premium and 25%+ luxury growth guidance, with 125bp margin expansion expected despite input cost pressures.
- FTA Benefit: UK-India FTA is expected to lower Scotch import costs, supporting margins rather than price cuts.
- New Launches: Tequila launch remains on track in FY27, while the whiskey portfolio continues to see healthy traction.

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Shyam Metalics: Plans Massive Capex, Stainless Steel Foray | CMD Outlines Growth Plans; Brij Bhushan Agarwal, Chairman & MD

- FY31 Vision: Targets INR45,000cr revenue and INR6,000cr EBITDA through diversification and value-added businesses.
- Stainless Steel: Plans to scale capacity to ~750kt and target 10–12% market share by FY30/31.
- Capex: ~USD1bn investment to be funded mainly through internal accruals; no immediate equity raise planned.
- Competitive Edge: Focus on low-cost operations, zero debt, disciplined capital allocation, and 17–20% RoCE.
- Outlook: Organic growth remains the priority, with a possible business demerger after 4–5 years to unlock value.

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Ramky Infra's ₹13,000 Crore Order Book: Can It Double Revenue In 4 Years?; Sravanth Rayapudi

- Management reiterated 20–25% revenue growth over the next 3–4 years, supported by a ~INR13,000cr order book.
- Project execution is expected to improve in FY27 as pending approvals and labour issues have largely been resolved.
- The company expects to sustain 18–22% EBITDA margins, with commodity cost escalation clauses protecting profitability.
- FY26 cash flow weakness is expected to normalize in FY27, debt will remain project-specific and capex will be funded through internal accruals.
- The company remains focused on industrial and water projects, with fresh bidding expected to pick up in 2HFY27.

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NEUTRAL	> - 10 % to 15%
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NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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