Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	73,710	-0.2	-13.5
Nifty-50	22,811	-0.3	-12.7
Nifty-M 100	57,566	-1.6	-4.8
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	7,757	0.6	13.3
Nasdaq	26,703	1.1	14.9
FTSE 100	10,753	0.2	8.3
DAX	25,645	1.3	4.7
Hang Seng	7,943	-1.1	-10.9
Nikkei 225	64,621	0.9	28.4
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	120	1.8	92.0
Gold ($/OZ)	4,141	0.0	-4.1
Cu (US$/MT)	14,472	0.2	16.2
Almn (US$/MT)	3,057	1.1	3.0
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	94.5	-0.5	5.1
USD/EUR	1.1	0.2	-4.4
USD/JPY	158.1	-0.2	0.9
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	7.4	0.05	0.9
Flows (USD b)	**21-Oct**	**MTD**	**CYTD**
FIIs	0.11	-4.11	-32.5
DIIs	0.17	5.68	73.3
Volumes (INRb)	**21-Oct**	**MTD***	**YTD***
Cash	1,195	1229	1336
F&O	1,29,245	2,67,866	2,52,647

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Eternal: Execution on track; QC to accelerate

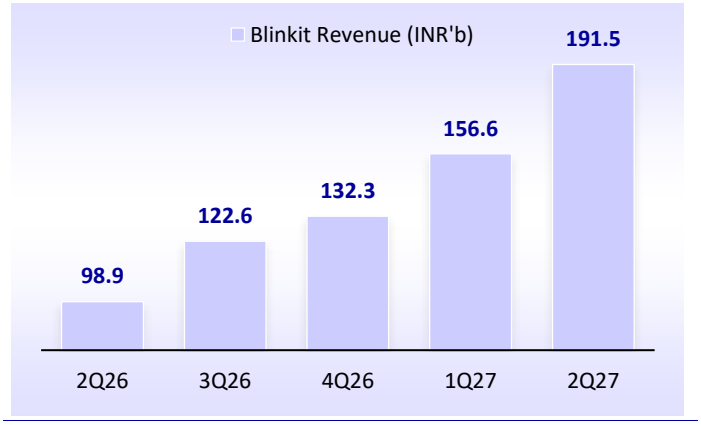
- FD growth to remain the priority, with margins range-bound: Eternal has reiterated its long-term target of 20%+ annual NOV growth, supported by customer additions and high ordering frequency, despite high competitive intensity. Margins are expected to remain broadly flat in the next 1-2 years as incremental profitability is reinvested to expand the market and drive absolute EBITDA growth.
- For FY27/FY28, we build in ~20% YoY NOV growth and 5.6%/6.0% adj. EBITDA margin as % of NOV. Blinkit's expansion to accelerate, with NOV growth expected to pick up: NOV grew 79.3% YoY in 2Q, and growth is expected to pick up from 3Q as new stores come online and ramp up. Despite intense competition, Blinkit's assortment intelligence, category breadth and execution capabilities are supporting customer acquisition and store paybacks.

Research covered

Cos/Sector	Key Highlights
Eternal	Execution on track; QC to accelerate
Hindalco	Multiple growth levers to drive earnings inflection and deleveraging
Indian Hotels	MICE, BRICS, and marquee hotel renovations drive growth
Vishal Mega Mart	Festive shift affects 2Q growth and profitability
M & M Financial	Stable quarter; rising CoF to weigh on NIM
Other Updates	Aditya Birla Sun Life AMC | Emcure Pharmaceuticals | Tenneco Clean Air India | Flashs (SRF | KEI Industries)

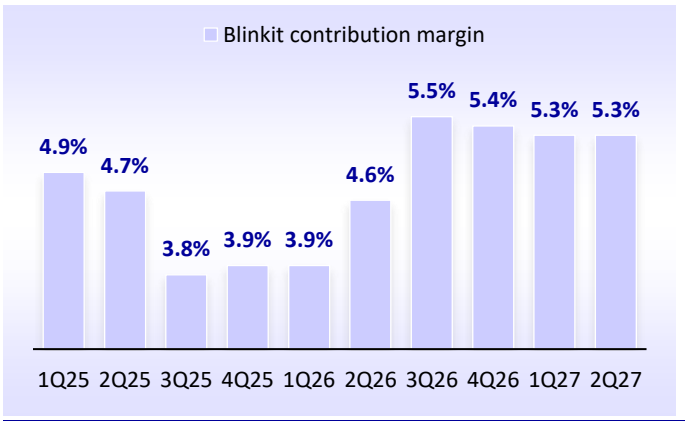
Chart of the Day: Eternal (Execution on track; QC to accelerate)

Blinkit revenue grew to INR191.5b in 2QFY27



Source: MOFSL, Company

Blinkit contribution margin remained flat at 5.3%



Source: MOFSL, Company

Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

In the news today

1

Defence Ministry signs ₹770 crore radar procurement contract with BEL

The Ministry of Defence has signed a ₹770 crore contract with Bharat Electronics Ltd (BEL) to supply improved low-level light-weight radar (LLLR-I) systems to the Indian Army.

2

Navratri 2026 Vehicle Retails Surge 27% to 11.23 Lakh Units

During the 10-day Navratri festival, Indian auto retail sales hit 11.23 lakh units according to provisional FADA data. Sales rose 27% compared to the comparable 2024 festive period, powered by a 32% rise in two-wheelers and a 10% gain in passenger vehicles.

3

Essar Ports Wins ₹2,276-Crore Tuna Tekra Terminal Project in Gujarat

Essar Ports has secured a Letter of Award from the Deendayal Port Authority (DPA) to develop a multipurpose cargo terminal at Tuna Tekra in Kandla, Gujarat, under a public-private partnership model.

4

Zomato parent Eternal to swap Adonmo stake for ₹156 crore Mygate shares

Eternal, the parent company of Zomato, has approved swapping its entire stake in digital ad platform Adonmo for shares in Mygate valued at roughly ₹156 crore.

5

Signature Global partners Manasum for Gurugram senior living project with ₹575 cr sales value

Signature Global has partnered with Bengaluru-based Manasum Senior Living to develop Manasum Varishta, a senior housing project on Gurugram's Dwarka Expressway with an estimated ₹575 crore sales value.

6

Bharat Biotech arm, VeGen Bio to manufacture advanced cancer treatment

Bharat Biotech's wholly-owned subsidiary Nucelion Therapeutics has partnered with Hyderabad-based VeGen Bio to manufacture an advanced cancer treatment, as the vaccine maker expands its presence in the emerging cell and gene therapy market.

7

KENT RO flags high battery costs as it enters home energy market

KENT RO Systems has entered the residential energy sector with its new division, KENT New Energy, offering home solar storage and lithium battery backup systems.

Eternal

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	ETERNAL IN
Equity Shares (m)	9650
M.Cap.(INRb)/(USDb)	3010.1 / 31.9
52-Week Range (INR)	345 / 213
1, 6, 12 Rel. Per (%)	-5/27/4
12M Avg Val (INR M)	11003

Financials & Valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
GOV	461.6	558.2	672.3
Net Sales	543.6	1018.4	1658.7
Change (%)	168.6	87.3	62.9
EBITDA	12.1	33.8	67.5
EBITDA margin (%)	2.2	3.3	4.1
Adj. PAT	3.7	8.0	23.8
PAT margin (%)	0.7	0.8	1.4
RoE (%)	1.2	2.6	7.2
RoCE (%)	-0.7	1.1	4.9
EPS	0.4	0.9	2.6
EV/ Sales	5.2	2.8	1.7
Price/ Book	9.2	8.9	8.3

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	0.0	0.0	0.0
DII	36.2	39.3	30.1
FII	37.5	33.7	44.8
Others	26.2	27.0	25.1

FII Includes depository receipts

CMP: INR312 **TP: INR420 (+35%)** **Buy**

Execution on track; QC to accelerate

Blinkit accelerates store expansion as competition becomes more predictable

- Eternal reported 2QFY27 net revenue of INR241b (up 19.4% QoQ/77.6% YoY), above our estimated growth of 11.7% QoQ/66.1% YoY.
- Food delivery (FD) NOV came in at INR114.5b, in line with our estimate of INR114.7b. Blinkit NOV came in at INR209b (up 79.3% YoY) vs. our estimate of INR210b. For FD, adjusted EBITDA as % of NOV margin decreased 10bp QoQ to 5.5% vs. our estimate of 5.9%.
- Blinkit reported contribution margin of 5.3% (vs. 5.3% in 1QFY27). Adj. EBITDA margin was at 0.9% vs. our expectation of 1.1%. 2Q PAT stood at INR1,250m, rising 92.3% YoY (est. INR3,928m). Consol. EBITDA came in at INR7.5b (est. INR8.5b), with the miss attributed to a higher loss from the 'Others' segment. PAT miss was driven by a higher effective tax rate of ~61% as all tax shields at the standalone parent level have been exhausted in carried forward losses in FY27. Thus, the profitable standalone entity's profits will now be taxed at the full rate. Our TP of INR420 implies a 35% upside from the current price. We reiterate our BUY rating.

Our view: FD profitability is stable as incremental gains are reinvested

- **FD growth to remain the priority, with margins range-bound:** Eternal has reiterated its long-term target of **20%+ annual NOV growth**, supported by customer additions and high ordering frequency, despite high competitive intensity. Margins are expected to **remain broadly flat in the next 1-2 years** as incremental profitability is reinvested to expand the market and drive absolute EBITDA growth. **For FY27/FY28, we build in ~20% YoY NOV growth and 5.6%/6.0% adj. EBITDA margin as % of NOV.**
- **Blinkit's expansion to accelerate, with NOV growth expected to pick up:** NOV grew 79.3% YoY in 2Q, and **growth is expected to pick up from 3Q** as new stores come online and ramp up. Despite intense competition, Blinkit's **assortment intelligence,** category breadth and execution capabilities are supporting customer acquisition and store paybacks.
- The FY27-end store target has been **raised to 3,500 from 3,000 earlier**, with a further increase to **~5,000 by FY28-end**. Improving store paybacks in smaller cities and a more **predictable competitive environment** were cited as key factors supporting the acceleration. Blinkit remains **ahead of its 60% NOV CAGR guidance** over the three-year period and **we model 86%/74% YoY NOV growth for FY27/FY28**.
- **Mature-city profitability to support incremental store expansion in QC:** Management indicated that mature cities already generate adjusted EBITDA **margins of over 5%,** while cities accounting for ~70% of NOV are adjusted **EBITDA positive** and those representing ~96% of NOV are **contribution positive.** While new stores weigh on margins during the initial ramp-up, it expects profitability improvements in mature stores and cities to more than offset this impact.

- **District and Hyperpure progress toward profitability:** District is on track to achieve **adjusted EBITDA breakeven within 4-6 quarters** from Jan'26 and deliver **INR280b in NOV and INR14b in adj. EBITDA** by FY30. Hyperpure revenue grew 22.7% YoY, with restaurant count rising to 85,000 from 62,000; **adj. EBITDA margin improved to 0.9% from -0.5% a year ago.**
- **Dark.ai represents an early-stage investment in privacy-focused AI:** Dark.ai is being developed as an AI application using fine-tuned open-weight models hosted on Eternal's own infrastructure, **with end-to-end encryption and user-controlled encrypted memory**. The product targets power users, including founders, researchers and enterprises, who require privacy for sensitive conversations and work. This was described as an **early-stage opportunity, with monetization and investment requirements** to be assessed following the launch.
- **Agentic commerce – fulfilment infrastructure to determine the extent of disintermediation:** As discussed in our earlier note (dated 14th Oct'26: Consumer AI agents: Our views on Instinct and Muse), we believe the impact of agentic commerce will vary by business model, with **platforms controlling fulfilment and supply-chain infrastructure** better positioned than pure intermediaries. Management expects Zomato and Blinkit to **remain relatively resilient given** their integrated delivery and inventory networks, while District **faces higher exposure** as its underlying supply can be accessed independently of the platform. It also expects in-app AI interfaces to **address repeat-order use cases, while browsing-led discovery remains important for food delivery.**

Valuation and changes to our estimates

- Eternal's FD business is stable, while Blinkit continues to offer a long runway to participate in the structural shift in retail, grocery, and e-commerce. We trim our FY27 EPS estimate, **driven by a substantially higher tax rate in 2Q, as all tax shields at the standalone parent level have been exhausted in carried forward losses in FY27** and standalone entity profits will now be taxed at the full rate. While competitive intensity remains elevated, competition is becoming more predictable, and the business model appears established, with a clear path to structurally higher margins.
- We continue to factor in management's long-term growth trajectory of 60%+ NOV growth for the QC business, along with gradual margin expansion through store maturity and operating leverage. We expect Eternal to report PAT margins of 0.8%/1.4% in FY27/28. Our **TP of INR420** implies a 35% upside from the current price. We reiterate our **BUY rating.**

FD/QC NOV in line with our estimates; QC adj. EBITDA margin also in line

- Eternal reported 2Q net revenue of INR241b (up 19.4%QoQ/77.6% YoY), above our estimated growth of 11.7% QoQ/66.1% YoY.
- FD NOV came in at INR114.5b, in line with our estimate of INR114.7b. Blinkit NOV came in at INR209b (up 79.3% YoY) vs. our estimate of INR210b.
- For FD, adjusted EBITDA as % of NOV margin was down 10bp QoQ at 5.5% vs. our estimate of 5.9%.
- Blinkit reported contribution margin of 5.3% (vs 5.3% in 1QFY27). Adj. EBITDA margin was at 0.9% vs. our expectation of 1.1%.
- The company expects to cross 3,500 dark stores by Mar'27 (vs. earlier guidance of 3,000 stores).

- Consol. reported EBITDA came in at INR7,520m (3.1% reported EBITDA margin vs. 1.8% in 2QFY26).
- FD revenue increased 9.7% QoQ/35.5% YoY (est. 21% YoY). FD contribution margin as a % of NOV increased 10bp QoQ at 10.3%.
- QC revenue grew 22.3% QoQ (est. 15.4%). QC contribution margin as a % of NOV remained flat at 5.3% (5.3% in 1QFY27).
- PAT stood at INR1,250m, up 92.3% YoY (est. INR3,928m). PAT miss is driven by a high effective tax rate of ~61% as all tax shields at the standalone parent level have been exhausted in carried forward losses in FY27. Thus, the profitable standalone entity's profits will now be taxed at the full rate.

Key highlights from the management commentary

- **FD:** NOV grew ~21.5% YoY to ~INR114.5b, while adjusted EBITDA rose ~25% YoY to ~INR6.3b at a ~5.5% margin (down ~10bp QoQ).
- Competitive intensity was higher in 2Q than in recent quarters, partly driven by new entrants, and management said it is equally surprised by players entering a fairly penetrated category.
- **Blinkit:** Adjusted EBITDA improved for the sixth straight quarter to ~INR1.8b (~0.9% of NOV) vs. ~INR1.6b loss last year, while contribution was flat QoQ at ~5.3% as new stores weigh on early-stage margins.
- 308 net stores were added to reach 2,751. Management now expects to cross 3,500 stores by Mar'27 (earlier 3,000) and ~5,000 by Mar'28.
- **Going-out (District):** Management said the business is on track to achieve EBITDA breakeven in the 4-6 quarter guidance given in Jan'26.
- District sits in the medium-to-high agentic risk zone, as tables and tickets exist independently of the platform, so durability is expected to come from physical infrastructure.

Consolidated - Quarterly Earning Model (INR M)

Y/E March	FY26				FY27E				FY26	FY27E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QFY27	(%/bp)
Revenue (net of delivery)	**71,670**	**1,35,900**	**1,63,150**	**1,72,920**	**2,02,110**	**2,41,380**	**2,78,432**	**2,96,528**	**5,43,640**	**10,18,450**	**2,25,751**	**6.9**
YoY Change (%)	70.4	183.2	201.9	196.5	182.0	77.6	70.7	71.5	168.6	87.3	66.1	1150bp
Inventory of traded goods	22,840	77,420	98,010	1,03,400	1,20,310	1,46,020	1,87,056	2,02,021	3,01,670	6,55,407	1,48,250	-1.5
Employee Expenses	8,300	8,650	9,140	9,270	10,680	11,460	12,606	13,867	35,360	48,613	11,748	-2.5
Delivery expenses	18,690	22,130	23,760	26,070	31,500	35,810	32,960	35,005	90,650	1,35,275	30,755	16.4
Gross Profit	**21,840**	**27,700**	**32,240**	**34,180**	**39,620**	**48,090**	**45,809**	**45,635**	**1,15,960**	**1,79,154**	**34,998**	**37.4**
Margins (%)	30.5	20.4	19.8	19.8	19.6	19.9	16.5	15.4	21.3	17.6	16	440bp
Advertisement and sales promotion	6,710	8,060	9,370	9,360	9,450	11,380	11,012	11,113	33,500	42,955	9,147	24.4
Others	13,980	17,250	19,190	19,960	24,230	29,190	24,919	24,070	70,380	1,02,409	17,385	67.9
EBITDA	**1,150**	**2,390**	**3,680**	**4,860**	**5,940**	**7,520**	**9,878**	**10,453**	**12,080**	**33,790**	**8,467**	**-11.2**
Margins (%)	1.6	1.8	2.3	2.8	2.9	3.1	3.5	3.5	2.2	3.3	3.8	-60bp
Depreciation	3,140	3,760	4,390	4,680	5,460	6,250	6,961	7,413	15,970	26,084	6,095	2.5
Interest	670	860	1,070	1,320	1,510	1,550	1,500	1,500	3,920	6,060	900	72.2
Other Income	3,540	3,520	3,480	3,420	3,750	3,510	3,500	3,500	13,960	14,260	3,500	0.3
PBT before EO expense	**880**	**1,290**	**1,700**	**2,280**	**2,720**	**3,230**	**4,917**	**5,039**	**6,150**	**15,906**	**4,972**	**-35.0**
PBT	**880**	**1,290**	**1,700**	**2,280**	**2,720**	**3,230**	**4,917**	**5,039**	**6,150**	**15,906**	**4,972**	**-35.0**
Tax	630	640	680	540	1,800	1,980	2,187	1,909	2,490	7,876	1,044	89.6
Rate (%)	71.6	49.6	40.0	23.7	66.2	61.3	44.5	37.9	NA	NA	21.0	4030bp
Reported PAT	**250**	**650**	**1,020**	**1,740**	**920**	**1,250**	**2,730**	**3,130**	**3,660**	**8,030**	**3,928**	**-68.2**
Adj PAT	**250**	**650**	**1,020**	**1,740**	**920**	**1,250**	**2,730**	**3,130**	**3,660**	**8,030**	**3,928**	**-68.2**
YoY Change (%)	-90.1	-63.1	72.9	346.2	268.0	92.3	167.7	79.9	-30.6	119.4	504.3	NA
Margins (%)	0.3	0.5	0.6	1.0	0.5	0.5	1.0	1.1	0.7	0.8	1.7	NA

Hindalco

BSE SENSEX	S&P CNX
73,710	22,811

CMP: INR892 TP: INR1,170 (+31%) Buy

Multiple growth levers to drive earnings inflection and deleveraging

We maintain our positive stance on Hindalco Industries (HNDL), as the recent correction, driven by declining LME prices and supply normalization, appears largely priced in, while the long-term growth outlook remains intact. This correction offers an attractive risk-reward opportunity in a diversified play spanning India's integrated aluminum business with a premium value-added product portfolio, global aluminum recycling through Novelis, and the domestic copper growth opportunity. HNDL offers strong earnings growth visibility, driven by aggressive capacity expansion, downstream integration, structural cost savings, and Novelis' operational recovery, positioning the company for a structural earnings inflection and B/S deleveraging. Net debt/EBITDA is expected to decline to below ~1.5x from 1.95x in 1QFY27, with execution and Novelis' recovery remaining the key monitorables. Currently, the stock trades at 5.4x EV/EBITDA and 1.3x P/B on FY28 estimates. We reiterate our BUY rating on HNDL with an SOTP-based TP of INR1,170 on FY28E.

Key risks: 1) Execution delays, 2) LME price correction, 3) increase in scrap prices, and 4) changes in global policies.

Aggressive upstream expansion provides long-term growth visibility

- HNDL India has outlined a capex plan of INR450-500b to expand its aluminum and copper capacities, strengthen resource security, and increase value-added offerings.
- Aluminum capacity is expected to rise from 1,340ktpa to 1,714ktpa (+28%), while copper capacity will increase from 421ktpa to 721ktpa (+71%).
- HNDL targets doubling its capacity to over 2,000ktpa for aluminum, +5,500ktpa for alumina, and 1,200ktpa for copper, providing long-term growth visibility.

Downstream expansion and portfolio enrichment to drive margin

- HNDL targets a 4x increase in downstream EBITDA by FY30 from INR5.5b in FY24, transitioning from a metal producer to a value-added engineering products supplier.
- Downstream EBITDA increased 55% YoY to INR9.8b in FY27, supported by 11% volume growth, 10% higher LME prices, and improved premiums. Copper EBITDA margins remained at USD600–700/t amid muted TcRc rates and limited premiumization.
- Going forward, downstream capacity expansion from 600ktpa to 800ktpa and portfolio enrichment across battery foil/enclosures, AC fins, and copper products are expected to drive higher premiums, stronger margins, and lower dependence on LME-linked pricing.

Stock Info

Bloomberg	HNDL IN
Equity Shares (m)	2247
M.Cap.(INRb)/(USDb)	2003.9 / 21.2
52-Week Range (INR)	1179 / 770
1, 6, 12 Rel. Per (%)	-7/-6/26
12M Avg Val (INR M)	5700
Free float (%)	65.3

Financials Snapshot (INR b)

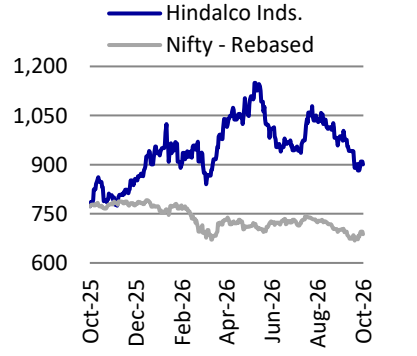
Y/E MARCH	2026	2027E	2028E
Sales	2,749	3,325	3,337
EBITDA	349	486	439
Adj. PAT	185	284	238
EBITDA Margin (%)	13	15	13
Cons. Adj. EPS (INR)	84	128	107
EPS Gr. (%)	12	53	-16
BV/Sh. (INR)	482	594	696
Ratios			
Net D:E	0.7	0.4	0.3
RoE (%)	18.2	23.8	16.6
RoCE (%)	13.4	17.0	13.1
Payout (%)	6.0	6.2	5.6
Valuations			
P/E (x)	10.7	7.0	8.3
P/BV (x)	1.8	1.5	1.3
EV/EBITDA(x)	7.8	5.3	5.4
Div. Yield (%)	0.6	0.9	0.7
FCF Yield (%)	-10.0	9.0	9.6

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	34.7	34.6	34.6
DII	20.2	21.7	25.3
FII	36.1	34.6	31.9
Others	9.1	9.0	8.2

FII Includes depository receipts

Stock Performance (1-year)



Cost optimization via backward integration and RE share

- HNDL is reducing external coal dependence through captive mining, with existing Gare Palma IV/4 & 5 and Kathautia mines meeting only 2-3% of its coal requirements.
- We believe the development of Chakla, Bandha, and Meenakshi mines is expected to improve energy security and deliver ~USD200/t savings over FY24 cost levels.
- Meanwhile, renewable capacity of 470MW is expected to increase to ~884MW by FY27 and 1.5GW by FY28, supporting the company's target of sourcing 30% of its energy from renewables by 2030.

Novelis back on track: Oswego restarts operations and Bay Minette to chart the next growth phase

- Novelis' recovery is gaining traction following the restart of the Oswego hot mill in Jun'26, with operational normalization and insurance proceeds supporting cash flow recovery (expects positive free cash flow in 4QFY27).
- The 600ktpa Bay Minette facility, equivalent to ~16% of US capacity including recycling, will drive incremental growth and diversify Novelis' footprint, reducing its dependence on Oswego (accounts for ~40% of US domestic automotive supply).
- Gradual operational recovery and Bay Minette's ramp-up should support earnings growth and cash generation, although production normalization, insurance recoveries, and elevated leverage remain key monitorables.

Favorable domestic demand tailwinds to drive strong earnings; deleveraging to follow

- HNDL's India aluminum business is targeting a USD500/t increase in EBITDA from FY24 levels, driven by three structural levers:
- 1) Capacity-led volume growth (major growth from FY28–29 onwards), 2) reduction of USD200/t in hot metal cost through captive coal and RE power, and 3) higher premiums via downstream expansion and product enrichment.
- At Novelis, Oswego's recovery and Bay Minette's 600ktpa capacity provide a pathway toward the USD600/t EBITDA target, with Bay Minette targeting USD1,000/t at full ramp-up.
- Improving earnings and cash generation should support balance sheet deleveraging, with net debt/EBITDA expected to decline to below ~1.5x from 1.95x in 1QFY27.

Valuation and view: Reiterate BUY

- HNDL's India operations are net debt-free, while consolidated net debt-to-EBITDA ratio stood at 1.95x as of Jun'26. The announced/ongoing expansion is set to position HNDL as the global leader, though any delay in the stated timeline and cost escalations could pressure cash flows.
- **The stock is trading at 5.4x FY28E EV/EBITDA and 1.3x FY28E P/B. We reiterate our BUY rating on HNDL with our SOTP-based TP of INR1,170.**

Indian Hotels

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	IH IN
Equity Shares (m)	1423
M.Cap.(INRb)/(USDb)	1070.4 / 11.3
52-Week Range (INR)	776 / 565
1, 6, 12 Rel. Per (%)	4/20/13
12M Avg Val (INR M)	1999
Free float (%)	61.9

Financials & Valuations (INR b)

Y/E Mar	2026	2027E	2028E
Sales	96.9	112.2	125.7
EBITDA	31.9	36.0	42.5
PAT	18.8	21.2	26.7
EBITDA (%)	33.0	32.1	33.9
EPS (INR)	13.2	14.9	18.7
EPS Gr. (%)	11.8	12.7	26.0
BV/Sh. (INR)	91.9	106.0	123.9
Ratios			
Net D/E	(0.3)	(0.4)	(0.5)
RoE (%)	15.5	15.1	16.3
RoCE (%)	15.7	15.3	16.1
Payout (%)	5.5	5.4	4.3
Valuations			
P/E (x)	57.0	50.6	40.1
EV/EBITDA (x)	32.8	28.6	23.5
Div Yield (%)	0.1	0.1	0.1
FCF Yield (%)	1.3	1.7	2.6

Shareholding Pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	38.1	38.1	38.1
DII	24.6	22.7	18.5
FII	21.7	23.2	27.2
Others	15.6	16.0	16.2

FII includes depository receipts

CMP: INR752 **TP: INR870 (+16%)** **Buy**

MICE, BRICS, and marquee hotel renovations drive growth

- Indian Hotels (IH) reported healthy consolidated revenue growth of 22% YoY in 2QFY27, led by 26% growth in the standalone business and 17% growth in subsidiaries. Growth in the standalone business was led by room revenue (RevPAR up 28% YoY, led by ARR/OR growth of 19%/700bp), followed by F&B revenue (up 20%), other services (up 49%), and management fees (up 16%).
- IH has upgraded its FY27 revenue guidance to 15-17% (from 12-14% growth), driven by sustained domestic travel demand, robust growth across its asset-light management business, and emerging brands such as Ginger, Qmin, amã Stays & Trails, and Tree of Life. Moreover, the company has a pipeline of 34,800 keys (with 81% of the signed pipeline being asset-light), almost equal to its current operational keys of 34,213, thereby supporting sustained growth momentum.
- We expect IH's performance to continue its uptrend, with a CAGR of 14%/15%/19% in revenue/EBITDA/adj. PAT over FY26-28. We broadly maintain our FY27/FY28 EBITDA estimates and **reiterate BUY with our SoTP-based TP of INR870.**

Domestic operating performance offsets softness in the international business

- Revenue grew 22% YoY to INR24.8b (est. INR23.7b). Hotel segment grew 26%, while TajSATS declined 2% YoY to INR2.8b.
- EBITDA grew 24% YoY to INR7.1b (est. INR6.7b). EBITDA margin expanded 50bp YoY to 28.4%. Adj. PAT grew 24% YoY to INR3.5b (est. INR3.7b).
- Standalone revenue/EBITDA grew 26%/40% YoY to INR13.4b/INR5.2b, aided by an increase in RevPAR (up 28% YoY to INR13,860), led by ARR growth of 19% to INR16,902, with OR expanding 700bp to 82%. F&B/other services/management fee income grew 20%/49%/16% YoY.
- Subsidiary (consol less standalone) sales stood at INR11.5b, up 17% YoY. Subsidiary EBITDA came in at INR1.9b, down 7% YoY.
- UOH/St. James' revenue grew 16%/14% YoY, with EBITDA for UOH declining 75% YoY, while St. James witnessed an EBITDA growth of 10%.
- For 1HFY27, Revenue/EBITDA/Adj. PAT grew 18%/20%/22% to INR48b/INR14b/INR7b.
- Gross debt stood at INR1.2b vs INR513m as of Mar'26. CFO stood at INR9.7b vs INR25b as of Mar'26. The company reported a gross cash of INR43.7b.

Highlights from the management commentary

- **Domestic performance:** Domestic hotel RevPAR growth of 28% was driven by resilient domestic demand, supported by large MICE events such as the BRICS Summit and renovations at marquee hotels, including Taj Palace New Delhi, President Mumbai, Taj West End Bengaluru, Taj Fort Aguada Goa, and Taj Lake Palace Udaipur.

- **Ginger:** The brand crossed 100 operational hotels, becoming India's first hotel brand to achieve this milestone, and is targeting 150 hotels by Mar'27. IH is integrating properties acquired through the ANK Pride transaction into Ginger, with nearly 75 signings completed and 30 properties already operating under the Ginger brand.
- **Oriental Hotels merger:** IH announced the merger of Oriental Hotels (OHL) with an appointed date of 1st Apr'27. The all-stock transaction has a share exchange ratio of 25 IH shares for every 117 OHL shares and is expected to increase IH's standalone operating revenue by 6–7% in FY28. The merger is expected to unlock operational synergies.
- **International business**: IH expects its international portfolio to improve in H2FY27, supported by the completion of renovation work at key properties and a gradual recovery in demand. London recorded double-digit revenue growth in October, following the completion of upgrades to meeting rooms, the lobby, and food and beverage facilities. However, margins were affected by higher fuel and power costs and the removal of a property tax waiver.

Valuation and view

- We remain optimistic on IH's growth outlook despite near-term geopolitical and macroeconomic uncertainties, led by healthy traction in the core business as well as new and reimagined businesses.
- We expect the strong momentum to continue in the medium term, led by: 1) a strong room addition pipeline in owned/management hotels (6,650/28,150 rooms), 2) strategic acquisitions, 3) continued favorable demand-supply dynamics, and 4) increasing MICE activities in India.
- We broadly maintain our FY27/FY28 EBITDA estimates and **reiterate BUY with our SoTP-based TP of INR870.**

Consolidated - Quarterly Earning Model **(INRm)**

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2Q	(%)
Gross Sales	**20,411**	**20,409**	**28,420**	**27,653**	**23,392**	**24,843**	**32,810**	**31,185**	**96,892**	**1,12,230**	**23,678**	**5**
YoY Change (%)	31.7	11.8	12.2	14.0	14.6	21.7	15.4	12.8	16.3	15.8	16.0	
Total Expenditure	14,651	14,708	17,661	17,926	16,665	17,785	20,880	20,854	64,946	76,184	16,961	
EBITDA	**5,760**	**5,701**	**10,758**	**9,727**	**6,727**	**7,058**	**11,930**	**10,331**	**31,947**	**36,046**	**6,717**	**5**
Margins (%)	28.2	27.9	37.9	35.2	28.8	28.4	36.4	33.1	33.0	32.1	28.4	
Depreciation	1,428	1,447	1,503	1,674	1,626	1,740	1,850	1,900	6,052	7,116	1,675	
Interest	546	561	558	549	570	648	600	550	2,214	2,368	500	
Other Income	611	834	583	795	802	819	825	822	2,822	3,267	800	
PBT before EO expense	**4,398**	**4,527**	**9,280**	**8,299**	**5,333**	**5,488**	**10,305**	**8,703**	**26,504**	**29,828**	**5,342**	
Extra-Ord expense	0	0	-2,755	0	0	40	0	0	-2,755	40	0	
PBT	**4,398**	**4,527**	**12,035**	**8,299**	**5,333**	**5,448**	**10,305**	**8,703**	**29,259**	**29,788**	**5,342**	
Tax	1,204	1,365	2,691	2,047	1,424	1,649	2,370	2,055	7,307	7,498	1,344	
Rate (%)	27.4	30.2	22.4	24.7	26.7	30.3	23.0	23.6	25.0	25.2	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	231	313	311	254	330	304	281	248	1,108	1,163	250	
Reported PAT	**2,964**	**2,849**	**9,032**	**5,999**	**3,579**	**3,495**	**7,654**	**6,399**	**20,844**	**21,127**	**3,747**	
Adj PAT	**2,964**	**2,849**	**6,966**	**5,999**	**3,579**	**3,525**	**7,654**	**6,399**	**18,777**	**21,157**	**3,747**	**-6**
YoY Change (%)	19.3	-12.1	19.6	14.4	20.8	23.7	9.9	6.7	9.3	1.4	31.5	
Margins (%)	14.5	14.0	24.5	21.7	15.3	14.2	23.3	20.5	19.4	18.9	15.8	

Vishal Mega Mart

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	VMM IN
Equity Shares (m)	4676
M.Cap.(INRb)/(USDb)	421.2 / 4.5
52-Week Range (INR)	150 / 87
1, 6, 12 Rel. Per (%)	-9/-20/-27
12M Avg Val (INR M)	1792

Financials & Valuations (INR b)

Y/E March	FY27E	FY28E	FY29E
Sales	153.4	181.6	214.3
EBITDA	21.9	26.8	32.8
NP	10.1	13.0	16.8
EBITDA Margin (%)	14.3	14.8	15.3
Adj. EPS (INR)	2.1	2.7	3.5
EPS Gr. (%)	17.3	28.9	29.5
Ratios			
Net D:E	-0.1	-0.1	-0.2
RoE (%)	12.7	14.3	15.9
RoCE (%)	10.4	11.3	12.4
Payout (%)	-	-	-
Valuations			
P/E (x)	42.3	32.8	25.4
EV/EBITDA (x)	19.8	15.9	12.6
EV/Sales (x)	2.8	2.3	1.9

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	40.0	40.1	54.1
DII	36.4	34.8	25.4
FII	18.8	20.4	15.4
Others	4.8	4.7	5.1

FII includes depository receipts

CMP: INR90 **TP: INR125 (+39%)** **Buy**

Festive shift affects 2Q growth and profitability

- Vishal Mega Mart (VMM) delivered a slightly weaker 2QFY27, with revenue rising ~14% YoY (vs. our est. of ~16% YoY), led by 5.4% SSSG (a 300-400bp dent due to the festive shift) and ~10.5% YoY area addition.
- Pre-Ind AS EBITDA margin contracted ~90bp YoY to 7.2%, due to a weaker gross margin (-30bp YoY, ~20bp impact due to the festive shift) and higher employee costs (minimum wage hikes and ESOP costs). Pre-Ind AS EBITDA and PAT inched up ~1%/4% YoY, missing our estimates by 5%.
- Festive demand started strongly in 3Q, with no moderation in demand. VMM reiterated its target of ~10% SSSG for FY27. Growth was led by market share gains, with no further price hikes planned at current levels.
- Gross margin is expected to remain stable in 2H as cost reengineering is likely to offset RM inflationary pressures. Operating leverage should help deliver ~30bp annual EBITDA margin expansion over the medium term.
- VMM's operating performance remains robust, led by its differentiated product mix, strong own-brand portfolio, and best-in-class cost controls. However, concerns on promoter stake sales and long-term ownership (post-PE exit) remain key overhangs.
- We cut our FY27-29 EBITDA and PAT estimates by ~2-4% due to higher employee expenses and a slight moderation in our SSSG estimate.
- We model a CAGR of 18%/24%/26% in revenue/pre-IND AS EBITDA/PAT over FY26-29E, driven by ~10% CAGR in area, double-digit SSSG and ~45bp of annual pre-IND AS EBITDA margin expansion.
- **We reiterate our BUY rating** on the stock with a revised TP of INR125, premised on a DCF-implied valuation of ~24x Dec'28E pre-IND AS 116 EV/EBITDA (implying ~38x Dec'28E EPS).

Festive shift hurts SSSG and gross margin; operating deleverage and higher minimum wages hit profitability

- Consolidated revenue of INR34b grew **14% YoY** (slightly below our est. of 16% YoY), **driven by ~5.4% adj. SSSG** (~9% adjusted for the festive shift) and ~10.5% YoY area additions.
  - VMM added **25 net new stores** (26 openings, 1 closure) in 2Q, bringing the total store count to 844 stores across 582 cities (23/47 cities added in 2Q/1H) with a total retail area of ~14.1m sqft.
- Gross profit at INR9.5b grew ~13% YoY as GM contracted ~30bp YoY to 28% (10bp miss). The shift in festive dates resulted in a lower contribution from the higher margin apparel category (-165bp YoY) and contributed to ~20bp of contraction.
- Employee expenses surged ~27% YoY, due to higher minimum wages and additional ESOP issuance. Other expenses increased 16% YoY
- Reported EBITDA inched up ~**4% YoY** to INR4.12b (**~5% miss**) as the margin **contracted ~110bp YoY** to 12.1%, due to lower GM and op. deleverage.
  - Pre-IND AS 116 EBITDA (post-ESOP charges) **inched up ~1% YoY** to INR2.43b, with the **margin contracting ~90bp YoY to 7.2% (~20bp miss).**
- Reported PAT at INR1.58b (**5% miss**) rose ~4% YoY, driven by a 4% YoY growth in EBITDA and higher other income (+90% YoY).

Resilient revenue growth and margins in 1HFY27 despite the festive shift

- Consolidated revenue at INR71.3b grew ~16% YoY, driven by ~7.7% adj. SSSG (~9.5% adjusted for the festive shift) and ~10.5% store area additions.
- Gross profit at INR20.2b grew ~16% YoY as GM remained stable YoY at 28.3%.
- Reported EBITDA at INR9.6b was up ~12% YoY as the margin contracted ~50bp YoY to 13.4%, due to festive shift and higher minimum wages.
- Pre-IND AS 116 EBITDA (post-ESOP charges) grew ~13% YoY to INR6.2b, with the EBITDA margin contracting ~30bp YoY to 8.7%.
- Reported PAT at INR4.2b rose ~16% YoY, driven by EBITDA growth and higher other income (up 92% YoY).
- For 2HFY27, the required growth rates for revenue/pre-IND AS EBITDA/PAT growth are 21%/21%/23%.

FCF generation improves sharply, driven by a reduction in working capital

- Core working days improved to 4 days (vs. 5 days YoY), driven by a reduction in inventory days to 59 (vs. ~66 YoY). Absolute CWC stands at INR1.5b (-2% YoY)
- OCF (post leases and interest) grew ~38% YoY to INR6.7b (vs. INR4.9b YoY), led by better profitability and WC discipline (INR1.5b release vs. INR0.5b YoY).
- Capex increased ~13% YoY to ~INR1.6b, leading to a **healthy ~47% YoY growth in FCF generation** to INR5.2b (vs. INR3.5b YoY).

Key highlights from the management commentary

- **Demand** remains resilient despite RM inflation and an uneven monsoon, with no material regional divergence beyond temporary weather-related disruptions. Festive shift impacted 2Q SSSG by ~300-400bp, with adjusted 2Q SSSG at ~9%.
- **SSSG of 5.4% in 2Q came largely from market share gains** rather than higher purchases by existing customers, consistent with past inflationary periods. Price hikes remain concentrated in higher price points (~25% of revenue), with none at opening price points (~18-20% revenue contribution) and limited at mid-price points (50%+ revenue). No further hikes are planned at present.
- **Margins were hit by a ~20bp impact from festive apparel sales shifting to 3Q** and by a ~INR65m QoQ rise in employee costs from incremental ESOP charges (recent grant to MD & CEO) and new stores. Cost re-engineering should keep GM broadly stable YoY in 2H, even with crude at ~USD100/bbl.
- **Outlook:** VMM targets double-digit SSSG and 100+ store additions in FY27, with annual store additions expected to progressively exceed the previous year's count. VMM reiterated that gross margin gains will be reinvested in product quality and pricing, while EBITDA margin is targeted to expand ~30bp annually over medium term, as SSSG is likely to outpace 6-7% store-level cost inflation.

Valuation and view

- VMM remains among the most consistent retailers within our coverage. We believe its diversified category mix, ownership of opening-price-point products, significant contribution from its own brands, and lean cost structure provide it with a strong moat against intense competition from both offline and online value retailers.
- However, concerns over potential promoter stake sales and LT promoter ownership (post the private equity's exit), remain key overhangs for the stock.

- We cut our FY27-29 EBITDA and PAT estimates by ~2-4% due to higher employee expenses and slight moderation in SSSG estimate.
- We model a CAGR of 18%/24%/26% in revenue/pre-IND AS EBITDA/PAT over FY26-29E, driven by ~10% CAGR in area, double-digit SSSG and ~45bp annual pre-IND AS EBITDA margin expansion.
- **We reiterate our BUY rating** on the stock with a revised TP of INR125 (earlier INR135), premised on a DCF-implied valuation of ~24x Dec'28E pre-IND AS 116 EV/EBITDA (implying ~38x Dec'28E EPS).

Consolidated – Quarterly earnings

	FY26				FY27				FY26	FY27	FY27E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Var (%)
Revenue	**31,403**	**29,815**	**36,704**	**31,141**	**37,270**	**33,985**	**44,902**	**37,254**	**129,063**	**153,412**	**34,647**	**-1.9**
YoY Change (%)	21.0	22.4	17.0	22.2	18.7	14.0	22.3	19.6	20.4	18.9		
Gross Profit	**8,913**	**8,431**	**10,665**	**8,672**	**10,689**	**9,501**	**13,024**	**10,311**	**36,681**	**43,524**	**9,728**	-2.3
Gross margin	28.4	28.3	29.1	27.8	28.7	28.0	29.0	27.7	28.4	28.4	28.1	-12
Total Expenditure	26,811	25,869	30,653	26,893	31,824	29,865	37,581	32,249	110,227	131,519	30,307	-1.5
EBITDA	**4,592**	**3,946**	**6,051**	**4,248**	**5,446**	**4,120**	**7,322**	**5,005**	**18,836**	**21,893**	**4,340**	**-5.1**
EBITDA margins (%)	14.6	13.2	16.5	13.6	14.6	12.1	16.3	13.4	14.6	14.3	12.5	-40
Depreciation	1,591	1,691	1,676	1,776	1,855	1,919	2,045	2,122	6,734	7,942	1,979	-3.0
Interest	411	412	427	464	463	472	491	508	1,715	1,934	474	-0.5
Other Income	170	202	246	245	331	384	357	375	863	1,447	337	13.9
PBT before EO expense	**2,760**	**2,044**	**4,194**	**2,253**	**3,460**	**2,113**	**5,142**	**2,750**	**11,250**	**13,464**	**2,224**	**-5.0**
PBT	**2,760**	**2,044**	**4,194**	**2,253**	**3,460**	**2,113**	**5,142**	**2,750**	**11,250**	**13,464**	**2,224**	**-5.0**
Tax	699	521	1,065	574	872	534	1,294	689	2,858	3,389	560	-4.6
Rate (%)	25.3	25.5	25.4	25.5	25.2	25.3	25.2	25.0	25.4	25.2	25.2	
Reported PAT	**2,061**	**1,523**	**3,129**	**1,679**	**2,588**	**1,579**	**3,848**	**2,061**	**8,392**	**10,075**	**1,664**	**-5.1**
YoY Change (%)	37	46	19	46	26	4	23	23	32.8	20.1		

Mahindra & Mahindra Financial

Estimate change	⟷
TP change	↓
Rating change	⟷

CMP: INR297 **TP: INR375 (+26%)** **Buy**

Bloomberg	MMFS IN
Equity Shares (m)	1390
M.Cap.(INRb)/(USDb)	413.5 / 4.4
52-Week Range (INR)	415 / 273
1, 6, 12 Rel. Per (%)	-14/4/11
12M Avg Val (INR M)	1261

Financials & valuations (INR b)

Y/E March	FY26	FY27E	FY28E
NII	101.1	117.1	128.2
PPP	62.3	73.9	80.1
PAT	27.8	36.5	38.7
EPS (INR)	20.0	26.3	27.9
EPS Gr. (%)	5	31	6
BV/Sh.(INR)	178	197	216
Ratios			
NIM (%)	7.0	7.0	6.9
C/I ratio (%)	38.4	36.9	37.6
RoA (%)	2.0	2.3	2.2
RoE (%)	12.5	14.0	13.5
Payout (%)	37.5	32.6	31.5
Valuations			
P/E (x)	14.9	11.3	10.7
P/BV (x)	1.7	1.5	1.4
Div. Yield (%)	2.5	2.9	3.0

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	52.5	52.5	52.5
DII	31.5	31.5	32.3
FII	10.0	9.6	9.6
Others	6.0	6.5	5.6

FII includes depository receipts

Stable quarter; rising CoF to weigh on NIM

Good progress on minimizing inter-quarter volatility; asset quality improves

- Mahindra & Mahindra Financial's (MMFS) 2QFY27 PAT rose 55% YoY to INR8.8b (~7% beat). NII grew 13% YoY to INR23.9b (in line). Other income rose 42% YoY to INR4.4b (14% above est.; PQ: INR3.5b | PY: INR3.1b), driven by higher fee and dividend income, which led to the earnings beat.
- Opex grew 13% YoY to INR10.4b (in line) and the cost-income ratio fell ~130bp YoY to ~36.8% (PY: 38.1%). PPoP grew ~20% YoY to INR17.9b (in line). Credit costs stood at INR6.3b (in line; 2% lower than est.). Annualized credit costs stood at 1.8% (PY: 2.4% and PQ: ~1.7%).
- MMFS targets medium- to long-term AUM growth of 16-18%, with core vehicle lending expected to outpace industry growth marginally and diversification across mortgages, SME lending and leasing driving incremental growth. We model AUM CAGR of ~14% over FY26-28E.
- Management shared that it is closely monitoring stress across 282 drought-prone districts and has reduced exposure in select vulnerable locations while strengthening collections. It also highlighted that it is too early to assess the impact of drought in Maharashtra, given the half-yearly tractor repayment cycle aligned with the Rabi and Kharif seasons. MMFS expects credit costs to remain within 1.3-1.7%, with GS2/GS3 and credit costs remaining broadly stable in 3Q/4Q, assuming stable macroeconomic conditions.
- MMFS' portfolio performance remains healthy, supported by disciplined underwriting, granular risk monitoring, and stable CE. Strong early bucket collections, healthy recovery trends, and multi-year low 30+ DPD levels indicate that underlying asset quality remains resilient, despite seasonally weak trends in 1H of the fiscal year.
- Management overlay of ~INR8.5b created in 2HFY26 provides a buffer against unforeseen risks, underpinning its ~1.3-1.7% credit cost guidance. We keep our FY27/FY28 EPS estimates broadly unchanged. We estimate AUM/PAT CAGR of ~14%/18% over FY26-28 and RoA/RoE of 2.2%/13.5% in FY28. **We reiterate our BUY rating with a TP of INR375 (based on 1.6x Sep'28E BV).**

NIM contracts ~40bp QoQ primarily due to trade advances

- Yields (calc.) declined ~30bp QoQ to ~13.75%, while CoF (calc.) fell ~12bp QoQ to ~7%, leading to a ~17bp QoQ drop in spreads to 6.7%. NIM (calc.) contracted ~40bp QoQ to ~6.75%. Yield and NIM compression was mainly attributed to higher trade advances, which do not earn interest.
- MMFS expects CoB to trend upward as floating-rate borrowings reprice and maturing borrowings are refinanced at higher rates. NIM will see minor compression amid rising CoF, fixed-rate wheels portfolio and limited flexibility to increase lending rates on the incremental disbursements. We model NIM (calc.) of 7%/6.9% for MMFS in FY27E/FY28E.

Business assets grow ~15% YoY; disbursements rise ~22% YoY

- Business assets stood at ~INR1.46t, up ~15% YoY and ~6.6% QoQ. 2Q disbursements stood at ~INR165b, up ~22% YoY and 6% QoQ.
- Tractor disbursements grew 13% YoY, while SME disbursements rose 13% YoY. PV disbursements grew ~28% YoY. Pre-owned vehicle disbursements increased by 15% YoY.
- We expect MMFS to deliver an AUM CAGR of ~14% over FY26-28E.

Asset quality improves; Stage 3 stable and Stage 2 down 17bp QoQ

- GS3 was declined only ~3bp QoQ to 3.42%, while NS3 rose ~3bp QoQ to 1.51%. Stage 3 PCR declined 150bp QoQ to 56.6%.
- Stage 2 declined ~17bp QoQ to ~4.7%. This resulted in 30+dpd declining ~20bp QoQ to ~8.1%. Stage 2 PCR was stable QoQ at 7.8%.
- Collection efficiency in 2QFY27 stood at ~97% (PY: 96%). Write-offs (loan losses) stood at ~INR5.1b (1.6% of TTM EAD). Net slippages into Stage 3 stood at INR7.7b (PY: INR7.2b). We model credit costs (as a % of average assets) of ~1.6% each in FY27E/FY28E.

Key takeaways from the management commentary

- Retail activity and unit disbursements during the first 10 days of Navratri were lower YoY, partly due to a strong base last year following the GST rate rationalization. Tractors are witnessing a relatively sharper slowdown.
- Fee-based income contribution has increased from 1.1% (in FY25) to 1.6% (in 1HFY27), although the entire ~50bp increase in fee income is not attributable to insurance distribution income. Management shared that proposed insurance commission regulations could materially affect fee income if implemented as proposed, although the final impact is uncertain. The company is evaluating alternative levers to offset any potential impact on insurance distribution income.

Valuation and view

- MMFS reported a steady quarter, supported by healthy disbursement and AUM growth. Asset quality improved in 1H, with credit costs remaining contained despite weak monsoons, El Niño concerns and elevated crude prices. NIM declined due to higher liquidity buffers and seasonal trade advances, with management expecting an improvement in NIM in the next quarter.
- MMFS currently trades at 1.4x FY28E P/BV. With a projected AUM/PAT CAGR of ~14%/18% over FY26-28 and RoA/RoE of 2.2%/13.5% in FY28, **we reiterate our BUY rating with a TP of INR375 (based on 1.6x Sep'28E BV).**

Quarterly Performance (INR Mn)

Y/E March	FY26				FY27E				FY26	FY27E	2QFY27E	v/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest income	41,646	41,779	44,071	44,621	46,209	47,325	50,306	52,020	1,72,117	1,95,860	47,595	-1
Interest Expenses	21,524	20,663	21,026	20,707	22,081	23,411	6	25,256	83,921	95,306	23,583	-1
NII	**20,122**	**21,116**	**23,045**	**23,913**	**24,128**	**23,914**	**50,300**	**26,765**	**88,196**	**1,00,554**	**24,012**	0
YoY Growth (%)	12.8	16.6	20.6	24.1	19.9	13.2	118.3	11.9	18.7	14.0	13.7	
Other income	2,732	3,113	3,561	3,480	3,531	4,423	4,312	4,267	12,886	16,533	3,884	14
Net Total Income	**22,853**	**24,230**	**26,606**	**27,393**	**27,658**	**28,337**	**54,611**	**31,032**	**1,01,082**	**1,17,087**	**27,897**	2
YoY Growth (%)	18.3	21.7	26.8	27.1	21.0	17.0	105.3	13.3	23.6	15.8	15.1	
Operating Expenses	9,323	9,240	11,203	10,177	10,099	10,423	11,091	11,551	38,771	43,164	10,442	0
Operating Profit	**13,530**	**14,989**	**15,403**	**17,216**	**17,559**	**17,914**	**43,521**	**19,480**	**62,312**	**73,923**	**17,455**	3
YoY Growth (%)	19.3	25.3	26.1	42.0	29.8	19.5	182.5	13.2	30.8	18.6	16.5	
Provisions	6,597	7,514	4,699	5,603	5,697	6,295	6,637	6,313	24,412	24,943	6,413	-2
Profit before Tax	**6,933**	**7,475**	**10,704**	**11,613**	**11,862**	**11,619**	**36,884**	**13,167**	**37,900**	**48,980**	**11,042**	5
Tax Provisions	1,638	1,782	2,600	2,884	2,876	2,804	3,145	3,666	8,904	12,490	2,816	0
Net Profit	**5,295**	**5,693**	**8,104**	**8,730**	**8,987**	**8,815**	**33,739**	**9,501**	**27,822**	**36,490**	**8,226**	7
YoY Growth (%)	3.2	54.1	-9.9	55.0	69.7	54.8	57.5	8.8	18.6	31.2	44.5	
Key Operating Parameters (%)												
Yield on loans (Cal)	14.2	13.8	14.2	14.0	14.0	13.7	14.1	14.2	14.0	14.0		
Cost of funds (Cal)	7.7	7.3	7.3	7.0	7.1	7.0	7.2	7.4	8.0	8.0		
Spreads (Cal)	6.5	6.5	6.9	7.0	6.9	6.7	6.9	6.8	6.0	6.0		
NIMs	6.7	6.8	7.2	7.3	7.1	6.7	7.0	7.1	7.0	7.0		
Credit Cost (Cal)	2.18	2.4	1.47	1.70	1.68	1.77	1.80	1.67	1.9	1.7		
Cost to Income Ratio	40.8	38.1	42.1	37.2	36.5	36.8	20.3	37.2	38.4	36.9		
Tax Rate	23.6	23.8	24.3	24.8	24.2	24.1	8.5	27.8	23.5	25.5		
Balance Sheet Parameters												
Loans (INR B)	1183	1232	1251	1302	1334	1424	1440	1492	1302	1492		
Change YoY (%)	15.1	13.5	12.1	12.0	12.8	15.5	15.1	14.7	12.0	14.7		
Borrowings (INR B)	1109	1148	1160	1203	1283	1401	1344	1374	1203	1374		
Change YoY (%)	16.3	11.2	11.0	6.6	15.7	22.0	15.8	14.2	6.6	14.2		
Loans/Borrowings (%)	106.7	107.3	107.8	108.2	104.0	101.6	107.2	108.6	108	109		
Debt/Equity (x)	4.7	5.0	4.9						4.9	5.0		
Asset Quality Parameters (%)												
GS 3 (INR B)	47.0	50.1	49.1	45.8	47.4	50.1			45.8	52.6		
Gross Stage 3 (% on Assets)	3.9	3.9	3.8	3.4	3.5	3.4			3.4	3.4		
NS 3 (INR B)	22.8	23.5	23.0	19.0	2.0	21.7			19.0	22.1		
Net Stage 3 (% on Assets)	1.9	1.9	1.8	1.4	1.5	1.5			1.4	1.5		
PCR (%)	51.4	53.0	53.0	58.5	95.8	56.6			58.5	58.0		
ECL (%)	3.0	3.2	3.0	2.9	2.9	2.8			3.2	3.2		
Return Ratios (%)												
ROAA	1.6	1.6	2.3	2.4	2.4	2.2			2.0	2.3		
ROAE	9.8	9.8	13.8	14.4	14.3	13.8			12.5	14.0		

E: MOFSL estimates

Aditya Birla Sun Life AMC

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	ABSLAMC IN
Equity Shares (m)	289
M.Cap.(INRb)/(USDb)	275.1 / 2.9
52-Week Range (INR)	1225 / 708
1, 6, 12 Rel. Per (%)	-6/-1/21
12M Avg Val (INR M)	388

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
AAUM	4,269	4,493	5,139
MF Yield (bps)	40.3	39.7	39.6
Rev from Ops	18.5	19.6	22.4
Core PAT	8.1	7.8	8.8
PAT	9.8	10.5	11.8
PAT (bps as AAUM)	23	23	23
Core EPS	28	27	31
EPS	34	36	41
EPS Grw. (%)	5	7	12
BVPS	140	150	161
RoE (%)	25	25	26
Div. Payout (%)	76	74	73
Valuations			
M cap/AUM (%)	6.4	6.1	5.3
P/E (x)	28.1	26.2	23.4
P/BV (x)	6.8	6.4	5.9
Div. Yield (%)	2.7	2.8	3.1

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	74.7	74.7	74.9
DII	15.1	14.3	10.3
FII	4.3	4.4	6.2
Others	5.9	6.6	8.6

FII includes depository receipts

CMP: INR950 TP: INR1,160 (+22%) Buy

Core performance in line; other income drives a PAT beat

- Aditya Birla Sun Life AMC (ABSLAMC)'s operating revenue grew 5% YoY/ 4% QoQ to ~INR4.8b (in-line). For 1HFY27, revenue grew 4% YoY. The yield for the quarter stood at 43.8bp vs. 43.4bp in 2QFY26 and 43.3bp in 1QFY27.
- Total opex grew 21% YoY to INR2.2b (in-line) reflecting a cost-to-income ratio of 44.6% vs. 38.7% in 2QFY26 (vs. our est. of 44.5%). EBITDA dipped 5% YoY to INR2.7b (in line), reflecting an EBITDA margin of 55.4% (vs. 61.3% in 2QFY26 and MOFSLe of 55.5%). EBITDA stood at INR5.3b in 1HFY27.
- The beat on other income resulted in a 15% beat on PAT, which stood at INR2.2b, declining 8% YoY and 29% QoQ. 1HFY27 PAT stood at INR5.3b. Core PAT for 2Q came in at INR1.9b (-8% YoY; in line).
- Employee expenses are likely to remain around 2QFY27 levels going forward. The newly launched ESOP scheme is expected to have an annual impact of INR140–150m, while earlier schemes could entail an annual impact of INR550–600m over the next two years.
- We have broadly kept our estimates intact considering the in-line operating performance in 2QFY27. **We reiterate our BUY rating on the stock with a TP of INR1,160, based on a valuation of 38x FY28E core P/E.**

Flat sequential growth in MF AUM; alternates continue to scale

- ABSLAMC's overall MF QAAUM grew 4% YoY/3% QoQ to INR4.4t driven by 8%/17%/36% YoY growth in equity/liquid/ ETF QAAUM while debt/index QAAUM declined 19%/8% YoY.
- Overall average AUM grew 140% YoY (mainly due to EPFO mandates) to INR11.1t in 2QFY27, with the asset mix comprising domestic equity at 19%, debt at 14%, liquid at 7%, and alternate and offshore assets at 60%.
- Total alternate AUM grew 19x YoY to ~INR6.6b (from INR357m in 2QFY26). PMS/AIF QAAUM, including the ESIC mandate, surged 24x YoY to INR6.5t, while Offshore AUM grew 6% YoY to INR51b. Gross alternate yields rose to 7.4% from 7.1% in 1QFY27, while net yields increased to 4.3% from 4.0%.
- Passive QAAUM stood at INR399b as of Sep'26, up 10% YoY, with ETF AUM at INR126b (up 43% YoY). The FoF AUM stood at INR61b (+49% YoY), while Index AUM was INR211b (-9% YoY). ABSLAMC has a passive product suite of 50 products as of Sep'26.
- The monthly SIP flows remained flat QoQ at INR10.9b for Sep'26, with SIP accounts increasing to ~4.17m from ~4.03m in Jun'26. SIP AUM stood at INR860b as of Sep'26 with sequential improvement in monthly gross SIP contribution.
- In terms of channel mix, the direct channel continued to dominate the overall asset sourcing mix with a 44% share, followed by MFDs (31%), national distributors (17%), and banks (8%). However, in equity AUM, MFDs contributed 52% to the distribution mix.
- Investor folios rose to 11.4m (from 10.7m in 2QFY26), while the number of MFDs increased by ~0.5k in 2QFY27, reaching over 96k.
- Opex, as a percentage of QAAUM, stood at 19.5bp in 2QFY27 vs. 16.8bp in 2QFY26 (est. of 18.8bp).

- Employee costs grew 33% YoY/9% QoQ to INR1,263m (8% higher than our est.). The YoY increase in employee costs was due to 1) INR120-130m of ESOP costs, 2) the absence of an INR60m provision reversal recorded in the previous year, and 3) higher headcount. Employee costs are expected to remain broadly at the current levels in subsequent quarters.
- Other operating expenses remained stable QoQ and are likely to grow broadly in line with inflation, with no major incremental cost pressures anticipated.
- Other income was INR424m vs. INR452m in 2QFY26 and our est. at INR110m.

Key takeaways from the management commentary

- Retention ratio has increased to ~25–30%, from just 4–5% driven by better performance and the redirection of investors to other schemes.
- EPFO mandates are cost-neutral, but can strengthen credibility and create opportunities for privately managed assets and overseas mandates.
- A dedicated team has been hired to build the SIF franchise, with a focus on driving product awareness and investor allocations.

Valuation and view

- Improving flagship fund performance, stronger distribution traction, and an improving retention rate provide confidence in sustained AUM growth while disciplined cost management should support operating leverage. Continued improvement in flows and market share recovery remain key earnings drivers.
- The expanding alternatives, PMS, passive, SIF and GIFT City businesses provide meaningful long-term optionality beyond the core mutual fund franchise. As these businesses scale, they are expected to diversify revenue streams and support profitability, although execution and fundraising momentum remain the key monitorables.
- We have broadly kept our estimates intact considering the in-line operating performance in 2QFY27. **We reiterate our BUY rating on the stock with a TP of INR1,160, based on a valuation of 38x FY28E core P/E.**

Quarterly Performance

(INR m)

Y/E March	FY26				FY27				FY26	FY27E	2QFY27E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE						
Revenue from Operations	**4,474**	**4,613**	**4,781**	**4,582**	**4,630**	**4,838**	**4,971**	**5,120**	**18,450**	**19,559**	4,689	3.2	4.9	4.5
Change YoY (%)	15.7	8.7	7.4	6.9	3.5	4.9	4.0	11.7	9.5	6.0	1.6			
Fees & Commission	135	145	161	156	154	160	173	181	596	668	162.8	-1.7	10.5	4.2
Employee Expenses	926	951	1,049	1,044	1,163	1,263	1,280	1,297	3,971	5,003	1,170	8.0	32.8	8.5
Other expenses	753	692	674	718	736	735	741	766	2,836	2,978	754	-2.5	6.2	(0.2)
Total Operating Expenses	1,814	1,788	1,884	1,918	2,053	2,158	2,194	2,244	7,404	8,649	2,086	3.4	20.7	5.1
Change YoY (%)	9	3	10	4	13	21	16	17	6.4	16.8	16.7			
EBITDA	**2,660**	**2,826**	**2,897**	**2,664**	**2,576**	**2,681**	**2,777**	**2,875**	**11,047**	**10,909**	2,602	3.0	(5.1)	4.0
EBITDA margin (%)	59.5	61.3	60.6	58.1	55.6	55.4	55.9	56.2	59.9	55.8	55.5	-10bp	-585bp	-24bp
Other Income	**1,179**	**452**	**843**	**-329**	**1,624**	**424**	**800**	**789**	2,145	3,637	110	285.3	(6.1)	(73.9)
Depreciation/Reversal	103	108	117	130	128	131	135	141	458	536	138	-5.1	20.8	2.2
Finance Cost	13	13	12	12	12	11	12	12	50	48	13	-12.3	(10.9)	(5.0)
PBT	**3,723**	**3,156**	**3,583**	**2,194**	**4,060**	**2,962**	**3,402**	**3,511**	**12,684**	**13,963**	**2,561**	**15.6**	(6.2)	(27.0)
Tax Provisions	952	743	888	323	966	752	858	887	2,905	3,463	640	17.4	1.3	(22.1)
Net Profit	**2,771**	**2,413**	**2,695**	**1,871**	**3,094**	**2,210**	**2,545**	**2,624**	**9,779**	**10,500**	**1,921**	**15.0**	(8.4)	(28.6)
Change YoY (%)	17.6	-0.4	20.1	-18.0	11.7	-8.4	-5.6	40.2	5.1	7.4	-20.4			
Core PAT	**1,894**	**2,068**	**2,061**	**2,151**	**1,857**	**1,894**	**1,946**	**2,034**	**8,125**	**7,765**	**1,839**	**3.0**	(8.4)	2.0
Change YoY (%)	16.7	19.5	5.3	23.4	-2.0	-8.4	-5.6	-5.5	15.2	-4.4	-11.1			
Key Operating Parameters (%)														
Revenue / AUM (bps)	44.4	43.4	43.1	42.1	43.3	43.8	43.6	43.4	43.2	43.5	42.9	94bp	40bp	50bp
Opex / AUM (bps)	18.0	16.8	17.0	17.6	19.2	19.5	19.2	19.0	17.3	19.3	19.1	46bp	272bp	33bp
PAT / AUM (bps)	27.5	22.7	24.3	17.2	28.9	20.0	22.3	22.3	22.9	23.4	17.6	244bp	-270bp	-893bp
Cost to Operating Income Ratio	40.5	38.7	39.4	41.9	44.4	44.6	44.1	43.8	40.13	44.22	44.5	10bp	585bp	24bp
EBITDA Margin	59.5	61.3	60.6	58.1	55.6	55.4	55.9	56.2	59.9	55.8	55.5	-10bp	-585bp	-24bp
Tax Rate	25.6	23.5	24.8	14.7	23.8	25.4	25.2	25.3	22.9	24.8	25.0	39bp	186bp	160bp
PAT Margin	61.9	52.3	56.4	40.8	66.8	45.7	51.2	51.2	53.0	53.7	41.0	470bp	-664bp	-2116bp
Core PAT Margin	42.3	44.8	43.1	46.9	40.1	39.1	39.1	39.7	44.0	39.7	39.2	-7bp	-569bp	-96bp
Opex Mix (%)														
Fees & Commission	7.4	8.1	8.5	8.1	7.5	7.4	7.9	8.1	21.0	22.4	7.8	-38bp	-69bp	-6bp
Employee Expenses	51.1	53.2	55.7	54.4	56.7	58.5	58.3	57.8	53.6	57.8	56.1	246bp	532bp	186bp
Others	41.5	38.7	35.8	37.4	35.9	34.1	33.8	34.1	38.3	34.4	36.1	-208bp	-464bp	-180bp

Emcure Pharmaceuticals

BSE SENSEX	S&P CNX
73,710	22,811

Emcure®

Bloomberg	EMCURE IN
Equity Shares (m)	190
M.Cap.(INRb)/(USDb)	335.6 / 3.5
52-Week Range (INR)	2101 / 1307
1, 6, 12 Rel. Per (%)	-10/12/42
12M Avg Val (INR M)	424

Financials & Valuations (INR b)

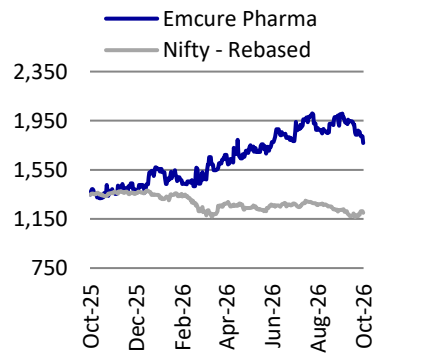
Y/E MARCH	FY26	FY27E	FY28E
Sales	92.0	106.9	122.2
EBITDA	17.9	21.9	26.5
Adjusted PAT	9.5	12.1	15.1
EBITDA Margin (%)	14.9	16.4	17.9
Adj EPS (INR)	52.4	66.7	83.2
EPS Gr. (%)	38.4	27.3	24.7
BV/Sh. (INR)	261.1	322.3	401.7
Ratios			
Net D-E	0.3	0.1	0.0
RoE (%)	20.2	21.8	21.9
RoCE (%)	17.0	18.7	20.1
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	33.5	26.3	21.1
EV/EBITDA (x)	19.4	15.5	12.5
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	1.2	2.4	3.4
EV/Sales (x)	3.8	3.2	2.7

Shareholding Pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	77.8	77.9	77.9
DII	8.5	6.1	2.8
FII	4.9	3.4	2.9
Others	8.8	12.7	16.4

FII includes depository receipts

Stock Performance (1-year)



CMP: INR1,758 TP: INR2,330 (+33%) Buy

Domestic traction improves; overseas momentum intact

Improving growth momentum driven by strong brands and pipeline expansion

- We analyzed Emcure's domestic formulation (DF) segment and observed green shoots of recovery in the past couple of months, led by gynecology, anti-infectives, cardiac and anti-diabetic, while key brands continued to deliver strong growth.
- Emcure's European growth outlook is supported by traction in niche products such as liposomal amphotericin B and an exciting pipeline of 55+ products, including complex injectables. We expect a 17% CAGR over FY26-28E.
- Canada business is gaining traction, with growth accelerating from 18.7% in FY26 to 25% in 1QFY27, supported by market-share gains, acquisitions and an attractive pipeline of 50+ products, including eight near-term first-generic opportunities and complex generics.
- RoW business growth accelerated to 45% in 1QFY27, driven by ARVs, with established scale, strong order visibility and backward integration supporting growth. Moreover, Lenacapavir and expansion into non-ARV and broader semi-regulated markets offer incremental opportunities.
- Strong segmental growth and operating leverage should drive a CAGR of 15.2% in revenue, 22% in EBITDA and 26% in PAT over FY26-28E. We value Emcure at 28x 12-month forward earnings to arrive at a TP of INR2,330. The stock is trading at an attractive 21x 12-month forward P/E. Reiterate BUY.

Emcure strengthens growth, outperforming IPM in Aug/Sep'26

- Emcure grew 19.3% YoY in Sep'26, outperforming IPM growth of 17.1% by 220bp, signaling a strengthening growth trajectory in the DF segment.
- This followed the 14.4% YoY growth in Aug'26 vs. IPM growth of 13.1%, marking a turnaround after more than 12 months of underperformance, during which the growth gap ranged from 0.1% to 10.5%.
- Therapy-level momentum strengthened in Sep'26, led by gynecology (+34.7%), anti-infectives (+25.9%), cardiac (+13.8%) and anti-diabetic (+16.4%), all outperforming their respective three-month growth rates. However, respiratory remained a key drag, declining 16.9% YoY.
- That said, key brands sustained strong momentum, led by Orofer-XT (+64.8%), Zostum (+51.8%), Orofer-FCM (+51.5%) and Clexane (+36.5%) in Sep'26, significantly outperforming their respective three-month growth rates.
- DF growth is driven by priority franchises and portfolio expansion, with FY26 revenue reaching INR40.3b and 1QFY27 growth of 10% to INR10.9b. Strategic partnerships with Novo Nordisk, Sanofi and Roche, alongside Zuventus' transition into the acceleration phase and improved field-force

Europe growth driven by pipeline expansion in complex generics

- Emcure's European business delivered 25.4% YoY growth in FY26 to INR18.5b, followed by 32.8% YoY growth to INR5.4b in 1QFY27, driven by base business growth, the Manx Healthcare portfolio and initial contribution from liposomal Amphotericin B.
- Liposomal Amphotericin B offers a near-term growth opportunity, with Emcure being the first generic entrant in Europe and having launched the product in select markets in 2HFY26; further market expansion is expected to drive incremental contribution.
- Emcure's growth pipeline is strong, with 55+ products under development, including complex injectables such as Ferric Carboxy maltose and Doxorubicin, supported by manufacturing capabilities and expansion through direct and partner-led markets.
- **Overall, we expect 17% CAGR over FY26-28E.**

Canada growth driven by complex generics; RoW diversifies beyond ARVs

- Emcure's Canada business grew 18.7% in FY26 to INR14.9b, followed by 25% YoY growth to INR4.3b in 1QFY27, driven by new launches, market-share gains and steady performance across hospital and retail channels.
- Emcure strengthened its market position through the Cutimed dermatology acquisition in Apr'26 and Mantra integration, emerging as one of the top-10 generic players in Canada and the largest Indian company by prescriptions.
- The growth pipeline comprises 50+ products, including eight near-term first-generic opportunities, with increasing focus on complex generics, injectables and differentiated therapies across CNS, anti-infectives and oncology.
- Emcure's RoW business grew 22% in FY26 to INR18.4b and accelerated to 45% YoY growth in 1QFY27 to INR5.2b, primarily driven by ARVs, alongside healthy momentum in non-ARV products.
- The business benefits from established ARV scale, strong order visibility and backward integration, while new approvals and an expanding portfolio of complex injectables and biosimilars support non-ARV growth.
- Near-term opportunities include Lenacapavir injection and tablets, alongside expansion into broader RoW and semi-regulated markets to diversify beyond traditional African ARV markets.

Valuation and view

- We expect Emcure to deliver a revenue CAGR of 15.2% over FY26-28E, driven by stable growth across segments, with DF and international business projected to grow at a CAGR of 12.4% and 17.4%, respectively. Operating leverage and improving operational efficiencies are expected to drive EBITDA CAGR of 22% over the same period.
- We project PAT CAGR of 26% over FY26-28E. At 21x 12-month forward P/E, the stock offers an attractive entry point relative to its growth prospects. We value Emcure at 28x 12-month forward earnings to arrive at a TP of INR2,330. Reiterate BUY.

Technology at Core, Growth at Scale!

We met with Mr. Arvind Chandrasekharan, WTD and CEO of Tenneco Clean Air India, to gain insights into the company's future growth plans and other strategic developments. The key takeaways from our discussion are outlined below.

- DaVinci DCx, commercialized with Mahindra in February 2026, has seen adoption in the XUV 7XO and Thar OG, validating its potential as a differentiated suspension technology for Indian PVs. Delivering ~85–90% of semi-active suspension comfort at ~2x the cost of passive suspension and a fraction of CVSAe's cost and complexity, DaVinci offers OEMs an attractive balance of ride quality and affordability. The DCx 32 variant further expands its addressable market into smaller vehicles, although we expect medium-term adoption to be concentrated in models priced above INR1.0m. TENNIND expects wider adoption across Mahindra's portfolio in FY27, followed by Tata Motors from FY28E onwards, with additional PV OEMs (from whom it is already receiving inquiries) providing further growth opportunities.
- The next regulatory cycle, led by BS-VII emission norms and CAFE III fuel-efficiency requirements, should drive higher Clean Air content per vehicle (CPV) by ~1.3x, through two distinct mechanisms. BS-VII could require more sophisticated exhaust after-treatment systems, including larger particulate filters, advanced SCR systems, and optimized emission-control technologies, to meet tighter NOx and particulate-matter limits. Separately, CAFE III is likely to accelerate the adoption of gasoline direct injection (GDI) engines, which improve fuel efficiency and reduce CO_2 emissions but generate higher particulate emissions than conventional port-fuel-injection engines, increasing the need for gasoline particulate filters (GPFs). With TENNIND technologically prepared for Euro-VII requirements, these regulatory changes offer an opportunity to increase content per vehicle and partly offset the impact of declining ICE volumes. However, the final BS-VII requirements are yet to be notified, and the eventual CPV increase will depend on the regulations and OEM adoption.
- TENNIND is emerging as a strategic export and manufacturing hub within the global Tenneco network, leveraging India's cost competitiveness, engineering capabilities, and global quality manufacturing standards. Tenneco is targeting export opportunities across Clean Air, Powertrain and ART, including direct OEM business and intra-group sourcing. The maiden order from a European ATV manufacturer and the heat-shield order from Tenneco America in 1QFY27 demonstrate the breadth of this opportunity. **Management expects export growth to accelerate from FY27–28, with the larger ramp-up expected around FY28–29.** Export margins are currently at least in line with, and in some cases better than, domestic margins.
- We reiterate BUY on the stock with a TP of INR673 based on 30x Sep'28E earnings.

Valuation and view

- TENNIND enters its next phase of growth from a position of strength, commanding ~58% share in CV Clean Air, ~68% in off-highway Clean Air (ex-tractors), ~20% in PV Clean Air, and ~55% in PV shock absorbers and struts. These leadership positions, backed by deep OEM relationships and TENNIND's global technology and R&D, create strong entry barriers. We see multiple growth levers ahead as premiumization raises suspension content, while BS-VII, CAFE III, and TREM-V drive higher Clean Air content across PVs, CVs, and off-highway applications. Localization of advanced technologies, new customer programs, and India's emergence as an export hub should further support market- and wallet-share gains. We estimate a 19% earnings CAGR for the consolidated business (FY26-29).

Tenneco Clean Air



Mr. Arvind Chandrasekharan
WTD & CEO

He is the WTD and CEO of Tenneco Clean Air India Limited, having joined Tenneco in April 2025. He brings over 21 years of experience in the automotive sector, spanning manufacturing, engineering, sales, marketing, and global business leadership. His previous leadership roles include positions at Delphi/ Phinia, Faurecia, WABCO, Minda, etc. He holds a bachelor's degree in Chemical Engineering from the University of Bombay, a master's degree in Industrial Engineering from Oklahoma State University, and an MBA from the University of Michigan.

- With a capital-efficient model and strong balance sheet, TENNIND is well placed to pursue growth while sustaining healthy returns (order book stands at INR124b). Its net cash position, negative working capital cycle, 90%+ core RoCE, and strong cash conversion (70%+ CFO/EBITDA; 80%+ FCF/PAT) provide resilience and support expansion into new segments. At the CMP of INR448, the stock trades at 27.8x/23.2x FY28E/29E EPS. We reiterate our **BUY rating** on the stock with a TP of INR673, based on 30x Sep'28E earnings.
- **Key risks:** 1) Faster EV adoption, 2) termination of the technology license or PE exit overhang, 3) intensifying competition, 4) commodity fluctuations, and 5) loss of key customers.

SRF

BSE SENSEX	S&P CNX
73,710	25,220

CMP: INR2,316 — Buy

EBITDA below our estimate due to lower gross margin

- SRF reported an overall revenue of IN49.0b (est. INR46.0b) in 2QFY27, up ~35% YoY. Revenue for Chemical/Packaging film/Technical textile businesses grew 25%/51%/25% YoY to ~INR20.8b/INR21.2b/INR5.9b
- EBITDA margin contracted 150bp YoY to 20.6% (est. of 23.2%). Gross margin was 47% in 2QFY27 vs. 51% in 2QFY26, employee costs were 6.4% vs. 7.6%, power costs were 8.3% vs. 9.4% and other expenses were 11.7% vs. 12.3%.
- EBITDA stood at INR10.1b (est. of INR10.7b), up 25% YoY.
- EBIT margin in the Chemical business contracted 350bp, while in Packaging film/Technical Textile business, it expanded 130bp/320bp to 9.7%/12.2%.
- Adj. PAT grew 35% YoY to INR5.6b (est. of INR5.8b), adjusted for the forex loss impact of INR631m in 2QFY27.
- For 1HFY27, Revenue/EBITDA/Adj PAT grew 33%/44%/66% to INR99b/ INR23b/INR13b
- Gross debt stood at INR52b vs INR50b as of Mar'26. CFO stood at INR7.9b against INR11b as of Sept'25
- SRF has approved a manufacturing facility for the production of Aluminum foil for battery applications to capture growing opportunities in the Energy Storage and EV sectors in India through its wholly owned subsidiary, Altech Limited.
- The proposed facility will be established at the existing site of the WoS at Jetapur in Madhya Pradesh with an estimated project cost of ~INR6b, to be implemented in two phases of INR3b each.

Conference Call Details



Date: 22rd Oct 2026
Time: 12:00pm IST
Dial-in details:
Click Here

Consolidated – Quarterly Earnings (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QF	%
Net Sales	**38,186**	**36,402**	**37,125**	**46,152**	**50,333**	**49,042**	**43,958**	**53,057**	**1,57,865**	**1,96,390**	**46,017**	**7**
YoY Change (%)	10.2	6.3	6.3	20.9	31.8	34.7	18.4	15.0	-14.7	24.4	26.4	
Total Expenditure	29,975	28,354	28,924	34,633	36,946	38,952	34,020	39,670	1,21,885	1,49,588	35,350	
EBITDA	**8,212**	**8,048**	**8,202**	**11,519**	**13,387**	**10,090**	**9,937**	**13,387**	**35,980**	**46,802**	**10,668**	**-5**
Margins (%)	21.5	22.1	22.1	25.0	26.6	20.6	22.6	25.2	22.8	23.8	23.2	
Depreciation	2,032	2,121	2,169	2,198	2,229	2,288	2,350	2,461	8,521	9,328	2,310	
Interest	799	707	655	620	686	709	630	600	2,780	2,626	650	
Other Income	291	257	273	249	339	249	300	330	1,071	1,219	300	
PBT before EO expense	**5,671**	**5,477**	**5,651**	**8,950**	**10,812**	**7,342**	**7,257**	**10,656**	**25,749**	**36,066**	**8,008**	
Extra-Ord expense & DO	-87	306	1,134	1,379	1,020	631	0	0	2,733	1,651	0	
PBT	**5,758**	**5,171**	**4,517**	**7,571**	**9,792**	**6,710**	**7,257**	**10,656**	**23,016**	**34,415**	**8,008**	
Tax	1,435	1,289	190	1,751	2,203	1,619	1,933	2,931	4,665	8,686	2,162	
Rate (%)	25.3	23.5	3.4	19.6	20.4	22.1	26.6	27.5	18.1	24.1	27.0	
Reported PAT	**4,323**	**3,882**	**4,327**	**5,820**	**7,589**	**5,091**	**5,324**	**7,725**	**18,352**	**25,729**	**5,846**	
Adj PAT	**4,258**	**4,112**	**5,177**	**6,855**	**8,354**	**5,565**	**5,324**	**7,725**	**20,401**	**26,967**	**5,846**	**-5**
YoY Change (%)	58.0	83.5	69.6	61.0	96.2	35.3	2.8	12.7	13.7	32.2	42	
Margins (%)	11.2	11.3	13.9	14.9	16.6	11.3	12.1	14.6	12.9	13.7	12.7	

KEI Industries

BSE SENSEX	S&P CNX
73,710	22,811

Conference Call Details



Date: 22 October 2026
Time: 12:00 IST
Dial-in details:
+91 22 6280 1123
+ 91 22 7115 8024
Link for the call

Consol. Financials Snapshot (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	117.5	140.7	173.1
EBITDA	12.4	15.8	19.4
PAT	9.3	11.2	13.6
EBITDA Margin (%)	10.6	11.2	11.2
Adj. EPS (INR)	97.0	116.6	141.7
EPS Gr. (%)	33.1	20.3	21.5
BV/Sh. (INR)	697	808	944
Ratios			
Net D:E	(0.2)	(0.2)	(0.2)
RoE (%)	14.9	15.5	16.2
RoCE (%)	15.2	16.0	16.7
Payout (%)	4.6	5.1	4.2
Valuations			
P/E (x)	46.5	38.7	31.8
P/BV (x)	6.5	5.6	4.8
EV/EBITDA(x)	33.7	26.5	21.5
Div. Yield (%)	0.1	0.1	0.1
FCF Yield (%)	(1.0)	(0.1)	0.4

CMP: INR4,240 **Buy**

In line with estimates; OPM remains flat YoY

- KEI Industries' (KEII) 2QFY27 revenue stood at INR37.8b (+39% YoY; +10% v/s estimates), led by strong 40% YoY growth (+9% beat) in the C&W segment. EBITDA stood at INR3.8b (+40% YoY; in line), while OPM stood at 10.0% (flat YoY; -1.3pp v/s estimates). The C&W segment's EBIT margin expanded 30bp YoY/contracted 2.3pp QoQ to 11.3% (est. 12.0%). PAT (adjusted for the earlier year tax) was at INR2.7b (+32% YoY; in line).
- Order book stood at INR51.9b (up 36% YoY/21% QoQ). C&W sales through dealers rose ~50% YoY during the quarter (~59% of total revenue vs. ~54% in 2QFY26). Further, its active working dealer count increased to 2,146 from 2,100/2,128 in 2QFY26/1QFY27.
- EHV cable sale increased ~26% YoY to INR2.2b in 2QFY27. Net debt (ex-acceptances) stood at INR3.14b v/s net cash (ex-acceptances) at INR5.9b in Mar'26.

C&W revenue rises 40% YoY; OPM remains flat YoY at 10.0%

- KEII's revenue/EBITDA/Adj. PAT stood at INR37.8b/INR3.8b/INR2.7b (+39%/+40%/+32% YoY and +10%/in line/in line vs. estimates) in 2QFY27. OPM remained flat YoY at ~10.0%. Depreciation/interest costs rose ~51%/22% YoY. Other income declined ~42% YoY. Working capital cash outflow increased INR10.3b (led by increase in inventory) vs 1HFY26. This led to operational cash outflow of INR4.9b vs operational cash inflow of INR3.8b in 1HFY26.
- Segmental highlights: a) **C&W** revenue rose ~40% YoY to INR36.7b, EBIT rose ~44% YoY to INR4.1b, and EBIT margin expanded 30bp YoY to 11.3%. b) **EPC business** revenue increased 2% YoY to INR1.0b; segment loss stood at INR89m (up from loss of INR51m in 1QFY27) vs. profit of INR51m in 2QFY26. c) **Stainless steel wire (SSW)** revenue increased ~16% YoY to INR627m, EBIT grew ~21% YoY to INR53m, and EBIT margin expanded 30bp YoY to 8.5%.
- In 1HFY27, revenue/EBITDA/PAT grew 31%/46%/36% YoY to INR69.6b/INR7.7b/INR5.4b. OPM expanded 1.2pp YoY to ~11.1%. Operating cash outflow stood at INR4.9b vs. operating cash outflow of INR3.8b in 1HFY26. Capex stood at INR4.2b vs. INR6.4b in 1HFY26. Net cash outflow stood at INR9.0b vs. INR2.6b in 1HFY26.

Valuation and view

- KEII's 2QFY27 EBITDA was in line with our estimates, supported by strong revenue growth in the C&W and EPC segments, although the EPC business reported a loss during the quarter and C&W margins were below our estimates. We remain structurally positive on the C&W sector, supported by strong long-term growth drivers.
- **We have a BUY rating on the stock.** However, we will review our assumptions after the concall on 22nd Oct'26 **(Concall Link).**

Quarterly Performance

(INR m)

Y/E March	FY26				FY27E				FY26	FY27E	MOFSL 2QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Sales	**25,903**	**27,263**	**29,547**	**34,764**	**31,853**	**37,764**	**35,393**	**35,719**	**1,17,478**	**1,40,730**	**34,338**	**10**
Change (%)	25.7	19.4	19.3	19.3	23.0	38.5	19.8	2.7	20.7	19.8	**25.9**	
Adj EBITDA	**2,580**	**2,693**	**3,317**	**3,816**	**3,958**	**3,765**	**3,714**	**4,367**	**12,407**	**15,805**	**3,862**	**(3)**
Change (%)	20.3	19.8	32.5	26.7	53.4	39.8	12.0	14.4	25.2	27.4	**43.4**	
Adj EBITDA margin (%)	10.0	9.9	11.2	11.0	12.4	10.0	10.5	12.2	10.6	11.2	**11.2**	**(128)**
Depreciation	199	202	226	285	286	306	314	351	912	1,256	**308**	**(1)**
Interest	145	142	166	188	177	172	220	312	641	881	**194**	**(11)**
Other Income	396	423	338	428	196	245	350	455	1,586	1,246	**250**	**(2)**
Extra-ordinary Items	-	-	(116)	-	-	-	-	-	(116)	-	-	
PBT	**2,632**	**2,773**	**3,263**	**3,772**	**3,692**	**3,532**	**3,530**	**4,159**	**12,439**	**14,914**	**3,610**	**(2)**
Tax	675	738	798	928	950	908	890	1,074	3,139	3,763	**910**	
Effective Tax Rate (%)	25.6	26.6	24.5	24.6	25.7	25.7	25.2	25.8	25.2	25.2	**25.2**	
Reported PAT	**1,957**	**2,035**	**2,349**	**2,843**	**2,741**	**2,625**	**2,641**	**3,085**	**9,184**	**11,150**	**2,701**	**(3)**
Change (%)	30.3	31.5	42.5	25.5	40.0	29.0	12.4	8.5	31.9	21.4	**32.7**	
Adj PAT	**1,957**	**2,035**	**2,436**	**2,843**	**2,741**	**2,683**	**2,641**	**3,085**	**9,271**	**11,150**	**2,701**	**(1)**
Change (%)	30.3	31.5	47.8	25.5	40.0	31.8	8.4	8.5	33.1	20.3	**32.7**	



Hindustan Zinc | Revise Cost Of Production Guidance To $825-850/T For FY27
CEO & Whole-Time Director, Amarendu Prakash

- Hindustan Zinc reported strong Q2 results driven by higher production, metal prices, lower costs, and a stronger dollar.
- Silver remains structurally undersupplied, while lead markets are relatively balanced.
- Zinc hedges: 40 KT at $3,500 in Q3 and 36 KT at $3,700 in Q4.
- FY27 production targets: 1 million tonnes of refined metal and 680 tonnes of silver.
- Annual cost guidance cut to $825–850/tonne; 250 KT expansion targets FY28 completion.

Read More

Union Bank | Every Rate Hike Of 25 Bps Will Increase NIM By 5 Bps Per Quarter
MD & CEO, Asheesh Pandey

- Union Bank's Q2 profit surged 30%, supported by 18% loan growth and improved NIMs.
- Every 25-basis-point rate hike could boost margins by 5–7 basis points.
- Recoveries exceeded ₹3,500 crore against slippages of ₹1,990 crore.
- Management sees no significant agricultural loan stress from El Niño so far.
- Insurance commission impact estimated at ₹100–110 crore; deposit and credit growth targets align with industry averages.

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Central Bank Of India | Management Confident Of Maintaining NIM Above 3%
MD & CEO, Kalyan Kumar

- Central Bank of India reported strong Q2 results, with credit growth of 30% YoY and deposit growth of 19%.
- FY guidance remains 14–16% advance growth and 10–12% deposit growth.
- Management expects NIMs to remain above 3%, supported by surplus liquidity and rate-sensitive loans.
- Gold loans are a key growth focus, offering yields of 8.5–8.95%.
- Gold loan book targeted to rise from ₹41,000 crore to ₹1.01 lakh crore by September next year.

Read More

Paras Healthcare | Net Debt At Rs 550 Cr, With Rs 375 Cr Debt To Be Repaid
MD, Dharminder Kumar Nagar

- Management expects ₹30–35 crore in annual interest savings by FY28.
- Occupancy rose from 50.8% in FY25 to 69.7% in Q1 FY27.
- Capacity will expand from 2,200 to 3,000 beds within 18–24 months through new hospitals in Gurugram and Ludhiana.

Read More

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

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

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