Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	81,107	0.1	-4.8
Nifty-50	25,045	0.2	-4.2
Nifty-M 100	61,023	0.6	0.9
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	7,521	-0.4	9.9
Nasdaq	25,066	-0.7	7.8
FTSE 100	10,752	-0.3	8.3
DAX	26,347	0.3	7.6
Hang Seng	8,266	0.1	-7.3
Nikkei 225	60,460	2.9	20.1
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	91	-1.2	45.3
Gold ($/OZ)	4,033	-2.6	-6.6
Cu (US$/MT)	13,790	-2.0	10.7
Almn (US$/MT)	3,110	-1.5	4.8
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	93.9	0.0	4.5
USD/EUR	1.1	0.7	-4.5
USD/JPY	157.9	-0.4	0.8
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	7.2	-0.04	0.6
Flows (USD b)	**9-Nov**	**MTD**	**CYTD**
FIIs	0.77	5.98	-25.2
DIIs	-0.76	-4.16	70.7
Volumes (INRb)	**9-Nov**	**MTD***	**YTD***
Cash	1,277	1303	1332
F&O	7,10,513	3,17,258	2,54,698

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

NSE: Deep Roots, Expanding Horizons

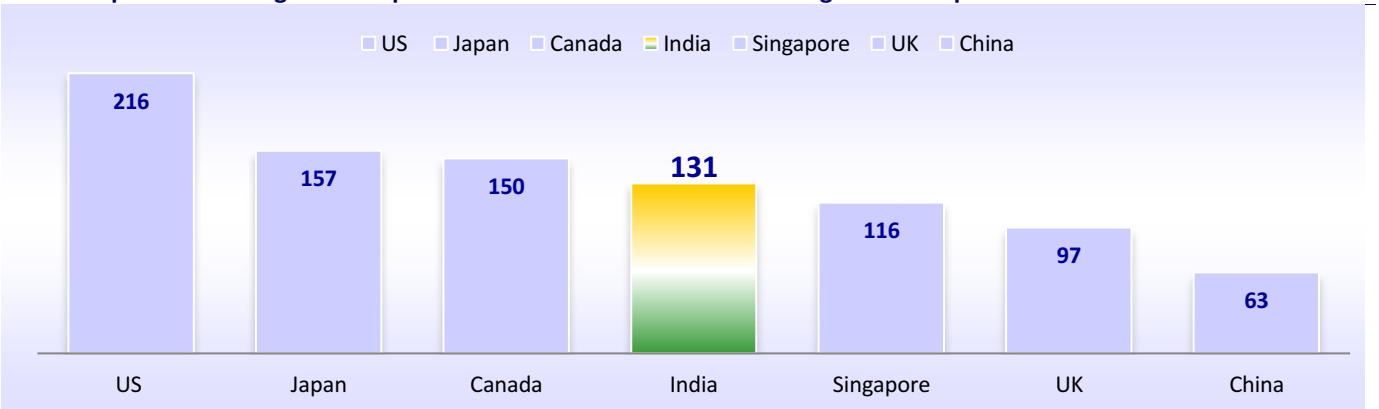
- India's ~3% active-participation rate is low reflecting structural headroom for growth as financial literacy, digital onboarding and distribution improves. The number of investors aged <30 years rose from 22.6% of NSE's individual investor base in FY19 to 38.4% in FY26. As this cohort matures over the years, the trading activities and ticket sizes of trades will only increase.
- NSE's FY26 market share is 93% in cash, 99.8% in equity futures and 74.7% in equity options premium. From 7th Dec'26, favourable modification of CAS rules should lead to options volumes recovering to pre-CAS levels.
- Non-transaction revenue formed 17% of FY26 revenue from operations vs. a significantly higher share for global exchanges in data feeds/terminals and clearing. Rising diversification should reduce cyclicality and lend strong visibility for earnings. With early inroads into the commodity space through new products, NSE is well poised to gain a meaningful position in the segment.
- For NSE, EBITDA margins have been in the range of 70%+. A largely fixed cost base gives high incremental margins as volumes recover. PAT is expected to grow at a FY26-29E CAGR of 13%, and RoE should recover from ~30% in FY26 to ~43% by FY29E. We initiate coverage with a BUY rating and a one-year TP of INR2,300, based on 40x Sep'28E EPS.

Research covered

Cos/Sector	Key Highlights
NSE	Deep Roots, Expanding Horizons
India Strategy	The In and Out of FII flows: Sentiment on the cusp of an inflection!
MRF	Strong revenue growth offset by margin pressures
Other Updates	Nuvama Wealth | IIFL Fin. | Data Patterns | Fujiyama Power Systems | Equitas Small Fin. | Sectors (Banks | Cement | Economy) | Flash (Kalyan Jewellers | Midwest)

Chart of the Day: NSE (Deep Roots, Expanding Horizons)

Market cap-to-GDP ratio global comparison indicates headroom for further growth in capital market activities



Source: World Bank, MOFSL. Note: The value for UK corresponds to CY2022, Data for India corresponds to FY25

In the news today

Kindly click on textbox for the detailed news link

1

Manyavar maker Vedant Fashions struggles to revive growth as same-store sales drop 5.8% in Q2

Manyavar maker Vedant Fashions is facing mounting competition and slowing growth, with same-store sales declining 5.8% in the September quarter.

2

Honda to invest $3 billion in Ohio plant to make hybrid vehicles, create 2,000 jobs

Honda Motor will invest $3 billion to build a new hybrid vehicle plant in Ohio, creating 2,000 jobs and adding annual production capacity of 240,000 vehicles from 2029.

3

Government extends ₹2,700-crore PLI scheme for medical devices till 2035-36, eases eligibility norms

The government has extended the ₹2,700-crore production-linked incentive (PLI) scheme for domestic medical device manufacturing until 2035-36 and invited fresh applications with relaxed eligibility and investment conditions.

4

Green hydrogen demand slump delays electrolyser projects to August 2027

Weak demand for green hydrogen is prompting nearly half-a-dozen companies to defer commissioning their electrolyser manufacturing facilities from December 2026 to August 2027, with MNRE allowing them to retain eligibility under the PLI scheme.

5

Dabur hints calibrated price hikes amid inflation, focus on cost optimisation to protect margins

The company is navigating an inflationary environment, with rising crude oil prices amid the West Asia conflict adding to cost pressures across the supply chain, said Dabur India CEO (India Business) Herjit Bhalla during the post-earnings investor call last week.

6

NCLT flags undervalued, fraudulent HDIL property sale in 2019

The order relates to a commercial office premises in Dheeraj Pali Arcade Building on Pali Road, Bandra West, which was transferred to the buyer through a registered sale agreement dated July 4, 2019.

7

NTPC sole applicant in second round of coal gasification scheme

The second round of applications for the coal gasification scheme saw participation from only NTPC Ltd. In contrast, the first round attracted five companies, highlighting a change in interest levels.

National Stock Exchange

BSE Sensex	S&P CNX
80,099	24,986

CMP: INR1,931 **TP: INR2,300 (+19%)** **Buy**

Deep Roots, Expanding Horizons

- **Structural tailwinds for activity growth:** India's market cap-to-GDP ratio stands at 131% (FY25) vs. the US at 216% and Japan at 157% (CY24). Matching the US ratio would imply 1.65x the current listed market cap. Demat accounts reached 241m by Sep'26, which is 17% of the population, reflecting structural headroom for growth. India's ~3% active-participation rate is low even against other emerging markets, so as financial literacy, digital onboarding and distribution improve, participation could rise structurally over the years.
- **Market leader in an under-penetrated ecosystem:** NSE is India's largest exchange by turnover in the cash market (ADTO of ~INR1.1t) and in equity derivatives (futures ADTO of ~INR1.6t and options premium ADTO of INR577b in FY26). Its active client base of 46m in Sep'26 represents only ~3% of India's population. The number of investors aged <30 years rose from 22.6% of NSE's individual investor base in FY19 to 38.4% in FY26. As this cohort matures over the years, the trading activities and ticket sizes of trades will only increase.
- **Strong presence in equities:** NSE's FY26 market share is 93% in cash, 99.8% in equity futures and 74.7% in equity options premium. Options contribute ~75% of transaction fees, cash ~12% and futures ~11%. NSE accounts for ~12% of global cash trades, ranking third behind only Shenzhen (SZSE) and Shanghai (SSE), and ranked 5th globally by options contracts traded in 1QFY27.
- **Derivatives reset is regulatory, not structural:** Options premium turnover rose from INR4t in FY16 to INR191t in FY26 (47% CAGR). SEBI's F&O measures slowed activity in 2HFY25, which recovered in 2HFY26 before hitting the hurdle of prop regulations (Jul'26) and the closing auction session (CAS) regulation (Aug'26). From 7th Dec'26, favorable modification of CAS rules should lead to options volumes recovering to pre-CAS levels.
- **Non-transaction annuity engine:** Non-transaction revenue formed 17% of FY26 revenue from operations vs. a significantly higher share for global exchanges in data feeds/terminals and clearing. Colocation grew at a ~37% CAGR from INR2.7b in FY21 to INR13.3b in FY26, and we expect a 15% CAGR to ~INR17.6b by FY28E. Listing fees were INR3.5b, and data feeds and terminals saw a 29% CAGR over FY21-26 (est. 15% going forward). This diversification should reduce cyclicality and lend strong visibility for earnings.
- **Multi-asset optionality:** NSE holds 100% in interest rate futures, 85.65% in corporate bonds and 71.4% in electricity futures (within its first year). With early inroads into the commodity space through new products, NSE is well poised to gain a meaningful position in the segment. Corporate bonds outstanding are only ~17.1% of GDP vs. China at ~38.4%, the US at ~38.2% and South Korea at ~75.7%, leaving a significant headroom for India to catch up. GIFT Nifty and NSEIXGA at GIFT City add dollar-denominated growth.
- **Triple moat of scale, margins and technology:** For NSE, EBITDA margins have been in the range of 70%+. A largely fixed cost base gives high incremental margins as volumes recover. The strength and scale of the technology is evinced from the peak volume of 21.9b order messages and 201m trades on 24th Mar'26. The capability is to process ~5m messages per second and further investments will only strengthen the platform.
- **Earnings recovery with operating leverage:** We expect revenue to rise from INR166b in FY26 to INR234b in FY29E (12% CAGR) and EBITDA to clock a 13% CAGR over FY26-29E, with margin expanding to ~77% by FY29E. PAT should reach INR150b reflecting FY26-29E CAGR of 13%, and RoE should recover from ~30% in FY26 to ~43% by FY29E. **We initiate coverage with a BUY rating and a one-year TP of INR2,300, based on 40x Sep'28E EPS**.

Stock Info

Bloomberg	NSE IN
Equity Shares (m)	2475
M.Cap.(INRb)/(USDb)	4778 / 50.9
52-Week Range (INR)	1954 / 1640
1, 6, 12 Rel. Per (%)	0/-/-
12M Avg Val (INR M)	7809
Free float (%)	100.0

Financial Snapshot (INRb)

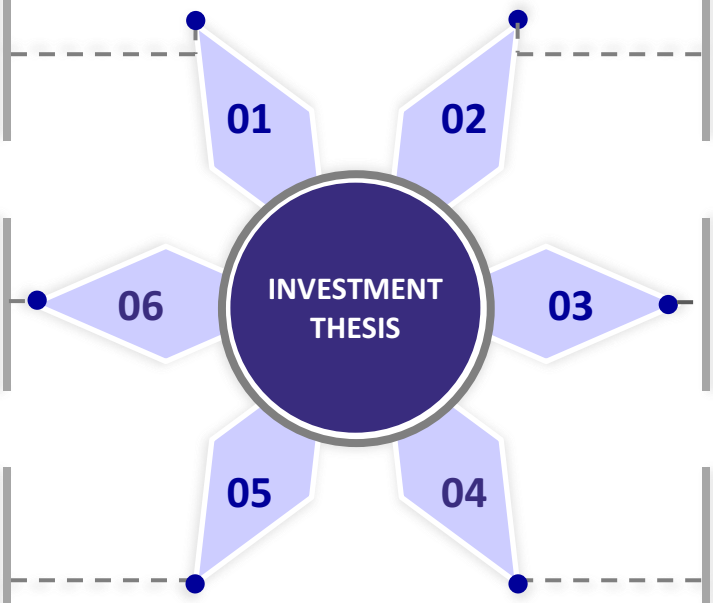
Y/E March	FY26	FY27E	FY28E
Operating revenue	166.0	178.1	204.1
EBITDA	126.6	134.6	155.9
PAT	103.1	112.8	130.0
Adj. PAT	106.7	112.8	130.0
EPS (INR)	41.7	45.6	52.5
EPS Gr (%)	(8.4)	9.4	15.2
BV / Sh (INR)	129.8	131.3	134.8
Ratios (%)			
RoE	34.1	34.9	39.5
Div. Payout	84.0	87.8	85.7
Valuations			
P/E (x)	45.8	41.9	36.3
P/BV (x)	14.7	14.5	14.2

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	0.0	0.0	0.0
DII	28.2	5.5	5.4
FII	25.4	62.0	62.5
Others	46.4	32.6	32.1

FII includes depository receipts

STORY IN CHARTS



MARKET LEADERSHIP
Dominant player in the underpenetrated capital market ecosystem

STRUCTURAL TAILWINDS
Market cap-to-GDP at 131% (vs US at 216%); demat accounts cover only ~17% of population

CAS RESET TEMPORARY
SEBI separates index derivatives from CAS; volumes to recover

NON-TRANSACTION ANNUITY ENGINE
Diverse revenue streams like colocation, listing, index licensing, etc. should reduce cyclicality in earnings

PRODUCT BREADTH
Diverse product offerings with continued innovation to cater to market needs

SCALE, MARGINS AND TECH
Fixed cost base gives high incremental margins as volumes recover

NSE's journey over the years

1992 -1998

NSE

1992
- Incorporated in November 1992

1993
- Recognised as a stock exchange by SEBI in April 1993

1994
- Commenced screen-based trading of securities

1996
- Created and administered a settlement fund
- Launched our flagship Nifty 50 Index

1999 -2005

2000-01
- Commenced derivatives trading with Nifty 50 futures & options

2002-03
- Gradually reduced settlement cycle from T+5 to T+2

2005
- Number of Listed Entities crossed 1,000 mark

2006 -2015

2007
- Market Capitalisation of Listed Entities hit US$1 trillion
- Unique Registered Investors crossed 5 million
- Nifty 50 crossed 5,000 mark

2009
- Unique Registered Investors crossed 10 million
- Launched Mutual Fund Service System (MFSS)

2012
- Launched SME-specific platform: EMERGE

2014
- Launched the NSE NMF II platform for mutual fund distributors

2016 -2021

2016
- Unique Registered Investors crossed 20 million

2017
- Market Capitalisation of Listed Entities hit US$2 trillion
- Nifty 50 crossed 10,000 mark

2019
- Largest volume of derivatives contracts traded in the world in CY 2019 (2)

2021
- Unique Registered Investors crossed 50 million
- Number of Listed Entities crossed 2,000 mark
- Nifty 50 crossed 15,000 mark

2022 -2024

2022
- Implemented T+1 settlement cycle in a phased manner
- Unique Registered Investors crossed 69 million
- Inauguration of NSE IFSC-SGX Connect

2023
- First listing on NSE Social Stock Exchange
- Nifty 50 crossed 20,000 mark
- SMEs on EMERGE hit ₹1 trillion market capitalisation

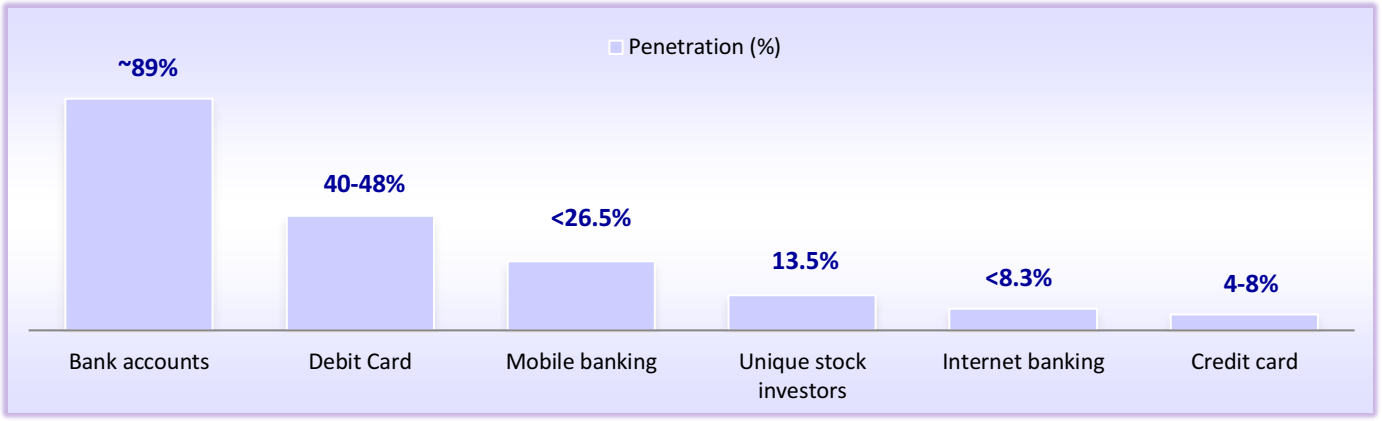
2024
- Launched T+0 settlement in the equity segment
- Nifty 50 crossed the 25,000 mark
- Market Capitalisation of Listed Entities crossed $5 trillion

2025 -2026

2025
- Unique Registered Investors crossed 122 million and investor accounts (unique client codes) crossed 240 million
- Launched a website for municipal bonds
- Launched NSE MF Invest
- PaRRVA pilot launched
- EMERGE marked its 650th SME listing milestone having raised over ₹180 billion since 2012

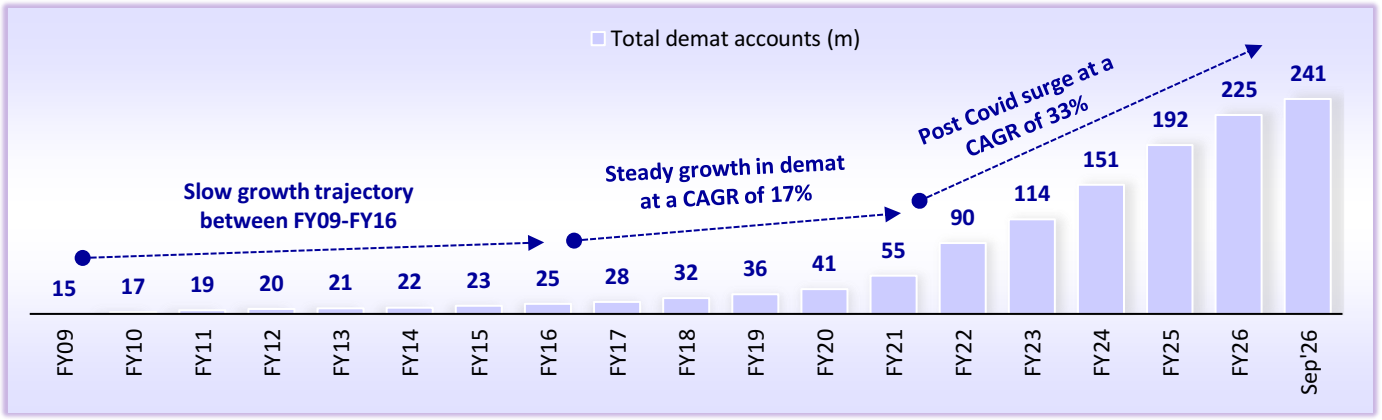
2026
- Unique Registered Investors crossed 130 million (1)

Penetration of financial products in India



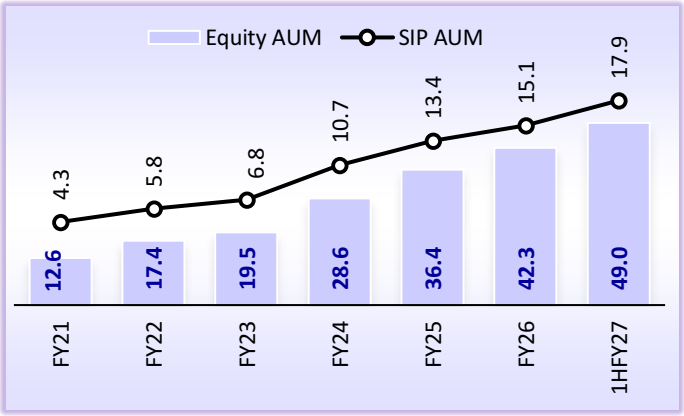
Source: Company, MOFSL

Demat growth trajectory across phases



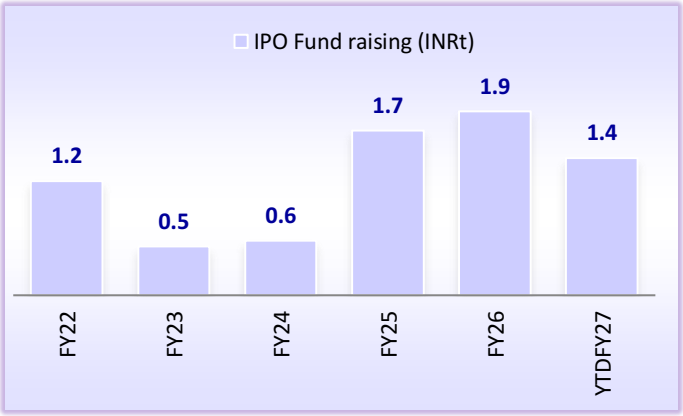
Source: SEBI, MOFSL

Equity AUM continues to expand, backed by SIP flows



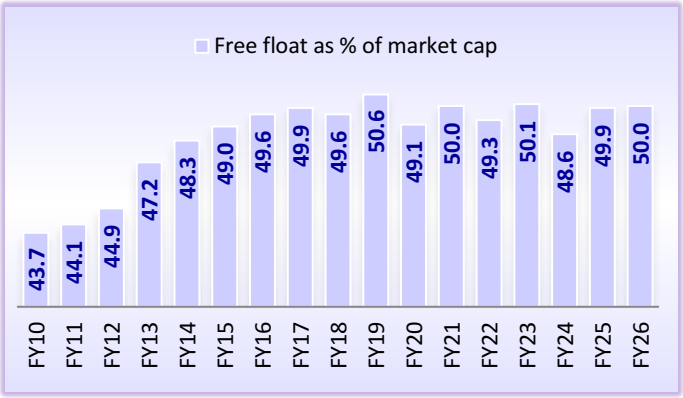
Source: AMFI, MOFSL

Primary fund raising through IPOs has been strong



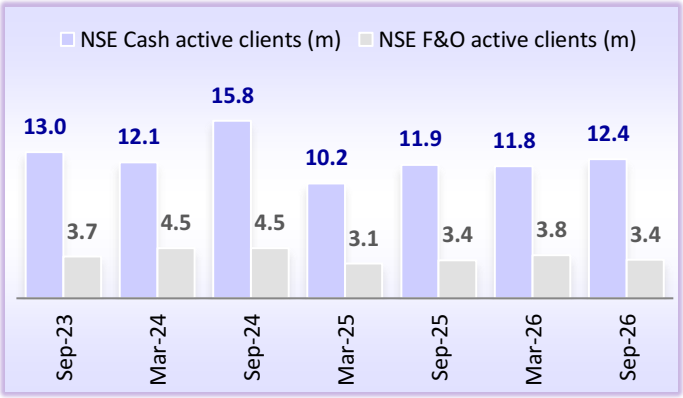
Source: Moneycontrol, MOFSL

Free float % remains stable despite growing market cap



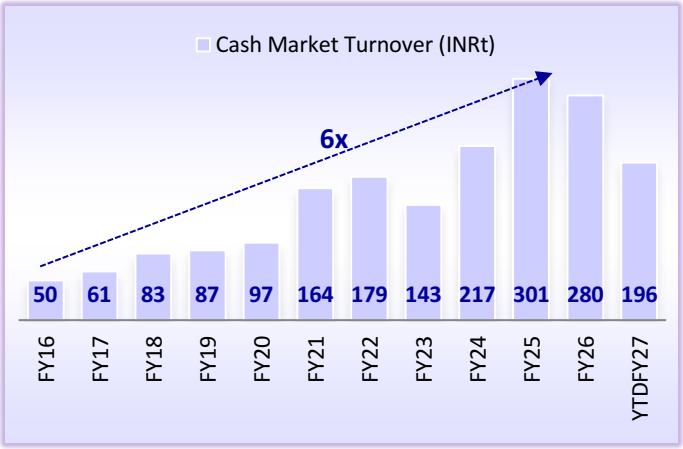
Source: Company, MOFSL

NSE active client base across segments



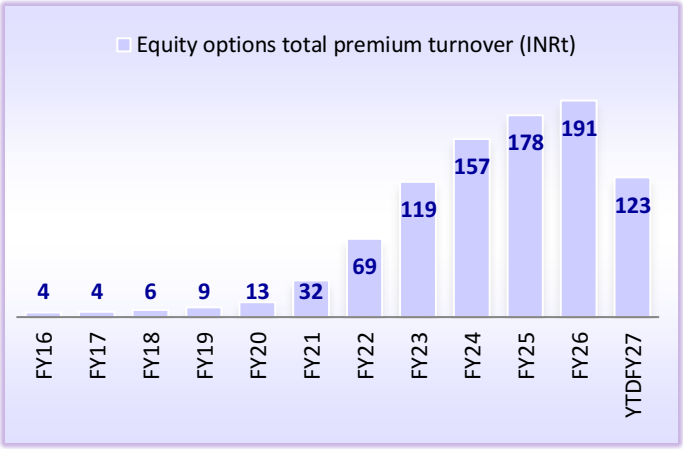
Source: NSE Pulse, MOFSL

India's cash turnover has scaled materially over the years



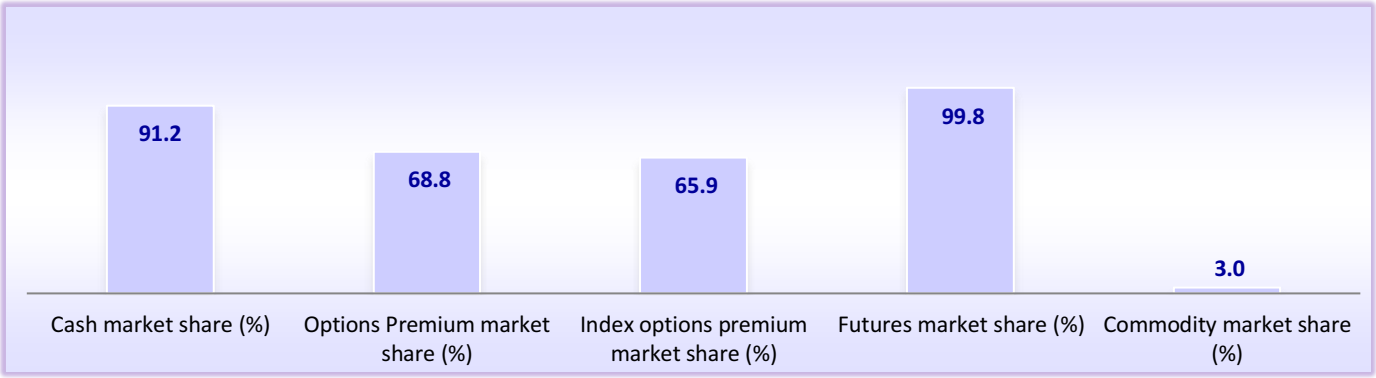
Source: Company, MOFSL

Options on a stellar growth path



Source: Company, MOFSL

Market share of NSE across asset classes in Sep'26



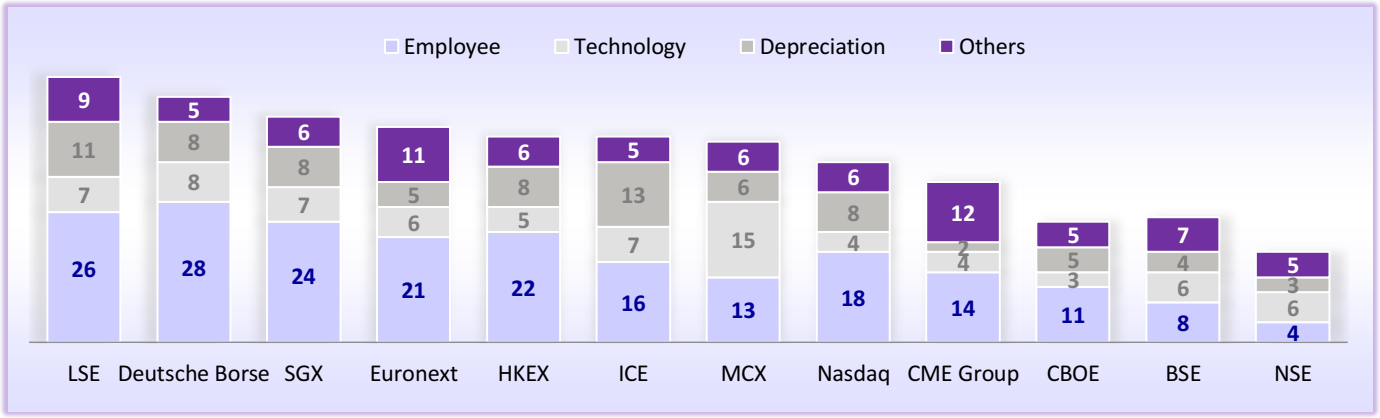
Source: Company, MOFSL

Indian exchanges' revenue base is dominated by transaction fees

Revenue Streams	Indian Exchanges	Global Exchanges
Transaction charges	>10%	>10%
Listing services	<5%	5-10%
Data center – Rack charges & data connectivity charges	5-10%	5-10%
Data feed and terminal services and index licensing and data & data subscription fees	<5%	>10%
Clearing & settlement fee	<5%	>10%

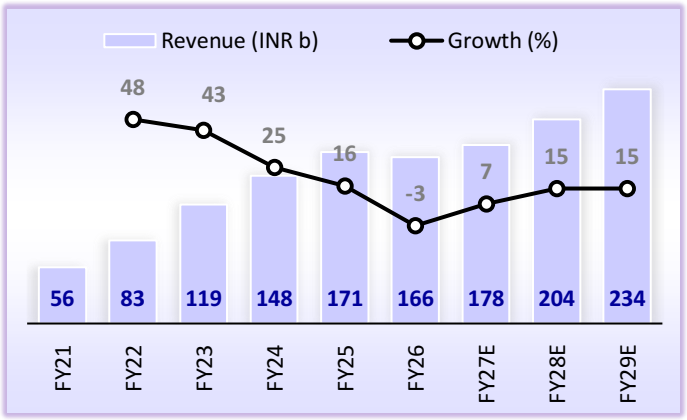
Source: Company, MOFSL

Non-volume expenditure as % of revenue from operations for global exchanges as of FY25

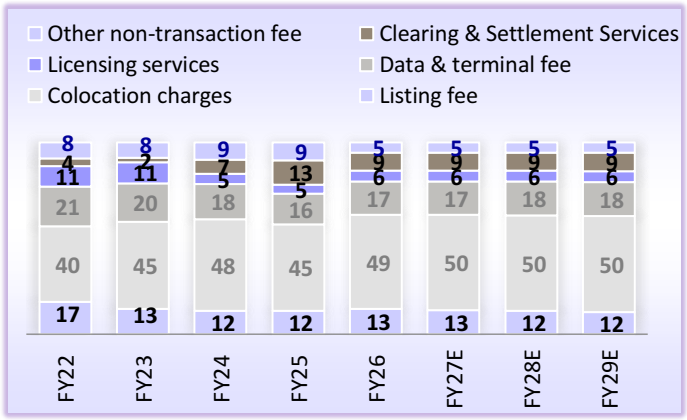


Source: Company, MOFSL

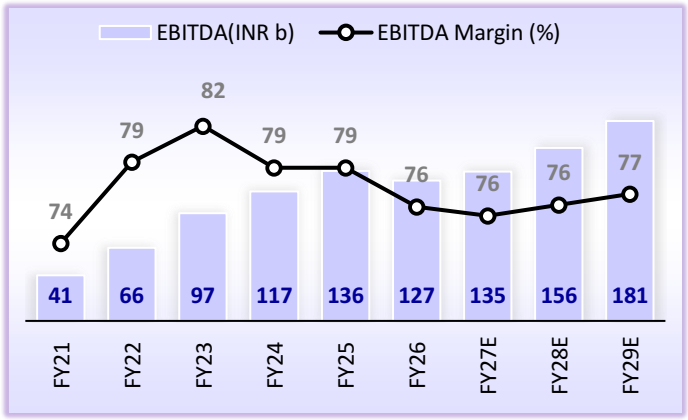
We expect revenue to clock a CAGR of 12%



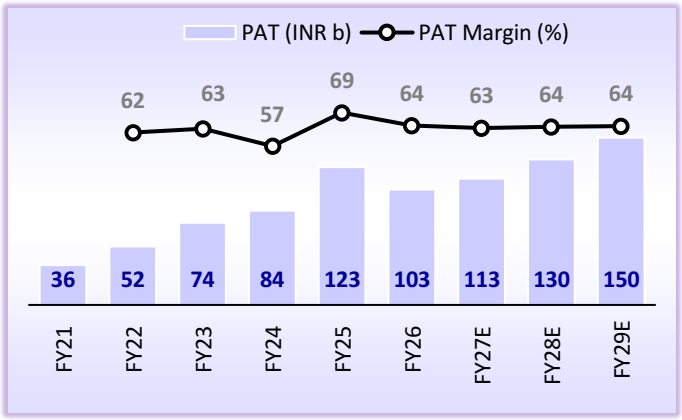
Non-transaction revenue expected to inch up



NSE's EBITDA margin to inch up



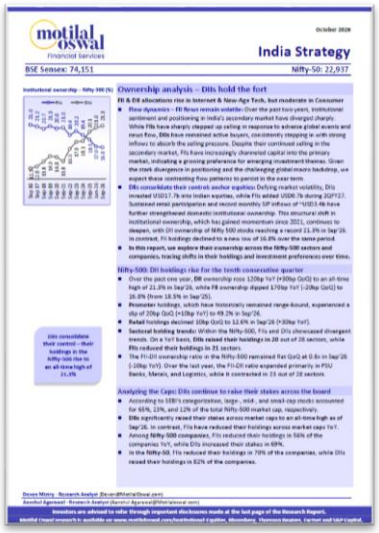
PAT margin to remain stable around ~64%



India Strategy

BSE Sensex: 81,107 **Nifty-50: 25,045**

Refer to our Ownership analysis note – DIIs hold the fort

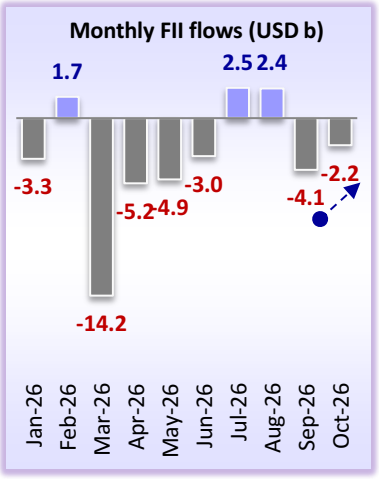


The *In* and *Out* of FII *flows*: Sentiment on the cusp of an inflection!

In this report, we analyze sector-wise FII flows in the Indian equity market during Oct'26 and CY26YTD, and assess foreign investors' broader sectoral positioning.

- Indian equities rebounded from their lows even as most global markets witnessed a sell-off in Oct'26, delivering negative returns amid rising concerns over interest rate hikes and growing questions about whether investments in AI infrastructure and capex had run too far ahead of potential returns. Elevated bond yields, higher crude oil prices, and heightened volatility further dampened global risk sentiment, triggering capital outflows from AI- and technology-heavy markets and sharper market declines. Markets also adopted a risk-off stance in Oct'26 amid uncertainty surrounding the outcome of the US midterm elections, prompting investors to pare their exposure to global equities.
- Against this backdrop of persistent headwinds, FII outflows continued in Oct'26 following the sharp sell-off in Sep'26, with net outflows amounting to USD2.2b during the month. However, FII activity witnessed a strong recovery in the second half of Oct'26. In contrast, DIIs maintained their strong buying momentum, recording net inflows of USD6.3b during the month.

FII remains sellers; however, witnessed a strong recovery in the second half of Oct'26



Note: Flows include all trading days during the month

FMCG and Financials drive FII outflows; Technology sees strong inflows

- FIIs sold USD2.2b worth of Indian equities in Oct'26, lower than the outflows recorded in Sep'26. In contrast, DIIs invested USD6.3b, extending their strong buying momentum for the 39th consecutive month.
- FIIs remained most bearish on FMCG (-USD 1.0b), Financial Services (-USD1.0b), and Automobiles (-USD0.8b). In contrast, they were most bullish on Technology (+USD1.4b) and Telecom (+USD0.7b) during the month.
- In Oct'26, 14 of the 20 sectors saw net FII outflows vs. 14 sectors in CY26YTD.

CY26YTD: Financials continue to witness the sharpest FII outflows

- **In CY26YTD**, FIIs have sold a record ~USD30.4b worth of Indian equities. Financial Services (-USD13.2b), Automobiles (-USD4.9b), and FMCG(-USD4.5b) witnessed the sharpest FII outflows, while Services (+USD1.4b), Metals (+USD1.3b), Capital Goods, (+USD1.1b) attracted the highest inflows.
- In CY26YTD, Services (+USD1.4b) emerged as the most preferred sector among FIIs, while Financials (-USD13.2b) remained the least preferred. This marked a clear shift from CY25, when Telecom (+USD 5.5b) was the most preferred sector and Technology (-USD8.6b) remained the least preferred.
- Notably, FMCG (-USD4.5b) and O&G (-USD4.4b) have seen FII outflows in nearly every month of CY26YTD. Conversely, Technology and Telecom recorded a sharp uptick in FII inflows.

FII volatility, a key overhang for Indian markets, appears to be easing

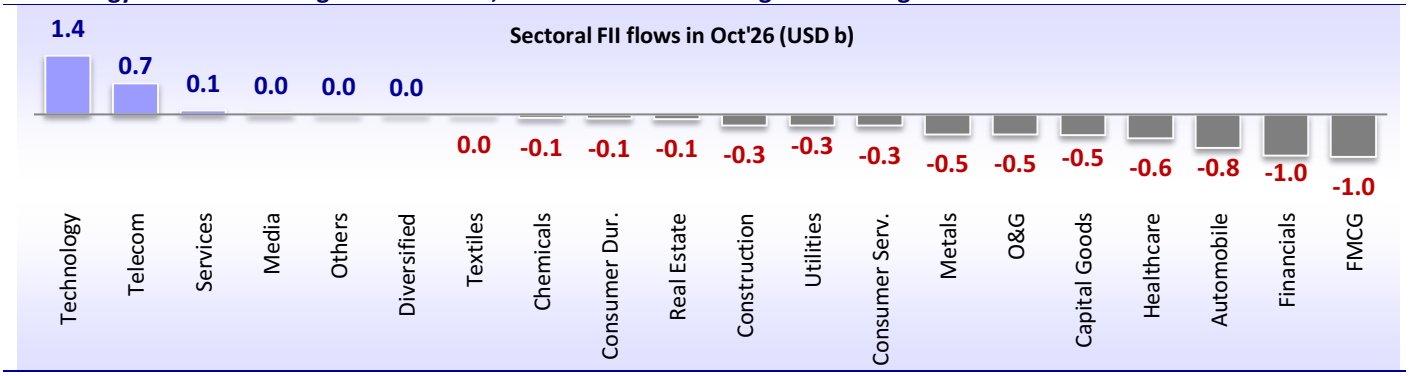
- Given India's healthy macroeconomic fundamentals, strong corporate earnings, a meaningful correction in valuations from their 2024 peak levels, and robust domestic liquidity, any moderation in the global AI trade could encourage a stronger and more sustained revival in FII interest in relatively underperforming EMs such as India. Easing FII selling in large-cap-heavy sectors also supported the relative outperformance of large caps over SMIDs during the month.

FII flows reversed course in the second half of Oct'26, recording net inflows of USD2.8b following net outflows of USD5.0b in the first half.

- Continued improvement in FII sentiment, coupled with easing geopolitical challenges, could help offset the headwinds that have weighed on Indian markets over the past two years and lay the foundation for a sustained market rally.

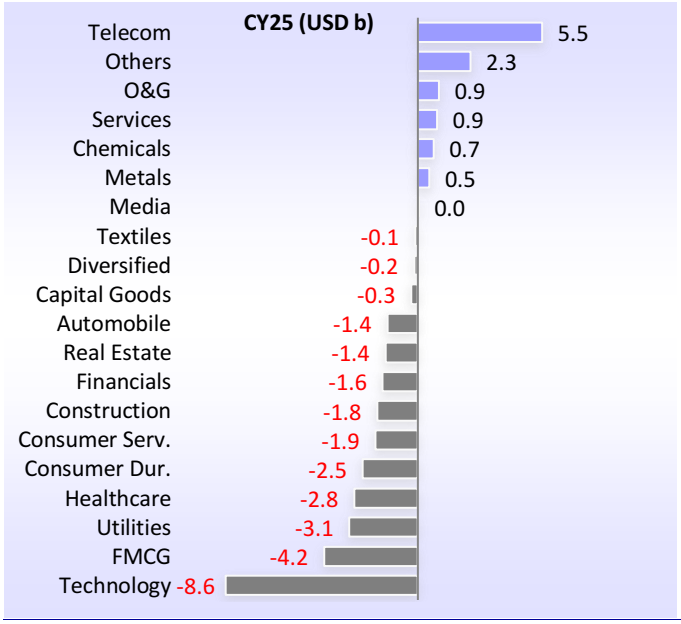
***Note**: Sectoral FPI flow data for a given month exclude transactions executed on the final trading day, which are reflected in the following month's data, according to NSDL. Refer to Exhibits 14 onward for monthly sector-wise flows*

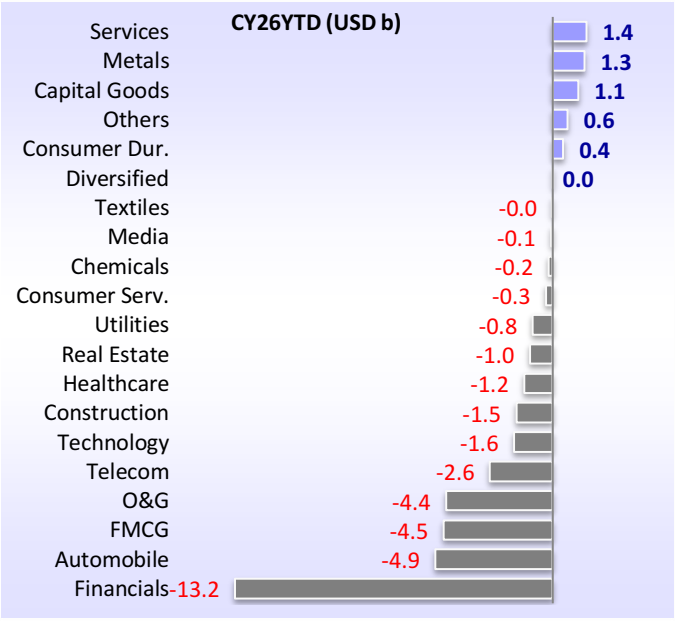
Technology witnessed the highest FII inflows, while FMCG saw the largest FII selling in Oct'26



Source: NSDL, MOFSL

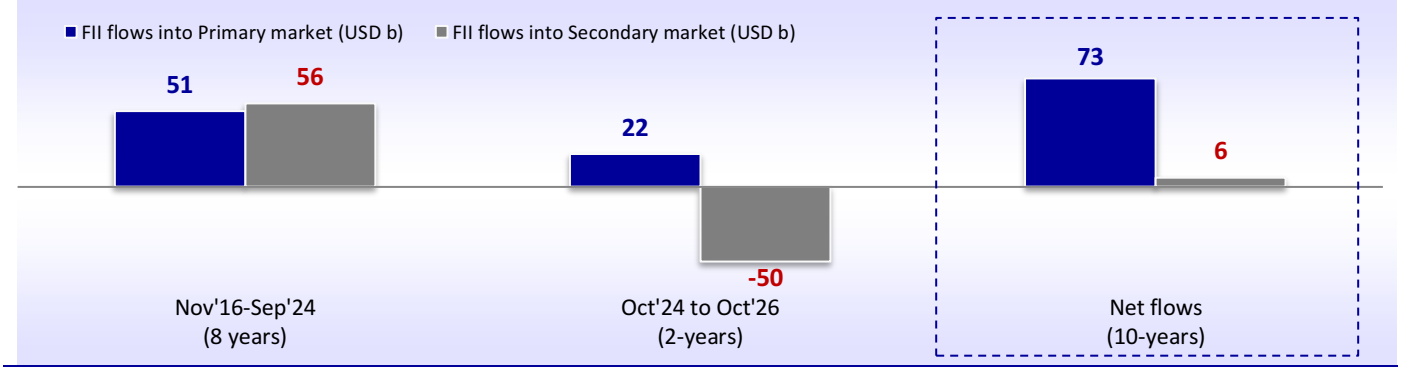
Services and Metals remained the most favored sectors among FIIs, while Financial Services, Automobiles, and FMCG have borne the brunt of FII outflows in CY26YTD





Source: NSDL, MOFSL

FIIs' secondary market flows remained muted while the entire interest has been focused on primary market investments over the past two years - Net FII flows



Source: MOFSL, NSDL

MRF

Estimate change	↓
TP change	⟷
Rating change	⟷

Bloomberg	MRF IN
Equity Shares (m)	4
M.Cap.(INRb)/(USDb)	529.6 / 5.6
52-Week Range (INR)	159800 / 115190
1, 6, 12 Rel. Per (%)	-9/-8/-20
12M Avg Val (INR M)	878

Financials & valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	311.5	345.0	366.8
EBITDA	49.0	38.2	51.4
Adj. PAT	24.7	15.5	24.8
EPS (INR)	5,834	3,662	5,856
EPS Growth (%)	32.3	-37.2	59.9
BV/Share (INR)	49,468	52,881	58,461
Ratios			
RoE (%)	12.5	7.2	10.5
RoCE (%)	11.8	7.3	10.3
Payout (%)	4.1	6.8	4.7
Valuations			
P/E (x)	21.4	34.1	21.3
P/BV (x)	2.5	2.4	2.1
Div. Yield (%)	0.2	0.2	0.2
FCF yield (%)	6.0	3.0	4.7

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	27.6	27.8	27.8
DII	12.7	12.1	12.4
FII	17.1	17.4	18.3
Others	42.6	42.7	41.6

FII includes depository receipts

CMP: INR1,24,875 TP: INR1,05,400 (-16%) Sell

Strong revenue growth offset by margin pressures

Raw material prices to remain elevated in the near term

- MRF's 2QFY27 adj. PAT at INR3.7b missed our estimate despite a strong ~18% YoY revenue growth to INR85.2b. Higher-than-expected raw material inflation led to a 430bp YoY contraction in EBITDA margin to 10.7%, below our estimate for the quarter.
- Management remains cautious about the demand outlook given the risk of a subnormal monsoon. Further, rising raw material costs and supply chain disruptions due to the ongoing Middle East conflict remain the key near-term headwinds. As a result, we cut our FY27 earnings estimate by 17% and now expect MRF's earnings to remain flat over FY26-28. While its RoCE has improved to 11.8% from a recent dip to 10% in FY25, it is likely to dip to 7% by FY27E given the sustained margin pressure before recovering in FY28. Given its subpar returns, valuations at 34x/21x FY27E/FY28E appear expensive. **We reiterate our Sell rating with a TP of INR1,05,400, valued at 18x FY28E EPS.**

A spike in input costs hurts margins, leading to miss on estimates

- MRF's standalone revenue grew 17.6% YoY to INR85.2b, beating our estimate of INR81.2b. The strong growth was primarily due to sustained demand from both OEM and the replacement segments.
- RM pressure was higher than expected, leading to a 470bp YoY dip in gross margin to 31.7% (below our estimate of 32.7%).
- As a result, EBITDA margin contracted 430bp YoY to 10.7% (vs. our estimate of 11.8%) in 2QFY27.
- EBITDA declined 16.3% YoY to INR9.1b (missing our estimate of INR9.6b).
- Other income came in higher than expected at INR1.3b.
- However, margin pressures led to a ~28% YoY decline in PAT to INR3.7b, missing our estimate of INR3.9b.
- The Board announced an interim dividend of INR3 per share.
- Standalone CFO for 1HFY27 stood at INR12.4b, with free cash flow coming in at a positive INR4.7b.

Valuation and view

Management remains cautious about the demand outlook given the risk of a subnormal monsoon. Further, rising raw material costs and supply chain disruptions due to the ongoing Middle East conflict remain key near-term headwinds. As a result, we cut our FY27 earnings estimate by 17% and now expect MRF's earnings to remain flat over FY26-28. While its RoCE has improved to 11.8% from a recent dip to 10% in FY25, it is likely to dip to 7% by FY27E given the sustained margin pressure before recovering in FY28. Given its subpar returns, valuations at 34x/21x FY27E/FY28E appear expensive. **We reiterate our Sell rating with a TP of INR1,05,400, valued at 18x FY28E EPS.**

Standalone - Quarterly Earnings Model

(INR M)

Y/E March	FY26				FY27E				FY26	FY27E	2QE	VAR(%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	**75,603**	**72,497**	**79,337**	**79,084**	**82,916**	**85,240**	**85,684**	**85,665**	**3,06,521**	**3,39,505**	**81,196**	**5**
YoY Change (%)	6.8	7.2	15.3	13.9	9.7	17.6	8.0	8.3	10.8	10.8	12.0	
Total Expenditure	65,259	61,599	65,693	66,453	73,429	76,114	76,002	75,337	2,59,004	3,00,882	71,615	
EBITDA	**10,343**	**10,898**	**13,644**	**12,632**	**9,486**	**9,126**	**9,682**	**10,328**	**47,517**	**38,622**	**9,581**	**-5**
Margins (%)	13.7	15.0	17.2	16.0	11.4	10.7	11.3	12.1	15.5	11.4	11.8	-110bp
Change (%)	-9.1	11.9	70.2	21.1	-8.3	-16.3	-29.0	-18.2	20.1	-18.7	-12.1	
Depreciation	4,270	4,433	4,362	4,409	4,458	4,680	5,000	5,047	17,473	19,185	4,650	
Interest	822	708	736	706	697	742	770	787	2,971	2,996	760	
Other Income	1,255	1,067	1,231	1,329	1,915	1,277	1,000	1,195	4,882	5,386	1,050	
PBT before EO expense	**6,507**	**6,824**	**9,777**	**8,846**	**6,245**	**4,981**	**4,912**	**5,688**	**31,954**	**21,827**	**5,221**	
Extra-Ord expense	0	0	772	-152	0	0	0	0	620	0	0	
PBT	**6,507**	**6,824**	**9,005**	**8,998**	**6,245**	**4,981**	**4,912**	**5,688**	**31,335**	**21,827**	**5,221**	
Tax	1,665	1,708	2,214	2,194	1,502	1,290	1,253	1,478	7,781	5,522	1,321	
Rate (%)	25.6	25.0	24.6	24.4	24.0	25.9	25.5	26.0	24.8	25.3	25.3	
Reported PAT	**4,842**	**5,116**	**6,791**	**6,804**	**4,744**	**3,692**	**3,660**	**4,210**	**23,554**	**16,305**	**3,900**	
Adj PAT	**4,842**	**5,116**	**7,372**	**6,690**	**4,744**	**3,692**	**3,660**	**4,210**	**24,020**	**16,305**	**3,900**	**-5**
YoY Change (%)	-13.9	12.3	140.4	34.4	-2.0	-27.8	-50.4	-37.1	31.8	-32.1	-23.8	
Margins (%)	6.4	7.1	8.6	8.6	5.7	4.3	4.3	4.9	7.8	4.8	4.8	

E: MOSL Estimates

Key Performance Indicators

RM Cost(% of sales)	65.7	63.6	62.1	61.7	67.3	68.3	67.5	66.9	63.2	67.5	67.3	100bp
Staff Cost(% of sales)	6.1	6.6	6.4	6.8	5.9	5.9	5.9	6.0	6.5	5.9	6.2	-30bp
Other costs(% of sales)	14.5	14.7	14.3	15.6	15.4	15.1	15.3	15.1	14.8	15.2	14.7	40bp
Gross Margin(%)	34.3	36.4	37.9	38.3	32.7	31.7	32.5	33.1	36.8	32.5	32.7	-100bp
EBITDA Margin(%)	13.7	15.0	17.2	16.0	11.4	10.7	11.3	12.1	15.5	11.4	11.8	-110bp

E: MOSL Estimates

Nuvama Wealth

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	NUVAMA IN
Equity Shares (m)	185
M.Cap.(INRb)/(USDb)	346.1 / 3.7
52-Week Range (INR)	2067 / 1097
1, 6, 12 Rel. Per (%)	-5/11/-73
12M Avg Val (INR M)	812

Financials & Valuations (INR b)

Y/E March	2026	2027E	2028E
Revenues	31.2	38.4	46.7
Opex	17.4	20.8	24.9
PBT	13.8	17.6	21.8
PAT	10.5	13.3	16.4
EPS (INR)	58	73	91
EPS Gr. (%)	6	27	24
BV/Sh. (INR)	234	281	346
Ratios (%)			
C/I ratio	55.7	54.2	53.4
PAT margin	33.6	34.6	35.1
RoE	27.5	29.2	29.7
Div. Payout	23.6	39.9	32.3
Valuations			
P/E (x)	32.5	25.5	20.6
P/BV (x)	8.0	6.7	5.4
Div. Yield (%)	0.7	1.6	1.6

Shareholding Pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	54.1	54.2	54.8
DII	8.3	8.4	5.8
FII	17.0	16.4	16.6
Others	20.6	21.0	22.8

FII includes depository receipts

CMP: INR1,875 TP: INR2,160 (+15%) Buy

Strong flow momentum; PAT miss due to a one-off

- Nuvama Wealth (NUVAMA)'s 2QFY27 operating revenue of INR9.4b grew 21% YoY (in line). Wealth management revenue grew 14% YoY (in line), AMC grew 6% YoY (40% miss) and the overall capital markets business rose 31% YoY (in line). For 1HFY27, operating revenue grew 20% YoY.
- Total operating expenses grew 16% YoY to INR5.1b (in line), with 19% YoY growth in employee expenses. The cost-to-income ratio improved to 54.1% vs. 56.6% in 2QFY26 (our est. of 53.9%). EBITDA came in at INR4.3b up 29% YoY. EBITDA margin came in at 45.9% vs. 43.4% in 2QFY26.
- PAT was INR3b (+19% YoY; 8% miss owing to the one-off impact of the pre-closure of a venture debt fund). PAT grew 18% YoY in 1HFY27.
- Wealth and Private RM hiring has reached a steady state, with a 100–200bp improvement in the CI ratio expected this year in wealth management and further improvement over the next few years. In AMC, CI ratio improvement is expected over the next 12–15 months.
- We broadly retain our estimates, considering the in-line operational performance in 2QFY27. **Reiterate BUY with a revised TP of INR2,160 (based on SoTP valuations), implying an FY28E P/E of 24x.**

YoY revenue growth across segments

Nuvama Wealth (29% of 2QFY27 revenue)

- Revenue was up 14% YoY to INR2.8b (in-line), led by 51% YoY growth in interest income. Managed Products and Investment Solutions (MPIS) income remained flat YoY, while brokerage income grew 11% YoY. MPIS revenue contribution dipped YoY to 54% (62% in 2QFY26).
- Average client assets grew 20% YoY to ~INR1.3t, driven by robust net new money of INR51b and MTM gains of INR4b. MPIS contributed net flows of INR33b (+37% YoY) out of total net flows of INR51b.
- The segment has more than 1.3m clients and is serviced by an RM base of ~1.15k and ~8.5k external wealth managers.
- CIR for 2Q improved YoY to 63.0% from 65.0% in 2QFY26 (in line with our est.), resulting in an operating PBT of INR1b (+21% YoY; 6% beat).
- Retention declined YoY to 85bp.

Nuvama Private (24% of total 2QFY27 revenue)

- Revenue grew 15% YoY to ~INR2.3b (in line), driven by 60% YoY growth in ARR to INR1.5b (15% beat) while transactional revenue declined 28% YoY to INR730m (15% miss).
- The average client assets rose 14% YoY, with 23% YoY growth in ARR assets to INR610b and 13% YoY growth in transactional assets to INR1.6t. Net new money inflow into ARR assets stood at INR49.9b (INR24.8b in 2QFY26).
- The segment serves 4,850+ families with 150+ RMs.
- CIR improved YoY to 63.7% (vs. our est. of 65.8%), resulting in a 9% beat in operating PBT at INR819m.
- Retention on ARR assets improved YoY to 99bp from 76bp in 2QFY26.

Nuvama AMC (2% of total 2QFY27 revenue)

- Revenue improved 6% YoY to INR145m (40% miss), largely owing to a 36% YoY jump in the real estate space. The management fee remained flat YoY.
- Fee-paying AUM represents 81% of closing AUM. Average fee-paying AUM declined 4% YoY to INR105b.
- Net new money outflow of INR15b was largely driven by outflows of INR8.9b in the private market space and INR6.5b outflows in the listed equities space. The launches of both the private credit fund and SIF are expected in the next few days, which should help restore the flow trajectory.
- Retention for private markets surged YoY to 81bp, while retention for listed equities improved marginally to 64bp. Real estate retention stood at 56bp for 2QFY27 (78bp in 2QFY26).
- Operating loss for this segment stood at INR129m.

Nuvama Asset Services and Capital Markets (45% of total 2QFY27 revenue)

- Asset services revenue grew 53% YoY to INR2.5b (in line). Retention was at 2.5bp for 2QFY27 and is expected to be at 2.5–2.8% for FY27, supported by INR20b of incremental cash assets expected in 2HFY27 from new client additions.
- The average assets under clearing grew 59% YoY to INR382b. The client count has surpassed 325.
- The IE/IB revenue grew 9% YoY at INR1.8b (8% miss) and is expected to maintain momentum with ~40 transactions in the pipeline.
- CIR for the segment stood at ~39%, improving YoY (vs. our est. of 38%). The operating PBT stood at INR2.6b (+34% YoY decline; 6% miss).

Highlights from the management commentary

- Private credit and the launch of the second commercial real estate fund should expand future transactional income opportunities.
- Asset services yield expected at 2.5–2.8% for FY27, supported by INR20b of incremental cash assets expected in 2HFY27 from new client additions.
- Investment banking pipeline remains healthy, with ~40 transactions in the pipeline.

Valuation and view

- The wealth management business continues to see robust flows in the recurring revenue-earning segment. The asset services business has recovered significantly following the exit of a large client, with revenue growth backed by new client additions. While the asset management business is at a nascent stage, new teams have been set up with SIF and private credit offerings to be rolled out soon. In capital markets, the investment banking pipeline remains robust.
- We broadly retain our estimates, considering the in-line operational performance in 2QFY27. **Reiterate BUY with a revised TP of INR2,160 (based on SoTP valuations), implying an FY28E P/E of 24x.**

Quarterly Performance (INR m)

Y/E March	FY26				FY27				FY26	FY27E	2QFY27E	Actual vs Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE						
Revenue from Operations	7,701	7,718	7,549	8,252	9,090	9,370	9,779	10,164	31,219	38,407	9,522	-1.6	21.4	3.1
Change YoY (%)	15.4	4.3	4.4	7.0	18.0	21.4	29.5	23.2	7.6	23.0	23.4			
Employee expenses	3,156	3,220	2,963	3,423	3,705	3,816	3,883	4,012	12,761	15,416	3,749	1.8	18.5	3.0
Total Operating Expenses	4,209	4,372	4,038	4,784	5,012	5,067	5,247	5,511	17,402	20,833	5,135	-1.3	15.9	1.1
Change YoY (%)	12.5	11.5	3.7	10.0	19.1	15.9	30.0	15.2	9.4	19.7	17.5			
PBT	**3,492**	**3,346**	**3,511**	**3,468**	**4,078**	**4,304**	**4,533**	**4,653**	**13,818**	**17,575**	**4,387**	**-1.9**	28.6	5.5
Change YoY (%)	19.0	-3.8	5.3	3.1	16.8	28.6	29.1	34.2	5.4	27.2	31.1			
Tax Provisions	868	853	890	863	1,046	1,124	1,133	1,088	3,474	4,394	1,097	2.4	31.8	7.1
PAT	**2,623**	**2,494**	**2,621**	**2,605**	**3,032**	**3,180**	**3,399**	**3,564**	**10,344**	**13,181**	**3,290**	**-3.3**	27.5	4.9
Change YoY (%)	20.7	-3.2	4.4	3.6	15.6	27.5	29.7	36.8	5.8	27.4	31.9			
Share of profit of associates (net of taxes)	15	46	-6	83	26	12	20	32	138	90	20	-41.6	(74.6)	(55.0)
Net Profit	**2,639**	**2,540**	**2,615**	**2,688**	**3,058**	**3,035**	**3,419**	**3,597**	**10,482**	**13,271**	**3,310**	**-8.3**	19.5	(0.7)
Change YoY (%)	19.4	-1.4	3.9	5.3	15.9	19.5	30.7	33.8	6.4	26.6	30.3			
Key Operating Parameters (%)													bp	
Cost to Income Ratio	54.7	56.6	53.5	58.0	55.1	54.1	53.7	54.2	55.7	54.2	53.9	14	-257	-105
PBT Margin	45.3	43.4	46.5	42.0	44.9	45.9	46.3	45.8	44.3	45.8	46.1	-14	257	105
PAT Margin	34.3	32.9	34.6	32.6	33.6	32.4	35.0	35.4	33.6	34.6	34.8	-237	-51	-124
Revenue Mix (INR m)														
Wealth Management	**3,771**	**4,378**	**4,296**	**4,736**	**4,472**	**5,011**	**5,241**	**5,461**	**24,398**	**25,723**	**4,886**	**2.5**	14.5	12.1
Nuvama Wealth	2,217	2,411	2,477	2,496	2,495	2,752	3,001	3,149	13,905	14,624	2,690	2.3	14.2	10.3
Nuvama Private	1,554	1,967	1,819	2,240	1,977	2,259	2,240	2,312	10,493	11,099	2,196	2.9	14.8	14.3
Asset Management	**186**	**136**	**148**	**97**	**220**	**145**	**190**	**207**	**1,082**	**1,083**	**243**	**-40.3**	6.3	(34.2)
Capital Markets	**3,727**	**3,208**	**3,101**	**3,440**	**4,409**	**4,207**	**4,348**	**4,496**	**22,715**	**23,555**	**4,393**	**-4.2**	31.1	(4.6)
Avg AUM (INR b)														
Wealth Management	**2,835**	**2,986**	**3,051**	**3,029**	**3,236**	**3,487**	**3,474**	**3,629**	**2,975**	**3,457**	**1,829**	**90.6**	**16.8**	**7.8**
Nuvama Wealth	997	1,063	1,104	1,115	1,177	1,265	1,334	1,405	1,070	1,295	1,237	2.3	18.9	7.4
Nuvama Private (excl. heldaway)	1,837	1,922	1,947	1,914	2,059	2,223	2,140	2,224	1,905	2,161	2,117	5.0	15.6	7.9
Asset Management	**107**	**110**	**115**	**114**	**113**	**105**	**126**	**148**	**112**	**123**	**139**	**-24.2**	(4.1)	(6.5)

IIFL Finance

BSE SENSEX	S&P CNX
81,107	25,045

Bloomberg	IIFL IN
Equity Shares (m)	427
M.Cap.(INRb)/(USDb)	267.7 / 2.9
52-Week Range (INR)	705 / 409
1, 6, 12 Rel. Per (%)	-7/32/21
12M Avg Val (INR M)	1401

Financials &Valuations (INR b)

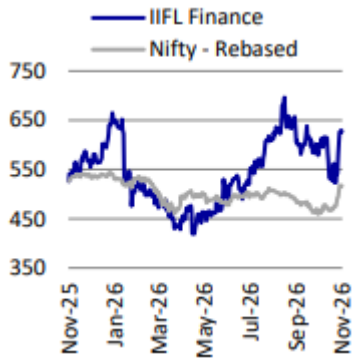
Y/E March	FY26	FY27E	FY28E
NII	60.4	90.9	112.5
Total Income	76.6	101.7	123.8
PPoP	41.5	60.4	74.7
PAT (pre-NCI)	18.2	36.3	45.1
PAT (post-NCI)	16.6	34.5	42.7
EPS (INR)	39.1	81.1	80.2
EPS Gr. (%)	338	108	-1
BV (INR)	327	533	520
Ratios (%)			
NIM	6.5	7.3	7.3
C/I ratio	45.8	40.6	39.6
Credit cost	2.8	1.5	1.6
RoA	2.3	3.5	3.6
RoE	12.6	18.8	17.0
Valuations			
P/E (x)	16.1	7.7	7.8
P/BV (x)	1.9	1.2	1.2

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	24.8	24.9	24.9
DII	7.9	7.5	9.1
FII	25.6	23.9	26.8
Others	41.8	43.8	39.2

FII Includes depository receipts

Stock's performance (one-year)



CMP: INR627 TP: INR850 (36%) BUY

Onboards strategic investor Blackstone; strengthens capital base

Equity infusion to unlock the next phase of growth

- IIFL Finance (IIFL) has approved a INR64.1b capital raise through a preferential issue of compulsorily convertible preference shares (CCPS), led by a INR50b investment from Blackstone, alongside INR1.5b from Anchorage Capital and an INR12.6b equity infusion from the promoters and promoter group via subscription to warrants. The equity raise, priced at INR602/share, represents a significant capital infusion into the company.
- This capital raise is expected to significantly strengthen the balance sheet, with the company indicating an improvement in its capital adequacy ratio from ~17% to ~30% (pro forma as of Sep'26). The transaction also brings a strategic global investor on board, which will support business expansion, strengthen governance, and improve funding costs over the medium term.
- Blackstone's entry as a strategic investor with ~15.6% stake (on a fully diluted basis) marks an important development for IIFL. Beyond the capital commitment, the partnership is expected to provide access to Blackstone's global network and operational expertise, particularly across technology, data, and AI. We believe this will strengthen IIFL's operating capabilities and support its ambition to further scale its lending franchises.
- The strengthened capital position could support an improvement in credit ratings and lower borrowing costs over time, thereby aiding funding-cost efficiency and profitability. The company intends to utilise the capital to accelerate growth in its gold finance business and expand its secured lending franchises.
- We view the event as a positive development, since it addresses a key balance-sheet constraint and will provide the company with substantial growth capital at a time when it is looking to scale its secured lending franchises. The participation of Blackstone, a large global private equity investor, also provides a strong institutional endorsement of the franchise and could improve the company's access to funding over time. Importantly, the promoters' participation through warrants, along with Blackstone, demonstrates continued confidence in the business and aligns their interests with the new investor.
- We raise our FY27/FY28 EPS estimates by 7%/11% to factor in this equity infusion into the company. IIFL trades at 1.2x FY28E P/BV and ~8x P/E. We model a consolidated AUM/PAT CAGR of 24%/60%% over FY26-FY28E for an estimated RoA/RoE of 3.6%/17% in FY28. **We reiterate our BUY rating on the stock with a TP of INR850 (based on an SoTP valuation).**

Key transaction details

- The Board approved a preferential issue of 85.5m compulsorily convertible preference shares (CCPS) and 21m warrants at INR602/sh, aggregating INR64.14b. The issue is subject to shareholder and applicable regulatory approvals.
- Blackstone, through its Singapore-based investment vehicle Ingot SG Pte. Ltd., will invest INR50b through 83.1m CCPS, which will convert into an equivalent number of equity shares within 17 months and 15 days of allotment. Blackstone will hold a ~15.6% stake on a fully diluted basis following the proposed issue.
- Anchorage Capital will invest INR1.5b through its two schemes, with INR600m and INR900m being infused through 0.99m and 1.49m CCPS, respectively.
- Promoters Nirmal Jain and R. Venkataraman, along with promoter-group entity Ardent Impex, will collectively invest INR12.6b through 21m warrants at INR602 per warrant. Of this, 25% will be paid upfront at allotment and the remaining 75% upon exercise of warrants. Nirmal Jain, R. Venkataraman and Ardent Impex will subscribe to 15m, 4.5m and 1.5m warrants, respectively.
- The entire transaction will be infused as primary capital, with 100% of the CCPS consideration payable at allotment. For the warrants, 25% of the consideration will be received upfront and the balance upon exercise within 18 months.

Strategic and financial implications

- The capital infusion is expected to increase IIFL Finance's capital adequacy ratio from ~17% to ~30% (on a pro forma basis as of Sep'26), providing meaningful balance-sheet headroom to support growth across its secured lending businesses. The strengthened capital position could support an improvement in credit ratings and lower borrowing costs over time, thereby aiding funding-cost efficiency and profitability.
- IIFL intends to utilize the capital to accelerate growth in its gold finance business and expand its secured lending franchises. It also aims to strengthen its co-lending partnerships with banks and invest further in technology.
- Blackstone's participation is strategically significant, with the company expecting to leverage its global network and operational expertise, particularly in technology, data and AI, to strengthen its franchise and execution capabilities.

Other details related to the transaction

- Blackstone will receive customary minority shareholder protection rights, including the right to nominate two non-executive directors on the Board while its aggregate holding remains at or above ~10%. At a holding threshold of ~7.5%, it will have the right to nominate one director on IIFL Finance's Board, one on IIFL Home Finance's Board and two on IIFL Samasta Finance's Board.
- There will be no change in control of the company, with the existing promoters continuing to be classified as promoters. R. Venkataraman will be redesignated from Joint Managing Director to Non-Executive Non-Independent Director, subject to shareholder approval.
- The company has scheduled an EGM on 4th Dec'26, to seek shareholder approval for the preferential issue, increase in authorized share capital, amendments to the Articles of Association and the proposed management redesignation.

Valuation and view

- We view the transaction positively, as it addresses a key balance-sheet constraint and provides the company with substantial growth capital at a time when it is looking to scale its secured lending franchises. The participation of Blackstone, a large global private equity investor, also provides a strong institutional endorsement of the franchise and could improve the company's access to funding over time. Importantly, the promoters' participation alongside Blackstone demonstrates continued confidence in the business and aligns their interests with the new investor.
- The enhanced capital position is expected to support accelerated growth in the gold finance and other secured lending businesses, while providing greater flexibility to expand the company's co-lending partnerships with banks and invest in technology. Importantly, the transaction does not result in a change in control, with the existing promoters continuing to retain their promoter classification.
- We raise our FY27/FY28 EPS estimates by 7%/11% to factor in this equity infusion into the company. IIFL trades at 1.2x FY28E P/BV and ~8x P/E. We model a consolidated AUM/PAT CAGR of 24%/60%% over FY26-FY28E for an estimated RoA/RoE of 3.6%/17% in FY28. **We reiterate our BUY rating with a TP of INR850 (based on an SoTP valuation; refer to the table below).**

IIFL: SoTP – Sep'28

Particulars	Stake	Value (INR b)	Value (USD b)	INR per share	% To Total	Target Multiple(x)	Basis
IIFL (Standalone)	100	248	2.6	584	69	1.2	PBV
IIFL Home Finance (HFC)	80	91	1.0	213	25	1.3	PBV
IIFL Samasta Finance (MFI)	100	23	0.2	53	6	0.9	PBV
Target Value		**361**	**3.8**	**850**	**100**		

Shareholding of investors pre- and post-issue

Name	Pre-Issue (%)	Post-Issue (%)
Blackstone	NIL	15.57
Anchorage	NIL	0.47
Mr. Nirmal Jain	12.52	12.83
Mr. Venkataraman	2.88	3.15
Ardent	0.85	0.96

Promoter and public shareholding pre- and post-issue

Name	Existing		Post-Issue	
	No. of shares	% holding	No. of shares	% holding
Promoters	10,56,74,667	24.8	12,66,74,667	23.8
Public	26,29,24,057	61.6	26,29,24,057	49.3
Blackstone	NIL	NIL	8,30,56,478	15.6
Anchorage	NIL	NIL	24,91,695	0.5
FairFax	5,82,13,166	13.6	5,82,13,166	10.9
Total	**42,68,11,890**	**100.00**	**53,33,60,063**	**100.00**

Data Patterns (India)

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	DATAPATT IN
Equity Shares (m)	56
M.Cap.(INRb)/(USDb)	225.1 / 2.4
52-Week Range (INR)	5000 / 2131
1, 6, 12 Rel. Per (%)	-13/-6/55
12M Avg Val (INR M)	3677

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	9.2	11.5	14.4
EBITDA	3.7	4.4	5.6
Adj. PAT	2.7	3.4	4.5
EBITDA Margin (%)	40.4	38.6	39.1
Cons. Adj. EPS (INR)	47.9	59.9	80.0
EPS Gr. (%)	21.0	25.1	33.5
BV/Sh. (INR)	310.0	368.9	448.0
Ratios			
Net D:E	-0.2	-0.3	-0.3
RoE (%)	16.5	17.7	19.6
RoCE (%)	17.4	18.1	20.0
Valuations			
P/E (x)	84	67	50
EV/EBITDA (x)	59	49	39

Shareholding Pattern (%)

As on	Sep-26	Jun-26	Sep-25
Promoter	42.4	42.4	42.4
DII	13.0	12.0	9.8
FII	11.3	12.5	11.4
Others	33.3	33.1	36.4

Note: FII includes depository receipts

CMP: INR4,020 TP: INR4,040 Neutral

Healthy opportunity pipeline supports growth visibility

Earnings below our estimate

- Data Patterns (DATAPATT) reported a muted 2QFY27 performance, with EBITDA declining 54% YoY, mainly due to a high base from a large contract executed in 2QFY26 and deliveries of several ongoing programs being scheduled for 2HFY27. Further, revenue from the Development/ Production/Service segments declined 77%/24%/9% YoY.
- The company's order book and negotiated orders currently stand at INR27b (order book of INR17.2b, and negotiated orders of INR9.6b), with an additional INR15–20b pipeline expected to convert by Mar'27, subject to customer approvals. We believe multiple strategic programs across radars, electronic warfare, BrahMos seekers, HAL platforms, and counter-drone systems provide strong medium-term growth visibility.
- We broadly retain our FY27/FY28 estimates despite a muted 2Q, as execution is expected to accelerate in 2HFY27, with production underway for scheduled deliveries. DATAPATT has also retained its full-year guidance, supported by strong order book visibility. **We reiterate our Neutral rating with a TP of INR4,040 (premised on 50x FY28E EPS).**

Revenue declines due to delayed execution and a high base

- DATAPATT's consolidated revenue declined 57% YoY to INR1.3b (est. of INR3.7b) in 2QFY27 due to a high base from a large contract executed in 2QFY26 and deliveries of several ongoing programs being scheduled for 2HFY27. Revenue from the Development/ Production/Service segment declined 77%/24%/9% YoY to INR453m/INR768m/INR112m.
- In terms of products, electronic warfare accounted for the largest revenue mix at 52%. In terms of customers, MoD played a significant role this quarter, accounting for 51% of the mix.
- DATAPATT's gross margin expanded 30.5pp YoY to 69%, led by a change in product mix. Employee expenses/other expenses increased 20.8pp/850bp YoY at 33.1%/12.4% of sales.
- Accordingly, EBITDA margin expanded 130bp YoY to 23.5% (est. ~28.4%). EBITDA declined 54% YoY to INR314m (est. INR1b). Adj. PAT declined 57% YoY to INR218m (est. INR845m).
- In 1HFY27 Revenue/EBITDA/PAT declined 39%/38%/41% YoY to INR2.5b/INR627m/INR439m.
- The order book stood at ~INR17.2b as of Sep'26 vs. INR9.3b/INR6.7b in Jun'26/Sep'25. Development/Production/Service segments accounted for 36%/43%/21% of the total order book.
- CFO in 1HFY27 stood at INR1.1b vs. a cash outflow of INR498m in 1HFY26.
- NWC days stood at 374 days as of Sep'26 vs 365 days as of Mar'26, due to a spike in inventory days from 108 to 170 between FY26 and 1HFY27.

Key highlights from the management commentary

- **Guidance/Outlook:** Management maintained FY27 revenue growth guidance of 20–25%, with EBITDA margins of 35–40%, supported by accelerated execution in 2HFY27. Manufacturing is underway for scheduled deliveries, while additional short-cycle orders could help offset delays in existing programs. The current order book provides execution visibility across FY27–29, with most negotiated orders expected to contribute in FY28–29.
- **Order pipeline and key program updates:** The company has INR9.56b of negotiated orders, taking total order visibility to INR26.98b. Most negotiated contracts are expected to be formalized within one to two months, while an additional INR15–20b pipeline could convert by Mar'27, subject to customer approvals. HAL negotiations and the BrahMos seeker opportunity are part of the additional pipeline. Tejas Mk1A discussions are progressing, while BrahMos production enquiries depend on successful qualification testing. Counter-drone opportunities remain outside the disclosed pipeline and projections.
- **Exports & International opportunities:** Export opportunities include additional precision approach radar contracts, European radar front-end orders scheduled for execution during Dec'26–Mar'27, and radar subsystem inquiries that could progress from qualification units to volume orders. Co-investment in radar development with a British company and opportunities in civil aviation avionics and sensors could broaden international participation. Longer-duration export contracts could improve delivery visibility and quarterly execution consistency over time.

Valuation and view

- DATAPATT delivered a muted 2QFY27, with revenue impacted by a high execution base and deliveries scheduled for 2HFY27; however, management maintained its FY27 guidance. The company continues to strengthen its positioning through investments in proprietary technologies across electronic warfare, radars, counter-drone systems, and complete defense systems, while a strong order pipeline and emerging export opportunities provide healthy growth visibility.
- Further, medium-term tailwinds, including: 1) differentiated product building competencies, 2) long-term relationships with clients, and 3) a strong pipeline of products and increasing participation in complete system programs, will drive sustainable growth.
- We estimate a revenue/EBITDA/adj. PAT CAGR of 25%/23%/29% over FY26-28. **Reiterate Neutral with a TP of INR4,040 (premised on 50x FY28E EPS).**

Consolidated - Quarterly Earnings Model (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	%
Gross Sales	**993**	**3,075**	**1,731**	**3,449**	**1,160**	**1,333**	**4,193**	**4,828**	**9,248**	**11,513**	**3,690**	**-64**
YoY Change (%)	-4.6	237.8	47.9	-13.0	16.8	-56.7	142.2	40.0	30.6	24.5	20.0	
Total Expenditure	673	2,390	925	1,520	847	1,019	2,465	2,743	5,508	7,074	2,643	
EBITDA	**321**	**685**	**806**	**1,928**	**314**	**314**	**1,728**	**2,085**	**3,740**	**4,440**	**1,047**	**-70**
Margins (%)	32.3	22.3	46.5	55.9	27.0	23.5	41.2	43.2	40.4	38.6	28.4	
Depreciation	55	57	59	59	59	71	71	72	230	273	65	
Interest	32	24	22	47	33	31	31	31	125	125	27	
Other Income	106	59	58	57	73	82	150	150	280	455	177	
PBT before EO expense	**340**	**664**	**783**	**1,880**	**295**	**294**	**1,776**	**2,132**	**3,666**	**4,496**	**1,132**	
Extra-Ord expense	0	0	30	0	0	0	0	0	30	0	0	
PBT	**340**	**664**	**753**	**1,880**	**295**	**294**	**1,776**	**2,132**	**3,635**	**4,496**	**1,132**	
Tax	85	172	170	496	74	76	450	540	922	1,140	287	
Rate (%)	24.9	25.9	22.5	26.4	25.2	25.8	25.3	25.3	25.4	25.4	25.4	
Minority Interest & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**255**	**492**	**583**	**1,384**	**221**	**218**	**1,326**	**1,591**	**2,714**	**3,356**	**845**	
Adj PAT	**255**	**492**	**606**	**1,384**	**221**	**218**	**1,326**	**1,591**	**2,736**	**3,356**	**845**	**-74**
YoY Change (%)	-22.2	62.5	35.6	21.3	-13.5	-55.6	118.9	15.0	23.4	22.7	71.7	
Margins (%)	25.7	16.0	35.0	40.1	19.0	16.4	31.6	33.0	29.6	29.1	22.9	

Fujiyama Power Systems

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	UTLSOLAR IN
Equity Shares (m)	307
M.Cap.(INRb)/(USDb)	109.8 / 1.2
52-Week Range (INR)	494 / 171
1, 6, 12 Rel. Per (%)	-24/28/-
12M Avg Val (INR M)	181

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	26.5	50.0	65.2
EBITDA	4.9	9.0	12.1
PAT	3.0	5.5	7.7
EBITDA %	18.5	18.0	18.5
EPS (INR)	9.9	17.9	25.2
EPS Gr. (%)	94.8	79.7	40.8
BV/Sh.(INR)	41.6	55.9	81.1
Ratios			
Net D:E	0.2	0.3	0.0
RoE (%)	36.5	36.6	36.7
RoCE (%)	27.2	27.9	30.5
Valuations			
P/E (x)	35.8	19.9	14.2
P/BV (x)	8.6	6.4	4.4
EV/EBITDA (x)	22.8	12.7	9.1
FCF per share	(16.8)	(1.9)	16.5

Shareholding Pattern (%)

As on	Sep-26	Jun-26
Promoter	86.6	86.6
DII	5.4	6.0
FII	1.1	1.6
Others	6.9	5.8

Note: FII includes depository receipts

CMP: INR357 **TP: INR500 (+40%)** **Buy**

Strong volume-led growth supported by channel expansion

Strong beat on earnings

- Fujiyama Power Systems reported a strong quarter as EBITDA surged 2.2x YoY in 2QFY27. Growth was fueled by robust volume-led demand, aided by PM Surya Ghar Muft Bijli Yojana (PMSGMBY), expansion of its distribution network and improved aftersales capabilities.
- We expect Fujiyama to deliver strong earnings growth in 2HFY27 while sustaining margins, driven by continued channel expansion, deeper penetration across Southern and Northeastern markets, ramp-up of new facilities, and strong demand for rooftop solar solutions across both residential on-grid and off-grid segments.
- We maintain our FY27/FY28 EPS estimates and **reiterate our BUY rating with a TP of INR500 (premised on 20x FY28E EPS).**

Earnings fueled by volume-led growth

- Consol. revenue grew 2.3x YoY to INR13.1b (est. INR10b). Gross margins contracted 200bp YoY to 25% EBITDA grew 2.2x YoY to INR2.2b (est. INR1.9b). EBITDA margins contracted 100bp YoY to 17.1% (est. 19.0%)
- Adj. PAT grew 2.1x YoY to INR1.3b (est. INR1.1b).
- For 1HFY27, revenue/EBITDA/adj PAT grew 2.3x/2.3x/2.3x YoY to INR27b/INR5b/INR3b.
- Gross debt stood at INR8.5b vs. INR4.6b as of Mar'26. Net cash outflow was INR2.6b vs. INR1.5b as of Sep'25.
- NWC days improved to 59 from 83 as of FY26.

Key highlights from the management commentary

- **Guidance:** Management is confident of achieving its FY27 revenue growth guidance of ~70%, but has refrained from revising the guidance despite strong H1 performance, given uncertainties around ALMM List II implementation, DCR cell availability and clarity on PM Surya Ghar 2.0. The company will reassess its guidance after 3QFY27 results. Management reiterated its sustainable EBITDA margin guidance of 18–19%, supported by its integrated manufacturing capabilities and B2C business model
- **Operational margin**: 2QFY27 EBITDA margin declined to 17.1% from 18.9% in 1QFY27, despite stable gross margins, due to seasonal softness, lower fixed-cost absorption at new facilities and higher sales and distribution expenses towards brand-building. External procurement of tubular batteries also impacted margins.
- **New opportunities**: Fujiyama is exploring opportunities in battery energy storage systems (BESS), having installed a 5MW pilot project at Dadri and planning an additional 10MW installation at Ratlam. It is also evaluating sodium-ion and other advanced battery chemistries, alongside backward integration into ingots and wafers ahead of ALMM List III implementation in Jun'28. Further, the proposed PM Surya Ghar 2.0 scheme, which may include incentives for battery storage and generation-linked support, could accelerate demand for integrated solar-plus-storage solutions.

- **Distribution Network:** Fujiyama has a network of over 10,200 channel partners across 25+ states and UTs, with several relationships spanning 15–25 years. During 1HFY27, it added over 100 distributors and 1,000 dealers, with Odisha and Uttarakhand moving into the fully covered category. The company is further expanding its reach into underpenetrated states, particularly Tier-2/3 cities and rural markets, supported by over 1,000 in-house service engineers (from 650 as on Mar'26), strengthening dealer support, installation and after-sales service capabilities.

Valuation and view

- Fujiyama's growth is supported by strong traction under the PMSGMBY scheme (10GW opportunity for 3.5m pending installations) and its in-house DCR manufacturing facility, enabling the company to effectively capture rising demand. Further, continued expansion of the distribution network is enhancing market penetration.
- We estimate a revenue/EBITDA/adj. PAT CAGR of 57%/57%/59% over FY26-28. **We reiterate our BUY rating with a TP of INR500 (premised on 20x FY28E EPS)**.

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	FY27E 2QE	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Gross Sales	**5,973**	**5,679**	**5,885**	**9,008**	**13,457**	**13,068**	**10,000**	**13,512**	**26,545**	**50,037**	**10,000**	**31**
YoY Change (%)	52.1	72.6	73.8	87.5	125.3	130.1	69.9	50.0	*72*	*88*	76.1	
Total Expenditure	4,915	4,649	4,780	7,293	10,909	10,839	8,205	11,080	21,636	41,033	8,100	
EBITDA	**1,059**	**1,030**	**1,105**	**1,715**	**2,548**	**2,229**	**1,795**	**2,432**	**4,909**	**9,004**	**1,900**	**17**
Margins (%)	17.7	18.1	18.8	19.0	18.9	17.1	18.0	18.0	*18.5*	*18.0*	*19.0*	
Depreciation	70	78	87	206	250	275	290	300	442	1,116	250	
Interest	94	124	122	96	109	173	175	164	436	620	125	
Other Income	4	19	4	28	24	21	20	20	55	85	10	
PBT before EO expense	**899**	**846**	**899**	**1,441**	**2,212**	**1,801**	**1,350**	**1,989**	**4,086**	**7,353**	**1,535**	
Extra-Ord expense	0	0	6	0	1,436	0	0	0	6	1,436	0	
PBT	**899**	**846**	**894**	**1,441**	**777**	**1,801**	**1,350**	**1,989**	**4,080**	**5,917**	**1,535**	
Tax	223	217	220	378	199	473	340	501	1,039	1,512	386	
Rate (%)	24.8	25.7	24.7	26.2	25.6	26.2	25.2	25.2	25.5	25.6	25	
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**676**	**629**	**673**	**1,063**	**578**	**1,329**	**1,010**	**1,488**	**3,041**	**4,405**	**1,149**	
Adj PAT	**676**	**629**	**678**	**1,063**	**1,655**	**1,329**	**1,010**	**1,488**	**3,479**	**5,482**	**1,149**	**16**
YoY Change (%)	56.4	97.4	125.7	107.6	144.8	111.2	49.1	40.0	122.5	57.6	*82.6*	
Margins (%)	11.3	11.1	11.5	11.8	12.3	10.2	10.1	11.0	13.1	11.0	*11.5*	

Equitas Small Finance Bank

BSE SENSEX	S&P CNX
81,107	25,045

CMP: INR56 **TP: INR75 (+34%)** **Buy**

Leadership transition remains near-term monitorable

Growth momentum to sustain; NIMs to recover by 18-20bp by 4Q

We met with the management team of Equitas Small Finance Bank (EQUITASB) to understand the business momentum, growth outlook and leadership transition.

- Management reiterated that business is as usual despite the ongoing leadership transition, with focus on achieving operating guidance. Mr. Balaji Nuthalapadi, current whole-time director, has been appointed interim CEO (subject to RBI approval), while the CEO appointment process is expected to take 2-3 months.
- EQUITASB is expected to deliver a loan CAGR of ~19% over FY26-28E, supported by stable traction in core VF, SBL and HF. Deposit growth is expected to outpace advances, helping moderate the CD ratio, which has declined to ~89% in 2QFY27 from ~92% in 4QFY26.
- Margins contracted sharply by 55bp QoQ to 6.69% in 2QFY27, primarily due to surplus liquidity and higher funding costs. Management guides for an 18-20bp NIM recovery by 4QFY27 as liquidity is deployed, although further deposit repricing could exert near-term pressure.
- Operating leverage is expected to improve gradually, supported by healthy business growth and improving productivity. We estimate the C/I ratio to moderate to 66.4% by FY28E from 71.7% in FY26.
- Asset quality continues to normalize, with GNPA/NNPA declining to 2.29%/0.70% in 2QFY27. We estimate credit cost of ~1.3% over FY27-28E.
- Management raised FY27 RoA guidance to ~1.35% from ~1.2% while targeting ~1.5% in FY28. We estimate RoA/RoE of 1.3%/14.8% by FY28E. Reiterate BUY with TP of INR75 (1.2x FY28E ABV).

Management transition in focus; Both internal and external candidates to be considered

The unexpected resignation of MD & CEO Mr. P.N. Vasudevan has created an overhang and uncertainty in the stock. While the appointment of Mr. Balaji Nuthalapadi, currently WTD, as interim CEO (subject to RBI approval) does provide near-term stability, the appointment of the new MD remains the key driver for recovery in the stock. The bank has initiated the succession process and expects the transition to conclude within 3-4 months, with management reiterating continuity in business strategy. The bank board will be considering both internal and external candidates for the MD position.

Healthy growth momentum led by secured assets; MFI book stabilizing

EQUITASB continues to witness healthy growth across secured lending segments, with advances growing 29% YoY to INR468b in 2QFY27. Non-MFI disbursements grew 31% YoY, supported by steady demand in core lending businesses. SBL and VF portfolios grew 16% YoY each, while HF/MSE Finance expanded 27%/38% YoY. SBL (incl. HF) and VF together account for ~75% of the loan book, providing a diversified secured lending base. The unsecured mix (primarily MFI) remains broadly stable at ~12% of advances, with a guidance to maintain it under 15% in the medium term. We estimate a loan CAGR of ~19% over FY26-28E, led by continued traction in secured assets.

Stock Info

Bloomberg	EQUITASB IN
Equity Shares (m)	1144
M.Cap.(INRb)/(USDb)	64.2 / 0.7
52-Week Range (INR)	84 / 47
1, 6, 12 Rel. Per (%)	-26/-26/-6
12M Avg Val (INR M)	340
Free float (%)	100.0

Financials Snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
NII	33.9	42.2	50.9
OP	12.6	17.1	21.4
NP	1.0	8.3	10.5
NIM (%)	6.8	7.2	7.3
EPS (INR)	0.9	7.3	9.2
BV/Sh. (INR)	54	58	66
ABV/Sh. (INR)	51	56	64
Ratios			
RoA (%)	0.2	1.3	1.3
RoE (%)	1.7	13.0	14.8
Valuations			
P/E(X)	62.0	7.7	6.1
P/BV (X)	1.0	1.0	0.8
P/ABV (X)	1.1	1.0	0.9

Shareholding pattern (%)

As on	Sep-26	Jun-26	Sep-25
Promoter	53.4	54.0	54.6
DII	8.3	8.5	7.6
FII	20.0	19.0	16.3
Others	18.3	18.5	21.5

FII Includes depository receipts

Product wise yields as on 2QFY27

Product category	Yields (%)
SBL	15-16%
Affordable HF	~13%
New VF	~12%
Used VF	~16%
MFI	~25%

Deposit growth to outpace advances; CD ratio remains in focus

EQUITASB's deposit mobilization improved by 19% YoY/7% QoQ to INR525b, outpacing sequential advances growth. Consequently, the CD ratio moderated to 89.1% from 91.3% in 1QFY27, while CASA ratio improved ~60bp QoQ to 25.7% with a guidance to maintain at 28-30%. The bank continues to strengthen its granular liability franchise, with retail deposits contributing ~60% of total deposits, supported by relationship-led initiatives such as Artha and enhanced HNI offerings. The bank also mobilized USD110m under the FCNR(B) window without leverage, providing surplus liquidity. We estimate deposit CAGR of ~20% over FY26-28E, ahead of loan growth, with CASA ratio improving gradually to ~26.5% by FY28E.

Liquidity deployment to support NIM recovery by 18-20bp; guides for medium-term NIM of ~7%

NIM contracted 55bp QoQ to 6.69% during 2QFY27, primarily due to temporary surplus liquidity and an increase in funding costs. CoF increased 7bp QoQ to 7.12%, reflecting earlier upward revisions in SA and TD rates. Management expects a further 8-10bp increase in CoF during 3QFY27 due to repricing of existing deposits, though no immediate additional rate hikes are planned. The bank expects surplus liquidity to be largely deployed during 3QFY27, translating into an 18-20bp NIM recovery by 4QFY27. We estimate NIM to recover by 2HFY27, supported by liquidity deployment and stable growth in higher-yielding lending segments.

Operating leverage to improve; estimate C/I ratio at 66.4% by FY28E

Operating expenses grew 20% YoY in 2QFY27, while the C/I ratio stood at 69.5%. The bank has undertaken initiatives to optimize support functions and improve productivity, with cross-selling of asset products through liability branches with plans to expand it to 50 branches in 3QFY27.

- With this, we expect operating leverage to improve gradually as most of the businesses are now RoA-accretive and scale benefits from the same is expected to play out in FY27-FY28. On the expansion front, the bank has opened four branches YTD (vs. 66 branches in FY26), keeping opex growth under control.
- **On fee income,** proposed changes in IRDAI regulations could affect ~50% of the bank's FY26 bancassurance of INR900m, while UPI MDR could contribute INR15-20m to incremental monthly income (subject to implementation). We factor in an opex CAGR of ~15% over FY26-28E against total asset CAGR of ~19%, resulting in the C/I ratio moderating to 66.4% by FY28E from 71.7% in FY26.

Asset quality normalizing to pre-MFI stress cycle levels

EQUITASB's headline asset quality continues to improve, with GNPA/NNPA declining to 2.29%/0.70% in 2QFY27 from 2.60%/0.72% in 4QFY26. PCR at 70.1% was broadly in line with management's target of ~70%. Credit cost moderated to 0.94% from 1.37% QoQ, although adjusted credit cost was 1.12% excluding the ARC transaction. MFI asset quality continues to stabilize, with the MFI net slippage ratio improving to 2.64% from 2.76% QoQ, while overall slippage ratio moderated to 1.39% from 1.43% in 1Q. Outstanding exposure in drought-affected areas of Maharashtra was INR7.5b, although no material deterioration in collections has been observed so far. We estimate credit costs of 1.25%/1.30% in FY27/FY28, aided by normalization in MFI delinquencies and broadly stable performance across secured lending portfolios.

Valuations and view: Reiterate BUY with TP of INR75 (1.2x FY28E ABV)

- EQUITASB is gradually getting back on the growth trajectory, led by growth in core secured retail segments alongside normalcy returning in the MFI portfolio.
- NIM contracted 55bp QoQ to 6.69%, primarily due to excess liquidity and higher CoF. The bank expects an 18-20bp recovery in NIM by 4QFY27 as surplus liquidity is deployed, though further CoF repricing may exert near-term pressure.
- Operating leverage is expected to play out in FY27-FY28 on the back of scale benefits, controlled branch expansion and merger of functions across business segments to aid internal synergies.
- With stability in asset quality across portfolios, we believe the credit costs and slippages shall continue to trend lower being the key driver for earnings recovery. While the impending MD & CEO transition remains a key monitorable, management expects no disruption to business continuity.
- At current valuations of 0.9xFY28E ABV, valuations appear reasonable. **We reiterate our BUY rating with a TP of INR75 (premised on ~1.2x FY28E ABV).**

Financials: Banks

Banks	FCNR (B) mobilized (USD b)	Market share of FCNR(B) mobilized
ICICIBC	17.9	13.4%
HSBC	14.5	10.9%
HDFCB	11.5	8.6%
SBIN	10.9	8.2%
AXSB	10.6	8.0%
BOB	8.1	6.1%
CBK	5.8	4.4%
KMB	5.8	4.3%
SCB	5.0	3.8%
IDFCFB	3.6	2.7%
IIB	3.5	2.6%
RBK	3.4	2.6%
PNB	2.7	2.0%
INBK	2.3	1.7%
UNBK	2.3	1.7%
BOI	2.2	1.7%
YES	1.9	1.5%
FB	1.6	1.2%
IOB	1.2	0.9%
CBOI	0.9	0.7%
BOMH	0.8	0.6%
CUBK	0.7	0.5%
AUBANK	0.2	0.2%
DCBB	0.2	0.1%
EQUITASB	0.1	0.1%
KVB	0.1	0.1%

FCNR-B boosts business growth; EPS expansion to follow

Estimate ~16% credit growth for FY27; NIMs to witness broad-based recovery from 4Q

- **Banks garnered USD133b in FCNR(B) inflows, topping Street estimates and supporting 2QFY27 business growth. ICICIBC captured the highest market share (13.4%) in FCNR(B) deposits, while RBK was the highest in terms of deposits mobilized as a % of outstanding deposits at 26%. PSBs mobilized a relatively lower proportion of their FCNR(B) deposits, ranging between 2% and 5% of their outstanding deposit base.**
- **KMB and RBK have the lowest leverage against their FCNR(B) deposits, offering scope for higher earnings accretion through deployment into higher-yielding assets. In contrast, most PSBs, including YES and IDFCFB, have self-leveraged 70–86% of their FCNR(B) deposits. At an aggregate level, leverage against FCNR(B) deposits stood at ~58%.**
- **For banks that disclosed FCNR(B) flows, credit growth (excluding FCNR(B) loans) stood at 18% YoY/4% QoQ in 2QFY27, while deposit growth (excluding FCNR(B) deposits) stood at 12% YoY/2.5% QoQ. At an aggregate level, the effective C/D ratio for these banks, excluding leverage against FCNR(B) deposits, stood at 83.7% (vs the reported C/D ratio of 85.5%). Further excluding CRR/SLR requirements on FCNR(B) deposits, the effective C/D ratio stood at 82.9%.**
- **Private banks witnessed higher NIM moderation, reflecting a larger proportion of deposits mobilized alongside higher leverage. KMB, IDFCFB, and EQUITASB reported significant NIM contraction of 22bp, 38bp, and 55bp, respectively. In contrast, PSBs witnessed a positive impact on margins.**
- **We estimate banks to deliver healthy earnings from 4Q onwards, as surplus liquidity gets deployed and the benefits of rate transmission provide a further boost to revenue growth. PNB, KMB, INBK, and RBK have relatively higher liquidity on their balance sheets compared to peers.**
- **We remain buoyant on systemic credit growth and estimate 16.5% YoY growth for FY27, factoring in huge FCNR(B) inflows. We expect the banking sector earnings to rebound with ~17% CAGR over FY26-28, fueled by ~17% CAGR in NII. Private banks, with an anticipated earnings CAGR of ~22%, are likely to outperform PSU banks, which are expected to report ~11% earnings CAGR. Top ideas: ICICIBC, HDFCB, KMB, AUBANK, and SBIN.**

ICICIBC captures 13% market share; RBK mobilizes the highest deposits as a proportion of its outstanding deposit base

- The RBI's special FCNR(B) window (available from 8th Jun'26 to 31st Aug'26), garnered FCNR(B) deposits of USD133 for a period of 3–5 years. The RBI bore the entire hedging cost, while banks were exempted from CRR and SLR requirements on these deposits, making the window particularly attractive for banks.
- ICICIBC captured the highest market share (13.4%) among FCNR(B) deposits, followed by HSBC/HDFC/SBIN/AXSB at 10.9%/8.6%/8.2%/ 8.0%, respectively. Large and select mid-sized private banks garnered a higher proportion of their overall deposits, ranging from 3% to 26%. RBK garnered the highest proportion at 26%, capturing a 2.6% share of FCNR(B) deposits market, compared to 0.5% share of the overall deposits market. IDFCFB, KMB, and ICICIBC were among the other banks that captured a materially higher share of FCNR(B) deposits, compared to their overall deposits market share.
- PSBs mobilized relatively lower proportion of their overall deposits in the FCNR(B) scheme, ranging from 2% to 5% of the overall deposit base.

KMB and RBK stand out with lower leverage; industry average at 58%

- The economics of FCNR(B) are highly sensitive to the leverage assumed by banks. Higher leverage increases the quantum of INR liquidity generated but also raises the incremental funding burden, given thin margins on the leveraged book. KMB and RBK have taken the lowest leverage among banks, limiting the NIM drag and creating scope for accretion if the funds are deployed at higher-yielding assets. Most PSBs, such as YES and IDFCFB, have self-leveraged 70%-86% of FCNR(B) deposits, potentially being more NIM dilutive compared to peers.
- Few banks like AXSB, KMB, IIB, IDFCFB, and EQUITASB explicitly called out the NIM drag from FCNR(B) deposits in 2Q, estimated at 11bp, 12bp, 4bp, 16bp, and 34bp, respectively. This NIM drag is expected to be recovered in 3Q and 4Q as surplus liquidity is deployed.

Effective CD ratio (excluding leverage and SLR/CRR) lower

The loan and deposit growth of banks that disclosed their FCNR(B) inflows during the quarter stands at 20.2% YoY/6.5% QoQ and 15.9% YoY/6.0% QoQ, respectively. Excluding the FCNR(B) deposits and the leverage provided against the same, loan growth remained healthy at 17.7% YoY/4.3% QoQ, with deposit growth at 12.0% YoY/2.5% QoQ. Thus, FCNR(B) inflows have significantly boosted deposit growth across the banking system, improving banks' lending capacity. At an aggregrate level, the effective C/D ratio for these banks, excluding leverage against FCNR(B) deposits, stood at 83.7% (vs the reported C/D ratio of 85.5%. Further, excluding CRR/SLR requirements on FCNR(B) deposits, the effective CD ratio stood at 82.9%.

NIMs contract for private banks; positive impact for PSBs

NIMs for private banks under our coverage declined 9-55bp QoQ, largely reflecting the impact of surplus liquidity on balance sheets, driven by a higher proportion of deposits getting mobilized and greater leverage against these deposits. KMB witnessed the sharpest contraction among large private banks at 22bp, while HDFCB, ICICIBC (adj. NIM), and AXSB reported only a 10bp contraction. IDFCFB and EQUITASB witnessed significant contraction of 38bp and 55bp, respectively, among mid-sized banks. FB witnessed a neutral impact owing to a lower proportion of FCNR(B) deposits mobilized, while RBK witnessed NIM accretion, aided by the full benefit of capital infusion from Emirates NBD. PSBs witnessed a positive impact on NIMs, given the lower proportion of deposits mobilized and the utilization of a large part of these deposits to repay high-cost borrowings.

Deployment of surplus liquidity to drive earnings reflation

While FCNR(B) deposits are likely to remain NIM-dilutive through 3Q, we expect earnings accretion from 4Q onwards as surplus liquidity on balance sheets is progressively deployed into higher-yielding lending assets from the investments and cash book. The shift in balance sheet mix, along with repo-rate hike, is likely to drive earnings boost for the banking sector. Private banks are better placed compared to PSBs, given the higher surplus liquidity from FCNR(B) deposits and higher repo-linked loan book. We built in an NII CAGR of 17% for FY26-FY28 for our banking universe, with private banks expected to grow at 18% and 16%.

Prefer ICICIBC, HDFCB, KMB, AUBANK, and SBIN

- We have raised our credit growth to 17% for FY27, supported by FCNR(B) deposits, broad-based credit growth trends, and positive commentary from bank managements following 2QFY27 results.

- While FCNR(B) deposit mobilization has dragged NIMs in the near term, it is expected to remain earnings-accretive for banks over the medium term as surplus liquidity is deployed alongside the benefit of non-maintenance of SLR and CRR.
- We have raised our FY27 credit growth estimates to 16.5% for our banking coverage universe, driven by strong FCNR(B) mobilization, with PSBs expected to grow at 18% YoY and private banks at 14% YoY.
- We expect the banking sector's earnings to rebound with ~17% CAGR over FY26-28, fueled by ~17% CAGR in NII. Private banks, with an anticipated earnings CAGR of ~22%, are likely to outperform PSU banks, which are expected to have an earnings CAGR of ~11%. **Our top ideas are ICICIBC, HDFCB, KMB, AUBANK, and SBIN.**

Total forex inflows under swap facility introduced by the RBI

USD (mn)	17-Jul-26	31-Jun-26	13-Aug-26	21-Aug-26	31-Aug-26
FCNR (B) Deposits	17,406	36,725	52,300	65,397	1,32,980
OFCB	1,970	2,575	2,805	4,860	5,320
ECB	1,342	1,516	1,741	2,591	5,296
Total	**20,718**	**40,816**	**56,846**	**72,848**	**1,43,596**

Source: RBI, MOFSL

Private banks and foreign banks captured the larger part of FCNR(B) flows, while PSBs captured a relatively lower share.

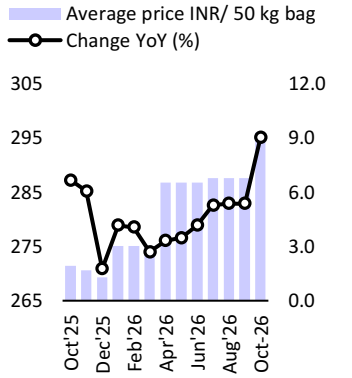
Bank-wise FCNR(B) deposits mobilized – ICICIBC grabbing the highest share

Banks	FCNR (B) mobilized (INR b)	FCNR (B) mobilized (USD b)	Market share of FCNR(B) mobilized
ICICIBC	1,702	17.9	13.4%
HSBC	1,378	14.5	10.9%
HDFCB	1,103	11.5	8.6%
SBIN	1,021	10.9	8.2%
AXSB	1,018	10.6	8.0%
BOB	773	8.1	6.1%
CBK	550	5.8	4.4%
KMB	553	5.8	4.3%
SCB	474	5.0	3.8%
IDFCFB	344	3.6	2.7%
IIB	336	3.5	2.6%
RBK	320	3.4	2.6%
PNB	256	2.7	2.0%
INBK	225	2.3	1.7%
UNBK	214	2.3	1.7%
BOI	210	2.2	1.7%
YES	186	1.9	1.5%
FB	149	1.6	1.2%
IOB	114	1.2	0.9%
CBOI	88	0.9	0.7%
BOMH	78	0.8	0.6%
CUBK	66	0.7	0.5%
AUBANK	22	0.2	0.2%
DCBB	18	0.2	0.1%
EQUITASB	10	0.1	0.1%
KVB	7	0.1	0.1%
TMB	5	0.1	0.0%
SIB	0	0.0	0.0%
Total reported SCBs	**11,221**	**118**	
Total Industry		**133**	
Coverage		**88.4%**	

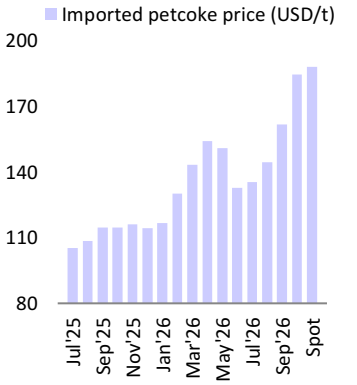
Source: Company, MOFSL

Cement

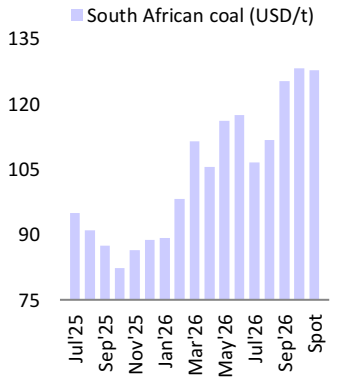
All-India avg. cement price up ~9% YoY, increased ~3% MoM in Oct'26



Avg. imported petcoke price up ~61% YoY to USD188/t in Oct'26



Average imported coal price up ~56% YoY to USD128/t in Oct'26



Oct price hikes sustained; earnings recovery likely in 2HFY27

Demand and price hikes resilient; fuel cost relief expected

Cement channel checks indicate that the INR10-15/bag price hikes implemented across markets in early Oct'26 have largely sustained. Further price increases to pass on elevated input costs are expected after the festive season, subject to demand recovery and improvement in labor availability. Industry demand remained resilient in Oct'26 as monsoon disruptions eased and construction activity picked up across regions. The South and North witnessed relatively stronger demand; however West, East and Central regions saw a gradual recovery. On the cost front, fuel prices remained elevated at USD188-190/t (imported petcoke) and USD128/t (South African petcoke). However, sharp correction in crude oil prices to USD96/bbl (declined ~17% from its peak) provides a favorable backdrop for fuel cost moderation, although the benefits are likely to materialize with a lag.

All-India average cement prices improve MoM in Oct'26; demand positive

- All-India average cement prices (net of GST) increased by INR9/bag (~3%) MoM in Oct'26, supported by industry efforts to pass on elevated input costs. Price hikes were implemented across markets following the monsoon-led weakness in Aug-Sep'26. However, competitive intensity and varying demand conditions across regions continue to influence pricing, with further price hikes and their sustainability remaining key monitorables.
- Cement demand witnessed a gradual recovery in Oct'26 as monsoon-related disruptions eased and construction activity picked up across key markets. Infrastructure execution and government-led capex continued to support demand, while improving retail construction activity and individual house-building (IHB) demand aided volume offtake. We expect demand momentum to improve further in 2HFY27, backed by seasonal recovery and better construction activity. However, regional headwinds, including temporary bans on construction to curb pollution and deficient rainfall leading to drought-like conditions in select markets, could weigh on overall demand recovery.

South – healthy demand; average price up INR12/bag MoM

- In South, average cement prices increased by INR11/bag (~4%) MoM in Oct'26. Price hikes have been implemented across key markets, with relatively stronger hikes in Hyderabad and Andhra Pradesh of INR20/bag, while Chennai and Bengaluru witnessed price hike of INR10/bag.
- Oct'26 demand improved with post-monsoon construction season and easing of festive-related disruptions. Tamil Nadu and Kerala saw a stronger seasonal recovery, while Karnataka demand was supported by Bengaluru's real estate activity. Telangana and Andhra Pradesh saw a gradual demand pickup, driven by Hyderabad's construction activity and infrastructure project execution in Andhra Pradesh.

East – Strong demand recovery; average price up INR15/bag MoM

- In East, average cement prices increased by INR13/bag (~5%) MoM in Oct'26, following weak pricing during 2QFY27. Non-trade prices also increased by INR20/bag, led by bulk demand and infrastructure-led sales. However, competitive intensity and negotiated project rates remain key monitorables for sustaining current prices.
- Demand improved following monsoon withdrawal, supporting a gradual revival in construction activity across key markets. Dealer restocking and improved

cement movement supported trade demand, while infrastructure spending and execution of ongoing projects aided non-trade volume offtake.

West – demand likely to hit in near-term; average price up INR10/bag MoM

- Average cement prices rose INR8/bag (~3%) MoM in Oct'26, led by price hike across Maharashtra and Gujarat markets. Further hikes are unlikely in the near-term given a temporary impact on cement demand amid labor migration and deficient rainfall.
- Cement demand improved sequentially in Oct'26 as construction activity gained momentum. Both Maharashtra and Gujarat witnessed an improvement in construction activity, supported by infrastructure development, urban housing and commercial projects. However, rural demand and individual house-building activity in tier II & III cities remained relatively weak.

North and Central prices increased MoM in Oct'26; demand strong

- In the North, cement manufacturers implemented two rounds of price hikes of INR5/bag each during Oct'26, taking cumulative increase to INR8/bag (~3%). In the Central region, prices were increased by ~INR4/bag (~2%) MoM in Oct'26, indicating relatively modest pricing improvement compared with the North.
- Demand remained resilient across North India during Oct'26, with temporary disruptions in a few pockets due to rainfall and the construction ban in Delhi-NCR. Rajasthan and Uttar Pradesh witnessed strong demand momentum, led by infrastructure and housing activity. However, demand in Madhya Pradesh and Punjab markets was relatively subdued.

Elevated fuel prices; relief expected following a sharp correction in crude

- The average South African coal price increased ~2% MoM in Oct'26 to USD128/t. Meanwhile, the average imported petcoke price, increased ~13-14% MoM in Oct'26 to USD185/t. The domestic petcoke price increased ~11% MoM to INR23,848/t in Nov'26. While spot fuel prices remain elevated, we believe the sharp correction in crude oil prices should drive moderation in fuel prices from their peak.
- Petcoke is a by-product of crude oil refining, which creates a natural correlation between global crude oil prices and petcoke prices. With crude prices declining, petcoke prices are expected to follow a similar trend, albeit with a lag. Likewise, coal prices also move in the same direction given the substitution effect across fuels used in the power and industrial sectors.
- The all-India average cement spread for trade sales (cement price net of GST less variable costs) is estimated to improve sequentially in Oct'26, supported by price hikes implemented during the month and the lagged impact of lower fuel costs. However, the benefit is likely to be temporary, as higher fuel costs incurred over Sep-Oct'26 gradually flow into consumption over the subsequent months, potentially weighing on spreads during Nov-Dec'26 amid modest price hikes. We remain watchful of crude oil price movements, the trajectory of fuel costs and the potential for further cement price hikes in the near term.

Outlook and recommendation

- The cement sector is entering its seasonally stronger period with relatively healthy demand indicators and improved pricing momentum. Infrastructure execution, housing activity and private-sector capex are expected to support demand recovery in H2FY27, although the pace of improvement could vary across regions. We believe margin recovery is likely to remain gradual, as elevated fuel costs and regional competitive intensity could continue to constrain spreads. **Key risks include** deficient and uneven rainfall, prolonged monsoon-related disruption, a temporary construction ban, and delays in

infrastructure project execution, which could dampen cement demand momentum and weigh on volume growth in the near term.

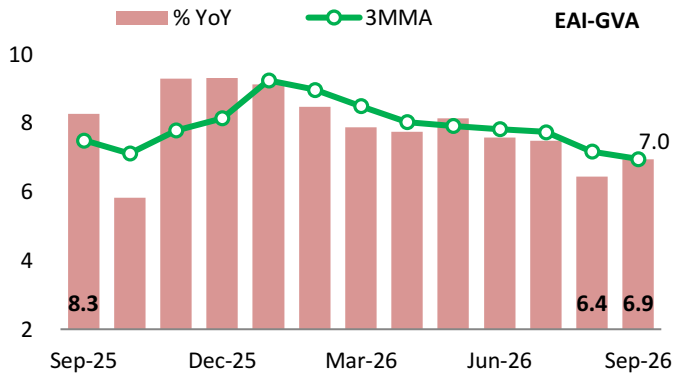
- Companies with a well-diversified regional presence, higher operating leverage, and effective cost optimization initiatives, including increased use of renewable power, fuel mix optimization are relatively better positioned to navigate the current cost environment. We prefer UTCEM in the large-cap space, and JKCE and JSWC in the mid-cap space.

EcoScope
The Economy Observer

EAI – Monthly Dashboard: GVA growth improves in Sep'26

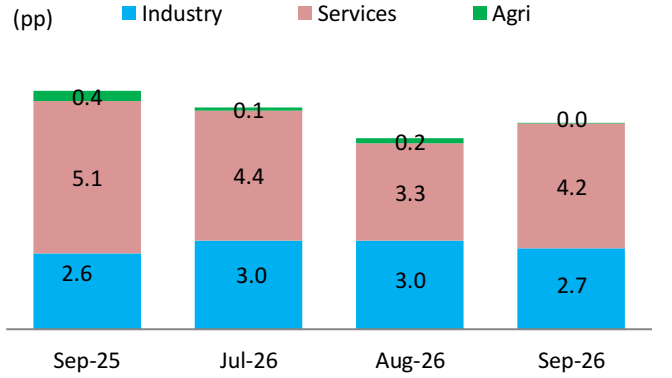
- **EAI-GVA growth improved in Sep'26, supported by a recovery in services activity. Preliminary estimates indicate that EAI-GVA growth increased to 6.9% YoY in Sep'26 from 6.4% YoY in Aug'26, led by a recovery in services growth to 7.0% YoY from 5.4% YoY. Industrial activity remained resilient, although growth moderated to 9.3% YoY from 10.2% YoY, while agricultural activity slowed to 0.1% YoY from 1.5% YoY. Non-farm EAI-GVA growth also improved to 7.7% YoY in Sep'26 from 7.0% YoY in Aug'26. At the quarterly level, however, EAI-GVA growth moderated to 7.5% YoY in 2QFY27 from 8.4% YoY in 1QFY27.**
- **EAI-GDP growth accelerated, supported by a stronger contribution from net exports. EAI-GDP growth increased to 14.7% YoY in Sep'26 from 13.0% YoY in Aug'26. Consumption growth moderated to 9.7% YoY from 12.3% YoY, while investment growth eased to 9.4% YoY from 12.7% YoY. However, external demand provided a stronger boost, as real exports grew 19.4% YoY in Sep'26, while real imports growth slowed sharply to 4.8% YoY. Consequently, the contribution of net exports improved to 4.0pp in Sep'26 from 2.0pp in Aug'26.**
- **High-frequency indicators point to some moderation in economic activity in Oct'26. Domestic demand indicators softened, with PV sales growth easing to 16.8% YoY in Oct'26 from 23.8% YoY in Sep'26, while CV sales growth moderated to 24.5% YoY from 38.7% YoY. Registered motor vehicle sales also contracted 23.9% YoY after growing 33.3% YoY in Sep'26. Manufacturing PMI moderated marginally to 54.7 in Oct'26 from 55.1 in Sep'26, while Services PMI improved to 55.8 from 55.2, with both remaining in expansionary territory. Reservoir levels remained below the year-ago level, while FX reserves moderated to USD719.7b from USD747.6b but continued to provide a strong external cushion.**
- **Growth outlook remains firm, but some moderation is likely in 2HFY27: Our EAI-GVA suggests that economic activity remained resilient in 2QFY27, with EAI-GVA growth averaging 7.0% YoY during Jul-Sep'26, albeit moderating from 7.8% in 1QFY27. In 1HFY27, EAI-GVA growth averaged 7.4%. Strong investment and consumption, healthy manufacturing and services activity, robust credit growth, and sustained government infrastructure spending continue to underpin domestic activity. However, tighter financial conditions, elevated inflation, and a less supportive global environment are likely to result in some moderation in 2HFY27. We retain our FY27 real GDP growth forecast at 7.2%, above the RBI's 7.1% forecast. We peg nominal GDP growth at around 13.5% in FY27.**

EAI-GVA grew 6.9% in Sep'26 vs. 6.4% in Aug'26



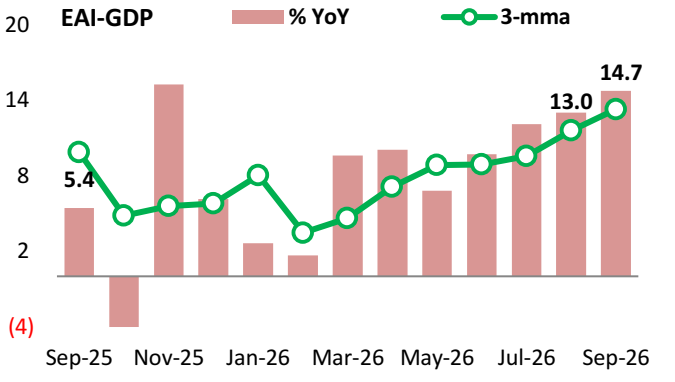
Please refer to our earlier report for details

Acceleration in growth led by services



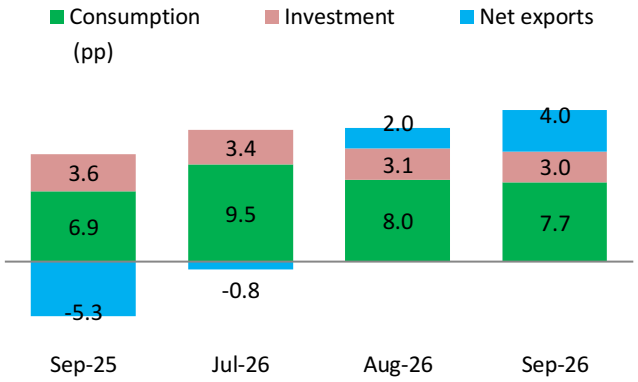
Source: Various national sources, CEIC, MOFSL

EAI-GDP growth improved to 14.7% YoY in Sep'26 vs. 13% in Aug'26



Please refer to our earlier **report** for more details

Net exports added 4pp to growth in Sep'26 vs. 2.4pp in Aug'26



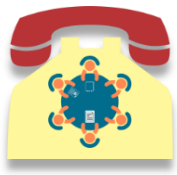
Contribution of various components to EAI-GDP

Source: Various national sources, CEIC, MOFSL

Kalyan Jewellers

BSE SENSEX	S&P CNX
81,107	25,045

Conference Call Details



Date: 11th November 2026

Time: 8:30 AM

Dial-in details:

+91 22 6280 1309 /

+91 22 7115 8210

Diamond Pass Registration

Financials & Valuations (INR b)

Y/E March	2026	2027E	2028E
Sales	357.4	466.8	551.9
EBITDA	24.9	29.8	34.6
EBITDA Margin (%)	7.0	6.4	6.3
Adj. PAT	13.7	17.6	20.9
Cons. Adj. EPS (INR)	13.2	17.0	20.2
EPS Gr. (%)	69.1	28.6	18.8
BV/Sh. (INR)	61.1	73.6	87.3
Ratios			
RoE (%)	24.6	25.3	25.1
RoIC (%)	17.0	16.4	17.1
Valuations			
P/E (x)	46.2	35.9	30.2
P/BV	10.0	8.3	7.0
EV/Sales	1.8	1.3	1.1
EV/EBITDA (x)	25.2	21.1	17.8

CMP: INR611 BUY

Strong earnings print; India SSSG at 20%

Consolidated performance

- Consolidated revenue registered 31% YoY growth to INR103.2b (est. INR98.7).
- **There was a one-time gain of INR520mn due to the increase in customs duty from 6% to 15%. Besides, there was a one-time inventory loss of INR83m due to open positions in Silver and Platinum vs. INR212m in gains in 2QFY26.**
- Adjusted for these inventory gains/losses, gross margin contracted 80bp YoY to 11.9% (est. 11.2%).
- Adjusted EBITDA margin contracted 20bp YoY to 5.8%. (est. 5.9%).
- Adjusted EBITDA grew 26% YoY to INR6b (est. INR5.8b).
- PBT rose 35% YoY to INR4.4b and APAT grew 41% YoY to INR3.5b.

India Performance

- India revenue grew 32% YoY to INR90b (est. INR87b).
- **Same-store sales grew 20% YoY in 2Q (in line).**
- SSSG in the South region was 19% and in non-South regions, it was 21%.
- **South revenue growth was 23% and non-South grew 31% YoY.**
- The share of new customers stood at 33% in 2Q.
- **Studded share moderated to 30% in 2QFY27 vs 31% in 2QFY26. Studded revenue was up 27%.**
- **There was a one-time gain of INR520m due to the increase in custom duty from 6% to 15%. GM was also hit by a one-time inventory loss of INR83m due to open positions in Silver and Platinum (vs. INR212m gain in 2QFY26).**
- Adjusted for these inventory gains/losses, gross margin contracted 90bp YoY to 11.3%.
- EBITDA margin contracted 40bp YoY to 5.6%.
- **EBITDA grew 23% YoY to INR5b.**
- **PBT rose 33% YoY to INR4.4b and APAT grew 42% YoY to INR3.4b.**
- **Exceptional items included the sale of its investment property (land) during the quarter, leading to an income of INR735m as well as the inventory gains (net gains of INR437m).**

Middle East business

- The ME business revenue was up 11% YoY.
- SSSG grew 12%. The studded share was 16.6% vs. 17.7% YoY.
- GM expanded 20bp YoY to 13.9% in 2QFY27.
- EBITDA grew 15%. EBITDA margin expanded 20bp YoY to 7.3%.
- PBT and APAT declined 18% and 19%, respectively.

Consolidated Quarterly Performance (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Stores	**406**	**436**	**469**	**507**	**524**	**545**	**586**	**641**	**507**	**640**	**546**	
Net Sales	**72,685**	**78,560**	**1,03,434**	**1,02,749**	**1,05,889**	**1,03,226**	**1,36,232**	**1,21,481**	**3,57,429**	**4,66,829**	**98,714**	4.60%
Change (%)	31.3	29.5	41.9	66.2	45.7	31.4	31.7	18.2	42.7	30.6	25.7	
Raw Material/PM	62,603	68,607	89,857	89,531	93,661	90,930	1,19,239	1,06,232	3,10,385	4,10,062	87,614	
Gross Profit	**10,081**	**9,954**	**13,577**	**13,219**	**12,228**	**12,296**	**16,993**	**15,249**	**47,043**	**56,766**	**11,100**	10.80%
Gross Margin (%)	13.9	12.7	13.1	12.9	11.5	11.9	12.5	12.6	13.2	12.2	11.2	
Operating Expenses	5,001	5,196	6,073	5,862	6,313	6,289	7,737	6,643	22,131	26,982	5,321	
% of Sales	6.9	6.6	5.9	5.7	6	6.1	5.7	5.5	6.2	5.8	5.4	
EBITDA	**5,080**	**4,758**	**7,505**	**7,357**	**5,915**	**6,008**	**9,255**	**8,605**	**24,912**	**29,784**	**5,779**	4.00%
Margin (%)	7	6.1	7.3	7.2	5.6	5.8	6.8	7.1	7	6.4	5.9	
Change (%)	35.1	20.1	52	84.2	16.4	26.3	23.3	17	51.8	19.6	16.3	
Interest	1,036	949	1,043	1,300	1,084	1,087	950	915	4,329	4,036	1,050	
Depreciation	977	1,032	1,089	1,131	1,150	1,272	1,336	1,267	4,229	5,025	1,242	
Other Income	463	514	642	462	557	780	642	755	2,080	2,735	668	
PBT	**3,530**	**3,291**	**6,014**	**5,388**	**4,238**	**4,429**	**7,612**	**7,178**	**18,435**	**23,457**	**4,155**	6.60%
Tax	889	898	1,436	1,293	1,162	1,330	1,941	1,455	4,516	5,888	1,059	
Effective Tax Rate (%)	25.2	27.3	23.9	24	27.4	30	25.5	20.3	24.5	25.1	25.5	
Adjusted PAT	**2,641**	**2,451**	**4,479**	**4,095**	**3,189**	**3,451**	**5,671**	**5,723**	**13,919**	**17,570**	**3,095**	11.50%
Change (%)	48.7	34.6	72.4	118.2	20.8	40.8	26.6	39.8	72.5	26.2	18.8	
Reported PAT	**2,641**	**2,605**	**4,163**	**4,095**	**3,487**	**4,271**	**5,671**	**5,723**	**13,504**	**17,570**	**3,095**	

E: MOFSL Estimates

India Quarterly Performance (Standalone) (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Stores	**368**	**396**	**428**	**466**	**483**	**503**	**543**	**596**	**466**	**596**	**503**	
SSSG (%)	**18**	**16**	**27**	**47**	**28**	**20**	**22**	**14**	**28**	**21**	**20**	
Net Sales	61,422	68,428	90,477	89,943	90,255	90,072	1,21,881	1,19,412	3,10,271	4,12,960	87,025	3.50%
Change (%)	31.0	30.9	41.7	68.1	46.9	31.6	34.7	32.8	43.3	33.1	27.2	
Raw Material/PM	53,058	60,093	79,010	78,869	80,530	79,878	1,06,646	1,05,845	2,70,818	3,64,239	77,365	
Gross Profit	**8,364**	**8,336**	**11,467**	**11,074**	**9,725**	**10,194**	**15,235**	**13,567**	**39,453**	**48,721**	**9,660**	5.50%
Gross Margin (%)	13.6	12.2	12.7	12.3	10.8	11.3	12.5	11.4	12.7	11.8	11.1	
Operating Expenses	4,023	4,227	4,929	5,032	5,135	5,146	6,889	6,365	18,210	23,535	4,647	
% of Sales	6.5	6.2	5.4	5.6	5.7	5.7	5.7	5.3	5.9	5.7	5.3	
EBITDA	**4,342**	**4,109**	**6,538**	**6,042**	**4,590**	**5,048**	**8,346**	**7,202**	**21,242**	**25,186**	**5,013**	0.70%
Margin (%)	7.1	6.0	7.2	6.7	5.1	5.6	6.8	6.0	6.8	6.1	5.8	
Change (%)	37.9	23.7	53.8	75.9	5.7	22.9	27.7	19.2	50.0	18.6	16.0	
Interest	724	650	686	834	628	623	725	810	2,894	2,786	700	
Depreciation	697	723	769	775	774	855	875	876	2,963	3,380	825	
Other Income	521	569	744	521	722	821	650	396	2,354	2,590	700	
PBT	**3,443**	**3,305**	**5,826**	**4,953**	**3,911**	**4,391**	**7,396**	**5,912**	**17,739**	**21,610**	**4,188**	4.90%
Tax	878	895	1,403	1,297	1,108	1,322	1,849	1,170	4,473	5,449	1,047	
Effective Tax Rate (%)	25.5	27.1	24.1	26.2	28.3	30.1	25.0	19.8	25.2	25.2	25.0	
Adjusted PAT	**2,565**	**2,410**	**4,323**	**3,656**	**2,919**	**3,421**	**5,547**	**4,742**	**13,216**	**16,161**	**3,141**	8.90%
Change (%)	55.4	40.1	66.9	97.3	13.8	42.0	28.3	29.7	73.2	22.3	19.8	
Reported PAT	**2,565**	**2,622**	**4,008**	**3,656**	**3,213**	**4,240**	**5,547**	**4,742**	**13,063**	**16,161**	**3,141**	

E: MOFSL Estimates

Store data	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Kalyan India	**231**	**253**	**278**	**287**	**300**	**318**	**342**	**354**	**365**
-COCO	126	121	126	126	126	123	120	120	119
-FOCO	105	132	152	161	174	195	222	234	246
Candere	**36**	**59**	**73**	**81**	**96**	**110**	**124**	**129**	**138**
-COCO	12	35	36	40	42	42	54	56	65
-FOCO	24	24	37	41	54	68	70	73	73
Total stores in India	**267**	**312**	**351**	**368**	**396**	**428**	**466**	**483**	**503**
Middle East	**36**	**36**	**36**	**36**	**38**	**38**	**38**	**38**	**38**
-COCO	32	32	32	32	34	34	34	34	34
-FOCO	4	4	4	4	4	4	4	4	4
US	**0**	**1**	**1**	**2**	**2**	**2**	**2**	**2**	**2**
UK	**0**	**0**	**0**	**0**	**0**	**1**	**1**	**1**	**2**
Total stores	**303**	**349**	**388**	**406**	**436**	**469**	**507**	**524**	**545**

Particulars	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
South revenue share(%)	51	44	47	51	46	42	41	49	45
Non South revenue share (%)	49	56	53	49	54	58	59	51	55
SSSG (%)	23	24	21	18	16	27	47	28	20
South SSSG (%)	25	23	20	20	14	25	29	30	19
Non south SSSG (%)	21	25	22	16	17	29	62	27	21

Midwest

BSE SENSEX	S&P CNX
81,107	25,045

CMP: INR1,010 — Buy

Revenue in line; EBITDA miss due to higher opex

- Revenue stood in line at INR1.9b in 2QFY27, up 15% YoY but down 5% QoQ.
- EBITDA stood at INR476m (vs. our est. of INR557m), up 2% YoY but down 3% QoQ. The EBITDA margin stood at 26.1% in 2QFY27 vs. 25.5% in 1QFY27 and 29.3% in 2QFY26.
- APAT for the quarter came in at INR293m (vs. our est. of INR328m). APAT grew 5% YoY, but remained flat QoQ.

Conference Call Details



Date: 11 November 2026
Time: 3:00 pm IST
Registration: Diamond Pass
Dial in:
+91 22 6280 1557
+91 22 7115 8383

Consolidated Quarterly Performance (INR m)

Y/E March	FY26				FY27		FY26	FY27E	FY27 2QE	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q				
Net Sales	**1,423**	**1,587**	**1,289**	**2,158**	**1,918**	**1,825**	**6,456**	**8,883**	**1,958**	**-6.7**
Change (YoY %)	3.3	12.4	10.0	(6.2)	34.8	15.0	3.1	37.6		
Change (QoQ %)	(38.2)	11.5	(18.8)	67.5	(11.1)	(4.8)				
Total Expenditure	**1,033**	**1,122**	**983**	**1,575**	**1,430**	**1,349**	**4,712**	**6,401**	**1,410**	**-4.3**
EBITDA	**390**	**465**	**305**	**583**	**489**	**476**	**1,744**	**2,483**	**547**	**-13.0**
Change (YoY %)	(9.6)	51.9	30.7	(21.9)	25.4	2.4	1.5	42.4		
Change (QoQ %)	(47.8)	19.4	(34.4)	91.0	(16.2)	(2.5)				
Margin (%)	27.4	29.3	23.7	27.0	25.5	26.1	27.0	27.9		
Other Income	42	21	53	26	59	69	142	144		
Depreciation	66	74	86	84	89	92	310	458		
Finance Cost	37	35	47	18	39	46	138	122		
PBT	**329**	**376**	**225**	**507**	**421**	**408**	**1,437**	**2,047**	**437**	**-6.6**
Tax	85	99	51	137	110	106	373	512		
Effective Tax Rate (%)	25.8	26.4	22.8	27.0	26.2	25.9	25.9	25.0		
PAT before MI, Assoc. & EO	**244**	**277**	**174**	**370**	**310**	**302**	**1,065**	**1,535**		
Minority Interest	(12)	1	9	(15)	(16)	(10)	(16)	(26)		
Share of profit/(loss) of Associates and JVs	-	-	-	-	-	-	-	-		
Exceptional Items	-	-	-	-	-	-	-	-		
Reported PAT	**232**	**278**	**183**	**356**	**294**	**293**	**1,048**	**1,509**		
Adj. PAT	**232**	**278**	**183**	**356**	**294**	**293**	**1,048**	**1,509**	**328**	**-10.7**
Change (YoY %)	13.6	86.7	29.4	(24.6)	26.7	5.3	8.5	43.9		
Change (QoQ %)	(50.8)	19.7	(34.1)	94.2	(17.3)	(0.5)				

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NOTES

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BUY	>=15%
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NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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