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Financial Services

4QFY26 | June 2026

VOICES



VOICES

India Inc on Call

VOICES, a quarterly product from Motilal Oswal Research, provides a ready reference for all the post results earnings calls attended by our research analysts during the quarter. Besides making available to readers our key takeaways from these interactions, it also provides links to relevant research updates, and transcripts links of the respective conference calls.

This quarterly report contains

- Key takeaways from the post results management commentary for 320 companies, with links to the full earnings call transcripts
- Links to our Results Updates on each of the companies included

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

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

VOICES - INDIA INC ON CALL

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Note: All stock prices are as on 3rd June 2026, unless otherwise stated.

Voices

BSE Sensex: 74,243 **S&P CNX: 23,367**



FY27 Commentary: Cautiously Optimistic!

In this report, we present the detailed takeaways from our 4QFY26 conference calls with various company managements as we refine the essence of India Inc.'s 'VOICES'.

- **Corporate earnings – 4QFY26 concluded on a strong note:** The 4QFY26 corporate earnings showcased widespread outperformance across aggregates, with 10 sectors exceeding expectations. BFSI, Metals, OMCs, Technology, Telecom, and Automobiles fueled this healthy performance. Conversely, Oil & Gas (ex-OMCs) dragged overall profitability. The aggregate earnings of the MOFSL Universe companies grew 16% YoY (vs. our est. of 8% YoY) in 4QFY26. The better-than-expected earnings growth was powered by BFSI (profit grew 18% YoY vs. our est. of 11%) and supported by Metals (profit surged 50% YoY vs. our est. of 24%) and OMCs (profit jumped 62% YoY vs. our est. of 7% growth). Further, Technology (+13% YoY), Telecom (+8.4x YoY), and Automobiles (+13% YoY vs. our est. of 6% decline) propelled earnings.
- The **Banking** sector's credit growth outlook remains healthy, with most banks guiding credit growth to sustain at current levels, driven by steady demand across the retail and SME segments and an uptick in demand in the corporate segments. Strong loan pipelines and infrastructure-led lending continue to provide support. Deposit growth remains in focus, with banks emphasizing granular retail deposits and CASA expansion. While system liquidity remains competitive, liability franchises are gradually strengthening through branch expansion and digital acquisition initiatives.
- For **Technology**, management commentaries highlighted a rising adoption of GenAI across software engineering and delivery functions, with productivity benefits beginning to flow through client engagements and commercial discussions. Management teams also noted that clients remain focused on cost optimization, even though AI-related spending and deployment activities are gradually scaling up. FY27 guidance across large-cap IT remained cautious amid macro uncertainty and client-specific headwinds.
- In **Metals**, management indicated that NSRs in the ferrous segment are expected to rise further, even though coking coal costs are likely to increase by USD10-15/t in 1Q. Margin resilience is expected to be supported by improved NSR, higher volumes from newly commissioned capacities, and a growing share of captive raw materials. In the non-ferrous segment, management guided a stable cost of production, while favorable pricing trends are expected to drive margin improvement over the coming quarters. Overall, management stated that 4Q performance was decent and higher than expected on the earnings front, with further improvement anticipated in 1HFY27, led by better volumes, with supportive pricing offsetting the inflated cost structures.
- For **Automobiles**, management teams have indicated continued momentum and strong structural demand across vehicular segments despite the supply chain issues due to the West Asia crisis and the price hikes taken to partially offset the commodity cost inflation. The 2W OEMs now expect high single-digit growth, while PV OEMs have guided double-digit growth for the industry. On the contrary, due to fuel price hikes and potential demand for freight, CV OEMs have guided to single-digit growth in 1QFY27 but have refrained from providing full-year guidance.

- For **Capital Goods**, management maintains a positive outlook across key sectors such as power T&D, transformers, railways, B&F, renewables, data centers, defense, and energy transition projects, along with improving private sector capex. In the defense sector, management commentary remains positive, supported by a strong pipeline.



Autos

- Management teams have indicated continued momentum and strong structural demand across vehicular segments despite the supply chain issues due to West Asia conflicts and the price hikes taken to partially offset the commodity cost inflation. The 2W OEMs now expect high single-digit growth, while PV OEMs have guided double-digit growth for the industry. On the contrary, due to fuel price hikes and potential demand for freight, CV OEMs have guided to single-digit growth in 1QFY27 but have refrained from providing full-year guidance. Export growth is expected to remain strong, while there are challenges in logistics leading to increased lead times. The fourth quarter was marked by some commodity inflation, while a steeper rise is expected to impact margins in 1QFY27 across commodities. As a result, most OEMs have increased prices to reduce the impact on margins.



Capital Goods

- The various management teams maintain a positive outlook across key sectors such as power T&D, transformers, railways, B&F, renewables, data centers, defense, and energy transition projects, along with improving private sector capex. In the defense sector, management commentary remains positive, supported by a strong pipeline across radars, EW systems, missiles, naval platforms, helicopters, and aircraft upgrades, including Uttam Radar, QRSAM, ALH, P75I, AMCA, and modernization programs. The outlook remains healthy, with AoNs worth INR6-7t accorded over the past six months, most of which are likely to convert into firm orders over the next 2-2.5 years. Rising indigenization and defense procurement are expected to drive sustained order inflows, while FY27 is likely to be a year of strong execution. Export momentum remained healthy, underpinned by strong opportunities across power T&D, industrial infrastructure, defense, and energy transition markets. Management highlighted strong international inquiry pipelines across the Middle East, Europe, and North America, while India continues to strengthen its position as a key global manufacturing and sourcing hub. Overall, government-led spending in power T&D, defense, and renewables, along with selective private capex, continues to support sector growth.



Cement

- Most management teams have guided to a moderate cement demand growth of ~5–6% YoY in FY27, amid global economic headwinds. Elevated fuel, oil, and packaging costs are expected to pressure margins, as recent price hikes remain inadequate to fully offset cost inflation. Meanwhile, aggressive industry-wide capacity additions are likely to keep utilization levels subdued at ~65%–66%, limiting the scope for sustained price increases over the medium term.



Chemicals

- Chemical companies remain cautiously optimistic about the sector's outlook, supported by improving customer offtake, gradual demand recovery across key end markets, ongoing capacity expansions, and the commercialization of new products and molecules. While challenges such as volatile feedstock prices, intensified competition from China, tariff-related uncertainties, and geopolitical disruptions persist, the companies remain focused on long-term growth initiatives.

Consumer

- Management commentaries across Staples companies highlighted a gradual improvement in demand trends over the past few months, supported by better rural consumption, recovering urban demand, and GST-led affordability benefits. However, rising commodity costs have prompted companies to take calibrated price hikes, largely offsetting the 7–8% affordability gains from the GST rate reduction. To manage cost pressures, companies are also undertaking grammage adjustments and productivity initiatives. While margins may face some near-term pressure, management expects profitability to remain broadly stable, supported by pricing actions, premiumization, cost savings, and a favorable product mix. International businesses (especially in West Asia) could remain volatile in the near term due to geopolitical disruptions, although management teams expect operating conditions to improve gradually over the coming quarters.

Consumer Durables

- Various management teams indicated that the Cables & Wires (C&W) segment delivered strong revenue growth during 4QFY26, largely driven by a sharp increase in copper and aluminum prices, which rose approximately 48% and 32% YoY, respectively. However, volume growth remained modest, in the low- to mid-single-digit range, owing to geopolitical disruptions, a slowdown in demand during March 2026, and channel destocking amid heightened raw material price volatility. Looking ahead, management remains optimistic about the C&W demand outlook for FY27E, supported by sustained investments in the power sector, continued momentum in real estate and manufacturing, and growing opportunities in emerging segments such as data centers, EV infrastructure, and defense. Management further highlighted that room air conditioner (RAC) demand improved from mid-Apr'26, aided by heatwave conditions across several regions of the country. Nevertheless, elevated commodity prices, INR depreciation, and disruptions arising from the West Asia crisis continue to exert pressure on input costs, while intense competition remains a key challenge. To mitigate these pressures, companies have implemented selective price increases. Across other FMEG categories, including fans, switchgear, lighting, and small domestic appliances (SDA), management reported mixed demand trends, with healthy growth in industrial and solar-related businesses, while consumer demand remained relatively subdued.

EMS

- Most management teams remain optimistic on the medium-term outlook, supported by strong order visibility, healthy demand trends, timely ramp-up of new programs, and scaling benefits from recently commissioned capacities. Growth is expected to be driven by expanding opportunities across EMS, semiconductor equipment, telecom, defense, railways, electronics, and exports, aided by global supply-chain diversification, rising defense spending, and increasing AI-led demand. Continued investments in capex, R&D, backward integration, and higher-value product offerings are expected to aid operational efficiencies, margin resilience, and long-term competitive positioning.



Financials

Banks

- The banking sector's credit growth outlook remains healthy, with most banks guiding for credit growth to sustain at current levels, driven by steady demand across the retail and SME segments and an uptick in demand in the corporate segments. Strong loan pipelines and infrastructure-led lending continue to provide support. Deposit growth remains in focus, with banks emphasizing granular retail deposits and CASA expansion. While system liquidity remains competitive, liability franchises are gradually strengthening through branch expansion and digital acquisition initiatives.
- Margins are expected to be range-bound, with some improvement in pricing power on the asset side being offset by a gradual pickup in cost of funds owing to competitive pricing, factoring in a stable rate environment. Asset quality trends remain favorable, supported by improving GNPA/NNPA ratios, moderating slippages, and declining credit costs. Collection efficiency has strengthened, and stress in unsecured portfolios appears largely contained. The portfolios of banks remain unaffected by the West Asia crisis currently, even as the banks continue to build a provision buffer for any future uncertainties owing to the same.

NBFC

- Various management teams indicated that NBFCs reported a strong performance in 4QFY26, supported by healthy disbursement growth, improving asset quality, and gradual normalization in stress across unsecured segments. Rural demand trends also remained healthy, supporting growth across vehicle finance, gold loans, and affordable housing segments. However, competitive intensity in secured retail products such as housing finance and gold loans will limit yield expansion and put pressure on margins. While the overall outlook remains positive, near-term uncertainties, including the potential impact of the ongoing West Asia war and the possible effects of El Niño on monsoons and consequently asset quality, will remain important monitorables in the near term.

Capital Markets

- Capital market activity witnessed strong sequential growth in 4QFY26 (Cash ADTO +20%, F&O/Options Premium ADTO +11%/+45%), though demat additions moderated amidst broader market weakness. The Broking and Exchange management teams remain constructive on trading activity, supported by improving market sentiment, higher retail participation, and healthy derivatives turnover. The AMC management teams guided stable AUM growth and limited yield impact despite the regulatory overhang of passing trail commissions to distributors, supported by resilient SIP inflows and improving market sentiment, with Apr'26 flows witnessing healthy reversals. Depositories remain cautious about the near-term account additions and IPO activities, though transaction-linked revenue is expected to be supported by market volumes. MF RTAs continue to see strong traction in non-MF businesses and digital initiatives, while wealth managers remain focused on net inflows and scaling distribution capabilities, supported by continued investments in relationship managers and platforms.

Insurance

- In life insurance, the private life insurance players reported a slowdown in premium growth in 4Q, especially in Mar'26, owing to volatile geopolitical conditions. Players expect the growth to gradually stabilize, but VNB margins are likely to expand further as the product mix shifts toward protection and non-par savings, and the GST impact is mitigated by 1HFY27. For general insurance, the industry maintained strong momentum in 4QFY26, with the Health segment growing at 20%+ and the Motor segment witnessing 10%+ growth. Profitability is continuously increasing as companies invest in enhancing both claims processing efficiency and overall operational effectiveness.
- Developments in commission regulations are being monitored for both life and general insurance companies.



Healthcare

- **Domestic formulations:** Management teams remain constructive about the domestic formulations outlook for FY27, supported by continued recovery in acute therapies, sustained growth in chronic segments, new product launches, and ongoing investments in field-force productivity and doctor engagement. The companies also highlighted the emerging obesity and diabetes opportunities, with GLP-1 therapies anticipated to be a key growth driver for the Indian pharmaceutical market over the next several years, creating incremental opportunities.
- **US business:** Management commentaries on the US market remained mixed. While several companies expressed confidence in delivering sustained growth through their existing portfolio, new product launches, and ongoing product ramp-ups, others maintained a cautious stance amid continued pricing pressure and increasing competition across key generic molecules. In response, some companies indicated shifting their focus toward higher-value specialty, branded, and complex products to improve growth visibility and reduce exposure to commoditized segments. SUNP continues to strengthen its innovative medicines portfolio and recently expanded its specialty presence through the acquisition of Organon assets. ZYDUSLIF has acquired Assertio to enhance its footprint in specialty and oncology-focused branded therapies, while GNP remains focused on building its respiratory franchise and has guided for the launch of 2-3 respiratory products in FY27.
- **CDMO:** Management teams remain positive about the medium-term CDMO opportunity, with most companies indicating that significant capacity investments are already in place and are expected to support future contract wins and commercialization opportunities. Companies continue to witness encouraging customer engagement across biologics, peptides, ADCs, and other complex modalities. Several players also highlighted efforts to diversify their customer base, product mix, and project portfolio to reduce concentration risk and improve revenue visibility.
- **Hospitals:** Management teams across the hospital sector largely remained optimistic, citing strong underlying healthcare demand, healthy occupancy trends, improving case mix, and continued expansion opportunities across Indian markets. While operational momentum is expected to remain robust, some operators indicated near-term profitability headwinds from rapid bed additions, the ramp-up of newly commissioned facilities, and, in select cases, the impact of ongoing geopolitical disruptions affecting international patient flows. Nevertheless, demand fundamentals across most regions remain intact, supporting sustained operational growth.

Logistics



- Management commentaries across the logistics sector remained broadly constructive despite near-term geopolitical disruptions. In 4QFY26, volume growth was supported by healthy consumption-led demand and market share gains amid industry consolidation, though the West Asia crisis impacted volumes during Mar'26. Management expects demand momentum to improve as smaller players continue to face profitability and cost-related challenges. In rail logistics, management of Container Corporation of India remains optimistic about the completion of DFC connectivity with Jawaharlal Nehru Port by Jun'26. This is anticipated to enhance double-stack container movement and support performance from FY27, while maintaining its focus on profitability over low-margin volume growth. Within ports, the management teams of Adani Ports and Special Economic Zone and JSW Infrastructure indicated that the West Asia crisis led to some cargo volume loss during the quarter, partly offset by higher transshipment volumes. APSEZ remains optimistic about container-led growth and coal volume recovery, while JSW Infra expects growth acceleration from FY28 driven by newly commissioned capacities. Both companies continue to focus on building an integrated ports-to-rail logistics ecosystem to support long-term growth.

Metals



- In **Metals**, management indicated that NSRs in the ferrous segment are expected to rise further, even though coking coal costs are likely to increase by USD10-15/t in 1Q. Margin resilience is expected to be supported by improved NSR, higher volumes from newly commissioned capacities, and a growing share of captive raw materials. In the non-ferrous segment, management guided a stable cost of production, while favorable pricing trends are expected to drive margin improvement over the coming quarters. Overall, management stated that 4Q performance was decent and higher than expected on the earnings front, with further improvement anticipated in 1HFY27, led by better volumes, with supportive pricing offsetting the inflated cost structures. While global uncertainties may exert pressure on global metal and raw material prices, companies believe domestic operations are relatively insulated, supported by safeguard duties in the ferrous segment and favorable pricing dynamics in non-ferrous metals.

Oil & Gas



- **CGDs: MAHGL** has guided double-digit YoY growth in FY27. **OINL's** NRL refinery segment is expected to achieve 50% capacity utilization by the end of FY27, which shall gradually ramp up to 100% by the end of 2QFY28. **IOCL's** PX-PTA plant/polybutadiene rubber plant is expected to come online by Aug'26/Jun'26. **ONGC's** recently commissioned DUDP is expected to add gas production equivalent to ~9% of current ONGC gas output. **BPCL's** Andhra Pradesh refinery and petrochemical complex (9mmtpa), the PRFC project at Mumbai, the Kochi polypropylene project, and POL/lube installations at Rasayani are progressing broadly in line with planned commissioning schedules.



Real Estate

- Real estate companies witnessed ~11% YoY increase in bookings during 4QFY26 to INR436.8b, largely due to meaningful project launches in 4Q. Average price realizations also increased by ~14% YoY during the quarter. Despite the softness observed due to the geopolitical crisis, management remains optimistic about demand sustainability over the medium to long term. With regulatory approval processes gradually improving, the launch pipeline for FY27 is expected to be stronger. Additionally, companies are actively pursuing land acquisitions to strengthen their future development portfolio and support long-term growth.



Retail

- **Retail:** Most retailers indicated that demand trends improved during 4Q, supported by weddings, festivals, summer demand, and improving footfalls across categories. Premiumization, casual wear, sneakers, and adjacent categories continued to witness strong traction, while customer acquisition and product-led initiatives aided growth. Management teams at most retailers indicated a positive start to Apr'26; however, they remain watchful of the impact of raw material increases on both demand and margins. Footwear retailers have taken sharp price hikes to offset the drag from the sharp inflation in RM prices.
- **Jewelry:** The companies continued to deliver robust sales growth buoyed by strong festive demand and a significant rise in gold prices in 4Q (~80% YoY, ~20% QoQ). The management teams highlighted that robust SSSG growth, supported by higher traction in old gold exchange programs (~50% of revenue contribution), continued to structurally increase as customers sought to manage elevated ticket sizes. Management further alluded that demand for lightweight jewelry, lower-karat products, silver jewelry, and affordable formats remained strong as companies focused on maintaining affordability.
- **QSR:** Management teams indicated that QSR demand witnessed a gradual recovery during 4QFY26, supported by robust footfall growth and strong performance in the chicken and burger segments, while the pizza category remained relatively subdued. Building on the positive momentum seen since Jan'26, most QSR players experienced a healthier demand environment throughout the quarter. Companies continued to focus on driving affordability through value offerings while maintaining strict execution discipline. Management expects margin recovery to follow with a lag, supported by operating leverage as demand gradually strengthens through FY27.



Technology

- For **Technology**, management commentaries highlighted a rising adoption of GenAI across software engineering and delivery functions, with productivity benefits beginning to flow through client engagements and commercial discussions. HCL Tech indicated a 2–3% impact from GenAI-led productivity gains on its existing book of business, while enterprises continue to show interest in AI implementation and transformation programs. Management teams also noted that clients remain focused on cost optimization, even though AI-related spending and deployment activity are gradually scaling up.
- FY27 guidance across large-cap IT remained cautious amid macro uncertainty and client-specific headwinds. Infosys guided for 1.5–3.5% CC revenue growth in FY27, while HCL Tech guided for 1–4% growth and highlighted the combined

impact of client-specific issues and AI-led productivity gains. Wipro's 1QFY27 guidance of -2% to 0% QoQ CC pointed to continued near-term demand softness despite contributions from large deals. On margins, management teams cited currency tailwinds, productivity improvements, and operational efficiencies as key positives during the quarter, while wage hikes, AI investments, and large-deal ramp-ups remain areas to monitor going forward.



Telecom

- Telecom operators indicated that the sector continued to witness steady operational momentum during 4QFY26, supported by sustained subscriber additions, increasing 5G adoption, and ongoing premiumization initiatives. Home broadband growth remained healthy, aided by a combination of fiber and FWA deployments to expand network reach and addressable markets. Operators maintained a strong focus on network investments and capacity expansion while also scaling enterprise offerings and digital services. Infrastructure demand remained robust, driven by continued network rollouts and tenancy additions. Industry participants highlighted a balanced approach towards growth investments, capital discipline, and balance sheet strengthening while remaining watchful of supply chain disruptions and execution challenges in certain regions.



Utilities

- Various management teams remain optimistic on the FY27 outlook, supported by strong power demand growth, driven by rising cooling requirements, urbanization, and expanding digital infrastructure. The anticipated El Niño impact and persistent heatwave conditions are expected to provide a structural demand tailwind, while bidding activity is increasingly shifting toward FDRE, hybrid, and other complex renewable energy projects. The management teams expect robust growth in solar and wind capacity additions over the medium term, although near-term module margins may remain under pressure due to commodity headwinds, particularly silver price volatility amid ongoing geopolitical tensions.

Key takeaways from management commentary

AUTOMOBILES

- **Management teams have indicated continued momentum and strong structural demand across vehicular segments despite the supply chain issues due to West Asia conflicts and the price hikes taken to partially offset the commodity cost inflation. The 2W OEMs now expect high single-digit growth, while PV OEMs have guided double-digit growth for the industry. On the contrary, due to fuel price hikes and potential demand for freight, CV OEMs have guided to single-digit growth in 1QFY27 but have refrained from providing full-year guidance. Export growth is expected to remain strong, while there are challenges in logistics leading to increased lead times. The fourth quarter was marked by some commodity inflation, while a steeper rise is expected to impact margins in 1QFY27 across commodities. As a result, most OEMs have increased prices to reduce the impact on margins.**

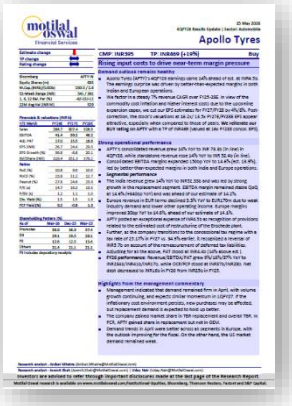
KEY HIGHLIGHTS FROM CONFERENCE CALL

	Demand outlook	Other takeaways from management interaction
Ashok Leyland	▪ Management noted that CV demand remains resilient despite diesel price hikes and macroeconomic uncertainties, supported by GST-led improvement in fleet economics and the highest-ever ageing profile of fleets. Management indicated that temporary softness, if any, could translate into pent-up demand in subsequent quarters given structurally strong replacement demand and healthy TCO economics after GST rationalization. ▪ Demand outlook remains strong for mining, infrastructure and construction-linked applications, particularly tippers, multi-axle vehicles and tractor trailers. Mining-linked demand is expected to remain robust across Maharashtra, Odisha, Chhattisgarh, Jharkhand and West Bengal.	▪ The company implemented a 1% price increase in Jan'26, which was sustained through 4Q and helped offset commodity inflation. Additional price hikes of 1.0-1.5% have been taken in Apr'26, but management indicated that the sustainability of these hikes will depend on market conditions. ▪ AL expects the commodity cost challenge to be manageable currently, although persistent sharp increases in raw material prices could impact profitability. ▪ Switch Mobility India achieved a major milestone by attaining net profitability in FY26, reporting PAT of over INR1b.
Bajaj Auto	▪ For domestic motorcycles, the near-term demand outlook has moderated, with near-term industry growth expected at 7-9% based on April trends. The premium motorcycle segment, particularly 150cc+, is expected to grow at 1.5x-2x the broader industry. ▪ Export outlook remains robust in the near term, driven by strong positioning in key markets such as Latin America and Asia, although geopolitical risks and logistics challenges remain monitorable.	▪ BJAUT has lined up new models, with refreshed launches in both 125cc and 150cc+ categories expected from July onward. However, it has not yet revealed the timeline for the launch of the new affordable 125cc motorcycle. ▪ Electric portfolio (2W + 3W) now contributes over 20% of domestic revenue and delivers double-digit EBITDA margins, with Chetak now at EBITDA breakeven.
Eicher Motors	▪ Management indicated that domestic demand has remained intact in FY27. Inquiry levels, bookings and retail traction remain healthy, with no visible structural slowdown in premium motorcycle demand, said management. ▪ Management noted that the CV demand remains healthy so far, aided by infrastructure spending, economic growth, logistics demand, and positive fleet operator sentiment. Rising diesel prices are unlikely to materially disrupt primary CV demand, as per management, as transporters typically pass on high fuel costs through indexed customer contracts.	▪ Existing annual production capacity of ~1.4m units is expected to increase to over 1.6m units from June/Jul'26, through the addition of a new 500-unit-per-day manufacturing module. Capacity additions are being front-loaded in anticipation of sustained growth in the premium motorcycle segment and strong demand visibility across existing and upcoming products. ▪ For 1QFY27, management expects incremental commodity cost pressures of ~3.0-3.5% of the revenue. To offset this, RE has taken another price increase of ~1.75% in April 2026.
Hero MotoCorp	▪ **Outlook**: Management expects the domestic 2W industry to grow in high single digits in FY27, with scooters outpacing motorcycles by a couple of percentage points. HMCL expects to outperform the industry in both segments.	▪ ICE EBITDA margin stood at 17% in 4Q (+100bp YoY) as well as in FY26 (+90bp YoY). The EV business had an impact of INR2.2b in 4Q. ▪ Near-term margins may remain under pressure due to commodity inflation, but HMCL plans to partially

	▪ Management expects the export momentum to continue over the next couple of years as it expands its product offerings and enters new markets.	offset the impact through price hikes and cost savings. Since April, RM costs have been in the high single digits due to BOM costs, and the full impact has not yet been passed on to consumers despite a 2% price hike in April.
Hyundai	▪ FY27 volume growth is expected to be 8-10% in both domestic and exports for the company. ▪ HMIL expects to gain market share in FY27, aided by a stronger launch pipeline, increased capacity flexibility, and a favorable mix of growth drivers across SUVs, sedans, and alternate fuel offerings. ▪ Despite high exposure to the Middle East and near-term geopolitical disruptions, management remains confident of growth in FY26, supported by healthy order backlogs in the Middle East region and strong underlying demand in emerging markets.	▪ HMIL has already implemented 60bp price hikes in Jan'26, followed by selective price hikes on Venue in March, with another round of price increases planned in May, aimed at offsetting ongoing commodity inflation. While near-term commodity pressures are expected to persist, HMIL remains confident of maintaining 11-14% EBITDA margins. ▪ HMIL announced two all-new nameplate launches in FY27, both expected to be meaningful volume contributors and key catalysts for market share gains over the medium term.
M&M	▪ Auto: Management expects the company's SUV business to grow in the mid-to-high teens in FY27, supported by strong demand for its models and planned capacity expansion. The company expects the LCV industry to grow in high single digits in FY27. ▪ Tractors: Management expects the tractor industry to grow in mid-single digits in FY27, despite a very high base of FY26	▪ In this quarter, MM has added six ICE SUV launches and three BEV launches to its earlier planned launch pipeline until 2031. As a result, it now plans to launch 10 ICE SUV products between Apr'26 and 2031, including one mid-cycle enhancement and nine new SUV nameplates. It also plans to launch six new electric SUV products over the same period. ▪ On the farm front, in FY27, MM plans 19 product interventions, comprising seven new launches and 12 feature additions to the existing portfolio.
Maruti	▪ **Demand outlook**: Given its healthy order backlog and positive consumer sentiment, MSIL has provided domestic volume growth guidance of 10% YoY for FY27. ▪ **Exports**: Given the adverse global macro, management has refrained from giving an export outlook for FY27. ▪ Management indicated that commodity, energy, and gas inflation remain manageable at current levels, as long as demand momentum is intact.	▪ Its second plant in Kharkhoda has commenced production in Apr'26, and its fourth plant in Gujarat is expected to commence production by Jul'26. Each of these would have about 250k units p.a. capacity. ▪ MSIL's first EV, e-Vitara, has received an encouraging initial response and strengthens the company's long-term EV roadmap. ▪ While startup costs related to these new facilities are likely to dent near-term margin, this is likely to be offset by operating leverage benefits.
Tata Motors PV	▪ Management expects the domestic PV industry to grow by around 10% in FY27, with stronger growth anticipated in 1H, followed by moderation in 2H over a higher base. TMPV expects to outperform industry growth, with supply constraints likely to be a bigger challenge than demand during the year. ▪ Management highlighted that underlying demand remains healthy despite macro uncertainties, particularly for Range Rover and Range Rover Sport. China remains a highly competitive market, with the luxury tax implemented from July affecting demand significantly.	▪ Input costs are expected to inch up in the coming quarters, with all key commodities seeing a sizeable increase in the recent past. To offset the cost headwinds, management is targeting GBP1.7b worth of cost savings over the next two years in JLR, which would drive a reduction in its breakeven volumes toward 300k units. ▪ Customer interest in EVs has materially improved following the Middle East crisis, with enquiry levels reportedly increasing by 30-35%. Recent product launches have also contributed meaningfully to higher consumer traction.
Tata Motors CV	▪ Management expects single-digit volume growth in 1QFY27 and looks to monitor the situation on a quarterly basis. However, given the expected fuel price increase and its potential impact on freight demand, management has refrained from giving growth guidance for FY27. ▪ Fleet utilization remains healthy, and transporter profitability has been resilient. Freight availability remains intact across segments, although uncertain diesel prices are leading some fleet owners to defer	▪ Sentiment in the MENA region remains subdued with no dispatches to the region over the past two months due to the ongoing West Asia conflict, and management is looking to offset this through higher volumes in other export markets. ▪ Raw material inflation had a 100bp impact in 4Q and is expected to have a higher impact in 1Q; the company took a 2% price hike in April but has chosen not to pass through the full cost increase to protect demand momentum. Management intends

	HCV purchases, with relatively lower impact in lighter vehicle categories.	to use internal cost levers to offset raw material pressure and sustain demand momentum.
TVS Motor Co.	▪ Management expects industry growth in FY27 to remain in the high single-digit range and reiterated its target of outperforming industry growth across both domestic and international markets. ▪ Scooters, EVs, and premium motorcycles continued to outperform, supported by strong traction for Jupiter, Ntorq, Apache, and Ronin.	▪ Total investments during FY26 were ~INR24b, primarily for Norton Motorcycles, TVS Credit Services, and the company's Dubai-based international business initiatives. Management indicated that FY27 investments would fall by INR5-6b YoY as several strategic projects begin transitioning toward commercialization.
BIL	▪ Management remains constructive on medium-term growth despite near-term volatility, supported by normalized inventories, improving export demand, continued domestic momentum, better product mix, carbon black integration benefits, and progressive scale-up of the on-highway business. ▪ Management highlighted that channel inventories are now at normal levels, and future volume growth should increasingly be driven by underlying replacement demand recovery and market share gains.	▪ From a regional standpoint, Europe saw a meaningful recovery in 2H, driven by normalization in channel inventories, while the Americas witnessed improving distributor activity and higher channel traction, supporting better demand visibility in FY27. ▪ Raw material inflation is a meaningful near-term headwind, with input costs rising ~4-5% in 4Q and expected to increase by a further ~7-8% QoQ in 1QFY27, while freight costs at ~4.5-5.0% of revenue are also expected to remain elevated.
BHFC	▪ For FY27, barring any major geopolitical disruption, management remains optimistic about delivering ~25% revenue growth in Indian manufacturing operations, with commensurate improvement in EBITDA and profitability, supported by strong order execution, export market recovery and healthy demand conditions in both India and the US. ▪ Within the portfolio, growth is expected to be led by Aerospace, followed by Defense and Auto Components.	▪ Domestic demand in India is expected to remain resilient despite energy-led inflationary pressure, as management believes a meaningful portion of cost increases can be passed through, while European demand remains relatively stable vs. last year, though macro conditions remain sensitive to the duration of ongoing geopolitical conflicts. ▪ The company has outlined capex of INR8-8.5b over the next 15-20 months toward capacity expansion and growth initiatives.
SAMIL	▪ SAMIL currently has 16 greenfield projects at various stages of completion spread across India, Poland, the UAE, Hungary, and Morocco, 13 of which are expected to come on stream during FY27. Four new greenfield projects were announced in 4Q, viz., a wiring harness manufacturing facility in Morocco and Poland, each slated for operations in 1QFY28 and 4QFY27, respectively, and two logistics facilities – one in India and one in Hungary, which are expected to become operational by 3QFY27. All 16 greenfields are in emerging markets. ▪ SAMIL is on track to complete the Yutaka Giken acquisition by 1HFY27. The proposed acquisition of Nexan's automotive wiring harness business is expected to close by Jun'26.	▪ In the Aerospace segment, SAMIL expanded its product portfolio across platforms, securing orders for metallic parts, subassemblies, and wiring harnesses in business jets and rotary-wing aircraft. The two existing facilities will cater to the existing order book, which is expected to be executed over 5-8 years, while management expects larger order wins in the segment in FY27. ▪ In the consumer electronics segment, 4Q production rate aligned with the targeted annual production guidance of 14-16m units, achieving EBITDA profitability in FY26. The third facility is on track for commissioning in 3QFY27, with added upstream integration capabilities. It is expected to drive healthy growth and improve margins going forward.
ENDU	▪ ENDU secured total India business order wins of ~INR16b in FY26, of which INR15.8b represented new business. Four-wheeler and non-automotive businesses contributed INR7.43b of FY26 order wins, accounting for nearly half of total order intake. ▪ Major customers contributing to order wins included Tata Motors, Mahindra, Hyundai, Kia, Isuzu, a large US EV OEM, Graziano, and US and Spanish solar industry customers.	▪ ENDU expanded its OEM customer base beyond Bajaj Auto, Royal Enfield, TVS, and Yamaha to include Honda Motorcycle & Scooter India, Ather Energy, Suzuki, and Piaggio. ENDU crossed the milestone of 100k alloy wheel sales in Jan'26 in the alloy wheel segment. ▪ During FY26, European operations secured orders worth EUR15.8m, including large machined casting programs from Volkswagen and Porsche, along with plastic injection-molding EV components.

Click below for Results Update



Apollo Tyres — Buy

Current Price INR 391

Update on India business

- Within the replacement segment, TBR and PCR segments grew 20%+. In the OEM segment, TBR grew more than 20%, while PCR grew in single digits. However, exports were impacted and grew in the mid-single digits in 4QFY26
- The company gained market share in TBR replacement and overall TBR. In PCR, it gained share in replacement but not in OEM.
- QoQ revenue growth of 2% was entirely driven by volume growth.
- Management indicated that demand remained firm in April, with volume growth continuing, and expects similar momentum in 1Q. If the inflationary cost environment persists, new purchases may be affected, but replacement demand is expected to hold up better.
- The company is operating close to peak capacity utilization in India, which may require capacity allocation decisions for certain export products. India and Europe will remain priority markets for capacity allocation.
- Advertising and promotion spend was 4% of sales in 4Q versus the normal level of around 2%. Management expects A&P spending to remain above historical levels, at 2.5%+ over the medium term.
- Standalone Net Debt/EBITDA has reduced to 0.7x in Mar'26 vs. 1.1x in Mar'25.

Raw material update and margin outlook

- Both input costs and energy costs are rising globally due to the West Asia crisis.
- The raw material basket was 1% higher QoQ in Q4. Management expects the raw material basket to increase in the high teens QoQ in Q1FY27.
- The company has announced price hikes of 6–8% in the replacement market, which management indicated covers only around half of the required increase. Around 3–5% of the price increase has already been implemented in April, with the balance expected by May. OEM cost pass-through is largely on a three-month lag. Small price increases have already been taken, but management said they are not sufficient.
- The company has also taken a mid to high single-digit price hike in the US market (exports).
- Near-term margins are expected to remain under pressure due to the cost inflation. If the current raw material prices sustain, the 2Q RM basket would be higher than the 1Q levels.
- Management indicated that Apollo Tyres and CEAT are ahead of most peers on price increases, although the broader industry has also taken hikes.
- The company has announced a 2% price hike in Europe, but management indicated that Apollo is more of a follower in that market due to its smaller scale versus global players. Required price increases in Europe are lower than in India, but further hikes will still be needed to fully offset cost inflation. Europe's raw material inflation is expected to be in the low- to mid-teens in 1Q, supported by lower natural rubber content.
- Key commodity prices were: natural rubber at INR200/kg; synthetic rubber at INR170/kg; carbon black at INR110/kg; and steel cord at INR155/kg. Current natural rubber prices are around INR250/kg.

Europe business update

- Europe volumes grew in low single digits YoY, despite a muted market environment.

- Revenue for the quarter was EUR170m, down 3% YoY. While 1% decline was on account of weak demand, the balance was due to lower other operating income. Europe's revenue was further hit by supply constraints in the TBR capacities in India.
- West Asia conflict-related disruptions impacted both volumes and costs in Europe.
- Demand trends in April were better across all segments in Europe, with the outlook improving for the fiscal. On the other hand, the US market demand remained weak.
- The Enschede plant would be shut by 30th Jun'26. Management expects a margin benefit of the restructuring to reflect from H2FY27, although the company will lose revenue from one loss-making OHT category in the OEM market due to the plant shutdown (about 5% of Europe revenues).
- Reifencom reported revenue of EUR40m in 4Q, with EBITDA margin below 2%.

Update on capex and debt

- Net consolidated debt reduced from INR25b to INR16b. Net debt to EBITDA improved to 0.4x as of Mar'26 vs. 0.7x in Mar'25.
- RoCE improved by 240bps YoY to 13.4% in FY26.
- The company has planned capex of INR 35Bn for FY27, with around 80% allocated toward growth and expansion. The India capex is expected to be around INR30b, focused on increasing truck and passenger car tyre capacity. Hungary's capex is focused only on PCR expansion, which is already underway.

Other highlights

- Capacity utilization is around 90% across both India and Europe, and management expects the healthy utilization rates to continue on the back of strong demand.
- Apollo Tyres received fresh passenger vehicle approvals from BMW, MM, Kia, and Genesis in the OE segment. New replacement products were launched in India and Europe operations.
- The company transitioned to the concessional tax regime, reducing the tax rate from 34% to 25%. The tax regime transition led to a positive deferred tax liability impact of over INR 5.7b.

AMARA RAJA | ENERGY & MOBILITY

Amara Raja Energy — Neutral

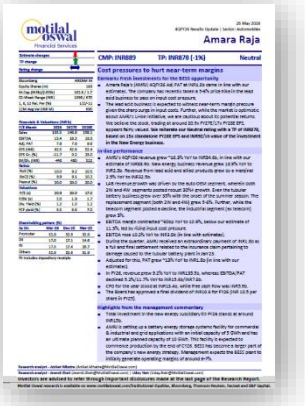
Current Price INR 860

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4Q performance

- Around 92% of 4QFY26 revenue came from the lead-acid battery business, while the balance came from the new energy business.
- The lead-acid battery business grew around 12% YoY in 4QFY26. The growth was mainly driven by domestic automotive volumes. 4W and 2W OEM volumes grew more than 30% YoY during 4QFY26.
- Automotive export volumes were muted during 4QFY26 due to ongoing geopolitical issues.
- Aftermarket volumes grew around 5-6% YoY in 4QFY26 across both 4W and 2W categories.
- Tubular battery volumes grew more than 35% YoY during 4QFY26, supported by seasonal demand. Unlike the previous year, when tubular batteries were fully traded, around 70-75% of 4QFY26 tubular battery volumes came from in-house manufacturing.



- The new energy business generated revenue of around INR2.8b in 4QFY26 from the sale of battery packs and chargers.
- During the quarter, the company supplied nearly 300 MWh of telecom lithium battery packs to various telecom customers.
- Overall lead-acid industrial volumes, excluding telecom, grew around 3% during the quarter, while telecom LAB volumes were lower due to transition from lead-acid to lithium. AMRJ continues to hold 50% market share in the telecom segment.
- The lubes product segment showed reasonable volume growth, and the company has now reached an annualized revenue scale of around INR500m in this segment.
- Adjusting for lithium battery trading revenue, the lead-acid battery business generated an operating margin of 11.6% in 4QFY26.
- The recycling plant contributed around 0.5% margin benefit during the quarter, mainly from refining operations.
- 4Q margins were impacted by raw material and operating cost pressures, especially in alloys and sulphuric acid. To offset raw material inflation, the company took a 5-6% price increase in the domestic automotive business toward the fag end of 4Q.

Update on new energy business

- During 4QFY26, AMRJ infused another INR1b into Amara Raja Advanced Cell Technologies, taking the total investment in the new energy subsidiary to around INR15b.
- The company is setting up a battery energy storage systems facility for commercial & industrial and grid applications. The BESS integration facility will start with an initial capacity of 5 GWh and has an ultimate planned capacity of 10 GWh.
- This facility is expected to commence production by end of CY26. BESS has become a larger part of the company's new energy strategy. Earlier, the company's near-term growth expectations were more EV-led, but management now believes stationary storage has the potential to accelerate faster. Management indicated leveraging its existing relationships with commercial and industrial customers to offer its own BESS solutions.
- Management expects the BESS plant to initially generate operating margins of around 6–7%.

Update on lead acid business

- Lead-acid margins for FY26 stayed above 12% despite cost pressures from raw materials, operating costs, warranty costs, and lower exports.
- Management said it is unlocking more throughput from existing manufacturing locations within the same footprint by using digital capabilities and efficiency improvements. It also mentioned that it is not overly concerned about lead-acid capacity redundancy because ICE vehicles will remain in the market, replacement demand has a long tail, and auxiliary batteries will still be required in EVs and hybrid vehicles.
- Management expects its lead acid battery business to record a high single digit growth in FY27.
- Management said India is unlikely to move directly from ICE to EVs at scale because replacing oil imports with imported battery materials is not ideal; it

believes hybridization will be needed, and the company has products for multiple levels of hybridization.

Update on raw materials

- Lead and alloys account for about 70% of the raw material basket, while plastics account for about 10%.
- Management flagged cost pressure in raw materials, especially alloys and sulphuric acid, along with higher operating costs. Tin, antimony, and other alloys saw increasing price trends, though management said there was some softening in a few alloy prices. Rupee depreciation is hurting costs, especially because some raw materials and inputs are linked to imports or dollar-denominated pricing.
- Higher fuel prices are expected to increase both inbound and outbound freight costs.
- Remelted lead prices in India have also increased, creating additional cost pressure despite the benefit from captive recycling.
- Management said it still aims for 13–14% EBITDA margin even at a lead base of around USD200/MT.
- The company took 5-6% price increases in 4QFY26 in the domestic automotive business, implemented in tranches. Management mentioned that a further 2–3% price increase may be required in the near future, though this also may not be enough if the current input cost pressure sustains in the coming quarters.

Update on capex

- Lead acid business capex for FY26 was ~INR6b, covering both the battery business and the recycling business.
- FY27 capex guidance is INR15-17b, of which INR4b would be invested in the lead acid business and the remaining in the new energy business.

Ashok Leyland — Buy

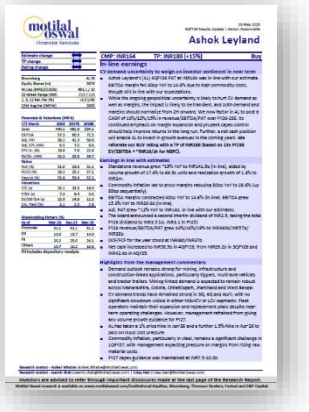
Current Price INR 146

4Q performance

- AL delivered a record performance in FY26, with all-time high CV volumes, revenue, profitability and cash surplus.
- Domestic M&HCV industry volumes grew 21.5% YoY in 4Q and 12% YoY in FY26, aided by GST 2.0-led price rationalization and fleet replacement demand. AL's domestic M&HCV volumes grew in line with the industry, with 4Q market share at 30.8%.
- AL's FY26 domestic M&HCV truck volumes stood at 105,905 units with 30.2% market share, while M&HCV bus volumes reached 20,840 units with market share of 34.1%, enabling the company to retain leadership in buses.
- Domestic LCV business outperformed the industry, with 4Q volumes growing 23% YoY to 21,801 units and Vahan market share improving 90bp YoY to 12.8%. FY26 LCV volumes reached a record 74,322 units, up 12% YoY, with annual market share improving 80bp YoY to 12.7%.
- Export volume reached a record high of 18,082 units in FY26, up 18.5% YoY, and export revenue crossed INR32b. 4Q export dispatches were hit by international logistics disruptions despite healthy underlying demand in GCC, Africa and SAARC markets.
- Overall CV volumes, including defense vehicles, reached an all-time high of 220,437 units in FY26, surpassing the previous peak achieved in FY19.

Ashok Leyland

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- Non-vehicle businesses continued to perform strongly, with aftermarket revenue growing 11.2% YoY in 4Q and 9.5% in FY26. Power Solutions revenue rose 16.4% YoY and defense revenue, including subsidiaries, grew over 20% YoY.
- Defense business revenue crossed INR12b in FY26, supported by a strong order book of over INR15b and a healthy tender pipeline. Management expects the business to sustain strong growth over the next 2-3 years.

Industry outlook

- Management highlighted that CV demand momentum remains resilient despite diesel price hikes and macroeconomic uncertainties, supported by GST-led improvement in fleet economics and the highest-ever ageing profile of fleets.
- Demand trends have remained strong in 3Q, 4Q and April, with no significant slowdown visible in either M&HCV or LCV segments. Fleet operators maintain expansion and replacement plans despite near-term operating challenges.
- Management indicated that temporary softness, if any, could translate into pent-up demand in subsequent quarters given structurally strong replacement demand and healthy TCO economics after GST rationalization.
- Diesel price hikes of around INR7/liter so far are considered manageable by fleet operators, with the industry expecting a large portion of the increase to be passed through to freight rates. However, diesel availability issues in select regions continue to create operational disruptions for transporters.
- 1QFY27 industry performance is expected to remain better than last year, although management refrained from providing a full-year industry growth estimate due to macro uncertainties.
- Demand outlook remains strong for mining, infrastructure and construction-linked applications, particularly tippers, multi-axle vehicles and tractor trailers.

Product launches

- AL continued its premiumization strategy with the launch of Hippo tractors and Taurus tippers, featuring industry-leading power, torque and best-in-class total cost of ownership in the MAV segment.
- The company launched upgraded trucks with new 280HP powertrains, aimed at improving competitiveness in higher horsepower categories where the company had earlier seen some market share gaps.
- In the LCV segment, the company launched the new 4.1-ton Bada Dost with best-in-class payload capability.
- AL also launched Phoenix, its most advanced LCV platform for export markets.
- Management indicated that the newly launched higher horsepower tractors and tippers are expected to drive market share gains in the tipper and tractor-trailer segments from 2QFY27 onward as production ramps up.
- Product pipeline is strong, with a substantial portion of capex allocated toward future technologies, alternate powertrains, EVs and new product capabilities.
- The company added over 100 touchpoints each in M&HCV and LCV businesses in FY26, taking the total network to 2,104 touchpoints, with a strong focus on North and Northeast India.

Update on battery manufacturing facility

- AL announced groundbreaking operations for a greenfield battery pack manufacturing facility near Chennai to support its EV programs. Construction is expected to commence shortly, with production targeted from 2QFY28.
- Battery manufacturing investments are currently housed within AL and form part of the company's existing capex guidance.

- Management outlined a phased EV battery strategy beginning with captive battery pack production, followed by expansion into non-captive automotive demand and eventually cell manufacturing.
- The company continues to work toward meeting eligibility thresholds under the government's PLI scheme and expects greater clarity over the next few months.

Margin guidance

- In 4Q, gross margins improved QoQ despite commodity inflation, aided by better price realizations, value engineering initiatives, sourcing savings and favorable product mix.
- The company implemented a 1% price increase in Jan'26, which was sustained through 4Q and helped offset commodity inflation.
- Additional price hikes of 1-1.5% have been taken in Apr'26, though management indicated sustainability of these hikes will depend on market conditions.
- Freight, logistics, transportation and conversion costs are also expected to rise due to higher fuel prices, while potential INR depreciation could create incremental cost pressure.
- Management highlighted that several cost-control measures have already been initiated, including value engineering, sourcing optimization, supplier negotiations, operating expense rationalization and tighter control on discretionary spending.
- AL expects the commodity cost challenge to be manageable currently, although persistent sharp increases in raw material prices could impact profitability.
- Management reiterated its focus on balancing margin protection with long-term investments and indicated that it does not intend to compromise on future growth initiatives despite near-term cost pressures.

Update on capex and investments

- FY26 capex stood at `INR10.5b, primarily directed to new products, future technologies, alternate powertrains and electric mobility initiatives.
- Subsidiary investments in 4Q amounted to INR3.71b, largely for repayment of loans in the Optare books. Total FY26 subsidiary investments stood at INR3.87b.
- Management reiterated that future investments in subsidiaries would remain need-based, particularly for Hinduja Leyland Finance, Hinduja Housing Finance and OHM Mobility.
- FY27 capex guidance was maintained at INR7.5-10.0b.

Update on Subsidiaries

- **Switch Mobility India** achieved a major milestone by attaining net profitability in FY26, reporting PAT of over INR1b. Switch emerged as market leader in electric buses and 2-4-ton electric LCVs in India during FY26. The company delivered 1,530 electric buses during FY26, up 238% YoY, along with around 1,600 electric LCVs, up 56% YoY. Switch ended the year with an order book of around 1,600 vehicles.
- **OHM Mobility** expanded its operational electric bus fleet to over 1,400 buses and is expected to require additional investments to support future growth.
- **Hinduja Leyland Finance** reported strong FY26 performance, with AUM growing 24% YoY to ~INR590b and PAT increasing 20% YoY to INR4.91b.
- **Hinduja Housing Finance** delivered healthy growth with AUM increasing 15% YoY to ~INR160b and PAT rising 4% YoY to INR3.87b.
- Both financing subsidiaries maintained healthy asset quality with consolidated net NPAs at around 1.4%.

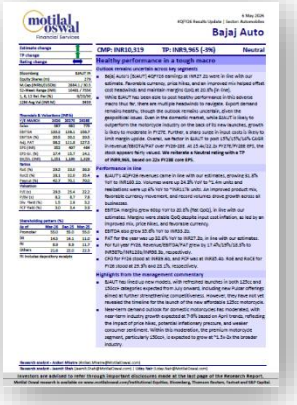
- Management stated that the reverse merger of Hinduja Housing Finance with NDL Ventures is progressing as planned and is expected to conclude within the current or next quarter.

Bajaj Auto — Neutral

Current Price INR 10,253

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Financial highlights

- 4QFY26 marked the strongest quarterly performance in the company's history, with volumes growing 24.3% YoY to ~1.4m units, revenues crossing INR160b, EBITDA at INR33, and margins at ~20.8%.
- The spare parts business delivered record revenue of ~INR17b.
- Growth in 4Q was exceptionally broad-based, with volumes across domestic, exports, two-wheelers, and three-wheelers each growing ~20% YoY, while revenues across each of these segments expanded ~30% YoY.
- Commodity inflation is emerging as a significant near-term headwind, with steel up ~15%, copper ~20%, and aluminum/noble metals up 35–45%, translating into a projected material cost inflation impact of ~3.5–4.0% of revenues in 1QFY27. However, favorable currency movements and pricing actions helped mitigate impact in 4Q. The company has already implemented pricing action in April to offset ~40% of this impact.
- Currency remains a meaningful tailwind, with realized exchange rates improving from ~INR88/USD in 3Q to ~INR91/USD in 4Q, and currently hovering around INR94–95/USD, partially cushioning commodity cost inflation.
- April performance was impacted by 10–15% due to supply-side constraints, including vendor disruptions, manpower shortages, and fuel availability issues, leading to unfulfilled demand spillover from March. The company expects these supply-side disruptions to gradually ease, enabling recovery in production and dispatches.
- The company's Board has approved a 100% payout of FY26 profits to shareholders, which will be in the form of: 1) INR150 per share of dividend, 2) INR56.3b worth of share buyback at INR12,000 per share (worth INR 56.4b).

Domestic sales update

- Domestic motorcycle demand recovered in 2HFY26, led by festive demand and GST rate cuts, with growth skewed toward premium segments, particularly 150+ cc.
- The company gained market share in the 150+ cc motorcycle segment, driven by 10 refreshed Pulsar variants, which contributed ~50% of sales during the October–March period and saw strong acceptance across regions.
- The Pulsar N and NS platforms have emerged as the key growth drivers, growing at more than twice the industry growth rate in 4Q and witnessing strong traction even in historically weaker markets such as Uttar Pradesh.
- BJAUT has lined up new models, with refreshed launches in both 125cc and 150cc+ categories expected from July onward, including new Pulsar offerings aimed at further strengthening competitiveness. However, they have not yet revealed the timeline for the launch of the new affordable 125cc motorcycle.

Update on exports

- Export volumes exceeded 600,000 units for the second consecutive quarter (up 25% YoY), delivering the highest-ever quarterly export revenues, driven by strong performance across Latin America and Asia.

- Nigeria demonstrated improving stability with volumes exceeding 100,000 units in 4Q and maintaining ~50% retail market share, supported by a wide distribution footprint, although still below historical peaks.
- Latin America remained its key growth driver, delivering sustained growth for 11 consecutive quarters, with markets such as Mexico, Colombia, Argentina, and Peru recording all-time high sales.
- Asian markets delivered double-digit growth, led by Sri Lanka, Philippines, and Nepal.
- Brazil operations scaled meaningfully, with quarterly sales exceeding 10,000 units, supported by capacity expansion, premium retail network build-out, and new product launches, positioning the company among the top five players in a short span.
- Management is targeting to scale exports from ~200k units per month toward 220k+ units per month in 1Q, supported by a strong ramp up seen in Latin America, improving demand in Africa and in Asia.
- Despite global container disruptions and geopolitical uncertainty, BJAUT's logistics execution ensured no export sales loss outside the Gulf region due to supply-chain bottlenecks.

Update on 3Ws

- Commercial vehicles delivered a record FY26 by crossing 500,000 domestic units for the first time, while 4Q volumes rose 28% YoY to a new quarterly high.
- The ICE three-wheeler business remains structurally strong, with ~90% market share in CNG three-wheelers, providing a robust base for future EV transition.
- Management highlighted that structural growth in three-wheelers is being driven by rising mobility demand in smaller towns, increasing road connectivity, shared transport adoption, and improving access to financing, making this a durable multi-year opportunity.
- Larger-format passenger three-wheelers are witnessing particularly strong demand, prompting BJAUT to scale up capacity and product offerings in that segment.

Update on EVs

- The Electric segments across two- and three-wheelers continue to witness strong momentum, supported by favorable consumer economics and structural demand drivers.
- Electric portfolio (2W + 3W) now contributes over 20% of domestic revenues and delivers double-digit EBITDA margins**,** with Chetak now at EBITDA breakeven.
- Chetak recorded its highest-ever quarterly volumes, crossing 100k units, with market share improving to ~23% driven by new product introductions and network expansion. Chetak also commenced exports to Sri Lanka, Nepal, and the Philippines during 4Q, marking the start of its international journey.
- Chetak achieved scale of over 500k units and INR40b revenue in FY26, supported by a network of 500+ exclusive stores and presence across 850+ cities.
- The company retained leadership in electric three-wheelers with strong profitability, aided by new product launches and expanding presence in higher-capacity vehicle segments.

Update on KTM/Triumph

- KTM and Triumph businesses delivered record domestic volumes (~43k units, +43% YoY), supported by strong traction across premium motorcycles and continued portfolio expansion.
- KTM exports rebounded sharply to ~17.5k units in 4Q from negligible levels last year.
- KTM's growth was led by strong traction in both street and adventure portfolios, including launches such as the 390 Adventure R and more tax-efficient 350cc offerings.
- Triumph delivered its best-ever quarter, with the Speed 400 continuing strong momentum and cumulative sales crossing 100,000 units within just 2.5 years of launch.

Other Highlights

- Bajaj Auto Credit scaled rapidly, with AUM reaching ~INR190b, annual disbursements approaching INR150b, PAT rising sharply to INR6.65b, capital adequacy at ~19.5%, and RoE at ~23%.
- Capital allocation during FY26 remained focused on EV investments, scaling the financing business, and strategic investments in KTM-related entities, while retaining strong liquidity.

Outlook

- Near-term demand outlook for domestic motorcycles has moderated, with near term industry growth expected at 7-9% based on April trends, reflecting the impact of price hikes, potential inflationary pressure, and weaker consumer sentiment. Within this moderation, the premium motorcycle segment, particularly 150cc+, is expected to grow at ~1.5x-2x the broader industry.
- Export outlook remains robust in the near term, driven by strong positioning in key markets such as Latin America and Asia, although geopolitical risks and logistics challenges remain monitorable.
- Electric mobility across both two-wheelers and three-wheelers is expected to continue growing faster than the broader market, remaining a key strategic growth engine for Bajaj.

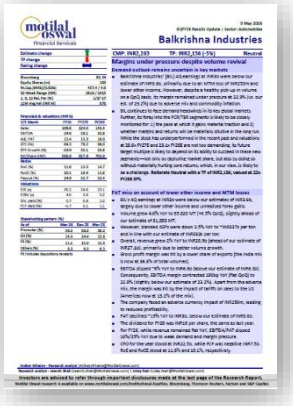
Balkrishna Inds — Neutral

Current Price INR 2,201

Regional performance updates

- BKT delivered a resilient operating performance in a volatile macro environment, with H2FY26 materially outperforming H1 on the back of improving export market demand, normalized channel inventories, and sustained domestic strength, culminating in the company's highest-ever quarterly and annual volumes.
- From a regional standpoint, Europe saw a meaningful recovery in H2 driven by normalization in channel inventories, while the Americas witnessed improving distributor activity and higher channel traction, supporting better demand visibility in FY27.
- Management highlighted that channel inventories are now at normal levels and future volume growth should increasingly be driven by underlying replacement demand recovery and market share gains.

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Balkrishna Industries

- India continued to outperform all markets, supported by sustained demand momentum, though forecasts of a weak monsoon due to El Niño have resulted in management taking a cautious stance on future growth outlook.
- The company has sharpened its go-to-market strategy in the Americas to better capture the opportunity set in the region, while reiterating its ambition to restore the US market contribution post-tariff reduction.

Raw Material and Margin updates

- Raw material inflation has emerged as a meaningful near-term headwind, with input costs rising ~4-5% in Q4 and expected to increase a further ~7-8% sequentially in Q1FY27, while freight costs at ~4.5-5.0% of revenue are also expected to remain elevated.
- To offset inflationary pressures, BKT has already implemented 3-5% price hikes across geographies, with a further ~2% increase under consideration, while continuing to optimize product mix toward premium / specialized categories.
- Management acknowledged that margins may remain under near-term pressure until pricing actions fully absorb cost inflation, but reiterated its medium-term objective of sustaining 23-25% consolidated EBITDA margins through pricing discipline, premiumization, operating leverage, and cost efficiencies.

Updates on Carbon Black

- The newly commissioned line is now operating at full utilization, taking total capacity to 265k MTPA, supported by both captive use and healthy third-party demand.
- Of current carbon black capacity, ~30% is consumed internally while ~70% is sold externally, with third-party sales now contributing ~9% of overall business, creating an incremental revenue stream beyond backward integration benefits.
- The balance carbon black expansion is targeted for commissioning in Q1FY27, which will take total capacity to 360k MTPA, while approvals for specialty grades across plastics, pressure pipes, power cables, and inks create scope for higher-margin mix improvement.
- The company has further strengthened its operating cost structure through backward integration and energy circularity initiatives, including the expansion of captive power capacity at Bhuj from 40 MW to 64 MW, improving long-term efficiency and resilience.

On-highway segment entry updates

- FY26 marked the formal expansion into on-highway tyres, with BKT launching Truck & Bus Radial (TBR) tyres in February 2026 and relaunching two-wheeler tyres for the domestic market, significantly expanding its addressable market beyond its legacy OHT franchise.
- Management views on-highway as a strategic adjacent growth category that complements its manufacturing, branding, and distribution strengths, while providing meaningful long-term revenue growth optionality. Importantly, BKT is not pursuing a discount-led entry strategy in on-highway. Both TBR and upcoming PCR tyres are intended to be positioned at par with premium market leaders.
- Commercial rollout of TBR tyres has commenced from April 2026, though management indicated revenue contribution will be very insignificant in Q1FY27, with meaningful scale-up expected thereafter as market placement, dealer expansion, and customer acceptance build. Phase 1 of the TBR project is

now available with an initial installed capacity of 800 tyres/day, while Phase 2 is expected to scale this materially to ~3.8k tyres/day.

- The two-wheeler tyre business has commenced with an installed capacity of ~100k tyres/month, with management indicating capacity can be scaled up based on demand response and that outsourcing is currently not viewed as a limiting factor.
- Passenger car radial (PCR) tyres remain on track for launch by end-CY26 / FY27, with Phase 1 planned capacity of ~6.7k tyres/day, representing the next leg of BKT's diversification roadmap.
- The company's on-highway ambition remains sizable, with management reiterating its stated medium-term vision of building an INR50b revenue business by 2030, spanning TBR, PCR, and two-wheeler categories.
- Channel creation for on-highway is ongoing, with ~90 primary distributors already onboarded, while dealership additions will be calibrated in line with sales ramp-up, allowing measured expansion without excessive upfront channel investments.
- Management indicated early customer response to newly launched products has been encouraging, validating product quality and supporting confidence in the long-term scalability of the on-road portfolio.

Updates on Capex

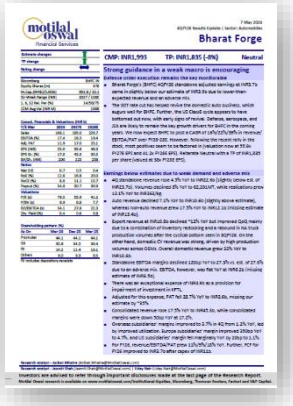
- FY26 capex stood at ~INR28b, funding carbon black expansion, captive power augmentation, and Phase 1 completion of the commercial radial tyre project.
- Management expects FY27 capex of INR15-18b, lower than FY26, as ongoing projects move through execution phases.
- The Board has approved an additional INR20b capex program toward capacity expansion across OHT and on-highway categories, AI-enabled automation, productivity enhancement, infrastructure build-out, and sustainability initiatives aimed at driving long-term cost efficiency and operational resilience.
- Of the broader INR68b strategic capex roadmap through FY29, around INR30b has already been deployed, leaving ~INR38b of project capex to be invested over the next few years, in addition to ~INR2b annual maintenance capex.

Other Updates and Guidance

- Brand investments have been stepped up materially to support category expansion, including broad-based integrated campaigns across digital and print media, high-visibility activation during India's T20 season, and focused category marketing initiatives that have improved brand recall and launch visibility.
- Euro realization stood at INR99 in Q4, while management expects FY27 hedge realizations to be higher, which should provide a supportive forex tailwind to realizations and margins, partially offsetting raw material and freight inflation.
- Management remains constructive on medium-term growth despite near-term volatility, supported by normalized inventories, improving export demand, continued domestic momentum, better product mix, carbon black integration benefits, and progressive scale-up of the on-highway business.

KALYANI BHARAT FORGE

Click below for Results Update


Bharat Forge

Bharat Forge — Neutral

Current Price INR 1, 936

4Q highlights

- Full-year performance: Despite a challenging operating environment marked by demand moderation in certain end markets and regulatory-related volatility, BHFC delivered a resilient consolidated performance in FY26, reporting revenue of INR168b (+11.2% YoY) and EBITDA of INR29b (+5.9% YoY).
- 4Q standalone revenue grew 8.5% QoQ to INR23b, supported by a meaningful recovery in exports driven by inventory restocking, improving North American truck demand and continued strength in domestic commercial vehicle demand. EBITDA increased 7.2% QoQ to INR6b.
- EBITDA margin remained stable QoQ at 27.3% and was in line with our estimate.
- Balance sheet strength remained robust with net debt-to-equity at just 0.18x.

Domestic Performance:

- Domestic revenue stood at INR10.6b in 4QFY26, down marginally by 0.8% QoQ, as healthy demand across key automotive segments was partly offset by softer execution in select industrial businesses.
- The CV business continued to witness healthy momentum, supported by higher production schedules across OEMs as demand tailwinds from GST-led affordability benefits and replacement demand continued to support industry volumes.
- Passenger Car segment registered robust performance, aided by steady production volumes. Product mix improved QoQ, resulting in superior performance in this segment.
- The domestic industrial business saw modest weakness during the quarter, primarily due to lower execution in the defense segment, partially offset by continued strength in other industrial verticals.
- Domestic revenue in FY26 stood at INR39.5b, registering healthy growth of 8.3% YoY, supported by broad-based strength across automotive and industrial businesses.

Export Performance:

- Export revenue stood at INR10.8b in 4QFY26, growing strongly by 19.2% QoQ, marking a recovery after a weak 3Q. The recovery was led by inventory replenishment at customer levels and a rebound in North American truck production volumes following the cyclical bottom witnessed in 3QFY26.
- Passenger vehicle exports delivered a particularly strong quarter, driven by robust demand momentum across North and Central America, helping offset weakness seen in select developed markets.
- The industrial export segment delivered a firm sequential performance, with Aerospace witnessing seasonally strong execution, HHP Engines remaining stable, and Oil & Gas remaining weak due to subdued fracking capex in North America.
- Export revenue for FY26 stood at INR40.1b, down 15.2% YoY, primarily impacted by prolonged inventory destocking in the North American truck market and softness in select industrial verticals.

Update on defense and aerospace

- Full-year defense revenue stood at INR15.6b in FY26.

- The defense order book stood at INR110b at FY26-end, providing strong multi-year revenue visibility and reinforcing the company's strategic positioning as a key domestic defense manufacturing platform with expanding scale across systems and subsystems.
- The defense business portfolio continues to expand across small arms, naval systems and air-based solutions, while the company is developing new products and actively addressing emerging opportunities in Europe, with recent order wins across naval and advanced weapon systems further strengthening its market position.
- Upcoming key milestones include ATAG production ramp-up and CQB carbine commercialization, which are expected to meaningfully contribute to defense revenue beginning 2HFY27 onward.
- The company intends to expand into explosives as part of its broader defense ecosystem buildout.
- The company has already established capabilities in unmanned systems across land, sea and air domains, with strong positioning in naval drones, growing capabilities in aerial platforms and expanding efforts in land-based systems, where it already has active orders in both land and sea applications.
- Aerospace now contributes 26% of industrial export revenue in 4QFY26, supported by strong order momentum in jet engine components, structural assemblies and landing systems, alongside new customer additions from global OEMs that are expected to deepen revenue visibility in this segment.

Update on JSA

- JS Autocast reported revenue of INR7.6b and EBITDA of INR1b in FY26, translating into a healthy EBITDA margin of 14.3%, reflecting steady operating execution despite pockets of end-market weakness.
- A temporary slowdown in wind infrastructure-related business has created near-term softness; however, management sees meaningful cross-selling opportunities for these products within its existing automotive customer base.

Update on K-drive Mobility

- K-Drive Mobility is making meaningful progress in repositioning its portfolio beyond MHCVs, supported by new order wins across four EV platforms in the LCV segment and entry into the specialty axle business, spanning LCV and SUV applications across both ICE and EV architectures.
- Management sees potential for this axle business to scale ~2x over the next 3-4 years while targeting healthy mid-teen operating margins over the medium term.
- Acquisition of Fortuna Engineering:
- BHFC has acquired a 30% stake in Fortuna Engineering for INR1.3b. Fortuna currently generates revenue of INR3.8b, and has a net cash balance of INR200m and operates at mid-teen margins, making it a financially strong and strategically attractive addition to the portfolio.
- Fortuna's machining capabilities in connecting rods and other high-value precision components are highly complementary to Bharat Forge's existing products, with strong customer interest already emerging from the company's existing client base. Planned investments in new machining lines for large

connecting rods aimed at global supply programs provide a clear runway for scale-up and export-led growth.

Outlook and capex

- For FY27, barring any major geopolitical disruption, management remains optimistic of delivering ~25% revenue growth in Indian manufacturing operations with commensurate improvement in EBITDA and profitability, supported by strong order execution, export market recovery and healthy demand conditions in both India and the US.
- Within the portfolio, growth is expected to be led by Aerospace, followed by Defense and Auto Components.
- Domestic demand in India is expected to remain resilient despite energy-led inflationary pressure, as management believes a meaningful portion of cost increases can be passed through, while Europe demand remains relatively stable vs. last year, though macro conditions remain sensitive to the duration of ongoing geopolitical conflicts.
- The company has outlined capex of INR8-8.5b over the next 15-20 months toward capacity expansion and growth initiatives, including its new manufacturing facility in Andhra Pradesh, where groundbreaking is scheduled this month, construction is expected to begin by year-end and commercial production is targeted within 24 months of commencement.

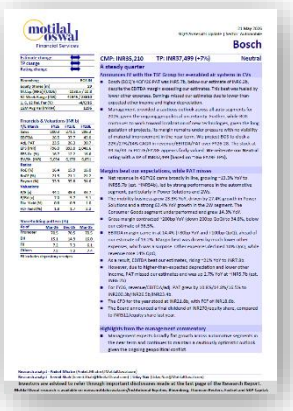
Other highlights

- Management has initiated restructuring of the steel business under CDP Bharat Forge, with completion expected by CY27-end, while pursuing alternate business opportunities in Europe to better utilize its resized manufacturing footprint and gradually reduce losses over the next 12-15 months.
- The company continues to evaluate inorganic opportunities selectively while scaling presence in emerging adjacencies such as data centers.

BOSCH

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BOSCH — Neutral

Current Price INR 37,725

Guidance and Outlook:

- Management expects broadly flat growth across automotive segments in the near term and continues to maintain a cautiously optimistic outlook given the ongoing geopolitical conflict.
- Content per vehicle is expected to rise steadily, supported by increasing regulatory requirements and higher technology adoption across vehicles. The implementation of CAFÉ 3 norms is expected to further increase content per vehicle, creating incremental opportunities for Bosch.

Segmental Updates:

Mobility Business

- The mobility business delivered strong 23% YoY growth during the quarter, led by the Power Solutions segment, supported by robust demand trends across the domestic automotive market.
- The Power Solutions business achieved INR130b+ of net sales in FY26 and INR14b+ in Q4FY26. The company is preparing for the phased rollout of ADAS regulations in commercial vehicles, expected to commence for new CV platforms from January 2027 and extend to all vehicles by October 2027.

- The 2W and powersports business also recorded a healthy 63% YoY growth, primarily driven by increased sales of exhaust NOx gas sensors following the implementation of OBD2 emission norms.
- The company successfully managed the sharp surge in market demand post-GST reforms while ensuring zero production disruptions for OEMs despite persistent global supply chain pressures.

Consumer Business

- The consumer business witnessed steady 14% growth during the quarter, aided by product portfolio expansion and continued momentum in e-commerce channels. Growth was primarily driven by higher demand across tools and accessories categories, supported by stronger market penetration initiatives.
- Bosch became the first power tools company in India to secure mandatory BIS certification for key product categories such as angle grinders, drills, and hammers, creating a meaningful competitive advantage. The company also launched its first locally sourced product, the GBM 30 magnetic drill, addressing long-standing requirement in the domestic market. Bosch expanded its cordless tools ecosystem through the "Cordless 3.0" campaign aimed at driving battery platform adoption across 25 industrial clusters via targeted online and offline promotions.

Aftermarket business

- The aftermarket business maintained stable growth, supported by steady replacement demand as well as incremental contribution from OEM-linked business. Growth initiatives focused on expanding market coverage and strengthening core product categories across the distribution network.
- The independent aftermarket segment remained largely stagnant due to ongoing supply chain pressures, while the OE segment recorded robust growth driven by strong performance in OEM filters and spark plugs.
- Export business delivered strong growth of around 17%, led by improved traction across key international markets such as Nepal, Bangladesh, and Sri Lanka. Continued focus on go-to-market execution and market coverage initiatives supported stable growth across core categories, including filters, lubricants, rotating machines, braking systems, wipers, and auto electricals.

Update on Bosch Chassis Systems:

- The proposed acquisition involving Bosch Chassis Systems continues to await regulatory approval, while the company has already received approval from minority shareholders.

Update on JV with TSF:

- Bosch and TSF will incorporate the joint venture with an initial paid-up equity capital of INR100k in a 50:50 ownership structure, following which additional capital equivalent to EUR1m will be infused within 60 days of incorporation.
- The JV will focus on advanced air systems, including intelligent modules for air processing, compressors, suspension systems, and parking brakes applicable across both ICE and BEV commercial vehicles spanning MHCVs and LCVs.
- Management highlighted that while Bosch possesses strong engineering and manufacturing capabilities, TSF brings established expertise in pneumatics, hydraulics, and electronically controlled air modules, enabling Bosch to expand into a new product portfolio through the partnership.

- Management indicated that the Indian market for air-processed braking systems remains at a nascent stage, although global adoption is already well established due to existing regulatory mandates. Adoption in India is expected to accelerate over the next one to two years.
- Operations under the JV are expected to commence by the end of 2026, with ongoing efforts focused on securing initial order wins.

Tata Autocomp JV:

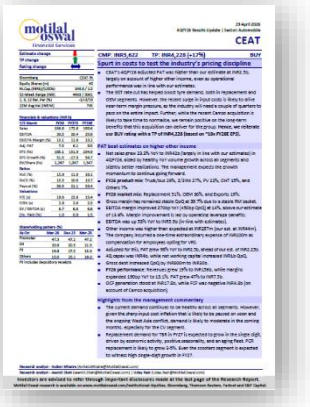
- The joint venture with Tata Autocomp is expected to be formally established by mid-2026.
- SOP is likely by 3QFY28, with initial shipments expected thereafter.
- Management indicated that customer orders have already been secured, with further details expected to be shared following formal establishment of the JV in the coming months.

CEAT — Buy

Current Price INR 3,184

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Result performance

- In 4QFY26, overall volume growth stood at 20% YoY with mid to high teen growth for the replacement and OE segment, while international business outperformed with mid 20% growth.
- Within the replacement segment, 2W demand grew in the mid-20s, while the TB and farm segment grew in the low teens and mid-single-digit growth in the PV segment.
- In the OE segment, PV saw double-digit growth, aided by a lower base; the farm segment also witnessed a strong double-digit growth. The TBR segment witnessed a low single-digit growth, while the 2W segment witnessed a strong single-digit growth.
- In the international markets, there was a strong recovery across passenger car tyres in Western Europe, the US, and other markets, strong growth in the 2/3W segment due to low base in the new markets, while the farm demand continued to remain strong. The TBR segment also saw growth in 4Q.
- The company continued to gain share across key categories in the replacement segment in FY26. Market share improved by over 50bp in PV, around 100bp in Motorcycles, and over 50bp in TBR, while the Scooter segment remained broadly flat. While in the OE segment, the company witnessed a growth in scooter market share, but witnessed a 100bp loss in PV and motorcycle segment, each with some loss in the TBR segment as well.
- The company continues to focus on increasing its market share in OEMs for EVs. It holds a 29% share in passenger car EVs and an 18% share in two-wheeler EVs. The company is participating in almost all new EV launches in both the four-wheeler and two-wheeler segments.
- For FY26, the replacement segment witnessed a double-digit growth with the OEM segment recording a 20%+ growth.
- Premiumization remains a key focus. The company has made significant strides in the 17-inch-plus passenger vehicle tyre segment, with market share improving significantly in 4Q. Additionally, the company's focus on premium two-wheeler tyres (250cc+ vehicles) has resulted in a new high in sales in 4Q. In

the truck-bus radial segment, the company launched a new category of super premium tyres.

Update on demand outlook

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

Update on raw materials

- The benefit of low-cost inventory supported margins in 4Q, while the impact of rising input costs is expected to be reflected in 1QFY27.
- Key input costs have risen sharply recently: crude-related inputs increased from around USD65 at the start of the quarter to nearly USD100 by early March; international natural rubber moved from around USD1,700/tonne in 3Q to USD1,800/tonne in 4Q and is currently at USD2,050–2,100/tonne. Further, domestic natural rubber prices increased from around INR190/kg at the beginning of 4Q to nearly INR245/kg currently. Additionally, the company will also be impacted by the INR depreciation.
- Raw material prices in 4Q remained stable QoQ but are expected to increase by around 15–20% QoQ in 1Q. They need almost 10% price increase in the replacement market to pass on this impact. So far, they have been able to take 5% price hike by the end of April and may require another 5% increase over May and June. However, their subsequent price hikes would be dependent on competitive dynamics. In the OEM segment, pricing is indexed. The company has already received a low-single-digit price increase in April and expects a larger benefit through indexation in July.
- Industry-wide price increases appear to be underway, with most players having implemented hikes during March and April, although some may have delayed the rollout in select segments.
- In international markets, the company is implementing price hikes in stages, cumulatively amounting to around 10%. However, as orders have already been booked for the next 30 days at lower prices, the full benefit of these hikes is expected to flow through with a lag of around 30–45 days.

Update on Camso

- Camso's operations saw some temporary production disruption in production in Q4 due to fuel shortages in Sri Lanka. The business remains in transition. Sales-related customer interface control is expected by 1HFY27, while full control over upstream production, including compounds, will be achieved by the end of FY27. Once the sales-related customer interface control is achieved, the company will start engaging with its customers across both aftermarket and OEM channels.
- The company is also activating marketing campaigns and strengthening R&D and sales capabilities in preparation for a stronger sales ramp-up in 2H.
- On US tariffs, management highlighted that tyres are subject to a 10% tariff, metals to 25%, and tracks to 50%. The benefit of lower tariffs translating into
- higher demand is not yet visible, as the company is not directly handling customers at this stage.

Capex and debt

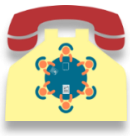
- Total capex for FY26 was INR10.8b, and the company plans to spend INR2–2.5b in mandatory capex in Q1FY27, with a total capex requirement of INR13–14b for FY27 in the India business. Further, the company would look to spend $30m in Camso for upstream capacity, 75% of which would be incurred in FY27.
- Gross debt increased QoQ by INR800m to INR30b. The company would look to maintain these debt levels in 1Q on account of margin pressure, while it might increase in later quarters in order to fund the growth capex outlined for FY27 once the RM environment normalizes.

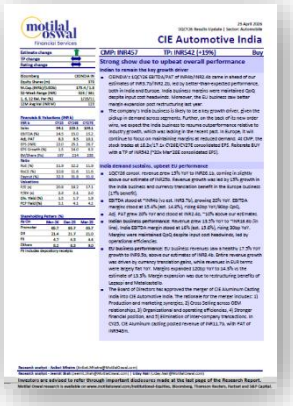
CIE Automotive — Buy

Current Price INR 452

CIE Automotive

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motilal oswal

CIE Automotive India

India performance update

- India revenue grew 15% YoY in 1QCY26, broadly in line with the market. Management expects the positive momentum in the India business to continue, supported by healthy domestic demand and new order wins.
- India EBITDA margins contracted ~100bp YoY on account of higher gas and material costs (20-30bp impact), higher energy tariffs in Maharashtra (10-20bp impact), but the larger impact was due to higher one-off subsidy received by the company in 1QCY25 at the stamping unit in the Zaheerabad plant (benefit of 60bp in 1QCY25).
- Exports accounted for 13-14% of CY25 revenue, while direct exports stood at around 11%. Of this, around 3% is to the US and the balance is largely to Europe.
- Export growth in 1QCY26 was impacted by geopolitical issues. Management indicated that exports would have been higher in a normal operating environment, as some export orders are currently facing strain due to the geopolitical issues.
- Export demand is subdued in both the US and Europe, which are the key export markets. In addition, container availability has created some constraints, although the larger impact is from weak customer schedules.
- New order wins remained strong in 1QCY25 at around INR3.5b, with EV-related orders contributing 11%. The company has new order wins in Bill forge for 2W stamping and races, in stampings and composites from Mahindra and export orders in iron castings. These new orders are expected to support growth for

CIEINDIA, while there could be some tapering of growth rates at an industry level on a high base. Management is confident of outperforming market growth on account of these new order wins.

- While MM (auto and farm), Maruti, and Bajaj Auto remain the key customers for CIEINDIA, brands like Ford, Hyundai Motor India, Royal Enfield, John Deere, and Allison are becoming increasingly important clients, driven by recent order wins.
- On capacity, all businesses are performing well, and the company is adding capacity across all verticals except magnets to support expected growth from new orders. Growth capex in India is expected to be higher in CY26 than in CY25, with around 95% of total growth capex directed towards India. India capex in 1Q was INR900m, with capex intensity likely to increase in 2HCY25. Management expects India capex to be in the range of INR4-5b for CY26.
- On raw material inflation, management does not see any major issue in terms of pass-through. The impact of aluminum price increases is expected to reflect in 2Q.
- On geopolitical risks, management noted that there has been some LPG rationing, although production has not been impacted so far. The company is taking precautions and evaluating alternate fuels as a contingency. Domestic demand has not been affected by these issues so far.
- The company has also approved the merger of CIE Aluminum Castings into the standalone business.

Europe performance update

- EU revenues grew 17% YoY in INR terms, although the entire growth was driven by currency translation gains. In EUR terms, revenues were flat YoY, broadly in line with the underlying industry trend.
- EU EBITDA margin expanded to 15.7%, compared to 13.9% in 1QCY25, aided by the completion of restructuring activities during CY25. EBT for the EU business was close to INR1b, reflecting a healthy bottom-line performance despite an unexciting demand environment.
- Management expects the European industry to continue consolidating, as several companies in Germany and France remain under pressure. CIEINDIA has already consolidated its crankshaft business to align with lower industry volumes, and is well-positioned to sustain crankshaft production. However, the benefits from industry consolidation are expected to accrue over the medium term.
- IHS has estimated a 1-2% YoY decline in LV volumes in Europe in CY26E.
- On outsourcing, management noted that Europe-to-India outsourcing is currently more visible in trucks than in passenger cars. However, with the proposed FTA, there is increasing interest in outsourcing to India. This is likely to begin with iron castings, gears, machining, and forgings, while aluminum castings may take longer, as India is currently less competitive in that segment.
- EV penetration: Despite higher fuel prices, EV adoption in Europe has not accelerated dramatically due to structural challenges such as inadequate charging infrastructure and range anxiety among others.

Update on Metalcastello

- Post restructuring, the Metalcastello business has stabilized. Revenues are currently stable and costs are now aligned to the new levels post restructuring last year

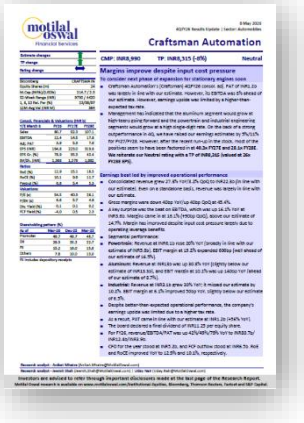
- The off-highway truck market has been weak over the past couple of years, impacting Metalcastello's performance. In addition, certain EV programs that were expected to be awarded did not materialize due to product cancellations by the OEM.
- Metalcastello primarily supplies to Caterpillar in the transmission segment. The current slowdown for CIE is largely due to mix-related issues at Caterpillar, even though Caterpillar's overall business has continued to grow well.
- Management expects the US market to start recovering soon, which should support demand over the upcoming quarters.

Craftsman Automation — Neutral

Current Price INR 8,877

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Update on the overall business and outlook

- Management has provided revenue growth guidance of about mid-teens for FY27 on the back of new project execution across its segments.
- One of the key concerns for management in the long run is the inflationary impact in workforce, which is expected to impact the entire manufacturing segment in India. Management expects labor costs to rise substantially in the coming years (at 20% from current rise of 5-10% annually), early signs of which are already visible in many industrial belts. Management would look to work around this factor through automation and improving process layouts wherever possible.

Update on powertrain business

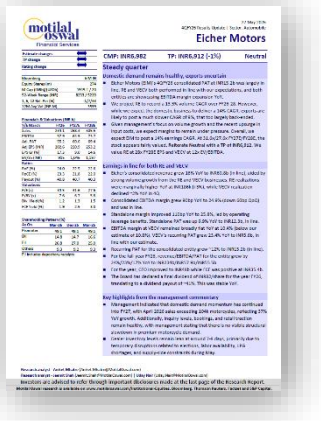
- On the stationary engines front, the company has reached the first milestone securing an order book of USD100m and hence the current phase 1 of the Kothavadi plant is fully booked now. It targets to execute this order by FY30.
- The company would start shipping out samples in FY27, and by FY28, this plant may contribute in low-single digits to total powertrain revenue in FY27 and scale up to high-single digits in FY28 and see sharp ramp-up from there. The current capacity utilization here is at about 10%.
- Given the strong order intake and interest from customers, the company is confident of commencing the second phase of expansion in FY27E (decision to be finalized in Sep'26). It would need to invest in lines on the castings side but would need a bit more capex on the machining side.
- On the core powertrain business, management expects healthy order inflows from MNCs setting up shops in India. On the auto front, tractor offtake remains healthy, though CV offtake is a bit subdued. It would also continue to ship out engine blocks overseas, which it was contemplating shutting down earlier.
- Management is confident that this business can deliver double-digit growth in FY27.
- Margins in the powertrain business improved in Q4, led by operating leverage benefits, reduced repairs and maintenance relative to prior years, automation initiatives and ramp-up of new products at better pricing. They expect scale benefits to have a meaningful impact in the coming years as utilization levels improve from hereon.
- The current capacity utilization in this business stands at 65-70% (can peak out at 85%).

- Management also indicated that it is well ahead of competition in terms of investing in capacity as powertrain capex would be difficult to replicate at scale given the revised real estate prices.

Update on the aluminum business

- In the alloy wheel business, alloy wheels annualized capacity stood at 3m as of Mar'26 end between both plants (vs. total planned capacity of 5.5m units pa).
- anagement would look to touch 4m utilization in FY27.
- While the Bhiwadi plant was operating for the entire FY26, the Hosur plant commenced in 3QFY26.
- Revenue from the alloy wheel business stood at INR2.8b in FY26.
- Craftsman would not look to expand this business further unless there is clarity on profitable remuneration from OEMs in this line of business.
- It focuses on taking fully machined orders only and is avoiding taking just castings orders as these are not as remunerative, with the cost of operations going up (input costs + labor).
- Sunbeam has a few old legacy orders at old pricing. The company is now looking to move out of these orders, which are not remunerative in this entity.
- It is also asking for a step change in pricing from OEMs and if it does not materialize, the company will walk out of these orders. It is also clearly asking for Al price pass-through.
- Hence, at Sunbeam, the company may see some revenue correction in the near term.
- Management is not worried about the near-term revenue impact as it is getting a lot of enquiries from 4W export OEMs for Al casting supplies, where it sees a strong growth potential.
- Sunbeam margins still are in single digits (still loss-making) as the company has not been able to exit all legacy orders as it would look to give time to OEMs to locate alternate sources.
- Craftsman's standalone Al business is operating at 75-80% utilization. Sunbeam has been operating around 70%, which may come down to 40-50% after the exit of a few customers. DRA is operating at optimal 85% utilization and hence it is setting up a new plant.
- Craftsman is also in the midst of consolidating its Al business operations, initially by merging DRA and Sunbeam, and then also considering merging the standalone business into the same entity. This will help remove duplicate costs and improve efficiencies in the long run. The Al business is likely to scale up to about INR65b in FY27E (scale of global competitors is USD3-6b).
- The medium-term stated target for the Al business is to touch the USD1b revenue mark in the first phase. It is at this scale that the company would look to bid for larger orders from global OEMs.
- Al business margins are being impacted by the significant capex that the company is doing in this business. This is likely to continue for a few more years until it achieves some scale to be able to compete globally for large orders.
- Sunbeam land sale can happen now if it gets a bidder. Land prices have gone up 15% YoY and the company is willing to consider land sale at this stage.

Click below for Detailed Concall Transcript & Results Update



Eicher Motors — Neutral

Current Price INR 7,122

RE update

Performance updates

- RE recorded its strongest-ever annual performance in FY26, crossing 1.2m motorcycle sales. Domestic motorcycle sales grew 23% YoY to 1.1m units, while international volumes increased 20% YoY to ~121k units.
- Younger consumers continued to contribute meaningfully to growth, with one out of every three Royal Enfield customers now below 25 years of age.
- The company highlighted strong traction in allied businesses as well, with apparel revenues growing 21% YoY, Genuine Motorcycle Accessories revenues rising 32% YoY globally, and the spare parts business growing 18% YoY.
- The company received multiple recognitions during the year, including ranking highest in overall two-wheeler initial quality by J.D. Power and securing the top position in the FADA dealer satisfaction survey.

Product Launches/Pipeline

- Royal Enfield launched multiple refreshed and upgraded models during FY26, including the 2026 Guerrilla 450 Apex, 2025 Hunter 350, Meteor 350, Goan Classic 350, and Himalayan Hanle Black edition. The company stated that recent launches have contributed meaningfully to overall volume growth and sustained consumer interest across segments.
- The Meteor 350 crossed the cumulative milestone of 600k units since launch, while the Himalayan 450 recorded its strongest year yet, with global retail volumes growing 53% YoY to over 38k units.
- Royal Enfield officially entered the electric mobility segment with the launch of the Flying Flea C6 in Bengaluru during April 2026, receiving strong initial consumer and media response. Management reiterated that the Flying Flea rollout will follow a calibrated city-by-city expansion strategy, with a focus on building the category gradually rather than pursuing aggressive scale-up initially.
- The company confirmed that products showcased earlier at EICMA remain on track, including the Flying Flea SX and Bullet 650. Dispatches for the Bullet 650 have already commenced.
- Management highlighted that existing platforms (350cc, 450cc, and 650cc) currently offer significant headroom for growth. They would continue to explore emerging white spaces within the middleweight category (250-750cc).

Domestic demand

- Management indicated that domestic demand momentum has continued into FY27, with April 2026 sales exceeding 104k motorcycles, reflecting 37% YoY growth. Additionally, inquiry levels, bookings, and retail traction remain healthy, with management stating that there is no visible structural slowdown in premium motorcycle demand.
- Dealer inventory levels remain lean at around 7-8 days, primarily due to temporary disruptions related to elections, labor availability, LPG shortages, and supply-side constraints during May.
- The company indicated that production and supply-chain conditions have begun normalizing, with deliveries gradually returning to regular levels.

- Royal Enfield continued to deepen its rural market presence, particularly through the Hunter 350 platform, while also benefiting from improved urban demand aided by recent tax-related affordability measures.
- First-time buyer contribution continued to increase, supported by improved affordability and rising aspiration levels among younger consumers.
- To improve accessibility, the company partnered with Flipkart and Amazon India for its 350cc motorcycle range in India.

Exports

- Brazil emerged as the company's fastest-growing international market, with volumes growing 71% YoY in FY26, making it Royal Enfield's second-largest global market after India. The company primarily strengthened its market position in Brazil's middleweight motorcycle segment and is now the No. 2 player in this category in the region.
- RE also witnessed strong growth in Nepal, driven by successful launches of models such as Classic 350 and Hunter 350.
- Management noted that the U.S. market demand continues to be weak, given the tariff-led uncertainties. However, given that the US market contributes to just 3% of its export mix, its impact is limited.
- In Europe, industry demand remains weak due to ongoing inventory normalization of pre-registered vehicles. However, Royal Enfield stated that it has broadly maintained market share despite the weak demand.
- Management remains cautiously optimistic on exports, supported by improving traction in Latin America and stable positioning in developed markets.

Margins

- Management indicated that there was a 90bp impact on margins on account of rising commodity costs. The company implemented a blended price increase of ~70bp in January, while the remaining inflationary impact was offset through value engineering, cost reductions, and favorable product mix.
- For Q1FY27, management expects incremental commodity cost pressures of around 3-3.5% of revenues.
- To offset this, RE has taken another price increase of ~1.75% in April 2026.
- The company is accelerating cost reduction initiatives, front-loading value engineering programs, and undertaking austerity measures.

Capacity expansion

- Existing annual production capacity of ~1.4m units is expected to increase to over 1.6m units from June/July 2026, through the addition of a new 500-unit-per-day manufacturing module.
- Further, Royal Enfield announced an INR9.6b brownfield expansion at its Cheyyar facility in Tamil Nadu to strengthen manufacturing capabilities and support future growth. This will take its total capacity to ~2m units by Q2FY28.
- The company also signed an agreement with the Andhra Pradesh government for a greenfield manufacturing facility spread across 261 acres to support long-term future growth. This facility is currently at the land acquisition and planning stage, with commercialization likely to take over 24-30 months.
- Capacity additions are being front-loaded in anticipation of sustained growth in the premium motorcycle segment and strong demand visibility across existing and upcoming products.

VECV update

4Q performance updates

- VECV delivered a landmark FY26 performance, with total volumes of 103,404 units, up ~15% YoY. The growth was broad-based across segments, with Eicher brand heavy-duty truck sales growing 14.1% YoY to 25,155 units and market share improving to 9.1%.
- The company maintained leadership in the light and medium-duty truck segment, delivering 47,789 units in FY26.
- Eicher buses delivered 18,651 units during FY26, while Volvo buses achieved a record 712 units, and Volvo trucks recorded 1,712 units.
- Exports grew strongly by 35.6% YoY to 7,024 units despite challenging external conditions.
- Spare parts revenues increased 13.9% YoY to INR 30.5b.

Product portfolio

- VECV's entry into the small commercial vehicle segment through the Eicher Pro X platform gained initial traction, with 2,452 units sold during FY26, including 726 EVs.
- Management stated that the company is strengthening its electric bus portfolio across 9-meter, 12-meter, and 13.5-meter platforms catering to both public and private applications.
- VECV indicated that it currently has a healthy electric bus order pipeline and continues to actively participate in emerging EV bus tenders and opportunities.

Business update

- To deal with the commodity prices leading to inflation of ~3-3.5% in Q1FY27, VECV has implemented price hikes of up to 2% across vehicle categories.
- Management indicated that the CV industry demand remains healthy so far, supported by infrastructure spending, economic growth, logistics demand, and positive fleet operator sentiment.
- Rising diesel prices are unlikely to materially disrupt primary CV demand, according to management, as transporters typically pass on higher fuel costs through indexed customer contracts.
- Additionally, labor and supply-chain disruptions witnessed during May due to elections and migrant workforce movement are gradually normalizing across both internal operations and supplier ecosystems.

Updates on JV

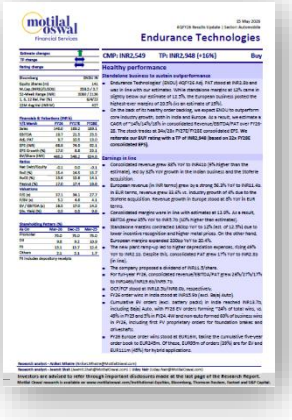
- Eicher Motors Limited announced a 50:50 JV with Volvo Group to enter the vehicle financing, leasing, and financial services business in India through Volvo Financial Services India (VFSI).
- Eicher Motors plans to invest up to INR7.5b for its 50% stake, with the capital being infused into the existing VFSI business, which currently has assets under management of ~INR18.1b.
- The JV will act as the captive financing arm for VECV, Volvo Group products, and Royal Enfield, leveraging Volvo's global financial services expertise alongside Eicher's deep domestic market understanding and distribution network. This JV is expected to not only enhance customer experience but also create a new long-term value creation opportunity for EIM.

Endurance Technologies — Buy

Current Price INR 2,638

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Endurance Technologies

Order wins

- Total cumulative orders won since FY22 across products excluding Maxwell and battery packs reached INR53.2b, with peak revenue expected by FY29.
- ENDU secured total India business order wins of ~INR16b in FY26, of which INR15.8b represented new business.
- FY26 order wins included INR3b annual business potential for battery packs and INR560m of new business at Maxwell.
- Four-wheeler and non-automotive businesses contributed INR7.43b of FY26 order wins, accounting for nearly half of total order intake.
- Major customers contributing to order wins included Tata Motors, Mahindra, Hyundai, Kia, Isuzu, a large US EV OEM, Graziano, and US and Spanish solar industry customers.
- During 4QFY26 alone, ENDU secured INR3.2b of new business, with INR2.3b coming from four-wheeler and non-automotive segments.
- Cumulative EV-related business wins in conventional product categories stood at ~INR11.9b, increasing to INR17.2b, including Maxwell and battery pack business.
- Solar dampers (INR 1.2b) and solar actuators (INR 2.4b) contributed combined order wins of INR3.5b from Spanish and US customers.
- The company secured drive shaft business from Bajaj, Mahindra, TVS, and Eicher Motors, with annual revenue expected to exceed INR1b during FY27.

Update on alloy wheels

- The AURIC Bidkin alloy wheel business focused on readiness and ramp-up across multiple programs during the quarter, with key customer validations successfully completed. The alloy wheel plant, which was commissioned in October 2025, is expected to reach peak annualized revenue potential of INR6b by 4QFY27, supported by a ramp-up across multiple OEM platforms. FY26 margins were impacted by start-up costs of this facility.
- The company expanded its OEM customer base in this business beyond Bajaj Auto, Royal Enfield, TVS, and Yamaha to include Honda Motorcycle & Scooter India, Ather Energy, Suzuki, and Piaggio. ENDU crossed the milestone of 100k alloy wheel sales in January 2026.
- The combined alloy wheel capacity across the Chakan and AURIC plants now stands at 4.8m wheel sets per annum.
- During 4QFY26, the company secured new alloy wheel orders from Royal Enfield and Piaggio.

Update on die casting

- The AURIC Shendra plant continued to secure new business, with cumulative order wins translating into a peak annual revenue potential of INR5.1b. The plant is equipped with advanced aluminum casting machines and surface treatment capabilities, enhancing ENDU's positioning in high-precision aluminum castings.
- Key customers for the AURIC Shendra facility include a large US EV OEM, Jaguar Land Rover, Yazaki and Valeo, catering to both automotive and non-automotive applications.

- SOP for key casting programs is scheduled between 1QFY27 and 3QFY27, with peak revenue expected by FY29.
- The Chennai casting operations secured new hybrid vehicle orders from Isuzu, with SOP expected in 3QFY27/4QFY27, along with additional business from

Update on braking business

- Management expects strong growth in ABS volumes, driven by increasing customer preference for safety features, irrespective of the final regulatory framework. As a result, ENDU commenced expansion of ABS capacity by 1.2m units per annum, taking the total planned ABS capacity to 1.84m units annually. SOP is targeted for September 2026.
- According to management, ABS volumes are expected to grow more than 100-150% in FY27 over FY26 levels.
- Dual-channel ABS SOP for Bajaj Auto is scheduled from June 2026, with an initial annual volume of 120k units and an additional 120k unit program for another OEM planned in 2QFY27.
- ENDU has begun in-house production of ECUs for single-channel ABS, while dual-channel ECU production will commence alongside dual-channel ABS SOP. This is aimed at improving backward integration and value addition.
- The integrated brake R&D center at Chhatrapati Sambhaji Nagar became fully operational, aimed at strengthening in-house testing and validation capabilities across two-wheeler and four-wheeler braking systems.
- The company established an assembly line for four-wheeler drum brakes for Tata Motors, with SOP expected in 2QFY27 following customer validation.
- Three-wheeler brake assembly capacity is being doubled from 600k units to 1.2m units annually by the end of FY27.

Update on EU operations

- Despite geopolitical challenges, elevated energy costs, and increasing competition from Chinese OEMs, ENDU's European operations delivered strong profitable growth in FY26. Europe operations recorded revenue growth of 33.6% YoY in 4QFY26 and 28.9% growth for FY26, aided by both organic growth and the Stoferle acquisition. EU operations delivered its highest-ever quarterly EBITDA margin of 20.5% in 4QFY26, supported by operating leverage and improved production volumes.
- Management highlighted that European profitability remains highly sensitive to industry production volumes, though current operating trends remain healthy.
- During FY26, European operations secured orders worth EUR15.8m, including large machined casting programs from Volkswagen and Porsche, along with plastic injection molding EV components.
- The Stoferle acquisition performed well during FY26, generating EUR 82.1m revenue and EUR 17.9m EBITDA during the year, and net profit of EUR 8m. Stoferle was net cash positive at the end of FY26 by EUR20m.

Update on Maxwell

- Maxwell achieved record FY26 revenue of INR1.62b, compared to INR700m in FY25 [growing 2.3x]. The business supplied over 350k battery management systems (BMS) across scooters, three-wheelers, tractors, e-bikes and construction equipment during FY26. However, Maxwell's quarterly profitability

was impacted by a one-time inventory provision related to the failed resolution process of an EV customer (impact of INR 65m)

- Maxwell expanded beyond BMS, motor controllers and telematics into DC-DC converters, with the first program scheduled for SOP in June 2026.
- Maxwell commenced SOP with a leading two-wheeler OEM for motorcycle BMS in early FY27, with peak annual business potential of ~INR150m
- Additionally, they are developing high-voltage BMS solutions for four-wheelers, commercial vehicles and buses, and is actively engaged with a leading CV OEM.
- New order wins at Maxwell during FY26 stood at INR560m, taking cumulative annual business wins to INR2.47b, expected to peak by 2QFY28.
- Maxwell has an RFQ pipeline exceeding INR3b, primarily across trucks and two-wheelers.

Update on capex

- India capex during FY26 increased to ~INR8b versus INR6b in FY25, driven by investments in new plants and growth areas. Investments are being directed towards ABS expansion, battery pack manufacturing, aluminum forging, die-casting capacity additions and SMT lines for electronics manufacturing.
- FY27 capex is expected to remain at levels similar to FY26. A key focus area for FY27 capex will be automation initiatives aimed at improving quality, productivity and operational efficiency across plants.
- A new SMT line for ECUs and BMS production is scheduled for installation at the Sambhaji Nagar plant in June 2026.
- The company is adding a fifth aluminum forging press at a new forging facility in Chhatrapati Sambhaji Nagar, with SOP planned in 3QFY27.

Other highlights

- Management expects the four-wheeler business contribution in standalone business to increase from the current ~6% of revenue to ~10% over the next three years.
- The battery pack manufacturing program near Pune completed regulatory compliance testing successfully, with SOP expected in the last week of May 2026. Management highlighted that the USP of their product is that the battery pack technology incorporates proprietary IP and patented bus bar designs aimed at improving thermal safety and reducing fire risks.
- The company continues to see strong traction in premium suspension products, particularly inverted front forks and mono-shocks, with monthly inverted front fork capacity set to increase from 60k units to 100k units by end-FY27.
- Management reiterated its strategy of growing faster than industry volumes through technology-led products, higher content per vehicle and increasing share of business with OEMs.
- Margins are likely to remain under pressure in the near term due to elevated aluminum, fuel and energy costs arising from geopolitical disruptions.

Escorts Kubota — Neutral

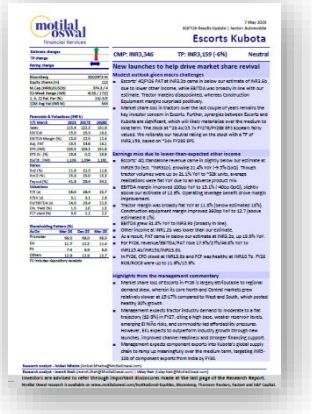
Current Price INR 2,765

Click below for Detailed Concall Transcript & Results Update

Tractor segment update:

- Domestic tractor industry volumes grew sharply by 23.4% YoY to an all-time high of 1.16 million units in FY26. However, EKL's domestic tractor volumes grew 14.9% YoY to 126,994 units, underperforming industry growth. This was mainly




Escorts Kubota

attributed to regional demand skew, where its core North and Central markets grew relatively slower at 15-17% compared to West and South, which posted healthy 30% growth. Additionally, EKL faced supply constraints with its newly launched models, which further impacted ramp-up.

- A major strategic focus during FY26 was channel strengthening and retail conversion improvement, with the company deepening partnerships with financiers while launching its own captive finance business. Additionally, efforts taken in reducing loan approval turnaround times and offering more customized financing solutions should improve retail throughput and support incremental market share gains.
- Non-tractor agri-mechanization continues to be a meaningful long-term growth pillar, with management targeting 20%+ growth over the next three years, supported by an expanding product portfolio in harvesting and planting solutions, channel expansion and increasing mechanization adoption across India and export markets.

Product pipeline/launches:

- Management highlighted that FY26 was a significant year from a product standpoint, with a broad-based portfolio refresh across brands, including crop-specific and region-focused offerings. Management focused on plugging key product gaps in major regions. For instance, the launch of paddy-special tractors in South has helped them gain share in historically weak regions.
- The company indicated a strong product pipeline for FY27, with multiple launches planned across the Escorts, Powertrac and Kubota brands over the next 3-4 months, alongside entry into 3-4 new segments under the Kubota portfolio.
- R&D intensity remains elevated, with annual product development spend expected at INR2-2.5b.

Update on exports

- Export tractor volumes grew by 33.8% YoY to 6,676 units in FY26, materially ahead of industry export growth of 7%, with ~60% of exports routed through Kubota's global channels.
- Management expects component exports into Kubota's global supply chain to ramp up meaningfully over the medium term, targeting INR5-10b of component exports from India by FY30. However, near-term scale-up was delayed due to initial quality qualification issues that have now begun normalizing.
- The company continues to localize Kubota-branded products in India and is leveraging joint R&D capabilities with Kubota across tractors and agri-solutions. Management indicated that both local engineering and Kubota's global technical capabilities are increasingly being integrated into product development cycles.

Update on Construction Equipment segment

- Construction equipment remained a weak spot in FY26, with volumes declining 10.6% YoY to 5,794 machines amid an industry slowdown driven by extended monsoons, slower project mobilization and demand normalization. However, the business recovered sequentially through the year, with 4Q volumes rising ~9% YoY vs. industry growth of 4%.

- The construction equipment segment delivered a strong recovery in profitability in 4Q, with revenue rising 22.6% YoY to INR5.6b and EBITDA margins expanding sharply by 360bp YoY to 12.7%, aided by operating leverage, tighter cost control and a favorable product mix.
- In mini excavators, the company retained its leadership position, while crane market share improved by 270bp in FY26 despite industry weakness.
- CE exports are emerging as a meaningful opportunity, particularly in cranes, across Africa, Southeast Asia and SAARC markets. Export contribution has increased from ~3-3.5% of segment revenue to ~5-6%, with management targeting ~10% mix by FY30.

Outlook/Guidance:

- Management expects tractor industry demand to moderate to a flat trajectory (±2-3%) in FY27, citing a high base, weaker reservoir levels, emerging El Niño risks, and commodity-led affordability pressures. However, EKL expects to outperform industry growth through new launches, improved channel readiness and stronger financing support.
- Margin outlook for FY27 remains mixed. Input costs have surged, especially for steel, tyres, copper, aluminum, energy and labor. Wage inflation in key manufacturing regions like Haryana and Uttar Pradesh is likely to create a structural cost increase. These cost pressures will be partially offset by calibrated price hikes (~1.5% taken in April), productivity initiatives and ongoing cost rationalization.
- Management is implementing the Kubota Production System across operations to improve productivity, enhance quality, rationalize platforms, reduce supply chain complexity and lower working capital intensity. These initiatives are expected to support gradual RoIC improvement over the medium term.

Other Highlights:

- The captive finance business has begun scaling up, with board approval in place for up to INR7b of capital from Escorts. EKL has already invested INR2b so far and expects to invest another INR3b in FY27 (balance INR2b in FY28), with the platform intended primarily as a strategic enabler for sales growth and dealer/customer financing access rather than as a standalone profit engine.
- Capex guidance for FY27 stands at INR3.5-4.0b for the core business. Apart from this, EKL intends to invest INR5b for the new greenfield facility. Total investments for phase 1 of this facility are expected to be INR20b, with about INR70b+ planned as investments over next 7-10 years.
- The board recommended a total FY26 dividend of INR51 per share (including special dividend), which is an 82% increase YoY.

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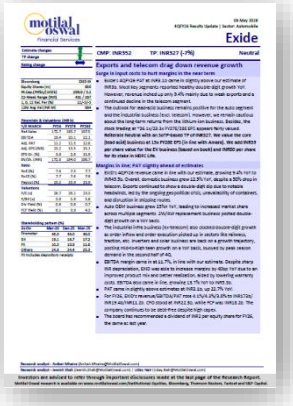
Exide Inds — Neutral

Current Price INR 398

Update on lead-acid business

- EXID delivered its highest-ever quarterly revenue in 4QFY26, reporting 9.4% YoY revenue growth, led by broad-based strength across the domestic portfolio, with nearly 92% of the business (excluding telecom, e-rick and exports) registering ~16% growth and most key verticals posting double-digit growth.




Exide

- Domestic business remained the primary growth driver, up 12.5% YoY in 4Q and 7.5% YoY in FY26, supported by robust momentum across two-wheeler and four-wheeler OEMs, replacement demand, home UPS, solar, and industrial infrastructure segments.
- Auto OEM business continued its strong run, posting its second consecutive quarter of 25%+ YoY growth and achieving a record quarterly revenue milestone, aided by improved vehicle demand after GST reforms.
- The replacement business maintained healthy mid-teen growth across both two-wheeler and four-wheeler categories.
- The home UPS segment delivered its highest-ever quarterly sales, supported by seasonal demand uplift from an early onset of summer, while the solar vertical crossed the INR10b revenue mark in FY26, emerging as a meaningful growth engine after several years of incubation and capacity building.
- Industrial infrastructure business (excluding telecom) continued to deliver double-digit growth, with healthy order inflows and execution across railways, motive power, industrial UPS, and other stationary power applications, reinforcing diversification beyond core automotive batteries.
- Exports remained subdued amid geopolitical disruptions and weak global trade conditions.
- Telecom and part of the e-rickshaw battery business continued to witness structural migration toward lithium-ion solutions, creating headwinds for legacy lead-acid volumes in these categories.

Update on raw materials

- Commodity inflation remained a significant challenge, with management indicating a net adverse material cost impact of ~INR1.5b in 4Q, driven by sharp increases in sulphur (used in sulphuric acid), plastics, LPG, and currency-led impact, partially offset by strong internal cost controls and calibrated pricing actions. Sulphur prices have gone up from ~INR15 one year back to ~INR75 at April exit (INR 58 as of March end).
- To mitigate input cost inflation, the company implemented multiple price hikes in the aftermarket channel between January and March, amounting to cumulative increases of roughly 5-6% initially, followed by an additional ~3% hike in April. Even these price hikes do not cover for the entire input cost inflation currently, with management indicating further possible hikes in 1Q.
- Management stated that while lead prices have remained relatively benign globally, the benefit has largely been neutralized by INR depreciation. Non-lead commodities, particularly sulphur-related inputs, have seen a sharp escalation.
- OEM pricing negotiations are also underway to recover a portion of non-lead commodity inflation, with price resets typically occurring on a quarterly basis. Management highlighted that several OEM customers have been receptive to justified cost pass-throughs given the surge in raw material prices.

Update on lithium-ion battery business

- Exide Energy Solutions invested INR6b in 4Q and INR15b during FY26, taking cumulative infusion to ~INR48.02b, with an additional INR14b earmarked for FY27 for capex and working capital requirements for Phase 1 ramp-up.
- EXID's initial 6 GWh lithium-ion cell capacity is broadly split equally between cylindrical NMC chemistry and prismatic LFP chemistry, enabling participation

across multiple end-use segments, including two-wheelers, three-wheelers, buses, telecom, stationary storage, and broader energy storage applications.

- The cylindrical lithium-ion cell line has completed internal process validation and is expected to begin customer sample deliveries shortly for customer validation. Prismatic cell trials are progressing, with customer sample dispatches targeted around July. Management expects commercial revenue generation to begin earlier from prismatic cells due to shorter validation cycles and faster time-to-market in stationary and commercial applications.
- Prismatic cell production offers near-term commercial potential, particularly in stationary storage, telecom backup, and commercial mobility applications, where customer validation timelines are shorter and homologation requirements are less stringent compared with automotive OEM applications.
- Yield optimization remains the critical determinant of lithium-ion profitability, with management targeting ~90%+ manufacturing yields over time. While initial costs may be high due to imported raw materials, improving yields, plant utilization, localization of materials, and supportive policy frameworks are expected to progressively narrow the cost gap vs. imported cells.

Other Highlights

- The "One Exide" operating model has begun delivering tangible operational benefits, improving agility, customer responsiveness, and cross-functional collaboration, while unlocking synergies across business verticals and enhancing execution efficiency across the organization.
- The company continues to deepen market penetration through one of the largest distribution ecosystems in the industry, with over 120,000 touchpoints and more than 1,700 Exide Care outlets, strengthening customer access, service support, and replacement market leadership across geographies.
- EXID further strengthened its product portfolio through new launches, including India's first SUV-ready battery platform and premium EL Ultra batteries for the residential segment.

Outlook:

- Management maintains a constructive outlook for its core lead-acid business, expecting high single-digit to low double-digit growth potential in the near term and indicating that medium-term growth could broadly remain in line with the company's historical ~11% CAGR trajectory, supported by OEM momentum translating into future replacement demand.
- India's lithium-ion demand is expected to scale up significantly over the medium term, with domestic demand potential estimated at 140-150 GWh by 2030, supported by rising EV penetration, increasing stationary storage requirements, and broader energy transition trends. The current market size is ~20+ GWh, with most of the cells being supplied by overseas players.

HAPPY FORGINGS LIMITED

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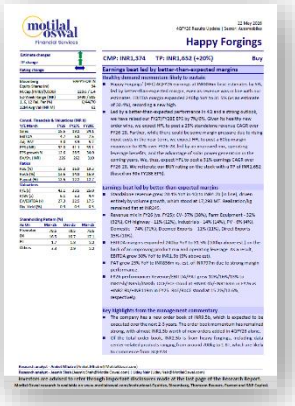
Happy Forgings — Buy

Current Price INR 1,406

4QFY26/FY26 performance

- HFL reported 4QFY26 volume growth of 20.6% YoY to 17,298MT, while FY26 volumes grew 11% YoY to 63,105MT. Realization remained stable at INR 245/kg in both 4QFY26 and FY26, despite a 6% softening in raw material prices.




Happy Forgings

- **Segmental performance**: Domestic CV grew 27% YoY in 4QFY26, PV grew 35%, CV exports declined 25%, domestic OHT declined 6%, and domestic industrials grew 32%.
- Crankshafts contributed around 50% of FY26 revenue (flat YoY), and management expects this to increase to 58–59% by FY28–29.
- 4QFY26 margins expanded due to operating leverage and a better product mix.
- The company incurred capex of INR 4.6b in FY26. It reported liquidity of INR4.3b by the end of FY26. FCF was supported by better margins and improved working capital management.

Outlook

- The company has a new order book of INR9.5b, which is expected to be executed over the next 2–3 years. The order book momentum has been strong recently as the company has added almost INR1.5b worth of new orders in 4QFY26 itself.
- Of the total order book, INR2.5b is from heavy forgings, including data center-related products ranging from around 700kg to 1.8T, which are likely to commence from 3QFY28.
- The average realization for the new order book is around INR 345–350/kg, including heavy forging orders (Vs the current ASP of INR 245 per kg). Management expects higher realization in the order book to help expand gross margins from here on.
- On the back of this strong order book, management has guided for late-teen volume growth in FY27. This is expected to be led by strong outperformance in CVs, PVs, and industrial segments.
- The company expects its mix to shift over time, with CV reducing to around 27% from 37%, industrials increasing to 30–31% from 14%, and PV increasing to around 10% from 6%.
- While recent geopolitical developments have increased raw material and manufacturing costs, management expects the margin impact to remain manageable due to raw material pass-through arrangements and customer discussions for recovery of other cost inflation.
- Steel price pass-through happens with a one-quarter lag in exports and a one-month lag in the domestic business. Power and fuel account for around 7% of costs, while fuel accounts for around 1%. A 30–40% fuel price increase is expected to have a 0.3–0.4% impact, with no increase in power costs. Other manufacturing costs (carbides and packaging) have also risen 2–2.5%
- Management has indicated that it expects 3.5-4% price hike effective Apr 1st across 70-80% of its OEMs, with the balance expected to be implemented over subsequent quarters. An increase in scrap prices is also expected to support margins.

Update on CV segment

- CV contributed 37% to FY26 revenue.
- Management expects significant market share gains in domestic CV in FY27 as new order wins move into production. CV market share is currently around 32% and is expected to increase to 42%, supporting 35–40% growth in CVs for HFL for FY27.

- North America and Europe CV demand remained weak, resulting in a single-digit decline for Happy Forgings as the broader industry declined 9–10% in FY26.
- Existing EU CV OEMs of HFL are expected to deliver single-digit growth in CY26. New projects from Europe are expected to support export growth, with currency tailwinds also aiding the business.

Update on Farm segment

- FES segment has posted only 10% YoY growth in FY26 despite a robust industry growth largely due to weak exports (indirect exposure).
- Domestic farm demand was supported by favorable monsoons, reservoir levels, rural cash flow, and agriculture output.
- Low channel inventory is also expected to support growth in this segment.
- Farm market share is currently around 41%, and management expects a 4% improvement in FY27.

Update on industrials segment

- Industrial demand is being supported by power generation, renewable energy, wind energy, railways, oil and gas, digital infrastructure, grid infrastructure, rail modernization, and India's expanding data center ecosystem.
- Domestic industrial revenue grew 59% YoY in FY26, while industrial exports declined 11% YoY.
- Construction equipment volumes declined 7% YoY in FY26, while demand in Europe and the US also remained challenging, with a marginal YoY decline.
- The company has received a large industrial order from Europe, which is expected to start contributing from FY29.
- The company is seeing opportunities in data center-related heavy forgings, with product weight moving from around 200kg currently to up to 2T. Management indicated that product value could increase from around INR60,000 currently supplied to INR25,00,000 for larger products.

Update on PV segment

- Management indicated that PV segment is likely to remain a key growth driver going forward on the back of its new order wins.
- The company's share with one PV customer improved from 32% to 47% in FY27.
- The company has started projects for North America in PV, ramp-up of the same is expected from Q2FY27. An additional program from the same client is expected to commence from FY28.

Update on capex

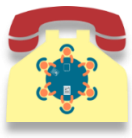
- The company incurred capex of INR 4.6b in FY26.
- The company expects FY27 capex of INR4.5–5b. Total capex over the next two years is expected at around INR 8b, including solar capex.
- The Board approved enhancement of the existing solar power project from 25MW AC to 35MW AC for additional capex of INR 500Mn. The solar project is expected to start generating power from Q4FY27, with partial benefits visible in FY28 and full benefits from FY29.
- Forgings capacity has increased to 148k MT by FY26 end. This is expected to increase to 161k MT pa by FY27 and further to 187k MT by FY28
- They have added a 10k MT line in FY26 for executing new orders for CV, farm, and industrial products
- Further, a new 4K T press is expected to commission in H1FY27 to cater to PV opportunities, with orders already in hand.

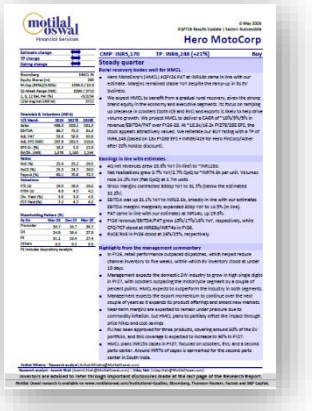
- Capex for pinion shafts on the wind side is expected to come onstream in 2QFY27, also supported by orders in hand.
- Data center-related capex is expected to be completed by the end of FY27. Trials are expected to start in FY28, with SOP from 3QFY28. Management indicated realizations of ~INR 800–1,000/kg for these products.
- Machining capacity increased to 68k with 9.8k MT added in FY26. This is expected to increase to 82k MT in FY27 and further to 87k by FY28.

Hero MotoCorp — Buy

Current Price INR 4,843

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FY26 highlights

- HMCL strengthened its portfolio with nine launches and refreshes in FY26, which included HF Deluxe Pro, Glamour X, Destini 125, Destini 110, Xoom 160, Xtreme 125R and Xpulse 210. The Harley-Davidson line-up was expanded with HDX440T and the re-introduction of Street Bob. These launches essentially filled the whitespace in both motorcycles and scooters. This led to market share growth in the 100cc,125cc,400-500cc motorcycle segment, scooters, and exports during FY26.
- HMCL expanded its EV line-up with VIDA VX2, VIDA VX2 Go 3.4kWh. EV market share increased from 6.1% in FY25 to 11.2% in FY26.
- In FY26, retail performance outpaced dispatches, which helped reduce channel inventory to five weeks, within which, EV inventory stood at under 10 days.
- ICE EBITDA margin stood at 17% in 4QFY26 (+100bp YoY) as well as in FY26 (+90bp YoY), supported by operating leverage, price hikes, and cost savings. The EV business had an impact of INR2.2b in 4QFY26.
- Total dividend for FY26 was INR185/share, implying a payout of about 70%.

Domestic 2Ws – industry update

- Management expects the domestic 2W industry to grow in high single digits in FY27, with scooters outpacing the motorcycle segment by a couple of percent points. HMCL expects to outperform the industry in both segments.
- HMCL plans multiple launches across scooters, premium motorcycles, and VIDA in FY27. Further, it is working on low-emission powertrains like flex fuels.

Update on exports

- Exports volumes grew 41% YoY in FY26, while exports revenues reached INR35b.
- Management expects the export momentum to continue over the next couple of years as it expands its product offerings and enters new markets.
- Management indicated witnessing good traction in LATAM and sees further opportunity in the region, while Africa remains a smaller market for HMCL, but the company is planning new launches and expansion into more regions. HMCL is the largest player in Bangladesh, but the company currently operates in only around 50% of the market; it plans to launch products in the remaining 50%. Further, HMCL has re-entered Sri Lanka, where it expects to gain a share. However, the fuel price hikes in Bangladesh and Sri Lanka could affect demand in the near term, while container cost increases are expected to be passed on to customers.

Update on capex and investments

- HMCL plans INR15b capex in FY27, focused on scooters, EVs, and a second parts center. Around INR7b of capex is earmarked for a second parts center in South India.
- Destini capacity has already been increased by 50%, and Xoom capacity is expected to double in 1QFY27. EV capacity will rise from 15,000 units to 25,000 units by end-May and is expected to reach 50,000 units over the next few quarters.
- Further, the company plans to continue to invest in development of new products across premium motorcycles, scooters, and VIDA.
- HMCL increased ad spend by 22% in FY26 and plans to continue investing in brand building.

Update on raw materials/margin

- Management flagged near-term uncertainty from West Asia, affecting gas, metals, and labor costs. Near-term margins are expected to remain under pressure due to commodity inflation, but HMCL plans to partially offset the impact through price hikes and cost savings.
- Despite near-term challenges, the company maintained its medium-term margin guidance of 14-16%.
- In 4QFY26, commodity cost increase was around INR 2,100/unit, while revenue per unit increased by around INR 2,000/unit.
- Since April, RM costs have been in high single digits due to BOM costs, and the full impact has not yet been passed on to consumers despite a 2% price hike in April.
- PLI has been approved for three products, covering around 60% of the EV portfolio. This coverage is expected to increase to 90% in FY27, with PLI benefit at 13% of revenue, which would further support margins. Further, management is working on BOM cost reduction for new EV launches via value engineering to improve profitability. Loss per unit on its EV portfolio is gradually reducing every quarter, according to management.

Other highlights

- Spare parts revenue was INR16.5b in 4QFY26 and INR62b in FY26, up 6% YoY. HMCL currently services around 50% of parts requirement and plans to double capacity to address a larger share of the market.
- HMCL invested another INR2b in Euler Motors, raising its stake to 37%. This funding round would take care of the capital needs for FY27.

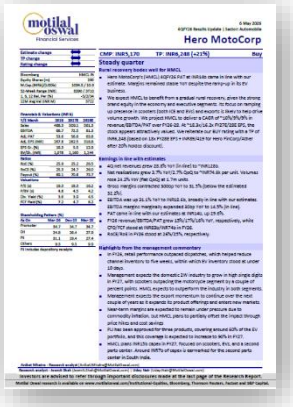
Hyundai Motor — Buy

Current Price INR 1,868

Update on the Domestic business

- HMIL reported record quarterly domestic sales in 4QFY26, up 8.5% YoY, supported by improving customer sentiment, favorable GST-led affordability benefits in 2HFY26, and strong traction across refreshed and newly launched products.
- It entered FY27 on a strong footing, with April domestic volumes growing 17% YoY.

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Hero MotoCorp

- The company expects to gain market share in FY27, aided by a stronger launch pipeline, increased capacity flexibility, and a favorable mix of growth drivers across SUVs, sedans, and alternate fuel offerings.
- Its rural strategy continues to deliver, with rural penetration reaching an all-time high of 24.7% in 4QFY26 (vs 22.6% in 1QFY26, 23.6% in 2QFY26, 24.7% in 3QFY26), while urban demand has also turned positive, indicating a broadening recovery.
- Network expansion remains skewed toward deeper market penetration, with ~90 outlets added in FY26, of which ~70% were in rural markets.
- The company continues to witness improving fuel mix diversification, with CNG penetration rising to 18% from 14% YoY in the quarter.
- Product momentum remains healthy, with Creta maintaining segment leadership and Aura delivering its highest-ever full-year sales, while Verna and Exter refreshes are expected to further support demand acceleration in the coming quarters.

Update on exports

- HMIL delivered another strong quarter in exports, with 4QFY26 export volumes growing 9.4% YoY, while FY26 exports rose 16.4%, significantly outperforming initial guidance of 7-8%.
- Export growth was driven by robust demand across emerging markets, continued geographic diversification, and a broader export portfolio, helping offset disruptions in key regions.
- Despite elevated exposure to the Middle East and near-term geopolitical disruptions, management remains confident of achieving 8-10% export growth in FY27, supported by healthy order backlogs in the Middle East region and strong underlying demand in emerging markets.
- To mitigate geopolitical risk, the company is actively diversifying exports toward alternate markets such as Latin America and Mexico, while also evaluating alternate shipping routes to preserve supply continuity.
- Export growth will also be supported by a stronger product portfolio, including new Venue exports, expanded overseas offerings of Verna and Exter, left-hand-drive variants, and eventual exports of the upcoming new nameplates.
- HMIL reiterated that India will serve as the global manufacturing hub for the new Venue.

CAFÉ norms/regulations

- HMIL confirmed that it has fully met FY26 CAFE-II norms, with internal calculations indicating fleet emissions at 114.49 g/km versus the regulatory threshold of 117.59 g/km, providing a healthy compliance buffer.
- Management also expressed confidence in meeting CAFE-III requirements, driven by a portfolio-wide strategy spanning ICE efficiency improvements, CNG expansion, electrification, and future-ready localized platforms, rather than dependence on a single product launch.
- Further, the company highlighted that it has achieved 100% renewable energy adoption across all manufacturing facilities, reinforcing its broader ESG and sustainability agenda.

New product launches

- HMIL announced two all-new nameplate launches in FY27, both expected to be meaningful volume contributors and key catalysts for market share gains over the medium term.
- The first will be a dedicated, localized compact e-SUV, marking Hyundai's entry into a high-volume EV segment.
- The second will be a new ICE mid-size SUV (>4m), further deepening Hyundai's presence in one of the fastest-growing and most profitable categories in the passenger vehicle market.
- Management indicated that both launches are positioned in high-demand segments and are expected to generate substantial volumes even within FY27, making them important drivers of near-term growth.
- Both new models will initially be manufactured at Chennai, which should materially improve plant utilization after Venue production was shifted to Pune. Over time, manufacturing flexibility could extend to Pune as capacity scales further.
- HMIL also indicated that these upcoming SUVs will eventually be evaluated for export markets, creating an incremental long-term export growth avenue.

Updates on capex

- HMIL has guided for ~INR75b capex in FY27, its highest annual investment in recent years.
- Approximately 45–50% of planned capex will be directed toward new product development and capacity addition, while the balance will be deployed toward Phase-II Pune expansion and modernization/upgrades at Chennai.
- Hyundai reiterated its plan to scale Pune capacity from 170k units currently to 250k units by FY28 under Phase-II expansion, with current output already ramped up to 170k units as part of Phase-I.
- Beyond Phase-II, the company has announced an additional 70k-unit expansion at Pune, taking plant capacity to ~320k units by FY31/32, while overall India capacity is targeted to exceed 1.1 million units by 2030.
- Management expects Chennai utilization to return to healthy ~90-95% levels, aided by the upcoming launches.

Margin outlook

- 4QFY26 revenue growth was supported by better volumes and prudent pricing actions, although profitability was impacted by elevated commodity costs, unfavorable product mix, and capacity addition-related startup costs.
- Commodity inflation created a ~120bp sequential margin headwind, of which 50-60bp was one-off in nature, led by annual vendor compensation costs are unlikely to recur in future quarters.
- The company has already implemented ~60bp price hikes in January, followed by selective price increases on Venue in March, with another round of price increase planned in May, aimed at offsetting ongoing commodity inflation.
- Management highlighted additional one-offs in 4QFY26, including ~INR1b sequential increase in employee costs due to labor code provisions and actuarial accounting revisions, which are also expected to normalize going forward.
- Discounts were reduced to 1.9% of ASP in 4QFY26 versus 2.6% in 3QFY26.

Future outlook and guidance

- Hyundai has given a guidance of 8-10% volume growth in both domestic exports in FY27.
- Management highlighted that incremental capacity gives HMIL the flexibility respond quickly to upside demand opportunities, positioning it well to outperform market growth should demand exceed current expectations.
- While near-term commodity pressures are expected to persist, HMIL remains confident of maintaining 11-14% EBITDA margins, supported by pricing actions, volume growth, improved Chennai utilization, localization gains, value engineering, and normalization of one-off costs.
- The combination of two major SUV launches, improved plant utilization, calibrated pricing, and sustained cost optimization is expected to drive both volume growth and margin recovery in FY27.

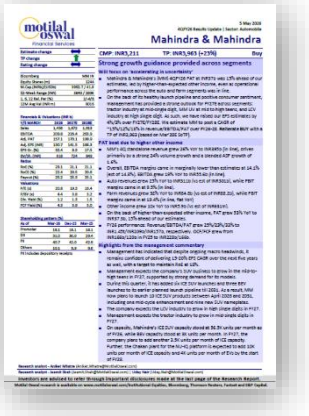
Mahindra & Mahindra — Buy

Current Price INR 3,011

Auto update

- The company continued to maintain its leadership position in the SUV segment, with revenue market share of 24.5% in 4QFY26 (+60bp YoY) and 25.3% in FY26 (+260bp YoY).
- The newly launched 7XO has seen healthy traction, retailing around 9,500 units per month during 4QFY26, which is the maximum capacity available. The company also retained its leadership position in the electric SUV segment in terms of revenue market share, with over 55,000 units sold since launch. The XEV 9S recorded sales of 7,400 units in 4QFY26.
- MM remained the leader in terms of revenue market share across both the broader SUV and electric SUV segments. In electric SUVs, its revenue market share stood at 40.0% in 4QFY26 and 37.4% in FY26. EV penetration for MM increased to 9.6% in 4QFY26.
- On profitability, the auto business reported PBIT margin of 10.4% in FY26, excluding the impact of e-SUV contract manufacturing. The EV business, comprising MEAL an d e-SUV contract manufacturing, recorded an EBITDA margin of 9% and a PBIT margin of 2% in FY26. The auto business also generated strong net cash of INR104b during the year.
- Exports grew 19% YoY in FY26, helping MM become the fifth-largest auto exporter in the country.
- April wholesales were relatively lower, largely due to constraints at a couple of its suppliers. This issue is likely to resolve in May.
- Management expects the company's SUV business to grow in the mid-to-high teens in FY27, supported by strong demand for its models and planned capacity expansion.
- In this quarter, MM has added 6 ICE SUV launches and 3 BEV launches to its earlier planned launch pipeline till 2031. As a result, it now plans to launch 10 ICE SUV products between April 2026 and 2031, including one mid-cycle enhancement and nine new SUV nameplates. It also plans to launch six new electric SUV products over the same period.
- Management highlighted that the upcoming NU-IQ platform will address white spaces in the SUV portfolio. Core SUVs still account for around 30-35% of the

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industry, leaving room for new products. There is also scope for a more rural-focused vehicles, as well as products designed for global markets that will also be relevant for the domestic market. Many of these new products are expected to come from the Nagpur facility. The NU-IQ platform will offer fungible capacity across powertrains. New models from this platform are likely to be launched from 1QFY28 onwards.

- On capacity, MM's ICE SUV capacity stood at 56,500 units per month as of FY26, while BEV capacity stood at 8,000 units per month. However, the company was not able to fully utilize the 56,500-unit monthly capacity in FY26 due to mix-related issues. In FY27, the company plans to add another 3,500 units per month of ICE capacity. Further, the Chakan plant for the NU-IQ platform is expected to add 10,000 units per month of ICE capacity and 4,000 units per month of EV capacity by the start of FY28.
- On PLI incentives, the XE 9E was already fully compliant, while all variants of the 9S and 6E are now PLI compliant and have received approval. The company has booked INR5b of PLI benefit in 4QFY26, while most of the BE6-related PLI benefit is expected to come in 1QFY27.
- Management also highlighted that MM will need 13-21% EV penetration by volume over a five-year period to meet CAFE norms.
- On supply-side challenges, management noted that the memory chip issue is not going away immediately. However, the company is building inventory through the aftermarket channel to ascertain adequate supplies.
- In the LCV segment, MM's market share stood at 52.3% in FY26, up 60bp YoY. Management indicated that market share gains in FY26 were limited due to capacity constraints.
- The company expects the LCV industry to grow in high single digits in FY27.
- MM has a strong product pipeline in this segment, with plans to launch 10 new LCV products between April 2026 and 2031, comprising seven ICE products and three EV products. Some of the upcoming LCV products will be based on the Veero platform, while others will be based on the current pickup portfolio.

FES segment update

- MM's farm business delivered a strong performance in FY26, with market share reaching an all-time high of 43.6% (+30bp YoY).
- Management expects the tractor industry to grow in mid-single digits in FY27, despite a very high base of FY26
- While management acknowledged the risk from a potential El Nino impact, its volume guidance is led by: 1) the fact that the spell of low rainfall is likely to occur in Aug-Sept, by when the kharif sowing would be done, and hence, 1H tractor demand is unlikely to be impacted, and 2) the base for 1H of FY26 is relatively low.
- Industry growth in FY26 was largely driven by four to five states, while a lot of other states posted sub-20% growth. Uttar Pradesh, which accounts for around 15% of industry volumes, was among the relatively weaker-growth states in FY26. Moreover, given the strong reservoir levels in UP, tractor demand from this state is unlikely to be impacted in FY26 even in the event of El Nino.
- Further, according to management, usually during upcycles, the industry ends up with significant inventory in the system. This, in turn, drives the next

slowdown for the industry. However, post a robust growth in FY26, industry inventory remains lean.

- The company launched the new Swaraj ProTek in Punjab, Haryana, and Rajasthan, with plans for a pan-India rollout in FY27. The product comes with a new advanced transmission, which was earlier not available in the Swaraj portfolio. This transmission is modular in nature, enabling the company to offer multiple variants on the same transmission architecture.
- MM is also launching a new tractor range, with an upgraded engine that delivers higher torque. This addresses a gap in the company's earlier product offering. MM plans to upgrade around 50% of its portfolio in the 31-50HP segment in a phased manner. The upgrades have already been rolled out in seven states, with pan-India coverage expected during CY26.
- In total, MM plans 19 product interventions in FY27, comprising seven new launches and 12 feature additions to the existing portfolio. Management
- expects these new products to support growth, although the impact is likely to be more visible over the medium term, as new tractors typically take time to build customer acceptance through usage, feedback and word-of-mouth.
- In North America, MM's MAgNA market share in the below-110HP segment stood at 6.3% in FY26 (+30bp YoY). The industry declined 6.6% to 195,000 units, impacted by continued market stress due to price increases. The company plans to launch Oja SU and products in the 40-60HP segment in CY28.
- In Brazil, its market share stood at 6.6% in the sub-120HP segment (down 120bp YoY). The industry declined 2% to 36,000 units. The company plans to introduce new Oja products and expand its distribution network in the market.
- In Turkey, industry volumes declined 40% to 34,000 units, impacted by price increases driven by hyperinflation, high interest rates and limited access to financing.
- The farm business generated strong net cash of INR68b in FY26.
- MM exited three international businesses viz: 1) sales of Sampo, 2) sale of Erkunt Foundry, which is expected to close by H1FY27, 3) liquidation of MAM Japan. With this, profitability of the international farm business is expected to improve in the coming years.

Update on Growth Gems

- The aerospace business has garnered a healthy order backlog of USD1b over the last 12 months. MM aims to become among the top five aerostructure companies globally.
- Powerol has delivered INR2.8b PAT in FY26. MM is the No1 player in generators, and this entity holds tremendous growth potential in the coming years.
- Accelo has delivered about INR2.2b in PAT in FY26. It has almost 50% share in auto recycling and, hence, holds a huge growth potential in the coming years.
- The Trucks and Bus business, post the SML Isuzu buyout, is poised for strong integration benefits in the coming years.
- The Last Mile Mobility subsidiary is set to be separately listed in CY27.
- Other entities that offer strong growth potential include Mahindra Lifespace, Mahindra Holidays, Advanced Technologies, and Classic Legends.

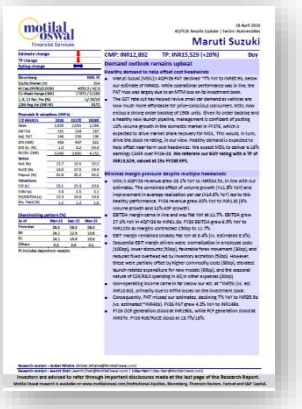
Other highlights

- Management has indicated that despite ongoing macro headwinds, it remains confident of delivering 15-20% EPS CAGR over the next five years as well, with target to maintain RoE at 18%.
- The company purchases over 100,000 parts and more than 40 commodities. Of these, 82 part families and nine commodities are classified as high risk. To mitigate these risks, MM has increased inventories, enhanced localization, developed alternate suppliers, optimized usage of high-risk materials, and hedged certain exposures.
- In CY26, MM has taken a 2.6% price hike in SUVs and an INR10k avg price hike tractors.
- Management expects input cost pressure to further inch up in 1Q, given the rising steel prices.

MARUTI SUZUKI

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motilal oswal
Maruti Suzuki

Maruti Suzuki — Buy

Current Price INR 13,054

Performance highlights

- FY26 financial performance was operationally strong, with the company delivering its highest-ever quarterly sales, all-time high export sales, and record net sales, while annual performance also set new records across revenue, volumes, and profitability, enabling the board to recommend its highest-ever dividend of INR140 per share for FY26.
- MSIL's 4QFY26 revenues were up 28.2% YoY to INR524.5b, coming in line with our estimates. The combined effect of volume growth (+11.8% YoY) and improvement in average realization per car (+14.6% YoY) led to this healthy performance.
- While 4Q domestic volumes were up marginally by 3.5% YoY to 512k units, exports grew by a strong 61.3% to 137k units.
- EBIT margin drivers on a QoQ basis were: normalization in employee costs (100bp), lower discounts (50bp), favorable forex movement (30bp), and reduced fixed overhead led by inventory accretion (50bp). However, these were partially offset by higher commodity costs (80bp), elevated launch-related expenditure for new models (60bp), and the seasonal nature of CSR/R&D spending in 4Q in other expenses (20bp).
- Management indicated that commodity, energy, and gas inflation remain manageable at current levels, as long as demand momentum is sustained.
- PAT, however, was impacted by non-operating mark-to-market losses of ~INR7.5bn due to hardening bond yields, which weighed on other income.

Update on the Domestic Market

- Demand recovery in 2HFY26 was led by first-time buyers, whose share has steadily increased through the year - from ~42% in 1HFY26 to ~48% by Q3 and further to ~51% in 4Q.
- The newly launched Victoris has seen encouraging customer acceptance and has become one of the fastest models in the company's portfolio to cross 50k cumulative sales.
- Despite robust demand, supply constraints limited upside potential for MSIL in 4Q. This led to the order backlog rising to ~190k units, of which ~130k units were in the small cars segment.

- Given the supply constraints, dealer inventory remained lean at roughly 12 days, which is well below the normal level of 4-5 weeks.

Update on EVs and Alt Fuel Technologies

- MSIL's first EV, the e-Vitara, has received an encouraging initial response and strengthens the company's long-term EV roadmap.
- MSIL remains committed to a multi-powertrain strategy spanning ICE, CNG, ethanol-compatible vehicles, hybrids, and EVs to address evolving regulatory and customer requirements. Thus, it remains well placed to meet its CAFÉ 3 compliance.
- MSIL further strengthened its EV ecosystem readiness by partnering with 13 charge point operators and targeting a charging network of 100,000 charging
- points across India by 2030, alongside plans to launch multiple EV models over the medium term.

Update on Exports

- Exports remained a major lever in FY26, with Maruti recording all-time high export volumes of ~447.8k units and retaining its position as India's largest passenger vehicle exporter, accounting for over 48% of the country's PV exports, supported by a diversified 18-model export portfolio and the commencement of e-VITARA exports to global markets.
- Just to put things in context, MSIL's export performance was in light of the global headwinds witnessed in FY26, and where India's total merchandise exports have grown just 1% YoY in the fiscal.

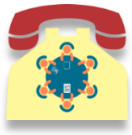
Outlook and Guidance:

- Its second plant in Kharkhoda has commenced production in Apr'26, and its fourth plant in Gujarat is expected to commence production by Jul'26. Each of these would have about 250k units pa capacity. Beyond this, MSIL would be investing INR 140b in capex in FY27E for further expansion. This itself highlights management's confidence in sustaining demand momentum going ahead. Given its healthy order backlog and positive consumer sentiment, MSIL has provided a strong domestic volume growth guidance of 10% YoY for FY27E.
- Given the adverse global macro, management has refrained from giving an export outlook for FY27E.
- While startup costs associated with these new facilities are likely to drive near-term margin impact, this is likely to be offset by operating leverage benefits.
- Management believes there remains meaningful headroom for ASP expansion, driven by white spaces in the SUV space. A richer SUV mix and increasing EV penetration over time should structurally improve ASPs and support margin improvement.

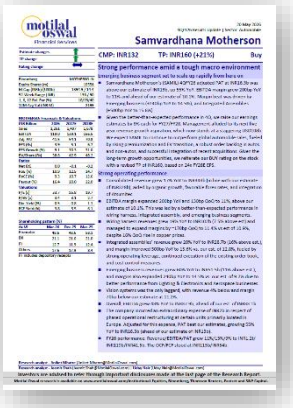
Samvardhana Motherson — Buy

Current Price INR 146

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- **Operation updates:** SAMIL currently has 16 greenfield projects at various stages of completion spread across India, Poland, the UAE, Hungary, and Morocco, 13 of which are expected to come on stream during FY27. Four new greenfield projects were announced during the quarter, viz., a wiring harness manufacturing facility in Morocco and Poland, each slated for operations in 1QFY28 and 4QFY27, respectively, and two logistics facilities – one in India and


Samvardhana Motherson

CMP: INR132 TP: INR160 (+21%) Buy

Strong performance amid a tough macro environment

one in Hungary, which are expected to become operational by 3QFY27. All 16 greenfields are in emerging markets.

- **SAMIL outperforms industry:** SAMIL's revenues grew 11% YoY in FY26, the global LV market grew ~2%, while CVs grew by 5%. In FY26, emerging businesses' revenues grew 50% YoY to INR17b, of which Aerospace registered 40% YoY growth to INR24.5b, while Consumer Electronics revenues grew 7.5x YoY.
- **Financial performance and capital allocation:** Effective net debt declined to ~INR98b (vs. INR120b QoQ). Leverage ratio stood at 0.8x, as guided by management, and was the lowest after several quarters. The company plans to continue reducing debt through FCF generation and efficient capital allocation to make headroom for further expansion plans.
- Capex for FY26 stood at INR59.1b (in line with guidance of INR60b), and capex guidance for FY27 is at INR60b +/- 10%, 50% of which would be for growth capex and 50% for maintenance capex. Of the 50% growth capex, 60% would be used for the non-auto business, especially consumer electronics.
- ROCE moderated to 16.1% vs 17.2% in FY25, due to higher capex.
- **Order book details:** Total booked business stands at USD96 billion, providing strong visibility for future growth. Around 22% of the order book comes from EV programs, while non-automotive contributes approximately 3% and continues to grow steadily. Aerospace order book is USD1.6 billion, to be executed over 5–8 years, with expectations of bigger wins in FY27. Integrated Assemblies strengthened its order book by winning new programs and diversifying the business, supporting meaningful growth in FY27.
- **Acquisition update -** FY26 was the first year of integrating the Atsumitech acquisition. SAMIL is on track to complete the Yutaka Giken acquisition by H1 FY27. The proposed acquisition of Nexan's automotive wiring harness business is expected to close by Jun'26. This acquisition will enhance global passenger vehicle and commercial vehicle wiring harness capabilities, deepen relationships with large OEMs, and create meaningful cross-selling opportunities.

Segmental updates

- **Wiring Harness** Q4 revenues stood at INR102b, up 19% YoY, with EBITDA margins of 11.4%, down 100 bps YoY due to higher copper prices. Margin expansion QoQ was supported by operational improvements in overseas entities (possibly at PKC, as the US Class8 cycle is recovering). A recovery in the commercial vehicle cycle across advanced economies is expected to drive growth momentum in the coming quarters.
- **Vision Systems** reported revenues of INR55.3b in Q4, up 11% YoY, with stable EBITDA margins of 11.2%. The robust order book, supported by new order wins, is expected to maintain business momentum. The segment focuses on enhancing content per vehicle, expanding the premium SKU order book, and driving operational efficiencies to sustain margins amid industry slowdown.
- **Integrated Assemblies** delivered revenues of INR28.7b in 4Q, up 20% YoY, with EBITDA margins of 15.6%, a 500 bps YoY improvement—the highest among all divisions. Management has worked on improving the performance of "red units" by diversifying the business and winning new programs. A robust order

book from new program launches in FY27, twice that of FY26, is expected to drive sustained business momentum.

- **Emerging Businesses** (including elastomers, lighting, precision metals, aerospace, health & medical, logistics, and technology solutions) delivered 4Q revenue at INR51.5b, up 60% YoY, with EBITDA margins of 14.5%, up 240 bps YoY. Revenue growth was primarily driven by Atsumitech, consumer electronics, and aerospace. Margin expansion was driven by better performance in lighting, Consumer electronics, and aerospace divisions.
- **Modules and Polymer Products** generated revenues of INR167.3b, up 9% YoY, with EBITDA margins of 9.2%, up 270 bps YoY, supported by operational efficiencies and transformative measures. OEM restructuring actions and the FY27 launch pipeline are expected to support demand recovery in the coming quarters, along with sustained cost-saving actions.
- **Consumer electronics** scaled rapidly, growing 46% QoQ in 4QFY26 and 7.5× YoY in FY26, driven by the ramp-up of the second facility. The production run-rate in Q4FY26 aligned with the targeted annual production guidance of 14–16m units. The segment achieved EBITDA profitability in FY26. The third facility is on track for Q3FY27 commissioning, with added upstream integration capabilities, and is expected to drive significant growth and improved margins going forward.
- **Aerospace** business grew 40% YoY in FY26, with order book growth of 20% YoY to USD1.6b, providing strong growth visibility. SAMIL expanded its product portfolio across platforms, securing orders for metallic parts, subassemblies, and wiring harnesses in business jets and rotary-wing aircraft. The two existing facilities will cater to the existing order book, which is expected to be executed over 5–8 years, while the management expects larger order wins in the segment in FY27.
- **EV Segment -** EV revenues account for 11% of total revenues. Customers who were initially focused solely on EVs are now exploring multiple powertrain options.

SONA BLW Precision — Neutral

Current Price INR 603

Financial Highlights

- SONACOMS delivered a record 4Q performance, reporting its highest-ever quarterly revenue, EBITDA, BEV revenue and BEV revenue mix. This marked a strong recovery from a weak 1Q, impacted by customer-specific disruptions, tariff-related uncertainty, magnet supply issues and broader geopolitical volatility.
- 4Q EBITDA margin stood at 24.4%, while full-year EBITDA margin was 24.7%. Margin moderation was primarily driven by commodity inflation, an unfavorable product mix led by faster growth in lower-margin traction motors, and consolidation of the relatively lower-margin railway business.
- Management highlighted broad-based inflationary pressure in steel, aluminum, copper, freight, packaging and energy costs, noting that while a significant portion will be passed through, the lag in cost recovery is likely to keep margins under pressure in the near term.

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SONA BLW Precision Forging

- Incremental labor cost inflation following the Haryana minimum wage revision, effective 1st Apr'26, is expected to create some cost headwinds. The company expects to offset this through productivity gains, tighter manpower planning and improved workload management.
- Given these factors and strong growth in traction motors, management has lowered its margin guidance band to 23-25% now from 24-26% earlier.
- Gas availability constraints remained a challenge during the year, but operational initiatives such as partial migration to electric heating, process optimization and better gas flow management reduced company-wide gas consumption by nearly 20%, with no production loss reported.

EV business updates

- Electrification momentum has strengthened materially, with strong BEV growth trends observed across Europe, India and North America in 4Q. Management sees the current environment as a structural revival in EV adoption rather than a temporary cyclical bounce, positioning the company favorably.
- 4Q marked the strongest-ever quarter for the EV business, with BEV revenue rising 22% YoY to INR3.6b and EV mix reaching a record 39% of automotive revenue, from 38% last quarter. For FY26, EV revenue accounted for 34% of automotive revenue.
- The company added three new EV programs and one new hybrid program in 4Q, taking its cumulative EV program count to 67 across 35 customers, of which 37 are already in production and 30 remain in the launch pipeline, providing strong medium-term revenue visibility.
- Policy-driven electrification in India is likely to grow the EV industry, particularly across commercial use cases such as three-wheelers, delivery two-wheelers, buses and electric LCVs.

Updates on order wins

- Net order book remained healthy at ~INR237b, with EVs constituting nearly 70% of the total. Non-EV wins also remained robust, including seven new differential gear programs from existing customers, reflecting broad-based traction across products, geographies and propulsion technologies.
- The quarter saw four new driveline order wins, including three from European OEMs, the highest number of European driveline wins in a single quarter and the first meaningful EV order win from Europe in nearly four years.
- Management emphasized that hybrids are emerging as an incremental opportunity rather than a threat to its EV roadmap, with recent order wins spanning both BEV and hybrid platforms.
- The company indicated that distress among certain European competitors is beginning to translate into tangible order flow, and expects meaningful share gains in Europe in the coming years due to industry consolidation.

Updates on Railway Business

- The recently acquired railway business is progressing well, with approvals secured for two new products, namely electric control panels and HVAC systems. This move was aimed at expanding the portfolio beyond brakes and couplers into passenger comfort and electrical systems, with supplies for electric panels already initiated and HVAC deliveries commencing in FY27.

- Addressable market size for HVAC stands at INR20-25b and the same for electric panels at INR15b. Both these segments can become meaningful growth drivers from year three onward, given that qualification and approval cycles in the railway business take time.
- Near-term railway growth is expected to be driven by capacity expansion, operational improvement and white-space penetration within existing brake, coupler and suspension categories. Newly developed products are expected to contribute more materially over a 3-5 year horizon.

Updates on Novelic

- Beyond automotive and railways, the company continues to build optionality in adjacent mobility technologies, including robotics through its collaboration with Neura Robotics and radar sensing via Novelic, though management clarified that these businesses are unlikely to become financially meaningful within the next three years due to long commercialization cycles.
- Novelic's India assembly operations have been established, with one customer SOP expected by end-CY26. Europe remains an attractive opportunity as in-cabin safety regulations have mandated radar-based sensing solutions.

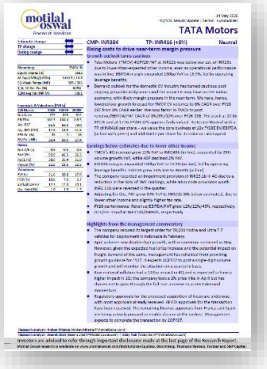
Technology updates and guidance

- Geographic diversification continued to strengthen, with Eastern markets contributing 60% of 4Q revenue vs. 40% a year ago. India's contribution crossed 50% of full-year revenue, helping offset weakness in North American passenger vehicle demand.
- Product diversification also improved materially, with 86% of revenue coming from the top 8 products now vs. top 4 products last year.
- Suspension motors were highlighted as the company's fastest-growing business over a relatively low base.
- Traction motors, already nearing ~10% of revenue, are expected to remain among the second-fastest-growing businesses, supported by higher-than-anticipated volume ramp-up on existing programs and a growing pipeline of new enquiries amid improving EV demand visibility.

TATA MOTORS COMMERCIAL VEHICLES | Better Always

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TATA Motors

Tata Motors CV — Neutral

Current Price INR 374

4Q/FY26 performance

Product launches and order wins

- TMCV launched 17 next-generation trucks and introduced Ace Pro. The company secured its largest order for 70,000 Yodha and Ultra T.7 vehicles for deployment in Indonesia in February.
- Further, TMCV won pan-India orders for over 5,000 buses from multiple State Transport Undertakings, supporting demand in mass mobility.
- The company initiated deliveries of 55T electric trucks to BillionE and signed an MoU for 40 hydrogen trucks.

Volume performance

- 4Q wholesales stood at 131.8k units, up 25% YoY, with double-digit growth across all segments.
- FY26 wholesales stood at 428k units, up 14% YoY, while exports grew 54%, led by SAARC markets.

- In 4Q, the company gained share in CV passenger and SCV pickup segments. While industry TIV grew 19% in 4Q, TMCV outperformed the market with 25% growth.

Financial performance

- Lower ASP in FY26 was due to higher mix of vans and lower electric bus sales. This is expected to improve as EV bus volumes recover.
- FY26 EBIT margin was 11% (+190bp YoY), supported by operating leverage and higher realizations, while 4Q EBIT margins stood at 12.1% (+220bp YoY). EBIT margin expansion was led by better mix, higher volumes (+180bp), and higher realizations (+70bp). This benefit was offset by higher material costs (50bps impact).
- FY26 capex was INR11b and R&D spend was INR17b.
- FY26 free cash flow stood at INR92b (12% of revenue), supported by operating performance and working capital efficiency. RoCE stood at 72%, while the company ended FY26 with net cash of INR75b.
- The cash conversion cycle was -31 days, making the business self-sustaining from a cash generation perspective.

Update on Iveco transaction

- Regulatory approvals for the proposed acquisition of Iveco are underway, with most approvals already received. All FDI approvals for the transaction have been received. The remaining finance approvals from France and Spain are being actively pursued to enable closure at the earliest. Management expects to complete the transaction by 2QFY27.
- Initial financing would be via a bridge loan, while the bridge loan is expected to be refinanced through a combination of debt and equity, whose mix would be decided at a later date depending on market conditions.

Demand outlook

- April volumes saw double-digit growth, with momentum sustaining in May. However, given the expected fuel price increase and the potential impact on freight demand of the same, management has refrained from giving a growth guidance for FY27. It expects 1QFY27 to post a single-digit volume growth and looks to monitor the situation on a quarterly basis.
- Fleet utilization remains healthy and transporter profitability has been resilient. Freight availability remains intact across segments, although uncertain diesel prices are leading some fleet owners to defer HCV purchases, with relatively lower impact in lighter vehicle categories.
- New product launches and product superiority are supporting market share gains in the tractor-trailer segment. Micro-segment level actions across product and geography, along with service center performance, are supporting market share improvement in this segment.
- In the buses segment, the company plans to drive profitable market share recovery in 1Q across bus sub-segments while scaling government tender procurement and execution capabilities.
- For 1Q, in the SCV segment, management expects to sustain volume growth across Ace Pro, Ace and Intra, which should help consolidate early signs of market share recovery.

- Asset quality among SCV and pickup financiers has improved, which should support growth in the segment.
- For EVs, Intra EV is well price-positioned and is seeing demand; the company plans to ramp up supply to meet this demand. EV penetration in SCVs is expected to reach the high single-digit range in FY27.
- The company participated in the last two EV bus tenders, ranking L2 in part of the first tender, while the second tender has opened recently. However, management has indicated that the current aggressive bidding prices by competition are unlikely to be sustainable and intends to scale this business prudently.

Exports demand

- Sentiment in MENA region remains subdued with no dispatches to the region over the past 2 months due to the ongoing West Asia conflict and management is looking to offset this through higher volumes in other export markets.
- Sri Lanka is seeing some pressure due to price hikes and lower fuel availability.

Update on raw materials

- Raw material inflation had a 100bp impact in 4Q and is expected to have a higher impact in 1Q; the company took a 2% price hike in April but has chosen not to pass through the full cost increase to protect demand momentum.
- Management intends to use internal cost levers to offset raw material pressure and sustain demand momentum.
- Diesel prices remain a key monitorable for FY27, as they account for 30–50% of transporter TCO and could influence demand momentum.

Tata Motors PV — Sell

Current Price INR 398

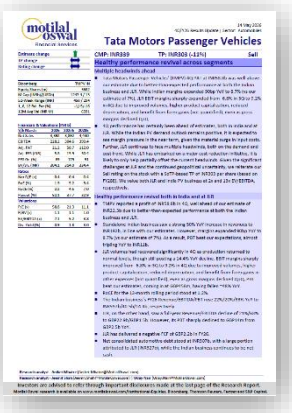
JLR

- FY26 volumes and revenues were impacted by multiple factors, including weakness in the China market, the planned wind-down of outgoing Jaguar models ahead of the new Jaguar launch, and temporary production stoppages arising from the cyber incident.
- China volumes declined YoY due to weak luxury demand, led by the impact of higher luxury taxes, prompting the company to reduce dealer inventory levels in order to protect retailer profitability and maintain channel quality.
- VME increased to around 7% in Q4. Also, warranty costs remained elevated and are expected to remain stable in 1QFY27.
- Management highlighted that underlying demand remains healthy despite macro uncertainties, particularly for Range Rover and Range Rover Sport. The upcoming SV Ultra variant continues to strengthen the premium positioning of the brand, while BEV variants are nearing launch readiness.
- Defender continued to witness strong order inflows and retail momentum, supported by product initiatives and brand-led activities such as Defender Trophy, Dakar Rally participation, Hard-Top variants and Oasis tours.
- In North America, demand trends remain strong for Range Rover and Range Rover Sport, while Defender OCTA has generated significant customer interest. Jaguar volumes are intentionally moderating ahead of the upcoming new Jaguar launch cycle.

TATA MOTORS PASSENGER

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Tata Motors Passenger Vehicles

- In the UK and Europe, demand for SUVs across Range Rover, Defender, and Discovery remained resilient. Defender Hard-Top orders have grown rapidly, while customer preference continues shifting toward EVs and PHEVs, although diesel Defender demand remains robust.
- China continues to remain a highly competitive market environment, with the luxury tax implemented from July affecting demand significantly. JLR has, therefore, optimized local inventory levels to preserve dealer profitability.
- Dispatches to the Middle East, which contributes to 6% of its mix, is likely to be impacted in 1Q, given the ongoing geopolitical headwinds in the region.
- JLR's EV rollout strategy will commence with Range Rover Electric and Range Rover Sport Electric, followed by Jaguar Type 01 and subsequently the first EMA platform-based Range Rover vehicle.
- Input costs are expected to inch up in coming quarters with all key commodities seeing sizeable increase in the recent past.
- To offset the cost headwinds, management is targeting GBP1.7b worth of cost savings over the next two years, which would drive a reduction in its breakeven volumes towards 300k units.
- JLR incurred capex of around GBP3.6b towards the development of three new vehicle platforms, manufacturing facilities, and BEV powertrain investments. JLR reiterated its commitment to planned investments of GBP18b over FY24-FY28 and stated that detailed FY27 guidance will be shared during the Investor Day scheduled on 17 June 2026.
- Freelander has been licensed as a JLR brand to Chery for manufacturing through the CJLR facility. The vehicle will initially be launched in China, with further international expansion decisions to be evaluated subsequently by Chery.

Update on India PV business

- Management expects the domestic PV industry to grow by around 10% in FY27, with stronger growth anticipated in 1H, followed by moderation in 2H over a higher base. TMPV expects to outperform industry growth, with supply constraints likely to be a bigger challenge than demand during the year.
- The company plans to launch two new nameplates in FY27, along with four facelifts each across the ICE and EV portfolios.
- The export business is expected to sustain momentum, with management targeting about 70-100% growth in exports through expansion in product offerings and volumes, particularly in the South African market.
- The India PV business delivered strong growth during FY26, supported by favorable industry demand conditions, successful new product launches, and continued momentum across the SUV portfolio.
- Punch emerged as the fastest-growing SUV in the market, with the vehicle crossing more than 600k units on road within four years of launch, highlighting strong customer acceptance and sustained demand.
- Sierra witnessed strong bookings and healthy customer interest; however, production was impacted by supply-side constraints relating to casting components for the engine. Management indicated that corrective actions have been initiated through onboarding of additional suppliers. The Sierra EV launch is scheduled for next month and will require incremental capacity expansion.

- Dealer inventory currently stands at around 20 days, while the avg waiting period across its models stands remains in the range of 4-8 weeks.
- The company continued to strengthen its alternate fuel portfolio, with EVs and CNG vehicles contributing over 40% of the overall mix during the year. CNG volumes crossed 170k units in FY26, significantly outperforming industry growth trends, while CNG penetration in the portfolio increased to 27%.
- TMPV maintained its leadership position in the EV market with around 40% market share despite increasing competitive intensity.
- The company remains significantly ahead of CAFE emission requirements, with fleet CO2 emissions at 91.8 g/km in FY26 compared to the applicable CAFE threshold of 123.1 g/km.
- Input costs have surged to the extent of around 5-6% of revenue. Of this, about 2% is already reflected in 4Q and the balance is likely to be visible in 1Q.
- Management has been able to implement cost savings initiatives, thereby driving 2% savings in 4Q. It has also taken about 0.5% price hike in April to offset cost pressures, with further calibrated hikes expected over the coming months.
- PLI accruals for FY26 stood at INR 10b, and the same for 4Q stood at INR4.7b, of which INR900m pertained to 3Q.
- Investment spending during the quarter stood at INR14b, taking FY26 capex to INR52.2b, which were within the guidance provided earlier by the company.
- Going forward, management's strategic priorities include strengthening demand through new product launches, enhancing retail momentum through impactful marketing and network expansion, improving supply-chain resilience and capacity availability, driving profitability through structural cost actions and operating leverage, and leveraging strong EV and CNG demand through portfolio expansion and focused front-end initiatives.

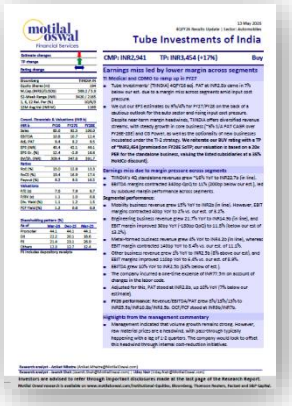
Update on India EV business

- Management remains constructive on the EV opportunity and intends to drive higher penetration across the product portfolio, particularly within the entry-level segment where adoption potential remains significant.
- EV volumes maintained a consistent quarterly run-rate of around 24k units annually, while 4Q volumes increased to approximately 27k units. Management expects volumes to ramp up beyond 10k units per month once geopolitical disruptions stabilize.
- Customer interest in EVs has materially improved following the Middle East crisis, with enquiry levels reportedly increasing by 30-35%. Recent product launches have also contributed meaningfully to higher consumer traction.
- Management indicated that profitability of the EV business is currently not a concern given ongoing PLI benefits. Simultaneously, the company continues to undertake cost reduction initiatives aimed at improving EV profitability and eventually achieving price parity between ICE and EV vehicles.

INDIA

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Results Update




Tube Investments of India

Tube Investments — Buy

Current Price INR 3,065

FY26 performance

- FCF stood at INR3.13b in 4Q and INR8.26b in FY26, representing 100% of PAT. The company proposed a total dividend of INR3.5 per share for FY26.
- TII achieved ROIC of 44% in FY26.

Outlook

- Management indicated that volume growth remains strong. However, raw material prices are a headwind, with pass-through typically happening with a lag of 1-2 quarters. The company would look to offset this headwind through internal cost-reduction initiatives.

Update on Railway business

- The business is still under the product development stage. While TI is ready with the product, the customer needs government approval, and management expects progress over the next 2–3 quarters.

Update on Engineering business

- Revenue grew 21.7% YoY to INR14.9b, driven entirely by volume growth, with no price increase.
- The CRSS plant in Nashik is ramping up and is expected to reach 100% utilization by FY27 end or 1HFY28.
- The tube facility in Western India is currently at 30% utilization and is also expected to reach full utilization by FY27 or 1HFY28.
- Management will evaluate further capacity expansion after six months.

Update on metal formed business

- Growth in MFD segment has been slow due to three reasons – 1) the absence of profitability in the railway tender business, 2) delays in product approval from private players, and 3) subdued performance from HMIL.
- HMIL is likely to improve performance in FY27, led by its new launches.

Update on TI Clean Mobility

- 4Q volumes stood at 87 units in MHCV, 241 units in SCV, 1,176 units in 3W, and nil in tractors.
- The company is seeing an upswing in EV demand, especially in SCV and HCV, and has a strong HCV order book. The main challenges are finance availability and deployment of charging infrastructure.
- Management indicated that with the advent of fast-charging and larger battery sizes, battery swapping may not be the preferred solution for long-haul vehicles. The company is ready with both technologies, though management expects the traditional charging model to be more relevant for long-haul routes.
- In HCV, there are 11 players, and TICMPL was the market leader with 28% market share. In SCV, 4Q market share was 27% with high competitive intensity.
- In 3W, the upgraded SuperAuto introduced in 2QFY25 is gaining traction. The earlier supplier-side BIW issue limited the production to 50% of capacity, but this has now been resolved after TII took over the supplier facility. 1Q should operate at normal capacity, supported by demand and customer acceptance.

Update on TI Medical and CDMO

- TI Medical is facing headwinds in the Middle East, which was earlier a strong market. It is now increasing its focus on Europe and Southeast Asia markets.
- TI recently acquired the IV cannula business of Medicura through an asset purchase. The purchase is complete and the Ambala plant approval is in

progress, along with team hiring. The transaction is expected to close by 1Q, with operations starting in 2Q. The entity does not generate revenue currently.

- The company expects 15-20% growth in TI Medical revenue in the near term.
- The CDMO plant is under final commissioning, with commercial production expected from 2Q.

Update on capex and investments

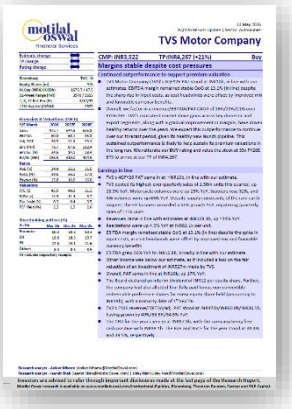
- Core business capex in FY27 would be around INR3.0-3.5b. Additional investments for TICMPL and TI Medical are estimated at around INR3b in FY27.

TVS Motors — Buy

Current Price INR 3,316

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Update on the domestic market

- TVS delivered a record FY26 performance with sales volumes rising 24% YoY to 5.9m units. Domestic ICE two-wheeler sales grew 19% YoY in FY26 versus industry growth of ~10%, while Q4 domestic ICE volumes increased 26% YoY, marginally ahead of industry growth.
- Scooters, EVs, and premium motorcycles continued to outperform, supported by strong traction for Jupiter, Ntorq, Apache, and Ronin.
- Scooter contribution to the portfolio has increased to ~38%, supported by robust demand across both ICE and EV scooter segments.
- Premium motorcycle brands, including Apache and Ronin, continue to witness strong traction, with Ronin domestic monthly sales crossing 8k units (with expectation to cross 10k units soon).
- The company highlighted strong demand momentum across product categories despite near-term challenges related to supply-chain disruptions, labor shortages with tier-2 component suppliers, and delays in raw material availability.

Update on EVs

- EV two-wheeler sales grew 33% YoY in FY26 to ~370k units, while Q4 EV volumes increased 51% YoY to 115k units. Management has highlighted strong traction across iQube variants, including the recently launched TVS iQube ST 4.7kWh variant.
- Industry EV penetration improved from 6.2% to 6.6% during FY26, with Q4 penetration reaching ~7.8%. Management expects the EV penetration to continue to rise in FY27. EV business revenue for FY 26 stood at ~INR50b.
- TVS launched the Orbiter EV platform with 1.8kWh and 3.1kWh battery options in select parts of India and received a favorable customer response, as it has been positioned at a more accessible price point, albeit with a lower range.
- TVS commenced BaaS offerings across the EV portfolio, enabling customers to subscribe to battery usage instead of paying the battery cost upfront.
- EV production capacity has increased from ~30-32k units per month in FY25 to ~40k units/month in FY26, with expectations to scale further to ~50k units/month in the current fiscal.
- The recently launched TVS King Cargo heavy-duty CNG vehicle has witnessed an encouraging initial response. Management highlighted improving market share in electric three-wheelers and expects the company to establish a stronger position across passenger EV, cargo EV, and CNG cargo segments in FY27.

- TVS has entered into a joint development agreement with Hyundai to commercialize an electric three-wheeler platform, leveraging Hyundai's design and mobility expertise alongside TVS' EV platform and three-wheeler engineering capabilities.
- Management highlighted that EV scooters have started gaining traction in international markets, particularly across Asia, and expects the segment to emerge as a meaningful export opportunity over time.

Update on Exports

- International business achieved record sales of 1.58m units in FY26, up 33% YoY, supported by strong demand across Africa, Asia, and Latin America, along with continued distribution expansion. International business revenue stood at INR30b in Q4FY26.
- Export demand remains robust, although geopolitical tensions and logistics disruptions have increased lead times by ~15%. Management indicated that supply-chain and shipping disruptions are being actively managed through better production planning and closer coordination with distributors.
- Africa remains a key market for the company, while LATAM is emerging as a major long-term growth opportunity with management targeting sustained market-share gains over the next few years.
- TVS continues to strengthen its presence in LATAM through investments in brand building, distribution, and market-specific product strategies, while Africa and the Middle East remain large, underpenetrated opportunities.
- Sri Lanka has fully recovered while Nepal continues to perform strongly. Exports to Bangladesh are expected to resume following organizational changes in the market.
- The TVS Ronin has started gaining traction across multiple export markets and is expected to play an important role in the company's global premiumization strategy.

Update on subsidiaries and investments

- TVS Credit's total book stood at INR306.3b, with a customer base of ~24m, having added 5.3m new customers this fiscal. PBT for 4Q stood at INR3.5b, up 15% YoY. Full year FY26 PBT is at INR12.5b. TVS has invested INR2b in TVS Credit in FY26.
- The business continues to maintain focus on risk-calibrated growth, tighter underwriting, and improved portfolio quality, resulting in lower credit costs and reduced GNPA levels. Additionally, TVS Credit continues to leverage technology and digital transformation to enhance customer engagement and operational efficiency, while maintaining a strong external credit rating profile.
- Total investments during FY26 were ~INR24b, primarily towards Norton Motorcycles, TVS Credit Services, and the company's Dubai-based international business initiatives.
- Norton remains a key strategic focus, with multiple new models planned for launch beginning 2QFY27 across Europe and selected India markets.
- Initial Norton products will be manufactured both in India and at the Solihull facility in the UK, with TVS leveraging its Hosur manufacturing base extensively.

- Management indicated that FY27 investments would fall INR5-6b below FY26 levels as several strategic projects begin transitioning towards commercialization.

Other highlights

- Spares revenue for Q4FY26 was INR11.22b.
- PLI benefits had an impact of 19bps in 4Q.
- Commodity inflation remains elevated at ~3-5% of revenue, driven by steel, aluminum, crude derivatives, and energy costs. The company has offset ~35% of the increase through calibrated price hikes and expects product mix, operating leverage, and cost-reduction initiatives to partially offset some of the cost pressure.
- Channel inventory typically operates in the range of 21-30 days, and management expects inventory normalization by the end of May/early June as production improves.

Future outlook and guidance

- Management expects industry growth in FY27 to remain in the high single-digit range and reiterated its target of outperforming industry growth across both domestic and international markets.
- Management expects production to improve progressively through Q1FY27 and remains confident of delivering growth ahead of the industry in both retail and wholesale.
- Scooters, EVs and premium motorcycles are expected to remain key growth drivers in FY27, while the economy motorcycle segment may continue to face pressure from inflation and higher fuel prices.
- The company plans to expand production capacity by 1.5m units over the next 12 months, taking total installed capacity to ~8.3m units.
- FY27 capex is expected at INR35b, including INR20b towards product development and technology investments, and over INR10b towards the manufacturing capacity expansion mentioned above.

CAPITAL GOODS

- **The various management teams maintain a positive outlook across key sectors such as power T&D, transformers, railways, B&F, renewables, data centers, defense, and energy transition projects, along with improving private sector capex. In the defense sector, management commentary remains positive, supported by a strong pipeline across radars, EW systems, missiles, naval platforms, helicopters, and aircraft upgrades, including Uttam Radar, QRSAM, ALH, P75I, AMCA, and modernization programs. The outlook remains healthy, with AoNs worth INR6-7t accorded over the past six months, most of which are likely to convert into firm orders over the next 2-2.5 years. Rising indigenization and defense procurement are expected to drive sustained order inflows, while FY27 is likely to be a year of strong execution. Export momentum remained healthy, underpinned by strong opportunities across power T&D, industrial infrastructure, defense, and energy transition markets. Management highlighted strong international inquiry pipelines across the Middle East, Europe, and North America, while India continues to strengthen its position as a key global manufacturing and sourcing hub. Overall, government-led spending in power T&D, defense, and renewables, along with selective private capex, continues to support sector growth.**

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Outlook	Domestic Capex Cycle
Larsen and Toubro	▪ Order inflow growth at 10-12% ▪ Revenue guidance of 10-12% YoY. ▪ Reclassified projects, products, and manufacturing margin are likely to remain stable. ▪ NWC-to-sales ratio to normalize to ~10% in FY27.	▪ The prospect pipeline for FY27 stands at INR17.8t (-6% YoY) ▪ Of this: Under the new segment classification, infrastructure and utility prospects stand at INR9.4t, energy conventional at INR5.4t, green energy at INR2.5t, and manufacturing and product at INR495b.
Siemens Ltd	▪ Management cautioned that inflation, rupee depreciation, and higher interest rates could impact ordering trends over the next three to six months, particularly if commodity and oil price volatility persists. ▪ Management highlighted data centers as one of the fastest-growing opportunities for Siemens in India, driven by increasing hyperscaler investments and rapid domestic capacity additions.	▪ The company is evaluating expansion requirements at its Aurangabad and Nashik mobility facilities in view of the strong order backlog and future pipeline visibility. ▪ On metro rolling stock, management said it continues to evaluate domestic ordering visibility before taking any major investment decisions, while also exploring alternative and flexible business models.
Siemens Energy India	▪ Management stated that data centers are becoming an important market opportunity globally and in India. ▪ Management stated that 1HFY26 operational performance improved due to operating leverage, better fixed-cost absorption, and higher export contribution.	▪ The company is investing INR28b in brownfield expansions at Kalwa and Chhatrapati Sambhajinagar and a new greenfield transformer factory. Management said the Kalwa expansion will increase transformer manufacturing capacity from 15,000 MVA to 30,000 MVA.
Kalpataru Projects	▪ FY27 order inflows to exceed INR300b. ▪ Revenue growth of ~15%. ▪ Core businesses such as T&D, B&F, and O&G are expected to grow over 20% annually. ▪ O&G continues to witness strong traction across Saudi Arabia, Abu Dhabi, Qatar, and Kuwait, with management estimating a bidding pipeline of INR500-700b over the next six months. ▪ Consolidated PBT margins are expected to improve by 75-100bp.	▪ Management remains highly positive on the T&D segment, supported by a domestic tender pipeline exceeding INR1t. ▪ The company is also exploring overseas water opportunities and has already achieved L1 status in an initial international project.; ▪ Railways remain a lower-priority area, with capital allocation and growth focus shifting toward higher-margin and better-visibility businesses such as T&D, B&F, O&G, and urban infra.
KEC International	▪ FY27 revenue growth of ~12-15%. ▪ Order inflows of ~INR300b. ▪ Net debt reduction of ~INR10b during FY27 and working capital improvement toward ~110 days. ▪ Margin guidance has been withheld due to uncertainty related to logistics, freight, and supply chain disruptions.	▪ Prospect pipeline of ~INR700b over the next three months, broadly divided equally between India and international markets. ▪ The company stated that capacity expansion initiatives at Dubai, Jaipur, Jabalpur, and Brazil facilities are progressing well, while the Butibori expansion is expected to be completed during the current quarter. ▪ The company expanded its hardware manufacturing facilities in Brazil.
Cummins	▪ The company expects moderate growth across segments in FY27. ▪ The company cautioned that geopolitical issues, inflation, and supplier-side cost pressures are being watched closely.	▪ The parent's capacity additions could help reduce import lead times for certain high-horsepower engines used in data centers. ▪ There is no major new capex plan announced at present, but ongoing investment will continue.

		▪ Industrial growth in FY27 is likely to be led by railways and mining, while construction should remain steady, and compressor demand may stay softer in the cycle.
KOEL	▪ To be USD2b by FY30 ('2B2B' strategy). ▪ The company has also announced a capex of INR14b for expanding engine capacity by 20,000 engines to 1,55,000 engines per annum, which will be completed by FY28.	▪ The company is expanding into advanced systems integration opportunities through the newly incorporated Kirloskar Advanced Systems subsidiary, with focus areas including defense and other critical sectors. ▪ The company is shifting from a conventional export model toward building a deeper international presence through local teams, channels, service infrastructure, and potentially local assembly capabilities over time.
Hitachi Energy	▪ The company is working on margin accretion, but quarterly variation can happen because of product mix changes. ▪ Management sees around 15% of a data center's capex as an addressable market for Hitachi Energy. ▪ The company approved an additional INR20b investment in FY26, over and above, taking the total cumulative capex commitment to INR40b.	▪ The company's overall pipeline remains strong, supported by renewables, data centers, transmission, transformers and industrial segments, while the transmission pipeline has recovered after a temporary slowdown. ▪ Management highlighted that HVDC continues to be a key growth lever, with a strong pipeline and improved visibility compared with the previous quarter. ▪ It is already building capacity for future HVDC demand, and the new transformer facility will also manufacture converter transformers for both VSC and LCC technologies.
ABB India	▪ In Automation, management highlighted a strong inquiry pipeline across both public and private sectors, with several opportunities progressing toward order closure. ▪ Management highlighted data centers as a strong growth area, with demand coming from hyperscalers and co-location players, and the company has already signed rate contracts with some hyperscalers.	▪ ABB announced about USD75m of investment to expand manufacturing and R&D in India, excluding the Hyderabad labs. ▪ The investments will expand capacities and support new localized product pipelines with mandates for both India and export markets.
CG Power	▪ The company highlighted that ongoing semiconductor investments continued to weigh on consolidated margins. ▪ Industrial business - The company mentioned that the business continues to focus on pricing discipline, cost and productivity programs, and mix.	▪ Power systems - a new greenfield plant is under execution and is expected to be commissioned between July and August. The plant will initially add 25,000-30,000 MVA of capacity. ▪ Railways - Efforts are underway to improve the business from single-digit margins toward double-digit margins over time. ▪ OSAT - the G2 facility is under construction and expected to be completed by the end of 2026.
GE Vernova T&D	▪ Management reaffirmed confidence in achieving a base domestic order run rate of ~INR70-80b per annum, over and above any large HVDC orders. ▪ The company aims to deliver margins in the mid-20s going forward, with further improvement through productivity and cost-control measures. ▪ HVDC - Revenue contribution from material supplies expected to begin from FY29 onward.	▪ The board additionally approved an investment of INR550m for a new facility at Vallam, Tamil Nadu, to create capacity for disconnectors and drives. ▪ The company indicated that near-term domestic ordering may remain weak until industry capacities ramp up. In the medium term, with 33 transmission projects under bidding, including 21 at 765kV, GVTD is well positioned to benefit. In the long term, India's renewable, non-fossil and HVDC targets, along with rising 400kV/765kV-linked data center demand, support a multi-year capex cycle.
Atlanta Electricals	▪ Management reiterated the 40% CAGR revenue growth target over FY25-FY28. ▪ Margins are expected to remain stable in the coming period, while adding that 400 kV and 765 kV class transformers and reactors are expected to deliver around 200bp higher margins than 220 kV class products. ▪ The NWC days are expected to rise to around 80-90 days in FY27 and FY28.	▪ The ongoing capex program is focused on setting up the new Inverter-Duty Transformer facility and backward integration through tanks and radiator manufacturing facilities. ▪ The IDT project will add 5,000 MVA of capacity adjacent to the existing Vadod site, with related capex of ~ INR650m. ▪ The capex towards the backward integration initiative is ~INR1.7-1.8b.
Bharat Electronics	▪ FY27 order inflow guidance of ~INR550b (including QRSAM). ▪ FY27 revenue growth guidance of >15% YoY, with an EBITDA margin of >28%. ▪ R&D investment is guided at INR22b in FY27.	▪ The order book is mainly comprised of big-ticket items such as LRFM, LCA, Mark 1, Mark 1A, BMP2 upgrade, spare services, miscellaneous items, Ashwini radar, and EW suite for Mi-V17 V5.

	■ Capex is expected to be ~NR12b in FY27. ■ The defense-to-non-defense revenue mix is expected to remain around 90:10.	■ AMCA - The formal RFP is expected to be received within the next 1-1.5 months. ■ P75I submarine program is at an advanced stage of discussion with MDL and the foreign partner, and more than 50-60% of the electronics in the program will come from BHE.
HAL	■ FY27 revenue growth of around 10%-12% ■ EBITDA margin is expected to be around 30%-31%.	■ The company plans to invest nearly INR120b by 2030 toward infrastructure for LCA Mark 2, GE-414 engines, IMRH helicopters, and SSLV manufacturing. ■ HAL has also expanded LCA production capacity to 24 aircraft annually across 3 lines and plans to increase HTT40 deliveries to more than 20 aircraft annually.
Astra Microwave Products	■ FY27 revenue guidance of INR13-14b, implying ~15-20% YoY growth. ■ Over the medium term, the company aims to nearly triple its revenue by FY30-31, supported by large strategic programs such as QRSAM, Uttam radar, Su-30 upgrades, and EW systems. ■ For FY27, the JV is targeting revenues of over INR6b with a pipeline of nearly INR12b. Its EBITDA margin is expected to improve toward ~18-20% levels over the medium term.	■ Annual capex will continue at around INR400-500m for augmenting existing requirements. ■ The company is expanding into next-generation technologies such as digital array radars, photonics radars, counter-drone systems, and miniaturized radar solutions. ■ In Meteorology, the company is expanding into specialized applications such as bird detection and ground-penetrating radars, which could support future growth and improve the scale of the business. ■ In Space, ASTM expects repeat orders for satellite payload electronics. ■ In exports, the company is leveraging its MMIC and RF design capabilities to expand into global markets beyond internal and JV-led requirements.
Zen Technologies	■ Management has reiterated confidence in achieving INR40b cumulative revenue across FY27 and FY28. ■ EBITDA margin/PAT margin expected to be ~35%/25%. ■ ~INR10b crore of the current order book is likely to be executed in FY27, largely in 9MFY27. ■ PAT margins of the subsidiaries are expected to be ~30% for ARI and around mid-20% for UTS.	■ Management mentioned an internal view that the consolidated order book could move towards INR30b to support their INR40b execution plan. ■ The company has a strong bidding pipeline of around INR15b, with additional opportunities through single-vendor and nomination-based orders.
Thermax	■ The company indicated that the order inflow outlook remains healthy across domestic and international markets, although prolonged geopolitical conflicts could impact demand across industries in 1QFY27. ■ Management is reasonably confident about boiler-related opportunities from the US-based data centers.	■ Management highlighted a robust order enquiry pipeline across traditional sectors like steel, cement, power, and oil & gas, as well as industrial projects and products, including pharma, chemicals, and FMCG. ■ Future opportunities can also emerge from Bio-CNG and coal gasification. ■ Regular capex is planned at INR1.0b-1.5b, plus capacity expansions in boiler and cooling facilities as line extensions, totaling roughly INR2.5b. ■ Cooling facility capex for line building/ expansion at three-city sites to support data center demand growth.
Triveni Turbine	■ FY27 is expected to remain backend-loaded from a revenue recognition perspective due to the execution profile of the order book. ■ Long-term margin profile remains dependent on product mix and execution profile.	■ Investments remain focused on research & development, new technology platforms, aftermarket expansion, and strengthening global capabilities, especially in the US and Africa. ■ TRIV also highlighted continued investments in geothermal, ORC, CO2-based energy storage, and AI-led technological initiatives.

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ABB India — Neutral

Current Price INR 7,185

■ **Order inflows and order book:** Management highlighted that order inflow growth was 25% YoY in 1Q adjusted with the robotics division divestment and company has a strong backlog of around INR111b (+17% YoY) providing good visibility for the coming quarters. Order momentum is strong across core and emerging sectors, including transport, building infrastructure, data centers, food and beverage, process industries, and renewables. Management also



highlighted the large orders contributing to the backlog came from the data center and railway segments.

- **Electrification segment outlook:** Electrification orders grew 36% YoY, primarily driven by data centers and the building segment, while revenue was supported by backlog. Management said profitability declined from 21.4% to 15.2%, mainly because the segment had a large data center order in the prior year that was not repeated this quarter, along with higher copper and silver prices and INR depreciation.
- **Motion segment outlook:** Motion segment inflows were driven by orders from rail segment and renewables from private sector. The company has also taken price hikes twice during the year to tide over RM price challenges.
- **Automation segment outlook:** Management stated that automation order inflows are largely dependent on private-sector capex, while public spending remains relatively subdued. Although the company described the overall pipeline as healthy, it noted that slower decision-making is currently delaying the conversion of inquiries into orders. Despite this, management highlighted a strong inquiry pipeline across both public and private sectors, with several opportunities progressing toward order closure.
- **Data centers:** Management highlighted data centers as a strong growth area, with demand coming from hyperscalers and co-location players, and the company has already signed rate contracts with some hyperscalers. Management said data center orders account for roughly 12-13% of the order book, and can vary between 12% and 16% depending on the mix and size of orders. Management also said discussions for very large 100 MW to 200 MW data centers have already started, with delivery schedules extending into CY26, CY27, and CY28, and that the company also participates in overseas data-center supply through its global organization.
- **Margins:** Management said profitability was muted because of a combination of competition intensity (participation from Japanese, Korean, and Chinese players), commodity price increases, INR depreciation, and a weaker revenue mix. Management quantified the material-cost impact as being driven roughly 1% by competition intensity, about 2% by commodity prices and INR depreciation together, and the revenue mix (1%).
- **Pricing:** Management has implemented two price increases to offset commodity inflation. Since the company is largely a product business, there is always a lag between input cost changes and market price revisions. Management highlighted customers have become more receptive to price increases for high-quality products during market disturbances, such as supply chain disruptions or inflationary issues. Long-term contracts include price escalation clauses, but these often come with a ceiling, limiting full protection against commodity inflation.
- **Capital allocation:** ABB announced about USD75m of investment to expand manufacturing and R&D in India, excluding the Hyderabad labs. This capex is intended for drive products expansion, service expansion for motion, and increased smart products manufacturing. The investments will expand capacities and support new localized product pipelines with mandates for both India and export markets. Management expects to provide more details on

these projects as they are commissioned in future quarters, noting it is a continuous process.

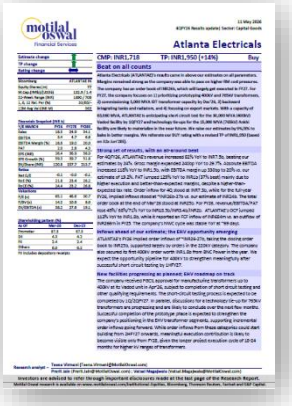
- **Cash position -** The company's strong cash position of INR60b does not include the cash received from the sale of its robotics business, which would bring the total to ~INR76b. Management emphasized this strong balance sheet, along with a healthy backlog and strong order pipeline, as key strengths for the business.

Atlanta Electricals — Buy

Current Price INR 2,052

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Atlanta Electricals

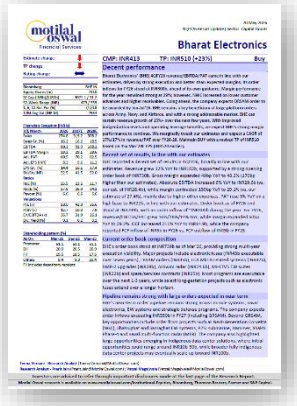
- **Order inflow and backlog:** The company booked order inflows worth ~INR26-27b in FY26, which lifted the order book to INR25b. The quality of the order book has also started improving, with a higher share coming from 220 kV and EHV transformers. Management also said that this reflects the company's ability to approach new customers and markets with more confidence after the new capacity additions.
- **Revenue:** FY26 revenue growth of 49% YoY surpassed the targeted growth of 40%. The company produced a total of 22,943 MVA across all five manufacturing units in FY26, wherein the Vadod facility contributed 6,960 MVA over seven months of its operations, while the Ankhi facility (Atlanta Trafo) contributed 580 MVA over about three months of production in FY26.
- **Commodity prices:** Around 75% of the current order book is backed by price variation clauses, with even longer-duration private orders increasingly carrying similar provisions. This enables pass-through of commodity movements across steel, copper, oil, and aluminum prices, supporting margin stability despite volatility in input costs. The ongoing West Asia disturbances have also led to some inflation in smaller components such as fabricated parts, paints, and gaskets through higher crude-linked costs. However, the company expects these pressures to remain temporary and normalize over time.
- **Capex:** Management said the ongoing capex program is focused on setting up the new Inverter-Duty Transformer facility, and backward integration through tanks and radiator manufacturing facility. The IDT project will add 5,000 MVA of capacity adjacent to the existing Vadod site, with related capex of ~ INR650m, while the capex towards the backward integration initiative is ~INR1.7-1.8b.
- **Guidance:** Management reiterated the 40% CAGR revenue growth target over FY25-FY28. Margins are expected to remain stable in the coming period, while adding that 400 kV and 765 kV class transformers and reactors are expected to deliver around 200bp higher margins than 220 kV class products. The NWC days are expected to rise to around 80-90 days in FY27 and FY28 as the company moves into higher kV class execution.

Bharat Electronics — Buy

Current Price INR 407

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- **Prospect pipeline:** Management expects a strong pipeline of big-ticket orders over FY27 and beyond, supported by both ongoing programs and new opportunities. Management highlighted NGC, Shatrughat and Samaghat EW solutions, P75I, Hammer program, Shakti Phase 4, and MFR radar for naval ships


Bharat Electronics

as key prospects expected in FY27, with some spill-over into FY28. Management also said that after QRSAM, additional large projects of INR200-250b should emerge over the next two to three years.

- **Order book composition:** The order book stood at INR739b as of Mar'26, while orders acquired during FY26 were ~INR300b. Management said the order book is mainly comprised of big-ticket items such as LRFM, LCA, Mark 1, Mark 1A, BMP2 upgrade, spare services and miscellaneous items, Ashwini radar, and EW suite for Mi-V17 V5.
- **Update on Project Kusha and QRSAM:** Management said Project Kusha is headed by DRDO, while BHE is one of the largest development and production partners for the program. Management explained that the company is directly responsible only for the subsystems it is working on, such as radars, control centers, and communication systems, which are in advanced stages of delivery or prototype realization. On QRSAM, the company remains fully optimistic that the contract will be signed by the end of June, with only a small chance of slipping into July. Management said first-of-production delivery is targeted within 18 months of signing, and bulk supplies would begin thereafter.
- **AMCA update:** Pre-RFP meetings have already taken place. Management said the formal RFP is expected to be received within the next 1-1.5 months. ADA is handling land and test facilities for the program, while BHE will participate as a DCPP partner for the five prototypes. Management said real capital investment will increase only after the company receives the RFP and is selected as the successful bidder.
- **Submarine program:** Management said the P75I submarine program is at an advanced stage of discussion with MDL and the foreign partner, and that more than 50-60% of the electronics in the program will come from BHE. Management said the program contains around six subsystems, including communication suite, navigation complex system, combat weapon control system, combat information system, torpedo fire control system, and missile fire control system. Management added that the electronics portion of a submarine program is typically around 25-30% of the project value.
- **Semiconductor availability:** Sl semiconductors are currently imported because domestic infrastructure is still developing. Semiconductors account for around 17-19% of material costs, so any increase in semiconductor prices affects only that portion of the cost base. Management added that the overall impact on margins should not be significant because semiconductors are only one part of the total system cost. The company is in the process of indigenizing some of the related technology to offset pricing pressure over time.
- **Data center:** BHE is targeting a differentiated data center solution with cybersecurity features and a homegrown hardware-software stack. Few projects worth a few billions are already in hand, but a much larger opportunity remains in the pipeline. The company is in advanced discussions with C-DAC and Tier-1 and Tier-2 partners to offer fully indigenous data center solutions. The eventual order opportunity could be in the range of INR20-100b, with a larger segment expected from the total homegrown solution approach.
- **Indigenization:** Management said indigenization has been the key driver of margin improvement across the defence ecosystem in recent years.

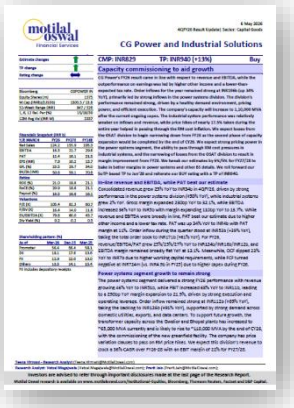
Management stated that the government's minimum 60% local-content policy in new projects has helped, and BHE is currently at around 80-85% of indigenous content across various programs. Management added that some homegrown and DRDO-driven programs touch 90% of indigenous content, while older TOT-based programs remain in the 55-65% range.

- **Working capital:** Receivables increased in FY26 because some customer collections that were due in the previous year were received in April and May. Management noted that the current ratio increased to 1.97x in FY26 from 1.76x last year, and that receivable days have broadly remained in the 140-150 range over the last four to five years. Total customer advances stood at INR125b as of Mar'26.
- **Guidance:** Management said FY27 revenue growth will be more than 15%, EBITDA margins will be more than 28%, and order inflow is expected to be more than INR550b, including QRSAM. R&D investment for the year is targeted at around INR22b, while capex is expected to be more than INR12b. The defence-to-non-defence revenue mix is expected to remain around 90:10.

CG Power and Industrial Solutions Ltd.

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CG Power — Buy

Current Price INR 906

- **Consolidated order inflow:** The consolidated order intake for 4QFY26 was INR53b (+39% YoY). For FY26, consolidated order intake was INR196b (+33% YoY), and unexecuted backlog at 31st Mar'26 was INR171b +(61% YoY). Management also highlighted the INR6.4b 765 kV transformer package order from PGCIL, the INR2.4b EHV order from Techno, and the INR9b power transformer order for a US data center received during the year.
- **Margins:** 4Q consolidated PAT margin stood at 10.5%, while FY26 consolidated PAT margin came in at 9.9%. On a standalone basis, margins expanded by 260bp in 4Q and 143bp in FY26. In the Power Systems segment, margin improvement was driven by efficient order execution and strong operating discipline. In Industrial Systems, margin performance was impacted by product mix changes, competitive pricing in the railways segment, and higher material substitution rates (MSR) in motors due to commodity cost pressures. The company also highlighted that ongoing semiconductor investments continued to weigh on consolidated margins.
- **Power systems outlook and capacity expansion:** Management remains optimistic on the demand environment for power systems and stated that transformer capacity has been expanded through brownfield initiatives at Gwalior and Bhopal, with Gwalior capacity increasing from 6,000 MVA to 10,000 MVA and Bhopal reaching 40,000 MVA. Further improvements through lean plant initiatives increased total capacity to 65,000 MVA by the end of last year. In addition, a new greenfield plant is under execution and is expected to be commissioned between July and August. The plant will initially add 25,000-30,000 MVA of capacity, with peak capacity expected to reach 45,000 MVA by the end of the calendar year. As a result, total transformer capacity across Gwalior and Bhopal is expected to reach ~110,000 MVA by the end of FY27.
- **Industrial business outlook:** The motors business showed robust double-digit growth in 4Q, and the improvement was a combination of price increases and

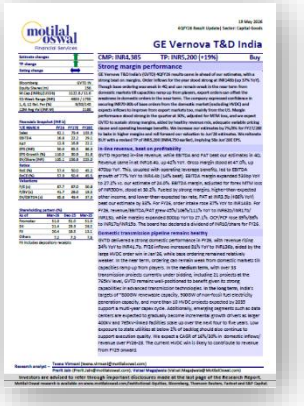
volume growth, roughly 50% each. The volume growth was broadly in line with market growth, and they did not allow pricing leakage. The company also mentioned that the business continues to focus on pricing discipline, cost and productivity programs, and mix. CG remains a market leader, and its market share has been maintained despite the steep price hikes. The market share of IE3 and above motors stands at ~38-39% for LT motors and ~19-20% for large industrial motors.

- **Railways business outlook:** The railways business offers significant growth potential, supported by new product development, exports, and service opportunities. Management highlighted that the services segment is expected to be a key driver for margin improvement, while new products should enhance competitiveness. Although Indian Railways continues to be a relatively low-margin business, the company believes operational efficiencies can gradually improve profitability. Management also indicated that efforts are underway to improve the business from single-digit margins toward double-digit margins over time.
- **GIS outlook:** Management indicated that the overall GIS market is around INR120b, of which ~25-30% comprises GIS and the balance is AIS. The 400kV GIS project remains on track, with phase 1 already tested and phase 2 expected between 2Q and 3Q. Commercialization of the 400kV GIS product is targeted in FY27 following completion of type testing at international laboratories. Management also highlighted that discussions around 765kV GIS are ongoing, with product development being planned for both domestic and export markets.
- **OSAT:** CG Semi launched one of India's first end-to-end OSAT facilities in Sanand, Gujarat. Management stated that the G1 facility is operational with a peak capacity of ~0.5m units per day, while the G2 facility is under construction and expected to be completed by the end of 2026. The project is also eligible for capital support under the India Semiconductor Mission. The approved project cost stands at INR76b, including Central Government assistance of INR35b and additional State Government support of ~INR14b.
- **Export outlook:** Management stated that exports currently contribute around 5% of consolidated sales. However, export and services order bookings have more than doubled compared to last year, highlighting strong momentum in these segments. The company views exports and services as key growth drivers going forward and indicated that it has significantly larger ambitions in these areas. Management also highlighted its focus on product development to address both domestic and international market opportunities.
- **Commodity inflation:** Management stated that commodity inflation in the motors business has largely been addressed through pricing actions, with most of the cost increase passed on to customers. In larger businesses such as transformers, price variation clauses in customer contracts help pass commodity cost changes through to customers. The company also highlighted its close monitoring of commodity trends and said pricing decisions are taken on a case-by-case basis. In the motors segment, management emphasized that disciplined pricing and avoiding excessive discounts remain key focus areas.

GE VERNOVA

Click below for
Detailed Concall Transcript &
Results Update





GE Vernova T&D India — Buy

Current Price INR 4,960

- **Order book and inflow:** Management said 4Q order intake was INR86.1b, up 188% YoY, and the full-year order backlog ended at INR214.6b. The sharp rise in 4Q ordering was largely driven by the HVDC order win, while underlying base ordering trends remained relatively weaker during the year. Management added that the backlog has expanded materially over the last 12 months and that the company is beginning to layer in long-cycle HVDC projects, alongside its core products and services. On a full-year basis, total orders reached INR147.8b, representing 37% growth over the prior year base.
- **Domestic outlook:** Management indicated that while it does not expect a substantial acceleration in the domestic transmission pipeline in the near term, the pipeline is expected to remain consistent and healthy. Under the TBCB framework, 33 packages have been bid out with formal regulatory approval (decision-making still pending), of which 21 are 765 kV projects. The NEP document indicates approximately 800GW of transmission infrastructure remains to be built up to 2035, with over 500GW under various implementation stages, implying a large ordering opportunity still ahead. Management also noted that the pipeline for HVDC projects specifically is significant, with more than 10 HVDC projects listed for execution in Rajasthan alone by 2035-36.
- **Export outlook:** Management said export orders were muted in the year relative to prior large-ticket wins, but base export orders grew 15-20%, excluding those large orders. The company has taken related party transaction (RPT) approvals for three large export opportunities. Management indicated that if one of the ongoing US orders is closed in 1QFY27 alone, it would already exceed the entire FY26 export order number, and expressed confidence that FY27 will be a strong year for exports. In the Middle East, the company does not have substantial exposure there, but see growth opportunities across geographies, including the US, Europe, the Middle East, and Australia.
- **Margin:** 4Q EBITDA margin was 27.2%, driven by a favorable mix of export revenue and high-value services, disciplined order underwriting, and the steady roll-off of legacy low-priced contracts. The company continues to endeavor to deliver margins in mid-20s going forward, with further improvement through productivity and cost-control measures.
- **Commodity prices:** Management said that the transformer business, whether supplied directly or as part of HVDC contracts, carries a price escalation clause that provides a natural hedge against raw material inflation. For the rest of the portfolio, the company incorporates cost inflation estimates at the tendering stage itself, based on past experience, ongoing trends, and estimated future trends, to protect anticipated margins from the outset of the order.
- **HVDC execution timeline:** The HVDC VSC order from Adani formed part of the 4Q order intake. The first two years of HVDC project execution are largely engineering and supply chain preparation phases, with meaningful revenue contribution from material supplies expected to begin from FY29 onward. The execution conversion in the initial years will therefore be lower. Management noted that HVDC projects, while long-cycle in nature, contribute significantly to

revenue once the supply phase begins, and even a 30% annual execution can contribute ~INR30b per year to revenue.

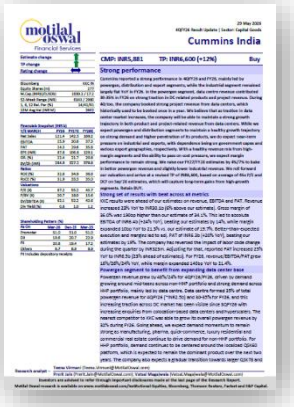
- **Indigenization:** Localization progress on HVDC has been substantial compared to earlier projects; today 100% of transformers can be supplied domestically. The company is currently in the process of setting up facilities for thyristor valves, controls, and air-core reactors in India, which will significantly enhance local content in future HVDC projects. For other products like GIS, localization is a longer journey requiring identification, development, and testing of component suppliers before they can be qualified.
- **Data center opportunity:** India's current installed data center capacity stands at ~1.4-1.5GW, which is not yet large enough to be a meaningful contributor to order backlog at present. However, management expects the Indian data center market to grow significantly over the next four to five years, potentially adding 4-5GW gigawatts, and when data center sizes increase to 400kV and 765kV voltage levels, the company expects this segment to make a meaningful contribution to its backlog.
- **Capex:** The company initiated capital investments of more than INR10b in FY26 across multiple product lines and facilities, including for HVDC-related manufacturing capabilities. The board additionally approved an investment of INR550m for a new facility at Vallam, Tamil Nadu, to create capacity for disconnectors and drives. Management confirmed that the INR10b capex program will be executed in a phased manner from the beginning of FY27 through to the end of FY28. The company ended FY26 with zero debt and a cash surplus of approximately INR25b, providing full self-funding capability for the entire capex program.
- **Guidance:** Management reaffirmed confidence in achieving a base domestic order run rate of ~INR70-80b per annum, over and above any large HVDC orders.

Cummins India — Buy

Current Price INR 5,688

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- **Powergen:** FY26 powergen domestic sales grew strongly, supported by strong demand from data centers, CPCB 4+ products and high horsepower applications. Data center business contributed 30-35% of overall power generation domestic revenue for the full year and about 35% in 4QFY26. Management also said the segment continues to benefit from strong inquiry flow from both co-location and hyperscaler customers, with demand expected to remain healthy in the near term. Management added that the business remains focused on serving customers with localized products where possible and maintaining margins through higher India content.
- **Industrial:** The industrial segment saw mixed performance during the year, with railways showing strong demand and mining improving in the last six months. Mining tenders were weak for the prior two years but order velocity has now improved, while construction remained moderate and compressor is in its normal down cycle. Management added that industrial growth in FY27 is expected to be driven mainly by railways and mining, while construction should remain steady and compressor demand may stay softer in the cycle. Management also highlighted that the industrial business is seeing support from solution-led offerings rather than price-led growth.


Cummins India

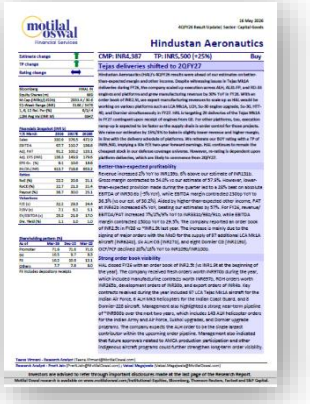
- **Distribution:** The distribution business continued to grow on the back of solution offerings rather than pricing. The business is expanding beyond parts into services, predictive maintenance, retrofit emission control devices and dual-fuel kits, and is also supporting customers in power generation and railways. Management said the segment should continue to grow because the asset base is rising and customers increasingly require service and uptime support, especially as CPCB 4+ products come out of warranty.
- **Exports:** Management said exports continued to grow, with Europe and APAC remaining the key growth regions during the last two quarters. The company noted that Middle East and some other markets were weaker, but nothing material has changed in the overall export outlook. Currency depreciation benefits are passed on to customers over time and vary by geography and deal structure.
- **BESS:** Management said the company is seeing a lot of interest and inquiries in battery energy storage systems, although sales are still at an early stage. The market is expected to scale over the next three to five years, but it is still too early to quantify the contribution to the business. Management also said the current supply chain for this product is not localized and the company is working toward that over time.
- **Commodity Impact:** Management said commodity inflation remains a challenge, but the company tries to pass on increases with a lag. Pricing is largely sustaining across the CPCB 4+ range, although lower-end products continue to face more price competition. Management also said the impact of higher commodity costs is more visible in orders already taken before the rise in input prices. Management added that for high-horsepower projects, demand is largely inelastic because these are project-based orders planned earlier.
- **Capex:** Management said the company has invested more than INR10b over the last five years to modernize plants, expand line capability and increase output from the same installed base. The current capacity utilization is around ~70%, and continue to invest to build more output from existing lines rather than relying on a large immediate expansion plan. The parent's capacity additions could help reduce import lead times for certain high-horsepower engines used in data centers. Management said there is no major new capex plan announced at present, but ongoing investment will continue.
- **Guidance:** Management said the company expects moderate growth across segments in FY27, while domestic demand remains strong for now. The company cautioned that geopolitical issues, inflation and supplier-side cost pressures are being watched closely. Ongoing demand in manufacturing, pharma, commercial real estate, residential real estate, railways and mining supports the outlook.

Hindustan Aeronautics — Buy

Current Price INR 4,263

- **Order book and pipeline:** HAL ended FY26 with an order book of INR2.5t versus INR1.89t at the start of the year after receiving fresh orders worth INR970b. Major orders included 97 LCA Mark 1A aircraft, 6 ALH helicopters, 8 Dornier aircraft, and 10 ALH NG helicopters. Management also highlighted an additional order pipeline of ~INR900b over the next two years, including 143 ALH helicopters, Sukhoi upgrades, and more.

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Hindustan Aeronautics

- **Order inflow mix:** Fresh order inflows during FY26 were INR970b, including manufacturing orders worth ~INR697b and ROH orders worth INR265b. Management highlighted development orders of ~INR30b and export orders of around INR4b during the year.
- **Revenue mix:** FY26 revenue from operations stood at INR331b with ROH revenues contributing ~INR205b (62% of total revenue), while manufacturing revenues stood at INR92b (~28% of total revenue), and the balance came from development and other activities. Export revenues increased 25% YoY to INR5b vs INR4b in FY25.
- **Supply chain situation:** Management acknowledged that global aerospace supply chains continue to remain slow, especially for engines and critical components from suppliers such as GE and Honeywell. GE is expected to supply around 15 additional engines in FY27 after delivering only 6 engines so far, while Honeywell engine supplies for HTT40 are expected to normalize from next month. HAL also indicated that it is directly engaging with Tier 2 and Tier 3 suppliers while developing alternate vendors to reduce future execution risks.
- **LCA deliveries update:** Management expects LCA Mark 1A deliveries to begin by Aug-Sep'26 after completion of ongoing refinements and testing. HAL has already received 6 GE engines and expects another 15 to 20 engines during FY27, which supports its target of delivering around 20 aircraft this year.
- **Capex:** HAL incurred Capex of INR24b and R&D spend of INR28b in FY26, which together represented around 8% to 9% of revenue. The company plans to invest nearly INR120b by 2030 toward infrastructure for LCA Mark 2, GE-414 engines, IMRH helicopters, and SSLV manufacturing. HAL has also expanded LCA production capacity to 24 aircraft annually across 3 lines and plans to increase HTT40 deliveries to more than 20 aircraft annually.
- **Guidance:** HAL guided for FY27 revenue growth of around 10%-12% vs 7% growth achieved in FY26, while EBITDA margin is expected to be around 30%-31% despite manufacturing contribution expected to rise toward 50% of revenues over time.

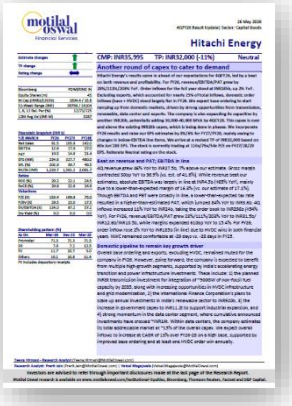
Key milestones achieved in FY26

- The company operationalized its third LCA Tejas production line at Nasik, which increased total production capacity to 24 aircraft annually across three lines.
- ALH Dhruv NG completed its maiden flight in Dec'25.
- The HTT-40 trainer aircraft completed its maiden flight in Oct'25.
- HAL received DGCA certification for the indigenous manufacturing of Shakti civil engines and signed an agreement with Safran for the production of LEAP engine rotating parts used in Airbus A320 Neo and Boeing 737 Max aircraft.
- HAL signed an SSLV ToT agreement with ISRO and also contributed to successful LVM3 launches through the supply of critical hardware.
- The company filed 223 IPR applications during FY26, taking cumulative filings to 2,842, while total granted IPRs increased by 84 during the year to reach 1,226.

Hitachi Energy

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Hitachi Energy — Neutral

Current Price INR 35,213

- **Order book and inflow:** The company closed FY26 with a record order backlog of INR296b. Management also noted that order intake for FY26 was INR184.6b, up 1 .6% YoY, despite some delays in transmission orders. Management said the order book mix continued to be supported by utilities, HVDC, industries, data centers, services and exports.
- **Pipeline:** The overall pipeline remains strong and is supported by renewables, data centers, transmission, transformers and industries, with the transmission pipeline recovering after a temporary slowdown. Management noted that HVDC remains one of the company's growth levers, the HVDC pipeline is robust, and there is no capacity limitation for taking additional HVDC projects over the next year or two. The pipeline has improved compared with the previous quarter.
- **Data center:** Management said data centers are a major growth driver and that India currently has less than 2GW of data center capacity, with projections rising to 13-18GW over the next few years. Management sees around 15% of a data center's capex as an addressable market for Hitachi Energy. Management added that the opportunity is expanding six to eight times depending on the data set used, and that the company is well positioned because of its transformer and grid infrastructure capabilities.
- **HVDC outlook:** Management said HVDC remains one of the company's growth levers and that it is margin-accretive. Management noted that HVDC revenue for FY26 was ~INR11-12b (15% of annual revenue). The company is already building capacity for future HVDC demand and the new transformer facility will also manufacture converter transformers for both VSC and LCC technologies.
- **Gross margin:** Management said the sequential contraction in gross margin was mainly due to product mix, while the full-year gross margin improved by about ~200bp to ~40%. The company is working on margin accretion, but quarterly variation can happen because of product mix changes.
- **Commodity price impact:** The Middle East crisis has created pressure on supply chains and elevated inflation and transport costs across the industry. Management added that the situation is challenging, but the company is navigating it with mitigation measures and remains able to pass through commodity price increases on most of its portfolio through price variation clauses.
- **Exports:** Management said exports are driven by a three-pronged strategy, which includes allocated markets, India-only manufactured products sold globally, and feeder-factory components supplied to Hitachi Energy factories worldwide. Management said allocated markets include the Indian subcontinent such as Bangladesh, Sri Lanka, Nepal and Bhutan, as well as Southeast Asia and some European markets. Management noted that export revenue for FY26 was around 25% of total revenue, and export orders were broadly in the same range. Management also said exports are largely a stable, low-risk, pass-through business with relatively stable margins.
- **Project commissioning:** Management highlighted the successful commissioning of India's first city infeed project in Mumbai as a major execution milestone. The project includes the design, engineering, supply, erection and commissioning of

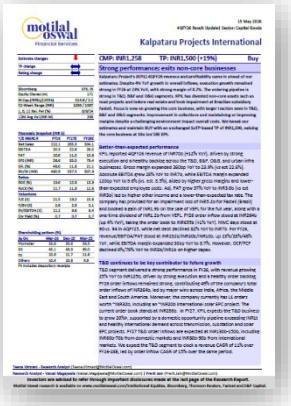
HVDC converter stations supporting 1GW of power into the Mumbai grid. Management also said the company commissioned several other projects during the year, including renewable substations at Barmer, transformer supplies to leading utilities, and AIS substations in Rajasthan.

- **Capex plans:** The board approved an additional INR20b investment in FY26, over and above the earlier capex announced in Oct'24, taking the total cumulative capex commitment to INR40b. The new investment is for a greenfield large power transformer facility in Vadodara, Gujarat, and two additional lines in the Bangalore factory for power quality products. Management said the additional facility will help support demand from renewable transmission, data centers and other growth segments.

KALPATARU PROJECTS INTERNATIONAL LIMITED

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motilal oswal

Kalpataru Projects International

CMP: INR1,258 TP: INR1,500 (+19%) Buy

Strong performance; exits non-core businesses

Better-than-expected performance

T&D continues to be key contributor to future growth

Kalpataru Projects — Buy

Current Price INR 1,286

- **T&D:** Management remains highly positive on the T&D segment, supported by a domestic tender pipeline exceeding INR1t and a similarly large international opportunity pipeline over the next 6-9 months. FY27 T&D order inflows are expected in the range of INR130b-150b, with international orders likely contributing INR80b-90b and domestic projects INR60b-70b. The company continues to focus on large-scale, complex and design-build projects across India, the Middle East, South America, and Nordics while maintaining a strong T&D order book of INR286b and visibility of over 2.5 years.
- **Non-T&D:** Among non-T&D businesses, B&F, O&G, and urban infra are expected to remain key growth drivers in FY27. B&F order inflows rose ~40% YoY to INR115b in FY26, with the order book reaching INR183b, supported by strong opportunities in residential real estate, commercial buildings, airports, industrial plants, and data centers. O&G continues to witness strong traction across Saudi Arabia, Abu Dhabi, Qatar, and Kuwait, with management estimating a bidding pipeline of INR500-700b over the next six months. Urban infra also maintains healthy visibility across underground/elevated metros, tunneling, and elevated roads, while the company continues selective bidding given the segment's high capex intensity.
- **Water:** Management remains cautious on the domestic water business due to limited traction in fresh JJM tenders, although collections and execution have improved significantly. The water order backlog stands at ~INR79b, including ~INR21b of O&M orders, with over 75% of the executable backlog linked to JJM projects. Management expects most existing JJM projects to be completed during FY27, while receivables of ~INR16b are targeted to be substantially recovered over the next 4-5 months. The company is also exploring overseas water opportunities and has already achieved L1 status in an initial international project.
- **Railways:** KPIL maintains a cautious and selective bidding strategy in the railway segment amid relatively weaker sector visibility compared to other
- infrastructure verticals. Management indicated that railways remain a lower priority area, with capital allocation and growth focus shifting toward higher-margin and better-visibility businesses such as T&D, B&F, O&G, and urban infra.

- **Non-core Assets:** The company remains focused on monetization and rationalization of non-core assets to further strengthen the balance sheet and support future capex plans. Management highlighted that additional divestments and strategic actions in subsidiaries and logistics assets could materialize over FY27-28, while Shubham Logistics is expected to become nearly debt free by 1QFY27 through asset sales and transition toward a rental warehouse model.
- **International subsidiary:** KPIL has fully provided for its Brazil exposure, with the entire investment in the Brazilian subsidiary written down during 4QFY26 and major projects in the region substantially completed. At the same time, the company is aggressively expanding its international footprint across oil & gas, solar EPC, water, airports, and infrastructure projects, including an ~INR20b international solar EPC project currently at the L1 stage.
- **Guidance:** Management has guided for FY27 order inflows exceeding INR300b and revenue growth of ~15%. Core businesses such as T&D, B&F, and O&G are expected to grow over 20% annually despite near-term geopolitical and labor-related disruptions in 1QFY27/2QFY27. Consolidated PBT margins are expected to improve by 75-100bp, supported by operating leverage, better business mix, lower finance costs, and disciplined capital allocation, while annual capex is expected to remain above INR8b.

KEC International — Buy

Current Price INR 498

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- **TAM:** The company highlighted a strong tender pipeline exceeding INR1.8t, particularly across the T&D and civil businesses. The company stated that the T&D outlook remains strong in India due to rising peak power demand, grid congestion, renewable integration and increasing investments in transmission lines, substations, green energy corridors and inter-regional connectivity, while international opportunities remain robust across the Middle East, Africa, CIS, SAARC and Americas.
- **T&D:** The T&D business secured order inflows of INR177b across India, the Middle East, the Americas, Africa and CIS during FY26. The company highlighted that the transition of intrastate transmission projects toward the TBCB route has led to increasing participation from utilities and private developers, with the share of new private players in TBCB projects rising to ~80% from ~45% last year. In line with this trend, KEC secured INR36b of orders from private players and SPVs during the year and stated that it remains well placed to secure further orders from private clients. The company also highlighted a T&D pipeline of ~INR700b over the next three months, broadly divided equally between India and international markets. The company also stated that capacity expansion initiatives at Dubai, Jaipur, Jabalpur and Brazil facilities are progressing well, while the Butibori expansion is expected to be completed during the current quarter. In addition, the company expanded its hardware manufacturing facilities in Brazil.
- **HVDC:** The company secured three HVDC orders from Adani and PGCIL and is currently executing five HVDC projects. The company also commissioned its first HVDC converter station project in Maharashtra for Adani and Hitachi. It

indicated that one new HVDC line is at an advanced stage of ordering and around seven-eight HVDC projects are expected to come up over time.

- **Cables:** The cables and conductors business continues to witness steady order inflows for supply. The company also stated that elastomeric cables are slated to commence production in 2QFY27, followed by the commissioning of the E-Beam plant in the same quarter.
- **Civil:** The civil business has an order book plus L1 position of over INR100b and a tender pipeline of ~INR500b. KECI secured orders across semiconductors, hospitals, thermal power plants, metals & mining and residential & commercial real estate while expanding into underground metros, tunnels and pump storage projects.
- **Water:** Execution in the water business remained calibrated due to delayed payments, while collections under JJM remained broadly stable at ~INR0.5b-0.6b per month from Odisha and MP. The company stated that audits under the scheme have been completed and expects collections to improve over time.
- **Railways:** The railways business continues to focus selectively on technologically enabled areas, including Kavach, signaling, metro systems and tunnel ventilation. The company highlighted that it has implemented Kavach across 667 route KM and is currently executing deployments across an additional 1,780 route KM and over 3,000 locomotives.
- **Oil & Gas:** The business secured two orders in Africa and the Middle East during the year and entered the GCC region with a composite station works project. The company also stated that geopolitical developments in West Asia are expected to accelerate investments in energy security and create additional opportunities in pipeline infrastructure.
- **Data centers:** The company stated that data center opportunities are witnessing increasing traction, with multiple announcements being made by corporates, including a large data center announcement in Andhra Pradesh. These projects are expected to gradually convert into orders going forward.
- **Labor shortage:** Management stated that labor availability remained a key challenge during FY26, impacted by LPG shortages and elections in certain states, which affected execution across civil and water projects. The company highlighted that labor availability has started improving and expects further normalization by end-May while focusing on mechanization, labor retention initiatives, skilling, and use of technologies such as automatic plastering machines, brick-laying robots and drones to reduce labor dependency.
- **Middle East crisis:** Management stated that ~27% of its overall order book and L1 position is from the Middle East, largely split between Saudi Arabia and the UAE. The company highlighted that project execution and tendering activity in the region continue largely unhindered despite geopolitical tensions, although supply chain disruptions, port congestion, shipment delays and higher freight costs impacted dispatches and execution during 4QFY26, resulting in an estimated revenue impact of ~INR3-4b, with some impact expected to continue in 1QFY27.
- **Guidance:** KEC guided for FY27 revenue growth of ~12-15% and order inflows of ~INR300b, including ~INR170-180b from T&D, ~INR80b from civil and the rest split between cable business, renewable and railways. The company also

expects net debt reduction of ~INR10b during FY27 and working capital improvement toward ~110 days, while margin guidance has been withheld due to uncertainty related to logistics, freight and supply chain disruptions.

Larsen & Toubro — Buy

Current Price INR 3,954

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- **Order book:** The order book stood at INR7.4t as of Mar'26, up 28% YoY providing strong revenue visibility. About 92% of the total order book is from infrastructure and energy, while 48% is domestic and 52% is international. Within the domestic order book of INR3.58t, the mix was 9% central government, 22% state government and local authorities, 30% public sector corporations or state-owned enterprises, and 39% private sector. Within the international order book of INR3.8t, around 78% came from the Middle East and 22% from the rest of the world, and management also noted that around 9% of the total order book is funded by bilateral and multilateral agencies. The HVDC offshore wind program of Tenet, the Dutch-German transmission system operator, is a major milestone in energy segment's inflows.
- **Prospect pipeline:** FY27 prospect pipeline stands at INR17.8t vs. INR19.0t last year (6% YoY decline). Of this, INR9.1t is from domestic and INR8.7t is from international. Under the new segment classification, infrastructure and utility prospects stand at INR9.4t, energy conventional at INR5.4t, green energy at INR2.5t, and manufacturing and product at INR495b. They also said the previous year's pipeline had gas-to-power prospects of INR0.6t, which are not being pursued in FY27.
- **Execution impacted:** Management stated revenue growth for FY26 came in at 12% vs. guidance of 15% because of subdued execution in certain domestic projects, especially water and effluent treatment, along with delays in pending clearances. They also mentioned that the ongoing West Asia conflict led to project delivery delays in the Middle East, particularly power T&D and renewables, while other regions were indirectly impacted by logistics-related issues. 4Q revenue loss from these issues is estimated to be around INR50b. For FY27, management expects a softer first half and said execution should pick up in the second half as supply chain constraints ease.
- **Margin contraction:** Management said the core E&C margin declined to 9.4% in 4QFY26, down 50bp YoY, largely due to the change in revenue mix. For the energy segment, the margin fell to 6.5% from 8.2% last year because of cost overruns and closeout costs in legacy projects. 4Q margin delivery was affected by execution-related disruptions in Mar'26, which weighed on project performance. In the Middle East, logistics and insurance costs increased materially; however, the company is in active discussions with customers for relief on these costs.
- **Development projects divestments:** Management said they have signed share purchase agreements to divest their stake in Nabha power and their entire stake in Hyderabad Metro. Both transactions are expected to close in 1QFY27. The assets and liabilities of both investments have been classified as held for sale in the Mar'26 statements.

- **MoUs and partnerships:** The company had signed multiple MOUs during the year, including 1) consortium with BEL for the AMCA program, 2) partnership with General Atomics to manufacture medium-altitude, long-endurance drones in India, 3) MOU with Holtec International Asia for advanced heat transfer solutions for nuclear and thermal power applications, and 4) MOU with NVIDIA aimed at supporting the data center build-out model and enabling AI-enabled capacity creation.
- **Lakshya 2031:** The company targets order inflow CAGR of 10-12% over FY26-31, revenue CAGR of 12-15%, and ROE in the range of 16-17%. The plan is built around scaling existing businesses while creating selective future engines in electronics, semiconductors, data centers, green hydrogen, and industrial electronics. On geography, management stated that India and the Middle East will continue to be the core regions, while they also pointed to Europe, Central Asia, US, Indonesia, Korea, Taiwan, and Southeast Asia as other growth geographies. The strategy also includes more modular execution to reduce site intensity and expand the EPC universe globally.
- **Capex plan:** The capital allocation plan for Lakshya 31 includes approximately INR50b for industrial electronics, INR30b for semiconductors, INR150b for green hydrogen, and around INR100b for data centers. Around INR44b is allocated for the reality business, and around INR50b is planned for upgradation of the existing hydrocarbon modular fabrication yard and shifting facility. For FY27 specifically, around INR25b will be for the core business, INR10b for electronics, and around INR20b for the data center.
- **FY27 guidance:** Management guided FY27 group order inflow growth at 10-12% and revenue growth at 10-12%. On margins, the reclassified projects, products and manufacturing margin was 7.8% in FY26 and they expect it to remain stable in FY27. They also guided NWC-to-sales ratio to normalize to ~10% in FY27, after closing FY26 at 4%.

SIEMENS

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Siemens — Neutral

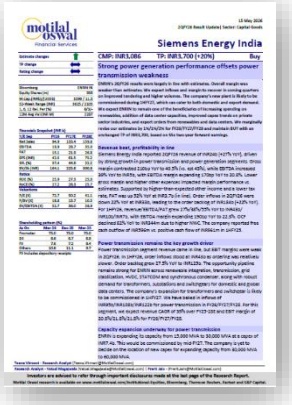
Current Price INR 3,709

- **Demand environment:** Management highlighted that there are currently no signs of slowdown across either private or public capex, with continued momentum visible across power utilities, railways, chemicals, pharma, food & beverages, commercial buildings, residential infrastructure and data centers. The company highlighted that the order pipeline remains broad-based across electrification, signaling, rolling stock and utility projects. However, management cautioned that inflation, rupee depreciation and higher interest rates could impact ordering trends over the next three to six months, particularly if commodity and oil price volatility persists.
- **Smart infrastructure:** Management highlighted continued strong momentum in smart infrastructure, supported by healthy demand from power utilities, renewables, electrification, automation and data centers. The business remains largely localized at ~70-75%, reducing direct forex exposure, though commodity inflation remains a key challenge. In low-voltage products, price hikes are implemented through list price revisions, while medium-voltage and project businesses involve order-specific negotiations to pass on higher input costs.

- **Digital industries:** Demand in digital industries remained healthy across sectors such as metals & mining, cement, food & beverages, and automotive. DI margins continued to remain under pressure due to euro appreciation, given the higher dependence on imported products from Germany. Localization opportunities for core DI products such as PLCs remain limited due to insufficient domestic scale, although selective localization initiatives like flowmeters are being pursued.
- **Mobility division:** The first 40 locomotives under the 9,000 HP locomotive project were dispatched to Indian Railways within contractual timelines. Deliveries are expected to ramp up to 80 locomotives annually over the next two years, before increasing further in later phases. The company also received an INR18b export order for bogie traction motors and gearboxes from the parent company, strengthening Aurangabad's integration into Siemens AG's global mobility manufacturing network.
- **Data centers:** Management highlighted data centers as one of the fastest-growing opportunities for Siemens in India, driven by increasing hyperscaler investments and rapid domestic capacity additions. The company stated that it is well positioned across electrification, automation, simulations, cybersecurity, and IT-OT integration solutions for data centers. Management also indicated that data center-related orders account for around 12-15% of the order book (excluding the large bogie order, subject to confirmation).
- **Commodity inflation & forex impact:** Profitability continued to be impacted by elevated commodity prices and forex volatility during the quarter. Smart infrastructure was primarily affected by higher copper, silver, and aluminum prices, while Digital industries faced a significant impact from euro appreciation due to higher imports from Germany.
- **Price escalation:** The company has implemented two rounds of price increases across DI and SI businesses to partially offset rising input costs. However, it acknowledged that it is not possible to fully pass on sharp increases in forex and commodity prices to customers immediately, with price hikes typically reflecting in profitability after a lag of three to four months. For long-duration mobility contracts such as locomotives and bogie supplies, escalation clauses and price variation mechanisms are in place to protect margins against commodity inflation over the contract period.
- **Capacity expansion:** Management stated that the company is evaluating expansion requirements at its Aurangabad and Nashik mobility facilities in view of the strong order backlog and future pipeline visibility. Capacity additions are being assessed for bogie manufacturing and propulsion equipment, particularly after receiving large export allocations from the parent company. On metro rolling stock, management said it continues to evaluate domestic ordering visibility before taking any major investment decisions, while also exploring alternative and flexible business models.
- **Net working capital:** The increase in working capital was primarily due to higher inventory levels maintained to mitigate supply chain disruptions arising from the West Asia crisis. Receivables and contract assets also increased due to strong mobility execution, as revenues were recognized before customer invoicing in long-duration railway projects. However, overdue receivables remain stable, and there are no material concerns regarding collections or customer payments.

SIEMENS energy

Click below for Results Update


Siemens Energy India

CMP: INR3,686 TP: INR3,700 (+20%) Buy

Strong power generation performance offsets power transmission weakness

Siemens Energy — Buy

Current Price INR 3,686

- **Power Transmission:** Power transmission business continued to see strong growth, supported by grid expansion, renewable energy integration, and rising transmission requirements in India. Management highlighted strong traction in transformers, switchgears, and grid stabilization solutions, along with export orders from the US, Europe, and the Middle East. The company also stated that order inflows in the transmission business are project-based and may fluctuate across quarters depending on project finalization timelines.
- **Power Generation:** Power generation business continues to be supported by services, modernization, and efficiency improvement projects for the existing installed base. The company reiterated that it is not participating in new coal power generation projects, but continues to support existing thermal assets through upgrades and refurbishment. Management also stated that nuclear power remains an area of interest, where the company can participate through steam island equipment.
- **Steam Turbines & Gas Turbines:** The company's Vadodara facility manufactures industrial steam turbines ranging from 1MW to 250MW, mainly for the Indian market. Management said the company is not exporting steam turbines for global combined-cycle gas turbine projects, as large steam turbines are linked to large gas turbines, which are not manufactured in India. The company also reiterated that it does not manufacture large gas turbines in India due to lack of sufficient domestic demand.
- **Exports:** Management stated that exports are primarily driven by the power transmission business, including transformers and switchgears. The company highlighted that export orders from the US market are linked to renewable projects feeding data centers, along with exports to Europe and the Middle East. Management clarified that export participation outside South Asia depends on requests from parent Siemens Energy AG and is not directly controlled by the Indian entity.
- **Data Centers:** Management stated that data centers are becoming an important market opportunity globally and in India. The company highlighted that its participation in India is currently focused on power transmission solutions, including substations, grid connectivity, and grid stabilization systems. Management also stated that transformer export orders from the U.S. are linked to renewable energy and data center applications.
- **HVDC & STATCOM:** Management indicated that the STATCOM market remained relatively muted in 1HFY26 due to slower project finalizations, although demand for STATCOMs and synchronous condensers is expected to rise with increasing renewable penetration. The company also noted that LCC-based HVDC projects require additional grid stabilization solutions, unlike VSC-based HVDC systems where such capabilities are embedded. STATCOM systems are largely localized at the Goa facility, except for semiconductor-related components.
- **Margins & Profitability:** Management stated that 1HFY26 operational performance improved due to operating leverage, better fixed-cost absorption, and higher export contribution. The company highlighted that export mix increased by ~500bp YoY, which supported margins through better realizations.

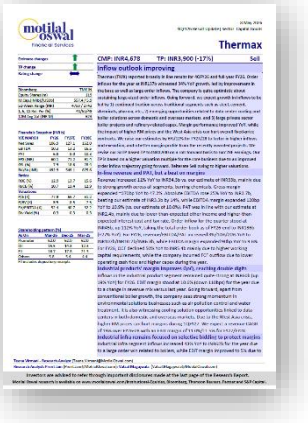
Management also stated that underlying operational margins improved after adjusting for one-offs in both periods.

- **Capacity Expansion:** The company is investing INR28b in brownfield expansions at Kalwa and Chhatrapati Sambhajinagar and a new greenfield transformer factory. Management said the Kalwa expansion will increase transformer manufacturing capacity from 15,000MVA to 30,000MVA. The location for the new transformer factory is yet to be finalized, with discussions ongoing with multiple states.

Thermax — Sell

Current Price INR 4,787

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- **Healthy order enquiry pipeline:** Management highlighted a robust order enquiry pipeline across traditional sectors like steel, cement, power, and oil & gas, as well as industrial projects and products, including pharma, chemicals, and FMCG. The pipeline for heating, water treatment, and pollution control businesses remains reasonably strong at this point. Future opportunities can also emerge from Bio-CNG and coal gasification, once the government starts providing some support. The company expressed confidence in the overall order inflow outlook, both domestically and internationally, while noting the potential impact from prolonged war across industries that could affect 1QFY27.
- **Data center opportunities:** Management is reasonably confident about boiler-related opportunities from the US-based data centers after winning a cooling solutions-related order in 3QFY26. The margin profile in these orders is better than the current margin levels of the company.
- **Coal gasification tech:** Management confirmed the technology solution for coal gasification is tested and fairly in place, with prior progress in a facility where the technology was finalized. The company is hopeful for government support this area amid the energy crisis, similar to expectations for bio-CNG with state policies.
- **Sufficient capacity to execute boiler orders:** Management highlighted strong momentum in the boiler business, the largest within industrial products, complemented by robust growth in enviro segments like air pollution control and water treatment. Capacity at three facilities supports execution of the recent private sector supercritical order (INR16b order with 42-45 months execution timeline), and the company is also simultaneously doing debottlenecking, line extensions, and outsourced fabrication. Most of these orders will be done under TBWES.
- **Legacy order status:** The pending legacy projects in the industrial infra division, the Bio CNG order is largely done and is in the performance trial stage. The NRL project and two FGD orders will be completed in a year.
- **The Middle East exposure:** Management noted the Middle East as a good opportunity over the last two years, with current order balances for execution, including a large INR4.5b order in industrial infra from 3QFY26 and smaller values in industrial products. No specific execution delays, supply chain issues, cost overruns, or payment challenges observed at this stage. The company is hopeful for additional future opportunities arising from war-related damages.
- **Commodity price effects:** No large raw material cost impact seen in 4Q as procurement completed before March war-related price hikes in steel, styrene,

copper, nickel, etc. Industrial infra project business margins are controllable via back-to-back tie-ups on buyouts and contracts for large orders. Industrial products are more exposed on the side due to shorter inventory visibility, but increases not substantial. Most of the order book of Thermax is fixed price in nature.

- **Working capital trend:** Substantial 4Q build-up due to project delays causing collection delays on receivables and retentions across large orders, industrial products, and infra. But the company is conscious and focusing on improving the coming quarters and is hopeful to resolve overdues over the next couple quarters despite business realities.
- **Revenue growth outlook:** Order book was up 27% YoY, providing better revenue opportunity. The company is confident in its execution plans across businesses despite site challenges, civil delays, and the Middle East crisis, which will be monitored in 1Q and 2Q.
- **FY27 capex plans:** Regular Capex planned at INR1b-1.5b, plus capacity expansions in boiler and cooling facilities as line extensions, totaling roughly INR2.5b. Cooling facility capex for line building/expansion at three-city sites to support data center demand growth in FY27 is also being carried out along with Boiler facility debottlenecking and expansions, with outsourced fabrication ability for execution.

Triveni Turbine — Buy

Current Price INR 669

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- **Order inflow momentum**: 4QFY26 order booking was supported by traction across domestic and international markets and a favourable segment mix. Export order inflows surged 174% YoY to a record INR5.2b, driven by demand from Europe, Turkey, and Southeast Asia, while aftermarket order booking also witnessed strong momentum. The inquiry book has nearly doubled over the past year, supported by increasing visibility across thermal power generation, industrial capex, and renewable energy-linked applications across India, Southeast Asia, Europe, and the US.
- **Domestic market demand:** Strong domestic inquiry momentum was seen across thermal power generation, steel, cement, paper & pulp, oil & gas, ethanol, municipal waste recovery, and process cogeneration applications. Steel and cement contribute the highest share of the inquiry base due to larger heat requirements and project sizes, while growth in inquiries has been broad-based across sectors, including sugar, IPPs, and process cogeneration. The company also highlighted strong investment appetite across both power generation and industrial heat applications.
- **Export market:** Export markets continue to see strong traction from Southeast Asia, Europe, Africa, and the US. In the US, the company is witnessing inquiries from combined cycle applications, geothermal, biomass, paper & pulp, IPPs, and small modular reactor-related applications, with a large part of the demand linked to data center power requirements. Geopolitical issues delayed certain order conversions during FY26; however, customer discussions remain active. The company also stated that API turbine demand has improved globally,

particularly in downstream oil & gas markets across the US, Africa, India, and other international regions.

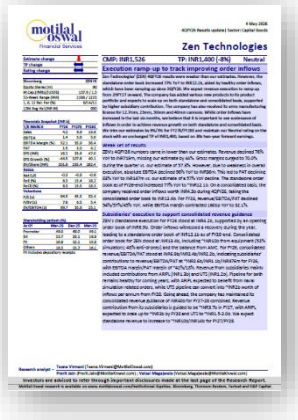
- **Aftermarket expansion:** The aftermarket business witnessed strong momentum, particularly in refurbishment, repair, and modernization projects. Growth in the aftermarket segment is being driven by increasing capabilities in Africa and stronger traction in North America, supported by a growing installed base and on-ground servicing capabilities. The company reiterated that the aftermarket business includes spares, services, and refurbishment activities, with refurbishment remaining a key driver of long-term growth.
- **Product and technology development:** The company continues to invest in geothermal turbines, Organic Rankine Cycle (ORC) turbines, CO_2-based energy storage systems, heat pumps, and MVR solutions. Geothermal and ORC applications are expected to provide future opportunities, while the current CO_2-based energy storage project is being evaluated based on execution, cost, round-trip efficiency, and technical performance before commercialization plans are finalized. The company also stated that it is undertaking research in kinetic thermal-based and flow-based energy storage systems and plans to increase investments in AI-led technological capabilities.
- **Market opportunities:** Opportunities remain strong across combined cycle power plants, geothermal energy, biomass, industrial cogeneration, waste heat recovery, and data center-linked power demand. Inquiry traction in the US has increased significantly, particularly for combined cycle and renewable-based applications linked to data centers. The company stated that customer requirements vary between simple cycle and combined cycle installations, depending on permitting timelines, water availability, and speed of execution, while its focus remains on providing reliable products, technical capabilities, and service support across markets.
- **Supply chain:** Prices of steel, copper, and aluminum have increased; however, the impact is being mitigated through diversified sourcing, long-term rate contracts, and negotiated supplier arrangements. The company stated that most large orders are backed by inventory planning or back-to-back procurement arrangements, while certain cost increases can also be passed on to customers depending on contract terms.
- **Capital allocation:** The company stated that it continues to follow a disciplined approach toward capital deployment and liquidity management. Investments remain focused on research & development, new technology platforms, aftermarket expansion, and strengthening global capabilities, particularly in the US and Africa. The company also highlighted continued investments in geothermal, ORC, CO_2-based energy storage, and AI-led technological initiatives, while maintaining focus on execution capabilities, customer service, and long-term growth opportunities.
- **Guidance:** FY27 is expected to remain backend-loaded from a revenue recognition perspective due to the execution profile of the order book. The company indicated that margins in 4QFY26 were impacted by lower aftermarket mix, execution of the strategic NTPC order, and MTM forex losses, while the long-term margin profile remains dependent on product mix and execution profile.

Zen Technologies — Neutral

Current Price INR 1,687

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- **Weakness in 4QFY26:** ZEN results were weaker in 4QFY26 due to a strong base of last year. A large portion of costs remained fixed, which led to margin compression. Additional pressures came from higher employee incentives, increased warranty provisioning, and elevated R&D spends. Export-related post-supply costs also weighed on profitability during the quarter.
- **Demand outlook:** Management highlighted that global warfare trends have significantly increased the importance of anti-drone systems. Demand has already exceeded earlier expectations and is expected to at least double over the next few years. The company believes this segment will become its primary revenue driver within two to three years. Both soft kill and hard kill capabilities are being strengthened to address evolving threats.
- **Expansion of product portfolio:** The company is expanding its portfolio beyond simulators and anti-drone systems, into cyber security, unmanned systems, and smart ammunition. Multiple new platforms are being developed simultaneously leveraging internal R&D and subsidiaries. This diversification is aimed at capturing larger defense spending opportunities globally.
- **Update on arms manufacturing license:** The company has received licenses for arms manufacturing, enabling its entry into a large adjacent market. Initial focus is on smart ammunition, especially 30mm programmable rounds for anti-drone applications. Management indicated that meaningful revenue contribution from this segment will begin after initial years, with scaling expected from year three onwards. Manufacturing is expected to start from next financial year after necessary testing and certifications.
- **Strong push towards AI integration:** ZEN is embedding AI across both development processes and product capabilities. AI is being used to accelerate software development cycles and enhance system intelligence at the product level. This shift is expected to significantly improve competitiveness and operational efficiency over time.
- **Investing into R&D:** Management emphasized that government policy is increasingly favoring indigenously designed and developed products under the IDDM framework. Companies investing into R&D are expected to benefit more than those relying on technology transfers. Faster order placement for domestic innovators is seen as a key trigger going forward.
- **Order pipeline and inflow visibility:** The company has a strong bidding pipeline of around INR15b, with additional opportunities through single-vendor and nomination-based orders. Near-term order inflows are expected to pick up from 1HFY27. Management expects this visibility to improve confidence around medium-term growth targets.
- **Guidance:** Management has reiterated confidence in achieving INR40b cumulative revenue across FY27 and FY28, with EBITDA margin/PAT margin expected to be ~35%/25%. Execution visibility is strong with ~INR10b crore of the current order book expected to be executed in FY27, largely in 9MFY27. ARI and UTS are expected to contribute ~INR3.7b in FY27, with ARI expected to scale up to ~INR3b by FY28 and UTS to ~INR1.5b-2b. PAT Margins of subsidiaries is expected to be around 30% for ARI and around mid-20s% for UTS.

CEMENT



- **Most management teams have guided to a moderate cement demand growth of ~5–6% YoY in FY27, amid global economic headwinds. Elevated fuel, oil, and packaging costs are expected to pressure margins, as recent price hikes remain inadequate to fully offset cost inflation. Meanwhile, aggressive industry-wide capacity additions are likely to keep utilization levels subdued at ~65%–66%, limiting the scope for sustained price increases over the medium term.**

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Insights and future outlook	Capex plans
UltraTech Cement	▪ Industry volume growth during 4QFY26/FY26 was 6-7%/6.5% YoY and is expected to be at 7-8% in FY27 too, led by infrastructure growth, growing rural demand and PMAY allocation. ▪ UTCEM is well positioned to capture this demand and targets double-digit growth going forward. Though there could be some disruptions in the near term due to seasonal factors, state elections, or weather conditions, underlying demand trends remain strong. Average capacity utilization was at 90% in 4QFY26.	▪ Capex for ICEM will be ~INR20b (~INR16b for efficiency improvement and INR4b for capacity expansion). It will also spend INR4-5b on Kesoram assets. ▪ The company crossed 200mtpa of domestic grey cement capacity, the largest outside China, driven by disciplined organic expansions, value-accretive acquisitions, and strong execution. Capacity has more than tripled over the past decade (~65mt in 2016 to 200mt currently), with plans to add 37mtpa in FY27/28. It expects to incur INR80b-100b annual capex on expansions over the next few years while maintaining net debt-to-EBITDA below 1x.
Ambuja Cements	▪ Management expects near-term demand to remain moderate due to inflationary pressures and a subdued monsoon outlook, with industry demand growth for FY27 guided at ~5%. The company targets ~8% volume growth, supported by acquired assets and ongoing expansions. ▪ Pricing remains weak despite cost inflation, with industry price hikes limited to ~INR10/bag (INR15–20 in select regions). Management indicated that realization and margin recovery will depend on improvement in demand conditions.	▪ Management has recalibrated its long-term expansion roadmap, with the earlier 140mt–155mt capacity target now shifted from FY28 to FY30, citing weaker-than-expected operational delivery and a sharper focus on capital discipline. ▪ The company continues to prioritize organic growth through stabilization of existing assets, utilization improvement, and completion of ongoing projects over inorganic expansion. It has guided FY27 capex at INR60b–65b toward capacity additions, WHRS, fly ash transportation systems, debottlenecking, and maintenance activities.
Shree Cement	▪ Industry cement demand is expected to grow ~7–7.2% in FY27. The company targets ~8–8.5% growth (around 40mt cement sales), maintaining its guidance of growing ~1pp ahead of the industry. ▪ The company prioritized pricing over volumes during 2QFY26–3QFY26, reducing its price gap with the market leader from ~INR50/bag to ~INR20/bag. Having established pricing discipline, it shifted focus back to volume growth in 4QFY26 while avoiding price-led competition.	▪ FY27 capex guidance stands at INR15b, primarily allocated toward RMC plant expansion, railway siding development, and initial work on the Meghalaya project. The company expects to end FY27 with 50–55 RMC plants. ▪ The company remains committed to achieving 80mt capacity by FY29 but has moderated the pace of expansion in response to evolving industry dynamics. Management indicated that future capex deployment will remain flexible and could accelerate if demand conditions improve.
Dalmia Bharat	▪ 4QFY26 volume growth was impacted by an unplanned breakdown in the East, resulting in the loss of ~0.15mt of clinker and ~0.3mt of cement volumes. Management expects stronger growth in FY27, supported by newly commissioned and upcoming capacity additions. ▪ Cement prices improved across most key markets in Apr'26, and management remains optimistic that the positive pricing trend will continue, helping offset ongoing cost inflation.	▪ Ongoing expansion projects at Belgaum, Pune, and Kadapa are expected to increase cement capacity to 61.5mt from ~50mt over the next 18–20 months. Belgaum is progressing ahead of schedule, while Kadapa commissioning is now expected between 2QFY28 and 3QFY28 following minor delays. ▪ Work on the Pune grinding unit and Chennai bulk terminal is progressing as planned. The company reiterated its target of reaching 75mt capacity by FY28-end and expects to announce additional expansion plans in the near future.

J K Cement	▪ The company expects industry cement demand to grow ~6–8% in FY27 and aims to maintain double-digit volume growth, supported by ~2.5mt of incremental grey cement volumes. Management reiterated its long-term growth ambitions, with annual capacity additions potentially increasing toward 3mtpa over time. ▪ To offset higher fuel, logistics, and chemical costs, the company implemented price hikes across grey cement, white cement, and wall putty. Average cement prices increased by ~INR10/bag during May'26, broadly compensating for cost inflation.	▪ FY27 capex guidance was maintained at INR35–40b, with FY28 capex expected at INR15–20b. Around INR8–10b of FY27 spending will be allocated toward maintenance and strategic investments, including solar projects, paints, and coal blocks, while the remainder will fund greenfield expansion. ▪ The recently acquired Telangana limestone block, with reserves of ~500mt, provides a potential platform for future capacity expansion. However, management indicated that there are currently no expansion plans for Odisha until mining leases are secured and existing operations stabilize.
Birla Corp	▪ FY26 volume growth stood at ~4%, reflecting the company's focus on improving product mix and profitability rather than pursuing aggressive volume growth. Growth at Mukutban and the commissioning of the third line at Kundanganj are expected to strengthen its position in key markets through higher blended cement and premium product sales. ▪ Cement prices increased by ~INR50/t in Apr'26, while cost inflation of INR150–175/t is expected from 1QFY27 onward, driven mainly by higher fuel and packaging costs. Management continues to focus on premium blended cement as a key lever for sustaining pricing and margins.	▪ The company's key expansion projects include Maihar Clinker Line II and new grinding units at Prayagraj and Gaya. With the commissioning of Kundanganj Line III in Mar'26, cement capacity increased to 21.5mt from 20mt. ▪ These projects are expected to raise total cement capacity to 27.5mt by FY29, with the Prayagraj and Gaya grinding units targeted for commissioning in Q3–Q4FY28. Total project capex is estimated at INR43b (excluding GST), with FY27 capex guided at INR9b.
JK Lakshmi Cement	▪ Industry cement demand grew ~7% in FY26 and is expected to grow ~5.5–6.5% in FY27. Management expects demand to improve and aims to outperform industry growth. ▪ Cement prices improved in 4QFY26, but gains remained insufficient to fully offset cost inflation amid intense competition. Management remains cautiously optimistic on further price recovery, supported by improving demand trends.	▪ The company reiterated its target of reaching 30mtpa capacity by FY30 from 18mtpa currently, driven by the Durg expansion (FY28) and the North-East project (FY29), supported by recently secured limestone reserves. ▪ Management guided for elevated capex of INR15–17b in FY27, INR20b in FY28, and INR15b in FY29 to fund eastern and North-East expansions, land acquisition, and railway siding projects. Future growth projects in Assam, Kutch, and Nagaur remain under evaluation.
JSW Cement	▪ The company outperformed the industry in 4QFY26, with cement volumes growing ~12% YoY versus ~8% industry growth in its key markets. FY26 total sales volumes increased ~11% YoY. ▪ Volume growth was temporarily impacted by slag availability issues, supply realignments, and pollution-related shutdowns, but management indicated that these disruptions have largely been resolved, with recovery visible from mid-May'26.	▪ At Nagaur, the company commissioned 3.3mtpa clinker and 2.5mtpa grinding capacity in Mar'26, with an additional 1.0mtpa grinding unit and WHRS nearing commissioning. It has also approved a further 2.5mtpa grinding expansion at a capex of INR4.3b, targeted for completion by Jan'28. ▪ The company reiterated its broader expansion plan targeting 46mtpa grinding and 13.04mtpa clinker capacity, with capex guidance of INR23b in FY27 and INR22b in FY28. Cumulative spending on the Nagaur project stands at ~INR24b.

Ambuja Cement

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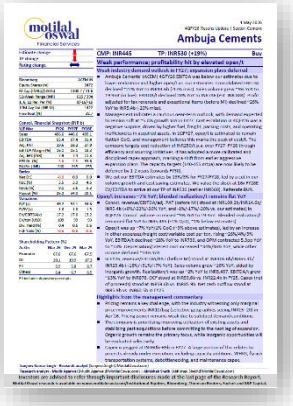


Ambuja Cements — Buy

Current Price INR 427

Demand and pricing

- Management indicated that the demand environment remains moderate to weak in the near term, impacted by inflationary pressures and expectations of a subdued monsoon, which could weigh on construction activity. Industry demand for FY27 is guided at ~5% growth. It guided ~8% volume growth to 80mt, driven by internal levers such as stabilization of acquired assets (Sanghi and Penna) and commissioning of ongoing expansions.
- It emphasized that growth will be value-focused rather than volume-led, with higher thrust on trade sales and premium products. Overall utilization is expected to remain in the range of ~70%–75% range, indicating sufficient headroom for growth without aggressive capacity addition.



- Pricing remains a key challenge, with the industry witnessing only marginal price improvements INR10/bag (selective geographies seeing INR15–20) in Apr'26. Pricing power remains weak due to subdued demand conditions, limiting the industry's ability to pass on rising costs.
- Despite significant cost inflation, the sector is struggling to implement meaningful price hikes, and near-term pricing outlook remains under pressure. The company's realizations remained largely stable YoY, with marginal improvement QoQ. It believes that premiumization benefits are yet to fully reflect in the company's realization.
- Going forward, pricing recovery is contingent on demand revival, and it expects only partial cost pass-through in the near term, keeping margins under pressure.

Operational highlights

- Management highlighted that the key disappointment during the quarter was the elevated cost structure, particularly in acquired assets.
- Existing ACEM and ACC assets are expected to operate at ~75%–80% utilization. Premium cement account for ~36% of trade sales and volumes are growing ~22% YoY.
- Cost escalation was a major negative surprise in 4Q, with costs rising to INR4,500/t compared to earlier expectations of INR4,000/t. The increase was driven by multiple factors, including higher fuel and freight costs, increased lead distance, elevated packing costs due to geopolitical disruptions, higher heat consumption, and increased branding/advertisement spend. Additionally, acquired assets (Sanghi and Penna) operated at sub-optimal utilization and efficiency, further inflating costs.
- It believes INR4,500/ton cost/t is at peak, with a target reduction of INR250/t in FY27-FY28 (each). Key cost-saving levers include improvement in raw material sourcing (fly ash), increased share of green energy, logistics optimization, and operational efficiency gains in acquired plants. However, near-term costs in 1QFY27 are expected to remain flattish at elevated levels, given ongoing geopolitical uncertainties. Margin recovery is, therefore, expected to be gradual and driven primarily by internal efficiencies rather than pricing.
- Green power contributed to ~32% of total power requirement vs. ~26%/37% in 4QFY25/3QFY26. It stood at 31% in FY26 v/s 21% in FY25. Management guided for at least INR150–200/t savings from raw material and green energy
- improvements and reiterated a broader target of INR250/t cost reduction in FY27 and another INR250/t reduction in FY28.
- Kiln fuel cost was at INR1.61/Kcal vs. INR1.58/INR1.65 in 4QFY25/3QFY26. On the logistics front, the company further reduced its primary lead distance by 1km YoY to 262km in 4QFY26, while it reduced 4km YoY in FY26 to 261km.
- Strategy for subsidiaries/acquired assets
- Sanghi operated at ~57% utilization for FY26, while Penna operated at ~46%, both significantly below desired levels. Management stated that turnaround initiatives took longer than expected, particularly at Penna, where higher-than-expected maintenance capex and asset upkeep were required. For FY27, the target is to improve utilization by ~5%–10% across these assets. Management guided Sanghi utilization at ~65%–70% and Penna at ~55%–60%.

- It highlighted significant progress on portfolio integration during FY26. The amalgamation of Sanghi Industries and Penna Cement with ACEM has been completed, while ACC and Orient Cement integration remains under process. It stated that the 'One Cement Platform' is a strategic initiative aimed at sharper operational focus, stronger synergies, and improved compliance across the group.
- Among acquired assets, Sanghi and Penna remain the key turnaround focus. These assets are still not operating at desired levels and are the primary reason for the current profitability gap. Excluding acquired assets, management indicated EBITDA for ACEM and ACC would have been INR70–80/t higher.
- Sanghi's ramp-up strategy is being driven primarily through marine logistics rather than dependence on the Naliya railway line. Management stated that seven vessels have already been ordered and will be delivered progressively starting next year, strengthening Sanghi's evacuation capabilities. The railway line is considered an incremental benefit rather than part of the base model.
- For Penna, management indicated that the asset required significantly higher maintenance capex and repairs than originally anticipated. The turnaround has taken longer due to machine breakdowns, operational inefficiencies, and the weak South India market during the quarter. However, management stated that both Sanghi and Penna are now nearing operational readiness and should show better performance going forward.

Capacity expansion and capex plan

- During FY26, ACEM's cement capacity increased to 109mt following the commissioning of 10.7mt of grinding capacity across Marwar, Farakka, Sankrail, Sindri, and Krishnapatnam, along with 7mt of clinker capacity additions at Jodhpur and Bhatapara.
- Management expects capacity to reach 119mt by end-FY27 through the commissioning of 10mt of ongoing grinding unit expansions, including projects such as Salai Banwa and Warisaliganj. Current clinker capacity stands at 73mt, with an additional 4mt clinker capacity to be added during FY27 through Marwar and Penna.
- The company has recalibrated its longer-term capacity expansion strategy. While the earlier target was to reach 140mt–155mt by FY28, management stated that timelines are being reset and FY30 is now considered a safer target.
- It clarified that the ambition remains unchanged, but timelines are being pushed back due to weaker-than-expected operational delivery and the need for better capital discipline.
- The focus remains strongly on organic growth rather than inorganic acquisitions. Management stated that the priority is stabilizing existing assets, improving utilization, and completing ongoing expansions before pursuing further large-scale growth. Inorganic opportunities may still be evaluated, but greenfield and organic expansion remain the primary focus.
- Capex for FY27 is pegged at INR60b–65b. A large portion of this relates to projects already under execution, including capacity additions, WHRS, fly ash transportation systems, debottlenecking, and maintenance capex.
- New clinker projects include Assam (following the limestone block win) and Mundra, both seen as strategic projects for improving cost efficiency and

expanding into new geographies. Capacity additions will also focus on regions where ACEM already has strong market share and brand recall, helping improve logistics efficiency and market penetration.

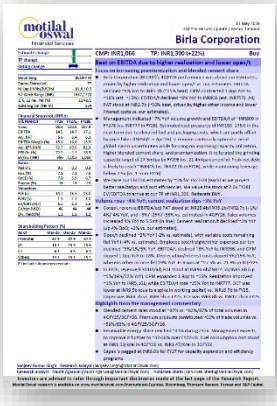
- The company's net cash balance stood at INR17.7b vs. INR15.1b as of Dec'25 and INR101.3b as of Mar'25.

Birla Corp — Buy

Current Price INR 977

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Demand and pricing

- Volume growth in FY26 stood at ~4%, as it is focusing on improving product mix rather than chasing an aggressive volume push.
- The Mukutban volumes improved from 2.46mt to 2.77mt in FY26, with market share gains in core markets driven by higher blended cement share. The newly commissioned third line at Kundanganj is expected to further strengthen the company's position in the profitable Uttar Pradesh market, again through value-added blended cement and premium brands. The company remains committed to premium blended cement as its core pricing and margin strategy.
- In Apr'26, an average price hike of ~INR50/t was seen, while cost inflation from 1QFY27 onward is expected at INR150–175/t, largely led by higher fuel and packaging costs. Imported fuel currently constitutes ~30% of the fuel mix. Domestic coal costs are also affected by the strong demand for domestic coal.

Operational performance

- Blended cement sales stood at ~87% vs. ~82%/87% of total volumes in 4QFY25/3QFY26. The company continued to increase its blended cement share, improving from ~82% in FY25 to ~88% in FY26. It reiterated its consistent strategic focus on increasing the share of blended and premium cement despite the changing market mix and rising contribution from the non-trade/OPC segment across regions. It has consciously avoided chasing short-term OPC-led growth and remains committed to premiumization and blended cement expansion over the long term.
- The company's capacity utilization stood at ~108% in 4QFY26 vs. ~105%/87% in 4QFY25/3QFY26. Trade share stood at ~79% of total volumes in vs. ~73%/~78% in 4QFY25/3QFY26. Trade share rose from ~70% in FY25 to ~77% in FY26, reflecting stronger retail and premium channel execution.
- Premium products contributed ~63% of trade volumes vs. ~59%/63% in 4QFY25/3QFY26. Premium product mix is likely to continue rising systematically across units and regions, supported by sustained investment in brands over the last few years. It indicated that the pricing strength of its premium brands in core markets has improved significantly, with positioning now comparable to or even exceeding certain larger peers.
- Perfect Plus delivered strong growth, with sales rising ~27% YoY by volume in 4QFY26 and 22% YoY for FY26. Unique Plus also performed well, with sales up ~7% YoY in 4QFY26 and 24% YoY for FY26.
- Renewable energy contribution reached ~31% during FY26. It expects to improve it further to ~37%–38% over FY27–FY28E. In addition to WHRS optimization across existing plants. The company is also progressing on solar

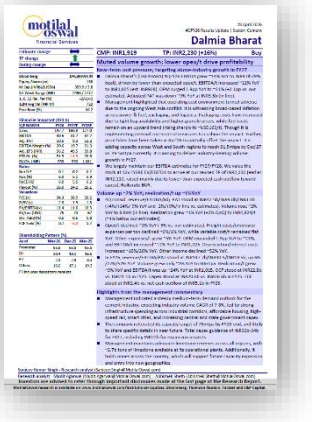
and hybrid projects, with an additional 30–45MW planned over the next 1-2 years to improve green energy share and reduce operating costs.

- Fuel consumption costs stood at INR1.53/Kcal vs. INR1.47/Kcal in 3QFY26. Lead distance reduced from 360km to 337 km in FY26, reflecting better operational efficiency and supply-chain optimization.
- A key operational cost lever is the commencement of production from the Bikram coal block. It stated that full-fledged mining will begin in FY28, which will
- materially support cost reduction. The mine's annual capacity is 0.36mtpa and it is expected to extract 0.12mt in FY27 and achieve full capacity utilization from FY28 onwards. Landing cost from this mine is expected INR1.0-1.05/Kcal vs. the current domestic coal cost (landed) INR1.45/kcal.
- Incentives accrued INR1.4b in FY26, including INR900m related to earlier years and INR600m for the current year. The average quarterly incentive run-rate was around INR240m. Incentive expected to rise to INR1.3b in FY27.
- In the RMC business, management is focused on improving cement capacity utilization, strengthening brand presence, and leveraging the Perfect Plus franchise, especially in core markets like Uttar Pradesh. Expansion remains calibrated, with the fifth RMC plant in UP expected shortly, while avoiding aggressive growth due to receivables and commercial risks.
- In construction chemicals, the company remains selective, particularly in wall putty, where high competition and commoditization have reduced attractiveness.
- It had consciously increased fuel inventory levels in anticipation of potential supply tightness arising from the geopolitical situation. As a result, it saw a spike in working capital by the end of FY26. Also, there has been an increase in incentive receivables from the government (total receivables stood at INR5.0b as of Mar'26).

Capacity expansion and net debt

- The company's ongoing expansion plans are the Maihar clinker Line 2, along with grinding units in Eastern UP around Prayagraj and Gaya.
- With the commissioning of Kundanganj Line III in Mar'26, cement capacity increased from 20mt to 21.5mt. Further expansion through Maihar Line 2 and associated grinding units will take total capacity to 27.5mt by FY29, with Prayagraj and Gaya Phase I grinding units (1.4mt each) expected to be commissioned around Q3–Q4FY28. Total capex for this 6.2mt expansion is estimated at INR47.6b, including GST (INR43b excluding GST), with FY27 capex guided at INR9.0b.
- Net debt stood at INR22.0b as of Mar'26 vs. INR25.5b as of Dec'25. Peak net debt would be ~INR40b, given the expansion plans. Peak Net debt to EBITDA ratio should be <2.50x vs. 1.5x in FY26.

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Dalmia Bharat — Buy

Current Price INR 1,723

Demand and pricing

- Management remains constructive on India's growth story and expects cement demand to grow at ~7-8% in the medium term, supported by strong infrastructure spending across industrial corridors, affordable housing, high-speed rail, smart cities, and increasing central and state government capex. For FY27, the company expects industry demand to remain healthy and is targeting volume growth above the industry level.
- Volume growth in 4QFY26 was impacted by an unexpected breakdown in East, which resulted in the loss of nearly 0.15m ton of clinker and 0.3m ton of cement volumes. It indicated that without this one-off disruption, growth would have been stronger. Newly commissioned lines in the Northeast and upcoming commissioning in other regions are expected to support better volume growth in FY27.
- On the pricing front, management noted a positive development, with cement prices witnessing improvement across most key markets in Apr'26. The company remains optimistic that this upward pricing momentum will sustain in the near term and potentially offset the ongoing cost inflation.

Operational highlights and cost insights

- Trade sales accounted for 67% vs. 67%/62% in 4QFY25/3QFY26. Premium products contributed 24% vs. 24%/23% in 4QFY25/3QFY26.
- Renewable energy share on a consumption basis stood at ~47% vs. 39%/48% in 4QFY25/3QFY26. The company plans to commission an additional 1.8MW of renewable energy capacity shortly, taking total RE capacity to 546MW.
- Blended fuel consumption cost stood at INR1.36/kcal vs. INR1.30/INR1.36/kcal in 4QFY25/3QFY26. Lead distance was 281km vs. 277km/277km in 4QFY25/ 3QFY26. Direct dispatches stood at 65% vs. 61%/62% in 4QFY25/3QFY26. The C:C ratio stood at 1.6x vs. 1.7x/1.6x in 4QFY25/3QFY26
- Incentive accrued during 4QFY26 stood at INR450m, while total outstanding incentives increased to INR8.4b due to delayed state government payouts amid elections. Collections in 4QFY26 were only INR140m, though management expects normalization soon. For FY27, incentive booking is expected at ~INR2b .
- The company has delivered the lowest quarterly total cost/t in the last five years, reinforcing its position as one of the lowest-cost cement producers. Total cost per ton has been reduced by INR183 since 1QFY25, while adjusted cost (excluding Tamil Nadu mineral tax, incentives, and fuel impact) has been decreased by a sharp INR211/t. On a full-year basis, adjusted cost was lower by INR100/t YoY.
- Raw material cost/t declined 1% YoY to INR734/t despite an additional mineral tax levy of INR160/t in Tamil Nadu.
- Petcoke prices have jumped to ~USD160/t, further aggravated by INR depreciation. Additionally, supply tightening in packaging materials, particularly bag availability and rising granule costs, has led to higher packing expenses. Fuel costs have also moved up and may rise further in the near term. Despite these headwinds, management indicated that the company is undertaking multiple internal cost-control measures to mitigate the impact to the extent possible.

- Packing cost inflation alone is expected to contribute INR80-90/t to the projected near-term cost increase.
- Looking ahead, management expects cost inflation of INR125-150/t from 4QFY26 to 1QFY27, driven by packaging, logistics, and power & fuel costs. However, it remains focused on internal cost-reduction initiatives and continues to target annual cost reduction of INR50-100/t going forward.

Expansion plans and capex

- The ongoing expansion projects at Belgaum, Pune, and Kadapa will increase cement capacity to 61.5mt from ~50mt currently over the next 18-20 months. Civil work at Belgaum has been completed and E&I work has commenced, with commissioning expected slightly ahead of the earlier announced schedule. Ordering for all key equipment at Kadapa is completed; however, minor delays in 4Q pushed the commissioning timeline to between 2QFY28 and 3QFY28.
- Work on the Pune grinding unit and Chennai bulk terminal is also going on. Management reiterated its capacity target of 75mt by FY28-end, and it will share specific details of new capacity expansions plans in near future.
- Total project capex outflow over the last two financial years stood at INR32b. For FY27, expansion-linked cash outflow is expected at INR22b-23b, while total capex guidance stands at INR32-34b, including maintenance capex, efficiency projects, renewable investments, and regular plant capex .

Debt position and other key highlights

- The company's net debt (including investment in IEX of INR11.1b vs. INR12.9b as of Dec'25) declined to INR14.3b from INR17.9b as of Dec'25. The net debt-to-EBITDA ratio stood at 0.47x vs. 0.6x as of Dec'25.

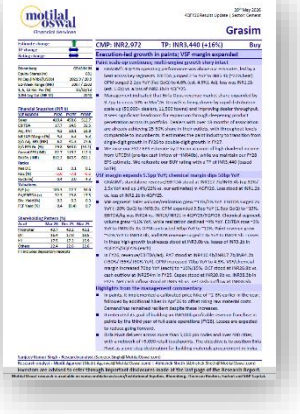
Grasim Industries — Buy

Current Price INR 3,101

Paint segment

- In 4QFY26, Birla Opus revenue grew ~52% YoY on a like-for-like basis, and ~71% excluding certain segments. For FY26, revenue doubled YoY vs. industry growth in single digits. Revenue/volume growth stood at ~19%/17% QoQ.
- For FY26, its market share increased by 3.7pp YoY. Its estimated revenue market share crossed 10% in Mar'26. As per internal estimates, the decorative paint industry stood at INR155b. Within this, its revenue market share expanded by ~90bp sequentially, positioning GRASIM as the third-largest player in the organized decorative paint segment. When combined with its Birla White Putty business, it is now approaching the #2 position.
- Birla Opus has expanded to over 50,000 dealers (broader industry dealer universe exceeded 1,00,000) across 11,500 towns (targeting to expand over 15,000 towns in FY27), supported by 146 depots. The institutional channel is scaling up rapidly, with a strong pipeline across >650 towns.
- It sees significant headroom for expansion and has a dual-engine growth strategy, driven by distribution expansion and improvement in throughput per dealer. This will be enabled by deepening product penetration across its portfolio, which includes emulsions, enamels, waterproofing solutions, wood finishes, distempers, and premium offerings such as wallpapers.

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- As dealers gain confidence from initial success in select categories, the company is seeing increasing adoption of its full product range, thereby enhancing share of wallet. Dealers with over 18 months of association are already achieving 25-50% share in their outlets, with throughput levels comparable to legacy paint players.
- While current throughput remains aligned with the company's market positioning, there remains meaningful upside, particularly through increasing engagement with higher-value dealers, where top-tier dealers typically generate 4-5x the throughput of smaller counterparts.
- It has built deep engagement with over 4.5 lakh active contractors, supported by targeted initiatives such as promotional schemes, loyalty programs, and digital engagement through its contractor platform. Extensive tinting machine network (~37k machines) is enabling better demand visibility and execution; It is continuation the 10% free paint offering.
- It added 42 new products in FY26, taking the portfolio to over 218 products and 1,850 SKUs. Demand remains strong, particularly in emulsions and waterproofing, with premium products contributing around 65% of revenue.
- Birla Opus has achieved over 90% brand awareness, supported by large-scale campaigns, including IPL 2026. It has built a strong presence among architects and interior designers, with a network of over 3,000 active firms across 60 cities.
- It has crossed 1,200 exclusive branded outlets across more than 700 towns. Its professional painting services platform, PaintCraft, is now available across over 6,000 pin codes.
- On pricing and input costs, it implemented calibrated price increases of ~2-6% earlier in the year, followed by additional hikes in Apr'26 to offset rising raw material costs.
- However, input cost inflation remains elevated, driven by crude-linked raw materials and currency depreciation. Cost pressures have increased significantly, with input costs rising by as much as ~20-25% of COGS. While it has taken steps to mitigate this through pricing, the situation remains volatile and may require further actions if inflation persists.
- Demand has remained resilient despite these increases. From late Apr'26 onwards, primary sales trends have remained broadly in line with March levels. It is closely tracking secondary sales on a weekly basis, along with closely monitoring demand elasticity to assess how customers respond to successive price increases. It estimates the paint industry to transition from single-digit growth to double-digit growth in FY27.
- It has reiterated its goal of building an INR100b profitable revenue franchise by the third year of full-scale operations (FY28). Losses are expected to reduce going forward.
- On the profitability front, the company highlighted a structured roadmap, driven by both operating leverage and cost efficiencies. Significant upfront investments have already been made in building a pan-India sales and service network as well as in brand development, both of which are largely fixed in nature and expected to be absorbed as scale increases. Variable costs are expected to decline through improved procurement efficiencies, better supplier negotiations driven by scale, multi-sourcing strategies, and operational efficiencies across its

six manufacturing plants, including optimization of power and logistics costs. Product-level optimization and increased competition among suppliers are also expected to support margin improvement.

B2B E-commerce

- In 4QFY26, revenue more than doubled on a YoY basis. FY26 revenue was near its annual revenue guidance of INR85b. This growth has been driven by strong traction in new buyer additions, while existing buyers are increasing both order frequency and ticket sizes. At the same time, it continues to expand product categories and geographic reach.
- All key operating metrics, including active buyers, average transaction value, and transaction volumes, are showing steady and consistent improvement. The quarter also benefited from seasonally strong demand, which it was able to capture effectively.
- Today, Birla Pivot delivers across more than 5,000 pin codes and over 400 cities, with a network of more than 5,000 retail touchpoints. This wide reach enables it to serve customers across the spectrum from large metro projects to smaller contractors in Tier 2 and Tier 3 towns, providing them with access to quality products, transparent pricing, and reliable logistics.
- Product portfolio continues to expand, with increasing scale in categories such as steel, polymers, chemicals, and metals, supported by partnerships with leading domestic and global brands. The objective is to position Birla Pivot as a one-stop destination for building materials procurement in India.
- It is building an integrated, full-stack operating system for procurement combining sourcing, logistics, pricing transparency, and embedded financial solutions.
- Going forward, focus will be on deepening buyer engagement through data-driven insights, expanding product categories and geographic presence, scaling embedded financial solutions to support MSMEs, and continuously enhancing the platform experience to drive customer stickiness.

VSF Segment

- It is confident about its growth trajectory in VSF. Notably, cellulosic fibers are currently the fastest-growing segment within India's fiber basket, expanding at nearly twice the CAGR of other fibers.
- Phase I Lyocell capacity of 55k tons per annum expansion plan is progressing well. The macro environment also remains supportive. Strong profitability was led by operating efficiencies, a favorable product mix, and benign pulp prices.
- China's operating rates stood at 92% in 4QFY26 vs. 87%/94% in 4QFY25/3QFY26, indicating strong global demand. It stood at ~89% in FY26 vs. ~86% in FY25.
- The average inventory holding declined to 11 days in 4QFY26 vs. average of 14/12 days in 4QFY25/3QFY26, suggesting tightening supply conditions. It stood at 14 days in FY26 vs. 11 days in FY25. CSF Mar'26-exit prices were up ~2% QoQ to USD1.60/kg vs. 4QFY26 average.

Chemical Business

- Chlor-Alkali segment maintains market leadership position. It is expanding capacity from 1,505 KTPA to 1,530 KTPA while evaluating further expansions, driven by demand across end-use sectors such as alumina, textiles, FMCG, and chemicals.

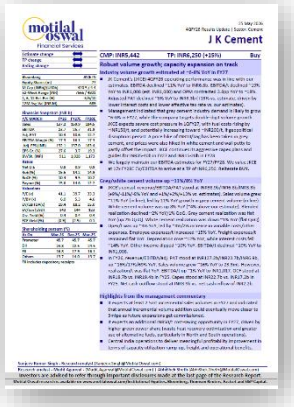
- Caustic soda sales volumes reached an all-time high of 321kt during 4QFY26 and 1,232kt for FY26.
- In the specialty chemicals segment, revenue grew 5% year-on-year, although profitability was partially impacted by higher input costs, particularly due to elevated import prices of key raw materials such as AEC.
- Specialty chemicals now contribute 27% of revenues, while chlorine derivatives account for 22%, reflecting a gradual shift towards higher value-added downstream products.

Other highlights

- Management highlighted that the renewable business delivered robust performance during the quarter, with revenue growing 60% YoY and EBITDA rising 55% YoY.
- Aditya Birla Capital has proposed an equity raise of up to INR40b, with GRASIM infusing INR28.8b. After the transaction, GRASIM's stake in ABCL is expected to maintain at ~52.3% on a fully diluted basis.
- The company remains in an investment phase and will continue reinvesting surplus cash flows from core businesses in scaling up paint and B2B e-commerce while maintaining majority ownership in key subsidiaries.

JKCement

Click below for Results Update



JK Cement — Buy

Current Price INR 4,878

Demand and pricing

- JKCE indicated that grey cement industry demand is expected to grow ~6-8% in FY27, while the company aims to sustain double-digit volume growth with ~2.5mt of incremental grey cement volumes during the year. It reiterated its long-term growth aspiration and indicated that annual incremental additions could gradually move toward 3mtpa over time. Infrastructure demand remains healthy, although it highlighted that the prevailing geopolitical situation could temporarily impact housing demand due to pressure on business cash flows and customer sentiment.
- On pricing, it stated that the company has taken price hikes across white cement, wall putty and grey cement to offset higher fuel, logistics and chemical costs. Average cement prices increased by around INR10/bag during May'26, which broadly compensated for prevailing cost inflation.
- In the white cement business, domestic production would be sufficient to meet demand despite geopolitical disruptions impacting UAE supplies. The company shifted supplies to domestic plants and does not expect any market share loss, while white cement volumes are expected to grow ~8-10% in FY27.
- Addressing competition in Central India, it indicated that meaningful volumes from newly commissioned competing capacities are likely only from 3QFY27 onward. Rising competition has already been factored into JKCE's expansion strategy, and the company remains confident of gaining market share through stronger regional servicing, distribution reach and key account management.

Operational highlights

- Lead distance was 418km vs. 434km/421km in 4QFY25/3QFY26. Central India utilization currently stands at ~65-70% – railway share at 8% and CC ratio at ~67%.

- Fuel consumption cost/kcal was INR1.48 vs. INR1.41/INR1.50 in 4QFY25/ 3QFY26. 4Q consumption comprised ~50% pet coke, ~12% alternative fuels and the balance from Indian coal.
- The major cost-saving initiatives have already been achieved, though further savings of around INR50/t are expected in FY27. These savings are expected to be driven primarily by higher green power utilization and increased AFR usage across North and South plants.
- It stated that fuel cost inflation currently stands at around INR150/t and could rise to INR200/t depending on geopolitical developments and fuel supply conditions. The company said an INR10-12/litre increase in diesel prices could have an additional impact of INR50-60/t.
- Green energy contributed ~52% of total energy requirements in FY26 vs. 51% in FY25 and is expected to increase to ~55% in FY27, supported by around 80MW of projects currently under implementation. The company aims to raise the green power share to ~75% by FY30. Current green power capacity stands at 290.7MW, comprising 119.3MW of WHRS and 171.4MW of renewable energy capacity (solar and wind). Management also stated that one thermal power plant has been discarded as it is no longer economical to operate, reflecting the company's increasing focus on green power.
- The thermal substitution rate increased to 12% in FY26 from 11.3% in 4QFY25, with the company targeting a further increase to ~35% by FY30.
- Clinker/cement capacity utilization was at 93%/82% in 4QFY26. Blended cement sales were 65% vs. 64% in 3QFY26. Trade sales were 68% vs. 71%/60% in
- 4QFY25/3QFY26. Premium products' share increased to 18% from 16%/17% in 4QFY25/3QFY26.
- Packing cost inflation witnessed during the quarter has eased substantially as supply-side bottlenecks have normalized.
- Employee costs also increased due to the commissioning of new Central India plants, annual increments, additional manpower requirements and labour code-related provisions, and it expects employee costs to rise ~12-14% YoY in FY27.

Capacity expansion and capex update

- It commissioned the split GU in Buxar, Bihar, completing its 6mt Central India expansion program. In addition, the Muddapur plant capacity was expanded by 1mt to 4.5mt.
- The construction work for the 4mtpa clinker unit, along with a 3mtpa GU at Jaisalmer, Rajasthan, is progressing as per schedule, and ordering for equipment has been completed, and civil work is progressing. Capex incurred on this project is INR7.4b (total cost: INR36.3b), and this plant will be commissioned by 1HFY28.
- Orders for major equipment for the 2mtpa split grinding unit in Bikaner have been placed and construction work has started. Capex incurred on this project is INR890m (total cost: INR5.7b) and will be commissioned by 1HFY28.
- Construction work for the 0.6mtpa wall putty plant at Nathdwara, Rajasthan, is in advanced stages of completion and is expected to be commissioned by 2QFY27. Capex incurred on this project is INR1b (total cost: INR1.95b).

- Land acquisition for Punjab grinding units has been completed and approvals are in process. Capex incurred on this project is INR830m (total cost: INR6.1b) and this plant will get commissioned by 1HFY28.
- Capex guidance for FY27 was maintained at INR35b-40b, while FY28 capex is expected at INR15b-20b. Around INR8b-10b of FY27 capex would comprise maintenance and strategic investments such as solar projects, paint business investments and coal block investments, while the balance would be directed toward greenfield expansion.
- On future expansion, it stated that the recently acquired Telangana limestone block with reserves of around 500mtpa could support the next phase of expansion. However, there are currently no expansion plans for Odisha or operations until mining leases are secured and existing operations stabilize.

Other highlights

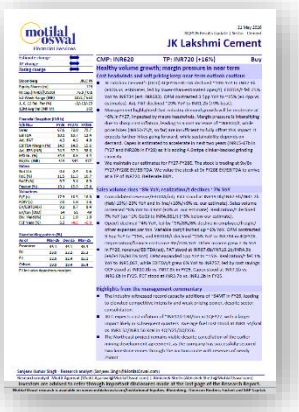
- It stated that FY27 incentive income is expected to be around INR2.5b. Lower incentives in 4Q were due to expiry of incentives at the Aligarh unit and inability to claim certain Rajasthan incentives because of GST input credit utilization, while Bihar incentives are yet to be recognized pending sanction letters. Outstanding incentive receivables stood at INR3b as of Mar'26.
- In the paints business, FY26 revenue stood at INR3.8b with EBITDA losses of over INR400m. For FY27, the company expects revenue of INR5b-5.5b and is targeting EBITDA breakeven for the full year.
- It also reiterated confidence in executing its FY30 roadmap and stated that the current expansion plans remain unchanged despite geopolitical uncertainties, unless external conditions materially affect industry cash flows for a prolonged period.
- Standalone gross debt stood at INR51.3b vs. INR51.0b as of Mar'25, and net debt stood at INR33.7b vs. INR25.6b as of Mar'25. Net debt-to-EBITDA ratio stands at 1.45x in Mar'26.

JK Lakshmi Cement — Buy

Current Price INR 607

Click below for Detailed Concall Transcript & Results Update




JK Lakshmi Cement

Demand and pricing

- The industry witnessed demand growth of ~7% in FY26 vs. ~5% in FY25, with 4Q demand growth of ~6.0-6.5% YoY and volume growth of ~14% QoQ, aided by a broad-based recovery. Demand remained strong during Dec'25-Feb'26 before moderating in Mar'26 due to geopolitical tensions in the Middle East. Apr'26 demand trends were healthy, while May'26 initially remained sluggish due to election-led labour migration and geopolitical uncertainty. Though, demand improved meaningfully after mid-May. It expects industry demand growth of ~5.5-6.5% in FY27 and aims to outperform industry growth.
- Cement prices improved during 4QFY26, particularly in the non-trade segment, while trade prices also started inching upward. However, significant industry capacity additions and intense competition limited meaningful price hikes, with increases remaining inadequate to fully offset rising costs. The muted ~1% NSR growth to the company's geographic mix, as key regions such as Gujarat and Chhattisgarh witnessed relatively weaker pricing trends.
- It remains cautiously optimistic on pricing recovery, indicating that improving demand trends could support further price hikes in both trade and non-trade

markets, potentially enabling the industry to recover a significant portion of cost inflation. However, pricing recovery remains dependent on demand conditions and competitive intensity.

Operational efficiency

- Lead distance remained unchanged QoQ at 380km. Blended cement share was ~62% vs. ~63%/62% in 4QFY25/3QFY26.
- It expects energy costs to increase by INR300/t and packaging costs by INR80-100/t due to geopolitical disruptions, while 1QFY27 cost inflation is estimated at INR120-130/t, with the balance expected to flow through in subsequent quarters.
- Additional cost pressure from diesel price hikes is likely to add INR15-16/t. During 4Q, petcoke prices rose ~40% QoQ to USD160/t and coal prices increased ~30% QoQ, prompting the company to alter its fuel mix at northern plants to mitigate imported fuel inflation, although fuel costs are still expected to rise sequentially.
- It reiterated its focus on improving operational efficiency and narrowing the EBITDA gap through premiumization, logistics optimization, renewable energy adoption, fuel mix optimization and digitalization. Clinker utilization stood at ~93% in FY26, while future growth is expected to be supported by higher blended cement ratio, improved clinker utilization of ~97%-98%, and lower clinker sales.
- Premium product share was ~24% of trade volume vs. ~21%/26% in 4QFY25/3QFY26. Trade sales stood at ~58% vs. ~60%/49% in 4QFY25/3QFY26.
- Non-cement revenue stood at INR1.69b, including RMC revenue of INR820m.
- Average fuel costs stood at INR1.54/kcal vs. INR1.52/INR1.56 Kcal in 4QFY25/3QFY26.
- It reiterated that EBITDA/t of INR1,000 remains a long-term aspiration despite near-term pressure from high fuel and logistics costs. Industry-wide profitability has weakened and it remains focused on gradually narrowing the EBITDA gap with leading players through operational improvements and better pricing.
- Green power contribution currently stands at ~46% of the total power mix vs. ~49%/48% in 4QFY25/3QFY26.
- The Surat grinding unit ramp-up remains ahead of schedule, with utilization already exceeding 60% since the commissioning in Sep'25 and expected to cross ~70% in FY27. Additional growth headroom at Surat, Udaipur and Cuttack plants, supporting volume growth ahead of industry averages in FY27.

Capacity expansion and capex

- It reiterated its target of achieving 30mtpa capacity by FY30 (current capacity 18mtpa) through 9mtpa of incremental capacity additions. The Durg integrated unit and associated grinding units are expected by FY28 end, while the North-East integrated project is targeted for FY29. It has secured two limestone mines with 250mtpa reserves through the auction route to support the North-East expansion.
- After the eastern expansion, the company plans to undertake the Assam project, followed by Kutch and Nagaur expansions. Kutch is likely to be prioritized ahead of Nagaur due to land acquisition delays and pending Supreme Court-related issues, with commissioning expected by FY30.
- It guided for elevated capex over the next few years, with planned investments of INR15b-17b in FY27, INR20b in FY28 and INR15b in FY29 toward eastern and North-East expansion projects, land acquisition and railway siding investments.

The company incurred INR5b capex by FY26-end, including railway siding investments.

- Phase-I of its TSR-related projects has been completed, while Phase-II remains under evaluation due to limited alternate fuel availability. On railway siding expansion, delays are linked to external approvals for flyover construction and track strengthening, with no operational impact or company-related delays.
- It acknowledged that net debt will increase meaningfully over the next two years due to high capex intensity, but expects leverage to normalize once expansion projects start contributing to profit. Net debt in FY26 stood at INR12.7b vs. INR13.8b in FY25.

JSW Cement — Neutral

Current Price INR 129

Click below for
Detailed Concall Transcript &
Results Update





Demand and pricing

- In 4Q, the industry in its key operating markets witnessed growth of ~8% YoY, while the company's cement volumes grew ~12% in the same regions.
- 4Q total sales volumes rose ~7% YoY to 4.0mt, with cement volumes rising ~12% YoY to 2.4mt. GGBS volumes grew ~5% YoY to 1.6mt. FY26 volume grew ~11% YoY. Temporary disruptions during the quarter were attributed to slag availability constraints at the Dolvi unit, supply realignments from Vijayanagar, and pollution-related shutdowns at certain western-region sites. These issues are largely behind the company, with volumes recovering from mid-May'26.
- On the clinker side, total production in India for FY26 stood at ~3.72-3.74mt. The Fujairah facility contributed an additional ~0.62mt during the year. Overall clinker sales were ~2.59mt, which included volumes supplied to its India operations.
- Apr'26 saw relatively softer demand, largely driven by inflationary pressure impacting consumption, along with temporary labor shortages due to reverse migration during the election period across key states such as Tamil Nadu, Kerala, and West Bengal. However, it is normalizing gradually in May'26 and could become more stable going forward.
- For FY27, the company expects mid- to high-teen volume growth (excluding the North region). North plant ramp-up trajectory is maintaining earlier utilization guidance of ~50%-60% for the full year on a capacity of 2.5mtpa.
- Realizations improved during the quarter, with cement realization up 4.8% QoQ and GGBS realizations flat QoQ.

Operational efficiency

- Raw material and power and fuel costs inched up QoQ, primarily due to higher inter-plant transfer of raw materials, especially slag, along with an increased share of cement in the overall sales mix.
- During the quarter, INR witnessed a sharp depreciation against USD, resulting in an adverse impact of ~INR135m. Adjusting for this forex impact, operating EBITDA would have been higher at INR3.8b (INR950/t). Additionally, JSWC continued to invest aggressively in its northern markets, particularly in manpower and marketing initiatives such as television, print, and dealer engagement programs. These expenses, amounting to INR230m in 4Q, have been fully expensed under employee and other overheads and not capitalized. The contribution from north plant was negligible as that was commissioned at the quarter end.

- The trade mix also strengthened to ~51% from ~47% in 3Q. It maintained one of the lowest clinker-to-cement ratios in the industry at 51%, backed by higher mix from GGBS.
- So far, it has delivered a little over 50% of the targeted cost savings across the various levers it identified. JSWC expects this to improve meaningfully, with ~75% of the total savings being realized by FY27. The remaining 25% should come through by FY28. The key drivers of incremental savings will continue to be power cost optimization, logistics efficiencies, and premiumization.
- Clinker factor was 51% vs. 52%/50% in 3QFY26/2QFY26. Blended cement mix was 65% vs. 63%/67% in 3QFY26/2QFY26.
- Average fuel cost was INR1.49/kcal vs. INR1.44/1.49 kcal in 4QFY25/3QFY26.
- Lead distance stood at 289km vs. 281km/273km in 4QFY25/3QFY26, with logistics cost increasing ~6% QoQ. This was largely due to changes in rail dispatch alignment across plants, particularly related to GBS movement.
- Share of green energy is expected to ramp up from ~24% in FY26 to ~63%, boosting cost savings.
- It expects INR100/t cost savings in FY27, with a similar contribution expected in FY28. In terms of breakup, savings are largely split across power (~INR60-70/t), logistics (~INR30-40/t), and premiumization (reflected through improved net sales realization).

Capacity expansion and capex

- At Nagaur, it commissioned 3.3mtpa clinker/2.5mtpa in Mar'26. Additional 1.0mtpa grinding capacity and waste heat recovery system are nearing commissioning, which will take the total grinding capacity to 3.5mtpa. It approved a further 2.5mtpa grinding expansion at Nagaur at an estimated capex of INR4.3b to be completed by Jan'28. Total capacity at Nagaur rose to 6.0mtpa. This decision is partly driven by delays in environmental clearances at other locations such as Punjab, as well as the need to optimize clinker utilization.
- Nagaur facility is marking JSWC's entry into northern markets (Rajasthan and Haryana), where early feedback from dealers and customers has been encouraging.
- The broader expansion pipeline remains on track, targeting a total grinding capacity of 46mtpa and clinker capacity of 13.04mtpa. Guided capex of INR23.0b in FY27 and INR22.0b in FY28. With respect to the Nagaur, Rajasthan project, it already incurred INR24.b to date.
- It has over 600mt of limestone reserves across four blocks, along with sufficient land and approvals to set up potentially up to three clinker lines of 10,000 tpd each. However, timelines for the Punjab project have been pushed out.
- At this stage, the dealer onboarding strategy in the North has been centred on core cement dealers, ~25% of the network comprises exclusive dealers, while the remaining ~75% are multi-brand dealers. This mix currently spans across key states such as Haryana and Rajasthan.
- It has not yet meaningfully leveraged its steel or paints distribution networks for cement. Only a small number of steel dealers have been onboarded so far. However, this is an area it intends to explore more actively going forward, as we scale up our presence in the region.

- There has been a slight delay in UAE grinding unit expansion due to the ongoing geopolitical situation, and timelines have been pushed out by about a month; now targeting commissioning by around end-April.
- Net debt stood at INR36.4b vs. INR42.0b/INR35.6b in 4QFY25/3QFY26. In FY26 it incurred capex of INR5.1b for maintenance and INR19.6b for growth initiatives, broadly in line with the guidance.

The Ramco Cement — Neutral

Current Price INR 858

Capacity utilization and volume

- Cement capacity utilization stood at ~83% vs. ~85%/~73% in 4QFY25/3QFY26. Cement volume was up 22% YoY (+4% QoQ) at 5.4mt in 4QFY26. Construction chemical sales volume jumped 80% YoY (up 6% QoQ) to 0.164mt.
- Volume share from South/East stood at ~75%/~25% in 4QFY26, unchanged YoY.

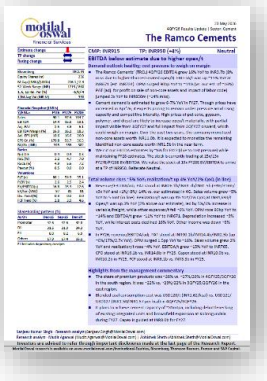
Operational highlights

- Trade prices in 4Q in the south dipped ~2% from the Dec'25-end level, while prices in east improved ~5%.
- TRCL used 30% petcoke vs. 66%/53% in 4QFY25/3QFY26. Alternative fuel share remained low at 1%. Green energy contributed 34% of power requirements vs. ~31%/47% in 4QFY25/3QFY26. Avg. lead distance was 276km in 4QFY26 vs. 278km in 4QFY25 and 256km in 3QFY26.
- The benefits of marginal improvement in clinker conversion ratio from 1.42x in FY25 to 1.43x in FY26 have helped to offset the inflationary impact on raw material costs, due to the levy of the mineral-bearing land tax in TN from Apr'25. The company, along with other cement companies, has represented to the TN government to reduce the levy, which is pending.
- Revenue from the Construction Chemicals business stood at INR3.5b in FY26, jumping 66% YoY. This contributed ~4% in total revenue vs. ~2% in FY25.

Debt and other highlights

- Gross debt stood at INR38.5b vs. INR46.5b as of Mar'25. Net debt stood at INR36.6b vs. INR44.8 as of Mar'25. The cost of debt for FY26 was 7.29% vs. 7.90% in FY25.

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Ultratech Cement — Buy

Current Price INR 11,102

Demand trends

- Industry volume growth during 4QFY26/FY26 was 6-7%/6.5% YoY and is expected to be at 7-8% in FY27 too, led by infrastructure growth, growing rural demand and PMAY allocation. UTCEM is well positioned to capture this demand and targets double-digit growth going forward. Though there could be some disruptions in the near term due to seasonal factors, state elections or weather conditions, underlying demand trends remain strong. Average capacity utilization was at 90% in 4QFY26.

Acquired assets of and Kesoram

- 100% brand migration has been completed for the acquired assets of ICEM and Kesoram; which is ahead of schedule. Kesoram's assets were operating at INR1,000/t profitability and there should be further improvement in the profitability of both these assets, led by price hikes and integration benefits.

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Target for ICEM remains to achieve profitability of INR1,000/t by FY28. Capex for ICEM will be ~INR20b (~INR16b for efficiency improvement and INR4b for capacity expansion). It will also spend INR4-5b on Kesoram assets.


UltraTech Cement

Operational and other highlights

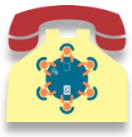
- Lead distance stood at 367km in 4Q (down 18km YoY/up 4km QoQ) and 367km in FY26. C:C ratio was 1.48x vs. 1.45x/1.49x in 4QFY25/3QFY26. The green power mix stood at ~43% in 4QFY26 vs. 35.7%/42.1% in 4QFY25/3QFY26 and targets ~85% by FY30.
- Trade mix improved by 1.5pp QoQ to ~65.8% in 4QFY26 vs. ~66.4%/64.3% in 4QFY25/3QFY26. It will remain in the range of ~65-67% going forward.
- Fuel consumption cost was INR1.77/Kcal vs. INR1.75/INR1.80 per kcal in 4QFY25/3QFY26. Petcoke consumption was at 41% vs. 54%/ 45% in 4QFY25/3QFY26.
- **Cost headwinds largely manageable in 1QFY27:** There have been cost pressures due to ongoing geopolitical issues, with an increase in imported coal/pet coke prices and higher packaging and logistics costs. There could be an increase in petrol and diesel prices too due to higher crude prices. There are multiple levers to mitigate costs such as 1) change in consumption-mix like higher usage of domestic coal; 2) diversification of procurement sources; 3) benefits from long-term contracts -- these contracts were not favourable for last two years but would yield benefits now; and 4) a large number (~150) suppliers for packaging bags -- the suppliers would want to service high-volume customers first. Impact of higher coal/pet coke prices would be visible in 2QFY27, if current elevated prices sustain. Incremental cost for packaging bag was INR900m in 4QFY26 (increase in bag price is ~INR6/bag). It has USD950m of foreign currency borrowings and impact on EBITDA was ~INR30/t due to INR depreciation.
- **Cost efficiency program:** Cost efficiency programs have yielded a cumulative cost benefit of INR185/t in FY25/26, led by measures such as reduction in lead distance, higher usage of green energy, improved C:C ratio, lower power and heat consumption, etc. It expects to exceed its earlier cost saving guidance of INR300/t by FY28.
- **Capacity additions and targets:** The company crossed 200mtpa of domestic grey cement capacity, which is the largest in any country, excl. China. This has been achieved by disciplined organic expansions, value-accretive acquisitions, and strong execution. Capacity has more than tripled over the past decade (from ~65mt in 2016 to 200mt currently) and it plans to add ~37mtpa capacities in FY27/28. Further growth plans will be shared next year. The company intends to spend INR80b-100b on capacity expansion annually over the next few years and targets to keep the net debt-to-EBITDA ratio below 1x.
- **Capital allocation:** The company declared a dividend (including a special dividend) of INR240/share for FY26. UTCEM has large capex plans and its fund will not be used for any other group businesses. The endeavour would be to reward the shareholders, but it depends on future cash generation given capex commitments.
- **Cable & Wire business:** The business may be launched in Oct '26 instead of Dec'26. It has incurred a capex of INR8b out of the planned investment of INR18b.

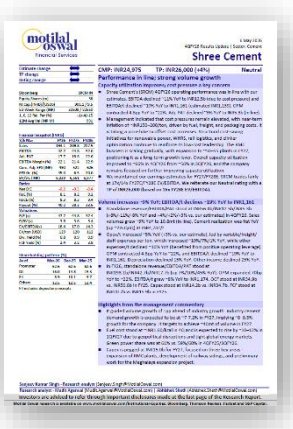
- **UAE operations:** Volumes have picked up and there has not been any drop in prices. UTCEM believes that there will be new programs for reviving the economy once the geopolitical issues settle down. EBITDA from UAE was INR2.78b in 4Q vs. INR2.67b in 3QFY26.
- Consolidated net debt stands at INR166.2b vs. INR176.7b in Mar'25.

Shree Cement — Neutral

Current Price INR 24,763

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Cement demand and pricing strategy

- The company highlighted that India's macroeconomic environment remains resilient, supported by steady domestic demand and continued policy focus on infrastructure-led growth. The Union Budget FY27 has reinforced this through sustained thrust on roads, railways, and urban infrastructure, which is expected to drive construction activity and cement demand. Favourable employment conditions, stable inflation, and supportive fiscal and GST rationalization measures further strengthen the demand outlook. However, geopolitical conflict in the Middle East and the possibility of a moderate monsoon may act as near-term headwinds for sector growth.
- Industry cement demand growth is expected to be at ~7%–7.2% in FY27, in line with India's GDP growth expectation of ~6.5%–7.5%, noting that post the GDP series revision, cement demand growth has normalized to nearly 1–1.1x GDP growth vs 1.3x earlier. SRCM continues to guide for growth at 1pp above industry average and expects to achieve 40mt cement sales in FY27, implying growth of ~8–8.5%, with clinker sales remaining immaterial and not a strategic focus.
- The company reiterated that profitability remains the primary focus rather than chasing volumes at the cost of margins. During 2QFY26 and 3QFY26, the company deliberately restricted volumes to improve pricing and narrow the pricing gap with the market leader. This strategy helped reduce the pricing gap from nearly INR50/bag to INR20/bag, creating a more stable pricing platform. With this price discipline established, the company shifted focus back to volumes in 4QFY26, while maintaining pricing discipline and avoiding any price war.
- Realizations improved YoY, supported by the value-over-volume strategy and stronger premium product mix. Premium product contribution increased significantly from ~9% two years ago to ~22% currently, helping strengthen pricing power.
- Management indicated that cement prices have increased by INR25/bag over the last month, and these hikes are largely sufficient to offset the expected INR150–200/t cost inflation expected in 1QFY27, arising from fuel and packaging cost pressures. Management stated that the company is generally covered on cost pass-through and will continue to prioritize sustainable price increases rather than aggressive market share gains.
- The company reiterated that while volumes are important for maintaining a fair market share, price realization and profitability remain the key priorities. Management emphasized that sale prices are market-driven and EBITDA guidance is not provided, as cement remains a commodity business driven by macro conditions rather than controllable pricing decisions.

Operational highlights

- Fuel cost was at INR1.60/kacl vs. INR1.56 in 3QFY26, and is expected to increase by ~10–12% in 1QFY27 due to geopolitical disruptions and supply chain challenges. Fuel mix during the quarter comprised pet coke (54%), coal (32%), and alternative fuel (14%). Management stated that fuel decisions are based purely on landed cost per kilocalorie rather than fixed fuel preferences.
- Green power share stood at 61% vs. 59%/60% in 4QFY25/3QFY26. Renewable power capacity currently stands at 666.5MW, and all kilns are being linked with WHRS. Management also continues to evaluate battery energy storage systems (BESS) to further enhance renewable integration and improve cost efficiency.
- Management highlighted that FY26 EBITDA/t remained the highest among peers.
- Capacity utilization improved significantly to ~66% in 4QFY26 from ~56% in 3QFY26. Region-wise utilization stood at ~70% in North, ~60% in East, and ~61% in South. Management stated that stronger volume execution and stable pricing supported this improvement.
- Lead distance increased by 12km QoQ to 457km, resulting in freight cost pressure. Management is actively working to reduce lead distance back to sub-440km levels or even lower through operational optimization and improved regional balancing.
- Total cost inflation expected in 1QFY27 is estimated at INR150–200/t, including fuel, packaging, freight, raw material, and power costs. Packaging cost alone is expected to rise by INR100/t due to PVC granule inflation, while 4QFY26 packaging cost impact was limited to INR20/t.
- Clinker factor stood at ~64.8% in 4QFY26 vs 64%/63.9% in 4QFY25/3QFY26. Management believes this remains best-in-class in the industry and will continue to optimize based on product mix, with PPC supporting better clinker efficiency than OPC. Blended cement contribution stood at 62%, while trade sales accounted for 64%.
- The RMC business continues to scale up rapidly. The company had 26 operational RMC plants by FY26-end and inaugurated 10 new plants in Mar'26, which are currently under commissioning. With commissioning, the total RMC plant count will increase significantly in FY27. RMC revenue stood at INR900m in 4QFY26 and INR2.5b for FY26, though management stated that the business remains at a nascent stage.

Capacity expansion and capex plans

- During 4QFY26, the company commissioned its integrated Kodla project in Karnataka, comprising 3.65mt clinker capacity and 3.5mt cement capacity. With this, the total installed cement capacity in India, including wholly-owned subsidiaries, increased to 69.3mt.
- Union Cement (UAE) is progressing on a 2.5mt cement mill project, which is scheduled to be commissioned by Sep'26. Management highlighted that Union Cement delivered strong FY26 performance, supported by robust demand and improving pricing, though temporary slowdown was seen due to Middle East tensions.
- The company is setting up an integrated cement plant in Meghalaya with clinker capacity of 0.95mt and cement capacity of 0.99mt. Orders have already been placed for the project. Total capex for Meghalaya is estimated at INR18b, which appears elevated due to significant front-ending of infrastructure investments,

including land acquisition, power connectivity, and enabling infrastructure for eventual scaling to 4mt–4.5mt capacity.

- The company stated that Meghalaya limestone mines are allocated by the state government rather than auctioned. The company has secured three limestone blocks, with the first prospected block alone estimated to hold 600mt of
- limestone reserves. No formal incentive approval has yet been received from the Meghalaya government, though management stated the project remains strongly viable even without incentives.
- Capex guidance for FY27 stands at INR15b, focused on three key areas -expansion of RMC plants, development of railway sidings, and preliminary work for the Meghalaya project. Management expects to close FY27 with 50–55 RMC plants along with progress on railway infrastructure and Meghalaya execution.
- Railway sidings remain an important cost optimization lever, with multiple projects under execution across at least three to four locations. Management continues to focus on railway logistics, AFR, renewable energy, and operational efficiency initiatives to structurally improve cost competitiveness.
- The company remains committed to reaching 80mt capacity by FY29, although management acknowledged a deliberate slowdown in capex pace due to changing industry dynamics and reduced competitive aggression from peers. Expansion plans remain flexible and will be accelerated depending on market conditions and demand visibility.

CHEMICALS

- **Chemical companies remain cautiously optimistic about the sector's outlook, supported by improving customer offtake, gradual demand recovery across key end markets, ongoing capacity expansions, and the commercialization of new products and molecules. While challenges such as volatile feedstock prices, intensified competition from China, tariff-related uncertainties, and geopolitical disruptions persist, the companies remain focused on long-term growth initiatives.**

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Outlook for FY27	Quarterly snapshot
Alkyl Amines	▪ While volume growth remained flat in FY26, the growth momentum is expected to improve steadily due to rising demand from the pharma segment, led by peptides. ▪ Further, the anti-dumping duty (ADD) on acetonitrile is likely to aid price recovery and strengthen AACL's market position. ▪ Management remains cautiously optimistic on the outlook, supported by a moderation in aggressive pricing from Chinese players, which is expected to support industry-wide margin recovery.	▪ Revenue stood flat YoY while growing 9% QoQ to INR3.9b (est. INR3.2b). Gross margin remained flat YoY and contracted 200bp QoQ to 45.8%. ▪ EBITDA margin expanded 70bp YoY but contracted 70bp QoQ to 18.3% (est. 17%). EBITDA stood at INR707m, rising 4% YoY and 5% QoQ (est. of INR558m). ▪ Adj. PAT stood at INR454m, declining 1% YoY and rising 7% QoQ (est. of INR349m). ▪ In FY26, Revenue/EBITDA/Adj. PAT declined ~2%/2%/3% to INR15.4b/INR2.8b/INR1.8b.
Atul	▪ Management targets growth through downstream and upstream projects, driven by both organic and inorganic expansions. ▪ The company is not experiencing any raw material shortage, and management does not anticipate supply disruptions going forward; while LNG availability remains tight, no severe disruptions are expected. ▪ The increase in crude oil prices has impacted RM inputs. Sulphur price has doubled in the last few months. The company is not experiencing RM shortage currently, and management is expecting no RM supply disruptions going forward.	▪ ATLP's revenue grew 15% YoY to INR17.7b, led by 18% revenue growth in Performance chemicals to INR12.4b and 4% YoY growth in Life Science chemicals to INR4.6b. ▪ Consolidated EBITDA grew 26% YoY to INR2.8b (in line with our est.), and Adj. PAT grew 61% YoY to INR2.1b (est. INR1.6b). ▪ Life Science Chemicals' EBIT margin stood at 31% (+920bp YoY), while EBIT stood at INR1.4b. Performance Chemicals' EBIT margin stood at 10.1% (+200bp YoY), and EBIT came in at INR1.2b.
Clean Science	▪ The company operated in a challenging macroeconomic environment throughout FY26, hit by geopolitical uncertainties, subdued customer offtake, pricing pressure across select products and geographies, and ongoing tariff-related disruptions. ▪ While the macro headwinds are expected to continue in the short term, factors such as: 1) the ramp-up of advanced grade HALs, 2) strengthening HALs' presence in value-added specialty chemistries, 3) the scale-up of performance chemical 1, along with the commercialization of performance chemical 2, and 4) backward integration initiatives are expected to be key growth drivers going forward.	▪ The company reported a revenue of INR2.5b, declining 5% YoY (est. INR2.3b), while revenue for Pharma & Agro Intermediates/FMCG Chemicals grew ~8%/~49% YoY to INR615m/INR366m. Revenue for performance chemicals (~61% of the revenue in 4Q) declined ~17% YoY to INR1.5b. ▪ Employee expense as a % sales stood at 2% (compared to 6% in 4QFY25) as the Executive Directors voluntarily elected to forgo a substantial portion of their performance bonus entitlement for FY25-FY26. ▪ EBITDA declined 9% YoY to INR958m, above our estimate of INR734m. Based on the assumption of normalized employee costs (the average of the last three quarters), adj. EBITDA declined ~19% YoY to INR850m.
Deepak Nitrite	▪ Management is sharpening its focus on innovation, new product development, and expanding the company's presence across geographies and chemistries. ▪ The near-term industry conditions are expected to remain influenced by geopolitical developments, Chinese supply dynamics, US tariff policies, and feedstock volatility. ▪ Management highlighted that Deepak Nitrite continues to operate with a high degree of productivity and efficiency, supporting healthy margins. The company also expects 1Q performance to improve sequentially over 4Q and remain ahead of last year's 1Q levels.	▪ DN's 4Q revenue declined 3% YoY to INR21.2b (est. in line), primarily due to a 7% YoY decline in phenolics to INR14.3b, while advanced intermediates' revenue grew 8% YoY to INR7.1b. ▪ Gross margin came in at 34.9% (up 430bp YoY), while EBITDAM stood at 17.7% (up 320bp YoY). Employee costs as a % of sales stood at 5.2% (vs. 4.7% in 4QFY25), while other expenses stood at 12% (vs. 11.4% in 4QFY25). ▪ EBITDA grew 19% YoY to INR3.7b (our est. INR2.5b), and EBIT for Phenolics grew 20% YoY, while EBIT for advanced intermediates declined 25%. ▪ EBIT margin for advanced intermediates contracted 210bp, while EBIT margins for phenolic expanded 440bp YoY to 20%.

Ellenbarrie	▪ The company has reiterated its long-term EBITDA margin guidance of ~40%, led by the ramp-up of cost-efficient plants and normalization of argon prices. The revenue CAGR guidance remains unchanged at 20-25%. ▪ The company is strengthening its geographic presence through capacity additions across East, North, and Central India, including new onsite and merchant plants. ▪ The East India onsite facility is expected to commence operations next month, with revenue contribution likely from 2HFY27. The additional merchant plants across North and West/Central India are scheduled for commissioning over FY27-FY28, supporting the next phase of growth.	▪ ELLEN reported a total revenue of INR874m (in line) in 4QFY26, rising ~6% YoY. ▪ EBITDA adjusted for a one-time provisioning for employee leave encashment and a one-time settlement with an onsite customer grew 21% YoY to INR298m. Adj. EBITDA margin stood at 34.5% (est. 33%) vs. 29.8% in 4QFY25. ▪ Adj. PAT grew 43% YoY to INR260m (est. INR262m; further adjusted for other income – impairment on a legacy non-core investment). ▪ Gases, related products & services revenue grew 8% YoY to INR860m, EBIT grew 31% YoY to INR343m, and EBIT margin was 40% (vs. 33% in 4QFY25). ▪ Project engineering revenue stood at INR14m (down 53% YoY), and operating loss stood at INR24m (vs. the operating loss of INR14m in 4QFY25).
Fine Organic	▪ Management has guided for EBITDA margin to remain in the range of 18-20%, while indicating that revenue growth over the next two years is expected to be primarily price-led, given the near/full utilization across existing facilities until new capacities are commissioned. ▪ The company expects any near-term topline growth to be driven primarily by price increases rather than volume growth, given that existing plants are already operating at near/full utilization levels. ▪ Management expects raw material prices, particularly vegetable oil-linked feedstocks, to remain elevated through FY27 even if geopolitical tensions moderate, owing to structurally higher global demand dynamics.	▪ FINEORG reported revenue of INR6.2b in 4QFY26, rising 3% YoY. Overall demand remained stable during the quarter, with export markets showing steady performance. ▪ Export revenue grew 1% YoY to INR3.4b, while domestic revenue grew 5% YoY to INR2.8b, driven by improved domestic demand. ▪ Gross margin stood at 40.3% (up 70p YoY), while EBITDA margin expanded 110bp YoY to 20.8% in 4QFY26. ▪ EBITDA stood at INR1.3b, rising 9% YoY, and Adj. PAT grew 21% YoY to INR1.2b in 4QFY26 (est. of INR919m). ▪ In FY26, its revenue/adj. PAT grew 4%/2% YoY to INR23.7b/INR4.2b, while EBITDA declined 4% to INR4.9b.
Galaxy Surfactants	▪ Management expects 1QFY27 volume growth to trend toward the higher end of the 6-8% range, driven by a recovery in India volumes following GST rationalization benefits, improving demand in the Americas post-tariff reversal, and a meaningful recovery in the AMET segment. ▪ Consequently, EBITDA is expected to remain healthy at INR19-21k per MT. ▪ The plant was significantly affected during the quarter due to raw material shortages and transit disruptions, which constrained operations and delayed order fulfillment. However, operations have since recovered significantly, with the company now servicing pending orders that could not be fulfilled during March. Management expects full normalization in 1QFY27.	▪ Galaxy Surfactants (GALSURF) delivered a muted quarter, with an EBITDA decline of 4% YoY in 4QFY26. EBITDA/kg stood at ~INR20, declining 7% YoY due to a highly disrupted operating environment that hit global supply chains, logistics efficiency, and input costs. ▪ Revenue from India/Rest of World (ROW) grew 30%/13% YoY to ~INR6b/INR4.6b, while revenue from AMET declined 3% YoY to INR2.6b. Overall volume was flat YoY. ▪ EBITDA margin contracted 180bp YoY to 9.3%, EBITDA declined 4% YoY to INR1.2b (est. INR1.3b), and adj. PAT declined 18% YoY to INR624m (est. INR755m). ▪ In FY26, while revenue grew 24% to INR52.5b, EBITDA/adj. PAT declined 2%/9% YoY to INR4.8b/INR2.8b.
Navin Fluorine	▪ The outlook remains positive, underpinned by a well-diversified portfolio across products, customers, and geographies. ▪ We expect the HPP segment to continue to deliver sustainable growth, supported by a firm pricing environment and ongoing capacity expansion initiatives, while the Specialty Chemicals business is poised to maintain its strong momentum, backed by robust order visibility and meaningful scale-up across existing molecules. ▪ The outlook for the CDMO segment remains equally healthy, driven by a balanced portfolio spanning late-stage and commercial molecules as well as early-stage pipeline opportunities.	▪ Navin Fluorine International (NFIL) maintained its robust performance in 4QFY26, with revenue growing 34% YoY, driven by broad-based strength across all segments. HPP/Specialty Chemical/ CDMO revenue increased by 21%/39%/ 61%, while EBITDA surged 80% YoY, led by volume growth, operating leverage, a favorable product mix, and a constructive pricing environment for HFC. ▪ EBITDA stood at INR3.2b (est. in line), rising 80% YoY, and adj. PAT grew 2.1x YoY to INR2b (est. in line), adjusted for the write-back of excess labor code provisions amounting to INR137.2m. ▪ In FY26, revenue/EBITDA/adj. PAT grew 41%/2x/2.3x to INR33.1b/INR10.8b/ INR6.7b. ▪ FY26 net debt stood at INR11.3b, while OCF stood at INR8.9b.

PI Industries	▪ We remain cautiously optimistic on FY27, supported by a strong order book, committed customer offtake plans, and the planned launch of over 5 new molecules in the CSM business, which should accelerate growth in 2HFY27. In addition, the biological pipeline and potential inorganic opportunities continue to strengthen the growth outlook.	▪ PI Industries (PI) reported a weak quarter as revenue declined 12% YoY, primarily due to a 15% YoY dip in the CSM business, attributed to the global slowdown and cautious customer scheduling (volume declined 14% YoY). ▪ Domestic Agri also reported a revenue decline of 9% YoY, while the Pharma business grew 23% YoY. ▪ Gross margins expanded 280bp YoY due to a better product mix and operational efficiency, while lower volumes led to adverse operating leverage, thereby resulting in an overall EBITDA margin contraction of 400bp YoY.
SRF	▪ The Chemical business is expected to deliver ~15-20% growth in FY27, led by refrigerant gas price and volumes and recovery in specialty chemicals. ▪ The company does not expect the business to be impacted by the unavailability of raw materials. Further, the fluorochemical supply to the Middle Eastern market is expected to normalize. ▪ SRF's overall business is expected to grow despite a volatile global environment, supported by diversification and a strong capex pipeline. Growth in FY27 is expected to be led by refrigerant gases, recovery in specialty chemicals, and improving fluoropolymer traction, while PFF and technical textiles show a gradual cyclical recovery.	▪ SRF delivered a healthy performance in 4QFY26 as EBIT grew 14% YoY, led by a 5%/47%/63% YoY jump in the EBIT of Chemicals/Performance Films and Foil (PFF)/Technical Textiles Business (TTB). ▪ The company delivered a healthy performance despite a challenging global environment in the specialty chemicals segment, and successfully redirected its business away from the Middle East without any loss of volumes. ▪ EBITDA stood at INR11.5b (est. of INR10.9b), rising 15% YoY. Adj. PAT grew 20% YoY to INR6.9b (est. of INR6.3b), adjusted for forex loss/labor code impact of INR1.3b/INR117m in 4QFY26.
Tata Chemicals	▪ The near-term environment remains unfavorable, with the soda ash demand supply balance yet to meaningfully improve despite expectations of future demand from solar glass and electric vehicles. ▪ Benefits from these end-use industries are likely to play out gradually, while the current oversupply persists. Although the company has expansion plans in India, the payoff remains contingent on a broader cyclical recovery, limiting near-term upside	▪ TTCH posted a weak performance in 4QFY26, with consol. EBITDA declining 16% YoY. The slowdown was led by subdued performance across all the businesses, hit by lower realizations and higher fixed costs. ▪ TTCH reported an overall revenue of INR34.4b (est. in line) in 4QFY26 (down 2% YoY), primarily due to lower realizations. ▪ It posted an adj. net loss of INR7.5b vs. adj. net loss of ~INR328m in 4QFY26 (est. ~INR171m). The company has reported an impairment in goodwill of the US business of INR18b.
Vinati organics	▪ Management has maintained its EBITDA margins guidance of ~26-27% for FY27. The company continues to focus on organic expansion through products currently under commissioning and ongoing R&D, with annual capex guidance of ~INR2.5-3b over the next 3-5 years. ▪ We expect revenue growth for Acrylamide Tertiary-Butyl Sulfonic Acid (ATBS) to be driven by volume growth, the ramp-up of Phase I expansion, and the commercialization of Phase II in Oct'26. Meanwhile, the phenol (BP) segment is expected to witness improving demand conditions, and the Isobutyl Benzene (IBB) segment is likely to post double-digit growth.	▪ Vinati Organics (VO) reported a steady operating performance, with EBITDA at INR1.8b, remaining flat YoY (est. INR1.6b), ▪ EBITDA margin expanded 170bp YoY despite fluctuations in raw material prices, logistics costs, and supply chain issues. ▪ EBITDA stood at ~INR1.8b (est. of INR1.4b), remaining flat YoY but rising 14% QoQ. Adjusted PAT stood at INR1.4b (est. of INR1), rising 8% YoY and 27% QoQ. In FY26, revenue declined 1% YoY to INR22.3b, while EBITDA/Adj. PAT grew 18%/17% YoY to INR6.9b/INR4.9b. CFO stood at INR6.3b as of Mar'26, compared to ~INR5b as of Mar'25.

ALKYL

Click below for Results Update



Alkyl Amines — Neutral

Current Price INR 1,835

Guidance and Outlook

- Management is looking at cautious optimism, but the future outlook remains concerning due to geopolitical issues. Management expects 5-10% growth in volumes for FY27, while pricing remains uncertain.
- Methy lamines now have four players domestically, and management expects competition. Chinese players are not in Methylamines. Capacity is over due to new entrants, and utilization is expected to be lower.
- Ethylamines have only two domestic players, and market share is expected to be stable. Margins are protected due to the price increase. There is enough

capacity for the next 4 years. Debottlenecking is also an available option with AACL.

- Management expects a gradual margin recovery if China's anti-innovation policy is successfully implemented.
- Management expects pricing to remain elevated in the near term due to disruptions.
- No major business plans for FY27. Capex for FY27 guided at ~INR800-900m relating to product developments.

Macro environment

- Prices of raw materials have increased subsequently, increasing finished goods prices. Difficult to pred ict impact on demand, but most of the customers' products have a minor cost proportion relating to the AACL's product. FG prices will be reduced in lag relative to RM cost, which will be beneficial for AACL.
- Competition is also facing the same constraints, and a price dip is not expected in the near term. Price hike will continue until the supply chain is normalized and expected to return to Feb'26 or even earlier levels. Margin advantage will be there if the earlier ammonia inventory is in stock. Another six months are expected for ammonia supply stabilization.
- Green ammonia is expected to take ~3-5 years, but it is a good alternative. Currently, no green ammonia is being sold to AACL.
- Chinese aggressiveness has been reduced recently, but pricing pressure persists.
- Acetonitrile (ACN) (currently ~INR200/kg v/s INR140/kg YoY) has ADD implemented in Jul'25, but demand improvement was seen in CY25 end. Market share of AACL started improving from the last quarter due to the reduction in imports. The ACN market is ~30kT. The competitor is planning to set up an ACN plant, but AACL is expecting to sustain a competitive advantage in terms of cost leadership.

End-user demand scenario

- The pharma industry was relatively immune to tariffs, and the further outlook also looks positive. There is a lot of optimism around peptides' growth, but this must materialize for favorable volumes for AACL.
- The outlook for the Agri industry is concerning due to El Niño. AACL has ~50-60% exposure to Pharma and ~15-20% to Agro.

Operational performance

- Volume and value growth were flat in FY26. Prices and volumes both dropped ~1%, with varying product-wise metrics
- Currently, AACL is at ~60-80% utilization (Capacity of 30kT)
- 10-15kT (fraction of India's needs) of ammonia is required per month for the Aliphatic industry.

Force majeure

- AACL had announced force majeure on 16 Mar'26 due to a geopolitical crisis, which led to disruption in the availability of LNG (critical input for Ammonia production)
- Due to the non-availability of ammonia, the company had temporarily suspended manufacturing of Methylamines, Ethylamines, and their derivatives at Patalganga, Kurkumbh, and Dahej sites.

- On 24 Apr'26, AACL announced that production was restarted gradually due to Ammonia supply improvements. Ammonia costs increased from INR50/kg to INR100/kg.
- AACL's Ammonia contracts are short-term, and customers are not committing to long-term contracts due to elevated pricing. The company is dependent on distributors and suppliers for ammonia sourcing.

Product development

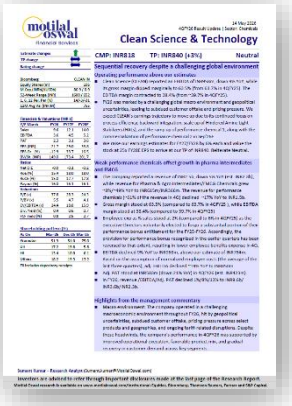
- Project Kirkham was delayed and is now expected to commission in 2QFY27 (currently, the mechanical process is in progress). Over a dozen products at various stages are currently in R&D
- New product from the R&D pipeline will be launched in Jul'26. Some products are in the engineering stage, and their commercial launch remains contingent.

Clean Science & Technology — Neutral

Current Price INR 794

Click below for Detailed Concall Transcript & Results Update




Clean Science & Technology

Operating performance

- The quarter witnessed a sequential improvement in overall performance, primarily driven by higher customer volume offtake across key products.
- The promoters and directors voluntarily forewent a substantial portion of their performance-linked bonus for FY26.
- Consequently, the FY26 performance bonus payout was reduced to less than 1% of PBT, compared with the entitled level of 4% of PBT.
- FY26 revenue mix stood at 72% from Performance Chemicals, 19% from Pharma and FMCG, while the balance 9% was contributed by other segments.
- Standalone gross margins improved during the quarter, aided by a superior product mix.
- Sequential revenue growth was primarily volume-led, reflecting improved customer offtake.
- On a YoY basis, revenue declined due to the loss of a key FMCG customer account.
- During the quarter, imports of Hydroquinone (HQ) and Catechol were fully substituted through captive production, primarily for TBHQ and Veratrole manufacturing, resulting in a moderation in raw material costs.

Market Environment

- 4QFY26 was a resilient quarter for the company, characterized by strong operational delivery despite a challenging global macro environment and ongoing geopolitical uncertainties.
- The adverse conditions highlighted earlier in the year persisted through a significant part of FY26, including muted customer offtake, pricing pressure across select products and geographies, and uncertainty related to global tariff developments.
- Management indicated that any pricing advantage enjoyed by Chinese players through lower crude-linked input costs could create an arbitrage opportunity versus Indian manufacturers.
- Despite competitive intensity from Chinese players, the company believes it remains well-positioned to compete effectively in global markets, supported by its product portfolio and operating capabilities.

- In the standalone business, prices of key inputs increased nearly 2x during the period.
- During the year, the company sourced a majority of its phenol and acetone requirements from China, compared to Indian suppliers in earlier periods, driven by significantly better pricing economics.

Capacity Expansion & Strategic Projects

- The Performance Chemicals-2 capex project remains on track for commercialization by Sep'26. Management expects product validation in 3QFY27, commencement of commercial sales in 4QFY27, and a meaningful scale-up in FY28.
- The Hydroquinone-Catechol plant, commissioned in Dec'25, is currently in the initial stabilization phase. Management expects the facility to achieve optimal
- operating efficiency and improved productivity over the next one to two quarters. Customer approvals for product quality have already been secured.
- The company has guided for capex of INR0.8-1.0b in FY27.

HALs

- The HALS business segment achieved its highest-ever revenue in Q4 FY26, driven by increased customer engagement, a shift to 50% export share (from 20%), and the successful sale of more expensive, higher-grade HALs products.
- The company is also planning debottlenecking initiatives across its HALS product line, alongside the establishment of a dedicated line for key intermediate products used in higher-grade HALS chemistries. These initiatives are aimed at expanding the existing HALS portfolio and strengthening the company's presence in value-added specialty chemicals.
- Management highlighted a strong increase in inbound customer inquiries and engagement for HALS products, indicating healthy demand traction.
- Growth in the HALS business was initially delayed due to extended customer qualification and product testing timelines. However, traction has now improved significantly, with exports contributing ~50% of revenue compared with ~20% in previous years.

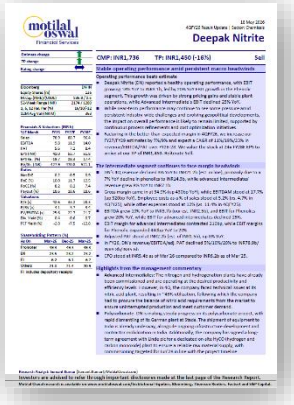
Others

- The company has been able to pass on a part of the increase in phenol prices; however, pricing revisions remain constrained under long-term contracts until their renewal cycle.
- During the year, the company sourced a majority of its phenol and acetone requirements from China, a notable shift from historical procurement practices, driven by superior pricing competitiveness.
- Performance Chemicals-1 has already commenced commercial sales in both domestic and international markets. Management indicated that product quality is comparable to global peers, with current efforts focused on process optimization and improving operating efficiencies.

Deepak Nitrite — Sell

Current Price INR 1,700

Click below for Results Update



Operational highlights:

- Against a backdrop of continued volatility, marked by severe disruption in crude-linked supply chains, pricing pressure, and geopolitical events, DN has delivered a strong performance.
- Volume stability, favorable pricing trends, plant fungibility by pivoting towards products, customers, and markets showcasing better demand have supported the overall momentum.
- The company witnessed steady domestic demand, coupled with increasing preference for local, reliable sourcing amid global supply chain disruptions, positively contributing to the business momentum.
- Domestic demand in India continued to be stable across most end-user industries.
- Domestic business contribution remained high at ~86% of revenue, while exports contributed ~14%.

Advanced Intermediates

- The Advanced Intermediates business witnessed strong performance driven by steady domestic demand, with a focus on high-demand applications, effectively offsetting slower export momentum caused by global supply chain disruptions
- While proactive procurement strategies helped partly mitigate the geopolitical headwinds, the current pricing environment for critical feedstocks remains volatile
- Enhanced profitability was a direct outcome of product mix optimization, better sales price relative to RM costs, and deeper integration, ensuring raw material self-sufficiency
- A deepened integration continues to provide a competitive edge through an increased raw material self-sufficiency and reduced supply chain volatility
- nitrogen and hydrogenation, those plants are already commissioned, and they are operating with the right productivity and efficiency
- In 4Q, the company faced technical issues at its nitric acid plant, resulting in operations running at ~45% utilization. To avoid disruptions in production and meet customer demand, the company procured the balance of nitric acid requirements from the market. Once the operations are normalized, the company is targeting an EBITA of ~INR90b

Phenolic

- The Phenolics business delivered robust performance backed by strong pricing gains.
- The volume was stable despite geopolitical conflict in the Middle East, impacting the timely supply of critical feedstocks.
- Performance was supported by stable plant operations and recovery in downstream demand from polymer and industrial applications.
- Ongoing process optimization and debottlenecking initiatives are scaling the operational capacity to align with consistent domestic demand.
- DN continues to be the largest capacity and can service the market for all specifications for IPA
- India continues to have a positive dynamic for phenol in terms of supply and demand

Polycarbonate:

- Plant dismantling at Stade, Germany, is progressing rapidly, with shipment of equipment to India already underway
- Infrastructure activities, including contractor mobilization in India, are currently underway
- Ordering multiple pieces of equipment in India, including boilers, commenced
- The company has signed a long-term agreement with Praxair India (Linde) to set up a dedicated HyCO plant. This will be an on-site facility to ensure a reliable supply of critical raw materials, improving operational efficiency and supply chain security. Commissioning targeted for June 2028, in line with DCTL's Polycarbonate project timeline
- Management stated that the company's total announced project outlay stands at ~INR110b to be funded through a 60:40 debt-equity mix. The company has already begun infusing equity, while bank financing has been tied up and is expected to be drawn down once the required equity contribution milestones are met.

Outlook

- Recent developments in key export markets provide grounds for cautious optimism.
- The management is sharpening its focus on innovation, new product development, and expanding the company's presence across geographies and chemistries.
- Outlook: The near-term industry conditions are expected to remain influenced by geopolitical developments. Chinese supply dynamics, US tariff policies, and feedstock volatility.
- Management highlighted that Deepak Nitrite continues to operate with a high degree of productivity and efficiency, supporting healthy margins. The company also expects 1Q performance to improve sequentially over 4Q and remain ahead of last year's 1Q levels.
- Management expects tightening regulations in China around the production, storage, and transportation of certain key chemistries to support higher demand and improved profitability for nitrogen-based products.

New project

- The company reported steady progress in its multi-purpose agrochemical intermediates and MIBC projects, both of which are scheduled to be commissioned in 2QFY27.
- The company has commenced manufacturing commercial-scale validation batches for 6-7 new products, including fluorinated molecules. These batches have either already been supplied to customers with positive initial feedback or are currently in transit to customers.
- Management expects regularized commercial production to begin from 3Q onwards, aligning with export customers' CY26 requirements. The company added that it remains broadly on track with its commercialization plans and continues to engage closely with customers, who have appreciated the transparency amid the current volatility.

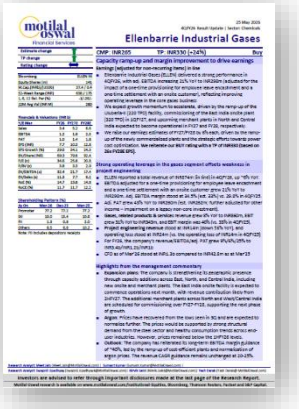
Others

- FY2025-26 was a challenging year for the global chemical industry, marked by sustained pricing pressure across chemical value chains and continued disruption in global trade flows
- During FY26, the company undertook a comprehensive cost optimization program focused on improving product yields, enhancing energy efficiency, and increasing manufacturing productivity through digital and technological initiatives. Management noted that geopolitical and macroeconomic uncertainties could continue to create near-term volatility across global markets.
- The company continues to engage regularly with customers to maintain and strengthen both wallet share and market share.
- The company entered the end of February with elevated inventory levels of critical feedstocks, having opportunistically procured raw materials during periods of price correction, and this has held out quite well for the company. The management anticipates that the company has a reasonable inventory of feedstock at enviable prices till the end of 2QFY27.

ELLENBARRIE INDUSTRIAL GASES LTD

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Ellenbarrie Industrial — Buy

Current Price INR 253

Operational highlights

- 4QFY26 performance was impacted by certain temporary disruptions.
- The company has started witnessing traction from newly commissioned plants and a few key customer accounts
- FY26 growth was moderated due to a slight delay in the commissioning/ramp-up of one plant.
- The quarter included three non-recurring items aggregating to ~INR46m, comprising: (1) one-time provisioning for employee leave encashment, (2) impairment of a legacy non-core investment, and (3) a one-time settlement with an onsite customer related to the plant start-up phase. Adjusted for these one-offs and temporary disruptions, EBITDA margins would have been ~500bp higher.
- EBIT margins in the core gases business expanded to ~40% in FY26 versus ~35% in FY25.

Expansion projects

- The company's strategy remains focused on building a broader platform through capacity expansion, geographic diversification, and maintaining a balanced mix of onsite and merchant plants.
- Capacity additions are being undertaken selectively in regions with strong demand visibility.
- The company is expanding its presence in North and Central India, which are relatively underpenetrated markets for the company.
- A new onsite plant in East India is expected to commence operations next month, with revenue contribution likely to begin from H2FY27.
- New merchant plants across North India and West/Central India are expected to be commissioned over FY27–FY28.
- Power costs are expected to decline going forward, supported by the higher operational efficiency of the company's new plants.

New-age industries

- The semiconductor business remains in its initial phase, with a gradual ramp-up expected over the coming years. The demand for high-purity gases is expected to grow.
- The company's growth strategy continues to focus on strengthening its core gases business while expanding into high-purity gases, with specialty gases expected to broaden the company's product portfolio and enhance value-added offerings.
- The domestic solar cell manufacturing industry presents a significant opportunity, given its requirement for both core gases and highly purified specialty gases.
- At present, highly purified gases are largely imported; however, upon commissioning of the West plant in FY28, the company expects to leverage its strong relationships with solar cell manufacturers to emerge as a key domestic supplier.

Argon

- Argon prices have recovered from the lows witnessed in 3Q and are expected to normalize further, supported by strong structural demand from the steel sector.
- Despite the recent recovery, argon prices continue to remain below the levels seen in 1HFY26.
- Demand for argon is witnessing healthy growth across end-user industries, with medium- to long-term demand outlook remaining positive.
- Argon pricing could see a meaningful uptick once geopolitical tensions in the Middle East ease.
- Management expects argon to contribute ~15% of revenues over the long term.

Power costs

- Power remains the largest cost component in the production process and continues to be management's highest operational priority, with multiple initiatives underway to optimize and control costs.
- Signed a 25-year power purchase agreement (PPA) with Pattikonda Renewables to source power from a 6 MW wind-solar hybrid plant in Andhra Pradesh, investing INR70.8 m for a 26% stake, which is expected to have an impact on the power cost in FY27.
- The company currently utilizes three sources of power procurement: East India plants primarily operate on grid power, while South India plants use a mix of grid and exchange power, with ~50% sourced through power exchanges. In addition, the company has signed a long-term PPA that is expected to meet ~55–60% of the power requirement for one of its merchant plants, and management is evaluating similar agreements for other facilities.
- Grid power tariffs are ~50% higher than PPA rates, while exchange power prices remain marginally lower than grid tariffs.

Outlook

- Steel continues to remain the key volume driver, while demand from end-user industries continues to evolve and diversify.
- Pharma, healthcare, and renewable energy sectors continue to drive demand for high-purity industrial gases.

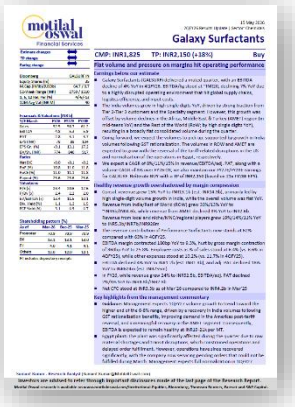
- The company's products are largely non-discretionary in nature, and increasing industrial capacity creation across sectors in India is expected to support sustained demand for industrial gases.
- Key focus areas remain ramp-up of newly commercialized plants, commissioning of upcoming facilities, cost optimization initiatives, and strengthening the balance sheet.
- FY27 growth is expected to be supported by contributions from two new plants, along with the ramp-up of the Uluberia-II facility.

Galaxy Surfactants — Buy

Current Price INR 1,741

Click below for Detailed Concall Transcript & Results Update




Galaxy Surfactants

Guidance and outlook

- While supply-side disruptions posed near-term challenges, the Company remains confident of navigating the environment through agile pricing actions, strong customer partnerships, continued focus on specialty growth, and expects sequential improvement in the coming quarters, supported by a resilient business model and diversified global footprint.
- Strategy is to grow in both the segments; the mix is expected to be in the range of 60-40 or 65-35%
- Management expects 1QFY27 volume growth to trend toward the higher end of the 6–8% guidance range, supported by a recovery in India volumes to the historical 8–10% growth trajectory following GST rationalization benefits witnessed in 4QFY26. Additionally, the Americas business has begun recovering after the reversal of tariff-related disruptions, while the AMET segment is also expected to deliver a meaningful improvement going forward.
- EBITDA to be in the range of INR19-21k per MT

Macroeconomic environment

- The ongoing West Asia conflict has introduced a prolonged period of uncertainty across global markets and industries, impacting customer ordering patterns and resulting in heightened price volatility across the value chain.
- Over recent weeks, the logistics situation has gradually begun to stabilize, with shipments being directed through alternate ports, while congestion at ports has reduced, and transit times remain elongated
- On the supply chain front, due to the impact of the geopolitical situation, the price of feedstocks has increased significantly.

Domestic market

- India remained resilient with volumes growing by high single-digit on YoY in Q4, led by strong traction in Specialty Care Products and steady demand across Performance and non-Tier 1 segments, which helped offset earlier reformulation headwinds.
- Management expects the India business to revert to its historical 8–10% volume growth trajectory, provided the monsoon remains favorable and elevated energy costs do not materially impact end-user industries.
- Management indicated that there was no panic buying observed in India, with customers primarily focused on maintaining adequate inventory levels and ensuring continuity of supply.
- Jan-Aug are peak season months, and customers prepare for this high season in terms of ramping up their production.

International market

- The AMET region witnessed a mid-teens YoY (~15%) decline in volumes, primarily in the latter part of the quarter, due to logistics disruptions, raw material constraints, and cautious ordering by customers amid geopolitical uncertainty.
- The Rest of the World recorded mixed trends, with volumes declining by high single-digit YoY in 4Q due to shipment delays and elevated freight costs, while maintaining a 4% growth for the full year.
- The Americas emerged as a relatively bright spot with sequential improvement in demand following tariff reversals and renewed traction in specialty products, and saw strong growth traction in the US.
- In the AMET segment, management highlighted that demand remains healthy; however, operations during March were significantly disrupted due to delays in incoming raw materials and transit bottlenecks. The company witnessed an improvement in business conditions beginning in the first week of April.
- The decline in the RoW business was primarily attributable to a sharp increase in freight costs, which led to customer renegotiations and temporary shipment delays. Management expects the backlog to normalize in the coming quarters, supporting a recovery in volumes going forward.
- The AMET market has witnessed a relatively patchy demand environment over the past few years, with industry growth moderating to ~3-4%.

Fatty alcohol

- Fatty alcohol prices softened briefly but reversed as PKO/CPO gained on South East Asia seasonal supply tightness and front-loaded 1Q restocking, with Middle East geopolitical disruptions further keeping prices elevated due to higher freight and insurance costs.
- Management indicated that price increases cannot be passed on to customers immediately and typically involve a time lag. Any pricing action requires a strong underlying rationale and is implemented in consultation with customers to ensure sustainability.

Egypt plant

- The Egypt plant was significantly impacted during the quarter due to disruptions in raw material availability and transit delays, which constrained operations. Management expects the situation to normalize in 1QFY27.
- AMET volumes registered 2–3% growth in Jan and Feb without the impact of the disruption in Egypt
- The Egypt operations have been restored to a significantly superior level, and they have started catering to all the pending orders that were there that they couldn't serve in the month of March.
- Operations at the Egypt plant began stabilizing only after the first week of April, following earlier disruptions, and management expects the facility to operate normally going forward.

Specialty Care

- The Specialty Care segment witnessed an improvement following the reversal of tariffs; however, on a QoQ basis, performance remained largely flat in 4QFY26 due to an adverse product mix change. Management expects growth momentum to improve going forward, supported by normalization in trade conditions post the tariff reversal.

- While the India base for Specialty Care remains relatively small, management highlighted that the segment is witnessing encouraging traction in the domestic market.

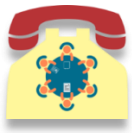
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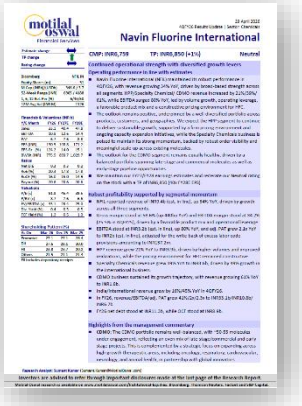
- Further advanced the innovation agenda with the launch of Galaxy (inaudible) in Cosmetics Paris and Next Generation Mild Surfactant.
- Management does not foresee any major concerns regarding raw material availability, despite the sharp increase in input prices witnessed recently.
- Management indicated that a resolution of the ongoing conflict could lead to inventory restocking across the supply chain; however, underlying demand may remain subdued in the near term due to the lingering aftereffects of the war on end-user industries and global economic activity.
- Maintenance capex is estimated at ~INR300–400m annually, with FY27 capex largely comprising routine maintenance expenditure.

Navin Fluorine Intl — Neutral

Current Price INR 7,034

Click below for Detailed Concall Transcript & Results Update




Navin Fluorine International

Operating performance

- FY26 was a resilient year, with strong operational delivery despite a challenging global environment and ongoing geopolitical uncertainties.
- Performance reflects the company's disciplined execution and continued focus on long-term strategic priorities, supported by its core capabilities.
- Growth during the year was broad-based across business verticals, driven by structural demand tailwinds and a constructive pricing environment.

Specialty Chemicals

- Growth outlook remains positive, supported by strong order book visibility extending into FY27 and improving demand traction.
- Ongoing products continue to scale up, backed by long-term contracts and sustained customer confidence.
- Product pipeline is robust, with meaningful ramp-up across existing molecules and a steady stream of new launches (~13 new molecules added in FY26).
- Key capex initiatives are progressing as planned, with Chemours project on track for completion in 1QFY27 and MPP debottlenecking at Dahej likely by 3QFY27.
- Industry dynamics indicate a gradual reset in the global agrochemical cycle, with early signs of volume recovery, although pricing recovery is expected to lag.
- In response, the company is focusing on new molecule development to diversify the portfolio and sustain growth momentum.
- Export-driven agrochemical portfolio remains resilient, with no significant demand disruption observed so far.

CDMO

- The segment continues to witness strong momentum, supported by healthy execution and expanding customer engagements.
- In the European CDMO business, successful validation at cGMP4 has enabled the commencement of commercial supplies, with a strong outlook extending into FY27 and beyond.
- Portfolio remains well-balanced, with an optimal mix of late-stage/commercial molecules and early-stage development projects.

- The company is currently engaged across ~50-55 molecules, with a near-even split between late-stage/commercial and early-stage pipelines.
- Strategic focus on expanding presence across high-growth therapeutic areas, including oncology, respiratory, cardiovascular, neurology, and animal health, in partnership with global innovators.
- CDMO capabilities continue to deepen, with active participation across multiple therapeutic areas enhancing technological expertise and broadening the opportunity pipeline.

HPP

- Revenue growth was driven by improved realizations and higher volumes.
- Pricing environment for HFCs is constructive, supporting margin expansion.
- AHF facility has been commissioned, with commercial supplies already underway.
- Capacity expansion underway, with additional ~15,000 MTPA of R32 expected to be commissioned by 3QFY27.
- HPP segment continues to benefit from a favorable global demand-supply balance, increasing exports, and rising adoption of low-GWP refrigerants.
- Regulatory developments, including the Kigali Amendment to the Montreal Protocol, are expected to keep quota allocations aligned, with no material change from the recent R32 notification.
- Global R32 pricing, particularly in China, remains strong (~USD 9) and continues to firm up, positioning R32 favorably amid ongoing GWP reduction trends.
- Management's projected R32 revenue potential: INR6.0b to INR8.25b

Outlook

- Several growth projects, including additional HFC capacity (R32 MPP) and the upcoming Chemours project, are transitioning from the investment phase to revenue generation, with meaningful contributions expected in FY27.
- Strong order book across segments reflects sustained customer confidence, supported by the company’s proven capabilities and operational efficiencies.
- Strategic focus remains on deepening and expanding customer relationships across geographies to drive long-term growth.
- Near-term priorities include disciplined execution of announced capex, scaling up operations, and improving return ratios.
- Net working capital would improve to 75-80 days vs. earlier guidance of 90 days.
- AHF plant (including HF capacity) was commissioned in Feb’26; revenue contribution is expected to gradually ramp up, mainly in FY28.
- Management has reiterated its EBITDA margin guidance of ~30% for the full year (~200bp variance).

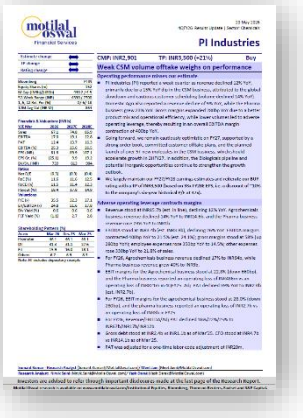
Macro environment

- Despite geopolitical tensions in the Middle East causing raw material price inflation, there has been no material demand disruption, and the raw material cost increases are largely being passed on to customers.
- Management is closely monitoring developments related to the Middle East conflict, particularly with respect to potential impacts on energy prices, logistics, and supply chains, while maintaining a disciplined response framework.
- Exposure to the Middle East remains limited, primarily restricted to R-22 refrigerant exports, which did not see dispatches in Mar’26. Near-term guidance excludes contributions from the region, with any recovery likely to present upside, while overall global demand and logistics remain stable.

Inspired by Science

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P I Industries — Buy

Current Price INR 2,740

Operating performance

- Agchem exports declined 15% amid continued contraction in the global agrochemical industry.
- Domestic revenue softened ~9% YoY despite ~3% volume growth, which was impacted by: elevated channel inventory levels resulting in pricing pressure; reduction in acreage of key crops; and regulatory transitions in the Biologicals segment moving toward normalization, with flat growth in 4QFY26.
- For FY26, Agchem exports declined 19% YoY (volumes down ~14%), primarily due to a high base effect, with YoY growth of +26% in FY23, +19% in FY24, and +5% in FY25. The company commercialized five molecules in FY26, while new products contributed 78% of Agchem export revenue.
- For FY26, domestic revenue declined ~7% YoY (volumes down ~1%), impacted by adverse weather conditions, lower crop prices, regulatory disruptions in the Biologicals segment, and elevated channel inventories. The company launched four products in FY26.
- Pharma revenue grew 23% YoY, while the Pharma segment contributed ~8% to export revenue.
- Gross margins expanded, supported by a favorable product mix and continued cost discipline.
- Overheads increased due to strategic investments in newer businesses and new product promotions (~4%).
- Effective tax rate (ETR) increased on account of a higher share of business from non-SEZ operations in 4QFY26; FY26 ETR stood at ~22%.
- Surplus cash net of debt is INR 34,265m, enabling the company to pursue future strategic investments for long-term sustainable growth.
- Total capex for FY26 stood at INR11.5b (FY25: INR9.3b), reflecting continued investment in manufacturing capabilities to meet future consumer requirements and R&D spends for molecule innovation.
- NWC stood flat QoQ at 139 days.
- The company became the first Indian player to develop and innovate 'PIOXANILIPROLE', which has now been filed for registration.
- More than 20 molecules have been commercialized over the past few years. More than 90 molecules are currently in the active pipeline, with over 60% in advanced stages of development. Pipeline ramp-up across diversified segments, with the share of non-agchem in new enquiries increasing from ~15% in FY20 to over 40% in FY26.

Outlook and guidance

- In the domestic market, climatic uncertainties ahead of the Kharif season are expected to be partly offset by higher reservoir levels. Rising input costs amid ongoing geopolitical tensions continue to exert pricing pressure.
- In export, more than five new molecules are planned for launch in FY27, which is expected to accelerate growth. Management remains cautiously optimistic on 2HFY27, supported by committed customer offtake plans. A strong order book continues to underpin the FY27 growth outlook. Strategic investments in differentiated technologies remain ongoing.

- The Pharma segment is witnessing positive momentum, driven by new strategic partnerships established over the last 12 months. Visibility on business development opportunities and the R&D pipeline has improved over the next 1-2 years. Capacity expansion and enhancement initiatives are underway at the GMP facility in Lodi, Italy, along with non-GMP sites in India.
- Commercialization of the PI-owned NCE is targeted in FY27, while additional leads are progressing well under the partnership model.
- The company maintains a robust global pipeline of biological products across multiple stages of development.
- Inorganic growth opportunities are being evaluated to complement long-term growth plans.

Capex

- The new product capacity is being developed as a multi-product facility.
- Across the Agrichemicals, Pharma, and R&D segments, the company has continued to invest significantly. A substantial portion of the spending was directed toward commercializing the Lodi facility, along with one of the NPP flows commissioned during the year on the agrichemicals side. Additionally, the company has been making ongoing investments in R&D capabilities.
- The company has guided for a capex of INR7-8b in FY27.

Industry Environment

- The global crop protection market continues to witness a prolonged downcycle, with the recovery remaining uneven and further complicated by global events during the quarter. This has resulted in a clear shift towards just-in-time purchasing behavior among customers.
- The Middle East conflict towards the end of February introduced an additional layer of disruption that the industry had not anticipated. While these developments have created fresh challenges, they have also reinforced the strategic importance of geographical diversification. On the domestic front, the overall fundamentals remain encouraging, although near-term industry demand has been subdued due to elevated channel inventories, lower crop prices, and unseasonal rainfall. Despite this, the rabi season was favourable, supported by increased acreage, and the long-term structural drivers for the industry remain firmly intact.
- Agrochemicals are increasingly becoming a necessity for farmers, particularly at a time when commodity prices remain weak, fertilizer prices are elevated, and overall input costs are rising. As a result, farmers are currently seeking cost-effective solutions. However, opportunities continue to exist in segments where differentiated and innovative solutions add value. While the pace of adoption may have moderated temporarily, innovation and new molecules continue to gain acceptance. The current slowdown appears cyclical in nature, and adoption is expected to accelerate as the commodity cycle and broader agricultural sector recover.

Pharma business

- Revenue growth was primarily driven by onboarding of new customers over the past 12 months, including several strategic accounts and large pharma clients, which are expected to support mid- to long-term growth.
- Margins were impacted by one-off processing-related costs and an unfavorable product mix.

- Overheads increased due to continued investments in capability building, talent addition, and process enhancement initiatives.
- Capex spending stood at ~INR917m in FY26 versus ~INR1.3b in FY25.
- Enquiries in CDMO/CRO business increased from 54/15 in FY25 to 210/85 in FY26.
- Active customers in services increased from 16 in FY25 to 38 in FY26, while active customers in products reduced from 61 in FY25 to 48 in FY26.
- Capability building initiatives include filing for regulatory approval of the GMP Kilo facility in Lodi, establishing a Center of Excellence (CoE) for drug discovery at the Hyderabad CRO facility, and setting up a state-of-the-art QC laboratory in Lodi. The company has also strengthened its capabilities with advanced CADD and ML toolkits for large-scale library screening and Discovery Biology.
- The business may take a couple of years to achieve positive EBITDA.
- In the CDMO segment, the company is targeting revenues of INR5–6b over the next 2–3 years.

Biological business

- Harpin αβ was launched in India.

The US EPA granted registration approval for the bionematocide product.

The company is preparing to launch proprietary bionematocide and biostimulant brands in the eastern Rockies region.

- Distribution presence in Mexico was strengthened through onboarding of the country's second-largest national crop protection distributor.
- Global Biologicals (excluding India) has achieved an annualised revenue run-rate of ~USD12m, with healthy margins exceeding 60%, and is expected to deliver double-digit growth going forward.

Biological Nematocide

- Most biological nematode products are typically soil-applied; however, the company has introduced, for the first time, a foliar application-based product.
- The company expects significant growth from this product, with the US emerging as the third key market, alongside launches in Brazil and Mexico.
- The product is still in the early stages of development, but the company expects sales to more than triple this year. It competes effectively with synthetic chemistry-based alternatives and has received highly positive feedback from farmers in terms of performance.
- While farmer acceptance of biological products is still evolving, the initial response has been encouraging. Management believes it may take a couple of years to fully establish the product in the market, but the strong early results reinforce confidence in scaling investments and adopting an aggressive market-building strategy for this product category.

Electronic chemicals

- The business is currently in the ramp-up phase, with strong efforts underway in this segment. The products cater to niche and differentiated applications.
- The company aims to scale this segment to around INR10b over the next 4–5 years. Investments exceeding INR1b are planned in this area.
- Over time, the company expects this segment to generate revenues of INR5–6 b. Several products are still in the development stage, and the company expects to gain better visibility on the revenue potential over the next 2–3 years.

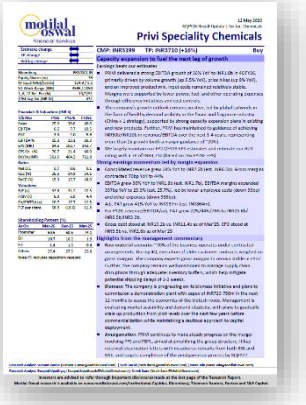
Others

- The company is witnessing pricing corrections and currency-related fluctuations under its pass-through model. Raw material price volatility has also had some impact. However, the company is balancing market dynamics while supporting customers amid end-market challenges, with a focus on maintaining sustainable growth, ensuring high utilization of its delivery plants, and managing margins effectively.
- The key focus remains on gaining market share through volume growth.
- Plant Healthcare contributes revenues of approximately USD 12–13m.
- Contract assets witnessed a significant reduction of nearly 30–35% during the last quarter of the year, primarily driven by asset utilization dynamics, product valuation adjustments, and long-chain products in the pipeline. Management expects contract assets to remain broadly at similar levels going forward, given the current business model and operating structure.

PRIVI SPECIALITY CHEMICALS LIMITED

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Privi Speciality — Buy

Current Price INR 3,253

Capex

- The first phase remains on track for completion by 30th Jun'26, adding capacity of 54,000 MT. Following this expansion, the company will enter a calibrated ramp-up phase, with the additional capacities expected to be commissioned progressively over the coming quarters, supported by strong demand visibility across key products. Simultaneously, Phase II of the multi-specialty aroma chemicals project is progressing as scheduled.
- Upon the completion of all expansion phases, PRIVI's total capacity is expected to reach 72,000 MT.
- The overall capex expansion is targeted for completion by Sep'28.

Operations

- Growth during the year was driven by volume expansion, price increases, and an improved product mix, while input costs remained relatively stable.
- The company has successfully reduced manufacturing, general, and administrative expenses.
- Working capital cycle improved to 117 days from 136 days. Management does not expect a significant increase in working capital days even in the event of price hikes.
- Net debt stood at INR8.76b, with a net debt-to-EBITDA ratio of 1.33x.
- RoE and RoCE stood at ~22%.
- The company is witnessing increasing traction in specialty and value-added product segments.
- Other income included a forex gain of INR1.4b.
- Revenue growth comprised ~6.5% volume growth, with the balance driven by product mix improvements and ~8% increase in order-book pricing.
- Realizations are expected to improve further with USD appreciation. However, the benefit is partly offset by higher raw material import costs. Consequently, the full forex benefit does not flow through to P&L. Realizations stood at ~INR600/kg last year and are expected to witness calibrated growth going forward.

- Power and fuel costs declined due to efforts by the engineering team to optimize the use of residual steam.
- Other expenses were controlled through continuous monitoring and prudent contract negotiations with counterparties.
- Management expects EBITDA margins to sustain at current levels, supported by operating leverage and scale benefits.

Prigiv

- Prigiv reported PAT-positive performance for the first time.
- The business is expected to make a meaningful contribution over the coming years.
- Ongoing capex investments are aimed at introducing new products and driving incremental revenue growth.
- Revenue is expected to reach ~INR1.3b in the near term.
- Over the next 3-4 years, management expects revenue to scale up to ~INR3b, supported by healthy margins.

Outlook and guidance

- Management expects to sustain EBITDA margins of 20%+ going forward.
- The long-term "5k:1k" vision remains intact over the next 3-4 years.
- The company expects ~20% growth in the coming year, excluding the impact of the merger.
- Around 50 products are currently in the pipeline.
- Gross margins are expected to remain broadly stable.
- Consolidated margins are expected to improve further with the increasing contribution from Prigiv.

Raw material scenario

- ~70% of the business is contracted. During 4Q, execution of older customer contracts impacted gross margins.
- While shipping delays of 1-2 weeks may occur, the company maintains adequate inventory buffers to mitigate supply disruptions.

Amalgamation

- The company continues to make progress on the merger involving PFS and PBPL.
- The merger is aimed at simplifying the group structure.
- The company has received observation letters with no adverse remarks from both BSE and NSE.
- The amalgamation process is targeted to be completed by 3QFY27.

Biomass

- The company continues to work actively on biomass-related initiatives.
- A demonstration plant with meaningful capacity is being set up, involving capex of ~INR720-750m, expected within the next 12 months.
- This project is independent of the ethyl maltol and maltol initiatives.
- The objective of the demonstration plant is to evaluate the overall economics of the biotech route.
- Management highlighted that while the company is confident about the technology and product pipeline, the key challenge lies in assessing market scalability and demand elasticity. Of the five molecules under development, three are expected to be priced below USD10/kg or even below USD5/kg, while a smaller portion of the portfolio currently caters to high-value products priced at ~USD70-90/kg.

- The company believes that significantly lowering prices, potentially to around USD45/kg, could expand the addressable market multifold. To evaluate this opportunity, management has been actively engaging with customers to **New products**
- The company is already progressing with capex for new products.
- Detailed engineering, structural design, and equipment design are at advanced stages.
- All three new product projects are progressing at full pace.
- Commercialization is expected by 1QFY28.
- These projects are focused on converting waste into value-added products.

Furfural

- The company plans to first establish the finished goods business.
- Initially, furfural will be sourced from external suppliers.
- Backward integration plans are expected to commence after ~two years, likely around FY28-29.

Others

- State incentives for FY26 are expected to total ~INR1.3b.
- Management expects state incentives to remain broadly at similar levels going forward.

SRF — Buy

Current Price INR 2,717

Overview

- The global environment is volatile, with conditions becoming more challenging.
- Logistics, supply chain, and market access have been disrupted by geopolitical crisis.

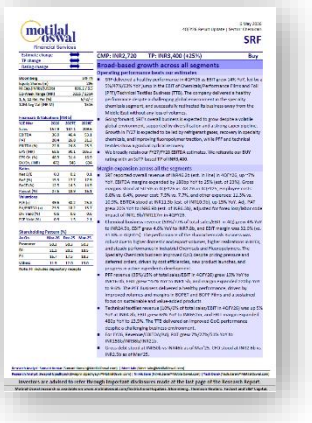
Guidance and outlook

- The company is developing new markets and focusing on capacity expansions.
- The Chemical business is expected to deliver growth in the range of ~15-20% in FY27, led by refrigerant gas price and volumes and recovery in specialty chemicals. Fluoropolymer is expected to pick up in 2HFY27.
- The company is not expecting any impact on business due to RM unavailability. Fluorochemicals supply to the ME market is beginning to normalize.
- CWIP comprises various investments, which will be capitalized in due time. BOPP capacitor will be commissioned in Jul'26; BOPP line will be commissioned in 2QFY27, and Fluoropolymers in 3Q/4QFY27.

Capex

- SRF is setting up a project in Odisha (total of ~300 acres), focusing on the fourth-generation fluorochemicals comprising 20kMTPA of Hydrofluoroolefins (HFOs), 30kMTPA of Anhydrous Hydrogen Fluoride (AHF) and Value-added Hydrogen Fluoride (VHF). The BOD of SRF has approved total capex of INR23b for this project.
- HFO product portfolio will comprise HFO1234yf, HFO1234z and HFO1233zd (commissioning can be different). HFC134A demand will not be cannibalized due to different market targets and timeline.
- This project is expected to be completed by Feb'28, and will be financed through a mix of debt and internal accruals. The AHF will be widely used for captive and balance for VHF with no tie-ups.

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- The BOD also approved a debottlenecking capex of INR880m, taking HFC capacity to ~65kMTPA.
- BOD has deferred the proposed INR4.9b BOPP Film manufacturing facility at Indore in view of changes in the operating environment. Instead of this, one new Polyamide line facility (India's first of a kind) will be commissioned in Sep'27 (capex of INR1.8b).
- The company has planned capex of INR25b for FY27.

Chemicals business: Specialty chemicals

- Aggressive participation of Chinese players led to pricing pressures across markets and the value chain.
- Extensive work on cost reduction through technological intervention helped the company sustain market share in key products.
- The company has strengthened its product pipeline across both Agro and Pharma segments. AI and Intermediate molecules development is on track (potential to replace existing DFPs). On the Agro front, 7-8 products are in advanced stages.
- Going forward, the Chinese supply is expected to remain a key factor influencing pricing across the value chain. Geopolitical tensions and evolving US tariff policies are expected to induce volatility in the industry.
- Agrochemicals customers continue to face pressure from generics; demand from innovator Agro majors is expected to recover gradually as market conditions stabilize. The Pharma segment will be leading, with a new plant expected to be set up.
- The company expects industry pricing to normalize over time.

Chemical: Fluorochemicals

- The business delivered robust performance due to higher volumes and realizations of HFCs in domestic and exports market, along with steady performance from Industrial chemicals and fluoropolymers. It is expected to be a record year in terms of volumes and realizations.
- The company's ability to sell in the Middle East was affected due to the war situation. No sales were lost as shipments were rerouted. The company has not oversupplied in other markets.
- SRF is fully utilizing its HFC capacities and will continue to do so.
- PTFE ramp-up is progressing well, with key account approvals received from leading global customers. PTFE growth is to be driven by ramp-up, export mix, and value-added capacity, supporting margin expansion.
- The Fluoro specialty business is progressing well, and the product mix will change favorably. Fluoropolymers are in the advanced stages of the supply chain. Chemours project is progressing well.
- Going forward, refrigerant gases and propellants are expected to see stable demand-price environment, supported by balanced global supply-demand. Mobile AC demand remains robust and RAC demand is expected to stay stable.
- US tariff changes may provide margin support, while geopolitical volatility may pose challenges.
- No directional insights have been received from the GoI yet on HFC/HCFC quotas. Communication is expected by the end of CY26. CY27 is a free year with no quota restrictions. Fluorspar supply remains unaffected.

PFF business

- Overall business improved in 4QFY26, supported by better volumes and margins in BOPET and BOPP, continued strong performance in South Africa, and an improved product mix with higher exports in the Aluminum foil business.
- Competitive pressures persisted in Europe, particularly in Hungary due to low-priced imports, partly mitigated by supply disruptions linked to geopolitical factors.
- Capacitator grade BOPP film line successfully conducted trial runs, marking entry into high-value technical films. This will support margin expansion. BOP production expected to commence in Jul'26.
- The company expects near-term market volatility due to constraints on input availability.
- China's anti-involution measures are expected to positively impact the Southeast Asian markets. The South Africa market is expected to remain stable; Thailand margins may expand; logistics disruption could support European producers.
- The aluminum foil business is gaining traction in export markets, supported by customer approvals and improving participation in higher-value applications.

Technical textiles:

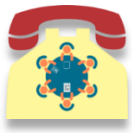
- Belting fabrics saw early signs of recovery, supported by rationalization of US duties benefiting customers and aiding order flows. Margins are expected to see a gradual recovery aided by a decline in Chinese imports and improved trade tariffs.
- NTCF demand remained resilient, supported by growth in the passenger and commercial vehicle segments, with volumes increasing modestly during the year. Demand is expected to improve, supported by growth momentum in PV and CV.
- PIY saw healthier growth led by geo-segment demand. Outlook remains positive.
- Geopolitical tensions in the Middle East continue to pose risks to input costs, logistics, and overall market stability, potentially resulting in intermittent volatility in the near term.

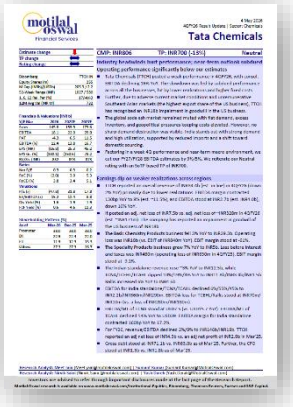
Other

- Demand for coated fabrics remained subdued due to off-season; however, SRF maintained its leadership position in the domestic market.
- Laminated fabrics business performance remained stable, supported by operational discipline and continued focus on core applications.
- For FY26, R&D covered over 50 molecules, INR1.5b incurred in FY26. CTG filed 40 patents with total patents granted stood at 156.
- M2M forex forward losses were faced due to a sharp depreciation in rupees.

TATA CHEMICALS LIMITED

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Tata Chemicals — Neutral

Current Price INR 720

Demand-supply scenario

- Global Soda ash markets remained adequately supplied, and the supply overhang continued to exert pressure on pricing in 4QFY26.
- The challenging external environment amid ongoing geopolitical tensions in the Middle East led to an increase in power and logistics costs, uncertainty, and limited visibility on any immediate change in market conditions. Overall demand is expected to remain flat in the near term.
- The US and China market demand is flat, while demand in India is positive. Soda ash prices saw a slight increase at the end of March due to increased logistics costs (Landed price in India increased due to shipping costs). Overall pricing is expected to remain range-bound.

Operational highlights

- Standalone revenue grew by ~3% YoY on account of higher volumes
- In 4QFY26, EBITDA declined primarily due to subdued pricing across all geographies, an increase in fixed costs, and rupee depreciation.
- Exceptional charge of ~INR18.4b relating to impairment of goodwill in the US (mining rights are intact) and INR1.6b of deferred tax assets written off.

Acquisition of Novabey Pte.

- TTCH completed the acquisition of Novabey Pte Singapore in 4QFY26
- The acquiree is in the business of Premium grade Value-Added bi-carb. This acquisition aligns with TTCH's strategy of expanding high-margin specialty chemicals.

Capex

- TTCH's board approved INR1b capex to debottleneck salt capacity at Mithapur plant by 82.5kTPA over the next 12-14 months. Returns are expected to be ~20%.
- Silica plant is undergoing a detailed review; ~15-20% returns expected
- Capex in the US will be done only after the soda ash cycle improves; repurposing will be done.
- For FY27, capex guidance of INR13b for silica, Singapore acquisition, and maintenance capex.

India

- Mithapur facility achieved soda ash production of 1mTPA in FY26
- In 4QFY26, EBITDA dropped due to lower realizations and an increase in fixed costs.
- For FY26, revenue increased due to increased volumes (soda ash and bicarb) offset by lower realizations.
- Power source is imported coal from Indonesia; imported limestone availability has affected the India unit, but no issue is expected in the next three months. Energy and transport costs are covered fully by passing on the increase.
- Soda ash demand in India is expected to exhibit relatively robust demand growth. Customers are shifting to domestic sourcing and reducing dependency on imports due to geopolitical tensions. Turkey's exports coming from the Middle East route have decreased. Imports have been reduced to half.

- The Government of India is evaluating the safeguard duty. Solar glass expected to drive soda ash demand ~7,000-15,000t per month.

North America

- In 4QFY26, EBITDA dropped due to lower realizations in the export market (particularly South East Asian markets)
- Solvay reduced soda ash production of ~180kT from their Spanish plant
- USA operations are largely insulated from the Middle East crisis
- Shipping costs are increased, which are passed on to the customers
- EBITDA of the US unit has improved sequentially due to not selling in the lower realization market

Europe & UK

- In 4QFY26, revenue declined due to lower volumes of salt and bicard, partially offset by pricing.
- The unit is not experiencing a gas shortage, but prices have increased. Price increases are covering costs.

Africa

- In 4QFY26, revenue declined due to lower realizations, partially offset by high volumes
- 50k MTPA Electric calciner soda ash plant in Kenya was operationalized in 4QFY26
- HFO supply unavailability is a key concern as it comes from the Middle East; 40 days of inventory remaining, and the company is monitoring the same. Market rate has shot up, and the company will need to purchase at the spot.

Situation in China

- Chinese units slowed down due to maintenance work, and many facilities are running at lower utilization. 1 unit having 0.8mT capacity had an expiration of the production license. One of the producers with 1.36mT capacity has also mothballed its plant.
- The shutdown process was started pre-conflict.
- Inventory at ~1.5-1.8mT. Prices have remained flat in the Chinese market.

Other

- Non-soda ash revenue grew ~14% YoY in FY26
- Supply chain planning, disciplined cost management, and capital allocation
- TTCH's Sodium bicarb output has improved from 140k-200kt in India, which is fully sold out, with the largest buyer being NTPC
- In FY27, Debt is expected to be at the same level as FY26.
- BOD recommended a dividend of INR11 per share.

Vinati Organics — Buy

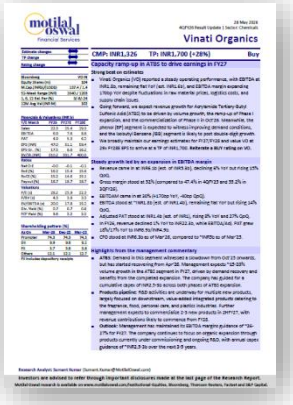
Current Price INR 1,304

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Operational performance

- The sector has experienced volatility in recent years. However, the company remains well-positioned, and price pass-through has been implemented. Going forward, the company is confident of maintaining its position.
- The company is not facing unavailability of RMs, and the scenario is stable currently.
- ADD on AO was not approved, and the company has reapplied for the same.

Operational performance



- Revenue contributions for FY26: 1/3rd from ATBS; 15-20% from AO; IBB 10-12%; BP 10-12%, and balance others.

Outlook

- Revenue from WOS Veeral Organics (VOPL) is expected to start from Oct'26.
- Management is anticipating ~15% volume growth from Anti-oxidants in FY27.
- It has guided for EBITDA margins of 26-27% in FY27, taking into consideration the fluctuations in RM costs.
- The company is aiming for organic expansions and has a pipeline of products under commissioning and R&D. ~INR2.5-3b investment is expected over the next 3-5 years.

ATBS

- Demand had slowed down from Oct'25 onward but started picking up from Apr'26. RM prices were lower and, thus, realizations were lower.
- Phase one expansion was completed in Oct'25.
- Management expects ~15-20% volume growth from the ATBS segment in FY27, driven by completed expansion and demand recovery.
- The second phase of ATBS expansion is expected by Oct'26, with utilization from FY28. Each phase is ~10kMT. The company has indicated capex of INR2.5-3b for both the phases of expansion.
- ATBS is supplied to polymer manufacturers and not end customers.
- Demand increases as crude oil prices rise. The company's global market share in ATBS remained robust.

Anti-oxidants

- The company has reported 25% volume growth in Anti-oxidants.
- It has achieved 15% revenue growth in FY26.
- Management is anticipating ~15% volume growth from Anti-oxidants in FY27.
- Dumping pressure from China is strong currently.

Capital investment and new products

- The company incurred INR2.7b of capex in FY26.
- R&D for new products is in process, with most products being downstream value-added integrated solutions catering to the fragrance, food, care, and plastics industry. 2-3 new products will be introduced in 2HFY27, with revenue contributions expected to commence from FY28.

Viral Organics

- Revenue from WOS Veeral Organics (VOPL) is expected to start from Oct'26.
- It expects to record INR1-1.2b in revenue following the plant's re-engineering, which is expected to be completed by Sep'26.

Others

- IB volumes were flat. Both products are expected to register double-digit growth in FY27.
- The customized segment reported ~10% YoY growth in FY26.
- IBB volumes were flat. Management expects to achieve moderate growth in FY27.
- The company has recorded 75% utilization in the BP segment.

CONSUMER

- **Management commentaries across Staples companies highlighted a gradual improvement in demand trends over the past few months, supported by better rural consumption, recovering urban demand, and GST-led affordability benefits. However, rising commodity costs have prompted companies to take calibrated price hikes, largely offsetting the 7–8% affordability gains from the GST rate reduction. To manage cost pressures, companies are also undertaking grammage adjustments and productivity initiatives. While margins may face some near-term pressure, management expects profitability to remain broadly stable, supported by pricing actions, premiumization, cost savings, and a favorable product mix. International businesses (especially in West Asia) could remain volatile in the near term due to geopolitical disruptions, although management teams expect operating conditions to improve gradually over the coming quarters.**

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Highlights from 4QFY26 commentary	FY27 outlook
Asian Paints	▪ The underlying demand conditions remained healthy during 4Q, with all three months delivering double-digit growth. ▪ Management acknowledged that some up-stocking was witnessed during the latter part of Mar'26 ahead of announced price hikes. The company estimated that up-stocking may have lifted Mar'26 growth by 3–4%. ▪ Management indicated that the company has so far undertaken cumulative price hikes of 10.5–11.0%. ▪ It indicated that competitive intensity in the paints industry remains elevated and is expected to continue going forward.	▪ Management expects volumes to be in the high single digits in FY27. EBITDA margin guidance is maintained at 18-20%, aided by formulation and sourcing efficiencies. ▪ Management indicated that the total inflationary impact, including rupee depreciation, is significantly higher at ~20%, while the company has so far undertaken cumulative price hikes of 10.5–11%. APNT intends to take further calibrated price hikes going forward.
Britannia	▪ **Management indicated that the competition has ~40% salience from the B2C channel vs BRIT's 25% share, which is enabling competition for higher volume growth. In non-INR5/10 pack points, BRIT is growing in double digits.** ▪ **BRIT continues to work towards adopting alternate fuels.** ▪ **E-com contributes ~6% to BRIT's domestic business now vs 4% in FY25 (2% in FY22).**	▪ **BRIT indicated that the biscuit segment starts to have sequential growth from June onwards, when the monsoon begins, and schools reopen. This, coupled with the dual pricing situation fading away, will aid BRIT's performance going forward.** ▪ **The company is likely to take a calibrated price hike in FY27 to offset RM inflation.**
Dabur	▪ Demand conditions in India remained steady; unseasonal rains in Mar'26 hit the summer portfolio business. Dabur's India business has grown 9.5% YoY while the FMCG sector has grown at 9.2% as per Dabur. ▪ Dabur is seeing inflation of ~10%, and to offset this, Dabur has taken ~4% price hike at the company level. Packaging material constitutes one-third of the raw material basket, and its costs have increased due to rising crude prices.	▪ Management expects India business revenue to grow in low double digits, anticipating growth from both volume and pricing (largely equal split) for FY27. ▪ Dabur aspires to improve operating margins sequentially and YoY, with inflation mitigation through price increases, premiumization, and saving initiatives.
Godrej Cons.	▪ GCPL alluded that underlying consumption remains stable, with some distortion in soaps driven by pack-size changes rather than demand weakness ▪ The portfolio mix continues to improve with home care gaining share versus soaps, which is structurally positive for margin. ▪ Given the RM inflation, GCPL has taken ~5% price hike in soaps and HI portfolios and a 6-7% price hike in the detergents category. Most of these price hikes were taken in Apr'26. ▪ GCPL's 1HFY27 margins can be slightly compressed compared to 1HFY26.	▪ The company has guided for double-digit consolidated revenue and EBITDA growth in FY27. ▪ The India business is expected to see high single-digit volume growth and double-digit consolidated revenue and EBITDA growth in FY27. ▪ Indonesia is expected to deliver high single-digit revenue growth, along with double-digit EBITDA growth, in FY27.
Hindustan Unilever	▪ Raw material costs increased by 8-10%. Company took 2-5% of price hike across the portfolio to mitigate the inflationary pressure. It will continue to take calibrated price hikes if the crude-led inflation sustains. ▪ HUL announced an INR20b capex investment focused on premium and high-growth categories. ▪ Premium beauty portfolio, including brands such as Minimalist, Simple, Oziva, and Nexxus, has scaled to an ARR of INR14b.	▪ **HUVR expects FY27 performance to improve over FY26, supported by internal execution improvements and strategic investments across categories and channels.** ▪ **The company maintains the consolidated EBITDA margin guidance in the range of 22.5-23.5%, adjusted for the ice cream business demerger.**

Marico	■ Demand sentiment was broadly stable during the quarter, supported by benign inflation, improving rural sentiment, and improved affordability following recent GST rate rationalization. ■ Copra prices corrected ~35% from peak levels and are expected to remain rangebound in the near term. ■ Copra price correction is expected to support margins in FY27. Weighted average input cost inflation for FY27 is currently expected to remain marginal.	■ The India business is expected to sustain high single-digit volume growth in FY27. Company targets double-digit consolidated revenue growth in FY27, with revenue expected to cross INR150b ■ Gross margin expected to expand 350-400bp in FY27, aided by easing copra costs. Part of the gross margin benefit is expected to be reinvested in A&P.
ZYWL	■ Seasonal brands such as Glucon-D were impacted by delayed summer conditions and unseasonal rains, particularly in North and East India. Management highlighted that last year had an early summer, whereas this year witnessed a delayed summer onset. ■ No major supply-side disruptions or inflationary pressures have been observed till now. ■ Management highlighted that the Rite Bite brand continues to outperform expectations and remains a leader in protein snacking.	■ The company expects the long-term EBITDA margin to be at 17–18% under normal seasonal conditions. ■ They expect Comfort Click to become EPS accretive in FY27.
PIDI	■ PIDI indicated that demand momentum currently remains healthy despite inflationary concerns. Fevicol delivered double-digit growth during the quarter. ■ The company gained market share across several categories during the quarter. Construction chemicals, waterproofing, and tile adhesive categories continued to grow ahead of the market. ■ The company is taking calibrated pricing actions as a 4–5% price hike took place in Apr'26, and an additional 7–8% increase in May'26.	■ FY27 remains highly dynamic due to geopolitical uncertainty and raw material volatility. ■ The company continues to focus on maintain double digit UVG. ■ The company maintains its EBITDA margin guidance of 20–24% for the medium term. ■ PIDI stated that annual capex is anticipated to be at 3–5% of revenue.
UNSP	■ Ex-AP and Maharashtra, UNSP is growing double digits. ■ The India-UK FTA is expected to result in a high single-digit consumer price reduction for Scotch, with a 4% to 5% impact on the BIO portfolio. Karnataka is 6.5% of UNSP's mix. The new Karnataka policy is progressive, and UNSP has seen a price reduction in the range of 15-35% in P&A. Popular is going to witness a price increase of ~17%. ■ The A&P spend is expected to be sustained around the 10.5%range of net sales.	■ Management expects to deliver strong double-digit growth for the P&A portfolio in FY27. ■ The company aims to maintain its EBITDA margin in the mid-to-high teen range.
RDCK	■ RDCK indicated that the gap between value growth and volume growth is expected to remain in the range of 300–400bp on an aggregate basis, supported by a favorable product mix and ongoing premiumization. ■ The recent policy changes in Karnataka are structurally favorable for premiumization trends in the state. ■ Over the medium term, the contribution of the non-IMFL segment is expected to gradually reduce as a higher proportion of bulk spirit production gets utilized for captive consumption within the company-branded IMFL portfolio.	■ For FY27, management guided for ~20% volume growth in the P&A portfolio while regular category volume growth is expected to normalize in the range of 3–5%. ■ The company maintains EBITDA margin expansion guidance of 120-125bp for FY27. ■ FY27 capex guidance remains in the range of INR1.5–2.75bn, largely focused on internal capacity optimization, operational efficiency improvement and selective expansion initiatives.

asianpaints

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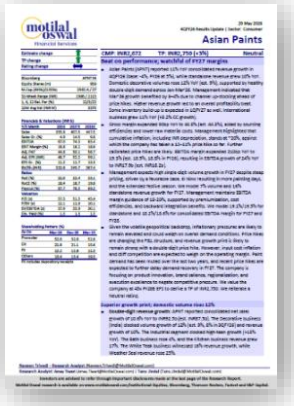


Asian Paints — Neutral

Current Price INR 2,660

Business and Environment

- Underlying demand conditions remained healthy in 4Q, with all three months delivering double-digit growth.
- Management acknowledged that some up-stocking was witnessed during the latter part of Mar'26 ahead of announced price hikes. The company estimated that up-stocking may have lifted Mar'26 growth by 3–4%.
- The company expects some channel inventory build-up in 1QFY27 as further price hikes are implemented.
- Management highlighted that demand trends remained healthy across both rural and urban markets, with rural demand continuing to outperform urban markets.


Asian Paints

- The company witnessed encouraging demand trends in Apr-May'26 and expects part of the current momentum to sustain going forward.
- Management guided for volume growth of 8–10% going forward, supported by stable demand conditions, festive season tailwinds, and healthy rural recovery.
- The company expects a longer festive period during 2QFY27 and 3QFY27 due to the timing of Diwali, which could support demand momentum during the year.
- In 4QFY26, value and volume stood at ~2%. The company expects the volume-value growth gap to normalize at 3–4% going forward, lower than the historical 5–6% range, supported by an improved premium mix.
- There is an improved offtake in the premium and PreLux portfolios, which helps improve realizations.
- Industrial coatings are expected to continue outperforming decorative paints, driven by strong infrastructure investments and higher government spending.
- Management highlighted continued macro and geopolitical uncertainties, which could keep inflationary pressures elevated and impact demand sentiments going forward.
- Management indicated that the total inflationary impact, including rupee depreciation, is significantly higher at ~20%, while the company has so far undertaken cumulative price hikes of 10.5–11%.
- The company intends to take further calibrated price hikes going forward; however, it does not intend to fully pass on the inflationary impact to consumers in order to protect demand conditions.
- Along with selective price hikes, the company is undertaking multiple cost optimization initiatives, including material sourcing efficiencies, manufacturing efficiencies, and tighter cost control measures to offset the unpassed inflation burden.
- New products contributed to ~17% of overall revenues. New launches are more focused on premium and luxury segments.
- Management highlighted that the benefits of backward integration projects would start accruing gradually from 1HFY27, although the full-year benefit would become more visible over time rather than immediately in 1QFY27.
- The company continues to expand its distribution expansion, having added more than 4,000 retailers over FY26 with more than 160k retail outlet touchpoints.
- The company also significantly expanded the reach of its Beautiful Homes Painting Service business, which is now available across nearly 70–80% of pincodes in India, improving service accessibility and strengthening consumer engagement.
- Management indicated that competitive intensity in the paints industry remains elevated and is expected to continue going forward. Competitive activity continues to be driven primarily through higher dealer discounts, contractor incentives and channel schemes rather than headline pricing differences.

Cost and margins

- Gross margins were aided by sourcing and formulation efficiencies, as well as raw material deflation, despite an adverse product mix and higher discounting.
- Material cost deflation stood at 1.4% in 4QFY26, providing additional support to margins.

- The company indicated that the next two quarters are expected to remain inflationary, while visibility beyond that remains dependent on geopolitical developments and crude price movement.
- The company remains focused on maintaining its long-term EBITDA margin guidance of 18–20% through a combination of calibrated pricing, premiumization, cost efficiencies and backward integration benefits.

Segmental Information

- White Teak (decorative and designer lighting) net sales grew 17% YoY. Weatherseal (uPVC windows and doors) posted net sales growth of 25% YoY.
- The Kitchen business saw a revenue growth of ~17% in 4Q, with some improvement in profitability.
- The Bath business reported revenue growth of ~4% and saw improvement in profitability.
- PPG Asian Paints (PPGAP) delivered 21% revenue growth, benefiting from strong performance in the Automotive and General Industrial segments.
- Asian Paints PPG (APPPG) posted revenue growth of 15%, driven by the Protective Coatings segment.

International performance

- The International business grew 11% in INR terms and 8.2% in constant currency, led by steady performance in key markets of Sri Lanka, Egypt and UAE.
- Significant improvement was seen in profitability driven by material deflation and higher contribution of prelux, aided by the divestment of loss making operations in Indonesia.
- Despite impact from the West Asia conflict, the Middle East operations delivered 6% revenue growth in 4Q.

Mrs Bectors Food Specialities Ltd

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Mrs Bector Foods

Mrs Bectors Foods — Buy

Current Price INR 171

Business Update

- Crossed the INR20b revenue milestone in FY26, with consolidated revenue reaching INR20.4b.
- Significant investments were made across manufacturing expansion, leadership hiring, IT infrastructure, distribution execution, and brand architecture.
- Products are now present in over 70+ countries globally.

Domestic Biscuit

- 4Q biscuit revenue grew 8.4% YoY despite geopolitical disruptions and GST transition-related volatility.
- Domestic business impacted in 3Q and 4Q due to delayed pricing correction by certain large industry players post GST reforms.
- Key growth focus remains within a 400 km radius of the Rajpura and Indore plants.
- Weighted availability is targeted to improve from ~35% currently to 40–45% by 2030.
- INR5 and INR10 packs contribute ~65% of biscuit portfolio sales.

Export

- Export business delivered low single-digit growth in FY26 and 4QFY26.

- Growth was impacted by the US tariff-related uncertainties, the West Asia conflict affecting Bahrain and Kuwait, and regulatory disruptions in select Latin American markets.
- Management indicated the export outlook has improved meaningfully with a reduction in US tariffs.
- The company continues supplying GCC markets through alternate logistics routes.
- FY27 export growth guidance remains at low-to-mid teens.

Bakery B2C

- The bakery segment delivered 8.5% YoY growth in 4Q; FY26 growth stood at 14%.
- 4Q growth was impacted by the complete shift of Navratri into March, affecting bread consumption in North India.
- Mid-teen growth expected in bakery B2C for FY27.
- Kolkata and Hyderabad launches received an encouraging response, with Kolkata already witnessing high single-digit market share in quick commerce and Hyderabad currently being scaled through a quick commerce-first strategy.
- Mumbai remains the biggest growth opportunity for English Oven.

Bakery B2B

- QSR demand trends are showing early signs of recovery after a prolonged slowdown.
- Management expects low-teen growth in QSR business during FY27.
- Frozen and value-added bakery portfolio gaining traction across B2B and B2C channels.
- Strong momentum seen in frozen products through quick commerce platforms in NCR.

FY27 Outlook

- The biscuit segment is expected to grow in the low-to-mid teens.
- Export business is expected to recover to low-to-mid-teen growth.
- Bakery B2C is expected to maintain a mid-teen growth trajectory.
- EBITDA margins expected to improve sequentially through FY27.

Bikaji Foods — Buy

Current Price INR 649

Business Highlights

- Management expects ~15% growth to continue, along with ~60-80bp operating margin expansion.
- Core markets are expected to grow ~13%, while focus markets are likely to deliver ~18-20% growth.
- FY27 category-wise growth expectations stand at: Western Snacks (+30% on a low base), Ethnic Snacks (+13–15%), and Sweets (+11–12%).
- THF currently stands at ~INR 1.3b, with management expecting ~40% growth to continue. The company currently operates ~19–20 stores and plans to add ~8–10 stores annually over the next three years.
- During 1QFY27, factory operations were disrupted for 4–5 days due to the chairman's demise and the Bengal elections, as a large portion of labor remained on leave.

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Bikaji Foods International

CMP: INR655 TP: INR840 (+28%) Buy

Double-digit volume growth to continue

Margin Highlights

- Gross margins remained resilient despite inflation in edible oil and packaging materials, and management expects gross margins to remain stable going forward.
- Edible oil prices increased by ~13–14%, while packaging costs rose ~20–25% during the period.
- BFL implemented ~3% price hikes along with selective grammage reductions to offset inflationary pressures.
- Management believes current pricing actions are sufficient to absorb near-term raw material inflation.
- EBITDA margins are expected to improve by ~60–80bp, supported by operating leverage and manufacturing efficiencies.

Category Growth

- Family packs significantly outperformed impulse packs during the quarter, growing ~20% versus ~14% for impulse packs.
- Management expects the ~15% growth momentum to continue, driven by Western Snacks (+30% on a low base), Ethnic Snacks (+13–15%), and Sweets (+11–12%).

Distribution

- Uttar Pradesh emerged as one of the strongest-performing focus markets, aided by localized campaigns featuring regional brand ambassadors.
- Core states delivered ~15% growth in 4Q, with management guiding for ~12–13% growth in FY27.
- Focus markets are expected to grow ~18–20%, led by UP, while Delhi continues to remain a relatively weaker market for BFL.
- The company crossed ~350k direct retail outlets during FY26 and aims to expand this to ~500k outlets over the next three years.

Marketing Investments Yielding Strong Returns

- The company materially increased advertising and promotional spending during 2HFY26.
- Ad spend increased to ~3.2–3.3% of sales in 4Q versus ~1% in 1HFY26.

Other Updates

- FY27 capex guidance stands at ~INR1b, largely towards sweets manufacturing capacity and warehousing infrastructure.
- The new warehouse facility is expected to become fully operational by end-June.

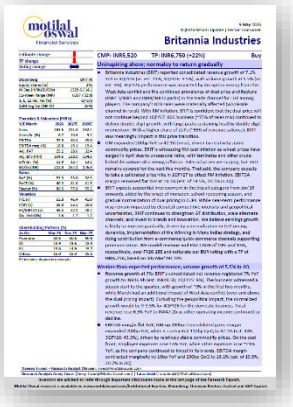
Britannia Inds — Buy

Current Price INR 5,063

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Business environment and performance

- The business witnessed a steady start to the quarter, with growth of ~9% in the first two months, while March had an additional impact of West Asia conflict (over and above the dual pricing impact). Excluding the geopolitical impact, the normalized growth would be 9-9.5% for 4QFY26 for the core Indian business.
- The volume growth in 4QFY26 stood at 5.5%
- Given ~65% salience of INR5/10 packs, the dual pricing (from competition) existing post GST transition impacted rural markets and wholesale channels (B2B channel) in 4QFY26.



- 75% of business is B2C (urban, E-com, MT out of home), while the rest is B2B wholesale. GST transition impacted BRIT's growth in B2B. Moreover, dual pricing further impacted the channel.
- BRIT indicated that the competition has ~40% salience from B2C channel vs BRIT's 25% share, which is enabling competition for higher volume growth.
- Management alluded that in Jan-Feb, it continued to grow in healthy double digits in the domestic markets for B2C, while B2B remained slightly impacted. The company expects B2B channel to normalize in 1QFY27.
- In non-INR5/10 pack points, BRIT is growing in double digits.
- BRIT indicated that the biscuit industry will start experiencing sequential growth from June onwards, when monsoon begins and schools reopen. This, coupled with the dual pricing situation fading away, will aid BRIT's performance going ahead.
- There was no material disruption to production operations in BRIT's India manufacturing facilities on account of industrial fuel supply constraints in March. BRIT continues to work towards adopting alternate fuels.
- BRIT will take a calibrated price hike in 1QFY27 to offset RM inflation.
- International Business revenues and profitability were impacted in 4QFY26 owing to vessel unavailability and slowdown in demand. The company is optimizing sourcing between India and international manufacturing facilities for key geographies to mitigate supply-related challenges; it is expected to be fully operational by mid-May.
- Management will prioritize localization to meet the needs of 'Many Indias' through region-specific business strategies, which will be more agile in taking decisions. BRIT has made regional teams supported by marketing, innovation, research, and development to tackle these markets at a much more local level.
- Signature brands such has Little Hearts and Jim Jam grew 3x higher than other products in FY26.
- E-com contributes ~6% to BRIT's domestic business now vs 4% in FY25 (2% in FY22). 50-60% of biscuits sell at the INR5 and INR10 price point, which do not have any major salience in e-commerce. Thus, while the biscuit segment continues to do well, newer adjacency categories are growing in e-commerce at 2.7x the growth of biscuits.
- Within e-com sales, ~70% of BRIT's business is currently from QC, and management expects this to further increase to 85% going ahead. BRIT will continue to invest in this channel as QC enables the company to premiumize its assortment while offering more indulgent categories.
- Innovations continue to gain traction. The company indicated that 50-50 Cheeze & Caramel Dipped has become the second biggest player within the Sandwich Cracker category in three months of launch.
- BRIT continues to focus on cost optimization and efficiency initiatives across the business.

Adjacent categories

- Wafers continued to grow in healthy double digits; similarly, the dairy business saw double-digit growth, led by the Ghee portfolio.

- Cake & Rusk growth was led by the e-commerce channel, rising ~1.4x of biscuits. BRIT indicated that Brownie scaled up successfully and has been well accepted by consumers.

Cost and margins

- Wheat output has been decent; flour costs dipped 6%, palm oil deflated 12% YoY (the company is covered for next 5 months), cocoa prices declined 16% YoY, while sugar and milk remained inflationary at +5%/+17% YoY, respectively.
- Wheat prices saw a minor surge in prices in April due to unseasonal rains.
- Laminates were down 7% YoY in 4Q; however, the company has seen inflation in 1QFY27 so far.

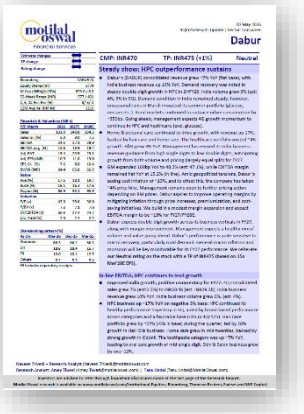
Dabur — Neutral

Current Price INR 418

Demand and Environment

- Heightened geopolitical tensions in the Middle East drove inflation, elevated freight costs, and impacted consumer demand in select markets.
- Demand condition in India remained steady, though unseasonal rains in Mar'26 impacted summer portfolio business.
- Dabur's India business grew 9.5% YoY, while the FMCG sector grew 9.2%, as per Dabur.
- Rural markets continued to outpace urban consumption, with rural demand growing ahead of urban India by 350bp.
- In 4Q, Dabur witnessed double-digit growth in Amla franchise, Vatika Shampoo, Real Activ, Dabur Honey, Dabur Honitus, Hajmola, Dabur Health Juices and Dabur Meswak.
- Dabur is seeing inflation of ~10% and to offset this, Dabur has taken ~4% price hike at company level.
- To mitigate inflationary pressures, the company is implementing price increases and reducing grammage in INR10/INR20 packs.
- Packaging material constitutes one-third of the raw material basket, and its costs
- have increased due to rising crude prices.
- Beverage portfolio witnessed a sequential recovery in 4Q. In beverages, Real active and coconut water are doing exceedingly well, while nectar was impacted by rains. Premium beverage portfolio continued to outperform the category, delivering a robust growth of 26% in real active juices and coconut water, doubling YoY.
- Dabur's GT business has grown by ~5%.
- Within Urban India, e-commerce and Modern Trade have been driving demand, growing by 49% and 19%, respectively.
- Quick Commerce is driving the online business, up 54%. This channel was a major contributor to Dabur's Foods business, which grew by 30% in 4Q.
- Despite facing headwinds in the Middle East, international business grew by 2.5% during the quarter, led by Sub-Saharan Africa (20%), UK & EU {10%); Namaste US (6.2%) and Bangladesh (22%).
- Dabur has launched 'SIENS', Dabur's first online only Direct-to-Consumer nutraceutical brand, which is showing great consumer traction.

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Guidance

- In 1Q, growth is expected to sustain. Management expects growth momentum to continue in HPC and healthcare (ex-glucose).
- Management revised India business revenue guidance from high single-digits to low double-digits, anticipating growth from both volume and pricing (largely equal split) for FY27.
- Dabur expects sequential growth acceleration in India business, driven by stable consumption, GTM transformation, premiumization, and brand investments.
- In FY27, the company expects HPC to grow in the double-digit to high-teen range, while oral care and home will continue the double-digit trend. F&B will also post double-digit growth, depending on weather conditions.
- Dabur expects further price hikes at company level, depending on RM prices.
- Dabur aspires to improve operating margins by mitigating inflation through price increases, premiumization, and saving initiatives.

Segmental performance

HPC

The HPC portfolio delivered 16.8% YoY growth, driven by broad-based performance across categories.

Oral Care

- The toothpaste category was up by over 7% YoY.
- Toothpastes recorded high-single growth, led by steady momentum in Dabur Red Toothpaste. Dabur Meswak and Dabur Herbal continue to outpace category growth in toothpastes with market share gains.

Skin Care

- Dabur's Skin & Salon business grew by over 12%.
- Dabur Gulabari franchise ended 4Q on strong footing with double-digit growth.
- During the quarter, Facial kit portfolio continued its robust growth momentum.

Home Care

- Odonil grew in mid-twenties, supported by strong growth momentum in aerosols and new premium fragrances in blocks.
- Portfolio continued to strengthen its position and gained market share.
- Sanifresh and Odomos both performed well and grew in strong double digits.

Hair Care

- Dabur's Hair Care portfolio grew by ~27% during the quarter, led by the Hair Oils business, which reported 28% growth.
- In Hair oils, there was price growth of 9% and volume growth of ~14%. The coconut hair oil portfolio grew by 48%.
- Hair oil growth was led by Amla franchise, Dabur Almond and Anmol coconut.
- Hair oil portfolio registered market share gains.
- Shampoo category registered growth in early twenties and market share gains.

Healthcare

- Healthcare grew 3.2% YoY, excluding Baby Super Pants and Vedic Tea; reported growth stood at 2.2%.

Health Supplements

- Health supplements witnessed mid-single digit decline.
- Dabur Honey reported double-digit growth in twenties.

- Dabur Glucose sales were impacted by unseasonal rains in Mar'26, but market share gains continued.

Digestives

- The business grew 15% YoY.
- Hajmola franchise grew in double digits and gained market share.
- Pudin Hara grew in mid-single digits, with fizz variants continuing to perform well.

OTC & Ethicals

- Dabur Lal Tail grew in double digits during the quarter on the back of focused interventions and media spending.
- Dabur Honitus continued its strong double-digit growth, aided by the differentiated positioning around quicker and faster relief from cough with giving drowsy effect.
- Health juices continued its growth momentum and registered double-digit growth.

Food & beverages

- Culinary portfolio accelerated its growth momentum during the quarter and reported growth in twenties with broad-based growth across brands.
- Activ range, including Juices and Coconut water, maintained its strong double-digit growth momentum.
- Strong on-ground execution and consumer-led initiatives for driving engagement and offtakes led to market gain in Nectars, Real Activ juices and coconut water.
- Badshah business performed well with 12% growth.

Emami — Buy

Current Price INR 391

Performance and outlook

- The onset of summer was significantly delayed with inconsistent temperatures across some key markets and unseasonal rainfall further impacted category demand. This, coupled with a high base, weighed on 4QFY26 performance.
- The summer portfolio declined by 22%, with talcum powders declining by 40% YoY. Talcum powder contributed INR3b of sales in FY26 (~10% of total sales).
- Because of disruptions and rising costs, competitive intensity from unorganized players have cooled off a bit. This, coupled with strategic moves by BCG, is helping categories like hair oils for HMN.
- International business revenue declined 5% YoY primarily on account of the West Asia conflict, which impacted shipping routes through the Strait of Hormuz, disrupted supply chains, and increased freight costs.
- HMN highlighted that it reduced trade receivables by over INR1b in FY26, implying a 10-day improvement in the working capital cycle.
- The company is spending ~50% of its ad budget on its new initiatives, which are currently contributing in single to low double digits to sales.
- HMN's beverage business (Axiom) is an aloe vera-based fruit drink, differentiating it from cola drinks, and is a profitable venture. The business is generating INR400-450m of EBITDA.

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- The strategic investments portfolio aims for a sustained 30% YoY growth and an absolute EBITDA improvement of about 15% YoY in FY27.
- Mr. Dhruv Aggarwal has joined HMN as Chief Growth Officer and looks after growth agenda across HMN's strategic investments.

Cost and margins

- GM improved 250bp YoY, backed by rigorous cost discipline and judicious pricing actions.
- High ad spends in 4Q are mainly on account of higher media investments in Brillare.
- For FY26, ad spend as a % of sales was ~20%; of that, the existing portfolio's ad spend was ~14% of sales, while investing companies accounted for ~6%.
- The Talc portfolio has slightly lower margins compared to other products.
- HMN continues to focus on rigorous cost discipline and judicious price hikes.

Channel-wise performance

- The company's omnichannel strategy continued to deliver encouraging results, with trade pipelines remaining healthy throughout the quarter.
- Organized channels further increased their salience to ~32% of the domestic business, reinforcing the strength of HMN's distribution network and market reach.
- Wholesale channel dependency has reduced to 27% of total domestic sales, reflecting a structural improvement in its channel mix.
- QC continued its strong performance and posted 70% growth, while GT marts delivered 25% growth YoY.
- Distribution focus remains on modern trade and e-commerce, including Q-commerce, while maintaining a strong footing in general trade.
- The management indicated that new-age channel margins are now closer to General Trade margins.

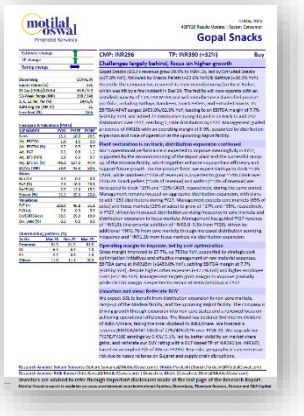
Segment performance

- The company launched INR10 Jar pack of Navratna Oil to enhance retail visibility and premium shelf display.
- It integrated media push for Zandu Cough Syrup: TVC (Maharashtra), Digital (67 towns), Print (Delhi NCR).
- Large packs have been introduced in Modern Trade (MT) and E-commerce (Ecom) channels for categories such as 7 Oils in One, Kesh King, and skin creams.
- Strategic subsidiaries delivered robust growth of 34% in 4QFY26, and management expects growth momentum to sustain going ahead.

International performance

- International business declined by 5% during the quarter, primarily due to geopolitical disruptions in the Middle East, which impacted shipping routes through the state of Hormuz, disrupted supply chains, increased freight costs and affected operations across the GCC, Middle East, CIS and South Asian markets.
- In 4QFY26, the international business was witnessing double-digit growth till February.
- April onwards, the company has been able to streamline supply chains and has witnessed 2% growth YoY.
- HMN expects international business to stabilize by June and expects 2QFY27 to see double-digit growth.

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Gopal Snacks — Buy

Current Price INR 293

Business Updates

- The Rajkot plant has commenced operations, supporting future growth plans, while the Modasa plant witnessed a successful ramp-up during the year.
- The company has secured sufficient chana and potato inventory until November, limiting the impact of potential raw material price increases. The raw material basket comprises palm oil (~26–27%), chana (~21–22%), laminates (~18–19%), and potato (~6%).
- To offset inflationary pressures, the company has implemented grammage reductions and may undertake further price hikes/grammage cuts going forward, as ~100 bps of inflation impact is still pending absorption.

Distribution

- Near-term growth in core markets is expected to remain in line with focus markets, while focus markets are likely to outpace core markets over the longer term.
- The company currently has a direct retail reach of ~390k outlets and an indirect reach of ~100k outlets, taking total retail reach to ~500k outlets.
- UP is emerging as a key focus market, currently generating ~INR65m in revenue, with ~72% contribution from the top two SKUs. Management expects ~35% growth in the region, supported by the Kashipur plant and third-party onboarding initiatives, with an exit run rate target of ~INR85–90m.

Product Portfolio

- Management expects strong category-wise growth, with gathiya projected to grow ~18–20%, namkeen ~15%, wafers ~40%, and other products ~30% for FY27.
- In Gujarat, industry growth during the year stood at ~15–20% for gathiya, ~14–15% for namkeen, and ~15% for fryums for FY26.

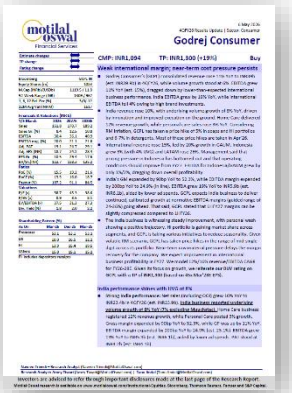
Other Updates

- The company plans maintenance capex of ~INR420–450m in FY27. Management expects capacity utilization to remain at ~43–45% next year, leaving significant room for future growth.
- Marketing campaigns were undertaken across platforms such as JioHotstar, SonyLIV, and Spotify to enhance brand visibility. Advertising spend stood at ~1.7% of sales in FY26 and is expected to increase to ~2.2–2.3% in FY27.
- The remaining insurance claim related to the fire incident, amounting to ~INR400m, is expected to be received by 2QFY27.

Guidance

- Management has guided FY27 revenue of ~INR18b (incremental addition of ~INR 3–3.5b from FY26), driven by ~INR 1.7b from core markets through increased distribution servicing frequency and ~INR 1.2b from focus markets via distribution expansion.
- On margins, management expects EBITDA margins in the range of ~8–9% for FY27, supported by benefits from the Rajkot commissioning and freight cost savings of ~40 bp.

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Godrej Consumer — Buy

Current Price INR 986

Business operations and environment

- India business witnessed a strong quarter with 8% volume growth, driven by innovation and improved execution on the ground.
- GCPL said that underlying consumption remains stable, with some distortion in soaps driven by pack-size changes rather than demand weakness
- The portfolio mix continued to improve, with home care gaining share vs. soaps, which is structurally positive for margin.
- Considering RM inflation, GCPL has taken ~5% price hike in soaps and HI portfolios and 6-7% price hikes in detergents. Most of these price hikes are taken in Apr'26.
- Mix improvement toward higher-margin home care categories is expected to support margins structurally over time.
- The Africa business is steadily transitioning toward a more stable and conventional FMCG operating model. Prior investments across categories are beginning to yield results, with scale expected to further support profitability going forward.

Cost and margins

- Gross margins remain supported by easing input cost pressures and calibrated pricing actions across categories.
- India business EBITDA grew ~19%, with margins standing at a healthy 24.9%, supported by disciplined cost management, calibrated pricing actions and improved operating leverage.
- 1HFY27 margins can be slightly compressed compared to 1HFY26.

Home care

- In HI, electrics delivered strong growth in 4Q and has been gaining market share consistently.
- Incense sticks continued to scale up strongly, and it is the largest branded stick in the category. Non-mosquito portfolio continues to deliver solid growth.
- Air Fresheners continued strong double-digit growth momentum across all the formats.
- Aer Spray INR99 continued to reset category landscape and grow significantly ahead of peers and gain share.
- Fabric Care maintained robust double-digit growth momentum.
- Godrej Fab did INR5b in ARR in FY26 and is largely at breakeven at EBITDA level.
- Recently launched Godrej Spic Toilet Cleaner has been scaled pan-India post the robust results in Tamil Nadu. It is an INR30b category in India, growing at double digits.

Personal care

- Soaps continued the positive trajectory, led by improving affordability post GST reduction. GCPL gained market share, led by strong in-market execution.
- Magic Handwash continued to scale and enjoy market leadership in the handwash segment.
- Cinthol Bodywash continued to scale extremely well on QC, driven by strong product differentiation.
- Muuchstac performance was in line with the business plan.

- GCPL will continue to focus on upgrading the consumers to handwash, bodywash and facewash.
- Hair Colour continued strong momentum. Both Crème and Shampoo Hair Colour continued strong growth performance.
- Perfumes & Deodorants delivered double-digit growth, led by perfumes. KS99 continued to deliver strong performance and has been scaled up pan-India.
- GCPL launched new women's perfumes in Modern trade and E-com channel; aimed at driving penetration of fragrances.

International business

- In Indonesia, revenue was up 3% (4% UVG), led by Shampoo HC and Baby care.
- Stella LV relaunch has witnessed robust consumer traction and sell-outs.
- GAUM recorded strong revenue growth of 20%, backed by strong growth in Hair Fashion and scale-up of Air Fresheners. EBITDA growth at 2% was largely driven by doubling media spends on FMCG categories.
- Latin America and others business delivered 26% sales growth. EBITDA in this geography was impacted by certain one-time costs in the quarter; GCPL expects this to normalize over the coming quarters.

Outlook

- GCPL stated that India business is well placed to deliver continued, calibrated growth at normative EBITDA margins, supported by improving demand trends, a strengthening innovation pipeline and consistent in-market execution.
- In Indonesia, GCPL expects a meaningful step-up in performance as pricing pressures abate.
- Management said that pricing pressure in Indonesia has bottomed out and it expects operating conditions to improve from FY27.
- GAUM continued to deliver on its stated internal objective of strong revenue and profit growth over the medium term.

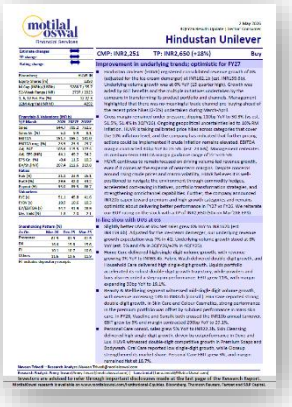
Hindustan Unilever — Buy

Current Price INR 2,091

Hindustan Unilever Limited

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Operational environment

- The UVG was 6% in 4Q. Volume growth was led by: a) market development and category creation like liquid detergents, b) penetration and market share gains in core brands through higher competitiveness and brand investments, and c) improved channel capabilities and execution across omnichannel platforms. Further, benefits from GST-led price cuts and favorable macro conditions are being reinvested to accelerate growth.
- The company continues to balance pricing, cost savings, and media investments to mitigate near-term impacts arising from the Middle East situation.
- The company took 2-5% of price hikes across portfolio to mitigate the inflationary pressure.
- The company will continue to take calibrated price hikes if crude-led inflation sustains.
- HUVR indicated that there was no significant channel pre-buying ahead of the recent price hikes undertaken during March-April.
- Management highlighted that unlike the structurally-driven and prolonged inflationary cycle seen post the Ukraine conflict in FY23, the current cost

inflation is more volatile and geopolitically driven. It leads the company to adopt a calibrated and phased pricing approach rather than aggressive double-digit price hikes.

- The company indicated that its portfolio spans multiple price points; in Home Care, it ranges from Wheel to Surf Excel liquids and fabric conditioners, enabling flexibility to manage consumer downtrading during volatile periods.
- Management highlighted three key positives that could protect rural demand despite El Nino concerns: (1) water reservoir levels are ~10% higher than normal, (2) MSPs have increased by ~5-6%, supporting farmer incomes, and (3) government food grain stocks remain very high due to strong crop production over the last two years.
- Management believes the company is structurally better placed to navigate the current inflationary and supply disruption environment due to its strong balance sheet, scale advantages and premium portfolio presence like in home care.
- In General Trade, the company expanded its reach by adding ~2 lakh stores and invested in infrastructure to scale speciality channels.
- In Modern Trade, the company strengthened competitiveness through sharper in-store execution and deeper partnerships.
- In E-commerce, the company delivered 25%+ turnover growth in FY26, driven by digital-first assortments and data-led demand generation.
- In Quick Commerce, the company doubled turnover in FY26 by strengthening fit-for-channel capabilities and service levels.
- HUVR has established a dedicated quick commerce organization and is deploying advanced supply chain capabilities , improving service levels by 1,400 bps.
- HUVR announced an INR20b capex investment focused on premium and high-growth categories.
- Premium beauty portfolio, including brands such as Minimalist, Simple, Oziva, and Nexxus, has scaled to an ARR of INR14b.
- HUVR is increasing investments in GTI (General Trade Intensification) specialist stores such as open-format outlets, chemists, and cosmetic stores to improve assortment, execution, and channel penetration.
- The company is open to acquisitions aligned with its strategic priorities and category expansion plans.
- It expects FY27 performance to improve over FY26, supported by internal execution improvements and strategic investments across categories and channels.
- HUVR emphasized that if inflationary pressures persist, the company's focus will remain on protecting its consumer franchise, sustaining competitiveness, and driving profit growth through revenue expansion rather than margin maximization.

Costs and margins

- Raw material costs increased by ~8-10%, primarily due to ongoing geopolitical uncertainties and commodity inflation.
- Management highlighted that existing commodity hedges, along with accelerated cost-saving initiatives, are helping mitigate the near-term impact of raw material inflation.

- The company maintains the consolidated EBITDA margin guidance in the range of 22.5-23.5%, adjusted for the Ice cream business demerger.

Segmental highlights

Home Care

- Home Care posted 9% USG, driven by high-single digit UVG.
- Fabric Wash segment delivered broad-based double-digit growth, led by continued strong momentum in the liquids portfolio, while powders and bars also witnessed improved performance.
- Household Care segment reported double-digit volume growth, primarily driven by strong outperformance in Vim liquid.
- In FY26, the liquid portfolio crossed the INR40b turnover milestone, reflecting strong category growth and increasing consumer adoption.

Beauty & Wellbeing

- Beauty & Wellbeing reported 8% USG, supported by mid-single digit UVG.
- In Hair care, the company reported strong double-digit growth, driven by volume-led performance across brands and formats. Moreover, it is stepping up bottle distribution in General Trade.
- The Hair care category continued to strengthen its market leadership position during the quarter.
- In Skin care and color cosmetics, strong growth in premium skin care offset subdued performance in the mass skin category.
- Within mass skincare, performance remained subdued due to weakness in Glow & Lovely and seasonally weak talcum powder demand during the quarter.
- Channels of the future continued to deliver double-digit growth and gain market share.
- The Health & Wellbeing segment witnessed soft performance during the quarter, although it delivered strong double-digit growth for the full financial year.
- The company believes the larger opportunity is not only launching new brands, but increasing premium skincare formats such as sunscreens, light moisturizers and face washes, where category penetration in India remains extremely low.
- The penetration of sunscreen products in India is still only ~2%, indicating a significant long-term growth opportunity through consumer education and affordability-led expansion. To accelerate adoption, the company has launched products such as Lakmé Sun Gel at an INR10 price point, aiming to improve accessibility and drive mass-market penetration of skincare formats.
- HUVR is also scaling newer skincare formats such as light moisturizers across brands like Vaseline and Pond’s to reduce seasonality in moisturization demand and driving year-round usage.
- In FY26, Vaseline and Sunsilk both crossed annual turnover milestone of INR10,000m.
- Simple has reached ARR of INR1600m and Minimalist has reached INR8500m.

Personal care

- Personal Care registered 5% growth during the quarter. UVG declined to low single digits.

- Skin Cleansing posted high-single-digit growth led by Dove and Lux, while continued market development initiatives drove strong double-digit growth in Bodywash.
- Premium Skin Cleansing continued to gain market share during the quarter, supported by competitive double-digit growth.
- The company expanded its freshness portfolio with the launch of Lifebuoy Ice Bath, offers instant cooling.
- Oral Care delivered low-single-digit growth, with Closeup continuing to gain market share during the quarter.
- The company further strengthened its Sensitive Care portfolio through the launch of Pepsodent Sensitive Care, which combines rapid sensitivity relief with cavity protection.

Food & Refreshment (F&R)

- Foods reported 5% USG, driven by high-single digit UVG.
- Tea segment delivered low-single-digit UVG due to price deflation. Tea volumes continued to grow at low single digits during the quarter, while premium tea brands delivered relatively stronger growth momentum.
- Coffee maintained its strong double-digit growth momentum, supported by both volume and pricing growth.
- Lifestyle Nutrition delivered double-digit growth driven by Horlicks and Boost.
- The growth in lifestyle nutrition is being driven by three key initiatives: (1) improvement in price-pack architecture, (2) relaunch of Horlicks Superfoods Mix with new technology in South India, which has seen encouraging early response, and (3) expansion into new adjacencies such as RTD beverages, biscuits, and premium protein products.
- HUVR plans to scale the Horlicks Superfoods launch nationally and further strengthen its presence in emerging nutrition segments, while Boost continues to witness healthy traction, including in RTD formats.
- Packaged Foods posted mid-single digit volume-led growth, with broad-based traction across Ketchup, Mayonnaise, Soups, and Unilever Food Solutions.
- In Packaged Foods, the segment reported mid-single-digit growth led by Unilever Food Solutions, Ketchup, and Mayonnaise.
- Kissan's expansion into chutneys marked a successful entry into a new consumption occasion and delivered encouraging initial results.
- HUVR Foods business is structurally different from the global Unilever Foods portfolio, with a strong focus on beverages (tea and coffee), Lifestyle Nutrition (Horlicks and Boost), and locally entrenched brands such as Kissan.

Indigo Paints — Buy

Current Price INR 966

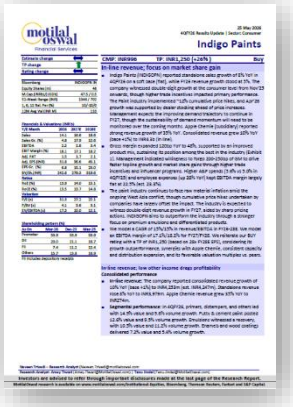
Performance and outlook

- Sales in Oct'25 were affected by the early Diwali and delayed withdrawal of monsoon. However, post festive period, demand was robust, and the company has been achieving double-digit growth since Nov'25.
- Management indicated that the last three months have seen a gradual demand uptick compared to the past period. For INDIGOPN, after two years, the company has seen Nov'25-Jan'26 growing in double digits in value terms.

INDIGO
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Indigo Paints

- The company expects the paint industry to revive from 4QFY26 onwards.
- A favorable product mix, backed by premium offerings, along with rigorous cost management initiatives, has optimized operational efficiencies.
- There has been no noticeable price change in the industry, and for INDIGOPN, the value-volume growth has been ~1%.
- Given benign RM prices, paint players have resorted to higher discounting in trade vs price cuts. Thus, the discounting on a YoY basis is slightly higher.
- In 3QFY26, enamels & wood coatings led performance, with 18.9% value growth and 20.2% volume growth. Primers, distempers, and others followed with 12.5% value and 7.4% volume growth. Putty & cement paint posted 5.5% value and 2.1% volume growth. Emulsions remained soft, with 0.2% value growth and a 3.4% volume decline; however, continued traction in premium emulsions supported value growth ahead of volumes, reflecting a resilient premium mix despite industry calling out downtrading trends.
- Its waterproofing products continue to post robust growth, accounting for ~7% of the company's top line vs no presence two years ago.
- For INDIGOPN, the share of the premium end of emulsions has been significantly growing for the last two years, despite broader slowdown in the paint industry. For 9MFY26, the economy range of emulsions has not performed well.
- Birla Opus products were selling at the highest level of discount and the lowest price in the market compared to all other industry peers. Despite the company implementing a price increase, it remains the cheapest products available.
- Management does not expect any significant changes in pricing in the foreseeable future.
- New construction accounts for a small % of paints purchase, with majority being repainting.
- The differentiated products segment accounts for 28-29% of the company's portfolio, backed by proprietary technology, targeted advertising, etc. Competitors have tried to replicate these products but have been unable to succeed so far.
- Tinting machine additions have grown much faster than the company's dealer count over the last two years.

Guidance

- The company expects double-digit growth in 4QFY26.
- FY27 sales growth can revert to 20% levels if the broader paint category's demand revives.
- Gross margin expansion was supported by softer raw material prices. Management expects RM prices to remain benign.
- EBITDA margins for FY26 are expected to expand with an improvement in demand and product mix.

Distribution network

- INDIGOPN added 257 tinting machines in 3QFY26, bringing the total count to 11,913.
- As of Dec'25, the number of active dealers stood at 19,134, reflecting a QoQ increase of 220.

- It has opened one more depot in Uttar Pradesh (Prayagraj) to enhance service efficiency, taking the overall depot count to 55.

Apple Chemie

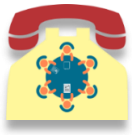
- Apple Chemie posted stellar sales growth (+32%) in 3QFY26, with an improvement in profitability metrics as well.
- A large portion of its revenue comes from Maharashtra and some nearby states like Madhya Pradesh. It is expanding its presence in southern and eastern India.
- Apple Chemie has become the first construction chemical manufacturer to receive NABL accreditation.
- WPCC products for the retail channel were launched and marketed under the Indigo brand (Protect Plus Series), while Apple Chemie continues to target the B2B, fast growing infrastructure segment.
- The company commenced production at the new sealant plant in the Nagpur facility.

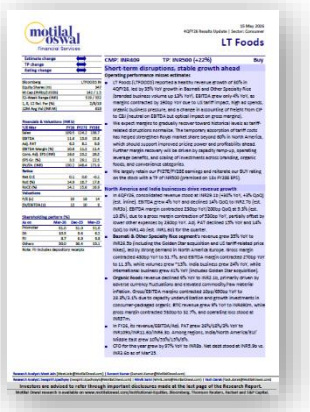
Others

- To serve enamel demand in the Northern and Eastern regions (previously catered from the Tamil Nadu facility), the company has commenced output from its brownfield Putty plant expansion at Jodhpur.
- Its Jodhpur water-based plant (90,000 KLPA capacity) is expected to be commissioned from Jun'26 onwards.
- Apart from these projects, the company does not anticipate any major capex over the next 4-5 years.

LT FOODS
NURTURING GOODNESS

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LT Foods — Buy

Current Price INR 381

Margins, Guidance & Long-Term Strategy

- Management expects FY27 gross margins to remain broadly stable at 33-33.5%.
- Gross margin moderation during FY26 was primarily attributable to tariff-related disruptions and commodity/input cost movements.
- Management indicated that tariff-related pressures have now started normalizing.
- The company remains confident of gradually improving EBITDA margins toward the earlier ~12% range.
- Margin recovery is expected to be supported by normalization of tariff disruptions, stabilization in the organic business, operating leverage benefits, and scale expansion across categories.
- LT Foods maintained its long-term revenue growth guidance of 10–12%.
- FY27 capex is expected to remain at similar levels, primarily focused on capacity expansion in India and the US; management highlighted that the company adds nearly 50-60k MT of rice capacity annually, requiring roughly INR30m capex per MT, while total milling capacity in India currently stands at nearly 800k MT.
- Future growth is expected to be driven by premiumization, innovation-led launches, distribution expansion, and category diversification.
- Management expects RTH, RTC, and organic businesses to continue growing faster than the overall portfolio.

- Key strategic priorities include increasing global basmati market share, scaling premium products, improving operational efficiencies, strengthening distribution, and driving cost optimization.
- Technology and digital transformation remain important focus areas to improve agility, scalability, and long-term competitiveness.
- Management remains optimistic about sustaining double-digit growth, supported by strong global demand trends, premiumization, innovation, and expanding international distribution.

Industry outlook and demand environment

- Management highlighted that the global basmati and specialty rice segment continues to witness strong structural growth, supported by rising global consumption, premiumization, and increasing penetration of branded packaged foods.
- The global basmati and specialty rice market is currently estimated to be expanding at nearly 7-12% CAGR across major geographies.
- Demand trends remain particularly strong in developed markets such as North America and Europe, driven by rising acceptance of Indian cuisine and expansion of the South Asian diaspora.
- Consumer preferences are increasingly shifting toward premium, healthier, organic, convenience-led, and traceable food products, which management believes aligns well with LT Foods' long-term strategy.
- During FY26, the company faced external headwinds including geopolitical uncertainties, freight cost volatility, currency fluctuations, and temporary disruptions linked to US tariff-related developments.
- Despite these challenges, management stated that LT Foods strengthened its competitive positioning through superior execution, uninterrupted customer servicing, and sustained brand investments.

Consolidated financial performance

- On a normalized basis excluding tariff and shipment-term related impacts, revenue growth stood at 19% with EBITDA margins at 11.8%.
- Reported profitability remained impacted by tariff-related disruptions, elevated brand-building spends, investments in the UK business, and temporary weakness in the organic foods segment.
- Working capital efficiency improved significantly during the year, with working capital days declining to 176 vs. 196 in FY25.
- Balance sheet position remained comfortable, with a net debt-to-EBITDA ratio at 0.66x and a net debt-to-equity ratio at 0.16x.

Basmati & Speciality Rice business

- The basmati and speciality rice segment remained the key growth driver, contributing nearly 88% of FY26 revenue.
- Segment revenue grew 29% YoY to INR97b, while normalized growth, excluding tariff impact, stood at 21%.
- Segment EBITDA margins remained healthy at 12.3%.
- Overall segment volume growth during FY26 stood at nearly 19%.
- US business volumes, including the Golden Star contribution, grew ~30%.

- Management stated that the US tariff-related disruption created a market-share gain opportunity for LT Foods due to stronger execution capabilities and uninterrupted customer servicing.
- The company focused on maintaining supply continuity, customer acquisition, and service levels during the disruption period, which helped strengthen both customer and consumer relationships.

India business performance

- India business delivered strong growth during FY26, with value growth of 10% and volume growth of 12%.
- Premium products continued to outperform, growing at nearly twice the pace of the broader consumer portfolio.
- Quick commerce and e-commerce channels registered growth of more than 45%, strengthening LT Foods' leadership across digital platforms.
- Management stated that premiumization benefits supported gross margins, which were subsequently reinvested into aggressive brand-building initiatives.
- Marketing investments in FY26 were nearly doubled YoY.

International business performance

- North America remained the largest market for LT Foods, contributing nearly 48% of FY26 revenue.
- Reported North America growth stood at 53%, while normalized growth, excluding tariff impact, was ~9%.
- The Royal brand maintained its leadership with more than 60% market share in the US.
- Golden Star remained the No.1 Jasmine Rice brand in the US.
- Management indicated that LT Foods gained incremental customers and consumers during the tariff disruption period due to superior execution and service levels.
- Europe business reported strong revenue growth of 34% during FY26.
- UK revenue reached ~ GBP45m during the year, with management reiterating its long-term target of scaling up the business to GBP100m by CY30.
- LT Foods Europe received the "New Entry Award" at the Department of Business and Trade Investment Awards in the UK.

Organic foods and RTH/RTC businesses

- Organic foods and ingredients business grew 9% YoY and crossed the INR10b revenue mark during FY26.
- LT Foods highlighted its leadership position in Indian organic exports, with over 110,000 hectares of certified farmland and association with nearly 80,000 farming families across 25 countries.
- The company currently commands ~12% share in India's organic food exports.
- Management acknowledged that the organic segment is currently facing margin pressure due to currency fluctuations, commodity inflation, and underutilization of newly created capacities.
- The business has been strategically remodeled through capacity expansion and entry into consumer-packaged goods categories, with profitability expected to improve gradually through operating leverage.
- RTH and RTC business revenue reached INR1.87b during FY26 and has grown nearly 2.5x over the last five years.

- Strong demand trends continue across Biryani Kits, Rice Kits, and convenience-led food categories.

Other Points

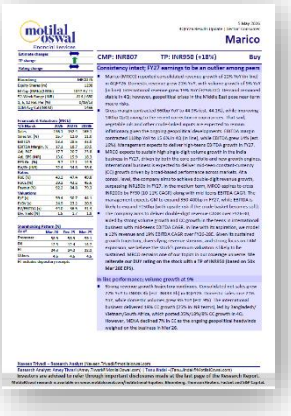
- Payable days have structurally increased to nearly 100 days due to procurement strategy and seasonal buying patterns, and management expects these levels to continue.
- LT Foods typically procures nearly 60–70% of raw material during the primary procurement season, while the remaining 30-40% is sourced throughout the year.
- Premium rice categories generally require aging periods ranging from 18 months to nearly two years to maintain quality and premium characteristics.
- Average inventory holding period currently stands at ~190-200 days.
- Management indicated that inventory days reduced during FY26 due to relatively lower procurement.
- Premiumization continues to positively influence product mix and brand positioning across markets.

Marico — Buy

Current Price INR 811

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Business environment and outlook

- Demand sentiment was broadly stable during the quarter, supported by benign inflation, improving rural sentiment, and improved affordability following the recent GST rate rationalization.
- The company offtake remained strong, with over 95% of the business gaining or sustaining market share and more than 90% gaining or sustaining penetration on a MAT basis, reflecting healthy consumer traction.
- E-commerce and Quick Commerce continued to lead overall growth. Traditional trade witnessed improved traction, driven by sustained investments and focused initiatives to revive the channel.
- Project SETU investments have significantly improved direct distribution reach and GT execution capabilities.
- Management believes GT continues to remain a key competitive advantage despite the rising importance of organized retail and e-commerce.
- Management highlighted that smaller players are facing supply-side and working capital constraints amid inflation in packaging materials, polymers, and logistics costs, limiting their ability to build inventory and manage disruptions effectively.
- The company believes its stronger procurement, inventory planning, and supply chain capabilities provide a competitive advantage, which could support market share gains in the near term as competitive intensity from smaller players remains subdued.
- Middle East exposure remains relatively limited for the company, reducing overall business risk from the region.
- Management guided for ~20% consolidated effective tax rate for FY27.

Near-term outlook

- The India business is likely to sustain high single-digit volume growth in FY27.

- International business is likely to maintain healthy momentum with mid-teen constant currency growth, aided by broad-based performance across geographies.
- Company targets double-digit consolidated revenue growth in FY27, with revenue expected to cross INR150b.
- Management guided for high-teen EBITDA growth in FY27.

Material costs, margin, and guidance

- Copra prices corrected ~35% from peak levels and are expected to remain rangebound in the near term.
- Vegetable oils and other crude-linked inputs continue to witness inflationary pressure amid geopolitical developments in the Middle East.
- The company would take calibrated pricing actions to mitigate input cost pressures.
- The company has a limited impact of geopolitical volatility in the Middle East due to strategic inventory and sourcing measures across raw materials, packaging, and finished goods.
- Supply chain operations remain stable, and management does not foresee any material disruption at present.
- 55% of core advertising spend is now directed towards digital media.
- Copra price correction is expected to support margins in FY27. Weighted average input cost inflation for FY27 is currently expected to remain marginal.
- Gross margin is likely to expand 350-400bp in FY27, supported by easing copra costs. Part of the gross margin benefit is expected to be reinvested in A&P.
- Management expects ~150bps operating margin expansion in FY27, considering the uncertain operating environment.

Segmental performance

Parachute coconut oil

- Parachute reported volumes declined 1% YoY; however, underlying volumes, adjusted for ml-age reductions, grew in low single-digits, indicating stable consumer demand despite pricing actions.
- Revenue grew 29% YoY, led by pricing, though growth moderated as the company took selective price cuts to pass on the benefit of easing copra prices to consumers.
- Copra prices have corrected ~35% from peak levels and are expected to remain rangebound in the near term.
- Management expects a visible recovery in volume growth from 1QFY27 onwards.
- The company has already undertaken ~10% price cuts in non-price point packs following a correction in copra prices.
- Management currently expects copra prices to remain rangebound and does not foresee an immediate need for further major pricing actions.
- Competitive intensity from smaller players remains lower compared to previous deflationary cycles due to supply chain and cost pressures.
- Management highlighted that despite a 120-130% surge in copra prices last year, the company had undertaken only ~60% price hikes, helping maintain competitive positioning.

Saffola oil

- Saffola Edible Oils posted 8% revenue growth during the quarter, driven by mid-single digit volume growth.
- The brand continues to shift its portfolio towards premium offerings within the portfolio.
- The company remains focused on calibrated pricing actions to offset input cost inflation.
- Premiumization remains a key focus area, led by Saffola Gold, Total, and the cold-pressed oil portfolio.
- Management indicated willingness to maintain low-to-mid single-digit volume growth while protecting margins.

VAHO

- Value-Added Hair Oils reported a strong 26% value growth, led by >20% volume growth during the quarter.
- The portfolio gained ~100bps in value market share on a MAT basis, reflecting healthy competitive positioning.
- Growth was supported by continued traction in the mid and premium segments.
- Non-Shanti Amla portfolio continued to outperform with healthy double-digit volume CAGR over the last two years.
- The company has already taken ~6-7% price hikes in the category to offset inflation in crude derivatives.
- The VAHO portfolio is expected to sustain double-digit volume-led growth going ahead.
- Growth is expected to be supported by an innovation pipeline, GST-led affordability benefits, and distribution expansion under Project SETU.

Foods

- Food's portfolio registered 16% YoY growth and exited the year at >INR10bn in revenues.
- The growth was impacted by a high base in True Elements and SKU rationalization of low gross contribution products to improve profitability.
- The core Saffola foods portfolio delivered double-digit growth as Saffola Oats continued to retain its leadership position as the #1 Oats brand.
- During the quarter, the company further strengthened the portfolio through the acquisition of Cosmix, a leading digital-first functional wellness brand, and 4700BC, a premium gourmet snacking brand.
- Management expects the Foods portfolio to sustain ~20% growth trajectory going forward.

Premium Personal Care

- Premium Personal Care, including the digital-first portfolio, sustained strong growth momentum.
- The combined portfolio across Premium Hair Nourishment, Male Grooming, and Skin Care is expected to exit FY26 at an ARR of INR3.5bn, while the digital-first portfolio is projected to reach INR11bn ARR.
- The company has recently launched Parachute Advanced Protein Shampoo.
- The India revenue share of Foods and Premium Personal Care stood at ~23% in FY26 and is expected to increase to ~27% by FY27 (vs earlier guidance of ~25%) and further to ~33% by FY30.

- Profit contribution from these portfolios increased to ~5x of FY20 levels in FY26 and is expected to reach ~10x by FY30.
- Digital-first portfolio is expected to achieve double-digit EBITDA margins by the end of FY27, with margins likely to expand to the teens by FY30.
- Plix is currently operating at mid-to-high single-digit margins, with management targeting double-digit margins in the near term.
- In Plix, hair and skin nutrition products are becoming the core focus areas within the brand.
- D2C channel contributes ~45% of Plix revenues, enabling strong consumer ownership and cross-selling opportunities.

International business

- The international business delivered 19% constant currency growth. It delivered mixed performance across regions.
- Bangladesh reported strong 35% CCG growth, supported by healthy performance in the core portfolio and rapid scale-up of new franchises.
- Management maintained guidance of double-digit growth over the medium term in Bangladesh.
- Vietnam maintained double-digit growth momentum with 18% CCG growth during the quarter.
- MENA business declined 7% due to temporary supply chain disruptions in the Gulf region amid ongoing geopolitical developments.
- Egypt continued to perform well with high-teens growth during the quarter.
- South Africa delivered 8% CC growth, led by strong traction in the Hair Care segment.
- NCD and Exports business registered a robust 46% growth during the quarter. Expansion into beauty and personal care categories across international markets is expected to support growth and margins.

JOCKEY

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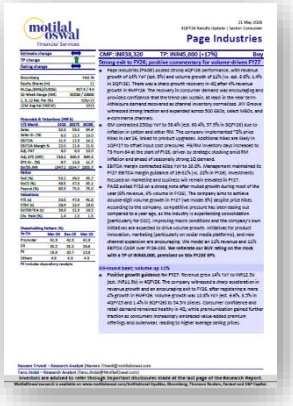


Page Inds — Buy

Current Price INR 37,547

Demand environment & business performance

- The company saw improvement in consumer sentiment and retail demand during 4QFY26, which was visible across categories and distribution channels.
- The recovery was driven by a combination of improving macro consumption trends and company-led initiatives, including distribution strengthening, inventory normalization, brand investments, product innovation, and calibrated retail and manufacturing expansion.
- Demand recovery was particularly visible in March, while January and February also witnessed better traction versus the first three quarters of FY26.
- Athleisure demand improved during the quarter as distributor inventory correction largely reached the far end of normalization after remaining a challenge for nearly two years.
- Management indicated that primary sales are now closely aligned with secondary sales due to the shift towards an auto-replenishment model, reducing channel inventory distortions.


Page Industries

- Management stated that the gap between value growth and volume growth was largely driven by premiumization and favorable product mix rather than price hikes.
- The company is now working on implementing a new distribution management system (DMS) to further strengthen supply-chain visibility and operational efficiency.
- Online business contribution increased by ~200bp YoY and now contributes ~15% of total revenue.
- Management expects Odisha-related government subsidies of INR400-500m to start flowing from FY27.
- The company continues to target volume-led growth and expects double-digit volume momentum to sustain in FY27.

Premiumization & product initiatives

- The company continued to witness strong traction in value-added premium products and outerwear categories, aiding ASP growth.
- Management highlighted strong consumer acceptance for recently launched upgraded products and premium collections.
- The company has initiated a nationwide outdoor campaign for the men's Bonded collection to further improve awareness and penetration.
- JKY Groove collections witnessed strong sell-through, with previous launches selling out faster than anticipated. The latest Groove collection is now being expanded across ~500 exclusive brand stores, select MBOs, and e-commerce channels.

Pricing & inflation

- The company took a 2% weighted average price increase in January, which was for product enhancements rather than covering inflationary costs.
- Management clarified that the January price increase was linked to product enhancements and not inflation pass-through.
- Benefits from this price increase started reflecting only from mid-March due to FIFO inventory flow.
- Additional price hikes may be undertaken in 1QFY27 to offset rising input costs.
- Management emphasized that price increases will be calibrated carefully to avoid impacting volume growth materially.
- The company indicated willingness to absorb part of the inflationary pressure through margins if required to protect market share and demand momentum.

Cost and margins

- The company continues to witness inflationary pressure in cotton and other raw materials.
- Management reiterated its long-term EBITDA margin guidance of 19%-21%.
- Management expects some moderation in margins in FY27 due to higher marketing investments, technology spending, and inflationary pressure.
- Despite near-term pressure, management believes production efficiencies and maturity of newer plants can support structural margin expansion over the medium term.
- Management plans to increase marketing investment closer to 5% of revenue in FY27 to drive demand generation and strengthen brand salience.

Competition & market share

- Management indicated that competitive intensity has reduced meaningfully compared to 1–2 years ago.
- Several D2C and emerging brands have either reduced offline expansion, consolidated operations, or lowered discounting and marketing intensity.
- The company believes this reduction in competitive aggression benefits larger organized players with stronger supply chains, distribution capabilities, and balance sheets.
- Management also indicated that inflationary environments typically strengthen the position of market leaders like Jockey, as smaller competitors face greater operational challenges.
- The company remains confident of gaining market share across categories amid industry consolidation.

Inventory & working capital

- Inventory days increased to 73 days at the end of FY26 versus 64 days at the beginning of the year.
- Net working capital days increased marginally to 56 days from 54 days.
- Management clarified that inventory build-up was deliberate to:
- Hedge against anticipated raw material inflation
- Ensure adequate supply-chain readiness ahead of demand recovery
- Prepare for seasonally stronger 1Q demand.

Pidilite Industries — Neutral

Current Price INR 1,469

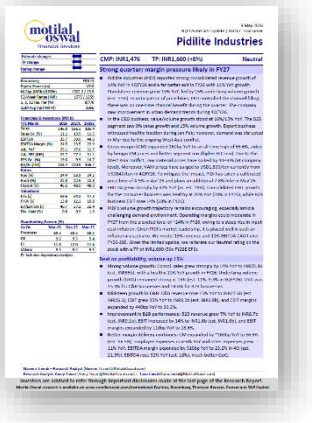
Demand environment and outlook

- C&B business reported 15.4% UVG, while B2B business delivered 14.8% UVG, reflecting broad-based growth across categories.
- Growth was led by strong performance in core adhesive portfolio, including Fevicol, along with continued momentum in growth categories such as Roff and Dr. Fixit.
- Management highlighted that Fevicol delivered double-digit growth during the quarter.
- Export business witnessed disruption in Mar'26 due to the West Asia conflict impacting supply chains, though management indicated Jan-Feb performance remained robust.
- The company indicated that demand momentum currently remains healthy despite inflationary concerns.
- Demand trends improved during 4QFY26.
- There were no one-offs or channel loading benefits during the quarter, and the company maintained its practice of avoiding aggressive March-end dispatches.
- The company gained market share across se veral categories during the quarter. Construction chemicals, waterproofing, and tile adhesive categories continued to grow ahead of the market.
- Organized players are likely benefiting amid ongoing supply chain volatility, as smaller and unorganized players are facing relatively higher disruption.
- Weighted average raw material inflation currently stands at 40-50%, primarily led by a sharp increase in VAM prices amid the West Asia conflict.

Pidilite

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Pidilite Industries

- VAM prices increased from ~USD840/ton in 4QFY26 to nearly USD1,800/ton currently.
- Management indicated that supply disruptions were witnessed from Saudi Arabia-based suppliers, though alternate sourcing options, including China, are being explored.
- PIDI is taking calibrated pricing actions – 4-5% price hike in Apr'26 and additional 7-8% planned in May'26.
- Paint business continues to witness healthy traction in rural India and smaller towns. PIDI expanded into new markets such as West Bengal and Bihar.
- The company transferred its Build Next platform to JSW One through a share swap arrangement.
- FY27 remains highly dynamic due to geopolitical uncertainty and raw material volatility. The company focuses on maintaining double-digit UVG.

Cost and margin

- FY26 margins benefited from benign raw material costs, while FY27 margins could remain under pressure due to elevated inflation. However, healthy inventory levels, calibrated pricing actions, and operating efficiencies are expected to partially offset inflationary pressures.
- The company currently maintains healthy inventory levels, especially for key raw materials such as VAM, providing near-term protection against supply disruptions.
- PIDI maintains its EBITDA margin guidance of 20-24% for the medium term.

Capex

- The company incurred capex of ~INR5.7b during FY26 vs. ~INR4.3b in FY25.
- PIDI maintains annual capex guidance at 3-5% of revenue.
- A large premium white glue and Fevicol manufacturing facility in West India is expected to be commissioned during 1QFY27.

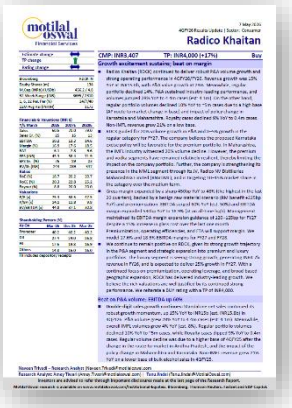
Radico Khaitan — Buy

Current Price INR 3,459

Operating environment

- Management indicated that FY27 will largely focus on scaling and consolidating the premium and luxury launches undertaken over the past year.
- Recently launched brands in the luxury and prestige segments are expected to witness wider national rollout during FY27.
- Virasat and The Spirit of Kashmir are currently available in ~10 states, with plans to expand distribution to ~20 states during FY27.
- The company plans to enter the tequila category toward the end of FY27 under its premium spirits portfolio.
- The recently imposed ~10% US tariff is unlikely to materially impact the company luxury portfolio exports, as the retail price increase at the consumer level would be limited to USD5–6 per bottle.
- India continues to remain significantly underpenetrated in white spirits, with white spirits accounting for only ~4.5% of the Indian alcohol market compared to 28–29% globally.
- Gen Z consumers are increasingly preferring premium and white-spirit categories, while also focusing on responsible and moderate consumption habits.

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Radico Khaitan

- The company believes flavor innovation within vodka and premium spirits is currently a more attractive opportunity vs low-alcohol or RTD categories. Currently, the company does not have any major plans to enter low-alcohol or RTD segments.
- The company's products are currently available across 50+ airports globally, with plans to expand presence to over 100 airports over time.
- The company indicated that the gap between value growth and volume growth is expected to remain in the range of 300–400bp on an aggregate basis, supported by a favorable product mix and ongoing premiumization.
- The non-IMFL business is currently growing at 7–8%, in line with industry growth trends.
- Over the medium term, the contribution of the non-IMFL segment is expected to gradually reduce as a higher proportion of bulk spirit production gets utilized for captive consumption within the company's branded IMFL portfolio.
- For FY27, management guided for ~20% volume growth in the P&A portfolio.
- For FY27, management expects regular category volume growth to normalize in the range of 3–5%.
- Management highlighted that nearly 90% of power and fuel requirements across the Rampur and Sitapur facilities are met through biofuel-based systems, significantly reducing dependence on LPG.
- Both plants are largely self-sufficient in power generation through captive boilers and turbine infrastructure, thereby limiting operational risk from LPG disruptions
- The company has reduced net debt by INR3.3b during FY26, driven by strong profitability and healthy cash flow generation, and is on track to become debt-free in FY27.
- The Board has made a formal dividend policy with a minimum payout ratio of 20% of PAT.
- The company's primary focus remains on organic growth opportunities rather than inorganic acquisitions, and no major acquisition plans are currently being considered.

State Policy

- The recent policy changes in Karnataka, which reduce the pricing differential between regular and premium categories, are structurally favorable for premiumization trends in the state.
- The company highlighted that a similar pricing revision undertaken earlier had significantly benefited premium brands such as Rampur and Jaisalmer.
- The company highlighted that West Bengal currently operates as an open market with private retail participation, and any potential regulatory changes would be evaluated.
- Management maintained a wait-and-watch approach on any possible reversal of prohibition policies in Bihar.
- Bihar historically represented a large consumer market for the company prior to prohibition, and any reopening of the market could provide a meaningful long-term growth opportunity.
- The Maharashtra IMFL industry continues to remain impacted following the introduction of MML, with industry volumes declining by 20–25% post

implementation. However, the company indicated that premium and vodka categories remain relatively stable in the state, thereby limiting the impact on its P&A portfolio.

- The company participated in the Maharashtra MML market through a JV and has received encouraging initial response, with management targeting 10–15% market share in the segment over time.

Brand Performance

- The company's luxury portfolio delivered revenue of INR4.7b, supported by strong consumer traction across Rampur Indian Single Malt, Jaisalmer Indian Craft Gin, and Royal Ranthambore Whisky.
- **The company expects to deliver 25% growth in the luxury portfolio in FY27, supported by outlet expansion, stronger distribution, and rising premium consumption trends.**
- The recently launched luxury brands, including Rampur 1943, Virasat and The Spirit of Kashmir, are witnessing encouraging consumer response and strong trade traction across key markets.
- Royal Ranthambore delivered robust growth of over 50% during FY26, aided by strong demand across both civil and CSD channels.
- Magic Moments continued its strong growth trajectory, with volume growth of 21% YoY during FY26. The brand achieved volumes of 8.6m cases and crossed ~INR15b in sales value during the year. Further, the brand reported strong growth of 28% YoY during 4QFY26.
- Management highlighted that new flavor innovations, particularly under the 'Flavours of India' portfolio, have contributed meaningfully to growth momentum. The company intends to further expand the flavor portfolio going forward to sustain category leadership and drive premiumization within vodka.
- After Dark also continued to witness strong consumer traction, reporting growth of over 60% during FY26 and crossing 3.1m cases during the year.
- The relaunch and repackaging initiatives undertaken for 8PM Black during 2HFY26 have started yielding results, with the brand reporting ~60% growth during the quarter.

Cost and margins

- **The company maintains EBITDA margin expansion guidance of 120-125bp for the full year.**
- During 4QFY26, A&SP was 6.7% of IMFL sales compared to 7.6% in 4QFY25. A&SP spend is expected to remain around 6% to 8% of IMFL revenues going forward.
- In 4QFY26, profitability included a one-time income of INR39m related to capital subsidy received from the Uttar Pradesh government for the Sitapur greenfield distillery project.
- **Glass bottle prices have increased by ~15% over the last month. However, the company has already factored this inflation into its cost assumptions and margin guidance for FY27.**
- The long term relationships with glass suppliers are expected to ensure uninterrupted supply availability despite industry-wide inflationary pressures.
- The rising consumer acceptance of pocket packs could gradually reduce dependency on glass packaging over time.

Capex

- The company's 60–65% of production capacity is currently outsourced through leased manufacturing arrangements across India, while the balance 30–35% is managed through its own facilities.
- The company continues to follow an asset-light outsourcing model while retaining control over raw material procurement and quality standards.
- **FY27 capex guidance remains in the range of INR1.5–2.75b, largely focused on internal capacity optimization, operational efficiency improvement and selective expansion initiatives.**
- The raw materials are procured directly by the company, while outsourced partners primarily undertake conversion and bottling activities. This provides greater control over supply-chain continuity and input sourcing.

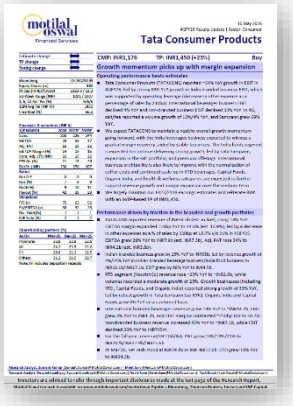
TATA CONSUMER PRODUCTS

Tata Consumer Products — Buy

Current Price INR 1,142

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Tata Consumer Products

Guidance

- Management acknowledged some inflationary pressure from packaging costs and LPG-related inputs.
- However, the company's diversified portfolio and pricing power are expected to mitigate commodity headwinds.
- Management reiterated confidence in sustaining double-digit revenue growth going forward.
- EBITDA growth is expected to continue outpacing revenue growth.
- The company firmly reiterated guidance of 50-75bp EBITDA margin expansion for FY27.
- Management emphasized that as long as top-line grows in double digits and fixed costs remain controlled, operating leverage should naturally support margin expansion.
- Any commodity-related cost pressures are expected to be mitigated through calibrated pricing actions.
- Advertising and promotion spends are expected to normalize within the 7–8.5% range of sales.
- Quarterly fluctuations in advertising intensity will continue due to seasonal demand patterns.

India packaged beverages business

- The business reported revenue decline of 1% YoY, driven by price cuts in line with commodity deflation, while volume grew 4% volume growth.
- FY26 volumes grew 3%, with revenue up 6% for the full year.
- The India packaged beverages business crossed the INR50b revenue milestone during the year.
- Tata Tea Gold delivered a 10% volume growth in FY26; regional brands also delivered a healthy momentum for the year.
- Coffee revenues grew 20% in 4Q and 43% in FY26.
- Tata Tea Agni expanded Agni Extra Josh into more markets.
- The company launched summer-led premixes across brands: Tata Tea Gold Iced Tea, Tetley Matcha Latte, and Tata Coffee Cold Coffee.

India foods business

- India Foods delivered strong growth, up 21% in 4Q and 18% in FY26, overtaking Beverages to become the largest business segment.
- Volumes grew 15% YoY in 4QFY26.
- Salt revenue grew 14% in FY26 to cross INR40b, supported by double-digit volume growth. 4QFY26 saw volume growth of 13% and revenue growth of 12%.
- Sampann continued its exceptional momentum, growing 69% in 4Q, with broad-based contribution across categories.
- Full-year Sampann growth reached 46%, driven by strong execution and continued NPD traction.
- The company launched 'Lo-Sodium' Rock Salt with 15% lower sodium, supporting premiumization and a heart-healthy positioning.
- The company expanded into protein snacking with Protein Crunch Makhana and Hi-Protein Edamame to cater to young, health-conscious consumers.

RTD

- RTD beverages delivered strong momentum for the third consecutive quarter, recording 28% volume growth and 23% value growth.
- For FY26, RTD volumes grew 20%, with revenue growth of 10%.
- Tata Copper Plus continues to scale, growing 33% in 4Q and 26% in FY26.
- Innovation and NPDs continue to gain traction, progressively contributing to growth across categories.
- The company rolled out three differentiated campaigns across Tata Gluco Plus, Himalayan, and Cold Coffee, using technology-enabled formats to improve engagement effectiveness.
- The company entered the electrolyte beverages category with small-pack launches, targeting affordability, trial, and high-frequency consumption occasions.

Capital Foods and Organic India

- Capital Foods and Organic India together grew 8% in 4Q; with domestic business growing 15%, but exports declined 9% owing to geopolitical disruptions. For the full year, combined revenue grew 12%.
- Organic India delivered another strong quarter, growing 24%, taking FY26 growth to 28%.
- Capital Foods had a softer quarter due to export disruption from geopolitical developments. Full year growth was 5%.
- The combined domestic business grew 15% in 4Q and 13% in FY26, while the combined export business declined 9% in 4Q due to geopolitical disruptions, but reported a 10% growth for the full year.
- Combined gross margin at 47% for 4Q and 48% for FY26 continues to remain significantly accretive to the base India businesses.
- Capital Foods' (India) innovation-to-sales remained strong at 7% in FY26, reflecting sustained focus on NPD growth.
- Ching's Secret expanded its portfolio with the launch of Manchurian and Schezwan Cup Noodles, strengthening presence in convenient, snacking formats aimed at high-frequency consumption occasions.
- The company expanded the wellness portfolio with new Organic India 'Advance' formulations, strengthening presence in herbal supplements.

Tata Starbucks

- The business delivered 7% revenue growth in FY26, with strong operating leverage driving double-digit YoY EBITDA growth.
- 4Q sales growth stood at 7% YoY, with a third consecutive quarter of positive same store sales growth (SSSG). Full-year SSSG also turned positive.
- The company built a differentiated 'Everyday Choices Made Better' platform, with protein cold foam and zero-added-sugar syrups scaling strongly.
- It has strengthened the premium footprint with the launch of the second Reserve store in Gurugram.
- The company added 23 new stores (net) during the year, taking the total store count to 502 in 80 cities as of Mar'26.

Non-branded business

- Revenue for the quarter grew 41% in CC terms, continuing a strong run for the business. For the full year, the non-branded business grew 23% CC.
- In 4Q, the Soluble business grew 43% cc. Growth was led by higher volumes in the coffee soluble business.
- Plantation's revenue recorded a growth of 28% in 4QFY26, led by higher volumes.
- Profitability for the business continues to remain in a healthy, sustainable range.

International operations

- International business maintained a strong trajectory, delivering 11% constant-currency (CC) growth in 4Q, led by the US Coffee business; FY26 growth stood at 9% (CC).
- **US business:** The US business delivered 24% YoY growth in 4Q, driven by pricing actions. For the year, the US grew at 23%. Eight O'Clock sustained strong share gains in 4Q, growing at more than double the category rate.
- **UK business:** UK returned to growth in 4Q as revenue grew 3%, supported by strong execution and improved promotional effectiveness. Good Earth outperformed its category, continuing to gain share.
- **Canada business:** Revenue grew 7% YoY, driven by higher Specialty volumes, supported by targeted interventions. 4Q market share improved by 1.3%, the highest among peers. Tetley emerged as the fastest-growing major brand in herbal tea.

Other highlights

- Management acknowledged some inflationary pressure from packaging costs and LPG-related inputs.
- However, the company's diversified portfolio and pricing power are expected to mitigate commodity headwinds.
- Management reiterated confidence in sustaining double-digit revenue growth going forward.
- EBITDA growth is expected to continue outpacing revenue growth.
- The company firmly reiterated guidance of 50-75bps EBITDA margin expansion for FY27.
- Management emphasized that as long as topline grows in double digits and fixed costs remain controlled, operating leverage should naturally support margin expansion.
- Any commodity-related cost pressures are expected to be mitigated through calibrated pricing actions.

- Advertising and promotion spends are expected to normalize within the 7–8.5% range of sales.
- Quarterly fluctuations in advertising intensity will continue due to seasonal demand patterns.
- Management reiterated that the company remains open to acquisitions across strategic food and beverage categories.
- However, current acquisition opportunities are not considered sufficiently attractive.

United Breweries — Neutral

Current Price INR 1,340

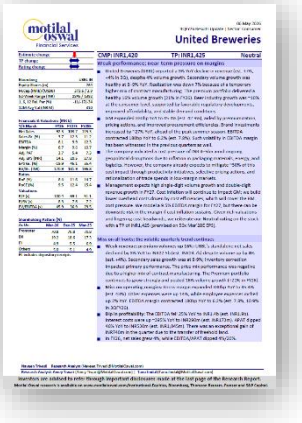
Business and operating performance

- The company highlighted that the beer category witnessed a strong recovery in 4Q, with ~10% growth. Growth was broad-based, with most markets contributing positively.
- Category growth was supported by regulatory developments, improved affordability, and stable demand conditions.
- Favourable policy environment remains a key growth driver, with no major tax hikes on beer across most recent state policies and relatively higher taxation on spirits improving beer affordability.
- The company saw strong growth in ~14 states (~42% of business), with >30% growth in some markets.
- The company reported ~4% volume growth during the quarter. Underlying demand (secondary sales) remained largely in line with category growth (8-9%).
- Reported volume growth was impacted by base effects and a primary vs secondary sales mismatch.
- Premium portfolio volume grew 21% for FY26, with premium mix still below 10% of total volume.
- Management indicated that the weak price-mix performance in the quarter is not structural, as it was impacted by temporary factors such as inventory correction and higher reliance on contract manufacturing.
- Ongoing capacity additions, including new can lines and brewery expansions, are expected to improve the mix and reduce dependence on contract manufacturing over time.
- UBBL highlighted no supply-side constraints, with strong backward integration and supplier diversification ensuring the availability of bottles and cans.
- The industry has seen a sharp rise in competitive intensity. However, the company remains focused on sustainable value-led growth.
- Early signs of stress are emerging among smaller and contract players, with some facing challenges in sourcing packaging materials and temporarily halting production. The impact is expected to become more visible over the next few months.
- The company expects mid- to high-single-digit volume growth in FY27, which will lead to double-digit revenue growth.

Cost and Margins

- Gross margins improve 330bp YoY, supported by premiumization, pricing actions, improved procurement efficiencies, and favorable sourcing mix.

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- EBITDA margin declined 180bp YoY, primarily due to deliberate strategic investments.
- The company increased brand investments by ~27% YoY ahead of the peak season to support brand equity and visibility.
- Cost pressures remain elevated, driven by inflation in packaging materials, energy, and logistics, due to geopolitical disruptions (INR4-5bn impact).
- The company has already identified mitigation plans for ~50% cost increase (INR2-2.5bn) through productivity initiatives, selective pricing actions, and rationalization of trade spends in low-margin markets.

Capex

- The company expects the U.P. greenfield brewery to be commissioned by FY27, with civil work already underway.
- Two new can lines in Telangana and Maharashtra are expected to be operational by July'27.
- These capacity additions will unlock incremental growth opportunities, especially in underpenetrated segments like cans, where the current market share is low (~2%).

Innovation

- The company plans to expand Heineken production capacity across multiple regions, including North (via the upcoming U.P. brewery) and East India, over the next two years.
- Other innovations, such as Kingfisher Smooth, have shown strong early traction, with high repeat consumption in initial markets like Rajasthan.
- The company recognizes flavoured beer as an emerging innovation platform and has already tested products like Kingfisher Flavours in select markets (Goa and Daman).
- While craft and niche players are gaining traction, the company is selectively evaluating opportunities rather than aggressively expanding.
- Management is also engaging with local craft players to understand evolving consumer trends and explore potential partnerships.

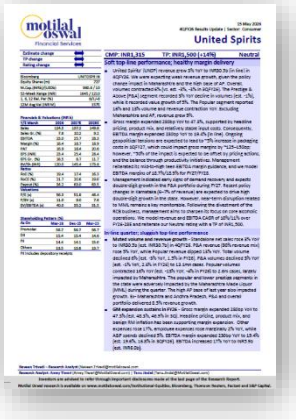
State performance

- The Karnataka policy is in a positive direction, with improvements in ease of doing business and a proposed shift towards ABV-based taxation, which is expected to structurally support beer consumption growth.
- In Telangana, no price hikes have been implemented so far, and the company, along with the industry, remains in active discussions with the government to address the ongoing cost inflation pressures.
- Maharashtra continues to be a strong growth market, with both category and company volumes growing at >20%, indicating sustained momentum.

UNITED SPIRITS

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Detailed Concall Transcript &
Results Update





United Spirits — Neutral

Current Price INR 1,264

Demand environment

- Excluding AP and Maharashtra, UNSP is growing in double digits.
- While India is already the largest whisky market by volume, significant headroom remains as spirits' penetration is only at 40% and per capita consumption is 2.6ltr.
- Consumption patterns are shifting toward premiumization and better quality across different income segments, even as frequency moderates in more affluent groups.
- The Lower Prestige segment has been soft for the industry, while Middle and Upper Prestige segments continue to see healthy growth rates.
- McDowell repackaged version is currently being launched in UP. The transformed McDowell's product offers upgraded liquid with 30% more scotch at the same price, aiming for aspiration with affordability
- In AP, the business saw a six-month base benefit following the recommencement of operations in September 2024 after a five-year gap.
- Other states like Rajasthan and Madhya Pradesh are seeing policy flexibility that may provide small pricing benefits.
- The company expects the MML disruption to recede and expects no further impact from 2HFY27 onwards.
- UNSP believes the recent policy changes in Karnataka will unlock very high double-digit growth in the state.
- The India-UK FTA is expected to result in a high single-digit consumer price reduction for Scotch, with a 4% to 5% impact on the BIO portfolio.
- Innovations like the 180ml pocket pack and 200ml flask for brands such as Royal Challenge and Johnnie Walker Blonde soften consumer pocket spend, enabling premiumization and product sampling.
- The company aims to offset 50% of inflation through headline pricing and 50% through productivity, acknowledging that pricing adjustments typically have a lag, with states like Karnataka, Rajasthan, and potentially Telangana and MP offering some pricing flexibility.
- Management expects to deliver strong double-digit growth for the P&A portfolio in FY27.
- The company is expanding AI and data analytics skills across its sales commercial function, supply chain, and overall organization.
- In 3QFY26, the company received ~INR1b in dividend income from RCB.

Karnataka state policy

- Karnataka is 6.5% of UNSP's mix.
- The new Karnataka policy is progressive, and UNSP has seen a price reduction in the range of 15-35% in P&A.
- Popular is expected to witness a price increase of ~17%.

Cost and margins

- For 1QFY27, packaging material costs are expected to inflate by 4% to 5%, leading to an overall gross margin impact of 1.25% to 1.5% on the total portfolio, equating to approximately INR350m to INR400m.

- While short-term fluctuations are possible, management does not foresee a significant material margin impact over a longer period, as the business model is designed to absorb such changes through productivity and strategic pricing
- The A&P spend is expected to be sustained at around 10.5% of net sales.
- The company **aims to maintain its EBITDA margin in the mid-to-high teen range.**

Brand performance

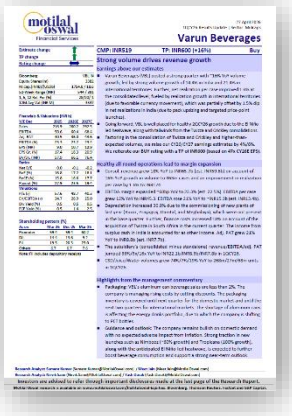
- Signature and Black & White continue to perform competitively in the Upper Prestige and primary scotch segments, respectively, with Johnnie Walker also posting strong growth.
- Smirnoff has regained its momentum, growing triple-digit and beating other players, leading to handsome market share gains across the country.
- Smirnoff is targeted to reach INR10b in Net Sales Value (NSV) over the next 18 months, building on its current INR3.5b NSV.
- The company is expanding the tequila category with Don Julio, having already captured one-third of the market.
- McDowell's, the world's largest-selling whisky by volume, has experienced sequential share gaps in the Lower Prestige segment over the past six to seven quarters, prompting a full transformation to regain growth and share.

Varun Beverages — Buy

Current Price INR 533

Click below for Detailed Concall Transcript & Results Update





Operating performance

- VBL's sales volume grew ~16% YoY in 1QCY26, driven by strong volume growth of ~14% in India and ~21% in international market
- Net realization per case improved by 1.6% in International markets, primarily due to favorable currency movement, whereas it declined by 1.5% in the domestic market, primarily due to volume growth initiatives such as upsizing of packs and selective price-point launches in targeted markets to onboard new consumers.
- Gross margins improved by ~60 bps at 55.2% in 1QCY26, supported by early stocking of key raw materials despite the inflationary raw material environment.
- In 1QCY26, the mix of low-sugar/no-sugar products has increased to ~63% of consolidated sales volume.
- In India, EBITDA margins improved by ~110bp, driven by operational efficiencies from robust volume growth and improved gross margin.
- Product mix is dynamic, and the future mix will depend on demand.

Guidance and outlook

- Management remains confident in the long-term opportunity across domestic and international markets, supported by favorable demographics, rising incomes, growing urbanization, and increasing beverage consumption.
- The overall market is growing at a rapid pace. The company is not expecting an adverse impact on consumption trends in the coming quarters due to inflation and is bullish on the domestic market.
- Apr'26 is looking good for the company due to the high temperature. New launches showing strong growth with Nimbooz (~60% growth), Tropicana (100% growth). There was a low base in May and Jun'25 due to the monsoons.

- Capex is not expected to be substantial in CY26 (less than INR5b)

India business

- Demand remained encouraging during the quarter, supported by VBL's wide distribution reach, strengthened execution, and continued investments in manufacturing capacity and chilling infrastructure (~0.5m outlets additions expected)
- The company is passing cost-cutting benefits and new plant efficiency. Realization has not dropped rapidly due to other premium products.
- VBL undertook targeted initiatives to drive volumes and strengthen our domestic portfolio, including pack upsizing, selective price-point launches in identified markets to onboard new consumers, and new launches in the energy and juice-based drink segments (Sting classic)
- Consumption is growing in liters and numbers.

Packaging

- The company's aluminum can beverage sales are less than 2%. The company is managing rising costs by cutting discounts.
- On the domestic side, packaging inventory is covered for the current quarter. In the next quarter, the effect of war is expected, which is being mitigated through discounts and cost-cutting.
- On the international front, the minimal impact of geopolitical issues is due to higher raw material inventory holding (~6 months holding). A minimal effect of the increase in transportation costs will be there.
- Shortage of aluminum cans is affecting the energy drinks portfolio. The company is shifting to PET bottles.

Strategic acquisitions

- VBL consummated the acquisition of Twizza in South Africa through BevCo at EV of ZAR2b, strengthening its manufacturing footprint and route-to-market capabilities in Africa's largest soft drinks market. (INR8b revenue)
- The acquisition is expected to generate meaningful operational and commercial synergies over time.
- Also, VBL entered into a share purchase agreement to acquire Crickley Dairy through BevCo at an EV of ZAR238m, which will further strengthen its presence in South Africa, subject to regulatory and other approvals. (INR1.6b revenue)

International business

- VBL continues to build scale in snacks across Africa and deepen its presence in high-potential markets, in line with our strategy of broadening the portfolio and strengthening consumer relevance
- Zimbabwe plant ramp-up will accelerate the snacks business
- Sugar's international price decline is benefiting the company

Others

- Depreciation increased by 30.9% on account of the commissioning of new plants of last year (Buxar, Prayagraj, Damtal, and Meghalaya), which were not present in the base quarter.
- In 1QCY26, Finance cost increased by 18% on account of the acquisition of Twizza in South Africa.
- VBL's board has approved an interim dividend of INR 0.50 per share.
- Less than 2% of volumes were generated from INR10 products.

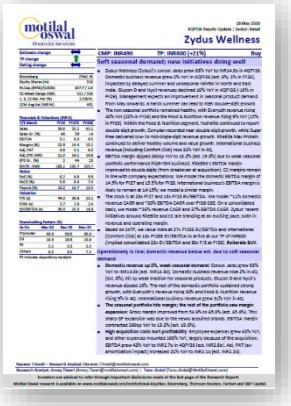
- The company is not aggressively marketing packaged water and has no intention of lowering prices.
- Demand for energy drinks (Adrenaline Rush, Sting) is exceeding the expectations of the management.
- Management says ~3-4 year payback period for new plants.

Zydus Wellness — Buy

Current Price INR 502

Click below for Detailed Concall Transcript & Results Update




Zydus Wellness

Soft seasonal demand; new initiatives doing well

Business Environment

- Consumption trends remained steady during the quarter, supported by sustained recovery in rural demand, which continued to outpace gradual improvement in urban markets.
- The company stated that geopolitical disruptions had a limited impact on operations due to proactive mitigation measures.
- No major supply-side disruptions or inflationary pressures have been observed till now, except for a minor impact on Middle East business, which remains a very small part of the overall portfolio.
- Organized channel saliency stood at 30% in FY26, comprising Modern Trade at 13% and E-commerce at 17% (40-45% is QC).
- Seasonal brands such as Glucon-D were impacted by delayed summer conditions and unseasonal rains, particularly in North and East India. Management highlighted that last year had an early summer, whereas this year witnessed a delayed onset of the summer season.
- Weak pipeline build-up at wholesale and retail levels also affected sales momentum.
- The company expects some recovery in seasonal demand from May onwards if summer intensity sustains.
- Management reiterated confidence that the seasonal portfolio can return to double-digit growth over the medium term.
- Seasonal brands continue to remain an important and profitable part of the portfolio, and management does not intend to reduce focus on these brands.
- The company currently has no plans to divest slow-growing product categories.
- The consolidated tax rate for FY27 and FY28 is expected to remain around 25%. For FY27, the effective tax outflow will include a mix of cash tax payments and utilization of deferred tax assets. From FY28 onwards, the tax rate is expected to largely normalize into a regular cash tax structure at around 25%.

Cost and margins

- Commodity input costs remain mixed; Sucralose up 34% YoY, Milk up 10% YoY, Edible oil down 6% YoY, Dextrose Monohydrate down 9% YoY, Stevia down 13% YoY.
- EBITDA margins were impacted due to weaker seasonal portfolio performance, as seasonal brands typically have higher margins.
- Management reiterated the long-term EBITDA margin aspiration of 17–18% under normal seasonal conditions.

Comfort Click

- Comfort click revenue increased to 1.3x in FY26 compared to FY25 on an LFL basis.

- The company expanded the Comfort Click portfolio with 11 new launches across WeightWorld and Amigo brands.
- Products were launched on Boots.com in the UK and on Amazon UAE to expand global reach.
- Management stated that Comfort Click's strength lies in identifying trends early and launching products quickly in the online wellness space.
- The CC acquisition was funded through a low-cost bridge loan in GBP, which is now converted to an EUR loan, with interest included in finance costs.
- The company expects Comfort Click to become EPS **accretive in FY27.**

RiteBite

- The company expanded the RiteBite Max Protein portfolio through four new launches, such as Max Protein Ultimate Protein Boost RTD beverage, Max Protein bars, ghee-based bars, and Korean-flavored chips.
- These launches are aimed at expanding the brand beyond the core protein bar format and increasing participation in the healthy snacking and on-the-go protein consumption space.
- Management highlighted that the brand continues to outperform expectations and remains a leader in protein snacking.
- The company is also entering adjacent healthy snacking categories through innovation-led expansion.

Brand/ Product Performance

Sugar free

- Sugar Free Green delivered its 20th consecutive quarter of double-digit growth.
- The company is focusing on both new consumer acquisition and category expansion through food-based offerings such as chocolates and cookies.
- Sugar Free D'Lite range continued to deliver high double-digit growth in 4Q.

Everyuth

- Management stated that Everyuth continues to maintain leadership in scrubs and peels (48.6% market share, up 8.7bp) while expanding presence in facial cleansing categories.
- Everyuth delivered strong double-digit growth in FY26, driven by innovation, distribution, and superior consumer experience.
- Everyuth launched a tan removal face wash during the quarter, strengthening its position in the functional skincare category.

Glucon- D

- Glucon-D entered the performance hydration segment through the launch of "Recharge" in both liquid and sachet formats across multiple flavors.
- Consumer initial response to the launch has been encouraging, helping the company enter a fast-growing hydration adjacency.

Nycil

- Nycil is gearing up to strengthen brand communication and scale mass-market activations in the coming period, with a focused objective of enhancing household penetration and expanding its retail reach.

Nutralite

- Nutralite delivered double-digit growth despite challenges in gas supply.
- Growth was supported through portfolio innovation and expansion into adjacencies such as butter, ghee, mayonnaise, and professional cheese.

Complan

- Complan maintained its fourth-ranked market share position during the quarter.
- Complan delivered near double-digit growth YoY in 4Q.
- The company shifted to direct supply in the CSD channel while simultaneously focusing on toddler and adult nutrition portfolios.
- Management highlighted that the company is repositioning Complan beyond children's nutrition into broader nutrition adjacencies, including adult nutrition.
- New communication campaigns featuring brand ambassador Vaibhav Suryavanshi were launched to improve relevance with younger consumers.

CutiColor

- It is positioned as a premium dermatologically supported hair color brand with Korean origins.
- The product is positioned as a safer alternative to traditional hair color products and is priced at a premium level.
- The brand is backed by dermatologists and influencers, which is helping build consumer trust and traction.
- Initial response from consumers and trade partners has been very encouraging, with management witnessing strong repeat purchases and new customer additions.
- Management stated that the product uses high-quality ingredients and avoids many of the concerns associated with conventional hair colors.

CONSUMER DURABLES

- **Various management teams indicated that the Cables & Wires (C&W) segment delivered strong revenue growth during 4QFY26, largely driven by a sharp increase in copper and aluminum prices, which rose approximately 48% and 32% YoY, respectively. However, volume growth remained modest, in the low- to mid-single-digit range, owing to geopolitical disruptions, a slowdown in demand during March 2026, and channel destocking amid heightened raw material price volatility. Looking ahead, management remains optimistic about the C&W demand outlook for FY27E, supported by sustained investments in the power sector, continued momentum in real estate and manufacturing, and growing opportunities in emerging segments such as data centers, EV infrastructure, and defense. Management further highlighted that room air conditioner (RAC) demand improved from mid-Apr'26, aided by heatwave conditions across several regions of the country. Nevertheless, elevated commodity prices, INR depreciation, and disruptions arising from the West Asia crisis continue to exert pressure on input costs, while intense competition remains a key challenge. To mitigate these pressures, companies have implemented selective price increases. Across other FMEG categories, including fans, switchgear, lighting, and small domestic appliances (SDA), management reported mixed demand trends, with healthy growth in industrial and solar-related businesses, while consumer demand remained relatively subdued.**

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Insights and future outlook	Capex plans
Blue Star	▪ Summer demand improved from mid-Apr'26 onwards, resulting in a pickup in secondary sales, while primary billing also started improving as dealer inventory normalized across markets. ▪ RAC prices required hikes of nearly ~13% to offset BEE rating transition costs, raw material inflation, and currency depreciation. Around ~8% price increase has been implemented so far, while the remaining increase is expected to flow through gradually during Apr-Jun'26. ▪ UCP margin is expected to remain under pressure due to commodity inflation, currency volatility, and hyper competition.	▪ RAC and commercial refrigeration capacities are currently operating at near full utilization, and the company may consider adding another production line at the Sri City facility by Oct'26 if demand momentum sustains. ▪ The company gave capex guidance of INR2.5b–3.5b, which includes maintenance capex, R&D investments, product development, IT investments, and digital initiatives.
Crompton	▪ The company flagged input cost inflation as a key risk due to war-led commodity price increases and supply constraints. It took two rounds of price hikes in ECD, with fans seeing cumulative hikes of ~7%–8%, largely offsetting metal inflation, though further inflation in Apr'25 may require additional action. ▪ It announced the creation of a new premium product line called Crompton Rhion, which will focus on introducing super-premium products featuring cutting-edge technology and next-generation design.	▪ It entered two new categories—wires and solar rooftop. Wires were launched under the Crompton Armor brand in Tamil Nadu and Karnataka, with a national rollout planned through its existing distribution network. In solar rooftop, around 5,000 homes have already been installed, with an order book of ~INR5b, mainly from Andhra Pradesh and Telangana. It aims to build this into an INR20b business over the next 3–4 years.
Havells	▪ 4Q performance was led by a strong start to the season and strong momentum in industrial and infrastructure-linked segments, while consumer-facing categories remained relatively subdued due to cost pressures. ▪ The margin improvement target of 200bp over the medium term remains intact, aided by premiumization, operating leverage, and innovation-led pricing power, although near-term pressures may persist.	▪ It guided for a capex of INR8.0b FY27, largely toward the cables and wires segment. A significant investment is also planned for a new R&D center over the next 2–2.5 years. ▪ The company further commissioned a new refrigerator plant at Ghiloth during the quarter and launched refreshed products. No major new capex is planned for Lloyd beyond the recent investments already undertaken.
Polycab	▪ C&W segment posted strong revenue growth in 4QFY26, supported by robust execution. Volume growth for C&W remained in low-single digits. Domestic organized market share improved to ~30-31% from ~26-27% in FY25. ▪ It guided sustainable margin in the range of ~11- 13% in the long term. The company's growth is expected to be 1.5x industry growth, and exports are expected to scale from ~5% of revenues to ~10% by FY30.	▪ Capacity utilization remained at ~75-76% in FY26, with peak practical utilization of ~80-85%. It emphasized that it does not expect any capacity constraints despite strong growth visibility. ▪ Capex for 4QFY26 stood at INR3.9b, taking FY26 total capex to INR14.8b, which was in line with Project Spring guidance of INR12b–16b annually. ▪ Annual capex guidance remains at INR12b–16b. Net cash position stood at INR41.9b.

KEI Inds	■ In 4Q, Domestic institutional cable (B2B) sales grew modestly by ~6% YoY to INR8b, while extra high voltage cable (B2B) sales witnessed sharp growth of ~64% YoY to INR1.9b, indicating strong traction in high-value projects. ■ It expects volume growth of ~17%–18% in FY27, backed by incremental capacity from its Sanand facility for cables. Margin is expected to remain stable (~10.5%–11%); further improvement is likely from FY28 onward as economies of scale kick in with full utilization of the Sanand facility.	■ It outlined plans to invest cumulative INR20.0b over the next 3–4 years, including land acquisition in Baroda. This investment will be largely funded through internal accruals, with a disciplined allocation framework wherein ~60–70% of operating cash flows will be directed toward capex and the remaining ~30–40% toward incremental working capital needs.
RR Kabel	■ Volume growth in wires was in single digits, while cables grew in the high teens. Export volumes were slightly higher than domestic volumes during the quarter, with the management remaining confident of sustaining ~16%–18% volume growth in FY27 and expecting growth to remain better than industry levels. ■ The company continues to focus on scaling its B2B business, particularly in cables, where growth is expected to be stronger than in wires. While wire growth is expected to remain at ~11%–12%, cable volumes are expected to grow at ~25% over the next two years	■ The company's INR12b capex program for FY26–FY28 is progressing as planned and is primarily focused on expanding cable capacity, along with wire capacity enhancement and operating efficiency improvements. INR3.5b was invested in FY26, while the majority of the capex is expected to be deployed during FY27. ■ The capex will also enable the company to expand manufacturing capability from 66kV to 220kV cables, strengthening its presence in higher-value cable categories and improving delivery speed, operating leverage, and execution capabilities in the B2B business.
Voltas	■ During 4Q, ~5% price increase was implemented in 3-star RACs and ~10% in 5-star RACs, for the BEE rating changes, followed by another ~2% increase due to commodity inflation. ■ It remains optimistic on FY27 demand across cooling and appliances, supported by stronger consumer sentiment, premiumization and infrastructure demand. April and May showed strong traction with faster secondaries, healthy primary recovery and good absorption of higher-priced inventory, with 1QFY27 expected to be strong.	■ The RAC industry witnessed a ~10-12% decline in FY26, with primary sales at 14.3m units. VOLT sold 2.25m units and maintained market leadership with a ~5% gap over peers. It expects RAC industry growth of ~15-20% in FY27, supported by a weak base and stronger summer demand. Commercial refrigeration declined ~5% in FY26 but is likely to grow ~10%+ in FY27. CAC will grow ~12-15%, driven by manufacturing and infrastructure demand. ■ EMP order book stood at INR62b as of Mar'26, including INR45b from domestic projects.
LG Electronics	■ 4QFY26 saw broad-based demand growth, led by H&A. Premium categories such as fully automatic washing machines, French-door refrigerators and 5-star RACs performed strongly, driving higher ASPs and richer mix. It also crossed the 1m RAC sales milestone during FY26. ■ It indicated that AC demand momentum strengthened significantly during AprMay'26, supported by heatwave conditions and India's low AC penetration of ~13%, which continues to offer a large long-term growth opportunity. It is guiding for mid-teen revenue growth and early double-digit EBITDA margins in FY27.	■ FY26 capex stood at ~INR5.51b for existing operations. For the Sri City plant, it has committed ~INR50b over the next few years, with ~INR6.57b already deployed as of FY26 for construction and machinery. ■ The company's localization level reached 55.2% in FY26, up by 140bp YoY. It targets annual localization improvement of ~1-2pp going forward.

BLUE STAR

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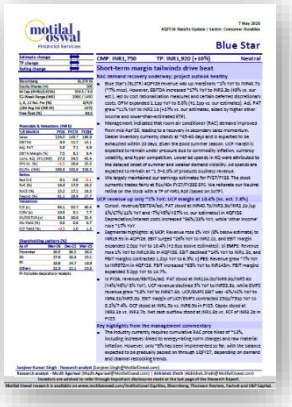


Blue Star — Neutral

Current Price INR 1,580

Unitary Cooling Products (UCP)

- The Unitary Cooling Products (UCP) segment reported growth supported by lower advertising and promotional spends, prudent pricing actions, and cost optimization measures undertaken since Apr'25.
- The RAC business witnessed reasonable growth during the quarter, supported by improvement in primary demand during Mar'26 and channel stocking across regions ahead of the summer season. Dealer network expansion continued as planned, and the company gained marginal market share during the quarter despite multiple industry headwinds.
- BLSTR estimated the overall industry size for FY26 at around 15.5m units, with the company maintaining a market share of approximately ~11% in volume terms.
- FY26 remained highly challenging for the RAC business due to a weak summer season, GST reduction-related disruptions during Aug-Sep'25, inventory



adjustments linked to energy rating changes, trade stocking and liquidation cycles, and continued supply chain disruptions arising from geopolitical and trade-related uncertainties.

- Summer demand improved meaningfully from mid-Apr'26 onwards, resulting in a strong pickup in secondary and tertiary sales, while primary billing also started improving as dealer inventory normalized across markets. Current channel inventory levels are estimated at 45–60 days.
- RAC prices required hikes of nearly ~13% to offset BEE rating transition costs, raw material inflation, and currency depreciation. Around ~8% price increase has been implemented so far, while the remaining increase is expected to flow through gradually during Apr-Jun'26. Management reiterated that sustaining price increases remains strategically critical to protect margins, as delaying hikes could make future implementation significantly difficult once the seasonal demand environment normalizes.
- Margins in the UCP segment expanded sharply, supported by stringent cost rationalization, prudent pricing actions, and lower advertising spends. Advertising spends were lower in 4QFY26 due to delayed summer, unlike 4QFY25, which had higher IPL-led spends. The company clarified that long-term brand investments remain unchanged, and advertisement spends will continue at ~1.5%–2% of product business revenue.
- It reiterated its target to maintain UCP segment margins at ~8%–8.5%, while working toward increasing the RAC market share to ~15% from the current ~14.25%, although industry margins are expected to remain under pressure due to intense competition, elevated commodity volatility, and rising industry capacities.
- It expects the India to remain the fastest-growing RAC market globally, with long-term industry CAGR estimated at ~18%–20% till 2030. The market has the potential to grow from the current size of around 17.5m units to 40m–50m units by 2030.
- While the net consumer price increase post GST reduction is only ~3%, management believes some downtrading may occur across star ratings and brands. However, it does not expect significant postponement of purchases if the summer season remains strong.
- Commercial air-conditioning demand continued to improve across government, industrial, and retail segments, with healthy traction in chillers and ducted systems, while VRF demand remained stable. Infrastructure projects such as airports, metros, hospitals, hotels, and commercial buildings continue to provide healthy opportunities, driven by urbanization and increasing AC penetration across tier-3/4/5 cities.
- Unlike the RAC market, the commercial AC segment remains relatively less competitive and more closely linked to the infrastructure and construction cycle, with future growth increasingly dependent on technological capabilities, energy efficiency, and product innovation. The company also highlighted that while the residential RAC industry already exceeds INR350b, the commercial air-conditioning market remains relatively small at INR55b despite significant long-term growth potential.

Electro-Mechanical Projects and Services

- The carried-forward order book remained healthy at INR69.2b (+10.5% YoY), providing strong revenue visibility, while 4QFY26 order inflows grew ~36% YoY to INR19.5b, led by robust enquiry momentum from factories, buildings, and data centers.
- EMPS margins moderated to 6.5% owing to project mix changes. Management continues to maintain a medium-term margin aspiration of ~7-7.5% for the projects business and guides for ~8-10% growth in FY27, supported by manufacturing investments, data center expansion, and infrastructure-led demand.
- Manufacturing and data centers remain key growth drivers for the company's commercial AC and projects businesses, with strong demand from semiconductor, EV battery, and solar cell investments. The company continues to lead in the data center MEP segment, where the current market size is INR35b and the company derives nearly INR10b in revenue. It expects this opportunity to more than double over the next three years, with data centers potentially contributing ~15% of future revenues.
- The commercial air conditioning business gained momentum during the quarter, supported by healthy demand from government, industrial, and retail segments, while office, education, and IT sectors remained subdued. Healthy growth was seen in ducted systems and chillers, while VRF systems continued to show steady progress.
- Infrastructure-related projects such as airports and metros continue to remain attractive due to better financing visibility, stronger cash flow profiles, and faster execution cycles. The company reiterated that it is not aggressively chasing market share in projects, but remains focused on segments where technical expertise commands superior returns and cash flow visibility.
- While it has limited presence in specialized data center cooling products such as cooling distribution units (CDUs), it continues to evaluate technology partnerships to strengthen its portfolio in this area.
- The international business continued to face geopolitical and tariff-related uncertainties, particularly in the US market. The US HVAC market remained weak during FY26 and could slow further amid broader economic uncertainty. Despite weak market conditions, the company stated that its US foray is progressing well, with approvals and validations received for several heat pump products from multiple OEM customers.
- Its international strategy remains focused on manufacturing CDM rather than launching own brands, acquisitions, or joint ventures. In Europe, while demand remained slow, policy support for heat pump adoption is expected to improve long-term growth prospects.

PES segment

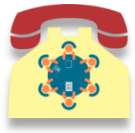
- The Medtech Solutions business continued to remain slow due to unresolved uncertainties surrounding the regulatory policy framework. However, the Industrial Solutions business witnessed healthy growth, driven by strong demand from the automotive and steel sectors, while the Data Security Solutions business maintained steady performance.

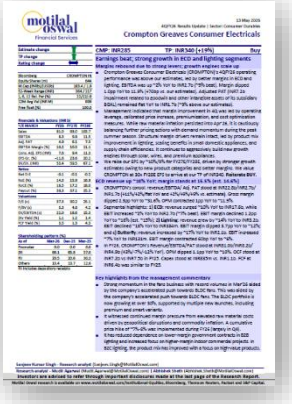
Outlook and other highlights

- It stated that summer conditions improved significantly from the second week of Apr'26 onwards, leading to a strong pickup in secondary sales of RACs and gradual improvement in primary billing across markets. Margin pressure is expected to continue through FY27 unless there is a significant improvement in commodity costs or market conditions by 2Q or 3Q. Commodity visibility remains weak, particularly with further inflation expected from war-related increases in petroleum-linked raw materials and plastics.
- The company remains cautiously optimistic about FY27, although visibility remains limited due to geopolitical tensions, supply chain disruptions, volatile commodity prices, and currency fluctuations.
- Sustaining price increases remains critical to protecting margins amid rising raw material and freight costs. It indicated that margin pressures are likely to persist during FY27 due to elevated commodity costs, forex volatility, and limited flexibility in passing on price hikes.
- The company expects continued growth momentum in the EMPS and Commercial Air Conditioning businesses, particularly driven by manufacturing and data center investments.
- RAC and commercial refrigeration capacities are currently operating at near full utilization, and the company may consider adding another production line at the Sri City facility by Oct'26 if demand momentum sustains.
- The company gave capex guidance of INR2.5b–3.5b, which includes maintenance capex, R&D investments, product development, IT investments, and digital initiatives.

Crompton

Click below for Detailed Concall Transcript & Results Update





Crompton Greaves Consumer — Buy

Current Price INR 273

Demand and pricing

- The company highlighted that FY26 remained challenging due to unseasonal weather, weak seasonal demand, and geopolitical disruptions, though execution stayed strong and led to a robust 2HFY26. Festive demand, some benefits from GST 2.0, and smooth transition to the BEE 2 fan regulations supported performance
- Margins improved, supported by operating leverage, premiumization, pricing actions, and cost optimization. The company flagged input cost inflation as a key risk due to war-led commodity price increases and supply constraints. It took two rounds of price hikes in ECD, with fans seeing cumulative hikes of ~7%–8%, largely offsetting metal inflation, though further inflation in Apr'25 may require additional action.
- It reiterated its strategy of passing on cost increases rather than absorbing them, maintaining pricing discipline across categories, including fans, kitchen appliances, and Butterfly. It believes pricing power remains strong due to the partially non-discretionary nature of products, while annual R&D and innovation spend of INR1b continues to support premiumization and long-term margin improvement.

ECD segment

- ECD delivered broad-based growth across categories and market share gains across all major product segments. The strongest growth came from Small

Domestic Appliances (SDA), where annual growth was in the early ~20% and ~30% in 4QFY26. It stated that this is likely the fastest-growing kitchen appliance business of comparable scale in the country. Growth was driven not only by mixer grinders but also by multiple new product launches, including infrared cooktops, air fryers, and premium juicers. It is now benefiting from scale, leading to a significant step-up in profitability in the SDA segment. Kitchen remains a major strategic focus area for the company.

- Fans recorded robust traction with the highest-ever monthly volumes in Mar'26. Growth was supported by a strong emphasis on premium fans and BLDC products. The BLDC portfolio, strengthened by product launches such as Netio, Grace, Elevate, Fluido, and Silent Pro, is now growing at over ~30%, faster than the market. It gained market share in fans, and that BLDC remains a key growth lever under its premiumization strategy. The successful transition post the BEE regulatory framework also supported its performance.
- Pumps delivered a strong performance, led by solar pumps, agri pumps, and specialty pumps. Solar pumps have scaled significantly over the past three years, from around INR200m revenue initially to INR2 and then growing significantly beyond that in FY26. It indicated that solar pump revenue more than doubled, and the business has seen strong growth with attractive returns. Residential pumps faced weak industry demand due to heavy rains, but the company maintained and slightly gained market share. In agri and specialty pumps, where it is not the market leader, it executed focused product interventions and delivered growth with meaningful market share gains.
- In Large Domestic Appliances (LDA), FY26 was affected by weak summer demand and heavy rains. However, water heaters still delivered a double-digit growth along with market share gains, and the company has now become the No.2 player in geysers in GT. Air coolers faced inventory issues across the industry due to weak early-season demand, but it indicated that inventories

Lighting segment

- Lighting delivered industry-leading growth in 4QFY26, which the company highlighted as the best quarterly growth in the last six years, excluding Covid-affected quarters. Growth was equally strong across both B2B and B2C segments. It stated that the strong performance reflects the benefits of a three-year strategic effort to fundamentally change the trajectory of this segment, which historically faced concerns around both growth and profitability.
- In B2B Lighting, it has shifted its project mix away from low-margin government contracts toward higher-margin private and commercial opportunities. The share of government-related contracts declined by 5pp last year. The company significantly increased its exposure to indoor commercial lighting, which was previously underpenetrated. This has improved both profitability and growth quality in the segment.
- In B2C Lighting, the product mix has changed substantially from being largely a lamps and batons company to a broader portfolio focused on panels, lamps, batons, floodlights, and other higher-ASP, higher-margin products. This has supported stronger revenue growth as well as margin resilience. Additionally, it has significantly restructured its lighting supply chain, including full restructuring of the Baroda unit and workforce rationalization through VRS. This would help reset the cost structure and improve competitiveness.

- Margins remained broadly stable YoY despite materially higher brand investments. It emphasized that profitability is now being supplemented by higher advertising spends to strengthen the brand further.

Butterfly Gandhimathi Appliances (BGAL)

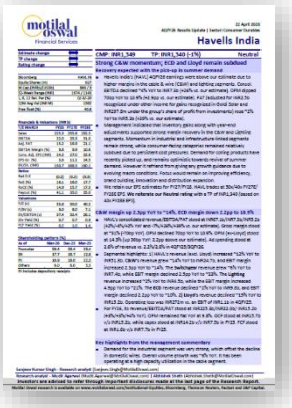
- It highlighted that the business is now back to strong double-digit growth in both revenue and profits, while also generating robust cash flows. Butterfly currently holds around INR1.7b of cash and has become cash-flow positive and net-cash positive. In addition to maintaining profitability, the company has also stepped up investments in advertising to support long-term brand building.
- The company decided to take an impairment on the carrying value of Butterfly to align the asset value with the business value. This impairment has no impact on cash flows and does not affect merger plans with the company. It clarified that this is purely an accounting adjustment and not a write-off or tax-driven decision. Merger plans remain on track for the appropriate time.
- The first priority was to strengthen Butterfly's core business in South India, where it enjoys leadership in kitchen appliances, particularly gas stoves and mixer grinders. Significant efforts over the last 1.5 years were focused on rebuilding profitability, resetting trade terms, and regaining market share across the South. It believes that this objective has now been substantially achieved, with strong share gains across categories.
- The next phase of growth will focus on expanding Butterfly in non-South markets by leveraging the company's distribution network, service network, and brand strength. The company indicated that the expansion will be phased, beginning with select markets where meaningful traction can be achieved before broader national rollout. Large format retail was highlighted as the fastest-growing channel for Butterfly in FY26, and the company has also been investing significantly in premium channels such as EBOs, MBOs, LFR, and e-commerce.
- Butterfly continues to focus on defending and scaling leadership in gas stoves and mixer grinders, while also targeting faster-growing adjacent categories such as mixer grinder plus products (food processors, juicers, etc.), air fryers, and chimneys. It indicated that gas stoves remain the lead category where the goal is to become a national leader, while mixer grinders plus and emerging low-penetration categories like air fryers are seen as key future growth opportunities.

Other highlights

- It announced the creation of a new premium product line called Crompton Rhion, which will focus on introducing super-premium products featuring cutting-edge technology and next-generation design. These products are the result of the company's sustained investments in innovation and design over the last three to four years. These products will be sold primarily through premium channels such as EBOs, MBOs, large-format retail, and e-commerce, supported by its existing 70 EBOs across the country.
- Management highlighted that debtor quality remains stable with no major collection issues across traditional trade or solar pump government business. They also noted that exposure to builders and contractors remains relatively limited, and no material stress has been observed so far in those parts of the value chain.

HAVELLS

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Havells India — Neutral

Current Price INR 1,157

- **Key highlights:** Overall performance was supported by a strong start to the season and continued momentum in industrial and infrastructure-linked segments, while consumer-facing categories remained relatively subdued due to persistent cost pressures.
- Margin improvement target of 200bps over the medium term remains intact, supported by premiumization, operating leverage, and innovation-led pricing power, although near-term pressures may persist.
- **Lloyd:** Lloyd's performance was impacted by a delayed summer and weak demand conditions extending into early Apr'26, resulting in lower revenues and pressure on margins. However, it is witnessing early signs of recovery and remains optimistic about a summer-led pickup, although it continues to monitor weather-related disruptions closely.
- The cost environment remains challenging, with elevated raw material prices (incl. copper and aluminum) driven by global factors. To mitigate this, the company has implemented calibrated price increases across key categories such as ACs (~8%-15% price hike), although pricing trends remain dynamic due to concurrent regulatory changes like energy efficiency rating revisions.
- Weak summer season demand has led to elevated channel inventories. However, with improving weather conditions in the South, West, and North regions, demand has started picking up. Hence, inventory levels are expected to normalize by the end of the month, with a gradual recovery likely across regions.
- Strategy centers on long-term brand building, product innovation, and improved capacity utilization to drive operating leverage and margins over time, rather than aggressive price-led volume expansion.
- **Cables and Wires (C&W):** Revenue growth of ~14% YoY was largely price-led, and volume growth was ~6% (domestic wires witnessing slight de-growth, offset by robust growth in the industrial segment). Subdued volume growth was due to a high base, copper price volatility, and some dealer destocking. Within the segment, cables (especially industrial cables) outperformed, whereas the domestic wires business remained largely flat.
- **Capacity utilization** in cables and wires remains strong despite recent additions, with further expansions planned over the year.
- Margin expansion in the C&W segment was driven by a combination of inventory gains (from copper and aluminum price movements) and a favorable product mix, with stronger growth in higher-margin industrial cables. Part of the margin improvement can also be attributed to seasonal year-end adjustments, including dealer incentives and accounting-related adjustments.
- New capacities are running at high utilization with Phase 2 expansion slated for FY27, while ongoing industry consolidation is likely to favor established players despite rising competition from new entrants.
- ECD segment, small appliances, and lighting: Maintained market share in fans, ACs, and water-related products, despite de-growth witnessed in these product categories in FY26.

- In fans, volume performance was impacted due to pre-buying in 3Q ahead of changes in energy efficiency norms and delayed summer conditions in 4Q. Some pre-buying was also observed in Mar'26, especially in cooling products, ahead of price increases. The sustainability of demand will depend on how consumers absorb these price increases.
- Overall, the ECD segment's performance was hit by high price increases across categories due to raw material inflation. Price hikes across product categories are in the range of ~5% to 20%. Management highlighted that the current level of price escalation across categories is unusually steep compared to recent history.
- In the lighting segment, contribution margins are expected to expand to ~37%, mainly due to one-off year-end adjustments and releases, and margins are expected to normalize to the ~30%–32% range going forward. This improvement comes as ASP declines have stabilized, indicating a more balanced pricing environment in the segment.
- In switchgear, margins were impacted due to a lag in passing on sharp cost increases; while the company is targeting a return to ~38% contribution margins, it will balance this with market share protection. It expects a gradual recovery in margin.
- **Goldi Solar investment:** The company is scaling up its renewable energy initiatives, including investments to expand its solar portfolio. Additionally, it has commissioned a new refrigerator. Other segment growth was driven by the solar business, supported by structural tailwinds, capacity expansion, and backward integration, enabling the company to capture demand. While growth momentum is expected to remain strong, margins are less predictable due to competition, with a focus on market share, mix improvement, and gradual gains from operating leverage.
- **Working Capital and Capex:** It reported a sharp reduction in receivables and working capital days; this is largely due to product mix and timing factors instead of any structural change in credit policy. The company is maintaining investments in brand building, innovation, and distribution expansion even in a challenging demand environment.
- The management guided for a capex of INR8b FY27, largely toward the cables and wires segment. A significant investment is also planned for a new R&D center over the next 2–2.5 years. The company further commissioned a new refrigerator plant at Ghiloth during the quarter and launched refreshed products.
- No major new capex is planned for Lloyd beyond the recent investments already undertaken.
- **Other Key highlights:** It is focusing on improving market share in underpenetrated regions such as the West and parts of South India (e.g., Tamil Nadu), where targeted distribution and localized branding efforts are already yielding encouraging traction.
- Despite increasing focus on industrial segments such as cables (including underground cables) and renewables, the company's B2C mix is expected to remain broadly stable at ~70–75%, with no meaningful shift toward B2B in the

near term, driven by continued growth opportunities in consumer-facing categories like Lloyd.

- On operations, recent supply chain and production challenges - particularly linked to gas availability and raw materials - have been effectively managed. It remains focused on long-term investments in innovation, brand, and distribution rather than short-term optimization.

KEI Industries — Buy

Current Price INR 5,220

Demand outlook and guidance

- The company remains optimistic about the demand outlook, underpinned by strong capex momentum across key sectors such as power transmission & distribution, renewable energy (solar and wind), thermal power, data centers, metro and railway infrastructure, real estate, and oil & gas. The company expects volume growth of ~17%–18% in FY27, supported by incremental capacity from its Sanand facility for cables, where Phase 1 was commissioned in Dec'25, and Phase 2 is expected by 4QFY27, and the Chinchpada plant for wires.
- The ramp-up from this plant is expected to be gradual due to the time required for product approvals and stabilization. For FY28, management expects volume growth to further improve to ~20% as the second phase of capacity expansion comes online and utilization ramps up. Importantly, it indicated that if commodity prices, particularly copper, remain elevated, revenue growth could be significantly higher, given the combined impact of volume growth and price pass-through mechanisms.
- It indicated input cost pressures, with average copper and aluminum prices rising by ~16.9% and ~9.9%, respectively, during FY26. Despite this, the company was able to expand margins through pricing actions and improved product mix.
- While FY27 margins are expected to remain broadly stable (~10.5%–11%), further improvement is likely from FY28 onward as economies of scale kick in with full utilization of the Sanand facility. This could lead to incremental margin expansion of 50bps, supported by higher volumes, improved product mix, and a greater share of exports and retail business.

KEII – 4QFY26 performance

- Domestic institutional cable (B2B) sales grew modestly by ~6% YoY to INR8b, while extra high voltage cable (B2B) sales witnessed sharp growth of ~64% YoY to INR1.9b, indicating strong traction in high-value projects.
- Management highlighted that margin expansion was driven despite export freight challenges, as the freight issue was largely limited to Middle East shipments and did not materially impact overall margins during 4QFY26. Incremental freight burden in Apr'26 is expected to be compensated by favorable currency movements due to higher exchange realization.
- Regarding the order book, the company reported a healthy backlog, including INR6.25b in EHV cables, INR3.1b in EPC, INR21.5b in domestic institutional cables, and INR5b in export orders. Additionally, L1 orders in EHV cables stood at INR2.3b.

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- Export sales remained healthy at INR4.4b during the quarter. Exports are expected to become a larger contributor, with the company restarting exports to the US after a slowdown caused by tariff-related disruptions in FY26. Management expects exports to contribute ~20% of total sales in FY27, in line with its earlier target.
- Export growth will continue to be driven by the same product categories and geographies, including the Middle East, Australia, Africa, Europe, and now the US. Product mix remains largely similar to domestic supplies, including LT, HT, EHV cables, and control/instrumentation cables.
- On the EPC segment, management reiterated its strategy to maintain this business at a smaller scale (~2–3% of revenues) due to its higher working capital intensity, positioning it primarily as a supporting segment for EHV cable projects.
- Volume growth in 4QFY26 was ~2%. Volume growth for the full year was also moderate at 6.2%, attributed largely to capacity constraints and the delayed ramp-up of the new plant. It witnessed flat aluminum volumes, although copper cable volumes grew by ~15%. Notably, all Rajasthan cable plants operated at peak utilization levels during the year.
- On the retail front, its active working dealer count increased to 2,125 from 2,082/2,114 in 4QFY25/3QFY26. Dealer contribution stood at 54% for FY26 and 56% in 4QFY26, with management expecting this to remain in the 53–55% range going forward. Housing wire sales continue to drive dealer growth, while cable sales from Sanand will also support the distribution channel. In the dealer business, around 50–55% is wires and 45–50% is cables. Institutional business continues to be largely cable-led.

Middle East Issue and export outlook

- KEII has clarified that none of its plants have faced any disruptions due to raw material constraints, given an adequate inventory stocking and sufficient domestic availability. However, certain challenges persist on the logistics front, mainly in the Middle East. Imports of PVC compounds from regions such as Abu Dhabi have been impacted due to shipping constraints, and in March, KEII was unable to dispatch goods to the Middle East as shipping lines were unavailable. This led to a loss of potential export revenues estimated at INR500–600m.
- However, shipments resumed in Apr'26, and freight costs have increased significantly as cargo is now routed via alternative ports and inland transportation. It highlighted that incremental freight costs incurred in Apr'26 is expected to be offset by favorable currency movements, as export realizations were booked at higher exchange rates.
- It has resumed shipments to the US after a temporary disruption due to tariff-related issues in FY26, and aims to scale overall exports to ~20% of total sales in FY27. While the current US order book remains modest (~INR500–600m as of Mar'26), it aims to ramp this up to prior peak levels (~INR400m/month) over the near term as market conditions normalize post tariff-related disruptions.
- From a product and geographic perspective, the export basket remains broadly similar to domestic offerings, comprising low tension (LT), extra high voltage (EHV), and control & instrumentation cables catering to sectors such as oil & gas. Key export markets include the Middle East, Australia, Africa, Europe, and

the United States, with exports to the US now resuming after a temporary disruption. It indicated entry into solar cables and wires using electron beam technology, although the contribution from this segment remains small currently and is expected to scale up gradually.

Capex plan and net cash/debt position

- On capital allocation and backward integration, it outlined plans to invest cumulative INR20.0b over the next 3–4 years, including land acquisition in Baroda. This investment will be largely funded through internal accruals, with a disciplined allocation framework wherein ~60–70% of operating cash flows will be directed toward capex and the remaining ~30–40% toward incremental working capital needs.
- Strategic initiatives include backward integration into medium voltage compounds (while EHV compounds will continue to be imported) and manufacturing of galvanized steel wire for cable armoring, given significant in-house consumption (~5,000 tonne per month). These initiatives are expected to improve cost efficiencies over the medium term.
- On working capital, the company highlighted structural improvement driven by an increasing share of B2C (dealer-led) business and channel financing initiatives. Receivable days have reduced from 2.2 months to 1.88 months and are expected to decline further toward 1.75 months. Overall, the net working capital cycle has improved to ~2.97 months (vs. ~3.39 months YoY), and management expects this trend to sustain, supported by better receivables management and stable inventory levels.
- The company also indicated that the remaining INR3.9b from QIP proceeds will be fully utilized in FY27, largely towards the second phase of expansion at the Sanand facility.
- The company's gross debt stood at INR1.9b vs. INR1.8b as of Mar'25. Cash & bank balance (incl. unutilized QIP proceeds of INR4.7b) stood at INR15.1b vs. INR19.2b as of Mar'25. Net cash balance (ex-acceptances) stood at INR5.9b vs. INR14.9b in Mar'25.

LG Electronics — Buy

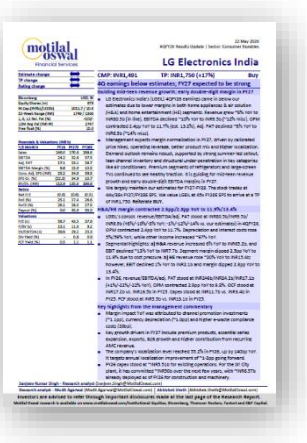
Current Price INR 1,519

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Demand environment

- FY26 demand was impacted by a delayed summer, geopolitical tensions, INR depreciation and high raw material costs. However, demand recovery improved meaningfully in 2HFY26, aided by premiumization and strong market leadership across categories.
- 4QFY26 saw broad-based demand growth, led by H&A. Premium categories such as fully automatic washing machines, French-door refrigerators and 5-star RACs performed strongly, driving higher ASPs and richer mix. It also crossed the 1m RAC sales milestone during FY26.
- Dishwashers emerged as a key growth category amid rising urban adoption, while television demand remained healthy, supported by premiumization toward larger-screen TVs and the Cricket World Cup. Sales in the 55-inch and above category grew ~47% YoY and now contribute ~49% of the TV business, while overall TV sales grew over 20% in 4QFY26.



- Refrigerator demand remained stable with increasing consumer preference for larger-capacity and energy-efficient products. French-door refrigerators saw strong traction, with LG's market share rising from ~5% to ~14% between Nov'25 and Mar'26. Washing machine demand remained healthy, supported by strong traction in the Essential Series, particularly in tier-II and tier-III cities, with nearly 0.1m units sold during 4QFY26.
- B2B demand improved on the back of government infrastructure projects, commercial real estate, hospitality recovery and institutional demand. It highlighted that channel inventory remained lean entering FY27, while Apr-May'26 sell-through trends were encouraging due to strong summer conditions.
- It indicated that AC demand momentum strengthened significantly during Apr-May'26, supported by heatwave conditions and India's low AC penetration of ~13%, which continues to offer a large long-term growth opportunity. GST reductions also aided affordability across categories.

Segment performance and margin

- H&A growth was driven by strong RAC demand, premium product mix and continued traction in the Essential Series portfolio. Dishwashers also recorded healthy growth during the quarter.
- Home Entertainment growth was supported by strong demand for large-screen televisions and healthy traction in the information display business, driven by government and institutional orders. It maintained leadership in premium TVs with ~60% OLED market share as of Mar'26.
- The Essential Series portfolio continued to scale up across categories, with 4Q sales of 0.1m washing machines, .08m refrigerators and 0.02m units of 0.8-ton Essential RACs. It plans to further expand the portfolio across capacities, variants and designs, while extending the range into televisions.
- H&A margins were impacted by commodity inflation, INR depreciation and strategic investments in channel expansion and new product launches. HE EBIT was impacted by higher marketing spends related to the Cricket World Cup, INR depreciation and high e-waste compliance costs.
- Overall margin pressure was primarily driven by promotional investments and channel support, currency depreciation and higher commodity costs.
- 4Q remained the most important quarter for the RAC business. The company proactively stocked channels ahead of the summer season to ensure product availability during peak demand periods.
- The company implemented calibrated price hikes across RACs, refrigerators and washing machines to offset higher input costs and currency depreciation, while balancing affordability and competitiveness. In RACs, price hikes were initially driven by BEE rating transition-related upgrades, followed by further increases to mitigate cost pressures.
- It highlighted that GST reductions on refrigerators partly offset the impact of price hikes and supported demand. The company currently does not foresee any immediate need for further price hikes but remains watchful of commodity prices and currency movements.
- It continues to focus on cost optimization, localization, operational efficiencies and premiumization initiatives to support profitability going forward.

Localization levels improved to ~55% in FY26 and it is targeting improvement of 1-2pp going forward.

Future outlook and exports

- It remains optimistic on FY27 and is targeting mid-teen revenue growth along with double-digit EBITDA margins, supported by strong summer demand, premiumization and improving contribution from exports and B2B businesses. Early Apr-May'26 sales trends have remained encouraging, particularly in RACs and washing machines.
- The company expects continued traction in premium categories such as French-door and side-by-side refrigerators, large-screen televisions and 5-star RACs, while the Essential Series is helping expand reach across newer consumer segments and geographies. Higher contributions from AMC and B2B businesses should also support growth and margins.
- Exports remain in focus. LGEIL aims to position India as a global manufacturing and export hub. The company has already commenced exports of large-capacity refrigerators to developed markets and Essential Series products to neighboring countries, with plans to further expand export destinations and product offerings.
- Exports provide superior margins, improve scale benefits and act as a natural hedge against currency volatility through offsetting export receivables and import payables. Export diversification across developed and emerging markets is also expected to reduce geographical concentration risks.
- Margin improvement to be driven by operating leverage, higher localization, richer product mix and gradual normalization of promotional spending. Industry-wide price hikes and increasing scale in premium, AMC and B2B segments are also expected to support profitability going forward.

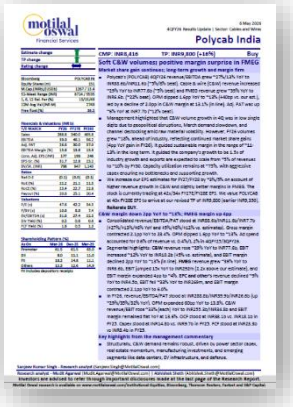
Other highlights

- AMC business continued to scale up as a high-margin recurring revenue stream across both B2B and B2C segments.
- Inventory levels normalized following the BEE transition, while it expects ROE and ROCE to improve as profitability normalizes and new capex starts generating returns.
- It highlighted strong traction in new product categories and premium segments, particularly French-door refrigerators, where it has gained market share rapidly following the launch. The products have been specifically designed for Indian consumer requirements and kitchen usage patterns.
- Dishwashers continue to emerge as a key growth category, with LGEIL expected to become the number two player in the segment. It aims to achieve category leadership through higher-capacity and steam-wash models.
- It has commenced local production of 674L and 790L side-by-side refrigerators at its Pune facility, strengthening localization, 'Make in India' initiatives and export capabilities.

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Polycab India — Buy

Current Price INR 9,568

C&W segment

- The C&W segment delivered strong revenue growth in 4QFY26, supported by robust execution despite a challenging operating environment. Domestic cable business also recorded ~30% YoY growth, while combined volume growth for C&W remained in low-single digits during the quarter due to temporary construction halts in parts of West and North India caused by pollution-related restrictions and softer demand sentiment arising from the ongoing Middle East escalation.
- Management highlighted that cables outpaced wires during the quarter, while institutional sales grew faster than channel sales. Regionally, West led the performance, followed by South, North, and East, reflecting pan-India demand strength. Key demand drivers continued to be renewable energy, metro rail, data centers, manufacturing, utilities, oil & gas, logistics, semiconductors, and real estate.
- For FY26, overall volume growth in C&W stood at ~18%, which management described as industry-leading, translating into further market share gains. Domestic organized market share improved to ~30-31% from ~26-27% in FY25 and from ~18-19% in FY19, implying an improvement of ~4% YoY. Management believes these gains are structural, driven by premiumization, deeper distribution, strong execution, backward integration, and continued industry formalization.
- Export business grew ~18% YoY and contributed ~4% of consolidated revenue despite the Middle East disruption. The company expanded its global footprint to 94 countries from 48 countries in FY19 and re-established its distribution network in the US, which management sees as a key long-term growth lever. The Middle East contributed ~16% of exports in FY26 and remains temporarily impacted, while North America, EU, and South America are expected to drive export growth going forward.
- It reiterated its Project Spring guidance of achieving >10% export contribution by FY30 vs. ~4.5% currently. It expects exports to grow at a faster pace than current levels, supported by grid modernization opportunities in the US and Europe, along with a recovery in Middle East demand over time.
- The company hiked prices by ~18-19% during Jan-Mar'26 and clarified that raw material inflation in copper, aluminum, PVC, and other inputs was fully passed on without delay. Management also highlighted that there were no inventory gains due to its hedging mechanism for copper and aluminum procurement.
- Margins were impacted by lower export contribution (a high-margin business), a higher institutional sales mix, and softer Mar'26 trade sentiment which affected operating leverage. Institutional sales were higher by 2-3pp QoQ, and management indicated that channel margins are typically 3-4pp higher than institutional margins.
- It reiterated long-term EBITDA margin guidance of ~11-13%, with near-to-mid-term margins expected at ~12-14%. It also maintained guidance of growing at 1.5x industry growth.

- Capacity utilization remained at ~75-76% in FY26, with peak practical utilization of ~80-85%. Management emphasized that it invests ahead of demand and does not expect any capacity constraints despite strong growth visibility.
- EHV cable capacity remains on track and is expected to be commissioned by the end of CY26, with revenue contribution expected from FY28. Management sees a ready market opportunity since ~50% of domestic EHV consumption currently comes through imports.

FMEG segment

- The FMEG segment delivered strong growth in 4QFY26 with broad-based contribution across all product categories, marking the ninth consecutive quarter of outperformance vs. industry benchmarks.
- In fans, despite a delayed summer onset and temporary channel inventory adjustments following BEE norm changes, growth remained healthy, driven by premiumization, expansion of the energy-efficient product range, and stronger channel execution. Premium fans now contribute ~25% of FY26 segment revenues.
- Lighting and luminaries sustained growth despite a deflationary pricing environment, supported by both volume and value growth. Premium lighting products now contribute ~35% of segment revenues, reflecting strong customer acceptance of higher-quality and energy-efficient solutions.
- Solar products were the standout performer, delivering 2x YoY growth and emerging as the largest category within the FMEG portfolio. This was driven by strong structural tailwinds, including central and state government subsidy schemes and increasing consumer adoption of renewable energy solutions.
- Other categories such as switchgears, conduit pipes and fittings, and switches also delivered healthy growth, supported by continued momentum in real estate and construction and deeper market penetration.
- The FMEG business, which turned profitable in 4QFY25, remained profitable, while the company continued investments in talent, product development, and brand building.
- Margins stood in line with Project Spring's trajectory toward achieving ~8%–10% EBITDA margins by FY30.
- Management remains confident of delivering 1.5x–2x industry growth in FMEG over the long term, with steady margin improvement supported by distribution expansion, product innovation, and brand equity investments.

EPC segment

- EPC revenue declined YoY largely due to project execution cycles.
- Management indicated that sustainable operating margins for the EPC business are expected to remain in the mid-to-high single digits over the medium to long term.

Capex and working capital

- Capex for 4QFY26 stood at INR3.9b, taking FY26 total capex to INR14.8b, which was in line with Project Spring guidance of INR12b–16b annually. In FY26, annual capex exceeded INR14.5b for the first time, highlighting management's commitment to long-term growth. Under Project Spring, the company remains on track to execute INR60b–80b of capex over the next five years.

- Management stated that ~90% of future capex will continue to be allocated to C&W capacity expansion, ~5% to backward integration, and ~3-4% to FMEG expansion. Most C&W capex remains fungible, except for EHV.
- Annual capex guidance remains at INR12b–16b, and management reiterated that there will be no scenario where the company runs out of capacity given its proactive investment approach. Net cash position stood at INR41.9b.
- Working capital cycle improved sharply to 25 days in 4QFY26, primarily due to a temporary increase in payable days arising from the use of letters of credit for raw material procurement. It clarified that this is not the normalized level and expects working capital to revert to the steady-state range of 45–50 days going forward.
- On capex allocation, management reiterated its focus on funding capex through internal accruals and gradually increasing dividend payout.

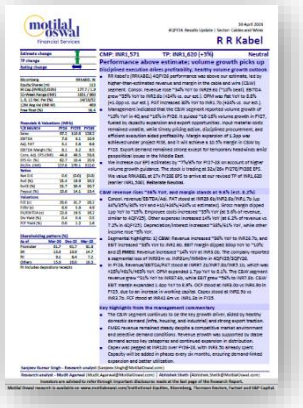
RR Kabel — Neutral

Current Price INR 2,158

C&W segment

- The C&W segment continues to be the key growth driver, supported by healthy domestic demand, strong export traction, wide distribution reach, and a diversified presence across retail, institutional, and international markets. Management highlighted that both domestic and export markets performed well during the quarter, although exports faced a temporary disruption in the Middle East. Despite this, overall export growth remained encouraging due to diversification across geographies and product categories.
- C&W contributed ~90% of FY26 revenue, with profits growing supported by scale benefits, disciplined price pass-through, effective management of raw material volatility, and operational efficiency
- Volume growth in wires grew in single digits, while cables grew in the high teens. Export volumes were slightly higher than domestic volumes during the quarter, with the management remaining confident of sustaining ~16%–18% volume growth in FY27 and expects growth to remain better than industry levels.
- The company continues to focus on scaling its B2B business, particularly in cables, where growth is expected to be stronger than in wires. While wire growth is expected to remain at ~11%–12%, cable volumes are expected to grow at ~25% over the next two years, driven by opportunities in infrastructure, data centers, wind, solar, and exports. Management expects cable contribution within the W&C mix to rise from the current ~27% to ~31% over time.
- Current product mix in the W&C segment stands at ~73% wires and ~27% cables. Management stated that the company can currently manufacture up to 66kV cables and, with the ongoing capex plan, capability will increase to 220kV, enabling entry into lower-end EHV and higher-end HV cable segments. This is expected to improve product mix and support margin expansion.
- Under Project RRISE, management remains on track to deliver 18% CAGR in W&C and improve segment margins by 3pp by FY28, targeting ~10.5% margin in the segment. Around 1.3pp of improvement has already been achieved, and FY27 margin guidance stands at ~9.5%, supported by better utilization,

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operating leverage, product mix improvement, export expansion, and scale benefits.

- Exports contribute ~30% of W&C revenue, of which ~40% is from the Middle East (~12% of total topline). Management acknowledged that Middle East disruption may continue to impact 1QFY27, but remains confident that diversified exports and domestic demand will help offset the impact over time. Freight and insurance cost increases are largely passed through to customers.
- Inventory levels increased during Q4FY26 due to higher exports-in-transit and shipment delays due to the ongoing West Asia crisis. Finished goods prepared for export but not dispatched in Mar'26, along with consignments already in transit, led to higher inventory values.
- Inventory value was also impacted by a ~20%–30% rise in commodity prices, particularly copper and aluminum, although management clarified that inventory volume remained normal and aligned with business growth. The increase in inventory days was limited to around 8 days, of which 2–3 days were attributed to exports in transit.

FMEG segment

- FMEG revenue remained steady despite a competitive market environment and selective demand conditions. Revenue growth was supported by stable demand across key categories and continued distribution expansion. Management highlighted that the business performed at par or better than industry averages despite seasonal headwinds.
- FMEG losses reduced in FY26, and management remains on track to achieve breakeven in FY27. Earlier plans to achieve breakeven by Mar'26 were delayed due to weaker-than-expected summer demand caused by adverse weather and higher input costs, especially in categories where price pass-through takes longer, leading to temporary margin pressure in Q4FY26.
- For FY27, management is targeting ~20%–25% growth in FMEG, driven by fans, switchgears, appliances, and other categories where the company remains a relatively small player. Fans remain the largest contributor, and while the summer season started mixed due to rainfall in some regions, management noted that demand has started picking up and expects good full-year growth in fans as well.

Capex and working capital

- The company's INR12b capex program for FY26–FY28 is progressing as planned and is primarily focused on expanding cable capacity, along with wire capacity enhancement and operating efficiency improvements. INR3.5b was invested in FY26, while the majority of the capex is expected to be deployed during FY27.
- Management stated that cable capacity expansion is being executed in phases, with incremental additions every six months rather than one large commissioning, ensuring that capacity creation remains aligned with sales growth and market demand. Since cable utilization is above ~90%, regular additions are necessary to support targeted growth. Some capacity additions will come by mid-FY27, further additions by end-FY27, with full completion by FY28.
- The capex will also enable the company to expand manufacturing capability from 66kV to 220kV cables, strengthening its presence in higher-value cable

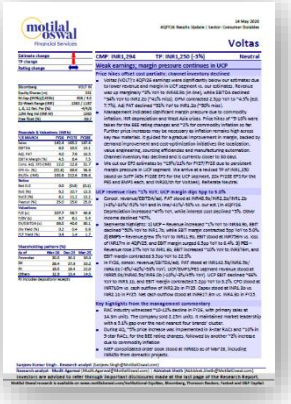
categories and improving delivery speed, operating leverage, and execution capabilities in the B2B business.

- Net working capital stood at 49 days vs. 56 in Mar'25 and 64/75 days in Mar'24/Mar'23.

VOLTAS

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Voltas — Neutral

Current Price INR 1,235

Macro trends

- The company highlighted that FY26 saw a challenging macro environment with geopolitical tensions driving volatility in commodities, currencies and logistics, increasing input cost pressures.
- Delayed summer, unseasonal rains, early monsoons and supply chain constraints impacted demand and profitability, especially in cooling. Margin compression was largely demand-led due to weak summer conditions and channel inventory overhang.

Unitary cooling products (UCP)

- The RAC industry witnessed a ~10-12% decline in FY26, with primary sales at 14.3m units. The company sold 2.25m units and maintained market leadership with a ~5% gap over peers. It expects RAC industry growth of ~15-20% in FY27, supported by a weak base and stronger summer demand. Commercial refrigeration declined ~5% in FY26 but is expected to grow ~10%+ in FY27, while CAC will grow ~12-15%, driven by manufacturing and infrastructure demand.
- During 4Q, ~5% price increase was implemented in 3-star RACs and ~10% in 5-star RACs, for the BEE rating changes, followed by another ~2% increase due to commodity inflation. Further hikes may be needed depending on commodity costs, INR depreciation and geopolitical developments. GST reduction supported affordability for consumers.
- The company strengthened its leadership in RAC and maintained a lead over the No. 2 player. It stated that FY26 marked a transformation phase for the cooling business with a refreshed RAC portfolio focused on feature-led, energy-efficient and intelligent cooling solutions. The Summer 2026 portfolio was launched with the AI-powered Vertis Split AC series featuring AI adaptive cooling, AI geofencing and AI energy manager, supporting premiumization.
- It refreshed its brand campaign to strengthen appeal among younger households. Stronger branding, marketing investments, retail visibility and channel engagement supported one of the highest-ever sales months in Mar'26, while April and May also remained strong.
- CAC delivered strong growth supported by a healthy mix and AMC business. Commercial refrigeration (CR) will focus on institutional sales expansion, channel development, customer diversification and new product launches. Both
- Margins were impacted by commodity inflation and currency depreciation, due to weak demand, erratic summer, early monsoon and channel stock overhang. Expects margins to improve gradually toward FY25 levels. Chennai and Pantnagar plants are operating at better utilization, while channel inventory has reduced to below 45 days and is now closer to 30 days.

Electro-mechanical projects and services (EMPS)

- EMPS maintained strong momentum in FY26 through execution discipline, selective order booking, working capital management and profitable growth

across domestic and international operations. The domestic projects business secured strategic orders with focus on fast-track and margin-accretive opportunities across electronics manufacturing, industrial infrastructure, data centers, metro and tunnel projects. Better execution and timely delivery supported stronger cash flows and improved profitability.

- It emphasized disciplined project selection, milestone-based monitoring, receivables management and tighter operational controls, which improved order book quality and strengthened business resilience.

PES segment

- This segment continued to strengthen the engineering portfolio through industrial equipment, aftermarket services and long-term customer partnerships, providing stable and relatively non-seasonal revenue streams.
- The mining and construction equipment division delivered steady growth, supported by demand for crushing and screening machinery, O&M contract continuity and stable Mozambique operations. Infrastructure development, mining activity and stronger aftermarket services supported performance.
- It highlighted that a healthy inquiry pipeline, growing service opportunities and stable operations across key markets improved future growth visibility and business resilience.
- The textile machinery division operated in a challenging environment due to geopolitical uncertainty, supply chain disruptions, rising raw material costs and cautious capex.

Voltas Beko

- It holds ~8.6% YTD market share in washing machines and ~6.2% in refrigerators despite a sluggish market. Over the past year, the business focused on premiumization, deeper localization, wider channel reach and stronger consumer engagement.
- Innovation-led launches in refrigerators and washing machines, along with better retail visibility, deeper channel reach and higher localization at the Sanand plant, improved brand preference, cost competitiveness and supply chain resilience. It expects design innovation, pricing actions and better sales mix to support margin expansion, with continued focus on energy-efficient products and distribution growth.

Outlook

- It remains optimistic on FY27 demand across cooling and appliances, supported by stronger consumer sentiment, premiumization and infrastructure demand. April and May showed strong traction with faster secondaries, healthy primary recovery and good absorption of higher-priced inventory, with 1QFY27 expected to be strong.
- In cooling, the refreshed RAC portfolio, premium mix, AI-enabled features and wider distribution are expected to strengthen market leadership, while CAC is seen as the next major growth engine. Voltas Beko is expected to improve operating leverage through scale-up and better mix.
- Cost optimization remains a key priority through sourcing efficiencies, localization and manufacturing productivity. It reiterated that UCP margins should improve gradually toward FY25 levels, with recovery depending mainly on demand sustainability rather than only commodity costs.

EMS

- **Most management teams remain optimistic on the medium-term outlook, supported by strong order visibility, healthy demand trends, timely ramp-up of new programs, and scaling benefits from recently commissioned capacities. Growth is expected to be driven by expanding opportunities across EMS, semiconductor equipment, telecom, defense, railways, electronics, and exports, aided by global supply-chain diversification, rising defense spending, and increasing AI-led demand. Continued investments in capex, R&D, backward integration, and higher-value product offerings are expected to aid operational efficiencies, margin resilience, and long-term competitive positioning.**

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Insights and future outlook	Other key highlights
Avalon Tech	▪ Outlook/Guidance: Avalon guides 24-27% revenue growth in FY27, maintaining a conservative stance amid geopolitical and macro uncertainties. Management aims to double its revenue to INR32b by FY29 from the FY26 level on the back of strong order visibility, multiple programs entering production, expanding customer relationships, geographic diversification, and improving operating leverage. ▪ Avalon noted its US manufacturing operations continue to serve as a strategic customer acquisition and localization platform, enabling customers to initially onboard programs in the US before transitioning large-scale production to India. US losses are steadily narrowing through operating leverage (INR50m in 4Q vs. INR140m two years ago), and a break-even in the later part of FY27.	▪ The company is gaining momentum with a meaningful revenue contribution expected in FY27. Currently, it is in the process of testing various parts and products (~50-60% work is done, with final production approval pending) ▪ For FY27, capex is guided at INR500-600m with no major capex investment planned.
Cyient DLM	▪ Outlook: Management expects YoY growth across all quarters of FY27, with a book-to-bill ratio of over 1x, while executing a phased strategy of strengthening core markets and capabilities (by FY26-27), expanding into automotive, defense and AI-led opportunities with M&A and integration (by FY27-29), and transitioning toward a product-platform-led model (by FY27-32). Margins are expected to remain stable. ▪ Order book: Management highlighted that order book growth will be driven by a strengthened sales team, sharper go-to-market execution, higher conversion of large deals, ramp-up in the build-to-spec (B2S) and automotive programs, new client additions, deeper wallet share with existing customers, and stable traction across diversified end-markets and geographies ▪ Demand environment: The industry is expected to clock healthy growth, supported by structural drivers such as rising electronification, increasing defense spending, supply chain realignment, and AI-led demand.	▪ Ongoing geopolitical risks may lead to some near-term volatility; however, they are also creating structural opportunities as global supply chains continue to realign ▪ The company remains actively engaged in evaluating M&A opportunities to further strengthen its capabilities and expand its geographic presence.
Data Pattern	▪ Outlook: Over the next 2-3 years, management reiterated guidance of ~20-25% revenue growth, 35-40% EBITDA margins, and a net debt-free balance sheet, alongside a roadmap to normalize working capital to ~340 days over the medium term. ▪ Brahmos: The first variant is currently under execution, with production orders expected to commence over the next 4-5 months. Management does not foresee any supply or execution constraints in the BrahMos program, while delivery timelines have accelerated, indicating faster execution and deployment. ▪ Exports: The order book stands at INR530m, aided by increasing engagement with European and global customers amid higher defense spending following the successful export of transportable precision approach radars to Europe.	▪ In competitive markets, the company believes its products will be significantly more cost-effective and offers superior support systems, provided they meet global benchmark specifications. ▪ Apart from the executable order book, the company has visibility on repeat single-vendor opportunities worth ~INR19b based on previously delivered and qualified products.

Kaynes Tech	▪ Smart metering business contributes ~20-25% of total revenue, with the subsidiary posting INR9.7b in revenue. Receivables stood at INR13.7b due to delays in rural installations, though execution improved in 4Q and completion is expected over the next three quarters. Kaynes has initiated securitization of receivables and plans to focus only on the new business model going forward. FY27 business should be evenly split between existing and new models (shifting to a meter supply-only model and selling only to EPC/SPV partners). ▪ OSAT business: Unit 1 is fully operational, while Unit 2 is expected to be commercialized in 2Q, with revenue visibility of nearly INR25b in the next five years. OSAT business is expected to generate FY27 revenue of ~INR2.5-3.0b, mainly from exports.	▪ Over the coming years, nearly 30% of revenue is expected to come from new products, supporting margin expansion. ▪ The company is also expanding into defense and other segments to diversify and reduce dependence on automotive-led growth.
Amber	▪ The broader industry is expected to grow about 1213% in FY27, with 1Q growth potentially ~20% on a low base, and strong demand after mid-Apr. ▪ Consolidated margin pressure of 50-100bp is expected to be temporary and should normalize as the macro environment improves. FY27 net debt is likely to rise from INR5.1b to around INR7b-8b by year-end.	▪ For FY27, capex is targeted at ~INR12b for Ascent, including the capitalized portion of the current spend, plus another INR7-8b across other entities. ▪ The overall capex for FY27 will be ~INR1,820b, although the cash outflow should be lower at ~INR11b-12b because of better supplier terms. ▪ Management added that FY28 cash outflow may be ~INR14b-15b since the larger portion of Ascent-K Circuit capex will happen then.
Dixon Tech	▪ Without Vivo, FY27 consolidated revenue is targeted at ~INR560b, indicating that the company should still grow at almost 15%-17% even without Vivo. ▪ Mobile volumes are expected to remain flat YoY at 32m units. The margin profile will be slightly under pressure in the near term due to elevated memory prices, PLI going away, and component foray benefits taking time, but absolute profitability is expected to rise.	▪ The 1m sq. ft. Noida facility for higher capacities is nearing completion and is expected to begin operations by 2QFY27. ▪ Telecom/IT - the strategy is to move up the value chain from pure EMS to a design-led, solution-centric model. ▪ Home Appliances - the capacity expansion to add fully automatic front-loading machines by the end of 2QFY27 through the new Tirupati facility will add 0.3m units to the existing 0.6m units per annum base. ▪ Consumer Electronics - the company is expanding its current refrigerator facility by another 375,000 sq. ft., which will also enable the manufacturing of two-door refrigerators, deep freezers, busy coolers, and side-by-side refrigerators. ▪ Camera Modules - camera module capacity at Q Tech is being expanded from 70m to around 180-190m over the next 15-18 months.

amber
Amber Enterprises India Limited

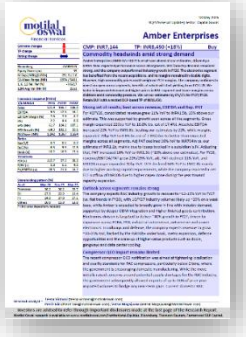
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Amber Enterprises — Buy

Current Price INR 7,508

- **Consumer durables segment:** Management indicated the room AC industry remained largely flat during the year because of weather conditions, but the division still outperformed the industry with 14% YoY growth in FY26 due to a diversified product portfolio, deeper wallet share, and continued expansion of product offerings. Management also said RAC production capacity has been augmented at Sri City in South India to support the robust growth potential in the room AC industry. The Non-AC components now contribute about 25% of the consumer durable business.
- **Electronics segment:** The company highlighted acquisitions and partnerships with Power-One, Unitronics, and Shogini, alongside large PCB investments under the ECMS scheme. They expect the PCB business to become a major import-substitution opportunity despite near-term margin pressure from sharp increases in copper-clad laminate and gold prices. The company is seeing opportunities rising in automotive electronics through the Sumitronics

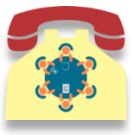

Amber Enterprises

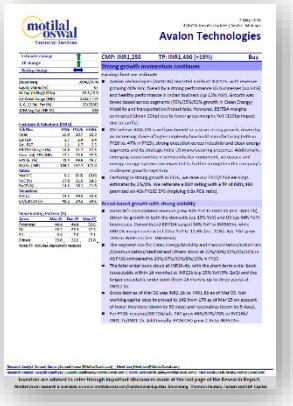
collaboration. The construction of Ascent-K's HDI PCB facility is planned to begin in Jun'26, with trial production expected by 3QFY28.

- **Railways and Defence segment:** The segment's growth was supported by increased offtake from metro, railway, and defence solutions, and the division is backed by an order book visibility of ~INR26b+. Management guided for 30-35% revenue growth in FY27 and FY28, assuming no disruption in offtake from Indian Railway and metro projects. Margins are expected in the range of 16-17%. On Sidwal, management said the greenfield facility for HVAC, pantry, doors, and gangways in Faridabad is ready; trial production is underway; and commercial production is expected to begin in 1QFY27. While railway contracts are largely fixed-price in nature, metro and defence contracts offer pass-through mechanisms for commodity inflation. The company is developing data center cooling solutions, has already executed three marquee projects, and has secured almost four customers in that business.
- **Commodity price Impact:** Margins in consumer durables and electronics were under pressure due to high commodity prices, currency depreciation, and minimum wage revisions in UP and Haryana. Management specifically highlighted copper-clad laminate (CCL) and gold price inflation in the PCB business, saying CCL prices have risen by more than 60% in the last one year and gold prices have also increased in a similar manner. Management added that, in PCB, the pass-through lag is longer because the company operates as Tier 2, so cost increases generally take about two quarters to flow through. For consumer durables, management said the company passes on commodity and currency changes with a quarterly lag, so the INR-per-unit margin remains intact even if percentage margins appear lower because of the higher revenue base.
- **JV and associates:** Management spoke about the recent cooperation agreement with Sumitronics aimed at supporting automobile PCBA business. The arrangement gives the company access to experienced global supply capabilities and helps break customer reluctance in the auto electronics space. Management also said capital subsidies will flow over five to six years after commercial production starts, with the balance of the subsidy expected to begin in FY28 for Ascent.
- **Capex plans:** Management said overall FY26 capex was around INR10.7b, with capitalized capex at INR5.5b and the balance under CWIP, which will come into operation in the current financial year. For FY27, capex is targeted at ~INR12b for Ascent, including the capitalized portion of the current spend, plus another INR7-8b across other entities. The overall capex for FY27 will be around INR18-20b, although the cash outflow should be lower at ~INR11-12b because of better supplier terms. Management added that FY28 cash outflow may be around INR14-15b since the larger portion of Ascent-K Circuit capex will happen then.
- **Guidance:** Management said the broader industry is expected to grow about 12-13% in FY27, with 1Q growth potentially ~20% on a low base, and strong demand after mid-April. Consolidated margin pressure of 50-100bp is expected to be temporary and should normalize as the macro environment improves. FY27 net debt is likely to rise from INR5.1b to around INR7b-8b by year-end because of the ongoing capex and cash flow profile.

Avalon manufacturing your success

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Avalon Technologies — Buy

Current Price INR 1,514

Guidance and outlook

- Macro environment is positive. India manufacturing became competitive again due to US tariff reduction. Customers are looking to diversify supply chain. The company is diversifying its revenue streams by entering into South East Asia.
- Management guided revenue to double in the next three years to INR32b in FY29. Growth story is expected to continue in FY27, with conservative guidance of ~24-27% revenue growth.
- Margins are expected to improve from the current levels as its US facility reaches breakeven.
- The company aims asset T/O in the range of 9-10x with RoCE above 20%.
- AVALON is not planning to enter into component manufacturing; instead, it plans to invest more in the existing box-build business. The company aspires to grow revenue from box-build and build whole box. Box build margins are higher than traditional PCBA.
- New geographies, product development and tariff reductions are expected to drive growth.

Operating performance

- For FY26, both India and the US recorded strong YoY growth of ~29% and 59%, respectively, led by diversified performance among verticals.
- Revenue growth of 46% YoY in FY26, higher than guided earlier (40%). AVALON posted average 45% revenue growth in the last seven quarters.
- For 4QFY26, EBITDA margins expanded due to operating leverage.
- India's manufacturing contribution stood at 77%, delivering healthy EBITDA and PAT margins of 16.7% and 12.2%, respectively.
- The US manufacturing facility reported an operating loss of INR50m in 4QFY26 and the breakeven is expected in FY27 as operating leverage comes into play. The company is implementing its strategy of onboarding customers in the US and shifting them to India operations in the long term.
- Box-build accounted for 54% of total revenue in FY26.
- RoCE improved to 20.6% and asset turnover of 9.9x due to capital utilization and continued efficiency.
- As of Mar'26, gross debt stood at INR1.4b, net debt was INR400m, and net debt-to-equity ratio was 0.6x.
- Net working capital improved from 124 days in Mar'25 to 112 days in Mar'26. Inventory improved from 86 days to 84 days as programs moved to the execution phase.
- The average execution period is 14 months for the order book of ~INR22b as of Mar'26. The INR12.5b order book has an execution period of 14-36 months.
- Within mobility, 16%/9% of revenue contributions come from Railways and Automotive/A&D.
- In FY26, all tariff impact was passed on to customers; however, a 110bp impact on gross margins was reported due to sales and cost impact.
- Other income was higher due to export benefits and forex adjustments.

Geopolitical issue

- No adverse effect of war on supply chain for the company.

- AVALON is not expecting any pressures on margins due to geopolitical issues.
- Most of the pricing is pass-through for the company. It is actively managing inventory wrt customer requirements.

Capex

- Capex for 4QFY26/FY26 stood at INR210m/INR560m.
- For FY27, capex guided at INR500-600m with no major capex investment planned.

Semiconductor

- The company is gaining momentum with a meaningful revenue contribution expected in FY27. Currently, it is in the process of testing various parts and products (~50-60% work is done with final production approval pending).
- Management plans to make a separate semiconductor vertical in the next three years, which is currently under the Industrials vertical.
- The company is building complex box-builds for semiconductor equipment and ISM 2.0 is supporting the company's momentum.

Others

- Energy storage systems (ESS) continues to ramp up in line with the plan.
- Three new US customers, which were onboarded in the last quarter, are progressing from prototypes to final products.
- Exports growth is led by Clean Energy, A&D, and communication.
- Top 10 customers contributed ~61% to revenue in FY26.
- AVALON believes PCB manufacturing is needed in India and thinks competition in PCB will impact prices. It wants to move up in PCB chain and not downward. PCB is chemical business.
- Production of locomotive engine has commenced. KAVACH has completed testing and is on track for commercialization.
- Sales presence in Europe coincides with the India-Europe trade deal. Prototypes volumes to start from FY27.

Cyient DLM — Buy

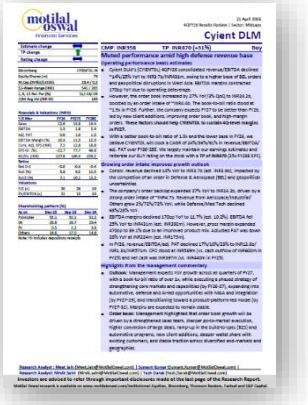
Current Price INR 450

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Operating performance

- The company delivered a record order intake of USD208m during the year, with a healthy book-to-bill ratio of over 1x maintained across all quarters. This reflects steady demand momentum and strong visibility, further supported by a robust ~USD0.5b conversion pipeline.
- The closing order book stands at a 10-quarter high, providing strong near-term revenue visibility and underpinning growth prospects.
- During the year, the company successfully commenced series production for a key semiconductor equipment client, which is expected to open up meaningful cross-selling opportunities across segments and customers.
- The automotive segment is witnessing a gradual ramp-up, with series supplies initiated after IATF certification and LoC approval, while growth in the 'Others' segment continues to be driven by B2S and automotive demand.
- PCBA remains the largest contributor, accounting for ~48% of total revenue across industries.



- Geographically, RoW markets continue to dominate the revenue mix, led by aerospace, medical, and industrial demand, while India contributes ~8%, largely from defense and automotive segments.
- The company continues to focus on diversifying beyond aerospace and defense, even as growth within the A&D segment remains intact.
- Execution during 4Q was impacted by supply chain disruptions, including the West Asia conflict, delays in Israel approvals, and slower movement in Europe, along with logistics dependencies such as cargo routes via Doha, which led to delays in raw material availability.
- Notably, the entire order inflow during the year was driven by external customers, with no inter-company orders.
- The company has also strengthened its sales team, which is expected to support higher order inflows and sustain growth momentum going forward.

Financial performance

- Revenue performance remained subdued during the period; however, EBITDA margins continued to stay in double digits, supported by a favorable product mix and disciplined cost control.
- On a sequential basis, margins saw some moderation, largely due to operating deleverage stemming from lower revenue levels.
- The US operations continue to operate at relatively lower margins compared to the India business, weighing slightly on overall profitability.
- That said, operating leverage is expected to improve meaningfully as volumes recover and revenue growth picks up going forward.
- Finance costs declined during the period, aided by lower interest rates as well as reduced reliance on working capital borrowings.
- Other income declined primarily due to the closure of fixed deposits in 1HFY26.
- Employee and other expenses increased, largely driven by continued investments in the B2S segment and the scale-up of US operations.

Industry and demand environment

- The industry outlook remains positive, with a ~6% CAGR over CY25-33, supported by multiple structural tailwinds.
- Growth is being driven by increasing electronification and digitization across industries, alongside rising global defense spending and ongoing geopolitical realignment of supply chains.
- In addition, the rapid expansion of AI and related infrastructure is emerging as a key incremental demand driver for the sector.
- Demand remains well-diversified across regions, with strong contributions from APAC, North America, and EMEA markets.
- On the domestic front, the opportunity is steadily expanding, led by higher spending in India's defense and railways sectors.
- The company has also received recognition from global electronics industry bodies, further strengthening its credibility and positioning in the market.

Strategy and outlook

- Management expects a broad-based recovery, with YoY growth anticipated across all four quarters of FY27, while maintaining a healthy book-to-bill ratio of above 1x.

- Over FY26-27, the company aims to focus on strengthening its presence across key global markets while expanding its domestic footprint and sharpening its go-to-market strategy and cross-functional capabilities. In parallel, it aims to scale up its B2S offerings, drive operational excellence, invest in automation and efficiency initiatives, and actively pursue large deal wins and new client acquisitions.
- Over the medium term (FY27-29), the company is looking to expand into high-growth segments such as automotive and India defense, while tapping emerging opportunities in AI infrastructure. Additionally, it remains open to strategic M&A, particularly in European defense markets, and is working toward deeper vertical integration across areas such as cables, sheet metal, and machining.
- In the longer term (FY27-32), the strategy is to transition toward a product-platform-led business model, supported by investments in proprietary platforms, technology partnerships, and a stronger internal product organization focused on innovation.
- Overall, management expects margins to remain stable in the medium term, aided by scale benefits, improved operating leverage, and a richer product mix.

Others

- At the Altek subsidiary, around 50% of order intake typically converts within the same year, providing healthy revenue visibility and supporting growth expectations for FY27.
- While tariff-related uncertainties persist, management expects the impact to gradually ease, with improving cross-border coordination and policy clarity.
- Following the organizational challenges faced in FY25, the company has undertaken restructuring measures, which have started to reflect in a revival of order intake momentum.
- Ongoing geopolitical risks may lead to some near-term volatility; however, they are also creating structural opportunities as global supply chains continue to realign.
- The company remains actively engaged in evaluating M&A opportunities to further strengthen its capabilities and expand its geographic presence.



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Data Patterns — Neutral

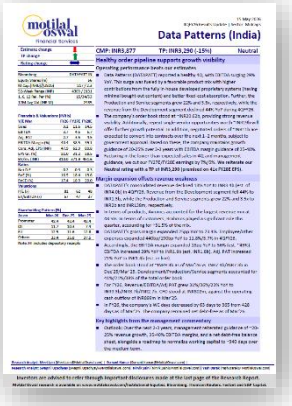
Current Price INR 3,993

Outlook and guidance

- Management reiterated its intent to deliver ~20–25% revenue growth over the next two to three years, while maintaining healthy margins and a net debt-free balance sheet, as part of its opening outlook commentary.
- Going forward, the company aims to normalize working capital to ~340 days, while continuing to operate with a net debt-free balance sheet, relying primarily on non-fund-based facilities and bank guarantees.

Capex

- The company has already established significant capacity to execute export contracts and is simultaneously expanding infrastructure to support future growth.
- It is developing an additional nine floors of factory space to enhance manufacturing capacity and support scaling as program sizes and contract volumes increase.


Data Patterns (India)

- Management is proactively investing in capex and infrastructure expansion to evolve into a multi-thousand crore company, recognizing that such capacity creation typically requires a 1–2 year lead time.
- Capacity building initiatives for seekers and other critical systems are already underway, with the required infrastructure and production building blocks largely in place.
- The company believes execution capability will not be a major constraint, as preparations for future scale-up have already commenced.
- While management remains confident about substantial scaling opportunities, it is also adopting a calibrated approach toward infrastructure investments, given the unpredictability of contract timelines.
- Overall, management expects meaningful scaling in operations and is positioning itself aggressively through phased CapEx and infrastructure expansion to address future demand requirements.

New products and development

- The company has a strong in-house technology development team driving its innovation initiatives.
- Products are developed internally, with associated development costs being charged to the P&L.
- Commercialization efforts begin once the products are market-ready.
- The company is currently focusing on radar software development capabilities.
- It also aims to participate in airborne development programs going forward.
- The company remains focused on continuous product improvement and enhancement.
- Management does not provide revenue projections for new product development programs until customer enquiries and demand visibility emerge.
- In competitive markets, the company believes its products will be significantly more cost-effective, while also offering superior support systems, provided they meet global benchmark specifications.

Order pipeline

- FY26 witnessed strong order inflows of ~INR11b, reflecting a 216% YoY increase, driven by demand across radar systems, avionics, electronic warfare, and strategic electronics programs.
- Management highlighted that the order pipeline remains diversified across multiple defense and aerospace platforms, strengthening execution visibility.
- Current order book stands at ~INR20b, including negotiated orders, providing healthy multi-year revenue visibility.
- Apart from the executable order book, the company has visibility on repeat single-vendor opportunities worth ~INR19b based on previously delivered and qualified products.
- Negotiated orders worth ~INR11b are expected to convert into contracts over the next 1–2 months, subject to government processing timelines.
- Several repeat orders are expected from already deployed systems, with management indicating strong customer confidence due to past execution and delivery performance.
- Management expects fresh order inflows of ~INR15b–20b during FY27, in addition to the negotiated order pipeline.

Exports

- The export order book currently stands at INR530m. The company is actively engaging with customers across Europe and other international markets.
- Export revenues are expected to start scaling up from this year, supported by increased global defense spending amid the current geopolitical environment.
- The company achieved a key milestone with the successful development and export of transportable precision approach radars to a European country, including successful site acceptance testing. This highlights both its technological capabilities and the growing acceptance of Indian defense systems and engineering expertise in global markets.
- Several global OEMs, particularly from Europe, have initiated enquiries, paving the way for potential contract wins.
- Management expects to start securing contracts from these global OEMs over the next 2–4 months.
- Initial engagements with global OEMs are likely to begin through development initiatives, which could subsequently translate into recurring year-on-year and quarter-on-quarter deliveries for their military programs. These opportunities are expected to extend beyond one-off systems to multiple system deployments, leveraging existing platforms that can be modified to meet customer-specific requirements.

Brahmos seeker

- The first variant is currently under execution.
- Production orders are expected to start materializing over the next 4–5 months.
- No supply or execution-related constraints are anticipated for the BrahMos program.
- Delivery timelines have accelerated, reflecting faster execution and deployment schedules.

Others

- Apart from the BrahMos program, the company is also supplying seekers for air defense programs and is looking to expand into additional seeker variants. Currently, the company does not have any direct missile orders.
- With the increasing adoption of AI across its operations, the company is leveraging advanced data analytics and AI-driven processes across technology development and products. This is expected to accelerate the introduction of world-class products and help bridge capability gaps in India's defense ecosystem, thereby reducing dependence on imports and foreign OEMs for critical defense requirements.
- Revenue contribution in 4Q declined significantly compared to the corresponding period last year.
- Lower margins during Q2 were primarily attributable to a strategic program undertaken at relatively lower profitability. Management indicated that the objective was to build end-to-end system integration capabilities, strengthen program management expertise, and demonstrate broader mechanical competencies beyond the company's traditional electronics focus. The company consciously undertakes select lower-margin contracts to build long-term product capabilities and create opportunities for future business expansion.

Despite quarterly margin fluctuations, overall revenue performance remained in line with, and slightly ahead of, guidance.

- Revenue recognition for product deliveries and service contracts is treated independently. Product development revenues are recognized upon delivery milestones, while service-related revenues are billed progressively as services are rendered over the contract tenure. Hence, the company does not defer billing for the entire contract value until completion of long-term service obligations.
- Service orders largely represent the Annual Maintenance Contract (AMC) revenue, which is typically multi-year in nature rather than limited to a single-year engagement.

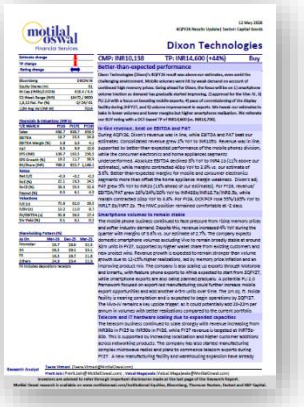
Dixon®
The brand behind brands

Dixon Technologies — Buy

Current Price INR 11,222

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motilal oswal Financial Services

Dixon Technologies

CMP: INR10,138 TP: INR11,600 (+14%) Buy

Better-than-expected performance

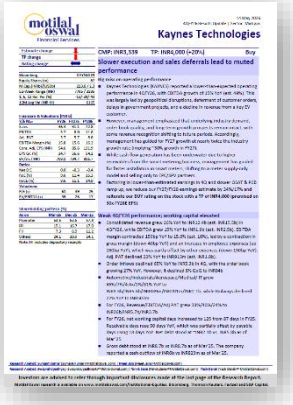
- **Revenue:** 4Q revenues were flat because of geopolitical concerns, softer consumer demand, inventory rationalization by brands, and elevated input costs. Management also said the global macro environment turned more difficult from Mar'26, with rising Middle East tensions, supply-chain disruption, freight pressure, higher forex and commodity prices. The company added that inflationary pressure in components such as memory chips and semiconductor-linked inputs led to cautious procurement by brands.
- **Margin impact:** Management said commodity price increases and currency fluctuations are passed through in EMS, so there is no currency risk and no time lag there. For ODM businesses such as appliances, management said cost increases are pushed to customers, although it comes with a lag of a few months. On smartphones, management said higher memory prices increase bill of material costs and revenue, while EBITDA remains tied to per-unit conversion charges, so margins can look optically lower when realizations rise.
- **Mobile division:** For mobile businesses, in the base case, smartphone volumes (excluding Vivo) are expected to remain broadly flat at 32m units, with selling prices expected to grow by 12-15%, which should support stronger revenue growth despite subdued volumes. Management highlighted that feature-phone exports through Ismartu to Africa should add upside, and that the mobile export opportunity can be further aided if PLI-2 is rolled out. Management further said the 1m sq. ft. Noida facility for higher capacities is nearing completion and is expected to begin operations by 2QFY27.
- **Telecom and IT hardware:** Management said the telecom and networking segment continues to grow strongly on expanding customer relationships, higher inclusion across product categories, and rising network infrastructure investments. The strategy is to move up the value chain from pure EMS to a design-led, solution-centric model, and the company has entered a joint design and manufacturing model with a key customer. The company has commissioned a new manufacturing plant for capacity expansion and increased warehousing area to support the growth trajectory. For IT hardware, revenue in FY27is expected to be more than INR40b, while for telecom, revenue increased from INR36b in FY25 to INR50b in FY26, while FY27 revenue is targeted at INR75b-80b.

- **Home Appliances:** Management highlighted strong growth in semi-automatic washing machines, including new 16kg and 18kg capacities. The capacity expansion to add fully automatic front-loading machines by the end of 2QFY27 through the new Tirupati facility will add 0.3m units to the existing 0.6m units per annum base. The company highlighted a healthy order book in emerging categories such as robotic vacuum cleaners, and is working on dishwashers, microwaves, and kitchen chimneys to build a more expanded portfolio.
- **Consumer Electronics:** Management highlighted that the quarter saw a temporary slowdown in demand because of geopolitical concerns and rising input costs, and that brands also focused on liquidating older inventory after revised refrigerator energy-efficiency norms. The company is focusing on large-screen, smart, connected, and premium models, including high-end LED TVs, and is shifting toward ODM-based execution. To support future growth, the company is expanding its current refrigerator facility by another 375,000 sq. ft., which will also enable the manufacturing of two-door refrigerators, deep freezers, busy coolers, and side-by-side refrigerators.
- **Camera modules and display:** Management said that the camera module capacity at Q Tech is being expanded from 70m to around 180-190m over the next 15-18 months, mainly to support smartphone volumes and deepen manufacturing in India. On displays, management highlighted that the facility is ready, machinery is being installed, trials for auto displays will begin in 3QFY7, and commercial production will start in 4QFY27, while mobile display trials are expected to begin in 4QFY27. Display business is expected to be in double-digits and can move into the mid-teens as utilization improves. Management added that once capacity utilization reaches 80-90%, the display business can generate revenue of almost INR55-60b. The Phase 1 display setup includes 24m mobile displays and 2.4m automotive and IT displays, with a longer-term mobile display capacity build-up toward 50-55m units.
- **New Categories:** Management said they are pursuing multiple new categories across the portfolio, including robotic vacuum cleaners, dishwashers, microwaves, kitchen chimneys, dashcams, power banks, smartwatches, and other adjacent products. The company has also partnered with a global consulting firm to build a roadmap for specialty EMS opportunities in aerospace, defense, automotive, medical, and industrial segments. In addition, the company has identified five micro-verticals in specialty EMS and is already evaluating a couple of inorganic opportunities.
- **Exports:** FY26 smartphone exports were around 4-4.5m units. The telecom exports have already started with microwave radio manufacturing, and lighting exports to a large US retail chain and a European retail chain are also set to begin execution.
- **Guidance:** Management said that without Vivo, FY27 consolidated revenue is targeted at ~INR750-800b, indicating that the company should still grow at almost 15%-17% even without Vivo. Mobile volumes are expected to remain flat YoY at 32m units; however, higher selling prices can lead to overall mobile revenue being higher YoY. The margin profile will be slightly under pressure in the near term due to elevated memory prices, PLI going away, and component foray benefits will take time, but absolute profitability is expected to rise.

KAYNES TECHNOLOGY

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Kaynes Technology — Buy

Current Price INR 3,215

Guidance

- The company expects to grow at nearly twice the rate of the EMS industry, which is projected to grow at around 18%.
- Management refrained from providing a precise growth number, noting that earlier projections for the automotive industry had indicated mid-double-digit growth for the year, highlighting the uncertainty in forecasts.
- KAYNES' standalone operations are expected to remain cash flow positive.
- Management has outlined a clear roadmap to streamline the metering business, whose operating model differs from the core EMS business. The company expects to implement a solution within the next three quarters.
- Over the coming years, nearly 30% of revenue is expected to come from new products, supporting margin expansion.
- The company is also expanding into defense and other segments to diversify and reduce dependence on automotive-led growth.

Operations

- Geopolitical disruptions, particularly the West Asia conflict, led certain customers to defer orders, although underlying demand trends remain healthy.
- A portion of revenue recognition has shifted to subsequent periods due to execution delays.
- Management emphasized that the company's strategic direction, customer engagement, and long-term growth trajectory remain firmly intact.
- The company has not observed any structural deterioration in demand or in the quality of its order book.
- Earlier guidance was based on a strong order book, expected acceleration in vehicle electrification, and faster execution of government-led projects.
- Management had also anticipated securing two government orders in the last quarter, where product development and testing approvals had already been completed; however, delays in project execution impacted revenue realization.

Smart metering

- Metering contributes ~20–25% of total revenue, with the company also supplying components and PCBs, which account for nearly 60% of the metering business.
- The metering subsidiary reported revenue of INR9.7b.
- Receivables stood at INR13.7b, primarily due to execution delays in rural towns. Execution picked up in the last quarter, and the company expects completion to take at least another three quarters. Of the total receivables, INR2.5b is classified as long term, while the remainder is current.
- The company has initiated securitization arrangements with banks, which have so far accepted around INR400m. Discounting occurs only after execution and installation are completed. Currently, receivables remain elevated due to pending installations.
- Going forward, the company does not intend to undertake installation orders and will focus solely on metering orders.
- Revenue grew from the INR8b guidance to INR9.7b to offset the lack of growth in the automotive segment.

- For FY27, management expects 50% of the business to come from existing models and the remaining 50% from new models.

Working capital and cashflow

- The standalone core EMS business remained cash flow positive, with standalone net working capital days improving from 64 days to 54 days. Cash flow from operations in the EMS business increased significantly from around INR650m to over INR2b.
- Management acknowledged that the business faced unforeseen challenges, particularly delays from government authorities in tender releases, installations, and payment cycles, as payments are linked to the completion of various execution milestones by state governments.
- The company has formulated a mitigation strategy and is actively working with multiple organizations to improve the operating and financing structure of the business model.
- The metering business reported cash outflow from operations of nearly INR6b. Management expects this negative cash flow to reduce by 70–80% over the next three quarters and turn positive by the end of FY27.

OSAT

- OSAT Unit 1 is fully operational, while Unit 2 is expected to be commercialized in 2Q. The company has revenue visibility of nearly INR25b over the next five years.
- The OSAT business is expected to generate revenue in the range of INR2.5–3b in FY27.
- A significant portion of the OSAT business is expected to be export-driven.

PCB

- The company has a strong and confirmed demand pipeline for the PCB business over the next five years.
- The PCB business is expected to generate revenue in the range of INR3–4b.

Intangible asset and depreciation

- The company completed two acquisitions over the past two quarters, Iskraemeco and August Electronics, the latter being a Canada-based EMS player catering to large North American customers.
- Intangible assets capitalized from these acquisitions amounted to nearly INR3.2b, primarily linked to the acquired order book and other identifiable assets, in line with prevailing accounting standards.
- Management highlighted that the company follows an amortization policy for these intangible assets, which was previously carried out annually. In the last quarter, the company amortized these assets, resulting in an additional depreciation and amortization charge of nearly INR320m.
- This higher amortization expense impacted quarterly PAT performance. However, management clarified that the annualized impact remains around 10% for the full year.
- Going forward, the company intends to recognize the amortization expense on a quarterly basis instead of an annual basis, improving the consistency of financial reporting. The amortization relates primarily to the acquired order book and other intangible assets arising from the Iskraemeco and August Electronics acquisitions.

Others

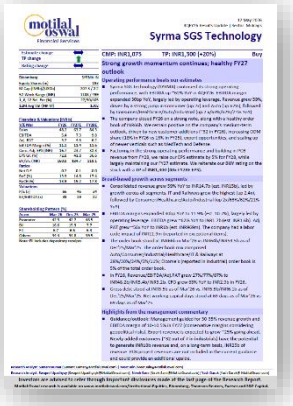
- The EV segment reported growth of 28% in FY26, despite one major customer reducing production by nearly 90%.
- The Kawach business is currently in the execution phase. The company expects to complete approvals during 1H, following which order inflows are likely in 2H. Initial execution is expected to remain at a smaller scale.
- The railways business is expected to grow by 20–25%, with margins anticipated to remain above 30%. The company is targeting 2x growth over the medium term.
- Management aims to increase the contribution of value-added solutions to nearly 30% of total revenue over the coming years.
- Management acknowledged that rapid near-term growth has led to heightened market expectations and reiterated its commitment to delivering consistent and predictable performance going forward.

Syrma SGS Technology — Buy

Current Price INR 1,195

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Syrma SGS Technology

Guidance and Outlook

- Management has guided for strong growth momentum to continue, with FY27 revenue growth expected at 30-35%, supported by healthy traction across Auto, Industrial, Healthcare, Defense Maritime, and emerging IT/Railway segments. The company also aims to sustain this growth trajectory over the next 2–3 years.
- EBITDA margin guidance for FY27 stands at 10–10.5%, implying an EBITDA target of around INR7b, reflecting ~30% YoY growth in absolute EBITDA.
- Export business is expected to continue growing at ~25% going ahead, with management targeting INR15b exports in FY27 after delivering 41% export growth in FY26.
- Management highlighted that recently onboarded customers will initially contribute through pilot projects in FY27, while meaningful scale-up is expected from FY28 onwards.
- MedTech, Industrial, and Auto businesses are expected to remain the key growth drivers, while IT/Railway is likely to remain a relatively smaller contributor despite healthy growth.
- Consumer segment's contribution is targeted to remain around 30% of revenue, while the ODM mix is expected to remain at 16–17%.
- FY27 revenue mix guidance indicates Consumer at 30–32%, Industrial at 28–30%, Auto at ~25%, and IT/Railway at ~10%.
- Management remains highly confident on long-term growth, driven by market share gains, increasing wallet share from existing customers, expansion into newer verticals such as MedTech and Defense, and migration towards larger contracts.
- PCB project contribution is not included in FY27 guidance; hence, any early revenue realization from the project would be incremental. Post FY28, management expects growth to accelerate further as PCB operations start contributing.

Operational Performance & Business Update

- FY26 operating performance remained strong, with EBITDA (excluding Elcome) crossing INR4.9b.
- Export revenue exceeded INR12b during FY26 and contributed ~25% of total revenue.
- Revenue growth excluding Consumer and Elcome stood at 38% and 31%, respectively, reflecting healthy broad-based execution across core verticals.
- ODM business grew sharply by ~70% to INR8.25b in FY26 vs INR4.53b in FY25.
- MedTech business contributed ~INR3.95b to ODM revenues, while the balance ODM contribution came from Consumer and Industrial segments
- Working capital cycle improved materially with WC days (excluding Elcome), reducing to 58 days vs 69 days in FY25. Including Elcome, WC stood at 63 days. Management reiterated that working capital discipline and capital allocation remain top priorities, even at the cost of moderating topline growth.
- Sequential margin decline during the quarter was primarily attributable to a higher mix of relatively lower-margin IT business.
- Customer concentration remains well diversified, with top five customers contributing 34% of revenue, top 10 at 47%, and top 20 at 63%.
- The company added 32 new customers during FY26, including 7 customers in Industrial applications, such as fuel injection systems, solar trackers, data center motherboards, and liquid processing equipment for FMCG applications.
- These customer additions carry an estimated revenue potential of ~INR10b in the near term and ~INR25b over the longer term.
- MedTech business continues to scale up well, with management targeting ~INR5b revenue in FY27.
- Industrial business growth is expected to be supported by exports and new power management products, while Auto growth will largely track domestic industry expansion.

Order Book, Vertical Commentary & Competitive Positioning

- Order book stood at INR66b, with segment mix comprising Consumer (30%), Auto (29%), Industrial (24%), IT/Railway (11%), and Healthcare (5%).
- Management highlighted that the order book also includes shorter cycle orders, with delivery timelines of 3-5 months, and expects the order book to continue improving through FY27.
- Elcome contributes ~5% of the current order book, while Industrial remains a meaningful 24% contributor.
- IT/Railway annualized revenue currently stands at around INR2.4–4.76b, largely driven by laptop and memory-related business.
- Growth in IT/Railway is expected to normalize to ~30-40% going ahead vs the exceptionally high 80-90% growth seen recently.
- Smart meter business contributes approximately INR500-600m within the order book but remains a relatively low-margin segment.
- Defense business operates under the Industrial segment and is largely ODM-led, enabling better margins despite relatively higher working capital requirements.
- Management acknowledged increasing competitive intensity in the domestic EMS industry but believes the company maintains a superior cost structure versus peers.

- Strong export growth was cited as evidence of the company's competitiveness against global peers.
- Management estimates the company's blended global TAM opportunity at around USD600b.

Capex, PCB Expansion & Renewable Strategy

- The company continues to aggressively expand its PCB manufacturing capabilities with planned PCB-related investments of ~USD90m (~INR8b).
- Phase 1 capex is estimated at ~INR4b, of which ~INR600m has already been incurred in FY26.
- FY27 capex guidance stands at INR2.5-4b, including both PCB-related and regular expansion capex.
- Around INR2.5b of PCB capex is expected during FY27, funded through a combination of debt and internal accruals.
- Management indicated that liquidity will remain comfortable as the company expects to receive ~60% government subsidy support for the PCB project in the following year.
- Additional investments for HDI and CCL projects have already received approvals, with incremental INR8b planned between FY28 and FY30.
- PCB operations are expected to start contributing meaningfully over FY28-FY29, after which management expects overall growth to accelerate further.
- Apart from PCB expansion, the company continues to incur regular organic capex of INR1-1.5b annually.
- The proposed KSolare acquisition has been dropped as the seller failed to meet certain agreed conditions.
- However, management reiterated its commitment to entering the renewable energy space, potentially through a greenfield project and strategic technology partnerships.

Others

- Supply chain conditions remain challenging due to higher logistics costs, rising metal prices, and disruption in shipping routes caused by Middle Eastern geopolitical tensions.
- Management indicated that while part of the cost inflation can be mitigated through better procurement efficiencies, the remaining impact would eventually be shared across vendors, the company, customers, and end consumers.
- Pass-through mechanisms exist but typically involve a time lag before full recovery.
- The company remains optimistic on long-term opportunities arising from India-EU FTA developments and believes it is well-positioned to benefit once the agreement materializes.
- The company highlighted that it is among the first Indian players to implement a real-time monitoring system on its SMT lines, resulting in ~5–7% improvement in operational efficiency.

FINANCIALS/BANKS

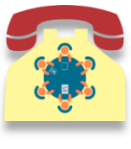
- **The banking sector's credit growth outlook remains healthy, with most banks guiding for credit growth to sustain at current levels, driven by steady demand across the retail and SME segments and an uptick in demand in the corporate segments. Strong loan pipelines and infrastructure-led lending continue to provide support. Deposit growth remains in focus, with banks emphasizing granular retail deposits and CASA expansion. While system liquidity remains competitive, liability franchises are gradually strengthening through branch expansion and digital acquisition initiatives.**
- **Margins are expected to be range-bound, with some improvement in pricing power on the asset side being offset by a gradual pickup in cost of funds owing to competitive pricing, factoring in a stable rate environment. Asset quality trends remain favorable, supported by improving GNPA/NNPA ratios, moderating slippages, and declining credit costs. Collection efficiency has strengthened, and stress in unsecured portfolios appears largely contained. The portfolios of banks remain unaffected by the West Asia crisis currently, even as the banks continue to build a provision buffer for any future uncertainties owing to the same.**

KEY HIGHLIGHTS FROM CONFERENCE CALL

	FY27 outlook	Asset quality and collection efficiency
Axis Bank	▪ AXSB continues to guide for credit growth of 300bp higher than the system, supported by strong NTB acquisition, branch expansion, premiumization, and recovery in retail segments, including mortgages and unsecured loans. Product mix stands at 70% retail and 30% wholesale. ▪ The bank expects to sustain the momentum in high-yielding assets, supporting its through-cycle NIM guidance of 3.8%. ▪ Asset quality outlook remains positive, with improving retail trends, controlled slippages, and declining technical slippages, implying stable credit costs ahead. ▪ Deposit growth remains strong, with a focus on granular retail deposits, CASA deepening, and premium customers. ▪ AXSB focuses on high-RaRoC segments, operating efficiency, and sustaining productivity-led profitability growth. It aims for 18% RoE, with retail RoE likely to exceed wholesale RoE.	▪ Retail asset quality continues to improve, with positive trends in delinquencies and stabilization of earlier stress pools. ▪ Gross and net slippages dipped QoQ, translating to low credit costs, indicating controlled asset quality risks. ▪ The evolving West Asia situation remains a key near-term monitorable, for which the bank has prudently created standard asset provisions of INR20b. ▪ AXSB is confident of recovering technical slippages without eventual losses, indicating low incremental credit risk. ▪ Overall credit cost outlook remains stable, supported by prudent underwriting and focus on high-RaRoC segments.
HDFC Bank	▪ HDFCB expects to outpace system loan growth in FY27, with system credit growth estimated at ~12-13%, implying continued steady growth momentum. ▪ Corporate demand is healthy and sustainable, with traction expected across renewables, auto, and semiconductors despite near-term geopolitical uncertainties. ▪ Deposit growth is likely to slightly outpace loan growth, supporting balance sheet stability and the planned reduction in the CD ratio to ≤90% by FY27. ▪ Core retail deposits (including higher ticket sizes) are growing steadily and nearing wholesale levels. ▪ Margin outlook is stable or improving, aided by a declining cost of funds owing to high-cost borrowings of HDFC Ltd being replaced by lower-cost deposits and gradual CASA and retail deposit improvement.	▪ Asset quality remained healthy, with GNPA/NNPA declining to 1.15% at 0.38%, and management expecting overall asset quality to remain healthy going forward. ▪ Credit costs remained low and controlled at ~35bp, indicating a stable risk environment and limited incremental stress. ▪ Industry-wide asset quality remains strong, with continued low accretion of NPAs expected, supporting a stable credit environment. ▪ HDFCB continues to report the best-in-class and industry-leading asset quality metrics and is expected to do the same going forward.
	▪ Loan growth momentum has picked up in 2HFY26 and is expected to sustain in the coming quarters, supported by strong traction across retail, business banking, and corporate segments. ▪ Margins are expected to remain range-bound in the near term, with repo rate cut transmission largely done and expectations of a stable rate environment. ▪ The bank continues to focus on maximizing retail and CASA deposits, reducing reliance on wholesale deposits, and maintaining comfortable LDR and liquidity levels. ▪ Growth will remain broad-based, with business banking continuing to be the growth driver, while overall credit growth remains healthy and diversified.	▪ Asset quality in unsecured segments (personal loans/credit cards) continues to improve; management is comfortable with underwriting and growth in these portfolios. ▪ Corporate and business banking asset quality remains stable and satisfactory, despite a competitive lending environment. ▪ Additional standard asset provisions (INR12.8b) were created as a regulatory measure in 3QFY26 and are expected to reverse in FY27, with underlying exposures likely to normalize over time. ▪ Management indicated no underlying deterioration in portfolio quality, and credit quality trends remain stable across segments.

	▪ The bank remains focused on profitability-led growth (PBT focus), regulatory compliance, and cost discipline, with cost growth expected to remain controlled.	▪ Improved credit quality trends, stable repayments, and normalization in credit card balances indicate healthy collection efficiency and a controlled credit risk outlook.
IndusInd Bank	▪ IIB aims to align credit growth broadly with industry levels in FY27, with industry credit growth expected at 13-14%. ▪ Management aims to improve RoA to 1% by the end of FY27, led by NIM, improvement in fee income, and optimization of the balance sheet. ▪ Credit costs would decline, aided by a reduction in MFI share, tighter underwriting, and an improving portfolio mix. ▪ The focus on the mid-market segment is increasing; wholesale growth will be driven more by the mid-market, while large corporate exposure has seen some dip. ▪ Liability-side repricing is largely complete, though CASA franchise improvement is still underway. An improvement in CASA mix should support a reduction in deposit costs going forward.	▪ Slippages remain elevated, but incremental stress formation is moderating, indicating early signs of asset quality stabilization. ▪ Collection efficiency in MFI is expected to normalize, with tighter underwriting, improved borrower profile, and increased CGFMU coverage (targeting 100%), mitigating risks. ▪ Credit costs are expected to dip going forward, driven by moderating slippages and improving portfolio mix. ▪ No immediate stress is visible due to the West Asia conflict, though a prolonged situation could impact the portfolio with a lag of about two quarters.
Kotak Mahindra	▪ The bank targets an advance growth of 1.5-2.0x system growth, supported by steady traction in SME, retail, and commercial segments. ▪ NIMs are expected to have a downward bias in FY27 owing to pressure on cost of funds, with the bank now offering higher rates on longer maturities. ▪ The bank reduced reliance on high-cost deposits, which includes ~30% reduction in floating-rate SA balances, while focusing on stable granular funding. ▪ Unsecured lending growth will remain gradual and calibrated, with a focus on asset quality and analytics-driven underwriting. ▪ The bank remains well capitalized (CET-1 at 21.5%) and continues investing in technology, SME, and affluent segments to support long-term growth.	▪ Asset quality trends continue to improve, with GNPA declining to 1.2% and credit costs reducing to 39bp, reflecting better portfolio performance. ▪ For FY27, the credit cost trend will depend on improving efficiency in retail, MFI, PL, and credit cards, with continued focus on collections. ▪ KMB highlighted that the transition to ECL would have a limited impact of less than 2% on net worth, with no material effect expected on ongoing credit costs, reinforcing visibility on asset quality. ▪ Retail CV portfolio remains under watch, but management has tightened underwriting and reduced disbursements to control risk. ▪ Overall asset quality across SME, mortgage, and wholesale segments remains robust, with stable slippages and improving recovery trends.
SBI	▪ SBIN maintained its credit growth guidance at 13-15% in FY27, with continued growth expected across corporate, MSME and retail segments. ▪ NIM guidance remains stable at >3% for FY27, with cost of funds expected to remain stable and margins supported by a better-yielding pipeline and retail deposit focus. ▪ The bank aims to maintain RoA at ~1% through cycles, aided by fee income growth, cross-selling, and cost discipline, with a cost-to-income ratio targeted at ~50%. ▪ A strong credit pipeline is expected to drive future loan growth, supported by M&A financing, infrastructure, and green energy lending. ▪ SBI continues to strengthen its liability franchise through retail deposits, digital channels, and CASA growth while maintaining strong capital and liquidity to support growth.	▪ Asset quality continues to improve, with GNPA at 1.49% and NNPA at multi-decade lows, reflecting strong portfolio quality. ▪ Management highlighted that housing loans to individuals working in the Middle East are largely concentrated in Kerala; however, the overall Kerala home loan portfolio is small and does not pose any major concern currently. ▪ The bank remains confident of sustaining healthy asset quality, with credit cost guidance maintained at 50bp. ▪ Asset quality across corporate, SME, retail, and agriculture segments remains stable, with no major stress buildup indicated. ▪ Improving asset quality trends and conservative credit monitoring indicate strong collection efficiency and a stable credit cost outlook going forward.

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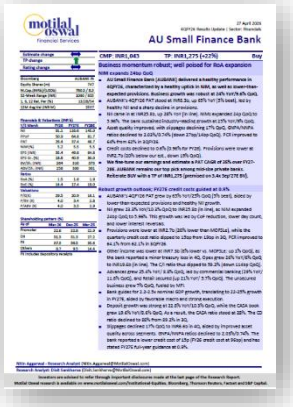


AU Small Finance Bank — Buy

Current Price INR 970

Opening Remarks

- Ongoing geopolitical tensions in West Asia continue to disrupt supply chains, leading to volatility in yields and currency toward the end of the quarter.
- Deposit growth remained strong at 10% QoQ, while loans grew 8% QoQ—both outperforming system growth.
- The unsecured portfolio has seen a turnaround, registering 1% QoQ growth.
- NIMs expanded by 26bp QoQ in 4Q, aided by a favourable day count impact.
- Asset quality improved, driven by normalization in the unsecured segment.


AU Small Finance Bank

- Credit costs declined, supported by a recovery in unsecured portfolios and a seasonal improvement in secured assets.
- On the universal banking transition, the NOFHC structure has been amended, and the bank has filed its final application, currently awaiting approval.
- The bank is increasingly embedding AI into its operations to enhance customer experience.
- The Wheels business operates on the Salesforce platform, while liability account opening is now fully STP-enabled.
- Integration and migration of Fincare into AU have been completed.
- CASA deposits grew 9% QoQ, with the CASA ratio stable at 28%. The focus remains on improving the granularity, stability, and cost efficiency of deposits.
- New CASA acquisition rose 62% YoY, reinforcing liability franchise strengthening as a key priority.
- Within wholesale deposits, the bank is focusing on non-callable deposits to enhance liability stability.
- LCR remains comfortable and stable at 118%.
- Retail secured business distribution has doubled over the past two years.
- The bank has created a dedicated renewable energy segment within commercial banking, reflecting strategic focus.
- In microfinance, ~92% of the portfolio is covered under CGFMU.
- Credit cards are expected to see gradual growth going forward.
- NII grew 10% QoQ and 24% YoY.
- Operating expenses rose 6% QoQ, in line with higher business volumes.
- Provisions declined due to normalization in unsecured portfolios and seasonal recoveries in secured segments.
- Overall, the bank continues to target sustainable growth of ~2–2.5x India's GDP growth.

Advances and Deposits

- Bank aims to strengthen its liability franchise by making it more retail-focused, granular, and sustainable. It expects to increase its visibility in the liability segment going forward.
- Liability mobilization is a continuous, day-to-day activity. The bank reviews progress monthly through ALCO and accordingly decides target segments and growth intensity.
- In housing finance, particularly affordable housing, the bank remains disciplined and avoids aggressive pricing. It actively balances risk and return.
- The bank aspires to grow at ~2-2.5x nominal GDP. While some geographies may outperform and others lag, the focus is now on overall growth rather than dependence on any single product or region. The strategic goal is to evolve into a pan-India franchise rather than a geography-specific one.
- CASA stands at 28%, while stable deposits (CASA + Retail TD + Non-callable Bulk TD) account for 79% of total deposits.

Yields, Costs, and Margins

- The bank has recently increased deposit rates as part of its long-term strategy to strengthen deposit mobilization. It believes the CoF has largely bottomed out.
- NIMs were impacted by ~7bp due to lower day count and ~6bp due to lower slippages and tax refunds.

- Bank continues to invest heavily in technology to build its pan-India franchise. Technology is enabling scale expansion, and the bank is focusing on AI-led efficiencies through new products (e.g., gold loans). However, the impact of AI on the cost-to-income ratio will become clearer over the next year.
- CoF has likely bottomed out, supported by recent increases in deposit rates.
- Over the long term, the bank targets CoF to align closely with prevailing repo rates at that time, especially as it transitions into a mature universal bank.

Asset Quality

- The bank created a contingency provision of INR210m as part of normal business operations, based on internal risk assessment.
- Stress in credit cards and unsecured lending is stabilizing. The impact of ECL guidelines remains uncertain at this stage, but the bank maintains a prudent provisioning policy with adequate PCR, which provides comfort during stress periods.
- Increase in PCR is a function of accounting policy, and the bank views PCR as an outcome of its provisioning framework.

Credit Costs (Provisions)

- 4Q is typically a seasonal quarter, and the reported credit costs should not be extrapolated for FY27E. The bank targets credit costs of ~90bp for FY27E.
- Under ECL, LGD in retail assets is already low. In MFI, ~92% exposure is covered under CGFMU.

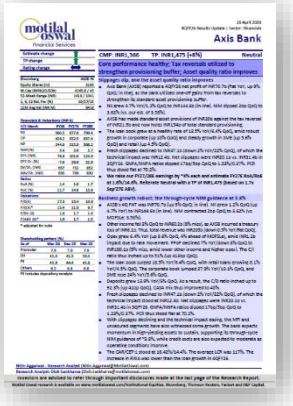
RoA

- The 1.8% RoA reported in 4QFY26 is partly seasonal. The bank aims to sustain ~1.8% RoA in FY27E. Key levers include improvement in the opex-to-assets ratio and moderation in credit costs, which are expected to be lower on a full-year basis.

AXIS BANK

Click below for Detailed Concall Transcript & Results Update





Axis Bank — Neutral

Current Price INR 1,255

Opening Remarks by the Management Team

- The bank delivered a strong performance during the quarter, aligned with overall GDP growth trends.
- Credit growth momentum from the previous quarter has been sustained, with continued evolution in the wholesale banking segment.
- Deposit growth continues to outpace system-level growth.
- CASA grew 7% QoQ, leading to a 17bp improvement in CASA ratio, with ongoing efforts to enhance deposit quality.
- Newly acquired customers are maintaining higher account balances.
- The ETB (existing-to-bank) book grew 18% QoQ, supported by increased wallet share.
- The bank added 400 branches during the year.
- Continued investments in an AI-led customer franchise (AXIOM) are strengthening its customer-centric approach.

Accounting & Provisions

- Following the acquisition of Citi India's consumer business, an intangible asset of INR84b was retained and fully amortized prudently, without creating a DTA earlier.
- Tax depreciation on this intangible has now been allowed, leading to:

- Reversal of excess tax provisions of INR11.29b (prior years)
- Reduction in current year tax expense by INR2.66b
- Recognition of DTA worth INR7.97b
- The bank created standard asset provisions of INR21b as a precautionary measure amid macro uncertainties.

Profitability & Margins

- NIM declined marginally by 2bp QoQ to 3.62%.
- Cost-to-assets improved by 18bp YoY.
- Net credit cost declined 39bp QoQ to 28bp (excluding technical write-offs).
- Standard asset provisions are not included in capital ratio calculations.
- The bank remains well-capitalized, though it has an opportunistic capital-raising plan in place.
- Yields declined 5bp QoQ; the bank continues to target a through-cycle NIM of ~3.8%.
- Low-yielding RIDF bonds constitute ~0.56% of total assets.
- Trading losses were incurred due to a spike in yields.
- Total cumulative provisions stand at INR154b (~1.26% of loans).

Advances

- Bank grows selective in the wholesale. The growth was in Power, NBFCs, and manufacturing as well. Growth remains quality-led, and management remains watchful of the same.
- From a product mix perspective, the bank expects 70% of retail book and 30% of wholesale. The bank has a 3.8% NIM target and will not shy away from the same.
- The bank is looking strong in retail, bank expects the growth to be strong in retail. The bank looks at 70% of retail and 30% of wholesale.
- RAROC is healthy for the wholesale business. The growth has not come at the compromise of RAROC.
- Growth in disbursements is without losing risk filters on a go-forward basis.

Asset Quality related

- Technical slippages are expected to decline through the year, with no anticipated economic loss from the portfolio.
- Slippage outlook for FY27 remains uncertain due to geopolitical risks (e.g., West Asia crisis).
- AXSB holds identified stressed exposures and has built provisions that can be utilized in case of adverse developments.

Opex and Other Income

- AFS reserves stand at negative INR2.54b on the balance sheet.
- Fee income is expected to improve alongside core business growth and branch expansion.
- Opex saw adjustments:
- The previous quarter included a reversal of employee benefit expenses
- Current quarter includes INR1.2b impact due to rate movements

NIMs

- The repo rate cut of 25bp, and the 61% of the book has been fully repriced. 4Q had the full impact of the repo rate cut. The MCLR and EBLR will be passed on as per their timeliness.

- There was no day count representation in the quarter; the bank was not affected during the quarter.
- AXSB has some legs left in terms of residual repricing.
- The bank maintains a through-cycle NIM of 3.8% and is 15-18 months away from the last rate cut.
- NII growth should be evaluated based on average interest-earning assets rather than period-end balances. The growth was not period-end.

Others

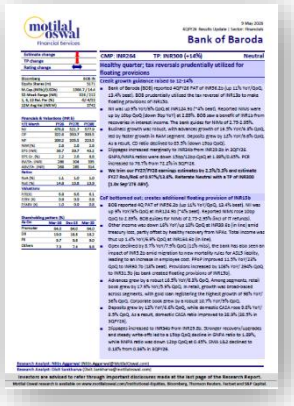
- PSLC purchases are managed at both headline and sub-segment levels, with full compliance maintained.
- AXSB targets an aspirational RoE of ~18%, with retail RoE expected to exceed wholesale RoE.

Bank of Baroda — Neutral

Current Price INR 269

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Opening remarks

- Global business volume crossed INR30t, while domestic advances grew 14% YoY, led by continued focus on the RAM segment.
- Deposits grew by 13% YoY and 7% QoQ.
- 4Q RoA improved to 1.15% from 1.09% in 3QFY26.
- GNPA ratio improved to 1.89% from 2.26% in 4QFY25.
- SMA-1 and SMA-2 stood at 0.18% vs. 0.36% in 3QFY26.
- The bank witnessed strong growth across both the balance sheet and P&L during the quarter.
- The quarter was among the strongest in terms of deposit mobilization, with deposit growth of around 12%.
- NII growth remained positive, with growth in interest income outpacing the increase in interest expenses.
- Higher yields resulted in a lower requirement for AS-15 provisions, in line with trends seen across the banking sector.
- Asset quality remained among the best, while slippages and credit costs stayed broadly within the guided range.

Advances and deposits

- The bank had reduced its dependence on bulk deposits from 23% to 17% a few quarters ago, with the strategy focused on replacing bulk deposits with low-cost deposits.
- The deposit base remains larger than the advances base, and incremental deposits are largely being utilized toward credit growth rather than deployment into SLR investments.
- While evaluating deployment toward bonds vs. home loans, the bank focuses on the overall customer relationship, including cross-selling opportunities and other product offerings, rather than a single-product approach.
- Bulk deposits currently stand at 19%, and the bank intends to optimize this segment depending on liquidity conditions and growth requirements.
- In the overseas business, the trade book is capped at around 20%, in line with the bank's internal approach.
- Under ECLGS, the exposure stands at around INR120b, with working capital loans expected to account for around 55-60% of the sanctioned amount, while utilization is likely to remain below the prescribed 20% limit.
- The Bank will continue to focus on growth in auto loans, with portfolio-level reviews indicating no material risk concerns in the segment.

Cost, margins and yields

- On income tax refunds, management indicated that the contribution could vary from quarter to quarter; however, the bank considers it part of core NII and has accordingly maintained NIM guidance of 2.75-2.95%.
- Cost of deposits has become relatively sticky, though it remains among the lowest in the sector. Management does not expect any meaningful decline from current levels.
- CoF is expected to remain broadly stable over the next three months.
- A key NIM drive going ahead would be improvement in yields on advances.
- Part of the recoveries amounting to around INR1b has been recognized under interest income.
- The bank has factored in estimated interest on income tax refunds while providing guidance.
- The bank is currently not considering any increase in term deposit rates and also does not expect further reduction from current levels. Any upward movement in rates would depend on system liquidity conditions.

Other Income and Opex

- The one-time impact from AS-15 provisions stood at INR5.2b, which was fully absorbed during the quarter. The recurring impact is expected to remain negligible going forward.

Miscellaneous

- The bank has created floating provisions primarily to strengthen the balance sheet and not solely to meet ECL-related requirements. Management remains focused on maintaining adequate provision buffers to support balance sheet strength.
- LCR stood at 127% as of March-end.
- Domestic SLR investments stood at around INR3t, representing 17% of NDTL, while the total SLR book stood at 22%. The bank continues to actively manage treasury investments based on market conditions. Excess SLR holdings provide liquidity support and aid in maintaining LCR requirements. The bank intends to maintain around 3% excess SLR as a safety buffer.
- The bank has a capital raising plan of around INR85b.
- BOB made PLI-related provisions of around INR5b during the year.

ECL & credit cost

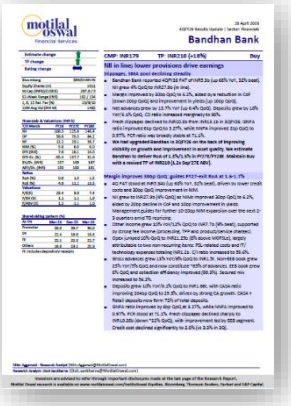
- On ECL implementation, management maintained its earlier guidance and indicated that the normalized increase in credit cost could be around 18bp.
- Management highlighted that it is difficult to precisely quantify the impact of ECL guidelines, though the overall effect is expected to be broadly similar to earlier regulatory transitions.

Guidance

- The bank has raised its credit growth guidance to 12-14% from 11-13% earlier.
- Deposit growth guidance has been maintained at 9-11%.
- NIM guidance stands at 2.75-2.95%.
- The bank expects RoA to remain above 1%.

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Bandhan Bank — Buy

Current Price INR 208

Opening remarks by management

- The quarter marked improvement across many key parameters, reflecting strengthening fundamentals. The bank saw encouraging momentum built through disciplined execution and a sharp focus on balance sheet quality.
- Gross advances grew 13% YoY to INR 1.5t; deposits scaled up to INR 1.7t (10% YoY growth), supported by strong retail deposit traction.
- The secured book grew 25% YoY and now forms ~56% of total advances - the bank's targeted portfolio mix of ~58% secured was achieved nearly a year ahead of plan.
- Retail deposits (CASA + Retail TD) grew 18% YoY and now account for ~74% of total deposits; bulk deposits declined 7% YoY and their share fell to ~26% from 31% a year ago.
- NIMs improved sequentially to 6.2%, supported by a ~23bp QoQ reduction in deposit costs and a 14bp improvement in advances yield.
- Asset quality trends were constructive – slippages declined sharply on a sequential basis, and early delinquency indicators in the EEB book improved meaningfully.
- 4Q PAT stood at INR5.3b, up 68% YoY and 159% QoQ, with ROA improving to 1.1% for the quarter.
- The board recommended a dividend of INR1.50 per share, subject to shareholder approval at the AGM.
- Operating expenses were elevated during the quarter due to non-recurring items (PSL costs and IT expenditure); management remains focused on tighter cost discipline and improving operating leverage.

Opex and other income

- Operating expenses in 4Q came in at INR21.3b, up 10% QoQ, largely attributable to two non-recurring items: PSL-related costs and technology/IT expenditure totaling ~INR1.2b. On a full-year basis, opex growth was contained at 9% YoY.
- Opex-to-average assets ratio rose to 4.4% for the quarter due to non-recurring items; for the full year FY26, the ratio was within the guided ~4% level.
- Non-interest income grew 10% YoY and 12% QoQ to INR7.7b. Third-party product distribution income surged 34% YoY, reflecting improved branch-level penetration and stronger cross-selling execution. Processing fee income also rebounded on higher disbursement volumes.
- PSL certificate costs were ~INR600m in 4Q. Management expects these costs to reduce by ~50% in FY27 vs. FY26, and gradually neutralize thereafter, as the proportion of EEB loans qualifying for PSL has already improved from 10-15% to ~40% and is targeted to reach 60-65%.
- Cost-to-income ratio was 59.6% in 4Q.

Loans and deposits

- Total deposits grew 10% YoY and 6% QoQ to INR1.7t. Growth was consciously moderated as the bank focused on strengthening retail-led deposits without tapping incremental bulk funding.

- CASA deposits rose to INR487.5b; the CASA ratio improved to 29.3%, up 200bp QoQ, driven largely by a sharp pickup in current account balances. Savings balances moved up 7% during the quarter.
- ~89% of bulk deposits are non-callable in nature, providing meaningful visibility and stability to the funding profile.
- Gross advances grew 13% YoY and 6% QoQ to INR1.5t. Excluding EEB, the non-EEB book grew ~25% YoY and now represents ~62% of total advances.
- The EEB book stood at INR539.1b, lower YoY (an industry-wide phenomenon) but up significantly by 8% QoQ. Collection efficiency was 99.3% vs. 98.2% in 3QFY26.
- Advances mix: EEB Group (incl. SBAL) - 35%, Housing - ~22%, Wholesale Banking - ~31%, Retail - ~10%, IBPC - ~1%. No single segment dominates the book.
- Retail book (ex-housing) grew 46% YoY, driven by secured products - commercial vehicles, construction equipment, auto loans, and gold loans. Wholesale banking grew 33% YoY.
- The vehicle finance portfolio stood at ~INR56b, comprising commercial vehicles (~INR30b), construction equipment (~INR17b), car loans (~INR18b), and two-wheelers (~INR9b). ~20% of vehicle finance volume is sourced from existing branch customers.
- Loan growth guidance for FY27 is ~14-15%. Deposit growth is targeted to remain broadly in line with or ahead of advances growth.

Yields and margins

- 4Q NIM was 6.2%, up 30bp QoQ, driven by a ~23bp QoQ reduction in deposit costs and 14bp improvement in advances yield. Lower slippages also contributed through reduced interest reversals.
- The improvement in advances yield was partly aided by the 3Q NPA sale to ARC, which removed a portion of the NPA book that was suppressing reported yields.
- Full-year FY26 NIM was 6.1%, with the YoY decline attributable to continued expansion of the secured book (which carries lower yields) and the impact of repo rate cuts.
- Management expects a further 10-20bp NIM improvement over the next 2-3 quarters, as term deposits continue to reprice lower on renewal. The exit FY27 NIM guidance is ~6.5% on earning assets (~6% on total assets).
- 4Q LCR was ~131% (periodic); average LCR ranged around 130-148% during the quarter. The reduction in bulk deposits has helped to reduce LCR volatility.

Asset quality

- Gross NPA remained stable at 3.3%; Net NPA improved to 1.0% (from 1.3% YoY).
- Gross slippages declined sharply to INR10.3b from INR13b in 3QFY26. EEB slippages fell to INR6.9b from INR9.4b in 3Q, the key driver of overall improvement.
- Overall collection efficiency (excl. NPA) improved to 98.9% in Mar'26 from 98.1% in Dec'25. On an ex-bucket basis, collection efficiency was 99.6% for the quarter and 99.7% for March.
- The 0-90 DPD pool in EEB declined to ~3% of advances from 4.6% in 3Q, with the sharpest improvement seen in the zero-DPD bucket.
- Credit cost moderated to 2.0% from 3.3% in 3Q; full-year FY26 credit cost was 3.0%.

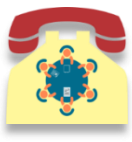
- PCR stood at 71.1%; PCR including security receipts at 74.2%; PCR including technical write-offs at 84.9%. The bank accelerates provisioning to near 100% at 180 DPD for the EEB portfolio.
- Standard asset provisions for EEB/MFI are maintained at 1% (75bp higher than the regulatory requirement); for personal loans/ABG, provisions are at ~0.4%, in line with requirements. Total standard asset provisions on the EEB portfolio stand at ~INR10.7b.
- Management expects slippages to hold at current levels or improve marginally; external risks from geopolitical tensions are being monitored. No adverse impact on Apr'26 collections so far.

Others

- Capital adequacy ratio stood at 18% (including profits); Tier 1 capital at 17.3%, well above the regulatory requirement of 11.5%.
- ROA guidance: Management reiterated an exit FY27 ROA target of 1.6-1.7% (give or take 10bp), underpinned by further credit cost reduction, NIM expansion, higher other income, and lower PSL costs. Sequential improvement is expected from the current 1.1% level.
- ECL transition impact is estimated at ~INR 12.5b (based on Dec'25 portfolio), to be spread over five years (~INR2.5b/year), resulting in a ~16-17bp per year impact on CRAR. The final assessment is underway following the revised RBI ECL circular issued on April 27, 2026. The bank is evaluating the option of passing the impact through retained earnings/capital reserves as permitted.
- Branch network expanded to 1,955 branches across 35 states and UTs, with 4,400 EEB banking units and 438 ATMs. Total employee count as of Mar'26 stood at 75,397.
- Total customer base stood at 31.8 million; 98% of retail transactions are digital; 93% of savings accounts are opened digitally.
- Management clarified that media reports about promoter-level shareholding changes are "all rumors" and will not affect the bank's shareholding pattern.

केनरा बैंक
Canara Bank

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Canara Bank — Buy

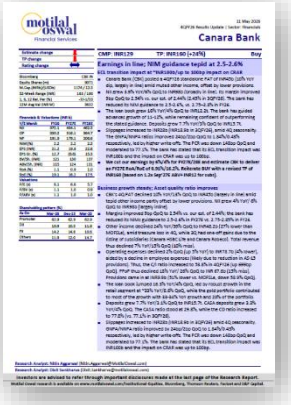
Current Price INR 132

Opening Remarks

- GNPA declined by 110bp YoY, while NNPA improved by 27bp YoY.
- The bank has announced a dividend of INR4.2 per share.
- Advances growth was primarily driven by the RAM segment, with retail credit increasing by ~32%, housing loans growing 17.55%, and MSME advances rising 12.85%.
- Slippage ratio stood at 0.69%.
- Profitability in the previous quarter was aided by gains from Canara HSBC and Canara Robeco, resulting in a stronger earnings performance.

Advances, Deposits related

- The bank has guided for credit growth of 11-12%, although management remains confident of surpassing the stated guidance.
- Gold loans now constitute nearly 20% of the overall loan book. The gold loan portfolio stands at INR2.45t, comprising INR1.54t in agri gold loans and INR0.91t in non-agri gold loans. Given its strong branch presence in South India, the bank expects healthy momentum to continue.



- Growth in non-agri gold loans is largely offset through retail gold loans, with combined growth remaining aligned with RBI norms. Gold loans are currently growing at 33-34% and are expected to maintain a healthy trajectory.
- The bank remains focused on maintaining prudent LTV levels and adhering to regulatory guidelines, with lending rates monitored closely and LTV remaining below 70%.
- The complete gold loan book undergoes reassessment every quarter, supported by adequate checks and controls, resulting in minimal NPAs.
- Agri loans are linked to MCLR, whereas retail loans are largely repo-linked.
- CASA growth was impacted due to four large accounts.
- The targeted loan mix remains 60% RAM and 40% corporate.
- The corporate pipeline stands at INR200b, while undisbursed corporate sanctions are also at INR200b.

Yields and Margins

- NIM improved by 9bp QoQ, with both NIM and NII performance outpacing peers.
- On PSLC income, the bank remains confident of maintaining a positive position and expects continued benefit from PSLC gains.
- The 9bp QoQ improvement in NIM was supported by healthy credit growth, a focus on higher-yielding assets, and cautious management of bulk deposits. Accordingly, the bank has guided for NIM in the range of 2.5-2.6%.
- Term deposit rates were increased in Dec'25 to strengthen retail deposit mobilization over bulk deposits, which also supported margin expansion.
- Interest income from TWO recoveries stood at INR3.5-4b during the quarter, while annual TWO recoveries were at INR15-16b.
- The bank reiterated confidence in exceeding its loan growth guidance.
- Nearly 50% of the loan book is repo-linked, leading to a 5bp decline in portfolio yields.

Other Income & Opex

- The bank reported an MTM loss of INR8b during the quarter.
- TWO recoveries generally remain at INR15-16b annually.
- PSLC income is expected to remain broadly stable at around INR30b.
- A large-ticket recovery should support recoveries in 1QFY27.

Asset Quality

- Slippages were broadly in line with the 4Q of the previous year. March branch audits and MOC-related adjustments impacted reported slippages in 4Q.
- Slippages and SMA levels remain among the best in the industry, placing the bank favorably versus peers on asset quality. Management indicated no material impact from the ongoing war situation so far.
- The SMA book stood at INR110b for SMA-0; INR130b for SMA-1; INR97.3b for SMA-2, and total SMA at INR337b.
- Standard asset provisions were at INR40b.
- The bank has three large stressed accounts with adequate provisioning in place, while additionally making prudent provisions of INR18.9b.
- Provisions saw a release of INR3.07b under the RBI's large borrower framework.
- Reduction in balances due to provision write-backs also contributed to negative provisions during 4Q.

- Total slippages stood at INR27.71b, of which SME accounted for INR13.33b, Agri stood at INR8.86b, gold at INR0.41b, and retail at INR4.31b.

ECL related

- SMA ratio stood at 2.75%, among the lowest in the industry, with the absolute SMA book continuing to decline.
- Under ECL norms, Stage 1 and Stage 3 provisioning remain aligned with IRAC guidelines, while Stage 2 provisioning has been revised from 0.5% to 5%. Total ECL requirement is estimated at INR100b.
- The bank is well-positioned to absorb the ECL impact, with the maximum estimated capital impact limited to ~100bp of capital ratios.
- On a steady-state basis, SMA levels and credit costs continue to moderate, while slippage trends are expected to remain stable. Credit costs are likely to stay at similar levels despite the implementation of ECL guidelines.
- If required, the bank may consider capital raising and will communicate any such requirement in due course.

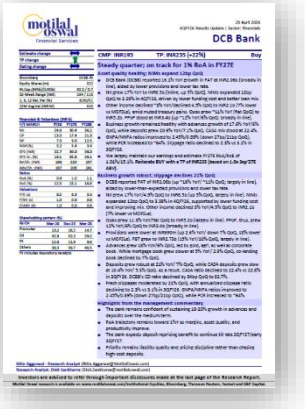
Miscellaneous

- LCR stood at 118% during the quarter, comfortably above regulatory requirements.
- The bank does not foresee any stake dilution in Canara HSBC Life or Canara Robeco.

DCB BANK

Click below for Detailed Concall Transcript & Results Update





DCB Bank — Buy

Current Price INR 175

Opening Remarks

- Deposits grew 21% YoY and 7% QoQ, while advances grew 18% YoY and 6% QoQ in 4QFY26. Management reiterated focus on ensuring deposit growth outpaces advances growth.
- Profit after tax stood at INR2.0b, the highest-ever quarterly profit and third consecutive quarter of record earnings.
- NIM expanded 12bp QoQ to 3.39%, the highest in seven quarters, driven by lower funding cost and better mix.
- Operating jaws remained positive with income growth of 16% YoY and opex growth of 11%.
- RoA stood at 0.97% and RoE at 13.53%; full-year RoA/RoE stood at 0.89%/12.72%.
- Cost-to-average assets stood at 2.4% in 4QFY26 vs 2.5% for FY26 despite the wage code impact.
- Management remains cautious on liquidity and continues to maintain excess a liquidity buffers.

Advances and deposits related

- The bank expects deposit repricing benefit to continue till late 2QFY27/early 3QFY27.
- Retail term deposits remain the key funding lever; current account growth remains the biggest priority area.
- Bulk deposits are being used selectively as liquidity buffer, with a focus on balancing granularity, tenor, and RoI.
- Top-20 deposit cost has moderated further, and management sees improved competitiveness versus peers.

- Mortgage growth in 4Q annualized implies ~16% run rate; management indicated a turnaround in the mortgage business after a strategic reset.
- The shift from DSA-led sourcing to branch-led sourcing in mortgages is progressing well, improving asset quality.
- Mortgage quarterly growth of 3.8% was largely branch-banking driven.
- The bank reiterated that mortgage growth can move toward 18%+ in the medium term.
- Co-lending book declined in absolute terms between 3Q and 4Q, and is now ~15% of advances.
- Gold co-lending transition to CLM-1 model is complete; normal growth has resumed.
- SME/business loan momentum is expected to improve from FY27 as new sourcing channels scale up.
- The bank indicated a high probability of crossing 500 branches during FY27.
- Employee count is likely to rise toward ~13,000 over time from current levels to support growth.

Income and cost related

- Fee income at INR1.98b was the highest ever, led by trade finance, TPP distribution, and processing fees.
- Core fee income remains healthy and repeatable; treasury gains were nil in 4Q.
- Fee income continues to be more liability-linked than loan-linked.
- Wage code impact for full year was INR732m; 4Q impact was limited.
- Cost discipline remains a focus despite planned investments in branches and manpower.

Yield and margins

- NIM expanded to 3.39% vs 3.27% in 3QFY26, aided by lower deposit cost and better loan mix.
- Cost of deposits declined to 6.84%; further moderation expected over the next few quarters.
- The mix's shift away from low-yield co-lending book toward higher-yield core assets supported margins.
- Lower funding costs are expected to offset part of repo transmission impact.
- Priority remains liability quality and pricing discipline rather than chasing high-cost deposits.

Asset quality

- Gross NPA ratio improved to 2.45%; NNPA declined to 0.89%, both at seven-year lows.
- Credit cost stood at 0.37% for FY26 vs prior guidance of 45-55bp.
- Slippage ratio improved to 2.28% from 3.08% in 3QFY26.
- Gold loan slippages were elevated (~5.3%) but operationally manageable due to the collateral nature.
- Ex-gold portfolio slippage ratio remains materially lower.
- Management expects portfolio quality to remain stable and remains focused on keeping NNPA below 1%.

Guidance

- The bank remains confident of sustaining 18-20% growth in advances and deposits over the medium term.
- Internal target remains to double the balance sheet every 3-4 years.

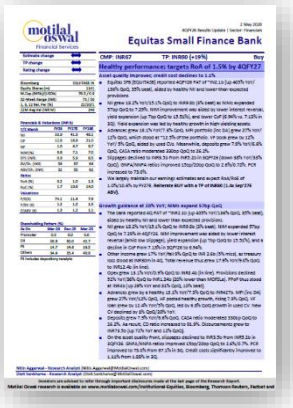
- RoA trajectory remains toward 1%+ as margins, asset quality, and productivity improve.
- Capital raise enabling resolution has been taken proactively; actual timing will depend on growth pace and valuation.
- Management suggested capital may be considered over the next 2-4 quarters if growth sustains at the current pace.
- Current account growth, mortgage acceleration, and SME scaling are key operating priorities for FY27.

Equitas Small Finance Bank — Buy

Current Price INR 71

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Opening remarks

- 4Q was a strong quarter, supported by healthy business growth, improved asset quality, and robust PAT.
- NIMs expanded, driven by a decline in CoF and lower slippages, marking the second consecutive quarter of improvement.
- The MFI portfolio is expected to be maintained at ~10% of the overall book.
- Income levels are likely to remain at the higher end.
- Increase in TD and SA rates across banks is expected to push up CoF.
- Credit cost is guided at ~1.1%.
- The bank targets RoA of ~1.5% by 4QFY27.

West Asia War -

- The immediate impact of the West Asia conflict on customers remains limited.
- In CVs, freight rate adjustments may lag, potentially impacting borrowers.
- The bank may adopt a tighter stance on credit costs, with a continued focus on asset quality over growth.
- The bank continues to focus on building a granular deposit franchise and remains well-positioned to do so.
- Capital strategy (CRAR) includes a greater focus on lower RWA assets.
- MFI collection efficiency is normalizing, supporting a positive outlook.
- The bank reported its highest-ever quarterly performance, with RoA at 1.46%.
- GNPA declined 13bp QoQ to 2.49% (vs. 2.62% in 3Q).
- Credit cost moderated to 1.1%, with a healthy PCR of 73%.
- Gross advances grew 22% YoY/7% QoQ, led by strong disbursements (highest-ever quarterly disbursement).
- SBL grew 13% YoY; secured BL grew 26% YoY; VF remained focused on used CVs (up 25% YoY), while new CV declined 20% YoY.
- The SA proposition has been strengthened through new launches - Artha (HNIs), Elite Lite (mass affluent), and EPIC (non-resident HNIs).
- CA has been segmented into three categories, with a renewed asset-led approach and focus on Elite and HNI segments to drive inward and outward remittances.

Advances and deposits

- SA balances declined, particularly in the INR0.5-1.0m and INR1.0-1.5m segments; rates have been increased to address this.
- Bulk deposits have been ramped up, presenting an opportunity in both bulk and non-callable segments, with further growth expected.
- SBL growth stands at 13% and has the potential to scale up to ~20% YoY.

- ATS in SBL has increased, with recalibration toward business loans based on opportunity.
- The gold loan portfolio is witnessing strong traction. The bank has leveraged data mining to target customers borrowing gold loans externally, supported by campaigns and branch-led sourcing. Gold loan OD remains <5% and can aid CA acquisition. Current yields are ~14% and are expected to improve with branch expansion.

Yields, cost of funds, margins and operating expenses

- Net slippages were at their lowest in 4Q, leading to lower income reversals; reversals may increase in 1Q-2Q.
- Higher SA and TD rates are likely to push up CoF; RoA guidance remains ~1.5%.
- Earlier NIM pressure due to declining MFI mix has stabilized, with MFI now at ~10% of the book—suggesting NIMs have bottomed out.
- NIMs are expected to remain stable at ~7-7.5%, despite a reduction in CD ratio and rising CoF.
- The INR0.5-1m SA segment forms ~13% of the book; the bank is targeting this segment to drive HNI and elite customer acquisition.
- Deposit rates will remain linked to market dynamics and RBI policy changes; some banks have already repriced deposits in recent months amid stronger deposit growth vs. credit growth.
- A one-off impact of ~INR270m supported NIMs this quarter due to interest reversal.

Asset quality

- Diesel price hike by up to 10% is manageable, beyond which it becomes a key risk.
- No visible stress has emerged in the micro-LAP or microfinance portfolios due to global developments so far.
- Provisioning of 4Q includes: MFI - INR5.88b; Micro LAP - INR0.42b.
- The bank utilized ~INR300m of provisions in 4Q and retains ~INR400m as buffer.
- Credit cost is expected to normalize to ~1.5% (vs. 1.1% in 4Q).
- PCR target remains ~70%.
- CGTMSE coverage applies to MSE loans (non-collateralized), with a large portion of the CV portfolio also covered.

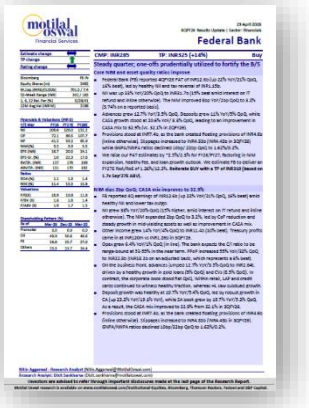
Others:

- The bank has rationalized employee costs by reducing support roles and merging functions across two business segments.
- A provision reversal of ~INR400m was recorded in 4Q.
- The bank is considering raising Tier-2 capital; depending on requirements, Tier-1 capital may also be raised by 4QFY27 or 1QFY28.
- Focus on LCR-friendly deposits has helped to maintain a healthy LCR.

Guidance and outlook:

- Increase in TD and SA rates is expected to drive up CoF.
- Credit cost guidance remains ~1.1%.
- Target RoA of ~1.5% by 4QFY27.
- MFI mix to be maintained at ~10% of the loan book.
- Loan growth is expected to remain strong at ~20% YoY.

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Results Update



Federal Bank — Buy

Current Price INR 301

Opening Remarks

- The macro environment in 4Q remained healthy, with growth sustaining and inflation largely in line; food inflation was contained in March.
- Full transmission of inflation is expected toward the latter part of 1Q, while India's macro outlook continues to remain stable.
- The bank has been focusing on improving execution and aligning with long-term strategic priorities.
- 4Q performance reflects the bank's steady long-term trajectory.
- CASA deposits crossed INR1 trillion, alongside a conscious reduction in high-value deposits.
- The NRI franchise continues to be a key differentiator, with NRI deposits also surpassing INR1 trillion.
- Growth remained broad-based with a sharper focus on risk-adjusted returns.
- Fee income strength reflects improved cross-selling and a diversified revenue mix.
- RoA has returned to pre-rate cut levels, supported by margin expansion.
- Branches are undergoing a transition toward a refreshed and modernized format.
- Overall, the business grew 4.6% QoQ and 12% YoY, while CASA balances increased 8.3% QoQ.
- CASA ratio improved by 87bps QoQ to 32.9%.
- Gold loan portfolio grew strongly (26% YoY, 9% QoQ), with selective downsizing in line with regulatory requirements.
- Business Banking grew 6% YoY, reflecting a calibrated approach toward better yields, while remaining a priority segment.
- NIM expanded marginally by 2bps QoQ to 3.2%, driven by lower funding costs.
- Fee income remained robust, rising 10.5% QoQ with good diversification.
- Both RoA and NIM have now normalized to pre-rate cut levels.

Loans and Deposits related

- Deposit growth may trail the system, but CASA and retail deposits have outperformed.
- The bank has deliberately reduced wholesale deposits due to higher costs, which should be viewed as a strength rather than a weakness.
- Growth in mid-yield segments remains strong (LAP +8% QoQ, gold loans +9% QoQ), reflecting a focus on profitability.
- Growth momentum has improved across segments, with management remaining confident on the outlook.
- Resident deposits (SA, CA, TD) have grown faster than NRI deposits; remittances from GCC remain strong and are expected to stay resilient barring employment disruptions.
- CASA ratio target is ~36% vs current ~33%, providing headroom for improvement.
- NRI business is largely liability-driven, with limited exposure on the asset side.
- Gold loan portfolio remains aligned with internal targets in terms of mix and growth.

- Gold lending practices factor in both recent price trends (last 30 days) and previous day pricing, with LTVs adjusted conservatively amid volatility.

Yields, Costs, and Margins

- Further scope for deposit repricing remains, likely extending into 1Q and 2QFY27.
- NIM expansion is supported by multiple levers beyond deposit repricing.
- The NIM remained broadly stable YoY (down just 2bps), reinforcing confidence in sustaining margins.
- 4Q margins were also influenced by day-count factors.
- The bank is strengthening its discipline through tools like RAROC-based evaluation.
- C/I ratio stands at ~53%, with no change in guidance.
- The loan mix is improving, with a decline in low-yield assets and a gradual ramp-up of higher-yielding segments.

Other Income & Opex

- Staff costs remain steady, with 4Q reflecting normal business-as-usual expenses.
- Fee income growth is supported by three key drivers, with strong traction in trade and forex.
- Fee income - the cards business continues to perform well, while the wealth segment offers additional upside potential.

Asset Quality

- Floating NPA provisions are aligned with floating standard provisions and can be utilized during the upcoming ECL transition.
- Credit costs in 4Q were not impacted by one-off provisions.
- The bank maintains its credit cost guidance at 50–60bps, factoring in macro uncertainties.
- Transition to ECL may require reassessment of provisioning norms.
- MSME stress has not yet emerged in the current portfolio.
- Floating provisions are primarily linked to ECL preparedness rather than underlying asset quality concerns.

Miscellaneous

- One-off gains included interest on tax refund (~INR4.5bn) and tax reversal (~INR1.15b), along with direct net worth adjustments related to the reversal of excess tax provisions.
- Branch expansion was temporarily slowed as the bank reassessed and rebranded its network; optimization and relocation have now been completed.
- The bank plans to open ~100 branches in the coming year.
- LCR stood at 119% in 4QFY26, within the comfort range of 115–120%.

HDFC BANK

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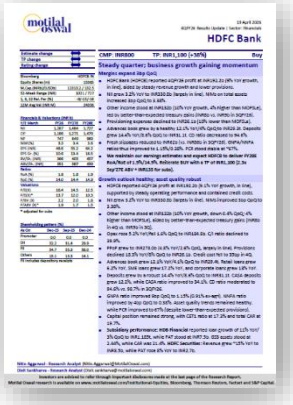


HDFC Bank — Buy

Current Price INR 754

Opening remarks by MD and CEO – Mr. Sashidhar Jagdishan

- Deposit growth at 14.4% continued to outpace credit growth and remained ahead of system growth.
- Faster transmission on asset yields vs. deposits led to a moderation in NIMs, while RoA remained stable at ~1.9%.
- The bank continues to add ~6-8m customers annually, with ~22% of the base aged below 30 years.


HDFC Bank

- Among the top two banks in MSME and mortgage segments.
- Strong capital position (19.7%) and resilient asset quality (1.15%), tested across multiple cycles.

Yields, cost and margins

- The change in borrowings is definitely positive. While the NIM outcome was not perfect as the 125bp repo rate cut was not anticipated. 70% of the book is floating rate, and the transmission does take place. TD growth was 15.5% YoY.
- Deposit repricing (40-50bp) after rate cuts has weighed on NIMs. The rate cut cycle is largely behind, with future direction dependent on geopolitical developments.
- With borrowings coming down, the NIM trajectory is bound to go upward.
- Some repricing of loan yields may happen.
- Cost of funds declined by 40-50bp in the current cycle of rate cuts, with further moderation expected, though competitive pricing pressures persist.

Deposits

- Deposits increased by ~INR2.5t, with over half of the year's deposits garnered in 4Q; accretion was skewed toward Feb-Mar amid improved systemic liquidity.
- Some wholesale deposits were raised in March; however, core retail deposits (including higher ticket sizes) are growing steadily and nearing wholesale levels.
- Strong customer additions and deeper relationships supported deposit mobilization.
- Retail deposits contribute ~80-85% of total; focus remains on granular term deposits. Granularity improved significantly: 74% growth in deposits <INR30m and 47% growth in incremental TDs.
- ~15% of deposits are relatively volatile and typically normalize toward period-end.
- Post-merger integration progress: share of liability accounts from erstwhile HDFC customers has increased from ~37% to ~49.50%.

Loans

- Corporate lending was a key growth driver in 4Q, with the outlook remaining constructive.
- Corporate demand remains healthy and sustainable, with expected traction across renewables, auto, and semiconductors despite near-term geopolitical uncertainties.
- Retail lending saw momentum across vehicle finance, personal loans, and business loans; mortgage demand remained steady. Retail formed ~53-54% of the loan book.
- Loan growth improved from ~5% last year to ~12% this year; outlook remains positive with continued focus on calibrated growth.
- System credit growth was expected at ~10.5-11% and came in better than estimates; the bank will pursue disciplined, risk-adjusted expansion.
- Strong traction across wheels, PL, and mortgages over the past three quarters; mortgage presence spans 7,800+ locations.
- Salary accounts continue to drive cross-selling opportunities. The bank is among the top-two players in mortgages and a leader in auto and retail lending.
- Gold loan portfolio is scaling up well; the bank continues to hold a strong position in MSME lending.

LDR and LCR

- LCR is targeted in the 110-120% range, with the bank operating around the midpoint.

Opex and other income

- Opex growth at ~7% was below loan growth; prior investments should help keep cost growth contained.
- Investment yields softened due to portfolio maturity mix and duration dynamics, alongside geopolitical factors.
- Treasury performance was impacted by FX movements, lower spreads, and unwinding effects.
- Third-party distribution income remained subdued due to modest volumes and unfavorable mix.

Asset quality

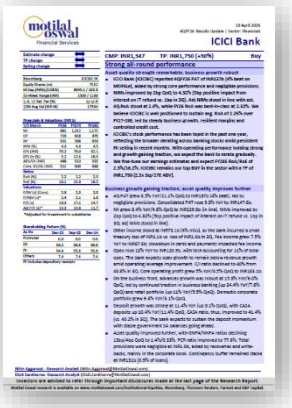
- The bank continues to report industry-leading asset quality, particularly in the mortgage portfolio.

ICICI Bank — Buy

Current Price INR 1,242

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motilal oswal Financial Services

ICICI Bank

CMP: INR1,347 TP: INR1,750 (+30%) Buy

Strong all-round performance

Opening remarks

- The bank continues to drive PBT growth through a comprehensive, 360-degree strategy.
- Loan book grew 15.8% YoY and 6.0% QoQ, with domestic advances up 15.3% YoY and 5.6% QoQ.
- Deposits rose 11.4% YoY and 8.1% QoQ as of Mar'26; average CASA grew 11.3% YoY and 2.7% QoQ.
- NIM improved marginally by 2bp QoQ to 4.32%.
- Provisions include additional buffers as per RBI guidance on PSL loans.
- Interest income from tax refunds contributed ~5bp in 4Q; full-year NIM remained stable YoY at 4.32%.
- Of the total domestic loan book, about 31% has a fixed interest rate, 56% has an interest rate linked to the repo rate and other external benchmarks, and 13% has interest rate linked to MCLR and other older benchmarks.
- CET1 ratio stood at 16.35%, with total capital adequacy at 17.18% after the proposed dividend.
- Technology expenses account for ~11% of total costs.
- Credit cost stood at 38bp in FY26 (adjusted for agri PSL provisions).
- Treasury loss narrowed to INR1.06b vs. INR1.57b in 3QFY26.

Provision

- Lower incremental stress in retail and improving recoveries from written-off accounts supported lower provisioning in 4Q.
- Corporate book remains well-provided for; retail underwriting standards remain stringent.
- Some uptick in personal loan delinquencies was observed but remains manageable.
- Strong corporate recoveries and easing retail credit costs are aiding provision normalization.
- On agri PSL classification, clarity is expected over the next quarter.

Advances and deposits

- Mortgage portfolio, which had been subdued, is now witnessing healthy growth.
- Overall credit growth momentum has strengthened, alongside improving economic conditions.
- No broad-based tightening across segments; monitoring remains selective and calibrated.
- Rural lending growth was driven by strong traction in gold loans.
- Home loan growth is led by higher disbursements rather than lower prepayments.

Deposits

- The bank aims to align deposit growth broadly with loan growth over time.
- CASA ratio remains stable.
- Deposit growth could act as a constraint on loan expansion if not matched adequately.
- Government savings account balances remain in the low-teens, with relatively lower outflows this quarter.

Margins and yields

- Both loan yields and cost of funds are trending lower; further deposit repricing is expected.
- NIMs are expected to remain broadly stable from the current levels.
- Deposit repricing is gradual, typically taking up to one year for full transmission.

Opex

- Opex growth at ~11% is relatively elevated vs. peers, driven by labor code changes and PSL-related costs, but broadly in line with expectations.
- The bank expects opex growth to remain below revenue growth going forward.
- Focus remains on operating leverage, with cost ratios expected to improve over time.

Other income

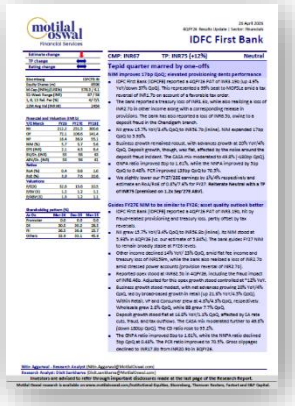
- Strong performance in transaction banking, trade finance, fee income, and demat services.
- Cards and payments business growth remained subdued, impacting fee income.
- Treasury loss of INR1.06b reflects MTM impact on currency swaps/forwards amid RBI curbs.

Subsidiaries

- ICICI Pru Life had VNB of INR26.3b in FY26 vs. INR23.7b in FY25. New business sum assured grew by 21.4% YoY in FY26.
- ICICI Lombard's gross direct premium income (GDPI) grew to INR287.1b in FY26 vs. INR268.3b in FY25. The combined ratio was 101.2% vs. 104.5% in 3Q.
- ICICI Securities' total assets grew by 4.7% YoY to INR7.8t in FY26. It had a market share of 17% in MTF in FY26.
- ICICI Pru AMC's MF QAAUM grew by 25.6% YoY to INR11.1t in FY26. It had a market share of 26.7%/14.2% for equity hybrid/equity schemes as of FY26.

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IDFC First Bank — Neutral

Current Price INR 72

Opening remarks by management

- Loans and advances, including credit substitutes, grew 20% YoY to INR2.9t, with healthy traction across mortgages, vehicle loans, consumer loans, wholesale loans, and business banking. These segments contributed ~87% of incremental growth.
- Total deposits grew 16.8% YoY to INR2.94t, while customer deposits rose 17% YoY to INR2.08t. Sequential growth was modest due to SA rate cuts, fraud-related noise, tight liquidity, advance tax outflows, and West Asia-related disruptions.
- CASA ratio stood at 49.8% on an end-quarter basis, while average CASA improved to 50.4% vs. 50.0% in 3QFY26.
- Credit card base crossed 4.5m cards, while credit card receivables grew 21% YoY. Wealth management AUM rose 23% YoY to INR570b.
- MFI book stabilized at INR66.6b, with 89% insurance cover under CGFMU. MFI disbursements increased 27% QoQ, and management expects the segment to resume growth and contribute positively in FY27.
- Management reiterated that the liability franchise built over the last seven years has structurally lowered the cost of funds from 7.8% at the merger to 6.0% currently, with further operating leverage expected over time.

Opex and Other Income

- Reported PAT stood at INR3.19b, impacted by one-off items including the fraud incident and treasury losses.
- Adjusted for one-offs (fraud impact, treasury loss, and tax refund), normalized PAT stood at INR7.46b, translating into healthy underlying profitability.
- Fraud-related principal charge booked through opex was INR6.46b (post-tax impact ~INR4.8b).
- Treasury losses stood at INR1.59b pre-tax due to hardening bond yields during the quarter.
- The bank also recognized a tax refund of INR1.73b, partly offsetting one-offs.
- Reported opex stood at INR62.49b, including the fraud impact. Adjusted opex was INR56.03b, rising only 0.3% QoQ /12.3% YoY.
- Management guided for 13–14% opex growth in FY27, though Q1FY27 may remain elevated due to branch additions and annual increments.

Loan and deposits

- Deposit growth is expected to normalize from Q1FY27, with management indicating strong momentum already visible in April.
- The bank expects loan growth to remain healthy, with management confident of a continued ~20% growth trajectory.
- Current account remains a focus area, while CASA ratios are expected to remain broadly resilient despite savings rate cuts.
- Deposit growth moderation in 4QFY26 was termed temporary and linked to exceptional factors rather than structural weakness.
- Management indicated comfort in maintaining current CD ratio levels, while continuing to scale both loans and liabilities in tandem.

Yields and Margins

- NII grew 15.7% YoY in Q4, accelerating from 12.0% YoY in Q3. Fee and other income grew 21.3% YoY / 1.7% in QoQ.
- NIM came in at 5.93% in 4QFY26 (vs. guidance of 5.85%), aided partly by day-count convention benefits and lower average investment book.
- Full-year FY26 NIM stood at 5.75%, and management expects margins to remain broadly stable around these levels in FY27.
- Some mix shift towards wholesale banking and secured businesses may be marginally dilutive to margins, but management remains focused on profitability rather than headline NIM.
- Cost of funds declined further to 6.0%, down more than 50bp YoY, reflecting continued liability franchise improvement.

Asset Quality

- Gross NPA improved 8bp QoQ to 1.61%, while Net NPA improved 5bp QoQ to 0.48%.
- Retail, Rural, and MSME GNPA improved to 1.47%, while NNPA improved to 0.56%.
- Gross slippages declined 15% QoQ, while net slippages declined 27% QoQ.
- MFI slippages reduced sharply to INR7.0b from INR9.6b in 3QFY26.
- Collection efficiency ex-MFI improved to 99.6% (vs. 99.5%), while MFI collection efficiency improved to 99.7%, nearing pre-stress levels.
- SMA 1+2 across Retail/Rural/MSME improved 10bp QoQ to 0.78%.
- Credit cost for the quarter stood at 1.63%, improving 42bp QoQ. Ex-MFI credit cost stood at 1.61%.
- Full-year FY26 credit cost stood at 2.13%, though adjusting for unutilized contingency buffers, management indicated an effective credit cost of 2.08%.
- FY27 credit cost guidance was given at 170–180bp, aided by lower MFI stress and potential insurance recoveries.

Others

- Capital adequacy ratio stood at 15.6%, with the CET1 ratio at 13.73% after considering the proposed dividend.
- Average LCR stood at 114% during the quarter.
- Management indicated that fresh capital raise may be required in the future to support growth, though no timeline was specified.
- Management reiterated long-term confidence that the bank's liability drag will steadily reduce over the next few years, enabling meaningful improvement in RoA and RoE.

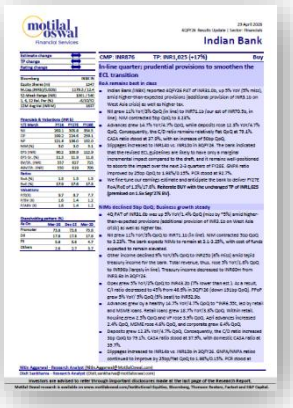
Indian Bank — Buy

Current Price INR 848

Opening Remarks

- Overall performance remained healthy, except for a relatively elevated cost-to-income ratio.
- CASA deposits grew 10.9%, with the CASA ratio improving to 39.7%, in line with guidance.
- The bank continues to remain cautious on bulk deposit mobilization.
- Corporate loan growth stood at 9.2%, while RAM growth was supported by both retail and MSME segments.
- Gold (jewel) loans remain a key strength, registering 28% YoY growth.

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- Other income was impacted primarily due to weaker treasury performance.
- RoA for the quarter stood at 1.28%, largely stable QoQ (down just 1bp).
- Cost-to-income ratio was at 46.0%, with management indicating ongoing corrective measures.
- Provision coverage ratio remains strong at 98.3%.
- Asset quality improved, with GNPA declining to 1.98%.
- The bank made an additional prudent provision of INR3.1b due to geopolitical risks in West Asia.
- Digital adoption across retail and agri segments has reached ~97%.

Advances & Deposits

- Around 50% of the loan book is linked to external benchmarks, while MCLR remains formula-driven.
- Growth strategy will prioritize margins and asset quality over aggressive expansion.
- Gold loans constitute ~16-17% of the loan book; growth is expected to moderate going forward.
- Total gold loan book stands at INR1.27t.
- Bulk deposits and CD ratio account for ~19% of total deposits, which the bank aims to maintain.
- The bank is focusing on mid-corporate lending, where pricing power and yields are relatively better.
- Corporate pipeline remains strong at INR510b, of which INR350b is already sanctioned.
- Key sectors driving pipeline include renewable energy, transmission, and data centers, with expected traction from roads; textiles are currently witnessing some slowdown.
- The bank is comfortable growing slightly below industry levels (~1-2% lower) to maintain prudence.

Yield, Costs, and Margin

- Retail term deposit rates have not seen meaningful reduction and are expected to remain sticky.
- Liquidity coverage ratio (LCR) remains strong at 123% (average 127%), reflecting a conservative liquidity stance.

Other Income and Opex

- The bank executed IBPC transactions of INR60b during 4Q.
- Treasury-related yield movements impacted other income, though the effect was not significant.
- AFS reserves stood at INR4b, while 4Q saw a negative impact of INR2b.
- With rising bond yields, AS-15 related provisions are expected to decline going forward.

Asset Quality

- ECL impact is expected to be slightly higher than earlier draft guidelines, but overall manageable.
- The bank is currently in a benign asset quality phase and expects to absorb ECL impact within 1-3 quarters.
- HTM portfolio will also see some impact under ECL transition.
- While the bank has the capacity to absorb ECL impact within a year, it may choose to stagger recognition.

- Slippages in the quarter were seasonal, driven by MOC adjustments (~INR4b vs ~INR5b in 4QFY25).
- Two government-linked accounts are no longer in SMA-2; one has moved to SMA-1.
- No significant asset quality stress was observed due to tariff changes or geopolitical developments.
- Total SMA book stands at INR310b (SMA-0: INR160b, SMA-1: INR90b, SMA-2: INR60b).
- Additional provisions of INR3.1b are over and above the regular NPA provisioning.

Guidance for FY27

- Deposit growth guidance: 9-11%; advances growth: 11-13%.
- CASA ratio target maintained at ~40%.
- CD ratio guided at ~80%.
- NIM guidance at 3.1-3.25%, with cost of funds expected to remain elevated.
- Credit cost and slippage ratio expected to remain below 1%.
- Recovery guidance at INR45-55b, with AUC recovery at INR12-15b.
- GNPA expected at 1.5-1.6%, NNPA at 0.15-0.2%.
- RoA guidance at 1.2-1.3%.
- The bank remains cautious on treasury performance and recovery outlook for FY27.

IndusInd Bank — Neutral

Current Price INR 899

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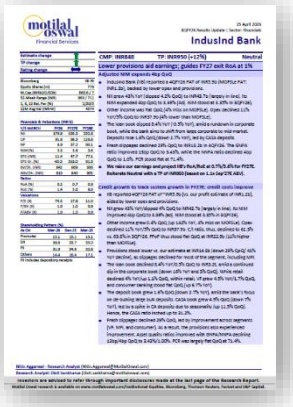


Opening Remarks

- Economic momentum remains strong, though the West Asia conflict poses some risks.
- Net slippages declined 37% QoQ, resulting in lower provisions in 4Q.
- Leadership transition is largely complete, with most key positions now filled.

Retail

- Gold loan disbursements have more than tripled, with momentum continuing.
- The bank remains cautious in unsecured retail; the personal loan book declined 2% QoQ, and credit cards fell 5% QoQ.



MFI business

- Around 57% of the portfolio is covered under the CGTMSE scheme, including 4Q disbursements.
- The bank continues to build a diversified rural portfolio.

SME Banking

- The SME segment is being strengthened further.
- The bank remains cautious due to the West Asia situation, though no material risks are currently visible.

Vehicle segment

- The VF book saw improvement in asset quality metrics.
- Performance improved across all VF categories.
- Slippages declined and are among the lowest in recent quarters, with broad-based asset quality improvement.
- The bank remains watchful of potential risks from the West Asia situation.

Corporate

- Wholesale segment growth has been strong.
- Transaction banking contributes ~66% of fee income within the corporate segment.

Liabilities

- Both average and period-end deposits registered healthy growth.
- Retail deposits remained strong, with an improved share in average deposits.
- Cost of deposits stood at 6.47% (down 2bp QoQ).
- LCR remains healthy at 118%.

Loans related

- The bank aims to align credit growth broadly with industry levels in FY27E.
- Industry credit growth is expected at ~13–14%.
- The loan mix remains balanced at 50:50 between retail and wholesale, with a shift from large corporates to mid-market and SME segments.
- Growth is picking up in traditional retail products such as home and gold loans.
- The focus on the mid-market segment is increasing; wholesale growth will be driven more by mid-market, while large corporate exposure has seen some decline.
- The bank remains optimistic on merchant loans and expects stronger growth in this segment.
- Overall, the bank is returning to a growth trajectory closer to system growth.
- Credit growth may remain slightly subdued in the near term due to macro uncertainties, including the West Asia conflict.

Deposits

- Average CASA growth was largely flat QoQ. Retail book has been growing, but the bank has seen some de-growth in the wholesale.
- Liability-side repricing is largely complete, though CASA franchise improvement is still underway.
- Improvement in CASA mix should support a reduction in deposit costs going forward.
- Deposits rate vs large peers, the bank is already paying a premium and will see how these things play out in the future.

Margins, yields, costs, and RoA

- Bank looks at RoA improvement to 1% led by NIMs, improvement in fee income, and also optimization in the balance sheet.
- Bank expects 1% of RoA by the end of FY27E.
- There is no one-off in NIMs in 4Q.
- Cost of deposits declined 2bp QoQ, while overall cost of funds fell 12bp QoQ, largely due to balance sheet actions.

Other Income and Opex

- AFS reserve stood at around negative INR500m.
- The bank looks at fee income as an opportunity to work in the same.
- The bank can do more on the sale of insurance and MFs, and there is work on the transaction banking business. Thus, the bank expects better fee income going ahead.

Asset Quality related

- Asset quality improvement was primarily led by the vehicle finance segment.

- Improvement is broad-based across segments, including MFI, VF, and consumer lending.
- No immediate stress is visible due to the West Asia conflict, though a prolonged situation could impact the portfolio with a lag of ~2 quarters.

Others

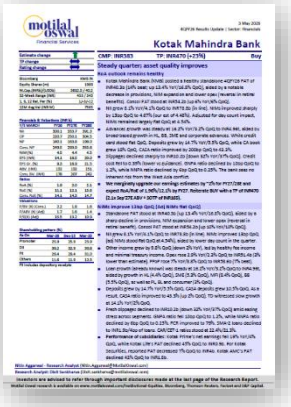
- Its banking footprint has reduced by ~200 branches; this was a process of optimization.
- Other assets increased due to RIDF and revaluation of FX contracts.
- The bank has met all the PSL requirements, including the sub-categories as well. There are INR20b of RIDF still left.
- LCR – at 118% has been stale. The bank aims to operate at 115-120%. With no significant release in the LCR from the new guidelines.
- The bank has accreted capital in 4Q, and this level of capital is enough to support growth for the next year.

Kotak Mahindra Bank — Buy

Current Price INR 381

Click below for Detailed Concall Transcript & Results Update





Opening remarks

- 4QFY26 performance remained steady, supported by improving asset quality and controlled costs despite a volatile macro environment.
- The macro outlook continues to be uncertain due to West Asia tensions, elevated crude prices, and potential inflationary pressures; however, no stress has been observed in the loan book so far.
- MTM impact was visible across group businesses owing to volatility in equity and bond markets.
- The bank remains cautious about potential second- and third-order effects, including risks from a below-normal monsoon (El Niño).
- Strategic focus continues on four core segments—Affluent, Core India, SME, and Institutional—with differentiated propositions tailored for each.
- The overall strategy remains anchored to these four customer segments, supported by strong brand-led positioning.
- Advances grew ~16% YoY, aligned with the strategy of growing at 1.5-2x nominal GDP.
- Deposits increased ~15% YoY, driven by traction in granular CASA.
- Reported NIM stood at 4.67%, while underlying NIM remained broadly stable QoQ after adjusting for day count.
- Credit cost improved sharply to 39bp (vs. 63bp QoQ), led by lower slippages and better collections.
- PAT grew ~13% YoY (standalone) and ~6% YoY (consolidated).
- Book value per share increased ~15% YoY.
- RoA improved to ~2.14% in 4Q.
- Capital adequacy remained strong at ~22.4% (CET1 ~21.3%).
- Net advances grew ~16% YoY, with consistent ~15% growth across both EOP and average balances.
- Growth was led by secured retail segments (SBL, mortgages), which grew >18% YoY.

- The unsecured retail portfolio remained calibrated at ~8.9% of advances, stable QoQ.
- Sequential growth was impacted by slower traction in the corporate book.
- Unsecured retail disbursements rose to ~INR12b (vs. ~INR5b in 3Q).
- Deposit growth was broad-based, with average CA/SA/TD growing ~18%/10%/16% YoY.

Yields, cost and NIMs

- Reported NIM was 4.67%, while underlying NIM stood at ~4.54% after adjusting for day count impact.
- Margin stability was supported by ~100bp repo rate cuts during FY26, partly offset by deposit repricing and growth in low-cost deposits.
- Other income was impacted by MTM losses, including NDF unwinding.
- Cost discipline remained strong: total opex grew ~4% YoY, while cost-to-assets improved to ~2.75% (vs. 3.02%).
- Technology investments are guided at ~13% of opex.
- Deposit franchise initiatives (including 811) aid growth; SA book up ~32% YoY.
- Higher deposit rates (~6.8%) are selectively targeted at senior customers.
- Increase in term deposit rates will gradually reflect in cost of funds.
- NIMs are expected to decline gradually over the next year, largely due to rising TD rates, especially toward 2H.
- The bank will not compromise secured growth in favor of unsecured growth.
- NIMs may have a mild downward bias, but the decline is expected to be gradual.
- FY27E NIMs are expected to remain broadly flat vs. FY26.
- NIMs have normalized from earlier elevated levels as the bank absorbed higher credit costs earlier (1Q at ~93bp vs. now ~39bp) and is now growing higher-yielding portfolios within acceptable ranges.
- No income tax refund impact was included in NIMs for 4QFY26.

Advances and deposits

- Advances grew ~16% YoY, though QoQ growth moderated due to disciplined corporate lending in March.
- SME and mortgage segments remained key growth drivers, each growing >18% YoY, while unsecured lending saw gradual recovery.
- Unsecured portfolio growth improved sequentially (~INR12b vs ~INR5b in 3Q), with mix stable at ~8.9%.
- Deposits grew 15% YoY, driven by strong CASA traction (CA +23%, SA +18% YoY).
- CASA ratio improved to 43.3%, supported by stronger customer engagement and low-cost deposit growth.
- The bank reduced reliance on high-cost deposits, including ~30% reduction in floating-rate SA balances, while focusing on stable granular funding.
- MFI business has resumed disbursements and is growing ~8% YoY; business loans and PL are gaining traction.
- Corporate banking growth remained muted due to pricing discipline.
- Deposit growth remained strong despite reduction in SA rates, led by affluent and high-value customers.
- Overall deposit mix remains balanced between affluent and core segments, with satisfactory progress.
- CASA growth was strong, particularly supported by the self-employed segment.

- A high base in 3Q CA led to relatively muted CA growth in 4Q.
- In tractor financing, the bank ranks #2 but has limited participation due to unattractive pricing.

Other income and opex

- Changes in GST rates impacted distribution fee income.
- The bank maintains a relatively higher trading book vs. HTM compared to peers, allowing flexibility in pricing decisions; however, activity remained limited given current yield levels.
- Strategy pillars include product innovation, automation, and digitization; with the technology embargo behind, focus will now shift towards cost efficiency.
- Fee income grew ~5%, while opex rose ~4%; credit card business remained flat, impacting fee growth.
- The bank has initiated measures to revive credit card growth, with expected improvement in fee income ahead.
- Focus on fixed cost reduction is expected to further improve cost-to-assets.
- Higher discount rates led to a write-back in pension liabilities.

Others

- 811 operates as a fully digital platform for customer acquisition and cross-selling, without physical branch involvement.
- LCR stood at ~130%, with average LCR at ~123% for the year (typical operating range: 120–125%).
- The Panchkula case is under investigation, with arrests made; adequate provisions have been maintained.

Asset quality and credit cost

- Asset quality improved across parameters, driven by granular retail segments (SBL, MFI, cards).
- The secured portfolio continues to show negligible stress, with no reliance on large corporate recoveries.
- Strategy remains focused on HNI/Affluent and Core India segments.
- MFI portfolio is witnessing a gradual recovery with improving collections.
- No signs of emerging stress in the portfolio currently.
- ECL transition impact on net worth is <2% and not materially significant on an ongoing basis.
- For FY27E, credit cost trajectory will depend on improving efficiency in retail, MFI, PL, and credit cards, with continued focus on collections.
- Corporate book remains clean with minimal SMA exposure and continues to perform well.

Subs

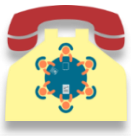
- Subsidiaries contributed ~23% of consolidated profits, though performance was impacted by MTM losses due to capital market volatility.
- Kotak Securities saw improvement in market share to ~13.5%, supported by product innovation and retail platform (Neo).
- Asset management business continued to see strong AUM growth, supported by domestic inflows and operating leverage.
- Life insurance business delivered strong performance, with ~30% growth in VNB and margin expansion, driven by an improved product mix.

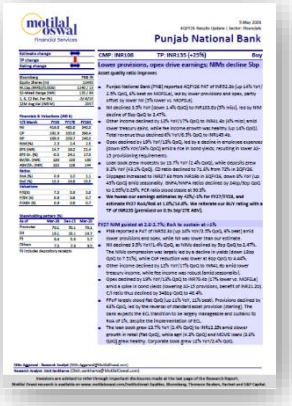
- Alternate asset management business continued to scale up, with strong fundraising and exit activity.
- Kotak Mahindra Prime saw steady growth in customer assets, while capital market businesses maintained leadership positions despite near-term volatility.

Punjab National Bank — Buy

Current Price INR 106

Click below for Detailed Concall Transcript & Results Update




Punjab National Bank

Opening remarks

- The bank delivered broad-based sustainable performance in FY26 across customer service, business growth, asset quality, profitability, and operational efficiency, meeting or exceeding guidance on most key parameters.
- The only areas of variance vs. guidance were CASA ratios and NIMs, which were largely influenced by liquidity and interest rate dynamics.
- The bank added 144 branches in FY26 and plans to open 250 more in FY27, primarily in the southern and western regions.
- A new zonal office in Bengaluru was operationalized to strengthen presence and execution in the southern region.
- Net profit reached its highest-ever level of INR52.3b, up 14.4% YoY in 4Q; operating profit stood at INR75b, up 10.7% YoY.
- Global business grew 10.7% YoY to INR29.7t; global deposits rose 9.2% YoY to INR17.1t; global advances grew 12.7% YoY to INR12.6t.
- CD ratio stood at 73.6% as of 4Q end vs. 74.2% in 3Q.
- Recovery was 2.4x of slippages for FY26; the bank holds floating provisions of INR20.5b as a prudential buffer ahead of the ECL implementation.

Business related

- Advances grew 12.7% YoY to INR12.6t despite a conscious reduction of INR182.3b in the IBPC book; excluding IBPC, core underlying growth was ~15% YoY.
- Retail (ex-IBPC) grew 18.2%, MSME grew 19.9%, and Agri priority sector grew 16.2% YoY.
- RAM share stood at 56.6% of domestic advances; the target is to increase RAM share to 58% in FY27 and 60% over the long run.
- The bank is actively reducing its corporate book share from ~46-47% currently toward 42% in FY27 and 40% over the long term to improve yield on advances.
- A further INR180-200b IBPC reduction is planned in FY27; the bank intends to fully exit the IBPC business over time.
- CASA ratio remained stable at ~37% across all four quarters of FY26; over 35% of customers are under 30 years of age.
- The bank sanctioned over INR4.0t in corporate credit lines in FY26, with INR1.18t still pending for disbursement, supporting strong credit growth.

Other income

- Total other income for 4Q was INR41.6b, down 11.7% YoY, driven by a sharp drop in treasury income.
- Fee-based income grew 8.8% YoY to INR19.6b in 4Q, supported by processing fees (up 17.5% YoY) and non-fund-based income (up 10.4% YoY).
- Recovery in written-off accounts stood at INR19.4b in 4Q, up 6.2% YoY; for FY26, it was INR59.3b, up 20.4% YoY.

- Treasury income for 4Q came in at INR2.5b, significantly lower vs. INR10.8b in 4QFY25 and INR13.4b in 3QFY26, impacted by negative investment revaluation of INR5.2b.

NIMs and opex

- Domestic NIM was 2.61% in 4Q (global: 2.47%), compared to 2.65% domestic and 2.52% global in 3Q.
- NIM compression in 4Q was primarily driven by repo rate cuts flowing through fully over the quarter; deposit rates remained sticky and did not fully offset the yield decline.
- ~95% of the special deposit schemes (7.25% and 7.75%) have been repriced by 4Q end. However, deposit rates in the system remain high, limiting NIM recovery.
- Incremental cost of deposits has started declining modestly; management expects ~5bp improvement in cost of deposits in 1Q/2QFY27.
- Corporate loan book yields at 7.55% vs. MSME at 9.0%; overall domestic yield on advances is 8.23%; shifting the mix toward RAM will be the key NIM lever.
- 4Q NII was INR103.8b, down 3.5% YoY and 1.5% QoQ; FY26 NII was INR419.6b, down 1.9% YoY.
- Operating expenses declined sharply to INR70.4b in 4Q, down 19.0% YoY, driven by a 35.3% YoY decline in establishment/staff costs to INR37.5b, partly offset by a 13.5% YoY increase in other operating expenses to INR33.0b.
- Cost-to-income ratio improved to 48.42% in 4Q and 51.79% in FY26 (vs. 54.59% in FY25).

Asset quality

- GNPA ratio declined to 2.95% (INR371.2b) as of Mar'26 from 3.95% (INR440.8b) a year ago; NNPA ratio improved to 0.29% (INR36.1b) from 0.40% (INR42.9b).
- PCR (including technically written-off accounts) stood at 97.14% at Mar'26, up 32bp YoY and well above the bank's guidance of >96%.
- Fresh slippages in 4QFY26 were INR26.7b vs. INR29.0b in 4QFY25; slippage ratio for the quarter was 0.94% (annualized) and 0.60% for FY26.
- Total recoveries stood at INR40.8b in 4Q and INR155b in FY26.
- The bank made an additional floating provision of INR2.7b in 4Q on a prudential basis; total floating provisions now stand at INR20.5b.
- ECL is scheduled for implementation from 1st Apr'27. A rough internal estimate of the transition provisioning shortfall is ~INR90-100b. Management believes existing floating provisions of INR20.5b, capital adequacy of 17.74%, and PCR of 97.14% are sufficient to manage the transition.
- Total SMA pool (0+1+2) stands at 3.30% of total loans. SMA breakup: SMA-0 at INR246.4b, SMA-1 at INR139.7b, and SMA-2 at INR29.2b.
- Write-offs totaled INR32.6b in 4Q and INR77b in FY26.

Others

- LCR stands at ~125%; the bank is comfortable in maintaining LCR at this level.
- CRAR at 17.74% (CET-1: 13.62%), up 73bp YoY; Tier-1 capital at 15.15% vs. a regulatory requirement of 9.5%.
- RoE for FY26 was 15.67%; tangible book value per share improved to INR102.95 from INR84.83 a year ago.

- Canara HSBC Life Insurance ceased to be an associate of the bank w.e.f. 17th Oct'25, following the bank's stake dilution from 23% to 7.3% via an OFS-IPO.
- The bank shifted to the lower tax regime under Section 115BAA with effect from FY26, resulting in a one-time deferred tax charge of INR33.2b in 1QFY26; tax expenses for FY26 are being measured at the applicable lower rate.
- A Digi MSME Prime scheme offering end-to-end digital MSME loans up to INR100m was launched on the bank's 132nd foundation day.

Guidance

- NIM guidance has been revised to 2.6-2.7% for FY27 from 2.8-2.9% previously, reflecting continued stickiness in deposit rates and a still-elevated rate environment.
- NIM is expected to witness QoQ improvement from the 4Q level of 2.47% (global) going into FY27, supported by deposit repricing, a shift in loan mix toward higher-yielding RAM segments, and a reduction in low-yielding IBPC.
- NII growth guidance has been set conservatively at 7% for FY27, as deposit repricing and portfolio composition shifts take time to fully flow through.

RBL Bank — Buy

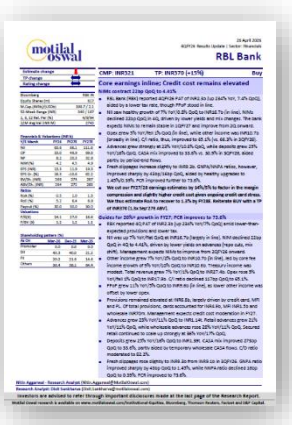
Current Price INR 348

Opening Remarks

- Net advances grew 23% YoY and 11% QoQ to INR1.142t. Retail advances grew 20% YoY/11% QoQ, with retail-wholesale mix at 59:41.
- Secured retail advances grew 36% YoY/17% QoQ, reflecting continued strategic shift toward secured products. Secured business loans and housing loans grew 32% YoY/7% QoQ.
- Wholesale advances grew 28% YoY/11% QoQ, with commercial banking growing 30% YoY and large corporates 26% YoY.
- Macro environment remains broadly stable. Management indicated no material impact from the Middle East conflict on the portfolio so far.
- Medium-term portfolio construct envisaged at: 40-45% corporate/commercial lending, 20-25% cards & MFI, and 35-40% secured retail.

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Advances and deposits

- Total business crossed INR2.5t during the quarter. Deposits grew 25% YoY/16% QoQ to INR1.39t.
- Granular deposits (<INR3m) grew 16% YoY/4% QoQ, while granular term deposits grew faster at 24% YoY.
- CASA ratio stood at 33.6%, aided partly by ~INR50b in transient wholesale CASA flows at quarter-end. CD ratio stood comfortable at 82.2%, while average LDR was ~85%.
- Branch-led disbursals increased to INR18b in 4Q vs. INR13.5b in 3Q. Gold loan disbursals rose to INR8.5b vs. INR5.4b last quarter.
- RBK crossed 600 branches (603 total), adding 23 branches in 4Q. FY27 branch addition target remains 150-200 branches.
- Credit cards: 330k cards issued in 4Q. Cards-in-force rose to 4.63m, marking the second consecutive quarter of sequential growth after a prolonged decline. More than 90% sourcing is now direct.
- Card balances are expected to begin growing from 1QFY27 onward.

- JLG/MFI early bucket collection efficiency improved to 99.7% vs. 99.5% in Dec'25. 95% of standard MFI book is covered under CGFMU, with expected claim of ~INR800m in FY27.
- RFL subsidiary is gaining traction as a sourcing engine for small-ticket secured business and housing loans.

Cost and margins

- NIM declined 22bp QoQ in 4Q, driven by ~50bp fall in yield on advances (repo cuts, mix shift, surplus liquidity), partly offset by 28bp decline in cost of deposits.
- Cost of total deposits declined to 5.92% vs. 6.20% in 3Q. Cost of term deposits fell to 7.05% from 7.29%. Savings account cost declined 11bp QoQ to 5.05%.
- TD repricing is largely complete, with only 5-10bp tail benefit remaining in 1QFY27.
- Management expects 1QFY27 NIM to remain broadly flat, with improvement from 2Q onward, aided by capital infusion and recovery in card balances.
- NII grew 7% YoY/1% QoQ to INR16.7bn. Core fee income grew 9% YoY/10% QoQ to INR10.6b. Total net income grew 7% YoY to INR27.4b.
- Opex grew 5% YoY/1% QoQ to INR17.9b. Cost-to-income ratio improved to 65.1% from 66.3% in 3Q.
- Operating profit grew 11% YoY/5% QoQ to INR9.6b. PAT stood at INR2.3b vs. INR2.1b in 3QFY26 and INR690m in 4QFY25.

Asset quality

- GNPA improved 43bp QoQ to 1.45%, while NNPA declined 16bp QoQ to 0.39%. PCR stood at 73.6%.
- Total net slippages were INR6.2b vs. INR7.1b in 3Q.
- Slippages were largely from credit cards (INR5.8b net), while MFI reduced sharply to INR530m. Wholesale slippages were negligible/net negative, aided by recoveries.
- MFI SMA book declined to INR840m from INR1.2b in Dec'25, indicating further moderation in slippages ahead.
- 4Q credit cost stood at 65bp. Net provision on advances was INR6.8b, of which cards at INR4.9b, MFI at INR1.5b and wholesale at INR70m.
- Credit card write-offs were ~INR5.9b in 4Q and ~INR21b for FY26.
- Elevated card slippages are expected through 1HFY27, normalizing in 2HFY27. Card slippages are guided at ~7-7.5% in 2H and card credit cost at ~5.5%. Overall credit cost is expected to approach ~1.5% range by 2HFY27.

Emirates NBD capital infusion and capital position

- RBI and CCI approvals received. The Government of India and SEBI approvals are in process. Capital infusion is expected to close in 1QFY27.
- After the transaction, management expects credit rating upgrade (targeting AAA-), aiding lower funding costs, broader wholesale liability access and cross-border opportunities.
- Emirates NBD corridor handles ~USD35b in monthly remittances, of which 23-25% flows come through Emirates NBD.
- FY27 deposit growth expected in single-digit to low double-digit range as the bank prioritizes deploying equity capital and avoids expensive deposits. Retail deposits will continue to grow by ~25%.

- From FY28, deposit growth is expected to re-accelerate to 15-20%.
- Total CAR stood at 14.25% and CET1 at 12.8% as of Mar'26.
- No changes expected at MD/CXO level post transaction; only board composition to change. CFO appointment likely shortly.

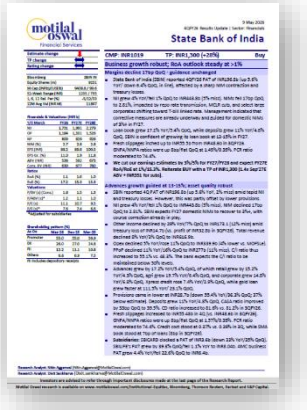
Guidance and outlook

- Loan growth guided in the 20%+ range, with wholesale at 20-25%, secured retail strong, and MFI/unsecured at calibrated 15-20%.
- Branch rollout to continue at accelerated pace with 150-200 additions in FY27.
- ROA expected to improve progressively through lower liability cost, secured retail scale-up and credit cost normalization.
- Wholesale business already delivers 2%+ PBT RoA on a holistic basis.
- LCR averaged 130% in 4Q, with additional 2-3% benefit expected from revised LCR norms effective Apr'26.

State Bank of India — Buy

Current Price INR 971

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Opening remarks

- Inflation is expected to remain around 3.8% in the near term and 4.6% for the full year amid elevated crude oil prices.
- The bank expects system credit growth of 13-14% in FY27.
- SBIN remains focused not merely on growth, but also on ensuring quality-led growth through aligned actions.
- The bank continues to strengthen its liability franchise by deepening customer engagement through YONO SBI.
- It delivered strong deposit growth, along with an improvement in the CASA ratio, despite facing a competitive environment.
- Credit growth remained robust at 16.8% YoY, while the CD ratio stood at 73.08%. The RAM segment also witnessed healthy growth.
- Asset quality remains among the best in the industry, with improvement in both GNPA and NNPA ratios.
- CRAR improved by 115bp to 15.4%, providing sufficient headroom to sustain healthy credit growth going forward.
- About 66% of new savings account openings were sourced through the YONO app, reflecting the strong digital foundation built during FY26.
- The bank remains focused on delivering consistent risk-adjusted returns, with emphasis on efficiency and stability.
- SBIN is investing in building a motivated and future-ready workforce.
- It continues to play a unique role as a key enabler in the economy.

Advances and deposits

- The bank aims to consistently gain market share across segments and targets around 1% market share gain annually.
- Gold loans remain a price-sensitive segment with zero risk-weight benefits. The bank aims for strong yet quality-led growth in this segment, which currently yields around 9% with near-zero NPAs.
- The bank has performed well in the corporate segment and has increasingly pivoted toward non-government corporate accounts.
- It has received a large number of proposals in the battery segment, while areas such as pumps, hydro, and solar are emerging as new growth opportunities.

- SBIN expects future loan growth to be primarily driven by the RAM segment rather than the corporate book.

Yields, cost, margins

- The quarter witnessed the impact of the cumulative repo rate cuts during the year. NII was impacted by the 25bp repo rate cut and a 5bp MCLR reduction in 4QFY26, resulting in pressure on NIMs.
- The bank received around INR10b on interest on IT refund, while penal charge-related impact stood at INR6b, resulting in a relatively lower net impact overall.
- Yields on advances declined by 30bp QoQ, though the bank expects some recovery ahead. The share of EBLR-linked loans increased to 49% in FY26 from 43% in FY25.
- The bank is working toward reducing the floating-rate corporate loan book by shifting from T-bill-linked loans toward MCLR-linked loans. This is expected to support NIMs at around 3%.
- Cost of funds is expected to decline as the bank remains focused on CASA growth. During 4QFY26, the bank also reduced reliance on wholesale deposits, providing relief on funding costs.
- The bank intends to utilize both levers - improving CASA and reducing wholesale deposits - to lower deposit costs, while improving spreads across retail and corporate portfolios.
- Several large-rated corporates shifted toward bank funding and T-bill-linked borrowings. Management highlighted that the benefits should not only be viewed from an NII perspective, as fee income has also benefited. The impact is expected to remain short term and not affect long-term yields materially.
- The bank does not expect any further significant decline in yields compared to 4QFY26 levels.
- MCLR repricing is expected to take around 3-4 months going forward.

Other income and opex

- Trading profits were healthy during 4QFY26, aided by participation in bond switches and selective sale of securities to the RBI.
- AFS reserves declined by ~INR30b during 4QFY26.
- The bank continues to target a cost-to-income ratio below 50%, with cost discipline aided partly by the payment cycle.
- The entire unwind relating to the foreign account amounting to INR570m was completed as of 10 April.
- The bank will receive a small benefit from lower DICGC premium in FY27.

Asset quality

- Management indicated that 4QFY26 asset quality trends are not a matter of concern and there are no structural issues. The West Asia conflict has not created any meaningful stress, while most slippages during the quarter originated from the agri segment.
- The bank remains confident of sustaining healthy asset quality, with credit cost guidance maintained at 50bp.
- The bank has limited exposure to medium enterprises and corporates in the Middle East region.

- Management highlighted that housing loans to individuals working in the Middle East are largely concentrated in Kerala; however, the overall Kerala home loan portfolio remains small and does not pose any major concern currently.
- On ECL implementation, management stated that it would not be appropriate to comment in detail at this stage, though the bank remains well prepared for a smooth transition to the new guidelines.
- Certain clusters, such as Morbi, are witnessing some stress and may require support to sustain production activity.
- In the BRE portfolio, delinquencies remain lower. Around 58% coverage under CGTSME also provides better comfort on portfolio quality.

Miscellaneous

- Under the revised ECLGS scheme, implementation is expected within 8-10 days. The total available limit under the scheme is around INR700b-800b, though only 30-40% of eligible customers are expected to take it.
- Average LCR stood at 124% vs. 130% in 3QFY26. Current guidelines provide around 3-4% relief in LCR requirements. The bank believes maintaining LCR at around 115% is comfortable, though continued strong credit growth could lead to some moderation in LCR.
- The bank holds around 7.3% stake in a group entity and remains keen to participate in the OFS. SBI's entire shareholding will be available as reserve.
- The bank is evaluating the listing of SBI AMC, which could further augment capital. Even at the current capital position, the bank believes it can support around INR12t of incremental credit growth.

Guidance

- Credit cost guidance remains at 50bp, consistent for the past three years.
- The bank remains confident of delivering credit growth of 13-15% going ahead and does not intend to grow materially ahead of the broader macro environment.
- Domestic NIMs are expected to remain above 3% in FY27.
- The bank continues to target a minimum RoE of 15% for shareholders.

Union Bank of India — Neutral

Current Price INR 167

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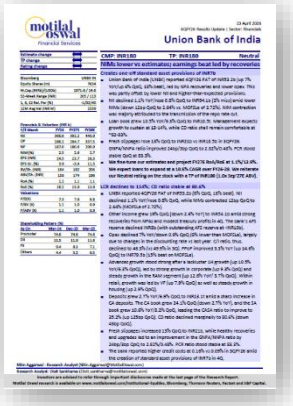


Opening Remarks

- RBI and GOI have taken various measures to support the market.
- The bank is prioritizing focus on CASA, with a shift seen toward retail TDs.
- LCR at 114% is at a comfortable level, and the bank has been maintaining the same.
- The global business grew 13% - annualized for 4Q.
- The bank has recommended INR5 as dividend, subject to approval.
- Deposits grew 2.72%.
- Domestic RAM advances were 69% of the overall book.
- The bank has strong capital ratios. CET-1 has improved to 16.69%.
- RoA remained flat YoY and QoQ.
- The bank has made INR7b of standard asset provision. This can be used for any other contingencies as well as for ECL.

Advances & deposits related

- The bank mobilized ~INR460b of global deposits.


Union Bank of India

- CD ratio increased to 80.6% vs 74.9% earlier.
- Strong emphasis on CASA has yielded results.
- Low-yield IBPC book of ~INR350b has largely run down to near zero.
- Growth strategy remains focused on balancing profitability and improving RoA.
- CD issuances were done at better rates; most funding requirements were met by Jan–Feb, with Feb witnessing tighter conditions.
- The company raised ~INR30b via infra bonds during the quarter, aiding growth.
- Loan book mix: ~54% linked to EBLR and ~36% to MCLR.
- The bank will continue to reduce low-yielding advances, albeit at a slower pace.

Yields, costs, and margins

- The bank aims to defend NIMs despite some yield volatility in 4Q.
- Around 58% of the book is linked to T-bill/repo, leading to NIM contraction to 2.64%; management expects stabilization and gradual expansion in NIMs.
- Bulk deposit rates were ~7% during the quarter; CD activity remains muted in April.
- NIM contraction was primarily driven by a 25bp rate cut.

Other income and opex

- Opex declined due to changes in discounting rates, with higher rates lowering expenses.
- AFS reserve declined ~INR8b, with an outstanding balance of negative INR10b.
- PSLC fee income remained soft; the bank had initiated PSLC activity only from 2Q.

Asset quality

- Total recoveries stood at ~INR16b, including ~INR6b from the Sterling account.
- Impact from the West Asia conflict remains limited so far; while remittances have moderated, no stress is visible in 4Q.
- SMA-2 accounts have largely migrated to SMA-1 with recovery of instalments.
- MSME slippages saw a marginal uptick, though supported by overlays; there was no material impact from geopolitical issues.
- Credit costs remain largely stable.
- INR7b of standard provisions have been maintained as a buffer.
- ECL transition impact is estimated at ~INR42-43b.
- Total standard asset provisions stand at ~INR30b.
- No changes have been made to MSME risk filters.
- Recovery pool remains strong at ~INR450-460b; recovery momentum is expected to continue in FY27, similar to FY26.

Miscellaneous

- Revised LCR guidelines are expected to provide a positive impact of ~INR70b and improve LCR by ~3%.

Guidance

- The bank will see 13-14% of credit growth going ahead.
- It aspires to achieve deposits growth at 10-11%.
- Management expects stabilization and gradual expansion in NIMs.

FINANCIALS/NBFC



- **Various management teams indicated that NBFCs reported a strong performance in 4QFY26, supported by healthy disbursement growth, improving asset quality, and gradual normalization in stress across unsecured segments. Rural demand trends also remained healthy, supporting growth across vehicle finance, gold loans, and affordable housing segments. However, competitive intensity in secured retail products such as housing finance and gold loans will limit yield expansion and put pressure on margins. While the overall outlook remains positive, near-term uncertainties, including the potential impact of the ongoing West Asia war and the possible effects of El Niño on monsoons and consequently asset quality, will remain important monitorables in the near term.**

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Outlook for FY27	Asset quality and others/4QFY26 Highlights
ANGEL ONE	▪ Sustained investment in new businesses, with wealth management expected to break even over the next 3-3.5 years as scale improves. ▪ Cost discipline to continue, with employee expenses, ESOP costs, and CAC expected to remain broadly stable. ▪ Profitability is expected to improve gradually, aided by operating leverage and normalization of the effective tax rate at ~25-26%.	▪ Broking engagement rebounded strongly, with order run-rate recovering to 7.4m in Mar'26 and expecting market-share improvement in the coming months. ▪ Wealth management AUM surpassed INR100b, supported by AI-driven productivity gains and higher RM efficiency. ▪ Distribution and credit businesses continued to scale, with Angel One becoming the second-largest player in new SIP registrations and seeing steady lending traction.
Bajaj Fin.	▪ BAF expects AUM to grow ~22-24% in FY27, supported by the scale-up of new business lines (gold, tractor, CV) launched in recent years. ▪ The company expects RoA in the range of 4.4%-4.6% and RoE of 19%-20% (factoring in excess capital). ▪ BAF remains committed to delivering sustainable growth of ~20% while steadily gaining market share.	▪ The customer franchise is anticipated to expand by ~15-17m customers over FY27, driven by a continued focus on distribution and customer acquisition. ▪ The company expects credit costs to remain in the corridor of 1.45%-1.60%, with GNPA and NNPA expected to remain below long-term guidance levels. ▪ Growth in the MSME segment remained muted in FY26 due to elevated credit costs; however, management expects a recovery to double-digit growth by 2HFY27.
BSE	▪ Strong growth visibility, supported by a robust IPO pipeline of 250+ applications and continued onboarding of brokers and FPIs. ▪ Focus on scaling derivatives and commodities, with new index derivative launches and upcoming differentiated commodity products. ▪ Market share expansion remains a priority, targetin double-digit cash market share and higher participation across monthly contracts.	▪ Delivered 13th consecutive quarter of revenue growth, reflecting strong momentum across business segments. ▪ Trading franchise strengthened, with record cash ADTO, rapid growth in colocation revenue, and increasing traction in monthly derivatives contracts. ▪ Star MF reached new highs, recording a peak of ~82m monthly transactions and expanding into NPS distribution.
GROWW	▪ Wealth management remains a key investment area, with a focus on scaling the recently acquired business and deepening the affluent/HNI customer base via a tech-led offering. ▪ Operating leverage to support margin expansion, as cost growth would remain below revenue growth despite steady investments in AMC/wealth/AI. ▪ AI is expected to be a major productivity and customer experience driver, with management seeing the business approaching an AI-led inflection point.	▪ F&O market share and activity improved sharply, with monthly derivative transacting clients rising to ~1.7m from ~1.4m amid higher volatility. ▪ MTF continued to scale successfully, driving longer holding periods and contributing ~5-10% of cash ADTO while being largely adopted by existing customers. ▪ Customer acquisition mix evolved, with mutual funds and ETFs contributing a larger share of new customer additions in a weaker equity market environment.
Mahindra Finance	▪ MMFS is targeting ~16-18% AUM CAGR over the next 4-5 years. ▪ The core wheels business is expected to grow in line with the market, while MSME, mortgage, leasing, and cross-sell are expected to grow faster (30-40%), driving overall growth. ▪ NIMs are expected to remain at around ~7.1%.	▪ Credit costs are expected to remain within the guided range of 1.3-1.7%. While the company is currently at the higher end of the range, management expects a potential normalization if macro risks do not materialize. ▪ Management created an overlay of INR2.17b in 4QFY26 as a proactive and prudent measure, rather than in response to any visible stress in the portfolio.

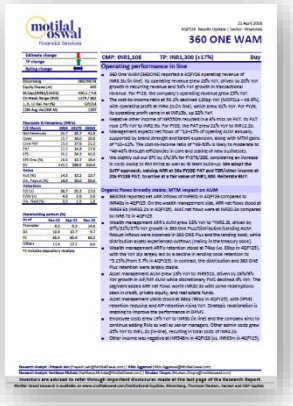
	▪ Management expects fee income (as a % of assets) to remain within a sustainable medium-term range of 1.4-1.5%, with limited headroom for further expansion.	▪ The overlays were built considering macro risks, such as geopolitical uncertainties and monsoon-related predictions, which could impact asset quality in the coming quarters, specifically in the tractor portfolio.
Muthoot Fin.	▪ The company has guided for ~15% growth in gold AUM and indicated that the growth outlook will be reassessed in 2Q/3Q, depending on business momentum. ▪ In FY27, MUTH plans to open ~200 new gold loan branches across its standalone entity and Belstar.	▪ The company highlighted that Stage 3 outstanding, including accrued interest, represents only ~57-58% of the underlying collateral value, implying strong collateral coverage and full recovery potential. ▪ Gold loan disbursement momentum remained healthy and broadly similar to last quarter levels, despite increased competition and elevated gold prices.
NUVAMA	▪ Wealth and lending to remain key growth drivers, with management targeting 25-30% annual net inflows in MPIS and a meaningful scale-up in lending revenue. ▪ Private markets platform to expand further, with planned launches of new real estate, private equity, and private credit funds, with entry into MF/SIFs ▪ Strong deal pipeline in capital markets, supported by 40-45 live ECM mandates and continued growth in fixed-income investment banking.	▪ MPIS remained the primary growth engine, driving all recurring revenue growth while maintaining healthy net inflow momentum. ▪ AI adoption significantly improved RM productivity, with management reporting 10-25% gains in per-RM revenue across wealth businesses. ▪ Asset Services returned to growth, demonstrating resilience despite industry headwinds and positioning for further market-share gains through a global custodian partnership.
CAMS	▪ Yield compression is likely to remain limited (<3% p.a.), with no notable pricing pressure expected. Growth is likely to be aided by a strong product pipeline, including eight upcoming SIF launches. ▪ Cost discipline remains robust, with guidance for ~5% employee cost growth and single-digit growth in overall cost for FY27. ▪ In CAMS KRA, the estimated ~INR80m impact from Apr'26 pricing revisions is expected to be largely offset by NSE KRA contribution (~INR25-30m), along with volume growth, new client additions, and market share gains, resulting in broadly flat growth for FY27.	▪ Non-MF revenue grew ~25% YoY in FY26, consistently outperforming the 20% growth guidance over the last three years, with the segment now contributing ~15.3% of overall revenue. ▪ Costs remain under control, with FY26 growth of ~9% YoY, driven by structural efficiencies from automation, AI integration, and lower MF operations manpower, rather than one-off cost cuts. ▪ Under CAMSRep, Bima Central doubled its active user base with 1.3m additions in FY26 while maintaining ~40% market share; the onboarding of LIC from Feb'26 is expected to further accelerate growth.
ABSL AMC	▪ Regulatory yield headwinds (~3-4bp impact) are expected to be largely offset through commission restructuring and cost optimization, limiting the impact on profitability. ▪ ESOP costs are likely to rise by ~INR80–100m per quarter in FY27 due to a new scheme launched in 4Q. ▪ The AMC secured an EPFO equity mandate approval, with inflows expected to begin shortly. Plans to launch ABSL India Select Sector Fund.	▪ Strong improvement in fund flows, driven by better investment performance, with ~85% of funds ranked in the higher quartiles. ▪ Alternates/PMS business scaled rapidly, with AUM growing 187% YoY, supported by institutional mandates and healthy underlying growth. ▪ Passive franchise continued to outperform, with ETF AUM growing ~68% YoY and a broadened product suite across asset classes.
NSDL	▪ Demat account growth is expected to remain strong, supported by fintech broker onboarding, large DP migrations, and customer acquisition initiatives such as the Women Demat Plan. ▪ Technology-led investments remain a key focus, with continued spending on APIs, cybersecurity and digital infrastructure to drive scalability and efficiency. ▪ Employee cost growth is expected to moderate, as hiring peaks in FY26 and productivity gains from automation begin to accrue.	▪ Banking services showed strong traction, driven by rapid growth in UPI-led transaction income and expansion of the CASA franchise. ▪ NSDL delivered its highest-ever annual demat account additions, adding 5.9mn gross accounts and gaining market share despite an industry slowdown. ▪ Fintech partnerships gained momentum, with new broker onboarding and a large DP migration expected to support future account growth.

360ONE WAM — Buy

Current Price INR 1,073

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Outlook

- FY26 was challenging for equity markets; however, domestic fundamentals remain strong, supported by resilient UHNI clients and operating businesses. Investors are increasingly diversifying across asset classes.
- Headwinds appear largely priced in, the policy environment remains supportive, and current levels present an attractive entry point for long-term investors.
- 360 ONE's competitive positioning has strengthened over time, driven by brand equity, ability to attract high-quality talent, and supportive regulatory changes in the AIF and mutual fund industries over the past 4–5 years. Product diversification has helped navigate market volatility.
- Technology and AI present a significant opportunity, enabling a shift towards a portfolio analytics-driven firm.
- While competition may increase, the company remains well-positioned given its strong brand and experience.
- Attrition remains a risk, though mitigated by a diversified workforce, with ~60–65% of employees having 8–9 years of tenure. New RM additions are of high quality, enhancing resilience. Management is prepared for ~2–4% annual attrition.
- Client sophistication is increasing, with family offices deploying larger ticket sizes. A shift towards a portfolio-based (vs product-based) approach has driven higher wallet share and deeper client engagement.

Performance

- ~14% of opening AUM came from organic flows in FY26, reflecting strong momentum in the core UHNI franchise and contributions from newly onboarded teams.
- Management expects net flows of ~12–15% of opening AUM annually, supported by brand strength and talent expansion, along with MTM gains of ~10–12%. Client portfolios have delivered ~15% CAGR over the past 16 years, with expectations of ~10–14% returns going forward.
- Transactional brokerage in 4Q reflects full-quarter consolidation of B&K. Growth was also supported by fixed income, REITs, and InvITs. Quarterly TBR is expected to stabilize at INR1.6-1.8b (vs INR1.2b-1.4b earlier).
- Transactional revenue mix comprises ~30–35% listed equity (with ~50% from private equity and IB), ~33% fixed income, and the balance from REIT/InvIT.
- The company received a tax demand of INR3.4b; management believes it has strong legal grounds and will pursue the appellate process.
- In the UHNI and AMC businesses (excluding acquisitions), the cost-to-income ratio stood at ~44–46%. With ongoing team additions and improving productivity of existing teams, operating leverage potential remains strong.
- Focus remains on improving operational efficiency and productivity. Cost-to-income ratio of ~49–50% is expected to moderate to ~46–48% through efficiencies in core and scaling of new businesses.
- Carry accounting remains conservative, with carry AUM at ~75–80% of ARR AUM. Carry accruals are ~5–7bp in weak years and ~12–15bp in strong years, subject to meeting fund-level hurdles over the entire lifecycle.

Wealth management

- ~70–75 senior leaders have been added over the past three years, improving the ratio of senior leadership to RMs in the UHNI segment.
- Focus has been on both quality enhancement and optimal scaling of the talent pool. The target is to increase senior leadership to ~120–130.

Asset management

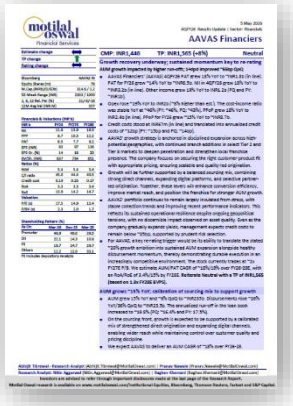
- Discretionary PMS growth has been soft, with ongoing strategic recalibration. Custom mandates have performed well, while benchmark-oriented mandates have underperformed.
- No structural change observed in DPMS retention; 4Q revenues were elevated due to profit-sharing elements.
- Alternatives continue to gain traction, with private equity funds delivering strong returns in recent years. AMC presents a key growth opportunity, especially with the introduction of SIFs.
- Gross flows stood at ~INR52b and ~INR190b for FY26. Net inflows were impacted by redemptions in large credit and real estate funds, along with exits from a 2021 PE fund.

Strategic initiatives

- HNI segment comprises ~60 RMs across 12 locations, serving 650+ clients with ~90bp ARR retention yields.
- ET Money is expected to reach breakeven in the near term.
- 360 ONE Capital is performing strongly, with visible synergies—particularly rising brokerage revenues from UHNI clients. Equity and equity-linked income are likely to double over the next 2–3 years.
- Investment banking (IB) is expected to contribute meaningfully over the next 12–18 months as the IB team build-out is underway, with a strong platform expected within 3–6 months.
- B&K operated at ~5–6bp brokerage, limiting regulatory impact from changes in institutional brokerage. Synergies in institutional business are offsetting regulatory pressures.
- B&K performance remained stable over the past 10 months, with revenues of INR2.2-2.5b. Integration has enabled cross-sell to wealth clients (e.g., treasury products) and modest market share gains. PBT stood at INR1-1.1b in FY26 (excluding acquisition costs), implying ~3–4% growth. Integration benefits are expected to scale up ahead.
- UBS partnership is showing early traction, with further improvement expected in FY27.
- Technology platform in HNI follows a phygital model, with asset traction expected over the next 12–24 months.

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Aavas Financiers — Neutral

Current Price INR 1,311

Guidance

- AAVAS aspires to consistently deliver ~20%+ AUM growth, with an objective to outperform the industry through disciplined execution.
- Management targets RoE in high teens, while spreads are expected to remain above ~5% on a sustainable basis.
- The opex-to-AUM ratio is expected to normalize to ~2.75% as productivity improves and existing investments are better utilized.
- The company has guided for credit costs of below ~25bp, with management confident that higher yields will not translate into higher portfolio risk.
- AAVAS remains focused on scaling the franchise responsibly while enhancing operating efficiency and delivering sustainable risk-adjusted returns.
- The company sees a significant opportunity in deepening presence, improving employee productivity, and driving profitable growth without compromising asset quality or governance standards.

Macro environment and opening remarks

- The broader macro environment in FY26 has remained supportive, aided by structural enablers such as policy reforms, FDI liberalization, and progress in trade agreements.
- Increased focus on Tier 2 and Tier 3 markets has strengthened the ecosystem and expanded growth opportunities for affordable finance players.
- The cumulative ~125bp repo rate cut by RBI has improved affordability, creating strong tailwinds for the segment.

Business expansion and branch network

- The company added ~31 branches in 4QFY26, taking the total network to ~435 branches across 15 states. Expansion has been concentrated in high-potential markets such as Tamil Nadu, Uttar Pradesh, and Gujarat to deepen presence and drive incremental disbursement momentum.
- The strategy remains centered on leveraging the branch network to capitalize on strong local market knowledge, enabling efficient scale-up, cost optimization, and improved productivity.
- Continued investments are being directed toward geographies such as Maharashtra, Gujarat, Uttar Pradesh, and Southern States, where growth potential is well balanced with asset quality considerations.

Growth strategy and sourcing mix

- Growth execution is anchored around identifying the right product-customer fit and ensuring appropriate pricing for each segment.
- Direct sourcing remains a core strength, with efforts underway to rebuild capabilities in markets where the company has strong local expertise and control.
- Digital channels, including the website, mobile application, and referral programs, are being scaled to enhance sourcing efficiency.

Productivity and operating efficiency

- AAVAS is focused on improving end-to-end branch productivity, including conversion efficiencies from login to sanction and sanction to disbursement.

Efficiency improvements of ~15-20% are achievable through tighter monitoring of process gaps and better coordination across stages.

- Emphasis is being placed on leveraging experienced branch networks to rebuild strong direct business origination capabilities.
- Management plans to enhance both employee productivity and revenue generation from field teams by optimizing deployment and processes.

Liabilities and CoF

- The company secured a ~USD908m commitment from multilateral financial institutions at competitive rates, marking the largest NCD placement in the company's history. This funding will support affordable housing for EWS and LIG segments, promote women ownership, expand green housing, and scale MSME lending in underserved regions.
- CoF has improved due to a shift toward EBLR-linked instruments and market benchmarks, enabling faster repricing of liabilities. About ~40% of borrowings are linked to external benchmarks, while ~33% are linked to short-term MCLR (up to 3M MCLR), allowing ~73% of liabilities to reprice quickly in line with interest rate movements.
- This proactive liability strategy has helped contain borrowing costs and position the company competitively for sustainable long-term growth.

Yields, pricing, and competitive positioning

- AAVAS has started increasing yields across product segments, supported by strong market positioning and deep customer understanding.
- The company does not foresee competitive pressures materially impacting yields, given its strong market presence and localized expertise.
- Pricing strategies continue to be calibrated carefully to balance growth, risk, and profitability.

Operating expenses and efficiency outlook

- The increase in operating expenses was primarily driven by investments in branch expansion and higher manpower costs. Additional costs were incurred due to long-term retention initiatives, including ESOPs and incentive schemes introduced during the year.
- The opex-to-AUM ratio remained elevated due to lower-than-expected growth relative to prior investments.
- Future operating expenses will largely be directed toward branch and network expansion, with limited incremental investments required in technology.

Technology and digital initiatives

- The company has largely completed its planned investments in technology and digital infrastructure. A minor investment in collections software is expected, with no material impact on overall cost structure.

Asset Quality, Collections, and Risk Monitoring

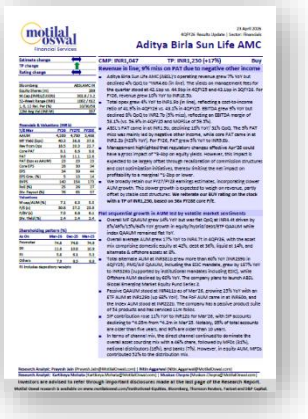
- AAVAS continues to maintain tight control on credit quality, with credit costs expected to remain below ~25bp.
- BT-OUTs are expected to remain below ~6% (current BT-OUTs at ~5.5%), largely driven by customer prepayments and surplus liquidity.
- No adverse trends have been observed in collections or bounce rates despite external uncertainties. April'26 performance has exhibited improvement over both the previous month and the prior year.

- The portfolio is not materially exposed to directly impacted sectors, and the customer base remains largely resilient.
- Management is proactively monitoring a small set of potentially vulnerable customer profiles and tracking repayment behavior closely to mitigate any emerging risks.

Aditya Birla AMC — Buy

Current Price INR 1,036

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Business

- Management indicated that regulatory changes (effective Apr'26) may have a gross impact of ~3–4 bp on equity yields, but they intend to largely neutralize the impact through adjustments in commission structures and cost optimization. Ensuring minimal hit to profitability, with likely net impact being marginal (possibly ~1–2 bps or lower).
- Improved investment performance (especially in equity funds) has driven higher investor and distributor confidence, resulting in consistent flows into key categories like flexi-cap, multi-asset, and mid/small-cap funds, with ~85% of funds in the higher quartile category.
- Flow market share is broadly in line with book market share.
- The AMC has seen improvement in flows QoQ, supported by better product acceptance and increasing approvals from banking distribution channels. Key product categories driving flows include arbitrage funds (early part of the year), flexi-cap, multi-asset, multi-cap, balanced advantage, and thematic funds (Gen X), with recent traction in small & mid-cap funds.
- On the SIF front launched an equity long-short fund and soon plans to launch another fund.
- Also plans to explore the lifecycle funds and REIT funds going ahead
- Employee base stood at ~1,650 as of Mar'26.

Alternates/PMS & Offshore

- On the PMS/AIF front, AUM grew 187% YoY in 4Q, supported by institutional mandates (including ESIC). Excluding the ESIC mandates, the segment still delivered ~14% YoY growth, indicating healthy underlying momentum. Plans to launch ABSL India Select Sector Fund.
- The AMC secured an EPFO equity mandate approval, which is in place, with inflows expected to begin shortly.
- Continued product expansion across ESG, global, and thematic strategies, along with plans for new fund launches, strengthens the alternate platform.
- On the offshore side, AUM declined 60% YoY in 4Q. Plans to launch ABSL Global Emerging Market Equity Fund Series 2.
- Real Estate AUM stood at INR7b. Fundraising is underway for Aditya Birla Real Estate Credit Opp. Fund II.
- Transitioned to a wholly owned GIFT City subsidiary, enabling global product launches with low ticket sizes (~$2k–$3k), expanding international investor access.

Yields and SIP

- Yields for 4QFY26: Equity/Debt/Liquid/ETF and Passives: ~62–63 bp/ ~24–25 bp/~12–13 bp/~6 bp

- On the equity yields side, it remained broadly stable at ~60–63bps, with no structural decline, but any minor movement was largely due to product mix changes such as higher passive allocation and pricing dynamics.
- Monthly SIP contribution (including STP) stood at INR12b for Mar'26 with 4.1m contributing SIP accounts. Registered ~0.6m new SIPs (including STP) for 4Q.
- SIP AUM stood at INR760b vs. INR870b in 3QFY26. The decline was mainly due to volatile market movement.
- SIP flows for Q4 were ~INR36b, with March SIP inflow at ~INR12.1b, indicating steady contribution despite volatility.
- During the market volatility, the SIP cancellations were higher in total, but ABSL was still at a better position than the industry levels. Management emphasized strong investor education efforts to discourage SIP stoppages, reinforcing long-term investing discipline.
- On the flows side, management indicated that Apr'26 has started on a more stable footing, with volatility easing and markets showing early signs of recovery, which is helping improve investor sentiment and flows.

Passives

- Passive AUM grew 25% YoY, with ETF AUM growing ~68% YoY, significantly ahead of industry growth.
- Product suite expanded to 54 offerings, covering equity, debt, commodities, and multi-asset strategies.
- New ETF launches (MSCI India ETF, Banking ETF) aim to capture both domestic and potential FII flows.

Channel Mix & Distribution

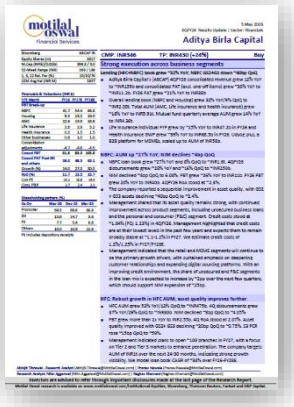
- Digital channels remain the dominant contributor to SIP flows.
- MFD (distributor) channel showed improvement, supported by better fund performance and stronger engagement from the sales team.
- Bank channel contribution increased due to more product approvals.
- The company continues to expand distribution reach (~19k PIN codes) and deepen presence in emerging markets, with plans to further expand in FY27.

Financials

- PAT declined YoY due to lower other income (MTM impact), despite strong core operating performance.
- PMS & AIF revenue contribution: ~6% of gross revenue, and on a net basis, the contribution stood at ~3.5%
- ESOP costs to increase by ~INR80–100m per quarter going forward for FY27 due to a new scheme launched in 4Q. Apart from ESOPs, incremental employee cost impact is limited, with only normal run-rate increases expected (any additional hirings would be especially in the passive/ETF business).
- Overall, cost growth will remain controlled despite investments in talent and alternate businesses, maintaining operating discipline.
- The Board has proposed a dividend of INR25.5 per share.

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Aditya Birla Capital — Buy

Current Price INR 349

Opening remarks

- The company successfully completed an equity fund raise of INR27.5b in the housing finance subsidiary with participation from global investor, strengthening the capital base and supporting future growth.
- Asset quality trends remained strong across businesses, reflecting disciplined underwriting and a clear focus on return of capital despite a volatile macro environment.
- In the NBFC segment, GS2+GS3 declined by 38bp QoQ to 2.42%, while the housing finance business saw a 19bp QoQ improvement to 0.76%, indicating broad-based improvement in portfolio quality.
- There has been no material impact from geopolitical tensions in West Asia on the portfolio so far; however, management remains cautious and continues to monitor macro developments closely.

NBFC Business performance

- The NBFC business delivered strong momentum with AUM reaching INR1.59t, growing ~27% YoY and ~8% QoQ, making it one of the fastest-growing diversified NBFCs.
- Over the last three years, the company has nearly doubled both AUM and profitability, highlighting strong execution.
- AUM crossed INR1.5t during Feb'26, with retail and MSME segments surpassing INR1t, reinforcing the shift toward granular lending.
- Disbursements stood at ~INR250b in 4QFY26 (+16% QoQ), with ~85% of incremental growth driven by retail and MSME segments.
- Full-year disbursements grew ~25% YoY, with retail and MSME contributing ~68% of the overall AUM mix.
- Turnaround time (TAT) across retail and MSME segments reduced by ~30%, driven by digital infrastructure, automated underwriting engines and scorecard enhancements.
- The Udyog platform scaled significantly, doubling to INR58b, reflecting increasing traction in MSME ecosystems.

Guidance (NBFC)

- Management expects ~200 bps improvement in unsecured mix (P&C segment and Unsecured business loans) over the next two quarters, which could drive ~25bp margin expansion.
- Retail and MSME segments will remain the core growth drivers, with continued focus on deepening customer relationships and scaling digital sourcing platforms.
- The company expects credit costs to remain stable at ~1.1-1.2% even with higher unsecured mix.
- Margin expansion and operating leverage are expected to drive RoA toward ~2.5% by FY27.
- Growth in unsecured lending and calibrated expansion in P&C will be key drivers going forward.

Segmental performance (NBFC)

Personal & Consumer (P&C)

- P&C business witnessed strong recovery, with disbursements growing ~60% YoY for FY26 and AUM increasing ~38% YoY
- Portfolio mix improved to ~13.4% (+106 bps), although still below historical levels of ~19%.
- Cohort quality improved materially, supported by AI-led analytics, behavioral models and bot-driven collections, resulting in ~50% lower flow rates vs last year.
- GS2+GS3 in this segment declined ~50bp QoQ and ~260bp YoY, indicating strong credit normalization.

Secured MSME

- The company continues to maintain leadership in the secured MSME segment, with ~27% YoY growth.
- Asset quality remains robust, supported by strong borrower cash flows and secured lending structures.

Unsecured business loans

- Disbursements grew ~28% YoY in 4Q, supported by calibrated sourcing and continuous risk-cohort refinement.
- New product launches contributed ~20% of full-year disbursements, with strong traction in professional loans.
- ~40% of GS3 in unsecured loans is covered under government guarantee schemes; excluding this, GS3 stands at ~0.9%, indicating controlled risk.

Asset quality & credit costs (NBFC)

- Overall GS2+GS3 stood at ~2.4%, the lowest level in the last five years.
- ~72–73% of the loan book is secured, largely backed by appreciating collateral, providing structural stability.
- Credit costs declined to ~1.04% (down ~19 bps QoQ), among the lowest in the diversified NBFC space.
- Full-year credit cost stood at ~1.18%, also among the lowest in peers and at a multi-year low.
- The unsecured book remains well provided for, ensuring balance sheet resilience.

Margins (NBFC)

- Margins remained broadly stable during the quarter, with minor pressure due to MTM losses (~3-4 bps impact) and competitive intensity.
- No structural spread compression was observed across business segments.
- Current mix: P&C at ~13.4% and unsecured loans at ~11%, with combined higher-yield segments at ~23.4%.
- Management expects ~200 bps improvement in mix over the next two quarters, which could drive ~25 bps margin expansion.
- PAT for the quarter stood at INR8.2b (+8% QoQ), while full-year PAT was INR30b, with marginal RoA improvement QoQ.
- Cost efficiency remains strong with cost-to-income at ~1.93% for FY26 (~2% for the quarter), among the best in the industry.

AI, digital & operational efficiency (NBFC)

- AI is embedded across the entire loan lifecycle from origination (fraud detection, real-time analytics) to underwriting (AI/ML decisioning, credit copilots) and collections (bot-led engagement, pre-delinquency interventions).
- GenAI applications in customer service, grievance handling, documentation and training are improving productivity and scalability.
- AI-led interventions have enhanced self-cure rates, reduced delinquencies and improved overall collection efficiency.
- Streamlined underwriting processes and fewer approval layers have improved customer experience, reflected in higher NPS scores.

Housing Finance (HFC) performance

- FY26 was a strong year with disbursements at ~INR253b (+44% YoY) and AUM at INR470b (+50% YoY).
- Affordable housing contribution stood at ~17.4% of retail disbursements, supporting financial inclusion strategy.
- Asset quality improved significantly, with GS2+GS3 declining to ~0.76% (down ~63 bps YoY).
- Profitability strengthened with PAT of INR6.5b, while RoA and RoE improved to ~1.88% and ~14.27% respectively.
- The company achieved ~2.07% RoA ahead of earlier guidance, driven by operating leverage and execution strength.
- Digital transformation (initiated in FY23) has resulted in ~96% process digitization, with TAT improving from ~21 days to ~12 days.

Guidance (HFC)

- The company plans to open ~100 branches in FY27, focusing on Tier 2 and Tier 3 markets to deepen penetration.
- Targets AUM of INR1t over the next 24-30 months; indicates strong growth visibility.
- NIMs declined slightly in 4Q (4.13% to 4.07%) due to seasonality and competitive intensity.
- Other income declined due to lower direct assignment volumes, while MTM impact from bond yields also weighed on NII.
- NIM/NII expected to remain range-bound, supported by capital infusion.
- Cost-to-assets improved significantly (~2.94% to ~2.4%) and is expected to decline further to ~2.1-2.13% despite branch expansion.
- With stable credit costs (~28 bps) and improving efficiency, RoA is expected at ~2.1-2.15% in FY27.
- RoE is expected at ~11.5-12% in near term due to capital infusion, but likely to exceed 15% over the next 12-24 months.

AMC business

- Total AUM (including alternates) stood at INR4.24t (+17% YoY), with MFQAAUM at INR4.36t (+14% YoY).
- Equity mutual fund AUM grew ~17% YoY to INR1.97t, supported by improved performance and flows.
- Revenues grew ~11% QoQ to INR12.8b, driven by strong SIP inflows and investor additions.
- Monthly SIP inflows remained steady (INR4b), with total folios reaching ~11m.

- Alternate assets (PMS/AIF) continued to scale, with strong pipeline and upcoming fund inflows.
- Digital and AI-led customer engagement initiatives (apps, chatbots, voice interfaces) are enhancing user experience.
- The company has also set up an IFSC platform at GIFT City to expand global opportunities.

Life Insurance business

- The company outperformed industry growth with ~15% growth in individual business vs ~10% industry growth.
- Bancassurance channel remained a key driver (~23% growth), with improving share across partner banks.
- Product mix improved with higher share of protection/traditional products (~67%), supporting margins.
- Total premium grew ~20% YoY to INR248b, with strong persistency (~86.1%).
- Digital adoption remains high with ~83% premium collection digital and ~94% self-service ratio.
- Financial metrics remained healthy with solvency ~178%, RoEV ~13.2% and VNB margins ~20.6%.
- The company targets >20% APE growth over the next three years while maintaining VNB margins of ~18-20%.

Health Insurance business

- The company delivered strong growth with gross premiums of INR73b (+39% YoY), gaining market share (~13.7%).
- Retail segment grew ~43% YoY, supported by a large agent network and diversified distribution.
- Profitability was impacted by regulatory changes (GST, labor code), though underlying metrics improved.
- The "health-first" model is gaining traction, improving loss ratios (~7-8%) and persistency (~11%).
- AI-driven underwriting and claims processing (~25% automated) are improving efficiency and reducing costs.
- Strong digital engagement via platforms like Active Health app, with ~600k monthly active users.
- Outlook remains positive with continued focus on distribution expansion, digital investments and AI-led efficiencies.

ANANDRATHI
Private Wealth. uncomplicated

Anand Rathi Wealth — Neutral

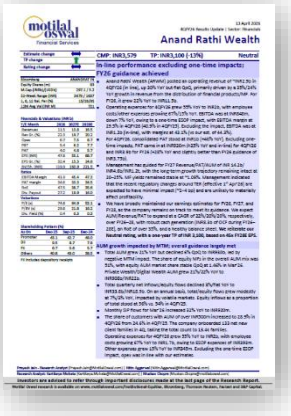
Current Price INR 1,785

Financials

- Total net inflows for FY26 stood at INR134.6b, reflecting a modest 7% YoY growth (while equity inflows grew at 3% YoY) amid volatile market conditions.
- The company recognized an ESOP charge of INR393m during the quarter, arising from accounting treatment of stock option grants. Management highlighted that this is non-cash and non-recurring in nature and excluded from its core profitability guidance.
- During the quarter, the company invested ~INR400m in Anand Rathi Global Finance Ltd (ARGFL) as part of a rights issue to maintain its ~8% stake, while also

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Anand Rathi Wealth

recognizing an INR546m fair value gain on this investment, which is MTM in nature and not backed by any stake sale.

- Secondary issuances during the quarter stood at INR11b vs INR7.2b in 3QFY26, while primary issuances were ~INR19b vs INR18.2b in the previous quarter.
- The company continues to deliver industry-leading profitability with RoE of ~46.7%, reflecting strong capital efficiency and operating leverage.

Business

- The company delivered its 18th consecutive quarter of over 20% YoY PAT growth, underscoring the consistency of its operating model.
- The company crossed the INR1t AUM milestone post quarter-end (as of yesterday), broadly aligning with its stated growth guidance.
- The company added ~1.6k client families during the year, taking the total to 13.4k families, while attrition remained extremely low at 0.54% of AUM for FY26 (0.23% for 4Q), reflecting strong client stickiness.
- Management has guided for revenue of INR14.2b and PAT of INR4.6b, along with an AUM target of INR1.2t for FY27. The long-term growth trajectory of 20–25% remains intact.
- MF yields remained stable at ~1.09%. Management indicated that recent regulatory changes around TER (implementing from 1st Apr'26) are likely to have minimal impact (2–4 bp range) and are not expected to materially affect profitability.
- Third-party product distribution sales from its own platform stood at INR1.7b in 4QFY26 vs INR2.1b in 3QFY26.

Private Wealth, Digital Wealth, and OFA

- The Digital Wealth (B2B2C) segment reported 22% YoY AUM growth to INR22.2b, with client base increasing to 7,106 in Mar'26 vs 6,087 in Mar'25.
- The Omni Financial Advisors platform scaled to 6,906 subscribers (from 6,447 in Mar'25), with platform assets reaching INR1.5t vs INR1.4t in Mar'25.

Others

- The Board has approved a 1:1 bonus issue, along with a final dividend of INR7 per share.

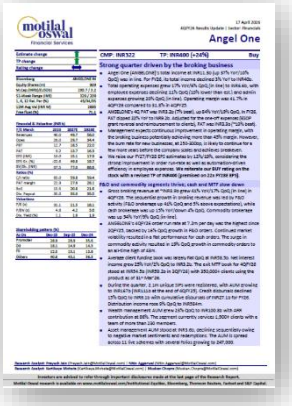
Angel One — Buy

Current Price INR 335

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Business overview

- ~50% of technology development is now augmented by AI, with initiatives like Ask Angel supported by AI-based tools. AI is increasingly integrated across growth and customer experience initiatives.
- Unit economics in the wealth business are improving, with a continued focus on scaling the asset management business. New businesses are aiding client deepening and long-term value creation, but are currently dilutive to margins (~250-300bp), with each business at a different stage of the breakeven curve.
- Wealth business is expected to break even in ~3–3.5 years, with continued investments planned given the growth opportunity. All new businesses remain nascent and require scale for profitability.
- Intraday credit availability from banks may tighten post the RBI regulations; however, borrowing remains diversified across NBFCs and other debt instruments.


Angel One

- Elevated borrowings were driven by growth in the MTF book, temporary liquidity requirements due to the 1st April bank holiday, and margin management needs.
- CAC is expected to remain stable, with ongoing initiatives to maintain efficiency and improve margins.
- For FY27, employee expenses are expected to remain broadly in line with FY26, with ESOP costs also stable. Employee count saw a marginal sequential decline in 4QFY26.
- A one-time impact was taken due to client reimbursements following a technical issue at the MII level, which led to abnormal trading activity. While there was no obligation, the company extended a goodwill gesture.
- As businesses scale and deductions normalize, the tax rate is expected to settle at ~25–26% of PBT.

Broking business

- Client engagement rebounded strongly, with order run-rate improving to 7.4m in Mar'26. Market share stood at 20.4% in retail ADTO and 16%+ in demat accounts.
- The commodity segment saw strong activity, led by bullion and energy. Growth is also supported by increased retail participation as the segment expands. F&O revenues increased, driven by market volatility.
- Industry is witnessing the addition of NSE active clients; Angel One has also started seeing traction and expects further momentum in the coming months.
- Commodity market share improved sequentially but declined YoY due to market expansion and the entry of new players. Cash segment market share declined YoY, impacted by seasonal factors in Mar'26 and weak market sentiment; Apr'26 is expected to see a recovery.
- ~10% of transacting clients are F&O-only users, though many subsequently expand into other segments, supporting client lifetime value.
- AP channel contributes ~20–25% of client additions.

Distribution

- Credit business is witnessing steady traction, currently catering to a small subset of clients, indicating a significant embedded opportunity within the platform.
- The company is the second-largest player with respect to new SIP registrations.
- Distribution revenue moderated due to softer IPO activity and lower overall distribution momentum.
- Credit take rates have remained among the best in the industry. ANGELONE is currently focused on personal loans, and after the NBFC setup, LAS will be introduced. Ticket sizes are maintained above INR 50,000.

Wealth management

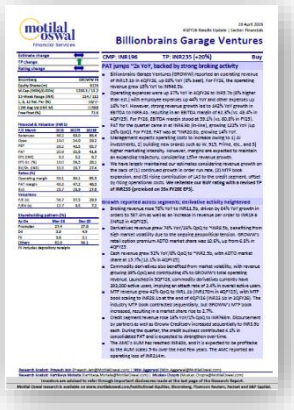
- AUM crossed INR 100b during the quarter. The platform is well-positioned to scale distribution and drive the next phase of growth. AUM per RM has increased ~3x.
- AI-led initiatives have significantly improved scale and productivity, with ~80% of wealth codes generated through AI.

Asset management

- Silver ETF and Silver ETF FoF were launched during the quarter.
- AUM declined sequentially due to softer market conditions and some redemption pressures.

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Billionbrains Garage Ventures

Billionbrains Garage — Buy

Current Price INR 189

Performance

- The management is focusing on scaling the wealth management business, with ~6 months of acquisition completed and key learnings incorporated. Additionally, the aim is to continue expanding market share in core businesses while identifying new gaps and launching relevant products.
- Management highlighted an inflection point where AI is expected to meaningfully enhance customer experience and productivity.
- Depreciation cost increased during the quarter due to the Fisdom acquisition, while employee costs rose due to investments across multiple functions, including AMC, wealth, and AI initiatives. Headcount stood at ~1,800.
- Macro factors and FII outflows impacted new user additions. A reversal in FII flows is expected to drive the next growth cycle.
- Cost to serve is largely technology-driven and is expected to increase moderately due to AI investments. While absolute costs will rise, they are expected to decline as a percentage of revenue.
- Cost to grow has remained flattish YoY and is expected to increase, though not linearly with revenue. Investments will be directed towards building new brands (e.g., W), with cost growth expected to remain below revenue growth.
- AARPU was impacted by a decline in F&O penetration (down to ~10% from ~18%), which was offset by the launch of MTF and commodity segments.
- Risk-related costs within operating expenses increased due to volatility in commodities (Feb'26) and equities (Mar'26), including provisioning for negative client balances. Going forward, operating costs are expected to rise in 1Q (due to appraisal cycle) and stabilize thereafter. Continued investments in AMC and Fisdom will keep consolidated costs elevated.
- Margin expansion is expected if revenue growth exceeds ~15%.
- Marketing costs remain broadly stable on an annual basis, with quarterly volatility (higher in 1Q due to IPL). Marketing intensity is expected to increase this year vs. a conservative approach last year.

Broking

- The customer acquisition funnel has evolved over the past year due to weaker equity market performance, with increased acquisition through mutual funds and ETFs.
- AUM accumulation remains driven by SIPs, though MTM impact has led to a dip in reported AUM. Underlying inflows remain stable, and customers continue to generate returns.
- Equity derivatives market share expanded, driven by new customer additions and higher activity from existing users amid elevated volatility. Monthly F&O transacting clients increased from ~1.4m to ~1.7m, boosting derivative volumes.
- No immediate strategy to enter algorithmic trading; awaiting further regulatory clarity before building offerings in this space.

MTF

- MTF is primarily used by existing customers and is not positioned as an acquisition product. It enables a shift from intraday trading to holding positions over longer durations.

- Customer overlap is limited, leading to low churn risk to competing platforms.
- MTF contributes ~5–10% of cash ADTO.

Wealth management

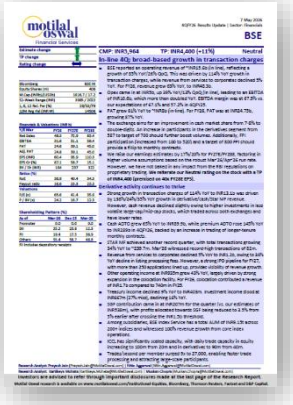
- Differentiation lies in attracting a new cohort of HNIs and affluent customers through a superior, tech-driven experience. Focus remains on enhancing customer experience, product selection, and advisory capabilities.
- Strong demand observed for stock and mutual fund advisory, and the company aims to achieve the right solution before harnessing the opportunity.
- Groww Prime has been rolled out to select users and is expected to be launched more broadly for existing customers soon.

BSE — Neutral

Current Price INR 3,966

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Performance

- BSE reported its 13th consecutive quarter of revenue growth.
- IPO pipeline remains robust, with 250+ applications lined up for FY27.
- ICCL has significantly enhanced technology capabilities, now capable of handling ~29,000 trades per second per broker, which has helped attract both large and small market participants.
- SGF requirements are determined based on stress tests involving major market participants and other factors, and hence, an increase in members does not directly translate into higher SGF requirements.
- Earlier, 5% of profits were allocated to SGF, which has now been reduced to 3.5% after surpassing the INR15.b threshold.
- An outstanding receivable of ~INR800m from NSE led to an ECL provision, resulting in higher other expenses during the quarter.
- Capex investments have been across colocation infrastructure, technology enhancement, land acquisition, etc.
- Dividend payout remains efficient at INR 10/share—higher YoY after adjusting for the absence of special dividend and bonus-related effects.

Trading segment

- The exchange achieved the highest-ever cash ADTO during the year.
- BSE received approvals for 3 new monthly index derivatives. BSE IT-focused index derivatives are scheduled to launch on 11th May.
- Colocation revenue for FY26 grew strongly to INR1.7b from INR740m in FY25, reflecting robust utilization levels.
- Current pricing for options products is considered appropriate, and any future revisions will be internally driven rather than influenced by external factors.
- Monthly contracts continue to gain traction, with the exchange aiming to further deepen participation.
- Several large market participants are still not members on BSE, though onboarding is underway and expected to support monthly volume growth.
- Bankex is also witnessing improving traction in monthly contracts.
- Over the last three years, focus has remained on creating a level playing field and scaling equity derivatives volumes; with progress achieved, management now intends to accelerate commodity initiatives.

- The focus on commodities will be on building differentiated products rather than competing solely on expiry-day positioning. New commodity-related initiatives are expected soon.
- During volatile periods, investors prefer large-cap and liquid mid-cap stocks, which impacted revenues from exclusively traded BSE stocks.
- Cash market share stood at ~7–8%, intending to reach double digits. Initiatives such as common contract notes and smart order routing are being implemented to support this objective.
- Derivative platform currently has 587 brokers, with a target to scale to at least 700, which should aid volumes.
- FPI participation has increased from ~100 to ~520, with a target of ~800 FPIs. As liquidity in monthly contracts improves, participation from long-term option-focused funds and HFT players is also increasing.

Star MF platform

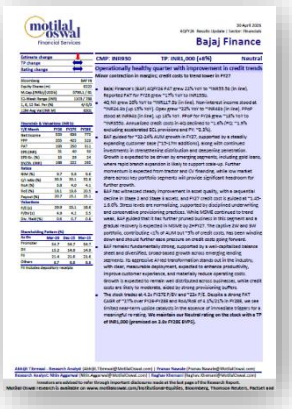
- Star MF achieved a record monthly transaction peak of ~82m transactions in Mar'26.
- NPS services were also launched on the Star MF platform, simplifying retirement planning through a unified architecture. The platform now covers the entire financial lifecycle—from SIPs to pension solutions.

Bajaj Finance — Neutral

Current Price INR 877

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Guidance

- BAF expects AUM to grow ~22-24% in FY27, supported by scaling up of new business lines (gold, tractor, CV) launched in recent years.
- Customer franchise is anticipated to expand by ~15-17m customers over FY27, driven by continued focus on distribution and customer acquisition.
- The company expects credit costs to remain in the corridor of 1.45%-1.60%, with GNPA and NNPA expected to remain below long-term guidance levels.
- RoA in the range of 4.4%-4.6%, while RoE is estimated at 19%-20% (factoring in the excess capital).
- Management believes it is entering FY27 with strong credit cost tailwinds, with guidance incorporating a degree of conservatism and the growth outlook is underpinned by expectations of improving macro stability and easing geopolitical uncertainties.
- Over the medium term, BAF remains committed to delivering sustainable growth of ~20%+ while steadily gaining market share.

Opening remarks/business update

- BAF delivered a strong quarter across all key metrics, with AUM crossing the milestone of ~INR5.1t.
- Customer acquisition remained robust, with ~3.9m customers added in 4QFY26 and ~17.5m added in FY26, taking the total customer franchise to ~119.3m.
- New loans booked increased ~20% YoY to ~12.9m, indicating healthy demand across segments.
- Geographic expansion continued with addition of 46 new locations and ~1.6k distribution points in the quarter, taking the presence to 4,098 locations and over 242k active distribution points.
- The workforce was strengthened with addition of ~1,800 employees in 4Q, with ~50% deployed in gold loan and MFI segments.

Business segment performance and growth drivers

- The gold loan portfolio continues to witness strong momentum and currently contributes ~3.5% of AUM, with expectations of rising to ~5% by FY27.
- Expansion in gold loans is being driven by aggressive branch additions, with 138 gold loan branches added in 4Q, taking the total to 1,507 branches.
- Other business segments also continue to grow in a healthy manner, supported by diversified product offerings and distribution reach.
- MSME segment growth remained muted during FY26 due to elevated credit costs; however, management expects recovery to double-digit growth by 2HFY27.
- Select emerging businesses such as gold loans, tractor and CV financing are expected to grow faster due to a low base and contribute meaningfully to overall growth going forward.
- BAF sees significant headroom for expansion across segments, given relatively low market share in most businesses.

Asset quality and credit costs

- Stage 2 and Stage 3 assets declined sequentially by ~INR4.3b, reflecting sustained improvement in asset quality trends over the past three quarters.
- Management believes that asset quality stress is largely behind, with continued normalization expected going forward.
- The captive 2W and 3W portfolio, now contributing <1% of AUM, accounted for ~5% of credit costs in 4Q; this book is expected to wind down further to <INR15b by Sep'26, which will reduce credit costs incurred on this portfolio.
- The company continues to adopt a conservative and granular approach to provisioning, focusing on balance sheet resilience and adequate coverage.

Accounting adjustments

- In 4QFY25, the company recorded an additional ECL provision of INR3.6b, along with a tax benefit of INR3.5b arising from favorable court rulings.
- In 3QFY26, the company recognized an accelerated ECL provision of INR14b to strengthen balance sheet resilience and also incurred a charge of INR2.7b towards the implementation of the New Labour Codes. Subsequently, in 4QFY26, the company created an additional ECL provision of INR1.4b as part of a management and macroeconomic overlay.

Technology and AI transformation

- BAF is significantly accelerating its FINAI transformation, with AI being deployed across revenue generation, cost optimization, underwriting, and customer engagement.
- Nearly 100% of customer engagement videos are now AI-generated, and 27 AI-driven voice and text bots are already operational.
- AI-led automation in onboarding, such as data extraction, auto-fill applications, and automated quality checks, is improving efficiency, reducing manual intervention, and enhancing control.
- AI-driven call center solutions are significantly lowering costs, with AI agents operating at nearly one-third the cost of traditional setups while improving customer experience.
- Investments in AI are being complemented by parallel investments in security and compliance infrastructure to ensure robustness.
- Use of AI-enabled co-pilots is expected to enhance employee productivity and training capabilities over time.
- AI infrastructure has already enabled significant scalability, with peak daily processing capacity increasing from ~100K loans earlier to ~600K loans currently, with potential to reach ~1m loans per day.

Operational strategy and franchise strength

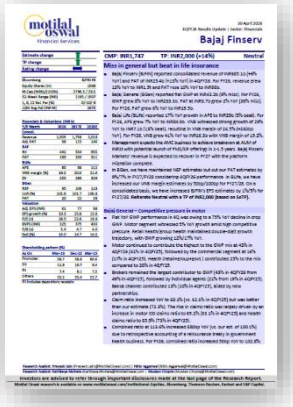
- BAF continues to invest deeply in customer centricity, aiming to increase wallet share through enhanced customer experience and engagement.
- Post-Covid expansion strategy focused on rapid scaling of product lines, geographic reach, and digital capabilities, which continues to support current growth momentum.
- Management remains focused on building a resilient and "bulletproof" balance sheet to withstand potential macroeconomic shocks.
- Strong internal processes, disciplined risk selection, and calibrated growth across segments are expected to sustain long-term performance.

Bajaj Finserv — Neutral

Current Price INR 1,733

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Performance

- Both insurance subsidiaries plan to seek a one-year forbearance for IFRS implementation.
- Insurance subsidiaries have completed the buyback of Allianz's 3% stake and are now 100% owned by Bajaj Group, which should support improvement in RoE and RoEV.
- Profitability was impacted by adverse MTM movements due to weak market conditions during the quarter. On a normalized basis, revenue would have grown ~14% and PAT ~24%.

Bajaj General

- Growth remained muted due to a strategic reduction in crop exposure and elevated pricing pressure in the motor segment. Excluding crop and government health, GWP grew ~8% YoY.
- Higher claims in government health led to an increase in the claims ratio.
- Combined ratio remained elevated due to the government health treaty accounting; excluding this, combined ratio improved YoY.
- PAT growth was flat, impacted by timing variances in government health schemes and lower contribution from crop insurance (which was highly profitable last year).
- AUM and solvency were impacted by the Allianz stake buyback.

Bajaj Life

- Retail protection contribution stood at 8.4% of retail business, growing 67% YoY in 4QFY26. Group protection grew 42% YoY.
- Persistency saw some decline in select cohorts, broadly in line with industry trends; management is focused on improving the same.
- Annuity contribution doubled in FY26, whereas non-par declined; however, annuity + non-par combined remained stable. Customer mix is shifting towards higher age cohorts, with annuity ticket sizes doubling.
- All product segments are now profitable, supported by cost optimization measures, aiding VNB margin improvement.
- Target product mix: ~25% par, ~25–30% annuity + non-par, ~10% term, and ~40% ULIP.
- GST impact (~4.5%) is being mitigated through product mix changes, commission renegotiation, and cost optimization.

- Added a few large banca partners alongside existing small and mid-sized partners, which should support growth traction.
- Agency channel saw higher share of term products with lower ticket sizes, leading to understated growth, which is expected to normalize.
- PSF sales were lower but are expected to recover with increased investments in analytics.
- Persistency decline led to changes in operating assumptions. Certain early gratification products saw lower renewal continuation, impacting persistency—this trend has been observed across the sector.

Emerging businesses

- ~6.5m healthcare transactions were processed during the quarter, with continued expansion of the provider network.
- Revenue in Bajaj Finserv Markets was impacted by platform migration and compliance with new RBI guidelines. Revenue is expected to normalize in FY27, with a shift towards partnership-led, trail-based revenue streams. Business is expected to reach breakeven by the end of the year.
- Bajaj Finserv Technology provides technology solutions within and outside the group. Expansion includes a US subsidiary, with ongoing investments expected to drive growth in the tech services business over the coming quarters.
- Average AUM for BFAMC stood at INR 306b, while closing AUM was impacted by geopolitical volatility. Equity contributes ~59% to AUM.
- AMC breakeven expected at AUM of ~INR1t.
- The company is exploring PMS and SIF offerings, with potential launches over the next 1–1.5 years. AIF approvals have also been filed.

Bajaj Housing — Neutral

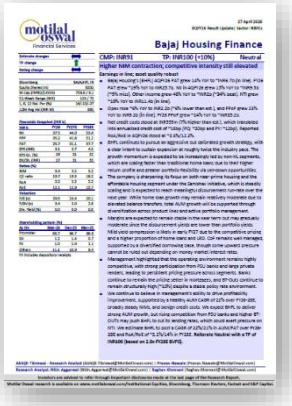
Current Price INR 84

Guidance

- Bajaj Housing remains confident in sustaining strong loan growth and continues to target growth at ~2x the industry rate, with no change in its overall growth stance.
- Non-home loan segments are expected to grow faster than home loans, supported by the ability to sell down portfolios and manage balance sheet efficiently.
- Management anticipates some yield compression in the near term, particularly in 1QFY27, with margins likely to remain broadly stable sequentially before moderating over the year as lower-yielding incremental lending portfolios scale up.
- CoB may inch up depending on money market interest rates.
- Assignment income is expected to play a balancing role in case home loan growth remains relatively subdued due to elevated BT-out.
- The company will continue to focus on organic growth, with emphasis on prime housing and expansion in the Sambhav (affordable housing) segment.
- Sambhav Housing is on track to achieve a monthly disbursement run rate of ~INR6b over the next 12 months.

Click below for Detailed Concall Transcript & Results Update




Bajaj Housing Finance

Business Updates and Performance Overview

- AUM grew ~23% YoY to over INR1.4t, while PBT grew ~20% YoY and PAT rose ~14% YoY, supported by a one-time tax benefit of INR340m. Adjusted for this, PAT growth remained broadly in line with PBT at ~20%.
- BHFL delivered a strong FY26 performance across key parameters, including AUM growth, operating efficiency, asset quality, and return ratios, despite a competitive environment and higher portfolio attrition.
- Margins in FY26 saw limited contraction of ~7bp versus an initial expectation of 15-20bp, aided by higher fee and assignment income.
- Operating efficiency improved, with opex-to-NTI at ~19.7%, outperforming the guided range of 20-21%.
- Asset quality remained resilient, with GNPA at ~0.27% (improving YoY) and credit costs at ~17bp, broadly within the guided range.
- RoA stood at ~2.3% and RoE at ~12.1%.
- The company continues to maintain a strong capital position, with CRAR at ~22.5%.
- The branch network expanded to 226 branches across 182 locations, supporting growth and distribution reach.

Segment-wise Growth and Portfolio Mix

- Home loan AUM grew ~18% YoY, while LAP grew ~24%, LRD grew ~44%, and developer finance rose ~13% YoY. Non-home loan segments continue to outpace home loans, reflecting strategic diversification and higher growth opportunities.
- The Sambhav affordable housing portfolio has reached ~INR50b and continues to scale steadily across geographies.
- Sambhav Housing operates across 73 urban locations and 72 Tier-4 locations, with steady disbursement momentum of ~INR4.1-4.25b per month. Strategic investments are being made in the near-prime segment through FY27 and in affordable housing through FY28 to drive long-term growth.

Margins, Yields, and Cost of Funds

- CoF declined ~60bp YoY to ~7.3%, supported by transmission on existing borrowings, although marginal cost of funds saw a slight uptick in 4QFY26 due to elevated money market rates.
- Margin contraction of ~12bp was driven by lower acquisition yields and the full-quarter impact of earlier rate pass-throughs. Product mix also impacted margins, as lower-yield segments like home loans and LRD grew faster relative to higher-yielding developer finance.
- Incremental yields remain competitive, with home loans at ~8.5-8.6%, LAP at ~9%, LRD at ~7.9%, and developer finance at ~11.75%.
- NCD borrowings are priced competitively at ~7.5-7.6%, comparable to bank funding, resulting in overall funding costs.
- Incremental home loan yields are in the range of ~8.1-8.5%, with some seasonal hardening typically observed post 4Q.

Liabilities and Borrowing Profile

- The borrowing mix remains well diversified, with ~49% from money markets, ~41% from banks, and ~10% from NHB refinance. The company maintains strong relationships with ~18 banks, supporting funding flexibility.
- A diversified liability profile, supported by the highest domestic credit ratings, enables competitive access to funding markets.
- The company continues to focus on money market instruments and NHB refinance as key funding sources.

Asset Quality and Risk trends

- Asset quality remained stable, with GNPA at ~0.27% (flat QoQ, improving YoY), NNPA at ~0.11%, and annualized credit cost at ~19bp.
- Early delinquency indicators, including bounce rates, are showing a declining trend across segments, indicating improving borrower behavior.
- No micro-level stress has been observed across portfolios, and recent trends, including April data, remain stable.
- As a prudent measure, the company increased Stage 2 provisioning coverage in light of the broader macro environment, without any specific portfolio-level stress triggers.

Competitive Intensity and Industry Dynamics

- The company continues to face strong competition, particularly from public sector banks, as well as large private players such as HDFC Bank and ICICI Bank.
- BT-out rates remain elevated at ~10%, reflecting competitive pricing pressures in the market. Banks continue to act as price setters in the housing finance market
- A stable interest rate environment typically leads to moderation in BT activity; however, current competitive intensity has kept prepayment rates elevated.

Prepayments and Portfolio Behavior

- Prepayment rates in the home loan segment remain elevated and have not shown signs of moderation. Higher BT-out activity continues to impact home loan growth relative to non-home loan segments.
- BHFL is managing this dynamic by leveraging assignment opportunities and focusing on faster-growing segments.

Strategy and Growth Focus

- The company continues to deepen its presence in prime housing through funnel expansion and stronger distribution.
- Affordable housing (Sambhav) remains a key strategic priority, with significant scale-up planned over the medium term.
- Assignment strategies and portfolio mix adjustments are being actively used to optimize returns and manage growth dynamics.

Can Fin Homes — Neutral

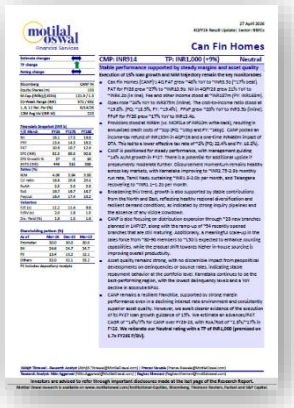
Current Price INR 819

Guidance

- Can Fin targets AUM growth of ~14% in FY27, with potential upside to ~15%, if prepayments moderate to below current run-rate
- Management expects to maintain spreads at ~2.75%-2.8%+ and NIM at ~3.75% for FY27, supported by stable yields and liability management.
- The company anticipates credit costs to remain benign at ~15bp or lower, with no requirement for additional management overlays.
- Profitability metrics are expected to remain healthy, with RoA guided at ~2.3-2.4%+ and RoE at 18%+.
- Can Fin plans total disbursements of ~INR130b, with an estimated book run-down of ~INR70b in FY27. Management expects the loan book run-down rate to peak out, despite a marginal uptick in BT-outs during 4QFY26.
- The company aims to drive ~25% disbursement growth across key zones, supported by improving run-rates in previously subdued geographies (Karnataka and Telangana).

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Business updates and operating performance

- Disbursement momentum remained strong, particularly in Karnataka, where the monthly disbursement run-rate improved to ~INR2.9b in 4QFY26 (from ~INR2.5b earlier).
- Telangana witnessed a steady recovery, with disbursements improving from a ~33% decline in 1QFY26 to near-flat YoY performance, and the state now delivers disbursements of ~INR1.1-1.2b per month. CANF expects Telangana to return to positive growth in FY27, supported by improved execution.
- Tamil Nadu continues to deliver strong growth of ~30% (disbursements of ~INR1.8-2b per month), while North and East regions are also contributing steadily.
- Current monthly disbursement run-rates stand at ~INR2.75b in Karnataka, ~INR1.5-1.6b in North (Punjab, Haryana, Delhi, NCR, UP, Himachal Pradesh, and Uttarakhand) and West zones (Rajasthan, Maharashtra, Gujarat, and MP), and ~INR1b in the East (AP, Chhattisgarh, Orissa, Bihar, and West Bengal).
- Demand trends remain healthy across regions, with strong enquiry levels and no visible slowdown, despite typical seasonality post-March.
- While the affordable housing segment is witnessing some demand moderation, CANF has not seen any impact on its core operating segments.

Asset Quality and Credit Costs

- Asset quality trends remain stable, with no impact from geopolitical developments observed on delinquencies or bounce rates.
- Karnataka continues to exhibit the strongest asset quality, with the lowest delinquency levels among all regions and a decline in absolute NPAs YoY. The impact of IT sector-related stress remains minimal, as exposure to IT salaried customers is limited (~6% of the portfolio).

Prepayments and Balance Transfer (BT) Trends

- BT-outs account for ~25% of portfolio run-down, primarily driven by competition from LIC Housing Finance and Bajaj Housing Finance.
- The shift to competitors, particularly Bajaj Housing, is driven by top-up loan offerings, which sometimes CANF does not want to match to retain customers.
- The transition from annual reset to quarterly reset (now ~85% of the portfolio) has enabled full transmission of ~50bp rate benefit to customers, which is expected to help contain BT-outs and prepayments.

Portfolio Mix and Yield Dynamics

- The company reported portfolio yields of ~9.84%, with incremental yields also above 9.8%, indicating stable pricing. A moderate increase in incremental yields was driven by a higher share of LAP and non-housing loans, along with growth in the self-employed segment.
- The company consciously increased LAP exposure by ~2pp, although the strategic focus will remain on expanding the housing loan portfolio.
- Management does not expect further yield compression, while any upward rate movement may impact only the ~15% of the portfolio (which is not yet on quarterly reset).

Liabilities and Cost of Funds

- The liability profile remains favorable, with ~62% of borrowings linked to repo rate from banks, enabling faster transmission of rate movements. The company continues to benefit from bank borrowings at sub-7% levels, supporting margins.
- Benefits from the NHB borrowings are yet to fully flow through.

Branch Expansion and Distribution

- New branches contributed ~INR8.6b in disbursements during FY26, demonstrating a strong ramp-up. Can Fin plans to open ~28 branches in 1HFY27, including 3 in Karnataka and 2 in Telangana, to support growth in key markets.
- Previously opened branches (54 branches) are yet to fully mature and are expected to deliver incremental productivity gains as they approach breakeven.
- Incremental growth will also be supported by branch additions, sales team expansion, and maturing distribution infrastructure.

Sales Team and Sourcing Strategy

- The company significantly expanded its sales team from ~30-35 members in FY25 to ~80-90 members as of the end of FY26, resulting in a sharp increase in disbursement contribution to ~INR8.7b (from INR1.8b). The sales team is expected to scale up further to ~150 members, which should materially enhance sourcing capabilities.
- A strategic shift from DSA-led sourcing to in-house sales is expected to improve efficiency and reduce acquisition costs.

Technology and Digital Initiatives

- The company has undertaken a major IT transformation with an outlay of ~INR3b, of which INR1b was capex, and ~INR2b was opex spread over 5 years, aimed at improving scalability and operational efficiency.
- Infrastructure upgrades have enhanced system speed, connectivity, and security, including protection against cyber threats.
- Implementation of HRMS systems and digital processes, including digital signatures, has streamlined operations.
- Introduction of AI components across select processes is improving productivity and decision-making.
- The upcoming implementation of LOS and LMS platforms is expected to further enhance efficiency and enable better direct sourcing.
- Depreciation related to IT investments is expected to commence from FY27 onwards.

Operating Efficiency and Cost Structure

- The shift toward in-house sourcing and digital processes is expected to drive cost efficiencies over time.
- Employee costs are expected to increase by ~10-12%, reflecting ongoing investments in staff, distribution, and capabilities.

Regional and Regulatory Developments

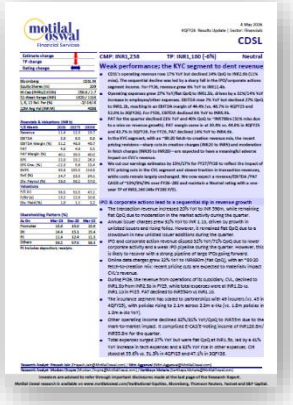
- The Karnataka e-Khata issue is gradually getting resolved, leading to improved business momentum in the state. Both Karnataka and Telangana are witnessing improving business sentiment, which is expected to support growth acceleration going forward.

CDSL — Neutral

Current Price INR 1,218

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Business:

- An infrastructure utility continues to invest in technology across the application layer, hardware, network, and cybersecurity. Platform built to handle high volumes and large IPO spikes, ensuring scalability and uptime.
- API stack expanded significantly, enabling seamless onboarding, transactions, and pledging.
- Added more than 27m new accounts in FY26, taking its total to 180.1m accounts, maintaining an incremental market share of over 80%.
- Received no objection letter to set up a separate business unit at GIFT city as the first KYC registering agency to support international investors and issuers.
- Launched Form 15G/15H for improving account portability and transmission processes, and is expected to streamline regulations across the ecosystem.

CVL

- Revenue: INR1.8b (vs INR2.3b in FY25)
- Other income: INR150m (vs INR230m in FY25)
- Total income: ~INR2b (vs INR2.5b in FY25)
- Expenses: INR1.2b (vs INR1.1b in FY25)
- PBT: INR740.7m (vs INR1.5b in FY25)
- PAT: INR554m (vs INR1.1b in FY25)

Financials

- In the KYC segment, revenue mix is ~80:20 between fetch and creation. Pricing revisions have reduced: fetch charges from INR35 to INR28 and creation charges from INR20 to INR5, impacting CVL revenues.
- IPO & corporate action revenues declined in 4Q, in line with industry-wide slowdown due to: fewer IPOs and lower corporate activity. However, large IPOs are expected in the future.
- Other income declined due to the mark-to-market impact.
- Consolidated account statement/E-voting revenue was INR120.8m/INR55.8m.
- Application processing (IPO etc.)/unlisted revenue: ~INR120m/~INR30m/ ~INR35m
- Pledge income (Q4): ~INR63m, Application processing fees (Q4): ~INR30m/ unlisted issuer revenue: ~INR35m
- Impairment costs stood at INR76.2m in 4QFY26.

Cholamandalam Inv. & Finance — Buy

Current Price INR 1,471

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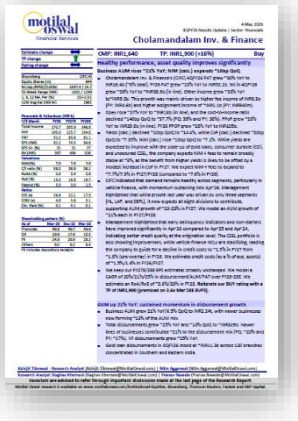


Guidance

- CIFC guided for AUM growth of 20-23% in FY27

Segmental growth outlook:

- Vehicle finance: AUM growth of ~18% and disbursement growth of ~15-20%.
- Home loans and LAP: 12-15% disbursement growth and 25%+ AUM growth.
- SBPL: AUM growth >30%.
- New businesses (CSEL, CD, gold loans) to grow at a higher pace due to a low base.


Cholamandalam Inv. & Finance

- Credit costs: expected to decline from ~1.6% (pre-overlay) to ~1.5%
- NIM is expected to sustain at ~8%.
- Opex is expected to remain at ~3.0-3.1% in the near term.
- Pre-tax RoA: ~3.5%.

Opening remarks

- The company reported strong disbursement momentum in 4QFY26, with total disbursements at INR329b, up ~25% YoY, translating into AUM growth of ~21% YoY to INR2.43t.
- Growth was broad-based across key segments, indicating recovery from prior cyclical/geographic challenges seen over the last 2-3 years.
- CIFC created a management overlay of INR2b in 4QFY26 as a precautionary measure, driven by uncertainty around second-order macro risks such as geopolitical tensions, crude oil price volatility, and potential supply chain disruptions. This overlay is not reflective of any current stress in the portfolio.
- Profitability remained strong with RoA at ~4.1% (pre-overlay) and RoE at ~23%, highlighting strong operating performance despite conservative provisioning.
- Liquidity position remains comfortable with INR212b in liquid assets and no negative ALM mismatches across time buckets.
- Capital adequacy stood healthy at 19.2% (Tier 1 at 14.7%), with CCD conversion partly completed and the remainder expected in 1HFY27.
- The Board declared a final dividend of INR0.70/share.

Business trends

- The vehicle finance segment continued to deliver strong growth with disbursements up ~26% YoY and AUM growth of ~18% YoY. Growth was seen across PVs, CVs, tractors, and LCVs, and the company also indicated market share gains. April trends remain strong across all sub-segments.
- The MSME segment saw relatively moderate disbursement growth of ~11% YoY, but AUM growth remained strong at ~29% YoY, driven by LAP, SME, and SBPL segments. SBPL continues to be a key growth driver with expected >30% AUM growth.
- Consumer segment witnessed strong traction with ~45% YoY disbursement growth, driven by scale-up in consumer durable financing, mobile lending, and digital consumer businesses.
- Within this, the newly launched gold loan business saw disbursements of INR11b in 4QFY26. Strategy is evolving toward granular lending, with average ticket size reducing from INR300k to INR200k, although customer-level exposure remains INR400-500k due to multiple loans per borrower.
- CSEL now comprises two parts: (1) unsecured personal/professional loans and (2) consumer durable, mobile, and digital lending. Asset quality is improving here, with loan losses declining to ~5.2% and expected to improve further.
- The home loan segment saw temporary moderation in disbursements due to operational issues such as election-related administrative delays, land record digitization mismatches, and documentation challenges (especially in the South). Management expects 1QFY27 to be better, supported by branch maturity and pan-India expansion.

Asset quality and credit costs

- Core asset quality trends remain stable to improving. Stage 2 assets have been improving since 2Q, indicating better borrower repayment behavior and portfolio seasoning. Stage 3 also improved in Q4.

- Early delinquency indicators such as early defaults and non-starters are significantly better in Apr'26 compared to Apr'24 and Apr'25, indicating improving credit quality at the origination level.
- No deterioration was observed in Apr'26 vs Mar'26, and first-cut NCL numbers are lower YoY.
- Credit costs (pre-overlay) declined ~20bp YoY, reflecting stable portfolio performance.
- Continuous efforts are underway to improve underwriting tools and credit filters across all divisions, which is expected to further reduce credit costs over time.
- The INR2b overlay is purely precautionary to address potential risks arising from crude price volatility, LPG supply disruptions, and sectors dependent on global trade and shipping.

Margins

- NIM improved ~40bps YoY, supported by lower cost of funds. Going forward, the NIM is expected to remain stable at ~8%, as higher yields from new businesses will offset slightly higher cost of funds.
- Opex/avg. assets remained broadly stable at ~3.1% vs ~3% last year, despite investments in new businesses like gold loans and consumer durables, as well as branch expansion.
- Operating leverage is expected to take ~1 more year to fully reflect, given ongoing investments in distribution and new segments.
- Credit costs are expected to moderate to ~1.5% from ~1.6% (pre-overlay), driven by improvement in CSEL and overall asset quality normalization.
- CGTMSE-related cost during the quarter was ~INR380m, with ~70% of unsecured business loans covered (~INR50b of unsecured business loans, and out of which ~INR30-35b is covered). CGTMSE coverage is expected to increase to ~80% by the end of the fiscal year.

Demand outlook

- Demand environment remains stable to strong, especially in vehicle finance, with Apr'26 witnessing healthy growth across segments.
- The company has not observed any change in customer behavior on the ground, with collections, sales, and credit trends remaining stable vs last year.
- An increase in diesel prices will impact long-haul transporters/HCV more than the LCV or SCV segment customers.
- Diesel price increases are not a major concern for the company's borrower profile (which is small transporters), as cost pass-through is feasible if demand remains strong.
- For long-haul transporters, diesel price increases could impact income (INR50k impact if prices rise ~25%), but the company has a lower portfolio mix in the HCV segment.
- Competitive intensity remains stable, with no major shift in behavior from banks over the last 4-5 months.
- The company expects disbursements to improve in Home loans from 1QFY27 onwards.

Branch expansion

- The company plans to add ~100 branches each in home loans and LAP (co-located with existing vehicle finance branches), implying efficient cost scaling.

The focus will be on manpower deployment within the existing network for other businesses.

- The gold loan business is being aggressively expanded, with branch count expected to increase from ~120 currently to ~480 branches (i.e., 360 additions), with these being exclusive branches.

Capital position

- Internal accruals are expected to sufficiently fund growth, as long as growth remains below ~25% and pre-tax RoTA sustains at ~3.5%.
- If Tier 1 capital approaches ~13%, the company may consider raising equity capital.
- Discussions with credit rating agencies are ongoing, driven by both qualitative and quantitative parameters.

Others

- The company continues to use the ARC route for the resolution of smaller ticket loans (<INR2m), while higher ticket loans are resolved via SARFAESI.
- Fintech-originated portfolio (INR3-4b) is being gradually run down and is expected to take ~1 year.
- No changes have been made to PD/LGD assumptions in ECL modelling.
- Over the past 2-3 years, multiple segments were impacted by geography/product-related issues (especially in vehicle finance), but trends have started improving from 4Q onwards.
- Earlier, growth was driven by 3 engines (LAP, SBPL, HL), but now all 8 business verticals are expected to contribute to growth going forward.
- The total collection workforce stands at ~30,000 employees.
- Opex expected to remain in the range of ~3.0–3.1% in the near term before operating leverage benefits kick in.

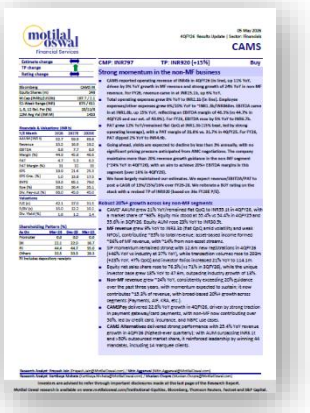
Computer Ages Management — Buy

Current Price INR 752

MF segment

- MF revenue remained flat QoQ, despite market volatility and weak NFOs, supported by stable yields and strong operational efficiency.
- The non-asset-based MF revenues declined 5% YoY/remained flat QoQ, led by lower MF Central transactions and fewer NFO-related revenues.
- Equity net sales stood at INR1b, driving share in this segment to 76.3% from 71% in 3QFY26.
- Yield compression was <1% in 4Q, mainly due to mix shift toward passive funds, not pricing cuts. Expected yield decline: <3% annually as no major pricing pressure expected from AMC negotiations.
- New SIP registrations reached 12.6m in 4QFY26, reflecting a strong 46% YoY growth, outpacing the industry growth of 37%.
- Unique investor base crossed 47.6m during the quarter, registering an 18% YoY growth and outpacing industry growth of 13%.
- During the quarter, 4 SIFs launched their maiden funds, taking the total number of SIFs serviced to 6. A strong pipeline remains in place, with 8 additional SIF launches expected over the coming months.
- Retail fund launches in GIFT City gained momentum. CAMS-serviced GIFT City Retail Fund AUM stood at USD35.3m.

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Non-MF Business

- Non-MF revenue grew ~25% YoY, consistently beating 20% guidance for the past 3 years, and expects the 20%+ growth momentum to sustain going forward
- Non-MF contributes ~15.3% of the overall revenue mix, growing steadily. Key segments (Payments, AIF, KRA, etc.) grew 20%+ (broad-based growth).
- Non-MF EBITDA margin expanded to ~16.5% (from earlier ~12-13%), targeting 20%+ next year.

CAMS KRA

- CAMS KRA revenue grew 28% YoY despite industry-wide headwinds impacting new account openings.
- The addition of two major broking houses during the quarter further strengthened its market positioning.
- For FY27, the revenue hit is expected at ~INR80m due to recent pricing cuts (Apr'26), offset by NSE KRA, which will contribute ~INR25-30m. The balance is expected through volume growth, new client wins, and market share gains, leading to flat growth in FY27.

CAMS Pay

- CAMSPay delivered 22.8% YoY revenue growth in 4QFY26, led by strong traction in payment gateway and card-based payments.
- Non-MF share was >50%, driven by credit card, insurance, and NBFC use cases.
- It has onboarded 20+ new clients.

CAMS Alternatives

- CAMS Alternatives achieved a strong quarter, with revenue up 25.4% YoY in 4QFY26.
- With AUM crossing 3.1t. (commanding 50%+ share of outsourced market), CAMS reinforced its dominance in the Alternatives market, winning 44 new mandates, including 14 marquee new logos.

CAMS Rep

- CAMSRep rose 6% YoY revenue, supported by new client acquisitions and increasing active user engagement.
- Bima Central doubled its active user base, adding 1.3m in FY26, while maintaining a commanding 40% market share.
- LIC started its operations in Feb'26, and is expected to add meaningfully to the segment during this year.

Financials

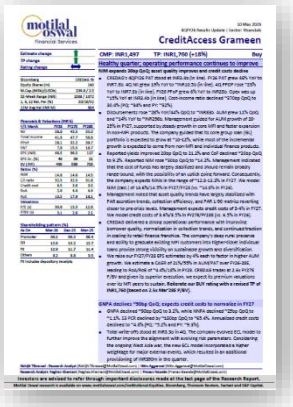
- The company reported its highest-ever quarterly revenue in 4QFY26, fueled by strong performance in its non-MF business (stronger growth than MF segment), up 24.5% YoY.
- EBITDA reached all-time high; margins recovered to ~46.5% from the FY25 pricing resets. Margins expanded due to automation, cost discipline, and platform efficiency. Current EBITDA levels represent a sustainable baseline going forward.
- FY26 cost growth ~9% YoY (very low vs history), driven by: automation & AI integration and reduction in core MF operations manpower. This is structural cost optimization, not a one-off cut, and further efficiency gains are expected in FY27 (<9% YoY).
- For FY27: ~5% employee cost growth, ~9% overall cost growth.
- Head count stood at 8,420 as of Mar'26 vs 8,324 in FY25. There were some additions made in the tech, risk, and compliance roles, which were offset by reduction in the MF business manpower. Additional optimization will further reduce the headcount.

CreditAccess Grameen — Buy

Current Price INR 1,270

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Guidance

- CREDAG guided for FY27 AUM growth of 20-25%, supported by steady growth in core MFI and faster expansion in non-MFI products.
- Core group loan portfolio is expected to grow at ~10-12%, while the majority of incremental growth is expected to come from non-MFI and individual finance products.
- Retail finance contribution to AUM is expected to increase further toward ~24-25% by FY27-end.
- FY27 NIM guidance stands at ~12.8-13.2%, reflecting normalization in portfolio yields and stable funding costs.
- Cost-to-income ratio is guided at 33-35%, incorporating certain inflationary assumptions and continued investments toward technology and retail scale-up.
- Credit cost guidance remains at 3-4%, with management expecting gradual normalization but retaining prudential buffers against external uncertainties.
- Management guided for FY27 RoA of 4-4.8% and RoE of 16-20%, supported by improving borrower quality, stronger collections infrastructure, lower credit costs, and increasing contribution from higher-quality retail finance products.
- Management reiterated that the company's long-term transformation strategy remains focused on evolving from a traditional MFI institution into a diversified rural-focused inclusive finance platform through deeper household-level engagement, increasing wallet share, and expansion across lifecycle-based retail financial products.

Strategy and portfolio transition

- Management reiterated that the long-term strategy is to gradually transition customers from group MFI loans to individual retail finance products, with MFI continuing to act as the primary customer acquisition and entry platform.
- The company believes the optimal approach is to identify borrowers with established repayment history and improving household cash flows and subsequently graduate them into higher-ticket individual loans in a calibrated manner.
- Growth in individual finance products is expected to remain stronger over the medium term due to the relatively smaller base and increasing penetration within the existing customer franchise, where currently only ~6-8% customers have migrated into retail products.
- Despite customer graduation into retail finance, management expects the core group loan portfolio to continue growing at ~10-12%, supported by continued customer acquisition and strong rural demand trends.
- Individual loan products are now offered across most major markets, with Karnataka, Tamil Nadu, Maharashtra, and Madhya Pradesh emerging as the key focus geographies for retail scale-up.
- Disbursement mix is currently skewed toward existing customers (~80%), reflecting deeper penetration into the existing borrower base. However, the company expects new customer sourcing to gradually normalize toward 30-40% of disbursements from FY27 onward.

- Except for the mortgage business, all individual finance products are already profitable at the product level as these products leverage the existing group-loan branch network, thereby benefiting from operating leverage and shared infrastructure.
- In the mortgage business, standalone branch investments continue to weigh on profitability, though management expects operating leverage to improve once the mortgage AUM scales beyond INR8-10b.
- Individual loan mix and borrower graduation trends
- Decline in unsecured business loan ticket size is largely attributable to faster growth in lower-ticket individual loan products targeted at relatively newer borrowers.
- Customers with stronger credit profiles and better cash flow visibility are being offered larger-ticket individual loans with average ticket size of INR170k, while borrowers with lower income visibility are initially onboarded with smaller-ticket loans of INR75k–100k.
- Management indicated that such customers may subsequently graduate into higher-ticket loans over successive cycles based on repayment behavior and demonstrated cash flow improvement.
- The company continues to see strong customer acquisition trends while simultaneously graduating better-quality borrowers into retail products, supporting portfolio diversification without materially impacting core MFI growth.

Asset quality and collections

- Management highlighted that asset quality trends have largely stabilized with PAR accretion trends, bucket collection efficiencies, and PAR 1-90 metrics reverting closer to pre-crisis levels.
- Gross NPA stood at 3.17%, net NPA at 1.12%, and PAR 90 remained contained at 2.28% during 4QFY26.
- Trends witnessed during 4QFY26 have sustained through April and early May as well, with management indicating no material deterioration in borrower behavior so far.
- The company reiterated that over the last two years it prioritized collections first, portfolio stabilization second, and growth thereafter, resulting in gradual normalization in portfolio quality.
- Several operational interventions including tighter audits, dedicated collection quality teams, enhanced field supervision, real-time analytics, and predictive collection frameworks have been implemented to improve portfolio monitoring and recovery efficiencies.
- Management also highlighted that rural borrowers have historically demonstrated relatively better resilience during stress periods, providing confidence around long-term portfolio stability.

ECL provisioning and credit cost

- Management has transitioned toward a more forward-looking and conservative ECL framework during 4QFY26, resulting in Stage 1 ECL increasing to ~1.63%.
- The revised provisioning methodology incorporates longer historical datasets, macroeconomic variables, external-event scenarios, and additional prudential overlays linked to geopolitical and global uncertainties.

- An incremental provisioning impact of INR390m linked to the ongoing West Asia crisis has already been incorporated within Stage 1 provisions during 4QFY26.
- Management clarified that the additional provisioning buffers are largely precautionary in nature and reflect a more conservative risk-management approach rather than deterioration in underlying borrower behavior.
- The revised framework now incorporates higher risk weightages for external shocks, including prolonged inflationary pressures, fuel or gas supply disruptions, and broader macroeconomic instability.
- Management indicated that provisioning buffers could normalize over time if geopolitical and macroeconomic risks recede and additional overlays are no longer required.
- Despite improving collection and delinquency trends, management has retained a relatively wider FY27 credit cost guidance range of 3-4% to account for evolving macro uncertainties and external risks.
- Management expects better visibility over FY27 regarding whether credit costs ultimately settle toward the lower or upper end of the guided range.
- Over the medium term, the company expects credit costs to gradually normalize toward through-cycle levels as portfolio seasoning improves and stress conditions stabilize.

Yields and margins

- NIM improved sharply during 4QFY26 with exit NIM reaching 14.2%, supported by lower borrowing costs and improving portfolio mix.
- Cost of borrowing declined to 9.2% during 4QFY26 with marginal borrowing cost remaining stable at ~8.9%.
- The company does not expect any further meaningful reduction in cost of funds going forward. CoF is expected to remain broadly stable or inch up marginally from current levels.
- The company has not implemented any lending rate hikes and does not intend to increase pricing unless there is a significant increase in borrowing costs.
- Yields between MFI and non-MFI products are broadly comparable, except for the mortgage segment where yields remain structurally lower.
- In the housing finance business, the company may increasingly pursue partnership and co-lending arrangements with larger banks to optimize returns and capital efficiency.

Operational performance

- Operational momentum remained strong during 4QFY26 with disbursements growing 28.4% YoY and 44.1% QoQ to INR83b, while FY26 disbursements increased 24.1% YoY to INR249b.
- Borrower quality improved materially during the year with the share of borrowers having more than three lenders declining sharply from 25.3% in Aug'24 to 3.3% in Mar'26.
- Share of unique group-loan borrowers improved significantly to 46.1% from 26.6%, reflecting tighter underwriting and improved borrower selection practices.
- Branch network expanded by 183 branches during FY26 to 2,236 branches, while employee attrition moderated to 29.4% versus 33.5% last year.

Technology and digital initiatives

- Management highlighted continued strengthening of digital capabilities and technology infrastructure across sourcing, underwriting, collections, and customer engagement.
- The Grameen Mahi app onboarded ~840k borrowers during FY26, taking the active user base to ~1.12m customers or ~25.4% of the borrower base.
- Digital collections penetration improved materially from 14% in 4QFY25 to 22% in 4QFY26.
- The company continues to enhance customer engagement through WhatsApp integration, tele-calling initiatives, vernacular self-service journeys, and digital payment ecosystems.
- Technology investments remain focused on AI-led underwriting, predictive collections, paperless customer journeys, compliance automation, and integration of sourcing-to-collection processes through a unified platform processing more than 3m daily transactions.

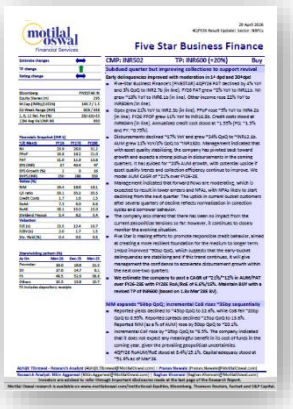
Balance sheet and capital position

- Capital adequacy remained healthy at 24.4% with debt-to-equity maintained at ~3x, providing adequate balance sheet flexibility to support future growth.
- Liability diversification improved further with foreign borrowings increasing from 21.2% to 24.4% during the year.
- Regulatory concentration limits have progressively increased from 15% to 25% and now to 40%, providing significantly higher operational flexibility.
- If required, the company can manage regulatory concentration limits through securitization, portfolio sell-downs, co-lending structures, and other balance sheet optimization strategies.
- The company continues to evaluate diversification opportunities, including potential inorganic initiatives, to support future growth.

FIVE STAR

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Five Star Business Finance

Five-Star Business — Buy

Current Price INR 434

Guidance & Outlook

- AUM growth guidance of ~20% for FY27, with management confident of sustaining ~18-20% growth over the next 2-3 years.
- The company guided for disbursements of INR65-70b for FY27, with sequential pickup expected through the year as the company shifts back to growth.
- Credit cost (as a % of avg. AUM) guided at ~1.7–1.75% for FY27, with steady-state expectation at ~1.5-1.6%.
- Margins expected to remain healthy, with spreads guided at ~13.5% for FY27 and broadly stable thereafter.
- RoAUM guidance at ~8.25-8.5% for FY27, with steady-state RoA around ~8%; RoE expected to improve gradually with increase in leverage.
- Cost of funds not expected to see material decline in FY27 due to geopolitical uncertainties.
- Opex (as a % of avg. AUM) expected to be broadly stable at ~7-7.25% of average AUM, driven by continued investments in collections and branch expansion.
- Branch addition guidance at 60-75 branches in FY27.

Disbursements and AUM growth

- Despite a challenging environment, the company delivered ~11% AUM growth and ~2% PAT growth, demonstrating the resilience of its business model.
- With asset quality stabilizing, the company has shifted focus back to growth and expects strong disbursement momentum ahead.
- FY27 disbursement guidance at INR65-70b, with sequential growth expected through the year.
- Management remains confident of sustaining ~18-20% AUM growth over the next 2-3 years, with ~20% growth targeted in FY27 with some upside if asset quality and collections hold up well.

Asset Quality & Collections

- Asset quality headwinds in MFI and unsecured segments over the past 1-2 years spilled over into secured lenders, particularly small-ticket players, leading to elevated DPD for the company due to high MFI overlap.
- However, corrective actions taken over the last few quarters have stabilized the portfolio, with management indicating that the worst is behind.
- Collection efficiency has improved across all buckets, reflecting strength in underwriting and collection mechanisms.
- Unique CE stood at 98.1% (highest in the company's history), while overall CE was strong at 99.3%, helping contain forward flows from early delinquency buckets.
- Slippage ratio improved meaningfully from 1.09% to 0.7% QoQ.
- Increase in current bucket customers after multiple quarters of decline indicates normalization of collection cycles and borrower behavior.
- Forward flows are moderating, which should lead to lower arrears and NPAs going ahead; NPAs expected to decline from next quarter.

Credit Costs

- Credit cost guidance stood at 1.7-1.75% for FY27, with steady-state expectation of ~1.5–1.6%.
- The company shared that earlier guidance of ~0.8-1% was on assets, which translates into ~1.3-1.35% on AUM and that has been increased to reflect better understanding of customer risk and evolving macro stress.
- Higher credit cost is a conscious decision to balance growth with prudent risk management and avoid stress on field execution.
- If asset quality trends improve faster than expected, credit costs may come in lower than guidance.

Yields and margins

- Despite ~200 bps decline in disbursement yields, spreads declined only ~30 bps due to benefit from lower cost of funds.
- RoAUM remained strong at 8.37%, highlighting profitability resilience.
- FY27 guidance: spreads ~13.5% and RoAUM ~8.25-8.5%, with steady-state RoA around ~8%.
- Current lending yields at ~22.5%, with book yields ~22-22.25%. The company expects additional ~30-40 bps moderation over the next few quarters.
- Target customer segment remains relatively price-insensitive; hence, no major pricing cuts expected going forward.
- Cost of funds declined to 8.95% in 4QFY26 (vs 9.12% in 3Q) and to 9.21% for FY26 (vs 9.64% in FY25).

- Incremental borrowings of INR9.3b raised at ~8.53% cost during the quarter.
- Secured $100 million funding from Asian Development Bank (ADB), of which $50 million has been drawn; the remaining is available for FY27. Higher borrowing cost in the quarter was due to hedging costs on ADB funding.
- No major CoF benefit expected in FY27 due to geopolitical uncertainties.
- No expectation of rating upgrade in the near term; any upgrade likely only towards end-FY27 or later.

Opex and investments

- Increase in opex driven by investments in collection infrastructure and one-time personnel expenses (including incentives).
- Opex (as a % of avg. AUM) expected to remain broadly stable at ~7–7.25% due to continued investments and branch expansion.
- 90 branches added in FY26, with ~95% already at breakeven, indicating strong execution.
- Plan to add 60-75 branches in FY27, with breakeven expected within 9-12 months.
- Strategy remains focused on proximity to customers to improve sourcing and collections.

Geographic Trends and Customer & Product Strategy

- 85% of portfolio remains concentrated in South India. Growth was muted in southern states earlier due to over-leverage issues, but recovery is now visible.
- FY27 growth expected to be driven largely by southern markets (AP, Telangana, Tamil Nadu, Karnataka), with growth likely from these regions.
- Non-south growth in FY26 was supported by new branch additions.
- Core ticket size increased from INR350k to INR420k, with INR300-500k remaining the key “sweet spot” (~50%+ of AUM mix).
- Target segment is not highly price-sensitive; shift towards slightly higher ticket sizes is not expected to impact yields materially.
- Earlier stress was behavioral (over-leverage and MFI spillovers) rather than structural, and is now stabilizing.
- Key structural change: separation of business and collections teams to improve discipline and efficiency.

New Products

- Affordable housing loans launched selectively; near-term focus remains on scaling and stabilizing core micro-LAP segment.
- Affordable housing “sweet spot” identified at INR700-1m, to be scaled gradually.
- Additional product expected to be introduced over the next 2 years to diversify the portfolio.

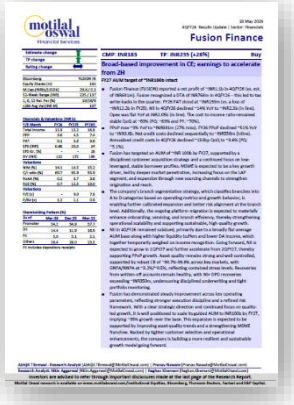
Others

- While April is seasonally weak, there has been no material deterioration in April or improvement expected, with asset quality holding steady.
- Collection trends remain strong over the past six months and are expected to remain intact.
- Disbursement momentum expected to pick up from 1QFY27 onward.
- No meaningful impact observed from geopolitical developments so far.
- Exposure to vulnerable segments (e.g., small eateries, NRI-linked customers) is <1% of portfolio and remains stable.
- Situation continues to be monitored, but no immediate risk anticipated.

Fusion Finance — Buy

Current Price INR 172

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Fusion Finance

Guidance and outlook

- Fusion remains confident of achieving an AUM of INR100b by Mar'27 while maintaining disciplined portfolio metrics and calibrated growth.
- Management believes the portfolio is well-positioned to withstand potential macroeconomic and geopolitical headwinds, supported by prudent customer selection, tighter guardrails, and improving operating discipline. The company continues to remain watchful of inflationary pressures and evolving macro developments and will monitor the environment closely.
- The overall weighted credit cost guidance stands at ~2.5%, supported by improving portfolio quality and increasing contribution from MSME. Long-term credit cost guidance for the MFI business remains at 3.25%-3.75% after adjusting for cyclical stress.
- Operating leverage is expected to improve from 2QFY27 onwards as average AUM starts expanding meaningfully while opex growth remains controlled.
- The company expects PPOP growth to resume from 1QFY27 with sharper acceleration from 2QFY27 onwards, driven by improving NII, stable opex, and stronger business momentum.
- Management indicated that there has been no impact from the West Asia crisis on portfolio performance or business growth so far.

Opening remarks and strategic priorities

- FY26 was an important year of learning, testing, and institutional building for the company. During the year, the company prioritized portfolio quality, materially strengthened credit guardrails, invested in collections infrastructure and technology, and sharpened customer selection across the MFI and MSME businesses.
- Fusion gained greater clarity on customer profiles, operating segments, and business lines that can scale sustainably with stronger execution discipline and better portfolio quality.
- The company has moved towards a significantly stronger operating framework, supported by tighter monitoring, improved customer selection, and better branch-level calibration.
- Since Nov'25, branches have been classified into categories A to D based on operating metrics and growth behavior. This framework is now driving calibrated growth and risk management at the branch level. Currently, ~90% of disbursements are originating from category A and B branches, which provides confidence around scalable growth without materially increasing portfolio risk.
- Fusion continues to focus on lower leveraged borrowers and more stable customer segments, while gradually improving the mix of new-to-company customers.

Business trends and disbursement momentum

- Disbursement momentum improved in 4QFY26, supported by sharper customer segmentation and continued investments in automation across onboarding and collections.
- Productivity improved materially across both MSME and MFI businesses as field teams operated with lower operational friction and better process efficiency.

- The company continues to witness healthy demand trends and indicated that the first 45 days of 1QFY27 have remained stable with no visible stress across the portfolio.
- Management highlighted that 1Q is seasonally slower for disbursements; however, current trends are tracking better than expected.
- Fusion continues to avoid entry-level borrowers and believes the INR40k-100k ticket size category remains the most favorable risk-adjusted segment. Growth during the quarter was driven largely by an increase in borrower volumes rather than ticket size expansion.

MSME strategy

- The MSME business continues to focus on Tier 3 and Tier 4 towns with a calibrated secured lending strategy. Within MSME, the company is increasing its focus on the LAP segment, particularly in the INR0.8m-1.5m ticket size category.
- The company remains conservative on borrower cash flows and FOIR assessments while taking measured exposure backed by collateral quality.
- The connector channel strategy has started scaling well, and management is experiencing encouraging traction from this sourcing model.
- Certain sectors and customer categories within MSME continue to remain under tighter scrutiny, with the company consciously reducing exposure to bottom-tier fringe borrowers. The company also continues to avoid “Fusion +2” customers in MFI while onboarding new borrowers, as part of its ongoing portfolio tightening exercise.

Asset quality and collections

- Collection efficiency trends remained robust across businesses, with MFI CE improving to 99.7% and MSME CE at 99.3%.
- Collection efficiency across key operating states such as UP, Bihar, and Odisha remained strong at ~99.7%, reflecting improving borrower behavior and stronger field execution.
- Bihar continues to perform exceptionally well with collection efficiency above 99%, while Tamil Nadu collection efficiency stood at ~99.8%.
- Portfolio stability has become broad-based, supported by improving customer behavior, stronger operating discipline, and tighter portfolio monitoring. The 90+dpd cash recoveries, including write-off recoveries, surpassed INR350m during the quarter, while the write-back component increased to INR210m from INR150m in 3QFY26.

Technology and operating infrastructure

- Fusion is in the process of migrating to a new LMS platform, with full migration expected to be completed by Aug’26.
- The new platform is expected to materially improve branch productivity, onboarding quality, and customer servicing capabilities.
- AI-enabled systems are increasingly being integrated into monitoring, collections, and customer engagement processes to improve operational efficiency and risk management.

Branch rationalization and expansion

- Fusion plans to focus on branch consolidation and improving operating efficiency at the branch level.

- The reduction in branch count is largely technical in nature and does not indicate a slowdown in business activity.
- At the same time, the company plans to add branches in Tamil Nadu, West Bengal, and Assam, where collection efficiency trends remain strong at ~99.8%.
- The company also intends to further strengthen customer onboarding, retention, and calibrated portfolio growth across existing and new centers.

Financial performance

- NII remained broadly flat QoQ as average AUM was largely stable, while incremental liquidity and lower direct assignment income also weighed on earnings. Management expects NII growth to resume from 1QFY27 onwards with stronger acceleration from 2QFY27.
- Other income increased during the quarter primarily due to higher write-off recoveries.
- PPOP remained subdued due to broadly flat average AUM, elevated liquidity carry costs, and lower direct assignment accruals.
- The company expects FY27 opex to increase by ~5-6% over FY26 levels despite business growth, supported by branch rationalization and operating efficiency initiatives. Management is also taking external expert support to further improve branch productivity and cost efficiency.

Liquidity, borrowings, and capital position

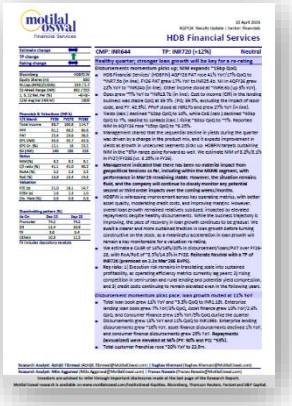
- Liquidity stood at INR19b during the quarter, including an additional liquidity buffer of ~INR5b maintained deliberately considering geopolitical uncertainties. This excess liquidity carries a quarterly cost of ~INR70-80m.
- CAR remained comfortable, and management believes the balance sheet is adequately capitalized to support the FY27 AUM target without requiring additional capital.
- Several lenders that were previously in watch-and-wait mode have now resumed lending and extended fresh credit lines.
- While PSU bank exposure declined, overall lender diversification improved with increasing contribution from private sector banks. One PSU bank also continued to support the company through ~INR8b of direct assignment transactions.

DTA and tax write-backs

- The company recognized DTA worth INR768m during 4QFY26, resulting in tax write-backs during the quarter. Fusion had not recognized DTA over the past 4-5 quarters and has now resumed DTA recognition.
- Management indicated that additional tax write-backs could continue over the coming quarters as profitability improves further.
- Total DTA stood at ~INR3.9b, of which ~INR3.1b remains available for future utilization over the next 12-18 months, subject to auditor comfort and profitability trajectory.

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HDB Financials — Neutral

Current Price INR 649

Guidance

- HDBFIN is targeting a medium-term loan CAGR of nominal GDP + 6-7%, with healthy disbursement growth acting as the primary driver of AUM expansion.
- 1QFY27 is seasonally softer, but the company still expects healthy growth, with the improving business trajectory seen in 2HFY26 expected to continue into FY27.
- The company has guided for sustainable NIM of 8%+, with management indicating this as a non-negotiable level; yields are expected to improve to ~14% as unsecured in the loan mix improves.
- CoF is expected to remain broadly stable in 1QFY27, supported by active liability management and an optimized borrowing mix.
- Management has guided for FY27 credit costs of ~2.3%, supported by improving asset quality trends.
- Opex is expected to remain stable at ~3.7% (as % of assets), with the company continuing to make investments in AI initiatives, technology, growth, and collections.

Opening remarks

- The company continues to benefit from an expansive distribution network, with presence across 1,665 cities and ~176k retailer touchpoints, complemented by a strong and growing digital ecosystem.
- 4QFY26 disbursements were the highest-ever for the company, registering 11% QoQ growth, while the loan book grew 3.4% QoQ.
- The quarter was marked by a meaningful improvement in asset quality, providing a strong foundation for the next phase of growth.
- Operational execution remained robust, with PAT growing 17% QoQ.
- Customer franchise stood at ~22.9m, growing 4.3% QoQ and 19.7% YoY (vs. ~5m in 2020), reflecting sustained scaling of the customer franchise.

Asset quality trends

- Asset quality improved across all product segments, with GNPA declining to 2.44% in Mar'26 vs. 2.8% in Dec'25.
- Credit costs moderated to 2.35% (vs. 2.52% QoQ); the company expects credit costs to stabilize ~2.3% in FY27.
- Enterprise lending GNPA improved to ~1.58% from ~1.8%, driven by focused underwriting and collection efforts.
- Consumer finance portfolio saw improvement, with only a marginal uptick in delinquencies toward the end of the quarter.
- The company highlighted that ECL provisioning is dynamic and driven by PD/LGD-based models and portfolio mix.

Macros

- Management remains constructive on macros, supported by strong rural demand, resilient domestic economic activity, and supportive policy measures.
- Inflation remains benign, and GDP growth continues to show resilience.
- However, risks from West Asia conflict and potential weather disruptions remain key monitorable, especially for inflation and growth.

Impact of US-Iran war

- No material impact from geopolitical tensions has been observed so far, including in MSME segments, with Mar'26 performance remaining stable.
- The situation remains fluid, and the company will closely monitor potential second/third-order impacts over the next few weeks.
- The company has strong on-ground presence and remains prepared to respond if conditions worsen.

Segmental performance

Enterprise lending

- The segment recorded strong disbursement growth of 28% QoQ/15% YoY in 4QFY26.
- LAP + EBL (mortgage) book grew ~3.8% QoQ, supported by ~36% disbursement growth.
- Gold loan portfolio doubled in FY26, with strong traction and 58% QoQ growth in disbursements.
- Collection and portfolio quality in this segment continue to improve meaningfully.
- The company expects improving momentum in unsecured business loans, supported by significant improvement in asset quality and collections.
- LAP-related issues have been fully resolved in Mar'26, and the focus has now shifted entirely to growth.

Asset finance

- CV and CE segments witnessed moderate growth in 4QFY26.
- Asset quality continued to improve, particularly in early buckets and Stage 3 assets in CV financing.
- The company is adopting a calibrated approach, leveraging strong OEM partnerships and dealership networks.
- Its strategic focus lies on increasing the share of used vehicle financing, targeting a 50:50 mix (new vs used) over the medium term.
- The asset finance segment saw a K-shaped recovery with older stressed pools continuing to report weakness, while recent originations are performing well.
- Growth in new vehicles is expected to be in line with the industry, while used vehicle financing will be a key growth driver.
- Flow-forward rates in asset finance have declined, giving confidence to scale the segment.

Consumer finance

- Loan book grew 5% QoQ and 19.4% YoY, led by consumer durables and auto loans.
- Demand momentum remains strong across consumer durables, auto loans, and 2Ws, and is expected to sustain going forward.

Margins and CoF

- NIMs expanded to 8.23% (vs. 8.09% in 3Q), with management reiterating 8%+ NIM as a non-negotiable threshold.
- Yield moderation during the quarter was largely due to product mix changes, particularly lower share of unsecured lending.
- The company expects yields to move towards ~14% as unsecured mix increases.
- CoF is being actively managed through diversified borrowing strategies; it is expected to remain stable in the near-term.

Digital, technology, and distribution

- Digital sourcing (DIY platform) scaled significantly, with disbursements growing ~2.2x in FY26 through this channel.
- The company is investing meaningfully in technology and AI, particularly in collections and customer service.
- AI-led bot interventions in early bucket collections (covering >50% of such customers) have already improved collection efficiency, with further gains expected.
- Distribution expansion continues through a hybrid model of physical branches, digital platforms, and remote sales capabilities.

Others

- The company will continue to open branches going forward.
- The company is leveraging its large distribution network and digital capabilities to scale efficiently.
- Focus remains on sustaining margins, improving asset quality, and driving calibrated growth across segments.

HDFC AMC — Buy

Current Price INR 2,511

Business

- The industry marked its 14th consecutive year of positive inflows, with 7.2m new investors added during the year.
- Investor behavior during volatility has been highly mature, with higher inflows seen during market corrections.
- SIP book growth remains strong, with ~16m new SIP accounts added during FY26. SIP behavior has shown high stickiness and maturity, even during volatile markets.
- The majority of equity flows are now driven by SIPs, which are more stable and predictable than lump sum flows. Lump sum flows remain volatile and harder to predict.
- Both direct and distributor-led channels are contributing to SIP growth.
- The company added 3.5m investors (almost half of net industry additions), taking the total unique investor count for the company to 16.7m.
- The company added ~7m folios in FY26, taking total folios to 30m.
- Incremental investor additions are largely driven by B30 (Tier 2/3) markets, with fintech platforms leading first-time acquisitions, while MFDs, banks, and distributors continue to see steady growth.
- Flow market share is currently higher than book market share, indicating improving momentum.
- Management expects to gradually optimize market share across products, supported by a strong long-term performance track record and broad-based distribution expansion across all channels, including MFDs, national distributors, banks, RIAs, and fintech platforms.
- Strategy to capture incremental flows remains focused on a mix of physical expansion and strengthening digital capabilities.
- On the tech side, the company has onboarded Rajan Anandan (ex-Google, Microsoft) in the technology committee to strengthen digital and AI oversight.

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HDFC AMC

- Scheme performance remains consistent over the long term, with most funds in the top two quartiles across categories.
- On TER regulations (effective Apr'26), the gross impact on existing book is ~3–4 bp. The company plans to offset this impact through commission optimization and cost control, limiting the P&L impact.

Product launches

- On the MF side, the company launched seven new mutual fund schemes during the year.
- The alternatives business is scaling up with the close of the first private credit fund and expansion in AIFs and FoFs.
- The GIFT City platform now has 5 funds (of which 2 inbound funds launched in FY26), targeting both inbound and outbound investment opportunities.
- On the SIF front, the company has the necessary approvals in place but is taking a measured and deliberate approach rather than rushing to launch. Management believes early entry does not guarantee an advantage in emerging categories such as SIF.
- SIF and alternatives are expected to be strategic long-term opportunities, not immediate revenue drivers.

Distribution mix

- Regarding industry trends, the distributor-led investors tend to show higher longevity due to better handholding. Direct channel participation has increased meaningfully in recent years, though sustainability will be monitored.
- On the distribution front, the approach of the company is to have growth broad-based across channels, rather than any one channel losing share.
- Direct plans accounted for 45%/31% of total/equity AUM, reflecting improving mix quality.
- Digital penetration is already high, with 97% of transactions online, and the company is moving towards becoming a fully digital AMC.
- HDFC AMC maintains healthy relationships with most banks operating on open architecture.
- HDFC Bank remains a key distribution partner, with strong long-term potential despite short-term fluctuations. Variations in HDFC bank channel share are largely event-driven (e.g., NFO cycles) and not structural.

Yields

- Equity (incl. index fund)/debt/liquid yields stood at ~56bp/~28bp/~13bp, with blended yields at ~45bp. Core actively managed equity yields remain higher at ~60–61bp, excluding passive products.
- There was no yield compression in Q4, and the minor decline is due to fewer days in the quarter (90 days in 4Q vs 92 days in 3Q).
- Alternative's business yields are slightly higher than equity margins; PMS (discretionary) yields are broadly in line with equity, while PMS (non-discretionary), largely EPFO-driven, operates in a highly competitive and tight-margin environment.

Financials

- Other income volatility in 4Q was primarily due to mark-to-market impact on equity investments (in the balance sheet are largely driven by SEBI's skin-in-the-

game requirement). Debt and liquid fund investments form the bulk of the remaining treasury portfolio.

- The company follows a largely passive approach in managing treasury investments, especially on the debt side. Overall, the treasury strategy remains conservative, with a focus on stability rather than yield maximization. Going forward, other income is expected to be relatively stable, subject to market movements in equity exposure.
- Cost growth remains controlled, with improving cost-to-AUM despite continued investments. Cost growth is expected to track the long-term trend (~13% CAGR over the last five years).
- The company declared a dividend of INR54/sh, implying a payout ratio of ~81%.

Home First Finance — Buy

Current Price INR 1,064

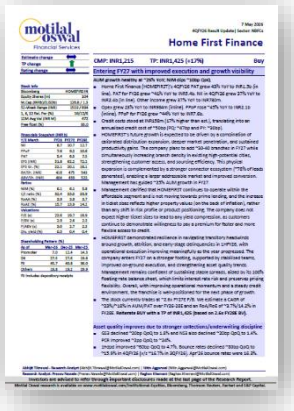
Guidance and business outlook

- HomeFirst guided ~25% AUM growth in FY27.
- The company expects spreads to remain in the range of ~5.0-5.2%, with flexibility to pass on any decline or increase in borrowing costs to customers.
- Credit cost guidance maintained at ~30-40bp for FY27, reflecting continued portfolio stability.
- Guided for Opex to AUM of ~2.6-2.7%, supported by productivity improvements and technology adoption.
- The company does not expect further PLR cuts after the ~10bp PLR reduction effected in Jan'26.

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Growth strategy and expansion priorities

- Management indicated that investments across distribution, people, and technology are aimed at supporting durable long-term growth rather than near-term expansion alone.
- A calibrated branch expansion plan is in place, with ~30-40 branches planned to be added during the year, along with a focus on improving productivity across the network.
- Branch expansion will follow a dual approach of entering new geographies while deepening presence in existing high-potential cities through network strengthening.
- Productivity enhancement is being driven through technology tools aimed at reducing operational load and enabling branch teams to focus on customer acquisition and collections.
- Connector and distribution networks have been rebuilt, restoring operational momentum that was previously impacted by attrition and staffing gaps.


Home First Finance

Business growth and portfolio performance

- HomeFirst reported healthy AUM growth and strong disbursement momentum in the 4QFY26.
- Origination yield remains stable at ~13%, supported by a strong 83% contribution from individual housing loans.
- The lending portfolio will continue to be predominantly housing-led, with LAP contributing ~15-20% to the AUM mix.

- LAP yields are in the ~14-14.5% range, while overall pricing discipline has been maintained without yield compression.
- Management indicated that rising ticket sizes reflect higher property prices (on the back of inflation) and customer requirements rather than a shift in the customer segment (the company clearly articulated that it has no plans to cater to the prime customer segment).
- HomeFirst continues to maintain a floating-rate balance sheet, enabling effective repricing in line with borrowing cost movements.

Profitability, margins, and financial discipline

- The company has been able to maintain spreads in the range of ~5-5.25%, supported by disciplined pricing and product mix optimization.
- An incremental decline in the cost of borrowings will be partially passed on to customers, depending on market conditions.
- Cost efficiency has improved YoY despite continued investments in branch expansion, an increase in employee headcount, and technology infrastructure.
- Operating leverage gains are being supported by productivity improvements and tighter cost control across the branch network.

Asset quality and collections

- Asset quality focus remained on tightening early bucket performance, strengthening collections discipline, and improving collection efficiency across the portfolio.
- Early indicators from April'26 reflected improved collection outcomes compared to Apr'25 and Apr'24, with slippages trending below levels seen in prior years.
- External pressures such as tariffs and demand sluggishness have moderated, while internal staffing gaps and attrition-related disruptions have been resolved. Collections and demand have shown steady recovery momentum since Oct'25, supported by improved operational execution and rebuilt field teams.
- The company has not observed any material impact on asset quality from geopolitical tensions in the Middle East.

Geographic performance and market trends

- Gujarat, Madhya Pradesh, and Rajasthan continue to demonstrate healthy growth with stable asset quality metrics.
- Maharashtra has regained strong growth momentum, particularly across Mumbai and Pune, supported by improved market penetration.
- Southern states, including Karnataka and Tamil Nadu, are on track for sustained growth, despite temporary disruptions earlier in the year. Karnataka has remained stable, with only a brief impact from regulatory-related issues, which have now normalized.
- Uttar Pradesh is still being beefed up, with management focusing on team building and expects it to emerge as a meaningful contributor from FY28 onwards.
- Tamil Nadu and Telangana disruptions linked to internal team-building issues have largely been resolved, which will support stabilization in operations.

Technology, AI, and productivity enhancements

- HomeFirst is actively deploying technology solutions aimed at improving branch productivity and reducing time spent on non-core operational tasks.

- AI-led initiatives are expected to enhance decision-making, improve lead conversion, and strengthen underwriting efficiency over time. Early-stage pilots are underway with a focus on improving origination quality and identifying viable loan cases that may otherwise be declined.
- Digital tools and automation are being positioned to enhance both customer acquisition and field-level productivity in a scalable manner.

Distribution, connectors, and customer strategy

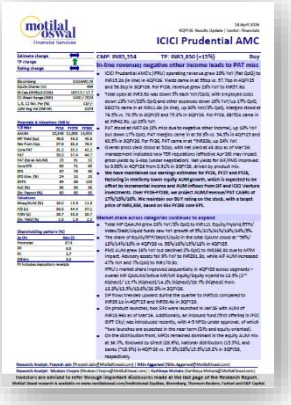
- The company continues to strengthen its connector ecosystem by offering faster TAT and a wider product bouquet.
- Improved operational responsiveness and product diversity are being used as key levers to maintain competitive positioning on connector commissions.
- Connector economics vary based on geography, throughput, and file quality, with engagement structured to balance cost and productivity outcomes.
- Management indicated that enhancements in TAT and product access help offset higher commission expectations in the distribution network.

Risk, competition, and others

- HomeFirst has not observed any meaningful increase in competitive intensity from banks or other HFCs.
- Asset quality trends remain stable, with no material concerns arising from macro or geopolitical developments.
- The company continues to operate in a stable pricing environment without any significant yield pressure despite also operating in slightly higher ticket sizes.

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ICICI Prudential AMC — Buy

Current Price INR 3,339

Business

- Net flow market share in equity schemes continues to exceed AUM market share, reflecting strong inflow momentum.
- The 2.7% QoQ drop in its Debt AUM was broadly in line with industry trends.
- PMS AUM declined 1.7% QoQ to INR268.3b due to MTM impact, while AIF AUM rose 7.1% QoQ to INR170.3b.
- Unique customer base stood at 17m as of Mar'26 vs. 14.6m as of Mar'25.
- Management indicated that flow trends in Mar'26 largely continued into Apr'26.
- Large redemptions in arbitrage funds were seen on industry levels due to typical March-end corporate treasury deployments; this is seasonal and consistent.
- New TER regulations, effective Apr'26, are expected to have a 3-4 bp impact on a gross basis; negotiations are underway.
- SIF customer mix largely consists of new customers, driven by a lower ticket size of INR1m. For PMS, the ticket size is high at ~INR5m.
- Launched two specialized investment funds in Jan'26 (iSIF Equity Ex-Top 100 Long-Short Fund and iSIF Hybrid Long-Short Fund) with total AUM of INR18.96b as of Mar'26.
- Launched an open-ended category III AIF, ICICI Prudential Smart Navigator Fund, which is an inbound fund (first offering in IFSC Gift City).
- NFO pipeline includes 4-5 funds under regulatory approval; ~2 launches are expected in the near term, subject to approvals. Pipeline spans both SIF and mutual fund categories.

- Employee strength stood at 3,585 as of Mar'26.
- Transfer of investment management rights for ICICI venture funds has been completed in 4Q (no material considerations were paid). AUM related to this has started flowing into ICICI AMC from Apr'26.
- Ventures platform operates across three strategies – PE, early-stage PE, and affordable real estate. Funds have been raised across segments and are currently in the deployment phase. Total AUM under ventures stood at INR46.2b.
- Yields in the ventures segment are in line with industry levels.

Yields

- Yields for 4QFY26: Equity/Debt/Liquid/Passive/Arbitrage at 67bp/32bp/12bp/ 10bp/30bp
- Overall gross yield stood at 52bp; net yield (post AIF/PMS commission and fee expense) stood at 48.3bp as of Mar'26.
- Overall gross yields for PMS stood at ~2%, while net yield (ex of commission and fee expense) stood at ~0.98%.
- Yield on assets under advisory stood at 0.33%.
- AIF/PMS net yields improved to 0.98% in 4Q vs. 0.91% in the previous quarter, driven by product mix.
- Yields on SIF products are currently in line with equity mutual funds, as offerings are predominantly equity-based.

Financials

- Revenue mix for FY26: MF/Alternatives and PMS/Advisory services at ~90.6%/7.6%/ 1.8%.
- Other income was negative at INR893m in 4Q due to MTM impact.
- Employee costs declined sequentially due to the absence of ESOP charges; excluding ESOP, the cost run-rate is expected to remain at current levels going forward.
- Non-cash ESOP cost is estimated at INR1.2-1.3b, to be amortized over FY27-29, with INR640-680m for FY27, INR360-380m for FY28, and INR180-220m for FY29.
- Other expenses increased sequentially in 4Q, primarily due to CSR and royalty payments; on a full-year basis, expenses remained broadly in line.
- Effective tax rate increased sequentially due to the absence of other income; capital gains tax impact in prior periods led to a lower blended rate.
- Declares a final dividend of INR12.4 per share.

IIFL Finance — Buy

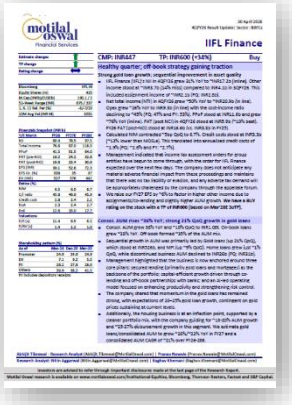
Current Price INR 499

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Guidance

- The gold loan segment is expected to grow at ~20-25%, subject to stable gold prices.
- Housing finance segment expected to deliver ~18-20% AUM growth and ~25-27% disbursement growth.
- Credit costs guided at 1.5-1.7% for the next year, with a meaningful decline from current elevated levels.
- RoA expected at 3-3.5%, driven by lower credit costs and improved operating efficiency.



- Off-book portfolio targeted to increase to ~40%, supporting capital efficiency and growth.

Opening remarks and strategy

- The company has consciously scaled down high-risk segments and strengthened its balance sheet, indicating a shift towards stability and controlled growth.
- The business is now anchored on three core pillars:
- Secured lending (primarily gold loans and mortgages) forms the backbone of the portfolio
- Capital-efficient growth through co-lending and off-book partnerships with banks
- AI-led operating model aimed at improving productivity and tightening risk control
- Early outcomes of this strategy are visible, with AI investments translating into better productivity, improved operating efficiency, and lower credit costs.
- The last few quarters were focused on rebuilding the franchise, and the company is now transitioning towards a more sustainable growth trajectory.

Business performance

- Consolidated AUM crossed the INR1t milestone, reflecting scale-up in core businesses.
- AUM grew 38% YoY and 10% QoQ, largely driven by gold loans, which saw 21% QoQ growth supported by strong tonnage expansion.
- Core product AUM grew 45% YoY and 11% QoQ, indicating strong traction in focus segments.
- Gold loans remain the primary growth engine, delivering robust growth with stable yields.
- The MFI segment is showing improved collection efficiency and stabilizing asset quality, though growth remains calibrated with a focus on asset quality and stability.
- The company continues to remain cautious on the MSME and MFI segments despite visible recovery trends.

Co-lending and off-book

- Assigned loan book grew sharply to INR237b, up 85% YoY, reflecting increasing off-book traction.
- Co-lending book grew 36% YoY and 9% QoQ, with smooth implementation of the revised co-lending model with partner banks.
- Off-book portfolio stands at ~34-35%, with a target to increase this to ~40% over time, supporting capital-efficient growth.
- Cost of borrowings declined by 25 bps QoQ to 9.16%, with further reduction expected contingent on credit rating improvement.

Housing finance business

- Profitability in the housing business was impacted due to stress in the legacy micro-LAP portfolio, though this segment has now been exited. The business is at an inflection point, with expectations of an improved trajectory driven by a cleaner portfolio mix. Provisioning remains strong, and the balance sheet is well-positioned to absorb stress.
- The company is repositioning its housing finance strategy towards affordable and emerging segments, while scaling down exposure to prime/luxury housing.
- Focus is shifting towards higher-yielding segments, including LAP within the housing ecosystem.
- Current mix: ~80% home loans, ~18% LAP, ~2% construction finance, with LAP expected to increase.

- Micro-LAP has been discontinued due to past stress.
- Branch expansion is planned (100 branches in affordable housing) to support growth.
- After a period of muted growth (post equity raise), the company is targeting acceleration in disbursements and AUM.
- A potential IPO is being evaluated for the housing finance subsidiary, driven by private equity investor exit requirements.

MFI segment

- The company aims to return to FY24 AUM levels by FY27 in the MFI business.
- Growth strategy is focused on existing customers and geographies, ensuring better control over asset quality.
- Collection efficiency is improving, and asset quality is stabilizing.
- The company will focus on the MFI segment and micro-LAP segment in IIFL Samasta in FY27

Gold loans guidelines

- The company has fully complied with the revised gold loan guidelines, particularly for loans above INR250k, where detailed credit assessment and ongoing monitoring are mandated.
- It has implemented robust systems to conduct comprehensive credit evaluation for such loans.
- A majority of loans above INR250k are extended for MSME purposes and are accordingly classified as income-assessed loans.

Special IT Audit

- Income tax assessment orders for group entities have started coming in, with the company expecting the order for IIFL Finance in the next few days.
- Management maintains that there is no tax liability or evasion; any adverse order will be contested through appeals.
- The company does not expect any material adverse financial impact from these proceedings.

Capital allocation

- Strategy remains focused on growing co-lending and off-book exposure to optimize capital usage.
- Equity raise will be considered at an appropriate time, depending on growth requirements.
- Potential demerger of businesses is under consideration, especially in the context of the housing finance IPO and investor exit.

Competitive dynamics

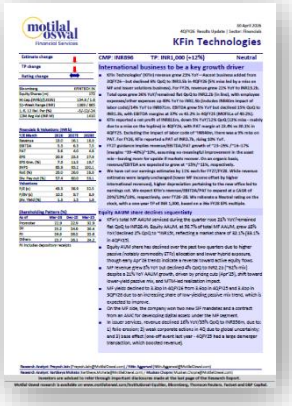
- Affordable housing remains a large and underpenetrated opportunity, with limited strong competitors (~7–8 active players).
- Growth in affordable housing is structurally higher than in prime housing.
- Customer retention challenges in affordable housing are improving, aided by interest subsidy schemes.
- Competitive intensity remains manageable, especially in target segments like affordable and emerging housing.

KFin Technologies — Neutral

Current Price INR 838

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KFin Technologies

Financials:

- On a QoQ basis, revenue declined by ~6.3% QoQ and by ~8.5% QoQ, excluding Ascent, led by MTM impact due to geopolitical volatility, shift in asset mix toward lower-yield commodities such as gold and silver ETFs, reduced corporate actions impacting issuer solutions, and decline in retail participation leading to lower folio-linked revenues.
- The company plans to reduce the domestic MF mix to below 50% from ~62% currently over the medium term. Focus will remain on expanding the international business; high-growth segments like AIF and pension; and technology-led value-added services.
- EBITDA declined by ~15.2% QoQ in 4Q due to: MTM losses impacting revenue directly including AIF and weak issuer solutions activity.
- EBITDA margins for 4Q were at ~37% vs ~43% in 4QFY25, impacted by temporary headwinds, while for FY26, they were at ~40.7%, in line with guidance (~40–45%).
- Employee expenses increased ~30% YoY including Ascent, while excluding Ascent, they increased by ~13% YoY, indicating controlled underlying cost growth.
- PAT margins for FY26 stood at ~27.4%, while excluding Ascent, they stood at ~30%, within the guided range of 27–30%.
- Guidance for FY27 revenue growth: ~23–25%; EBITDA growth: ~16–17% with margins at ~39-40%; and PAT growth: ~10% assuming no meaningful improvement in asset mix, implying upside if markets recover. Based on organic growth, revenue growth is expected to be at ~15% and EBITDA growth at ~11%.
- Guidance for both matured businesses, MF and issuer solutions, is for 15-18% growth.
- While overall growth was impacted by MTM losses, asset mix shift toward low-yield passive products and weak issuer solutions performance due to lower retail participation expects it to be offset by continued positive net inflows into MFs, strong international business growth, and stable cost discipline excluding acquisition impact.

Mutual Fund Solutions

- Revenue growth (~8% YoY) lagged AUM growth (~21% YoY) due to: 1) pricing discounts implemented in Apr'25, 2) shift in asset mix towards lower-yield passive products, and 3) MTM erosion impacting revenue realization.
- Equity AUM share declined over the last two quarters due to: higher allocation towards passive products (especially commodity ETFs) and lower exposure to hybrid funds compared to peers.
- Early Apr'26 trends indicate a reversal toward active equity, which should improve yields going forward.
- SIP inflows remained robust (up 10% YoY), and the company maintained ~36.4% market share in SIP accounts.
- Transaction volumes continued to grow (up 17.7% YoY/5% QoQ), although ticket sizes moderated due to retail participation trends.

Issuer Solutions Business

- Issuer solutions revenue declined 16% YoY/35% QoQ due to: 1) folio erosion (the company added ~2.5–3m folios through new client wins. However, ~1.7m folios were lost from existing clients, driven by reduced retail investor participation). 2) weak corporate actions in 4Q due to global uncertainty, and 3) base effect (one-off event last year - 4QFY25 had a large demerger transaction, which boosted revenue).
- Total corporate clients crossed 10.6k, with a target of ~11.5k in FY27. The company added ~726 new corporate clients during the year.

International Business

- Number of clients increased to 499 (Ascent: 390 and KFintech SEA: 109 from 79 in 3Q).
- Ascent added 127 funds during the quarter, including 6 funds each with USD100m+ AUM, and won mandates from 9 clients in the GIFT city.
- The company successfully completed the POC stage for the platform deal from one of the largest banks in Philippines, with project development expected to kickstart in 1QFY27.
- Guidance for FY27: Overall international revenue is expected to grow ~70%+ YoY (~60%+ organic growth).
- Management expects the client addition momentum to accelerate further as global markets stabilize, and growth could exceed current quarterly additions (~60+ clients per quarter) over time.

Alternatives & Wealth Segment:

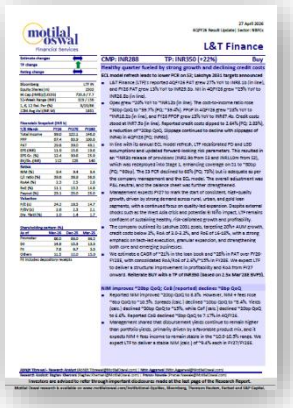
- AUM grew ~19% YoY but declined by 6% QoQ due to MTM pressures, driven by equity market correction.
- The company won 47 new AIF funds including from Neo Asset Management, 3P Investment Managers, Vivriti Asset Management, Alpha Alternatives Fund Advisors.
- It won a new mandate from a pension fund for end-to-end mPower platform solution.
- It won a contract from an NBFC for the development of digital assets for wealth business.

NPS Platform

- The company significantly outperformed the industry with ~36% growth vs ~12% industry growth basis number of subscribers added.
- Strong traction is driven by: technology-led solutions and new initiatives such as gig economy pension platforms and health-linked withdrawals. Moreover, the pricing model has shifted from flat fee to bps-based pricing, improving revenue scalability with AUM growth.
- The company added 2L subscribers during 4Q and 5.8L subscribers during FY26, and market share in new subscribers stood at 33%
- Market share grew to 11.9% in FY26 from 9.8% in FY25.

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L&T Finance — Buy

Current Price INR 268

Guidance for FY27

- Management expects FY27 to mark the beginning of consistent, high-quality growth, as investments made over the past 12–18 months start delivering operating leverage benefits.
- AUM growth is guided at 20%+, supported by strong demand across rural, urban, and gold loan segments, with a continued focus on quality-led expansion.
- Margins are expected to remain stable, with NIM plus fee income guided at 10-10.5%, reflecting a balanced approach to growth and profitability.
- Credit costs are expected to decline gradually to ~2.0-2.2% by 4QFY27, driven by portfolio seasoning and improved underwriting through AI-led tools.
- Operating efficiency is expected to improve, with opex-to-AUM guided at 3.75-4%, and overall opex plus credit cost expected in the range of 6-6.5% (long-term target of 5.5-6%).
- The company is targeting ROA improvement to ~2.8% by the end of FY27, driven by lower credit costs and operating leverage.
- The company has begun FY27 with strong disbursement momentum and expects growth to remain robust. Despite external risks like West Asia tensions and potential El Niño impact on monsoons, it remains confident of sustaining risk-calibrated growth and profitability going forward.
- The company is undertaking aggressive distribution expansion, with plans to add 400-500 gold loan branches (including ~100 Sampoorna branches), along with 150-200 micro loan and micro-LAP branches each, significantly expanding its physical footprint.
- It is also expanding its presence in two-wheelers and farm equipment by increasing coverage of previously untapped dealer networks, which should support growth in these segments.

Strategic progress (Lakshya 2026) & long-term roadmap (Lakshya 2031)

- Under the Lakshya 2026 plan, the company has largely exceeded its growth targets, achieving a retail book CAGR of 28% versus the targeted 25%, reflecting strong execution and demand conditions.
- Asset quality targets were met, with GS3 at 2.88% and NS3 at 0.96%, both within guided thresholds, indicating disciplined risk management.
- Retailisation levels exceeded at 98% (vs >95% target), showing efficient capital deployment.
- However, ROA at ~2.4% remained below the targeted 2.8-3%, primarily due to the impact of the microfinance disruption, which delayed profitability normalization.
- Looking ahead to Lakshya 2031, the company is targeting 20%+ AUM growth, credit costs below 2%, ROA of 3-3.2%, and ROE of 16-18%, with a strong focus on tech-led execution, granular expansion, and strengthening both core and emerging business segments.

Opening remarks and Macro

- Domestic demand continues to remain resilient, with both rural and urban segments holding up well, providing a strong base for credit growth across

businesses. Management highlighted that this demand strength is broad-based and not limited to any single segment, which gives confidence in sustainability.

- The government's continued push toward domestic manufacturing, along with structural factors like low inflation and fiscal discipline, is expected to support long-term economic growth and credit demand. These factors together provide a relatively stable macro backdrop compared to global volatility.
- While no immediate stress is visible in the portfolio due to these factors, management is closely monitoring risks like energy shocks, agricultural input shortages, and their potential downstream impact on rural income and MSME cash flows.
- Overall, despite global uncertainties and potential El Niño risks, the company remains confident of maintaining steady growth momentum.

Financial performance

- The company delivered a strong FY26 performance, reporting its highest-ever annual profitability with PAT growing 13% YoY, while 4QFY26 PAT stood at INR8.1b, up 27% YoY, reflecting strong end-of-year momentum.
- Growth was primarily driven by record disbursements of INR242b during the quarter, with broad-based contribution across all lines of business, indicating healthy demand and execution across segments.
- Retail disbursements grew sharply by 62% YoY, leading to a 26% YoY growth in the retail loan book, which reached INR1.19t, reinforcing the company's continued shift toward granular retail lending.
- Profitability metrics improved meaningfully, with PPOP growing 31% YoY, supported by expansion in NIMs and fee income, driven by better yields, favorable product mix, and effective liability management initiatives.
- Consolidated NIM plus fee income remained strong at 10.47%, indicating stability in core earnings despite mix changes.
- Asset quality remained under control, with credit costs moderating to 2.64% (down 19 bps QoQ), reflecting improving portfolio trends.
- Return ratios improved, with ROA at 2.4% (+18 bps YoY) and ROE at 11.7%, though still below long-term targets, largely due to earlier MFI disruptions and legacy drag.
- Over the next 2-4 years, resolution of these assets is expected to release capital, improve asset mix, and support ROA expansion as funds are redeployed into higher-yielding retail assets.

Asset quality and credit costs

- There is no meaningful impact from ongoing West Asia tensions on domestic consumers so far, except for minor LPG-related issues. Some MSME segments have seen pressure due to tightening in industrial gas supplies.
- Asset quality remains stable across segments, with no visible signs of stress in rural, SME, or two-wheeler portfolios, though management remains cautious in urban segments such as SME and personal loans due to the West Asia crisis.
- The company is increasingly focusing on prime customer segments, which now form a larger share of originations, improving portfolio resilience.
- Credit costs are expected to improve structurally, driven by better underwriting through the Cyclops engine, with a medium-term target of ~2% or lower by FY28, subject to macro conditions.

- Key near-term risk is potential disruption in fertilizer supply due to dependence on Middle East corridors, which could impact kharif output and farm incomes (second/third-order effect)
- Improvement in credit costs will be driven by sharper customer selection through the Cyclops underwriting engine, which has been initially deployed in higher-risk segments such as two-wheelers, tractors, and SME. Early trends in these portfolios are highly encouraging, with a strong shift toward prime customers (e.g., two-wheeler prime mix increasing from ~65% to ~90%) alongside healthy origination growth.
- This reinforces confidence in a structurally improving credit cost trajectory, although outcomes remain subject to external factors such as regulatory or macro disruptions. The company continues to guide for credit costs to decline to ~2% or lower by FY28, with the trajectory supported by the gradual seasoning of the Cyclops-driven portfolio.

Annual ECL refresh

- The company undertook a comprehensive ECL model recalibration in FY26, shifting to a more conservative provisioning approach by increasing Stage 1 PCR from ~0.52% to ~0.80%, which will now apply to all incremental disbursements.
- This resulted in an ~INR3b provision release (largely from Stage 3), which has been redeployed into Stage 1, along with INR1.25b of macro-prudential provisions being subsumed into the model. Consequently, Stage 1 PCR increased from ~0.52% to ~0.80% (covering ~96% of the book), while Stage 2 saw a marginal uptick, and Stage 3 PCR moderated to ~68%, still maintaining adequate coverage.
- Going forward, the company intends to continue building macro provisions as needed. Importantly, despite higher Stage 1 provisioning, the FY27 credit cost outlook remains unchanged, as improving asset quality and lower roll-forwards are expected to offset the impact.

Yields and margins

- Disbursement yields remain higher than portfolio yields due to a favorable product mix, and management is focusing on improving blended yields through mix shift rather than pricing.
- This includes increasing the share of higher-yielding products such as personal loans, gold loans, and micro-LAP, while reducing reliance on lower-yielding segments such as home loans (shift in mix from ~80:20 to ~55:45 toward LAP).
- Importantly, yield improvement is being achieved without moving down the credit curve, ensuring that growth remains risk-calibrated and sustainable.

Technology, AI-led underwriting & digital capabilities

- The company continues to make significant investments in technology and positions itself as a leader in AI adoption within the BFSI space, with proprietary tools embedded across the entire lending lifecycle.
- The Cyclops underwriting engine has delivered encouraging early results, particularly in higher-risk segments like two-wheelers, tractors, and SME lending, where portfolio performance has outperformed industry benchmarks and borrower quality has improved meaningfully (shift toward prime customers).

- Other initiatives include Helios co-pilot, which has already reduced underwriting turnaround time and is expected to improve further with additional modules in FY27, enhancing scalability and efficiency.
- Project Nostradamus, a real-time portfolio monitoring system, went live in Nov'25 and is expected to be expanded across MFI, SME, and farm segments in FY27, enabling better risk monitoring and decision-making.
- The company plans to start disclosing AI-related performance metrics on a half-yearly basis, reflecting confidence in these tools and their impact on business outcomes.

Productivity and focus areas

- Management focused on four key execution priorities during the year: reviving growth in the MFI segment, driving growth across all business lines, improving operating efficiency (particularly in collections and underwriting), and enhancing productivity across sales channels.
- The MFI business has shown a strong recovery after earlier disruptions, with disbursements picking up and collection efficiency fully restored to pre-crisis levels of 99.8%+, indicating normalization of borrower behavior and portfolio stability.
- Segment-wise productivity saw strong YoY improvements: MFI up 38%, personal loans up 60%, two-wheelers up 36%, SME up ~66%, farm up 11%, and housing up ~11%, indicating broad-based operational efficiency gains.
- Management emphasized that productivity is continuously benchmarked against peers and that further gains are expected through optimization of workforce deployment and increased cross-selling opportunities across products.

Others

- Customer acquisition remains strong, with a record addition of 83m customers in 4QFY26, taking the total customer base to ~28m, along with expansion into new geographies such as Maharashtra, Andhra Pradesh, and Assam.
- Fee income is expected to remain stable in the range of 1.7-1.9% of assets, supported by processing fees, PLI income, and other fee streams.
- Additionally, the company is launching a payments platform (expected by 2QFY27), which will leverage its AI capabilities to enhance customer engagement, diversify fee income, and generate transaction data to strengthen its lending ecosystem.

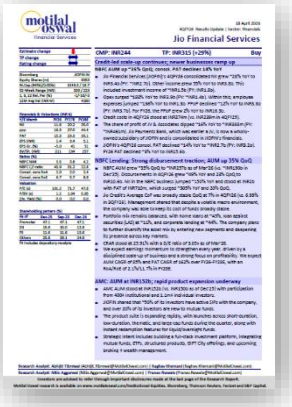
Jio Financial Services — Buy

Current Price INR 235

Jio Credit Limited (NBFC)

- Disbursements in 4QFY26 grew ~49% YoY to INR106b, driven entirely by organic originations
- The NBFC business has reached an inflection point, with AUM scaling to INR257b, supported by a well-diversified asset mix.
- Portfolio mix remains balanced, with home loans at ~45%, loan against securities (LAS) at ~11%, and corporate lending at ~44%
- The holding company infused ~INR20b to maintain a strong capital adequacy, and JCL is well capitalized for growth.

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- Despite a volatile macro environment, average borrowing costs remained well controlled at ~7%.
- The company plans to further diversify the asset mix by entering new segments and deepening its presence across key markets.
- PPOP increased to INR1.2b (vs. ~INR990m in 3QFY26), while FY26 PAT more than doubled to INR2.2b (vs. INR1.1b in FY25).

Jio Payments Bank

- Payment banks launched UPI-based cash withdrawal services and expanded product offerings.
- Total income stood at INR870m (vs. INR610m in 3QFY26), reflecting steady momentum.
- CASA customer base scaled to ~3.7m, with deposits growing to INR5.4b
- Average deposit per customer increased ~20% YoY to INR1,439
- Transaction banking throughput grew ~66% QoQ, aiding fee diversification
- The bank is operational across 18 toll plazas in 8 states, supporting fee-based revenue streams

Jio Payment Solutions

- Received RBI approval for Payment Aggregator – Cross Border license, enabling global payment settlements. Expanded merchant network across 26 states.
- TPV (Total Payment Value) for 4QFY26 stood at ~INR150b
- Net fee and commission income stood at INR170m, supported by strong TPV growth
- Net processing margins improved to ~12 bp (vs. ~10 bp in 3QFY26)
- Growth from merchants outside the ecosystem increased ~15% YoY, indicating diversification
- Strategic focus remains on scaling enterprise, SMB, and cross-border segments to drive sustainable profitability

Insurance business

- Insurance broking business scaled strongly with total premium at INR9b in FY26, showing sharp growth from a low base (INR8.9b in FY25)
- Growth is increasingly retail-led, with a sharp shift in mix driving 124% YoY growth in fee and commission income in 4QFY26, indicating improving monetization quality.
- The direct-to-consumer (D2C) channel is a key growth driver, with business volumes growing ~11x YoY, supported by improved digital journeys and higher conversion rates.
- The company has built a digital POSP (Point-of-Sale Person) network, which delivered over INR1b in premium in its first year, highlighting scalable distribution economics. The distribution network has expanded with POSP presence across 22 states and 2 UT.
- Product innovation is emerging as a differentiator, including segment-specific solutions such as a dedicated commercial vehicle insurance platform, improving customer targeting.
- The business benefits from deep integration with the Jio Finance app, enabling embedded insurance distribution and higher cross-sell potential across a large user base.
- Institutional capability is being strengthened via the Allianz partnership, with reinsurance JV approvals received (in Mar'26) and broader underwriting for life and general insurance under development.

Asset Management Business

- QAAUM reached ~INR167b in Q4FY26 (up 21% QoQ), though flows were partially impacted by market volatility during the quarter.
- The platform has built a diversified investor base with 400+ institutional and ~1.1m retail investors, demonstrating balanced participation.
- Importantly, ~20% of investors are first-time mutual fund investors, and ~40% of retail AUM comes from beyond the top 30 cities, highlighting incremental market expansion rather than share capture.
- Product suite is expanding rapidly, with launches across short-duration, low-duration, thematic, and large-cap funds during the quarter, along with instant redemption features for liquid/overnight funds.
- The AMC has received regulatory clearance (NOC from SEBI) for SIF, enabling further product diversification.

Wealth management and Broking

- Jio has formally entered wealth management (launched Feb'26) as part of its broader "Invest" vertical, expanding beyond mutual funds into holistic advisory. The strategy is to build a full-stack wealth platform, integrating mutual funds, alternative investments, and advisory under a unified offering.
- The business is currently in the investment/incubation phase, with near-term focus on product build-out, team, and platform capabilities rather than profitability.
- Integration with the Jio Finance app enables AI-driven, personalized advisory, positioning wealth as a goal-based, outcome-oriented service rather than transaction-led.
- Management intends to serve investors across the maturity spectrum, from first-time investors to affluent/HNI segments, through differentiated offerings.
- Broking is not yet fully operational at scale, but it is a key upcoming pillar within the investment ecosystem.

Financial highlights

- Consolidated total income grew ~78% YoY to INR32.7b in FY26.
- 4QFY26 income stood at ~INR10b (vs. ~INR5b in 4QFY25), reflecting strong scale-up.
- Net income from core operations rose sharply (~272% YoY) to INR13.9b, contributing ~54% of total income (vs. ~20% in FY25).
- Continued investments in scaling growth-stage businesses and incubating new ventures weighed on near-term profitability.
- Treasury performance was impacted by rising yields, given the relatively large treasury base; excluding this, underlying PPOP growth would have been stronger.
- Operating expenses rose in line with business scale and expansion.
- Share of associates/JVs stood at INR390m (vs. INR 460m YoY), reflecting ongoing investments in scaling asset management, wealth, broking, and reinsurance ventures (with BlackRock and Allianz).

Platform vision & positioning

- The company is building a deeply integrated, AI-first financial ecosystem anchored on personalization, transparency, and efficiency.

- JIOFS is transitioning from a traditional, product-centric financial services model to a continuous, context-aware, and outcome-driven ecosystem, focused on aligning offerings with individual customer goals and behaviors.
- Strong emphasis on N=1 personalization, leveraging multiple data sources to serve highly tailored financial solutions
- Long-term ambition is to build a comprehensive, one-stop financial platform covering the entire customer lifecycle.

Neural Agent marketplace (core architecture)

- **Neural engine:** Utilizes consented data (account aggregators, bureaus, behavioral inputs) to deliver highly contextual and personalized recommendations for each user.
- **Agent layer:** Natural language interface and agent-led workflows that simplify decision-making, reduce cognitive overload, and guide users toward optimal outcomes.
- **Marketplace layer:** Wide product suite across insurance, credit, investments, and deposits, enabling customers to access relevant solutions within a single ecosystem.

Customer value proposition

- Unbiased and transparent advisory, with recommendations driven purely by customer interest rather than commission economics.
- Hyper-personalized insights based on individual financial profiles, life stage, and behavioral patterns.
- Seamless intent-to-execution journey, enabling users to move from discovery to transaction in a frictionless, conversational manner.
- Integrated rewards ecosystem (Jio Points) providing tangible benefits and enhancing engagement across transactions.
- Low-ticket entry points (e.g., small-ticket gold investments) aimed at improving accessibility and driving financial inclusion.

Supplier (partner) value proposition

- Access to high-quality, intent-qualified leads improves conversion rates and funnel efficiency.
- Enhanced risk assessment capabilities through proprietary analytics, such as the upcoming financial fitness index.
- Significant reduction in customer acquisition costs, supported by the platform's scale, digital reach, and data-driven targeting.

Scale & traction

- The platform has scaled to ~23m users, with ~9.3m monthly active users, indicating strong engagement momentum.
- Increasing adoption of open finance, with ~244K users linked via the account aggregator framework.
- Rewards ecosystem is gaining traction, with ~1.2m users benefiting and over 31m points issued.
- Broad product coverage, including 82 insurance plans, 53 credit card variants, along with partnerships across deposits and lending products.

Upcoming initiatives

- Value-back membership program aimed at redistributing intermediary savings back to customers through better pricing, rewards, and fee benefits.

- Launch of AI-driven "Personal CFO", a proactive financial assistant that continuously monitors financial health, identifies gaps, and provides actionable recommendations.

AI-led operating model

- **Customer experience transformation:** High degree of automation with bot-driven interactions, significantly improving resolution time and engagement levels
- **Operational efficiency:** Automation of key workflows, including settlements and partner payments, leading to lower cost-to-serve and improved scalability
- **Risk & fraud management:** Deployment of ML models for predictive risk monitoring, with a growing share of fraud detection and AML processes being automated
- **Marketing & growth:** Fully AI-driven content generation and hyper-personalized campaigns, driving superior targeting and conversion efficiency.

LIC Housing Finance — Neutral

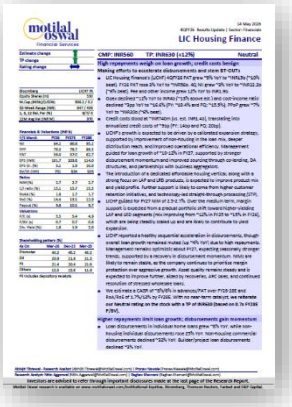
Current Price INR 541

LIC HOUSING FINANCE LTD

Building homes. Nurturing relationships.

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Guidance

- LICHF targets loan book growth of ~10-12% in FY27. Guided for disbursements of ~INR780-790b in FY27, consisting of ~INR740b in Individual/Commercial segments and ~INR45b in Construction Finance.
- Management guides for NIMs of ~2.6-2.7% in 1QFY27 and expects FY27 margins to remain in the range of ~2.5-2.7%, assuming macro conditions remain stable.
- The company targets RoA of ~1.75-1.8% in FY27 (while its board has given it a target of 2%).
- Asset quality is expected to improve further in FY27, aided by recoveries, settlements and resolution of a large corporate account (expected in May'26).
- LICHF intends to gradually increase the contribution of LAP and LRD over the next two years to support margins and improve it further.
- Affordable housing will be scaled in a calibrated manner through a separate dedicated vertical, while the company will monitor its portfolio performance closely.
- The pace of growth in the LAP segment is expected to accelerate gradually as distribution teams gain comfort with the product.

Macro and industry outlook

- Global economic conditions remain uncertain due to the evolving geopolitical situation in the Middle East, resulting in volatility across crude oil prices, currencies, and global financial markets.
- Elevated crude oil prices have increased concerns around imported inflation, pressure on INR and global interest rate expectations.
- Domestic mortgage demand remains resilient, driven by structural factors such as urbanization, rising income levels, favorable demographics and increasing aspiration for home ownership.
- LICHF indicated that its current customer segment, comprising largely salaried middle-class borrowers with average ticket size of ~INR3.2m, has not yet witnessed any meaningful stress from macro uncertainties. However, management remains cautious on the potential long-term impact of AI-led disruption on employment trends, particularly in IT-employment heavy cities

such as Bengaluru, Chennai, Hyderabad, Pune, and Gurgaon, which form a significant part of the company's business base.

- The company also acknowledged that few developers have started witnessing relatively lower customer footfalls amid rising uncertainty.

Growth strategy and business initiatives

- Disbursement momentum has improved, with April disbursements growing ~20.9% YoY, indicating gradual recovery in business growth.
- LICHF has historically focused on organic sourcing of housing loans; however, it has now finalized its co-lending and direct assignment policies, which will support incremental growth.
- The company is also engaging with large business aggregators such as Andromeda to strengthen sourcing capabilities and expects this channel to contribute meaningfully to incremental volumes (~INR40-50b worth of business expected in the first year).
- A separate affordable housing vertical will be established with dedicated sourcing, underwriting, collections and recovery teams. The company plans to onboard experienced professionals externally for this business.
- The company received approval to onboard ~200 employees (feet on street) in the marketing vertical, with the hiring process expected to be completed by the end of 1QFY27.
- A dedicated business retention department has been created to reduce BT-outs and improve customer retention through competitive pricing and focused engagement. Management indicated that retaining existing customers remains more cost-efficient than sourcing new customers. LICHF will look to retain customers even at the cost of slightly lower yields.

Margins, borrowing costs and liability profile

- The company continues to operate predominantly in the prime housing finance segment with ~82% of the individual housing loan portfolio comprising customers with strong CIBIL and above, resulting in intense competition with banks.
- LICHF highlighted that banks continue to enjoy a structural advantage in the cost of funds despite large HFCs having a AAA credit rating. Incremental borrowing costs for LICHF stood at ~6.9%, compared with estimated borrowing costs of ~5-5.5% for banks (due to CASA benefits).
- Borrowing conditions were favorable during Jan-Feb'26, with borrowing costs declining to ~6.8%; however, funding costs increased again in March due to the escalation in the West Asia crisis. CoB remained elevated in April'26 as well.
- The company expects margins to remain stable in 1QFY27 despite high borrowing costs.
- Segment-wise cumulative yields: IHL – 9.03%; NHI – 10.05%; NHC and Project Loans – 10.56%; Overall cumulative yields – 9.21%.

Product mix and yield strategy

- LICHF is diversifying toward LAP and LRD products to offset margin pressure in the core housing finance business. The share of LAP and LRD rose to ~15% of the loan mix in FY26 (from ~12% in FY25).
- Management believes higher commissions and better yields in LAP and LRD are gradually improving distributor traction toward these products.

- Housing loan yields start at ~7.15% for top-rated customers with CIBIL scores above 800, while LRD yields start at ~9.25%. LAP yields remain lower than LRD yields, although both products continue to provide relatively better spreads compared with prime housing loans.
- The transition toward LAP is expected to remain gradual given the company's long operating history in traditional individual housing loans.

Asset quality and recoveries

- Asset quality improved sequentially during FY26, with both GNPA and NNPA ratios declining.
- LICHF did not witness any major one-time settlements during the year, although several large accounts are undergoing the resolution process.
- One large corporate account was resolved in May'25; however, as per RBI guidelines, the benefit from the settlement can only be recognized after the mandatory one-year curing period, which will conclude in May'26. Management expects the resolution of this account to materially reduce NPAs and result in some provision write-backs in FY27.
- Corporate NPA resolution continues to remain time-consuming due to legal complexities and prolonged negotiations.
- Several borrowers undergoing NCLT proceedings are showing willingness to settle, and the company expects incremental recoveries once mutually acceptable settlement terms are achieved.
- The company sold a stressed asset to an ARC for a cash consideration of ~INR700m in Mar'25.
- Management is revisiting its ARC sale policy and intends to take a more accommodative approach toward offloading difficult retail and corporate NPAs.
- The combination of settlements, ARC sales and recoveries is expected to support meaningful improvement in asset quality and credit costs going forward.
- Segment-wise Stage 3: IHL: 1.03% | NHI: 3.51% | NHC and Project Loans: 21.02%

Management Transition

- Mr. Sandeep Kumar has joined the company as COO and will take over as the new MD & CEO from 31st Aug'26 as part of the leadership transition process.

mahindra FINANCE

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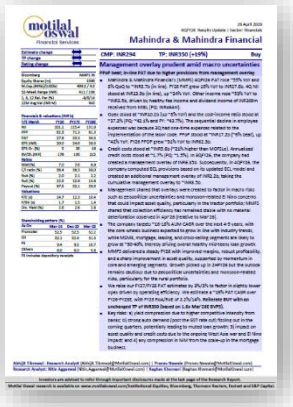


Mahindra & Mahindra Financials — Buy

Current Price INR 291

Guidance

- MMFS is targeting ~16-18% AUM CAGR over the next 4-5 years.
- Core wheels business will grow in line with the market, while MSME, mortgage, leasing, and cross-sell are expected to grow faster (30-40%), driving overall growth.
- NIMs are expected to sustain around ~7.1%.
- Operating leverage is expected to support profitability, with revenue growth exceeding cost growth.
- Credit costs are expected to be in the guided range of 1.3-1.7%. The company is currently at the higher end but sees potential normalization if macro risks do not materialize.
- Management sees fee income (as a % of assets) of 1.4-1.5% as a sustainable medium-term range, with limited headroom beyond that.


Mahindra & Mahindra Financial

Opening remarks

- The company ended FY26 on a strong note, with momentum improving meaningfully in 3Q and sustaining into 4Q.
- Growth remained reasonable, while profitability improved significantly, driven by margin expansion and controlled risk.
- Asset quality strengthened significantly, with GS2 and GS3 declining to multi-year lows, reflecting improved underwriting and collections discipline.
- The year reflects a balanced outcome of growth, profitability, and risk calibration rather than aggressive expansion.
- The company aims to defend its leadership in the wheels business while scaling up mortgages, MSME, leasing, and fee income streams, maintaining steady growth and margins, sustaining asset quality and credit discipline, building a resilient and efficient operating model through digital and AI investments, and driving improvement in RoA and RoE over the medium term.

Financial performance

- FY26 PAT grew 19% YoY, while 4Q PAT jumped 55% YoY to INR8.73b, taking full-year PAT to INR27.8b despite overlays and labor-related impacts.
- ROA improved to 2.4% in 4QFY26 vs. 1.7% in 4QFY25, with full-year ROA at 2% vs. 1.9% in FY25, indicating steady profitability improvement.
- Management expects operating leverage to play out, with revenue growth outpacing cost growth.
- Opex is expected to remain range-bound given ongoing investments in digital and distribution.

Margins and CoF

- NIM expanded meaningfully to 7.5% in 4Q (+101bp YoY) and 7.1% in FY26 vs. 6.5% in FY25.
- Margin expansion was driven by a better product mix (higher share of tractors and used vehicles), rising fee income, and improved treasury performance, leading to decline in CoF.
- Structural improvements such as treasury strengthening and liability management have supported cost of funds reduction.
- Management expects NIMs to stabilize around ~7.1%, with minor fluctuations going forward.
- Cost of funds is near cyclical lows, with some temporary pressure seen in Mar'26 due to liquidity tightness and geopolitical factors.

Asset quality and credit costs

- GS2 + GS3 declined to 8.2%, the lowest level in eight years, improving 103bp QoQ and 95bp YoY.
- Provision coverage on GS3 stands at a prudent 58.6%, supported by management overlays. Credit cost for FY26 stood at 1.7% (including overlays) vs. 1.3% in FY25.
- Management created an overlay of INR2.17b in 4QFY26 as a proactive and prudent measure rather than in response to visible stress.
- Overlays were built considering macro risks such as geopolitical uncertainty and monsoon-related prediction, which might impact the asset quality in the coming quarters, specifically the tractor portfolio.

- Collection efficiency trends remain stable, with no material deterioration observed MoM in Apr'26.
- Overlays will be reviewed quarterly and could be released if risks do not materialize.

Business trends

- Tractor segment remained a key growth driver, with disbursements up 63% YoY in 4Q and 49% in FY26, benefiting from rural tailwinds.
- The company continues to hold a dominant position in tractors and expects momentum to sustain into FY27.
- Passenger vehicle segment saw strong traction with 15% YoY growth in 4Q and 14% AUM growth –among the top 3 players across banks and NBFCs.
- In CV, the company is shifting toward LCV/SCV segments and expanding selectively in HCVs while increasing participation in used vehicles.
- Used vehicle financing remains an attractive opportunity, although supply constraints persist.
- MSME book grew 32% YoY, with the company now fully focused on secured lending in this segment; total book stands at INR80b.
- Mortgage business (via subsidiary) is scaling up, with ~21% YoY AUM growth.
- The company expects MSME and mortgage segments to sustain strong growth (30-40%), aiding diversification.

Insurance fee income

- Going forward, insurance fee income growth is expected to normalize and broadly track loan book growth rather than sustain the surge seen in FY26.
- Fee income increased to 1.4% of AUM in FY26 vs. 1.1% in FY25, driven by insurance, investment income, and dividends.
- Further upside depends on deeper distribution monetization and cross-selling execution through reoriented branch networks.

Digital & AI-Led Transformation

- ~50% of FY26 disbursements were executed through the 'Udaan' digital stack, significantly improving employee productivity.
- ~40% of applications are now approved via STP.
- 'SamurAI' agent (deployed in ~20% of business) has enabled ~80% faster post-sanction turnaround times.
- AI/ML-driven models and multilingual bots have improved early bucket collection efficiency by ~25%.
- AI investments are currently yielding tangible benefits in collections, underwriting, and processing, while broader transformation use cases are still evolving.

Subsidiaries performance

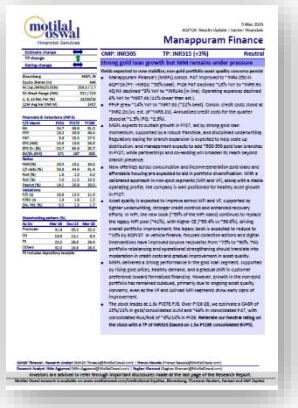
- All subsidiaries showed improved performance YoY.
- Mortgage subsidiary reported PAT of INR580m vs. loss last year.
- Insurance subsidiary delivered ~28% YoY profit growth, while AMC also turned profitable.

Cross-selling and customer franchise

- Cross-selling improved to 2.4 products per customer (PPC) from <2 levels seen in ~1.5 years ago.
- The company has a large base of ~2.4m active customers and ~13m historical customers, providing a strong cross-selling opportunity.
- Focus is on leveraging both asset and non-asset products (including insurance and deposits) to improve customer monetization.

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Manappuram Finance — Neutral

Current Price INR 312

Guidance and outlook

- Manappuram (MGFL) anticipates strong momentum in the gold loan segment, with AUM growth expected to surpass last year's levels, supported by new gold loan product offerings.
- Gold loan yields are expected to remain in the range of ~17.5-18%, with a gradual stabilization in yields over the coming quarters. The company does not expect any meaningful decline in CoB going forward.
- Consol. AUM is expected to grow steadily, driven by strength in secured lending segments and calibrated expansion across other portfolios.
- Management highlighted that MFI growth will remain measured, aligned with improvements in CE and borrower leverage metrics.
- The diversified portfolio is expected to support balanced and resilient growth, led by sustained demand for gold loans.

Macro environment and opening remarks

- The economy remains resilient, supported by strong consumption trends and improving rural demand.
- Credit growth remains stable, although macro headwinds such as geopolitical tensions, inflationary pressures, rising interest rates, and currency weakness persist.
- The lending landscape remains competitive, with a continued focus on asset quality improvement and prudent underwriting standards.
- Certain unsecured segments, particularly MFI, continue to face challenges, although early signs of recovery are emerging.
- Demand for secured lending products, especially gold loans, remains strong due to their liquidity, flexibility, and relatively lower risk profile.

Business performance and segmental trends

- Higher economic activity, improving rural demand, and evolving consumer spending patterns have supported overall business growth.
- Gold loans remain the key growth driver, contributing significantly to consolidated AUM and earnings.
- The housing finance business remains stable, with muted portfolio growth as the focus remains on asset quality, operating efficiency, and sustainable expansion.
- MFI operations continue to remain in a recovery phase, with a cautious and calibrated approach toward growth.

Gold loan business

- Gold loans continue to anchor the MGFL's portfolio, supported by strong brand presence, extensive distribution network, and disciplined execution. The segment has benefited from regulatory changes, enabling the launch of differentiated products such as consumption loans and income-generation loans. These product innovations cater to both household financing needs and small business/livelihood requirements, expanding the addressable market.
- MGFL is also targeting lower ticket size gold loans, which will support yield improvement.

- Partnerships have emerged as an incremental origination channel, enabling expansion into geographies with limited direct presence.
- Continued investments in digital capabilities and process efficiencies are enhancing customer experience, improving TAT, and driving productivity across branches.

Microfinance (Asirvad)

- The MFI business continues to operate in a cautious environment, with multiple strategic actions undertaken to stabilize the portfolio.
- The portfolio mix has improved, with the new book contributing ~59% and the old book at ~41% of the MFI loan mix.
- Overall collection efficiency stands at ~95%, with the new book demonstrating strong performance with ~99.4% efficiency. Collection efficiency in the old book continues to improve steadily, supported by focused collection efforts.
- Management expects the portfolio to transition toward a predominantly new book by 3QFY27, resulting in improved asset quality and stability.
- In Asirvad the benefit from MTM on SRs and the ECL write-backs stood at INR1.28b (~INR960m, post-tax). This led to a sharp decline in the credit costs for Asirvad.

Asset quality, collections and credit costs

- Credit costs have shown improvement, supported by enhanced collection efficiencies and growth in the loan book.
- The reduction in portfolio rundown, along with improved collections, has helped maintain credit costs under control and the management expects credit costs to moderate from current levels.
- Collection and recovery efforts have been strengthened through dedicated teams, engagement with external agencies, faster legal escalation, and structured one-time settlements in select cases.
- Early trends in collection improvements across non-gold portfolios are encouraging and expected to reflect in sequential improvement in performance.
- Vehicle finance and MSME portfolio
- In vehicle finance, the company has undertaken multiple corrective actions, including the segregation of collection teams across delinquency buckets and increased use of digital collection tools.
- Focus on cheque bounce recovery has improved collection rates significantly, with recovery levels increasing from ~75% to ~90%.
- There was a one-time write-off in the Vehicle Finance book of ~INR1.34b (~INR840m, net of provisions) – this also led to an improvement in the asset quality in the VF business.
- Similar collection-focused initiatives are being implemented in the MSME and allied portfolios, with early signs of improvement visible.
- Enhanced collection infrastructure and digital interventions are expected to drive gradual improvement in asset quality metrics.

Branch expansion and distribution

- The company plans to significantly expand its gold loan branch network, targeting addition of ~500-550 branches. Regulatory changes removing prior approval requirement for branch openings are expected to facilitate faster branch expansion.

- This expansion is expected to improve reach, support customer acquisition, and strengthen growth in the gold loan segment.

Profitability

- Profitability during the period was impacted by higher provisions, particularly in the non-gold portfolio.
- However, improved CE and stabilization in credit costs have supported overall earnings performance.
- Yields in gold loans are believed to have bottomed out, with expectations of gradual stabilization going forward.

Strategic initiatives and product expansion

- MGFL has introduced new gold loan products, including consumption and income-generation loans, to diversify use cases and expand customer segments.
- Expansion into slightly larger ticket affordable housing loans is underway, supported by dedicated team onboarding.
- With a refined lending focus and improved underwriting standards, asset quality across new segments is expected to remain strong.

Management update

- The company indicated that its CEO Deepak Reddy (who is currently undergoing treatment in Singapore) is currently recovering and the management remains hopeful of his return to an active leadership role and is not considering a replacement at this stage.

MAS Financials — Buy

Current Price INR 307

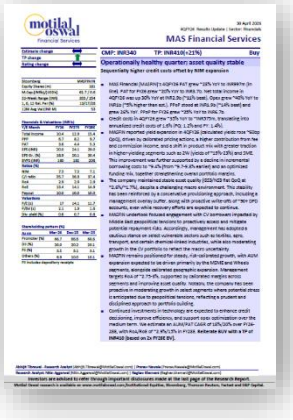
Guidance

- MASF remains confident of delivering 20-25% AUM growth, contingent on the macroeconomic environment, while maintaining a strong focus on asset quality and profitability.
- The company targets an RoA of 2.75-3%, supported by improving operating leverage and higher income.
- Credit costs are expected to remain within 1-1.25% of closing AUM, while the cost-to-income ratio is likely to stay range-bound at 35-37%.
- Yields are anticipated to be sustained in the 16-17% range in FY27.
- MASF continues to pursue its long-term aspiration of achieving ~INR1t AUM, while maintaining a prudent and profitable growth strategy.
- Management expects the CoB to decline further to ~9.2-9.25% over the next 2-3 quarters, which could support margins.
- The company plans to add 30-35 branches in FY27, driven by calibrated expansion across existing geographies.
- Housing finance subsidiary is expected to deliver 30-35% growth, supported by strong asset quality and structural demand.
- Management expects the capital adequacy ratio to remain above 20%, ensuring adequate headroom for growth.

Business mix and growth strategy

- MSME remains the core segment contributing ~70% of the overall business, and management expects this segment to continue as the primary growth driver.
- The company is gradually increasing its focus on the wheels segment (2W/CV) to improve diversification of the loan book.

Click below for Results Update


MAS Financial Services

Operational performance

- Segment-wise growth remained strong, with Micro-enterprise, SME, 2W, and CV loans growing ~20%, 16%, 35% and 11% YoY, respectively.
- Salaried personal loans grew ~22% YoY to ~INR12.6b, indicating traction in the unsecured segment.
- Business momentum remained stable post GST-related transitions, and management expects continued traction in the upcoming financial year.
- Approval rates have remained steady, reflecting a stable demand environment.

Asset quality and risk management

- Asset quality remained stable with GS3/NS3 at ~2.6%/~1.7%, and the company continues to maintain a management overlay buffer.
- MASF has taken a conservative approach by aggressively writing off ~90+ DPD assets, even where recoveries are expected.
- Risk management is driven by a data-led approach, leveraging historical borrower behavior rather than relying solely on credit scores. Technology-enabled scorecards ensure consistency in borrower assessment and improved decision-making.
- Collections are largely digitally enabled (banking/NACH-based), with bounce rates used as an early warning signal.
- A strong on-ground approach complements digital models, helping assess real-time borrower conditions. MASF proactively engaged with 2,000-3,000 borrowers post the Middle East crisis to assess potential stress and repayment challenges.
- Management remains cautious on select sectors such as textiles, agro, transporters, and chemical-linked industries, given macro uncertainties. The CV portfolio is being grown at a relatively slower pace in the near term, reflecting a cautious stance.
- The company continues to monitor inflationary trends and their impact on borrower repayment capacity, while maintaining growth momentum.

Liabilities, liquidity, and capital position

- Management plans to diversify funding sources, including mutual funds, insurance companies, and other institutional channels.
- A gradual reduction in borrowing costs, supported by MCLR resets and improved funding mix, has aided margin expansion.

Margins, yields, and profitability

- Margins improved during the quarter, supported by a decline in incremental cost of borrowings to ~9.39% from ~9.7-9.8% earlier.
- MASF expects further moderation in the cost of funds, which could either support margins or be passed on to customers, depending on market conditions.
- Yields increased due to a combination of pricing strategies, higher fees and commission income, and product mix changes. The 2W segment continues to deliver high yields in the range of 19-23%, aiding higher blended portfolio yields.
- Increasing contribution from fee and commission income is expected to support RoA expansion going forward.

Technology and digital initiatives

- MASF has a dedicated tech team of ~100 employees, focusing on digital transformation and process efficiency.
- LOS has been successfully implemented across all products, improving TAT and scalability.

- The company is in the process of implementing AI-driven decision engines to enhance underwriting and customer servicing.
- Technology adoption is expected to improve operational efficiency, ensure consistency, and potentially reduce costs over the medium term.

Branch expansion and distribution

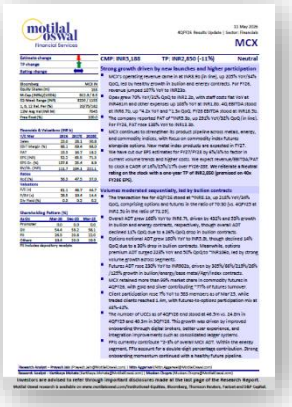
- Branch rationalization remains dynamic, with select closures or mergers undertaken to improve efficiency and control costs.
- Management plans to add 30-35 branches in FY27, focusing on high-potential geographies.
- Branch expansion strategy remains aligned with improving AUM productivity and maintaining opex discipline.

MCX — Neutral

Current Price INR 2,834

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Business

- MCX delivered strong performance during the quarter, driven by healthy growth in trading volumes, product innovation and rising market participation across segments.
- Bullion and energy continue to be the two key volume drivers: Bullion volumes grew over 4x during FY26, and Energy volumes also witnessed strong growth despite a high base.
- FPIs currently contribute ~2-3% of overall MCX ADT. Within the energy segment, FPIs account for a 'double-digit' percentage contribution. Strong onboarding momentum continued with a healthy future pipeline.
- MCX is operationally prepared to launch co-location services quickly if regulatory approval is granted. Infrastructure and implementation plans are already in place, allowing rollout within short timelines.
- Unique Client Code (UCC) growth of ~64% YoY was driven by improved onboarding through digital brokers, better user experience, and integration improvements such as consolidated ledger systems.
- Despite increased competition, bullion market share remains largely intact, and Energy segment saw only limited one-day monthly activity shifts linked to expiry structure changes by competitors.
- The Apr-May'26 trends saw no dramatic cause for concern regarding trading activity momentum.
- Despite strong profit and cash accretion during FY26, it maintained a relatively conservative pay-out approach to preserve capital for future growth opportunities in both organic and inorganic initiatives, including new product segments and ancillary business opportunities. Strategic initiatives are currently at an early stage, but management reiterated there are defined plans for utilizing excess capital over time.
- Outlook for FY27 remains positive, with management expecting another strong year despite quarterly volatility fluctuations.
- Launched focused "Price in India, Hedge in India" initiative aimed at deepening domestic hedging activity, increasing participation from SMEs and corporates, and strengthening India-centric commodity price discovery.

Financials:

- Interest income on margin money stood at INR590m in 4QFY26 vs. INR220m in 4QFY25, aided by higher cash margin balances at the subsidiary level.
- Other expenses increased during the quarter due to higher market development initiatives and business-related professional charges.

- 4QFY26 transaction charge revenue stood at INR8.1b, comprising INR5.7b from options and INR2.4b from futures.
- SGF contribution remained high in line with strong business growth, while the overall Settlement Guarantee Fund position stayed comfortable.

Launches

- Strong product pipeline remains under development across metals, energy and commodity indices. MCX indicated increased focus on commodity index futures alongside options. Additional work on metal index products expected during FY27.
- Electricity derivatives remain at an early stage of development, with focus currently on ecosystem creation rather than revenue monetization but has seen strong MoM traction since launch. Onboarded ~50 commercial participants for electricity derivatives, alongside a growing member participation base.
- MCX recently received approval to establish a coal exchange to operate as a separate entity, with further regulatory approvals and operational steps pending before commercialization. Management sees coal trading as strategically adjacent to MCX's commodity ecosystem and believes the market offers significant opportunity for consolidation, structured trading, and creation of a unified pan-India platform.
- On the agri commodities front, management indicated ongoing engagement with regulators and industry bodies on policy development; any regulatory relaxation could benefit market growth.

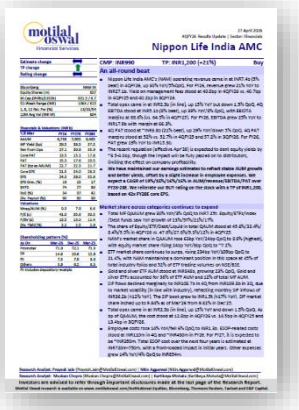
Regulations

- The RBI's proposed lending norms for prop traders may create some near-term impact on select trading members through tighter credit availability, though the exchange is working with members to mitigate the effect.

Nippon Life India Asset Management Ltd

Click below for Detailed Concall Transcript & Results Update




motilal oswal
Nippon Life India AMC

Nippon Life India AMC — Buy

Current Price INR 1.078

Business

- NAM was the fastest-growing AMC among India's top 10 players in 4Q and FY26.
- The company achieved the highest increase in AUM market share in the industry during FY26, with its share rising to 8.89% (up 63bp YoY/24bp QoQ).
- Equity net sales market share and equity AUM market share remained in high single digits and above overall market share.
- The company achieved high single-digit market share in equity and hybrid net sales. Adjusted for NFO-related flows, equity net sales market share would be in double digits.
- NAM has the largest investor base in the industry with 23.8m unique investors.
- SIF is being viewed as a strategic long-term growth opportunity. Significant backend work and product development are underway. The focus is on creating differentiated offerings rather than incremental MF-like products.
- Digital purchase transactions and SIP registrations reached 5.04m in 4Q, up 44% YoY. Digital contributed 77% of total new purchase transactions. The company recorded its highest-ever monthly transactions of 1.8m in Jan'26.

SIP

- SIP market share inched up to 9.84% (vs. 9.82% in Dec'25). NAM continued to focus on improving SIP persistence and reactivating discontinued SIPs during volatile markets.

- Monthly systematic flows increased 17% YoY to INR37.2b in Mar'26. Annualized systematic book stood at INR447b.
- SIP trends are stabilizing after a temporary slowdown, with signs of recovery visible in Mar'26. Investor behavior indicates rotation within mutual funds rather than exits, supporting long-term industry growth.
- The company has started building SIP books in new categories, particularly in hybrid funds and commodity-based funds. It focuses on some categories for improvement, i.e., flexicap funds and sector/thematic funds.
- SIP market share remains higher than equity net sales market share, which is a positive leading indicator for future equity market share gains.
- Fintech platforms are driving incremental SIP growth, with higher ticket sizes and shorter investment cycles (higher churn risk), while distributor-led SIP flows show better persistence and investor retention, especially in volatile markets.

Yields

- Equity/equity excl. arbitrage/liquid/ETF: 53bp/55bp/25bp/11-12bp/above 25bp
- The increase in yield in 4Q was primarily driven by a change in asset mix, with a higher contribution from relatively better-yielding segments.
- Recent regulations, effective Apr'26, could dent its equity yields by ~3.5-4.0bp, though the impact will be fully passed on to distributors, limiting the effect on company profitability.

ETFs

- NAM holds 45% share in ETF folios and 52% in ETF trading volumes on NSE/BSE.
- Gold and silver ETF AUM stood at INR848b, up 23% QoQ. Gold and silver ETFs accounted for 36% of ETF AUM and 12% of total MF AUM.
- Two debt index funds were launched, mobilizing INR8.6b.

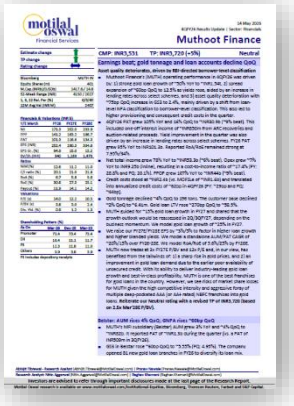
AIF and Offshore

- Total commitments raised stood at INR93.3b, up 26% YoY of which INR4b was raised during Q4 across strategies.
- Credit Opportunity Fund Series II was launched and achieved first close in Q4, with 25% capital deployed.
- Offshore AUM stood at INR1.39b. The company continues to expand across Europe, Asia, and Latin America.
- GIFT City: Two feeder funds operational with AUM of USD38m.

Financials

- Mutual fund business contributed ~91% of total revenues in FY26.
- EBITDA margins are lower compared to some peers, primarily due to: higher share of ETF/passive business (~33% of AUM) and passive products mix inherently carry lower fee yields. Focus remains on growing absolute profits rather than margin percentages.
- Other income stood at INR0.34b, down YoY/QoQ, due to market conditions.
- ESOP-related costs stood at INR110m in 4Q and INR430m in FY26. For FY27 ESOP costs is expected to be INR350m. In the next four years, total ESOP cost is estimated at INR720m-750m, with a front-loaded impact in initial years.
- Overall expense growth ex of ESOP guidance remains at 15-16% YoY. Management expects operating leverage to play out as AUM scales up, leading to a gradual decline in cost ratios over time.
- The lower tax rate in 4Q (16.4% vs. 21% in 4QFY26/24.2% in 3QFY26) was due to: the reversal of earlier provisions after tax assessments and lower tax incidence on mark-to-market losses.

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Muthoot Finance

CMP: INR3,531 TP: INR3,720 (+5%) Neutral

Earnings beat; gold tonnage and loan accounts decline QoQ

Muthoot Finance — Neutral

Current Price INR 3,217

Guidance & Outlook

- The company guided for ~15% gold AUM growth and indicated that growth outlook would be reassessed in 2Q/3Q depending on the business momentum.
- In FY27, MUTH plans to open ~200 new gold loan branches each in the standalone entity and in Belstar.
- Management remains confident about long-term growth prospects for the gold loan industry despite rising competition from banks and new entrants.
- The company reiterated that operational expertise, customer trust, and execution capabilities remain key differentiators in the gold loan business.

Financial performance

- Standalone PAT stood at a record INR101b, up 95% YoY, while consolidated PAT increased 98% YoY to INR106b.
- Consolidated AUM stood at INR1.82t as of Mar'26, reflecting strong YoY growth of 49%.
- The company declared its highest-ever dividend of INR30/share and highlighted that this marks the 14th consecutive year of dividend declaration.
- The group opened ~177 new branches during the year, while subsidiaries also delivered stable operational performance.

Gold loan business performance

- Gold loan disbursement momentum remained healthy and broadly similar to last quarter levels despite increased competition and elevated gold prices.
- Average ticket sizes have increased meaningfully due to rising contribution from higher-ticket customers and addition of relatively affluent borrowers across expanding branch networks.
- The company indicated that the share of customers with ticket sizes above INR300k has increased materially, contributing to growth in average loan size.
- Gold loans remain fundamentally need-based products driven by short-term liquidity and working capital requirements rather than speculative borrowing.
- Customers typically pledge jewellery only to the extent required for their funding needs, and many loans continue to exhibit high churn with short repayment cycles.
- Gold loan portfolios naturally witness high churn, with many customers repaying loans within short periods and availing fresh loans subsequently at revised gold prices.
- The company stated that in mature portfolios like Muthoot Finance, customer migration from lower ticket sizes to higher ticket sizes is a natural phenomenon as borrower income levels and funding requirements increase over time.

Customer trends & portfolio mix

- Management highlighted that tonnage growth has been significantly higher in newer entities like Muthoot Money, where tonnage increased from around 7 tons to 12 tons, reflecting rapid customer acquisition and portfolio build-up.
- In contrast, Muthoot Finance, being a mature and legacy franchise, experiences higher portfolio churn, with gold loans typically churn every 3-4 months. As older loans get renewed or replaced with higher-value loans due to rising gold prices, tonnage growth appears relatively lower.

- The company shared that customer growth is easier in newer businesses, as seen in Muthoot Money, where the customer base increased from 274k to 464k. However, customer addition in Muthoot Finance is relatively difficult given its already large and mature customer base.
- Management stated that customer additions are becoming increasingly difficult for large and mature gold loan franchises due to portfolio seasoning and customer graduation toward higher ticket sizes.
- The company lost nearly 500k customers in the sub INR10k category and another 800k customers in the INR10–30k category during the year.
- However, this decline was offset by strong additions in higher ticket-size buckets, with nearly 1m customers added in categories from INR50k-200k loan sizes.
- Management highlighted that while ultra-small borrowers have reduced, medium and better-quality borrowers continue to grow steadily.
- Customers who earlier borrowed smaller amounts are now opting for larger loans due to higher funding requirements and rising gold values, resulting in lower customer count growth but higher average ticket sizes

Yields and margins

- The company increased pricing by ~0.5-1% during the last quarter, which supported improvement in portfolio yields during the quarter.
- The company operates multiple gold loan schemes across varying yield ranges from 12% to 23%, allowing flexibility in portfolio pricing strategy.
- Pricing decisions remain dynamic and are dependent on competition intensity, customer acquisition requirements, and growth objectives.
- Despite potential yield volatility, management highlighted that profitability remains comfortable with RoA sustaining at around ~7.5%.
- Interest accrual during the quarter stood at INR9.63b.
- Interest income included auction income of INR500m and ARC-related income of INR350m. This together contributed one-off income of INR850m in the quarter.

Competition & industry dynamics

- Management acknowledged increasing competition in the gold loan industry with multiple new entrants entering the segment, including players with lower cost of funds and deeper balance sheets.
- However, management emphasized that gold lending remains a highly operationally intensive business requiring specialized execution capabilities, customer relationships, and branch-level expertise.
- The company believes several new entrants may currently be opportunistic participants, while only focused and committed players are likely to succeed over the long term.

Asset quality & change in classification

- Stage 2 and Stage 3 asset increases were primarily driven by RBI-mandated borrower-level classification norms, whereas previously classification was being done at an individual loan level.
- Due to the shift toward borrower-level tagging, the absolute NPA amount increased despite underlying portfolio quality remaining comfortable.
- GNPA ratio declined significantly to 2.35% in Mar'26 from 3.35% in Mar'25 despite the change in classification methodology.

- Several customers classified under Stage 2 or Stage 3 continue servicing interest regularly, thereby limiting actual economic stress and interest reversals.
- The company highlighted that Stage 3 outstanding, including accrued interest, is only ~57-58% of underlying collateral value, implying strong collateral cover and full recoverability potential.
- The rise in overdue-stage classifications remains largely confined to the gold loan portfolio, while the non-gold loan book continues to remain stable.

Subsidiary Performance

Belstar

- Belstar expanded gold loan operations as part of portfolio diversification strategy and opened ~81 gold loan branches during the year. Total branch network at Belstar now stands at ~1,300 branches.
- Collection efficiency in the MFI business improved to 99.85% compared to 99.16% last year.
- During the year, Belstar disbursed loans worth INR75b.
- Management indicated plans to open another ~200 gold loan branches within Belstar going forward.

Home Finance

- Home finance AUM stood at INR34.8b compared to INR29b last year, registering growth of ~17% YoY.
- The company disbursed housing loans worth INR9.1b during the year.
- PAT for the home finance business stood at INR450m.

Muthoot Money

- Muthoot Money significantly scaled down its vehicle finance operations and shifted focus toward gold loans.
- Gold loan AUM in Muthoot Money increased sharply to INR97.9b versus INR39b last year, reflecting growth of ~151% YoY.
- Parent entity infused capital of INR10b in Muthoot money.
- Active customer base continued to witness healthy growth and the subsidiary's credit rating improved to AA+ Stable.
- Management indicated that no major branch expansion is planned for Muthoot Money currently as many existing branches are still relatively young.

Others

- Apart from gold loans, the company has an unsecured portfolio of INR40b comprising salaried personal loans and unsecured lending products. Management clarified that these non-gold loan products are largely cross-sell products targeted toward the existing gold loan customer base.
- Management stated that the company continues to maintain LTV strictly in line with regulatory guidelines and prevailing gold prices.

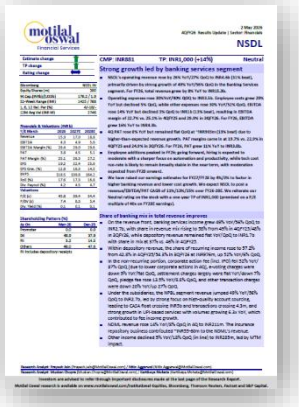
NSDL — Neutral

Current Price INR 808

Business:

- Incremental accounts: Industry declined 21.9%, while NSDL reported growth of 34.1%, supported by technology solutions for existing DPs and additions from new DPs.
- New demat account additions moderated, with Mar'26 witnessing the lowest monthly additions for the year amid geopolitical uncertainties.

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- Added 5.9m gross demat accounts (4.9m net) in FY26, marking the highest annual addition to date.
- Continued onboarding of fintech brokers; a Pune-based fintech broker commenced contributions towards the end of Q4, alongside a large DP migration from a competitor, which is expected to further support account additions. Additional fintech onboarding is likely to reflect in the coming quarters.
- Total depository participants (DPs) stood at 311, with 21 additions in FY26 (record), of which discount brokers accounted for 15.1% of net additions.
- Launched the Women Demat Plan in Apr'26, offering a three-year waiver on settlement fees for new women demat accounts, expected to aid incremental sourcing. A similar earlier initiative (Yuva Plan) contributed ~21% of incremental demat additions.
- Ranked 2nd among the top 33 banks in AePS transaction value and Micro ATMs, and also among the top 33 banks in UPI digital transactions.
- Under NDML, the insurance repository business is being demerged into a separate entity, in line with IRDAI regulations.
- Implemented 15+ APIs in 4Q (30+ in FY26), enhancing integration and reducing operational friction across services.

Financials:

- On a standalone basis, total income declined 1.6% QoQ, impacted by lower capital market activity in 4Q.
- Standalone depository business contribution declined to ~90% of consolidated revenue (vs. ~95% earlier).
- Annual custody fee income grew 36.7% YoY, though growth moderated in 4Q due to a slowdown in unlisted segment activity in 2H. With increasing fintech participation, management remains constructive on growth outlook.
- Banking services revenue witnessed strong traction driven by: (1) focus on high-quality account sourcing, with CASA float crossing INR5b and transactions exceeding 4.3m; and (2) robust growth in transaction-led income, particularly from UPI-based partner services (volumes up ~6.3x).
- Insurance repository business contributed ~INR55-60m to NSDL's revenue.
- Employee additions peaked in FY26; hiring is expected to moderate going forward with increasing focus on automation and productivity improvements.
- Continued investments in technology and manpower, with tech costs at ~INR1.1b in FY26.
- Tech cost run-rate is expected to remain broadly stable in the near term, with moderation likely from FY28 onwards.

Nuvama Wealth — Buy

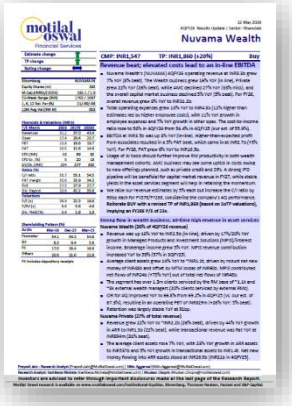
Current Price INR 1,559

Company performance

- Management highlighted early signs of consolidation within the AMC industry alongside rising traction for private markets and alternative assets. Client preference is increasingly shifting towards integrated multi-product wealth platforms.
- Globally, wealth platforms have evolved into diversified multi-product ecosystems, and management believes India could transition even faster than global peers.
- Cost-to-income ratios improved YoY across Wealth Management, Asset Services, and Capital Markets businesses. However, at the consolidated level, the firm-

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Nuvama Wealth

level C/I ratio increased due to the rising contribution of the wealth management business within the overall mix.

- PAG is expected to exit eventually, though management clarified that no formal process is currently underway.

Nuvama Wealth

- MPIS continues to remain the core growth engine, contributing to the entire growth in recurring revenues during the year.
- Lending has seen increased focus over the past 2–3 quarters, with gradual expansion in the loan book. NII contributes ~20–22% of revenues, with further upside potential.
- NII growth lagged loan book growth due to ECL provisioning and the impact of elevated market volatility arising from geopolitical developments on the ESOP financing book. Management indicated there could be another quarter of lag between loan book growth and NII normalization before catch-up occurs.
- The RM franchise continues to undergo "seniorization," with a significant portion of the team now comprising experienced relationship managers.
- AI-led tools are being deployed to enhance RM productivity, resulting in ~25% improvement in per-RM revenue, with a large portion attributable to AI adoption.
- Productivity gains are being driven by improving RM vintage as well as multiple AI-driven operational efficiency initiatives.
- Launched "Virasat," an estate and legacy planning solution, targeting HNI clients with increasing inter-generational wealth planning requirements.
- Management continues to target net inflows of ~25–30% of opening MPIS AUM annually, with current trends remaining in line with this objective.
- The unlisted opportunities business remains relatively small, with future activity expected to focus on high-end credit transactions that are relatively insulated from geopolitical disruptions.
- Tier-2 and smaller cities contribute ~35–40% of business.
- Regret attrition remains low at ~3–4%.

Nuvama Private

- Healthy growth momentum continues, with ARR growing consistently at ~25–30% and contributing ~60% of revenues.
- Yield profile remains strong at ~85–100bp, with retention yields expected to sustain at ~90–95bp.
- Over the past four years, the business has expanded capacity by ~60%, with RM count increasing to ~150. Talent onboarding will continue going forward.
- Investments in technology and AI remain a key focus. The recently launched "Agentic AI" platform supports RMs by tracking client portfolios and performance analytics, driving ~10–15% increase in per-RM revenue productivity.
- Client concentration remains consistent with industry trends, with ~one-third of clients contributing ~70–75% of AUM.
- Regret attrition remains low at ~1–2%.

Asset management

- Commercial real estate strategy has scaled well, with acquisition completed for three marquee assets and ~40–50% of funds already deployed. A new ~INR25b

fund is expected to be launched once ~70% deployment is achieved in the current fund by 2HFY27.

- Leadership within the private markets team has been strengthened, with a new ~INR 15b fund to be completed over the next 8–10 months.
- Management also expects to launch its first private credit fund (~INR 10–15b) during the year, with the team already in place.
- Public markets remained volatile during FY26, limiting HNI/UHNI allocation towards equities. The company is in the process of obtaining a mutual fund license, post which it intends to launch SIF offerings. Leadership additions have also been made within this vertical.
- Incremental investments and costs are expected as new schemes are launched and MF operations scale up.

Asset services

- The business has returned to its growth trajectory, with revenues surpassing 1QFY26 levels.
- Despite industry headwinds, including market volatility, yield compression concerns, and loss of certain clients, the segment continued to deliver revenue growth, highlighting the resilience of the market infrastructure-led model versus traditional capital market businesses.
- Focus remains on gaining market share, with the company nearing a strategic collaboration with a global custodian.
- Management believes yields should remain broadly stable unless there is a major shift in collateral mix from extremely large clients. Potential central bank tightening could create an upward bias to yields.

Capital markets

- Secondary market activity moderated during FY26.
- Primary markets remained healthy, with ~100 mainboard IPOs during the year.
- While activity slowed in 2HFY26, market share was broadly maintained at ~18–19% by issue value and ~15% by deal count.
- Fixed income contributes ~50% of IB revenues and is expected to continue growing at ~20–25% going forward.
- On the ECM side, the company currently has ~40–45 live mandates, providing confidence for a strong FY27 pipeline.
- Investment Banking and Institutional Equities revenues are broadly split ~30% and ~70%, respectively.

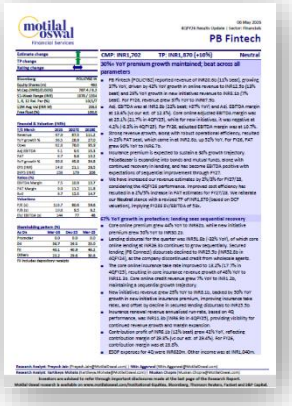
PB Fintech — Neutral

Current Price INR 1,578

Company performance

- The company is focused on improving productivity of the sales and customer experience teams, alongside experimenting with AI-led use cases.
- Conversions have improved QoQ, with productivity gains visible due to AI. Management does not view AI as a margin lever but more as an enabler.
- AI adoption in the industry is seen more as a risk mitigation tool rather than a pure efficiency driver.
- PB Health acquired an operating hospital in Noida, generating ~INR200-300m annual profit; a second hospital in central Gurgaon is expected to be operational

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PB Fintech

soon. The company is evaluating two additional hospitals in the Delhi NCR region, with plans to expand beyond NCR.

- There is no immediate capital requirement for PB Health; however, late-stage discussions are underway for potential capital raising. ~30% of available capital has been deployed so far.
- Buybacks and dividends have been discussed but not yet taken to the Board; there is no concrete capital allocation plan currently.
- Premium growth momentum of ~30% is expected to sustain into FY27, which could potentially improve further.

Policybazaar

- Savings business benefited from a low base, driving higher growth in FY26. Health insurance has seen strong traction over the past two quarters.
- Term insurance is gaining momentum and is expected to potentially rival the growth trajectory of health insurance going forward.
- Profit growth is supported by both new business and sustained renewal momentum. Health insurance continues to outpace other segments.
- Health insurance growth accelerated post Sep'25, driven by GST exemption and improved claims experience offered by the platform.
- Protection segment grew 67% YoY, with health contributing more strongly than term.
- A preferred hospital network of ~500 hospitals has been built for Policybazaar customers.
- Proportion of long-term policies remains stable, though the mix is shifting towards 4–5 year policies from shorter-duration products.

Paisa Bazaar

- Both Paisabazaar and Policybazaar operate at similar contribution margins. Paisabazaar is EBITDA positive (though modest), with expectations of steady improvement through FY27 supported by consistent quarterly growth.
- ~58m customers have been acquired to date, representing ~50% of India's active credit base. The platform aims to evolve into a broader engagement platform spanning credit and savings.
- The company is expanding into bonds and mutual funds; a stockbroking license has been applied for as a pre-requisite for bond distribution. Initial experiments via partnerships have shown encouraging results.
- PB Connect has two segments—retail agents and wholesale agents. The wholesale segment has been discontinued, leading to a decline in related revenues.
- Lending business continues to perform well, with FY27 outlook remaining positive. Investments in agent productivity are ongoing.

New initiatives

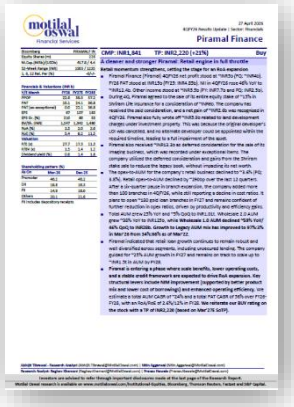
- New initiatives are scaling at a pace similar to core businesses and have gained traction over time.
- The PB Partners network includes ~450,000 advisors, covering ~99% of pin codes across India. ~99.5% of POSP agents generate revenue below INR2m.
- POSP remains a key growth lever given its scalability, with significant expansion potential expected in FY27.
- The UAE business grew 54% YoY in FY26, reflecting strong international traction.
- Additional initiatives, such as savings and embedded insurance, are in the pipeline.

Piramal Finance — Buy

Current Price INR 1,928

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Guidance

- For FY27, management has guided for ~25% AUM growth and ~50% growth in consolidated profits.
- RoAUM is expected to improve to ~2.5% (vs. ~2.1% exit in 4QFY26), driven by operating leverage, improving margins, and stable credit costs.
- Cost of funds is expected to decline by ~50-80bp over the next 2-3 years due to rating upgrades and liability repricing.
- Opex-to-assets ratio is expected to improve further (~50bp potential), supported by scale and higher productivity.
- Margins are expected to improve through both asset-side (product mix shift, higher yielding segments) and liability-side (lower CoF) levers.
- Credit costs are expected to remain contained; even if there is a marginal uptick, it can be absorbed through margin and opex improvements.
- The legacy book will become immaterial by 4QFY27, and the company will stop reporting it as a separate segment going forward.
- Overall, management remains confident of delivering steady, healthy earnings growth with improving return ratios and stable asset quality.

Opening remarks & macro outlook

- Management highlighted that recent geopolitical tensions and rising crude prices have created a volatile macro environment.
- The government's timely interventions to support exporters have helped cushion the impact of ongoing challenges.
- While geopolitical risks remain a key monitorable, strong domestic demand continues to support India’s growth outlook.

Financial performance

- Consolidated AUM crossed INR1t, growing 25% YoY, marking a key milestone and keeping the company on track for INR1.5t target by FY28.
- Legacy wholesale book declined sharply by 59% YoY to INR28b (below the target range of INR30-35b) and now forms <3% of AUM, representing one of the fastest wholesale book reductions in the industry.
- Retail AUM scaled 33% YoY to INR859b, contributing ~85% of total AUM; the company scaled retail book from INR200b to INR850b in just ~4 years.
- Retail scale-up has been achieved with one of the lowest opex ratios while simultaneously reducing risk.
- Growth business delivered AUM growth of 33% (vs. ~30% target), with improving profitability and risk metrics.
- Reported PAT of INR15b (within INR13-15b PAT guidance), ~3x YoY growth.
- Growth business exited 4QFY26 at ~2.1% RoAUM.

Retail franchise & growth business

- Retail AUM growth remained strong at 33% YoY, with disbursements recovering to INR131b in 4Q. Retail growth is well diversified across products.
- Mortgage and LAP segments grew 32% YoY and contribute ~67% of retail AUM, with increasing focus on prime and mass affluent customers as well as higher ticket sizes.

- The company highlighted that the rating upgrade enhances its ability to serve higher-quality, larger-ticket customers.
- Customer franchise expanded 22% YoY to ~5.7m customers.

Profitability

- Growth business PBT stood at INR4.95b in 4QFY26.
- Consolidated NIM improved 20bp QoQ to ~6.5%, with growth book NIM at ~7%.
- Opex declined to ~3.6% of assets, with further ~50bp improvement potential going forward.
- Credit costs in the growth business reduced to ~1.5%, reflecting improving asset quality.
- Management expects ~25% AUM growth and ~50% profit growth in FY27, with RoAUM improving to ~2.5%.

Branch expansion & new segments

- Total branch network crossed 700 (701 branches), with additions across formats, with 26 full-service branches, 22 gold loan branches, and 60 rural branches (rural network at 136 branches)
- Rural branches operate at ~1/3rd opex and require ~1/10th capex vs. urban branches, supporting cost efficiency.
- Gold loan business launched (Phase 1) in Maharashtra and Telangana. Out of which 13 branches are currently active for disbursements
- Plan to scale the gold loan network to ~200 branches in FY27 (adding ~180 branches).
- Microfinance portfolio grew 42% YoY to INR13.8b.

Asset quality trends

- GNPA declined ~30bp QoQ to ~2.3%, NNPA to ~1.6%. Retail 90+ DPD improved to ~0.6% (down 20bp QoQ).
- Risk metrics across retail segments have improved significantly and are now back to levels seen ~2 years ago.
- Used car segment stress (seen over the last three quarters) improved in 4Q, while the small-ticket MSME mortgage segment also stabilized.
- Wholesale 2.0 book remains robust with zero NPAs.
- Management indicated that even if geopolitical stress persists, portfolio impact is unlikely to be immediate due to borrower buffers. Borrowers typically continue servicing loans for 1-2 months despite business stress, with delinquencies reflecting with a lag of ~2-3 months.
- As a result, no impact is expected in 4QFY26 or 1QFY27. Any potential stress, if it materializes, is more likely to be visible in 2QFY27 (Jul'26-Aug'26).
- Early indicators like bounce rates are being closely tracked, and Apr'26 trends remain stable and in line with Mar'26.
- Expanded watchlist to vulnerable sectors (travel, tourism, textiles, gems & jewelry), with tighter underwriting for leveraged borrowers.

Wholesale business

- Wholesale 2.0 book grew 38% YoY to INR125b, with real estate exposure mix at ~73:27
- Repayment continues to remain robust with INR58b received or 63% of the disbursed amount received in FY26. While strong repayments may act as a near-

term growth headwind, they reflect healthy portfolio quality and a well-seasoned loan book.

- Legacy book reduced to INR28b driven by focus now on resolution and recoveries over the coming quarters. The company shared that there is potential for write-backs from legacy provisions (a few hundred crores) as resolutions progress.

Margins and CoF

- Cost of funds stands at ~8.8%; incremental cost is lower (~8.4% long-term, ~7% short-term), with the company currently focused on long-term borrowings.
- AA+ upgrade is expected to drive a 50–80bp reduction in CoF over the next 2–3 years as liabilities reprice.
- Margin expansion drivers include: a) Product mix shift toward higher-yielding unsecured products (Aims to increase the unsecured mix by ~400bp), b) Entry into new high-yield segments, and c) Liability cost reduction.
- Consolidated and growth NIM are expected to converge over FY27.

Capital, liquidity & ratings

- Credit rating upgrades across domestic and offshore agencies; domestic long-term rating upgraded to AA+ by CRISIL, ICRA, and CARE.
- International ratings improved: S&P upgraded to BB; Moody's maintained Ba3 with outlook revised to Positive.
- Secured ~$350mn DFI funding from IFC and ADB, enhancing liability profile.
- Liquidity remains strong with LCR ~450% and INR86b of cash and equivalents; CP share <1% of borrowings.

Tax & capital structure

- Total assessed tax losses increased to INR246b and INR160b of future profits tax-protected until ~2032.
- Resultantly, PBT and PAT are expected to remain broadly similar (low tax outgo) for the foreseeable future.
- CRAR at ~19.8% vs. regulatory requirement of 15%; management is comfortable operating at ~17-18%.
- Net worth at INR280b with sufficient capital runway for near-term growth and additional levers available for capital if required.

Other highlights

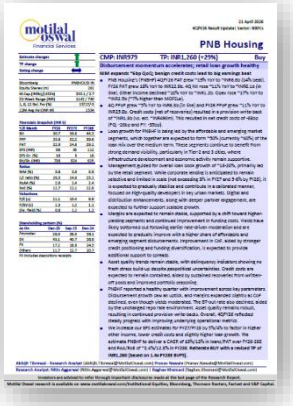
- The company remains focused on delivering consistent profitability improvement alongside strong AUM growth while maintaining stable risk.
- Strong emphasis on cross-sell, digital lending, and AI adoption (178bn token usage in 4Q indicates high internal usage).
- Company remains open to M&A opportunities in MFI, MSME, and gold loans, with a value-based acquisition approach targeting stressed/imperfect assets at attractive pricing.
- Received ~$148mn deferred consideration from Piramal Imaging sale and INR6b from Shriram Life stake sale.
- Fee income was affected due to changes in insurance partner economics and one-off adjustments; normalization is expected going forward.
- Digital lending segment performing well; however, the company remains flexible to shift towards branch-led origination if risk emerges.
- Exceptional gains (~INR15b) used partly to strengthen provisioning and balance sheet.

PNB Housing Finance — Buy

Current Price INR 993

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Guidance

- PNBHF targets loan book growth of 18-20%, anchored to its 'growth with quality' strategy.
- Loan book is projected to cross the INR1t mark by FY27, supported by sustained retail expansion. Retail loan book growth is expected to remain in the ~18-20% range, with affordable and emerging segments driving overall expansion.
- Affordable and emerging markets are expected to form ~50% of the portfolio over the next 2-3 years.
- Corporate lending would remain calibrated, not exceeding ~3% of the overall book in FY27, with a focus on high-quality developers in the top 8-10 cities.
- NIM is expected to remain in the range of 3.55-3.65%, supported by stable yields and improving cost efficiencies.
- Credit costs are expected to remain benign, aided by strong recoveries from the written-off pool.
- RoA is expected to remain in the range of 2.4-2.5%.

Opening remarks

- FY26 has been a pivotal year for the housing finance sector, supported by strong structural drivers such as rising urbanization, improving affordability, and a sustained shift toward home ownership across income segments.
- Tier-2 and tier-3 cities continue to emerge as strong demand centers, supported by infrastructure development and improving economic activity. Government-led initiatives and regulatory support for affordable housing have further strengthened sectoral momentum.
- The housing finance industry remains on a strong growth trajectory, with affordable and emerging market segments offering significant long-term potential.
- Despite geopolitical uncertainties, any impact on growth and inflation is expected to be moderate and transient, with underlying housing demand remaining structurally resilient.
- The broader economic environment remains supportive for credit growth, aided by steady domestic activity and improving housing demand fundamentals.
- High crude oil prices and geopolitical developments may keep inflation and interest rates slightly higher, though the overall impact is expected to remain manageable.
- Geopolitical developments have not had any material impact on business performance or borrower behavior. Bounce rates remained stable with no meaningful deterioration observed in April compared to March, indicating stable customer behavior trends.

Business growth and segment performance

- Retail loan assets grew ~16% YoY to INR869b, driven by strong traction in affordable and emerging market segments.
- Affordable and emerging markets contributed ~40% of the portfolio and ~47% of retail disbursements.
- Emerging markets continued to outperform with ~34% YoY growth in disbursements, while the prime segment delivered ~43% YoY growth. Affordable

segment has returned to a strong growth path, with expectations of continued momentum in the coming periods.

- Corporate disbursements commenced at ~INR3.4b in 4QFY26, with a deliberate focus on quality developers and select geographies such as Mumbai, Pune, Hyderabad, Delhi, Chennai and Bangalore.
- Corporate loan growth is expected to remain moderate in the near term, with a gradual rise to 5-6% over two years and 8-9% over three years.
- Micro LAP and micro housing are being introduced as part of product expansion, targeting a 14-16% yield segment starting 1QFY27.

Yields, pricing and margin dynamics

- Portfolio yields moderated to ~9.47% in 4QFY26, driven by lower incremental yields and higher runoff. Yields are believed to have bottomed out and are expected to gradually improve from 1QFY27 onward, supported by a higher mix of affordable and emerging segments.
- Yield trajectory is expected to remain largely range-bound with a mild upward bias of 5-10bp over time.
- Rate cuts initially impacted yields, but improving CoF has helped sustain overall margin stability. NIMs are expected to remain stable, supported by declining borrowing costs and improving portfolio mix.

Asset quality and recoveries

- GNPA improved to below the 1% mark, standing at ~0.93%, reflecting strengthened collection infrastructure and portfolio discipline.
- Improvement in asset quality has been driven by stronger recoveries across both retail and corporate portfolios. Recovery from the written-off pool remains strong, with expected inflows of INR2-2.5b in FY27. Credit cost remains contained due to sustained recoveries and improved portfolio quality trends.
- Bounce rates have remained stable, including in early April, indicating no fresh stress build-up due to current geopolitical tension.
- Behavioral delinquency patterns, including government employee-linked cases, have largely normalized through timely repayments.

Distribution, branch expansion and market presence

- ~35 branches were added during the year, taking the total network to 393 branches. Affordable and emerging segments now account for ~80% of the branch network, reinforcing strategic focus on high-growth geographies.
- Strong pan-India presence, particularly across tier-2 and tier-3 cities, continues to support growth momentum.
- PNBHF believes that distribution expansion remains a key lever for growth, supported by deeper engagement with housing finance partners and channel networks.
- Branch productivity and effectiveness are being enhanced to improve conversion efficiency and customer reach.

Digital, technology and operational efficiency

- Digital channels now contribute ~15% of total leads, reflecting increasing digital adoption across sourcing channels.
- End-to-end digital onboarding has been strengthened through the launch of an in-house developed application, enabling paperless workflows and faster TAT.
- AI-enabled calling solutions have been deployed for pre-disbursement engagement, covering a significant portion of the sanctioned pool.

- Multiple AI use cases are under pilot, including KYC automation and pre-delinquency management to improve operational efficiency.
- Technology-led transformation is focused on reducing processing time, improving customer experience, and enhancing operating leverage.

Funding, liquidity and cost of borrowings

- Borrowing costs are expected to moderate further, supported by lower incremental funding rates and ongoing credit rating engagements.
- Efforts are underway to further diversify funding sources through additional banking relationships and debt market access.
- Liquidity position remains adequate with sufficient coverage buffers supporting operational stability.

Corporate strategy and distribution philosophy

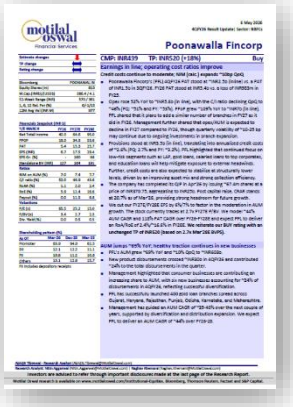
- Retail lending remains anchored to strong distribution engagement, which continues to be a core success driver for the business.
- Strengthening partnerships and on-ground engagement are viewed as critical to sustaining retail growth momentum.
- The strategic focus remains on scaling affordable and emerging housing while maintaining disciplined underwriting standards.

Poonawalla Fincorp — Buy

Current Price INR 400

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Guidance and outlook

- PFL is targeting AUM growth of ~35-40% over the next couple of years, supported by diversification and distribution expansion.
- NIM is expected to remain strong, with further improvement in disbursement yields and gradual transmission to portfolio yields.
- Opex/AUM is expected to trend lower in FY27 versus FY26, although quarterly volatility of 10-25 bps may persist due to investments in branch expansion.
- 6 MOB 30+ is expected to remain range-bound in the near term and decline further as secured and low-risk segments improve in the loan mix.
- Fee income is expected to remain a strong contributor going forward, becoming an increasingly important earnings lever.
- Management remains cautiously optimistic, with no major portfolio risks identified, and continues to closely monitor the macro conditions.

Opening remarks

- The company's strategic focus on maintaining a diversified business-line model is now delivering tangible results, with multiple verticals scaling simultaneously and contributing meaningfully to growth.
- Portfolio quality and return metrics have improved, with a visible uptick in RoA driven by better underwriting, collections, and product mix.
- Investments in branches, technology, and operating infrastructure are now translating into profitability, reflected in improving operating leverage and cost ratios.

Financial performance

- AUM scaled to INR603b, registering a strong 69% YoY growth, supported by robust disbursement momentum across segments.

- Consumer businesses are contributing an increasing share to AUM, with their six new businesses accounting for ~24% of disbursements in Q4FY26, indicating successful diversification.
- NIM expanded sharply by 43bp QoQ to 9.05% in 4QFY26, driven largely by a ~40bp increase in disbursement yields, especially from digital and new product segments, and an increase in fee income.
- Credit costs declined to 2.51% (PQ: 2.62%), reflecting improving asset quality and better collection efficiencies, with early delinquency trends also showing positive movement.
- GNPA improved to 1.44% (PQ: 1.51%), supported by tighter credit filters and improved recovery performance.
- Opex/AUM declined meaningfully from 4.76% in 4QFY25 to 4.13% in 4QFY26, driven by productivity gains, indicating a structural improvement in cost efficiency.
- The company has crossed the peak investment phase in technology, collections, and new businesses, with operating leverage now becoming clearly visible.

Product mix and distribution

- Prime personal loans continue to scale strongly, with monthly disbursements reaching INR4.7b in Mar'26, reflecting strong demand and execution.
- Digital capabilities are strengthening, with ~33% of disbursements processed through fully straight-through digital journeys.
- The company operationalized ~400 gold loan branches as of Mar'26 and remains committed to expanding this network further.
- Gold loan business scaled meaningfully, with 4QFY26 monthly disbursements at INR8.2b, with over 90% branches located in Tier 2 and Tier 3 markets.
- Branch expansion remains a key growth lever, with a similar scale-up planned for FY27.
- Consumer durable financing continues to scale efficiently, with 12.5k+ retail outlets onboarded across 240 locations, surpassing initial targets.
- The company aims to double its consumer durable customer base by FY27, supported by deeper distribution.
- Education loans have built strong early momentum, with ~22k files processed and INR9b disbursed, supported by a network of 500+ consultants and partners.
- Operating efficiency and investments
- Opex/AUM declined to 4.13% in 4QFY26, down ~30 bps QoQ, reflecting strong operating leverage.
- Most of the heavy investments in technology, new products, branches, and manpower have already been made over the past few quarters.
- Digital maturity across customer journeys and platforms is driving significant productivity gains, lower cost of acquisition, and better funnel optimization.
- Strategy is built on a dual-engine approach: a) First engine focused on operational strengthening (collections, tech, execution) and b) Second engine focused on expansion (new branches, gold loans, consumer durable financing).

Credit risk and asset quality

- A risk-calibrated framework across sourcing, underwriting, and collections is driving structurally stronger portfolio quality, with lower volatility and improved cohort performance.

- Asset quality remains robust, with GNPA at 1.44% (vs. 1.84% YoY) and NNPA at 0.74% (vs. 0.85% YoY).
- Credit costs have declined to 2.51% (vs. 3.14% YoY), indicating sustained improvement in risk containment.
- Early delinquency indicators (30+ DPD, 6 MOB 30+) continue to improve, with 6 MOB 30+ DPD declining to 1.05% vs. 1.3% QoQ.
- 12-month 90+ delinquency for post-Sep'24 cohorts has improved by over 50%, reflecting materially better underwriting quality.
- Slippages have improved across buckets, with Stage 1 and Stage 3 showing sequential improvement driven by better portfolio calibration.
- Collection efficiency has improved significantly, with nearly 2x improvement vs. last year, supported by investments in technology and manpower.
- Strategic pivot towards lower-risk segments (LAP, gold loans, salaried loans to top corporates, education loans) is reducing portfolio cyclicality.
- Credit costs are expected to stabilize at structurally lower levels, supported by improving asset mix and strong collection efficiency.
- Continued focus on low-risk segments such as LAP, gold loans, salaried loans to top corporates, and education loans will reduce vulnerability to external headwinds.

AI and technology

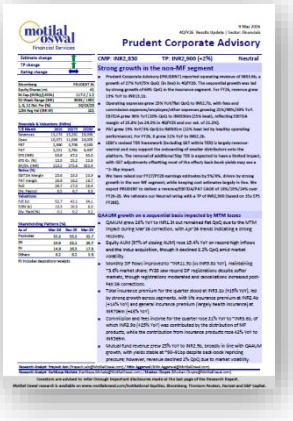
- FY26 marks an inflection point in the company's AI journey, with enterprise-wide adoption scaling significantly and platforms moving to full production.
- AI usage has increased sharply, with token consumption up ~100x YoY to ~30m per month, indicating deep integration across workflows.
- 76 AI projects have been identified, with 42 already deployed across functions.
- AI initiatives are delivering measurable business outcomes beyond productivity, including cost savings, faster execution, and better decision-making.
- Customer service AI is targeting 80-85% automation, already reducing wait times by ~35-40% and lowering cost-to-serve.
- Engineering co-pilots have driven ~70-80% productivity gains, accelerating product development cycles.
- AI deployment across HR, operations, and analytics is automating up to ~90% of repetitive tasks, significantly improving efficiency.
- AI-led hiring and content systems have delivered sharp gains (81% cost reduction in hiring, 12x content output increase).
- Transition toward agentic AI systems is enabling autonomous execution and optimization across workflows.
- AI tools across sales, credit, and operations are improving conversion rates (~15% uplift expected) and reducing operational risk.

Liability and capital position

- The company continues to focus on increasing the share of long-term borrowings and improving liability profile stability.
- Post capital raise, CRAR stands at 20.7% as of Mar'26, providing strong headroom for future growth.

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Prudent Corporate Advisory

Prudent Corporate Advisory — Neutral

Current Price INR 2,653

Business Highlights

- Strong life insurance growth was driven by increasing traction in the TULIP (Term + ULIP) category. The TULIP product was well-suited for PRUDENT's customer base due to a combination of protection and equity exposure. While the ULIP mix increase will slightly moderate insurance yields, the improve product mix will offset the impact.
- Insurance persistency remained healthy at ~94-95%.
- 4QFY26 SIF mobilization stood at ~INR900m. Current monthly SIF run-rate has reached INR250-300m, with management expecting a steady scale-up. SIF margins are broadly similar to mutual fund margins. Over 1,000 Prudent partners are certified to distribute SIFs vs ~6,000 certified distributors industry-wide.
- FY26 witnessed the company's highest-ever SIP registrations despite softer market conditions. SIP registrations moderated post-Feb'26 amid weaker short-term market returns, while SIP cancellations increased YoY. Management highlighted that investor behavior remains significantly more resilient vs previous market cycles, limiting cancellation pressure so far.
- Indus acquisition integration remains highly successful: acquired AUM of ~INR22.5b. Gross sales, net sales, and SIP metrics remain healthy. No meaningful employee attrition post acquisition.
- Prudent's SIP market share has remained stable at ~3.5-3.7%.
- The company launched AI-led platforms 'Prudent Edge' for MFD partners and 'Funds Edge' for retail customers on FundzBazar, aimed at enhancing distributor productivity, analytics, and client engagement. The platforms are currently live in beta mode with further refinements based on partner feedback.
- The company added 5,100 new partners in FY26.

AUM

- The closing AUM as of Mar'26 declined 1.6% vs daily average AUM for FY26, led by MTM impact due to market corrections in Mar'26, but has bounced back strongly, growing 9.7% higher than FY26.
- Equity AUM increased 15.4% YoY, driven entirely by SIP inflows and Indus acquisition, while declining 8.2% QoQ due to MTM losses amid market volatility.
- The company reported its highest-ever quarterly equity net sales of INR43b. Management indicated that gross mutual fund sales could be in the range of INR300b-350b in FY27.
- B2B2C partner channel continues to dominate the business: ~90% of AUM sourced through partner channel and ~10% from direct/Indus channels. Incremental flow mix remains even more skewed toward partner-led distribution: ~93-94% of new flows from B2B2C channel and ~6-7% from direct channels.
- AMC Concentration: The top five AMCs continue to contribute ~50% of total AUM as well as flows. New AMCs are gradually gaining share, though not materially impacting concentration levels yet.

Regulatory Developments

- SEBI's revised TER framework, including GST within TER, is largely revenue-neutral for GST-registered distributors and could support the onboarding of smaller distributors onto the Prudent platform.
- Removal of the additional 5bp TER: The company expects new business yields to remain largely stable, with GST adjustment offsetting most of the impact from TER changes. Existing/back-book yields could see a ~2-3bp impact. Large AMCs have largely communicated revised structures, though some clarity is still awaited from a few players. PRUDENT intends to continue sharing economics with distributors, broadly in line with existing arrangements.

Financials

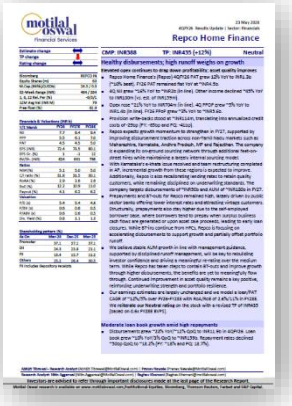
- Mutual fund revenue grew broadly in line with AUM growth. MF yields remained stable at ~91bp despite back-book repricing pressure; yields have remained stable for the last three years.
- Insurance revenue growth was robust, supported by strong fresh premium growth across segments.
- Management expects alternate products and insurance to grow faster than mutual funds on a percentage basis over the next few years. Key growth drivers outside MF include: PMS, SIF, Fixed Deposits, and Health Insurance.
- Other financial product revenue breakup: PMS: ~INR220m, Fixed Deposits: ~INR50-60m, and balance from small case and other products.
- Management indicated treasury losses have fully reversed, with current unrealized gains of ~INR115m on MF investments.
- Commission and fee expenses increased 21% YoY, largely in line with revenue growth.
- Lower commission pay-out ratio in 4Q was largely driven by: reversal/lower provision for annual additional trail pay-outs (~INR55m benefit) and recognition of ~INR40-45m insurance revenue.
- Employee expenses, excluding ESOPs, rose 21.2% YoY, driven by Indus acquisition-related costs and one-time labor code provision; however, they declined 8% QoQ largely due to lower variable pay provisioning.
- Employee count as of Mar'26 stood at ~1,540, with new salary bill revised to INR102m from INR89.3m (existing employee base salary cost to rise ~14% in FY27).
- ESOP costs for FY26 stood at INR70m, with expectations to grow to ~INR85m in FY27.
- Operating profit rose 19.5% QoQ, aided by lower variable pay provisions.
- PAT growth moderated to 13.5% YoY due to MTM losses on treasury investments during Mar'26 market correction.

Others

- The company continues to evaluate inorganic opportunities actively. Management indicated acquisition discussions remain ongoing, though nothing concrete has been finalized yet.

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Repco Home Finance — Neutral

Current Price INR 370

Guidance and Outlook

- Repco is targeting disbursements of ~INR50b in FY27, while repayments and prepayments are expected to remain at ~INR29.4b. The company aims to achieve AUM of ~INR180b in FY27 and targets ~INR250b by FY29.
- Management expects Stage 2 assets to decline below ~5% in FY27, supported by improving collection efficiency and tighter portfolio monitoring.
- Repco expects to maintain spreads in the range of ~3.2-3.25% during FY27 despite operating in a highly competitive mortgage market.
- The company plans to accelerate disbursement growth without diluting underwriting standards or compromising asset quality.
- Management highlighted that 1QFY27 has started on a strong note, and the company remains on track to achieve disbursements of over INR10b in 1QFY27 as well.

Disbursement trends and loan growth

- Repco reported a substantial improvement in disbursements both sequentially and YoY, with 4QFY26 recording the highest quarterly disbursement in its history.
- The company has crossed the INR10b quarterly disbursement mark in each of the last three quarters, reflecting sustained business momentum.
- Tamil Nadu remained the largest contributor to disbursements, accounting for nearly 60% of the overall business.
- Disbursement trends also improved across Maharashtra, Madhya Pradesh, Telangana and Karnataka, and management expects stronger contribution from these markets going forward.
- Andhra Pradesh witnessed team alignment challenges earlier; however, corrective actions undertaken in 4QFY26 are expected to support better growth in FY27.
- Karnataka has largely emerged from the e-Khata related issues, while Maharashtra, Madhya Pradesh and Rajasthan are also expected to witness stronger momentum in the coming quarters.
- Repco is adding more feet-on-street employees at the grassroots level to strengthen sourcing and improve growth, particularly across non-Tamil Nadu markets.

Loan book mix and customer profile

- The loan book mix remained stable as of Mar'26, with home loans constituting 71% of the portfolio and non-home loans accounting for 29%.
- The salaried and self-employed customer mix also remained broadly unchanged, with salaried borrowers contributing 46% and non-salaried customers accounting for 54% of the portfolio.
- Management highlighted that the self-employed customer profile naturally leads to higher part-prepayments and closures whenever borrowers generate surplus business cash flows or monetize assets. The company indicated that mortgage loan tenure generally ranges around 7-8 years, resulting in natural run-off of the loan book through maturities and repayments.

Asset quality and provisioning

- Repco reported a meaningful improvement in asset quality across all delinquency buckets during FY26.
- Stage 2 assets declined to INR11.2b from INR14.1b in FY25, while Stage 2 assets as a percentage of the overall book improved to ~7% from 9.5% in the previous year.

- For loans originated after Apr'22, GS2 stood significantly lower at 3.9%, compared to ~7% for the overall portfolio.
- Cumulative provisions stood at INR3.4b at the end of FY26, with the company maintaining provision coverage of ~55% on a prudent and conservative basis. Management reiterated that underwriting standards remain robust and the company will not dilute credit filters merely to accelerate growth.

Borrowings, cost of funds and spreads

- Nearly 85% of the company's funding is sourced from banks, while NHB accounts for 6.2%, Repco Bank contributes 5.4% and ~2% from PTC/NCDs.
- NHB has sanctioned INR6b to the company, which is expected to be availed shortly and could reduce cost of funds by ~10-15bp.
- Management does not expect any significant reduction in bank borrowings and indicated that cost of funds is likely to remain broadly stable in the near term unless there is an upward movement in repo rates.
- Repco acknowledged that competitive intensity in the mortgage market has increased, particularly from public sector banks, requiring selective rate reductions to retain high-quality customers. Management indicated that some sacrifice in spreads may be necessary to support growth and improve customer retention.

Yields and pricing

- Overall portfolio yield stood at 11.9% as of Mar'26. Yields for salaried borrowers stood at 11.36%, while yields for self-employed customers ranged around 12.25-12.7% depending on borrower profile.
- Home loan yields stood at 11.16%, whereas non-housing loans continued to generate higher yields of 13.44%.
- The company highlighted that pricing strategy remains customer-profile driven and benchmark revisions have been undertaken periodically to remain competitive.

Prepayments and balance transfers

- Balance transfers remain under control, with average BT-outs of ~INR350-360m per month. BT-ins continue to remain healthy at ~INR450-500m per month, resulting in a net monthly gain of ~INR150-200m.
- Most BT-outs are currently shifting toward public sector banks due to lower interest rates and aggressive takeover of seasoned mortgage loans.
- BT-ins are largely coming from HFCs, especially within the self-employed customer segment, and management expects this trend to continue.

Financial and operating impact

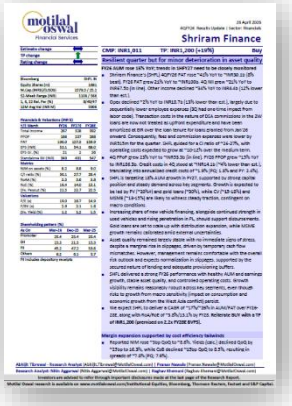
- The company changed its interest calculation methodology effective Apr'24, which reduced interest income by ~INR115m during FY26. Repco incurred an expense of ~INR180m during FY26 related to the implementation of the new labor code.
- Silver Jubilee-related expenses during the year stood at ~INR50m.
- CSR spending increased to 5% during FY26 from the normal run rate of ~2%, resulting in an additional cost impact of ~INR150m.

Shriram Finance — Buy

Current Price INR 913

Click below for Detailed Concall Transcript & Results Update





Guidance

- SHFL targets AUM growth of ~18%, supported by fresh equity infusion and steady momentum across segments. Management indicated that future guidance will be reassessed based on evolving macro conditions such as the impact of the West Asia conflict, fuel prices and monsoon trends.
- NIMs are expected to remain in the range of ~8.5-9.0%, aided by a gradual reduction in CoF.
- CoF is anticipated to decline by ~1pp over the next 2-3 years, with incremental borrowings already being repriced lower. Spread is expected to improve from ~8.2% to ~8.4-8.5% next year.
- The company guided for CI ratio of ~26-27%, while operating expenses are expected to grow at ~10-12% YoY over the medium term.
- Credit costs are not seen as a major concern currently and will be revisited after assessing the impact of macro variables such as inflation and fuel prices after 1QFY27.
- Segment-wise AUM growth expectations: 15-18% growth for CVs, ~20% growth in PVs, 30%+ growth in gold loans, and 12-15% growth in MSME, subject to macro stability.

Opening remarks

- The company delivered a strong performance during the year, despite facing challenging external conditions, with steady margins, controlled borrowing costs, and stable asset quality.
- A transformational milestone was achieved when MUFG Bank acquired a 20% equity stake in SHFL at a price of INR840.93, significantly strengthening capital adequacy and enabling long-term expansion.
- The board declared a total dividend of INR10.8 per share.
- Liquidity buffers have been optimized to ~two months, owing to the capital infusion.
- Cost of borrowings declined to ~8.59% in 4QFY26 (from ~8.69% in 3QFY26) and ~8.96% YoY, while the incremental borrowing cost stood at ~7.2%.
- Capital adequacy stood at ~20% and is expected to rise to ~34% after equity infusion, with a leverage ratio of 3.2x.
- Liquidity coverage ratio remains strong at 323%, indicating adequate liquidity resilience.

Growth and segmental performance

- Vehicle sales have been broad-based across segments, with 10-20% growth in various sub-segments.
- PV financing is expected to grow the fastest, while commercial vehicles are also projected to see healthy growth. The company continues to see strong demand in both new and used vehicle financing, with used vehicles remaining a key strength (SHFL being the largest player in the segment).
- New vehicle financing is steadily increasing and currently contributes ~15% in the disbursement mix; expected to further inch up to 20-25%.
- Gold loan disbursements have accelerated significantly, supported by branch expansion and increased focus.

- MSME growth remains moderate due to external challenges (USA tariff issue in Aug'25 and West Asia crisis currently), with the company maintaining a cautious stance.
- Personal loans (PL) are expected to grow in line with the 2W segment, where financing penetration is increasing and ticket sizes are ~INR100k.
- Electric vehicle adoption is expected to accelerate, with a significant shift in transportation anticipated over the next five years.

Asset quality and risk outlook

- Asset quality remained stable throughout the year, and management does not foresee any near-term stress, particularly for the upcoming quarter.
- Slippages have increased marginally due to cash flow mismatches, primarily in the MSME segment, but remain manageable.
- Stage 2 and Stage 3 increases in various sub-segments are attributed to temporary cash flow mismatches in retail segments, with accounts expected to normalize in the subsequent quarters.
- Loans in the MSME segment are largely secured against property, providing comfort on recoverability.
- SHFL has marginally increased provisioning buffers, maintaining a prudent stance amid uncertainties.

Margins, cost of fund and profitability

- NIMs have improved due to a reduction in borrowing costs and are expected to remain stable going forward.
- Customer retention remains in focus, as acquiring new customers involves higher costs and risk compared to existing relationships.
- The company intends to partially pass on the benefit of lower funding costs to customers in order to improve customer retention. Despite increasing competition, SHFL has maintained yields without compromising margins.
- Pricing flexibility is provided at the branch level (to the branch manager), allowing selective rate reductions of ~1-2% to retain customers.

MSME segment and industry challenges

- The MSME segment continues to face challenges due to rising input costs, supply chain disruptions, and weak demand in certain export markets, particularly the Middle East.
- The company remains cautious in MSME lending due to uncertainties stemming from global trade conditions and geopolitical tensions.
- Growth in MSME is expected at 13-15%, supported by relatively lower competition as the number of active lenders has declined. However, growth is expected to accelerate once there is a clarity on the macro uncertainties.
- Government infrastructure spending, particularly at the state level, has slowed, impacting demand for MSME-linked activities.

Macroeconomic environment and external factors

- Economic growth is projected at ~6.5%, supported by resilient domestic consumption and investments, though risks from high oil prices and geopolitical tensions persist.
- Retail inflation has inched up to ~3.4%, primarily driven by food prices linked to global disruptions.

- Fuel price increases, if implemented, could impact transportation costs, inflation, and overall demand, with effects likely to be gradual over six months.
- Monsoon outlook remains a key variable, though strong reservoir levels mitigate near-term risks for the kharif season.
- Fertilizer availability may pose challenges due to global supply constraints, though price increases are unlikely due to government intervention.

Operational strategy and efficiency

- The company plans to increase its workforce to ~80,000 employees over the next few quarters, particularly to support gold loan expansion.
- Operating efficiency improved due to lower branding expenses, reduced headcount during the quarter, and changes in accounting for certain costs.
- The company is not in a hurry to raise additional borrowings in the near term due to comfortable liquidity levels and will reassess borrowing requirements after 4-5 months.
- Fleet utilization remains healthy, and no immediate concerns are visible; however, a slowdown in consumption could impact utilization and resale values over time.

Industry trends and demand outlook

- Automotive industry performance remained strong, with CVs, PVs, and 3Ws recording robust growth in 4QFY26.
- Demand for used vehicles is expected to remain strong, while tractor demand may soften due to potential monsoon-related concerns.
- Transporters typically pass on increases in fuel costs to end customers, which limits any immediate impact on their profitability/earnings. As a result, there is no direct or immediate effect on credit costs or the financial health of transport operators. The real impact emerges only if economic activity slows down, leading to lower fleet utilization and subdued growth.
- Financing penetration continues to rise across segments, particularly in two-wheelers, where cash purchases are declining.
- Competitive intensity remains high in segments like gold loans, with banks increasingly entering the market.

SPANDANA

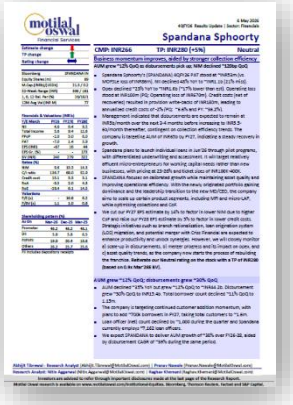
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Spandana Sphoorty — Neutral

Current Price INR 256

Guidance

- Disbursements expected to sustain at INR5b/month over the next 3-4 months, and then scale up to INR5.5-6b/month, contingent on collection efficiency trends.
- Targets to reach AUM of ~INR65b by FY27, implying steady growth recovery.
- Cost of funds expected to stabilize around ~12-12.5%, with FY27 CoF likely below ~12.5% as conditions improve.
- Yields expected to improve going forward as interest reversals normalize and portfolio quality strengthens.
- Credit costs guided at ~2.5-3% over the medium term.
- Opex expected to decline structurally, both in absolute terms and as a percentage of AUM, driven by operating leverage. In the medium term, opex/AUM should come down to 7-8%



- Growth in Micro-LAP and individual loans will be gradual and calibrated, with no compromise on asset quality and collection efficiency (target CE ~99.5%)

Business performance

- Disbursement run-rate improved meaningfully, reaching INR5b/month in 4QFY26 (versus INR4b in 3Q and INR3b in 2Q), indicating steady normalization in lending activity.
- AUM stood at INR44.2b, delivering ~12% QoQ growth, marking the first AUM expansion after 8 quarters of contraction.
- Share of new customers increased to 45%, reflecting a calibrated restart of growth with a mix of NTC (~10%) and ETC (~35%) borrowers.
- Customer base expanded to ~1.15m, with ~120k new borrowers added during the quarter versus ~63k in the previous quarter.
- The company is targeting continued customer addition momentum, with plans to add ~700k borrowers in FY27, taking total customers to ~1.6m

Asset quality and collections

- Collection efficiency remained strong and stable at ~99.5% in X-bucket, with consistent trends across all five key states.
- Overall CE improved further to ~99.7% in 4QFY26 versus ~99.3% in 3Q, reflecting improving repayment behavior.
- GNPA improved to ~3.8% (vs. 4.2% QoQ) and NNPA to ~0.73% (vs. 0.9%), with provisioning coverage maintained at ~80%.
- Spandana+3 stood at ~4.8% as on Mar'26
- Early bucket delinquencies (1-90 dpd) improved sharply to ~1.3% (vs. 2.5% in Dec-25), indicating better portfolio health in recent vintages.
- Recoveries strengthened significantly, with INR1.3b recovered from 90+ dpd in 2HFY26 versus INR900m in 1HFY26.
- The company has implemented stricter underwriting, including not lending to 30+ dpd borrowers since Jan'26.
- Rejection rates remain elevated at ~60-65%, reflecting cautious sourcing and tighter credit filters.
- Portfolio quality continues to improve alongside the evolving AUM mix, with newly originated portfolios demonstrating better credit performance.

Portfolio mix and underwriting changes

- ~80% of AUM now comprises the new book under revised guardrails and BRE framework, showing strong performance after 8 months of seasoning.
- Portfolio quality improvement is largely driven by better underwriting, tighter borrower selection, and disciplined growth strategy.
- As customers mature (up to the 6th cycle), the company offers higher ticket loans of up to INR100k. However, such high-value loans constitute a small share of the portfolio, at ~3-4%
- Management highlighted that previously stressed/defaulted borrowers may re-enter the system over the next 2-3 years as credit cycles normalize.

New business initiatives (Micro-LAP & Individual loans)

- Micro-LAP AUM stands at INR3.2b, with GNPA at ~1.2%, and the company intends to scale this portfolio gradually.
- Individual loan portfolio is INR2.6b and will see expansion through new product launches starting Jun'26.

- The company plans to launch individual loans in June, with differentiated underwriting and assessment frameworks. Initial rollout will be through pilot programs with defined milestones before scaling up.
- Loan pricing will be in the 23-26% range; profitability is achievable at ~99.5% collection efficiency, with ticket sizes of INR100–400k. During the pilot phase, overall borrower indebtedness (across all lenders) will be capped at INR200k.
- Target segment includes relatively more affluent micro-entrepreneurs, with focus on funding working capital needs rather than new business setups.
- Distribution will be through existing branch infrastructure, with no incremental expansion required.
- Over time, the product will also be cross-sold to existing customer base.

Financial performance

- The company reported a PAT of INR50m in 4QFY26, marking a return to profitability after 6 quarters, compared to a loss of INR1.95b YoY.
- Opex declined significantly to INR1.6b versus INR2.1b in the previous period, reflecting improved cost discipline.
- Opex/AUM is expected to trend down to ~7-8% over the medium term, with limited need for incremental fixed costs.
- NIM contracted to ~9.9% (vs. 11.1% QoQ), largely due to lagged impact of higher cost of funds.
- For an AUM scale of INR80b, incremental opex requirements are limited, with only selective addition of front-end staff. No major branch expansion or broad-based hiring is required, reflecting existing distribution capacity. Head office fixed costs are largely built out, with no meaningful incremental overheads expected.

Margins and liquidity

- Loan yields are in the 23-26% pricing range across products. Disbursement yield stands at ~25.25%; however, reported yield is lower at ~22.8% due to interest income reversals.
- With improving asset quality and normalization of reversals, yields are expected to trend higher over the next year.
- CRAR remains strong at ~35%, indicating strong capitalization to support growth.
- The company borrowed INR12.7b during the quarter, with total borrowings of INR31.8b since the rights issue.
- Liquidity position remains comfortable, ensuring adequate buffer for growth and contingencies.
- Marginal cost of borrowing reduced by ~120 bps to ~12%, reflecting improving funding conditions.

Technology and merger

- The company plans to migrate to a new LOS platform developed by Perfios, expected to enhance underwriting, scalability, and efficiency.
- Individual loan product rollout and system upgrades are expected by end of the current quarter/early next quarter, with JLG migration targeted by Nov'26.
- Customer satisfaction score improved sharply from ~22% to ~71%, with a target of ~95%, supported by strong grievance redressal within TAT.
- The merger of Criss Financial (CFL) is expected to be completed within ~5-6 months.

Others

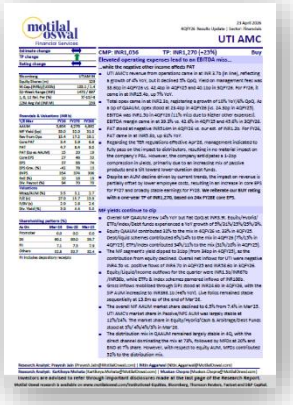
- Management acknowledged seasonal risks such as fertilizer cycles and El Nino impact and remains cautious.
- The company remains cautious in customer acquisition and continues to prioritize collection efficiency over aggressive growth.
- SRO guardrails are being fully adhered to, ensuring disciplined sectoral practices.

UTI AMC — Buy

Current Price INR 924

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UTI AMC

Business

- The company's strategy to capture a larger share in the MF growth includes depending on retail participation, particularly through SIPs, expanding its distribution footprint beyond metro markets into B-30 cities and emerging geographies, strengthening its equity product suite across styles and categories, and continuing investments in technology and process improvements.
- Fixed income: ~50% of AUM ranked in the top two quartiles (1-year) and ~60% (3-year).
- Market share in total gross sales stood at 5.5% for Q4 and 6.1% for FY26.
- The company added 0.7m new investors (PAN-based), taking total folios to 13.8m.
- Digital initiatives led to a 2.3% revenue increase, 33% rise in transactions, and 31% reduction in cost per transaction.
- AI-powered contact center "Vaani" automated 59% of inbound calls, improving efficiency.
- The company launched WhatsApp-based transaction and payment capability via CAMS Pay, becoming the first AMC in India to do so.
- Total employee count reduced to 1,248 (Mar'26) from 1,402 (Mar'24), reflecting efficiency gains and workforce restructuring.

Yields

- Yield: Equity/ETF & Index/Cash & Arbitrage/Debt at ~75bp/~8bp/~10bp/~18-19b. On blended basis: ~32bp.
- Yield dynamics remain mix-driven, with passive growth exerting mild downward pressure.
- With regard to the regulation effective Apr'26 of 5bp TER removal, the company indicated to pass on the impact to the distributions with no impact on the P&L.
- Expected yield compression of 1–2bp due to mix shift toward passive and lower-duration debt.

SIP flows

- Gross SIP registrations crossed 1.5m, with 76% sourced digitally.
- SIP inflows rose to INR94.4b (+13.4% YoY), with active SIP folios at 2.9m (+9.7%).
- Equity net flows have been improving toward breakeven after earlier negative trends. SIP growth and multi-product distribution are key levers to improve net equity inflows.
- The strategy is to diversify flows across multiple funds rather than rely on flagship schemes to maintain a sustained flow trend.

Non-Mutual Fund Businesses

- In the international business, the performance was impacted by global outflows. The strategy remains to diversify into alternatives and wait for a cyclical recovery in the global sentiment.
- Passive business scaled significantly, with ETF AUM at INR189.6b and index funds at INR59.3b (total ~INR249b), maintaining leadership in smart beta.
- A strong pipeline of passive launches is expected to support future growth.
- Pension AUM grew 11.8% YoY, with private sector pension AUM growing 46% YoY, reinforcing this as a key strategic growth area.

Product & Distribution

- The company expanded geographically while maintaining net zero incremental costs through efficiency improvements.
- On the distribution front, the company has increased engagement with fintech partners and is witnessing strong traction from these channels, complementing its traditional distribution network. This dual approach of leveraging both institutional (banks) and digital (fintech) channels is expected to sustain and enhance distribution reach in a competitive environment.
- Supervisor-to-sales ratio improved to ~1:5 from ~1.3, enhancing productivity.
- Upcoming passive launches include Nifty 500, sector leaders, new-age consumption, and internet funds (both ETF and index formats). Active strategy remains focused on core diversified categories.

Financial Performance

- Employee cost included ~INR1.3b one-offs (VRS + pension) and INR40m labor code impact.
- For FY27, the employee cost run-rate is expected to be at: INR900m–950m/quarter, standalone at INR1.25-1.3b on a consolidated basis.
- Other expenses grew ~15% due to digital (INR80m spent in building iCloud infrastructure) and branch expansion investments (~90 added in the last 1.5 years); expected to grow ~7–8% standalone and ~10% consolidated going forward.
- The company currently holds a significant cash and investment balance of ~INR40b–45b at the consolidated level, with no plans for buybacks or any major capital restructuring in the near term.

Others

- UTI AMC was selected again as a portfolio manager for EPFO for the third consecutive term.
- It was also retained as one of two portfolio managers for Coal Mines Provident Fund Organization (CMPFO) for a second consecutive term.

INSURANCE

- **In life insurance, the private life insurance players reported a slowdown in premium growth in 4Q, especially in Mar'26, owing to volatile geopolitical conditions. Players expect the growth to gradually stabilize, but VNB margins are likely to expand further as the product mix shifts toward protection and non-par savings, and the GST impact is mitigated by 1HFY27. For general insurance, the industry maintained strong momentum in 4QFY26, with the Health segment growing at 20%+ and the Motor segment witnessing 10%+ growth. Profitability is continuously increasing as companies invest in enhancing both claims processing efficiency and overall operational effectiveness.**
- **Developments in commission regulations are being monitored for both life and general insurance companies.**

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Outlook for FY27	4QFY26 Highlights
SBI LIFE	▪ With improving product mix and steady traction for non-linked products, VNB margins are expected to remain in the 27-28% range. ▪ Going forward, incremental costs are expected to be limited, apart from continued IT investments. ▪ Focus remains on further strengthening agency to increase its share in the distribution mix. Online channel is expected to continue scaling further.	▪ VNB growth was supported by volume growth and favorable product mix, despite GST impact. ▪ Increase in cost ratio in FY26 was driven by GST impact, branch expansion, IT investments, and agent training. Agency channel saw 15% growth in individual APE, with agent productivity at ~INR260,000. 120 new branches were added during FY26 for long-term agency channel expansion.
CANARA HSBC	▪ The company's long-term focus remains on scaling the agency channel through a Tier-1-led branch strategy, targeting ~5% contribution over the next three years. ▪ Actions taken on renewal commissions have helped align VNB and reduce GST impact on margins. With an improving product mix and rising share of protection, margins are expected in the 22–23% range. ▪ HSBC's expansion through eight new branches (over its existing 26) is expected to drive further traction in that channel. GIFT City launch is expected to support growth.	▪ Traditional products accounted for ~80% of mix in 4QFY26 (vs 39% in 9MFY26), with full-year mix aligned to guidance of a balanced split between linked and traditional products. ▪ Despite GST headwinds, VNB margin stood at 22.4% in FY26, supported by a shift towards protection and improved product-level profitability. ▪ ~500 distributors were onboarded under the new agency channel. Agency leadership is now in place, with expectations of steady QoQ scaling.
ICICI LOMBARD	▪ The management expects motor insurance industry growth in the high single digits for FY27. ▪ Discounting in the fire segment is expected to keep industry growth subdued, likely in the single-digit range. Crop business declined significantly YoY, but selective opportunities for recovery exist in FY27. ▪ The insurer is working on the IFRS transition, with plans to commence reporting soon.	▪ The commercial lines' growth moderated in 2HFY26 for the industry due to elevated competitive intensity in the fire segment. Renewals from 1st April 2026 are at discounted pricing, reflecting continued pressure. ▪ The company is selectively evaluating opportunities in CV, leveraging its strengths in fleet management. While PV and 2W remain core strengths, CV traction has been improving.

Canara HSBC LIFE INSURANCE

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Canara HSBC Life — Buy

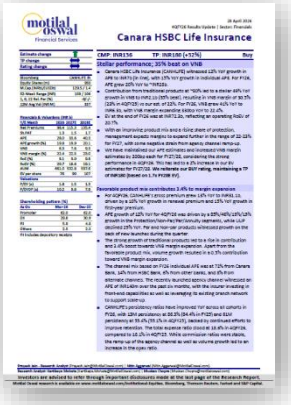
Current Price INR 135

Company performance

- The company has obtained Board approval for a one-year forbearance period for IFRS implementation.
- Rank improved to 9th largest player in FY26 from 10th in the previous year. Number of policies grew 7% YoY.
- CANHLIFE is actively managing asset-liability profile by increasing duration of assets to reduce interest rate sensitivity, along with improving hedging ratios. Current hedging stands at ~70%, with usage of FRAs and bond forwards.

VNB

- Despite GST headwinds, VNB margin stood at 22.4% in FY26, supported by a shift towards protection and improved product-level profitability. Excluding GST impact, VNB margin was ~24.6%, closer to industry averages.
- Actions taken on renewal commissions have helped align VNB and reduce GST impact on margins. With an improving product mix and rising share of


Canara HSBC Life Insurance

protection, margins are expected to expand further. FY27 VNB margin is guided in the 22–23% range.

- Margin expansion may be partly offset by negative strain from ongoing agency ramp-up investments.

Product mix

- Traditional products accounted for ~80% of mix in 4QFY26 (vs 39% in 9MFY26), with full-year mix aligned to guidance of a balanced split between linked and traditional products.
- Focus remains consistent on deferred annuity products, given their long-term customer value and earnings visibility.
- Rider attachment has supported ULIP margins, though overall ticket sizes remain relatively modest.
- Launch of new par and non-par traditional products in Feb–Mar'26 led to an increase in the traditional mix during the quarter.

Channel mix

- ~500 distributors were onboarded under the new agency channel. Continued investments are being made in front-end capabilities, while leveraging existing branch networks to support agency scale-up.
- Agency leadership is now in place, with expectations of steady QoQ scaling. Agency contributed ~INR140m of APE over the last six months, with the product mix aligned to the overall company mix.
- Its long-term focus remains on scaling the agency channel through a Tier-1-led branch strategy, targeting ~5% contribution over the next three years through a phased approach.
- Alternate channels grew 29% YoY, with a target to increase contribution to ~15% over the next three years.
- Despite LIC's presence as a partner for Canara Bank, the company aims to sustain and grow its market share within the bank.
- ULIP mix stands at ~60% in HSBC channel and ~50% in Canara Bank channel.
- Canara Bank offers significant growth potential, with ~85m active customers and <2% penetration. Branch activation (defined as ≥10 policies per branch with
- ~INR 50,000 ticket size) stands at ~54%, improving from ~50% last year, with further upside targeted.
- Analytics-driven customer segmentation is being leveraged to identify high-potential opportunities.
- Canara Bank productivity and activation levels are among the best within PSU banks, second only to SBI.
- HSBC channel delivered strong growth of 29%, with momentum expected to continue. Expansion through 8 new branches (over existing 26) is driving traction. GIFT City launch is expected to further support growth. HSBC penetration stands at ~14%, with credit life expected to increase as mortgage lending scales.
- The company is trying to harness the opportunity in personal banking and credit card segments as well.

Embedded Value

- Renewal premium momentum remains steady, with improving persistency across cohorts.
- Economic variance was negative, primarily due to equity market declines.

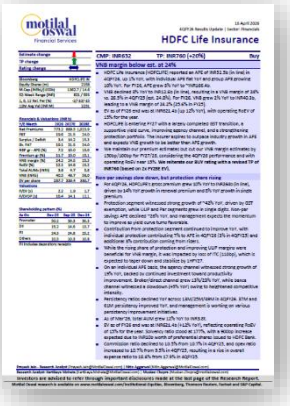
HDFC Life

Buy

Current Price INR 574

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Results Update





Business performance

- FY26 performance was below the expectations of management. While 1HFY26 was ahead of the industry and 3Q met expectations, 4Q saw a slowdown due to unabsorbed GST impact and demand deferment in Mar'26.
- Management remains confident of a rebound, supported by strong customer acquisition, with ~70% of customers onboarded during the year being first-time buyers of HDFC Life.
- A final dividend of INR2.1/share was approved by the board, in line with its dividend policy.
- Board approval received to raise INR10b from HDFC Bank via a preferential issue, expected to add ~900bp to solvency. Additionally, it has the capacity to raise INR5b of debt, potentially adding a further ~4% to solvency.
- HDFC Life is entering FY27 with a largely completed GST transition, a supportive yield curve, an improving agency channel, and a larger protection portfolio. The company aspires to outpace industry growth in APE and new business.
- Higher reserving requirements are driven by increased rider attachment in ULIPs, higher protection mix, and loss of ITC on renewal commissions.

Product mix

- ULIP demand remained resilient, supported by customer appetite for linked products, with higher protection and rider attachment aiding profitability.
- Non-par demand remained softer than expected. Pricing discipline impacted near-term volumes but supported margin sustainability. Recovery is expected with favorable yield curve movements.
- Protection growth was strong, driven by GST benefits and an enhanced product portfolio. The segment contributes ~10% of retail business (including riders – 3% of APE), with customers opting for higher sum assured after GST exemption.
- Annuity segment saw meaningful progress. A new product launched in 4QFY26—an industry-first variable annuity linked to the Nifty 50 index—supported growth and contribution.
- Product mix is expected to shift toward non-par savings and protection, while annuity is likely to grow faster than overall company growth.
- After GST changes, ~80% of protection customers are new to HDFC Life. Higher sum assured uptake has helped maintain ticket sizes broadly in line with pre-GST levels.

VNB margin

- Excluding GST and labor code impact, VNB growth would have been broadly in line with APE growth, with margins remaining flat YoY at ~25.6% for FY26.
- Margin decline was driven by GST and surrender value changes (-130bp), fixed cost absorption (-90bp), and strengthening of persistency assumptions (-40bp), partially offset by product mix shift (+120bp).
- GST impact in 4Q was ~110bp and is expected to taper and stabilize by 1HFY27. Management sees 25.5% VNB margin as achievable but not at the cost of growth. The priority is industry-leading growth alongside VNB expansion.
- Continued growth in protection, recovery in non-par savings, improvement in ULIP protection mix, operating leverage, and higher rider attachment should support margin expansion going forward.

Channel mix

- Agency channel is witnessing strong growth, driven by investments in branch productivity, with ~13% of agency revenue contributed by branches added in the previous year.
- Partnership channel experienced volatility due to competitive intensity, with the company consciously stepping away from unviable business.
- HDFC Bank channel was impacted by aggressive pricing from peers, which management believes is unsustainable. The company is addressing this through analytics-driven optimization of manpower allocation and selective participation while being mindful of foregone opportunities, where economics are unattractive.

Regulatory

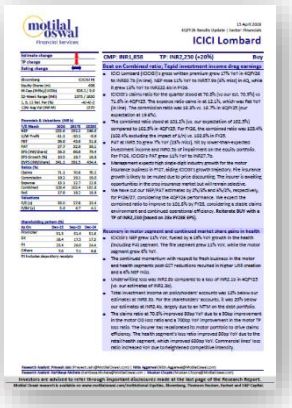
- For IFRS transition, the company plans to seek forbearance for FY27, with implementation expected from FY28.
- RBC framework has taken a backseat to IFRS transition, while aggressive pricing by peers continues to consume capital, which the company views as unsustainable.

ICICI Lombard — Buy

Current Price INR 1,740

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Industry Overview

- Commercial lines growth moderated in 2HFY26 due to elevated competitive intensity in the fire segment. Renewals from 1st Apr'26 are at discounted pricing, reflecting continued pressure.
- Motor segment witnessed improved momentum in 2HFY26, aided by GST rationalization.
- Health has been the fastest-growing segment over the past five years, with retail health outpacing group health growth.
- Industry combined ratio deteriorated from 113.2% in 9MFY25 to 119.3% in 9MFY26. Private players' combined ratios remained largely flat, while pricing pressure led to elevated motor combined ratios in 9MFY26.

Company Performance

- ICICIGI recognized impairment on the equity portfolio of INR0.5b in 4QFY26 versus INR30m in 4QFY25, driven by mark-to-market deterioration and internal impairment policies amid weak market conditions.
- The Board announced a final dividend of INR7/share, taking the total dividend to INR13.5/share for FY26, maintaining a 25% payout ratio.
- The insurer is working on the IFRS transition, with plans to commence reporting soon. Until then, it will continue to provide pro forma disclosures for FY26 and FY27 as per requirements.

Motor Segment

- Product mix for FY26 stood at 52.8%, 25.4%, and 21.8% across PV, 2W, and CV, respectively.
- Motor premium growth outpaced the industry in 2HFY26, delivering ~1.5% alpha, supported by recovery in new vehicle sales and strong growth in the 2W segment. Focused efforts on retention have led to improved customer stickiness and a stronger growth trajectory.
- The insurer is comfortable operating within a 65–67% loss ratio range for the motor segment, with current performance within this band. Improved growth

momentum alongside disciplined underwriting has helped maintain loss ratios within target ranges.

- Motor TP pricing remains overdue for revision, with industry loss ratios at ~85%. The company is recalibrating its TP portfolio to drive efficiency, which may result in some market share volatility while strengthening underwriting.
- The management expects motor insurance industry growth in the high single digits for FY27, supporting Lombard's growth outlook, though macroeconomic challenges remain a key monitorable.
- CV contribution remains stable at ~22%. The company is selectively evaluating opportunities in CV, leveraging its strengths in fleet management. While PV and 2W remain core strengths, CV traction has been gradually improving and is expected to contribute better going forward.

Health Segment

- Retail health market share improved to 4.1%, driven by product innovation and distribution expansion. Retail indemnity business delivered ~2x growth in FY26 versus FY25.
- Group health continues to follow a disciplined underwriting approach.
- IL Take Care app reached 21m downloads as of March 31, 2026, with ~67% of reimbursement claims initiated digitally, supporting improved customer experience.
- In 4QFY26, group health loss ratio stood at 98.1% (vs 98.7% last year), while retail health improved to 57.6% (vs 64.8%). For FY26, the group loss ratio was 91.9% and retail indemnity at 64.6%. The company aims to sustain retail health loss ratios in the 65-70% range while scaling market share.

Commercial Lines

- The focus remains on underwriting discipline and profitability amid heightened competitive intensity, which has led to some market share loss. However, ample reinsurance capacity has helped mitigate competitive pressures.
- Discounting in the fire segment is expected to keep industry growth subdued, likely in the single-digit range.
- The insurer is awaiting opportunities in the crop insurance market, with a calibrated and profitability-focused approach. Crop business declined significantly YoY, but selective opportunities for recovery exist in FY27.

ICICI Prudential Life — Buy

Current Price INR 477

Company performance

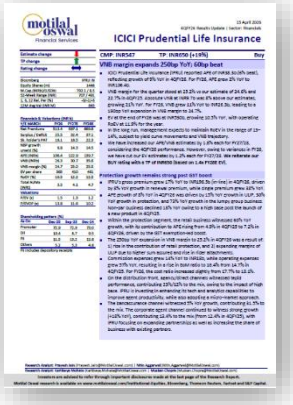
- The strong growth trajectory witnessed post GST exemption continued till Feb'26, with macro conditions impacting growth in Mar'26.
- Growth outlook remains in a wait-and-watch mode amid a volatile macro environment, with increased focus on granular execution and customer analytics.
- The company is prepared for the IndAS transition but will seek a one-year forbearance, given the short transition window and pending clarity on certain aspects.

Product mix

- The retail protection segment received a boost from GST exemption, along with strong growth in the retail sum assured.

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ICICI Prudential Life Insurance

- Retail protection grew 60.5% YoY in 4QFY26 and continues to offer a strong growth opportunity, with penetration at only ~13%.
- The MFI segment has seen recovery from 3QFY26 onwards.
- Linked business was impacted by volatile equity markets. Non-linked business declined in 4QFY26 due to a high base from a new product launch in 4QFY25.
- Product mix remains at ~2:1 between par and non-par segments.
- Non-par segment faces challenges as products are benchmarked against bank FD rates, making current offerings relatively less attractive.
- No pricing changes were undertaken as yield curve movements remained favorable; repricing may be considered once yields soften.
- ULIP margins expanded, driven by higher sum assured and better rider attachment.

Channel

- Agency and direct channels were impacted by a high base of ULIP and annuity business last year. Slow growth in the agency channel this year creates a favorable base for FY27. Focus remains on improving granularity.
- Sequential improvement was seen in the agency channel, with continued investments in technology and analytics to enhance productivity from a long-term perspective.
- The direct channel strategy focuses on deepening the NRI business in GIFT City and adopting a micro-market approach in the proprietary channel to maintain a balanced product and channel mix across market cycles.
- In partnership distribution, the focus is on expanding partnerships and increasing the share of business within existing partners.

Embedded value

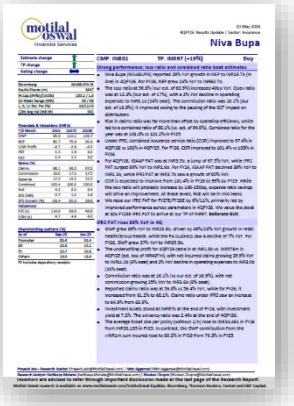
- Agency and direct channels saw muted growth due to a high base, though these channels have delivered a five-year CAGR of ~14% across cycles and are well positioned for recovery.
- During 9MFY26, the company added 46,000 agents, entered 140+ partnerships, and signed three new bank tie-ups.
- Bancassurance channel's contribution remains balanced, with ~50% coming from ICICI Bank and 50% from non-ICICI partners, while no single non-ICICI partner contributes more than 4-5%.
- ICICI Bank channel witnessed strong protection growth, and ULIP momentum has recovered on the back of improved market sentiment.
- Partnership distribution benefited from strong demand for guaranteed products this year after a subdued base last year due to lower ULIP presence.
- Management indicated that GST reforms should be value-accretive for all stakeholders, including distributors. Partner-specific negotiations are underway to ensure VNB neutrality while maintaining distributor economics.

Persistency

- Persistency variance remains negative, largely due to the 100% premium-backed annuity product coinciding with surrender value regulations.
- Long-term RoEV is expected to be maintained in the 13–14% range, subject to yield curve movements and VNB trajectory.
- Majority of the economic variance is driven by debt.

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Results Update





Niva Bupa — Buy

Current Price INR 84

Business

- The industry has seen positive developments, led by: 1) the improved reach of awareness campaigns and awareness among customers, 2) GST exemption continuing to be a positive tailwind, and 3) industry initiatives with hospitals, with the empanelment of 2,500+ hospitals: standard protocols for seven infections are live, 144 standard treatment protocols.
- For negotiations with hospitals, the company has consciously left top 20 hospital groups (separate plan for that will be made), has empaneled 2,500+ hospitals, and aims to get to 5,000 hospitals in six months. The industry is already seeing benefits from these hospitals.
- NIVABUPA has seen strong volume and value growth, 27% overall growth, and 34% retail (n-basis). Over the longer term, growth will be driven by: 1) multi-channel distribution architecture: increased distribution strength 58,000 agents, 53 brokers and 18 corporate agents and banca partners in FY26, 2) targeting newer customer segments, 3) Strategy on Bharat: virtual agency and banca partners have given access to all pincodes in the country.
- New: Renewal mix will be 40:60, and the share of long term would be 20% in both fresh and overall. Share of porting continues to be 20-25%.
- Volume growth was 24% in FY26, 2HFY26 vs 1HFY26 ATS increased by 14-14.5%, led by GST, and the increase was seen across all retail channels.
- Banca channel retail growth in the business is 46%. With banks, the focus will continue to be on growing retail insurance.
- Within the group, the business mix remains two-third banca-based and one-third corporate.
- The company has more than 30 pilots across the value chain, using modern technologies.
- It has a preferred provider network spanning 49 cities and 1,116 hospitals; 20% of claims go through these hospitals in these cities.

Commission Regulation

- The current single EoM limit is a positive framework, similar to TER in asset management industry. Management prefers that the regulator retains one overall EoM cap, potentially with a glide path lower over time.
- If commission caps are introduced, management believes better affordability could support volume growth, similar to the GST experience.

Financials

- The combined insurance service ratio is expected to improve from 101.4% in FY26 to 99% by FY29. While the loss ratio will probably increase by 100-150bp, expense ratio savings will drive an improvement. At these levels, RoE will be in mid teens.
- Opex savings will come from: 1) higher share of renewal going ahead as renewal has a much lower cost (acquisition and servicing), economies of scale, and benefits of investments made in technology.
- Group health loss ratio was at 60.5%; renewal combined ratio at 97-98% has been steady.
- Claims management is 3% of 1/n GWP.

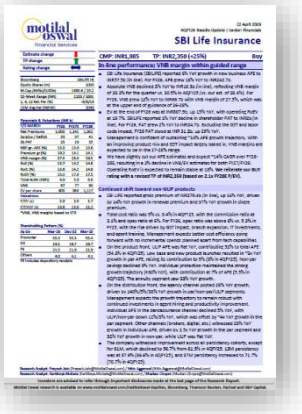
- Retail health loss ratio remains broadly stable and in line with the company's plan. Management is comfortable with the current levels and does not want to push loss ratio too low, as customer value and affordability remain important.
- The renewal book's combined ratio is around 97–98%, which has been stable in FY26.

SBI Life Insurance — Buy

Current Price INR 1,783

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SBI Life Insurance

Business performance:

- Individual APE grew 13% YoY, retaining leadership with 22.9% private market share and 16.5% total market share.
- New business premium market share stood at 21.4% in the private segment and 9.3% overall. Group NBP contributed ~30% to total NBP, growing 39% YoY. Renewal premium grew 19% YoY, accounting for ~58% of gross premium.
- Rider sum assured continues to expand, now contributing ~31% of individual sum assured.
- Profitability was impacted by GST and labour code changes; excluding these, FY26 PAT stood at INR31.2b, up 29% YoY.
- Opex ratio increased to 6.1% in FY26 (vs. 5.3% in FY25), with continued investments in automation and technology capabilities.
- Management targets ~14% growth going forward.
- Customer behavior in recent months has been influenced by geopolitical factors, impacting both fixed income and equity markets. However, customers continue to invest in value-oriented products.
- Growth in Feb'26 and Mar'26 remained healthy, enabling the company to meet full-year guidance. Outlook remains positive, albeit with possible month-on-month volatility.
- Increase in cost ratio in FY26 was driven by GST impact, branch expansion, IT investments, and agent training. Excluding GST and labour code impact, cost ratio would have been ~5.5% (vs. reported 6.1%). Going forward, incremental costs are expected to be limited, apart from continued IT investments.
- Phased transition to IndAS is planned, with the implementation to be effective from 1st Apr'27.
- Capital position remains strong, with solvency at ~190%, supported by internal accruals. The company continues to assess the impact of IndAS and potential RBC framework.

Product mix:

- Product launches during the year were aligned with key customer needs across child, protection, and non-par savings segments, driving improved traction.
- Protection contributes ~9% of APE and remains a key growth pillar. Pure protection grew 122% YoY, reflecting rising awareness and demand.
- Par products saw strong growth of 133% YoY, with sum assured growing 166% YoY, albeit on a lower base. New launches in this segment received strong customer response.
- While ULIPs historically dominated the mix, the company is actively shifting towards non-ULIP products, with increased launches in these segments, supporting profitability improvement.
- Currently, high sum assured ULIPs are not being sold, though the company is evaluating opportunities in this segment.
- Protection mix has improved within the SBI channel, with a higher share of pure protection products vs. credit protect.

VNB margin

- VNB growth was supported by volume growth and favorable product mix, despite GST impact. Excluding GST, VNB grew 18% YoY to INR70.3b, with margins at ~29%.
- Reported VNB margin of 27.5% reflects the full impact of GST. The company is focused on product enhancements to mitigate GST impact.
- With improving product mix, margins are expected to remain in the 27-28% range.
- Despite GST and other one-off impacts, reported margins remain at the higher end of the guided 26-28% band.

Channel mix

- Bancassurance (SBI + RRB) contributed ~60% of total APE.
- SBI branch productivity stood at ~INR6m per branch, up ~10% YoY.
- Agency channel delivered 15% growth in individual APE, with agent productivity at ~INR260,000.
- Non-ULIP share increased across channels, supported by strong growth in agency-led new business sum assured.
- ~120 new branches were added during the year to support long-term agency channel expansion.
- Other channels grew 22% YoY, contributing ~11% of APE. Non-SBI bank partnerships also grew strongly (~22% YoY APE growth).
- Agency channel has strengthened over the past two years, with increasing contribution. The company continues to invest in agency expansion (branch additions, agent hiring, productivity improvement), along with emerging and direct channels.
- Focus remains on further strengthening agency to increase its share in the distribution mix.
- Online channel delivered strong growth of ~48-50% in FY26 and is expected to continue scaling.

Embedded value

- 61M persistency saw some decline due to ULIP mix, though there is no structural concern in assumptions. Minor updates were made to mortality and persistency assumptions, with improvements in long-term protection outlook.
- Positive operating variance was driven by conservative assumptions and better-than-expected business quality, with contributions primarily from mortality and persistency (and to a lesser extent expenses).
- Economic variance was negative, largely due to equity market movements, with additional impact from bond yields.

Star Health — Buy

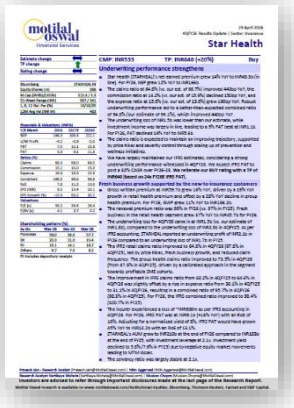
Current Price INR 530

Performance

- Fresh retail growth stood at 38% YoY in 4QFY26, driven by both value and volume, with retail health policies growing 11% YoY.
- 90,000+ telemedicine calls were handled during the year, with ~40,000 pure telemedicine consultations.
- The new-to-insurance segment remains a key focus, with contribution increasing to ~93-94%, while portability contribution has declined.
- The company has taken a calibrated approach by slowing growth in select geographies.
- Management targets sustainable high-teen growth and mid-to-high teen RoE.

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Star Health

- The senior citizen segment accounts for ~20% of the portfolio. Alongside this, productivity initiatives have improved efficiency, leading to better commission ratios.
- The company will continue annual price revisions while maintaining focus on customer experience optimization.
- Retention remains strong at ~86–87% (volume basis), with further scope for improvement while remaining among the best in the industry.
- Due to higher contribution from long-term products and 1/n accounting impact, NEP growth is expected to lag in the near term but should normalize in subsequent quarters.
- The group health strategy has been recalibrated to prioritize profitability, resulting in improved loss ratios. The SME segment contributes ~78% of the group business, with a focus on profitable cohorts.

Loss Ratio

- Loss ratio improvement continued for the third consecutive quarter, with retail loss ratio improving to 64.8% in 4QFY26. Further improvement is expected going forward.
- Investments in prevention and wellness initiatives (telemedicine, home healthcare, condition management programs) have scaled significantly, with ~9x increase in usage in 4QFY26, supporting loss ratio improvement.
- Higher contribution from fresh retail business has improved portfolio mix, aiding loss ratio performance. Pricing actions are also expected to support a sustained improvement trajectory.
- Claim frequency has improved YoY, supported by telemedicine initiatives. Renewal book performance is also improving, aided by pricing actions, with ~80% of the book expected to be repriced by 1QFY27.
- Management expects to grind retail loss ratios from ~68% toward 65–66% via modestly above-inflation hikes, severity control, and better SME-segment mix, keeping the combined ratio sub-100% structurally.

Distribution

- Agent base is expected to scale to ~1 million over the next two years, with ~100,000 agents added annually. Agent productivity has improved by ~30% for fresh business and ~18% for overall business.
- A strong agent value proposition is expected to support retention and stickiness.
- Bima Sugam platform aims to provide a unified, service-oriented marketplace offering affordable insurance products, enhancing customer access and experience.
- Digital channel witnessed 35% YoY growth in fresh GWP in FY26, with 78% contribution from digital D2C and 22% from digital partners.
- Banca business witnessed a decline of 8% YoY in FY26, but RM productivity grew 26% YoY, and banca partnerships increased to 81.

HEALTHCARE



- **Domestic formulations: Management teams remain constructive about the domestic formulations outlook for FY27, supported by continued recovery in acute therapies, sustained growth in chronic segments, new product launches, and ongoing investments in field-force productivity and doctor engagement. The companies also highlighted the emerging obesity and diabetes opportunities, with GLP-1 therapies anticipated to be a key growth driver for the Indian pharmaceutical market over the next several years, creating incremental opportunities.**
- **US business: Management commentaries on the US market remained mixed. While several companies expressed confidence in delivering sustained growth through their existing portfolio, new product launches, and ongoing product ramp-ups, others maintained a cautious stance amid continued pricing pressure and increasing competition across key generic molecules. In response, some companies indicated shifting their focus toward higher-value specialty, branded, and complex products to improve growth visibility and reduce exposure to commoditized segments. SUNP continues to strengthen its innovative medicines portfolio and recently expanded its specialty presence through the acquisition of Organon assets. ZYDUSLIF has acquired Assertio to enhance its footprint in specialty and oncology-focused branded therapies, while GNP remains focused on building its respiratory franchise and has guided for the launch of 2-3 respiratory products in FY27.**
- **CDMO: Management teams remain positive about the medium-term CDMO opportunity, with most companies indicating that significant capacity investments are already in place and are expected to support future contract wins and commercialization opportunities. Companies continue to witness encouraging customer engagement across biologics, peptides, ADCs, and other complex modalities. Several players also highlighted efforts to diversify their customer base, product mix, and project portfolio to reduce concentration risk and improve revenue visibility.**
- **Hospitals: Management teams across the hospital sector largely remained optimistic, citing strong underlying healthcare demand, healthy occupancy trends, improving case mix, and continued expansion opportunities across Indian markets. While operational momentum is expected to remain robust, some operators indicated near-term profitability headwinds from rapid bed additions, the ramp-up of newly commissioned facilities, and, in select cases, the impact of ongoing geopolitical disruptions affecting international patient flows. Nevertheless, demand fundamentals across most regions remain intact, supporting sustained operational growth.**

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Outlook for FY27	Other key Updates
Aurobindo Pharma	▪ ARBP has guided for an EBITDA margin of over 21% in FY27. ▪ The company plans to incur USD150-175m of CMO capex to significantly expand manufacturing capacity.	▪ ARBP has three Merck contracts, with tech transfer underway for one commercial product. ▪ CDMO Unit-1 (60KL) is slated for commissioning by end-FY27; validation, filings, and stockpiling are expected during CY27–FY28.
Cipla	▪ CIPLA expects its US business run-rate to reach ~USD250m per quarter by end-FY27, excluding any contribution from Lanreotide's revival. ▪ The India business is projected to deliver double-digit revenue growth, with momentum expected to sustain in FY27.	▪ The company has guided for 18–20% EBITDA margin in FY27, with margins expected to be higher in 2HFY27 versus 1HFY27. ▪ g-Ventolin is expected to witness a gradual ramp-up, with meaningful traction likely from 2HFY27 onwards.
DRRD	▪ DRRD has revised its FY27 Semaglutide guidance to 10–11m units (vs. 12m earlier) due to a delay in approvals. ▪ The company expects gross margin to improve to 50-52% in FY27.	▪ DRRD plans to launch 27 products in North America during FY27. ▪ Excluding g-Revlimid and Semaglutide, DRRD expects double-digit YoY revenue growth in North America in FY27.
Gland Pharma	▪ GLAND has guided for 12–13% YoY revenue growth in FY27 (CC basis), excluding any contribution from GLP-related contracts. ▪ Revenue growth is expected to accelerate over the next three years, with a more meaningful ramp-up anticipated in FY29.	▪ Cenexi is expected to achieve a mid-single-digit EBITDA margin in FY27, versus an EBITDA loss in FY26. ▪ The company plans INR20b capex over the next five years for ophthalmics, CDMO projects, and blow-fill-seal capacity expansion.
Sun Pharma	▪ SUNP has guided for high-single-digit revenue growth in FY27, with R&D spend at 6-7% of sales. ▪ The company has established an integration management team for the Organon portfolio acquisition, which is expected to close by 4QFY27.	▪ The innovative medicines portfolio continues to outpace the US generics business, with innovative sales exceeding generics sales during the quarter.
Divi's Lab	▪ DIVI targets double-digit YoY revenue growth in FY27, supported by continued business momentum. ▪ The company is ramping up production at Unit 3 and gradually shifting volumes from Units 1 and 2 to better serve customer requirements.	▪ DIVI continues to expand its peptide manufacturing capabilities, with multiple 3,000L reactors already in place. ▪ Management aims to establish DIVI as a global leader in peptide manufacturing capacity.

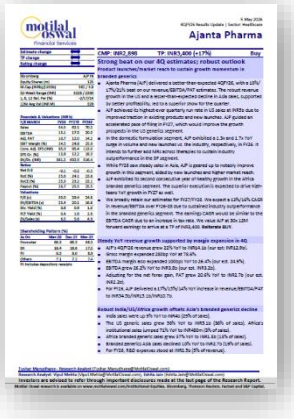
Rubicon Research

- Management has guided for 22–23% EBITDA margin in FY27.
- The company has filed products from the acquired Alkem facility and is awaiting a USFDA inspection, with production ramp-up expected from 1QCY27.
- Rubicon is witnessing broad-based demand across both mature and recently launched products, supporting growth momentum.
- Rubicon aims to outperform IPM growth in the Arinna business by FY28.

Ajanta Pharma — Buy

Current Price INR 2,931

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- AJP guided 16-18% YoY revenue growth for FY27. The growth would be driven by Asia/Africa (high double-digit YoY), and India (mid-teens YoY). However, the YoY growth would be dragged to some extent by mid-single-digit YoY growth in the US business.
- AJP guided a GM of 77% (+-1%) and an EBITDA margin of 27% (+-1%) in FY27.
- It indicated that sea transport for its goods was working amidst political turmoil in the Middle East. However, it is taking a longer time and incurring additional costs.
- AJP would be adding 250-300MRs across therapies in the DF segment in FY27 (~5-6% increase); similar additions are also planned across Asia/Africa markets.
- The company launched one product in Africa in 4Q, taking total launches to eight for the year.
- Asian business was strengthened with 15 new product launches during the year, primarily in chronic therapies.
- US generics performance was supported by eight new launches over the past 15 months.
- DF business was driven by 26 new product launches, including five first-time launches.
- Price, volume, and new launches led 4.8%, 3.6%, 4.7% YoY growth in the DF segment, respectively.
- ETR to be 26.0-26.5% for FY27.

Alembic Pharma — Neutral

Current Price INR 720

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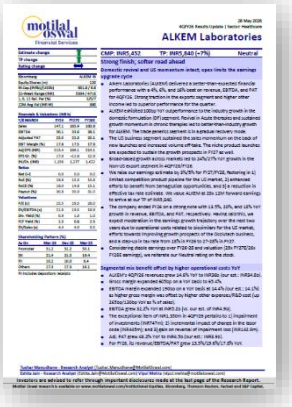
- Management expects FY27 growth of 10-15% in the US business, over 15% in ROW business, and ~10% in the API business, while the India business is expected to grow in line with market growth.
- Overall consolidated revenue growth is expected to be in the low double-digit range in FY27.
- R&D investments are likely to be around INR7.5-8.0b (~9%) in FY27.
- Capex is expected to be in the range of INR3.0-3.5b, primarily for capacity expansion, debottlenecking, and replacement capex.
- Management expects margin improvement in FY27 and reiterates its aspiration to achieve ~20% EBITDA margins over the next two to three years.
- Management expects product launches in the international business to be phased through FY27, including a few meaningful day-one launches in the first couple of quarters, along with better volumes from the existing portfolio.
- Management indicated that the branded business is witnessing healthy initial trends, though it may remain a drag for another one to two quarters as changing doctor prescribing habits take time.

- The company indicated an estimated EBITDA margin impact of ~100-150bp from the US branded business in FY27.
- US business growth was driven by volumes and new launches.
- During the quarter, the company launched six new products in the US, alongside continued progress in filings, approvals, and partnership-led opportunities.
- API business performance was primarily volume-driven, while pricing remained a headwind.
- ALPM's specialty business growth was supported by gynaecology, gastrology, and ophthalmology.
- The Indore facility is fully operational, with capacity utilization improving.

Alkem Labs — Neutral

Current Price INR 5,277

Click below for Results Update



- ALKEM guided 100-150bp higher YoY growth compared to IPM in the DF segment. Overall IPM growth is getting better due to new molecules like Semaglutide, and ALKEM remains confident in further improving the growth prospects.
- ALKEM guided a higher single-digit YoY growth in the US in CC terms. This would be largely led by new launches, offsetting the base business price erosion.
- Tolvaptan generic is approved by the USFDA. ALKEM is expected to launch this in Sep'26/Oct'26. It is expected to be a limited competition product.
- ALKEM guided for higher teens YoY growth in the ROW market for FY27.
- EBITDA margin is expected to be 20%-21% for FY27
- For the EU market, Alkem has approval for prolair biosimilar as well as the Xgeva biosimilar. ALKEM has a partner to launch prolair biosimilar.
- The Occlutech deal is expected to be closed in 45-60 days.
- ALKEM launched the GLP product (Semaglutide) in India and has garnered an 11% market share. Expect demand tailwind and ALKEM's execution to drive promising business prospects from this product.
- R&D spending is stepped up in 4QFY26 due to increased product filings.
- Other expenses are higher for 4QFY26 due to due-diligence related cost, foreign currency impact, internal renovation related costs.
- Trade generics YoY revenue growth has been muted at 4.3% on an annualized basis. Focus has been on profitability.
- ALKEM indicated Chronic share in the Rx DF business is 22% of the Rx business, and the company is striving to increase the share going forward as well.
- ETR is expected to be 27%-29% for FY27.

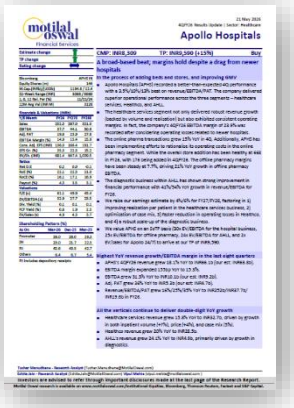
Apollo Hospitals — Buy

Current Price INR 8,284

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- APHS is on track to complete the demerger process of Healthco by 4QFY27 as planned earlier. The Healthco business is likely to be cash break-even in 1QFY27.
- In 4Q, 185 beds were operationalized from new hospitals. About 550-600 beds are likely to be operationalized in 1HFY27, too. Overall, 1,400 operating beds are likely to be added over the next 12-15M, driving 25% capacity addition.
- It retained its guidance of an INR1.5b opex loss related to new hospitals in FY27.
- Overall ESOP costs for Apollo 24/7 are expected to be INR500m for FY27.


Apollo Hospitals

- APHS is working on a reduction in ALOS through the use of robotics, standardization of processes, and the use of higher-end equipment.
- Apollo Cradle & Fertility and Cloudnine are likely to combine (subject to CII approval) to create one of India's largest maternity and fertility care platforms. AHLL's Mother & Child and Fertility businesses were valued at INR15.5b through a combination of cash and 9.9% equity stake in the combined entity.
- Private label is 15% of the offline pharmacy revenue for the 4QFY26.
- INR12.5b was paid to buy out the stake of IFC in AHLL, driving net debt to INR8.6b at the end of FY26
- The volume growth in CONGO therapies was 8% YoY, and revenue grew 18% YoY in 4QFY26.
- The operational losses related to the new hospitals were INR410m for 4QFY26.
- The occupancy was 70%/63% in metro/Non-metro cities for FY26.
- AP/Telangana region saw maximum YoY growth in the number of inpatients in 4QFY26.

Other operational highlights

Hospital segment (49% of sales)

- Hospital EBITDA grew 14% YoY to INR7.8b for 4QFY26.
- Occupancy for 4QFY26 is 68% vs. 67% in 4QFY25.
- Average revenue per inpatient increased by 9% YoY to INR187,208 in 4QFY26.
- Inpatient ALOS decreased 3% to 3.19 days in 4QFY26.
- Inpatient volume increased 7% YoY in 4QFY26.

Healthco (offline/online pharmacy and Apollo 24/7; 43% of sales)

- Healthco achieved a superior EBITDA of INR1.6b for 4QFY26 vs. INR360m YoY and INR1.3b QoQ. EBITDA margins stood at 5.5% in 4QFY26.
- Platform GMV grew 20% YoY to INR5.3b.
- 176 new stores opened in 4QFY26, taking the total to 7,289 stores.
- Average run rate increased by 10% YoY to 69K/day orders across pharma and diagnostics consultations (including IP/OP referrals) in 4QFY26.

AHLL (7% of sales)

- EBITDA grew by 59% YoY in 4QFY26 to INR750m.
- Revenue/EBITDA of primary care increased 13%/16.7% YoY to INR1.3b/ INR217m in 4QFY26.
- Revenue/EBITDA of specialty care grew 11/18.3% YoY to INR19b/ INR346m in 4QFY26.
- Revenue/EBITDA of diagnostics rose 52%/14.1% to INR1.9b/INR273m in 4QFY26.

Aurobindo Pharma — Buy

Current Price INR 1,440

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- ARBP is building a foundation for the next phase of calibrated profitable growth with 21%+ EBITDA margin guidance in FY27.
- ARBP is implementing efforts to make 65-70% GM in biosimilars even after considering 60% price erosion in the US and/or 75-80% price erosion in the EU. Management believes the yield is expected to be the key to driving profitable growth in the biosimilar business.
- ARBP has invested USD450m to date in the biosimilars segment.
- ARBP would be investing USD150-175m for the CMO project, reflecting a major scale-up of manufacturing capacity.



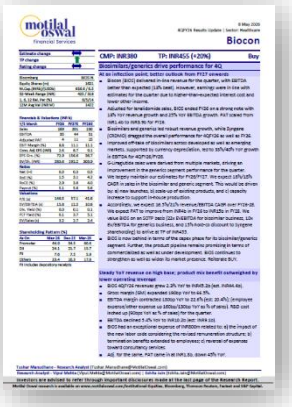
- ARBP has contracts with Merck with respect to three products. Tech transfer for one product is underway (already commercial). The second product is also a commercial product.
- CDMO unit 1 would be commissioned (60KL) by the end of FY27. The validation batch is scheduled in CY27. Filings would also happen in CY27. Expect stockpiling to happen in FY28.
- External supply with respect to PENG/6APA has already started (worth INR1b). Offtake would improve considerably in the coming quarters.
- ARBP expects double-digit YoY growth in EU business in CC terms for FY27. EU business margin is 20+% and expects to further improve going forward.
- The Lannett acquisition is expected to be in two quarters of FY27, subject to regulatory approval.
- Both PENG and China plants have achieved break-even and are expected to contribute to profitability from FY27 onwards.
- ARBP received final approval for 9 ANDAs and launched 12 products during 4QFY26.
- As of Mar'26, ARBP has filed 888 ANDAs with the USFDA and received 728 final approvals and 35 tentative approvals.
- DF sales stood at INR760m in 4QFY26.
- The company generated free cash flow of USD35m during the quarter, after the payment of the Khandelwal non-oncology business. (USD32m).

Biocon — Buy

Current Price INR 412

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- BIOS expects a further scale-up in the biosimilars business on the back of capacity expansion in Malaysia (drug product capacity to come on-stream from 1QFY27 onwards), supported by CMOs as well.
- Developed and emerging markets' share in biosimilar sales was 75:25 in FY26.
- With capacity build-up largely behind for the biosimilars and generics segment, the focus would be on scaling the business and improving capacity utilization.
- Further, new launches like b-Aflibercept would also support growth prospects.
- Overall, the insulin franchise has crossed USD300m revenue for BIOS.
- Certain products have already built a robust business for BIOS: Adalimimab (USD250m+), Pegfilgrastim/Trastuzumab (USD200m+), Bevacizumab (USD100m).
- In the generics segment, the scale-up of existing products and new launches would drive revenue as well as profitability. Currently, 2/3rd of the generic segment is driven by API and 1/3rd by formulations.
- Ex-linalidomide, the generics segment grew 13%/17% YoY for 4QFY26/FY26 to INR8.5b/INR3.2b.
- BIOS witnessed stable execution across the oncology, immunology, and ophthalmology segment in EU. The tender wins, launches, and market expansion led to steady performance in emerging markets.
- In 4QFY26, Syngene commissioned a GMP bioconjugation suite for end-to-end ADC capability.
- GLP-1 portfolio contributes less than 10% of generics revenues in FY26; management expects the portfolio to scale up meaningfully over the coming years.

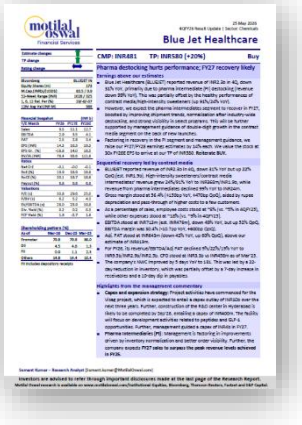
- The company does not foresee any requirement for large greenfield capacity additions, with future investments expected to remain limited to debottlenecking initiatives at Bengaluru and ramp-up/qualification activities at Malaysian facilities.
- With major capacity investments largely completed, management's focus has shifted toward improving operating leverage, driving profitability, monetizing existing assets, and enhancing cash generation.

Bluejet Healthcare — Buy

Current Price INR 447

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Operational performance

- FY26 was a mixed operating environment
- Rupee depreciation improved export realizations. Discussions based on price pass-throughs are positive with the customers.

FY27 outlook

- Freight costs post Mar'26 have increased, which would affect FY27. Management is monitoring the environment, and 1QFY27 will be a good representation of the cost structure. The domino effect on the industry due to the West Asa conflict.
- The company is anticipating a recovery in Intermediaries supported by improved shipments. Further, the company is targeting double-digit growth from the Advanced contrast media segment.

Capex and expansion strategy

- The ground-breaking ceremony of the Vizag project was completed, and project activities have commenced. Long-term growth platform being developed in a phased manner for APIs and Intermediates. Scale and strategic location to help position Blue Jet as a reliable supplier
- The company is planning dedicated blocks of Contrast Media Intermediates and High Intensity Sweeteners for phase 1. Capex of INR10b spent over three years, with ~24-30 months for capacity to get in line.
- FY27 will be investment-intensive, which will support the next phase of growth for the company. The commercialization growth cycle will commence soon.
- Civil construction of R&D center in Hyderabad commenced and is expected to be completed by Sep'26 with expected capex of INR400m. Hiring of key resources initiated. Development work will include peptides and GLP-1-linked opportunities.
- CWP of INR3b relating to Mahad and investment in Vizag (land acquisitions). Mahad Unit is expected to commence production in 2HFY27
- INR4b capex in FY27 comprising the Vizag project, additions in Ambernath, and completion of the Mahad unit

Pharma intermediates (PI)

- PI destocking and inventory normalization completed by the customer. Robust revenues are expected, backed by orders from this segment in the coming quarter, supported by order visibility. Normalization is expected to exceed the peak sales, which were achieved in FY25.
- Orders are already in hand, and shipments have already started supporting strong revenue visibility from this segment in FY27.

- Molecule bempedoic is still under patent; there are not a great number of suppliers in the market for this. Once the patent expires, markets will be filled with suppliers. Bempedoic is a very advanced intermediate because of the complexities and regulatory pathways. Competitive edge due to chemistry, dedicated plant, unit operations have been doing well, and the scale

Advanced Contrast Media

- The company received trial orders in Advanced Contrast Media from a new Japanese customer.
- Key molecules in the existing partnership are being deepened. The majority of revenue from existing products and customers in 4QFY26
- Customer engagements have been positive for FY27, which indicates double-digit growth is expected (volume growth and new launches). The company is anticipating 2 validations and one new commercialization.
- The lateral entries volume would turn out faster.
- Customer offtakes are promising. CDMO should be looked at annually and not quarterly. Goods in transit have normalized. Entire revenue of ~INR1.9b in 4QY26 was from 4th quarter orderbook
- NCE molecule commercialized in FY25 saw strong offtake in FY26, which is expected to continue in the near term. Some contribution from a select molecule in FY26
- 3-4 new products will be launched in FY27
- The company is far from capacity maximization

Backward Integration through the Mahad unit

- Mahad Unit 3 backward integration is progressing well, comprising three Raw Materials utilized in the Contrast Media portfolio, which will help to mitigate RM disruption.
- The plant is expected to commence operations in 2HFY27, with the full benefit of backward integration expected from FY28.
- After some periods, output will be sold to 3rd parties and not just be used for internal consumption.
- Imports from Europe and China are expected to reduce due to the Mahad unit.

High Intensity Sweeteners

- High-volume product currently under validation, with trial quantities expected to be shipped in the coming quarters
- Pricing pressures due to imports
- If the key validation is met, then it would be significant for the company

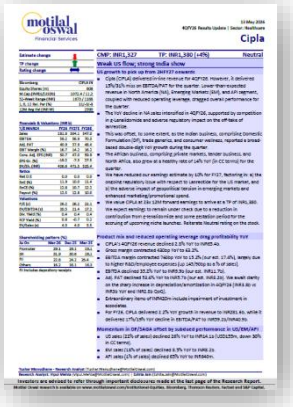
CDMO pipeline

- Intermediates related to GLP-1 and peptides will move to the commercialization phase in FY27. Lab supplies are being provided to some innovators and peptide manufacturers.
- Initially, the company will manufacture peptide fragments that form peptides at Vizag, and eventually produce the final peptide. Price erosion is a risk in the peptides business.
- Gestation of 3-4 years; doubling capacities and R&D will help the company going forward.

Cipla — Neutral

Current Price INR 1,375

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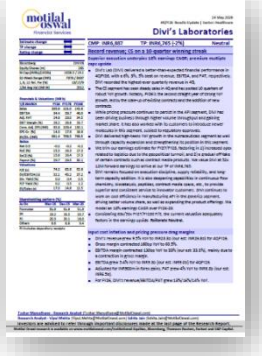


- US sales run-rate is expected to improve to USD250m per quarter by the end of FY27; this excludes Lanreotide's revival. The increase in run-rate from current USD155m (4QFY26) to USD250m is backed by certain potential launches (business prospects of USD100m each on an annualized basis).
- CIPLA has guided for 18-20% EBITDA margin in FY27, with 2H posting a higher EBITDA margin compared to 1H.
- Management indicated that the g-Ventolin off-take would be gradual, with ramp-up expected from 2HFY27 onwards.
- The company remains well-positioned to manufacture formulations at its US site and source devices from its partner.
- India is projected to witness double-digit YoY growth in revenue, which is likely to sustain in FY27 as well.
- Most of the respiratory assets are in-house products, which would drive the GM for CIPLA. Some of the peptides are partnered products, which would lower GM to some extent.
- Very few ANDAs have been filed in FY26, while R&D spend was ~INR20b, given the considerable spend on respiratory and oligonucleotide assets. This includes certain litigation costs as well.
- The EMEU segment growth would be driven by the deepening penetration into existing markets and improving margin trajectory.
- Four respiratory assets are expected to be filed in the next 24 months. Three assets are likely to be filed in the peptide/complex generics category in the next 12-24M.
- Net cash available as of Mar'26 is INR105b.

Divi's Lab — Neutral

Current Price INR 6,575

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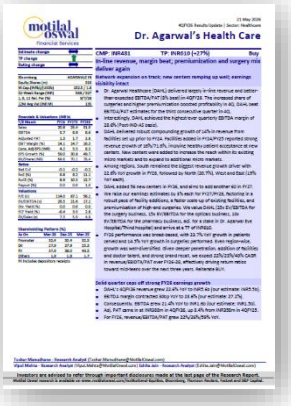


- DIVI intends to grow revenue in double digits on a YoY basis in FY27.
- While inventory increase has been moderate in 4QFY26 on a QoQ basis, there has been a reasonable increase in the inventory in 1QFY27, considering the external geopolitical issues.
- Most of the current API segment revenue growth was driven by better volume offtake of existing products. DIVI is working with customers for new product launches. This would support growth going forward.
- DIVI has commercialized iodine-based products. The gadolinium contrast media products are at the qualification stage. DIVI continues to support customers for regulatory approval.
- CWIP was INR21b at the end of FY26. DIVI has capitalized assets worth INR15.4b, of which INR8b was capitalized in 4QFY26.
- DIVI is steadily increasing the production level at Unit 3 and shifting the production from Unit 1/2 to meet the customer's requirements.
- The Nutraceutical business was INR9.4b/INR2.4b for FY26/4QFY26.
- DIVI has several 3,000L-capacity reactors for manufacturing peptides. DIVI aspires to be the leading manufacturing capacity for peptides at the global level.
- It has several customers in the peptides space at various stages of development.
- Exports stood at 89% of the sales. The US/EU formed 74% of the export sales for FY26.
- Receivable/Inventory at the end of FY26 was INR30b/INR39.5b.

Dr Agarwal's Health — Buy

Current Price INR 464

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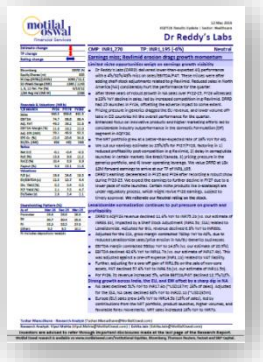
- DAHL expects to sustain this growth momentum in FY27, led by deeper penetration in existing markets, addition of greenfield centers, and the implementation of new technologies.
- DAHL also expects to sustain EBITDA margin in FY27.
- DAHL is targeting to add 60 facilities in FY27, comprising 30 surgical facilities. ~24 would be added in South and 16 would be added in North. West is expected to witness 15 new additions. The facilities would be added on organic basis.
- FY27 capex would be INR3.8b for facility additions. Acquisition-related payment would be INR600-650m in FY27.
- The merger of Dr. Agarwal Eye Hospital with DAHL would be completed by Nov/Dec'26.
- Out of 14% YoY SSSG, volume growth was 7% for FY26 and 7% was derived from value growth. Out of the value growth, 5.5% was from premiumization and ~1.5% from price hikes.
- CFO:EBITDA was 84% for FY26.
- INR300m was the operational cost related to facilities opened in FY26.
- The doctor strength improved 16% YoY to 968 at the end of FY26.
- 57 new greenfield centers were added in FY26, out of which 34 were surgical facilities and 27 were primary facilities. Accordingly, DAHL has expanded into 26 cities in FY26.

Dr Reddy's Labs — Neutral

Current Price INR 1,263

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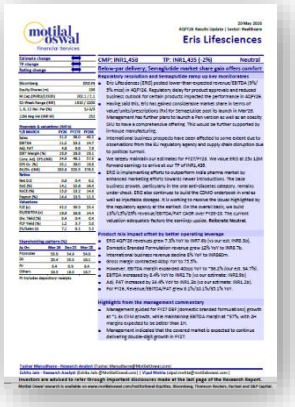
- Compared to the earlier guidance of 12m units of Semaglutide sales, DRRD lowered the guidance to 10-11m units for FY27, considering some delay in approval. DRRD has assumed a price of USD30+ per unit, subject to competition.
- SGA spending would include higher marketing/promotional expenses for innovative products. Hence, SGA spending would be similar to that of FY27.
- With respect to the Intravenous (IV) version of b-Abatacept, DRRD awaits plant inspection at Bacchupally. DRRD continues to work on the subcutaneous version.
- DRRD expects GM to improve to 50-52% in FY27.
- B-denosumab is launched in the EU by DRRD. The Partner has to address inefficiency with respect to the USFDA approval.
- DRRD is expected to launch 27 products in NA in FY27. Ex-g-Revlimid/ex-Semaglutide, DRRD expects double-digit YoY revenue growth in NA for FY27.
- DRRD expects approval for Semaglutide in the Brazilian market, probably with a 3-4 month delay.
- DRRD expects EBITDA margin to be 20% for FY27 on an ex-Semaglutide basis.
- DRRD guided capex of INR20b for FY27, largely towards biosimilars and product-specific investments
- The ETR for FY27 would be 24-25%.

Eris Life Science — Neutral

Current Price INR 1,396

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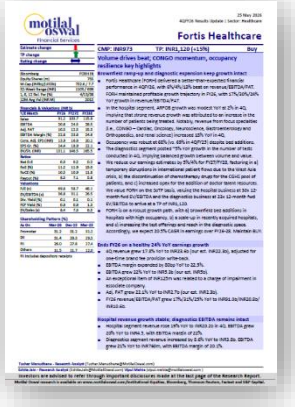
- Management guided for FY27 DBF (domestic branded formulations) growth at ~1.3x CVM growth, while maintaining EBITDA margin at ~37%, with 2H margins expected to be better than 1H.
- Management indicated that the covered market is expected to continue delivering double-digit growth in FY27.
- International business is likely to deliver 18-20% revenue growth in FY27 with a stable EBITDA margin. On a consolidated basis, management expects mid-teen revenue growth in FY27, with 36-37% margins.
- Semaglutide brand "Sundae" achieved ~22% Rx/share by sale units in injectable Gx Sema during Apr/May'26, reflecting a strong initial ramp-up.
- Apr'26 Semaglutide sales stood at ~INR40m, and management expects ~20% sequential growth in May'26 (~INR50m secondary sales).
- Management expects further tailwinds for Sundae from the obesity SKU launch and in-house pen manufacturing from 2QFY27.
- Current Semaglutide prescription mix is skewed ~60:40 towards vials versus pens, while expecting the mix to gradually normalize closer to 50:50 over time.
- Management indicated that ~70-75% of current GLP-1 prescriptions are driven by diabetes patients and expects the Gx Semaglutide market to reach ~1-1.5m patients in the first year, without materially impacting growth of other oral anti-diabetic therapies in the near term.
- The certain EU-CDMO business is postponed, subject to site re-inspection and re-approval of facilities. ERIS is implementing remediation measures in terms of training employees and adhering to SOPs. It expects to invite the EU regulatory agency soon for re-inspection.

Fortis Healthcare — Buy

Current Price INR 930

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- For the hospital segment, FORH guided for 15%+ revenue growth and 150bp EBITDA margin expansion in FY27.
- In the diagnostics segment, the company guided for double-digit revenue growth and 23-24% EBITDA margin in FY27.
- Hospital segment profitability would be supported by improving occupancy in larger hospitals (Mulund, BG road) and new units (Manesar, greater Noida, Ludhiana and integrating the acquired hospitals.
- FMRI has high occupancy (~77%). Considering the addition of beds in a week's time, FORTIS is confident of building the occupancy of new beds soon. Beds would be added in a phased manner, with 100 beds to be added in FY27.
- FORH is planning to add another tower at Mulund, considering the demand potential in the region.
- FORH plans to add 1,800 beds over the next four years via brownfield additions.
- In diagnostic segment, revenue share from preventive care was 13% in FY26.
- Management does not anticipate significant senior clinician attrition despite rising competition in key NCR markets such as Gurgaon/Noida.
- Capex guidance of INR9b; ~60% for maintenance capex.
- FORH Jaipur is expected to deliver 15%+ revenue growth and EBITDA margins of 13-14% in FY27.

- FORH reported an adverse impact of the discontinuation of chemotherapy drugs for CGHS patients during the quarter. The impact was intense in Punjab due to a higher share of CGHS patients in this region.

Other operational highlights

Hospital segment (86% of sales)

- Hospital EBITDA grew 20% YoY to INR4.5b.
- Occupancy was 68% vs. 69% in 4QFY25.
- ARPOB grew 2% YoY to INR25.6m.
- ALOS decreased by 4% to 4.22 days

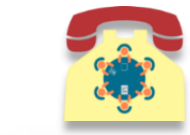
Diagnostic segment (14% of sales)

- Diagnostic EBITDA grew 21% YoY to 760m.
- During 4QFY26, Agilus conducted 10.06m tests vs. 9.6m in 4QFY25.
- ARPT grew 3% YoY to INR375 per test.
- ARPP grew 4% YoY to INR922 per patient.
- Agilus added 125+ customer touchpoints to its network in 4QFY26.
- Agilus B2C: B2B revenue mix stood at 53:47 vs. 51:49 in 4QFY25.

Gland Pharma — Buy

Current Price INR 2,232

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- GLAND guided for 12-13% YoY growth in revenue in FY27 on a CC basis. It does not include any business prospects from GLP-contracts.
- The overall YoY revenue growth is expected to improve over the next three years, with a meaningful increase expected in FY29.
- GLAND expects Cenexi to achieve a mid-single-digit EBITDA margin in FY27 vs an EBITDA loss (2%) in FY26.
- GLAND reported a 9%/5% revenue share/milestone income for 4QFY26.
- Management indicated capex of INR20b over the next five years for ophthalmics, alongside dedicated capex for certain CDMO contracts. GLAND also aims to invest in building capacity with respect to blow-fill technologies.
- In the GLP-1 segment, GLAND signed 8 contracts, while additional 6-7 contracts are expected to be signed shortly.
- One major CDMO project is expected to be commercialized in 2HFY28, with estimated annual revenue potential of USD25-30m.
- Cost optimization initiatives, including yield improvement/alternate sourcing/energy optimization and process efficiencies, contributed ~100-200bp margin expansion in FY26.
- GLAND launched 31 products in the US in FY26, including 5 launches in 4QFY26, supporting portfolio expansion/market penetration.
- During FY26, GLAND filed 24 ANDAs and received 28 approvals.
- Management expects Dalbavancin/multivitamin launches to contribute meaningfully to growth in FY27 and beyond.

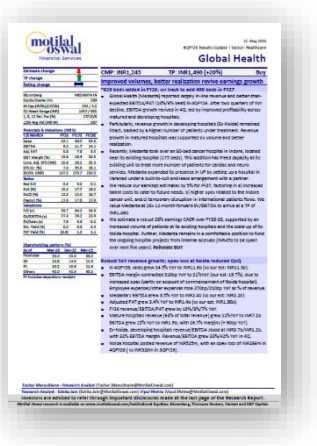
Global Health — Buy

Current Price INR 1,200

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- Medanta is on track for EBITDA breakeven at Noida in 2HFY27. Medanta is largely done with insurance empanelment at Noida.
- While competitors are expected to operationalize new hospitals in Sep'26, no senior clinicians of Medanta has been lost to competitors. In fact, Medanta would be adding clinicians, operation theatres as well as cathlabs to cater to robust demand witnessed in Gurgaon.


Global Health

- Considering doctor capacity becoming the constraint, Medanta would be adding doctor talent at Lucknow as well as Patna.
- Medanta is working on optimization of ALOS, procedural additions and use of latest technologies to drive better volume growth across the hospital network.
- Further, there is scope for tariff increase and addition of new indications to drive realization at Lucknow/Patna.
- With a scale-up in empanelment's, Ranchi has witnessed 15-16% YoY growth in revenue in recent past.
- Medanta would incur capex of INR8b-INR9b in FY27 and INR6b-INR7b in FY28. Cash surplus was INR6b at the end of FY26. Operational cash flow was INR7b in FY26.
- Medanta has received regulatory approvals to start construction of project at Guwahati.
- Drawings are submitted to regulatory authority with respect to South Delhi and Mumbai projects.
- Medanta added 32 beds in Patna in 4Q, taking the total bed additions to 131 in FY26.
- International business remained strong, with revenue growing 33% YoY to INR2.8b, led by rising contribution from overseas patients despite temporary disruptions arising from the Middle East conflict.
- International revenue mix improved to 7% of consolidated revenue from 6% in FY25, supported by scaling up its presence across Africa, South Asia, and CIS regions, along with gradual activation of Noida's international patient funnel.

Other operating highlights

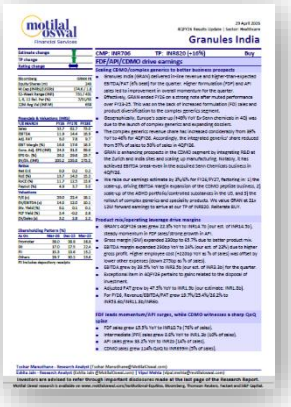
- Mature hospitals revenue (63% of total revenue) grew 11%YoY to INR7.2b. EBITDA stood at INR1.9b for the quarter, and margins at 26.7% (+ 90bp YoY).
- Developing hospitals revenue (37% of total revenue) grew 51%YoY to INR4.2b. EBITDA stood at INR971m for the quarter. Ex-Noida, developing hospitals revenue/EBITDA stood at INR3.7b/INR1.2b, with 32% EBITDA margin.
- Noida hospital had revenue of INR525m with an opex loss of INR236m in 4QFY26 (vs. INR320m in 3QFY26)
- Overall ARPOB grew by 4.3% YoY to INR66,687 in 4QFY26.
- Both IPD/OPD volumes increased 23%/27.5% YoY for the quarter.
- Occupancy levels stood at 61% (vs. 61.2% in 4QFY25 and 59.1% in 3QFY26).
- ALOS stood at 3.06 days (vs. 3.19 in 4QFY25).
- OPD Pharmacy revenue increased 46.2% YoY to INR496m.
- International Patients revenue increased 22% YoY to INR679m.
- Heart/cancer/digestive/neuro/urology contributed ~65.6% of revenue in FY26.
- Medanta incurred INR9.4b of capex in FY26, out of which INR4.1b was incurred for Noida hospital.
- Maintenance capex estimated at INR6b to be incurred over next three years.
- Total project capex estimated at INR45b for next five years.
- Medanta added 623 beds in FY26 and plans to add 490 beds by FY27 end.

Granules India

Buy

Current Price INR 793

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- The GPI facility in Virginia reached optimal utilization, with ongoing capacity expansion/new distribution center strengthening future growth visibility in the US market.
- GRAN has submitted all action points with respect to remediation measures at the Gagillapur site. The corrective actions were largely completed by Mar'26, and the company awaits USFDA re-inspection.
- The CDMO business, through Senn Chemicals, garnered revenue of INR1.6b in FY26 and achieved EBITDA breakeven in 4QFY26. Infrastructure ramp-up is underway across geographies for the CDMO business, including the Zurich site upgrade. Notably, Hyderabad R&D center has become fully operational to support Zurich business activities. This would be further supported by the API manufacturing unit at Zurich and intermediates manufacturing in India.
- Nine ANDA approvals are pending from the Gagillapur site, supporting potential US product launches.
- API segment growth for the quarter was led by new product launches/backward integration into formulations.
- There has been no meaningful pricing tailwinds in key molecules like paracetamol/metformin currently. GRAN continues to monitor rising raw material prices, inventory available, and the scope of passing the increase in RM prices to customers.
- Gross margin expanded ~355bp YoY to ~65% in FY26, supported by an improved mix toward complex generics and value-added formulations.
- DCDA production is largely stabilized. GRAN is optimizing cost of production, considering the reduction of prices by Chinese competitors.
- FY27 capex would be ~INR6b, broadly allocated across API capacity/US project/IT investments. The company continues focus on building front-end and supply chain capabilities.
- Net debt is likely to remain stable in FY27.
- Overall, GRAN has filed 6 ANDAs with USFDA, 3 filings with EU health regulatory authority, and 1 filing with the Canadian regulatory authority.
- The cash conversion cycle was moderated due to capital build-up for new launches.
- Net debt stood at INR4b, and Net Debt to EBITDA at 0.34x.

Laxmi Dental

Buy

Current Price INR 234

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- 'i Scope360' is an AI-powered, remote patient dental monitoring and teleconsultation platform launched by Laxmi Dental. It connects dental clinics and patients to enable continuous treatment tracking from home. The launch is aimed at solving some of the biggest operational, accessibility, and patient engagement challenges currently faced by the dental industry while making dental care more convenient, connected, and scalable for both clinics and consumers.
- Vedia's business was hit by a delay in shipment due to higher freight costs.
- Scanner sales in terms of volume were 211/1009 for 4QFY26/FY26



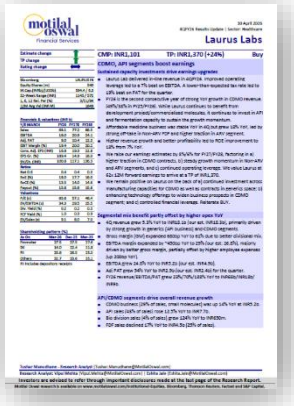
- LAXMIDEN expects margins to improve with increased revenue growth, driven by automation and digitization.
- Exports revenue was 33% of the total revenues for the quarter.
- Bizdent's (purely domestic) focus was to protect margins and has staged a recovery in 4Q. LAXMIDEN will keep evaluating the balance between growth and profitability.
- Capex was INR184m in FY26.
- Digital penetration has been 80% at the end of FY26. LAXMIDEN is targeting 90% digital penetration.

Laurus Labs — Buy

Current Price INR 1,395

Click below for Detailed Concall Transcript & Results Update



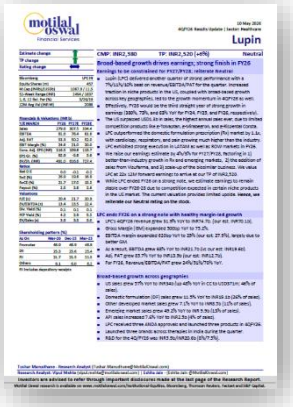


- Laurus guided for capex of ~INR30b over the next two years, with more than 90% allocated toward growth-oriented projects focused on expanding mid- and large-scale manufacturing capabilities.
- Key projects include greenfield Unit 7 facility with over 2,000 cubic meters of reactor capacity, expected to be ready for commercial validation by Mar'27, along with a second commercial-scale manufacturing block targeted for validation in 2QFY27.
- Additional investments include expansion of animal health capacity at Unit 10, greenfield fermentation facility expected to be operational by end-2026, formulation facility via JV with Phase 1 with completion targeted by mid-2027.
- Management remains confident of sustaining growth momentum of CDMO in FY27, supported by strong pipeline visibility and scaling of recently commissioned facilities. Laurus delivered three APIs in on-patent category. Given the long patent life, the sustainability of the business remains quite robust.
- Affordable medicine segment has a sufficient order book in place to have some growth in FY27 as well.
- Customer advances as of FY26 end increased YoY, implying strengthening interest from customers to increase the scope of business with LAURUS.
- Net debt stood at INR22.8b, with a net debt-to-EBITDA ratio of ~1.25x. Notably, the company aims to maintain leverage at similar levels despite ongoing capex investments.
- ETR for FY27 is expected to remain in the range of 25-26%.
- Laurus has sufficient inventory to offset the impact of geopolitical tensions till Jun'26.
- Product concentration risk remains low due to a diversified CDMO portfolio and a growing base of commercial products, providing insulation from inventory destocking cycles.
- With respect to upcoming 400kl fermentation capacity, initial batches would be for non-pharma, non-food applications.
- The board has approved an investment of up to INR790m (EUR9.8m) in KRKA, the company's joint venture. KRKA will contribute ~EUR10.2m as its share of the investment.
- After this infusion, the shareholding structure will remain unchanged, with KRKA holding 51% and Laurus retaining 49%.

Lupin — Neutral

Current Price INR 2,261

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Detailed Concall Transcript &
Results Update



- Management guided a high single-digit revenue growth with an EBITDA margin of 25% in FY27.
- Management indicated that the US business is expected to sustain annual revenues above USD1b, despite increased competition in products such as Mirabegron and Tolvaptan.
- For FY27/FY28, LPC indicated an expectation of high single-digit to low double-digit revenue erosion, given competitive intensity across the portfolio.
- Over the next three years, management expects to launch 50+ products in the US, including 10 exclusive/first-to-file opportunities, multiple biosimilars, and 2-3 505(b)(2) products. Initial biosimilar launches in the US are expected from FY27 onwards.
- The domestic formulations (DF; Rx) business is expected to continue outperforming the IPM by 1.2x-1.3x.
- Chronic therapies' contribution to the Rx India business was 66% in FY26 vs. 64% in FY25, with management targeting 70% contribution over the next five years.
- DF-Rx business reported volume growth of 6.4% YoY in FY26 versus IPM growth of 2.6%. Respiratory and cardiac segments grew 2.5x and 1.3x versus industry growth in their respective categories.
- The company launched 15 products in FY26 and plans to launch another 20 in FY27 in India.
- During the quarter, the company launched Semaglutide injection under the brand “SemaNext”. Oral Semaglutide launch is expected later this financial year.
- Emerging markets strategy is focused on diabetes and metabolic therapies, with planned launches of Empagliflozin in Brazil and South Africa and Semaglutide in South Africa later this year.
- Management highlighted India, South Africa, and Brazil as key markets for the Semaglutide opportunity within emerging markets.
- Semaglutide has already been launched in India, while launches in South Africa and Brazil are expected during FY27. For Canada, the company expects to file during FY27, with launch anticipated next year through partnerships.
- Brazil reported 113% YoY growth in CC, driven by the commercialization of Dapagliflozin.
- Management indicated that the VISUfarma acquisition expands the company’s presence in Europe beyond the UK, Germany, and France into Italy and Spain. VISUfarma’s ophthalmology portfolio is expected to continue delivering double-digit growth in Europe. Management also highlighted the potential to commercialize VISUfarma’s portfolio in Latin America and Southeast Asia, along with evaluating opportunities in select developed markets. Management indicated that VISUfarma revenue could cross EUR100m over the next 2-3 years.
- LPC expects the FY27 effective tax rate (ETR) to be 25-26% due to the phased withdrawal of tax incentives at certain domestic manufacturing facilities.
- LPC indicated that some PLI benefits are expected to continue in FY27, though at lower levels versus earlier periods.
- Capex for the 4Q/FY26 was INR3.1b/10.6b.

Mankind Pharma

Buy

Current Price INR 2,371

Click below for Detailed Concall Transcript & Results Update



- Management guided for improved performance in FY27, aspiring to deliver double-digit revenue growth, outperform IPM growth, and EBITDA margin guidance of 25.5-26.5%.
- The EBITDA margin guidance has been provided considering the current headwinds on raw material prices and logistics costs.
- The Consumer Health business is expected to return to double-digit growth in FY27. This would be largely driven by brand extensions and increased share of modern trade and e-commerce in the overall revenue of this segment.
- Management expects the international business to deliver high-teen growth of 20% over the medium term, driven by expansion in women's health and IVF products across RoW markets, particularly in the Philippines, Malaysia, and Africa.
- Management indicated that debt repayment remains on track, with acquisition-related debt to be fully repaid by FY28.
- PCPM productivity improved to INR0.72m/month in FY26 from INR0.65m/month in FY25.
- Management indicated that price hikes remained broadly in line with industry trends, with FY26 price hikes at ~4.2% versus the industry average of ~4.4% (IQVIA).
- MANKIND has taken multiple initiatives for the BSV portfolio in terms of increasing coverage (region wise as well as doctor coverage), product level initiatives, and clinical work done to have knowledge-based awareness among healthcare professionals.
- The number of INR2b revenue size brands increased to 13 in FY26 from 11 in FY25, while INR500m brands rose to 54 from 49. MANKIND had three brands, each with INR5b annual sales in FY26.
- R&D spend stood at 2.8% of sales in FY26 versus 2.2% in FY25, reflecting increased focus on specialty and biotech products.
- FY26 capex stood at INR7.3b (~5.2% of sales). The company is setting up a new biotech facility (~INR5b) in Vadodara, leading to an expected FY27 capex of 6-7% of revenue.

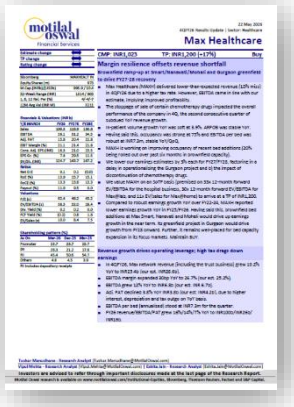
Max Healthcare

Buy

Current Price INR 966

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- MAXH is implementing a multi-location strategy in Lucknow. The bed capacity is expected to increase by up to 500 beds in Gomti Nagar. Simultaneously, MAXH would be investing INR14b for the construction of a 712-bed greenfield hospital at the Shaheed Path location. Demand prospects provide confidence to scale up the bed capacity in Lucknow.
- Kalinga hospital is profitable with EBITDA of INR100m on an annualized basis.
- CGHS rate revision has been reflected in 4QFY26 performance. Some components would further be reflected in next few months. However, this benefit was offset to some extent by the discontinuation of select chemotherapy drugs for institutional patients.
- MAXH delivered 22nd consecutive quarter of YoY revenue growth.


Max Healthcare

- Gurgaon hospital opening is pushed from 2HFY27 to FY27 end due to labor-related issues and LPG-related issues. MAXH execution led Dwarka to break even in six months, despite being greenfield. Likewise, MAXH remains confident of achieving faster breakeven at Gurgaon after starting a greenfield hospital at the end of FY27.
- MAXH added 412 beds in the last 12 months, which mainly included the addition of beds in MSSH Dwarka, Nanavati-Max, MSSH Lucknow and MSSH Mohali.
- For the hospital business, ARPOB stood at INR77.9k in 4QFY26 (+1% YoY).
- Occupancy came in at 75% in 4QFY26 (vs. 75%/74% in 4QFY25/3QFY26), with occupied bed days (OBDs) up by +8% YoY.
- IP volume grew 3.9% YoY and OP consults grew 8% YoY.
- The payor mix changed as the self-pay revenue share decreased 40bp YoY to 32.8%, the insurance revenue share fell 60bp YoY to 36.5%, the international revenue share increased 20bp YoY to 9.1%, and the institutional revenue share rose 80bp YoY to 21.6%.
- Max Lab's revenue was INR520m for 4QFY26 (+14% YoY).
- Max Home's gross revenue was INR730m (+30% YoY).
- International patient revenue was INR2.3b in 4QFY26 (up by +12% YoY).
- Free cash from operations was INR5.8b vs. INR4.2b in 4QFY25 and INR2.8b in 3QFY26.
- Net debt at the end of Mar'26 was INR19.1b vs. INR21.7b at the end of Dec'25.
- Operational bed capacity as of end-Mar'26 stood at 4,966 beds, following the addition of 412 beds over the LTM period, primarily at MSSH Dwarka, Nanavati-Max, MSSH Lucknow and MSSH Mohali. Further, a 100-bed hospital in village Chitta, Bulandshahr, was divested in 2QFY26.

Other conference call highlights

- In Mohali (426), structural work is ongoing; to start in FY28.
- Dwarka hospital would take 24 months to complete.
- Patparganj hospital to be commissioned by FY29.
- Awaiting plan approval for hospital project at Vaishali.
- MAXH would also be scaling up the capacity in Lucknow.
- Net debt was INR19b (vs. INR22b QoQ) at the end of 4QFY26.

Piramal Pharma Solutions

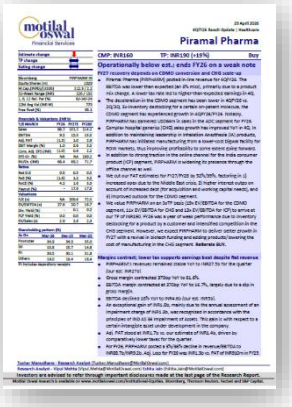
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Piramal Pharma — Buy

Current Price INR 167

- Management guided for early to mid-teens revenue growth in FY27, with EBITDA expected to grow faster and PAT to grow meaningfully. This guidance excludes revival in business from a patent product, which was subject to inventory destocking in FY26.
- Revenue is expected to be 2H-weighted, with growth building progressively from 2Q onwards.
- FY27 capex is expected at ~USD120-135m (vs ~USD94m in FY26, below USD100-125m guidance), with spillover from FY26; largely directed towards Lexington expansion, excluding spend on Kenalog or similar acquisitions.
- Net debt/EBITDA is expected to remain range-bound at ~3.6x through FY27, with interim fluctuations driven by profitability and capex.

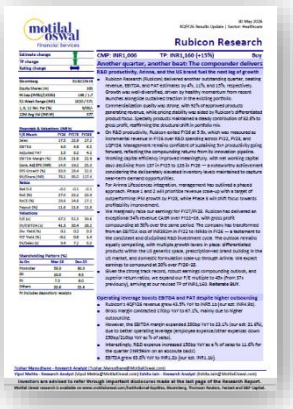

Piramal Pharma

- The CDMO growth outlook remains supported (ex key product) by improved biotech funding in 2H, higher RFP activity, increased order bookings, and better win rates, aiding normalization.
- Continued broad-basing of the on-patent portfolio expected, with lower dependence on a single product and multiple growth drivers emerging from FY27 onwards.
- ADCs are expected to be a meaningful growth driver in the short to medium term, with scaling from FY27/28 onwards supported by recent Phase 3 additions and new client wins.
- Overseas sites (US/UK) expected to sustain growth momentum, supported by strong RFP inflows, order wins, differentiated capabilities, and onshoring tailwinds; mix remains margin-accretive.
- Near-term product strategy focused on selective, opportunistic additions of on-market assets (e.g., Kenalog) to drive FY27 revenues, while new product investments have a longer gestation with returns skewed towards FY30.
- The Middle East situation's impact remains fluid; mitigation includes cost control and selective pass-throughs where contractually feasible.
- Adjusted for the one-off impact, on-patent commercial product revenues grew ~50% YoY in FY26, with the portfolio expanding to ~15-16 products over two years, indicating improved diversification.
- FY26 performance across overseas facilities was mixed, though several UK and North America sites delivered growth driven by demand for niche capabilities (ADCs, high-potent APIs, injectables), with a visible turnaround.
- Intangible write-down of ~INR1.8b is due to capital allocation reprioritization; under-development assets impaired due to weaker market conditions and return profiles, with the decision to discontinue further investments.

Rubicon Research — Buy

Current Price INR 1,272

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Rubicon Research

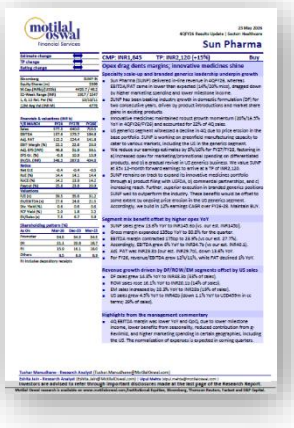
- Rubicon is witnessing broad-based demand across the portfolio for products that have been in the market for a few years now, as well as the recently launched products.
- Management guided a 22-23% EBITDA margin for FY27, factoring in the Pithampur-related opex, ESOP expenses, and Arinna-related expenses, as well as any RM cost/logistics cost escalation.
- While net working capital (NWC) days have reduced from 137 to 126, management indicated NWC days to be in this range (~126) to ensure adequate inventory levels for existing products and upcoming launches.
- Products are filed from the site acquired from Alkem, and Rubicon awaits USFDA inspection. Ramp-up of production from 1QCY27 is on track as guided earlier.
- Strategically, the acquisition of Arinna Life is the extension of go-to-market and not the shift of focus to an alternate geography.
- Rubicon is targeting outperforming IPM growth for the Arinna business by FY28.
- Rubicon indicated the capex spend is disciplined and calibrated based on the product economics and visibility of the business.
- Considering the superior demand for the products, there has been higher outsourcing of manufacturing, dragging the GM to some extent in 4QFY26.
- 24 products are under USFDA review at the end of FY26.

- Out of the total tax payout of INR1b for FY26, INR501m was paid in 4QFY26. Despite this, the CFO was healthy at INR656m in 4QFY26.
- Rubicon is expected to incur capex of INR3b across various sites over the next two years.
- Rubicon pre-tax ROACE of 36% (annualized) is after considering the Pithampur-related operational expenses.
- As of Mar'26, the company has utilized INR3.24b (~68%) out of the total INR4.71b IPO proceeds, primarily toward debt repayment/prepayment (INR2.65b) and inorganic growth initiatives/general corporate purposes (INR590m), with INR1.5b remaining unutilized.

Sun Pharma — Buy

Current Price INR 1,789

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- 4Q EBITDA margin was lower YoY and QoQ, due to lower milestone income, lower benefits from seasonality, reduced contribution from g-Revlimid, and higher marketing spending in certain geographies, including the US. The normalization of expenses is expected in coming quarters.
- SUNP guided for high-single-digit YoY revenue growth in FY27.
- R&D spending is expected to be 6-7% of sales in FY27. Innovation-related R&D spending was INR36.9% of total R&D spend for 4QFY26.
- SUNP has set up an integration management team to start working on Organon business after the acquisition is completed, which is expected by 4QFY27.
- USFDA has accepted the filing of Illumya for psoriatic arthritis with target action date set for Oct'26.
- SUNP garnered USD797m in sales from Illumya in FY26, up 16.7% YoY.
- Innovative medicines continued to grow, offsetting the decline in generics business in the US segment. Innovative medicines exceeded generics sales in the US for the quarter.
- SUNP indicated that the biosimilar version of Stellara is having a limited impact on Illumya sales.
- Innovative medicines, led by Illumya and Odomzo, drove YoY growth in ROW markets for the quarter.
- With respect to MM-II, SUNP is looking for a partner in the US market for further development.
- For the quarter, SUNP received 2 ANDA approvals and filed 7 ANDA. Portfolio includes 57 approved NDAs, while 13 NDAs await US FDA approval.
- Launched 11 new products during the quarter and 37 products year to date within the domestic market.

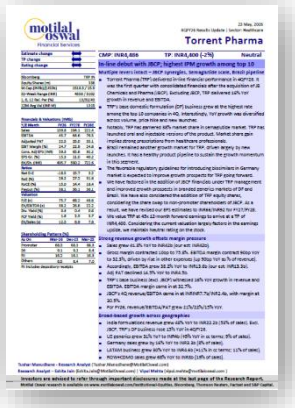
Torrent Pharma — Neutral

Current Price INR 4,370

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- Management indicated that FY27 organic India business growth could be better than FY26 growth, with mid-teen YoY growth appearing achievable, subject to the absence of any external demand shocks.
- In US business, TRP expects launches in single digits in the next 9-10 months, driving single-digit YoY growth in revenue in the next couple of years.
- For Brazil, management guided for 10-15% YoY revenue growth over FY27/FY28.
- Management expects Germany business growth to remain below 5% YoY in FY27. NCLT approval is pending for integration of JBCP with TRP.


Torrent Pharma

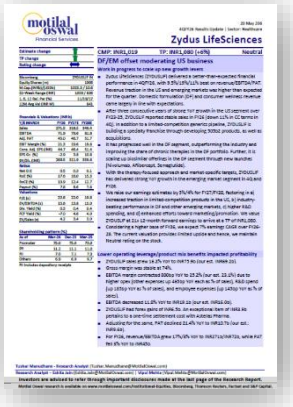
- With respect to JBCP integration, the first step is optimization of the distribution network. TRP is also working on the discontinuation of the low-margin portfolio of the trade generics business in India. The other steps comprise alignment of trade and sales closing practices with the parent entity, including credit period, field incentives, and cut-off policies.
- Some cost reduction happened sooner than expected, driving better EBITDA margin with respect to JBCP integration.
- TRP field force stood at ~7,100 at FY26-end, excluding JBCP.
- Attrition level in JBCP field force was higher than the industry average before TRP's acquisition. TRP aims to reduce the attrition rate to high-single digits.
- Semaglutide launch witnessed a strong start, with TRP ranking first among generic launches. Management indicated total GLP-1 sales across both brands and formats stood at ~INR170m in April, including ~INR110m from injectables and ~INR60m from oral formulations. The company expects the oral market opportunity to be ~20-30% of the injectable market over the medium term. Management indicated market share in oral semaglutide may moderate following the entry of another competitor in May'26.
- PharmaTrac data indicated 14% growth in the base India business in 4QFY26, driven by 3.8% volume growth, 6.7% price growth, and 3.4% contribution from new products, compared to market growth of 1.7%, 5.5%, and 3.3%, respectively.
- TRP is conducting a Phase III clinical trial for Resmetirom, approved by the US FDA for NASH. In the absence of an innovator presence in India, TRP could potentially become the first company to launch the product after patent expiry, subject to successful trial completion.
- In Brazil, management highlighted that the semaglutide market opportunity is ~USD1b, with injectables contributing ~75% and oral formulations ~25%. The company's Ozempic filing is currently under review, with management expecting TRP to be among the first five players upon approval. However, management noted that the Ozempic market is gradually declining as patients shift toward Wegovy, for which the company is still working on filings in Brazil.
- TRP had a price hike of 5% YoY and new introduction revenue growth of 7% YoY in 4QFY26 in Brazil market.
- Landscape for biosimilars is changing very fast, with increased scope of substituting innovator products, supported by regulatory approvals.

Zydus Lifesciences — Neutral

Current Price INR 1,076

- Management guided for consolidated revenue growth in high-teens in FY27.
- Consolidated EBITDA margin is expected to rise above 24% in FY27, supported by an improving product mix and operating leverage.
- R&D spending is guided at ~8% of sales, mainly on generics/value-added generics (~50%) and NCs, biologics, vaccines (>40%).
- North America segment is expected to deliver single-digit growth in FY27 despite a high FY26 base, aided by new portfolio additions.
- The specialty segment within US sales is expected to scale up meaningfully over the next 3-4 years. DF segment is expected to outperform IPM by 200-400bp.

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- FY27 capex guidance stands at ~INR15b, reflecting continued investments in manufacturing and specialty capabilities.
- Quarterly depreciation for FY27 is expected at ~INR5.5b till the capitalization of licensing fees paid to Astellas.
- Additional commercialization investments for Saroglitazar in FY27 are estimated at ~USD17m to support market expansion initiatives.
- Desidustat has received approval from China's regulatory authority for renal anemia, with commercial launch expected in 2QFY27.
- Management remains comfortable operating at a net debt-to-EBITDA ratio of ~1x, providing flexibility for bolt-on specialty acquisitions.
- Recently, it acquired Amplitude Surgical, which currently operates at 20%+ EBITDA margin. Management expects a meaningful scale-up over the next 3-4 years through geographic expansion and cost synergies.
- Biologics sales stood at about INR8b for FY26.

LOGISTICS



- **Management commentaries across the logistics sector remained broadly constructive despite near-term geopolitical disruptions. In 4QFY26, volume growth was supported by healthy consumption-led demand and market share gains amid industry consolidation, though the West Asia crisis impacted volumes during Mar'26. Management expects demand momentum to improve as smaller players continue to face profitability and cost-related challenges. In rail logistics, management of Container Corporation of India remains optimistic about the completion of DFC connectivity with Jawaharlal Nehru Port by Jun'26. This is anticipated to enhance double-stack container movement and support performance from FY27, while maintaining its focus on profitability over low-margin volume growth. Within ports, the management teams of Adani Ports and Special Economic Zone and JSW Infrastructure indicated that the West Asia crisis led to some cargo volume loss during the quarter, partly offset by higher transshipment volumes. APSEZ remains optimistic about container-led growth and coal volume recovery, while JSW Infra expects growth acceleration from FY28 driven by newly commissioned capacities. Both companies continue to focus on building an integrated ports-to-rail logistics ecosystem to support long-term growth.**

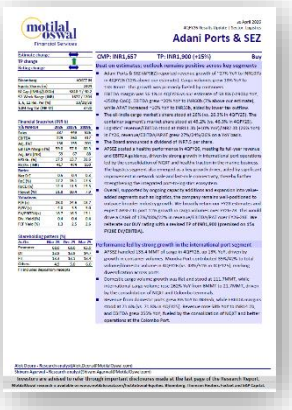
KEY HIGHLIGHTS FROM CONFERENCE CALL

	FY27 outlook	4QFY26 highlights
Adani Ports & SEZ	▪ Management has given revenue and EBITDA guidance of INR430-450b and INR250-260b, respectively, for FY27. ▪ APSEZ plans FY27 capex of INR120-140b to support ongoing expansion across Vizhinjam, Mundra, CWIT Colombo, Dhamra, Ennore, and Kattupalli ports, while investment will be directed to agri-silos and warehousing capacity expansion, and augmentation of the marine and trucking fleet.	▪ 4Q revenue grew ~27% YoY to INR107b. Cargo volumes grew 13% YoY to 133.4mmt. This growth was primarily fueled by containers. ▪ EBITDA margin was 56.1% in 4QFY26 (-290bp YoY, -350bp QoQ). EBITDA grew ~20% YoY to INR60b, while APAT rose ~16% YoY to INR33b, aided by lower tax outflow. ▪ The all-India cargo market's share stood at 26% (vs. 26.3% in 4QFY25). The container segment's market share stood at 45.2% (vs. 46.3% in 4QFY25).
JSW Infrastructure	▪ Management maintained its FY27 guidance of achieving revenue of INR68.5b and EBITDA of INR30b. It expects acceleration in both revenue and EBITDA in FY28, driven by the operationalization of newly expanded capacities. ▪ In FY28, JSWINFRA expects Ports/Logistics revenue of INR80b/INR28 and EBITDA of INR43b/INR7b. ▪ Capex plan stands at INR165b for FY27 and FY28, with INR130b is earmarked for ports and INR35b for logistics.	▪ Revenue grew 19% YoY to INR15.2b. In 4Q, JSWINFRA posted cargo volumes of 31.6MT, up just 1% YoY, due to lower volumes at Fujairah amid the ongoing Middle East crisis and cargo deferments at Indian operations, particularly in March. ▪ EBITDA grew 20% YoY to INR7.7b. EBITDA margin was 50.5%, up ~60bp YoY and ~280bp QoQ. APAT rose ~13% YoY to INR5b. Port revenue grew 12% YoY to INR12.9b. Logistics revenue was INR2.3b. ▪ FY26 revenue/EBITDA/APAT grew 20%/15%/11% YoY, while cargo handled increased 4% YoY to 122mmt.
Delhivery	▪ Management expects to sustain the strong trend in the express business going forward. Revenue growth is likely to be driven by Express Parcel and PTL, with SCS and new services to contribute in subsequent quarters. ▪ The company expects Express business to grow ~15-20% and PTL business to grow~20% annually over the medium term.	▪ The 4Q revenue grew 30% YoY to INR28.5b. Reported EBITDA rose 80% YoY to ~INR2.1b, while EBITDA margins stood at 7.5%, up 210bp YoY and 10bp QoQ. ▪ APAT came in at INR708m (-2.5% YoY). ▪ Core transportation segment, comprising Express Parcel and Part Truckload (PTL), saw robust volume growth (Express Parcel: +73% YoY and PTL: +20% YoY). Service EBITDA margins for Express Parcel/PTL stood at 18.8%/13.4%.
Container Corporation	▪ For FY27, CCRI has guided for 9.5% growth in total volume, with 8%/15% growth in EXIM/domestic volumes. ▪ Management has guided for strong revenue growth, targeting ~INR150b in FY29, driven by robust traction in EXIM and domestic segments. EXIM revenue is expected to post 15% CAGR through FY29, aided by WDFC commissioning, ramp-up in double-stack volumes from Ahmedabad and Jodhpur, and throughput from new terminals at Mandalgarh, Jajpur, and Kadakola. ▪ Domestic revenue is guided to clock ~20% CAGR through FY29, led by incremental volumes from cement tank container contracts with UltraTech, JK Cement, and Adani Cement.	▪ The 4Q revenue dipped 1% YoY to INR22.5b. Total volumes grew 6% YoY to 1.4m TEUs, with EXIM/Domestic volumes at 0.107m/0.36m TEUs (+2%/+19% YoY). Blended realization fell 7% YoY to INR15,803/TEU. EXIM/Domestic realization stood at INR14,015/INR21,112 per TEU (-2%/-19% YoY). ▪ EBITDA margin came in at 18.6. EBITDA dipped 3% YoY to INR4.2b. ▪ In line with the weak operating performance, APAT declined 15% YoY to INR2.5b. ▪ Land license fee for FY26 stood at INR3.95b. ▪ The Board declared a dividend of INR1 per share. ▪ FY26 revenue/EBITDA grew ~2%/1%, while APAT dipped 6% YoY.

Transport Corporation	■ TRPC maintains its consolidated revenue and profit growth guidance in the range of 10-12% for FY27. ■ In FY26, the company reported capex of ~INR3.7b and plans to invest ~INR6b in FY27, with ~INR2.4b to be used for ships.	■ 4Q revenue grew ~12%% YoY to ~INR13.2b. EBITDA margin came in at 10.8% (+50bp YoY/+60bp QoQ). ■ EBITDA grew ~11% YoY to INR1, while APAT grew ~8% YoY to ~INR1.2b. ■ Supply Chain and Seaways revenue grew ~16% YoY, while Freight reported ~13% YoY growth. ■ 4Q EBIT margin for Freight/Supply Chain/Seaways stood at 1.8%/5.4%/39.1%. EBIT margin for Freight/ Supply Chain contracted 50bp/60bp YoY, while EBIT margin for Seaways expanded ~270bp YoY.
Blue Dart Exp	■ Management has not given a specific future growth number. However, it indicated that as the industry grows, BDE expects to play a bigger role, especially in the e-commerce and SME-driven B2C segments. ■ BDE expects margins to expand as a result of yield improvement and network efficiencies rather than operating leverage. ■ Growth in the B2C ground express segment may fluctuate based on economic and demand conditions, but BDE is leveraging India's improving ground infrastructure, such as better roads, to command stronger pricing in this segment.	■ Revenue grew by ~8% YoY to INR15.3b in 4QFY26. ■ The company handled 0.36m tons of cargo volumes (+9% YoY) and 96.2m shipments in 4QFY26. Realization was flat YoY at INR42.6/kg. ■ EBITDA margin came in at 8.1% in 4QFY26 (down 20bp YoY and 370bp QoQ). EBITDA grew by ~6% YoY to INR1.2b. ■ APAT stood at INR433m in 4QFY26 vs. INR532m in 4QFY25. ■ In FY26, revenue/EBITDA/APAT grew by 7%/15%/12%.
Mahindra Logistics	■ MLL guided for continued focus on profitable growth, driven by pricing discipline and cost control. ■ Last-mile delivery is on a path to recovery and is expected to improve gradually going forward, as all pruning actions have been completed in FY26, positioning the business for a return to growth.	■ 4Q revenue grew ~14% YoY to ~INR17.9b. EBITDA margin came in at 6.3% (up 130bp YoY/90bp QoQ). ■ EBITDA grew ~45% YoY to INR1,124m. ■ 4Q26 adj. net profit stood at INR202m vs. an adjusted net loss of INR68m in 4QFY25. ■ In FY26, the company's revenue/EBITDA grew 15%/33%, while its APAT turned positive and stood at INR78m vs a loss of INR359m in FY25.
TCI Express	■ In FY27, management has guided for 10-11% YoY volume growth and 12-15%revenue growth. ■ Management expects a 150bp expansion in EBITDA margin in FY27, driven by cost optimization, high automation benefits, and price hikes. ■ Multimodal revenue share is targeted to rise from 17-18% currently to 20-22% in the next 2-3 years.	■ Revenue grew 6% YoY to INR3.2b. EBITDA stood at INR331m (+26% YoY). EBITDA margin was 10.1%. ■ APAT rose ~7% YoY to INR208m. ■ 4Q volumes grew 5% YoY to 0.267m tons, impacted by the West Asia crisis, which led to subdued logistics activity during the quarter. ■ In FY26, Revenue/EBITDA/APAT grew 2%/6%/5%
VRL Logistics	■ Management expects volume growth to recover, driven by increasing tonnage from existing customers and the onboarding of new clients. Volume is expected to grow ~6-7% in FY27. ■ EBITDA margins are expected to normalize to ~20%, with margin stability supported by improving tonnage growth.	■ Revenue grew 5% YoY to INR8.5b. EBITDA margins stood at 20.8% (-230bp YoY and +20bp QoQ). ■ Healthy EBITDA margin was driven by higher realizations. EBITDA dipped ~5% YoY to INR 1.77b. ■ In line with the operating performance, APAT declined 3% YoY to INR 721m in 4QFY26. ■ FY26 revenue/EBITDA/APAT grew 2%/13%/29%

adani | Ports and Logistics

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Adani Ports & SEZ — Buy

Current Price INR 1,803

Operational highlights

- APSEZ handled 133.4 MMT of cargo in 4QFY26, up 13% YoY, driven by growth in container volumes. Mundra Port contributed 35%/42% to total volume/domestic volume in 4QFY26 (vs. 43%/51% in 4QFY25), marking diversification across ports.
- The all-India cargo market's share stood at 26% (vs 26.3% in 4QFY25). The container segment market share stood at 45.2% (vs 46.3% in 4QFY25).
- Domestic cargo volume growth was flat and stood at 111.7MMT, while international cargo volume rose 262% YoY from 6MMT to 21.7MMT, driven by the consolidation of NQXT and Colombo terminals.
- Net debt-to-EBITDA ratio was 1.9x as of Mar'26. The average debt was 5.4 years.
- Cash and equivalents stood at INR122b, with gross debt of INR551b as of Mar'26.

Ports

- Revenue from domestic ports grew 8% YoY to INR65b, while EBITDA margins stood at 71.6% (vs. 71.8% in 4QFY25).
- The company witnessed subdued dry bulk volumes across certain terminals, which impacted both overall volumes and margins during the period; however, management remains optimistic on a recovery in coal volumes, supported by expectations of subdued monsoon and government directives for coal-based power plants to operate at higher utilization levels to meet rising power demand.
- Commissioned the Haldia Bulk Terminal at Syama Prasad Mookerjee Port, Kolkata, with a dry bulk handling capacity of 4 MTPA, developed under a 30-year DBFOT concession model.
- An MoU was signed with NMDC Ltd and Vale S.A (Brazil) to develop an integrated iron ore ecosystem at Gangavaram Port.
- The company partnered with Motherson Group to establish a dedicated facility for auto exports at the Dighi Port. The new RoRo terminal will handle 200,000 cars per year for exporters in the Mumbai-Pune auto belt.
- APSEZ commenced Phase 2 construction at Vizhinjam port, scheduled for completion by December 2028. The construction will expand Vizhinjam port's capacity to 5.7m TEUs from the current 1.6m TEUs. Total capex is estimated to be ~INR160b.
- **International ports:** Revenue rose 58% YoY to INR14.2b, and EBITDA grew 355% YoY, fueled by the consolidation of NQXT and better operations at the Colombo Port. EBITDA margins rose to 42% in 4QFY26 vs 14.5% in 4QFY25, driven by higher margins in NQXT and Colombo.
- The company completed the acquisition of NQXT Australia, while continuing to expand its international footprint with the commencement of operations at CWIT in Sri Lanka—the country's first fully automated deep-water terminal—and securing a 30-year concession to operate a container terminal at the Port of Dar es Salaam in Tanzania.

Logistics business

- Logistics revenue rose 10% YoY to INR11.3b, driven by recently launched asset-light Trucking and International Freight Network service (representing 52% of
- 4QFY26 Logistics revenue vs. 48% in Q4 FY25). RoCE rose 10% in FY26 vs. 6% in FY25.
- APSEZ handled 0.17m TEUs of container rail volume (-1% YoY) and ~5.6 MMT GPWIS volume (-5% YoY).
- Trucking revenue stood at INR14.7b in FY26 vs. guidance of 3x-4x over FY25 revenue of INR4.3b. EBITDA stood at INR780m in FY26 vs. INR270m in FY25, while margin stood at 5.3% in FY26 vs 6.3% in FY25.
- APSEZ handled 695,517 TEUs container rail volume (+8% YoY) and 21.7 MMT GPWIS volume (-1% YoY) in FY26.
- APSEZ received approval to commence EXIM operations at Virochannagar (Gujarat), Kishangarh (Rajasthan), and Malur (Karnataka) ICDs.
- The company launched double-stack container rake movement between ICD Tumb and ICD Patli.
- It continues to scale up its integrated logistics platform, including rail, trucking, and warehousing segments.

Marine

- The integration of its marine services business (includes Ocean Sparkle, Astro, and TAHID) has been progressing well, and APSEZ achieved INR26.8b in FY26 marine business revenue vs. the 2x target from INR11.4b in FY25.
- Marine business RoCE stood at 13% in FY26.
- Expanded geographical presence to West Africa via en bloc purchase of 4 Platform Supply Vessels (PSVs) and 1 workboat.
- The marine segment's revenue jumped 101% YoY to INR7.3b, driven by a significant increase in vessel count from 76 (Jun'24) to 136 (Mar'26). The ramp-up reflects APSEZ's aggressive expansion and consolidation in marine services.
- APSEZ also focuses on expanding its marine operations globally, with projects in various regions contributing to both revenue and operational efficiency.

Guidance

- Management has given revenue and EBITDA guidance of INR430-450b and INR250-260b, respectively, for FY27.

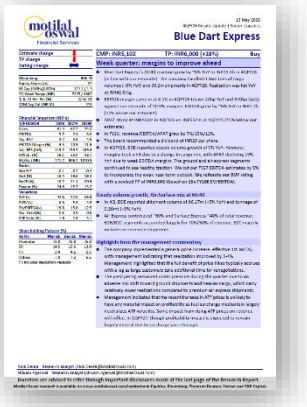
Capex guidance

- FY26 capex stood at INR153b vs plan of INR110-120b.
- The company has planned FY27 capex of INR120–140b to support ongoing expansion across Vizhinjam, Mundra, CWIT Colombo, Dhamra, Ennore, and Kattupalli ports, while the investment will also be directed toward agri-silos and warehousing capacity expansion, and augmentation of the marine and trucking fleet.

Blue Dart Express — Buy

Current Price INR 4,699

Click below for Results Update



Volume and other highlights

- In 4QFY26, BDE handled shipment volumes of 96.17m parcels and tonnage of 0.36mt, reflecting robust operational activity.
- EBITDA margin declined 20bp YoY. Management highlighted an increasing share of heavier shipments/freight-like cargo impacted realizations and margins.
- The company's revenue mix changed, with Air Express contributing ~60% and Surface Express ~40% of total revenue, while the B2B/B2C segments accounted largely for 70%/30%.
- B2C largely includes ecommerce volumes, with Air ecommerce representing ~17-18% and surface ecommerce volumes making up ~12%.
- The company implemented a general price increase, effective 1st Jan'26, with management indicating that realization improved by ~3-4%. Management highlighted that the full benefit of price hikes typically accrues with a lag as large customers take additional time for renegotiations.
- The company holds an estimated market share of ~70% in the organized document express services segment.
- Management indicated that the recent increase in ATF prices is unlikely to have any material impact on profitability as fuel surcharge mechanism largely neutralizes ATF volatility. Some revenue impact from rising ATF prices will reflect in 1QFY27, though profitability impact is expected to remain largely neutral due to surcharge pass-through.

Operations

- Aircraft utilization remained steady at ~85%. The company continues to optimize cargo movement through a mix of owned and commercial aircraft, with ~33% of cargo currently transported via commercial planes.

- FY26 capex was ~INR3.6b, of which roughly INR2b is related to recurring aircraft engine and maintenance. BDE does not expect a jump in annual capex in next few years.
- BDE's service quality continues to be a key differentiator, particularly in the BFSI segment, which contributes around 25-30% of revenue through high-volume document handling. Meanwhile, B2B parcel volumes continue to show steady growth with minimal volatility.

Guidance

- Management has refrained from assigning a specific future growth number. However, it indicated that as industry grows, the company expects to play a bigger role, especially in the e-commerce and SME-driven B2C segments.
- The company expects margins to expand as a result of yield improvement, cost rationalization, product mix optimization, and network efficiencies.
- Growth in the B2C ground express segment may fluctuate based on economic and demand conditions, but BDE is leveraging India's improving ground infrastructure, such as better roads, to command stronger pricing in this segment.

Container Corp — Buy

Current Price INR 452

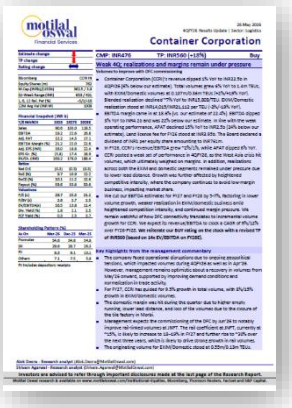
Operational highlights

- In 4QFY26, CCRI reported 6% YoY growth in total volumes to 1.4m TEUs, led by 2%/19% growth in EXIM/domestic volumes to 0.107m/0.36m TEUs, respectively. However, revenue grew marginally by 1% YoY to INR22.5b due to a 7% YoY dip in blended realization to INR15,803/TEU. This was due to a sharp fall in domestic realization by ~19% YoY, which is the lowest since FY12. The domestic realization has been in a downward trend for the past three quarters.
- The company faced operational disruptions due to ongoing geopolitical tensions, which impacted volumes during 4QFY26 as well as in Apr'26. However, management remains optimistic about a recovery in volumes from May'26 onward, supported by improving demand conditions and normalization in trade activity.
- Management expects the commissioning of the DFC by Jun'26 to significantly improve rail-linked volumes at JNPT. The rail coefficient at JNPT, currently at ~15%, is expected to increase to 18–19% in FY27 and further rise to ~30% over the next three years, which is likely to drive strong growth in rail volumes.
- Management clarified that it continues to avoid low-margin business, prioritizing profitability over volume growth.
- CCRI's land license fee (LLF) stood at INR3.95b in FY26.
- During the quarter ended Jun'25, the company reviewed and revised the estimated useful life of its LNG Trucks and Trailers. Consequently, the useful life of these assets has been extended from 8 years to 15 years. As a result, depreciation on LNG trucks & Trailers for FY26 stood at ~INR82m—a reduction of INR81m in FY26. This change led to a corresponding increase in PBT for FY26 by INR81m.
- The company targets 100 terminals and 70,000 containers by 2028.

Volumes

- EXIM volumes stood at 0.107m TEUs (+2% YoY) and domestic at 0.36m TEUs (+19% YoY). EXIM realization fell 2% YoY at INR14,015/TEU, while domestic realization fell 19% YoY to INR21,112/TEU.
- The originating volume for EXIM/Domestic stood at 0.55m/0.13m TEUs.

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Container Corporation

- The domestic margin was hit during the quarter due to higher empty running, lower lead distance, and loss of tile volumes due to the closure of the tile factory in Morbi.
- Management guided to a better FY27, aided by the commissioning of WDFC connectivity by June'26.
- Rail freight margin stood at 27.16%
- In FY26, the company reported a market share of 53.9%(vs 55.2% in FY25) in EXIM and 55.9% (vs 57.6% in FY25) in the domestic segment; overall, the market share stood at 54.5%. There has been a marginal decline in market share, which is primarily attributable to the company's decision to avoid low-margin business. However, declining market share also signifies intensifying competition from private players across the industry
- Management sees a significant opportunity in cement container transport, as only ~10% of cement is currently transported by rail, with the balance moving by road. The company has signed MoUs with Ultratech and Adani Cement to transport 1 lakh tonnes of cement per month, with each of them to tap this opportunity.

Other highlights

- Delays in the delivery of specialized tank containers affected the volumes in FY26, which were hurting domestic volumes. However, it is expected to normalize in FY27.
- CCRI had signed an MOU for developing and managing Common Rail handling operations at Vadhavn port, which is expected to get commissioned by 2030. Total project investment amounts to ~INR5b.
- The company's capex guidance for FY27 stands at INR9.45b.
- Market share as on Mar'26: JNPT – 60%, Mundra – 35.4%, Pipavav – 48.3%. The market share in Mundra declined due to increased competition.

Guidance

- For FY27, CCRI has guided for 9.5% growth in total volume, with 8%/15% growth in EXIM/domestic volumes.
- Management has guided to strong revenue growth, targeting ~INR150bn in FY29, driven by robust traction in both EXIM and domestic segments. EXIM revenues are expected to grow at ~15% CAGR through FY29, supported by WDFC commissioning, ramp-up in double-stack volumes from Ahmedabad and Jodhpur, and throughput from new terminals at Mandalgarh, Jajpur, and Kadakola. Domestic revenues are guided to grow at ~20% CAGR through FY29, aided by incremental volumes from cement tank container contracts with UltraTech, JK Cement, and Adani Cement.
- The commissioning of the Western DFC up to JNPT is on track and expected to be commissioned by June'26. This is expected to significantly enhance volumes, particularly by shifting light cargo from road to rail.

DELHIVERY

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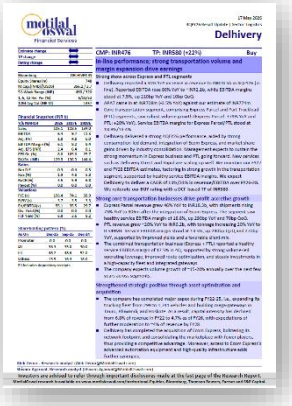


Delhivery — Buy

Current Price INR 438

Operational highlights

- In 4Q, volumes saw a boost even after a strong festive season in 3Q, driven by strong consumption growth, market share gains and better efficiency. Management expects to sustain the strong momentum in express business going forward with 15%-20% annual growth over the medium term.
- The company expects no material impact of the increase in fuel prices, as they have a pass-through mechanism such as fuel surcharge and DPH indexing framework, which covers more than 90% of their contracts across all businesses.



- Management expects to sustain and gain further market share in the near term as competitors face structural headwinds, including low or negative margins, weak incremental profitability, rising cost pressures, and limited operating leverage.
- The company closed the quarter with 52,226 active customers, supported by the integration of Ecom Express and new initiatives such as Delhivery Direct (on-demand intra-city logistics) and Delhivery Protect (insurance cover for transit loss/damage).
- Delhivery continued to drive profitability improvements and shut down select unprofitable accounts to protect margins.
- The company expects to stabilize the corporate overhead expense to 6-7% of revenue in the medium term.
- In 4Q, there was an integration cost of INR220m for Ecom Express.
- Capex intensity has eased, with major investments in mega-gateways and high-capacity trucking already completed. Ecom acquisition brings in automation assets and infrastructure, further lowering future capex needs. On a steady-state basis, management expects capex at ~4% of revenue in the next eight quarters.
- **New services: Delhivery Direct** (on-demand intra-city logistics) is currently operational in six cities, including Mumbai, Hyderabad, Ahmedabad, Delhi NCR, and Bengaluru. The company plans to expand to 1-2 more cities each quarter for the next eight quarters. **Rapid** operates 23 dark stores in four cities, targeting sub-three-hour fulfillment for D2C brands.
- The company expects rapid commerce to contribute ~INR1b in the medium term. **Delhivery Direct** has reached an average annual revenue rate of INR600m.

Express Parcel Business:

- Express Parcel revenue grew 46% YoY to INR18.3b, with shipments growing 73% YoY to 306m, post integration of Ecom Express. Service EBITDA margin remained healthy at 18.8%, indicating strong cost control and network efficiency.
- The company expects ecommerce volume growth at ~15-20% annually over the medium term.
- Express parcel yield was impacted by a change in the product mix after Ecom Express integration, which led to a decline in the average weight per shipment as overall share of heavy volumes in the network has reduced. However, the yield does impact profitability materially as weight and distance-linked costs adjust correspondingly.
- E-Com Express volumes have been largely integrated into Delhivery's network seamlessly.

PTL Business:

- PTL revenue grew ~20% YoY to INR6.2b, with tonnage increasing 20% YoY to 0.549MT. Service EBITDA margin stood at 13.5%, up 240bp QoQ and 270bp YoY, supported by improved yields and a favorable client mix.
- PTL profitability has improved over 13 consecutive quarters, with steady-state EBITDA margins of 16-18% targeted over the next two years.
- The company has expanded its sales team footprint outside metro cities to acquire new customers.

SCS:

- SCS revenue declined ~19% YoY to INR1.85b, partly due to the exit from unprofitable contracts. However, service EBITDA margin improved to 10.8% due to cost control and renegotiated deals.

- The company has built a strong pipeline of over INR18b across consumer durables, auto, FMCG, lifestyle, chemicals and e-commerce clients. The typical conversion timeline for large-scale SCS mandates ranges between 2-3 quarters from the solution development to contracting stage, with an additional quarter for full-scale roll-out as technology integration and physical integration processes are executed.
- The company targeted service EBITDA margin of 12%+, which has been achieved this quarter, and it expects to maintain this and achieve 20%+ RoCE in the medium term.
- Key focus areas include tech stack enhancement (WMS, OMS, TMS), deeper client pipeline, and expansion of white-labelled "Prime" service for D2C and SME e-commerce.
- Revenue guidance is maintained for the segment at INR18-20b over the next three years.

Truckload (TL) Freight and Cross-border Services:

- The TL and cross-border revenue rose 1% YoY to INR1.9b.
- The company also launched Delhivery International, an economy air parcel service on Dec'25 which is currently live in four destination countries, including the US, the UK, Canada and Australia. By 2QFY27, the company plans to launch 10 new destinations.
- Orion and Axle platforms, alongside TransportOne, are expected to contribute to long-term scalability.

Guidance

- Management expects to sustain the strong momentum in the express business going forward. Revenue growth is likely to be driven by Express Parcel and PTL, with SCS and new services contributing in subsequent quarters.
- The company expects Express business to grow ~15-20% and PTL business to grow~20% annually over the medium term.
- The integration cost of Ecom Express stood at INR220m this quarter.

JSW Infra — Buy

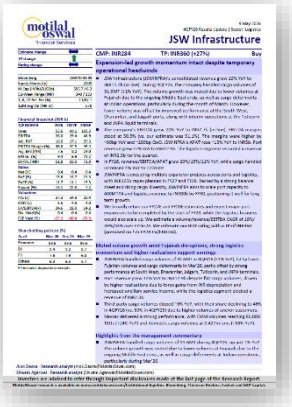
Current Price INR 271

Operational highlights

- JSWINFRA handled cargo volumes of 31.6MT during 4QFY26, up just 1% YoY. The volume growth was muted due to lower volumes at Fujairah due to the ongoing Middle East crisis, as well as cargo deferments at Indian operations, particularly during Mar'26. However, lower volume was offset by improved performance at the South West, Dharamtar, and Jaigarh Port, along with interim operations at Tuticorin terminal and JNPA liquid terminal.
- The company expects operations at the Fujairah terminal to normalize by 2QFY27. Additionally, it has recognized a provision of INR680m toward losses related to three oil tankers. However, the company highlighted that adequate insurance coverage is in place to offset the damages. Operations are expected to progressively normalize, with ~50% capacity likely to restart shortly, subject to regional stability.
- Port revenue grew 12% YoY to INR12.9b despite flat cargo volumes, driven by higher realizations supported by INR170m forex gains from INR depreciation and increased ancillary service income, including storage and transportation services offered to domestic customers. Meanwhile, the logistics segment reported revenue of INR2.3b.

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- Third-party cargo volumes fell ~6% YoY, with their share declining to 46% in 4QFY26 (vs. 50% in 4QFY25) due to higher volumes of anchor customers.
- The company reported a strong balance sheet with gross debt of INR64.1b and cash and bank balances of INR33.1b. Net debt to operating EBITDA stands at 1.2x.
- Navkar delivered a strong performance, with EXIM volumes reaching 86,000 TEUs (+14% YoY) and domestic cargo volumes at 0.427m tons (+56% YoY).

Logistics business roadmap

- JSWINFRA remains focused on scaling its logistics business, leveraging synergies from the Navkar acquisition. It aims to build a pan-India multimodal network, targeting INR80b revenue with a 25% EBITDA margin by FY30.
- In Dec'25, JSWINFRA announced the acquisition of JSW Rail Infra Logistics Private Limited, JSW Minerals Rail Logistics Private Limited, and JSW (South) Rail Logistics Private Limited from JSW Shipping & Logistics Private Limited (Promoter entity) at an enterprise value of INR12.1b. The acquired entities are expected to generate an EBITDA of INR1.5b in FY27. Rail fleet to expand from 25 rakes to 45 rakes by FY27 post-acquisition, targeting 110 rakes by FY30. The transaction got completed in 4QFY26.
- The company commenced interim operations at the Kudathini rail siding in Karnataka.
- JSWINFRA has also received an LOA for the development of the Gati Shakti Multi-Modal Cargo Terminal at Somathane, Maharashtra, under the GCT policy.
- Management expects the group volume to contribute ~35-40% of the total logistics segment's revenue by FY30.

Port updates

- Group cargo volumes were up 8% YoY, which was driven by better performance in Southwest, Dharamtar, and Jaigarh ports.
- The total volume growth was impacted by lower volumes at Fujairah and cargo deferments at Indian operations due to lower availability of vessels and higher freight costs. However, as per the management, the situation is showing some signs of improvement from Apr'26 onwards and expects volumes to improve from hereon.
- It also received approval for interim operations at the SMP Kolkata container terminal.

Key project updates

- JSWINFRA continues to make significant progress across multiple port and logistics development projects. They have entered into a transformative partnership with Minerals Development Oman (MDO) by acquiring a 51% stake in a newly incorporated Port SPV. The SPV will develop and operate a 27mtpa greenfield bulk port to support the industrial minerals projects in the Dhofar region of Oman. With a total project capex of USD419m and a construction timeline of 36 months, the port is expected to commence commercial operations in 1QFY30. The port is designed to handle industrial minerals sourced from MDO's extensive concessions.
- At V.O. Chidambaranar Port in Tuticorin, the company signed the concession agreement in July 2024 for the construction of a 7 MTPA dry bulk cargo berth with an estimated capex of INR6b. The pile foundation is completed while the

conveyor in 90% completed. It handled 1.46MMT of cargo under interim operations during 4Q FY26. Project completion is targeted for 2Q FY27.

- The Mangalore Container Terminal is undergoing a capacity expansion from 4.2MTPA to 6MTPA, backed by a capex of INR1.5b. The project is expected to be ready by 2QFY27.
- At the Kolkata Container Terminal, JSW Infra signed a concession agreement on Sep'25 for the reconstruction of Berth No. 8 and the mechanization of Berth No. 7 with a capacity of 6.3 MTPA and an estimated capex of INR 7.4b. The company has received permission to operate Berth No. 7 and the backup area. Project completion is targeted for 1HFY28.
- At South West Port (Goa), JSWINFRA is expanding terminal capacity from 8.5MTPA to 15MTPA through the construction of a covered shed. With the Consent to Operate (CTO) now in place, total capacity has increased to 11 MTPA, while approvals for the remaining 4 MTPA are currently in process.
- Expansion efforts are also underway at Dharamtar and Jaigarh, where a combined capacity addition of 36MTPA (21MTPA at Dharamtar and 15MTPA at Jaigarh) is planned. This is being developed in line with the 5MTPA steel-making capacity expansion by JSW Steel at Dolvi, the anchor customer. The estimated capex for this project is INR 23.6b, with commissioning expected by Mar'27.
- The proposed Keni Port in Karnataka is a 30MTPA all-weather, greenfield, deep-draft, multi-cargo commercial port with direct berthing facilities. The concession agreement was signed with the Karnataka Maritime Board in November 2023. The project has an estimated capex of INR 41.2b. Environment Internal Assessment report finalized, awaiting Coastal Regulation Zone (CRZ) recommendation. The project is targeting commercial operations by FY29.
- Lastly, the company is advancing the 30MTPA slurry pipeline project in Odisha, connecting Nuagaon to Jagatsinghpur over 302km. As of Mar'26, 247km of welding and 235km of pipeline lowering have been completed. The project is backed by a long-term Take-or-Pay agreement with JSW Steel and entails a capex of INR40b. It is scheduled for completion by Mar'27.

Guidance

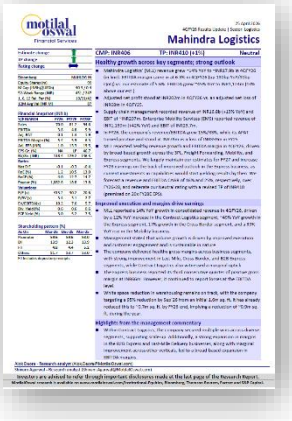
- Management maintained its FY27 guidance of achieving revenue of INR68.5b and EBITDA of INR30b. Further, it expects a sharp acceleration in both revenue and EBITDA in FY28, driven by the operationalization of newly expanded capacities.
- During FY28, JSWINFRA expects Ports and Logistics revenues of INR80b and INR28 respectively. It expects EBITDA for Ports and Logistics to be INR43b and INR7 b, respectively, in FY28.
- JSWINFRA aims to expand port capacity to 400 MTPA by FY30, scale its logistics business to INR80b in revenue with a 25% EBITDA margin through value-accretive inorganic opportunities.
- JSWINFRA's capex plan stands at INR165b for FY27 and FY28, with INR130b is earmarked for ports, while INR35b is earmarked for logistics.

Mahindra Logistics — Neutral

Current Price INR 349

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Results Update




Mahindra Logistics

Business update:

- MLL reported healthy consolidated revenue growth, driven by strong performance across the 3PL, Freight Forwarding, Mobility, and Express segments. Within Contract Logistics, the company secured multiple wins across diverse segments, supporting scale-up. Additionally, a strong expansion in margins in the B2B Express and Last-Mile Delivery businesses, along with marginal improvement across other verticals, led to a broad-based expansion in EBITDA margins.
- The company indicated its intent to step up investments in technology in FY27, highlighting that such investments had been largely deferred over the past two years.
- White space reduction in warehousing remains on track, with the company targeting a 95% reduction by Sep'26 from an initial 1.6m sq. ft. It has already reduced this to ~0.7m sq. ft. by FY26-end, implying a reduction of ~0.9m sq. ft. during the year.
- The express logistics industry is transitioning from aggressive capacity expansion to consolidation and utilization-led growth, favoring players with execution strength and network efficiency.
- Management indicated that the B2B express business is approaching EBITDA breakeven, supported by improving yields, lane utilization, and cost discipline.
- MLL rights issue proceeds were utilized to significantly reduce borrowings, with standalone operations now debt-free. The savings in interest cost post repayment of debt also aided in profitability.

Segment-wise performance and overview:

- **The Contract Logistics** division reported YoY revenue growth of 12% to INR13.8b. Gross margins expanded ~19% YoY. M&M continues to remain a strong anchor client, with growth in its volumes positively supporting the company's overall performance. The company to remain focused on deepening its presence in existing segments while selectively entering new segments to drive incremental growth.
- **The B2B Express** segment delivered revenue of ~INR1.4b, up 49% YoY. The Express business delivered positive gross margins of INR66m and remained gross margin positive for three quarters consecutively since the acquisition. MLL's improved lane utilization enhanced route efficiency, lowered per-unit linehaul and handling costs, and improved revenue per parcel, supporting margin expansion. Under Phase-2 initiatives, MLL continues to focus on automation, hub consolidation, and route density expansion to drive further operating leverage. The company also plans to enter new segments such as volumetric logistics to unlock additional growth opportunities.
- **The Cross-border Services** segment posted revenue of ~INR8.9b, up 17% YoY. Gross margin stood at INR99m, rising 51% YoY. The company is witnessing headwinds in this business segment, driven by ongoing geopolitical tensions, impacting demand and operating environment. MLL maintained its continued strategic focus on key corridors such as the US, Europe, Middle East, and South East Asia.

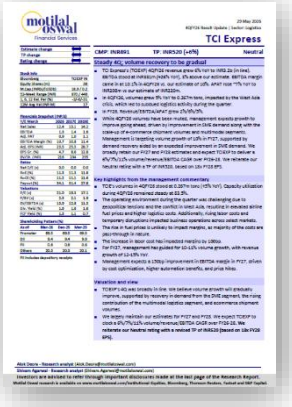
- In **Last Mile Delivery**, revenue stood at ~INR7.2b, down 18% YoY. Gross margin stood at INR65m, rising 8% YoY despite ~18% revenue decline due to strong expansion in margins. The segment faced significant industry-wide pricing pressure and exited low-margin activities while continuing to focus on building a strong presence in high potential areas. Management highlighted that all pruning actions have been completed in FY26, marking the closure of this phase, and expects the business to return to a growth trajectory going forward, supported by a leaner cost structure and enhanced operating efficiency.
- **The Enterprise Mobility** segment recorded strong revenue of INR1.1b, rising 39% YoY. Gross margins stood at INR91m. The company rebranded its B2C business as Alyte. Growth was driven by its focus on acquiring new customers in the B2B segment, while improving utilization levels in the B2C segment and successfully launching Alyte Prive, a premium, B2C mobility service from airport to city and intercity travel.

Guidance:

- MLL guided for continued focus on profitable growth, driven by pricing discipline and cost control. Last-mile delivery is on a path to recovery and is expected to improve gradually going forward, as all pruning actions have been completed in FY26, positioning the business for a return to growth.
- MLL reiterated its commitment to improving profitability, while remaining positive on margin expansion over the near-to-medium term. The company remains focused on driving long-term shareholder value through cost optimization, operating leverage, and improved segmental profitability.

TCI EXPRESS
LEADER IN EXPRESS

Click below for Results Update


TCI Express

TCI Express — Neutral

Current Price INR 517

Operational highlights

- Volumes in 4QFY26 stood at 0.267m tons (+5% YoY). Capacity utilization during 4QFY26 remained steady at 83.5%.
- The operating environment during the quarter was challenging due to geopolitical tensions and the conflict in West Asia, resulting in elevated airline fuel prices and higher logistics costs. Additionally, rising labor costs and temporary disruptions impacted business operations across select markets.
- The rise in fuel prices is likely to not impact margins as it is a pass-through cost.
- The increase in labor cost impacted margins by 100bp.
- The ecommerce shipment currently comprises ~2.5% of the total share; management wants to scale it up to ~5% as it is a high-growing segment.
- In 4QFY26, the company expanded its last-mile delivery network through new branch additions and also commenced operations of the upgraded Nagpur sorting center.
- Capex for FY26 stood at INR670m for the expansion of its branch network, construction of sorting centers, and ramping up of its IT infrastructure.
- The company continues to maintain very low customer concentration, balancing SME and large institutional clients while prioritizing profitable growth over pure volume-led growth.
- The top three sectors (Automobile, Pharma, Textile) together contribute ~55% of revenues.
- It continues to focus on automation, with upcoming facilities in Kolkata and Ahmedabad to replicate technologies deployed at Gurugram and Pune.

- Multimodal Express capabilities remain a strategic focus, with the contribution targeted to reach 20-22% of the total revenue over the next 2-3 years.

Segment performance

- **Surface Express:** Surface Express recorded steady growth in 4QFY26. While it remained the largest revenue contributor, growth continued to be muted, with incremental traction from new customer additions, higher business from key accounts, and increased contribution from Automotive, Defence, Solar, EV, SME, and Pharma segments.
- **Rail Express:** Rail Express continued to scale, delivering 35% YoY volume growth, driven by corridor expansion initiatives and scaling of rail-network operations.
- **Domestic Air Express:** Domestic Air Express recorded 18% YoY growth, driven by improved airport connectivity, shipment consolidation, optimized route planning, and increasing movement from pharmaceutical and temperature-sensitive cargo segments.
- **International Air Express:** International Air Express delivered 22% YoY growth in FY26, supported by customer additions, international partnerships, and cargo consolidation, while also handling larger and specialized shipments. This segment was affected in 4QFY26 by the West Asia crisis.
- **C2C Segment and E-commerce Express:** The C2C segment grew 21% YoY, driven by new customer acquisition, regional expansion, multimodal integration, and adoption of customized delivery solutions, while e-commerce express volumes growth remained healthy, driven by growing volumes from D2C brands, marketplace sellers, and expansion of last-mile delivery operations across key metro markets.

Guidance

- For FY27, management has guided for 10-11% volume growth, with revenue growth of 12-15% YoY.
- Management expects 150bp improvement in EBITDA margin in FY27, driven by cost optimization, higher automation benefits, and price hikes.
- Multimodal revenue share is targeted to rise from 17-18% currently to 20-22% over the next 2-3 years, aided by separate service networks for air, rail, international, and C2C segments.
- The revised capex plan stands at INR4b for FY23-FY27, with INR2.7b spent to date. The company expect not more than INR1.31b capex till FY27, which is below the initially planned capex of INR5b, primarily for automated sorting centers in Kolkata and Ahmedabad, and network expansion.

Transport Corporation of India — Buy

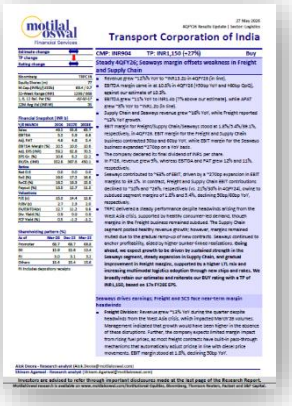
Current Price INR 930

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Freight Segment

- Revenue in the Freight segment grew ~13% YoY during the quarter despite headwinds arising from the West Asia crisis, which impacted volumes in March'26. Management indicated that growth would have been higher in the absence of these disruptions.
- Fuel prices are unlikely to materially impact margins, as most freight contracts have built-in pass-through mechanisms that automatically adjust pricing in line with changes in diesel prices.
- The business faced an impact of 2.5% on growth due to slump sale of chemical business.
- The current LTL and FTL mix stands at 63%:37%.


Transport Corporation of India

- Management highlighted that broader inflationary pressures could weigh on demand across segments.
- Broader economic activity picked up post the GST rate cut, especially in finished goods and inventory rebalancing. The company maintained its strategic focus on expanding its LTL network to capture growth in the fragmented freight market.
- The company is facing margin pressure in this segment owing to continuous elevated operating costs.

Supply Chain Segment

- The supply chain segment's revenue growth rose by ~16% YoY in 4QFY26, supported by steady demand in, retail, consumer and e-commerce/quick commerce segments.
- Management highlighted that automobile OEM production has resumed strongly. While seasonal fluctuations in automobile demand may continue, the overall outlook for the Supply Chain segment remains healthy.
- The company secured several new contracts in 4QFY26, which are expected to materialize sooner.
- Margins and RoCE remained subdued due to continued investments in warehouses and trucks. However, the company remains focused on increasing its capacity in warehousing and fleet.
- The company witnessed strong traction in warehousing and multimodal services, particularly within the automotive sector post the GST rate cut, where it continued to strengthen its hub-and-spoke distribution model.
- The company already operates three rail rakes and is in line with its green logistics strategy. TRPC has ordered two additional rail rakes, which are expected to be commissioned in the next 12-15 months. The newly ordered ones are specially designed to carry two levels of SUVs. With the Indian passenger vehicle market increasingly shifting toward SUVs, the new rakes are expected to enhance efficiency and competitiveness in automobile logistics.

Seaways Segment

- The Seaways segment's revenue grew ~16% YoY in 4QFY26. EBIT margin stood at 39.1%.
- Management expects seaways business to grow at ~5-10% YoY, with similar margins expected as current levels.
- The business benefitted from higher number of voyages.
- The bunker fuel prices have increased sharply (~100%), and the company has largely passed on the higher costs to customers. While demand in 1Q and 2Q is expected to moderate due to seasonality, management does not expect a significant demand disruption from price hikes.
- Management highlighted the higher bunker prices to support revenue growth in the segment.
- Three vessel underwent dry docking in 4Q, and two more are scheduled for similar maintenance in FY27.
- The government's ambition to double the share of waterways in India's modal mix from 6% to 12% by 2030, supported by over USD 120b in planned investments, bodes well for long-term demand. Policy initiatives such as the Sagarmala program and the Coastal Shipping Bill, 2024, are further expected to improve infrastructure and cost efficiencies for domestic coastal shipping.

Joint Ventures

- The company's joint ventures posted healthy revenue growth in FY26.
- The TCI- Concor JV revenue rose 21% YoY.
- The company handled 165k TEUs in FY26 vs 154k in FY25.
- The Transystem JV with Mitsui continued to perform well, growing 11% YoY in FY26.
- Cold Chain JV reported ~16% growth in FY26, supported by customer additions in the quick commerce and retail verticals. Capital employed in the cold chain segment has now crossed INR1b.

Guidance

- TRPC maintains its consolidated revenue and profit growth guidance in the range of 10-12% for FY27.
- In FY26, the company reported capex of ~INR3.7b and plans to invest ~INR6b in FY27, with ~INR2.4b to be used for ships.

VRL Logistics — Buy

Current Price INR 235

Operational highlights

- Revenue grew 5% YoY with volume and realization rising 3% YoY.
- EBITDA margin continues to remain healthy, driven by higher realizations.
- Management indicated that an increase in diesel prices is unlikely to materially impact EBITDA margins, as the additional fuel costs are being passed on to customers through selective freight hikes and fuel surcharge mechanisms.
- Internal fuel procurement decreased significantly to 36.04% (vs. 41.5% YoY), reducing fuel cost as a percentage of revenue to 21.4% (from 23.3%). Management highlighted that the company is currently not availing direct fuel procurement due to elevated bulk fuel supply rates. Lorry hire charges rose to 5.8% from 4.1%, due to lower own fleet utilization and higher use of external vehicles.
- Textile remained the largest segment (~17–18% of revenue), followed by agri-related products (~10–11%).
- Door-to-door delivery mix increased to ~39–40% from ~33–34% earlier, improving realizations by ~INR1–1.5/kg.
- LTL contributed 89.5% to total revenue, while FTL accounted for 8.7% in FY26.
- Capex during the quarter stood at INR1.8b, while capex incurred for FY26 stood at INR2.98b
- Fleet size stood at 5,932 vehicles (vs. 6,115 YoY). Net vehicles declined by 183 YoY, reflecting improved asset utilization and selective scrapping of high-maintenance vehicles. Further, 14% of the fleet is fully depreciated, while 77% remains debt-free.
- VRL maintains the lowest attrition rate in the industry and continues to deliver high service levels with strong human capital and operational systems.

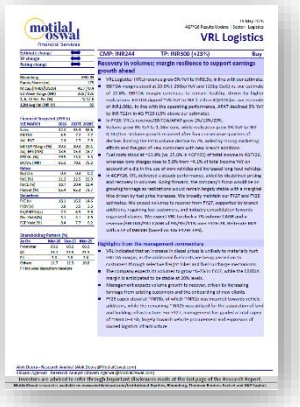
Operational efficiency and network expansion

- FY26 capex stood at ~INR3b, of which ~INR1b was incurred towards vehicle additions, while the remaining ~INR2b was utilized for the acquisition of land and building infrastructure. For FY27, management has guided for a total capex

VRL LOGISTICS LIMITED

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of ~INR3–3.5b, largely towards vehicle procurement and expansion of owned logistics infrastructure in the same ratio as in FY26.

- Investments in proprietary in-house digital infrastructure, including GPS tracking, real-time route optimization, OTP-based vehicle unlocking, consignment barcoding, and CCTV-based security systems, have contributed to better claim ratios and cost savings.
- Total branches stood at 1,293 as of Mar'26.
- VRL aims to augment its existing branch and franchise network to drive tonnage growth, while exploring expansion opportunities in the eastern and northeastern regions.

Guidance

- Management expects volume growth to recover, driven by increasing tonnage from existing customers and the onboarding of new clients. Volume is expected to grow ~6-7% in FY27.
- EBITDA margins are expected to normalize to ~20%, with margin stability supported by improving tonnage growth.

METALS



- **In Metals, management indicated that NSRs in the ferrous segment are expected to rise further, even though coking coal costs are likely to increase by USD10-15/t in 1Q. Margin resilience is expected to be supported by improved NSR, higher volumes from newly commissioned capacities, and a growing share of captive raw materials. In the non-ferrous segment, management guided a stable cost of production, while favorable pricing trends are expected to drive margin improvement over the coming quarters. Overall, management stated that 4Q performance was decent and higher than expected on the earnings front, with further improvement anticipated in 1HFY27, led by better volumes, with supportive pricing offsetting the inflated cost structures. While global uncertainties may exert pressure on global metal and raw material prices, companies believe domestic operations are relatively insulated, supported by safeguard duties in the ferrous segment and favorable pricing dynamics in non-ferrous metals.**

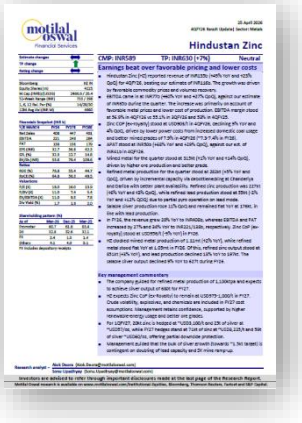
KEY HIGHLIGHTS FROM CONFERENCE CALL

	Outlook for FY27	Drivers
Tata Steel	▪ EBITDA for Europe's operations is expected to improve over the coming quarters on account of ongoing cost-restructuring measures, improving prices, and regulatory measures (CABM/reduction in import quotas) aimed at supporting the domestic business. Meanwhile, margins in the Netherlands are likely to witness temporary pressure due to production disruptions and transition-related costs. ▪ While near-term uncertainties persist related to price volatility and emission challenges in Europe, TATA's long-term outlook remains strong.	▪ Management has guided for an incremental volume addition of 2mt in FY27, largely driven by India operations, Kalinganagar ramp-up, and Ludhiana EAF. ▪ Management indicated that India's realizations are likely to improve by INR6,000/t QoQ in 1QFY27, the UK's realizations will improve by GBP80/t QoQ, and the Netherlands' realizations by EUR80/t QoQ. ▪ Coking coal consumption costs are expected to increase sequentially by USD15/t in India and about USD10/t in the Netherlands in 1QFY27. Iron ore costs in the Netherlands are also expected to increase by USD5/t in 1Q.
JSW Steel	▪ We believe JSTL is well-placed to benefit from new capacities coming on-stream, strong domestic demand, and a rising share of value-added proportion in its sales mix. Its focus on increasing the captive share of iron ore and improving coal linkages is expected to support earnings. ▪ Going forward, we estimate double-digit revenue growth over FY27-FY28, driven by the ramp-up of new capacities and price recovery, led by safeguard duties. Despite input cost volatility, we believe EBITDA/t will rebound to ~INR14,000/t by FY28E, supported by a rebound in domestic steel prices and the benefits of safeguard duties.	▪ Management has guided for consol. steel production of 29.75mt and sales volume of 28.6mt for FY27 (ex-volume from BPSL-JFE JV). ▪ The company increased flat steel prices by ~INR2,000/t in Apr'26 and another INR1,000/t in May'26, which, combined with quarterly automotive contract resets, should support stronger realizations in 1Q. ▪ The company expects coking coal costs to rise by another USD12–15/t in 1QFY27, while overall steel conversion costs may increase by roughly INR3,000/t QoQ.
Jindal Stainless	▪ We expect earnings to remain strong in FY27/28, mainly on account of incremental volumes from newly added capacity and healthy SS prices offsetting the inflation-led rise in nickel prices. While there would be near-term challenges related to cost inflation, the medium- to long-term outlook remains robust. ▪ At the industry level, SS demand is set for strong growth and is projected to reach over 7mt by FY31, driven by domestic SS consumption. As the dominant player in the SS space, we believe JDSL is well-placed to capitalize on this robust demand outlook, with a higher share of VAP expected to support margins.	▪ Management expects 7-9% volume growth for FY27 and EBITDA/t in the range of INR18,000-20,000 for 1HFY27. This assumption is factoring in cost pressures arising from higher gas prices and other input costs. ▪ The company has guided for a total capex of ~INR26b in FY27, focused on securing raw materials, increasing value addition, and enabling long-term scalable growth. ▪ For future expansion, land acquisition is underway in Maharashtra, where the company plans to first build downstream capacities, followed by upstream integration.
Hindalco	▪ The strong earnings outlook for the Indian business remains intact, and Novelis' volume/EBITDA is expected to recover from 2Q/3QFY7 onwards, with the Oswego facility coming on stream in Jun'26. ▪ In addition, with the commissioning of downstream capacity, Indian business margins are expected to expand, offsetting the near-term cost inflation. Meanwhile, Novelis is expected to witness strong incremental volumes from the Bay Minette project, which is expected to get commissioned by 3Q/4QFY27.	▪ Upstream aluminum costs increased by 2.5% QoQ in 4QFY26, and the company expects a further 5% cost inflation in 1QFY27, mainly due to rising costs amid geopolitical disruptions. ▪ Management guided for capex of ~INR120b for its Indian business in FY27, which is expected to increase further to INR150-170b in FY28, as aluminum smelter and copper expansion projects accelerate. ▪ Novelis announced that the commissioning of the Oswego hot mill has started, and coils are expected to roll off the mill in the next few weeks (vs. the earlier guidance of Jun'26 end).

Hindustan Zinc Limited

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Hindustan Zinc — Neutral

Current Price INR 610

Performance guidance

- The company has guided for refined metal production of 1,100ktpa and expect to achieve the silver output of 680t for FY27.
- HZ expects Zinc CoP (ex-Royalty) to remain at USD975-1,000/t in FY27. Crude volatility, explosives, and chemicals are included in FY27 cost assumptions. Management retains confidence, supported by higher renewable-energy usage and better ore grades.
- For 1QFY27, 20kt zinc hedged at ~USD3,100/t and 25t of silver at ~USD57/oz, while FY27 hedges stand at 71kt zinc at ~USD3,225/t and 59t of silver ~USD60/oz, offering partial downside protection.
- Natural gas shortages led to a marginal ~USD11/t cost increase in 4Q, with no impact on production volumes.
- Renewable energy contributed 18% of total power in FY26, and the company expects to reach 30-35% in FY27.
- Over the next five years, FCF pre-project capex is projected at ~INR500b cumulatively, with a CoP of USD1,000/t, considering ~70% RE usage by FY28.
- Management guided that the bulk of silver growth (towards ~1.5kt target) is contingent on the doubling of lead capacity and SK mine ramp-up.

Capacity update/capital allocation

- The company targets 2mt metal capacity by FY31 (vs ~1.1mt currently), with zinc at ~1.6mt and silver at ~1.5kt, positioning HZ as a scaled global player. Capex would be funded via a mix of internal accruals and debt.
- The Board approved Phase-1 capex of INR120b, which includes 250ktpa zinc smelter at Debari + leaching and purification plant and an additional 160ktpa roaster, taking the total capacity to ~1.38mt, with execution timeline of ~36 months.
- FY27 capex is guided at USD500-600m towards smelter expansion, tailings reprocessing, and fertilizer project, supporting medium-term volume growth.
- For 250ktpa, integrated refined zinc capacity expansion, the site mobilization is completed and detailed engineering & mining partner deployment at site are currently underway, with an expected completion timeline of 2QFY29.
- The company completed detailed engineering at Rampura Agucha for the Zinc 10mpta Tailings Reprocessing Plant. Major orders have been placed and activities have started at site, with expected completion by 4QFY28.
- The 510kt DAP/NPK fertilizer plant at Chanderiya is in progress and will be commissioned by 2QFY27 (earlier 1QFY27).
- The hot acid leaching plant for lead (27mtpa) and silver (6ktpa) recovery from smelting waste at Dariba will be completed by 2QFY27 (earlier 4QFY26).

ADITYA BIRLA
HINDALCO

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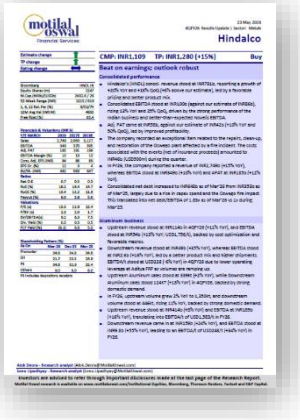
Hindalco Inds — Buy

Current Price INR 1,139

Business Guidance and Market outlook:

- The coal mix during 4QFY26 consisted of 61% linkage coal, 37% e-auction coal and limited volumes from captive mines.
- HNDL has hedged 29% of FY27 aluminum exposure at USD3,013/t and 14% of currency exposure at INR90.13/USD.





- Management highlighted that most Western aluminum smelters are currently operating at costs above USD3,400/t, whereas HNDL costs remain significantly lower at ~USD2,000–2,200/t.
- Upstream aluminum costs increased by 2.5% QoQ in 4QFY26, and the company expects a further 5% cost inflation in 1QFY27, mainly due to rising costs amid geopolitical disruptions.
- Global copper concentrate markets remain in an unprecedented tight phase, with spot TC/RCs falling to nearly -21 cents/lb due to a structural imbalance between smelting capacity and mine supply.
- HNDL has already contracted more than 85% of copper concentrate requirements at benchmark terms, limiting exposure to spot market volatility.
- Sulfuric acid prices continued to rise sharply due to Middle East geopolitical disruptions and export restrictions from China. Management expects sulfuric acid prices to remain elevated in 1QFY27, supporting another strong quarter for copper profitability. However, prices may fall when war situations stabilize. The company reiterated normalized copper EBITDA guidance of INR6-7b per quarter over the medium term.
- Management stated that the global aluminum market outlook has tightened significantly following geopolitical disruptions in West Asia. The market is now expected to move from an earlier forecast deficit of 0.3mt to a deficit of 1.5mt in CY26 due to supply disruptions.
- Aluminum prices and premiums are expected to remain supported during 2Q/3QCY26 as inventories continue to decline. Global aluminum inventories have fallen to ~8mt (40 days of consumption), reflecting tightening supply.

Capex and capacity update:

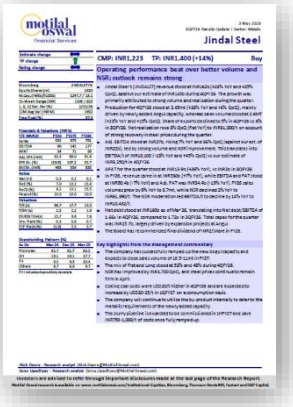
- Management guided for capex of ~INR120b for its Indian business in FY27, which is expected to increase further to INR150-170b in FY28, as aluminum smelter and copper expansion projects accelerate.
- Management indicated that the Aditya FRP plant continued to ramp up successfully, whereas the battery enclosure facility has now reached full ramp-up, operating at optimal utilization levels.
- The Aditya battery foil project was commissioned during the quarter, while the Taloja AC fin facility has entered commissioning and customer qualification is currently underway.
- Banda coal mine completed the box-cut activity during the quarter. However, due to higher stripping ratio, any meaningful production is expected from FY28 only.
- Chakla coal mine is expected to begin initial coal production by 4QFY27, while Meenakshi mine is likely to ramp up faster due to its lower strip ratio.
- Management emphasized that captive coal mines will structurally stabilize HNDL power costs over the long term and improve cost competitiveness across cycles.
- The company commissioned its hydrate specialty alumina facility during 4QFY26, and customer qualification processes are currently ongoing. Management indicated that ~50% of the specialty alumina business remains linked to alumina index pricing, while the remaining portion consists of higher-value products with independent pricing structures.
- The company aims to gradually transition the specialty alumina portfolio toward entirely value-added and non-index-linked products over time.
- HNDL's 50kt copper recycling project is expected to commission in Aug'26.

- The Inner Groove Tube (IGT) project is currently under customer qualification and will strengthen the company's downstream air-conditioning tube portfolio.
- Expansion plans in battery-grade copper foil are being recalibrated due to slower-than-expected EV battery manufacturing growth in India.

Jindal Steel — Buy

Current Price INR 1,211

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Guidance and outlook

- The company has successfully ramped up the new Angul capacity and expects to close sales volume of 10.5-11mt in FY27.
- The mix of Flat and Long stood at 52% and 48% during 4QFY26.
- NSR has improved by INR4,700 QoQ and steel prices continue to remain firm in April.
- Coking coal costs were USD20/t higher in 4QFY26 and are expected to increase by USD20-25/t in 1QFY27 on a consumption basis.
- The company will continue to utilize the by-product internally to cater to the metallic requirements of the newly added capacity.
- Only Australia mines written down – impairment charge of INR14.3b on standalone basis and INR8.3b on consolidated basis. Other mines are operating well and are EBITDA positive.
- The safeguard duty has been reduced from 12% to 11.5% from April 21st, 2026 as per the earlier notification.

Capex and capacity update

- Management expects capex of INR75-100b for FY27.
- During the quarter, JINDALST has operationalized both SBPP Modules. With this, the company has successfully turned around the 1,050MW power plant acquired under the IBC framework. This power capacity will require a few months to stabilize and largely fulfill the internal requirement.
- The company commissioned BOF3-3MTPA during the quarter.
- Its Angul expansion plans are largely completed.
- The slurry pipeline is likely to be commissioned in 1HFY27 and save INR750-1000/t of costs once fully ramped up.
- Jindal Paradip Port with 25 MTPA capacity is expected to be commissioned in a phased manner in FY27.
- During 4QFY26, the company commissioned the pipe conveyor between Utkal mines and the Angul steel plant. This is expected to reduce logistics costs.

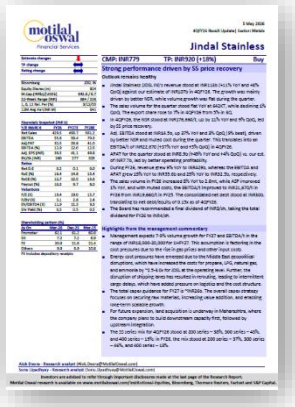
Jindal Stainless — Buy

Current Price INR 682

Click below for Detailed Concall Transcript & Results Update

Guidance:

- Management expects 7-9% volume growth for FY27 and EBITDA/t in the range of INR18,000-20,000 for 1HFY27. This is factoring in the cost pressures due to the rise in gas prices and other input costs.
- Energy cost pressures have emerged due to the Middle East geopolitical disruptions, which have increased the costs for propane, LPG, natural gas, and ammonia by ~2.5-3.0x for JDSL at the operating level. Further, the disruption of shipping lanes has resulted in rerouting, leading to intermittent cargo delays, which have added pressure on logistics and the cost structure.
- The company plans to mitigate the cost pressure by diversifying to natural gas, coal gasification, and green hydrogen, with a 600 NM3 green hydrogen plant expected at Jaipur and scaling it from 90 to 400NM3 at Hisar by Jun-Jul'26.


Jindal Stainless

- The SS series mix for 4QFY26 stood at 200 series – 38%, 300 series – 43%, and 400 series – 19%; in FY26, the mix stood at 200 series – 37%, 300 series – 46%, and 400 series – 18%.

Capex update:

- JDSL commissioned a 1.2 mtpa stainless steel melt shop in Indonesia, securing access to nickel. It plans to import slabs from Indonesia and process them in India, retaining value-added margins domestically.
- The company is also expanding downstream capacity that includes 1.1 mtpa HRP line and 0.17mtpa CRP line at Jajpur. Also planned to INR9b towards augmenting cold rolling capacity at Hisar and Kharagpur, taking the cold rolling capacity to 2.67mtpa by FY28, enhancing the product mix and profitability. Management guided that this integrated expansion will support its annual total sales volume to reach 3.5mt by FY29.
- The total capex guidance for FY27 is ~INR26b. The overall capex strategy is focused on securing raw materials, increasing value addition, and enabling long-term scalable growth.
- For future expansion, land acquisition is underway in Maharashtra, where the company plans to build downstream capacity first, followed by upstream integration.

Other Highlights:

- The suspension of QCO has allowed the entry of lower-quality imported stainless steel into the Indian market, creating a challenging environment for domestic producers.
- The company continues to engage with the government for the reinstatement of quality control measures and also for the Anti-Dumping duty, for which a verifier is likely to be appointed in 1Q.
- Domestic demand remained resilient, supported by key end-use sectors such as automotive, pipe and tube, railways, metro, elevators, and white goods, which continued to drive steady consumption.
- The railway segment is seeing increasing stainless steel usage, particularly in modern AC coaches that require stainless steel structures. Metro projects across cities like Bengaluru, Mumbai, Gurugram, and Delhi are expected to significantly boost demand going forward.

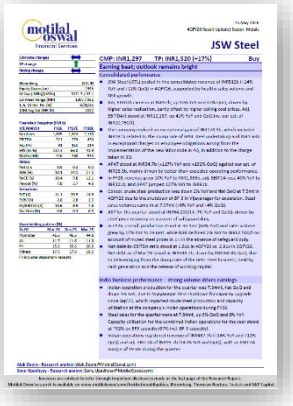
JSW Steel — Buy

Current Price INR 1,312

Guidance and Outlook:

- Management guided for 29.75mt of consol. steel production and sales volume of 28.6mt for FY27 (ex-volume from BPSL-JFE JV).
- Management clarified that only part of the recent price increase was reflected in 4Q earnings, and the balance benefit is expected to flow into 1QFY27 due to contractual and lag effects.
- The company stated that flat steel prices were increased by ~INR2,000/t in Apr'26 and another INR1,000/t in May'26, which, combined with quarterly automotive contract resets, should support stronger realizations in 1QFY27.
- Management acknowledged near-term cost pressure from coking coal, freight, LNG, and geopolitical disruptions, but indicated that recent steel price increases should offset much of the inflationary impact.

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- The company expects coking coal costs to rise by another USD12-15/t in 1QFY27, while overall steel conversion costs may increase by roughly INR3,000/t QoQ.
- Management cited that European HRC prices are currently around USD830/t, while US HRC prices remain close to USD1,100/t, indicating that India still remains competitively priced globally.

Capex:

- The company guided for capex of INR220-240b for FY27, while cumulative approved growth capex currently stands at INR1.26t to be spent over the next 4-5 years.
- Management indicated that total long-term capex, including mining, downstream, and JV equity commitments, could eventually approach INR2.25t to be spent till FY33.
- JSW Steel significantly upgraded its long-term growth ambitions by increasing its India steelmaking capacity (ex-JV) target to 62mtpa by FY32 (earlier 50mtpa target by FY31).
- Combine with the proposed JV with JFE Steel and POSCO, the total India capacity is expected to reach 78mtpa by FY32, positioning JSW among the largest steel producers globally.
- Vijayanagar BF3 expansion from 3mtpa to 4.5mtpa is currently under testing and commissioning, and incremental volume is expected from 2QFY27 onward.
- Management announced a further 5mtpa expansion at Vijayanagar, which will take total site capacity to 25mtpa, making it the world's largest single-location steel plant. The company is targeting to complete it by FY30 with a capex outgo of INR260b.
- The Dolvi Phase III expansion from 10mtpa to 15mtpa remains on track for completion by Sep'27 and will enhance flat steel capacity.
- The company also reiterated that the first phase of the 5mtpa JSW Utkal steel project in Odisha is targeted for commissioning by FY30 and confirmed the 2x8mtpa pellet plants each at Utkal to be commissioned by FY28.
- The 30mtpa slurry pipeline project in Odisha is progressing well and is expected to be operational by FY27, improving logistics efficiency and lowering raw material transportation costs.
- At Kadapa, the 1mtpa structural mill project remains under implementation, with commissioning targeted by FY29.
- Management emphasized that downstream expansion remains a strategic priority, with nearly 3mtpa of new value-added capacities planned across galvanized, electrical steel, tinplate, cold rolled, and structural steel segments.
- New 6mtpa expansion in JV with POSCO - The JV will set up a greenfield 6mtpa integrated steel plant in Dhenkanal, Odisha. The facility will comprise steelmaking, hot rolling, and cold rolling/coating processes, producing high-grade flat steel for diverse applications, including for the automotive sector. The JV will also aim to synergize with POSCO's 1.8mtpa downstream unit in Maharashtra.

Raw material security (Iron ore/Coal mines):

- On the iron ore front, the company currently operates 13 mines out of a portfolio of 25 mines, with a total resource base exceeding 1.7 billion tonnes,

excluding exploration-stage assets. JSW reiterated its target of achieving 50% captive iron ore integration by FY31.

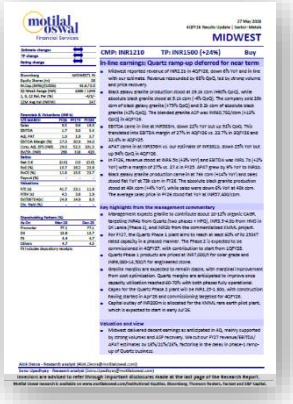
- Management noted that the company currently has environmental clearances sufficient to support up to 50% captive iron ore usage, although actual utilization is optimized based on logistics economics.
- On coking coal, management stated that the Mozambique asset has the potential to materially improve long-term cost competitiveness and raw material security. The first phase of Mozambique coal production is targeted by mid-CY28 with around 5mtpa of usable coking coal output.
- Management indicated that the Mozambique asset alone has the potential to yield nearly 250MT of usable coking coal, with the first production phase targeted by mid-CY28 at around 5mtpa.
- Including Illawarra and domestic coal assets, JSW expects to achieve nearly 10mtpa of captive coking coal availability by FY31, meeting roughly 50% of its total coking coal requirement.

Other Highlights:

- Management highlighted that India remains the key global steel growth market, with domestic steel demand expected to grow by 7-9% in FY27.
- Global growth outlook is resilient at above 3%, despite the Middle East conflict. The Middle East crisis is causing supply disruptions, inflationary risks (particularly energy), and pressure on interest rates. Potential resolution will enable gradual normalization.
- JSW expects further deleveraging after receipt of the second tranche of INR79b from JFE equity infusion by Jun-end.

MIDWEST

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Midwest — Buy

Current Price INR 1,254

Guidance

- Management expects granite to contribute about 10-12% organic CAGR, targeting INR4b from Quartz (two phases + HPQ), INR3.5-4.0b from HMS in Sri Lanka (Phase 1), and INR2b from the commercialized KMML project.
- For FY27, the Quartz Phase 1 plant aims to reach at least 60% of its 250KT rated capacity in a phased manner. The Phase 2 is expected to be commissioned in 4QFY27, with contribution to start from 1QFY28.
- For the granite, management increased prices by 4% for export buyers to offset fuel cost increases, anticipating further compensation from dollar support.
- Quartz Phase 1 products are priced at INR7,000/t for solar grade and INR9,000-14,500/t for engineered stone.
- Granite margins are expected to remain stable, with marginal improvement from cost optimization. Quartz margins are anticipated to improve once capacity utilization reaches 60-70% with both phases fully operational.
- Fuel is a primary cost pressure and the company plans to mitigate the cost through green EV initiatives, captive solar and building EV fleet.
- Energy requirements constitute 17-18% of the cost, with fossil fuel dependency reduced to 12-13%, and an additional 10% conversion to green energy is targeted this year.

- In 4QFY26, inventory increased by 4,000-5,000 CBM due to logistics issues, which would have added INR250m to revenue.

Capex and capital allocation

- The company is pursuing green EV initiatives and captive solar to contain energy costs, with plans to build 0. 6MW of solar this year, aiming for 10% of energy requirements from renewables.
- Initial glitches in the Quartz production process in the last six months dented revenue, with an adverse financial impact of ~INR60m.
- Capex for the Quartz Phase 2 plant will be ~INR1.25-1.30b, with construction having started in Apr'26 and commissioning targeted for 4QFY26.
- Capital outlay of INR200m has been allocated for the KMML rare earth pilot plant, which is expected to start in early Jul'26.
- The heavy metal sands project in Sri Lanka is delayed due to policy changes, with parliamentary approval expected in Jun'26, after which a mining license can be pursued.

Other highlights

- New 30-year mining lease for Black Galaxy has started production and is expected to contribute 10,000-12,000CBM, generating revenue of INR700-800m.
- Management sees a direct sales opportunity in new Middle Eastern markets (Algeria/Egypt), which have started importing granite blocks instead of slabs.
- The company is currently streamlining the HPQ supply chain by directly engaging with solar panel manufacturers, cutting out traders and reducing lead times by 5-6 months.
- Quartz is a bulk commodity sensitive to logistics pricing, leading the company to focus on building resources in South India, particularly Andhra and Telangana, due to the plant's location.
- For rare earth oxides, the PLI scheme for magnet manufacturing has a government-fixed market price of INR2,150/kg, but reverse bidding could lead to lower prices, with raw material costs being the primary driver of margins.

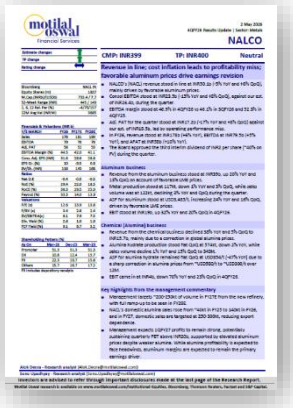
NALCO — Neutral

Current Price INR 437

Capex and capacity update/timeline

- The planned 0.5mt aluminium smelter will be associated with captive power infrastructure. Detailed project reports (DPR) are expected by Sep-Oct'26, with ordering likely by FY28 and commissioning targeted by FY31.
- The total project cost is estimated at INR230-240b for NACL (post JV adjustments), with annual capex expected to rise from INR20b in FY27 to INR40-50b in FY28, peaking at INR80-100b in FY29-FY30 as the order for the smelter and the CPP is placed.
- NACL confirmed its power plant expansion is expected through a 50:50 JV with NLC India Limited (formerly Neyveli Lignite), reducing NACL's standalone capex burden. It also provides coal security through nearby lignite resources.
- NACL's fifth stream alumina refinery of 1mtpa is on track, with completion target by Jun'26 and 1-2 months delay as part of the commissioning process.

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Volume and demand guidance

- Management targets ~200-250kt of volume in FY27E from the new refinery, with full ramp-up to be seen in FY28E.
- Historically, 40-50% of NALCO's alumina exports were directed to the Middle East; however, smelter curtailments in the region have reduced demand and pressured spot prices. However, management indicated no meaningful impact on shipment volumes, as orders are being redirected to alternative markets such as Indonesia and other geographies.
- NACL's domestic alumina sales rose from ~40kt in FY25 to 140kt in FY26, and in FY27, domestic sales are targeted at 250-300kt, reducing export dependence.

Pricing and cost guidance

- Management expects continued pressure on alumina prices in FY27, with average realizations projected at ~USD300-USD310/t against USD376/t in FY26.
- In 4QFY26, the alumina realization stood at USD348/t, while in 1QFY27, it trended lower at ~USD320/t. The decline is attributed to Indonesian refinery overcapacity and reduced Middle East smelter demand due to geopolitical disruptions. NACL believes alumina prices are near the bottom but expects oversupply to persist, at least in FY27.
- Current aluminum prices range at USD3,500-3,600/t due to war-related disruptions and curtailed Middle Eastern smelter output. NACL expects average FY27 aluminium realization to normalize to ~USD3,000-3,100/t if capacity in the Middle East comes online; however, the price will still be significantly above the FY26 average of ~USD2,674-2,700/t. Therefore, since aluminum contributes ~73% to NACL's revenue, higher aluminum prices are expected to offset lower alumina profitability and support overall margins.
- For FY26, alumina CoP was maintained at INR20,000–22,000/t, while aluminum cost stood at INR1.55-1.60lakh/t. Although caustic soda, CPC, pitch, fluoride, and HFO prices are rising in FY27, management expects total aluminum cost to remain capped near INR1.6 lakh/t due to higher captive coal supply, lower employee costs, and better power economics (Power cost accounts for ~INR55,000–60,000/t of aluminum at INR3.15/unit).
- Employee costs declined from 18% to 16% of total expenditure in FY26, aided by the retirement of higher-paid employees (~250 employees will retire annually for the next several years) and replacement with lower-cost recruits.
- A 10-15% pay revision impact is expected from Jan'27 onward, though per-unit employee cost should remain efficient due to higher production volumes.
- Management expects 1QFY27 profits to remain strong, potentially sustaining quarterly PBT above INR20b, supported by elevated aluminum prices despite weaker alumina. While alumina profitability is expected to face headwinds, aluminum margins are expected to remain the primary earnings driver.

Coal outlook

- NACL's total coal requirement is ~7.2mt annually, while in FY26, captive production was 4mt. It targets to clock 4.8mt in FY27, with pending environmental clearance expansion likely to come in next quarter. Out of the remaining 3.2mt, only 5-10% was e-auction coal share.
- (Utkal D&E) Captive coal costs around ~INR1,500/t, against INR1,800/t for linkage coal and INR2,100/t for e-auction coal, offering significant cost savings.

Other highlights

- NACL has shelved the large Utkarsha JV with Mishra Dhatu Nigam due to poor IRR and lower-than-expected transportation sector demand. Instead, it is focusing on smaller value-added projects, including a new 60kt wire rod mill, alloy-grade wire rods, and expanded rolled product.
- The company is exploring gallium extraction and rare earth recovery from red mud, with pilot projects currently underway. Commercialization remains 2–3 years away, but these projects represent strategic long-term diversification.

Steel Authority of India — Buy

Current Price INR 204

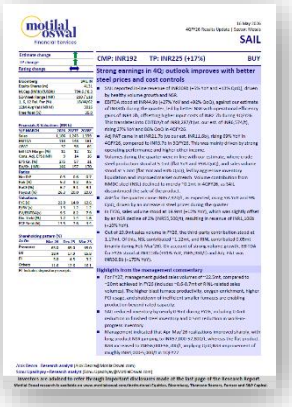
Guidance and Outlook:

- For FY27, management guided sales volumes of ~22.5mt, compared to ~20mt achieved in FY26 (includes ~0.6-0.7mt of RINL-related sales volumes). The higher blast furnace productivity, oxygen enrichment, higher PCI usage, and shutdown of inefficient smaller furnaces are enabling production beyond rated capacity.
- SAIL reduced inventory by nearly 0.9mt during FY26, including 0.4mt reduction in finished steel inventory and 0.5mt reduction in work-in-progress inventory.
- In 4QFY26, the average NSR for long steel products stood at INR53,400/t, while flat steel NSR stood at INR51,000/t, leading to blended steel NSR of INR52,000/t.
- Management indicated that Apr-May'26 realizations improved sharply, with long product NSR jump to INR57,000-57,800/t, whereas flat product NSR increased to INR56,000-56,700/t, implying a QoQ NSR improvement of roughly INR4,000-5,000/t in 1QFY27.
- The company stated that blast furnace coke rate has already reduced by ~20kg/t over the last two years and is targeting another ~20kg/t reduction during FY27.
- Coking coal procurement cost increased materially from INR18,200/t in 4QFY26 to INR21,000/t in Apr'26 and INR21,800/t in May'26. Management expects the increase in coal costs to result in an INR1,400-1,500/t rise in production costs during 1QFY27 after inventory blending effects. Overall, management believes higher steel prices should support profitability in FY27, despite higher input costs.
- Employee count reduced sharply from 53,159 during the start of FY26 to ~49,752 by Apr'26. Management expects employee strength to decline further by ~3,500 annually over the next two years. SAIL has also launched a VRS scheme targeting ~500-1,000 employees.
- Management expects further moderation in employee cost during FY27, despite VRS-related expenses. The next wage revision is due from Jan'27, although the financial impact will depend on future government guidelines.
- SAIL produced ~38mt of iron ore during FY26 and has guided for ~56mt production in FY27. The company aims to increase iron ore production capacity to ~80mt over the longer term and currently does not foresee any major iron ore mining lease renewal risks.

Capex and Capacity Update:

- FY26 capex stood at INR91b vs initial guidance of INR100b. Management guided higher capex of INR150b in FY27.

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- SAIL expects annual capex to further increase to INR180-190b in FY28 and stabilize at around 200-250b annually during the expansion phase.
- The company is progressing with major brownfield expansion projects at IISCO Steel Plant, Bokaro Steel Plant, and Bhilai Steel Plant.
- IISCO expansion is expected to involve capex of INR350-360b for ~4.5mtpa capacity addition, whereas the Bhilai expansion is estimated at INR300b for ~3.5mt additional capacity. Additionally, the expected cost for Bokaro expansion could be around INR180b for ~3mt capacity addition.
- Management indicated that major expansion capacities are likely to start commissioning around FY31 onwards.

Other highlights:

- Management highlighted that global macro conditions remain volatile due to geopolitical tensions in the Middle East, especially around the Strait of Hormuz, impacting fuel availability, freight movement, and raw material logistics globally.
- Management emphasized that FY26 earnings growth was achieved without any rail price revision arrears, unlike FY25, which had benefited by nearly INR18b from past rail price adjustments.
- The strong sales performance and inventory liquidation enabled SAIL to reduce debt by nearly INR81.5b during FY26, including INR32b reduction in 4Q.
- Stainless steel operations at Salem Steel Plant continues to remain at loss-making, although management is working on improving profitability through better yields, lower fuel costs, cheaper power sourcing, and higher utilization rates.
- Management acknowledged that domestic steel demand remains seasonally weak in 1Q and 2Q, although international steel prices and rupee depreciation are supporting domestic realizations.
- The company expects domestic steel prices to remain firm due to lower imports and safeguard duty protection on flat steel imports.

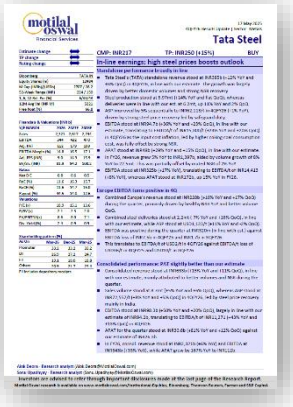
Tata Steel — Buy

Current Price INR 212

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Management guidance

- Management guided incremental volume of 2mt in FY27E, largely driven by India operations and Kalinganagar ramp-up and Ludhiana EAF. Ludhiana EAF will produce about 0.5mt of volumes in FY27 as it will be under the ramp-up phase.
- Management indicated India realizations to improve by INR6,000/t QoQ in 1QFY27, supported by stronger flat steel pricing and auto contract revisions. ~30% of auto contract price increases are expected to be realized in 1QFY27, while the remaining 70% benefit is likely to flow into 2QFY27.
- Flat steel demand remains relatively strong due to rising international steel prices, rise in Chinese steel prices and export opportunities. Long steel products are facing pressure due to weak construction activity, labor shortages, and financial stress among secondary steel producers.
- Management guided that the UK realizations will improve by GBP80/t QoQ and the Netherlands realizations by EUR80/t QoQ in 1QFY27.
- Coking coal consumption costs are expected to increase sequentially in 1QFY27 by USD15/t in India and about USD10/t in the Netherlands. Moreover, the iron ore cost for the Netherlands is expected to increase by USD5/t in 1QFY27.



- Overall management expects margin to improve in India and the UK in 1QFY27, while the Netherlands margins could see temporary pressure due to production disruptions and transition-related costs.
- The cost transformation program delivered savings of INR109b in FY26 across geographies, of which India operations delivered INR39b of cost transformation benefits. This improvement was mainly driven by operating KPIs, logistics optimization, conversion cost reduction and procurement efficiencies.
- Management reiterated its strategic objective of increasing value-added and downstream products to 50-60% of total sales volumes, thereby reducing exposure to commoditized HR coil markets.
- Management indicated that downstream businesses will boost incremental EBITDA by nearly 5-10% even after pricing steel at market rates.

TATA – European operations

- UK EAF project commissioning is expected to face a delay of about 12 months due to delays in electricity infrastructure availability. The company is working with the UK government, National Grid and ESO to reduce delays and secure partial power connectivity for testing and ramp-up activities.
- Management highlighted that Tata Steel earns EBITDA of nearly INR7,000-8,000/t on slab transfers from India to UK, while UK operations generate an additional INR4,000-4,500/t in EBITDA on downstream conversion.
- Tata Steel's Direct Strip Production (DSP) facility in the Netherlands was temporarily shut after emissions exceeded permitted regulatory limits, following voluntary disclosure by the company to regulators.
- Due to DSP-related disruptions, Tata Steel Netherlands is expected to lose nearly 1.5-2 months of production, impacting 1QFY27 profitability.
- Tata Steel stated that any future green investment in the Netherlands would only proceed after receiving contractual guarantees and long-term regulatory clarity from Dutch authorities.
- Tata Steel confirmed that the Joint Letter of Intent (JLOI) with the Dutch government remains active, though several regulatory and contractual preconditions still need resolution.
- Tata Steel also stressed that it would not deploy either shareholder capital or public money into projects exposed to uncertain regulatory outcomes.
- Tata Steel clarified that if any facility in Netherlands undergoes permanent shutdown, workforce restructuring would become inevitable, similar to restructuring actions already undertaken in the UK.

India operation update

- NNL expansion activities have commenced, with site preparation and advanced FEL3 engineering, while a formal investment announcement is expected in the coming months.
- Tata Steel commissioned a 0.75mt scrap-based electric arc furnace (EAF) facility at Ludhiana, which is expected to improve logistics efficiency, reduce transportation costs by around INR3,000/t, and lower carbon emissions. The Ludhiana plant is structurally insulated from imported coal costs, freight volatility, INR depreciation, and future carbon taxes due to its scrap-based production model.

- Tata Steel plans to expand tubes capacity from around 1.2mt to nearly 4mt over time, whereas the wires business is expected to scale up toward 1mt capacity from current levels of around 0.6-0.7mt.

Other Highlights

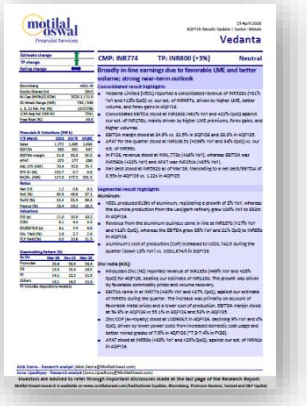
- Gross debt currently stands at INR924b, while net debt is INR801b, with Net Debt/EBITDA of 2.3x, below the company's threshold level of 3x. Overseas debt has been materially reduced from ~50% of total debt to ~18%, mitigating currency-related risks. India FX debt stands at INR60b and remains fully hedged.
- Tata Steel proposed a dividend of INR4/share for FY26, reflecting confidence in cash flow generation and balance sheet stability.

Vedanta — Neutral

Current Price INR 328

Click below for Detailed Concall Transcript & Results Update





Capacity update and expansion plan

- FY26 capex outgo stood at INR150b (in line with guidance). The capex was largely funded through internal accruals.
- Aluminum expansion remains on track with Lanjigarh Train-2 (1.5mtpa) commissioned, taking alumina capacity to 5mtpa. However, the 435ktpa BALCO smelter is currently ramping up. Sijimali Bauxite Mine is targeted to be commissioned by 1HFY27.
- Zinc International's Gamsberg Phase-2 (~220ktpa) at 94% completion is scheduled for commissioning in 1HFY27 with ramp-up target over 12–15 months.
- Coal expansions are progressing, with the Kuraloi coal mine commissioning targeted in 1HFY27 and the Gogharpalli coal mine expected to commence operations in 2HYF27, supporting fuel security and cost optimization.
- Vedanta also outlined early-stage Capex plans in Saudi Arabia (copper, gold) with initial plant (~USD30m) commissioning by Sep'26 and a larger smelter project under discussion (~USD2b potential) will be funded through 75% debt (low cost ~2–2.5%) and 25% equity (funded via internal cash flows.
- The company plans to position itself as a critical minerals and energy transition player, with licenses secured for 10 mineral blocks (including gold and manganese). Exploration is underway, with some projects expected to reach the decision stage within a year and production timelines around 2030.

Guidance

- Expected cost guidance of USD1650–1700/t (vs USD1752/t currently) for the aluminum business, driven by higher captive alumina usage (target ~80–85%)
- Copper business is currently the lowest margin entity (~1%), but likely to improve to ~5% EBITDA margin in FY27, partly due to reduced brand fee (from 3% to 0.75%)
- Copper remains a low-margin segment (~1% EBITDA currently) due to global treatment charge pressures. However, management expects margins to improve to ~5% in FY27, driven by a reduction in brand fee from 3% to 0.75%

Debt Deleveraging and Demerger

- A major highlight is the demerger effective 1 May'26, where Vedanta will split into five independent sector-focused entities. Listing of the new entities is expected by 1Q FY27.

- Post-demerger, dividend policy will shift from a rule-based system (minimum 30% payout) to a principle-based approach. This will provide payout flexibility based on performance, but less predictability on dividend payout.
- Management highlighted a strong balance sheet improvement, where leverage reduced to 0.95x as of Mar'26 vs 1.2x in Mar'25. Additionally, the borrowing costs have also lowered to ~8.9% through refinancing and maturity optimization.
- Management emphasized that each demerged entity's capital structure has been calibrated to ensure long-term debt servicing capacity aligned to its underlying earnings strength. Oil & Gas will emerge as a debt-free entity, while Iron & Steel will carry near-zero debt.
- Aluminum business to hold the largest debt burden of ~USD3.5b, but will remain under 1.3x net debt/EBITDA given its strong cash flow profile. Vedanta Ltd will retain about USD1b of net debt with a comfortable leverage ratio of just 0.4x net debt/EBITDA.

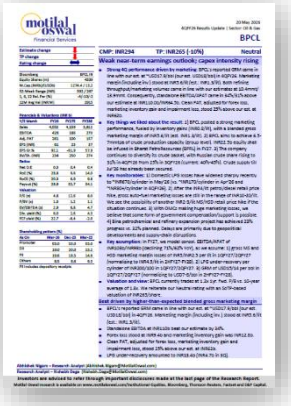
OIL & GAS

- **CGDs: MAHGL has guided double-digit YoY growth in FY27. OINL's NRL refinery segment is expected to achieve 50% capacity utilization by the end of FY27, which shall gradually ramp up to 100% by the end of 2QFY28. IOCL's PX-PTA plant/polybutadiene rubber plant is expected to come online by Aug'26/Jun'26. ONGC's recently commissioned DUDP is expected to add gas production equivalent to ~9% of current ONGC gas output. BPCL's Andhra Pradesh refinery and petrochemical complex (9mmtpa), the PRFC project at Mumbai, the Kochi polypropylene project, and POL/lube installations at Rasayani are progressing broadly in line with planned commissioning schedules.**

KEY HIGHLIGHTS FROM CONFERENCE CALL

Oil & Gas	Outlook	Quarterly snapshot
Gas Utilities	▪ **GAIL:** Management has guided FY27 capex at INR116b. GAIL plans to spend INR350b on the renewable sector over the next 10 years. The Gurdaspur-Jammu Natural gas pipeline, C2/C3 Pipeline (Vijaipur to Pata), the ethane pipeline, and the 1250ktpa GAIL Mangalore petrochemical plant are expected to be commissioned in FY27. **PLNG:** The Dahej terminal's 5mmtpa capacity is expected to be fully operational in 1QFY27. FY27 capex will be ~INR90b. The Kochi Mangalore Bangalore pipeline is expected to be connected to the National Gas Grid by the end of 1HFY27. FY27 capex is expected to be ~INR90b.	▪ **GAIL's** 4QFY26 EBITDA came in 47% below our est. at INR11.5b. Gas transmission/LPG transmission EBIT beat our est. by 48%/28%, while the Marketing segment witnessed an operating loss of INR1.5b (est. EBIT: INR4.4b). Volumes for natural gas transmission came 8% below our estimate at ~119mmscmd. **PLNG's** EBITDA was 77% above our estimate, primarily driven by the UoP provision reversal. Reported PAT was 64% above our estimate (+25% YoY). PAT adjusted for UoP provisioning, waivers, and recovery would have been 19% above estimates. Total volumes came 12% above our estimate at 219tbtu.
Upstream	▪ **ONGC** plans to drill ~500 wells p.a. (including over 100 exploratory wells). Projects worth INR331b in the Western Offshore region are aimed at reversing production decline and driving output growth. 4 of the 15 wells have already opened, with the remaining wells to begin by Sep'26. Gas volumes of 3-4mmscmd are expected once all wells are operational, with peak production (~2 years away) estimated at 5mmscmd. **OINL:** The IGGL feeder line is expected to unlock ~40% higher gas offtake, with project completion targeted by FY28. The PNPCPL project (~92% physical completion) is targeted for mechanical completion by Oct'26. NRL's ongoing capacity expansion from 3mmtpa to 9mmtpa is expected to be fully commissioned by Mar'27. For FY27, the company has guided for crude oil and natural gas production of 4mmt and 3.35bcm, respectively. OINL plans to drill 100 wells in FY27 and expand its CNG station network to over 500 by CY35 (over 80 as of now).	▪ **ONGC's** 4QFY26 standalone revenue came in line with our est. at INR359b. Crude oil/gas sales were 4%/5% below our est. at 4.6mmt/3.8bcm. VAP sales stood at 595tmt (est. 599tmt). Reported oil realization was USD78.3/bbl. Crude oil production declined 3%/6% QoQ/YoY, and natural gas production declined 4%/3% QoQ/YoY. EBITDAX/APAT came 7%/11% below our est. at INR178b/67b. **OINL's** 4Q oil sales came in 3% above our estimate, while gas sales were 12% below our estimate at 0.87mmt/0.6bcm. Oil production increased 6% YoY to 0.891mmt. Gas production declined 6% YoY at 0.754bcm. Oil realization was USD77.9/bbl (our estimate of USD78.4/bbl). EBITDA was 14% below our estimate at INR18.2b (-8% YoY), primarily due to a significant forex loss of INR4.9b and elevated contract costs of INR9.1b.
CGDs	▪ **IGL** has guided for an FY27 exit-rate sales volume of 10.6mmscmd (est. increase of 10-13% in CNG sales volume growth in FY27), with FY27 EBITDA/scm expected at INR7-8/scm. Capex guidance for FY27 stands at INR14-15b. Under the PNG Drive 2.0, IGL targets 0.35m new billed domestic connections in FY27. **MAHGL:** The company expects double-digit YoY volume growth in FY27 and has guided for capex of INR12b.	▪ **MAHGL's/IGL's** EBITDA came in 38%/51% above our estimates as EBITDA/scm margins stood above estimates. Total volumes for MAHGL were in line with our estimates at 4.7mmscmd, while IGL's volumes were slightly above our estimates at 9.7mmscmd.
OMCs	▪ **BPCL:** Management has guided FY27 capex of INR250b. INR22.5b of equity will be infused into Bharat PetroResources (BPRL) in FY27. The Mozambique project is 42% complete, with the first LNG cargo targeted by mid-CY28. **IOCL:** Key projects, such as the Panipat/Gujarat/Barauni refinery expansions, are scheduled for commissioning by Dec'26/Nov'26/Aug'26. The 10kt green hydrogen plant at the Panipat refinery is expected to be completed by Dec'27. **HPCL:** HRRL is targeting COD shortly, with an initial 60% capacity expected in Jun'26, while the full ramp-up of the bottom-upgradation unit is expected to be commissioned within the next 1-2 months, with full benefits to be visible from 2QFY27.	▪ Strong marketing margins in 4Q led to a strong quarter for OMCs. IOCL/BPCL/HPCL reported a beat, with EBITDA/PAT coming in 56%/47%, 34%/31%, and 121%/113% above our estimates. Three equal monthly instalments of LPG compensation totaling INR36.2b/19b/19.8b have been recognized by IOCL/BPCL/HPCL in 4Q. While HPCL/BPCL reported higher LPG under-recoveries QoQ, IOCL reported lower LPG under-recoveries QoQ.

Click below for Results Update



BPCL — Neutral

Current Price INR 292

Operational performance:

Refining:

- BPCL continues to diversify its crude basket, with Russian crude share rising to 31% in 4QFY26 vs. 25% in 3QFY26 (current: 40%-45% at premium), while sourcing grades such as WTI, Venezuelan, and various spot cargoes.
- Crude procurement visibility remains secured through Jul'26, supporting near-term operational stability.
- Crude sourcing split: BPCL had initially planned for ~55% of crude procurement through term contracts at the s tart of the year. However, due to supply constraints, actual term volumes were lower at ~45-46%, leading to a higher reliance on spot purchases. Consequently, spot sourcing increased to ~50% of the crude basket vs. the originally planned ~45%, with Russian crude remaining a key contributor in the spot market.
- Crude inventory days: 25-30 days
- FY26 refining performance: Capacity utilization: 116%; Distillate yield: 84.54%; GRM: USD11.74/bbl (some inventory gains were there in 4QFY26).
- Total fuel & loss across BPCL's refining system stood at 8.41%, with refinery-wise levels at 6.48% for Kochi, 5.64% for Mumbai refinery and 9.01% for Bina.
- Current crude spot premiums: USD10-12/bbl (vs. USD4-5/bbl pre-war).

Marketing:

- BPCL's domestic sales volume grew 3.5% YoY to 54.18mmt in FY26, driven by healthy growth in pet rol (+5.7%) and ATF (+11.4%) sales, while diesel volumes increased 1% YoY.
- The company maintained industry-leading throughput per retail outlet among peers, with average throughput of 143kl/month during 4QFY26.
- BPCL's retail market share stood at 30.02% in MS and 29.61% in HSD in Apr'26.
- BPCL added 1691 new retail outlets (ROs) in FY26 (25,223 ROs in total).
- Product inventory days: ~25 days; LPG inventory days: ~15-20 days (volatile).
- LPG under-recovery is higher due to high spot premiums and freight costs.

Gas business:

- BPCL's gas business delivered strong momentum in FY26, with sales volumes rising 26.5% YoY to 2.29mmt.
- CGD sales volumes stood at 248tmt, registering a robust 62.1% YoY growth.
- The company also achieved 100% utilization of its regasification capacity booked with Petronet LNG, marking the first time BPCL has fully utilized its LNG import capacity since entering the business.
- De-aromatized solvent project in Mumbai (200tmt) was commissioned in 4Q.

Update on key projects:

- Bina petrochemical and refinery expansion project has achieved 23% progress vs. 32% planned, with ~INR47b incurred and ~INR254b already committed.
- Delays are primarily due to geopolitical developments and supply-chain disruptions impacting equipment manufacturing and delivery timelines.
- Management highlighted that all major packages have been awarded by Feb'26 and critical long-lead items remain on track, while mitigation measures are

being implemented to limit the impact of Middle East-related disruptions on project timelines.

- The proposed Andhra Pradesh refinery and petrochemical complex (9mmtpa) is progressing as planned, with environmental and technical studies completed and detailed engineering and financial appraisal currently underway, supported by state government incentives.
- Other key projects: The PRFC project at Mumbai, Kochi polypropylene project and POL/lube installations at Rasayani are progressing broadly in line with planned commissioning schedules.

Capex escalation due to INR depreciation:

- BPCL reiterated that its key projects - Bina Petrochemical Complex (~INR498b), Kochi PP project (~INR50b) and Mumbai refinery expansion remain on track, with management expecting completion within approved costs (+/-10%) despite INR depreciation and inflation concerns.
- At Bina, only ~INR65b of the project cost is forex-linked, limiting currency impact, while ~INR250b worth of contracts have already been awarded on fixed-price terms, reducing cost escalation risk.
- Kochi PP project has already awarded ~85-90% of contracts and is expected to be completed within the original approved cost.
- Management does not foresee any major capex rationalization despite near-term operating cash flow pressures, with most remaining projects being shorter-duration infrastructure and pipeline-related projects with limited escalation risk.

Upstream segment updates:

Mozambique:

- The force majeure was resolved in Nov'25.
- The project is now 42% complete with ~6,000 employees deployed on-site, and the first LNG cargo remains targeted by mid-CY28.
- **BPRL impairment:** Major impairment was **against Brazil project.** The project was delayed by 1-2 years, leading to impairment.
- BRPL current carrying value: INR41b

BPCL has three major upstream projects:

- Mozambique: 70tcf reserve size; 10% share; Phase 1 complete 42% - reserve size in phase 1: 13ctf
- Brazil: USD6.4b total capex - USD2.4b BPCL share (40%). BPCL will invest USD1.2b over 3-4 years; expected crude production: 88kb/d
- UAE blocks: Already producing -- 10% share
- Short-term target: BPCL aims to achieve 6.5-7.0mmt of crude exploration capacity (group level).

Green Energy:

- Planned capital outlay: INR15.7b.
- Progress: BPCL has 251MW installed capacity and another 100MW is under execution.

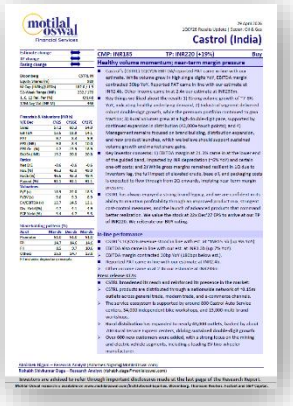
Capex:

- BPCL incurred capex of INR204b in FY26.
- FY27 target capex is INR250b.
- Refinery + Petchem: INR110b; Marketing: INR100b; BPRL: INR22.5b equity infusion.

Castrol India — Buy

Current Price INR 183

Click below for Results Update



Margins and cost outlook

- Crude oil rise impact on margins: Gross margin had limited impact in 1Q from elevated crude, base oil, and packaging costs due to inventory lag. However, cost pressures are expected to flow through from 2Q onwards.
- Forex was the key near-term headwind, with INR depreciation of ~6% YoY impacting input costs. CSTRL follows a ~60-day hedging policy aligned to inventory cycles.
- Price hike: The company implemented a price hike in end-Mar'26 and continues to drive cost efficiencies; however, management guided for near-term margin pressure before reverting to its structural EBITDA margin band of 21–24%.
- Base oil sourcing remains diversified (~50:50 import vs domestic), with pricing linked to benchmark indices (Argus/ICIS).
- Employee and other expenses were elevated due to one-offs. Advertisement spend remained steady at ~3-4% of sales, reflecting continued brand investments.

Volume and segment performance

- Overall volumes grew ~7-8% YoY.
- Industrial segment delivered strong double-digit growth, while premium portfolio also saw healthy traction.
- Segment mix: CV + 2W (~60%), passenger vehicles at ~15-20%, with the balance from industrial.

Rural and distribution

- Rural distribution footprint expanded to 43,000+ outlets, with ~700 Rural Service Express additions during the quarter.
- Rural volumes continue to grow at a high double-digit pace, emerging as a key structural growth driver.

Strategy and business updates

- There is no change in India strategy or operations amid ongoing parent-level ownership discussions.
- Supply chain risk from the Middle East remains manageable, supported by a diversified sourcing strategy.
- Early-stage trials underway for data center liquid cooling solutions in India. Contribution remains negligible in the near term, with no formal revenue guidance yet.

GAIL — Buy

Current Price INR 164

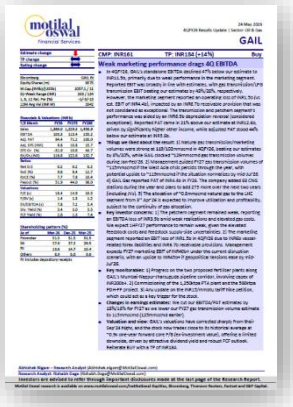
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Gas marketing segment:

- FY27 PBT guidance: INR40b+ if West Asia crisis continues; INR45b+ if crisis comes to an end (positive).
- In FY26, exchange rate liability impact on vessels of INR6b and receivable provision impact of INR6.7b dented marketing segment profitability.
- GAIL has a 16.56mmtpa of upstream LNG portfolio, and plans to source additional 4-5mmtpa LNG by CY30.

Gas transmission segment:

- Mar'26 gas transmission volumes: 99.71mmscmd (125.45mmscmd in 3QFY26).



- **FY27 transmission volume guidance:** 119mmscmd if crisis starts to normalize from mid Jul'26.
- 115mmscmd if crisis continues for entire FY27.

Petrochemical segment:

- Pata petchem complex: GAIL plans to shift feedstock to Ethane from natural gas.
- The company currently operates on natural gas, leading to volatility in margins.
- Pata complex was shut down but has been restarted recently at 50% capacity based. Feedstock is spot natural gas. The plant should break-even at 50% capacity and should be profitable at full capacity (given prices stay at current levels).
- Going forward, GAIL plans to run this plant on both Ethane (sourcing: looking at various options inclu ding US) and natural gas.

Liquid Hydrocarbon segment:

- ~0.8mmscmd natural gas was allocated to LHC segment w.e.f. 3 Apr'26. Hence, GAIL expects strong performance from the segment (subject to continued gas allocation).
- Plants are expected to operate at higher capacity YoY in FY27.

LPG transmission:

- Current capacity: 4.5mmtpa operating at ~100% utilization.
- GAIL has received PNGRB's authorization for doubling the capacity of Jamnagar Loni Pipeline (3.25mmtpa as of now).

CGD segment:

- Policy-led tailwinds are expected to drive volume growth for CGDs - CNG and PNG both.

Gail Gas Limited (GGL):

- GGL operates in 16 GAs across India, and also has 9 GAs via JVs.
- FY26 operational performance: GAIL Gas added 0.2m PNG connections and 88 new CNG stations in FY26.
- FY26 financial performance: Revenue - INR122b, PBT - INR6b (down 3% YoY), PAT - INR4.4b (down 2% YoY).
- 4QFY26 financial performance: PBT - INR1.6b, PAT - INR1.2b
- GAIL Gas (+JV) targets to add 275 CNG stations and 0.4m D-PNG connections in the next two years.

Update on projects:

Expected commissioning in FY27

- Gurdaspur-Jammu Natural gas pipeline.
- C2/C3 Pipeline (Vijaipur to Pata). This should get commissioned in 1HFY27 and will provide feedstock to Pata, which shall lead to an increase in Pata capacity by 80-90ktpa.
- The Ethane pipeline, which GAIL is planning to build, will be connected to this pipeline (Dhabol-Vijaipur Ethane pipeline, which is under consideration, shall have a capex of INR120b).
- 1250ktpa GAIL Mangalore petrochemical plant (currently in advanced stages of completion).

Expected commissioning in FY28

- 500ktpa PDH-PP plant at Usar (mid-FY28) (delayed) (Delays in 45km pipeline connectivity to supply Propane to this plant - some issues but now completion expected in 3-4 months.
- Vijaipur-Bina pipeline
- DUPL-DPPL capacity pipeline augmentation

FY27 capex guidance: INR116b

- Operational capex: INR35.3b
- Pipelines: INR24b
- RE: INR19.5b
- Petchem: INR14.9b
- JVs/Subsidiaries: INR7b
- CGDs: INR3.4b
- E&P: INR4.8b
- Others: INR6.9b

Capex incurred in FY26: INR96b

- Operational capex: INR24.4b
- Pipelines: INR29b
- RE: INR0.4b
- Petchem: INR20.6b
- JVs/Subsidiaries: INR15.9b
- CGDs: INR3.1b
- E&P: INR2.4b

Capex plans:

- GAIL plans to spend INR350b on renewable sector in the next 10 years.

Coal gasification:

- One project is 65-70% complete, with full completion expected in Dec'27.
- Coal India and GAIL JV: Project is under consideration (expected capex: INR130b).

Fertilizer plants:

- PGAIL is in discussion for projects with the Maharashtra and Chattisgarh government, and will definitely proceed with these projects (combined project cost: ~INR200b).

Hindustan Petroleum — Buy

Current Price INR 384

- Under Project Samriddhi, the company's EBITDA enhancement initiative, accruals during FY26 amounted to INR16.9b (INR7.4b is recurring), translating to ~USD0.54/bbl.
- Operating expenditure per metric ton declined from 1,438 in FY25 to 1,344 in FY26.
- Debt levels dropped significantly from INR633b at 31 Mar'25 to 476b at 31 Mar'26 on a standalone basis, driven by working capital reduction of ~8.5b and prudent borrowing management, bringing D:E down from 1.63x at 1HFY25 to 0.8x (below the revised guidance of ~1x).

HMEL:

- GRM for 4QFY26 was USD17/bbl.

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- EBITDA: INR68b in FY26 and INR33b in 4QFY26.
- HRRL targets COD shortly with an initial 60% capacity expected in Jun'26, while full ramp-up of the bottom-upgradation unit shall be done in one or two months, with full benefits to be visible from 2QFY27.
- Chhara terminal: ~90-95% of the breakwater construction has been completed, enabling the terminal to operate at full capacity for nearly 11 months annually.

Crude sourcing:

- HPCL used to have a mixed portfolio of term contracts and spot contracts. Due to the war situation, HPCL has more exposure to spot contracts.
- Currently, HPCL is getting enough crude cargoes. However, the prices are elevated.
- Two months of crude are always contracted for.
- Russian crude was significantly used during the crisis, while some was sourced from Africa, the US, and Venezuela.

LPG sourcing:

- HPCL has shifted from the Middle East term contracts to spot cargoes, irrespective of the source of origin
- Inventory gains: Amount not disclosed, but there were gains in 4Q.
- LPG under-recovery: INR52b under recovery in FY26; INR13.5b in 4Q
- Petrol/diesel inventory: 45-50 days inventory (Mumbai refinery inventory days: 30-35 days). LPG inventory days: 45-50 days.
- LPG loss per cylinder stood at ~INR170/cyl in Apr'26, ~INR670 /cyl in May'26 (vs ~INR80/cyl in 4QFY26).
- Depreciation was elevated during Q4 because of capitalization of the RUF unit and impairment of assets of ~INR4b.

Press release KTAs

Refining Performance:

- Refineries achieved their highest-ever crude throughput of 26mmt in FY26 (+3% YoY from 25.27mmt in FY25). Distillate yield reached a record high of 76% during the year. Visakh/Mumbai Refinery recorded the highest-ever crude throughput of 16/10mmt in FY26, operating at 107%/105% of installed capacity.
- Refineries reported crude throughput of 6.43 MMT during Q4 FY26. Visakh/Mumbai Refinery processed 3.89/2.54mmt of crude during the quarter, operating at 105%/109% of installed capacity.

Capex:

- Capital expenditure stood at INR46b in 4QFY26, taking cumulative FY26 capex to INR157b. Investments were directed toward strengthening refining and marketing infrastructure, including capacity expansion across subsidiaries and joint ventures, development of new business segments, and initiatives aimed at improving operational efficiencies.
- Guidance: FY27 capex to be slightly lower than FY26, subject to external opportunities.

HPCL Rajasthan Refinery Limited (HRRL)

- Crude cut-in at the CDU-VDU unit commenced during the quarter, with 176tmt of crude processed as part of the trial run in Feb'26.
- PPA for 350MW signed between HRRL and Jaipur Vidyut Vitran Nigam Limited.
- Commissioning activities for the PFCC, DHDT, and MS Block units are currently underway.

- Crude oil (Mangla and AMPL grades) as well as LPG were received into tanks and bullets during the quarter. The HP Aviation refueling facility was commenced at Dinjan Airport, Assam, in 4Q, taking the total ASF count to 59.

Network Expansion and Outreach:

- The company commissioned 526 new retail outlets during 4QFY26 (total 25,098 outlets), while adding 1 new LPG distributor during the quarter (total distributor base: 6,389).
- Under the CGD network expansion program, 160 inch-km of steel pipeline and 130 km of MDPE pipeline were laid during 4QFY26, taking the cumulative pipeline network to 14,939 inch-km of steel pipeline and 7,706 km of MDPE pipeline.

Retail Energy Transition:

- The company added 75 new CNG outlets during 4QFY26 (total: 2,253 outlets).
- 829 retail outlets were solarized during 4QFY26 (total: 23,824 outlets), with ~95% of the retail network now powered by renewable energy sources.
- MoUs were signed with UltraTech Cement and Castrol to support used oil collection, recycling infrastructure, and adoption of re-refined base oil in lubricants, strengthening circular economy initiatives.
- HP Aviation signed an MoU with Akasa Air at Wings India 2026 to collaborate on Sustainable Aviation Fuel.
- HPCL signed a Green Hydrogen Purchase Agreement with OCIOR Green Fuels Pvt. Ltd under the SIGHT-2B scheme of the National Green Hydrogen Mission during India Energy Week 2026.
- An agreement was signed with Indian Gas Exchange (IGX) for listing regasification capacity on the IGX platform.
- The company partnered with Shell Energy India Pvt. Ltd for LNG marketing for heavy-duty vehicles and LNG sourcing and terminal swapping between Chhara and Hazira terminals.
- The company onboarded 1 new CBG plant under the SATAT Scheme during 4QFY26 (total: 18).

Miscellaneous:

- HP Green R&D Centre has filed 779 patents, out of which 312 have been granted.
- HPCL has signed a Sale Purchase Agreement (SPA) with Abu Dhabi Gas Liquefaction Company (a subsidiary of ADNOC Gas), for the procurement of LNG for a 10-year term.

Click below for Results Update

Indraprastha Gas — Buy

Current Price INR 162

Sales Volumes:

- Average sales volumes: 9.39mmscmd in FY26 (vs. 8.99mmscmd in FY25).
- Clocked as high as 10.2mmscmd volumes in Feb'26.

Sales volume guidance:

- FY27-exit rate: 10.6mmscmd (est. increase of 10-13% in CNG sales volume growth in FY27).
- Haryana volumes contribute ~0.81mmscmd – 0.65mmscmd CNG and 0.16 mmscmd PNG (11-12% growth YoY).
- CNG sales in kg in 4QFY27: 5.13m kg.



GA-wise volume growth:

- Delhi: growing at ~1% YoY
- Noida, Gaziabad: growing at 6-8% YoY
- Other GAs: growing at 16-17% YoY
- FY27 EBITDA/scm guidance: 7-8/scm (1QFY27 EBITDA/scm will be slightly weak).
- Gas procurement costs increased ~25% from pre-geopolitical crisis levels (3QFY26 gas cost: INR35.8/scm) due to force majeure declared by suppliers including Qatar Energy. The company is expecting lower gas costs in the coming year.
- The INR3/kg CNG hike will support EBITDA margin.
- Current gas pricing: APM USD7.7/mmbtu, NWG ~USD13/mmbtu, Pooled gas: ~USD14-15/mmbtu. Spot LNG procurement cost was around USD17-17.5mmbtu (in the early war times, it peaked ~USD21/mmbtu).

Capex:

- Capex of INR11.72b has been incurred in FY26.

FY27 capex guidance stands at INR14-15b.

- The company has 1,024 CNG stations as of end-FY26, expanded steel pipeline network by 250 km and MDPE pipeline by 2,470 km, added 0.37m domestic connections, and commissioned a second LNG station at CONCOR Dadri.

Gas sourcing split

- APM: 37%
- NWG: 8%
- HP-HT: 4%
- CBM: 1%
- CBG: 1%
- IGX: 3%
- RLNG – 7% short-term and 38% long-term
- IGL has ~4.8mmscmd long term contracts, of which ~2/3rd is HH linked. IGL is in talks with suppliers for long-term contracts as some of the existing ones are expiring in 2028.

D-PNG:

- In total, 3.44m customers are connected with 2.45m being billed.
- Under the PNG Drive 2.0, IGL targets 0.35m new billed domestic connections in FY27, up from 0.23-0.25m, with ~0.5m already-connected but non-consuming customers representing near-term conversion opportunities requiring minimal infrastructure work.
- IGL serves ~15,000 defense establishments that earlier were under LPG quota.
- As of 31st Mar'26, IGL had ~5,500 industrial customers and ~7,500 commercial customers.
- **35-40% price hikes** were taken in the last 2-3 months for I&C consumers.

DTC and DIMTs buses:

- Only 25 DTC buses are remaining with CNG consumption of ~1,000 kg per day.
- There are 1,790 DIMTS CNG buses with 130,000 kg consumption per day.
- ~48% of vehicles are private, while 12-13% are cab aggregators.
- Gurgaon:
- 47% of new vehicles sold are CNG-based.

- IGL has authorization to 1/3rd of Gurgaon's area, with sales of ~200,000-250,000 kg CNG per day.
- New vehicles added in FY26 represent 8-10% EV, 34% CNG, 35% petro, and 20% diesel.

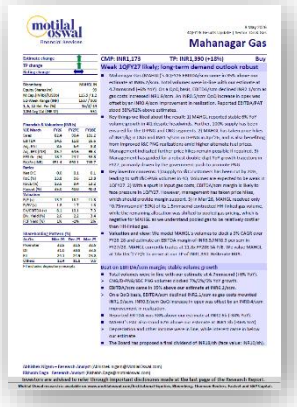
~23,000-26,000 CNG vehicles were added on a monthly basis in FY26.

- The government had come up with a gazette to prioritize CNG and DPNG, followed by fertilizer.
- IGL is getting ~105% allocation for DPNG and 35-40% for CNG.

Mahanagar Gas — Buy

Current Price INR 1,083

Click below for Results Update



Operational performance:

- The company operates 518 CNG stations (added 28 stations in 4QFY26) with ~737km steel pipeline and ~7,584km PE pipeline.
- The company added 0.14m domestic households, taking the total to ~3.21m households.
- The Company added 38,854 vehicles, with more than 1.28m vehicles being registered.
- The Company caters to 5,924 industrial customers.

Volume details:

- Total volume: 4.67mmscmd in 4QFY26 (vs 4.402mmsmcd in 4QFY25)
- CNG – 3.35mmsmcd in 4QFY26 (vs 3.125mmscmd in 4QFY25)
- DPNG – 0.605mmscmd in 4QFY26 (vs 0.591mmscmd in 4QFY25)
- I&C PNG – 0.719mmscmd (0.57mmscmd: Industrial, 0.15mmscmd commercial) in 4QFY26 (vs 0.686mmscmd in 4QFY25)
- FY26 Volumes: 3.267/0.590/0.727mmscmd for CNG/DPNG/I&C PNG

Gas sourcing split: Mar'26:

- APM: 1.6mmscmd
- NWG and pooled: 0.75mmscmd
- HP-HT: 0.9-1mmscmd (via IGX and old contracts)
- HH: 0.75mmscmd (50% of 1.5mmscmd contract; remaining 50% is mostly going into pooled gas)
- Spot: 0.4mmscmd

Mar'26 volumes:

- 100% supply has been ensured for D-PNG (100% APM) and CNG (APM + pooled gas mechanism from 9 Mar'26).
- 20% supply cut to I&C customers. Management indicated that volumes declined by ~0.125-0.13mmscmd in Mar'26 versus Feb'26 average volumes of ~0.575mmscmd, implying an overall decline of ~22% during the month.
- LPG shortage emerges as a long-term positive development for the CGD sector. The government is pushing the usage of PNG, and MAHGL plans to seize this opportunity to roll out infrastructure and increase its volume.

Volume guidance:

- Double-digit YoY volume growth is expected in FY27.
- Management highlighted that the 24 Mar'26 Gazette notification is a key structural positive for the CGD industry, as it eases execution bottlenecks through lower road reinstatement (RI) charges, faster road-digging approvals via

deemed permissions, and smoother access across private properties/societies. The company believes these measures will reduce network rollout costs, accelerate pipeline infrastructure creation, and support faster customer additions across PNG's industrial, domestic, and commercial segments.

- Management indicated that volume growth and infrastructure expansion will take precedence over margins, with a willingness to temporarily sacrifice margins to drive higher volumes and strengthen market penetration.
- Management highlighted strong traction in the commercial segment, driven by customer preference for piped gas over LPG despite premium pricing, with registrations rising from hundreds to thousands. The company expects faster infrastructure approvals and pipeline connectivity to further accelerate commercial customer additions, although commercial volumes currently remain relatively small.

Price hikes:

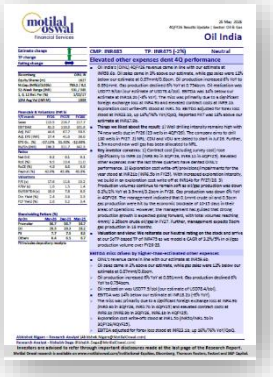
- INR1/kg CNG price hike taken on 22 Apr'26 (INR0.5/kg CNG price hike taken on 1st Feb'26). The company has also taken an INR1.5/scm D-PNG price hike on 22 Apr'26. The company can take further price hikes if required.
- The company has seen improvement in I&C -PNG realization due to higher alternate fuel prices.

Capex:

- Capex Guidance: INR12b in FY27.

ऑयल इंडिया लिमिटेड
Oil India Limited

Click below for Results Update



Oil India — Neutral

Current Price INR 490

- OINL drilled 74 wells in FY26 (highest ever) - 22 exploratory wells and 52 deep wells
- 307 workover operations were performed in FY26 (highest ever)
- Current production run-rate: 82.2kb/d

Production hit:

- 0.1mmt crude oil and 0.3bcm NG production hit due to economic blockade of 10-15days in area of operations

NRL operational performance:

- 103% capacity util ization
- 3.1mmt crude processed by NRL
- Highest ever distillate yield: 87.25%

Midstream operational performance:

- Oil India achieved mechanical completion of Numaligarh-Siliguri product pipeline (NSPL) expansion (1.72mmtpa to 5.5mmtpa) in Oct'25 (INR7.5b capex incurred).
- OINL achieved mechanical completion of DNPL (gas pipeline) expansion (1.2mmscmd to 2.5mmscmd) in Nov'25.

Three offshore drilling projects in progress (all shallow water):

- Kerela Konkan
- 3rd well in Andaman Nicobar
- KG basin

Overseas monitorables:

- In Mozambique, force majeure was lifted in Nov'25. OINL expects 2 LNG trains (13mmt) to deliver gas in CY28/early CY29. Capex: USD1.8b.

- OINL has made a discovery in Libya.

Pipeline capacity expansion:

- IGGL feeder-line project (3.5mmscmd) received PNGRB approval; expected to unlock ~40% higher gas offtake with completion targeted by FY28.
- DNPL gas pipeline expansion mechanically completed (Nov'25); capacity increased from 1.2mmscmd to 2.5mmscmd, supporting higher gas supply to NRL. • An additional 1.5 mmscmd gas allocation to NRL under the New Well Gas premium mechanism improves utilization visibility.
- Numaligarh-Siliguri product pipeline (NSPL) augmentation mechanically completed (Oct'25); capacity expanded from 1.72mmtpa to 5.5mmtpa to support NRL's 9mmtpa refinery expansion.

Offshore drilling:

- Oil India is scaling up offshore exploration with ~51K sq. km acreage across shallow-water and deep/ultra-deepwater blocks in Andaman, KG, Kerala-Konkan, and Mahanadi basins.
- Exploration activity is gaining pace with five wells drilled/underway across Andaman, Kerala-Konkan, and KG basins, while two additional wells are planned in Andaman. Reported gas occurrence in the Andaman basin highlights meaningful frontier resource potential.
- Partnership with TotalEnergies for offshore seismic program design, interpretation, and opportunity evaluation strengthens exploration capabilities.

Capex:

- Every shallow water will cost ~INR8b.
- Under Samudra Mahthan mission: INR12b per well
- Update on PNPCPL (Paradip–Numaligarh Crude Pipeline)
- Project is progressing well with ~92% physical completion; mechanical completion targeted by Oct'26.
- The 9mmtpa crude pipeline will transport imported crude from Paradip to Numaligarh Refinery, supporting NRL's expanded refining capacity and improving crude logistics.

NRL's capacity expansion:

- The ongoing capacity expansion from 3mmtpa to 9mmtpa will be commissioned (full capacity) by Mar'27.
- CDU and VDU to start in Jul'26. ~400tmt production (mostly Diesel) by Jul'26.
- New Well gas has now been allocated to NRL – 1.5mmscmd
- NRL has been notified as a reseller despite DNPL being a captive pipeline. Benefit: 8mmscmd to 13mmscmd

Production volume guidance:

- FY26: crude oil/natural gas production stood at 3.45mmt/3.19bcm.
- FY27 guidance: crude oil/natural gas production guidance at 4mmt/3.35bcm. • However, in 18months, gas production should go up to 5bcm.

OINL 2030 strategy (guidance maintained):

- Upstream: Production to rise to 10-12mmtoe p.a. (8.7mmtoe as of now).
- OINL plans to drill 100 wells in FY27.
- The company plans to focus on high-potential clusters via partnership-led plays.

Midstream:

- Crude pipeline capacity to increase from 9.65mmtpa to 18+mmtpa
- Gas pipeline capacity to increase from 1.2mmscmd to 6mmscmd

- Product pipeline capacity to increase from 1.72mmscmd to 5.5mmscmd

Downstream:

- Refining capacity (NRL) to triple in FY27.
- 360ktpa PP plant under construction
- The company plans to take CNG stations to 500+ by CY35 (80+ as of now).

New energy:

- The company plans to invest INR200b+ in the segment by CY40.
- 5+GW RE capacity.

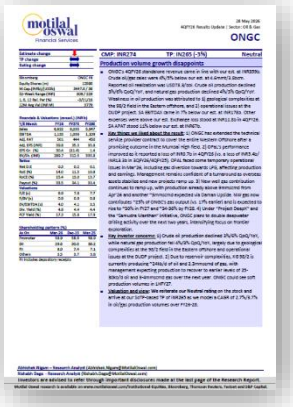
Capex:

- INR130b capex incurred during FY25 (87% allocated towards E&P).
- Capex guidance: INR100b p.a. for next 3 years.

ONGC — Neutral

Current Price INR 268

Click below for Results Update



Weak 4QFY26 production performance:

- FY26 production was impacted by reservoir complexities in the 98/2 Eastern Offshore field, delays in Daman Upside Development Project (DUDP)/pipeline replacement projects amid the West Asia crisis, and temporary shutdowns linked to hook-up activities in Western Offshore.

Production volume outlook:

- While management has not given specific crude oil and natural gas production guidance, gas production is expected to grow by 7-8% (via DSF: 5-6mmscmd), KG 98/2
- ONGC plans to drill ~500+ wells p.a. (100+ exploratory wells).
- The recently commissioned DUDP is expected to add gas production equivalent to ~9% of current ONGC gas output, supporting medium-term growth visibility.
- Four out of fifteen wells have been opened. For full commissioning, it takes 6-7 months. All wells should open by Sep'26.
- 3-4mmscm gas volumes shall flow when all wells open. Peak production (typically 2 years away) shall be 5mmscmd.
- ONGC is **executing INR331b worth of projects in Western Offshore**, among the highest capex programs in recent years, **aimed at reversing production decline and driving output growth.**
- TSP-2 (Technical Service Provider) contract awarded to BP for the entire Western Offshore following encouraging production improvement under the Mumbai High TSP-1 program. ~60% of ONGC's oil and ~70% of its gas come from the western offshore. Mumbai High is 38% of the western offshore. Now 100% of the Western offshore is with BP as TSP.
- At BP-led technical interventions at Mumbai High, oil/gas output reached 102%/108% of baseline targets within the first year.
- Current KG 98/2 oil/gas production: 24kb/d oil, 2.3mmscmd gas
- Will take a year to come back to the previous level of production, i.e. 25-30kb/d oil and 3-4mmscmd gas production.

Exploration performance:

- Under "Project DeepX" and the "Samudra Manthan" initiative, ONGC plans to double deepwater drilling activity over the next two years, intensifying focus on frontier exploration.

- FY26 exploration activity remained robust with 4 ultra-deepwater exploratory wells drilled in the Andaman Basin and significant seismic acquisition in the Mahanadi Basin.
- ONGC drilled 13 exploratory wells across Category-II & III basins during FY26, highlighting increased exploration intensity in underexplored regions including Andaman, Bengal, Kutch, Ganga, Narmada and South-Reva basins.
- The company declared 3 hydrocarbon discoveries in FY26, all in Mumbai Offshore shallow waters, including 2 new prospects and 1 new pool discovery.
- ONGC monetized 3 discoveries during FY26 along with a Rajasthan DSF block, indicating continued progress in translating discoveries into commercial production.

Higher other expenses in 4QFY26:

- Provisions and write-offs increased in FY26 largely due to one-off charges booked in 4QFY26.
- Key exceptional items included: (i) INR2.35b GST and royalty provision, (ii) INR2.6b KG-98/2 related expenditure write-off as per ICAI accounting opinion, and (iii) INR2.6b provision for old outstanding receivables.
- Exchange losses increased sharply in FY26 primarily due to ~11% INR depreciation against the US dollar (INR9/USD YoY) along with upward revaluation of foreign currency liabilities.

New well gas:

- 9mmscmd+ from Apr'26, another 3mmscmd (via Daman Upside) shall be added.
- From 17%, NW gas is already ~25% of ONGC's gas now. This year, ONGC shall have ~30% NW gas.
- In FY28, NW gas would be 34%-36% of ONGC's gas now.

Cost-saving program:

- Management highlighted that cost reduction remains a key strategic focus area, with ~INR40b savings achieved against the targeted INR50b.
- Despite strong cost-saving execution, benefits were largely offset by external headwinds, including an increase in GST on oil & gas inputs from 12% to 18%, which alone hit profitability by INR20b annually.
- Sharp INR depreciation and related forex impacts further eroded the gains from operational savings during the year.
- Management reiterated confidence in achieving the longer-term INR100b cost optimization target over the coming years.

Capex:

- E&P capex p.a.: INR320b-330b; INR110-110b non-E&P (if some business opportunity comes up).
- Capex split: Offshore (mostly western offshore)/onshore -70%/30%
- Pure exploration capex is ~INR80-100b p.a.

Dry-well write-off:

- In 4QFY26, there was a one-off of INR18b.

Overseas portfolio remains resilient despite geopolitical disruptions

- Russia's Sakhalin production remains broadly stable despite the Ukraine conflict, with management indicating production levels are largely unchanged from pre-war levels.

- ONGC Videsh remains optimistic on recovery of stuck dividends and operational continuity from the Sakhalin-1 asset after securing its 20% stake in the project.
- Mozambique LNG project is progressing rapidly with large-scale execution underway; management expects LNG production to commence around CY28, providing a major long-term gas growth trigger.
- Management expects Venezuela production to improve materially over the coming years, aided by potential easing of US sanctions and expected regulatory approvals/licenses.
- From Brazil's BCM field, ONGC should get 1.3mmtpa additional production by CY30.

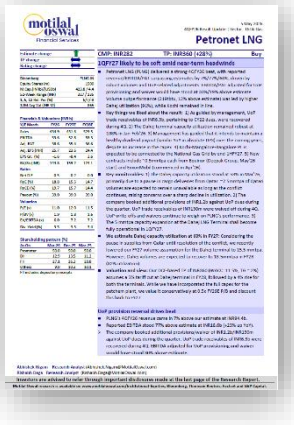
OPAL turnaround:

- EBITDA recovery trajectory remains intact despite temporary disruptions
- Management indicated EBITDA recovery was largely on track, with FY26 EBITDA reaching INR12b versus an internal aspiration of ~INR15b.
- The shortfall was attributed to temporary operational issues in Mar'26, including gas diversion towards LPG requirements, which impacted production and earnings.
- Management reiterated confidence in turning around operations as overseas assets stabilize and new projects ramp up over the medium term.

Petronet LNG — Buy

Current Price INR 270

Click below for Results Update



- Capacity utilization and impact: Dahej/Kochi capacity utilization stood at 53%/20%+ in Mar'26. Jan'26/Feb'26 average utilization stood at 108%.
- Utilization was slightly better in Apr'26 (vs Mar'26).
- New supplies have come up from the US, Oman, Mozambique, Nigeria, Congo, etc. In addition, PLNG secured its first cargo from Exxon in Apr'26 (0.5mmtpa).
- Supply from Qatar can start within 3-4 weeks of resolution of war.
- New contracts: 1) 0.5mmtpa Equinor contract (Deepak group) to start from May'26; 2) ~0.5mmtpa Exxon contract started in Apr'26.
- In 4QFY26, inventory gains stood at INR950m, Regas revenue stood at INR8.8b, and trading gains stood at INR1.2b.

Petchem complex:

- The project is on track - no delays observed.

Dahej expansion:

- 5mmtpa capacity expansion was largely commissioned in 1Q.
- ~INR3.9b was capitalized in 1QFY27, and balance ~INR1b shall be capitalized in 2Q.
- Capex guidance: FY27 capex will be ~INR90b (guidance maintained).
- Petchem complex: ~INR75b shall be incurred in FY27. INR16.5b capex was incurred on petchem project in FY26.
- Others: INR6b/4b shall be incurred on 3rd Jetty/Gopalpur terminal in FY27.
- Kochi terminal tariff hike from Apr'26: 5%

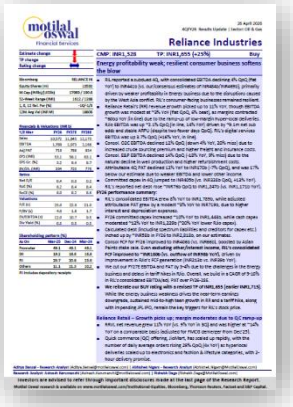
Storage facility:

- PLNG plans to add three tanks - two announced in Dahej and one proposed at Kochi (capex: INR12b).
- Gopalpur terminal shall also have storage facilities.

- **4QFY26/FY26 Ind AS impact:** INR1.2b/6.3b gross margin impact; and INR0.9b/2b forex loss.
- Dividend: PLNG expects to maintain similar dividend (absolute terms) in the coming years.
- Kochi Mangalore Bangalore pipeline is expected to be connected to National Gas Grid by the end 1HFY27.

Reliance Industries Limited

Click below for Results Update



Reliance Industries — Buy

Current Price INR 1,313

RJio – Key takeaways from the management meeting

JPL IPO and the key priorities over the medium term

- RIL is advancing steadily toward the listing of Jio Platforms (JPL) as the key regulatory approval for lower minimum float is now in place.
- The key priority areas over the medium term are: a) gain some more market share in the mobility business, b) continue to accelerate home broadband (HBB) rollouts through innovations to increase the addressable market, c) drive market share gains in Enterprise through differentiated and proprietary services, and d) scale up digital services. Management expects next few years to be very exciting for JPL.

5G adoption and data usage momentum remain strong; focus remains on organic ARPU growth (for now)

- RJio's total subscriber base increased to ~524m in 4QFY26, with sustained leadership in net additions (36m+ net adds).
- 5G adoption continues to scale rapidly (~75m net additions in FY26), leading to ~54% of RJio's mobility users now using 5G.
- Data traffic grew sharply in FY26 (+30.8% YoY), driven by higher 5G penetration and increased fixed broadband usage.
- Per capita data consumption increased to ~42.3 GB/month in 4Q (vs. ~40.7 GB QoQ), reflecting deeper engagement.
- ARPU improved marginally to INR214 (vs. INR213.7 QoQ), despite two fewer days QoQ, supported by subscriber mix improvements and higher engagement.
- Management indicated that even without a tariff hike, ARPU should continue to grow ~4-5% YoY, driven by up trading and bundling of value-added services.

HBB net adds moderate in 4Q; innovations in HBB to expand TAM

- RJio's fixed broadband base crossed ~27m subscribers, with ~9.6m net additions in FY26, with Jio AirFiber contributing over 75% of net adds during FY26.
- The net additions moderated during 4Q, due to the change in devices to non-line of sight (nLOS). However, management noted that this will widen the total addressable market for HBB.

Enterprise growth accelerating with integrated digital solutions

- RJio continues to expand its managed services portfolio, including connectivity, WiFi, security, and cloud solutions through proprietary solutions.
- Strong traction in large enterprise deals across retail, manufacturing, BFSI, and government sectors. As per management, Meghraj cloud contract has further scaled up.
- Deployment of high-capacity backbone for hyper scalers across metro and NLD network helps to increase RJio's share in deal wins.

- The growth in JPL is likely to remain higher than RJio (albeit on a lower base) with higher incremental margins, as the cost of delivering services does not rise in line with revenue growth, providing operating leverage.

Digital ecosystem driving engagement and monetization

- RJio is leveraging its network to act as a distribution gateway for digital services and partner platforms.
- Bundling strategy across content, connectivity, and devices driving ARPU uplift and customer stickiness.
- Strong ecosystem play across entertainment, broadband, and enterprise solutions enhancing lifetime value.
- Continued focus on AI-native network operations improving efficiency and customer experience.
- Monetization of digital services supported by deeper engagement and premium service offerings.

Reliance Retail – Key takeaways from the management meeting

- **Growth:** RRVL's revenue growth picked up to ~11% YoY in 4Q (vs. ~9% YoY in 3Q), driven by mid-to-high single-digit SSSG in grocery, fashion & lifestyle categories. Management indicated that growth on comparable basis was likely higher at ~14% YoY. RRVL delivered ~12% YoY growth in FY26, despite FMCG demerger wef Dec'25, driven by broad-based growth across consumption baskets and ramp-up of hyperlocal deliveries in JioMart.
- **Store expansion:** The business added 333 new stores during 4Q (181 net stores), bringing the total store count to 20,160 with 78.3m sqft. (+1% YoY) of retail space.
- **JioMart/Hyperlocal Commerce:** JioMart continues to expand its reach across India, serviced by a network of 3,100+ stores. Customer acquisition accelerated in 4Q with the addition of 5.8m new customers, expanding the registered base by 98% YoY. 4Q average daily orders surged 29% QoQ (~4x YoY). The platform strengthened its marketplace ecosystem, growing the seller base by 22% YoY and pivoting to 2-hour delivery for select Electronics and F&L merchandize.
- **Margins:** Operating EBITDA inched up only ~3% YoY (and ~8% YoY in FY26) due to the adverse impact from the scale-up of lower-margin hyperlocal deliveries. Management indicated that margin trajectory would be a function of relative growth between offline and online businesses.
- **Fashion & Lifestyle:** The business delivered broad-based growth across categories, led by strong customer demand and outperformance in men's fashion. Strategic refresh and digital enablement of over 1.5k stores boosted customer experience. The business operates 1.7k fashion & lifestyle stores with 2-hour delivery promise in key locations.
- **AJIO & Digital Fashion:** AJIO delivered steady growth, driven by higher platform engagement with among the highest ABVs in the industry. AJIO Rush expanded its reach to 600+ cities, with 4-hour delivery promise. **AJIO Luxe brand** portfolio grew 24% YoY, with option count up 11% YoY. **SHEIN** maintained revenue growth momentum, supported by strong user traction.
- **Jewelry:** The business delivered another quarter of strong performance. Average bill value grew 53% YoY, driven by rising gold prices with a marginal

reduction in volume amid a continued strong customer demand during festive and wedding seasons.

- **Consumer Electronics:** The stores maintained revenue momentum, driven by successful campaigns and broad-based growth across categories led by Laptops, Mobiles, and TVs. The Digital India Sale registered strong traction, delivering 30% YoY growth (INR5b in a single day). The resQ service arm delivered steady revenue growth, scaling up the service network to 1,621 locations (+9% YoY). The business operates 1,400+ electronics stores with 2-hour delivery promise.
- **Grocery & Metro:** RRVL reached 1k big-box retail stores in grocery segment. Big-box stores maintained steady performance, driven by festive demand and continued growth in everyday consumption baskets. Metro delivered strong growth, driven by higher customer count and improved ABV.
- **Reliance Consumer Products:** The FMCG vertical, now operating as an independent and focused organization following its demerger from RRVL, delivered strong performance in FY26.
- Beverages grew 1.6x YoY, with **Campa brand** achieving INR4.7b in gross sales in FY26, establishing itself as **India's 4th largest CSD brand**. Overall beverage revenue stood at ~INR6b.
- **Independence brand** crossed INR2.6b in annual sales, with daily essentials forming ~40% of RCPL's sales.
- Water business scaled up to establish RCPL as India's 3rd largest branded water player.
- Strategic acquisitions strengthened the portfolio—RCPL acquired majority stakes in Goodness Group Global (Nexba) for international beverage expansion and Manna for specialty health food products.
- Ongoing bottling capacity expansion and food park investments should further enhance scale across the RCPL portfolio.

REAL ESTATE

- **Real estate companies witnessed ~11% YoY increase in bookings during 4QFY26 to INR436.8b, largely due to meaningful project launches in 4Q. Average price realizations also increased by ~14% YoY during the quarter. Despite the softness observed due to the geopolitical crisis, management remains optimistic about demand sustainability over the medium to long term. With regulatory approval processes gradually improving, the launch pipeline for FY27 is expected to be stronger. Additionally, companies are actively pursuing land acquisitions to strengthen their future development portfolio and support long-term growth.**

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Quarterly Snapshot	Near-term outlook/launch pipeline
DLF	■ In 4QFY26, DLF reported bookings of INR39.7b, with FY26 bookings at INR201.4b, following a strong response from its key projects. Collections in 4Q dipped slightly to INR31.6b, but FY26 collections rose to INR131b. With its zero gross debt and surplus cash flow, net cash increased to INR142b. Revenue declined 42% YoY to INR18.1b, with EBITDA at INR4.1b (22.6% margin). PAT stood at INR12.4b, with FY26 PAT at INR31.5b.	■ The company outlined a robust launch pipeline of INR200b for FY27, covering major projects in DLF city (~INR80-90b GDV), Arbour senior living, and the next phase of West Park in Mumbai. In the near term, the company expects stronger revenue recognition and a meaningful release of significant escrow cash balances from FY28 onwards, as major projects like Arbour enter the delivery phase. On the commercial side, management has guided for rental income growth of 10-11% from existing assets in FY27 and low teens NOI growth over the medium term, driven by new office assets in Chennai and Gurugram by FY28.
Godrej Prop.	■ In 4QFY26, Godrej Properties reported presales of INR102b on volumes of 7.3msf, taking FY26 presales to INR342b (27msf), with realizations at INR13,999/sqft. The company launched projects worth INR174b during the quarter (INR422b in FY26), sold 3,973 units, and saw strong contribution from Bengaluru, MMR, and NCR. In FY26, the company had its highest BD additions at INR421b GDV. Collections rose to INR80b, and net debt remained at INR64b. Revenue stood at INR34.6b, with an EBITDA of INR5.2b, while reported PAT came in at INR6.5b (INR18.7b in FY26).	■ In FY27, the company expects to reach INR390b in presales, supported by a strong launch pipeline of INR480b GDV, with a specific focus on 1HFY27 and a robust ~INR200b business development pipeline, following its annual record BD additions of INR421b, providing multi-year launch visibility across key markets. Management highlighted a temporary moderation in demand towards the end of March, while delays in obtaining regulatory approvals led to the deferment of certain planned 4QFY26 launches into 1QFY27.
Lodha	■ In 4QFY26, Lodha Developers reported presales of INR58.9b, taking FY26 presales to INR205b, and launched 6.7msf with a GDV of INR140b. In FY26, the company added projects worth INR601b (75% of all BD done from FY22-25) to its business development portfolio. Collections stood at INR52b (INR152b in FY26). Net debt reduced to INR54b within its leverage ceiling. Revenue came in at INR47b, with EBITDA of INR14b (30.3% margin), and reported PAT was INR10.1b. For FY26, revenue and PAT stood at INR166.8b and INR34b, respectively.	■ The company has guided for FY27 pre-sales of INR240b, implying 17% YoY growth, supported by a launch pipeline of ~15msf at a GDV of INR218b. After an aggressive business development phase in FY26, management intends to adopt a more disciplined and selective approach to land acquisitions over the next two years, with a greater focus on free cash flows. Although luxury housing sales experienced a temporary slowdown in March, primarily due to changes in demand from Middle East-linked NRI buyers, the company remains confident in its growth outlook, driven by continued expansion in NCR and the scaling of its 1GW data center platform.
Oberoi Realty	■ In 4QFY26, OBER reported presales of INR17b (0.36msf; 229 units), driven mainly by Elysian (bookings worth INR8.4b), taking FY26 bookings to INR55b. Collections stood at INR9.3b. The company added multiple residential projects across MMR, including redevelopment projects at Aram Nagar, Peddar Road, Malabar Hill, and Nepean Sea, while emerging as the highest bidder for RLDA's Bandra East land parcel. Revenue stood at INR17.5b, with EBITDA of INR9.6b (55% margin), while PAT came in at INR7b. FY26 PAT stood at INR25b.	■ OBER's near-term growth is expected to be driven by a healthy launch pipeline in FY27, including Gurugram (360 North), Malabar Hill, and new towers at Forestville and Jardin. The company also added a healthy ~4msf business development portfolio. Approvals for the 360 North project are expected to be received shortly. Alongside this, the two new hotels in Worli and Borivali are expected to open in the next two years.
Mahindra Lifespace	■ In 4QFY26, Mahindra Lifespace Developers reported bookings of INR16.3b, taking FY26 presales to INR34b. In FY26, the company launched projects worth INR74b GDV across MMR, Bengaluru, and Chennai. Collections stood at INR6.4b, while the company added projects worth INR105.1b GDV during the year. IC&IC revenue rose to INR3.6b, with 84.9 acres leased. Revenue came in at INR6.7b, aided by four completions, though it led	■ MLDL has guided for INR45-50b in FY27 bookings, supported by a strong launch pipeline of INR70b GDV across MMR and Pune. The company is targeting to add INR100b GDV to its business development portfolio, following an INR105b addition in FY26. While management noted a slight moderation in sales gallery footfalls, it remains optimistic about demand for the upcoming phase of its Bhandup project and the development potential of

	to an EBITDA loss of INR439m and positive PAT of INR1.1b. For FY26, PAT stood at INR2.7b.	the Origins Ahmedabad industrial park, which are expected to be key growth drivers going forward.
BRGD	■ In 4QFY26, BRGD reported presales of INR25.2b (2msf), taking FY26 presales to INR74b, with collections at INR19.9b. The company launched seven projects during the quarter, with a TDA of 4msf across Chennai, Hyderabad, and Bengaluru, while adding a ~13msf (~INR150b GDV) BD pipeline across Bengaluru and Hyderabad in FY26. Net debt stood at INR23b (0.3x D/E), with cost of debt at 7.57%. In FY26, leasing revenue rose 10% YoY to INR13b (56% margin, 88% occupancy), and hospitality revenue grew 13% YoY to INR6b; nine hotels totaling 1,700 keys are in the planning stage, including six tied up with Marriott International.	■ BRGD has guided for 20% growth in FY27 bookings to INR90b, supported by a strong launch pipeline of 11.6msf TDA with an INR116b GDV, along with sustained sales from its existing inventory. The company plans to launch ~4.5msf of commercial space in FY27, with a broader target of ~10msf by FY28. Though collections lagged in FY26 due to deferred launches, the company expects them to pick up in FY27/28 as construction costs and approval timelines return to normal.
SOBHA	■ In 4QFY26, SOBHA reported bookings of INR20.4b, taking FY26 bookings to INR81.4b, with realizations at INR14,675/sqft. Bengaluru and NCR remained key contributors. The company launched three projects in 4Q, maintained a ~31.2msf pipeline, and saw collections rising 14% YoY to INR18b, ending the quarter with net cash of INR8b (0.17x equity). Revenue stood at INR19.9b, with EBITDA of INR1.5b, while FY26 PAT came in at INR1.9b.	■ SOBHA's outlook remains strong, and management has guided for 30% YoY growth in pre-sales for FY27, driven mainly by a strong launch pipeline of ~10msf across Bengaluru, Gurugram, Hyderabad, and Pune. The company invested INR11.6b on land acquisitions in FY26 and plans to do the same in FY27 as well. Management noted that the residential demand in Bengaluru continues to remain strong despite concerns surrounding the AI sector, although labor shortages during 4Q posed some execution challenges.
Kolte Patil	■ In 4QFY26, Kolte-Patil Developers reported presales of INR7.1b (0.7msf), taking FY26 presales to INR26b (3.1msf), with Life Republic contributing 45% to the quarter's bookings. Realizations improved to INR9,601/sqft. Collections rose to INR8.3b, and the company added ~INR22.5b GDV (~3msf saleable area) in FY26. Revenue stood at INR2.5b, with EBITDA loss of INR60m and PAT loss of INR158m, while FY26 reported a PAT loss of INR387m.	■ With INR22.5b GDV additions, the company's current project pipeline stands at ~INR293b (37msf), with Pune alone contributing ~INR257b (34.8msf).
Prestige Estates	■ In 4QFY26, Prestige Estates Projects reported presales of INR77b (5.3msf), taking FY26 presales to INR300b, with realizations at INR14,414/sqft. The company launched 8.0msf during the quarter (31.84msf in FY26), while collections rose to INR52b and net debt increased to INR109b (0.65x D/E); 20 projects were added in FY26, with a GDV of ~INR514b. Revenue stood at INR40.7b, with EBITDA of INR10.4b (25.7% margin) and PAT of INR2.5b. FY26 PAT came in at INR12b.	■ The company has guided for a 15-20% growth in bookings despite a strong year in FY26. FY27 sales will be supported primarily by the strong launch pipeline of INR578b. The company plans to invest another INR45b in land investments for FY27, following a strong BD year in FY26 with INR514 additions. The company's major office assets in Bengaluru are completed, and its first NCR project in Indirapuram has contributed to ~INR95.6b in FY26 bookings, reflecting a robust launch in the NCR market.
Phoenix Mills	■ In 4QFY26, Phoenix Mills reported revenue of INR12.3b and EBITDA of INR7.5b (61% margin), taking FY26 EBITDA to INR26.4b, with adjusted PAT at INR12.5b. Retail consumption grew 31% YoY to INR43b in 4Q and 21% YoY to INR166b in FY26, led by Phoenix Mall of Asia (Bengaluru) and Citadel, while rental income stood at INR5.5b. Office leasing totaled ~2.2msf in FY26 with stable occupancy, hospitality remained strong, and operating free cash flow was INR6.3b. Consolidated net debt stood at INR31.6b.	■ The company is targeting a retail portfolio of ~18msf and an office portfolio of 9msf by FY30. The new malls in Kolkata and Surat are expected to start operating from 2HFY28, and the Thane malls have received environmental clearance. The company plans to expand its residential portfolio to 7msf by FY30 and aims to add 1msf every year.
Signature Global	■ SIGNATUR posted 4QFY26 presales of INR15.7b, declining 3% YoY, taking FY26 presales to INR83b (-20% YoY), lower than its revised guidance. FY26 sales volumes stood at 5.4msf (-35% YoY), while realizations were INR15,250/sqft (+22% YoY). Collections decreased 22% YoY to INR9.1b in 4Q (FY26: INR40b, down 8% YoY). Revenue increased to INR11b (113% YoY), with EBITDA and PAT of INR564m and INR11.5b (on account of an exceptional item), respectively. FY26 PAT stood at INR11b. Net debt declined to INR2b.	■ The company has guided for INR100b in bookings for FY27, supported primarily by the planned launches pipeline worth INR150b in FY27, including its marquee branded residences launch in Sector 71, Gurugram. Though it missed its guidance for FY26, the company was successful in its JV partnership with RMZ group to develop a commercial portfolio of ~5.6msf. Management has retained its focus on the Sohna market and expects price appreciation to continue in the Gurugram market.

Sunteck Realty	■ SRIN reported 4QFY26 presales of INR10.6b (+22% YoY), with FY26 at INR32b (+25% YoY). Collections grew 39% YoY to INR4.3b, while FY26 collections rose 14% YoY to INR14.3b. Net D/E remained low at 0.06x. In FY26, the company added three new projects to its MMR portfolio with a GDV of ~INR50b, and its cash outlay for business development stood at INR8.1b (INR1.8b in FY25). Revenue stood at INR3.4b (+65% YoY), EBITDA at INR967m (+41% YoY; 28.5% margin), and Adj. PAT at INR638m (+27% YoY). FY26 PAT was INR2b (+36% YoY).	■ The company is targeting a 25% YoY pre-sales growth in FY27, supported by a robust launch pipeline of INR60-70b in key MMR micro-markets like Andheri, Mira Road, and Vasai. The company included additional INR50b projects to its pipeline following its BD activity in FY26. Management indicated that the Dubai project is launch-ready, but the launch timing depends on the ongoing Middle East crisis, and the company expects the labor situation to normalize following the conclusion of regional elections.
Anant Raj	■ ARCP posted 4QFY26 revenue of INR6.5b (+20% YoY) and EBITDA of INR1.7b (+18% YoY; 26% margin), while FY26 revenue/EBITDA rose 22%/33% YoY to INR25.1b/INR6.6b. Adj. PAT came in at INR1.5b (+24% YoY). FY26 PAT increased 30% YoY to INR5.5b.	■ The company is expanding its data center and is targeting to reach 357 MW IT load by 2032, with construction already progressing at its Rai facility. On the residential front, the company expects to launch two projects in FY27 with a TDA of ~2msf and a combined GDV of INR40-50b. The company expects to receive RERA for its Group Housing 2 project by 1QFY27, while the RERA process is in advanced stages for the Group Housing 3 project (expected launch by 2HFY27).
Sri Lotus	■ Sri Lotus Developers reported 4QFY26 presales of INR4.6b (+177% YoY), taking FY26 to INR11.6b (+137% YoY). The successful launch of Lotus Celestia (INR14-15b GDV), Versova generated INR1.7b bookings in 7 days, reinforcing the company's strength in premium micro-markets. Collections stood at INR0.8b (FY26: INR3.8b). FY26 additions include nine projects (~INR85–90b GDV). Revenue came in at INR3.1b, EBITDA at INR1.2b (39.4% margin), and PAT at INR1.0b. FY26 PAT was INR2.4b.	■ The company is targeting to reach INR18-20b in bookings by FY27, supported by its strong launch pipeline of INR50-55 GDV across Mumbai's premium markets. The company targets to add 4-5 more projects in FY27 and expects collections to increase once the construction moves to superstructures from basement stages.
Aditya Birla Real Estate	■ ABREL reported 4QFY26 presales of INR42.9b (-24% YoY), taking FY26 to INR81.4b (flattish YoY). Key launches in 4Q include Birla Arika Ph. 2, Gurugram (97% sold in a month) and Birla Taranya, Thane. Collections were INR9.9b in 4Q (FY26: INR33.4b). Net debt declined to INR32b. Revenue fell to INR826m in 4Q (FY26: INR4.1b). EBITDA loss was INR1.6b (FY26: -INR3.6b), while PAT stood at INR133m (FY26: -INR784m).	■ The company plans to launch Niyaara Tower C in 1HFY27 and the Khar redevelopment project by 4QFY27, which will support a sustained pre-sales growth for FY27. It is also evaluating a business development portfolio of INR600b across Bengaluru, MMR, and Pune, and is expecting to close the ITC transaction by 1QFY27. Additionally, new phases for Taranya, Navya, Punya, and Evam are slated for 2HFY27 launch, while the Mathura Road project is targeted for early FY28.

ADITYA BIRLA
REAL ESTATE

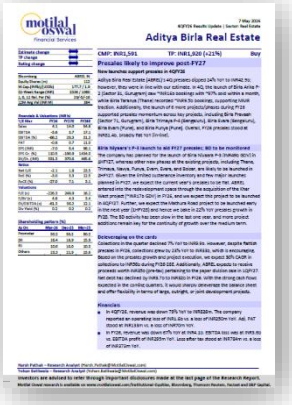
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Aditya Birla Real Estate — Buy

Current Price INR 1,258

- Sustenance sales in FY26 were led by Niyaara and the Bangalore projects, contributing ~20% to overall sales.
- Niyaara Tower C launch is expected in 1HFY27, though it may spill over into 3QFY27. Management expects strong sales traction from the MMR market during the year. Upcoming launches include the new phase of Taranya in 3QFY27, Khar redevelopment in 4QFY27, the final phase of Navya in 3QFY27, Punya in Pune in 3QFY27, and Evam in Manjri in 4QFY27.
- In Bangalore, Trimaya 3 and Evara are expected to continue delivering healthy sustenance sales in FY27.
- The company remains optimistic about business development opportunities across Bangalore, MMR, and Pune. Projects worth ~INR600b are currently under evaluation, with ~60% concentrated in MMR.
- Management expects collections to reach ~65-70% by the time structural completion of projects is achieved.
- Talegaon and Kalyan land parcels are part of legacy land holdings from Century Textiles. The Talegaon parcel, currently ~40 acres, is agricultural land that requires conversion before residential development and is being evaluated for senior living projects. The Kalyan parcel is also in the exploratory stage and is unlikely to see development over the next few years.



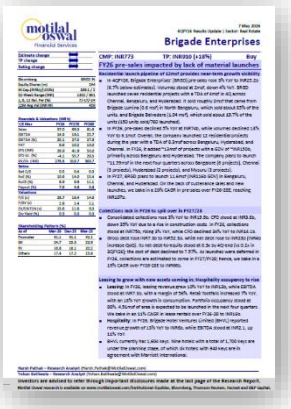
- In Thane, Taranya is being developed on land acquired from Hindalco, with IFC holding a 50% stake. The project has commercial development potential of ~0.5msf, with options being evaluated between outright leasing and strata sales.
- Discussions related to the ITC transaction are progressing well. While CCI approval has been received, certain state-level approvals remain pending, with closure expected during the current quarter.
- Construction expenditure for FY27 is estimated at ~INR12b. Management highlighted strong internal cash flows and indicated that partnerships with global investors provide flexibility to raise capital for larger developments, if required.
- For outright land acquisitions, the company targets a minimum IRR of ~15%, while JDA projects require ~18% IRR thresholds before project finalization.
- The Mathura Road project is planned for launch in early FY28.
- Construction of the Centurion and Aurora commercial expansions is expected to commence from FY27, with total commercial development potential guided at ~1.3msf.

Brigade Enterprises — Buy

Current Price INR 654

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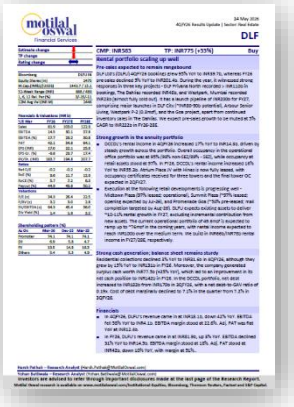
- New launches contributed 43% of FY26 pre-sales despite most project launches being concentrated in 4QFY26.
- FY27 residential launch pipeline stands at 11.5msf, with a GDV of ~INR119b, across Bengaluru, Chennai, and Hyderabad.
- BRGD expects part of FY27 launches to be advanced into 1HFY27, subject to approvals, to improve sales momentum.
- Bengaluru and Hyderabad launches are expected to witness relatively faster absorption, while Chennai projects are likely to see gradual sales through the construction cycle.
- FY27 pre-sales are expected to grow at least 20% YoY to ~INR90b, supported by upcoming launches and sustenance sales.
- BRGD continues to witness healthy customer engagement, with conversion ratios remaining steady at 10-12% across projects and cities.
- NRI contribution remained stable at ~10% of pre-sales value and is expected to continue at similar levels.
- During FY26, BRGD added ~13msf of projects with a GDV of ~INR150b, primarily across Bengaluru and Hyderabad. BD additions in FY27 are expected to remain broadly in line with the annual launch GDV over the medium term.
- BRGD expects commercial leasing demand to remain healthy, driven by GCCs, technology occupiers, and BFSI demand.
- GCCs currently account for 58% of the leasing portfolio, while large anchor tenants continue to provide revenue visibility.
- The company plans to launch ~4.5msf of commercial space in FY27, with a broader pipeline of ~10msf planned across FY27-FY28.
- Commercial development capex for the upcoming pipeline is estimated at ~INR60b over the next four years.
- BRGD expects retail portfolio performance to remain healthy, supported by improved footfalls, retailer sales growth, and tenant additions.
- Hospitality demand is expected to remain supported by domestic travel, while international travel recovery is likely to be gradual through FY27.

DLF — Buy

Current Price INR 581

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Results Update





Residential

- Dahlias led Devco's operational performance as it witnessed sales of 32 apartments during the quarter.
- DLFU has a healthy FY27 launch pipeline of ~INR200b GDV, comprising a major launch in DLF City (~INR80-90b potential), Arbour Senior Living, the next phase of West Park in Mumbai, continued inventory sales in Dahlias, and potential Goa launches.
- The company expects Dahlias to continue witnessing strong momentum going ahead. Significant price appreciation by ~50% was observed since the launch, with current pricing nearing Camellias levels (20% gap currently).
- In Mumbai, DLFU plans to launch the next phase of West Park (~0.8msf) in FY27, while continuing to evaluate expansion opportunities around the existing micro-market through partnerships and acquisitions.
- The company expects better revenue recognition from FY28 as large projects such as Arbour and subsequent launches enter delivery phase, which should also unlock significant escrow cash balances and profitability.

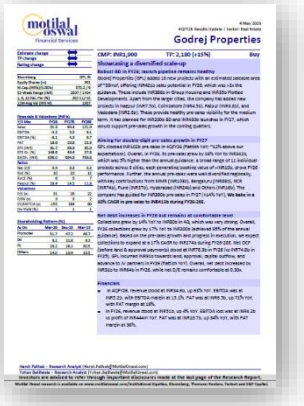
Commercial/Retail

- DLFU's rental portfolio stood at ~50msf, with portfolio occupancy remaining strong at ~95%.
- It expects exit rentals in FY27 at INR82b.
- Atrium Place JV with Hines is now fully leased, with occupancy certificates received for three towers and the final tower expected in 2QFY27. The project is expected to contribute ~INR7b of annual rental income once fully operational.
- DLFU is progressing multiple retail developments, including Midtown Plaza (~97% leased and operational), Summit Plaza (95-97% leased; opening expected by Jul-26), and Promenade Goa (~50% pre-leased; mall completion targeted by Aug-26). DLFU expects existing assets to deliver ~10-11% rental growth in FY27, excluding incremental contribution from new assets.
- The company reiterated its 4-5 year annuity business guidance of low-teen NOI growth and 20-25% rental CAGR, supported by new office and retail completions across Gurugram and Chennai.
- DLFU expects completion of ~3.5msf office development in Downtown Chennai by FY28, with ~0.5msf already leased at premium rentals of INR145-150/sq ft for top floors. Average rentals are expected at INR125-130/sq ft, reflecting strong demand for high-quality GCC office space.
- In Gurugram, Downtown Phase II (~7.5msf integrated development including office and retail) is under development, with one tower (~2.2msf) already fully leased. Remaining towers are under active leasing discussions, with project completion expected during late FY28/early FY29.

Godrej Properties — Buy

Current Price INR 1,705

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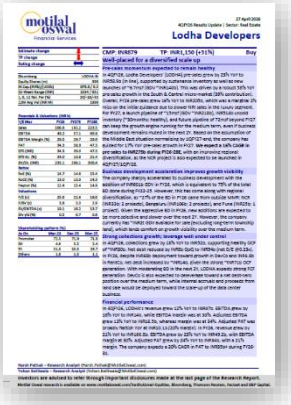
- GPL expects residential bookings to reach ~INR390b in FY27 (+14% YoY), with collections guided to grow ~20%, supported by a strong pipeline and improving execution.
- Growth visibility is driven by a significantly stronger launch pipeline, with a large number of projects scheduled for 1HFY27, positioning the company for a strong start to the year.
- Management indicated that 1HFY27 demand trends are expected to gradually improve despite geopolitical uncertainties, providing near-term confidence. 2HFY27 is expected to be better than 1H in terms of demand.
- Key upcoming launches include Bandra, Worli phase expansion, Vikhroli township, Thane new project, along with phase activations in Kharghar, Panvel and Godrej reserve.
- In NCR, sales are expected to rebound in FY27 as postponed launches (delayed approvals in 4QFY26) are now scheduled for 1QFY27. Overall portfolio visibility in the region remains strong.
- Mumbai and Bengaluru are expected to sustain growth momentum, while plotted developments continue to see healthy traction in Hyderabad and Kolkata.
- Pricing trends remain mixed, with better scope increases in Noida driven by supply constraints, while Gurgaon has seen relatively muted price increases.
- Cost inflation is expected to have a ~5–6% impact, though this is considered manageable through calibrated price hikes and operational measures.
- Management expects free cash flow generation in FY27, but this could vary depending on business development investments, while FY28 is expected to be clearly free cash flow positive.
- FY28 is also expected to be a key inflection year, with a sharp step-up in revenue recognition and cash flows as a large portion of the current project pipeline matures.
- Management noted a temporary slowdown in demand during the last two weeks of March, implying ~INR10b of potential presales spillover into FY27.

Lodha Developers — Buy

Current Price INR 880

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- **Demand trends & external factors:** March saw some shortfall in NRI demand from the Middle East, impacting luxury closures, though no structural demand weakness was observed. Management indicated PAT as a more relevant metric than pre-sales for assessing business health.
- **FY27 launches & sales phasing:** The company has guided for INR218b GDV in launches and INR240b pre-sales, with 33–34% EBITDA margins in FY27. Around 40% of pre-sales are expected in 1HFY27 and 60% in 2HFY27. In FY27, contribution from new launches is expected to decline from FY26 levels of 33% vis-à-vis higher reliance on sustenance sales. Launches are planned across Pune, Bengaluru, and Mumbai, while NCR launches are expected by 4QFY27 or 1QFY28.

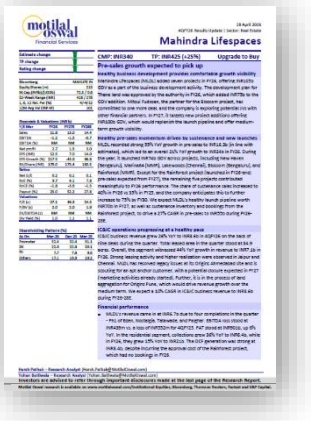

Lodha Developers

- **South-Central market opportunity:** The South-Central Mumbai market (~INR400b potential) continues to see a shift toward branded developers. Key micro-markets like Worli and Sewri have seen strong appreciation supported by infrastructure upgrades, while commercial demand remains robust.
- **Scale-up in presales & balance sheet strength:** The company share of sales currently accounts for ~3.5% of primary housing sales across the top six cities. Net debt reduced from 3.5x at the time of IPO to 0.23x currently.
- **Margin contraction:** FY26 was operationally strong despite macroeconomic challenges and environment-related construction and approval delays. EBITDA margins saw a slight contraction, largely due to lower land sales contribution during the year.
- **Business development (BD) & inventory visibility:** The company added 12 projects with ~INR600b GDV, focusing on high-quality transactions. As of April 1, 2026, available GDV stood at ~INR2t (excluding long-term township land banks), providing strong forward visibility.
- **BD outlook & cash flows:** Following aggressive BD in FY26, the company has sufficient supply visibility and expects a more selective approach over the next two years. This is likely to support strong FCF generation.
- **NCR expansion strategy:** Entry into NCR via two land parcels marks a strategic step into the second-largest housing market. A CEO has been appointed, with prior experience at DLF and Godrej Properties, and the company will follow a pilot-led approach before scaling operations.
- **Palava and infra-led upside:** Infrastructure developments such as the bullet train, Airoli-Katai tunnel, and Navi Mumbai airport are expected to significantly improve connectivity at Palava, driving price appreciation and potentially ~50% uplift in EBITDA margins over time.
- **Data center/powered shell opportunity:** The company is developing ~1GW powered shell capacity across 100 acres with an incremental investment of INR100–110b. Costs are significantly lower than global benchmarks, with advanced build-to-suit discussions underway and income expected from FY29.
- **Annuity income pipeline:** The annuity portfolio stands at 8.8msf, with 3.3msf completed and income generating. The company targets ~INR10b annuity income by FY31, excluding potential upside from data centers.
- **Cost pressures & margins:** Construction cost inflation impact is estimated at ~3–5%, mainly in gas-linked inputs. The overall margin impact is ~1% over three years, or ~30–60bp if inflation persists for only six months.
- **Labor & pricing trends:** Labor attrition of ~5–10% was observed, largely seasonal and not concerning. Pricing grew ~5% in FY26 and is expected to sustain, while volumes grew ~11–12%, with similar growth expected in FY27.
- **Deleveraging – DevCo business:** The DevCo platform is expected to steadily deleverage and move toward a net debt-zero position over the next few years.
- **Extended suburbs growth outlook:** Sales in extended eastern suburbs are expected to benefit from upcoming infrastructure completions, with traction likely from 2HFY27. The company has guided for ~INR80b annual sales in this region by FY31, including the residential, commercial, and data center segments.

Mahindra Lifespaces — Buy

Current Price INR 335

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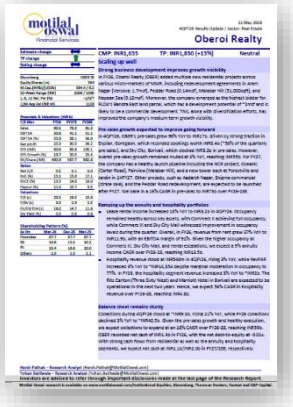
- The company received RERA approval for Bhandup Phase 1 (GDV ~INR30b); while no sales were recorded in FY26, EOI collections are currently underway.
- Two OCs were received in early April (Eden Phase 2 and Luminare NCR), forming part of FY27 deliveries; additionally, ~6 more OCs are expected during FY27, supporting growth in completions YoY.
- The company entered into a strategic partnership with Mitsui Fudosan in Mar'26 for the Mahindra Blossom project in Bengaluru.
- The IC&IC segment witnessed strong leasing traction in Jaipur and Chennai; Origins Ahmedabad has received approvals and is targeting an anchor client with contribution expected in FY27. Meanwhile, Origins Pune is awaiting land aggregation, with sufficient inventory visibility for the next ~2 years.
- Thane land is being planned as a large mixed-use development (retail, commercial, residential), with improving infrastructure (metro connectivity, Thane–Borivali link) enhancing its long-term attractiveness.
- Key upcoming launches include Beaconhill (MMR, ~INR16.5b) and Citadel Phase 3 (Pune, ~INR9.8b) in 1QFY27, along with Mahalunge (Pune, ~INR35b) later in FY27; residential pre-sales guidance stands at ~INR45–50b for FY27. Bhandup phase 1 (INR30b) will also see sales in the year as no inventory was sold in FY26 at launch.
- While some moderation in sales gallery footfalls has been observed, the company remains focused on achieving its stated pre-sales guidance.
- Bengaluru remains a key BD focus area with Navrat Phase 1 & 2 (~INR30b GDV) being combined, alongside multiple deals in advanced stages.
- FY27 BD guidance is pegged at >INR100b (MMR ~INR60b, Bengaluru ~INR20b, Pune ~INR20b), supported by partnerships (including Mitsui) and a strong pipeline; existing portfolio provides visibility till FY30, while incremental acquisitions will drive post-FY30 growth and offer a demand buffer.
- Operating cash flow stood at ~INR8.4b (post factoring INR2.5b approval cost for Rainforest), broadly stable YoY (vs ~INR8.3b in FY25).
- Multiple Phase 1 completions (Eden, Nostalgia, Tatawade, Palghar) were delivered in 4QFY26; with Phase 1 typically carrying lower margins, profitability is expected to improve as higher-margin Phase 2 revenues get recognized, with premium project gross margins at ~30% and portfolio IRRs at ~17%.

Oberoi Realty — Neutral

Current Price INR 1,638

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- OBER achieved business development additions of ~4msf across MMR during FY26, including an 11-acre parcel in Bandra East and ~2msf development potential at Aram Nagar, Versova.
- The company also entered redevelopment agreements with societies at Peddar Road, Malabar Hill, and Nepean Sea Road, strengthening its South Mumbai pipeline.
- Higher-floor inventory releases at Elysian, Goregaon, witnessed healthy booking traction, while Sky City Mall achieved over 72% occupancy within its first year of operations.



- The company expects approvals for its Gurugram project - 360 North in coming weeks, with construction commencement targeted within three months post-CC and RERA approvals. 360 North will comprise ultra-luxury residences similar to 360 West, with apartment sizes exceeding 5,000 sq.ft. and L&T appointed as the contractor.
- FY27 launch pipeline - 360 North, Oceanic (Carter Road), Fairview (Malabar Hill), and Forestville Tower D in 1QFY27; Jardin Tower A and Mulund launches in 2QFY27; Adarsh Nagar, Enigma commercial, Peddar Road redevelopment, and Alibaug in 2QFY27/3QFY27, while RLDA commercial and Borivali SRA-linked free-sale inventory are targeted for 4QFY27.
- Construction costs are rising across categories such as aluminum, glass, energy, and labor, with overall project costs increasing by ~2-3%.
- RLDA commercial development could include a strata-sale model, which would aid in cash flows and help reduce long-term payment obligations faster.
- The Worli luxury hotel project is expected to become operational within FY27, while the Borivali Marriott hotel is targeted for opening in early FY28.
- It received NCLT approval for the acquisition of Horizon Hotel Pvt. Ltd. and has already taken possession of the property in May 2026.

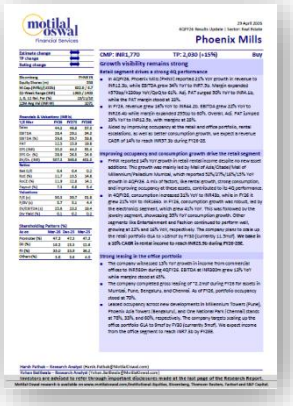
Phoenix Mills — Buy

Current Price INR 1,711

Click below for Detailed Concall Transcript & Results Update

Retail:

- Retail remained the key growth driver with strong performance despite no area addition.
- Consumption remained robust at +21% YoY in FY26 (INR166b) with 4QFY26 at +31%, while ex jewelry & electronics - growth stood at ~14-15% for FY26 and ~17-18% in 4Q.
- Rental income grew 10% YoY to INR21.6b, lagging consumption due to minimum guarantee (MG) + revenue share structure, ramp-up of new malls, and mix skew towards low revenue-share categories.
- ~90% of rentals in FY26 were fixed (MG).
- Leasing remained strong with deals covering ~3.2msf and >400 store openings across marquee global and domestic brands.
- 36–50% of the portfolio area is up for renewal over the next 2–3 years, providing a clear trigger for rental reversion and upside.
- Blended leasing spreads remained strong with ~20% rental uplift achieved in FY26 on renewals/new deals in the operational portfolio.
- Phoenix MarketCity Pune and Bangalore to see rental catch-up in FY27 with rental growth guided at ~17% (Pune) and ~20% (Bangalore).
- Leasing is near 100% across key malls while trading occupancy is expected to ramp up to ~95–96% by FY27-end, supporting rental growth.
- Tenant churn of ~10–25% across key malls over the last two years, along with repositioning and experiential additions, is driving higher trading densities and future rental upside.
- The new malls in Kolkata and Surat are expected to start operations in 2HFY28.
- Update on other forthcoming assets: Thane mall received EC and other necessary approvals, and excavation is expected to start soon; Coimbatore mall construction started in 4QFY26; at the Chandigarh mall, pre-construction work has started.



Office:

- Office portfolio scaled to ~4.8msf across 4 cities with Grade A developments integrated within retail-led campuses.
- Leasing strong: ~2.2msf leased in FY26; occupancy at ~70%. ~83% occupancy from mature assets (vs ~67% YoY) while new assets ramped up to ~62%.
- Strong leasing pipeline provides visibility for occupancy to reach ~90% in the coming quarters.
- Rental income expected to start ramping from 2QFY27 onwards, with the newer completed office assets starting to generate rent. This will lead to ~2x quarterly office income likely by 4QFY27.
- Demand remains strong, driven by premium product, integrated ecosystems, and differentiated amenities.

Hospitality:

- Hospitality remained resilient with FY26 revenue up 8% YoY to INR6.0b and EBITDA up 14% YoY to INR2.8b, driven by operating discipline.
- The St. Regis Mumbai continued to outperform with ~49% margins and ARR of INR21,626, reflecting strong pricing power.
- Courtyard by Marriott Agra maintained stable performance with occupancy at 76% and steady margins.
- Smaller North India assets remain non-material to overall financials but are retained for long-term optionality with no current divestment plans.

Residential:

- Residential remains a selective, cash-generating vertical with no capital competition with annuity businesses.
- FY26 bookings stood at INR4.7b with collections at INR4.7b and revenue at INR4.9b, reflecting strong cash conversion.
- Performance driven by premium Bengaluru projects with realizations improving to ~INR28000-29000/sqft.
- Strategy remains focused on monetizing mature inventory rather than scaling as a primary growth driver.
- The residential project in Kolkata is currently in the design stage.

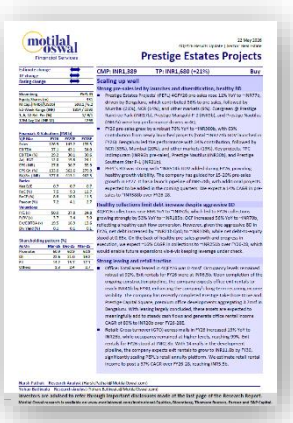
Prestige Estates — Buy

Current Price INR 1,344

Residential

- The company expects FY27 pre-sales growth of 15-20% YoY despite the high base of ~INR300b achieved in FY26, supported by a strong launch pipeline across key markets. Collections are also expected to grow by 15-20% YoY.
- Prestige Golden Grove in Hyderabad (~INR95b GDV) has already been launched in April 2027 and has witnessed strong initial response, providing an early boost to FY27 bookings momentum.
- Excluding Golden Grove, the company has an upcoming launch pipeline of ~INR483b, providing strong visibility on medium-term growth and sustaining launch-led pre-sales momentum.
- Upcoming launches in 1QFY27 include Gardenia Estates Phase 2 in Bengaluru (~INR4.6b GDV), Palm Court in Chennai (~INR12.2b GDV), and Forest Hills Phase 2 in Mumbai (~INR35b GDV).

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Prestige Estates Projects

- Demand trends remain healthy across markets with consistent sales momentum and healthy customer conversions.
- Bengaluru and Hyderabad continue to witness healthy demand despite concerns around the IT sector; premium housing demand remains healthy.
- Bougainvillea in Noida has received masterplan approval, while building approvals are expected shortly, with launch targeted in 2QFY27, improving visibility on NCR contribution going ahead.
- Jeejaamata Nagar project in Mumbai continues to progress through regulatory approvals, with management maintaining confidence on eventual launch and indicating no major contingencies on the project.
- PEPL highlighted a strong unrecognized revenue base of ~INR650b, providing a healthy revenue visibility over the next few years.
- NRI demand continues to remain stable, contributing ~5-8% of overall sales annually, with no meaningful change in buyer mix observed by the company.
- The company remains focused on calibrated growth and disciplined expansion while maintaining a measured approach towards business development and capital deployment.
- Business development investments for FY27 are expected at ~INR45b, while company indicated that large land acquisitions undertaken in FY26 are largely complete, limiting incremental increase in leverage.
- Net debt-to-equity is expected to remain within ~0.7x levels, with management comfortable on leverage given healthy operating cash flow generation and self-liquidating nature of residential projects.
- The company expects operating cash flows to remain strong in FY27, supported by robust collections, execution progress and monetization of recently launched projects.
- Management indicated that reported EBITDA margin is expected to remain around ~25% in the near term, before gradually improving towards ~28% over the medium term as revenue recognition catches up with recent high-margin launches.
- Residential revenue recognition for FY27 is expected to be in the range of ~INR120-130b.

Commercial

- On the annuity side, Prestige 101 (Tower X) in BKC is already ~70% pre-leased, while the Mahalaxmi commercial asset has achieved ~10% pre-leasing ahead of completion targeted in CY28.
- Office leasing environment remains healthy across key markets, with rentals in BKC at ~INR360 psf/month, Bengaluru at ~INR60-130 psf/month, and CBD Bengaluru rentals exceeding INR200 psf/month.

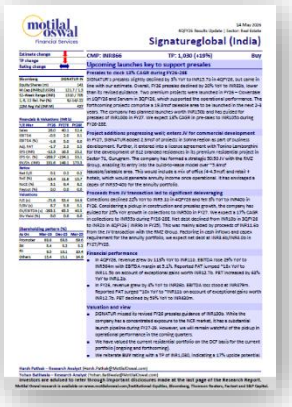
Hospitality

- The hospitality business is witnessing steady operational traction, with FY26 revenue of ~INR10.5b and EBITDA of ~INR4.0b

SignatureGlobal — Buy

Current Price INR 819

Click below for Results Update


Signatureglobal (India)

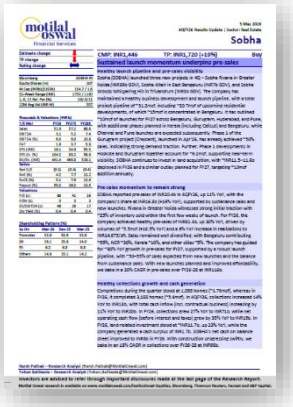
- Limited ready-to-move-in inventory in Gurugram continues to support pricing growth across both primary and secondary markets.
- The company plans to launch projects with an aggregate GDV of over INR150b in FY27, led by three major group housing developments in Sector 71, Gurugram. This includes a ~2msf branded residences project under the Tonino Lamborghini brand in 1QFY27, another ~2msf premium housing launch in 2HFY27.
- FY27 presales are guided at ~INR100b, supported by a strong launch pipeline and sustenance sales from existing inventory. The company expects ~40% absorption at launch for upcoming projects, in line with internal benchmarks aimed at ensuring project-level construction cost visibility and healthy cash flow generation.
- Management indicated that its remaining development pipeline and land bank together carry an estimated GDV potential of ~INR700b.
- The company, through its strategic 50:50 JV with RMZ Group, plans to develop a ~5.6msf mixed-use commercial project in Sector 71, Gurugram, comprising largely build-to-lease office, retail and hospitality assets. Management expects project activation within FY27, with the completed asset potentially carrying a capital value exceeding INR150b over the longer term.
- The company expects gradual improvements in realizations going forward, aided by premiumization of launches and favorable market dynamics. Management indicated that while aggressive price hikes are not planned, inflationary price increases and market-led appreciation are expected to continue across Gurugram residential markets.
- The company expects to complete an additional ~12msf over the next 4-5 quarters, largely comprising affordable housing and Deen Dayal Jan Awas Yojana (DDJAY) projects. With this, the cumulative delivered portfolio is expected to approach ~30msf over the medium term.
- Business development activity is expected to pick up in FY27, backed by a near net-debt-free balance sheet and strong operating cash flows. Management remains focused on expanding its presence in the Sohna market while evaluating larger-format plotted development opportunities similar to its “City of Colours” project in Manesar.
- The company expects FY27 collections and revenue recognition at INR50b each, supported by steady execution, project completions, and monetization of existing inventory.

Sobha — Buy

Current Price INR 1,381

Click below for Results Update

- Despite AI concerns, Bengaluru real estate demand and pricing remain unchanged, while overall labor shortages (due to elections in Q4) and potential war-driven cost pressures persist.
- SOBHA guided for ~30% YoY growth in pre-sales for FY27, with ~50–55% of sales expected from new launches and the balance from sustenance sales.
- The company launched Phase 1 of its Gurugram project (Crescent) in Apr’26, achieving ~50% sales to date. It has outlined a launch pipeline of ~10msf for



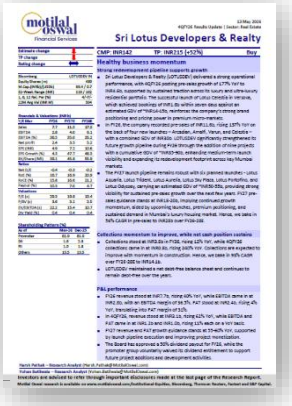
FY27 across Bengaluru, Gurugram, Hyderabad, and Pune, including ~6.2msf from Phase 1 developments in Hoskote and Gurugram. Additional launches are planned in Kerala (including Calicut) and Bengaluru, with Chennai and Pune expected post the initial FY27 launch pipeline.

- Rivana in Greater Noida, launched in 4QFY26, achieved ~25% of pre-sales within the first few weeks, with continued traction expected alongside ongoing execution.
- The unrecognized real estate revenue stands at INR186.47b, providing strong revenue visibility. The company expects healthy revenue growth ahead, with EBITDA margins likely to expand as project completions commence from 3Q–4QFY27.
- The Hoskote project comprises ~5.3msf of residential development with an estimated GDV of ~INR70b.
- On business development, SOBHA invested ~INR11.5–11.6b in land acquisition during FY26 and expects a similar outlay in FY27, with a target to add ~10msf annually.
- While commercial assets exist in Hoskote and Gurugram, the current focus remains on residential development. The company has potential to develop ~2msf of commercial space on existing land parcels and may scale this segment once a clearer strategy is in place.

Sri Lotus Developers — Buy

Current Price INR 137

Click below for Results Update



- The company launched four projects during FY26 — Amalfi, Arcadian, Varun, and Celestia. Sales velocity remained healthy, with ~62% inventory sold in Amalfi, ~41% in Arcadian, and ~38% in Varun within one year of launch.
- FY27 launch pipeline includes six projects — Lotus Aquaria, Lotus Trident, Lotus Aurelia, Lotus Sky Plaza, Lotus Portofino, and Lotus Odyssey — with estimated GDV of ~INR50-55b.
- In 1HFY27, the company expects to launch Lotus Aquaria, Lotus Trident, and Lotus Sky Plaza with combined revenue potential of ~INR25-30b.
- Approval status for upcoming launches remains largely on track. Lotus Trident and Lotus Aquaria have received full approvals with construction already commenced at Aquaria, while Lotus Sky Plaza has received ~80% approvals. Remaining projects are expected to receive approvals over the coming quarters.
- FY27 pre-sales guidance stands at INR18-20b, supported by six planned launches and sustained demand in the ultra-luxury residential and premium commercial segments.
- Revenue growth and PAT growth guidance for FY27 stands at 55-60% YoY, backed by strong launch pipeline, healthy inquiry levels, and improving monetization.
- The company expects to sign 4-6 new projects during FY27 in a calibrated manner.
- Commercial real estate demand across key micro-markets remains healthy, while the company continues to target premium pricing with realizations typically 10-25% higher than peers across projects.

- Input costs increased ~7% YoY, while labor costs rose ~5% YoY, resulting in an estimated ~1% increase in o verall project costs. Separately, broader geopolitical disruptions could lead to ~1.5-2.5% increase in project costs, though the impact remains manageable.
- Collections remained muted at INR0.8b in 4QFY26 and INR3.8b in FY26, as recently launched projects are currently in basement stages, limiting milestone-based customer collections. Collections are expected to improve meaningfully over the next two quarters as projects progress to superstructure stages.
- The Board approved 50% dividend payout for FY26, while promoters voluntarily waived dividend entitlement to retain capital for future business development and project expansion.

RETAIL

- **Retail: Most retailers indicated that demand trends improved during 4Q, supported by weddings, festivals, summer demand, and improving footfalls across categories. Premiumization, casual wear, sneakers, and adjacent categories continued to witness strong traction, while customer acquisition and product-led initiatives aided growth. Management teams at most retailers indicated a positive start to Apr'26; however, they remain watchful of the impact of raw material increases on both demand and margins. Footwear retailers have taken sharp price hikes to offset the drag from the sharp inflation in RM prices.**
- **Jewelry: The companies continued to deliver robust sales growth buoyed by strong festive demand and a significant rise in gold prices in 4Q (~80% YoY, ~20% QoQ). The management teams highlighted that robust SSSG growth, supported by higher traction in old gold exchange programs (~50% of revenue contribution), continued to structurally increase as customers sought to manage elevated ticket sizes. Management further alluded that demand for lightweight jewelry, lower-karat products, silver jewelry, and affordable formats remained strong as companies focused on maintaining affordability.**
- **QSR: Management teams indicated that QSR demand witnessed a gradual recovery during 4QFY26, supported by robust footfall growth and strong performance in the chicken and burger segments, while the pizza category remained relatively subdued. Building on the positive momentum seen since Jan'26, most QSR players experienced a healthier demand environment throughout the quarter. Companies continued to focus on driving affordability through value offerings while maintaining strict execution discipline. Management expects margin recovery to follow with a lag, supported by operating leverage as demand gradually strengthens through FY27.**

KEY HIGHLIGHTS FROM DEPARTMENTAL RETAIL CONFERENCE CALL

	Salient takeaways from 4QFY26's performance	Outlook
Aditya Birla Fashions	■ Pantaloons delivered one of its strongest quarters following a strategic reset across merchandising, customer targeting, in-store experience, and online channel. Growth remained largely volume-led, supported by higher basket sizes, improving footfalls, and better conversions.	■ Store expansion is likely to remain measured at ~20-22 Pantaloons stores and ~20-35 OWND stores in FY27, due to long lead times in building a quality real-estate pipeline. However, if demand trends were to remain robust, the pace of Pantaloons store expansion could be accelerated.
Aditya Birla Lifestyle	■ Demand trends remained broadly stable during 4Q despite a softer wedding season and weaker consumer sentiment toward quarter-end. Nevertheless, the company delivered healthy retail LTL growth, reinforcing confidence in sustaining ~7% medium-term LTL growth.	■ Management expects ~300 store additions (on a base of ~3,300+ stores) in FY27, with heavy lifting on store closures already done in the past few years.
Campus	■ Sneakers remained the key growth driver, delivering strong growth for the second consecutive year, supported by faster product development, integrated manufacturing, and improving product quality. The segment continues to benefit from rising consumer acceptance and premiumization trends, prompting ongoing capacity expansion to cater to growing demand.	■ The company plans to accelerate expansion in FY27, with ~60–80 store additions, largely through franchise-led formats (~60% FOFO mix).
Go Fashions	■ SSSG remained weak at negative ~3–3.5%, largely due to legacy small-store formats not keeping pace with evolving customer experience.	■ Net retail area is still expected to grow ~10% (vs ~11% in FY26) despite lower store additions.
Metro Brands	■ Footfall growth was seen across Metro and Mochi stores, with bill counts also increasing YoY. Sales per square foot remained stable despite large network additions, which is an indication of healthy SSSG.	■ Marketing initiatives, improved product offerings, and customer acquisition efforts supported higher footfalls and business momentum. Management reiterated its 15%+ long-term growth outlook, while highlighting quarterly volatility due to the timing of weddings and festivals.
Raymond Life	■ Branded apparel demand trends remained healthy, supported by traction in casual wear and premium fabrics. Emerging businesses contributed ~INR1.4b in revenue with losses of ~INR0.8b, while the garmenting business reported strong demand and healthy order visibility.	■ FY27 capex guidance remains steady at ~INR2b. Management indicated that FY27 will be a year of consolidation, with plans for ~100 gross EBO additions and a net addition of 30–40 stores.
Lenskart	■ Demand momentum remained strong across domestic and international markets, while management reiterated its long-term margin aspiration of ~25%.	■ FY27 priorities are centered around AI-led operating transformation, accelerated customer acquisition, deeper store penetration (guidance of opening as many stores in FY26), and long-term ecosystem investments such as smart glasses,

		building a global consumer brand, and supply chain integration.
Vedant Fashions	▪ Demand improved sequentially during 4Q, with March emerging as the strongest month, aided by better footfalls. April trends remained stable despite temporary softness in consumer sentiment amid geopolitical uncertainties.	▪ Key FY27 priorities include improving retention across the ~9m customer base, reviving ASP growth, and scaling AI-led systems across marketing and operational decision-making.
Vishal Mega Mart	▪ SSSG remained strong at ~11% for FY26, driven by market share gains. Management indicated that new customer additions contributed ~7% to growth, with ~2% each from higher units per bill and higher ticket size (premiumization), indicating both expanding customer base and improving basket mix.	▪ Store expansion is unlikely to slow despite macro uncertainty, with weaker industry conditions potentially creating opportunities to accelerate market share gains, while smaller regional players face balance sheet pressure.
Relaxo	▪ Demand recovery in GT accelerated during 4Q, aided by the GST reduction, with management remaining watchful of geopolitical uncertainties, inflationary pressures, and the impact of recent price hikes on consumer demand.	▪ FY27 capex is guided at INR1.8–2bn and will be directed toward mould investments, infrastructure, store expansion, and operational upgrades. EBO expansion remains part of the capex plan.
Arvind Fashions	▪ Demand trends remained stable during the quarter, with retail LTL growth of ~7.8% and overall retail growth of ~14%. Wholesale and department store channels also delivered double-digit secondary sales growth despite a temporary GST-led disruption in PVH brands. Adjacent categories contributed ~24% of revenues and continued to outgrow the core portfolio.	▪ Outlook remains constructive with expectations of sustaining mid-double-digit revenue growth and 30-40bp EBITDA margin expansion, supported by D2C scaling, adjacency growth, retail expansion, and improving brand productivity despite macro and sourcing-related headwinds.
V-Mart	▪ Demand trends remained healthy, supported by the wedding season, festivals, and early summer demand, while management remains watchful of the potential impact of sustained inflation on consumer sentiment.	▪ Management maintained its guidance of 13-15% annual area additions. New stores are reportedly delivering throughput better than the network average, reinforcing management's confidence in store selection and market opportunity.

KEY HIGHLIGHTS FROM QSR- CONFERENCE CALL

	Highlights from 4QFY26 commentary	Outlook for FY27
Jubilant Food Works	▪ While 4Q saw a lower like-for-like growth of 0.2%, management indicated that 1QFY27 is performing better than 4Q. ▪ AOV declined as JUBI cautiously moved to matched competition to gain market share. Earlier, JUBI's AOV stood at INR149; however, the launch of value-focused offerings priced at INR99 has led to a decline in AOV. ▪ The company has taken calibrated price increases of ~1.2% to offset the energy cost inflation.	▪ JUBI expects to open 230-250 stores in FY27. ▪ Management is maintaining a long-term annual SSSG guidance of 5% to 7%. ▪ Despite short-term pressures, management reiterated its guidance of 200bp EBITDA margin expansion (on FY24 margin) over the next two years. ▪
Devyani International	▪ Devyani undertook only a marginal menu price increase of less than 0.5% at the portfolio level. Future pricing actions are expected to remain dependent on the inflationary environment and commodity trends. ▪ Management highlighted minimal business disruption from the ongoing gas crisis despite supply challenges linked to the Middle East conflict. ▪ Management believes geopolitical disruptions disproportionately impact smaller players, potentially aiding market share gains for larger organized QSR operators.	▪ The company has guided for 200–225 net new store additions in FY27. ▪ KFC is expected to contribute 100–110 stores in FY27 additions. The remaining expansion is likely to be driven by Costa Coffee, Biryani By Kilo, and international business. ▪ The Devyani Sapphire merger is expected to be completed by the end of FY27.

United Food	■ The company delivered 14% SSSG in 4QFY26. Growth was driven by volume, with no price hikes undertaken during the quarter. ■ Management highlighted that growth recovery is broad-based and structural rather than dependent on a single brand. ■ The company reiterated that its transition into a multi-brand food services platform is now visibly reflected in its performance.	■ Management aims to deliver high single-digit to double-digit SSSG during FY27. ■ Management expects gross margins to recover by 100-200bp during FY27 through procurement efficiencies, scale benefits, and selective pricing actions. ■ The company plans to add 40 new restaurants during FY27. It remains on track to cross 300 restaurants by FY27 and 400-425 stores by FY30. ■ The company has planned ~INR1,400m of capex during FY27.
Sapphire Foods	■ No stores were shut during the LPG issue in March. However, certain menu offerings or store timings were curtailed in select regions. ■ PH Tamil Nadu continues to deliver positive double-digit SSSG and restaurant EBITDA performance over the rest of the country. ■ April 2026 demand trends have remained in line with 4QFY26 trends.	■ The company has plans to open 60-80 KFC stores in FY27. ■ It has taken a 2% price hike in April across KFC and PH and does not expect any further price hikes in the near term.
Westlife Food	■ The underlying guest count growth was in mid-single digits during the quarter. The momentum has continued into April as well. ■ The company will take 2–4% annual price hikes in a calibrated manner to offset inflation. It has not taken major price hikes over the last 4–5 months.	■ Management has guided that gross margin may normalize at 67% going forward, considering inflationary pressures, although cost optimization initiatives are expected to partially offset these headwinds. ■ The company plans to open over 60 restaurants annually going forward, compared to the earlier guidance of 45–50 stores.

KEY HIGHLIGHTS FROM Jewel- CONFERENCE CALL

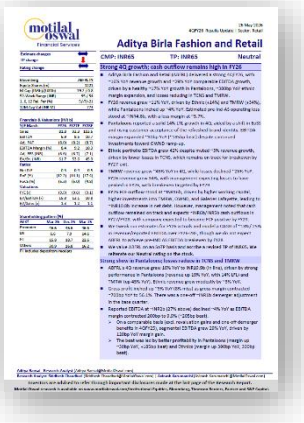
	Highlights from 4QFY26 commentary	Outlook for FY27
Titan	■ Buyer growth in the jewellery business rebounded sharply to 8% in 4QFY26 versus flattish trends seen over the previous nine months, driven by wedding purchases, customers advancing purchases amid rising gold prices, and healthy traction in studded jewellery. ■ Management highlighted that customers waiting on the sidelines amid rising gold prices entered the market in 4QFY26. ■ TTAN stated that 4QFY26 international business performance was impacted by geopolitical disturbances in the GCC region.	■ TTAN remains focused on driving strong growth while mitigating margin pressures through initiatives such as lightweight jewellery, higher lower-karat penetration, product mix optimization, and tighter cost control. ■ The company expects healthy EBIT growth going forward, broadly in line with revenue growth, though at a relatively lower pace.
Kalyan Jewellers	■ Management indicated that strong wedding demand and healthy festive purchases supported growth during the quarter. ■ Non-South markets continued to outperform South markets during the quarter. South India witnessed a relatively slower SSSG, partly due to a higher base. ■ Margin expansion was driven by a richer product mix, procurement efficiencies, operating leverage, and a higher share of FOCO revenue.	■ Interest savings of ~INR300m are expected in FY27 due to the repayment of the remaining non-GML debt. ■ India's standalone PBT margin of ~5.5–5.6% is expected to broadly sustain in FY27, with potential for slight improvement through operating leverage. ■ In FY27, the company plans to open 84 Kalyan showrooms in India (FOCO) and 6 international showrooms through a mix of COCO and FOCO formats. ■ The company plans to open 50 Candere showrooms through a combination of COCO and FOCO formats in FY27.
Senco	■ The company maintained a hedging ratio of around 40-50% to manage gold price volatility, liquidity risks, and margin-related uncertainties during the quarter. ■ Coins and bullion currently contribute around 5-6% of overall sales. ■ The company continued to expand its 9K and 14K jewellery portfolio, targeting younger and value-conscious consumers. ■ Low-carat jewellery currently contributes around 15% of overall sales, including diamond jewellery.	■ The company has guided for ~20% revenue growth in FY27 while maintaining EBITDA margin guidance of 7.5-7.8%. PAT margin guidance was maintained at 4-4.5%. ■ Senco plans to add ~18-20 stores during FY27, with a higher focus on franchise-led expansion, lightweight jewellery, inventory optimization, and cost control initiatives.

P N Gadgil	■ Old gold contribution currently stands at ~40% of business, and management expects it to increase ~50%. ■ Margins contracted due to greater contribution from gold bars and coins and higher promotional discounts. ■ Franchisee margins are structurally lower at around 2.5%-3%, which also impacted consolidated margins.	■ Management has guided for revenue of INR135b for FY27. Growth is likely to be supported by strong same-store sales growth and continued store expansion. ■ EBITDA margin guidance is maintained at 7%-7.5%. PAT margin guidance is maintained at around 4%. ■ Management plans to increase hedging levels to 75%-80% during FY27 to reduce margin volatility.

Aditya Birla Fashion — Neutral

Current Price INR 61

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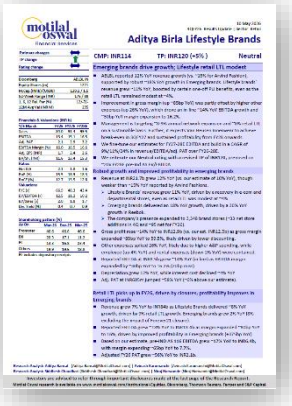


- **Demand trends** remained stable through 4QFY26, with March witnessing temporary moderation due to geopolitical uncertainty and weaker wedding demand. April trends have normalized, though inflation-led price hikes across categories could weigh on discretionary demand in 2HFY27.
- **Raw material** prices have increased by ~3-5%. However, ABFRL will take calibrated decisions on price hikes across categories depending on demand elasticity, competitive intensity, and the broader demand environment.
- **Cash outflow:** ~INR10b cash outflow on a standalone basis for FY26 was in line with the plan. Management expects FY27/FY28 cash utilization at INR6b/INR5b before turning FCF positive by FY29. Further, it believes standalone gross cash at ~INR11.4b should be sufficient for investments into growth businesses without the need for further equity raise.
- **Pantaloons** delivered one of its strongest quarters following a strategic reset across merchandising, customer targeting, in-store experience, and online channel. Growth remained largely volume-led, supported by higher basket sizes, improving footfalls, and better conversions. Management highlighted ~9% YoY growth (~7% LTL) across Nov'25-Mar'26, which normalizes for the shift in EoSS. Omnichannel business has now reached a viable profitability path and contributes ~3-4% of sales, supporting renewed investments.
- **Store expansion** is likely to remain measured at ~20-22 Pantaloons stores and ~20-35 OWND stores in FY27, due to long lead times in building a quality real-estate pipeline. However, if demand trends were to remain robust, the pace of Pantaloons store expansion could be accelerated.
- **Ethnic portfolio** continued scaling profitably despite a softer wedding calendar in 4Q. **Tasva** sustained >20% LTL growth and >30% overall growth and remains focused on expansion across key wedding markets and potential entry into the women's ethnic wear segment.
- **TCNS** delivered 7% LTL in 4Q (10% for FY26), though revenue remained broadly stable YoY in FY26 due to store rationalizations. However, cash losses halved YoY and management expects to achieve break-even in FY27, with full profitability from FY28. Management indicated that the brand is now getting into the store expansion phase, driven by a refreshed product proposition.
- **TMRW** maintained a >30% growth trajectory for the third consecutive year, supported by category expansion, omnichannel scaling, and continued brand investments. Liquidity improved materially through an INR4.4b equity infusion and proposed INR5b NCD raise, with post-fundraise cash of INR8b, sufficient to fund growth initiatives. Management expects TMRW to break even by FY29.

Aditya Birla Lifestyle — Neutral

Current Price INR 98

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- **Demand trends** remained broadly stable through most of 4Q despite a weaker wedding calendar, although consumer sentiment softened toward quarter-end amid geopolitical and market volatility. Even in this backdrop, ALBL sustained healthy retail LTL growth, reinforcing management's confidence in delivering ~7% steady-state LTL growth over the medium term.
- **RM inflation:** Management noted that a rise in polyester costs affects several product categories across the ABLBL portfolio, especially modern product categories and bottom wear. However, the company is looking to mitigate the impact through sourcing efficiencies and cost management initiatives.
- **Network expansion:** Despite elevated closures in 1HFY26, ABLBL ended the year with ~95 store additions. Management expects ~300 store additions (on a base of ~3,300+ stores) in FY27, while heavy lifting on store closures has already been done in the past few years.
- **Van Heusen Innerwear** delivered double-digit YoY growth in 4Q, aided by its fifth successive quarter of double-digit retail LTL and robust performance across channels. Management expects to achieve break-even in 3QFY27 and sustainable profitability from FY28 onwards.
- **Reebok** maintained strong momentum with sales having more than doubled since the acquisition. The brand currently operates over 210 stores, and management believes the runway is significantly larger. Network expansion is expected to continue at around 40-50 stores annually over the next few years. The company also highlighted new product launches as drivers for future growth momentum.
- **LTL growth:** The company delivered 6% retail like-to-like growth during Q4 FY26, while FY26 LTL growth for the Lifestyle Brands business stood at ~8%. Management indicated that despite quarterly fluctuations caused by wedding seasonality, the steady-state expectation for the business remains healthy and guided for ~7-8% steady state LTL CAGR over the next few years, supported by multiple growth initiatives across brands and categories.
- **Net debt:** Net debt at the end of FY26 stood at ~INR7.3b (vs. INR7.8b YoY). Management stated that based on the predictable and consistent cash flow generation profile of the business, the company expects to become debt-free over the next three years; however, it is not actively targeting net cash status at the expense of curtailing growth investments.
- **Dividend policy:** The Board declared a dividend of INR0.50/share in the first year after the company became independent. Management indicated that over time, the company aims to maintain a dividend payout ratio broadly in the range of 15-25% of net profits, depending on business conditions and investment requirements.
- **Capex:** The Capex guidance for FY27 remains ~INR3b, of which nearly INR2b will be directed towards expansion and renovation activities, while the balance will go towards routine maintenance and manufacturing-related Capex. A significant part of expansion is expected to come through partnered and franchise-led store additions, thereby lowering overall capex requirements.

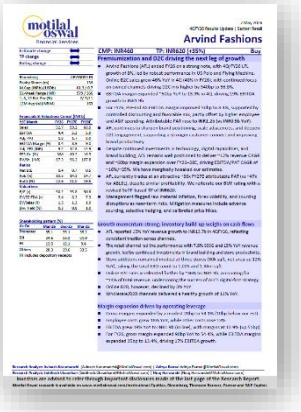
- **Margins:** There is still room for margin improvement through higher retail productivity and operating leverage on fixed costs. However, management clarified that while gradual basis-point improvements are possible over time, the business is not expected to witness any dramatic changes in margin profile going forward.
- **Working capital:** One of the key priorities for FY27 is to improve working capital efficiency. The company had pre-produced some core products after adding manufacturing capacity during FY26, and management expects this inventory to help release working capital in FY27.
- **PLI:** The company received ~INR200m benefits under the PLI scheme related to its new manufacturing facility during 4QFY26. The benefit was one-off, linked to achieving targets under the scheme, and was reflected in profitability during 4Q. However, with improved capacity utilization, management does not expect any significant dip in profitability.

Arvind Fashions — Buy

Current Price INR 477

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- Demand trends remained stable during the quarter, with retail LTL growth of ~7.8% and overall retail growth of ~14%. Wholesale and department store channels also delivered double-digit secondary sales growth despite a temporary GST-led disruption in PVH brands. Adjacent categories contributed ~24% of revenues and continued to outgrow the core portfolio.
- **D2C** remained a key growth driver, with Online B2C revenue growing 40% YoY and channel contribution increasing by 300bp to ~14%. AFL continues to scale owned digital platforms and brand.com presence, with portfolio-wide launches planned in FY27.
- **US Polo** remained the strongest brand in the portfolio, supported by product innovation, sharper merchandising, and continued strength across offline and digital channels. Remains optimistic on further network expansion through larger stores and higher online penetration.
- **Flying Machine** delivered double-digit retail LTL growth and ~70% B2C growth, supported by its repositioning as a trend-led, unisex, and denim-focused youth brand. Strong Gen Z traction, wider digital distribution, and improving product relevance are supporting recovery, with further growth expected through tighter assortments and faster trend response.
- **Arrow** remained impacted by a one-time product model transition and weaker wedding demand. Corrective actions include merchandising simplification, store format upgrades, and sharper workwear positioning aimed at improving throughput and profitability.
- **PVH brands** were impacted due to a temporary disruption from the GST rate increase during early Q4. Demand trends normalized subsequently, with both brands returning to a double-digit growth trajectory as pricing adjustments stabilized.
- **Inventory** increased primarily due to advance procurement ahead of sourcing and tariff-related risks. Inventory quality remains healthy, while a higher D2C mix structurally increases inventory (six-day impact) but lowers receivable intensity. Inventory turns are expected to normalize toward 3.7–3.8x over time.

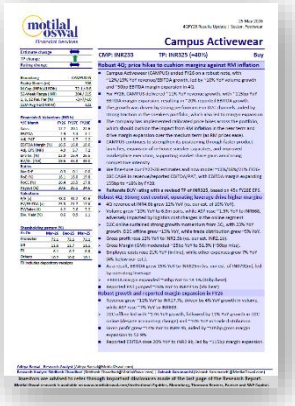
- Management reiterated its long-term gross margin aspiration of reaching high-50s levels, supported by premiumization, stronger full-price sell-through, analytics-led merchandising, and tighter inventory control. EBITDA margin expanded ~40bp YoY to ~13.4% during FY26.
- Retail expansion continued at a steady pace with 30K area addition in Q4 (net store additions modest at three stores) and ~140K sqft of net additions in FY26. Aims to add another 150k sqft in FY27E, focusing on larger and premium stores.
- **Outlook** remains constructive with expectations of sustaining mid-double-digit revenue growth and 30–40bp EBITDA margin expansion, supported by D2C scaling, adjacency growth, retail expansion and improving brand productivity despite macro and sourcing-related headwinds.
- (1) scaling leadership across key apparel categories while expanding adjacencies; (2) strengthening brand positioning and consumer engagement; (3) accelerating D2C and digital expansion; (4) leveraging AI and analytics across pricing, assortment, and marketing; and (5) building a more agile, demand-linked supply chain.

Campus Activewear — Buy

Current Price INR 255

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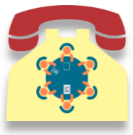


- **Demand trends** have remained resilient despite aggressive pricing actions, with 1QFY27 starting on a positive note. Management indicated some near-term resistance to price hikes; however, it expects strong product launches, premiumization, and potential market share gains (at the expense of smaller players) to support volume growth.
- **Price hikes:** Amid a sharp inflation in key RM prices (EVA/PU) and higher minimum wages, CAMPUS has implemented calibrated price hikes across its portfolio, which should cushion margins in the near term. Further, management indicated that RM cost pressures have started easing, while price hikes are sticky, which should provide tailwinds for further margin expansion.
- **Sneaker portfolio** continued to remain the key growth driver, delivering ~100% growth for the second consecutive year (~50% growth in 4Q). Faster product development cycles, integrated manufacturing, and improving product quality are strengthening premiumization and consumer acceptance. The company is investing in capacity expansion to meet the growing demand for sneakers.
- **ASP:** Premiumization and rising sneaker salience continue to support underlying ASP improvement, although reported ASP growth (1.5% in 4Q) remained muted due to marketplace freight accounting changes and GST-led shifts.
- **Product innovation** remained strong with ~250 new SKUs launched during FY26, supported by continuous benchmarking of consumer trends, regional preferences, and online demand shifts. Wider assortment and faster refresh cycles are improving relevance across channels and geographies.
- **In-house manufacturing** scale-up remains on track, with Pantnagar currently producing ~200k sneaker pairs/month and long-term phased capacity expansion targeted at ~800k pairs/month, including ~600k at Pantnagar, rest at Haridwar-II. Growth is expected to be increasingly serviced through owned facilities, supporting margins and quality control.

- **Marketing investments** will remain elevated, reflecting continued focus on brand building and market share gains rather than performance marketing. Advertising spends increased ~20% YoY in FY26, while operating cost excluding advertisement expenses were softer in 4Q due to favourable marketplace commission dynamics during key online events and stable retail store count.
- **Marketplace channels** continued to materially outperform, driven by stronger execution across platforms and own website. Increasing use of platform-led warehousing and fulfilment models is improving delivery efficiency and online scalability, while the Amazon partnership continues to strengthen.
- **Retail strategy** remained profitability-led during FY26, with closure of ~9–10 weaker stores and addition of ~13–14 stores improving store economics. With profitability stabilizing, the company plans to accelerate expansion in FY27 with ~60–80 store additions, largely through franchise-led formats (~60% FOFO mix).
- **Inventory** normalization is largely complete following the liquidation of BIS inventory, with current finished goods inventory aligned to targeted growth requirements.
- Elevated FY26 cash outflow was largely driven by the land acquisition for Pantnagar facility, which included ~INR654m long term lease-hold land.
- **Capex during FY26** was elevated due to the Pantnagar acquisition, while FY27 capex is expected to normalize toward routine maintenance, IT infrastructure, and selective store additions. Incremental investments over the next few years will primarily support phased sneaker capacity expansion and assembly line additions.
- CAMPUS highlighted its strengthening pan-India positioning, with Maharashtra now emerging as the second-largest state in distribution channel and cities such as Pune and Bengaluru featuring in top five states in terms of online sales. Integrated manufacturing, strong distribution reach, and faster product development continue to strengthen the competitive positioning.

DEVYANI
INTERNATIONAL LIMITED

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Devyani International

Devyani International — Buy

Current Price INR 114

Business and Environment

- Demand sentiment remained broadly stable during the quarter, aided by policy stimulus and GST rationalization.
- Company witnessing a gradual recovery in demand trends across its brands.
- Value-driven initiatives and accessibility focused campaigns continue to support consumer traction.
- The company decided to discontinue Tealive operations in India and Thailand following pilot testing. Brand discontinuation is expected to be completed in the next quarter.
- DIL 2.0 transformation focused on strengthening leadership, leveraging digital capabilities, improving operational agility, and driving cross-brand synergies to accelerate scalable long-term growth.
- Management undertook leadership restructuring to address capability gaps and prepare for the proposed merger with Sapphire Foods.
- DIL has started treating dine-in and delivery channels as separate businesses with differentiated pricing and offerings.

- Management believes geopolitical disruptions disproportionately impact smaller players, potentially aiding market share gain for larger organized QSR operators.
- Management undertook only a marginal menu price increase of less than 0.5% at the portfolio level.
- Future pricing actions will remain dependent on the inflationary environment and commodity trends.
- For the Devyani Sapphire merger, it is expected to be completed by the end of FY27.

Gas crisis

- Management indicated that gas costs form a relatively small part of overall operating costs. The company has initiated mitigation measures, including shifting certain kitchen equipment to electricity-based operations.
- The company is also evaluating dual-powered equipment capable of operating on both gas and electricity to reduce future supply disruptions.
- Management highlighted minimal business disruption from the ongoing gas crisis despite supply challenges linked to the Middle East conflict.
- KFC
- KFC SSSG improved 4.9% in 4Q.
- Management indicated KFC's positive SSSG momentum has sustained in the initial part of 1QFY27.
- KFC's gross margin improvement was driven by stable raw material costs, better promotion management, and a favorable channel mix.
- The company recalibrated its promotional strategy to focus more on dine-in customers vs online delivery channels.
- Increased dine-in-focused offers and pricing interventions helped improve store footfalls and support positive SSSG.

Pizza Hut

- Pizza Hut SSSG stood at -3.7%; however, performance improved sequentially.
- ADS remained stable at INR 30,000.
- Brand contribution remained marginally negative due to lower operating leverage from weak SSSG.
- Pizza Hut store count stood at 639 stores with no net additions during FY26.
- The company planned no new store additions in FY27.
- Management indicated the Pizza Hut revival strategy is currently focused on "back-to-basics" execution.
- The company appointed new CMO Sandeep Anand to lead the Pizza Hut transformation initiatives.
- The company is revisiting product portfolio, pricing architecture, and product quality across Pizza Hut.
- Focus areas include improving dough quality, cheese, toppings, and overall product consistency.

Biryani by Kilo

- Biryani By Kilo achieved positive brand contribution, leading to measured offline expansion through express formats.
- The company sees further profitability improvement potential for the brand going forward.

- The company has started testing offline expansion through express outlets in food courts. Initial offline stores have reported profitable operations, strengthening management confidence in the brand's scalability.

Own/franchisee brands

- Own brands' portfolio, including Vaango and Biryani By Kilo, reported mid-single digit positive SSSG.
- Franchise brands portfolio, including Costa Coffee, reported ~3% YoY revenue growth.
- Elevated coffee and cocoa prices led to a 120bp YoY gross margin decline in the franchise brands portfolio.
- Franchise brands' portfolio delivered a healthy brand contribution margin of 16.1%.

Store expansion

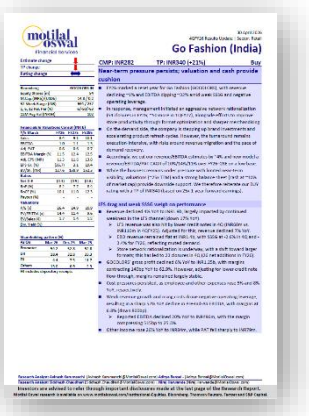
- DIL ended FY26 with a total system store count of 2,256 stores. Net store additions during FY26 stood at 217 stores.
- Management guided for 200–225 net new store additions in FY27.
- KFC expected to contribute 100–110 stores in FY27 additions. Remaining expansion to be driven by Costa Coffee, Biryani By Kilo, and international business.
- The company closed 12 net stores in 4Q that are loss-making. The company is focusing on improving store quality and building a stronger pipeline under revised business development guidelines.

Balance Sheet

- Increase in intangible assets primarily related to the consolidation of the Biryani By Kilo acquisition, related goodwill, and brand assets.
- Temporary increase in debt during FY26 was due to funding requirements for Thailand operations. Thailand-related debt was repaid in early April 2026.

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Go Fashions — Buy

Current Price INR 377

- **SSSG** remained weak at ~-3–3.5%, largely due to legacy small-store formats not keeping pace with evolving customer experience. These high-density stores are ill-suited for a broader, display-led assortment (~70% value-added), limiting visibility and discovery, while larger stores continue to deliver healthy growth.
- **Store performance remained skewed**, with ~275 of ~800 stores delivering high single-digit SSSG, while the rest, mainly ~100 sub-300 sq ft stores, underperformed. This is driving cluster-based consolidation, with 2–3 small stores merged into one larger format; ~50 closures in FY26 and another 50 marked for closure in Q1FY27. **Net retail area is still expected to grow ~10% (vs ~11% in FY26) despite lower store additions.**
- **Brand Relevance:** GOCOLORS is intensifying brand investments to improve relevance among younger cohorts through influencer-led campaigns and an upcoming brand ambassador (June 2026). Alongside faster product refresh cycles and range expansion, these efforts aim to drive store productivity and support SSSG recovery.
- **Revenue transition** will be gradual. While store closures create near-term sales loss, demand is expected to migrate to nearby larger stores over time, with

incremental upside driven by better assortment visibility and improved customer experience.

- Gross margin remained resilient at ~63%, supported by strong pricing discipline with no discount-led recovery strategy. Any near-term cotton price inflation, if it materializes, is expected to be passed through, keeping margins broadly stable at current levels.
- **ASP vs. volume** trends indicate mix-led growth. Higher ASPs (~₹800–900) are offsetting declining units per bill, suggesting stable wallet spend but weaker volume throughput—pointing to potential softness in repeat purchases or consumption intensity.
- **Operating margin** has bottomed out, per management, following pressure from weak store productivity and fixed cost deleverage. Store rationalization (~INR250m cost savings) offers immediate cost relief, with margin recovery expected from Q2 FY27 as revenues stabilize and operating leverage improves.
- **LFS channel** weakness remained pronounced, impacted by a disruption with a key partner. Although Q4 improved sequentially (decline narrowing to ~7–8%), structural issues persist, including weak footfalls and slower secondary sales. FY27 focus is on assortment, placement, and partner execution.
- **Unit economics** remain broadly neutral across small and large formats. Larger stores consolidate catchment demand, improve throughput, and reduce aggregate manpower costs vs multiple small stores. Inventory efficiency and self-browsing benefits support productivity, positioning the shift as optimization rather than cost escalation.
- **Inventory** has risen to ~4 months due to sales softness and new pilot category stocking, but remains healthy with no obsolescence. Expects normalization as demand improves and flexible sourcing.
- **Daily wear concept** (10 stores) shows promising unit economics, with plans to scale to 20-25 stores by FY27. International expansion has begun with a Middle East pilot.

Jubilant Foodworks — Neutral

Current Price INR 433

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Business Environment and Outlook

- Domino's has gained share in the pizza category. In addition, they have also gained share in the broader QSR segment.
- During March, select markets experienced temporary LPG supply constraints, which had a limited and localized impact on our operations. Overall, this translated into an estimated 30–40bp impact on Q4FY26 like-for-like growth of Domino's India.
- In Q1FY27, the LPG supply has largely normalized, and the business operations have normalized to pre-disruption levels.
- To mitigate LPG costs and availability issues, the company is rapidly converting stores to electric ovens and PNG.
- **While Q4 saw a lower like-for-like growth of 0.2%, the management indicated that 1QFY27 is performing better than 4Q. Management is maintaining a long-term annual SSSG guidance of 5% to 7%.**
- Delivery continues to grow strongly with healthy operating metrics.
- AOV dropped as JUBI cautiously moved to matched competition to gain market share. Earlier JUBI's AOV was INR149; however, with new value-focused launches at INR99 the AOV has dropped.


Jubilant FoodWorks

- Given the ongoing RM inflation, JUB is taking calibrated price hikes. Apart from commodity inflation, the management called out for wage inflation to also weigh on margins in the near term.
- The company has taken calibrated price increases of ~1.2% to offset the energy cost inflation.
- Popeyes continued to deliver strong momentum in Q4FY26, marked by robust SSG and improving store-level economics. The brand delivered 28% SSG growth in FY26, while the southern markets, such as Bengaluru and Chennai, saw further higher growth on an expanding store base.
- That said, JUBI indicated that emerging brands like Popeyes and Hong's Kitchen are currently a drag on overall margins, but management stated that these brands' margin improvement is ahead of its internal plans in terms of achieving profitability.
- There is a strategic move toward delivery carry-out stores in large metros, which are smaller (600-700sqft.) compared to older 1,500-1,600sqft. models. JUBI expects to open 230-250 stores in FY27.
- The Domino's store network in India expanded to 2,455 outlets with the addition of 59 new stores during the quarter and entry into 10 new cities, taking its total presence to 521 cities.

New launches

- Customized late-night menu addition with Cheese BOWL-CANO at INR149, available 11:00 PM-3:00 AM.
- Launched Big Big Cheese Burst Pizza at INR999.
- Launched Mousse mania in chocolate, butterscotch, and blueberry at INR49.
- Investments behind the digital platform continue to yield results, with JUBI's app reaching 17.1m monthly active users (MAUs), up 25% YoY, and 5.5m monthly transacting users (MTUs), up 18% YoY.
- GenAI chatbot was launched in 4Q. JUBI also launched the Popeyes 2.0 App.

Cost and Margins

- Given that more than 50% of the costs are fixed costs, topline growth becomes key margin growth driver.
- Gross Margin expanded ~100bp YoY and ~60bp QoQ on account of increasing share of gross margin accretive SKUs and reduction in wastage.
- The cost of LPG and PNG has increased significantly, creating a 100-120bp hit on margins.
- Adjusted EBITDA margin shrank by 10 bps YoY due to inflation in wage and energy costs.
- Despite **short-term pressures, the management reiterated its guidance of 200bps EBITDA margin expansion (on FY24 margin) over the next two years.**

International Business

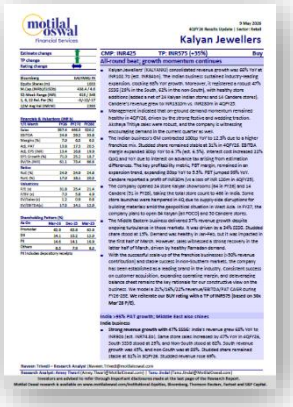
- DPEU delivered a strong performance in 4QFY26, supported by both improved operating performance and favorable accounting-related factors.
- Domino's recorded 9.0% LFL growth on a post-Ind AS 29 basis during the quarter, driven by a strong recovery in order growth versus the preceding quarters. This was partially offset by softer performance in Coffy, which reported -9.7% LFL growth amid intensified competition and temporary mobility-related disruption.

Kalyan Jewellers — Buy

Current Price INR 353

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Demand environment and outlook

- Management indicated that strong wedding demand and healthy festive purchases supported growth during the quarter.
- Akshaya Tritiya sales were strong, and the company continues to witness encouraging momentum in wedding-related demand in the ongoing quarter as well.
- Non-South markets continued to outperform South markets during the quarter.
- South India witnessed a relatively slower SSSG, partly due to a higher base.
- Management remains optimistic for FY27, as there would be a higher base effect, especially in 2HFY27.
- Wedding purchases may shift across quarters depending on auspicious and inauspicious periods, but this does not lead to permanent demand loss.
- Gold coin demand normalized during 4Q after an unusually strong 3Q, especially during Diwali.
- Management indicated that the company does not aggressively push coin sales or bullion sales.
- Coin demand during Akshaya Tritiya was lower than expectations, unlike previous periods where investment demand was exceptionally high.

Promoter pledge levels have remained unchanged for the last ~15 months.

Cost and margin

- Margin expansion was driven by a richer product mix, procurement efficiencies, operating leverage, a higher share of FOCO revenue.
- There is sequential increase in interest cost due to higher processing charges, interest paid on advance tax due to estimation differences and higher debt levels during 1HFY26 before repayment accelerated.
- Management indicated that around INR200-300m of the reported interest cost was one-off in nature.
- Interest savings of ~INR300m are expected in FY27 due to the repayment of the remaining non-GML debt.
- India's standalone PBT margin of ~5.5–5.6% is expected to broadly sustain in FY27, with a potential for slight improvement through operating leverage.

Capex, debt, and cash flows

- The company repaid INR5.6b non GML debt in FY26, taking the debt to INR3.2b.
- Management reiterated its target of becoming non-GML debt-free during FY27. If business conditions remain favorable, management indicated that the target could potentially be achieved by 1HFY27 itself.
- Management highlighted that non-GML debt will be reduced to zero and GML borrowings will broadly remain stable.

Store guidance

- Supply-side disruptions for building materials (due to the geopolitical situation in West Asia) impacted some of the showroom launches during 4Q.
- In FY27, the company plans to open: 84 Kalyan showrooms in India (FOCO) and 6 international showrooms through a mix of COCO and FOCO formats.
- The company plans to open 50 Candere showrooms through a combination of COCO and FOCO formats in FY27.

- It also operates a hybrid expansion model where existing company-owned stores are relocated into larger formats. Franchise partners provide capital support. Approximately 7–8 stores have undergone this hybrid conversion process in the recent years.
- During FY26, the company added 13 stores in South India. Expansion in this region is increasingly focused on metro markets such as Bengaluru, Chennai, Hyderabad. Management indicated that South India is already deeply penetrated across Tier-2 and Tier-3 markets; hence, future additions will largely focus on metro densification.
- Outside South India, the company plans a significantly larger expansion with 60–65 showroom additions.
- Management stated that preparations for the launch of the new regional jewellery brand have been completed. However, the launch has been delayed due to post-election uncertainty in the target state market. The company is waiting for conditions to stabilize before officially launching the brand.

Candere

- Candere's revenue grew to INR1310m in 4QFY26 vs INR280m in 4QFY25, and reported profit of INR30m vs loss of INR120m in 4QFY25.
- Candere turned PAT positive from 2HFY26.

International business

- Middle East revenue grew 37% in 4QFY26. SSSG stood at 34%.
- The company saw healthy Ramadan sale during the last 10 days of March.
- The low base revenue also contributed to higher growth during the quarter as the Ramadan sale period during the base year was from 30th March till 10th April.
- Management stated that there is no issue regarding gold availability despite geopolitical concerns and import-related discussions.
- Banks continue to provide adequate inventory support.
- Gold procurement is also supported through domestic channels and GIFT City bullion exchange routes.
- The company is exploring a larger franchise led expansion model in the Middle East with Arab investors. As part of this strategy, four existing FOCO stores were temporarily converted into company-owned stores to facilitate the process.

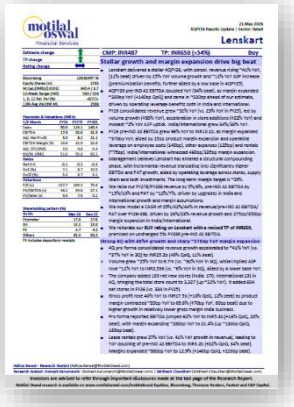
Lenskart — Buy

Current Price INR 516

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- **Demand momentum** remained strong across India and International markets, reinforcing that eyewear remains a structurally underpenetrated category with significant headroom for organized penetration. The business has entered a structural compounding phase, with incremental revenue translating into disproportionate EBITDA and PAT growth through operating leverage across stores, supply chain and technology. LT margin ambition remains ~25%.
- **FY27 priorities** are centered around AI-led operating transformation, accelerated customer acquisition, deeper store penetration (guidance of opening as much stores as in FY26 at least) and long-term ecosystem investments such as smart glasses, building global consumer brand and supply-chain integration.



- **India Business:** India growth was primarily volume-led, with eyewear units growing 24.3% YoY to 7.9m. Gold active members increased 29.5% YoY to 8.8m. SSSG stood at 24% and same-pincode growth was 31%, with broad-based growth across metros, Tier 1 and Tier 2 markets.
- **Tier-2+ markets** are emerging as a materially larger opportunity than initially anticipated, with several first-year stores already generating ~INR1.6-1.7m in monthly revenue, highlighting strong latent demand in underpenetrated markets. Metro and Tier-1 demand remained the key SSSG driver with room for improving conversions (54% YoY growth in eye tests vs. ~26% volume growth).
- **International business** is evolving into a scaled growth engine, with Japan delivering record revenue and SSSG despite being perceived as a mature market. Margins continue to improve through structural reduction in ACP, supported by supply-chain integration and sourcing efficiencies and are tracking materially ahead of India's historical trajectory at comparable scale.
- **Premiumization** and mass-market expansion are progressing simultaneously. Entry-level initiatives such as new lens replacement and Hustlr are widening the customer funnel, while Owndays lenses, Meller and progressive lenses continue driving upgrade-led growth.
- **Geopolitical Risk:** The company has not seen any material impact from geopolitical issues so far. Freight and raw material costs have remained manageable, while currency remains the largest variable due to import exposure. INR depreciation was a meaningful headwind in FY26 and offset a large part of the gains from premiumization and vertical integration. However, ~42% revenue contribution from international operations, partially offsets the currency-related headwinds. Increasing localization (factory in Hyderabad) and vertical integration will help reduce import dependence over time.
- Technology-led productivity improvements are increasingly driving operating leverage, with AI-driven scheduling, remote optometry and workflow automation enabling significantly higher throughput without proportional increases in manpower costs.
- **Next-day delivery** expansion continues to strengthen customer experience and competitive positioning, with the centralized manufacturing and supply-chain network now enabling next-day fulfilment across 78 cities while also supporting experiments around same-day delivery in select markets (such as Singapore, Gurgaon).
- **Store Network Evolving into Multi-Role Community Hubs** - Management stated that stores are increasingly functioning as clinics, service centers, warehouses and logistics nodes within local communities. This strategy is expected to support faster deliveries and deeper market penetration.
- **Focus on automating Eye testing** - The company plans to increase investments in R&D for automating eye testing amid a global shortage of optometrists. Management reiterated its ambition to scale from servicing 50m customers currently to eventually reaching 1b customers globally.
- **B by Lenskart, smart eyewear,** remains a long-term strategic initiative rather than a near-term revenue driver. The focus is currently on gathering user feedback, refining use cases and improving the smart-glasses ecosystem before scaling aggressively. Management believes Lenskart's manufacturing capability

for prescription glasses and wide distribution network places the company well in playing its part in the development of smart eyewear ecosystem.

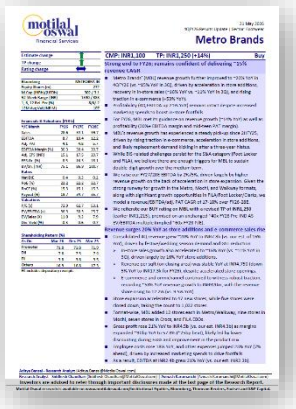
- **Meller:** The Meller has performed ahead of expectations since acquisition and expansion into newer markets. The brand has now been launched across India, Middle East, Southeast Asia. Management stated that demand has been strong across regions and products are currently running significantly out of stock. The company also highlighted growing traction in Europe and increasing interest from malls for standalone Meller stores.
- **GeoIQ** is becoming a key competitive moat, improving catchment-level demand mapping and cannibalization modelling with every incremental store addition, especially across Tier-2+ markets. Management reiterated that the company has almost tripled its store count in some cities and has still managed to double its revenue from the city, indicating limited cannibalization impact so far.
- **KSA:** The operations in Saudi Arabia continue to perform ahead of internal expectations. While detailed financial metrics were not disclosed, management stated that the KSA business is currently ahead of where the UAE business was at a similar stage. The company continues to expand stores in the region and remains positive on the long-term opportunity in the market.

Metro Brands — Buy

Current Price INR 1,033

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Metro Brands

- **Input cost pressures:** Raw material inflation of nearly 10% was seen across categories. However, forward buying of raw materials and front-loading of inventory were undertaken to reduce the cost pressures. Existing inventory visibility and sourcing arrangements are expected to make the impact gradual rather than immediate. No major price hikes are planned apart from normal inflationary increases.
- **Inflation effect on demand:** Management believes that footwear remains a low-frequency and low-ticket purchasing category, which limits the inflationary impact on demand. Further, MBL's premium customer base and product proposition cushions it from the demand volatility typically seen during inflationary period on mid-premium and mass categories.
- **Growth outlook:** Marketing initiatives, improved product designs, and customer acquisition efforts contributed to improvement in in-store footfalls and business momentum. Long-term growth expectations continue to remain 15%+; however, periodic fluctuations caused by factors such as wedding dates and festival timings can create quarterly volatility.
- **Walkway:** Walkway continues to benefit from the large opportunity available across tier 2+ towns. The shift from unorganized to organized footwear retail remains a significant long-term growth driver for the banner. Given relatively low market share and large market opportunity, management expects long runway for growth, with an improvement in profitability and RoCE trends.
- **E-commerce** contribution is expected to remain in the 12-15% range of overall business in the near term. Online sales continue to witness seasonal fluctuations depending on festive periods and promotional events. Despite QoQ lumpiness, digital channels remain an important growth driver.

- **Rentals:** Rental inflation and competitive intensity for retail spaces have stabilized compared to earlier periods. The pace of rental escalation is no longer accelerating sharply. Expansion activity continues to be supported by a strong business development team focused on identifying viable and profitable store locations. However, management refrained from providing a specific store additions target for FY27 and beyond.
- **Geopolitical disruption:** Potential disruptions from geopolitical issues and the Gulf crisis are being monitored closely, particularly for their impact on raw material and input costs. Mitigation measures are being undertaken to minimize near-term impact on sourcing and profitability. The operating approach remains agile to manage disruptions effectively while protecting sales and margins.
- **SSSG:** Footfall growth was seen across Metro and Mochi stores, with bill counts also increasing YoY. Sales per square foot remained stable despite large network additions, which is an indication of healthy SSSG. New customer acquisition through increased marketing intensity is also a key driver of improved SSSG.
- **Men vs Unisex:** The increase seen in the men's category was largely offset by a corresponding decline in the unisex category. The movement was primarily attributed to reclassification by certain third-party brands.
- **Geographic Performance:** No unusual trend was observed across geographic regions during 4Q. Variations in regional contribution were partly impacted by rounding differences in reported numbers. The Eastern region continued to remain broadly stable (~13-15% revenue contribution) without any meaningful disruption in performance.
- **Foot Locker:** The company continues to remain cautious on expansion plans for Foot Locker due to BIS-related uncertainties and import issues for certain brands (top-most 15% of the range). The opportunity to scale the brand remains significant, though visibility on resolution of challenges posed by BIS implementation is still limited.
- **FILA:** Considerable time and money has gone into clearing legacy inventory and repositioning the FILA brand for long-term growth. Management's focus remains on building the business in a structured and sustainable manner for long term rather than driving near-term sales. The brand is expected to become a meaningful contributor over the next 18 months.

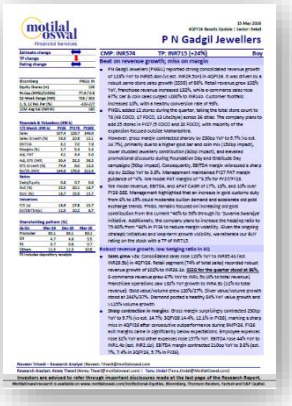
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PN Gadgil — Buy

Current Price INR 551

Business highlights

- Old gold contribution currently stands at ~40% of the business, and management expects it to increase ~50%.
- Make-to-order jewellery contribution remains stable at 30–35% of sales. Outside Maharashtra, make-to-order contribution stands at ~22% of sales.
- Management stated that the QIP resolution remains valid till August'26.
- The company currently does not require immediate capital infusion as internal accruals remain sufficient to support growth plans.
- The company indicated that any decision regarding QIP will depend on market conditions and future growth requirements.



Margins and Profitability

- The company's GP margins contracted 230bp YoY to 9.7% in 4QFY26. The reason for the contraction is:
- **Higher gold bars & coins contribution (150bp contraction) -** Gross margins were impacted by a sharp increase in gold bars and coins contribution, which increased to 40% of sales in 4QFY26 compared to 28% in 4QFY25. Revenue from bars and coins increased significantly from INR4500m to INR14,000m YoY.
- **Lower studded jewellery mix (30bp contraction) –** The studded jewellery mix declined by around 1% during 4QFY26. Management attributed the decline to aggressive festive promotions and discounted making charges during the Foundation Day and Gratitude Day campaigns.
- **Higher promotional discounts (50bp contraction) -** Marketing promotions, customer offers, and trade discounts exceeded INR50 crore during the quarter. The Foundation Day and Gratitude Day campaigns included making charge offers of INR399 per gram, which significantly impacted profitability. Management stated that these discounts were one-time in nature and are not expected to continue going forward.
- Franchisee margins are structurally lower at around 2.5%-3%, which also impacted consolidated margins.

Hedging policy

- The company's average monthly gold sales currently stand at around 600kg, while inventory holding remains at around 2,000 kg.
- Hedging levels improved from 57% in 4QFY25 to 67% in 4QFY26.
- Average hedging during FY26 stood at around 60%.
- Management plans to increase hedging levels further to 75%-80% during FY27 to reduce margin volatility.
- Gains from unhedged inventory reduced significantly from INR740m in 4QFY25 to INR200m in 4QFY26, which also impacted margins.

Store expansion

- The company added 12 stores during 4QFY26, including both COCO and FOCO formats.
- PNG entered Uttar Pradesh through store launches in Gorakhpur and Banaras during the quarter.
- Management highlighted that geographical diversification remains a key growth driver for the company.
- Non-Maharashtra markets now contribute around 10% of overall revenue.
- Management indicated that response from markets outside Maharashtra has been encouraging and has increased confidence regarding future expansion.
- The franchisee model continues to support the company's asset-light expansion strategy in Tier 2 and Tier 3 markets.
- The company plans to open 25 stores in FY27, including 5 COCO stores and 20 franchise stores.
- Majority of upcoming expansion is expected to be outside Maharashtra. Key focus markets include UP, MP, Bihar, Gurgaon, Lucknow, and Gujarat.

Impact of gold import duty increase

- Management stated that the increase in import duty from 6% to 15% will be directly passed on to consumers and hence will not impact margins.

- The company expects higher import duty to reduce consumer interest in bars and coins while improving jewellery demand.
- Management believes that customers will increasingly exchange old gold for new jewellery purchases going forward.
- The company launched the "Suvarna Swarajya" initiative to encourage customers to bring old gold and convert it into new jewellery.
- Old gold contribution currently stands at around 40% of business, and management expects it to increase further to above 50%.
- Management expects bars and coins contribution to normalize back to around 25% during FY27.

Inventory turns and ratio

- Inventory turnover ratio declined due to higher new store additions in 2HFY26.
- Outside Maharashtra, inventory turnover stood at ~1.4x in Indore and ~1x in UP and Bihar.
- RoCE for owned stores stood at 30.5% in FY26, while overall RoE stood at 21%.
- Franchise-led expansion remains asset-light with minimal investment requirements, supporting strong incremental return ratios.

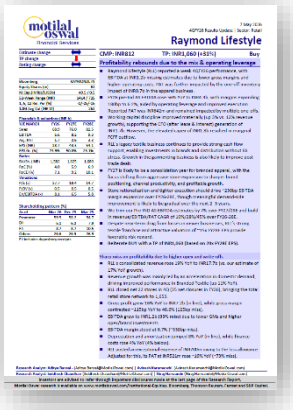
Guidance

- Management guided revenue of INR135b for FY27. Growth is expected to be supported by strong SSSG and continued store expansion
- EBITDA margin guidance was maintained at 7%-7.5%.
- PAT margin guidance was maintained at around 4%.

Raymond LIFESTYLE LIMITED

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Raymond Lifestyle — Buy

Current Price INR 741

- **Branded apparel:** Healthy same-store demand trends across apparel categories, supported by strong traction in casual wear and premium fabrics such as linen. Focus remains on premiumization, expanding casual categories, improving product mix, and increasing reach through MBOs and large-format stores.
- **Emerging business** currently contribute ~INR1.4b in revenue while incurring losses of ~INR0.8b. Excluding these investments, the core branded business profitability remains significantly stronger.
- **The garmenting** business saw a strong recovery in demand, with March recording the highest-ever monthly revenues. Improved US trade conditions, strong client retention, and healthy order visibility (1Q is fully booked; 2Q is progressing well) provide confidence for robust growth in FY27.
- **B2B shirting:** Reported profitability was impacted by the high base of a one-time government subsidy received in FY26 (INR530m). Excluding this impact, the segment delivered YoY improvement driven by better factory utilization, operational efficiencies, and strong execution in fabric and garment exports.
- **Marketing strategy:** Raymond is shifting toward an integrated omnichannel marketing approach under its new CMO. The strategy focuses on building differentiated brand identities across Raymond, Park Avenue, ColorPlus, and Raymond Linen through digital campaigns, influencer engagement, cinema advertising, and premium media spends.
- **Premiumization & casualization** remain the key strategic pillars. RLL plans to strengthen its premium portfolio across wool (in Textiles), linen, and high-end apparel while expanding comfort-led casual categories such as polos, chinos,

denim, knitwear, and hybrid fabrics, led by ColorPlus and supported by Park Avenue and Raymond RTW.

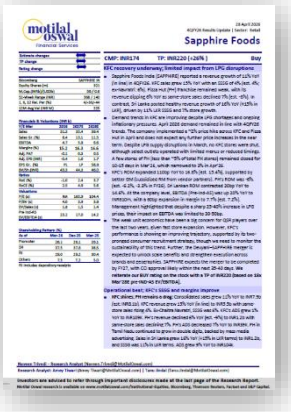
- **Supply chain & geopolitical impact:** No material disruption was witnessed in sourcing or exports despite geopolitical tensions in the Middle East. Wool procurement from Australia and linen imports from Europe remain stable.
- **Capex:** FY27 capex guidance remains broadly steady at ~INR2b. Key FY26 investments included SAP implementation (INR0.5b), Hyderabad garment facility expansion (INR0.6b), and routine maintenance capex.
- **Working Capital** days reduced from 87 to 77 days in FY26, with a target of sub-70 days in FY27. Key focus areas include tighter debtor controls, improved collections, and inventory optimization to strengthen cash flows and balance sheet efficiency.
- **Outlook:** FY27 would be a year of consolidation, with a focus on profitable and sustainable growth over aggressive expansion. The company plans ~100 gross EBO additions with rationalization of weaker stores, resulting in a net addition of 30–40 stores while targeting double-digit revenue and earnings growth.

Sapphire Foods — Buy

Current Price INR 176

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Business environment and operations

- 4QFY26 was SAPPHIRE's best quarter in the last 12 quarters in terms of SSSG and Adj. EBITDA growth on the back of strong new consumer recruitment by KFC.
- The company recorded strong results despite the LPG-related availability and inflationary challenges.
- April 2026 demand trends have been in line with 4QFY26 trends. The company has taken 2% price hike in April across KFC and PH, and it does not expect any further price hikes in the near term.
- 25–40% increase in LPG prices led to a 30–50bp impact on EBITDA, which is not considered material.
- The KFC performance was driven by the two-pronged consumer recruitment strategy. The merger announcement with Devyani International will enable a unified brand strategy, especially on Pizza Hut, to future-proof the growth of the business in the coming years.
- In 4QFY26, they added 19 KFC restaurants, 2 Pizza Hut restaurants in India, and 3 Pizza Hut restaurants in Sri Lanka. SAPPHIRE's total restaurant count was 1,052 as of 31st Mar'26.
- The company has opened 73 net new stores in FY26, and going ahead, it plans to open 60-80 KFC stores.
- The gap between dine-in and delivery channels continues to narrow.
- Innovation pipeline remains strong.
- Merger can take 12 months (from date of announcement) to be completed; until then, both companies will continue to function independently. The management further alluded that it expects SEBI approval to come in within the next 30-45 days, following which they will go to NCLT for merger and also seek CCI. SAPPHIRE expects the merger to be completed by FY276 end.

KFC

- SAPPHIRE KFC SSSG at 4% (6% Ex Chaitra Navratri) was the highest in the last 14 quarters.
- No stores were shut during the LPG issue in March. However, a few menu offerings or store timings were curtailed in select regions.
- In evolving chicken-consuming markets (North & West), the marketing mix involves recruitment advertising with a strong value call for action (INR99 Chicken Krisper Burger Meal). In more developed chicken-consuming markets (South), they offered disruptive, abundant value on select days. Both these initiatives have been supported by incremental marketing spends & gross margin investment and have contributed to the positive SSSG.
- Dine-in performance was encouraging at 57% as it remained the same YoY (57% in 4QFY25).
- SSSG and SSTG are largely in a similar range.
- The Krisper Chicken Burger was launched in November and is now available across India except Tamil Nadu.
- Despite the broader rollout of the value offerings, GM remained intact on the back of vendor partners; they subsidized the RM costs against substantially high volumes. Without subsidies from vendor partners, the GM impact can be in the range of 50-70bps.
- Launch of global “Saucy” concept in Dunked in Jan’26.
- Launched “KFC Shawarma”; initial traction has been good.
- Digital kiosks are now implemented across more than 73% of KFC restaurants, enhancing efficiency and customer experience.

Pizza Hut

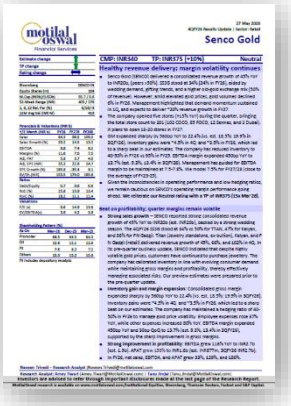
- PH Tamil Nadu continues to deliver positive double-digit SSSG and restaurant EBITDA performance over the rest of the country.
- PH some stores (less than ~5% of total PH stores) saw closure for 10-15 days in March. In April, the store closure narrowed to 3% of total PH stores.
- SAPPHIRE is focusing on improving the dine-in speed of service metrics.
- The company continues to remain cautious with PH store expansion.
- New Crafted Flatzz launched in Jan’26, Baked chicken wing was also introduced.
- Launched exclusive value offerings on Dine-In (Buy1 Get3, four-course Meal starting INR99, Unlimited Pizza Fridays).

Sri Lanka

- In 4QFY26, Sri Lanka business delivered its sixth consecutive quarter of double-digit SSSG (11% LKR) despite availability and inflationary issues on fuel & LPG.
- The company opened nine new stores in FY26 (the highest in the last three years).
- SAPPHIRE expects to open more stores in the range of high single to low double digits over the next 2-3 years.
- In Sri Lanka, the business continued to deliver strong performance under the same dine-in forward omni-channel strategy, supported by consistent innovation and marketing investments.

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Senco Gold — Neutral

Current Price INR 343

Operational performance

- In FY26, SSSG stood at ~24% in FY26 and contributed ~70% of the total revenue growth during the year.
- 4QFY26 SSSG remained strong at ~35%, indicating healthy performance across existing stores and strong wedding season demand.
- Growth during the quarter was supported by a well-distributed wedding season, strong gifting demand during Valentine's Day, and higher traction in the Old Gold Exchange programme.
- The Old Gold Exchange programme contributed ~50% of 4Q revenue and ~44% of FY26 revenue.
- The contribution from old gold exchange has structurally increased over the last few years and is expected to sustain at 50-55% going forward.
- Management indicated that the exchange business is unlikely to materially impact margins, except for marginal procurement and processing-related costs.
- The company continued to expand its 9K and 14K jewellery portfolio, targeting younger and value-conscious consumers.
- Low carat jewellery currently contributes around 15% of overall sales, including diamond jewellery.
- Diamond volume grew ~9% YoY in FY26, while diamond value growth stood at ~32%.
- Silver volumes increased ~35% YoY during the year as consumers preferred affordable precious metal alternatives amid elevated gold prices.
- The sharp increase in gold prices resulted in a normalized ~6% YoY decline in gold volumes during FY26.
- Inventory increased 61% YoY to INR53b, primarily due to higher gold prices, inventory addition for new stores, and stock build-up ahead of Akshaya Tritiya. Inventory days increased to 183 days during FY26 vs 166 days in FY25.
- The company maintained a hedging ratio of around 40-50% to manage gold price volatility, liquidity risks, and margin-related uncertainties during the quarter.
- The company's GML was reduced in FY26, declining to 33% of working capital borrowings from 67% in FY25, owing to volatility in gold prices.
- Lower GML utilization during the quarter led to a temporary increase in borrowing costs during 4QFY26 and early FY27.
- Management continues to target increasing GML utilization above 50% over the medium term, given the significantly lower borrowing cost under GML vs regular funding.
- Non-East revenue surpassed INR16b, underscoring the company's expanding national footprint and strong traction in newer markets.
- Around 70-75% of jewellery manufacturing is currently executed through karigars and job workers. Roughly 20% of procurement consists of ready jewellery purchases, while in-house manufacturing contributes around 4-5%.
- Management plans to gradually increase in-house manufacturing contribution to ~8-10% over the long term.

Store expansion

- SENCO expanded its showroom network to 201 stores, comprising 102 company-owned stores, 85 franchise stores, 12 Sennes stores, and 2 Dubai stores.
- The company added 26 new stores during FY26, including 14 franchise stores.
- Management continued to focus on expansion across Rajasthan, Central Maharashtra, and Western Uttar Pradesh, while maintaining a strong focus on East India and Bengal.

Margins & profitability

- In FY26, EBITDA margin stood at 11.6%, including 2.5-3% realization gains.
- Studded jewellery ratio stood at 11% for FY26.
- In 4QFY26, EBITDA margin was 13.7%, with a normalized margin of 8–8.5% and the remainder driven by inventory/realization gains.
- Rising gold prices led to an increase in absolute making charges (linked as a % of sales), contributing to margin expansion.
- Management indicated that marketing spend is expected to remain in the 1.8-2.2% range of revenue going forward.

Sennes

- The brand focuses on lab-grown diamonds, fashion jewellery, and lifestyle products.
- The company currently operates around 11-12 Sennes stores and is gradually building consumer awareness around lab-grown diamonds. Apart from jewellery, the brand also offers perfumes, leather bags, and fashion accessories.
- The business has turned EBITDA positive at the consolidated level despite being in the investment phase.

Guidance

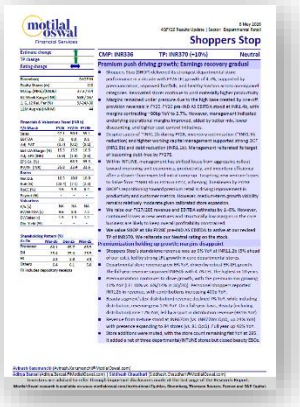
- The company has guided for ~20% revenue growth in FY27, while maintaining EBITDA margin guidance of 7.5-7.8%.
- PAT margin guidance was maintained at 4-4.5%.
- SENCO plans to add ~18-20 stores during FY27, with higher focus on franchise-led expansion, lightweight jewellery, inventory optimization, and cost control initiatives.

Shoppers Stop — Neutral

Current Price INR 368

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- **Department stores** delivered 4.7% LFL growth in FY26, the highest in a decade, aided by improving customer traction with LFL customer entry up 4%. This marks the third consecutive quarter of positive customer entry growth, with momentum improving, supported by weddings, local travel, and resilient discretionary demand. However, inflationary pressures and potential supply-chain disruptions pose near-term risks.
- **Premiumization driving productivity:** Premium categories and non-apparel segments such as beauty (24% YoY in FY26), watches (16%), handbags (10%), and fragrances (12%) continued to outperform, supported by higher ASPs and improved customer engagement.
- **Personal Shopper** contribution increased to 26% of sales (vs 22% LY), with revenues growing 24% YoY. Renovated flagship stores have delivered 35–40%


Shoppers Stop

higher sales productivity, reinforcing focus on store upgrades, premium assortment, and experiential retail.

- **Loyalty ecosystem** expanded to 13.5m members with record additions during FY26. Black Card additions (134k up 50% YoY) remained strong with healthy renewal rates and repeat contribution. Loyalty members contributed 84% of sales, reflecting increasing customer stickiness and engagement.
- **Margins and profitability:** Reported gross margins were hit by one-off provisioning reversal in the base quarter, though underlying operational gross margins improved by 50bps. Ongoing cost optimization, productivity improvements, premiumization, and better mix are expected to support gradual EBITDA margin expansion, with management targeting high single-digit EBITDA margins.
- **Private brands** saw improved profitability driven by lower discounting, better intake margins, and premiumization. Inventory optimization remained a key focus, with overall inventory reduced by INR400m during FY26 through tighter in-season liquidation and freshness initiatives. Key focus categories include women's wear, ethnic wear, and kids wear, while existing brands continue to scale premium offerings.
- **INTUNE** grew 46% YoY in FY26, with store count reaching 84 across 39 cities. Management has shifted focus from aggressive expansion toward improving unit economics through inventory rationalization (~INR370m reduction), lower discounting, and better assortment. Operating KPIs and LFL trends turned positive from Feb'26 onwards and sustained into Apr'26. Expansion will remain calibrated in 1HFY27, with management targeting new venture losses to halve in FY27 (vs INR0.8b in FY26) and achieve breakeven by FY28E.
- **Beauty** continued to outperform, led by premium categories. Distribution business scaled sharply with FY26 (81% YoY, 90% 3-year CAGR), aided by the onboarding of global premium brands and expansion across prestige retail channels. Rising premium beauty consumption, strong customer engagement, and improving scale economics position beauty as a structurally faster-growing and margin-accretive segment within the portfolio.
- **Expansion and balance sheet:** Added 27 stores (net additions zero) during FY26 while continuing investments toward flagship store renovations and premiumization initiatives. Capex stood at INR1.2b during the year.
- Despite ongoing expansion, tighter working capital management and inventory optimization (inventory reduction of INR1.5b in FY26 with further scope of INR1b in FY27E) supported strong operating cash flow generation and debt reduction of INR1.1b. Management reiterated its target of becoming debt-free by FY27, with future expansion expected to be largely funded through internal accruals.

TITAN

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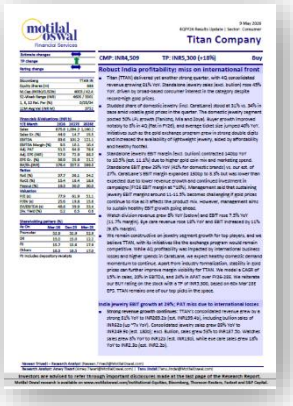
Titan — Buy

Current Price INR 4,087

Performance and outlook

- TTAN reported a strong quarter with robust revenue growth across businesses, aided by strong brand visibility and equity enhancement initiatives during the quarter and FY26 overall.




Titan Company

- Buyer growth in the jewellery business rebounded to 8% in 4QFY26 vs. flat trends seen over the previous nine months, driven by wedding purchases, customers advancing purchases amid rising gold prices, and healthy traction in studded jewellery.
- Management highlighted that customers waiting on the sidelines amid rising gold prices entered the market in 4QFY26, while wedding purchases for the upcoming quarters moved to Feb-Mar'26.
- The exchange program continued to witness strong traction and remains an important lever for driving buyer growth. The company is increasingly integrating exchange propositions within collection-led campaigns as well.
- TTAN indicated that consumer acceptance of high gold prices has improved materially, with consumers continuing to view jewelry favorably for both adornment and investment purposes.
- Management stated that multiple initiatives are being undertaken to keep jewellery accessible amid high gold prices, including increased focus on 18k/14k jewelry, lightweight jewelry, exchange schemes and grammage-based purchase plans.
- TTAN reiterated that India's jewellery market formalization trend remains strong and continues to support organized players with trusted brands and stronger balance sheets.
- TTAN estimated that it gained ~50-60bp market share in FY26 vs. FY25 in the jewellery segment.
- Competition in the jewellery segment remains elevated, with organized players aggressively adding stores, though management stated that high competitive intensity is now normal for them.
- TTAN stated that 4QFY26 international business performance was impacted by geopolitical and macro disturbances in the GCC region, resulting in an INR820m loss during the quarter.
- Management remains positive on the Damas acquisition and highlighted that operational improvements and integration initiatives are progressing ahead of internal plans.

Margin guidance

- Management indicated that jewellery margin pressure continues to be largely driven by product mix changes, particularly higher contributions from coins and plain gold jewellery amid elevated gold prices.
- TTAN stated that sustainability of current margins becomes significantly easier if gold prices stabilize at current levels, though further gold price increases could continue to exert pressure on margins.
- The company continues to offset margin pressure through initiatives such as lightweight jewelry increased penetration of lower karat jewellery, product mix optimization and tighter overhead control.
- Management maintained its medium-term aspiration of delivering 15-20% CAGR over 3-5 years, supported by industry formalization, India consumption growth and category premiumization.
- Management highlighted that TTAN continues to focus on sustaining healthy EBIT growth, alongside strong revenue growth, despite structural gold price-related pressures.

- TTAN indicated that growth remains the primary priority and management expects EBIT growth to broadly track revenue growth, albeit potentially at a slightly lower pace.

Segmental information

Caratlane

- CaratLane reported healthy growth of 22% in 4QFY26 despite temporary operational disruptions arising from migration of its ERP system.
- Management indicated that operational challenges during Jan-Feb'26 impacted fulfilment capabilities during the critical Valentine's period, though trends improved meaningfully by Apr'26.
- TTAN stated that there has not been any meaningful structural shift in customer preference away from diamonds/studded jewelry toward plain gold jewellery.
- CaratLane margins during 4QFY26 were impacted by lower operating leverage due to softer revenues during the ERP transition period along with continued investments in marketing and customer awareness campaigns.
- The company reiterated that CaratLane remains a structurally strong growth business despite near-term operational disruptions during the quarter.

Watches & Wearables

- Analog watches continued to dominate the watch portfolio and now contribute ~85-90% of the watches business mix.
- Management indicated that smart watches continued to witness weaker trends compared to analog watches, leading to a higher mix contribution from analog products.
- TTAN continues to benefit from premiumization trends within the analog watch category, supported by strong brand positioning across key watch brands.

EyeCare

- Titan Eye+ undertook store rationalization and network revamp initiatives during 4QFY26, resulting in ~20 net store closures during the quarter.
- The company stated that store closures were part of a broader strategy aimed at revamping the look, feel and consumer appeal of the store network over the past 1.5 years.
- Eyecare revenue continued to witness healthy growth momentum with revenue growth running at ~16-17%, supported by premiumization initiatives and network optimization efforts.
- EBIT margins in the segment were impacted by high marketing investments and a one-off inventory recall related to slow-moving stock during the quarter.

Emerging businesses

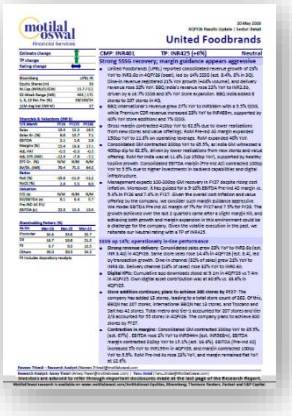
- Taneira is currently undergoing a strategic review focused on improving merchandise mix, enhancing consumer value proposition, improving stock turns and driving higher buyer growth.
- Management highlighted that Taneira is increasing its focus on the sub-INR10k category to improve accessibility and drive buyer additions.
- TTAN highlighted that TEAL continues to benefit from favorable industry tailwinds arising from India manufacturing growth and global China+1 sourcing strategies.
- The Beyond format witnessed healthy traction during the Valentine's day period, though management indicated that it is too early to draw broad conclusions based on a limited store base.
- TTAN reiterated plans to scale up the Beyond format gradually to ~10-12 stores across select cities before evaluating a wider national rollout strategy.

United Foobrands — Neutral

Current Price INR 475

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Demand environment and performance

- Consolidated same-store sales growth (SSSG) stood at 14.4% in 4QFY26.
- Growth was driven by volume, with no price hikes undertaken during the quarter.
- Consolidated dine-in transaction volumes rose ~43% YoY, while delivery business grew ~32% YoY.
- India dine-in volumes grew 47%, and international dine-in volumes rose 27%, while premium dine-in volumes increased 28%.
- Delivery revenue grew 32% YoY, entirely led by transaction growth.
- Management highlighted that the growth recovery is broad-based and structural rather than dependent on a single brand.
- Guest engagement, repeat visit frequency, and new customer acquisitions continued to improve during the quarter.
- The company reiterated that its transition into a multi-brand food services platform is now visibly reflecting in performance.

BBQ India

- Barbeque Nation India reported SSSG of 16.7% in 4QFY26.
- Dine-in transaction volumes grew ~47% YoY.
- The company witnessed strong traction in both new customer additions and repeat transactions.
- More than 60% of transactions were routed through the company's own digital platforms compared to 53% in 3QFY26.
- Monthly active users across the company's app and website crossed 1.2mn, growing 51% YoY.

International business

- International revenue grew 27.5% YoY during the quarter.
- Same-store sales growth for the international business stood at 5.5%, while volume growth was ~27%.
- Restaurant operating margins for the international portfolio remained healthy at 24.4%.
- Management guided RoM in the 23-24% range.
- The company added four international restaurants during FY26.
- The company has two stores in Bahrain and Dubai, which were affected by the ongoing war in West Asia.
- Management indicated that the focus will now shift from market entry to scaling operations in these geographies.

Premium dining segment (CDR)

- Premium segment revenue grew 23.3% YoY in 4QFY26.
- Same-store sales growth stood at 7%, while dine-in volume growth was ~27%.
- The company added 12 premium restaurants during FY26.

Store expansion

- The company ended FY26 with a total network of 262 restaurants.
- It added 14 new restaurants in 4QFY26 and 35 new restaurants during FY26.
- 11 restaurants are under construction and are expected to become operational during 1QFY27 and 2QFY27.

- The company plans to add 40 new restaurants during FY27. It includes 5 CDR stores.
- The company remains on track to cross 300 restaurants by FY27 and 400-425 stores by FY30.

Cost and margins

- GM contracted ~300bp YoY to 65.5% due to:
- Faster growth in BBQ India, which has relatively lower average realization compared to premium and international formats.
- Value-led promotional campaigns aimed at improving throughput during weaker dayparts and weekdays.
- Inflation in certain input costs, especially in the Middle East business due to the West Asia crisis.
- **Management expects gross margins to recover by 100-200bp during FY27 through procurement efficiencies, scale benefits, and selective pricing actions.**
- The company reiterated its medium-term gross margin aspiration of 67-68%.
- Management highlighted that on an MoM basis, gross margins bottomed out in February 2026 and expanded by ~100bp during March-April.
- Marketing expenses increased from 1.9% of revenue to 3% of revenue.
- Corporate expenses increased from 6.1% of revenue in 4QFY25 to 7.1% in 4QFY26. It was driven by investments in culinary teams, guest experience capabilities, marketing infrastructure, and digital systems.
- Management expects corporate costs to decline to ~6.5% of revenue in FY27 and eventually move towards 6% over the longer term through scale efficiencies.
- The company expects mature store margins to expand further to around 17-18% over the near term. New store drag is expected to remain ~1.5%. Therefore, RoM would be in the range of 15.5-16.5%.
- **The company targets EBITDA pre-Ind AS margins of 9-10% during FY27.**

Debt & Cash Flow

- Net debt at the end of 4QFY26 stood at ~INR1000m.
- Management plans to do ~INR1400m of capex during FY27.
- INR750m will be used for ~30 restaurant additions in India.
- INR300m will be for five international restaurant openings.
- INR150m will spent on premium dining restaurant additions.
- The remaining INR200m will be used for maintenance and renovations.
- Management expects operating cash flow generation to adequately fund planned expansion and does not foresee a material increase in debt levels.

Guidance

- Management aims to deliver high single-digit to double-digit SSSG during FY27.
- Growth is expected to remain volume-led rather than pricing-led.
- The company believes the customer acquisition engine built during 2HFY26 will continue to support growth in FY27.
- The company has no plans to carry out acquisitions in FY27.

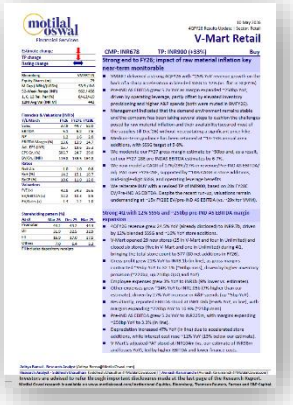
V-Mart Retail

Buy

Current Price INR 684

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- **Demand trends:** Overall consumption environment remained healthy, particularly across tier-2 and tier-3 towns, aided by wedding season, festival demand and an early summer season where the company benefited from advance preparation of summer merchandise. While demand remained resilient, the company acknowledged that inflationary pressures on consumers' daily baskets could potentially impact sentiment if geopolitical situation-led inflation persists for a prolonged period.
- **Margins:** Gross margin decline was primarily due to higher inventory provisioning (1% for FY26, in line with the company's long-standing policy). However, management highlighted that inventory health improved significantly, which should support better gross margins going ahead through fresher merchandise, lower markdowns, and improved product mix. EBITDA margin expansion was led by operating leverage, lower offline marketing spends, lower ESOP expenses and continued operational efficiencies.
- **Raw material inflation:** On a ballpark basis, a 10% increase in crude prices typically translates into a ~5% increase in yarn costs, which eventually results in ~1.5-2% increase in apparel costs. The crude price increase has already led to around 8-9% increase in yarn prices and ~3-4% increase in garment costs in certain categories. Instead of aggressively passing on costs, the company plans selective price hikes (~1-2%), fabric optimization, lightweight material usage, vendor negotiations, and sourcing efficiencies to protect margins without hurting demand**, avoiding the sharp pricing actions seen during FY23.**
- **Store Expansion:** The company opened 80 net stores (92 gross) during FY26. Management maintained its guidance of 13-15% annual area additions. New stores are reportedly delivering throughput better than the network average, reinforcing management's confidence in store selection and market opportunity.
- **Competitive intensity:** Management expressed confidence that the worst phase of weak demand and competitive disruption is behind as aggressive expansion by some retailers is stretching the bandwidth and V-Mart sees an opportunity to gain market share. The organization has spent the last four years strengthening technology systems, vendor partnerships, design capabilities and operational processes, which are now supporting sustained SSSG.
- **Inventory discipline:** V-Mart continues to focus on fresher assortments, faster replenishment cycles, liquidation of aged inventory, and sharper merchandising. Inventory days improved by three days on a rolling basis, while per-store inventory declined 13% YoY. This is expected to support future gross margins. Product mix is also gradually shifting toward higher-value combinations such as kurta sets, improving basket size and consumer spend.
- **Supply chain and sourcing:** Labor shortages and sourcing disruptions across manufacturing hubs remain a near-term challenge, partly due to rising labor costs and regional disruptions. To mitigate risks, ~50-60% of fabric requirements for the upcoming festive/winter season have already been pre-booked, while alternate sourcing routes, including imports from China, are also being explored.

Faster sourcing cycles and better vendor planning continue to improve responsiveness and inventory turns.

- **Unlimited:** The Southern markets under the Unlimited format continued to deliver strong momentum, supported by better throughput from new stores and operational efficiencies. The company has now developed a good grip over its South business and is becoming more confident in scaling up expansion in the region. The South India team has been strengthened and store additions are being pursued cautiously to ensure long-term profitability and sustainable returns on capital. While Unlimited SPSF would likely rise faster than VMART (core) SPSF, management expects some gap to remain between the two format's productivity, given that VMART (core) also sells FMCG, which has higher throughput and is value-focused (vs. some element of brands business in Unlimited).
- **Capex:** Capex stood at INR370m in 4Q and ~INR1.6b for FY26, with investments directed toward new store additions, refurbishment of existing stores and technology initiatives. Management guided for FY27 capex of ~INR1.7-1.8b, with incremental spending beyond store additions and refurbishment capex to be largely focused on technology and AI-led interventions. Capex per store remains stable at INR120-130m (~INR1,500/sq.ft) and the reported capex also includes capex on periodic refurbishments undertaken every 4-6 years.
- **PAT:** The company is moving toward pre-Covid profitability levels, with sustained operational improvements supporting the recovery. Adjusted PAT increased significantly during FY26, aided by better operating leverage, inventory management and cost efficiencies. While management refrained from providing a timeline for achieving pre-Covid PAT margin levels, it stated that efforts are directed toward achieving those levels notwithstanding the challenges posed by inflation and increase in minimum wages.
- **Geographical expansion potential in core markets:** Uttar Pradesh and Bihar remain the large growth markets with meaningful store expansion opportunities (~50-70% growth potential in store count over the next five years) despite significant penetration.
- **Return ratios:** The company has historically targeted ROCE levels of around 15-18%, while current ROCE stands at around 14.5%. Over the medium to long term, the company aims to improve ROCE toward 20-22% levels. Management noted that investments made over the past few years in warehouses, Unlimited integration and loss funding have impacted returns temporarily. Going forward, improved profitability and operating leverage are expected to support better capital efficiency metrics.

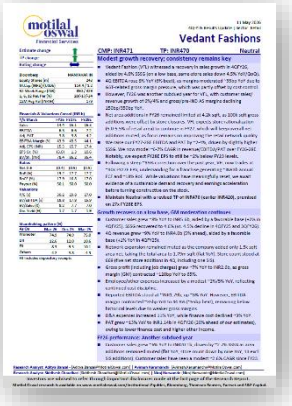
VEDANT FASHIONS
– LIMITED –

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Vedant Fashions — Neutral

Current Price INR 399

- **Demand** improved sequentially during the quarter, with March emerging as the strongest month, aided by better footfalls. April trends remained stable despite temporary softness in consumer sentiment amid geopolitical uncertainties.
- **SSSG** of ~4.6% (2.7% for FY26) was driven by gradual footfall recovery and modest basket size improvement, while conversion remained structurally strong.



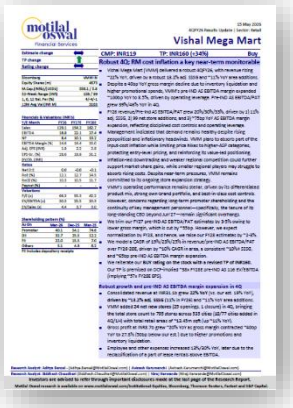
- **Strategy** remains productivity-led growth with SSSG recovery as the key focus area rather than aggressive store expansion. Ongoing network rationalization kept FY26 net additions muted at ~4.2k sqft despite ~100k sqft gross additions.
- **Store rationalization:** ~5-5.5% of retail area remains underperforming (vs. typical closure rate of 2-3% in any retail business) and as such, the focus would remain on improving the quality of retail network in FY27 rather than aggressive store expansion, given the long-term nature of lease commitments. New stores are delivering ~85% higher revenue/sqft on average vs. closed stores, supporting overall portfolio productivity improvement despite slower rollout.
- **Competitive intensity** has moderated (vs. recent years), as several regional players from the 2022 expansion cycle have shut stores amid weak profitability. Overall industry-wide net store additions remain limited as closures are broadly offset by continued expansion from new entrants.
- **ASP growth** has lagged over the past 2-3 years amid weak demand, with focus now shifting toward gradual ASP hikes through premiumization and mix improvement.
- **Design throughput** increased ~2.5x YoY, supporting faster refresh cycles and helping sustain conversion amid high competition across ethnic and occasion wear categories.
- **Gross margin** pressure during the year was largely GST-led. Underlying fabric cost inflation remains modest at ~50-150bp, with limited margin impact expected due to a gradual pass-through and calibrated pricing actions.
- **Inorganic opportunity:** Management remains open to acquisitions but sees limited scalable targets at reasonable valuations. Capital allocation is focused on organic expansion and store productivity improvement.
- **Key FY27 priorities** include improving retention across the ~9m customer base, reviving ASP growth, and scaling AI-led systems across marketing and operational decision-making.
- **Outlook** remains cautiously optimistic, supported by a gradual demand recovery, moderating competitive intensity, improving store productivity, and premiumization-led ASP recovery, although high rentals, GST-related margin distortion, and soft discretionary demand continue to warrant a measured expansion approach.
- **Divas and Kurta store pilot:** There are currently no plans to open physical stores under the Divas brand. However, management is piloting kurta focused stores under the Manyavar brand in high-throughput neighbourhoods such as Bengaluru. These stores are expected to be around 1,000 sqft and primarily focus on kurtas and jackets.

Vishal Mega Mart — Buy

Current Price INR 121

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- **Demand trends** remain healthy with improving consumption trends driven by benefits from GST and income tax rate rationalization. Emerging inflationary pressures could create near-term demand headwinds, particularly on input costs and overall household budgets. However, downtrading trends are likely to support VMM, given its private-label-led value positioning and structurally lower pricing versus national brands.


Vishal Mega Mart

- **SSSG** remained strong at ~11% for FY26, driven by market-share gains. Management indicated that new customer additions contributed ~7% to growth, with ~2% each from higher units per bill and higher ticket size (premiumization), indicating both expanding customer base and improving basket mix.
- **Growth was broad-based** across price points, with entry-price merchandise up ~11.1%, mid-tier ~13.6%, and premium/high-fashion up ~14.7%, reflecting sustained demand strength. Mix continues to shift towards higher-fashion categories, supported by sharper merchandising and stronger brand engagement, without diluting value positioning.
- **Vendor-side** disruptions linked to gas availability and temporary labor shortages impacted sourcing to an extent, though supply conditions are gradually normalizing as vendors shift towards alternate energy sources and labor availability improves.
- **Input-cost inflation** is rising, particularly in petroleum-linked inputs, with fabric prices up ~10–11%. Pricing actions are expected to remain selective, focused on higher-fashion categories, while entry price points will remain unchanged. Margins will be cushioned through cost efficiency measures and private-label strength (will look to maintain current discount levels to leading brands).
- **Store expansion** is unlikely to slow despite macro uncertainty, with weaker industry conditions potentially creating opportunities to accelerate market-share gains while smaller regional players face balance-sheet pressure.
- **Private-label mix enables** VMM to absorb inflation while sustaining pricing discount vs. national brands (30-50% across apparel and FMCG). The company intends to at least maintain, and potentially widen, its discount to branded peers.
- **Small-format stores and new states performance** remains comparable to larger format stores on revenue productivity, RoCE, and operating margins, supporting accelerated expansion into deeper markets (13 small format stores at end-FY26). Early performance in Kerala has been ahead of expectations, and pilot stores in Gujarat and Maharashtra have been broadly in line with network averages despite minor format adjustments due to higher costs in these markets.
- **Gross margin** compression during the quarter was largely tactical, driven by aggressive liquidation of aged inventory ahead of the spring-summer season to improve freshness and full-price sell-through going forward.

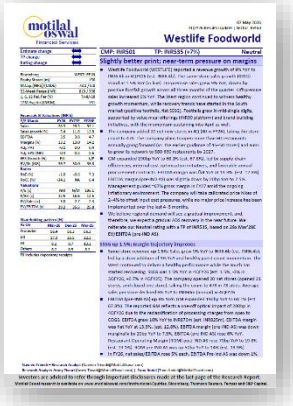
Westlife Foodworld — Neutral

Current Price INR 425

Demand environment and operating performance

- The company reported a steady performance during 4QFY26, supported by improving guest count trends, stronger value offerings, and disciplined execution.
- The company's strategy remained focused on driving guest count-led growth through affordable everyday value offerings and consistent customer experience.

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Westlife Foodworld

Slightly better print; near-term pressure on margins

- Same-store sales growth (SSSG) stood at 1.5% during the quarter. The company witnessed positive footfall growth across all three months.
- **The underlying guest count growth was in the mid-single digits during the quarter. The momentum has continued into April as well.**
- The West region continued to remain the strongest growth driver for the company.
- There is meaningful improvement in the South region, where guest counts turned positive, and SSSG became nearly flat compared to earlier weak trends.
- The INR99 Everyday Value Meal continued to witness strong traction and supported improvement in dine-in footfalls across regions. Management
- believes value offerings are becoming habit-forming and are helping strengthen customer frequency.
- Management said that value-led growth does not necessarily imply permanent margin sacrifice. There are multiple levers available to improve product mix and realizations over time once consumer traffic stabilizes.
- Digital sales contribution increased to 76% of total sales, up more than 100bp YoY. Growth was supported by stronger engagement across the McDonald's app, delivery platforms, and self-ordering kiosks.
- The company stated that McCafe continues to remain an important growth lever over the next 2–3 years, with a strategic focus on building an everyday coffee consumption habit among Indian consumers.
- To strengthen customer frequency and loyalty, the company introduced a monthly coffee subscription program during the quarter. Under this initiative, customers can access beverages at highly affordable prices to encourage repeat visits.
- The company continued to focus on strengthening Gen Z engagement through merchandise-led campaigns such as limited-edition sippers and tote bags, which witnessed strong consumer response and helped generate brand buzz.
- The company has already implemented several initiatives, including reducing sodium in fries, lowering fat content in mayonnaise, and developing balanced meal propositions aligned with nutritional guidelines.
- The recently launched protein slice initiative was introduced to provide consumers with an optional protein enhancement offering rather than positioning the brand as a health-focused QSR player.

Cost and margins

- The gross margin expansion was led by supply-chain efficiencies, internal cost optimization initiatives, and favorable annual procurement contracts.
- There are ongoing inflationary pressures due to commodity inflation and geopolitical uncertainties. However, the company believes these pressures can be managed through cost initiatives and calibrated pricing actions.
- **The company will take 2–4% annual price hikes in a calibrated manner to offset inflation.**
- Management clarified that no major price hikes have been implemented over the last 4–5 months.
- **Management guided that gross margins may normalize at 67% going forward, considering inflationary pressures, although cost optimization initiatives are expected to partially offset these headwinds.**

Store network

- The company opened a record 48 restaurants during FY26, including 21 restaurants in 4QFY26, taking the total store count to 478 restaurants across 78 cities.
- WESTLIFE plans to open 60+ restaurants annually going forward, compared to the earlier guidance of 45–50 stores.
- All new restaurants will be equipped with digital infrastructure, modern restaurant designs, and McCafe integration.
- Expansion will continue to focus on key metro markets such as Mumbai, Pune, Bengaluru, Hyderabad, Ahmedabad, and Chennai, while also increasing presence in highways, airports, and infrastructure-led locations.
- The company's partnerships with fuel retailers such as HPCL, BPCL, and Jio-BP are intended to strengthen highway restaurant expansion opportunities.
- Management stated that 6–7 annual store closures are likely to continue as part of normal portfolio optimization efforts. Store closures are primarily driven by factors such as mall shutdowns, unfavourable site economics, infrastructure changes affecting accessibility, and lease-related issues.

TECHNOLOGY

- **For Technology, management commentaries highlighted a rising adoption of GenAI across software engineering and delivery functions, with productivity benefits beginning to flow through client engagements and commercial discussions. HCL Tech indicated a 2-3% impact from GenAI-led productivity gains on its existing book of business, while enterprises continue to show interest in AI implementation and transformation programs. Management teams also noted that clients remain focused on cost optimization, even though AI-related spending and deployment activity are gradually scaling up.**
- **FY27 guidance across large-cap IT remained cautious amid macro uncertainty and client-specific headwinds. Infosys guided for 1.5-3.5% CC revenue growth in FY27, while HCL Tech guided for 1-4% growth and highlighted the combined impact of client-specific issues and AI-led productivity gains. Wipro's 1QFY27 guidance of -2% to 0% QoQ CC pointed to continued near-term demand softness despite contributions from large deals. On margins, management teams cited currency tailwinds, productivity improvements, and operational efficiencies as key positives during the quarter, while wage hikes, AI investments, and large-deal ramp-ups remain areas to monitor going forward.**

KEY HIGHLIGHTS FROM CONFERENCE CALL

	Revenue outlook for FY26	Margin (%)
HCL Tech	▪ FY27 revenue growth guidance: 1–4% YoY CC at the company level. ▪ Services revenue growth is guided at 1.5–4.5% YoY CC.	▪ EBIT margin guidance is maintained at 17.5-18.5%. ▪ Guidance excludes contribution from two pending acquisitions (HPE Telco Solutions Group and Jaspersoft) - both awaiting US government regulatory approvals with timing uncertain.
Infosys	▪ FY27 CC growth is expected at 1.5%-3.5%. ▪ 1H FY27 is expected to be stronger than 2H, consistent with normal seasonality. Management expressed greater confidence in the 200bp guidance band versus the wider range used last year, citing better macro visibility.	▪ EBIT margin guidance is maintained at 20-22%. ▪ Pending acquisitions (Optimum Healthcare, Versant) are expected to dilute operating margin by 70bp annualized post-closure.
TCS	▪ Management remains positive on FY27, particularly for international business growth. 1Q and 2Q are expected to follow typical seasonality and be stronger than 4Q. ▪ Most client-specific headwinds are largely behind, with limited residual uncertainties. AI revenues are expected to increase and, over time, offset the tapering of traditional service revenues.	▪ Aspirational band stands at 26–28%. ▪ Salary increments effective April 1, with double-digit hikes for top performers, are expected to have a 150–200bp impact. This reflects confidence in demand and deal momentum.
Tech Mahindra	▪ TechM delivered peer-average-beating growth for three years running. Management expects to grow faster than peers in FY27 as well. Key confidence drivers: quality of leadership team, sticky large-account growth, and a large deal book.	▪ Management reiterated its FY27 margin target of ~15%. ▪ FY27 margin expansion is not heavily dependent on growth - "not too much dependency on growth" was the explicit framing. Cost actions can absorb a normal growth shortfall. Only an extreme scenario where "the world goes totally topsy turvy" was flagged as making execution difficult.
LTIM	▪ Management aims to double revenue over the next five years, implying ~15% CAGR.	▪ Management is targeting continued margin expansion under the New Horizons program.
Wipro	▪ 1QFY27 revenue guidance is in the range of -2% to 0% QoQ in CC terms (midpoint -1.0% vs expectations of -0.5%).	▪ 1QFY27 margins may see volatility due to large deal ramp-ups and the full-quarter impact of wage increases.

Coforge

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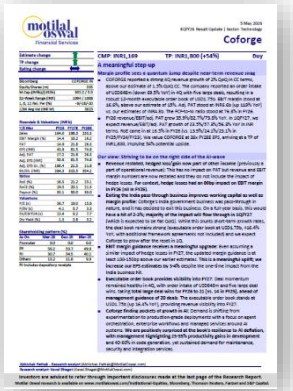
Coforge — Buy

Current Price INR 1,420

Demand outlook

- Despite a challenging macro and heightened AI-driven flux, management maintains that demand tailwinds for Coforge are structural – the near-term modernization surge, the medium-term agentic deployment wave, and long-term tech market expansion all play to its strengths.





- Management addressed concerns around AI code deflation, noting that AI-generated code is cheap to build but expensive to own, maintain, and secure, creating a recurring high-margin managed services opportunity for firms positioned to capture it.
- Demand remains broad-based, with all key verticals – travel, healthcare, banking, insurance, and public sector – firing simultaneously; management expressed confidence that growth does not depend on any single vertical.
- Framework agreements (not captured in the executable order book) have already been signed and are expected to contribute materially to FY27 revenue; management indicated that additional, larger framework agreements are near the final stages of closure.
- Cross-selling momentum from prior acquisitions is evident. Clients acquired through the Cigniti deal, who previously contributed USD25-30m collectively, have now scaled up to ~USD75m/year.
- AI is deeply embedded across the SDLC: the firm reports 25-35% productivity uplift in development, 40-60% in code generation, and up to 10x faster modernization timelines.
- 1QFY27 revenue is expected to be broadly flat QoQ on a reported basis, as the deliberate exit of a ~USD15-20m/quarter low-margin India portfolio will offset underlying growth momentum; a strong acceleration from 2Q onwards is anticipated.
- The UK public sector framework operates differently from standard deal structures – a 150m+ sole-award deal signed in 4Q carries a base run rate of ~USD4-5m/quarter, with multiple additional deals in the tens-to-hundreds of millions under active pursuit.
- Top 5 accounts grew 45.8% YoY and accounts ranked 6-10 grew 30%; collectively, the top 10 contributed ~30.8% of revenue and grew ~40.4%.
- The firm now has one client generating >USD100m in annual revenue, three in the USD50-100m band, and nine in the USD20-50m range, indicating a maturing and deepening account portfolio.
- **BFS:** BFS grew ~12% in USD terms in FY26, below the company average, primarily due to a single large client that underperformed – now transferred to direct leadership stewardship with a fully refactored engagement model and a new team.
- **Insurance:** Insurance maintained steady growth through FY26; management expects growth to accelerate in FY27.
- **Travel, Transportation & Hospitality (TTH):** Travel grew ~62% in USD terms in FY26, driven by secular tailwinds around digitization, airport reconstruction, and the "one order, one offer" paradigm. Near-term travel demand remains healthy; Spirit Airlines revenue exposure is negligible (~10bp of FY27 budget) – any impact is immaterial to overall growth. Cross-selling from the Sabre partnership is already yielding results – a ~USD20m airline relationship, previously a non-material Coforge client, has been established post-Sabre.
- **Healthcare & Hi-Tech:** The segment grew ~98% in USD terms in FY26, nearly doubling in size and becoming a meaningful ~10% of total revenue. Management expects the vertical to continue growing at an accelerated pace in FY27, with the combined Coforge-Encora entity in this space expected to reach ~USD170-175m.

- **Government (overseas):** Government business outside India grew ~17.5% in FY26 in USD terms; the USD150m+ UK public sector sole award signed in 4Q provides strong baseline visibility. Additional UK public sector deals – several in the USD10-100m range – are described as "locked and loaded" by management; no intention of pursuing US public sector.
- ESOP costs are expected to stabilize at ~0.8-0.9% of revenue; no new incremental pool is planned, and the Encora-related retention needs will not dilute the margin guidance.
- Management articulated six competitive moats in AI: deep domain expertise, client intimacy, reinvented delivery models (Mod Squads), agility at scale, a scalable proprietary AI platform (OneAI), and an AI-enabled workforce.
- Coforge has >30,000 AI-enabled workforce members, 11,000+ data and AI practitioners, and 600+ advanced AI practitioners - built through significant upskilling investments.
- Case study: COBOL-to-Java 21 modernization for a Tier 1 bank completed in half the client-allocated time using specialized decomposition agents and a 3-person forward deployed team.
- Over 25 AI recognitions received from leading analyst firms, including seven "Leader" positions from Everest, HFS, Constellation Research, ISG, and Amazon.
- Accounting change (effective FY26): Hedge gains/losses are now reported under other income (not revenue); this isolates EBIT margins from FX volatility and aligns reporting with peers. All comparatives have been restated. PAT is unchanged.
- DTL reversal of ~INR 1.8b (non-cash, one-time) was recorded in 4Q following the effective implementation of the Cigniti amalgamation scheme - reported 4Q ETR stands at -7% (normalized: 22%); FY26 reported ETR at 13% (normalized: 23%). Steady-state ETR guidance for FY27 is 23–24%.
- FCF improved sharply – 4Q FCF stood at USD73.7m (highest-ever quarterly FCF); FY26 FCF was USD135m, up ~68% YoY. FCF-to-PAT guidance has been upgraded to 100%+ for FY27 (vs. prior guidance of 70–80%), driven by improved collections rigor, payables management, and contract structuring.
- Minority interest will reduce materially from 1QFY27 (from ~540m /quarter to ~90m/quarter) following the effective consummation of the Cigniti merger; record date for share allotment is May 16 – this will provide an EPS upside from 1QFY27 onward.
- India low-margin portfolio exit (~USD40-45m annual revenue, ~USD15-20m/quarter run rate) has been deliberately executed to permanently reset margins; management expressed high confidence in the revenue pipeline to absorb this impact.
- Hedge book mark-to-market loss is estimated at ~INR1.4-1.5b at current spot; expected to taper from 3QFY27 onward. The company has shifted towards natural hedges via a USD550m USD-denominated term loan, reducing reliance on cash flow hedges.

Margin performance and other comments

- 4Q EBIT margin expanded sharply to 16.6%, up ~531bp QoQ and ~430bp YoY, marking a structural reset rather than a one-off improvement.
- Key tailwinds to 4Q margin: revenue operating leverage (+100 bps), favourable FX movement (+80bp), third-party cost reduction (+50bp), lower marketing

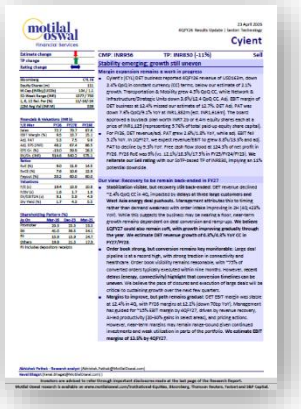
spend (+40bp), and lower ESOP costs (+20bp); partially offset by provisioning on doubtful debt (-60bp).

- FY26 EBITDA margin expanded to 18.6% (vs. 14.3% in FY25), with EBITDA growing ~77% YoY to INR2,464m.
- 4Q EBITDA exit rate stood at 20.5%, forming the base for FY27 guidance.
- For FY27, management guided: EBITDA margins of 20.5-21.0% (consolidated), EBIT margins of 16.5-17.0% (standalone, ex-Encora) and ~15.5% on a consolidated basis – the ~150bp gap being entirely attributable to ~USD40m/year of Encora-related amortization.
- Management indicated that FY27 guidance represents the floor - incremental improvement is expected into FY28 and beyond as synergies from Encora and continued AI-led cost optimization compound.
- Margin reset is driven by three structural factors: (1) AI adoption at scale capping G&A in absolute terms, (2) G&A synergies of 20-25% from the Encora acquisition, and (3) planned exit of ~USD40-45m of low-margin India business.

CYIENT

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Cyient — Sell

Current Price INR 908

Commentary on verticals

- **Transportation:** Management views T&M as the most visibility-rich vertical heading into FY27, given order book strength and the multi-decade lifecycle of aerospace programs. Rail growth is contingent on large deal conversions currently under active pursuit; without those, the sub-vertical is likely to remain range-bound in the near term.
- **Aerospace growth is broad-based:** MRO and aftermarket volumes remained high on commercial aviation ramp-up; new mid-sized aircraft design programs are gaining traction; and digital/AI programs are being executed across manufacturing, supply chain, and documentation.
- **Networks & Infrastructure:** Management sees structural opportunity in autonomous networks - differentiated by Cyient's engineering domain knowledge, platform IP, and partnerships - as next-wave client investment shifts in this direction.
- Fiber build-out spend in North America and EMEA is expected to remain stable for the next 3–5 years; several large customers have announced network expansion plans in the hundreds of billions of dollars range.
- **Strategic Units:** Strategic Units declined sharply by 12.4% QoQ in 4Q and 12.2% YoY in FY26; West Asia energy deal pushouts, driven by geopolitical uncertainty, were a key drag, and this headwind is expected to persist in 1QFY27. Management expects to stabilize Strategic Units at broadly flat QoQ in Q1 FY27; structural demand remains intact, but timing of recovery in the energy vertical is uncertain. Actions have been initiated to turn around the cluster, though management acknowledges that this will take a few quarters.
- **Semiconductors:** Successfully closed 74% majority stake in Kinetic Technologies; combined entity now has a 250+ product portfolio and is targeting USD100m in revenue for FY27. The board has approved in-principle a fundraise (debt + equity) for Cyient Semiconductor; initial equity dilution capped at 10-12% to fund working capital and reach breakeven - expected by end-FY27 or early FY28. Strategic focus is on power silicon (mature nodes, 180–400 nm), with

applications in data centers, consumer devices, and AI infrastructure; goal is to become a leading power silicon manufacturer.

Demand and outlook

- **Macro environment remains fluid;** management noted geopolitical uncertainty led to some deal pushouts in 4Q, particularly in West Asia energy, and expects this headwind to persist into 1QFY27.
- **Management characterizes the demand environment as constructive;** large deal pipeline grew in 4Q and is now at record levels, with large deals present in five out of seven market segments.
- Management cited 2H as a turning point for order intake, with 2HFY26 order bookings up 5.5% YoY over 2HFY25; 4Q order intake specifically grew 23% YoY.
- Large deal pipeline is the highest in Cyient history; qualified pipeline growth is in strong double digits, led by connectivity and healthcare verticals.
- Management does not see AI as a material structural threat given Cyient's domain moat; the shift from ER&D outsourcing (USD100b TAM) to full lifecycle management (USD3t addressable spend) is the key AI-enabled opportunity.
- Cyient was evaluating a large strategic acquisition (Project Astro) that would have delivered step-change scale and scope in DET; due diligence was completed and the transaction was near commitment.
- Rapidly evolving AI landscape prompted management to pause a large strategic acquisition (Project Astro), as they reassess implications for the target business; the transaction is on hold, not abandoned.
- FY27 DET revenue growth guidance: mid-to-high single-digit organic growth YoY, supported by deal pipeline quality and key account momentum.
- Converted order book is typically consumed 75% within the first nine months, suggesting near-term revenue visibility is intact at a company level.
- **Shrinivas Kulkarni joined as incoming CFO**, focused on financial strategy and capital discipline; Prabhakar Atla transitioned to COO to strengthen service line delivery and core transformation.
- **Rajkumar Ravindranathan (Raj) joined as Chief Growth Officer** in Feb'26, with 25 years of experience - mandated to drive large deals and grow strategic markets across energy, automotive, health, and mining.
- **Harjott Atrii (Chief Business Officer, Strategic Initiatives)** is scaling up the engineering intelligence platform as a new growth engine for Cyient.
- Cyient is rolling out its Science Engineering Intelligence Platform - an agentic foundation that codifies fragmented engineering data workflows across CAD, SBOMs, PLMs, CADA, and ERP into coherent agent-driven workflows.
- Management views AI as an amplifier and accelerator, not a standalone solution; high-value engineering outcomes still require deep domain expertise.
- The board approved buyback of up to 6.4m equity shares (5.76% of paid-up capital) via a tender offer at INR11.25/share for an aggregate consideration not exceeding INR7.2b.

Margin

- DET normalized EBIT margin for 4Q held steady at 12.4% (flat QoQ); gross margin improved 114bp QoQ to 38.9%, as operational efficiencies and favorable ForEx partially offset leadership investment costs.

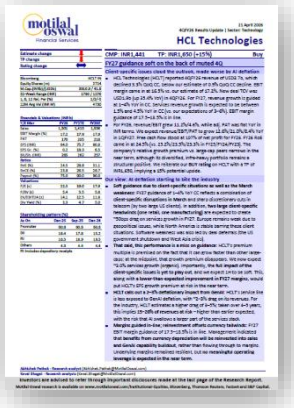
- FY26 full-year normalized DET EBIT margin contracted 67bp YoY to 12.2%, reflecting revenue mix headwinds and wage hikes, partially offset by currency tailwinds.
- An exceptional charge of INR 710mn for Project Astro due diligence expenses was recognized in 4Q; excluded from normalized EBIT and PAT.
- FY26 normalized DET PAT grew 7.2% YoY to INR5.8b; treasury income was at a record INR950mn.
- DET FCF conversion for 4Q was strong at 163% of PAT; net cash position at end-4Q remains healthy at a multi-quarter high.
- FY27 EBIT margin target: 15% exit EBIT by 4QFY27, translating to 17-17.5% EBITDA; levers include revenue growth, AI-driven cost efficiency, tech monetization, and price increases.

HCL Technologies — Buy

Current Price INR 1,179

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Demand and industry outlook

- FY26 saw continued macro uncertainty - tariff changes, lower discretionary spend in traditional IT, and some client cost-cutting; AI-related spending provided partial support.
- Cost-takeout and vendor consolidation continue to dominate the deal mix; discretionary IT spending remains soft across the board, with select telecom clients cutting spend meaningfully for CY26.
- Telecom vertical is the most significant near-term headwind - two large US telecom clients cut discretionary IT spend (digital business and engineering services) during 4Q; the impact is expected to persist through CY26 and is fully baked into the lower end of FY27 guidance.
- North America remains the most resilient region with no broad macro challenges; however, two client-specific situations (one retail, one manufacturing) will create a 50bp services growth headwind in FY27.
- AI deflation estimated at 2–3% incremental impact on HCLT's portfolio mix (vs. broader industry 3–5%); management views very little of this as having played out in reported numbers yet - impact expected to accelerate from FY27 onwards.
- Two acquisitions completed in FY26: (1) Wabi Data Intelligence AI (augments software data offerings); (2) Definitive agreement signed for Solutions (Singapore-based wealth consulting - adds core banking and wealth management capabilities to BFSI portfolio).
- Management categorizes the broader IT services market into three buckets: (1) AI-Disrupted - 40% of the industry, facing 3–5% structural deflation, with risk of compressing to 25% of enterprise IT spend; (2) AI-Amplified - 55%, growing at 10%+; and (3) AI-Native - currently 5%, expanding at 30% and poised to reach 20%+ of the market in five years.
- Demand in traditional IT areas (application development, support, infrastructure ops) remains subdued with visible AI deflation pressures; however, new spending pockets are emerging in AI infrastructure, agentic workflows, and custom silicon.

- Approximately USD1b+ of bookings were voluntarily walked away from in H2FY26 - deals that were economically unattractive or misaligned with AI-led strategy.
- FY27 revenue growth guidance: 1–4% YoY (CC) at the company level; services revenue growth guided at 1.5–4.5% YoY (CC).
- Guidance excludes contribution from two pending acquisitions (HPE Telco Solutions Group and Jaspersoft) - both awaiting US government regulatory approvals, with timing uncertain.
- BFSI: Continued deal momentum with BFSI clients increasingly turning to the AI Force platform for IT service transformation and application modernization; cited as a key vertical for legacy modernization opportunity over the 2–3 year horizon.
- Communication & Media: Telecom vertical is the most significant near-term headwind - two large US telecom clients cut discretionary IT spending (digital business and engineering services) during 4Q; the impact is expected to persist through CY26 and is fully baked into the lower end of FY27 guidance.
- Annuity programs in telecom performed as expected; the discretionary component (digital and ER&D) saw sharp cuts from select clients, likely related to business-specific pressures.
- One large US retail client is among the two key FY27 headwind accounts - scaling down IT budgets significantly; impact primarily in digital business (platform modernization).
- Europe revenue declined 2.9% YoY in 4Q – geopolitical escalation is increasingly denting growth visibility; management flagged ongoing softness in the region heading into FY27.
- Advanced AI annualized revenue reached USD620mn in FY26, with 4Q quarterly run-rate at USD155mn - management targeting the 25–30% growth band for AI-native services, treating it as the primary long-term validation metric.
- AI deflation estimated at 2–3% incremental impact on HCLT's portfolio mix (vs. broader industry 3–5%); management views very little of this as having played out in reported numbers yet - impact expected to accelerate from FY27.
- The Board declared an interim dividend of INR24/share for FY26.

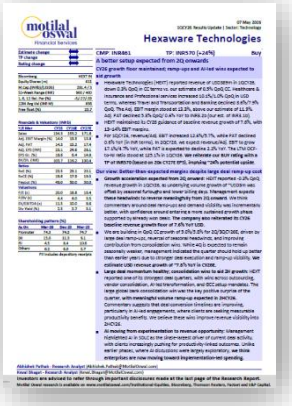
Margin performance

- HCLT's 4QFY26 EBIT margin came in at 16.5%, depressed by 181bp of software seasonality drag at the company level; adjusted for a 120bp restructuring charge, underlying 4Q margins stood at 17.7% - only 20bp below the YoY comparable.
- Margin-walk: 4Q margin headwinds included: second-cycle wage increment impact (45bp), incremental restructuring (41bp), and higher bad debt provisions (19bp); partially offset by Project Ascent gains (13bp) and a favorable INR (65bp).
- Full-year FY26 EBIT margin at 17.2%, down 107bp YoY; adjusted for restructuring, margins were 17.9%, down only 42bp - indicating structural margin resilience despite a challenging demand environment.
- Operating cash flow conversion remains healthy at 115% of net income; free cash flow at USD2.09b (107% of net income) - strong balance sheet with gross cash of USD3.53b and net cash of USD3.51b.

HEXAWARE

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Results Update





Hexaware Technologies — Buy

Current Price INR 537

Performance and demand outlook:

- Demand environment continues to improve; management expressed confidence in entering a phase of sustained growth, with 2Q results expected to validate the underlying momentum.
- Management reaffirmed the growth floor of 7.6% USD YoY (CY25 base) for CY26; current growth is underpinned by deals already won, with upside pathways identified to be discussed post 2Q.
- Calendar and furlough impacts are seasonal in nature and are expected to reverse materially from 2Q onward, providing a visible growth tailwind.
- Management expects growth to accelerate sequentially from 2Q and into 3Q, with 4Q expected to remain seasonally weaker but holding up better than prior years due to deal ramp-ups.
- 34 clients now contribute over USD10m in annual revenues, with two clients added on a sequential basis and four on a YoY basis, a key indicator of broad-based account growth and deepening wallet share.
- Management strategy targets launching one new service every month (new or relaunched); this cadence has been maintained thus far and is expected to continue, expanding the 12 AI opportunity streams over time.
- AI deflation has been acknowledged and already budgeted into CY26 guidance; management sees new opportunity streams (zero license, legacy modernisation, AI for business) more than offsetting the deflation.
- AI in SDLC has emerged as the single-largest driver of deal activity; clients are showing urgency to demonstrate measurable productivity gains using AI, generating a surge in new conversations and deal closures.
- License revenues stood at USD11m, remaining flat QoQ but below the historical quarterly average of ~USD13m; no license revenue upside was factored into the quarter.
- Approximately two-thirds of the net volume growth of USD3m came from acquired entities; the balance was organic.
- HEXT reported one of its strongest deal quarters, winning across outsourcing, consolidation, and transformation categories; management noted that wins were far more than the eight highlighted on the call.
- Large global bank (Phase 2 consolidation): Biggest positive surprise of the quarter; client has a large IT spend and is aggressively consolidating vendors; material volume increases are expected in 2HCY26.
- European bank consolidation: Existing client; won a share of a large program being consolidated to two vendors; HEXT is one of the two.
- Global professional services firm (new client): Book-of-work consolidation initiated and closed within the quarter; HEXT to become a sole provider post the transition completion.
- Large speaker manufacturer: Full-scale ITO with BPO components; revenue contribution expected from late 2Q, with stronger impact in 2HCY26.
- Fab-based manufacturer: AI for business engagement focused on building custom models to improve fab productivity and increase SKU throughput amid a sector-level capex boom.
- Large brand-name workspace company: AMS deal won.

- Data center company: Identity-led cybersecurity deal sourced through the CyberSolve acquisition.
- ACV performance in CY25 was better than CY24; pipeline remains strong; deal wins reaffirm management's confidence in meeting the CY26 growth floor.
- FS: FS delivered a steady performance; 75 delivery AI champions are now deployed exclusively within FS, continuously executing new client projects using AI in SDLC -enabling both productivity gains and market share gains.
- Healthcare & Insurance: HNI delivered very strong sequential and YoY growth, driven by large deal ramp-ups and broad-based momentum across Europe. Management had guided HNI to grow faster than the company average for CY26; 1Q performance validates this trajectory with high confidence; HNI is expected to lead company growth for the year.
- Manufacturing and Consumer: Management upgraded its outlook for MNC vs prior commentary, now expecting the vertical to be among the top growth contributors for CY26; macro headwinds from tariffs and other factors are seen easing.
- Hi-Tech and Professional Services: HTPS has been formally split into Professional Services (PS) and Technology Products & Platforms (TPP) from 1QCY26 to sharpen strategic focus and accountability.
- Travel and Transportation: T&T is expected to lag company growth due to macro headwinds, primarily fuel price pressures on the airline industry. Management indicated the T&T shortfall will be offset by stronger performance in MNC, HNI, and Banking.
- America: North America's performance incorporates the known full-quarter headwind from the GSE client (called out in 4QCY25 and 1QCY26).
- Europe: Europe returned to strong growth and is expected to lead full-year CY26 growth, driven by HNI deal ramp-ups and new logo additions.
- Overall headcount saw a net decline of 46 QoQ; this was entirely driven by BPS headcount reduction, while IT recorded a net addition, -marking the 11th consecutive quarter of IT headcount growth.
- 90–95% of clients have purchased AI tools but are capped at 10–15% productivity gains; HEXT is demonstrating materially superior outcomes by optimizing tool usage, redesigning SDLC workflows, and reconfiguring team structures.
- New-generation Tensai reasoning ops platform was launched with three key differentiations: (1) moves from task-level to complex reasoning for IT operations; (2) uses an enterprise custom SLM with a proprietary ontology model for rapid client onboarding; (3) captures ~80% of inferencing at SLM level, reducing LLM token costs and creating a revenue-sharing model for HEXT on client token savings.
- Zero license offering: HEXT claims to be the first and currently the only IT services provider with a focused offering enabling clients to achieve independence from SaaS, targeting a USD400b market, enabled through the RapidX platform.
- SMC earnout: CY25 performance led to a payable of ~USD20m; ~USD3m was reversed and recorded in other income; does not impact reported EBIT; signifies the acquired asset is broadly delivering against expectations.

- OCF to PAT (LTM) at 125%, industry-leading; management expects this metric to remain elevated in the coming quarters.
- ETR for 1QCY26 at 25.5%; full-year ETR guidance for CY26 maintained at 25–26%.
- Margin reporting aligned to EBIT from this quarter (excludes other income and FX hedging/translation impact), consistent with broader market practice.

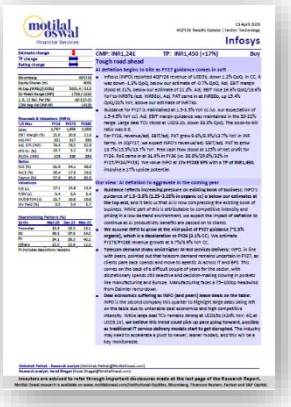
Margin performance and outlook

- Reported EBIT for 1QCY26 came in at 13%, up ~570bp QoQ when normalized for one-time items in 4QCY25; on a like-for-like basis, EBIT was flat sequentially.
- Key puts and takes: FX tailwind of ~90bp and operational improvements of ~50bp were offset by lower calendar impact (~90 bps), large deal ramp-up costs, and a recurring labor code impact of ~20 bps.
- New deal constructs carry a near-term margin headwind during the initial ramp phase; improvement is expected as deals mature into 2H.
- Full-year EBIT guidance of 13–14% maintained; management indicated a better-than-planned start on margins; 2H exit rate expected to be higher than the full-year average.
- No one-off items impacted EBIT in the current quarter; the SMC earnout reversal of ~USD3m was recorded in other income and did not affect reported EBIT.
- Labor code impact of ~20bp will be a recurring item every quarter going forward.
- Management indicated that productivity gains from AI are partly reinvested into higher-caliber talent and delivery capabilities, supporting long-term structural profitability.

Infosys®

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Infosys — Buy

Current Price INR 1,222

Performance in 4QFY26 and demand outlook

- The demand environment remains guarded; clients continue to prioritize cost optimization and operational efficiency over growth-led transformation programs.
- Macro uncertainty persists amid ongoing geopolitical tensions, elevated interest rates, and rapid technology shifts; decision-making slowed notably in March.
- AI-led initiatives are seeing increasing momentum - particularly around productivity, automation, and platform-driven modernization. Non-discretionary spend is becoming increasingly AI-led, with a visible shift from generative AI pilots to scaled deployments.
- Full-year growth was led by realization improvements (RPP), partly offsetting flattish volumes. Third-party costs declined 1% as a % of revenue, and onsite mix reduced by 70bp for the year. Acquisitions contributed 70bp to full-year growth.
- 1HFY27 is expected to be stronger than 2H, consistent with normal seasonality. Management expressed greater confidence in the 200bp guidance band versus the wider range used last year, citing better macro visibility.
- Productivity pass-through to clients is an acknowledged headwind on existing portfolios; new deals embed AI productivity commitments upfront, typically over 3–5 year terms. There is no evidence of clients renegotiating recently

signed deals for incremental AI benefits - repricing pressure is most visible at the bid/renewal stage.

- Underlying economic indicators in key markets are improving, though this has not yet translated into accelerated client spending. A resolution to the Middle East conflict, if it materializes, could provide a meaningful macro tailwind.
- Volumes for FY26 were broadly flattish; management expects volumes to remain flat to marginally positive in FY27, with upside contingent on macro improvement.
- FY26 revenue crossed USD20b, growing 3.1% in CC - within the upgraded guidance band issued in January.
- **FY27 revenue guidance:** 1.5%–3.5% CC growth. Key headwinds baked in: 75–100bp from a large European manufacturing client ramp-down and 70bp from continued onsite mix reduction. The Strategy acquisition (recently closed) is included; Versant and Optimum Healthcare are excluded pending closure.
- **4Q large deal TCV:** USD3.2b across 19 deals - a solid quarter despite some slower decision-making in March. Deal mix: 5 deals each in Financial Services and Manufacturing, 4 in Retail, 2 each in Life Sciences and Communications, 1 in ERS. Geographically: 11 deals in Europe, 5 in Americas, 3 in Rest of World.
- Client account metrics improved in FY26: 50m+ clients up by 3, 100m+ clients up by 3, and 400m+ clients up by 2.
- INFO signed a large, industry-first AI-first GCC deal with a regional US bank. It is now a strategic AI partner for 18 of the top 20 Financial Services clients.
- **Financial Services:** The segment grew above company average at 4.4% for FY26, driven by large deal ramp-ups, AI-led transformation, legacy modernization, and vendor consolidation. US and European banking budgets are expected to grow in FY27. Growth acceleration is expected in FY27; INFO is a strategic AI partner for 18 of the top 20 clients in this vertical.
- **Manufacturing:** Outlook remains cautious - automotive and European industrial remain soft. Tariff uncertainty and Middle East conflict are causing delayed decision-making. Discretionary spend is constrained; clients are prioritizing cost optimization. Near-term FY27 growth is likely to be impacted by 75–100bp headwind from a large European client ramp-down (combination of deal walk-away on return expectations and client-driven spend cuts).
- **Energy, Utilities, Resources & Services (ERS):** The US segment's demand environment is constructive; clients are prioritizing cost reduction and vendor consolidation. Utilities demand is structurally higher, driven by grid constraints, renewable integration, and electricity demand from data centers. 80% of FY26 large deal TCV in ERS was net new, setting up growth acceleration in FY27.
- **Retail:** Clients are navigating continued uncertainty from supply chain disruptions, geopolitical conflict, and shifting trade policy. Consumer demand remains muted, with budgets being tightly controlled. Clients expect productivity savings to fund incremental spend. Demand is rising for AI-assisted legacy modernization via Topaz Fabric.
- **Communication:** FY26 growth was led by large deal ramp-ups. Broader environment remains cautious, with budgets remaining flat to negative, impacting discretionary spend. Strong uptick is witnessed in AI deals in IT operations, software replacement, and mainframe migration.

- **Hi-Tech:** This vertical faces continued cost pressure; clients focused on productivity improvements. Companies supplying to the AI/data center build-out are outperforming. Management views Hi-Tech favorably over the medium term as AI adoption evolves, but near-term constraints remain.
- **North America:** Demand environment is constructive; the solid pipeline is supported by AI deal wins and vendor consolidation in FS and ERS. 5 large deals were signed in 4Q.
- **Europe:** It grew more than double the company average for FY26 in CC, led by large deal ramp-ups, including the NHS deal. Manufacturing headwinds in Germany remain a drag. 11 large deals were signed in 4Q - the highest of any geography.
- **20,000+ freshers were added in FY26;** similar hiring is planned for FY27. Lateral demand for specialized roles remains strong. Management does not foresee a net headcount decline in FY27.
- **Onsite mix:** 22.8% in 4Q (vs. 23.1% in Q3); full-year onsite mix declined 70bp. A further 40–50bp reduction is expected in FY27 as large deals continue to shift delivery offshore.
- INFO has laid out its AI strategy across six value pools: (1) AI Strategy & Engineering, (2) Data for AI, (3) Agents for Operations, (4) Legacy Modernization, (5) Physical AI, and (6) AI Trust & Risk Services - all enabled by the Topaz Fabric platform.
- 30,000+ developers have been deployed on GitHub Copilot. The company is working with 90%+ of its 200 largest clients on AI initiatives; 4,600+ active AI projects are underway.
- Strategic AI partnerships include Anthropic, OpenAI, Google (Gemini), Nvidia, Microsoft, AWS, Google Cloud, Intel, and Cognition (Devin), with active client deployments across all partnerships.
- FY27 guidance range of 200bp (1.5%–3.5%) reflects better macro visibility than last year. Lower end assumes further deterioration; upper end assumes macro improvement and discretionary recovery.
- Pending acquisitions (Versant, Optimum Healthcare) will add 70bp annualized margin dilution post-closure and will be incorporated into guidance upon completion.

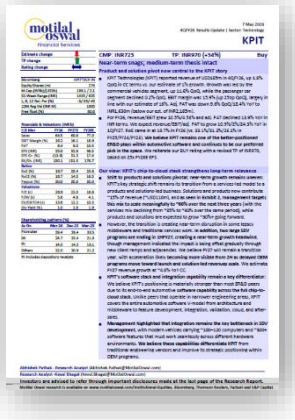
Margin performance

- FY26 adjusted operating margin: Stable at 21%. Currency and Project Maximus gains were reinvested into talent, AI capabilities, and sales & marketing (S&M up 40bp for the year).
- 4Q operating margin: 20.9%, down 30bp QoQ. Headwinds: 50bp from acquisition-related amortization, 30bp from normalization of a prior-quarter one-off, 20bp from compensation costs. This was partially offset by 40bp from currency and 30bp from Project Maximus.
- FY27 margin guidance: 20%–22%. Key headwinds include wage hikes, AI productivity pass-through, and continued AI investments - offset by Project Maximus initiatives.

KPIT

Click below for
Detailed Concall Transcript &
Results Update





KPIT Technologies — Buy

Current Price INR 774

4QFY26 performance and demand outlook by Mr. Kishor Patil, CEO Session

- Demand environment remained uneven - passenger car programs continued to face delays and cancellations (notably Honda's new platform programmes), while commercial vehicles and off-highway witnessed stronger traction.
- ADAS is the fastest-growing spend pocket, expected to reach 3x current levels by 2030; infotainment/digital services and E-architecture also seeing material uptick.
- Management views near-term moderation as transitional; medium-term outlook remains robust, driven by integration demand surge once delayed programs move to the launch phase.
- 4QFY26 is guided to be the highest-growth quarter of FY26 with positive organic growth; profitability is expected to improve sequentially despite continued investments.
- KPIT estimates ~10-11% market share in its addressable segments; significant headroom exists for wallet deepening within existing accounts and new account additions across adjacencies.
- Strategic external investments totalling ~USD 400m made across the chip-to-cloud stack (PATH Partners for E-architecture, Technica for cybersecurity, N-Dream for aftersales, Caresoft for vehicle engineering/benchmarking, Helm.ai for autonomy); investments made outside the 5% R&D budget.
- FY27 revenue growth guided to be higher than FY26; exact quantum deferred to April-end commentary. Management expressed reasonable confidence in acceleration.
- Growth in FY26 was led by trucks and off-highway (+18% YoY) and cloud-based connected services; OEM revenues grew ~9% YoY, partially offset by a decline in Tier-1 revenues.
- Two strategic engagements highlighted: (1) Long-term SDM program for a global off-highway OEM, TCV in excess of USD 50mn, targeting next-gen modular software-defined machine platform; (2) Digital cockpit platform for a leading Japanese Tier-1, covering 3 OEM programs with potential expansion to 5.
- Passenger Cars: Passenger car OEM spend declined ~20-25% in FY26; volumes and profitability fell sharply across most legacy Western OEMs. Wallet share largely retained - KPIT maintained or gained wallet share in majority of its T25 client base.
- Commercial Vehicles: KPIT is an early-mover in Software-Defined Machines (SDM) for trucks and off-highway; won a landmark >USD 50m long-term engagement for next-gen modular platform transformation.
- Asia: Asia revenue has declined over recent quarters, primarily due to the ramp-down of the large Honda program; recovery expected over 2-3 quarters, with Asia growth normalizing by mid-FY27. China strategy gaining foothold revenues small but strategically significant.
- Europe: Europe remains the largest TCV contributor this quarter; European OEMs are actively reallocating R&D spend from local onsite vendors to India-based partners, a structural tailwind for KPIT. Qorix (KPIT's middleware product) has been incorporated into a European Union automotive software partnership

though near-term traction has been below expectations due to delayed new vehicle program launches.

- Cloud-Based Connected Services: Cloud-based connected services was the second-fastest-growing segment in Q4FY26; OTA updates, cybersecurity, and after-sales digital services are core growth drivers. KPIT's cybersecurity solution is deployed across millions of Volkswagen Group vehicles (via Cariad JV).
- Anup Sable elevated to Chief Operating Officer and Key Managerial Person; previously served as CTO for 31 years.
- Academic partnerships established for M.Tech and PhD-level research programmes with premier institutions.
- AI pipeline acceleration underway; ~21% of total pipeline already represents products and solutions; management targets ~30%+ growth rate in solutions and products going forward.
- Microsoft recognized KPIT as a Frontier Technology Partner.

Mr. Sachin Tikekar, Co-founder and Joint MD session

- Demand from off-highway OEMs has outpaced expectations; these players are comparatively more financially stable than passenger car peers and are investing proactively in software-defined machine programs.
- Truck segment demand remained subdued, with North American and European markets in a prolonged slump (~9 months); a recovery is anticipated in 2HFY26, driven by pre-buying activity and infrastructure-linked spend.
- Revenue model transition is underway: >80% of new contracts are now fixed-price; four largest clients being converted from T&M this quarter, next four in the following quarter - expected to take overall fixed-price/outcome-based mix north of 75%.
- Management guided for near-term EBITDA margin stability despite current headwinds; medium-term margin expansion is a stated objective to support continued technology investment.
- Five key margin levers: (1) shift to outcome-based contracts, (2) deployment of proprietary solutions, (3) product licensing models, (4) AI-infused delivery, and (5) per-person revenue and contribution improvement.
- Per-person revenue and contribution have improved consistently over the past three years and are expected to remain on an upward trajectory — the most significant structural efficiency lever going forward.
- Passenger Cars: Coverage of major global (ex-China) OEMs is now near-complete following three new OEM additions.
- Commercial Vehicles: Truck segment is in a cyclical trough across North America and Europe; recovery expected in 2HFY26 as infrastructure and construction activity revives. Off-highway is the faster-growing and more immediate opportunity; clients in this segment have stronger balance sheets and higher near-term investment appetite.
- US: North America truck market recovering from a prolonged slump; pre-buying activity and infrastructure-linked demand expected to drive 2H FY26 recovery. Major North American off-highway OEM win (current and next-gen program) is the most significant recent deal in the region and serves as the reference engagement for the off-highway vertical.

- Europe: European OEMs face the highest pressure among all geographies - simultaneous headwinds from Chinese competition, tariffs, and cost-heavy local engineering ecosystems.
- Strategy for European OEMs is centered on dramatically reducing product and production costs; KPIT is positioned to benefit as these OEMs expand their partner ecosystems beyond the traditional Western Europe supply base.
- Asia: India domestic revenue is a new strategic priority from FY26; three demand drivers - competitive domestic OEMs, global OEMs building India-for-India products, and conglomerates entering passenger cars via Chinese platforms - create a multi-layered opportunity.
- AI is being embedded into the delivery model as a core lever for driving non-linearity; outcome-based contracts are structured to allow KPIT to retain the efficiency gains generated by AI-infused solutions.
- Five proprietary products under development expected to see strong near-term growth.

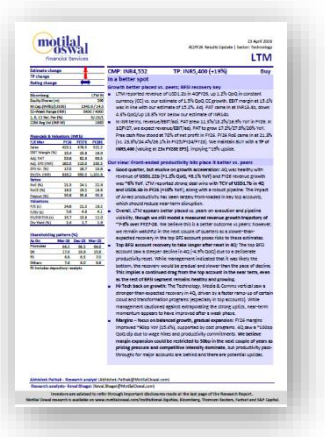
Outlook and Margins performance

- Management described the FY27 demand environment as positive overall, with good traction across segments; some near-term headwinds expected to ease through the year.
- Two of KPIT's largest SDV programs are coming to an end; revenue impact will be largely offset by growth from newly acquired accounts.
- Management noted that continuation of these programs would have contributed an additional 4–5% sequential growth for the year - indicative of the underlying momentum being built in new accounts.
- Solid growth expected from trucks, off-highway, US, India, and China; India revenue expected to nearly double off a small base.
- Growth areas for FY27 include connected vehicles, after-sales, and autonomous driving.
- Solutions and products revenue guided to grow ~30% YoY in FY27; management views this as a key profitability driver going forward.
- EBITDA margin guided at 20.5–21.2% for FY27, post increased investments in AI solutions, products competency development, and new market buildout; range reflects uncertainty around currency movements.
- Medium-term growth expected to be driven by three levers: (1) wallet share expansion in existing accounts, (2) new account wins, and (3) expansion across new geographies and adjacencies.
- Management committed to annualized sustainable double-digit revenue growth over the medium term; tone was measured, with emphasis on not over-committing.
- Solutions and products mix targeted to expand from ~15% in FY26 to ~60% of revenue in three years; services mix to decline from ~85% to ~40% over the same period.
- EBITDA margins expected to expand to 22–24% in the medium term, up from current levels, as the solutions and products mix improves and operating leverage kicks in.
- Management is evaluating a new high-spend, tech-enabled adjacency (beyond current automotive verticals) where KPIT can replicate its automotive leadership positioning over the next four years; no specific segment disclosed.

LTM

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Results Update





LTM — Buy

Current Price INR 4,052

Demand and industry outlook

- Management sees continued demand for AI-led transformation heading into FY27 and remains confident in sustaining growth momentum built through FY26.
- FY27 is expected to be the inflection year for AI-led business process spend as enterprise readiness broadens; contract structures will evolve accordingly from project-based to longer-duration engagements.
- Clients are not triggering early contract renegotiations; LTM is managing competitive pressure through deeper domain context, delivery model innovation, and commercial differentiation - and has won more competitive renewals than it has lost in FY26.
- Four out of five verticals delivered double-digit YoY growth in 4Q; three out of five delivered double-digit growth for the full year.
- Large deals announced in 1HFY26 are in the final stages of transition ramp; the CBDT deal carries a longer transition timeline due to hardware delivery dependencies and is expected to ramp up in FY27.
- Client spend remains structured across three categories: (1) core IT run/build systems - long-term 3-5 year contracts, stable; (2) modernization programs - project-duration, discretionary; (3) AI adoption and business process reimagination - scaling up from project-based to long-term operational constructs through FY27.
- FY26 full-year revenue reached USD4.76b, up 6% in USD terms and 5.3% in CC, reflecting broad-based growth despite top-account headwinds.
- FY26 total order inflow reached USD6.6b, up 10.3% YoY; large deal momentum was exceptional with a 300% YoY jump in large deal wins and six USD100m-plus deals won across each quarter of the year.
- Key 4Q deal wins: (1) Central Board of Direct Taxes - modernization of India's national direct tax analytics platform; (2) a European medtech company - multi-year product development engagement; (3) a US global financial institution - AI-led business process reimagination as part of operating model transformation; (4) a US enterprise software provider - AI-driven digital transformation across its customer ecosystem; (5) a US P&C insurer - AI and automation-led reimagination of HR and finance back-office workflows.
- Management aspires to increase order bookings further into FY27 and views consistency in deal closures as the structural foundation for industry-leading growth.
- BFSI: LTM is positioned as a prime supplier for up to seven of the largest global banks - a structural advantage as spending recovers and AI transformation programs scale.
- Recovery in the top BFSI account is expected to begin in 1QFY27, though the pace of recovery is unlikely to match the pace of the prior decline; except for the top account, BFSI grew well ahead of the vertical average through FY26.
- Technology, Media & Communications: It declined 0.7% in FY26, impacted by the productivity transition at the top account in 1H; the segment witnessed a faster-than-expected recovery in 4Q, driven by accelerated cloud ramp-ups.

- Management expects near-term momentum to continue; the top-account headwind is now largely resolved.
- Manufacturing: Manufacturing and Resources delivered 12.7% growth in FY26, one of the strongest full-year performances across verticals; this segment will be reported as 'Production' from 1QFY27 to reflect its expanded energy and utilities scope.
- Healthcare, Life Sciences & Public Services: It grew 9.6% for FY26; this vertical will be merged into the Consumer segment under the new four-segment reporting structure from 1QFY27.
- India: India growth was driven by the CBDT deal ramp-up; sovereign AI stack and government digital infrastructure are emerging as a key growth area.
- Europe: Potential inorganic opportunities in aerospace, defense, and automotive in Europe are being actively evaluated to accelerate penetration.
- Utilization, excluding trainees, dipped to 85.7% from 86.9% in 3Q; the delivery model is transitioning from a traditional pyramid to a skill-based, roles-driven workforce structure.
- Partnerships with IIT Kharagpur and MIT were formalized for deep-dive AI training; 30,000 developers trained on GitHub Copilot and 1,000+ engineers on Claude (Anthropic) skills.
- BlueVerse ecosystem expanded with three new platforms: Agent IQ (agentic platform technology operations), App IQ (AI-led application modernization), and Fusion IQ (quality engineering at scale).
- Salesforce partnership formalized to co-create Blue Max, an agentic marketing execution solution built on AgentForce and Salesforce Marketing Cloud.
- Key AI client outcomes in 4Q: (1) enterprise-scale AI platform deployed across legal, manufacturing, and procurement for a global automaker; (2) AI automation CoE for a water management manufacturer - 40% reduction in cycle times; (3) unified HR platform across 70+ countries for a global aerospace manufacturer - 62% reduction in service requests.
- Lakshya 31 five-year strategy anchored in three AI pivots: (1) domain-technology convergence; (2) reimagined lines of business - iRun, iTransform, Business AI; (3) reimagined partner ecosystem deepening hyperscaler and new-age AI platform relationships.
- Management has set a target to double revenue over five years, with both organic and inorganic components; acquisition priorities include capability jumps, European sovereign AI stack, and geographic white spaces.
- Segment reporting will be consolidated to four verticals from 1QFY27: BFSI, Technology Media & Communication, Production, and Consumer.

Margin performance

- FY26 full-year operating EBIT margin improved 90bp YoY to 15.4%, reflecting delivery of Fit4Future objectives across the year.
- 4QFY26 EBIT margin declined 100bp QoQ to 15.1%, primarily due to partial wage hikes implemented from 1st Jan'26, covering 50% of the workforce, partially offset by forex benefits; productivity commitments in key accounts were an additional headwind.
- Adjusted PAT for FY26 was INR53.7b, up 17% YoY; reported PAT, including the labor code exceptional item, was INR49.8b, up 8.3% YoY. Adjusted PAT margin was 12.7% for FY26.

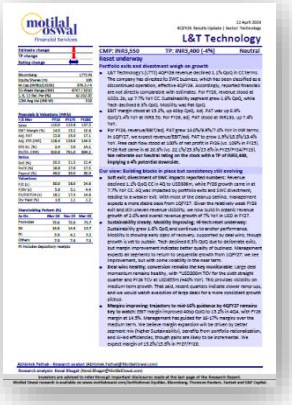
- Management is targeting continued margin expansion under the New Horizons program.
- FY26 OCF-to-PAT was 96.3% and FCF-to-PAT was 78.1%; cash and investments hit an all-time high of USD1.63b (Rs.15,445 crores) at year-end.

L&T Technology — Neutral

Current Price INR 3,302

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Demand and industry outlook

- Management remains cautiously optimistic on the near-term demand environment; CY26 macro improvement is supporting deal pipeline conversion across all three segments.
- Broad-based demand recovery visible: Mobility stabilizing, Sustainability maintaining double-digit momentum, and Tech segment bottoming out post-portfolio rationalization.
- **Physical AI, re-industrialization of the US, and data center capex build-out are identified as structural tailwinds cutting across verticals.**
- European OEMs continue to prioritize cost optimization over new program spend; however, vendor consolidation is creating share-gain opportunities for LTTS.
- Client conversations on AI are increasingly board-driven (top-down), accelerating engineering and manufacturing AI adoption; LTTS estimates it is 6–8 months ahead of competition in this cycle.
- AI-led data center capex is driving incremental demand in industrial, power electronics, and plant engineering sub-segments.

Vertical-specific demand commentary

- **Mobility:** Segment revenues were near-flat QoQ in 4Q, but management signals 1QFY27 as the beginning of a sequential growth recovery; over 40% of 4Q large deal wins came from Mobility. Auto sub-segment is showing positive traction in North America: US OEMs have largely absorbed EV-related write-offs and are now committing decisively to hybrid/ICE program cycles, restarting design activity - a direct demand tailwind for LTTS. Mobility EBIT margin expanded 130bp QoQ to 16.1% in 4Q - a meaningful inflection; management expects further margin improvement as large deal ramp-ups accelerate revenue in FY27. Revenue mix in Mobility now 80% from OEMs (vs. 20% a few years ago), significantly improving revenue stability and client stickiness.
- **Sustainability:** Strongest segment; grew 11% YoY in 4Q; sustaining double-digit momentum; over 50% of 4Q large deal wins in this segment. Re-industrialization in the US and nearshoring of pharma/CPG manufacturing are creating a durable demand pipeline in the Sustainability segment. Plant engineering maintaining steady demand from O&G, CPG; LTTS is diversifying into LNG (Australia, Middle East, US) as a new adjacency; won multi-year data modernization mandate from a North American energy major. First USD50m+ client formally reported within Sustainability - validates deepening of strategic relationships; client profile improvement expected to continue.
- **Hi-Tech:** Tech segment remained subdued in 4Q as management consciously exited non-strategic, low-margin businesses (USD19m annualized revenue removed). Software & Platforms (incl. Intelliswift): hyperscaler empanelment

ramping from 1QFY27; Intelliswift integration tracking as planned, with margins improving sequentially.

- **MedTech:** Deal momentum building up through new account ramp-ups; secured multiple mandates in human biologics, drug delivery devices, and camera-based AI for operating rooms; growing in-line with company revenue.
- Management is confident that all three Tech sub-segments (MedTech, Media/Tech, Software & Platforms) will return to sequential growth from 1QFY27.
- **North America:** Re-industrialization and data center capex are structural tailwinds; hyperscaler empanelment ramp-up from 1QFY27 is an incremental growth driver.
- **India:** Exited select non-profitable Indian client engagements and INR-billed tech lab operations as part of rationalization; India-related revenue headwind is now fully absorbed. Smart Cities (SWC) India operations divested; some profitable India-based delivery capabilities retained within the continuing business.
- AgenticIQ platform launched - an enterprise-ready agentic AI platform for orchestration and deployment of AI agents across engineering lifecycles; positions LTTS as a platform-led solution provider, not just a point-tool vendor.
- 65% of workforce trained on AI tools; remaining 40% to be covered in the next two quarters; management targeting near-universal AI literacy.
- Patent filings surpassed 1,700 for FY26, including 673 by LTTS and 1,033 co-authored with clients; 237 patents in AI alone - a differentiated IP moat building progressively.
- The company moves away from providing annual revenue guidance; medium-term Lakshya 31 targets replace near-term guidance; management committed to delivering above-industry growth.
- Lakshya 31 (FY27–FY31) strategy finalized: six technology bets identified - (1) Software-Defined Mobility; (2) Plant Build-out & Modernization; (3) Digital Manufacturing & Industrial Automation; (4) Next-gen Compute & AI Infra; (5) Software Platforms & AI; (6) MedTech - currently <50% of revenues, targeted at >70% by FY31.

Margin performance and outlook

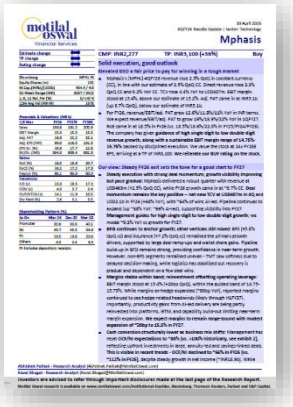
- 4Q EBIT margin improved 40bp QoQ to 15.2%, marking the second consecutive quarter of sequential expansion.
- FY26 EBIT margin (continuing operations) at 14.5%; on a combined basis (incl. SWC), FY26 EBIT came in at 14.1%, implying SWC was a 40bp drag on reported profitability.
- Management advances margin aspiration to mid-16% EBIT by 4QFY27 or earlier - a pull-forward from the 4QFY27–1QFY28 range guided in 3Q; conviction underpinned by segment mix improvement, AI-led delivery efficiencies, and deal ramp-ups.
- Lakshya 31 medium-term margin band: 16-17% EBIT; any tuck-in M&A may temporarily dilute within this band, but management intends to maintain the range.
- Key margin levers: (1) Sustainability mix expanding to 36% of revenues in FY26; (2) Offshore mix improvement opportunity (currently 53.5%); (3) AI-led non-linearity in delivery; (4) Intelliswift integration benefits; (5) Cost rationalization from exited geographies.

- 4Q net income at INR3.5b (12.1% of revenue), up 70bp QoQ; FY26 net income at INR12.8b (11.7% of revenue).
- Effective tax rate stable at 26.6% for 4Q; guided at 26.5-27.0% going forward.
- FCF conversion strong: FY26 FCF at INR12.8b, representing 100% of net income - a significant improvement in cash quality.
- DSO improved sharply to 83 days in 4Q from 93 days in 3Q; guided range of 85-90 days going forward (vs. 110-115 days inclusive of SWC in prior quarters).

Mphasis
The Next Applied

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Mphasis — Buy

Current Price INR 2,288

Demand and industry outlook

- Demand environment remains constructive, with AI-led transformation increasingly acting as the primary driver across verticals and deal sizes.
- 80% of AI-driven transformation is expected to occur outside the IT function, shifting value creation to business domains such as supply chain, pricing, underwriting, and demand forecasting.
- Large infrastructure capex spend is expected to open up over the next 2-3 years, as enterprises modernize compute environments to support AI stacks - management sees this as a significant opportunity.
- Management does not see a scenario where clients reduce absolute tech spend; if anything, the mix is shifting toward tech spend vs. people spend - benefiting platform-oriented players like MPHL.
- Full-year FY26 net new TCV reached a record USD2.1b, up 68% YoY, supported by both large deal wins and broad-based mid-market activity.
- 69% of total pipeline is now AI-led; 64% of 4Q wins were AI-led - reflecting a structural shift in client demand toward AI-driven transformation.
- Acquisition of Theory and Practice and its Continuum AI platform significantly accelerates MPHL's decision intelligence capabilities, extending the stack from system modernization into enterprise decision transformation.
- Tech budgets have not seen major cuts; a reprioritization toward programs with clear ROI is underway, with business functions increasingly willing to fund AI investments independently of IT budgets.
- Sector-specific tailwinds: BFS clients are building bank-wide AI fabrics; insurance clients are deploying AI across underwriting, claims, and risk operations; CPG and retail are emerging spend areas.
- Enterprise Apps remains the core growth engine at 76.5% of Direct revenue; it grew 5.1% QoQ and 14.8% YoY in CC, driven by modernization programs across verticals.
- IT service line declined 21.6% YoY, reflecting a strategic decision to exit the non-core ATM business and redeploy capacity toward higher-value AI opportunities.
- Client pyramid continues to strengthen: YoY additions include one client in USD100m+, one in USD75m+, two in USD50m+, and four in USD20m+ categories. Net new USD50m+ client also added in 4Q.
- Top 10 accounts grew 13.7% YoY; next 20 accounts grew 15.2% YoY on LTM basis. Top client outperformed company average growth for the third consecutive quarter.
- Pipeline has grown to 2.6x its initial size since the launch of Mphasis.ai, reaching an all-time high as of Mar'26 end; 69% of the pipeline is now AI-led.

- Overall pipeline grew 38% YoY; BFS pipeline led with 89% growth. Large deals (TCV >USD20Mn) grew 40%; mid/smaller deals (<USD20m) grew 34% - demand is pervasive across deal sizes.
- **BFS:** BFS grew 5.8% QoQ and 15% YoY at the overall company level in 4QFY26; growth was partially moderated by the ramp-down of the non-strategic ATM business. Direct BFS grew 6.4% QoQ and 17.4% YoY in CC; full-year Direct BFS grew 18.6%, supported by wallet share expansion and strong new logo additions. BFS pipeline grew 89% YoY - the highest growth across all verticals - providing strong visibility for sustained momentum into FY27.
- **Insurance:** Insurance delivered robust growth - 7.2% QoQ and 46.5% YoY in Direct revenues in CC - reflecting increasing traction of AI-driven decisioning across underwriting, claims, and risk operations.
- **TMT:** TMT saw near-term softness in 4Q, impacted by project completions and delayed decision cycles due to macro and geopolitical uncertainty. Management expects the segment to return to sequential growth in coming quarters; full-year Direct TMT delivered healthy double-digit YoY growth in FY26.
- Large deal capability team built 18 months ago is delivering results; full impact yet to fully reflect in numbers, providing additional upside for FY27.
- New leadership appointments made, including head of global insurance; CPG and retail verticals being staffed following the Theory and Practice acquisition.
- BPO headcount saw some increase in activity, partly linked to the interest rate environment and a new agentic AI-based mortgage origination unit being set up for an existing customer.
- NeoIP platform clients contribute >50% of company revenue; the platform enables start-anywhere, scale-everywhere adoption across modernization, IT ops, and cloud.
- Management does not view AI as a deflationary force; NeoIP deepens wallet share by enabling participation in new and emerging spend areas within existing accounts.

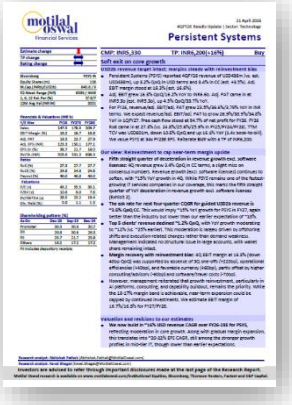
Margin performance

- 4QFY26 EBIT margin expanded 20bp QoQ to 15.4%; full-year FY26 EBIT margin remained stable at 15.3%, within the stated band of 14.75-15.75%.
- Operating profit for 4Q grew 7.2% QoQ and 15% YoY to INR6,525m; EPS increased 8.6% QoQ and 13.7% YoY to INR26.7.
- Operating cash flow for 4Q was USD21m, temporarily impacted by USD17m in delayed customer remittances due to a banking system issue; collections were received in early Apr'26. Normalized OCF was USD38m.
- OCF-to-net income conversion for FY26 was 76-80%; management targets 80% for FY27, acknowledging ongoing working capital intensity from large savings-led transformation deals.
- DSO improved by 1 day QoQ; adjusted for the USD17m timing lag, DSO would have improved by 4-5 days. Non-current receivables declined as milestone-based contracts moved to current debtors.
- Hedge losses expected to persist through 1HFY27 before tapering; EBIT margin ex-hedging is estimated at 16.5%, a multi-year high.
- FY27 guidance: high single-digit to low double-digit revenue growth in CC terms; EBIT margin band of 14.75–15.75% maintained; OCF-to-net income target 80%.

Persistent

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Persistent Systems — Buy

Current Price INR 5,099

Growth and demand outlook

- Management acknowledged ongoing geopolitical headwinds (Middle East conflict, tariff uncertainty) but noted minimal direct revenue exposure to the affected regions.
- Management expects FY27 vertical growth pecking order to be Healthcare/Life Sciences and BFSI at the top (neck-and-neck), followed by Hi-Tech & Emerging - directional guidance, not formal.
- Management noted increasing positioning as a credible challenger to Tier-1 outsourcing firms, evidenced by bypassing multi-vendor RFPs (e.g., French multinational bank data modernization win via direct Databricks expertise).
- Two senior leadership additions: Ruchi Kulhari (EVP, Enterprise Strategy & Execution) and Hari Abhyankar (EVP & Global Head, Private Equity & Professional Services - prior McKinsey, enterprise software background).
- AI strategy anchored on three pillars: (1) Engineering Hyper Productivity (SASVA - AI-embedded SDLC), (2) Business Hyper Productivity (GenAI Hub, Agent Studio - agentic workflow automation), (3) Enterprise Data Readiness (ERA - governance, semantic layer, knowledge graphs).
- AI adoption is expected to accelerate materially in coming quarters, with tech companies leading enterprise adoption; ecosystem announcements from Anthropic, OpenAI, Nvidia, Microsoft, Google, Snowflake, and Databricks seen as structural tailwinds.
- India revenue classification anomaly noted: Revenue from a GCC renewal (billed in INR) was classified as India rather than North America, artificially inflating India and compressing North America; management expects normalization in 1QFY27.
- Third-party software license revenue rose 40% QoQ; management attributed this to bundled engagements (cybersecurity managed services, AI platform deployments) and guided that IP and services revenue lines will blur over time as integrated deal structures scale.
- BFSI wins included a large Nordic bank (payment platform modernization - won against incumbent providers), an Australian life insurer (digital underwriting platform), and a European bank (IOTA agentic AI for data management, reducing documentation cycles by 70%).
- Marquee new deal in Hi-Tech: Japan-headquartered B2B industrial technology leader selected PSYS as long-term transformation partner (hardware-to-software shift) - deal spans SAP, IT, and data analytics; TCV exceeds USD50m, one of the largest SAP services deals won.
- BFSI: Strongest performing vertical – 4Q YoY growth of 24.3% (annualized run-rate USD600m); full-year FY26 growth of 28.4%, the highest across all verticals.
- Hi-tech: The company's differentiation in hi-tech lies in product engineering core (not peripheral IT), making it less exposed to the capex-driven services freeze; growth driven by AI-led product development, managed services for PE-backed carve-outs, and engineering productivity improvements.
- Healthcare and Life Sciences: Management guided Healthcare to be a co-leader (with BFSI) in FY27 growth – strongest directional signal in months; portfolio of wins reflects new logos, alongside existing account expansion.
- 4Q examples include: pharma drug discovery platform leveraging NVIDIA BioNeMo toolkit for protein structure prediction and molecular simulation; a diabetes-focused pharma client using proprietary knowledge graphs and fine-tuned LLMs on Google Cloud (MedGemma, Gemma).

- North America remains the dominant geography (80% of revenue); sequentially flat on reported basis; underlying demand healthy.
- Europe: Sequential decline of 1.8% in 4Q was attributed to specific account puts and takes; management acknowledged the need to double down in Europe and expressed confidence in the pipeline; FY26 full-year growth of 26.7% was one of the highest among peers.
- SASVA IP portfolio expanded to 120+ patents filed (including a significant batch in Q3); expanded to run natively on DigitalOcean infrastructure with Anthropic and OpenAI model access, offering private cloud and sovereign deployment options.
- Agent portfolio exceeded 500 agents in 4Q (vs. 200+ in 3Q) - built in-house and across partner ecosystem including Google, Microsoft, Salesforce, and Nvidia; Agent Processing Unit launched for external agent orchestration.
- FY27 revenue guidance: Management reaffirmed confidence in continuing growth momentum and aspirational USD2b by Mar'27 trajectory (noted as aspiration, not guidance); margin aspiration of 16-17% reiterated with growth investment as primary focus.

Margin performance and outlook

- 4Q EBIT margin expanded by a notable 190bp QoQ to 16.3%, with EBIT growing 21.4% QoQ and 30.4% YoY. The sharp sequential recovery largely reflects the absence of the one-time new wage code provisioning (230bp headwind in 3Q).
- 4Q margin tailwinds: Absence of 3Q one-time labour code impact (+220bp), operational efficiencies (+40bp), favourable currency (+60bp). Headwinds: increased consulting/advisory costs related to corporate development (-60bp), higher software license and travel expenses tied to annual planning (-70bp).
- Full-year FY26 EBIT margin at 15.6%, up 90bp YoY. EBIT grew 31.5% YoY in absolute terms; PAT margin at 12.6% with PAT growing 33.2% YoY.
- Management reiterated margin aspiration range of 16-17% but emphasized growth reinvestment as the priority; margin expansion is a second-order outcome of AI-led platform monetization.
- OCF-to-PAT moderated to 77% in 4Q (vs. 91% in 3Q) due to high unbilled revenue proportion and delayed tax refunds/insurance payments; full-year OCF-to-PAT improved meaningfully to 93.6% from 82.6% in FY25, a positive structural signal.

Tata Consultancy Services — Buy

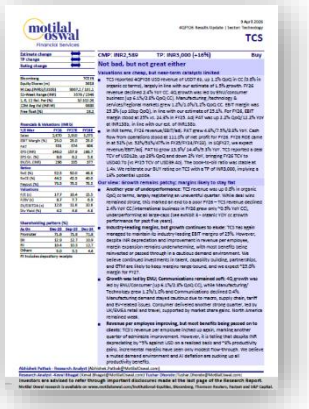
Current Price INR 2,242

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4QFY26 performance and demand outlook

- Enterprises are navigating increasing complexity across technology, operating models, and business transformation, making the role of trusted system integrators more critical. Clients are seeking partners with deep technology expertise, strong domain context, and end-to-end accountability.
- FY26 marked a pivotal year for enterprise AI adoption across industries. Over the past two years, AI model capabilities have evolved rapidly; however, enterprises are yet to fully realize their potential.
- The company invested significantly in strengthening AI partnerships across enterprise platforms, hyperscalers, deep-tech, AI-native, and domain-specific players, including partnerships with ServiceNow, Google Cloud, and ABB.
- With every technology cycle, clients have realized greater value, and TCS has scaled its business alongside AI adoption.



- TCS aspires to become the world's largest AI-led technology services company, driven by AI-led renewals, vendor consolidation, and cost optimization deals, resulting in market share gains and expansion into adjacencies.
- The geopolitical impact remains largely restricted to the Middle East and certain segments like travel and transportation.
- Transformation budgets are broadly divided into three buckets: (1) enterprise transformation (cloud, data modernization, cybersecurity, ERP upgrades), (2) AI-led modernization (tech debt reduction enabled by AI), and (3) pure-play AI transformation across industry value chains.
- Deal mix remains balanced, with ~50–55% from renewals and ~45–50% from new programs.
- **BFSI:** Demand remained technology-led and outcome-focused amid macro and geopolitical uncertainties. Clients prioritized core modernization, data transformation, cloud migration, and scaled AI adoption. AI deployments are shifting from experimentation to industrialized, business-driven transformation, including vendor consolidation and operating model changes.
- **Manufacturing:** Growth remained healthy, though demand stayed cautious due to macro uncertainty, supply chain disruptions, tariff volatility, and EV demand recalibration.
- **Consumer:** Delivered another quarter of strong growth, supported by market share gains and emerging technology opportunities. Retail and travel & transportation in the UK and EMEA led growth, while North America segments remained weak. Spending continues to focus on efficiency, cost control, vendor consolidation, legacy modernization, and selective AI adoption.
- Mega deals included renewal and expansion with Marks & Spencer and a large US healthcare/pharmacy client.
- The company aims to arrest decline in traditional service, while AI-led revenue gradually scales up.
- **Life Sciences & Healthcare:** Clients are focused on cost management, improving patient experience, and addressing regulatory pressures. Key priorities include data marketplaces, cybersecurity, productivity improvement, and enterprise-wide transformation. Vendor consolidation and modernization remain key themes across geographies.
- **On Gen AI:** Enterprises currently lack the required stack readiness for scaled AI deployment; hence, spending is directed toward infrastructure upgrades, application modernization, and data foundation building.
- Demand is converging around large-scale AI workloads (100–200 MW per customer).
- Client metrics improved, with an increase in accounts generating over USD100m in revenue, indicating greater stability and willingness for large transformation programs.
- TCS Hypervault has progressed with customer commitments, land acquisitions, and partnerships.
- The company continues to engage actively across the ecosystem, including hyperscalers, semiconductor firms, and AI model providers.

Margin performance and outlook

- EBIT margin stood at 25.3%, up 10bp QoQ.

- Salary increments to be effective 1st Apr'26, with double-digit hikes for top performers, are expected to have a 150-200bp impact. This reflects confidence in demand and deal momentum.
- Realizations improved by 40bp, supported by value-led delivery, along with a 110bp currency tailwind.
- External consultant costs increased by 40bp to support demand and ensure delivery quality under the build-partner-acquire strategy.
- Investments in capability building, including certifications, upskilling, and AI delivery model development, along with wage code impact, led to a 40bp margin impact.
- Increased go-to-market investments (client events, showcases, forums) contributed ~50bp margin impact, while acquisition integration costs added ~10bp impact.
- For FY26, investments in talent and capability building led to a 200bp headwind, with an additional 100bp from ecosystem and GTM investments. These were partially offset by improvements in mix, productivity, and realization (100bp), pyramid optimization (80bp), and currency tailwinds (190bp).
- The company will continue to invest in growth while maintaining operational discipline and margin optimization.

Tata Elxsi — Sell

Current Price INR 4,346

4QFY26 performance and demand outlook

- Geopolitical uncertainties and global trade tensions are creating incremental caution among clients, particularly in deal decision timelines and ramp-up commitments.
- Management revised FY27 growth outlook from double-digit to high-single-digit, reflecting a more conservative stance amid the current macro environment.
- Consolidation and cost-takeout deals dominate across Media & Communication; innovation-led spending remains subdued in that vertical.
- Offshoring tailwinds are emerging as OEM clients seek to sustain engineering activity within tighter budgets; TELX is well-positioned, given its track record of complex offshore delivery.
- New logos typically take 9-12 months to scale meaningfully; new customer revenues contribute 2-2.5% of quarterly revenues, with the bulk of growth driven by wallet-share expansion in existing accounts.
- Revenue came in at INR993.8 crore in 4QFY26, reflecting modest sequential growth of 0.9% QoQ in constant currency (CC) terms—a stable, if unspectacular, exit to the fiscal year.
- **Transportation:** The company secured two strategic wins in 4Q, a new-age OEM in APAC and a next-generation mobility services company in the US; both represent new logos and are expected to ramp over the next 6–12 months.
- **Healthcare & Life Sciences:** Two large deals that were expected to close in 4Q slipped into 1QFY27. The delay was deal-specific and not demand-driven; management expressed confidence that these have since been closed in early 1Q.
- **Media & Communication:** The company won a multi-year, large deal from a leading global device OEM covering its full portfolio of video and broadband

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products – a significant consolidation mandate, and a new muscle for TELX in 'take-over and run' type engagements.

- The company has also secured a strategic adtech deal with a Tier-1 US telco during the quarter.
- **Healthcare:** The company opened an offshore development center (ODC) for Terumo Corporation (Japan-based medtech leader) - a new logo win combining design, engineering, and digital for cardiac and vascular solutions.
- **Transportation:** OEM mix has structurally improved to ~77% of Transportation revenues, up materially over the past 2-3 years, reducing exposure to pressured Tier-1 suppliers.
- AI adoption in automotive remains nascent given regulatory requirements (functional safety, cybersecurity); TELX's proprietary Dev Studio AI platform has been developed specifically to address OEM concerns around IP protection and compliance.
- **Healthcare & Life Sciences:** The segment declined ~13.1% QoQ in CC terms in 4Q4FY26 - a sharp sequential deterioration driven entirely by deal closure delays rather than demand erosion.
- Two large, high-probability deals that were expected to close within 4Q slipped into 1Q; both have since been won in early 1QFY27, according to management.
- ODC for Terumo Corporation is a meaningful new logo addition; expected to ramp over coming quarters.
- Management views Q4 as the trough for this vertical; recovery expected from 1QFY27 onwards.
- **Media & Communication:** Management was candid that the industry is not "out of the woods" -telecom operators and media/content studios remain under pressure, with spending skewed toward cost efficiency over innovation.
- Ongoing M&A activity within media clients creates additional headwinds (duplicate engineering teams post-merger reduce outsourcing dependency)
- **Americas:** US business saw a net decline in the quarter, primarily due to Healthcare softness (largely US-centric); Media & Communication in the US delivered growth
- **APMEA:** Notable activity in the quarter: new OEM win in APAC (Transportation) and ODC launch for Terumo in Japan (Healthcare)
- APAC and India expected to be incremental growth contributors in FY27
- Current utilization of ~73% provides meaningful buffer -management comfortable operating up to ~80-82% before necessitating material headcount additions
- Pyramid management and supply-demand optimization cited as a key operating efficiency lever contributing to margin improvement
- FY26 saw significant advancement in AI adoption internally: launched proprietary automotive SDLC platform (Dev Studio AI), built curated tool stacks, deployed agent inventory, invested in sandboxed environments with IP protection, and conducted enterprise-wide upskilling
- Tata Elxsi is progressing toward being an "AI-native engineering organization" - AI is being embedded across delivery to drive productivity, quality, and time-to-market improvements

- AI benefits are being reflected both in internal efficiencies and in value delivered to clients; pricing power improves where productivity gains can be demonstrated
- Management is balanced in AI pricing: not aggressively discounting (over-assuming AI productivity), nor conservative; tracking AI contribution per project with a clear margin recovery intent
- Competition in select deals is pricing aggressively (potentially assuming AI-led productivity), but management noted clients themselves are cautious about accepting fully AI-generated solutions without validation
- Management expects at least 1–2 of these emerging verticals to reach meaningful revenue scale within the next 4–6 quarters.
- ER&D business model nuance highlighted: unlike large IT services, ER&D contracts are project-based and shorter in tenure -implying ~10–15% revenue run-off each quarter that must be continuously replenished through new wins; execution consistency and funnel management are therefore structurally critical.

Margin outlook

- EBITDA margin expanded ~30 bps QoQ to 24.6% in 4QFY26, continuing a multi-quarter improvement trend.
- Margin bridge for the quarter: ~155bp tailwind from favorable currency movements; ~65bp from operating leverage (utilization improvement, pyramid optimization, fixed-price efficiencies); offset by ~90bp headwind from mid-year salary revisions (effective January), netting to ~130bp expansion QoQ.
- Utilization improved to ~73% from sub-70% levels; management estimates ~25-30bp margin benefit per 1% utilization increase, indicating continued headroom as utilization moves toward 80-82%.
- Fixed-price contracts are contributing to better pyramid rationalization and improved margin delivery, though management cautioned against an aggressive shift (beyond current levels) given execution risk.
- Near-term margin trajectory is expected to be gradual rather than step-up in nature, with target to exit FY27 at ~27% EBITDA margin (exit-quarter basis, not full-year average).
- Longer-duration deals carry front-loaded costs (rebadging, transition), but margins are expected to improve progressively through AI-enabled efficiencies and operating leverage over the contract lifecycle.

TATA TECHNOLOGIES

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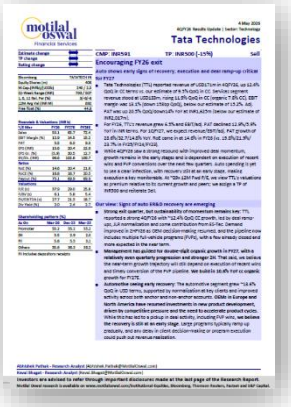


Tata Technologies — Sell

Current Price INR 731

Performance and demand outlook – 4QFY26

- Demand environment improved meaningfully in 2HFY26 as geopolitical and tariff-related uncertainty eased, prompting OEMs to restart decision-making after a prolonged pause spanning much of FY25 and 1HFY26.
- Non-Chinese OEMs in Europe and North America are now reinvesting in new product development to address competitive pressure from Chinese players - a dynamic that is directly influencing order book improvement.
- Management guided for double-digit organic CC revenue growth in FY27, excluding any inorganic contribution from Aztec; growth is expected to be



broadly consistent across quarters, with 2HFY27 likely growing faster as pipeline converts.

- More than 50% of the engineering workforce is now AI-ready, positioning Tata Tech well to drive productivity and delivery improvements through FY27.
- Chromosome AI, Tata Tech's proprietary AI orchestration platform, acts as an integration layer across product development stages, enabling workflow automation, faster decision-making, and cross-functional collaboration across multi-geography programs.
- Management views AI not as an experiment but as a core execution enabler, helping compress cycle times, improve quality, and enhance delivery predictability on complex programs.
- Management flagged the ongoing Middle East conflict as a potential headwind for commodity supply chains and discretionary OEM spend, but noted it is not expected to impact capex commitments or new product decisions; the impact has been modelled into FY27 guidance.
- Organic CC growth stood at ~8.8% QoQ; Aztec (ES-Tec) contributed ~4% to the reported growth, broadly in line with acquisition expectations (~USD9m contribution in 4Q; ~USD11–12m total in FY26).
- Long-term revenue target remains USD1b (North Star); management views this as achievable within 2-3 years through steady double-digit organic growth supplemented by 1-2 inorganic transactions.
- **4Q Deal 1:** Long-term engagement with a North American commercial vehicle OEM covering end-to-end PLM, testing, quality assurance, and project management.
- **4Q Deal 2:** Collaboration with a European Automotive OEM to design and integrate advanced comfort electronics features across multiple vehicle programs, spanning systems engineering and software development.
- **Q4 Deal 3:** Partnership with a European Automotive OEM for supplier quality governance and coordination support.
- **4Q Deal 4:** Multi-year engagement with a Tier-1 automotive supplier to scale up a global engineering center, serving as a long-term strategic partnership and pipeline accelerator.
- **Post-quarter Win 1:** European Luxury automotive OEM - enterprise PLM service transformation and operations ownership across all product domains (engineering, manufacturing, supply chain, purchasing).
- **Post-quarter Win 2:** Full vehicle program with a leading Japanese OEM, marking Tata Tech's first meaningful entry into the Japanese market and validating its full vehicle engineering credentials at scale.
- **Services Segment:** Automotive grew ~13.6% QoQ in USD terms; growth was broad-based across both anchor and non-anchor clients, with non-anchor customers growing faster. JLR normalized to its pre-cyber-attack run rate, with incremental new deal wins on top.
- In Aerospace, annual revenue rate is over USD40m, which has doubled in four consecutive years; Airbus (via EMES3 supply chain) remains the flagship account, complemented by growing engagements with US-based propulsion/engine manufacturers and Air India (MRO footprint in Bangalore).

- BMW JV has scaled to over 1,500 engineers and continues to act as a gateway for direct framework agreements with BMW in Europe and potentially across North America and China.
- Aztec integration is progressing on track; cross-selling into VW's full portfolio is being actively developed, with tangible early progress; management sees synergy monetization building through FY27.
- Technology Solutions: Education business delivered strong sequential growth of ~36-40% QoQ on improved demand traction and steady program execution, recovering sharply from the weak 3Q. Products business declined ~10% QoQ, reflecting normal seasonal phasing following a strong 3Q, driven by year-end PLM budget discharge.
- AI is being deployed across all delivery lines of business and enabling functions, with aggressive internal targets set for unit cost reduction; margin improvements from AI are explicitly factored into the FY27 margin bridge.
- DSO improved sharply to 95 days (from 111 days in 3Q); billed DSO declined to 59 days (from 69), and unbilled DSO to 36 days (from 43), both tracking back toward historical norms.
- Top-20 customers now account for ~88% of business; strategic relationship deepening at the C-suite level is enabling influence over customer decision-making and access to large outsourcing programs ahead of broader supply chain participation.

Margins:

- 4Q EBITDA came in at INR2.5b, up ~30.7% QoQ; EBITDA margin expanded ~200bp QoQ to 16%, driven by operating leverage as volumes scaled and costs were under control.
- EBIT (operating profit) grew ~27.8% QoQ to INR 2.2b; adjusted PBT grew ~21.6% QoQ to INR 2.7b and net income stood at INR 1.6b (excluding one-time exceptional items).
- A one-time exceptional gain of INR 560mn was recorded in 4Q from the partial reversal of a labour code provision that was overestimated in 3Q (INR 1.4b had been provisioned; actual impact determined to be lower).
- BMW JV profit share dipped modestly to INR 66mn (from INR 73mn in 3Q) due to a one-time annual expense true-up; management clarified this is an anomaly and expects a return to the prior run rate.

Tech Mahindra — Buy

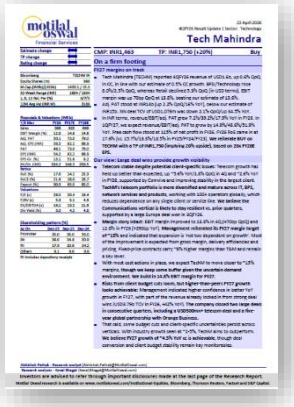
Current Price INR 1,473

Demand and industry outlook; comments by CEO Mr. Mohit Joshi

- Geopolitical backdrop remains challenging but management is encouraged by how client trust and engagement have deepened over the past two years.
- Closed two mega deals in consecutive quarters: 3Q – European telco deal (USD500m+ TCV over five years); 4Q – global partnership with Orange Business (five-year collaboration) focused on AI, automation, cloud, cybersecurity, and digital platforms.
- FY27 is expected to show more visible contribution from seeds already planted across BFS, manufacturing, healthcare, retail/CPG, and energy and utilities.

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- Management plans to unveil a new three-year FY30 vision once FY27 targets are met. Commitment is that the new plan will be 'attractive and credible in equal measure.'
- BFSI has longer buying and ramp-up cycles. Strategy is to deepen relationships in the Americas and APJ by winning new clients and scaling them over time.
- Communications: TechM has a unique and complete proposition in Comms - IT, network services, BPS, and software (Comviva). Comviva growing much faster than the rest of the company, adding Tier-1 clients across BSS and marketing analytics.
- Orange Business global partnership (4Q mega deal) is expected to accelerate deal ramp-up as TechM enters FY27.
- Retail, Travel and Logistics: Management is bullish about the portfolio under the strong vertical leadership.
- Europe: USD50m+ clients increased by four YoY to 29; USD20m+ clients expanded by seven YoY to 66.
- The Americas: Management strategy in the Americas focused on entering new BFSI logos and scaling them over time rather than relying on large incumbent positions.
- Headcount management through internal redeployment – productivity gains in fixed-price portfolio (over half of revenue) are freeing up existing talent rather than needing new hires.
- Enterprise-wide cloud core training program launched to strengthen AI engineering capabilities. Associates are being enabled across three strategic AI platforms - Cloud Core, Devon, and Cursor.
- AI increasingly embedded in all large deals. Clients are transitioning from pilots to scaled multi-year programs integrated into their operating models.
- Key partnerships: Microsoft - launched ontology-driven agentic AI platform for telecom and enterprise data modernization built on Microsoft Fabric and Azure AI Foundry; NVIDIA - AI-powered telco network operations reasoning agent aimed at Level 4 autonomous networks; FICO - AI-powered decisioning for BFSI clients.

Q&A session:

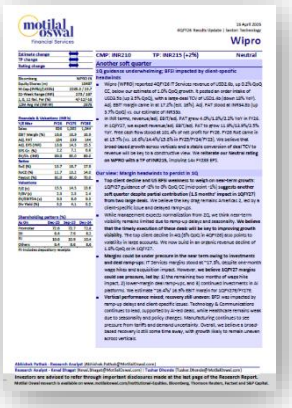
- FY27 growth confidence higher than FY26 - certain growth already "locked in." Some client-level uncertainty remains around sharp discretionary cuts, but overall resilience described as strong enough to support confidence. Industry growth seen around "2-4%" or "3-5%"; TechM's target is to outperform, not track a fixed number.
- Fears of large-deal closures in February/March are getting delayed after new AI model announcements that did not materialize.
- Management expects to grow faster than peers in FY27 as well. Key confidence drivers: quality of leadership team, sticky large-account growth, and a large deal book.
- Recent large deals described as margin-accretive from the outset.
- BFSI: BFSI no longer treated as one single unit - split into Banking and financial services, Insurance, and Banking products group, each under separate leadership.
- Financial services growing modestly but faster than the rest of the portfolio. New client additions expected to accelerate this further.

- Orion positioned as an orchestration platform, not just an agent builder - core value combines domain expertise with model stitching and agent creation. Enterprise value lies in making multiple agents work together "in harmony." Around 350 agents already built; differentiation is the workflow layer around agentic systems, not raw agent count. Frontier model companies not treated as a direct threat.
- Higher experience mix reframed as a market response, not just inefficiency - clients increasingly value deeper system and industry understanding, a trend visible across peers too. Strategy: repurpose a rich experienced talent pool and secure proper billing rates. About 6,000 freshers added in year one; "950 odd" freshers added in FY26. Higher fresher intake planned for FY27.
- Smart factory and physical AI seen as medium-to-long-term differentiation opportunities in manufacturing. SAP upgrade cycles also a tailwind.
- Telecom concentration risk is more resilient than peer comparisons imply - peers often depend on three or four large telco clients; TechM serves "100+ operators across the world" with no excessive dependence on any single client. Global spread adds structural protection. Telecom business mix extends beyond IT - resilience supported by IT, BPS, network services, and Comviva products. Network services especially resilient: "the network is the heart of the enterprise."

Margin performance

- 4Q EBIT margin at 13.8%, up 70bp QoQ. Project Fortius, forex tailwinds, and Comviva seasonality contributed positively. Ongoing transition costs in the large deal partially offset gains.
- Full-year EBIT margin at 12.6%, up about 290bp YoY. Operating profit for FY26 at USD797m, up 31.4% YoY.
- Gross margin expansion expected to remain the primary driver going forward. Project Fortius remains focused on delivery-led efficiency, pricing improvement, utilization, and fixed-price productivity - majority of margin gains going ahead will come from gross margin, not SG&A.
- Effective tax rate was 24.3% in 4Q and close to 27% in FY26. Normalized ETR for FY27 expected to remain in a similar range.
- Free cash flow for FY26 was USD616m, which is 115% of reported PAT. Cash and equivalents at USD892m. DSO at 89 days, broadly stable.
- FY27 margin expansion not heavily dependent on growth - "not too much dependency on growth" was the explicit framing. Cost actions can absorb a normal growth shortfall. Only an extreme scenario where "the world goes totally topsy turvy" was flagged as making execution difficult.
- T&M vs. fixed-price margin gap estimated at close to 8% - identified as the biggest FY27 lever. Foundation work on margins largely done; next phase of improvement expected to come "most from fixed price." Strategic use of the margin pool remains open between AI investment and growth - AI described as a "very, very humongous new area."

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Wipro — Neutral

Current Price INR 204

4QFY26 performance and demand outlook

- Client priorities are shifting, with spending decisions increasingly tied to business outcomes. WPRO is making decisive investments in AI.
- Certain clients are witnessing supply chain disruptions due to geopolitical issues.
- Deal structures vary, with productivity benefits either passed on upfront or over time; the Olam deal follows an upfront structure.
- 1QFY27 revenue guidance is in the range of -2% to 0% QoQ in CC terms (mid-point -1.0% vs expectations of -0.5%), reflecting seasonality, a client-specific issue in Americas 2, and partial-quarter contribution from two large deal wins.
- Enterprise-level token consumption remains low, concentrated in AI-native companies, indicating a future growth opportunity.
- The company has proposed a buyback of INR150b at INR250 per share (~19% premium), representing ~5.7% of total equity.
- The buyback is expected to be completed in 1QFY27; the three-year capital return ratio stands at 88%, above stated policy.
- Geopolitical and policy disruptions have become the new normal.
- Cloud, data, and AI continue to attract investments as they form the foundation for future outcomes.
- Partnerships remain critical, with increasing emphasis on AI-native capabilities.
- The top account witnessed a sequential decline in 4Q. An increase in unbilled revenues is considered a quarterly aberration.
- BFSI: Performance was impacted by delayed ramp-ups in large deals and client-specific issues. One large deal continues to ramp-up slowly and is expected to impact 1Q as well.
- Capco is playing a more proactive advisory role, helping clients navigate AI adoption, geopolitical trade disruptions, and technology transitions; sequentially and YoY, Capco delivered one of its highest revenue quarters in recent periods.
- Healthcare: Impacted by seasonality and policy changes.
- Manufacturing: Demand remains cautious due to tariff-led disruptions, uncertainty in consumer demand, and pressure on input costs, leading to tighter budgeting.
- EMR: No material impact from geopolitical developments at present.
- Americas 1: Growth driven by Consumer, Technology, and Communications verticals.
- Americas 2: Significant softness due to BFSI, driven by client-specific issues and delayed deal ramp-ups. Impact expected to normalize from 2QFY27, with effects largely contained to 4Q and 1Q.
- APMEA: Growth driven by Southeast Asia, with traction in BFSI, Technology, and Communications. Signed a large deal with Olam Group (~USD 800 million), one of the largest engagements in the region.
- Europe: Strong traction in BFSI and healthy deal momentum, particularly in Germany.
- Hired ~7.5k freshers in FY26; no hiring guidance provided for FY27.
- Future revenues are expected to be less FTE-linked, reflecting a shift in delivery models.

- Productivity improvements are visible in SDLC, particularly in testing and coding.
- Clients are increasingly seeking AI-powered, non-legacy solutions.
- Recent acquisitions are aligned with vendor consolidation strategies for clients.

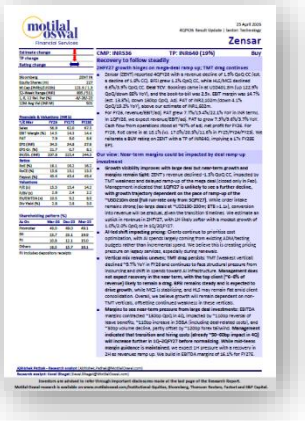
Margin outlook

- Adjusted EBIT margin stood at 17.2%, up 70 bps QoQ.
- IT Services margins remained stable at 17.3%, despite the impact of the Harman acquisition (two months) and wage hikes effective March 1. Tailwinds included rupee depreciation.
- 1QFY27 margins may witness volatility due to large deal ramp-ups and the full-quarter impact of wage increases.
- The company will continue to accelerate investments, particularly in the Wipro Intelligence Platform.

zensar™

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Zensar Technologies — Buy

Current Price INR 509

Growth and outlook

- Geopolitical uncertainty and sudden policy shifts have become the new normal for the industry; tighter immigration policies are beginning to have a visible impact on IT operations.
- AI-led cost optimization continues to drive client spending priorities, with enterprises tilting budgets toward efficiency and vendor consolidation over discretionary spend.
- While clients are willing to expand AI adoption, the majority of AI spend is being carved from existing ADM and testing budgets rather than being incremental, resulting in pricing pressure on legacy services.
- Client decision-making cycles have not elongated materially; management views decision timelines as more client-specific than macro-driven.
- Macro conditions and AI-related rethinking are compressing overall budgets, though management does not yet see a systemic push-out in decision-making.
- Tier-1 vendors have expanded their pursuit perimeter meaningfully, now competing for deals they would not have pursued a few quarters ago.
- A majority of AI spend continues to be repurposed from existing application development and testing budgets, exerting pressure on renewals and pricing.
- Sequential decline was primarily caused by two factors: continued weakness in the TMT vertical and the mega deal closing only in February, leaving no material revenue contribution in 4Q.
- Service line performance on a YoY reported currency basis was mixed — Cloud Infrastructure & Security grew ~13%, Data Engineering & Analytics ~8%, Products & Platforms (incl. CMO) ~6%, and Enterprise Application Services ~1.2%.
- Management does not anticipate a decline in 1QFY27 based on current visibility.
- FY27 growth trajectory will be materially dependent on the ramp-up pace of the mega deal.
- AI-related deflation is not a significant near-term headwind for ZENT, given its predominantly project-based (non-annuity) book of business. Management views AI more as a competitive tool than a pricing threat.

- Quality Intelligence (QI), a reimagined AI-native testing offering replacing traditional IVS/testing, is being positioned as a potential ~USD10m service line, with active pursuits already underway.
- Order book hit an all-time high in 4Q, surging ~122.9% QoQ, supported by the signing of a mega deal - the largest in the company's history.
- The mega deal has a gross TCV of ~USD210m; ex-large deal order intake for the quarter stood at ~USD192-206m (vs. ~USD180m last quarter).
- Management is comfortable with a run-rate order intake of ~USD180-200m per quarter (ex-large deals), with anything above 1.1x book-to-bill considered healthy.
- The mega deal win involved displacing an incumbent Tier-1 vendor and was driven significantly by ZENT's AI-native solutioning.
- Revenue ramp from the mega deal is expected to be gradual: some contribution in 1Q, modest improvement in 2Q, with full and proper ramp expected only from 3QFY27, given the complexity of the transition.
- Competitive intensity has increased materially, with Tier-1 firms now regularly encountered in ZENT's deal pursuits.
- Pipeline health remains good; management expressed comfort on pipeline depth and new business generation from both existing and new clients.
- BFS: Management expects BFSI to continue to be a growth driver in FY27, underpinned by secular demand from European and US financial services clients.
- TMT: Management expects TMT to remain under pressure for the next several quarters, with the top client budgeted for continuous decline as insourcing trends and internal cost-cutting intensify.
- Large-cap tech companies (Oracle, Snap, Meta, Microsoft) are letting go of tens of thousands of employees signals a structural shift — outsourced spend at these firms is contracting in tandem.
- Top TMT client, which has declined in revenue share to ~6-8% of total revenue, remains a known drag; management has not assumed any growth for this account in its internal plans.
- HLS: Headwinds stem from consolidation plays by a couple of clients, resulting in ZENT being rationalized out; these impacts were flagged in the previous quarter and are now being absorbed. Management aims to keep HLS at least flat in FY27, acknowledging that new client additions will be needed to offset the identified account losses.
- Gross additions stood at ~968 employees in 4Q, reflecting demand for delivery capacity and proactive hiring for the mega deal ramp.
- New AI-native offerings launched or refined in 4Q include: Agentic Foundry (workflow automation for BFSI), Quality Intelligence (QI), Context Intelligence, Synops for AI, and Zensar.Guide.
- AI adoption is also embedded in internal functions — recruitment is fully AI-enabled, and AI agents are being deployed across Finance (AP/AR, FP&A, contracting) and HR processes.
- Management is actively using AI to expand its addressable market into adjacent spend pools — CMO, BPO/operations, HR, and Finance — where AI-led propositions can displace traditional headcount-heavy delivery models.

Margin performance and outlook

- EBITDA margins contracted ~130bp QoQ in 4Q, attributable to: lower volumes (~30bps drag), reversal of 3Q leave utilization benefit (~110bp), higher SG&A including early large deal costs (~110bp), partially offset by a favorable forex impact (~120bpW).
- PAT margin for the quarter stood at ~14.4%, expanding ~50bp QoQ, aided by forex tailwinds and other below-EBITDA items.
- Large deal transition costs are still in their early stages — management cautioned that costs recognized in 4Q represent only a small fraction of what is expected to flow through in 1Q and 2Q of FY27.
- Incremental headcount-related cost for the mega deal ramp added ~50-60bp to 4Q employee costs; this is expected to increase further over 1Q-2QFY27 before stabilizing as revenues begin to accrue.
- Mid-teens EBITDA margin guidance maintained for FY27 as a whole; margin pressure in 1H is expected to normalize from 2HFY27 as the large deal reaches full revenue run-rate.
- Management flagged a conscious trade-off between near-term margin and growth - margin blips, if any, will be in service of long-term revenue ramp.
- Effective tax rate for 4Q stood at ~23.7%; for FY27, management guided toward normal corporate tax rate, with a range of plus/minus ~50bp.

TELECOM

- **Telecom operators indicated that the sector continued to witness steady operational momentum during 4QFY26, supported by sustained subscriber additions, increasing 5G adoption, and ongoing premiumization initiatives. Home broadband growth remained healthy, aided by a combination of fiber and FWA deployments to expand network reach and addressable markets. Operators maintained a strong focus on network investments and capacity expansion while also scaling enterprise offerings and digital services. Infrastructure demand remained robust, driven by continued network rollouts and tenancy additions. Industry participants highlighted a balanced approach towards growth investments, capital discipline, and balance sheet strengthening while remaining watchful of supply chain disruptions and execution challenges in certain regions.**

KEY HIGHLIGHTS FROM CONFERENCE CALL

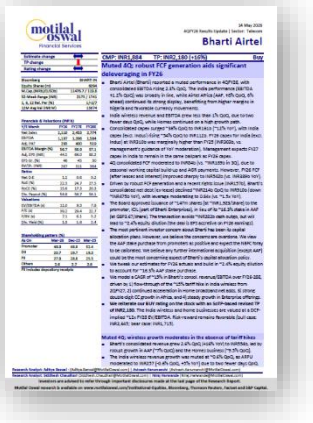
	Outlook	Management guidance
Bharti Airtel	▪ Chairman expects a step-up in dividends and potential buybacks, given the strong FCF generation. However, the company would not like to go down the route of traditional Indian IT companies (focusing just on dividend/buybacks) and would continue to invest in growth opportunities	▪ Management expects FY27 capex to be in the same ballpark as FY26. Investments in core businesses (across India, Indus and Africa) remain the first port of call for the company, followed by seeding strategic growth opportunities in data center, cloud, financial services, and deleveraging.
Bharti Hexacom	▪ The under-penetration in BHL's circles has played out well, with the ARPU gap closing (vs. Airtel).	▪ While Bharti has pivoted its focus toward fiber first (over FWA), deploying fiber networks in BHL's circles remains challenging, with higher costs per connection due to difficult terrains. The company would continue to utilize FWA in BHL circles to accelerate the pace of HBB net adds.
Indus Towers	▪ Indus continues to capture a high share in its key customers' rollouts. The company has also been gaining share from other tower companies through migration by key customers, driven by Indus' superior cost efficiency and network uptime track record.	▪ Management indicated that the order book is healthy, but it remains watchful of ongoing supply disruptions due to the West Asia conflict. Management indicated that the maintenance capex would be elevated over the next few years.
Tata Com	▪ The funnel remains robust, with ~70% of the funnel comprising digital services (vs. ~51% revenue contribution). Order bookings showed healthy double-digit growth, particularly in international markets.	▪ The company has transitioned through two phases: first achieving balance sheet discipline, and then investing in digital capabilities both organically and inorganically. It is now entering a third phase focused on profitable growth and capital discipline. Management aims to improve execution while maintaining strategic continuity.
Vodafone Idea	▪ The company remains engaged with SBI-led consortium of lenders for raising INR250b in funded limits and INR100b of rolling LCs.	▪ Management expects to generate ~INR600b cumulative cash EBITDA during FY26-29, supported by subscriber stabilization, premiumization, and network expansion. Along with debt funding (~INR350b), promoter infusion and IT refunds (~INR100b put together) should adequately fund ~INR450b capex, ~INR500b GoI repayments, and ~INR100b interest obligations over the same period.
Reliance Jio	▪ RJio's total subscriber base increased to ~524m in 4QFY26, with sustained leadership in net additions (36m+ net adds). 5G adoption continues to scale rapidly (~75m net additions in FY26), leading to ~54% of RJio's mobility users now using 5G.	▪ Net additions in HBB moderated during 4Q due to the change in devices to non-line of sight (nLOS). However, management noted that this will widen the total addressable market for HBB.

Click below for Detailed Concall Transcript & Results Update

Bharti Airtel — Buy

Current Price INR 1,824

- **AAF stake purchase:** Given the multi-decadal opportunity for growth in Africa, Bharti has decided to purchase ~16.3% stake in AAF through issuance of ~2.4% equity to its Indian promoter. The transaction is worth ~INR282b and cash accretive, based on FY26 earnings. Management intends to further raise its stake in AAF to ~90% (maximum promoter holding) over the medium term, through a combination of buyback (by AAF) and purchasing any investor blocks.



- **Promoter shareholding:** Bharti's Chairman reiterated his ambition of owning ~50%+ stake in the company (vs. ~40.5% currently) through Bharti Telecom (BTL, a 50.5%-49.5% JV with Singtel, over the longer term by using cash inflow from dividends and non-tendering of shares in potential buybacks (by Bharti).
- **Stake equalization:** Post completion of AAF stake purchase, the shareholding gap between Singtel and the Indian promoter would narrow to 3.6% (from ~6.1% currently). Management expects Singtel's residual stake to be divested in a phased manner over the next three years.
- **Shareholder returns:** Chairman expects step-up in dividends and potential buybacks, given strong FCF generation. However, the company would not like to go down the route of traditional Indian IT companies (focusing just on dividends/buybacks) and would continue to invest in growth opportunities.
- **International foray:** The company is not looking for any other foreign asset currently, as it believes the goal of reaching ~800m customers can be achieved through its current footprint (500m in India, 300m in Africa) across wireless, Homes, Enterprise, Financial services, and Digital offerings.
- **Financial services:** The overall outlay in the financial services foray could end up lower than the initial guidance of ~INR140b over the next five years. The company remains confident in the power of its platform for the ramp-up of financial services. However, it will adopt a calibrated approach and would be judicious in investing a significant sum, only if there is a proof of concept over the next 12-18 months.
- **Capex and capital allocation:** FY26 capex ended up slightly higher than FY25 (vs. guidance of YoY moderation) due to step-up investments in 5G, Homes, and B2B adjacencies. Management expects FY27 capex to be in the same ballpark as FY26. The investments in core business across India, Indus, and Africa remain the first port of call for the company, followed by seeding strategic growth opportunities in data center, Cloud, Financial services, and deleveraging. The dividend payouts are expected to be progressively stepped-up (up ~50% YoY to INR24/share in FY26).
- **Tariff construct and ARPU growth levers:** The ARPU growth was muted in 4Q due to the impact of the West Asia conflict on international roaming, two fewer days QoQ, and leakage from unlimited 5G offerings. Management believes the organic ARPU growth opportunities from feature phone to smartphone, 2G to 4G/5G, prepaid to postpaid, remain the key lever in the absence of a tariff hike. However, management reiterated the need for a volume-linked pricing construct in India, given the very low rates for unlimited data offerings at ~INR350/month (vs. ~USD60/month in geography such as the US).
- **Macro headwinds:** Management indicated that the company has not yet seen any significant headwinds from the increase in chipsets and entry-level smartphone prices. However, the same cannot be ruled out. The Africa business is already witnessing drag from higher energy costs.
- **Home broadband:** The acquisition ARPU has now stabilized, and the company believes the blended Homes ARPU is now plateauing. However, the near-term objective remains accelerated subscriber acquisition, given the high customer lifetime value. The company has seen an increase in the FWA CPE cost in the

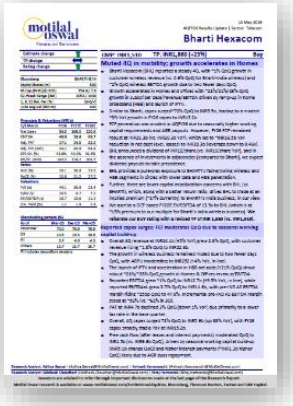
past few months and has pivoted to a fiber-first approach. Home passes reached ~45m (with ~8m annual increase in FY26).

- **Airtel Business:** The order book growth and funnel remained strong with multiple deal wins in connectivity and adjacencies such as IoT, Cloud, and Nxtra. The company has signed ~24 deals for its sovereign cloud, with more deals in the pipeline. Management expects Airtel Business margins to compress over the medium term, given the inherently low margins in the adjacency, though at insignificant additional capex, which boosts return ratios. The focus remains on delivering revenue and absolute EBITDA growth.

Bharti Hexacom — Buy

Current Price INR 1,497

Click below for Results Update



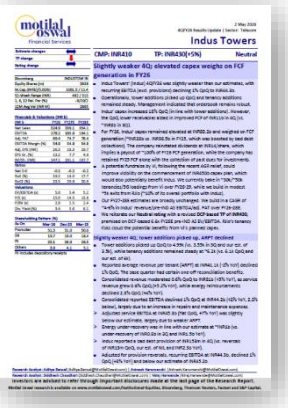
- **Weaker growth in FY26 vs. Airtel:** The under-penetration in BHL's circles has played out well, with the ARPU gap closing (vs. Airtel). However, management noted limited postpaid and international roaming penetration in these circles as a structural disadvantage (vs. pan-India telcos). However, the performance of BHL has been competitive vs. its peers in its operational circles.
- **Macro headwinds:** The increase in entry-level smartphone prices could delay the 2G to 4G upgrades in BHL circles, while the unlimited data at very low tariffs also leads to lower ARPU translation as 5G adoption picks up.
- **HBB strategy:** While Bharti has pivoted its focus to fiber first (over FWA), laying a fiber network in BHL's circles is challenging, and the cost per connection is also higher given the difficult terrains. The company would continue to utilize FWA in BHL circles to accelerate the pace of HBB net adds.

Indus Towers — Neutral

Current Price INR 428

Click below for Detailed Concall Transcript & Results Update





- **Elevated capex:** Capex remains elevated, driven by tower additions, investments in energy efficiency initiatives, creation of additional infrastructure to support second tenants on existing towers, and continued maintenance capex for strengthening the aging tower portfolio and battery replacements. Management noted that 70-75% of the capex is directed towards driving growth and depends on the tower/tenancy additions, while maintenance capex could remain elevated over the next few years due to ongoing battery replacement.
- **Shareholders' returns:** Given an improved visibility on business momentum and GoI's continued support for Vi, Indus has reinstated dividends at INR14/share, equivalent to FY26 FCF generation. Management indicated that the company would follow a steady and progressive dividend policy after taking into account capex and other requirements, though it remained non-committal on paying out collection of significant past dues from FY25.
- **Orderbook:** Indus continues to garner high share in its key customers' rollouts. Management indicated that order book remains healthy, but it remains watchful of ongoing supply disruptions due to the West Asia conflict. The company has also been gaining share from other tower cos through migration by key customers, driven by Indus' superior cost efficiency and network uptime track record.

- **Higher tenancy exits in 2H:** Indus reported ~1,300 cumulative tenancy exits in 2H (vs. ~300 quarterly rate earlier). Management indicated that some of these tenancy exits were due to the relocation of towers. Some of RJio's tenancy have expired but exits have been minimal. Indus remains engaged with all tenants for renewals within the existing renewal framework.
- **Africa foray:** The company is making steady progress on its Africa strategy, with Zambia operations already licensed and on-ground execution underway, while regulatory approvals in Uganda and Nigeria are in the final stages. Commercial arrangements with anchor customers have been established, and supply chain readiness is improving to support deployment. The rollout in Zambia is expected to begin shortly, potentially earlier than six months. The overall strategy remains long term, focused on driving lower capital costs, strong network uptime, and energy optimization to build a scalable presence.
- **Rental movement:** Management indicated that quarterly fluctuations in service rentals is driven by certain one-offs in the base quarter (~INR2.1b one-time settlement). Further, the organic growth (excluding Bharti's tower acquisition) would be ~5-5.5%, broadly in line with the tenancy increase. Several variables impact ARPT, such as the tower mix, quarterly volatility on rates and taxes, renewal discounts, annual escalation (for renewed towers), etc.
- **Higher costs and diesel price impact:** Given the favorable weather conditions, repair and maintenance expenses are typically higher in 2H. The company's cost efficiency measures have enabled minimal cost escalations despite a significant increase in rollout over the last few years. Further, management noted that the company's energy costs remain indexed to retail diesel prices rather than industrial diesel. The pass-through of any increase in fuel costs happens without any lag and should not materially impact the company's energy under-recoveries.
- **Energy efficiency measures:** The company remains committed to reducing diesel consumption by transitioning to cleaner energy sources. It added ~2,500 solar-enabled sites in 4Q, taking the total to ~42,400. Diesel consumption declined by ~7% YoY despite growth in co-locations and equipment loading, reflecting improved energy efficiency initiatives.

4QFY26 review: Slightly weaker 4Q; recurring EBITDA declines 1% QoQ

- Consolidated reported revenue moderated 0.6% QoQ to INR81b (+5% YoY, vs. our est. of INR82.2b).
- Service revenue came in at INR53b (+0.6% QoQ, +5% YoY, vs. our estimate of INR53.9b) as tenancy additions were partly offset by weaker ARPT (-1% QoQ).
- Energy reimbursements stood at INR27.9b (-3% QoQ, +4% YoY).
- Consolidated reported EBITDA declined ~1% QoQ to INR44.2b (+2% YoY, vs. our est. INR45.2b).
- Adjusted service EBITDA at INR45.3b (flat QoQ, +7% YoY) was slightly weaker than our estimate of INR46.2b, largely due to weaker ARPT.
- Energy under-recovery was in line with our estimate at INR1b (vs. INR0.83b QoQ, and lower than INR1.47b YoY).
- Indus reported a bad debt provision of INR153m (vs. reversals of INR13m QoQ and INR2.3b YoY). We did not build in any bad debt provision reversal for 4QFY26.

- Adjusted for bad-debt provisions, recurring EBITDA at INR44.3b (-1% QoQ, +8% YoY) was slightly weaker than our estimate of INR45.2b.
- Reported PAT at INR17.9b was stable QoQ (and YoY). Adjusted PAT at INR18b (+1% QoQ, +12% YoY) was broadly in line with our estimates.

Tower additions pick up, tenancy additions steady QoQ; ARPT slightly weaker

- Net macro tower adds rose to 4,898 (vs. 3,548 QoQ, vs. our estimate of 3,500); EoP macro tower count stood at ~264.5k.
- Indus added modest 55 net leaner towers QoQ (vs. 26 QoQ in 3Q), taking the overall leaner tower count to ~14.04k.
- For the eighth successive quarter, net macro tenancy additions were higher than tower adds at 6,192 (6,105 QoQ in 3Q and our est. of 6k). Indus' total macro tenants count increased to ~428k.
- End-period tenancy ratio was stable QoQ at 1.62x, though incremental tenancy ratio was lower at ~1.26x.
- Reported ARPT declined ~1% QoQ to INR41.1k (-2% YoY, our est. INR41.7k).

Other highlights: Receivables moderate QoQ, capex remains elevated

- Indus' receivables declined by ~INR3.7b QoQ to INR49.4b (though still INR1.7b higher YoY).
- Capex grew ~18% QoQ to INR23.3b, in line with a pick-up in tower additions.
- Reported adjusted fund from operations (EBITDA net of lease payment and maintenance capex) at INR28.6b declined 3% QoQ.
- Net debt including lease liabilities declined ~INR11.5b QoQ to INR153b (vs. ~INR180b as of end-FY25), while excluding lease liabilities, the company's net cash increased ~INR15b QoQ to ~INR49.3b net cash (vs. ~INR8.7b net cash as of end-FY25).
- Indus' reported 4Q FCF improved to ~INR11b (vs. INR7.9b QoQ). For FY26, Indus' FCF remained muted at INR37.6b (vs. INR98.5b in FY25 due to the collection of Vi's past dues), drive by elevated capex.
- The company reinstated dividends with INR14/share dividend, which is broadly equal to FCF generated in FY26.

TATA COMMUNICATIONS

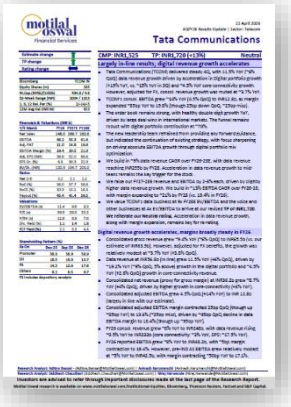
Tata Communications — Neutral

Current Price INR 1,934

Click below for Detailed Concall Transcript & Results Update



- **CEO designate's initial impressions:** Conversations with enterprises are shifting beyond pure connectivity toward outcome led discussions, especially around AI use cases. Clients increasingly expect integrated solutions spanning network, cloud, and AI capabilities. While TCOM remains a preferred partner for most of its clients, there is a need to better communicate TCOM's integrated offerings to the clients.
- **Key focus areas:** The new leadership's immediate priority is to improve profitability and the quality of growth. The aim is to achieve digital breakeven quickly while maintaining growth momentum. The focus will be on sustainable and durable absolute EBITDA growth. Products such as multi-cloud connect and employee interaction platforms are gaining traction and offer higher margins. Scaling these offerings remain a strategic priority, and portfolio mix shift towards these products will be key drivers of profitability improvement.


Tata Communications

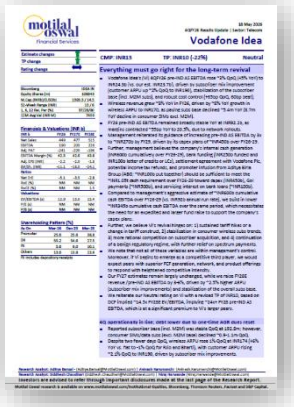
- **Order book and funnel:** The funnel remains robust with ~70% comprising digital services (vs. ~51% revenue contribution). Order bookings showed healthy double-digit growth, particularly in international markets.
- Normalized revenue growth: Adjusted for INR depreciation, revenue growth was modest at ~3.8% YoY (+3.7% QoQ).
- **Emerging trends in the industry:** The industry is witnessing two parallel shifts: while front-end digitization has reached maturity, backend systems like supply chains and factories still remain on legacy architecture and need to be digitized. Additionally, AI is enabling the need for higher compute needs with predictable and low latency networks. Enterprise demand is moving toward integrated infrastructure, which creates a large opportunity for players such as TCOM that offers end-to-end connectivity, cloud, and edge capabilities.
- **Key deal wins:** There were several deal wins in 4Q, such as multiple network transformation deals across regions. Notable wins included large clients in the UK and a global bank setting up a GCC in India. These deals highlight the company's ability to displace incumbents and deliver integrated solutions. Multi tower deal wins are increasing, reflecting stronger portfolio acceptance.
- **Near-to-medium term view:** The company has transitioned through two phases: first achieving balance sheet discipline, and then investing in digital capabilities both organically and inorganically. It is now entering a third phase focused on profitable growth and capital discipline. Management aims to improve execution while maintaining strategic continuity.
- **Digital portfolio growth:** The interaction fabric segment, especially employee and customer interaction platforms, saw strong traction during the quarter. Growth was driven by increasing adoption of collaboration and communication solutions. Within the digital portfolio, management remains the most optimistic on growth prospects in CIS and Next Gen Connectivity.
- **DC-to-DC connectivity:** Data center connectivity is a major opportunity, with India expected to become a USD1b market by 2030. Demand for DC-to-DC connectivity and bandwidth is expected to grow ~4x. Expansion beyond Mumbai into tier-2 cities is a key trend. The company's global backbone and software layer position it well.
- **Geopolitical situation:** The company is closely monitoring geopolitical risks, especially in West Asia. While employee safety remains intact, some demand-side disruptions (event postponements) are visible. Cost side impact remains limited so far. Management continues to track developments closely.
- **STT monetization:** With the impending change in ownership of STT India and potential IPO in coming times, management seemed open to divesting the stake (vs. earlier commentary of maintaining the 26% stake).
- **CPaaS and collaboration:** CPaaS growth was driven primarily by volume expansion rather than pricing. Collaboration platforms, especially UCaaS and employee interaction suites, saw strong demand. These solutions are benefiting from enterprise digitization trends and rising GCC penetration in India. They remain one of the key growth drivers within the digital portfolio.
- **Higher tax:** PAT decline was attributable to higher tax incidence, driven by one-offs and prior period adjustments in foreign jurisdictions. However, the quantum was not called out explicitly.

Vodafone Idea — Neutral

Current Price INR 15

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- **Leadership change and promoter infusion:** Mr. Kumar Mangalam Birla has taken over as the Non-Executive Chairman, reaffirming ABG's commitment towards Vi. In addition, ABG has also committed to infuse INR47.3b (~USD500m) in the form of convertible warrants (at INR11/warrant).
- **Debt raise:** The company remains engaged with SBI-led consortium of lenders for raising INR250b in funded limits and INR100b of rolling over LCs.
- **ARPU growth drivers:** The stabilization of subscriber trends, rising penetration of unlimited data users (driven by its Non-stop Hero unlimited data proposition), and steady postpaid additions are among the key drivers for 8% YoY growth in Vi's customer ARPU in FY26. Management noted that non-data subs still account for ~33% of Vi's subscriber base, which provides further headroom for mix improvement-led ARPU growth over the medium term, while a change in the tariff construct remains imperative for the long-term ARPU growth story.
- **Guidance:** Management expects to generate INR600b cumulative cash EBITDA over FY26-29 (with exit EBITDA at ~INR270b and ~35%+ margins), which, along with debt raise (INR250b funded and INR100b LC), promoter infusion, and IT refunds (INR100b put together) should be sufficient to meet the company's: 1) INR450b capex requirements, 2) ~INR500b GoI repayments, and 3) INR100b interest payments over FY26-29. Stabilization of the subscriber base, continued premiumization of the mix, and network rollout remain the key drivers for improved operational and financial metrics.
- **Subscriber trends:** Management indicated that subscriber additions have turned positive in Feb'26 and remained in the positive territory in Mar'26. Further, the key levers for improving subscriber trends are: 1) reduction in churn by ~50-60bp, 2) increased population coverage (~125m in last six quarters and potentially another 120m over next 12-18 months), 3) improvement in company's market share in the Mobile Number Portability market from ~20% currently, and 4) improvement in the quality of customer acquisition following network rollouts.
- **Churn reduction initiatives:** Management indicated that churn reduction remains a major focus area, and circles with higher network investments are witnessing materially better retention trends. The company also highlighted its focus on reducing cost of customer acquisition on a per subscriber basis, with improving the quality of subscriber additions a key priority.
- **Network opex:** Despite a large-scale rollout (~17k+ MBB towers), Vi's reported network opex remained stable YoY, while overall network opex (including lease rentals) grew by a modest 4.5% YoY, driven by energy efficiency measures such as electrification, reduced diesel consumption, self-optimization networks, etc. While modest cost inflation cannot be ruled out (given an increase in fuel and energy prices), management expects cost efficiency measures to partly cushion the impact from the large scale network rollout.
- **2G to 4G upgrades given rising entry level smartphone prices:** Management acknowledged a slight dip in smartphone shipments due to higher prices, but expects the impact to be transient. However, the 3-4% customer upgrades on Vi's network has not materially declined. With ~33% of Vi's subscribers still

opting for 2G, management sees a large opportunity for upgrades and is setting up the network infra to facilitate such upgrades.

- **VLR subscriber trends:** Management indicated that lower VLR subscriber ratio versus peers reflects customers moving in and out of the network based on network experience, particularly in circles where network quality remains relatively weaker. This phenomenon is common across 2G as well as 4G subs.
- **FWA strategy:** The company is evaluating selective pilot launches for 5G FWA services, though the primary focus currently remains on mobility.
- **Enterprise business:** Management indicated that enterprise offerings across connectivity, cloud, IoT, mobility, business communication, and cybersecurity continued to witness strong momentum across sectors including BFSI, manufacturing, logistics, utilities, and government. Management noted that the company strengthened its fixed-line capabilities by adding 1.3TB network capacity across data centers to improve scalability, resilience, and high-speed connectivity for enterprise customers.

Utilities

- **Various management teams remain optimistic on the FY27 outlook, supported by strong power demand growth, driven by rising cooling requirements, urbanization, and expanding digital infrastructure. The anticipated El Niño impact and persistent heatwave conditions are expected to provide a structural demand tailwind, while bidding activity is increasingly shifting toward FDRE, hybrid, and other complex renewable energy projects. The management teams expect robust growth in solar and wind capacity additions over the medium term, although near-term module margins may remain under pressure due to commodity headwinds, particularly silver price volatility amid ongoing geopolitical tensions.**

KEY HIGHLIGHTS FROM CONFERENCE CALL

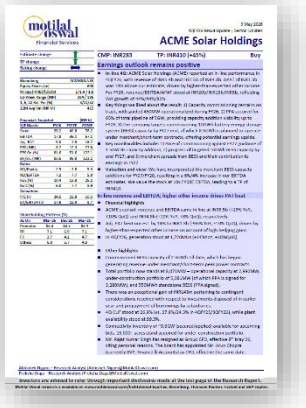
	Outlook	4QFY26 Highlights
ACME Solar	▪ Commissioning guidance for FY27 stands at 1.5GW of projects and ~10GWh of BESS. ▪ Management estimates EBITDA margins of 75-80% on merchant BESS, assuming a tariff arbitrage of ~INR6/unit.	▪ Revenue and EBITDA came in line with our estimate. ▪ APAT of INR1.3b was 14% above our estimate, driven by higher-than-expected other income. ▪ ACME's total portfolio stood at 8.1GW (operational capacity at 3GW, under-construction capacity at 5.1GW).
JSW Energy	▪ FY27 capex is guided at INR200b, comprising INR40-50b toward thermal and PSP projects and the balance toward RE and BESS investments. ▪ The company reiterated its long-term target of reaching 30GW capacity by 2030, including 1.8GW KSK thermal commissioning, partial commissioning of Salboni, and annual RE additions of ~3-3.5GW.	▪ Consolidated revenue missed our est. by 24%. EBITDA was in line with our estimates. ▪ JSWE reported an adj. loss of INR1.1b, after adjusting for minority interest and excluding the effect of deferred tax assets. ▪ Power sales volume for 4QFY26 increased 48% YoY to 11.7BUs.
Power Grid	▪ Management guided FY27 capex/capitalization at INR370/300b, with FY28 targets of INR450b/INR350b, while benefits from capitalization towards the tail-end of FY26 are expected to flow through in FY26-27. ▪ The long-term opportunity is estimated at ~INR15t, spanning renewable evacuation, the Brahmaputra hydro corridor, and OSOWOG interconnections (India-Sri Lanka, India-Singapore, etc.), with an annual bid pipeline expected in the range of INR800-1,000b.	▪ PWGR missed our standalone revenue estimate by 19%. ▪ Reported PAT was in line at INR45.5b, boosted by a deferred tax asset of INR52.8b but offset by a negative regulatory deferral balance movement of INR38b, while APAT came in significantly below estimate at INR32.7b.
IEX	▪ Management expects to maintain electricity volume growth of 15-20% in FY27, supported by rising power demand. ▪ IEX's stake reduction in IGX is to be concluded by Dec'26, with IGX's IPO process progressing well. The IEX board has also approved in-principle exploration of establishing a coal exchange following the Ministry of Coal draft regulations.	▪ IEX missed our standalone revenue estimate by 5%, while EBITDA was broadly in line. ▪ APAT came in 4% below our estimate, primarily due to lower-than-expected other income. IEX's electricity/REC volumes rose 24%/6% YoY.
Tata Power	▪ Management is guiding for a similar 2.5GW commissioning each in FY27 and FY28, with future bids pivoting toward hybrid RE plus storage solutions, given their superior return profiles. ▪ FY27 capex guidance is set higher at INR250b, with the Mumbai transmission business continuing to add ~INR10b of capex annually.	▪ Revenue/EBITDA missed our estimates by 14%/13%. ▪ APAT at INR10.7b was a 65% beat, driven by a positive regulatory deferral balance of INR10.6b. ▪ Total operational capacity stood at 16.7GW as of FY26 end.
Suzlon Energy	▪ The PSU opportunity is significant as NTPC is moving towards turnkey EPC contracts, with a ~215MW contract already awarded in Andhra Pradesh and another 540MW plus 2,000MW expected to follow. ▪ Capital expenditure is expected to be in the run rate of INR5.5-6.5b going forward.	▪ SUEL's revenue missed our estimates by 7% on account of lower-than-expected deliveries of 830MW (~8% lower than our estimates). ▪ EBITDA also missed our estimates by 5%. APAT was reported at INR7.6b, beating our estimate by 20% on account of lower-than-expected tax liability.

IWL	▪ FY27 consolidated revenue growth guidance stands at 75% YoY, with EBITDA margin guidance of 20-22%, while Inox Green has FY27 EBITDA guidance of over INR6b. ▪ On the order book mix, management is targeting a shift to 75% equipment supply going forward.	▪ Revenue/EBITDA missed our estimate by 34%/44%, mainly on account of geopolitical supply chain disruptions. ▪ EBITDA margin contracted to 16% (vs. 23% in 3QFY26, 20% in 4QFY25). ▪ APAT came in at INR0.9b (-52% YoY, -22% QoQ), missing our estimate by 58%.
NTPC	▪ NTPC Group commissioning targets stand at 9,557MW/10,039MW for FY27/FY28. ▪ NGEL capex is planned at INR358b for FY27, INR560b for FY28, and INR480b for FY29, with a debt-equity ratio maintained at 80:20, while NTPC Group capex until FY32 is planned at INR6,220b.	▪ Revenue/EBITDA came in 11% below our estimates, mainly due to soft generation trends. APAT came in line with our estimates. ▪ NTPC reported commercial generation of 91.1 BUs (-4% YoY, +4% QoQ) in 4QFY26, with consolidated capacity addition of ~3 GW (~2.1 GW renewable addition in NGEL). ▪ Coal PLF for 4QFY26 was 76.16% (vs. 81.24% in 4QFY25).
WEL	▪ Management expects EBITDA margin expansion from 2HFY27 as cell capacity rises to 15.4GW and DCR module contribution to revenue increases. ▪ WEL has targeted commissioning of its 10GW ingot-wafer facility at a capex of INR62b by FY28, with construction commencing in 1QFY27. ▪ WEL is entering the BESS market with a 3.5GWh manufacturing facility coming online in FY27, scaling to 20GWh by FY28.	▪ WEL beat our revenue estimate by 26%, while EBITDA came in 7% below our estimate due to a lower-than-expected EBITDA margin of 19%. ▪ APAT also missed our estimates by 6%.
PEL	▪ The 7GW cell manufacturing project remains on track with 4.8GW expected by Jun'26 and the remaining 2.2GW by Sep'26. ▪ FY27 capex guidance stands at INR51b across ingots, wafers, batteries, and inverters, with overall planned capex over FY26-FY28 at ~INR120b.	▪ Revenue missed our estimates by 4% due to lower-than-expected module production. ▪ Reported EBITDA was 7% above our estimates as EBITDA margin remained strong at 30% (vs. our estimate of 27%). ▪ APAT beat our est. by 23% due to lower-than-expected depreciation, finance costs, and tax.

Leading Through Innovation

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ACME Solar — Buy

Current Price INR 329

Performance

- FY26 revenue/EBITDA/APAT came in at INR20/18/5b (+44%/44%/98% YoY).
- Generation for FY26 was 6,464 MUs, up 61% YoY; 4QFY26 generation was 1,720 MUs, up 13% YoY.
- BESS contribution to EBITDA in FY26 was negligible as battery capacity was commissioned only in late 4QFY26.
- DSO declined sharply to ~14 days, and management indicated this should be a norm rather than a one-time event, driven by the shift to central off-takers. All under-construction projects are 100% central, where they take a cash discount and so they pay in ~10 days (if they pay in 30 days, they get a cash discount).
- Mr. Rajat Kumar Singh resigned as Group CFO, effective 8th May'26, to explore career opportunities outside the organization. The board has appointed Mr. Arun Chopra (currently EVP, Finance & Accounts) as CFO, effective the same date.

BESS strategy

- ACME has commissioned ~2.3GWh of BESS to date, operating on merchant and short-term contracts, with a net realization of ~INR22m/day. Round-trip efficiency is in the range of 80-90%.
- The company targets commissioning ~10GWh of BESS capacity in FY27. Of the 10GWh, 8.5GWh will operate on a merchant basis and 1.5 GWh under FDRE PPAs.

- Management estimates EBITDA margins of 75-80% on merchant BESS, assuming a tariff arbitrage of ~INR6/unit (sell at INR8/unit, purchase at INR2/unit).
- BESS realizations are also supported by a gas shortage owing to the West Asia crisis.
- ACME is deliberately deferring the commissioning of solar modules to reduce interest during construction, procure modules at lower future prices, and instead prioritize charging batteries from the grid at favorable merchant rates.

Outlook and storage-led growth

- Total portfolio stands at 8,071 MW (2,990 MW operational, 5,081 MW under construction), with signed PPA capacity at 6.3GW.
- FY27 commissioning guidance is 1.5GW of projects and ~10 GWh of BESS.
- ACME's ~80% projects are at CTU level and project blueprints already factor in a six-month (connectivity) delay on a nominal basis.
- Management expects industry-wide bid volumes of ~15-20GW in FY27, lower than FY26, with the tendering mix shifting decisively toward peak power and storage-linked projects. Pure vanilla solar tenders are seen as the hardest to place, while peak power hybrids see the strongest demand.
- Additionally states like Gujarat, Maharashtra and some southern states might also come out with state tenders for renewable projects.
- While the bidding activity has slowed down, the capex requirement has increased due to higher complexity in the projects due to storage configurations.
- Curtailment impact on ACME for FY26 was minimal at ~INR50-60m, given only two projects on the state grid. All under-construction projects are CTU-connected.
- All of ACME's CTU connected plants will have BESS available so that whenever curtailment happens, they can store curtailed power and monetize the stored energy through peak-hour arbitrage opportunities while getting compensated for the curtailment.
- Management indicated that expanding BESS installations should progressively reduce the curtailment issue in the country by enabling batteries to absorb excess daytime generation.

Capex, financing and balance sheet strength

- ACME committed total capex of INR124.8b in FY26, comprising INR64.5b incurred and INR60.3b of purchase orders outstanding.
- Gross block increased by INR34b in FY26, of which ~INR10-11b pertains to BESS, which started in Mar'26.
- The company secured INR150b of financing for under-construction assets. Refinanced INR33b of debt, achieving a 150bp reduction in financing cost on the refinanced portion. Weighted average cost of operational debt stands at 8.4% per annum.
- A credit rating of AA- (stable) has been assigned to 2.2 GW of operational projects.
- The rise in other non-current assets on the balance sheet is attributable to capital advances of ~INR3.2b given to suppliers. E.g. battery contracts have typically 10% advance upfront where ACME gets a bank guarantee against it. Similarly, for turbines also, ~20% advance payment is given by ACME.

Regulatory tailwinds and policy framework

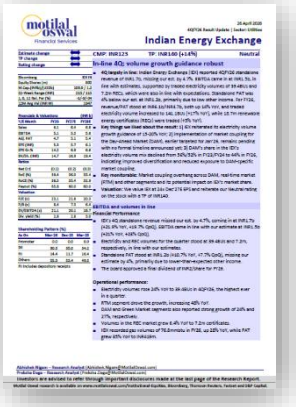
- MNRE clarified that BESS charged from conventional power under FDRE bids may sell output in merchant mode without off-taker approval until corresponding RE capacity COD happens.
- SECI has been notified as the sole Renewable Energy Implementation Agency (REIA) by MNRE, which is expected to streamline the bidding framework and consolidate demand aggregation going forward.
- CTU has commenced processing BESS connectivity requests, reducing near-term commissioning bottlenecks.

Indian Energy Exchange — Neutral

Current Price INR 123

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Sector updates

- India's electricity demand reached 423BUs in 4QFY26, a moderate increase of 2.2% YoY.
- India's coal production was 322MT/1,041MT in 4QFY26/FY26. Coal inventory as of Mar'26 stood at 25 days. As per the Ministry of Coal, current 210MT buffer equals three months' energy consumption to counter shortages amid supply disruptions.
- CERC issued final guidelines for virtual power purchase agreements (VPPAs) in Dec'25. These guidelines recognize power exchanges as authorized platforms for the sale of electricity by RE generators entering VPPA arrangements and should help increase volumes on exchanges.
- The Ministry of New and Renewable Energy (MNRE) has approved a pilot Contract for Difference (CfD) scheme for 500MW of RE capacity, with SECI appointed as the nodal agency to implement it. The pilot would supply 1,500MWh of RE power daily with settlements based on DAM prices.

Financial and operational performance

- FY26 electricity volumes stood at 141.1 BUs (+17% YoY).
- 18.7m RECs were traded during FY'26 (+5% YoY).
- DAM and RTM prices averaged at INR3.86/INR3.59 per unit.
- Other income was low in 4Q due to a high one-time treasury income (mark-to-market impact) in 3Q.

Market coupling

- CERC's Jul'25 order proposed round-robin among exchanges. However, the draft regulations issued in Apr'26 proposed Grid India as the MCO, with stakeholder comments due by 16th May'26.
- Grid India shall only be involved in price discovery. The financial and physical settlement to be continued by the exchanges.
- In RTM space, there has been no market coupling globally yet. The feasibility seems low.

Future outlook

- Management expects to maintain volume growth of 15-20% in FY27, supported by rising power demand.
- Approval from CERC for aligning the green contracts with the revised RCO framework is awaited; this should clarify RE transactions and boost renewable participation.
- Approval from the CERC on a petition to extend the term-ahead market for 11 months is awaited.

IGX updates

- IGX represents 3% of India's gas consumption and 20% of the spot market.
- Trading volume stood at 18.6mmbtu (-8%YoY) in 4Q and 76.8mmbtu (+28% YoY) in FY26.
- IGX reported PAT of INR94m/INR419m in 4QFY26/FY26 (+4%/35% YoY), driven by demand from domestic gas producers and power sector, though 4Q volumes fell 8% YoY due to the Middle East supply disruptions.
- Near-term volumes face headwinds from the Middle East supply disruptions, with management expecting 1QFY27 growth to remain flat.
- IEX's stake reduction in IGX to be concluded by 31st Dec'26 and IGX's IPO process is progressing well.

Coal exchange

- The IEX board has approved in-principle exploration of establishing a coal exchange following the Ministry of Coal draft regulations.
- Current spot market represents ~15% of India's total coal demand.
- Initially the buyers will have to make their own arrangement for collecting coal. Later, once arrangements with railways are in place, IEX may do it.

Inox Wind — Buy

Current Price INR 83

Sector tailwinds remain strong

- FY26 saw the highest-ever wind capacity additions of 6GW.
- 8-10GW additions are expected annually going forward, driven by RTC, hybrid, and FDRE capacity additions.
- The current geopolitical scenario has pushed the entire renewable sector. The government has pushed local manufacturing and reduced import dependence.

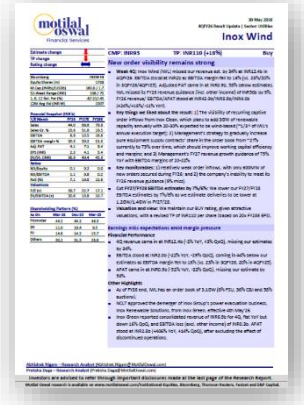
Inox records weak quarter; recovery expected

- FY26 revenue was INR46b vs. a guidance of INR50b. The shortfall of INR4b was due to supply chain disruption amid geopolitical issues, specifically a key imported component that was delayed. This will be made up in 1Q and 2Q of FY27.
- On-ground challenges and logistics issues due to geopolitics affected 4Q execution.
- PSU contracts caused payment delays. But improvement is expected in overall working capital cycle of the company.

WTG business to undergo strategic shift

- Equipment supply's share in order book should be taken to 75% going forward, reducing EPC share.
- Receivable cycles expected to improve due to the shift toward equipment supply and higher proportion of group company orders.
- The reason for the pivot away from EPC: Working capital blockage happens in turnkey EPC, where land costs, right of way costs, and payment delays erode margins.
- For external customers, the company will mainly do equipment supply going forward and reduce EPC contracts. Select EPC will still be done for Inox Clean and a few chosen customers.

Click below for Results Update


Inox Wind

Order book and outlook

- The order book stands at 3.1GW as of FY26 end. Of this, ~500MW is from Inox Clean.
- Added ~600MW of orders in FY26. Multiple customer negotiations are near closure, providing over 24m revenue visibility.
- 20 to 30% of Inox Clean's 3GW annual RE target is expected to be from wind, translating into ~1/3rd of Inox Wind's annual execution. Continuous order inflows for INOX wind should come from here.
- 4.4MW turbine commercial launch on track for CY26 and is expected to drive margin improvement.
- FY27 consolidated revenue guidance: 75% growth vs. FY26 and EBITDA margin guidance of 20-22%.

Inox Green portfolio expands

- Inox Green portfolio stands over 13GW, comprising ~10.5GW of wind assets and the balance being solar assets. This includes investments made to acquire 6.5GW of operational wind assets from two OEMs that went bankrupt.
- Acquisition 1: NCLT order reserved, expected in the next couple of weeks. All accruals from the date of takeover will accrue to Inox Green, to be reflected in full FY27.
- Acquisition 2: In final phases, expected to close within 60-90 days.
- Inox Green has a tax shield of up to INR7b of losses, so FY27 cash flows should largely not be impacted by taxes.
- FY27 EBITDA guidance of INR6b+ for Inox Green.
- Inox Green has started offering WTG overhaul and life extension packages to external customers. This enhances turbine output and extends asset life. Management sees this as a business with substantial growth potential.

IRSL demerger nears completion

- The demerger of Inox Green's evacuation infrastructure business and its merger into IRSL has been approved by the NCLT.
- Gross fixed assets of ~INR10b will move out of Inox Green's balance sheet. Annual depreciation of INR500-550m will no longer be charged from next year.
- IRSL will be automatically listed on stock exchanges after the completion of all administrative approvals, which are expected in 1-2 months.

JSW Energy — Buy

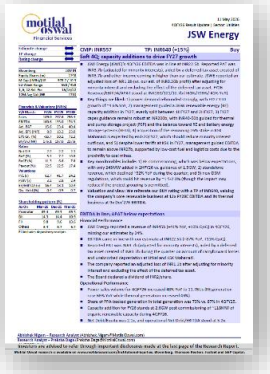
Current Price INR 580

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Operational & Financial Performance

- 4QFY26 revenue (incl. other income) grew 39% YoY to ~INR48.51b, supported by strong generation growth. Higher capitalization of assets also led to an increase in depreciation and interest costs.
- Net Debt/EBITDA stood at 5.2x, within the company's guided range.
- Cash and cash equivalents exceeded INR100b. Out of the recent INR30b preferential allotment, INR11.25b was received in 4QFY26.
- The company reiterated a medium-term Net Debt/EBITDA target range of 5.0x–5.5x by FY30.
- Annual steady-state EBITDA guidance remains at ~INR7.5m/MW.


JSW Energy

- Management highlighted that FY27 performance would be supported by stabilization of FY26 commissioned projects and continued strong power demand.

Capacity Addition & Renewable Energy Expansion

- The company added 2.6GW capacity during FY26, comprising:
- 1.24GW through acquisitions
- Organic additions of Wind: 240MW, Solar: 305MW, Hybrid: 451MW, Hydro: 240MW
- 118MW RE capacity was commissioned during 4QFY26. Total operational capacity stands at 13.45GW.
- FY27 RE commissioning target stands at 3GW, comprising a mix of solar, wind, and hybrid projects. Commissioning is expected to be evenly split between 1HFY27 and 2HFY27.
- Operational capacity under O2 Power has reached 2GW, while construction is ongoing for the balance portfolio.
- The company reiterated its long-term target of reaching 30GW capacity by 2030, including 1.8GW KSK thermal commissioning, Partial commissioning of Salboni, and annual RE additions of ~3–3.5GW.

Capex & Project Execution

- FY27 capex guidance stands at ~INR200b, comprising:
- INR40–50b toward thermal and PSP projects
- Balance toward RE and BESS investments.
- Management highlighted that certain project investments have been deferred to align commissioning timelines with transmission connectivity availability.
- Salboni and PSP projects are not expected to require significant capex during the first year.

Energy Storage & Battery Manufacturing

- Locked-in storage capacity stands at 29.6GWh, comprising:
- 3.2GWh battery energy storage systems (BESS)
- 26.4GWh pumped storage projects (PSP)
- The 5GWh battery assembly facility in Pune was commissioned in 4QFY26, with commercial sales already commenced.
- Management indicated that additional BESS deployment may be explored at existing solar sites, depending on peak-hour economics, although only tied-up BESS projects are planned for commissioning currently.

Thermal & KSK Mahanadi Update

- KSK Mahanadi witnessed temporary PPA backdowns due to regional demand softness; however, the company monetized the surplus power in short-term markets, limiting the revenue impact. Demand has since normalized with the onset of summer.
- KSK Mahanadi delivered EBITDA exceeding INR33b in FY26 (INR2b was attributable to merchant sales), supported by:
- Lower fuel costs through sourcing coal from nearby mines
- Reduced logistics costs, similar to the optimization undertaken at Utkal
- Management indicated that even if tariffs remain lower in FY27, EBITDA should remain above INR27b
- Commissioning of the first optionality of 600MW at KSK by Q3FY27.

- The company continues to benefit from low fuel costs at KSK owing to proximity to coal mines, though long-term focus remains on securing PPAs.
- The company has already served notice to exercise its call option for the remaining 26% stake in KSK Mahanadi, with the acquisition expected to materialize by the end of 2QFY27, which is expected to materially reduce minority interest outflows.

Wind manufacturing

- The wind blade manufacturing facility at Halol, Gujarat, is expected to be commissioned in 1HFY27.
- The facility is expected to reduce wind project capital costs through lower logistics expenses, reduced ocean freight costs, and lower forex exposure.
- The company has signed fixed-price and fixed-exchange-rate contracts with SANY for 2.4GW wind equipment, insulating near-term wind additions from pricing volatility for ~1.5 years. Any minor domestic cost inflation from steel/tower prices could be mitigated through bulk procurement strategies.

Merchant Market, PPAs & Industry Outlook

- Management indicated that new PPA signing activity across the country remains subdued.
- JSWE's open capacity is typically sold through bilateral contracts, with the company maintaining ~20% premium over average merchant market prices.
- Curtailment remains a structural industry issue and could persist for another 3–4 years.
- Renewable energy curtailment during FY26 stood at 160MUs; however, most curtailed volumes are eligible for recovery through tariff compensation.
- Revenue impact was limited to:
- INR0.16b in 4QFY26
- INR0.5b in FY26.
- New DSM regulations could negatively impact revenue by up to ~1.5–2.0%, though the impact may be reduced if project grouping is permitted.

Mytrah & Incentives

- Mytrah EBITDA improved YoY, aided by a one-off generation-based incentive (GBI) of ~INR2b (~50p/unit).
- Management indicated that the GBI benefit is expected to continue annually under the prevailing order.
- Andhra Pradesh incentive accounting treatment:
- INR1b recognized under revenue
- Balance INR1b recognized under other income.

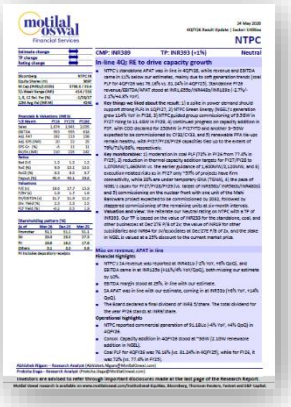
Taxation & Accounting

- Deferred Tax Asset (DTA) recognition was driven by:
- Utkal: recognition of unabsorbed depreciation and business losses following improved revenue visibility after PPA signing.
- Partial DTA recognition at KSK.

Under the new tax regime:

- The current tax rate is expected to remain ~17–18% after adjusting for MAT credits.

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NTPC — Neutral

Current Price INR 367

Operational performance

- Commercial generation in 4QFY26 was down 4% YoY, while FY26 generation declined 5% YoY to 352.5BUs. Coal PLF for 4QFY26 stood at 76.2% (vs. 81.2% in 4QFY25).
- NTPC Group's capacity increased to 89.1GW at the end of FY26 from 79.9GW at the end of FY25.

Capacity addition & project pipeline

- NTPC Group added ~9.6GW capacity in FY26 (1,823MW under standalone NTPC and 7,795MW through JVs/subsidiaries, including the acquisition of a 1,350MW thermal asset with MAHAGENCO).
- Renewable energy additions through NGEL stood at 4.2GW during FY26, including ~2.1GW in 4QFY26.
- Trial operations for Patratu Unit-2 Stage-1 were completed in Q1FY27, while Unit-3 is expected to be commissioned during FY27.

Commissioning targets

- FY27 target: 9,557MW (Thermal: 1,070MW; Hydro: 250MW; RE: 8,237MW).
- FY28 target: 10,039MW (Thermal: 1,460MW; Hydro: 444MW; RE: 8,135MW).
- FY29 target: 11,478MW (Thermal: 3,070MW; RE: 8,408MW).

Renewable energy execution

- NGEL reported RE curtailment of 314MUs in FY26, impacting EBITDA by ~INR0.9b.
- Transmission connectivity remains largely secured:
- FY27: 57% firm connectivity, 38% under TGNA.
- FY28: 88% firm connectivity, 3% under TGNA.
- FY29: 84% firm connectivity.
- PPA tie-ups remain healthy, with 79% tied up for FY27, 71% for FY28, and 66% for FY29.

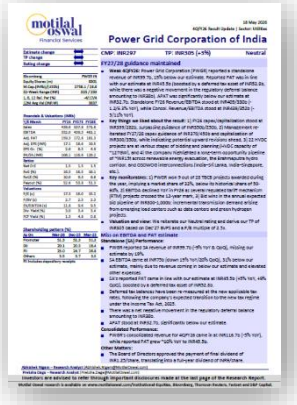
Nuclear business update

- The Mahi Banswara nuclear project comprises 4x700MW units (2.8GW total), with customer consent received for 2,770MW. First unit expected by 2032 and subsequent units likely to be commissioned at six-month intervals.

Capex and corporate developments

- FY26 group capex stood at INR490b, while standalone capex was INR285b.
- NGEL capex plans remain aggressive at INR358b for FY27, INR560b for FY28, and INR480b for FY29, maintaining an 80:20 debt-equity ratio.
- The transfer of the mining business to the wholly owned subsidiary NTPC Mining Limited has been fully completed.

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Power Grid Corporation of India

Power Grid Corporation — Neutral

Current Price INR 285

Financial performance and guidance:

- Capex for FY26 was INR399.7b (vs. guidance of INR350b) and capitalization was INR282b (vs. guidance of INR350b).
- FY27 capex/capitalization guidance stands at INR370b/INR300b, respectively, with FY28 targets of INR450b/INR350b.
- For FY26, billing of INR402b was matched by a 101.2% realization rate, with INR407b actually recovered.
- EBITDA declined in FY26 YoY, primarily because several RTM projects crossed the 12-year mark.
- Return on net worth fell in FY26 due to the company being in a high-growth phase, with equity dilution from the TBCB pipeline outpacing near-term earnings accretion. Benefits from capitalization that occurred towards the tail-end of FY26 are expected to flow through in FY26-27.

Operational performance and network additions:

- 4,765 ckm was added in FY26, along with 72GVA of transformation capacity and 9 new substations commissioned.
- System availability stood at 99.84%, with full availability incentive earned. Annual tripping rate improved to 0.26 in FY26 from 0.27 in FY25.
- AI-driven monitoring and handheld devices are being deployed for early fault detection and real-time project status updates across the large operational and under-construction network.

Project pipeline and TBCB wins:

- Works-in-hand stand at INR1.7t (81% TBCB, 17% RTM), with a bidding pipeline of over INR1,100b (INR52b to be floated and INR1,053b under bidding- 83% interstate, 17% intra-state).
- PWGR won 9 out of the 28 TBCB projects that were awarded during the year, including one intrastate project.
- Long-term opportunity is estimated at ~INR15t, spanning renewable evacuation, the Brahmaputra hydro corridor, and OSOWOG interconnections (India-Sri Lanka, India-Singapore, etc).
- Annual bid pipeline is expected to be in the range of INR800-1,000b. Emerging demand centers from data centers and green hydrogen add further upside.

BESS, HVDC, and new business initiatives:

- PWGR signed its first Battery Energy Storage Purchase Agreement (150 MW / 300 MWh standalone BESS with annual tariff of INR0.29b).
- On 20th March'26, CERC notified the tariff regulations for Integrated Energy Storage Systems (IESS) developed by Transmission Service Providers under Section 62. The regulations have opened up opportunities for the development of integrated transmission systems, and PWGR is currently engaged in discussions for potential projects in the Northern and Western regions.
- 22 HVDC projects are at various stages of bidding and planning (combined HVDC capacity of ~127 GW), spanning renewable energy evacuation, Brahmaputra, and OSOWOG corridors.
- Consultancy revenue more than doubled, growing from INR8.0b to INR17.6b in FY26.
- Telecom revenue for FY26 was reported at INR12.0b.

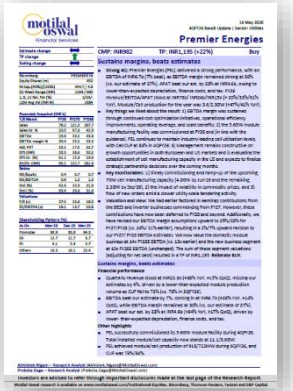
Key risks to monitor

- RoW acquisition remains a perennial challenge for PWGR. The central government has introduced market rate determination (by three valuers) and issued timelines to expedite the process, but this remains an operational risk.
- The deferred tax asset revaluation is largely complete. All TBCB projects are on the new tax regime, and SA has now also transitioned, so no further significant deferred tax asset creation is expected.
- Cost overruns on projects are accommodated through force majeure and change-of-law provisions, with actual gross block costs to finalize only after commissioning.
- Supply chain constraints (transformer availability, skilled labor) remain a monitorable.

Premier Energies — Buy

Current Price INR 1,088

Click below for Results Update



Financial Performance

- Revenue increased 20.7% YoY to INR80b, while operational EBITDA margin stood at 30.4%.
- PAT increased 61.1% YoY to INR15b despite a challenging operating environment marked by higher commodity and freight prices.
- Management highlighted that EBITDA margins were maintained through cost reduction initiatives, efficiency improvements, operating leverage, and scale benefits.

Manufacturing Capacity Expansion & Capex

- Construction of the 5.6GW module manufacturing plant has been completed, with full ramp-up expected over the next two months.
- The 7GW cell manufacturing project remains on track, with 4.8GW expected by Jun'26 and the remaining 2.2GW by Sep'26. Management indicated that stabilization of new cell lines generally takes 4-6 months.
- The cell line commissioned in Jun'25 stabilized in record time and is currently operating at over 90% utilization.
- Work commenced on its wafer project along with other expansion projects, including aluminum lines, aluminum frames, battery storage, and transformers.
- FY27 capex guidance stands at INR51b across ingots, wafers, batteries, and inverters.
- Overall planned capex over FY26–FY28 is ~INR120b.
- Capex for the initial 7GW cell line is approximately INR30b, ~35% lower than industry benchmarks.

Balance Sheet & Fundraising

- Expansion capex will be funded through a mix of internal accruals and debt, leading to an increase in debt levels over time.
- Management targets maintaining Debt/Equity at around 1x and Debt/EBITDA at 1.5x or below.
- The recently approved INR50b fundraising resolution is only an enabling approval (no immediate QIB or fundraising is planned).
- Any future capital raise would likely be linked to international expansion opportunities in Europe or the US.

Order Book & Demand Outlook

- Order book increased 66% YoY to INR140b, with more than two-thirds of the expected order book to be executed in FY27.
- A substantial portion of the solar cell order book extends into FY28 and includes supply contracts with module manufacturers.

Solar Cell & Module Market Dynamics

- Solar cell realizations remain favourable at 13.5–14 cents/Wp.
- Utility-scale domestic demand is expected to accelerate from FY28/FY29 onwards, as projects bid before Sep'25 remain grandfathered and can continue using imported cells until commissioning.
- Module inventory build-up during 4Q was intentional due to:
- Commissioning of the new 5.6GW module line
- Precautionary stocking amid Middle East supply chain disruptions.
- Glass costs have remained stable due to the minimum import price mechanism.
- Aluminum constitutes ~11% of module costs; however, the impact of aluminum price increases has largely been mitigated through design optimization and frame size improvements.

Technology & Product Developments

- Premier launched zero bus bar cells and all-black modules. Zero bus bar technology reduces silver consumption by nearly 10%.
- Current average cell efficiency stands at ~25.5%, with expectations to reach 25.8% over the next few quarters as operations stabilize further.
- Management is also working on longer-term initiatives, including potential replacement of silver with copper or aluminum paste over the next 1.5–2 years.

Silver Cost Management

- The company maintains adequate silver inventory and actively undertakes hedging.
- Silver cost escalation clauses are now being passed through to customers in new contracts.
- Combined initiatives, including lower silver consumption, hedging, and pass-through mechanisms, are helping mitigate silver price risk.

International Expansion Plans

- Management sees strong potential in both Europe and the US.
- Demand in Europe is expected to improve following the FTA, while the US market is viewed as a significant long-term opportunity.
- The company has resumed discussions regarding its US solar cell JV with Heliene and has restarted site evaluations. Heliene JV remains the preferred strategic route, though alternative strategic partnerships are also being evaluated. Management expects to finalize strategic partnership decisions over the coming months.

Battery Business & Localization Policy

- Management highlighted significant near-term battery demand, with over 50GWh of auctions already completed at competitive tariffs.
- The government is expected to announce a battery localization policy within the next 3-4 months.
- However, management expects the policy to become effective only from FY28 onwards.
- As a result, Premier has decided to pace its battery capacity addition plans accordingly.

Acquisition Update

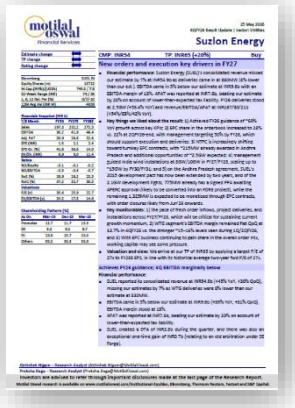
- Acquisition of a 51% stake in TransCon has been completed.
- TransCon reported annual revenue and PAT of INR4.2b and INR0.4b, respectively.
- Management highlighted a sharp improvement in EBITDA and PAT margins at TransCon.

Suzlon Energy — Buy

Current Price INR 54

SUZLON
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Suzlon Energy

Financial Performance 4QFY26 and FY26

- 4QFY26 deliveries stood at 830MW.
- FY26 deliveries reached 2,456MW, up 58% YoY, in line with the 60% YoY growth guidance given for FY26.
- Consolidated Net Worth stood at INR94.6b and Cash balance at INR23.8b.
- Working capital buildup was primarily due to PSU contracts; however, this was anticipated and factored into tender pricing, and most of it is serviced through non-fund-based limits. Working capital days could improve substantially going forward.
- Exceptional items of INR0.7b in 4QFY26 are in relation to SE Forge, an old arbitration matter that got settled in Suzlon's favor.

Order Book and EPC Pipeline

- The opening order book was around 5GW and is now closing at 5.9GW.
- EPC's share in the order book was 22% at the end of 2QFY26 and has now reached 28%. This trend is expected to continue growing in FY27 and ultimately reach 50% in FY28.
- On the Andhra Pradesh agreement,
- The company had signed an agreement with the government of Andhra Pradesh in 2015, under which some projects were commissioned in 2016 and 2017. The agreement remained dormant for some time because of the government change, but the new government has now extended it by another two years. Under this agreement, Suzlon has development rights for 2.1GW of projects. Out of this, 775MW already has a PPA signed, which is currently awaiting tariff approval from the Andhra Pradesh Electricity Regulatory Commission (APERC) and is proposed to be converted into an FDRE project. Several clients are interested in taking over the project once the PPA is approved.
- The remaining 1,325MW does not have a power offtake commitment from the state government and will instead be monetized through EPC contracts.
- EPC orders take longer to close, and from Jun'26 onwards, EPC orders should start getting closed.
- In EPC contracts, the company does land supply, erection, and the Balance of Plant. In some extremely rare cases, it also does the substations.
- The PSU opportunity is significant as NTPC is now moving towards turnkey EPC contracts. They already came up with a roughly 215MW contract in Andhra Pradesh and are going to come up with another 540MW in Andhra Pradesh, plus another 2,000MW.

Operational Capacity and Project Status

- During FY26, 744MW was commissioned, 971MW is erected but not yet installed, and ~350MW is ready for commissioning.

- Capital expenditure is expected to be in the run rate of INR5.5-6.5b going forward.
- For the DevCo arm, capital deployed as of now is in the range of INR3.0-3.5b, but as the business scales, there will be some additional working capital needs.
- Over the next 2 years, only the deferred tax charge will come in the Profit and Loss statement, which is also a non-cash charge. There is still INR30-35b of unrecognized Deferred Tax Asset.

Industry Outlook and Demand Environment

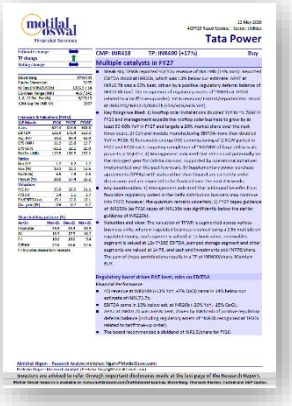
- India should do wind installations of 8GW in FY27, 10GW in FY28, and reach 15GW by FY30 or FY31.
- There is strong demand as the market moves towards FDRE projects.
- Repowering has also started gaining traction, and there is rising consumer interest, which gives visibility of opportunities ramping up in the next 2-3 years.
- The company is also seeing an uptick in pure wind bids coming in at both the central and state levels.

Deviation Settlement Mechanism, Strategy, and Cost Management

- On the DSM order, there is a stay currently, but eventually it should happen for grid stability.
- Suzlon developed a strong scheduling and forecasting model, which it was testing till now at +/-15% and has now moved into making it +/-10%. The company plans to use this as an opportunity to provide scheduling and forecasting as an additional service, and this model can also be used to help the existing client set. The company is going to collaborate with a few international players on this.
- On foreign currency exposure, some contracts have a pass-through for foreign currency impact. Suzlon is constantly working on R&D, Cost Optimization, supply diversification, and Make in India initiatives has helped the company over the last three years to keep cutting costs.

TATA POWER

Click below for Results Update


Tata Power

Tata Power — Buy

Current Price INR 412

Demand environment and industry outlook

- India's April power demand increased ~5% YoY, while peak demand touched ~256GW and is expected to cross 270GW in FY27, supported by heatwaves and El Niño-related weather conditions across the country.
- Management highlighted continued structural growth in electricity demand, driven by industrialization, cooling requirements, and electrification trends.

FY26 Financial Performance

- FY26 PAT increased ~8% YoY to INR14.2b despite the Mundra plant remaining non-operational for nearly nine months during FY26.
- EBITDA grew ~11% YoY to INR160.9b.
- Consolidated P&L included a deferred tax asset (DTA) recognition of ~INR2.5b due to improved visibility on future profitability.
- Delhi distribution business benefited from favourable regulatory orders, contributing ~INR3.2b in 4QFY26 (~INR4.6b EBITDA impact in 3QFY26 related to prior-period matters). Management indicated additional benefits may continue in FY27, although the quantum remains uncertain.

Solar manufacturing and rooftop solar

- Cell and module manufacturing EBITDA increased to ~INR8.6b in FY26, more than doubling YoY.
- Rooftop solar installations doubled YoY to ~1.7GW during FY26 and Rooftop solar business reported PAT of ~INR5b.
- Rooftop solar business is expected to grow ~50-60% YoY in FY27 and management is targeting ~20% rooftop solar market share over the next three years.

RE and storage

- Utility-scale RE commissioning guidance of 2.5GW in FY27 and FY28 each.
- Management remains confident on execution as TPWR commissioned ~2.5GW of RE projects in FY26, including third-party projects.
- The company is currently targeting completion of ~600MW of large utility-scale projects during the ongoing quarter.
- Management indicated future bids are likely to be centred around hybrid RE plus storage solutions rather than standalone solar/wind projects, given superior return profiles. Discussions are underway with utilities, large C&I customers, steel companies, including Tata Steel, and upcoming data centers for such integrated offerings.

Odisha Discoms

- Odisha discom business reported PAT of ~INR8.1b in FY26.
- Management expects FY27 to potentially be the best-performing year for Odisha discoms as operational initiatives undertaken over the last few years begin yielding results.
- Loss-reduction trajectory remains positive, with management expecting all circles to reach ~18% loss levels over the next 4-5 years.

Delhi distribution

- Regulatory asset wind-down is expected to continue through FY32.
- The regulatory commission has committed via affidavit to amortize the regulatory assets over a six-year period up to 2032, and management expects implementation in line with the stated framework.

Mundra UMPP

- SPPAs with states other than Gujarat are currently under discussions and are expected to be finalized over the next 4-6 weeks.
- The Mundra plant is presently operating under Section 11 directives, with billing being undertaken as per SPPA terms.

Balance sheet, debt, capex and others

- FY26 capex stood at ~INR130b vs. guidance of ~INR220b due to right-of-way (RoW) issues, delays in transmission line readiness.
- FY27 capex guidance - INR250b.
- Net debt stands at ~INR560b despite elevated capex investments.
- Net debt-to-underlying EBITDA remains at ~3.3x, while net debt-to-equity stands at ~1.2x.
- Mumbai transmission business continues to add ~INR10b of capex annually. Management expects Tata Projects to turn profitable from FY27 onward as the impact of legacy projects is expected to reduce materially going forward.

Coal and thermal business

- Indonesian coal prices have remained largely stable, with management expecting price movement within a +/- 5% range. However, potential incremental export taxes on coal remain a monitorable.
- Coal assets monetization remains opportunity-driven and dependent on valuation considerations.
- Management indicated willingness to evaluate new coal-based generation opportunities provided projects are backed by bankable PPAs.

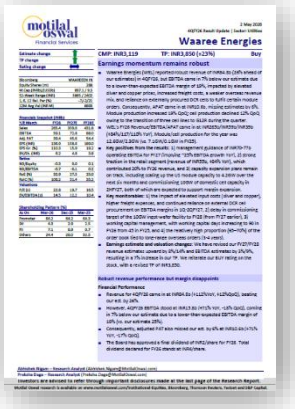
Nuclear power initiatives

- TPWR is working with three state governments on small reactor-based nuclear projects in collaboration with Nuclear Power Corporation of India.
- Land identification, water allocation approvals, and detailed geotechnical studies have already been initiated.
- The projects currently under evaluation involve two 220MW SMR units.
- Detailed project reports (DPRs) for some projects are expected to be completed over the next six months, while discussions with NPCIL continue regarding project structuring and implementation frameworks.

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Waaree Energies

CMP: INR3,119 TP: INR3,850 (+23%) Buy

Earnings momentum remains robust

Waaree Energies — Buy

Current Price INR 3,085

EBITDA margins under pressure in 4QFY26; cell commissioning to boost margins from 2HFY27 onwards

- EBITDA margins contracted to 19% in 4QFY26 due to a confluence of factors: a rise in silver and copper prices, elevated freight costs stemming from the West Asia crisis, and a revenue mix shift which reduced higher-margin overseas sales. Margins were further pressured as WEL was required to procure DCR cells externally to fulfil DCR module orders.
- Management indicated that module realizations currently range at INR15–16/Wp for utility (non-DCR), ~INR16–17/Wp for retail, and INR21–22/Wp for DCR, with pricing already adjusted upward to reflect the recent commodity price spike.
- The order book has declined sequentially, as overseas ordering slowed amid West Asia disruptions.
- As of end-FY26, 65-70% of WEL's order book of INR530b pertains to overseas orders, which will be executed over 3-4 years. Further, this order book number does not include retail orders (retail accounts for ~20% of FY26 revenue mix).
- Management expects EBITDA margin expansion from 2HFY27, with its cell capacity rising to 15.4GW, increasing DCR module's contribution to revenue.

Deepening Vertical Integration: Cell, Ingot-Wafer, and Solar Glass

- WEL has targeted commissioning of its 10GW ingot-wafer facility at a capex of INR62b by FY28, which commenced construction this quarter. The ingot-wafer capacity was due for commissioning in FY27, but was delayed due to the shift in plant location from Odisha to Nagpur.
- Ingot-wafer capacity will contribute to EBITDA from FY28, completing the silicon-to-module integration loop and enabling Non-FEOC supply chain compliance, which is critical for US market access.

- Module capacity has reached 26GW; 12.6GW was produced and 12GW sold in FY26. The portfolio is actively transitioning to G12R, with three lines already converted and five more to be converted once the current ramp-up stabilizes.
- Solar glass manufacturing capacity of 2,500TPD (equivalent to ~17 GW of module coverage) is targeted to start production in 24 months. Glass accounts for ~23% of module cost, and captive glass production will reduce dependence on Chinese supply, improve FEOC compliance, and support margin improvement.
- Total capex across verticals is pegged at INR300b; cell and module capex will conclude by 2HFY27, with ingot-wafer and BESS capex wrapping up by FY28.

Horizontal Expansion: BESS, Inverters, and Transformers

- WEL is entering the Battery Energy Storage System (BESS) market with a 3.5GWh manufacturing facility coming online in FY27, scaling to 20GWh by FY28, against India's projected BESS demand of 236GWh by FY32 (from just 1.1GWh in 2025).
- The inverter business has 4GW of capacity, with 3GW already commissioned and 1GW to follow by FY27, targeting a market projected to expand at a 6% CAGR to USD1.6b by 2035.
- In transformers, WEL has 4GVA of capacity, scaling to 20GVA in FY27, with an existing order book of INR2.7b. India's transformer market is expected to expand at an 8% CAGR to INR6.5b by 2035.
- For its IPP business, WEL has signed PPAs for 0.7GW of projects, having secured connectivity for further 8GW of projects.
- WRTL (Waaree Renewtech) is acquiring a 55% stake in Associated Power Structures, its first step in the T&D sector.

US Ramp-Up, Retail Momentum, and International Diversification

- US manufacturing capacity is at 1.6GW currently and will reach 4.2GW within the next 6 months.
- Starting in Apr'26, US FEOC regulations are ensuring that Non-Chinese supply chains gain traction. US regulations apply tariffs based on the country of origin of solar cells. To meet US market requirements, WEL is sourcing cells from Africa (e.g. Ethopia - 10% tariff on US exports) and Europe.
- Europe is also moving away from Chinese dependence. WEL sees export opportunities emerging from Europe, Africa, and the Middle East in the coming months.
- On the retail front, WEL reported revenue of INR55.2b in FY26 (+84% YoY).

Cash Conversion Cycle Under Pressure amid trade disruption

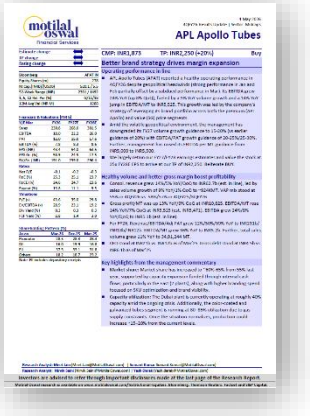
- Cash conversion ratio has deteriorated materially in FY26, falling to 26% in FY26 vs. 112% in FY25, driven by a significant build-up in inventory (partly attributable to export stalling from freight disruptions).
- Working capital normalization is expected in coming months as freight disruptions normalize.
- Debt-to-equity at end FY26 remains below 1x.

Others

APL Apollo Tubes — Buy

Current Price INR 1,806

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Operating performance

- The Middle East crisis impacted performance by the end of FY26, but despite that, the performance has been strong.
- The company attained 37% ROCE for the full year with FCF of INR13b and Net cash of INR15b
- Volumes in the Patra segment were less than 30% of the total. This is expected to reduce even further. Margins are expected to be better going forward.
- SG premium formed 8-9% of total volumes.
- EBITDA per ton grew due to APL Apollo brand premium (better pricing in the general category – had increased prices by 1500 per ton in Jan'25). Further, due to cost rationalization steps which company keeps on taking 24/7.
- HRC prices are up by INR3000 per ton from April to May, i.e., the price increase taken by the company. MTM gain is not significant as the inventory days are less than 30 days.

Ongoing scenario

- Customer destocking is currently being driven by concerns around potential corrections in raw material prices, leading buyers to defer purchases and reduce inventory levels.
- Operations have also been temporarily impacted by labour shortages, primarily due to workforce displacement during the election period.

Guidance and outlook

- Company targets a 15-20% volume growth, 20-25% EBITDA, and 25-30% PAT growth.
- EBITDA per ton guidance to be in the range of INR5000-5500 per ton, while INR6000 per ton remains doubtful.
- April has seen modest volumes, with the conditions being similar in May.

Capacity and capex

- The company plans to expand its capacity from 5m MT currently to 8MT by FY28, with 2m MT of Greenfield and Brownfield capacity and 1m MT of Debottlenecking capacity.
- The Dubai plant is currently operating at 40% utilization due to the ongoing crisis. Domestic operations were hit in Mar, with things improving significantly.
- The company has maintained a capex guidance of INR5-6b. Further, APAT plans to spend INR14-15b for the 8m ton project over the next 2-2.5 years

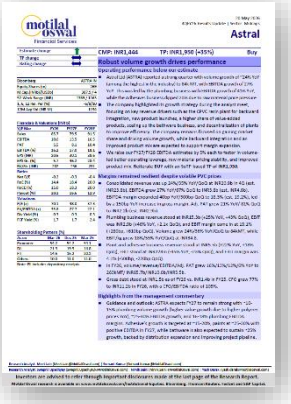
Others

- If the war goes beyond four months, weaker players won't be able to run these plants due to gas shortages.
- The mission is to bring the inventory further down; the current levels are highly sustainable.
- EBITDA per ton grew due to APAT brand premium (better pricing in the general category – had increased prices by 1500 per ton in Jan'25). Further, due to cost rationalization steps which company keeps on taking 24/7.
- Investing in ESG compliance has ended up yielding better results for the company.

- Market share has improved to 60% from 50-55% last year. To gain market share, the company is building capex (from cash flows). Building capacities in the East. To spend extra on branding this year, to help in gaining market share. To mainly work on SKU management and branding.

ASTRAL

Click below for Results Update



Astral — Buy

Current Price INR 1,536

Guidance and outlook

- Management expects the overall pipes industry to grow ~8% by volume in FY27, while ASTRA is targeting ~10-15% plumbing volume growth with higher value growth due to improving polymer prices and richer product mix.
- The company expects a 10-12% gap between volume and value growth in FY27 as polymer prices have bottomed out and started moving higher again.
- Reliance has already announced a PVC price hike in May'26 and temporary duties on polymers could further support pricing and industry realizations.
- Management expects plumbing EBITDA margins to improve to ~16-18% in FY27, with an additional ~200bp margin expansion possible post CPVC backward integration.
- EBITDA growth guidance for FY27 stands at ~25-30%.
- ASTRA expects adhesives industry growth of ~8-10% in FY27 while targeting ~15-20% blended adhesives growth aided by market share gains and deeper rural penetration.
- Adhesives EBITDA margins are guided at ~8-10% for FY27.
- The UK adhesives business is expected to improve further in FY27 with double-digit growth and better profitability.
- Management expects the paints business to become EBITDA positive during FY27 as revenues scale over the existing cost base.
- Paints revenue is expected to grow ~25-30% in FY27, following ~23% growth in FY26.
- ASTRA expects bathware growth to remain strong at ~25% in FY27, supported by network expansion and wider product offerings.
- Polymer price volatility is expected to continue due to geopolitical tensions, though higher polymer prices should improve asset turns and fixed-cost absorption for organized players.
- Management indicated that current asset turns remain below normal due to depressed polymer prices and large decentralization-led capex. The company expects asset turns to move toward ~3x as polymer prices recover and utilization improves.
- Capex guidance for FY27 stands at ~INR3b after ~INR3.6b capex in FY26.
- Management reiterated that exports will continue growing but are unlikely to become a disproportionately large contributor in the near term.

Plumbing & Pipes

- ASTRA remains structurally well-positioned in the organized plumbing market, aided by strong distribution expansion, decentralized manufacturing, and increasing product depth across plumbing, infra, and specialized applications.

- Management highlighted that FY26 was a difficult year due to sharp polymer volatility, yet ASTRA delivered the highest volume growth and EBITDA margins amongst leading piping peers while also gaining market share.
- The company continues to deepen its value-added product portfolio with products like HDPE pipes, electrofusion fittings, O-PVC, PP-R, PP-H pipes, STP-Pro, ChemFlow, and EF Drain targeting industrial piping, gas distribution, sewage treatment, and infra applications.
- Management highlighted that 8 projects are currently under active R&D in piping, including electrofusion and infrastructure-focused products.
- ASTRA has significantly increased SKU depth from 6,939 to 8,103 SKUs in FY26, helping improve wallet share across dealer and project channels.
- The company has aggressively decentralized manufacturing over the last few years, with Kanpur and Hyderabad plants now operational, improving service levels, regional reach, and logistics efficiencies.
- Management indicated that utilization remains relatively low because nearly INR15b capex was undertaken to decentralize manufacturing. As utilization ramps up, operating leverage and ROCE are expected to improve materially.
- ASTRA noted that existing plants still have significant brownfield expansion headroom, with up to ~100ktpa additional capacity possible through machine additions without major greenfield investments.
- Export volumes doubled YoY in FY26, and ASTRA is now exporting to over 40 countries, although management clarified exports are unlikely to become a very large part of the mix in the medium term.
- Fire protection remains a strong emerging category for the company. Astral Fire Pro has already received UL listing and ISI approvals for both pipes and fittings, and management expects fire pipe sales to double again in FY27.
- Management believes long-term plumbing demand will increasingly shift toward polyolefin-based systems such as PEX and PP drainage, especially in high-rise concealed plumbing applications where consultants increasingly prefer these systems over traditional PVC.
- ASTRA is particularly bullish on EF Drain and PEX-AL opportunities, noting that PEX-AL manufacturing remains largely untapped in India.
- The company believes PP drainage systems could become a meaningful long-term growth driver due to superior strength and more stable pricing relative to PVC.

CPVC Resin Backward Integration

- ASTRA's most significant strategic announcement remains its backward integration into CPVC resin through Nexelon Chem Pvt. Ltd., which will make ASTRA the first CPVC pipe manufacturer in India to produce its own CPVC resin.
- Management highlighted that R&D for the CPVC resin project has been underway for the last 3-4 years, and the company has developed a quality-control setup at the Santej facility comparable to large global polymer manufacturers.
- Trial production from the 40kMT CPVC resin plant is expected to begin by Dec'26, with commercial benefits expected to meaningfully reflect from FY28 onward.

- The initial 40kMT capacity will cater to nearly 50-60% of ASTRA's CPVC resin requirement, materially reducing import dependence and currency exposure.
- Management expects the project to improve plumbing EBITDA margins by nearly 200bp post-stabilization.
- ASTRA indicated that phase-2 expansion from 40kMT to 100kMT can be executed rapidly within ~9 months with incremental capex of only ~INR500m, as substantial infrastructure spending has already been completed in phase 1.
- Phase-1 capex for the project is estimated at ~INR1.2b.
- The company believes backward integration materially strengthens its competitive positioning in CPVC and should support further market share gains over the long term.

Adhesives & Construction Chemicals

- ASTRA continues to aggressively scale its adhesives and construction chemicals business through product diversification, backward integration, and wider geographic penetration.
- Management highlighted that, similar to pipes, the company is steadily moving backward integrated in adhesives as well, reducing dependence on imports while improving profitability.
- The adhesives business acquired at ~6-7% EBITDA margins has now scaled to double-digit margins, reflecting operational improvement and a stronger product mix.
- ASTRA currently works across nine different adhesive chemistries and continues to expand its portfolio into industrial adhesives, sealants, tapes, waterproofing, and construction chemicals.
- Distribution reach in adhesives is expanding rapidly, with management targeting presence across 20,000 towns versus ~13,000 currently.
- ASTRA is increasingly focusing on rural and tier-3/tier-4 penetration through its "New Bharat" initiative, especially in maintenance, wood adhesives, and construction chemicals.
- Margin pressure in 4QFY26 was largely due to a one-time branding spend of ~INR160m linked to the Bondtite campaign featuring Ranbir Kapoor.
- ASTRA views the appointment of Ranbir Kapoor as a strategic shift toward creating consumer pull in adhesives rather than relying purely on contractor/dealer push.
- Management indicated that the UK adhesives business has stabilized and is expected to grow at double digits in FY27 with improving profitability trends.
- Bond It UK and USA continue to expand product offerings across waterproofing, tiling, sealants, and roofing solutions.
- The company remains open to additional M&A opportunities within the adhesives and construction chemicals segment.

Paints

- ASTRA continues to scale its paints business aggressively despite current profitability pressure, focusing on distribution creation, regional expansion, and product portfolio widening.
- ASTRA aims to build an INR10b paints business over the next 3-4 years.

- The company incurred ~INR60m losses in paints during 4QFY26, though management highlighted that tonnage sold exceeded installed capacity levels, indicating strong demand traction.
- ASTRA Paints is steadily expanding beyond southern markets and currently covers Karnataka, Tamil Nadu, and Kerala while selectively entering Maharashtra and Madhya Pradesh, with Gujarat and Rajasthan planned over the next two fiscals.
- Five new states are expected to be added for paint distribution expansion.
- Product portfolio expansion continues across emulsions, waterproofing, putties, primers, enamels, and ancillary products.

Bathware & Faucets

- ASTRA's bathware business continues to scale rapidly with ~25-30% growth guidance supported by wider product offerings and distribution expansion.
- The segment delivered ~27.3% sales growth in FY26, and management expects another ~25% growth in FY27.
- The company currently operates ~100 exclusive bathware stores across India and continues to deepen its retail presence.
- ASTRA added 80+ distributors and delivered ~25% channel partner growth during FY26 for the bathware segment.
- ASTRA is also scaling its faucets business and has now expanded presence across most parts of India.

Other

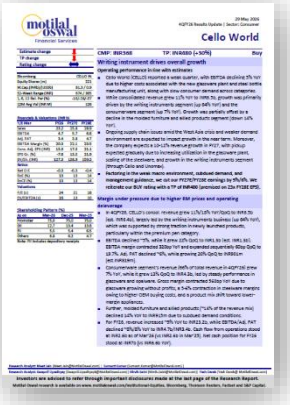
- ASTRA reiterated that it does not intend to enter any major new segments beyond its current four focus verticals in the medium term, indicating a stronger focus on execution and scaling existing businesses.
- The company now has manufacturing presence across 21 plants with production capacity of nearly 597ktpa across pipes, adhesives, and paints.
- ASTRA added more than 300 channel partners during FY26, reflecting continued distribution strengthening across businesses.
- Channel inventory across the industry is currently at an all-time low as distributors liquidated higher-cost inventory during May. Management expects healthy demand in 1QFY27, supported by rising PVC prices and anticipated duties from July.
- ASTRA continues to improve distributor engagement through faster order processing, inventory visibility tools, and quicker credit note settlements, helping channel partners reduce working capital requirements.
- ASTRA continues to aggressively invest in branding through celebrity endorsements, exhibitions, IPL-style campaigns, and outdoor activations to improve consumer recall across categories.
- The Santej land parcel alone is estimated to be worth nearly INR12b currently, vs. the acquisition cost of only ~INR250m historically, indicating substantial hidden balance-sheet value.

Cello World

Buy

Current Price INR 380

Click below for Results Update



Overview

- Growth in 4QFY26 was led by the Writing Instruments segment, which includes additional revenues from the Cello stationery brand, revival of the exports business, and contribution from new premium product launches.
- 1HFY26's demand was not sustained in 2HFY26.
- Raw material availability was not impacted by the war, but prices increased, which were mostly passed on to the final consumers. Some impact on glassware was reported due to rising energy costs.
- 4QFY26 was not impacted much by the war as it had started in late 4QFY26.
- Performance was driven by opalware, glass ware, and WI.

Guidance and outlook

- The company is expecting FY27 to be better despite challenges faced in 1QFY27 due to the ongoing war situation. The company is experiencing RM prices and labor issues, coupled with subdued demand. ~12% cost escalation was experienced by the company.
- Every segment is affected due to the ongoing geopolitical crisis. The company currently has no plans regarding diversification in other categories.
- Management has guided revenue growth of ~10-12% in FY27 amid current geopolitical challenges. Further, a 200-250bp expansion is expected in EBITDA margins due to the steel facility ramp up and glassware profitability recovery.
- Changes in guidance are expected due to subdued demand caused by the geopolitical situation. Volumes are expected to be subdued in FY27. Thus, revenue will grow based on price increases.
- The company is preserving cash as it is evaluating inorganic opportunities.

Consumerware

- FY26 was marked by evolving market conditions and softer demand, especially in certain consumer ware categories.
- In 4QFY26, performance in the Hydration segment remained slower, while Glassware and Opalware categories witnessed steady performance in line with expectation, due to stockouts and insulated products.
- Gross margins were impacted as glassware revenue growth did not translate into margin benefits, and by the steel-ware segment due to a change in the RM supplier. Appliances, a low-margin category, saw an increased contribution to the revenue mix.
- Glassware segment reported revenue of INR4.3b, with 7% YoY growth.
- The steel products facility did not contribute materially in 4QFY26. Steel facility began in 4QFY26 with two lines. Additional four lines were commissioned in 1QFY27, with two more lines to be commissioned in 2QFY27. By Jul'26, all line phases will be installed and full production is expected to start. Gradual ramp up in overall steel bottle production is anticipated over 1Q and 2QFY27. Peak revenue of INR3b is expected from steel facility.
- Stockouts in insulated steel products led to a ~40% drop in steel revenue.
- Glassware segment is currently operating at 60% utilization and remains affected by Chinese dumping, for which the company is seeking regulatory support. However, the long-term potential remains strong, supported by the company's first-mover advantage in India and favorable product mix.

- The company's quality is better than that of Chinese players. Increasing utilization will help the company to improve profitability. Rising dollar could benefit the company amid expensive imports. The facility has peak revenue potential of INR3b with 28-30% EBITDA margins
- In Mar'26, electric kitchenware demand was spiked due to LPG crisis. The company's inventory was at very low levels as this division generally contributes lower to the company.

Writing Instruments

- The exports business and newly added products in premium categories have led growth.
- The company is targeting at least INR5b revenue from this segment in FY27.
- New acquisitions are expected to drive growth for this segment due to Cello's brand equity.
- Cello pens were loss-making and still have not delivered profits due to the product mix. The company is changing the product mix with profitability similar to unomech in some quarters.
- Cello brand's full control was gained from Dec'25.
- The company is expanding into INR12/15 pens segment and, thus, is not heavily dependent on INR10 pens. The company is expanding into markers, sketch-pens, and crayons, which will help the company in scaling this segment.
- 4Q and 1Q were the biggest quarters for this segment.

Wimplast merger

- The Wimplast merger was completed in 1QFY27, with 1st Apr'25 as the appointed date.
- Synergies between consumer-ware and molded furniture are expected.
- EPS will be impacted when share issuance will be completed.

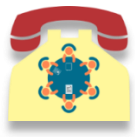
Others

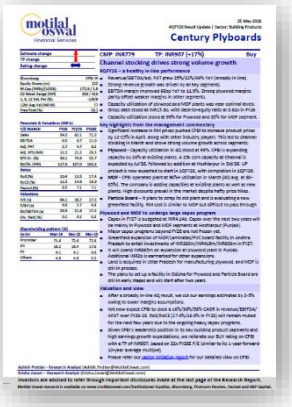
- In FY26, CELLO's distribution channel mix was ~74.9%/6.7%/7.9%/10.5% for General Trade/Modern Trade/Exports/Online. Profitability is in line with other segments.
- A decline in molded furniture was experienced due to subdued demand conditions.
- The company incurred INR2.2b capex in FY26, mainly on consumer-ware segment. It has guided for capex of INR1b in FY27, of which INR300m is for steel facility.
- The company is targeting 10-15 days lesser debtor days in FY27 from FY26. WC is looking bad due to government orders. Measures like channel inventory checks, rationalization of products (lesser products) are in place.
- Channel inventory is better due to older inventory being sold faster due to new expensive inventory. This quarter is better than last quarter. Channel has been cautious in buying, resulting in subdued demand. However, the company is observing a reduction in this subdued demand.

Century Plyboards — Buy

Current Price INR 755

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Results Update




Century Plyboards

Business development and outlook

- MDF volume growth remained strong, supported by channel stocking in Mar'26 ahead of anticipated price hikes in Apr'26. Capacity utilization stood at 80-85% during 4QFY26 and crossed 90% in Mar'26. The company is expanding capacities at both existing and new plants. Management has undertaken a ~15% price hike along with the industry, although sustainability will depend on market acceptance.
- Plywood operations continued at elevated utilization levels, with 4QFY26 CU at 99%. The company is expanding existing capacities by 20%, while the Chennai plant (25k cbm) is expected to commence operations by Jul'26 and the Hoshiarpur facility by Oct'26. The UP plant has been delayed and is now likely to start in 1QFY28, with completion expected by 1QFY29.
- In the Particle Board segment, the company plans to scrap its old plant and is evaluating a new greenfield facility. Raw material costs remain comparable to MDF.
- Management has guided for FY27 capex of INR4.14b, with the majority of spending over the next two years focused on plywood expansion at Hoshiarpur, Punjab. Other large capex plans are yet to be finalized.
- Greenfield expansion of MDF/Laminates/PVC board capacities in Andhra Pradesh will involve investments of INR260m/INR419m/INR606m in FY27.
- INR865m will be spent on plywood expansion in Punjab.
- An additional INR2b has been earmarked for future expansion projects.
- Gross debt stood at INR15.3b, with a debt-to-equity ratio of 0.62x.

4QFY26 performance

- Revenue/EBITDA/APAT increased 25%/32%/49% YoY.
- Revenue growth was supported by healthy performance across all segments.
- EBITDA margin improved 66bp YoY to 11.9%, as strong plywood profitability partly offset weaker margins in other segments. PAT margin stood at 5.2%, up 85bp.
- In the Plywood segment, 4QFY26 volume/revenue grew 23%/20% YoY, while adjusted EBITDA margin expanded 182bp YoY to 16.1%.
- In the Laminates segment, volumes declined 1% YoY, while revenue increased 18% YoY, indicating strong realization-led growth. Adjusted EBITDA margin improved sharply by 867bp YoY to 10.3%.
- In the MDF segment, volume/revenue grew 39%/32% YoY, supported by improved utilization levels. However, adjusted EBITDA margin declined 187bp YoY to 11.3%.
- In the Particle Board segment, volume/revenue surged 142%/110% YoY, driven by new capacity additions and better utilization. Adjusted EBITDA margin recovered strongly to 7.2%, improving 599bp YoY and 679bp QoQ.

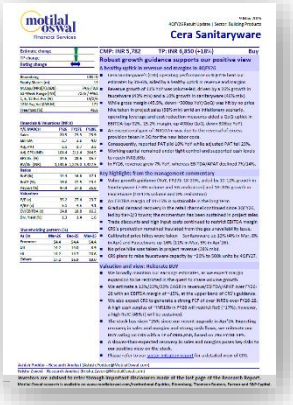
FY26 performance

- Revenue/EBITDA/APAT grew 19%/34%/36% YoY.
- EBITDA margin stood at 12.1% (improving 130bp YoY).
- PAT margin increased 86bp YoY to 5.0% in FY26.

CERA

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Results Update





Cera Sanitaryware — Buy

Current Price INR 5,584

Business development and outlook:

- FY27 revenue growth targeted at 18-20% (Sanitaryware: 10-12% with 7-8% volume and 5% realization, Faucet ware: 18-20% with 10-12% volume and 8% realization)
- EBITDA margin of 14-15% sustainable in the long term
- Channel inventory liquidated in 4Q; future growth outlook healthy
- Gradual demand recovery in retail since 3Q; projects momentum also sustained
- Tier-2/3 towns performing very well; East/North East are key growth regions
  Calibrated price hikes effective March 2026 taken to offset elevated brass costs
- Margins expanded QoQ, but trade discounts and input costs kept EBITDA margin below normal 16-17% levels
- CRS is insulated from gas unavailability issues
- Senator: Revenue INR105m in FY26 expected to be INR450m in FY27; currently 40+ stores expected to expand to 60 by FY27-end
- Polipluz: Revenue of INR85m in FY26 is targeted at INR350m in FY27; volume-led strategy; aims 1,120 dealers and 100+ distributors to increase to 2,000 and 200.
- Price hikes (retail only): Sanitaryware +12% (4% March, 8% April), Faucet ware +16% (11% March, 5% April)
- No price hike taken in project business (38% of sales)
- Tight working capital management; cash levels reached INR8.53bn
- Capex in FY26 stood at INR145m, mainly on routine maintenance
- Faucet ware capacity to increase from 430k to 500k via de-bottlenecking with a capex of INR40-50m; expected to be operational in 4QFY27)
- Tiles volume in 4Q was impacted due to high reliance on outsourcing from the production hit Morbi region
- Capacity utilization: Sanitaryware 70%, Faucet ware 106%
- Revenue mix: Tier-3 (40%), Tier-1 (36%), Tier-2 (24%)
- Outsourcing in 4Q: Sanitaryware 60%, Faucet ware 46% (mostly Morbi)
- A&P spend INR490m in FY26; to increase in FY27

4QFY26 key operational highlights

- Revenue grew 11% YoY, aided by 26% rise in Faucet ware and 10% in Sanitaryware.
- EBITDA/adj. PAT fell 7%/23% YoY, though recovered strongly QoQ
- EBITDA margin stood at 15.2%, down 306bp YoY, though recovered QoQ
- Exceptional Items stood at INR107m due to the reversal of excess provision for Labor codes taken in 3QFY26

FY26 key operational highlights

- Revenue grew 7% YoY, aided by Sanitaryware (up 5%, 47% mix) and Faucet ware (up 14%, 40% mix)
- EBITDA/adj. PAT fell 7%/14% YoY
- EBITDA margin stood at 13.1%, down 205bp YoY
- PAT margin stood at 10.3%, down 255bp YoY
- Tight WC management led to a strong cash level of over INR8b.

Coromandel Intl — Buy

Current Price INR 1,746

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Industry scenario

- The Indian agriculture sector in FY26 witnessed moderate growth with agri GDP expanding by 2.4%, reflecting the impact of uneven climatic conditions and softening of the commodity prices.
- The southwest monsoon was above normal at 1.8% of the long-period average. However, its erratic distribution delayed withdrawal, affected crop cycles, and rural consumption, particularly during the rugby season. Below-monsoon for upcoming Kharif season. Key markets are range-bound. Last week of May. Summer season sowing is positive.
- The reservoir levels were quite strong, supporting the improved sowing activity (increased to 112m hectares and rabi). Sowing rose to 68mm, culminating in record food grain production of close to 348mT. As of Apr-end, all India reservoir levels are 115% of last year's storage and 126% of the normal storage.
- Weather forecasting agencies have predicted a below-average monsoon for the upcoming kharif season, based on the recent estimates. Key operating supermarkets are likely to experience largely normal rainfall and are expected to issue the updated forecast, providing a region-wise view in the last week of May.
- The government has announced the rates for CY26, increasing nutrient rates by 10% for N, P, and S. These rates do not reflect the sharp increase in raw material prices and repeat observation post the Middle East crisis
- Last year was challenging due to the price of key RMs, such as sulphur and ammonia. ME contributes significantly to India’s ammonia and sulphur requirements. India’s dependence is ~80%, which was largely disrupted
- 16mT of domestic phosphatic industry and also imports. NPK prices are higher than DPK. NPK has a share of 60%. 0.7mT of green ammonia.
- Agrochemicals side channel inventory showed normal sizes.

Outlook

- Management expects a clearer picture of margins when the current situation normalizes and further updates on additional subsidies.
- Trading of fertilizer volumes may be affected due to the unavailability of DAP. Volumes will come back in 2HFY26 when the current situation normalizes.

Subsidy

- CRIN received INR34.4b in 4QFY26; for FY26, subsidies received were INR106.5b compared to INR80.8b in the previous year.
- Subsidy outstanding as of Mar’26 stood at INR21.7b versus INR16.5b last year; the company has received the subsidy claims till the third week of Mar’26. While the subsidy outstanding at the end of the year is higher vs. the previous year, it has come down sequentially from INR37.8b to INR32b at the end of Sep’25.
- The government support remains strong, with INR15b supplementary grant for NBS released in Mar’26
- Fertilizer subsidy remains the backbone of the industry, contributing ~75% of revenues for 4QFY26 and 85% for FY26. Its contribution to EBITDA for 4QFY26/FY26 stood at 57%/66% (v/s 67%/70% YoY), providing earnings visibility despite raw material volatility.

- Additional compensation subsidies are required by companies to accommodate the sharp rise in raw materials. Last year, GoI had given a pass-through for DAP. Once the supply disruption improves, the industry will return to normal conditions. If additional subsidies are not received, then the NPK price increase will be reasonable so that the farmer community can absorb.

Fertilizer Business Performance

- The company's rock phosphate project in Senegal also ramped up output (0.35mT) during the year, securing raw material supplies for the new phosphoric acid plant. The company has an enhanced stake in Senegal, with current holdings at 71.5% in the mining company.
- During FY26, the phosphatic fertilizer segment reported ~7% volume growth and achieved sales of 4.4mT supported by strong farmer engagement and entry into new markets.
- 4QFY26 volume growth for Fertilizers: DAP (+48%), NPK (-7%), MOP (+85%), Urea (+43%).
- FY26 volume growth for Fertilizers: DAP (+1%), NPK (-1%), MOP (-3%), Urea (+67%).
- Manufacturing EBITDA/T for 4QFY26 at INR3.5k (v/s INR5k YoY). The company earns ~4-5% of margins on trading volumes.

Crop protection business

- Crop protection business recorded strong momentum during FY26 (revenue up 16% YoY, profit up 55% YoY), supported by sustained traction of the company's key molecules, improved export volumes, and new product introductions in the domestic market.
- Margins have grown significantly. In 4QFY26, revenue growth was less due to a moderation in export sales, and its spill-over effect is expected in 1QFY27
- NACL achieved a turnaround (revenue up 28% YoY and returned to profitability) during FY26, led by operational improvements. Revenue at INR1.6b and EBITDA INR30m against last year's loss. Accounting policies of CRIN resulted in lower reported profit for NACL due to the creation of provisions.
- CRIN and NACL are working together to leverage synergy benefits and cross-selling products across various markets, depending on the strength of each company. So overall on a consolidated basis, INR40b crores and margin of initial is improved to 6% to 7% (stabilize ~9-10% with product portfolio changes)
- Difficult to improve margins of NACL unless new molecules/products are introduced.
- All segments were good. Additional capacity at Dahej supported additional demand. Domestic B2B's product portfolio was diversified. Prices also improved during the year. There was a 10kT capacity expansion (payback in less than one year).
- The product portfolio of Bio products was also improved
- For FY26, Exports INR14.5b; Domestic B2C INR7b and Domestic B2B and formulation at INR9b
- Raw material supply is covered, and the input costs were passed through to the customers. Growth is driven by Active Ingredients (AI) volumes and additional
- capacities. Domestic formulation growth of 20-25% led by new registrations, new products, and increasing imports of AI from China.

- Mancozeb price increase is not impacting the company as it is getting passed through. RM sourcing has not been affected for Mancozeb (a small disruption was there in Apr'26, which was mitigated through alternate sourcing)
- 0.55mT finished goods (70kT trading) inventory as on Mar'26 with the company

Specialty Nutrients, Nano & New Initiatives

- Steady performance despite supply disruptions, volatile raw material prices, and sharp currency movements
- During FY26, the Nutrient business operated its plants at full capacity and managed raw material sourcing efficiently, thereby ensuring the timely availability of fertilizers.
- The nano business emerged strongly with ~50% market share, and volumes increased ~60%. The company is not pushing Nano DAP, and the company expects this adoption to be slow and steady, though the product is working well.

Backward Integration & CAPEX

- Sulphuric acid (2kTPD) and phosphoric acid (650TPD) backward integration projects at Kakinada were commissioned in 4QFY26. This project entailed a capex of INR11b. Currently, plants are going through trial runs
- The company's fertilizer granulation capacity expansion project at Kakinada is progressing as per plan and is scheduled for completion by Dec'26.

Others

- Agri-retail business continued to scale up its network to 1200 centers, adding over 300 new stores across existing and new geographies in FY26.
- BOD approved the final dividend of INR2 per share. Total dividend for FY26 of INR11 per share, including interim dividend of INR9 per share
- Borrowing costs reduced significantly due to the rights issue.
- Depreciation/Amortization increase due to consolidation accounting as mining costs are getting amortized.
- Sulphur trading at ~USD800/MT. Ammonia at USD840-850/MT; Phosphoric acid at ~USD1,360/MT from USD1,290/MT
- Sourcing is predominantly from ME, and now the company is diversifying (domestic and Canada/Japan). An in-house sulphuric acid plant will benefit the company. Sulphur is available, but its movement is affecting the prices.
- Project Daksha is going well with new products and a large order pending for execution; good traction from the defense segment. Drones for agricultural activities (60k sq facilities at Chennai are likely to be ready by May). First order is expected in FY27 with new products in 6-9 months. Scale up in the next two years.
- CRIN is developing the complete ecosystem for Daksha by tying up with the various component manufacturers, whether it is for batteries, cameras, or various other electronic instruments, and also for software development.

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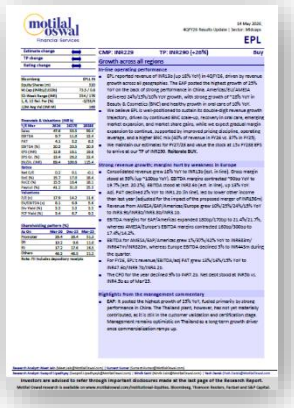
EPL — Buy

Current Price INR 211

Business Performance & Strategic Highlights

- 4QFY26 performance reflected strong execution across both Oral Care and Beauty & Cosmetics (BNC), with management highlighting that the company's long-term strategic priorities are now visibly translating into growth outcomes.





- Revenue growth was broad-based across geographies and categories, with no material one-off benefit from tariff-related inventory stocking, Middle East disruption, or temporary customer loading.
- Management reiterated that EPL's strategy remains centered on: Steady growth in Oral Care, Faster growth in Beauty & Cosmetics, Premiumization, Innovation-led customer engagement, and Market share gains in BNC globally.
- BNC segment continued to be the key growth engine, supported by: Entry into the extrusion segment, Investments in innovation capabilities, Premium product launches, New technologies, and enhanced frontend/backend capabilities.
- BNC now contributes ~40% of total business, while Oral Care contributes ~49%, resulting in a structurally stronger growth profile for the company.
- Management stated that several large BNC markets are now reaching meaningful scale and are contributing materially to consolidated growth.
- Oral Care also recovered strongly during the quarter after facing headwinds in the previous year, indicating normalization in customer demand trends.
- Management remains confident that EPL's current strategy is delivering sustainably and reiterated long-term revenue growth guidance of 11-13%.
- Management highlighted that the current strong topline momentum is a manifestation of strategic investments made over the past several years across categories, geographies, innovation, and manufacturing capabilities.

Margins, Cost Inflation & Pass-Through Mechanism

- Management acknowledged that the current environment resembles the post-COVID inflationary period, with elevated logistics, raw material, power, and freight costs, especially in Europe and West Asia.
- Inflationary impact continues to vary significantly by geography, with India, China, Europe, and the US all witnessing different pricing and supply situations.
- Management stated that pricing, availability, and supply chain conditions are changing almost weekly, making it difficult to quantify a consolidated global inflation number.
- However, EPL highlighted that its pricing and pass-through systems are now significantly more sophisticated compared to the COVID period.
- More than 50% of the company's business now operates under contractual pass-through arrangements.
- The current pricing model is based on: Landed cost pass-through, Power cost pass-through, and Broader operating cost recovery mechanisms.
- Management emphasized that earlier, the company could recover raw material inflation but struggled to recover operational inflation; this has now materially improved.

Margin Performance, Investments & Profitability Outlook

- Management defended margin performance by urging investors to focus on full-year trends rather than quarterly volatility.
- FY26 revenue grew 13%, EBITDA grew 16%, and EBIT grew 18%, indicating operating leverage despite elevated investments.
- 4QFY26 AMESA margins were impacted by two one-offs: CEO transition-related overlap costs and Higher base due to prior-year one-off reversal benefits
- Excluding these items, management indicated that margins remained within the targeted range.

- Management emphasized that while BNC mix expansion structurally supports margins, the company is simultaneously investing aggressively behind growth opportunities.
- Key investment areas include: Frontline sales capabilities, Innovation, Backend manufacturing capabilities, Technology upgrades, and BNC-focused capacity additions.
- Management repeatedly stated that growth remains the primary priority and EPL is willing to absorb "good costs" to build future scale.
- Depreciation increased sequentially in 4QFY26 due to capitalization of large equipment during the quarter.

Geography-wise Performance & Market Trends

- Growth during the quarter was broad-based across geographies, with all major regions delivering strong performance.
- In the EAP region, strong growth was primarily driven by China rather than Thailand.
- Management highlighted China as the key contributor to EAP growth during the quarter.
- The Thailand facility has not yet materially contributed to revenues because it is still undergoing customer certifications, validations, and pipeline development.
- The Thailand plant was commissioned only in November, and management expects meaningful contributions in the future.
- Americas delivered a standout performance with all major countries growing double-digit.

BNC and Oral Care Outlook

- Beauty & Cosmetics segment grew ~30% during the year, significantly outperforming the company average.
- Management highlighted that EPL is still operating with relatively low market shares in BNC, leaving substantial room for future gains.
- The company is actively targeting premiumization opportunities and technology-led differentiation in BNC packaging.
- Strategic investments in extrusion technology are helping expand addressable opportunities in BNC.
- Management stated that BNC continues to gain momentum, particularly in India and other large markets.
- The oral care segment also recovered strongly during the quarter, growing ~10%.
- Management believes the Oral Care headwinds faced last year have largely normalized.
- The company expressed strong optimism regarding FY27 Oral Care growth prospects.
- India and the AMESA regions were specifically highlighted as seeing improving oral care demand trends.

Capex, Thailand Expansion, Merger & Balance Sheet

- FY26 capex exceeded INR4.8b versus depreciation of ~INR3.85b due to aggressive investments behind growth opportunities.
- The majority of FY26 capex was directed toward Beauty & Cosmetics expansion initiatives.

- Management stated that capex was intentionally front-loaded to ensure future growth is not constrained by capacity shortages.
- Thailand's greenfield investment was quantified at approximately USD5m.
- The Thailand facility is currently under customer validation and certification stage and is expected to contribute meaningfully in future years.
- Management reiterated that over the long term, capex intensity should normalize closer to depreciation levels, though near-term capex will remain elevated if growth opportunities continue.

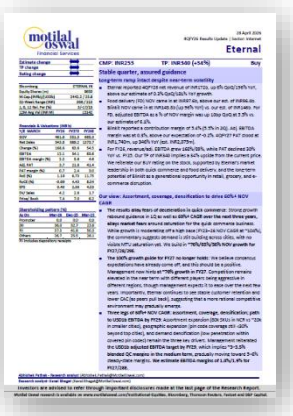
Others

- EPL stated that supply availability remains the company's top operational priority amidst ongoing geopolitical disruptions.
- Management confirmed that raw material availability has been secured at least till mid-July, while inventories continue to be expanded on a weekly basis.
- EPL believes its scale advantages and long-standing supplier relationships provide meaningful competitive advantages during supply disruptions.
- Management indicated that industry-wide shortages may create incremental market share gain opportunities for EPL.
- Tax rate guidance remains broad at 18–22% due to varying tax structures across geographies, ranging from tax-exempt jurisdictions to countries with 34–35% tax rates.
- FY26 effective tax rate stood near the lower end of the guided range at ~18%.
- Management repeatedly emphasized operational agility during the current uncertain environment and stated that the organization is functioning in an "all hands on deck" mode.

eternal

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Eternal — Buy

Current Price INR 247

Demand and growth outlook

- 4Q is seasonally the weakest quarter for quick commerce every year. Two structural factors contract QoQ growth in 4Q - fewer days vs 3Q and a lower share of long-tail categories post the festive period, which pulls down NAOV.
- Quick commerce impact on food delivery has now plateaued; food delivery frequency has been stable for several quarters, suggesting the two categories have settled into distinct use cases.
- From here, management expects to reach USD1b of Adjusted EBITDA by FY29. Back-calculation implies ~3-3.5% steady-state margin for QC.
- FD growth has been accelerating for three consecutive quarters after bottoming out in 1QFY26.
- Long-term expectation remains 20%+ YoY NOV growth, with margins in the 5-6% range.
- The company lowered MOV for Gold members to INR99 from INR 199 from 2QFY26 onwards, stepped up targeted activation for budget-conscious customers, and curated meals under INR 250. Declining NAOV is an intended consequence of this strategy.
- Revenue per order continues to improve, and operating cost efficiencies have kept pace — margins stable even as order mix shifts toward lower-value orders.

- Platform fee being increased, and that incremental revenue is being channeled to select price-sensitive customer cohorts in select geographies. Not a blanket discount — targeted approach.
- App opens have been trending higher over the last few quarters, signaling improving demand independent of their interventions.
- No meaningful impact from LPG shortage so far. When localized supply disruptions happen, demand typically redistributes across the platform rather than going away.
- On fuel prices — last mile cost would go up if prices rise significantly. In the last 12-18 months, the company was able to pass on increases to customers. Until a meaningful hike, this should be manageable.
- 216 net new stores added in the quarter, with total store count at 2,243 by the end of 4QFY26.
- FY23-FY26 NOV posted a 104% CAGR. Growth is moderating off a larger base. Over the next three years, NOV CAGR should be north of 60%, translating to >4x the current scale.
- Three growth levers — assortment expansion, geographic coverage, and demand densification. In top eight cities, primary lever is assortment. Beyond top eight, all three working simultaneously.
- Delhi NCR now offers ~80k SKUs vs ~50k+ in next seven cities and ~20k beyond top eight. Top eight cities have 80-90% pin code coverage vs less than 30% in cities beyond.
- Early experience in newer markets has been encouraging — store ramp-up is faster and profitability is comparable to mature markets despite lower NAOVs, driven by lower real estate and operating costs.
- Delhi NCR has roughly 2x the store density of the next seven cities and 8x vs cities beyond the next seven. That density followed strong customer adoption — flywheel is proven in Delhi NCR, early signs it's beginning in the next set of cities.
- More mature markets like Delhi NCR are already approaching 5-6% steady-state margin. Throughput per store keeps improving, customer retention remains strong even during elevated competition. These are structurally sound profits, not temporary.
- More confident than ever of getting to 5-6% margin guidance. Path may not be linear given multiple moving parts.
- NCR contribution margin in the 10-11% range.
- Fixed costs flat QoQ — continuing to spend on marketing for new customer acquisition. Seeing low CAC as competitors seem to have pulled back. Getting more new customers for the same marketing dollar.
- Store additions on track for 3,000 dark stores by March 2027.
- FY27 growth will not be 100% - more like 70%. Keeping flexibility to respond to market conditions; not closing the door on acceleration if opportunities arise.
- The company does not see competition remaining as intense over a three-year period.
- MTU saturation not a concern for the near term.
- Summer seasonality to drive growth in Q1FY27.

- Competitive activity has not changed meaningfully since the last quarter. Growing as fast as it can while adhering to healthy growth principles. Not opting for unhealthy growth.
- Customer retention not meaningfully impacted despite being more expensive than competition in some geographies.
- Inventory days - 2Q-3Q saw an increase due to a shift to the 1P model. 3Q to 4Q inventory days are fairly stable, around 90 days.
- Assortment expansion will drive higher wallet share even in top eight cities despite high pin code coverage — customer penetration within covered pin codes is still low.
- Not pursuing automation for its own sake. Directionally, automation increasing across warehouses but always evaluated on RoCE.
- Competitive intensity is fairly high pretty much everywhere - different players aggressive in different markets.
- Platform fee being increased and that incremental revenue is being channeled to select price-sensitive customer cohorts in select geographies.
- Ad monetization in QC is almost entirely brands that sell on the Blinkit platform. Non-paid or off-platform brand ads are insignificant.
- Restaurant supply revenue growth at 37% YoY (LFL). Revenue decline on reported basis due to 1P shift in quick commerce reducing inter-segment flows.
- Included in the USD1b EBITDA target alongside all other businesses — will be smallest contributor but still meaningful.
- Over the next three years, Hyperpure could reach USD1b in topline with 4-5% Adjusted EBITDA margin (~USD50m or ~INR4.5b annual profit).
- Guided USD3b NOV and USD150m Adjusted EBITDA by FY30, implying ~30%+ YoY growth from here. Remains confident despite INR depreciation since guidance was given.
- Concert cancellations due to geopolitical situation (artists not coming to India) will not impact the overall growth path — events is just one part of a multi-category business now.

NYKAA

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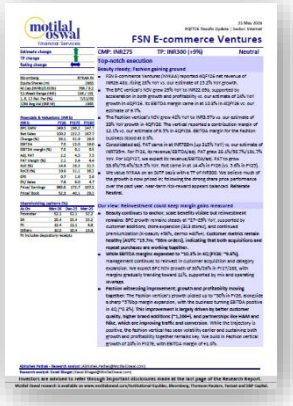


FSN E-Commerce — Neutral

Current Price INR 270

Demand and growth outlook

- Net revenue grew ~28% YoY to ~INR26.5b in 4QFY26, one of the strongest quarterly growth prints in the last 12 quarters; full-year revenue crossed the INR100b (~USD1b) milestone for the first time.
- Revenue has doubled over the last three years (from ~INR50b in FY23 to ~INR100b in FY26), driven by diversification across omnichannel beauty, fashion, B2B distribution, and owned brands.
- Management noted April and May FY27 have started positively, though macro concerns around currency depreciation and inflationary pressures warrant some caution on the outlook.
- Gross profit grew ~32% YoY to ~INR12b in 4Q, with gross margin at ~45.4%, the highest in at least 14 quarters; full-year gross margin expanded ~132bp to ~45.1%.


FSN E-commerce Ventures

- Gross margin expansion was led by strong House of Nykaa performance and improved service income; employee and overhead productivity gains drove the bulk of EBITDA improvement.
- RoCE improved sharply to ~21.2% in FY26 from ~11.3% in FY25, driven by higher profitability and better capital efficiency; working capital days improved from 34 to 28 days.
- Management indicated that the margin trajectory across all segments is expected to remain positive, with reinvestment in growth remaining a priority for the core beauty retail business.
- BPC: The platform recorded ~1.8b visits in FY26 (+28% YoY), with ~19.7m annual unique transacting customers - nearly double the FY23 base; ~66m orders were placed versus ~36m in FY23.
- Beauty vertical GMV grew ~27% YoY to ~INR150b for full-year FY26; 4Q GMV and NSV grew ~27% and ~29% YoY, respectively.
- EBITDA margin for Beauty reached ~10.3% in 4Q, with a ~70bp YoY improvement for the full year to ~9.6%, driven by marketing efficiencies and scale benefits.
- Korean beauty brands grew ~58% YoY; dermo-cosmetics brands saw ~40%+ GMV growth, with NYKAA holding the largest assortment of both categories in India.
- 200+ new brands were launched in FY26, including ultra-luxury entries such as Chanel, La Prairie, and SK-II, alongside prestige additions like La Roche-Posay, IT Cosmetics, and Supergoop.
- EBITDA margin expanded ~570bp YoY from -8.3% in FY25 to -2.6% in FY26; the business turned EBITDA positive at +0.3% in 4QFY26, a key inflection milestone.
- New customer acquisition grew ~41% YoY, with focus maintained on premium, high-quality customers; marketing efficiency improved across the funnel as brand quality and assortment expanded.
- ~1,200-1,300 new brands added in FY26 across categories; H&M has become the #1 brand on Nykaa Fashion since launch in November; Nike was onboarded in Q3 FY26.
- Nike partnership is differentiated - Nykaa Fashion manages nike.com and the Nike app in India end-to-end since February FY26, representing a distinct D2C digital commerce model.
- Emerging categories showed strong traction: Men's +60% YoY, Kids +50% YoY, Home +40% YoY, broadening the platform from women-centric to a holistic lifestyle destination.
- Management expressed confidence in continued positive margin trajectory for fashion, driven by flywheel improvements in customer quality, retention, and assortment depth.
- House of Nykaa: House of Nykaa's GMV grew ~50% YoY to ~INR31.8b in FY26, serving 17m+ consumers and expanded offline distribution to 15,000 doors.
- Beauty brands within the portfolio grew ~65% YoY to ~INR27.9b GMV, having delivered ~4x growth over three years; the unit saw significant EBITDA expansion driven by improved unit economics channel by channel.
- Dot & Key, the flagship brand, grew ~13x over three years to ~INR17.9b GMV; it holds #1 position in sunscreen across Nykaa, Amazon, Flipkart, and Blinkit, and

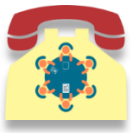
#2 in moisturizers and #3 in face wash. Offline presence expanded to 53,000 doors across 1,000 cities via GT rollout.

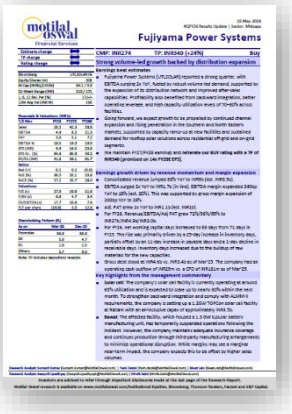
- Kay Beauty grew ~3x in three years to ~INR3.8b GMV; premium kiosk concept (K Cafes) is being rolled out in top-tier malls. International expansion progressing in the UK (via Space NK) and GCC (via JV Nisa).
- Nykaa Cosmetics (second-largest brand) reached ~INR4b GMV with 24% of sales from new launches in FY26, distributed across 62,000 offline doors.
- Management outlined a three-pronged House of Nykaa strategy: 1) accelerate the four scaled brands, 2) incubate the next-tier brands through the ~INR1.5b threshold, and 3) pursue acquisitions/in-house builds to supplement category coverage.
- The House of Nykaa Beauty portfolio's GMV stood at INR775 Cr, reaching an annualized run rate of ~INR3,100 Cr, growing 65% YoY.
- Dot & Key operates at high-teens EBITDA margins, with a strong focus on facewash, moisturizers, and sunscreen categories.
- New third-party channels were added in the past year.

Fujiyama Power — Buy

Current Price INR 336

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Fujiyama Power Systems

Operations

- The company added over 0.4m households in FY26, driven by strong inverter sales, supported by enhanced after-sales service and expanded distribution capabilities.
- During the quarter, the company expanded its distribution network with the addition of 80 distributors, over 450 dealers, and 30+ Shop outlets, taking the total channel partner count to beyond 8,900 in FY26.
- Margin expansion was supported by backward integration, better operating leverage, and lower finance costs following partial debt repayment, although borrowings increased to fund ongoing capex.
- Working capital increased due to higher inventory levels amid capacity expansion, with most inventory buildup concentrated in raw materials, while finished goods inventory remained controlled. Panel inventory is expected to remain elevated, given the high cost of components.
- The company expects to achieve sales exceeding 1GW in FY26, with revenue contribution split broadly across solar panels (40%), electronics (40%), and batteries (20%). Growth during the period was primarily volume-driven.
- Sales remain concentrated in Tier 2 and Tier 3 cities, with continued focus on towns and villages due to the company's strong positioning in off-grid and hybrid systems. Presence in Tier 1 cities is expected to increase as the company expands its on-grid offerings.

BIS Seizure

- The company offers around 500 SKUs, and the department raised queries related to a limited set of products, primarily inverters and batteries.
- The queries pertain to only 10–15 SKUs.
- Management stated that the maximum potential penalty could be equivalent to the value of the seized goods, though the company does not anticipate any penalty, as it believes all queries have been adequately addressed.

- The inspection has had no impact on the company's operations or business continuity.

Capacity expansion at Ratlam

- The Ratlam facility is part of Fujiyama's large-scale greenfield expansion initiative aimed at strengthening its integrated solar manufacturing capabilities. The facility has been designed with an installed capacity of 2GW each for solar panels, batteries, and inverters.
- The plant will initially operate at an annualized capacity of ~1GW under a single-shift model, with capacity expansion planned in phases. The company expects to gradually transition to double-shift operations and achieve full capacity utilization by 4QFY27.
- Following the commissioning of the Ratlam solar panel unit, Fujiyama's total solar panel manufacturing capacity has increased to 3.6GW.
- With these issues largely resolved, the inverter manufacturing line is expected to be commissioned in 1QFY27, with the required machinery already delivered to the facility. Machinery orders for the battery manufacturing line have also been placed, and commissioning is expected in 2QFY27.
- The newly commissioned facilities are expected to generate peak revenue potential of around INR50b, with full utilization targeted by 4QFY28.
- The Ratlam facility is projected to operate at approximately 50% utilization in FY27, increasing to nearly 80% utilization in FY28.

Solar cells

- The facility is currently operating at around 65% utilization and is expected to reach nearly 80% utilization within the next month.
- The company will evaluate a potential transition to TOPCon technology depending on future market conditions; however, management currently does not see an immediate need for such a shift.
- The company is also setting up a 1,200 MW TOPCon solar cell manufacturing facility at Ratlam, involving a total capex of approximately INR3.5b, supported by a favorable demand environment for solar solutions in India.
- Management has completed the quotation process and is now in the final stage of placing equipment orders.
- The stated capex represents the all-inclusive project cost.
- The investment in TOPCon solar cell manufacturing is aimed at ensuring compliance with ALMM-II requirements and strengthening the company's solar value-chain integration.

Fire incident at Bawal

- The affected facility housed a 1.3 GW tubular battery manufacturing unit, and operations at the plant have been temporarily suspended.
- Employees from the impacted facility have been reassigned to other manufacturing units to continue employment.
- The company has adequate insurance coverage for the facility.
- Operations continue through third-party manufacturing arrangements, ensuring minimal disruption to business continuity.
- There has been no loss of centralized digital data, and management does not expect the incident to have any material long-term impact on the company's operations.

- The company has implemented alternate sourcing arrangements, supported by sufficient surplus capacity available in the lead-acid battery market and, therefore, does not foresee any significant impact on revenue generation.
- While margins may witness a marginal impact in the near term, management remains confident of offsetting this through higher sales volumes.

Industry

- Solar energy is increasingly emerging as the preferred power alternative in regions experiencing grid instability and frequent power outages.
- The PM Surya Ghar Yojana (PMSGY) presents an incremental market opportunity of nearly 25 GW.
- India's large population and rising power demand are significantly exceed existing capacity additions, especially compared to China, while recurring electricity shortages further strengthen the need for alternative energy solutions.
- Beyond serving as a reliable backup during outages, solar power also offers attractive long-term economic returns for consumers.
- Management believes the market opportunity remains substantial, and demand is unlikely to be a constraint for companies that can provide quality products and strong after-sales service.

Guidance

- The company aims to double its channel partner network over the next three years.
- Management is targeting around 50% revenue growth and believes existing infrastructure provides sufficient headroom to support higher growth going forward.
- 1QFY27: Revenue guidance stands at approximately INR9b.
- 2QFY27: Revenues are expected to moderate slightly to around INR8b.
- 3QFY27: The company expects revenues to remain broadly stable at nearly INR8b.
- 4QFY27: Management anticipates a sharp acceleration in business activity, with revenues projected to increase to approximately INR15b.

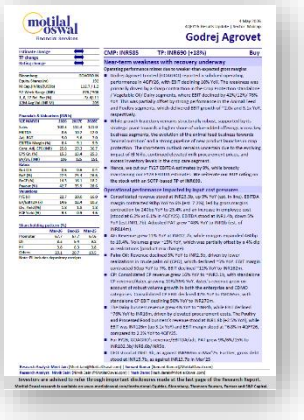
Others

- Management indicated a willingness to sacrifice some near-term margins to expand its customer base, while expecting margin expansion with the implementation of ALMM2. Despite inflationary and market-related uncertainties, the company remains confident of maintaining stable-to-improving profitability.
- The company is also developing Battery Energy Storage System (BESS) solutions to address future market demand.
- In the on-grid inverter segment, the company currently holds an estimated market share of around 10%.
- Management expects inventory days to normalize over time.
- Management stated that there are currently no plans to raise additional capital or dilute promoter shareholding over the next 12 months.

Godrej Agrovet — Buy

Current Price INR 577

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Results Update



Operating performance

- GOAGRO delivered a strong operational performance in FY26, with consolidated revenue surpassing INR100b, reflecting a 9% YoY growth, while profitability expanded at a robust 17% YoY.
- The performance highlights the effectiveness of the company's strategic pivot towards a value-added portfolio, supported by disciplined execution and a continued focus on enhancing the quality and sustainability of earnings.
- During FY26, the company achieved a meaningful reduction in working capital intensity, leading to stronger operating cash flows and a consequent improvement in return on capital employed (RoCE).

Animal nutrition (AF)

- FY26 revenue growth was predominantly volume-led and outpaced industry benchmarks, supported by meaningful margin expansion, driven by favorable commodity trends and continued operational efficiencies.
- Aggregate volumes grew ~12% YoY during FY26, underpinned by robust performance in the cattle feed segment, which recorded a strong 18% YoY growth.
- 4QFY26 witnessed an acceleration in broad-based volume growth (~15% YoY) across most categories, alongside significant margin expansion across the portfolio. Notably, cattle feed volumes grew sharply by ~24% YoY, supported by new product launches, favorable commodity positioning, and sustained cost optimization initiatives.
- Volume growth was driven by targeted execution across key geographies, with a strategic focus on strengthening presence in previously underpenetrated regions.
- An increase in milk procurement prices supported a structural shift towards branded compound feed, as improved farmer realizations incentivized adoption of higher-quality nutrition solutions to enhance milk yields.
- The company has intensified its focus on strengthening R&D capabilities, aligning with its strategy to drive innovation-led growth and product differentiation.
- The pet food segment contributed positively to profitability, with profits of ~INR95m in FY26, aiding overall margin expansion.
- The evolution of the animal feed business towards 'animal nutrition' reflects a strategic shift, emphasizing value-added, benefit-led offerings, and innovation-driven growth.

Crop protection

- Segment performance in FY26 was temporarily impacted by adverse climatic conditions, including extreme weather events and unseasonal rainfall, which led to lower volumes in both in-house and in-licensing categories.
- ahead, management expects a recovery in performance, driven by inventory normalization, focused execution, and a strong pipeline of new product launches, alongside an increased emphasis on priority crops and differentiated offerings. 4QFY26 performance was primarily affected by reduced in-house

product volumes in the co-marketing channel, largely due to inventory build-up during the quarter.

- The company partially mitigated this impact through higher sales of select specialty products; however, the relatively lower margin profile of these products limited the extent of margin recovery.
- The company is undertaking a strategic transition from a crop-specific portfolio to a diversified crop care platform, evolving from a cotton-led herbicide and chilli-focused business towards a multi-crop solutions provider over the next five years.
- As part of this strategy, the company is scaling up its new product pipeline, including Ashitaka (maize) and Takai (rice/insecticide segment). Ashitaka, launched in December, contributed ~3% to FY26 revenues, with management guiding for these two products to collectively contribute ~16% of revenues going forward.

Astec LifeSciences

- 4QFY26 segment revenue and EBITDA recorded strong growth, driven by higher volumes across both the Enterprise and CDMO (Contract Development and Manufacturing Organization) businesses.
- Enterprise margins expanded further during the quarter, supported by improved realizations and lower input costs compared to 4QFY25.
- Astec LifeSciences Limited delivered a notable turnaround in FY26, achieving EBITDA break-even in FY26 alongside a sharp reduction in losses.
- The improvement in volumes, realizations, and capacity utilization across both Enterprise and CDMO segments positions the business for sustained recovery and profitable growth over the medium term.
- FY26 marked a key inflection point with the business achieving EBITDA break-even, reflecting the benefits of ongoing operational and strategic initiatives.
- Recent board-level changes signal a stronger focus on governance and execution, aimed at better leveraging domain expertise to accelerate value creation and drive synergies across the business.
- The revenue mix between CDMO and Enterprise segments is expected to remain broadly stable through FY28, with a gradual shift thereafter towards a relatively higher CDMO contribution.
- Margins across both CDMO and Enterprise segments are expected to remain stable to improving, with management guiding for a 15-20% topline growth trajectory over the medium term.

Dairy

- The dairy segment reported ~5% YoY revenue growth in FY26 (excluding bulk product sales), demonstrating resilience despite demand disruptions in 1QFY26 caused by unseasonal rains, particularly impacting value-added products.
- Segment EBITDA in 4QFY26 was impacted by elevated milk procurement prices, which exerted pressure on margins during the quarter; mitigation measures, including pricing actions and cost controls, were only partially able to offset the impact.
- The share of value-added products improved to ~40% in 4QFY26 (vs. ~38% in 4QFY25), reflecting a continued strategic focus on premiumization and portfolio enrichment within the dairy business.

Palm Oil

- FY26 marked a landmark year for the Oil Palm segment, with double-digit volume growth, peak oil recovery performance, and supportive pricing driving strong revenue growth and significant margin expansion.
- 4QFY26, being a seasonally weaker quarter, witnessed a marginal decline in segment margins, primarily due to higher input costs, with the adverse impact only partially offset during the period.
- The company achieved an all-time high oil extraction ratio (OER) in FY26, with 4QFY26 OER improving to ~20.7% (vs. ~19.7% in 4QFY25), reflecting operational efficiencies and improved plantation management.
- Palm oil industry dynamics remain sensitive to global geopolitical developments, with earlier bearish expectations shifting amid the Middle East conflict; while elevated prices could benefit the oil palm business, any sustained escalation may have offsetting implications for the crop protection segment, limiting net benefits at the consolidated level.
- Excluding the impact of favorable pricing, ~65% of the growth in palm oil profitability in FY26 was driven by internal operational improvements, underscoring the effectiveness of the company's execution and productivity enhancement initiatives.

Godrej food limited (Poultry)

- Godrej Foods Limited (GFL) has consciously reduced its exposure to the volatile live-bird segment, accelerating its strategic transition towards higher-margin branded businesses.
- This shift has led to a structural improvement in earnings quality, with branded revenue salience increasing to over 80% in FY26 and branded volumes registering ~9% YoY growth.
- In 4QFY26, EBITDA margins improved significantly, driven by margin expansion in both the live bird and Yummiez categories, supported by improved realizations.
- Over the next 4-5 years, the company intends to exit the live-bird business, reinforcing its focus on a more stable, value-added branded portfolio.
- The company is also scaling its presence in the frozen chicken segment, which offers significant growth potential in India, particularly driven by the rapid expansion of quick commerce and evolving consumer preferences.

Outlook

- Management has guided for early double-digit revenue growth at the consolidated level in FY27, alongside mid-teens growth in profit before tax (PBT), reflecting confidence in underlying demand recovery and execution.
- The animal nutrition business is expected to sustain double-digit growth, supported by volume growth
- FY27 is anticipated to be a recovery year for the crop care segment expected to see from 2Q onwards with a strong rebound expected in both revenue and profitability, driven by normalized channel inventories and improved demand conditions.
- Milk procurement prices are expected to moderate from 2QFY27 onwards, which should support margin expansion in the dairy segment.

- The oil palm business is expected to deliver early double-digit growth in FY27, with the company aiming to surpass the record area expansion achieved in FY26.
- Astec LifeSciences Limited is expected to witness a strong recovery, led by the CDMO segment, with management guiding for continued EBITDA positivity going forward.
- The company has outlined a capex plan of ~INR3.5b- 4b for FY27, with ~75–80% allocated towards growth initiatives; notably, ~50% of the total capex is earmarked for the oil palm business, underscoring its strategic importance.

Macro environment

- The macro environment remains uncertain, particularly with respect to the evolving impact of El Niño, making it difficult for the company to accurately factor in its potential effects on demand and agri-linked segments.
- The possible emergence of the Indian Ocean Dipole could partially offset the adverse impact of El Niño, thereby moderating weather-related disruptions, although the extent of this interplay remains uncertain.
- The impact of El Niño is expected to vary across geographies, with regional dispersion in rainfall patterns likely to influence crop cycles, farm incomes, and consequently demand across agri-linked businesses.
- The oil palm segment is relatively insulated in the near term, as palm plantations are long-gestation assets and are less immediately sensitive to short-term climatic fluctuations.
- In the animal nutrition (AF) segment, monsoon performance does not exhibit a direct correlation, with milk yield trends emerging as the more critical monitorable, given their direct linkage to farmer income and feed demand.

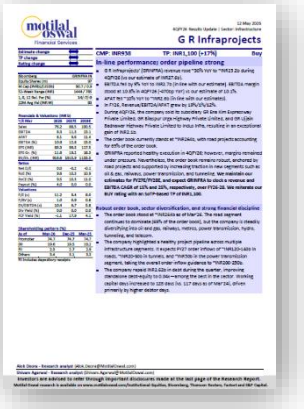
GR Infra — Buy

Current Price INR 881

Business updates

- In 4QFY26, the company reported healthy revenue growth; however, it missed the guidance of INR30b in revenue due to a delay in appointment for one project.
- Management expects intense competitive bidding to selectively continue, while sharp increases in raw material costs are likely to weigh on EBITDA margins.
- Management indicated that the margin trajectory will depend on the pace of order inflows and stabilization in geopolitical tensions, as elevated crude oil prices could weigh on profitability, given that ~40% of raw material costs are linked to crude prices. However, higher project wins and improved execution scale are expected to support margin expansion.
- The company has guided for FY27 order inflows of ~INR200-250b, subject to materialization of the bidding pipeline.
- The company plans an equity investment of INR6b–7b in warehousing and logistics over the next three years. Near-term RoE is expected to be impacted by front-ended investments and long gestation nature of projects.
- During 4QFY26, GRINFRA added INR360m to fixed assets. Capex guidance for FY27 stands at INR3-3.5b.

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- Working capital days increased to 128 days (vs. 117 days as of Mar'24), driven primarily by higher debtor days.
- The company's standalone and consolidated debt stood at INR3.1b and INR49.2b as of Mar'26.
- The company repaid INR2.62b in debt during the quarter, improving standalone debt-equity to 0.04x—among the best in the sector. Consolidated net debt-equity stood at 0.36x.
- Consolidated trade receivables are INR23.7b; standalone unbilled revenue is INR8.1b.
- Management indicated that investments in subsidiaries stood at INR22.7b as of Mar'26, with a balance equity commitment of INR34.8b for operational HAM/BOT projects, including ~INR10b expected to be infused in FY27.
- NHAI has also tightened the qualification and bidding criteria, which will ease the competition going forward.

Order book

- The order book stood at ~INR264b as of Mar'26.
- The company expects FY27 order inflows of ~INR120-140b in roads, ~INR20-30b in tunnels, and ~INR50b in the power transmission segment.
- Overall, FY27 order inflow guidance stands at ~INR200-250b, subject to materialization of the bid pipeline.

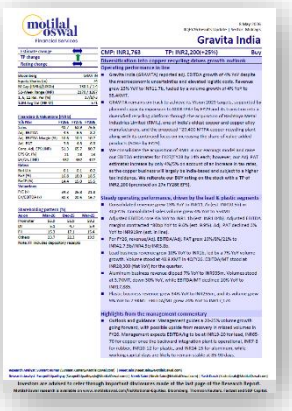
Guidance

- The company expects revenue growth of ~15% in FY27, aided by execution of ~INR10-12b in the oil & gas segment, timely execution ramp-up, and fresh order inflows.
- GRINFRA continues to diversify beyond roads, with increasing opportunities in oil & gas and expanding presence across railways, metro, power transmission, hydro, tunneling, and telecom.

GRAVITA

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motilal oswal Financial Services

Gravita India

CMP: INR1,763 TP: INR2,200+(25%) Buy

Highlights from the management commentary

Gravita India — Buy

Current Price INR 1,624

Operating performance

- Gravita India Ltd. concluded FY26 on a strong note, delivering healthy growth across key financial and operating metrics, with volumes rising 5% YoY.
- The company's performance was supported by a higher contribution from value-added products along with increased domestic scrap sourcing, which aided both margins and operational efficiency.
- Management highlighted that the resilient performance was underpinned by disciplined risk management practices, agile execution capabilities, and strong operational efficiency across business segments.
- Value-added products contributed 42% of overall revenue during FY26, reflecting steady progress toward the company's Vision 2029 target of increasing the share of value-added products to 50% of total revenue.

Outlook and guidance

- In line with its Vision 2030 strategy, Gravita India Ltd. continues to scale its core recycling businesses and is targeting a capacity of 800K TPA by FY29, while also expanding into newer verticals such as copper, lithium-ion batteries, and rubber recycling.

- Management highlighted that increasing government regulations and the ongoing shift from the informal to the formal sector are driving supply chain formalization and improving compliance standards across the recycling industry.
- the near term, margins may remain impacted due to disruptions arising from the Middle East conflict. While the company is actively exploring alternative markets for its value-added products, onboarding new customers in these geographies is expected to take time.
- Working capital days currently stand at ~90 days, primarily due to higher inventory levels maintained to support upcoming capacities. Going forward, management expects working capital days, including the copper business, to remain broadly stable in the range of 85-90 days.
- The company is targeting a volume CAGR of ~25% over the next three years, supported by ongoing capacity additions and expansion into new business segments.
- Management guided for a consolidated tax rate of ~17–18% going forward.
- While absolute EBITDA is expected to grow with scale, EBITDA margins are likely to remain largely stable, with working capital intensity also expected to stay at similar levels post the RMIL consolidation.
- EBITDA per kg guidance across segments stands at: lead recycling at INR19-20/kg, copper at INR65-70/kg, rubber at INR7-8/kg, plastic at INR10-12/kg, and aluminum at INR14-15/kg.
- The company has guided for volume growth of 20-25% in the near term, with management indicating that actual growth could be higher as certain volumes were missed during the previous year.

Lead

- In February 2026, Gravita India Ltd. expanded its Mundra lead recycling capacity by 80,300 MTPA, taking the total capacity at the facility to 145,100 MTPA.
- The newly added capacity is expected to improve operational efficiencies, optimize logistics, and strengthen the company's servicing capabilities for key export markets, given the strategic proximity of the Mundra facility to the port. Management also highlighted that the Mundra plant continues to provide significant advantages in raw material sourcing and access to global markets.

Copper

- Gravita India Ltd. has entered the copper recycling segment through the proposed acquisition of up to a 100% stake in RMIL, marking a strategic diversification initiative aimed at strengthening its long-term growth platform.
- The company has also announced plans to establish a copper recycling plant in Mandvi, Gujarat, with a planned capacity of ~29,400 MTPA. The project is expected to be commissioned within the next 12 months and will be funded entirely through internal accruals.
- Management indicated that the copper business had a negligible contribution to FY26 performance, as the acquisition was completed only in March 2026.
- Around 10-12% of the company's revenues are linked to the Middle East region, largely comprising value-added products. Lower sales to the region amid geopolitical disruptions, coupled with elevated freight costs, negatively impacted EBITDA margins during the period.

- Through the consolidation of RMIL, the company gains access to a portfolio of value-added copper products and intends to undertake backward integration through the Mundra facility. Management expects these initiatives to create operational synergies and support margin expansion over time.
- Working capital intensity is expected to remain broadly stable despite the copper expansion, with management indicating that higher margins from the business are unlikely to materially alter overall working capital days.
- RMIL is currently operating at ~50% capacity utilization, with management targeting an increase to ~60-65% utilization over the next year.
- RMIL's product portfolio includes copper sheets, brass cups, copper foils, and related products catering to industries such as electricals & electronics, coinage, and ammunition.
- Current EBITDA per ton in the copper business stands at ~INR45,000/ton. Management expects this to improve to ~INR65,000–70,000/ton, driven by backward integration benefits and operational efficiencies once the plant is commercialized.
- The company is targeting ~40% volume growth in FY27, supported by a ramp-up in the copper segment and broader recycling business expansion.
- RMIL currently operates at EBITDA margins of ~8%, which management aims to improve to ~9-10% through better utilization of copper scrap, leveraging Gravita's sourcing network, and establishing new procurement yards in developed markets.
- The copper business currently has a capacity of ~31,200MTPA, with plans to increase the capacity to 60,000MTPA over the next 2-3 years as the company scales its presence in the segment.

Lithium

- As part of its diversification strategy, Gravita commissioned a 6,000 MTPA pilot lithium-ion battery recycling facility at Mundra in January 2026 with an investment of INR140m.
- The facility is expected to scale up gradually as operations stabilize.
- Backed by advanced recycling technology, the plant will ensure safe and sustainable recycling of lithium-ion batteries, minimize environmental impact, and conserve valuable resources while strengthening Gravita's presence in the emerging EV battery recycling segment.

Indian Hotels — Buy

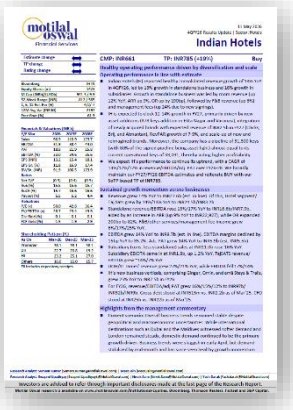
Current Price INR 656

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Operating performance

- The company continued to scale its operations while maintaining profitability, delivering an EBITDA margin of ~35% during the year. Standalone RevPAR growth remained industry-leading at nearly 12%, supported by a combination of higher room rates and occupancy improvements.
- The company reiterated that unlike many Western hotel markets where profitability is primarily driven by room revenue, the Indian hospitality industry generates meaningful profitability from food and beverage operations as well, thereby enhancing overall margins.
- Profitability and cash generation continued to strengthen materially. The company crossed INR20b in PAT for the first time while maintaining double-digit



CAGR over the last four years. Management attributed this performance to disciplined execution, brand strength, and a diversified operating model.

- The organization also highlighted the role of its 50,000+ associates and strong owner relationships in driving operational excellence. More than 40 hotel owners have entrusted the company with multiple assets, reflecting confidence in the management platform.

Outlook and demand

- Management remains constructive on the medium-term demand environment for the Indian hospitality industry, despite near-term geopolitical headwinds. Business conditions were somewhat sluggish in early April due to macro uncertainty, but demand stabilized by mid-April and has strengthened meaningfully thereafter.
- Management has guided for revenue growth of 12-14% for FY27, with stable EBITDA margin, strong cash generation and RevPAR growth of 7-9%.
- The company expects nearly 4-5% incremental growth contribution from new businesses rather than like-for-like growth alone. MICE demand and premium leisure travel are expected to remain supportive.

New and reimagined business

- The Air & Institutional Catering business segment (TajSATS) clocked a revenue of INR12b, up 16% growth YoY, and EBITDA margin of 24.2%.
- New businesses, comprising Ginger, Qmin, amã Stays & Trails, and Tree of Life, reported an enterprise revenue of INR11b, up 37%, and consolidated revenue of INR7.5b, up 25%.
- Enterprise revenue of Ginger stood at INR8b, up 21%, with EBITDAR margin of 43%. Ginger Mumbai Airport, brand's flagship, crossed a milestone revenue of INR1b, delivering a 56% EBITDAR margin.
- Qmin has grown to over 100 outlets across multiple formats, amã Stays & Trails has reached a portfolio of 370 bungalows with 186 in pipeline, and Tree of Life is at a 34-resort portfolio with 11 in pipeline in FY26.

Pipeline

- The company continues to aggressively scale its portfolio through an asset-light strategy. ~90% of the development pipeline is now asset-light, significantly improving capital efficiency and return metrics.
- Current pipeline includes: 31,000+ keys under development with majority of pipeline structured under management contracts and other capital-light arrangements.
- International expansion is also progressing steadily, with the Frankfurt property expected to open in June.
- Within the Ginger brand specifically, management expects the portfolio to reach 250 hotels, either operational or under development by FY27. Additionally, the company expects more than 60 hotel openings during FY27, reflecting accelerated execution momentum.

Portfolio

- IH signed 250 hotels across its brandscape through inorganic and stable organic growth including:
- Onboarding of Claridges Collection, acquisition of controlling stake in Atmantan, Brij hospitality, ANK, and Pride hospitality.

- IHCL opened and onboarded 130+ hotels, taking its operating hotels to 373 hotels with an inventory of over 33,000 rooms in FY26.
- Partnerships
- Management disclosed that more than 30 amendments have already been signed across the ANK and Pride portfolio. Of these, nearly 15 properties are expected to convert during the current quarter itself.
- These additions are largely structured under asset-light arrangements, supporting growth without materially increasing balance sheet intensity.
- Recent acquisitions are expected to contribute more than INR2.5b in incremental revenue going forward.

Others

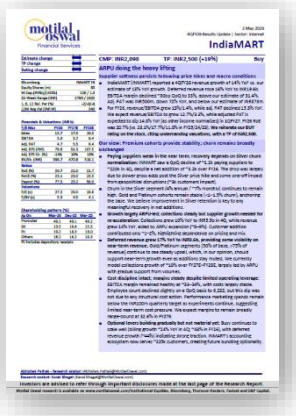
- Management believes the company now possesses one of the broadest and most comprehensive hospitality brand architectures in India.
- Some levy-related impacts at TajSATS resulted in EBITDA growth lagging revenue growth during the year.
- Loyalty platforms continue to deepen customer engagement and strengthen direct demand channels.
- The company remains highly confident about the long-term structural growth opportunity in Indian hospitality, supported by rising domestic travel demand, premiumization trends, and increasing brand penetration across segments.

IndiaMart Intermesh — Buy

Current Price INR 1,979

Click below for Detailed Concall Transcript & Results Update





Collections, paying suppliers, and customer additions

- Paying suppliers declined ~1,200 QoQ to ~2,20,000 in 4QFY26, FY26's net addition of ~3,200; management attributed the decline to muted gross additions following the Silver tier price hike (implemented end of Q2FY26) and geopolitical disruption.
- Churn metrics remain differentiated across tiers: Platinum monthly churn remains well below 1%; Gold at 1–1.5%/month; Silver Annual at 4%/month; Silver Monthly elevated at 7%/month - no meaningful improvement QoQ.
- Consolidated collections grew 10% YoY to INR 5.95b in 4QFY26 and 14% YoY to INR 18.57b for FY26, steady monetization momentum despite headwinds at the Silver tier.
- Management estimated 1,500 customers were lost due to the US-Iran conflict (end of February), with an additional 1,500 attributable to price-hike-related softness - implying an underlying trajectory of +2,000 net adds absent these factors.
- Management indicated no guidance on net additions until sustained multi-quarter positive trends are observed; the near-term outlook remains contingent on Silver churn normalization.
- Unique business inquiries stood at 27mn for FY26, with 4Q seeing a mild 1% YoY decline - attributed to the company's deliberate introduction of buyer-side OTP verification for multiple inquiries, which reduced conversion from traffic.
- Repeat inquiry share is running at near all-time highs of 58–59%, reflecting improving platform stickiness on the buyer side despite flat gross inquiry growth.

Cost and margin

- Consolidated EBITDA came in at INR 1.33b in 4QFY26 (margin 33%) and INR 5.30b for FY26 (margin ~4%), remaining broadly stable YoY despite near-zero customer count growth, underscoring the platform's inherent operating leverage as ARPU-driven revenue scales with a largely fixed cost base.
- Employee expense decline QoQ was partly due to the absence of the one-time INR 85mn new labour code provision taken in Q3FY26 - underlying cost trajectory remains variable with business scale.
- Performance marketing spends remain below the stated INR 100mn/quarter target, as the company continues experimenting across categories and channels before committing full budgets.
- Buyer-side advertising runs primarily on Google (search-intent driven), while supplier-side advertising is concentrated on social channels (YouTube, Instagram, LinkedIn); both channels remain separate and complementary.
- Management does not foresee a structural step-up in employee additions; hiring is calibrated to sales and servicing requirements, implying limited operating leverage in the near term.

Acquisitions/Accounting Systems

- Busy reported 4QFY26 billing of INR450m and FY26 billing of INR1.70b, with normalized YoY growth (excluding payout structure change impact) of 24% and 43%, respectively - indicating accelerating commercial momentum.
- Busy's revenue from operations stood at INR 340mn in 4Q and INR 1.19b for FY26, with normalized growth of 53% and 44%, respectively, reflecting strong revenue recognition momentum.
- Busy sold 11,000 new licenses in 4Q, taking cumulative licenses sold to 4,42,000; FY26 new license additions stood at 45,000.
- INMART's accounting portfolio (Busy, Vyapar, and Livekeeping) collectively serves 2,25,000 net paying customers, with total licenses sold exceeding 4,42,000. Potential for synergistic bundling with INMART's 2,20,000 paying suppliers is being evaluated but not yet implemented.
- The three accounting products target distinct segments: Busy for SMBs (inventory + GST); Vyapar for micro businesses (mobile-first billing); Livekeeping for Tally's 2m subscribers seeking browser/app-based access.
- IndiaMart has invested INR 7.50b across 13 companies over 5–6 years; 6 of these have crossed INR 1.00b in revenues, with potential IPO candidates expected in 2–3 years.

Other highlights

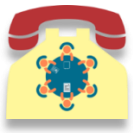
- Management views INMART's serviceable market as 50% penetrated on a free-listing basis (50 lakh businesses on the platform vs. 1.6 crore GST-registered MSMEs), implying incremental volume headroom is limited; growth levers now shift to trust, discoverability, and digitalization quality.
- Benchmark comparison with 1688.com (1mn paying suppliers, USD 2bn revenue) used to frame long-term potential; management targets 500,000 paying suppliers before transitioning to a predominantly ARPU-led model.
- AI-driven voice bots now handle 80% of buyer interactions (previously managed via human calls), improving both quality and productivity - a material operational efficiency gain.

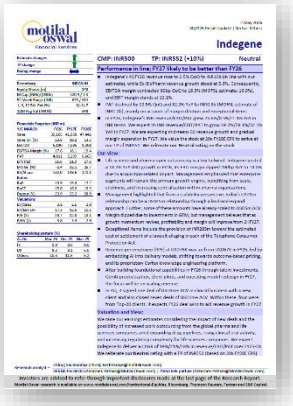
- Three-tier differential pricing architecture (standard, premium, super-premium covering 95%, 5%, and top 1,000 categories respectively) is being refined to better capture demand-supply dynamics at a category level.
- Export-oriented business (export.indiamart.com) has scaled to INR 600–700mn in collections, growing from INR 200–250mn earlier - an underappreciated revenue stream gaining scale.
- Management reiterated preference for dividends over buybacks post the recent tax policy changes; capital allocation strategy will be re-evaluated annually.

Indegene — Neutral

Current Price INR 519

Click below for Detailed Concall Transcript & Results Update





- Organic revenue growth during the quarter was at 19.0% YoY and 5.6% QoQ, and in FY26 at 16.8%. Total revenue growth (including BioPharm) in 4Q was at 32.8% YoY and 6.5% QoQ, and in FY26 at 23.6%.
- During the quarter, the core segment (enterprise medical) was up 20.4% YoY and 6.3% QoQ, and enterprise commercial solutions grew 37.7% YoY and 7.5% QoQ. The key markets of North America were up 36.9% YoY and 9.9% QoQ, and Europe rose 24.9% YoY but declined 3.0% QoQ.
- Customer industry-wise: Biopharma was up 27% YoY, 6.6% QoQ; medical devices grew 97.9% YoY but declined 1.9% QoQ, and Emerging Biotech was up 161.9% YoY and 45% QoQ.
- Active clients stood at 91 vs. 73 in FY25.
- Number of clients in the >USD25m bucket was 3 vs. 2 last year, and the top client contribution was at 9.3% vs 12.0% in 4QFY25.
- Total employees stood at 5,666 vs. 4,961, and attrition was 15.8% vs 16.6% in 4QFY25.
- 27.3% employees are from a healthcare background vs. 23.8% in FY25.
- DSO at 63 vs. 72 in 4QFY25; it is expecting a steady state DSO band of mid 60-70 days.
- RPE at USD75K was up from USD67K in FY25, led by embedding AI into delivery models, shifting towards outcome-based pricing, and its proprietary Cortex knowledge engineering platform.
- Across the top 20 clients, revenue grew to INR25m from 22m in FY26 on the back of portfolio offering and recurring engagements, while beyond top 20, the number of clients contributing more than USD1m increased to 53 (Ex-BioPharm: 48) from 41. Interestingly, growth in this cohort outpaced the top 20.
- Management highlighted that from a scalability perspective, today's USD1m relationship can be a USD25m relationship through a land-and-expand approach. Further, some of these accounts have already scaled to USD5m ACV.
- Expecting its largest top client to become its first USD50m+ client on the back of new tectonic AI- powered engagement beginning in Germany.
- During the quarter, signed one deal of USD3m+ ACV in clinical business with a new client and also closed 7 deals of USD1m+ ACV, of which four were from the top-20 clients. Expecting FY26 deal wins to support revenue growth in FY27.
- Margin dipped due to investments in GTM, but management believes that as growth momentum revives, profitability and margin will improve from 2HFY27.

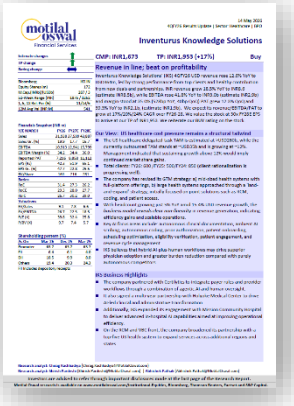
- Exceptional items include the provision of INR203m toward the estimated cost of settlement of a lawsuit alleging breach of the Telephone Consumer Protection Act.

Inventurus Knowledge Solutions — Buy

Current Price INR 1,708

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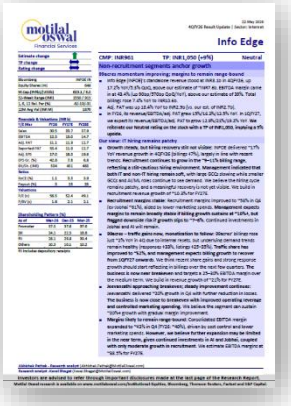
- The US healthcare delegated-task TAM is estimated at >USD260b, while the current outsourced TAM stands at ~USD35b and is growing at ~12%. Management indicated that sustaining growth above 12% implies continued market share gains.
- Strategic positioning is evolving from traditional outsourcing/vendor model to an AI-native 'platform system of action', integrating multiple healthcare workflows across provider operations.
- Management has categorized industry participants into three groups: a) system-of-record/EHR vendors, b) point-solution systems of action, and c) integrated platform systems of action; IKS believes long-term market consolidation will favor integrated platforms over fragmented point solutions.
- Total headcount: 13,331 vs 12,661: FY25; Tech focused employees: 550 vs 473: FY25; Sales and marketing employees: 66 vs 55: FY25.
- With headcount growing just 5% YoY amid 15.4% USD revenue growth, the business model reveals clear non-linearity in revenue generation, indicating efficiency gains and scalable operations.
- Total Clients: FY26: 600 /FY25: 500/FY24: 850 (client rationalization is progressing well).
- Management acknowledged initial cross-sell challenges within the Acuity customer base, as the company attempted to sell enterprise platform solutions to operational buyers who lacked decision-making authority.
- Hence, the GTM strategy has been revised: a) mid-sized health systems targeted with full-platform offerings, b) large health systems approached through 'land-and-expand' strategy, focused initially on point solutions such as RCM, coding, and patient access.
- An existing client, Mission Community Hospital, is expanding its relationship with the company into AI-led hospital operations optimization, including ICU utilization, operation theater optimization, and nurse scheduling analytics.
- AI and agentic automation are now central to the company's strategy; management is transitioning from a "human-led tech-in-loop" model to "AI-native agent platform" architecture.
- Key AI focus areas include: autonomous clinical documentation, ambient AI scribing, autonomous coding, prior authorization, patient onboarding, scheduling optimization, eligibility verification, patient engagement, and revenue cycle management.
- The company has launched interconnected AI-agent workflows across documentation, coding, and prior authorization; management believes integrated workflows create compounding operational benefits versus standalone tools.

- The company has introduced 'Scribble Select', a hybrid ambient AI scribing platform, allowing physicians to choose between fully autonomous and human-assisted workflows based on patient encounter complexity.
- Management noted industry-wide adoption challenges for fully autonomous ambient AI scribes, with utilization often plateauing around 50–60% of patient visits due to editing burden in complex cases.
- IKS believes hybrid AI-plus-human workflows may drive superior physician adoption and greater burden reduction versus purely autonomous competitors.
- Autonomous coding platform demonstrates high accuracy in at least two specialties; broader rollout is ongoing.
- The company launched MyCare Hub, an AI-driven multi-agent orchestration platform focused on patient access, onboarding, scheduling, eligibility verification, benefits coordination, prior authorization, and patient collections.
- MyCare Hub and AI-driven RCM/coding capabilities are now available through Epic Systems Connection Hub, improving penetration opportunities within large health systems.
- Technology workforce has expanded to ~550 employees, with an increasing focus on AI engineering, data science, and autonomous workflow development.
- Management emphasized healthcare AI requires "human-in-the-loop" safeguards due to hallucination risk, compliance sensitivity, and deterministic workflow requirements.
- The company differentiates between deterministic workflows (requiring symbolic AI + rules engines) and non-deterministic workflows (well-suited for generative AI).
- Management believes one of its long-term competitive moats to come from combining AI-native platform capabilities with outcome-based accountability tied directly to provider financial and operational metrics.
- IKS highlighted performance-linked contracts and measurable provider outcomes as a key strategic differentiator versus conventional outsourcing vendors and software-only peers.
- Partnership with Certa is aimed at improving payer-provider collaboration through AI-driven interoperability, denial reduction, and claims/documentation alignment.
- Strategic acqui-hire of Think DTM accelerated development of MyCare Hub and broader multi-agent AI orchestration capabilities.
- Recognition and rankings: The company highlighted leadership positions in AI-driven RCM and strong rankings from Black Book and KLAS across ambulatory RCM, coding, and documentation categories.
- Workforce diversity remains a strategic focus; women represent ~45% of total workforce and significant representation exists across leadership roles.
- Management reiterated that the long-term healthcare industry direction is shifting toward partners capable of delivering integrated operational outcomes rather than fragmented manpower-based services.

infoedge

Click below for Detailed Concall Transcript & Results Update





Info Edge — Neutral

Current Price INR 1,006

Recruitment

- Full-year FY26 standalone recruitment billings grew ~10% to ~INR2.4b, with revenue up ~14% to ~INR2.3b; operating profit margin held at ~57%, modestly improving versus prior year.
- Billing growth moderated to the 9-11% range across all quarters of FY26, stepping down from ~18% YoY in Q4 FY25, reflecting geopolitical headwinds, tariff-related uncertainty, and a generally cautious corporate hiring stance.
- Management noted sentiment remains lukewarm - larger GCCs have reduced hiring volumes over recent quarters, while smaller GCCs and AI/ML-related roles continue to see demand; the non-IT market has also slowed, tied to broader macroeconomic conditions.
- Naukri job seeker services (B2C) reported ~INR530m in billings for full-year FY26, up ~19% YoY, with operating profit of ~INR980m and a ~57% operating profit margin; Q4 alone grew ~33% YoY, an acceleration management attributed to the shift to a self-serve, online-first model under Naukri 360.
- AI Rex (agentic recruitment platform) has onboarded ~1,000 clients with ~30,000 job mandates processed; currently offered free to build adoption, with monetization expected to follow as enterprise usage deepens; management views this as a potential incremental revenue stream of a few hundred crores over a three-year horizon.
- Premium segment (earners above ~INR2.5-3.0m annually) is growing faster than the mid-tier; Naukri is actively strengthening presence here via Naukri Top Tier, Premium X, IAM Jobs, and Hirist to defend and grow share against LinkedIn in passive and senior-level hiring.
- Jobhai is now a traffic leader in Delhi NCR and has begun monetization; management plans to expand the template to Mumbai and Bangalore in FY27, targeting ~100% annual growth from a small base; the business is strategically important for tapping the informal/value segment, with Chinese peer BOSS Zhipin cited as the aspirational model.
- FY27 recruitment margin guidance: broadly stable at current levels if billings grow ~10%+; margin compression risk if growth slows to ~7-8%; continued investment in Jobhai and AI will be maintained regardless.

Real Estate

- Management highlighted competitive weakness at Housing.com (~INR2.5b annual burn) and MagicBricks (recent leadership changes) as contributing factors; execution and granular focus by the 99acres team were cited as the primary drivers of share gains.
- Full-year FY26 billings grew ~10% YoY to ~INR4.97b, with revenue up ~19% YoY to ~INR4.88b; cash losses from operations were minimal at ~INR50m.
- 99acres now commands ~52% web traffic time-share (April figure), up from ~46% a quarter prior; app traffic share is ~54% overall and ~67% on iOS, reflecting consistent market share gains across categories.
- Medium-term target: double billings over three years (to ~INR10b) from the FY26 base of ~INR5b, with a ~25-30% EBITDA margin; management expects the business to return to cash generation in FY27 if current momentum is retained.

Other highlights

- The combined matchmaking portfolio (Jeevansathi + Aisle) reported ~INR1.8b in billings for FY26, up ~29% YoY; combined operating losses declined ~50% YoY to ~INR150m, reflecting improving operating leverage.
- Jeevansathi now holds ~45%+ profile share in Hindi-speaking markets and is the daily active user leader in these geographies; competitive pressure from leading matrimony platforms on pricing has intensified, though the business has demonstrated greater resilience than in prior cycles.
- AI-driven changes in search behavior have materially impacted Google-referred traffic for several quarters; in Q4, this translated into a direct billing impact as reduced search referrals affected client deliverables; management expects this headwind to persist in the near term.
- To offset AI-led traffic headwinds, Shiksha is investing in domestic counselling capabilities and AI-driven voice bots to scale and complement human counselling efforts; monetization of these services is expected to progressively offset the structural traffic pressure.
- Study abroad saw softness, particularly in the US and Canada-bound segments, driven by evolving student preferences and macro factors; 99acres is actively broadening destination coverage to the UK, UAE, and continental Europe to align with shifting demand.
- Info Edge Ventures now has ~50-51 deep tech or AI-first companies out of ~130+ portfolio investments since 2007; management noted nearly all new inbound opportunities have an AI element; key challenge cited is identifying businesses with durable moats at the application layer, given rapid replication risk.
- Two new funds - Karkardooma Trust and one deep tech fund - have been launched; the former targets growth-stage investments while the latter continues Info Edge's deep tech focus previously pursued via Redstart and Capital 2B.

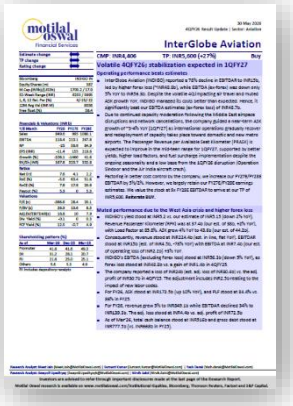
Margins

- Standalone operating profit grew ~39% YoY to ~INR3.2b in 4QFY26; operating margin expanded to ~40% in 4Q and ~37% for full-year FY26, up from ~32% in FY25.
- Recruitment operating margin improved ~400 bps QoQ to ~58% in Q4, driven by lower marketing spend (-13% YoY); excluding Jobhai, margin was ~61%; full-year FY26 standalone recruitment margin was ~57%, and ~59% excluding Jobhai.
- Employee cost discipline has contributed to margin improvement - headcount is being managed tightly, with each new hire and rehire reviewed closely; no layoffs have occurred, but productivity gains from internal AI tool adoption are allowing the business to scale without proportional headcount additions.
- 99acres reported operating breakeven in Q4 FY26 (excluding the one-time warranty reversal of ~INR205m); management targets ~25-30% EBITDA margin for 99acres over the medium term as operating leverage plays out.
- FY27 margin framework for recruitment: stable margins if billing growth is ~10%+; some near-term margin risk if growth slows to ~7-8%; investment in Jobhai and AI will be maintained as strategic priorities.

Interglobe Aviation — Buy

Current Price INR 4,513

Click below for Results Update



Outlook and guidance

- Management guided for modest ASK/capacity growth of ~3–4% YoY in 1QFY27, primarily impacted by continued Middle East-related airspace disruptions during April and May.
- Despite fare hikes across the industry, IndiGo indicated that demand trends remain healthy, with pricing power sustaining well across key routes.
- Management highlighted that elevated ATF prices, rupee depreciation, and the onset of seasonal softness from mid-June could exert pressure on near-term margins.
- The company plans selective route rationalization, lower deployment of older aircraft, and optimization of ACMI wide-body operations to safeguard profitability and improve operational efficiency.
- IndiGo reiterated confidence in its long-term growth trajectory, supported by its scale advantages, strong balance sheet and liquidity position, expanding international network, ongoing fleet modernization initiatives and disciplined cost management strategy.
- Management guided for mid-teen growth in PRASK/passenger unit revenue during 1QFY27, driven by fuel surcharge implementation, improved pricing environment, better load factors and a favorable base effect from weak May FY26 performance.
- The company clarified that the guided mid-teen PRASK improvement incorporates contributions from both higher yields and stronger occupancy/load factors.
- IndiGo stated that demand trends remained relatively soft in April as operations continued to normalize, while May witnessed a meaningful improvement in booking and traffic trends.
- Management highlighted that demand has remained resilient despite fare increases, with the current market environment appearing relatively inelastic to higher ticket prices.
- The company indicated that fare hikes remain necessary to offset elevated fuel and currency-related cost pressures, although the full extent of cost inflation has not yet been completely passed on to passengers.
- Management noted that corporate travel demand continues to remain healthy, with no visible signs of weakness observed so far during May FY27.

Fuel Prices, Cost Trends & Hedging

- Management highlighted that global jet fuel prices witnessed a sharp surge amid escalating Middle East tensions, materially impacting airline economics across international markets.
- Domestic ATF price increases remained relatively contained due to coordinated interventions by the Government of India, oil marketing companies, and airport operators.
- Management indicated that domestic ATF prices increased by ~25–30%, significantly lower than the more than 100% rise witnessed in international market-linked fuel prices.

- The company noted that airport operators and oil marketing companies collectively helped cushion the impact on consumers through deferment of airport charges and calibrated fuel pricing measures.
- Fuel CASK declined ~5% YoY during 4QFY26, largely driven by lower benchmark fuel prices prevailing for most of the quarter.
- Ex-fuel CASK increased ~7% YoY to INR3.15, primarily impacted by INR depreciation, lower aircraft utilization, ongoing airspace restrictions, and annual escalation in airport and maintenance-related costs.
- Management now expects ex-fuel CASK growth to remain in the mid-to-high single-digit range over the coming quarters amid continued operational volatility and lower fleet utilization levels.
- IndiGo has started implementing a more aggressive forex hedging strategy, with the hedge target revised upward from USD1b earlier to USD3bn currently.
- Current forex hedging exposure stands at approximately USD1.3bn.
- Management reiterated that every INR1 depreciation against the USD results in an estimated mark-to-market balance sheet impact of ~INR900m.
- IndiGo also stated that fuel hedging remains under internal evaluation, although the company has not yet implemented a formal fuel hedging program.

Fleet Strategy & Aircraft Utilization

- Management indicated that Pratt & Whitney-related aircraft groundings currently remain in the “40s” and are expected to decline to the “30s” by the end of FY27.
- The company stated that its immediate fleet optimization focus remains on returning expensive damp-lease aircraft and gradually reducing deployment of older, fuel-inefficient aircraft.
- Management clarified that there are currently no changes in aircraft delivery schedules from OEMs, with deliveries continuing as per the existing plan.
- IndiGo intends to remain flexible and dynamic in fleet planning depending on the evolving duration of Middle East-related disruptions and fuel price movements.
- FY26 gross fleet additions stood at 72 aircraft, taking the airline’s total fleet size to 441 aircraft at the end of the year.
- The airline inducted India’s first A321XLR aircraft during the year, which management highlighted as a key enabler of IndiGo’s long-term international expansion strategy.

International Operations & Capacity Deployment

- Following the escalation of the Middle East conflict, a significant portion of the ~160 daily affected flights had to be cancelled immediately due to safety-related operational considerations.
- International operations have since witnessed a gradual recovery, with only ~20% of the affected capacity operational initially, improving to nearly two-thirds of earlier levels currently.
- Management expects full restoration of impacted international operations by the end of June, subject to ongoing risk assessments and geopolitical developments.
- The company expects Middle East travel demand to strengthen during 2QFY27, which is seasonally a stronger quarter for Gulf-bound traffic.

- Capacity redeployment from disrupted international routes is currently being directed toward newly operational metro airports such as Navi Mumbai and Jewar, along with domestic leisure destinations during the peak summer travel season.
- Management reiterated that international network deployment and long-haul expansion decisions will continue to remain dynamic, with route planning and capacity allocation being calibrated based on daily operating conditions and profitability considerations.

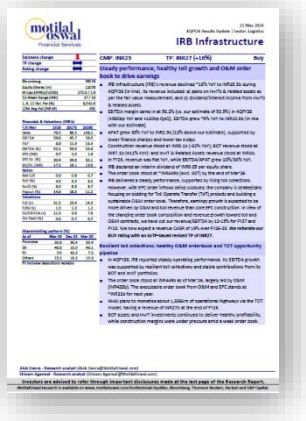
Others

- Management described FY26 as one of the most challenging years for the Indian aviation sector, marked by repeated geopolitical disruptions, operational challenges, currency volatility and Middle East airspace constraints.
- The company acknowledged that the December operational disruption had a material impact on operations and customer experience, with service levels temporarily falling below IndiGo's internal standards.
- Operational stability improved significantly post-December, with IndiGo consistently leading the industry in on-time performance during 4QFY26.
- Management emphasized continued focus on long-term network expansion, disciplined execution, and balance sheet strengthening despite the near-term volatility.
- Willie Walsh was appointed as Chief Executive Officer effective August 2026 and will take full charge of the business, leading the next phase of the company's global expansion strategy.
- Management highlighted that aircraft ownership provides structural benefits, including higher returns versus idle cash holdings, lower financing costs, and a gradual reduction in forex-related exposure.

IRB Infra — Buy

Current Price INR 21

Click below for Results Update


IRB Infrastructure

- Consolidated EBITDA stood at INR10.8b (+10% YoY) with a margin of 56.2% (+980bp); an increase in margin was led by high profitability in the BOT segment and gains from InvIT & related assets.
- BOT EBITDA stood at INR6.3b (margin 89%); InvITs & related assets EBITDA was INR3.8b (margin 95%); construction EBITDA was ~INR1.2b (margin 15% vs. 21% YoY).
- The company has successfully commissioned tolling operations for the TOT-17 and TOT-18 projects.
- The company is expected to bid for more TOT projects in the coming 3-4 months, with a tender opportunity of ~1,800km in place.
- The impact of bitumen and cement price hikes will not materially affect the project, which has an escalation mechanism linked to the prices of the commodities.
- The company continues to unlock capital by transferring assets from private InvIT to public InvIT. It currently plans to transfer two more assets.
- Management expects the WPI to stay inflated, which would result in a higher tariff revision in Apr'27.

- The company also received COD for the Ganga Expressway project (Package – 1) and commenced the tolling operations from 17th May'26.
- Intense competition is being witnessed in BOT and HAM projects.
- Private InvIT per-day toll collection rose to INR136m in FY26 (from INR105m in FY25), up ~30%; combined Private InvIT + IRB per-day toll collection stood at INR211m.
- Distribution of INR2b was declared by Private InvIT in 4QFY26, proportionately contributing to IRB's cash flows.
- Cumulative distribution from both InvITs stood at INR2.97b for FY26.

Order book

- Order book by end-Mar'26: INR449b (excl. GST) – O&M: INR428b, EPC: INR21b.

Industry and bidding pipeline

- NHAI plans to monetize about 1,806km of operational highways via the TOT model, having revenue of INR27b as on FY26.
- NHAI's awarding activity remains muted (only ~2,393km awarded in FY26) due to delays in bid timelines despite identified opportunities; however, it is expected to improve in the coming quarters, with a robust pipeline in place.

Medium-term vision

- The company targets to scale its road AUM from ~INR800b to ~INR1,400b over the next three years.
- Over the next five years, it aims to improve cash RoE from ~8% to ~14%+ and deliver a PAT CAGR of ~25%, supported by annuity-led asset base and resilient traffic growth.
- The company targets a net debt-free balance sheet by FY30, driven by disciplined capital allocation and calibrated asset monetization.

Guidance

- EPC order inflows remain subdued at present, and the company is strategically focusing on building a sustainable O&M order book, which provides long-term revenue visibility and stable income streams over the next 10–12 years.
- Management expects EPC margins in the range of 18–20% (including O&M), while BOT projects are likely to deliver margins of ~85%. The order book stands at INR449b, while the company is evaluating a bid pipeline of new TOT projects in the next 3-4 months.
- The contribution from O&M revenue is expected to rise, with O&M execution increasing to 50% of the order book in the future (from ~25-30% currently).
- The focus will remain on core road infrastructure, with no diversification into unrelated sectors.

Kajaria

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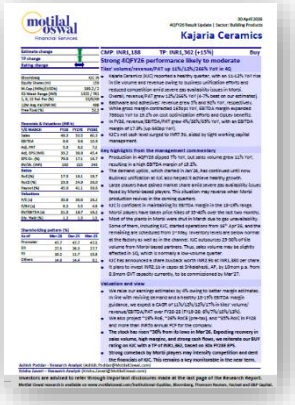


Kajaria Ceramics — Buy

Current Price INR 1,108

Key operational highlights: 4QFY26

- Revenue/PAT grew 12%/266% YoY, 4-7% beat on our estimates
- Tiles volume/revenue grew 11% YoY each, aided by business realignment efforts
- EBITDA grew 90% YoY with a margin improvement of 786bp YoY to 19.2% due to cost optimization efforts and operating leverage benefits
- In FY26, revenue/EBITDA/PAT grew 4%/38%/65% YoY with EBITDA margin up 440bp YoY at 17.9%
- KJC maintained strong cash flows and a tight working capital cycle.


Kajaria Ceramics

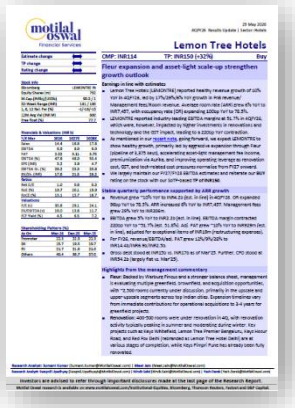
Business development and outlook

- Production in 4QFY26 dipped 7% YoY, but sales volume grew 11% YoY, thus benefiting EBITDA margin to stand high at 19.2%.
- Demand uptick, which started in Jan'26, has continued till now.
- Going forward, management is confident of maintaining EBITDA margin in the 18-19% range.
- Morbi players have taken price hikes of 35-40% in the last two months.
- Most of the plants in Morbi were shut in March. Some of them, including KJC, started operations from 16th April, and the remaining are scheduled to begin from 1st May.
- Inventory levels are below normal at the factory as well as in the channel.
- KJC outsources 25-30% of tile volume from Morbi-based partners. Thus, sales volume may be slightly impacted in 1Q, which is normally a low-volume quarter.
- Gas price increased in Mar'26 by 16%+ in Morbi and 12-13% in South.
- Announced share buyback worth INR2.9b at INR1,380 per share.
- To invest INR2.1b in capex at Srikalahasti, Andhra Pradesh by 10msm p.a. from 8.8msm GVT capacity currently, to be commissioned by March'27.
- Promoters have decided not to take a salary in FY27 as well.

Lemon Tree Hotels — Buy

Current Price INR 111

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Lemon Tree Hotels

- Fleur: Backed by Warburg Pincus and a stronger balance sheet, management is evaluating multiple greenfield, brownfield, and acquisition opportunities, with ~2,500 rooms currently under discussion, primarily in the upscale and upper-upscale segments across top Indian cities. Expansion timelines vary from immediate contributions for operational acquisitions to 3-4 years for greenfield projects.
- Renovation: 400-500 rooms were under renovation in 4Q, with renovation activity typically peaking in summer and moderating during winter. Key projects such as Keys Whitefield, Lemon Tree Premier Bengaluru, Keys Hosur Road, and Red Fox Delhi (rebranded as Lemon Tree Hotel Delhi) are at various stages of completion, while Keys Pimpri Pune has already been fully renovated.
- Restructuring: After reorganization, Lemon Tree shareholders will effectively own ~58% of Fleur vs. 46% currently, while benefiting from management contracts that provide stable fee income and operational synergies between the two entities. Although Fleur will retain flexibility to partner with other brands where commercially viable, Lemon Tree is expected to remain a preferred partner given its strong operating track record. The demerger process is expected to take 12-18 months, depending on NCLT approvals.

MTAR Technologies — Buy

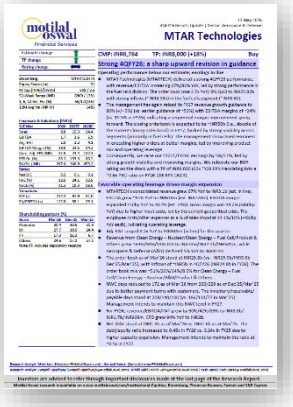
Current Price INR 7,459

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FY27 Outlook & Growth Guidance

- Management remains highly optimistic on FY27 growth prospects and has revised revenue growth guidance upward to ~80% (+/-5%) from the earlier 50% guidance.
- Unlike FY26, where growth was backend-loaded, management expects a strong 1HFY27 along with an even better 2HFY27 performance.




MTAR Technologies

- Clean Energy is expected to contribute nearly 70% of FY27 revenue mix, while the balance will come from other verticals.
- The company has guided for ~24% EBITDA margins in FY27, supported by operating leverage, improved execution, and scale benefits.
- Working capital levels are expected to remain broadly stable during FY27.
- Management indicated that operating leverage benefits should meaningfully improve as volumes ramp up, with nearly ~5% operating leverage benefit estimated at higher revenue levels.
- MTAR plans to incur INR2.5-3b capex over the next two years while maintaining a comfortable ~0.5x debt-to-equity ratio.

Order Book, Capacity Expansion & Execution

- Management targets FY27 order inflows significantly higher than FY26 levels; they gave INR50b orderbook guidance.
- Incremental order opportunities are expected mainly from Clean Energy, Oil & Gas (O&G), Aerospace & Defence (A&D), nuclear, and other industrial segments.
- Several A&D opportunities are currently at advanced prototyping stages and are expected to transition into commercial production.
- The company is undertaking multi-fold capacity expansion across facilities, although specific numbers cannot be disclosed due to customer NDAs.
- Capacity expansion is being executed proactively based on customer requirements to avoid delivery bottlenecks.
- MTAR is also increasing manpower and management bandwidth in anticipation of future scale-up.
- Management highlighted that ~INR5-7b incremental capex would be required over time to support a potential INR50b revenue scale.
- The current order book provides visibility for nearly 3-3.5 years, although management said to execute the majority within 2-2.5 years.

Clean Energy, Data Centre & New Growth Opportunities

- The company is significantly expanding capacities in the Clean Energy segment to cater to rising customer demand and ensure timely deliveries.
- MTAR has entered into a long-term engagement with a large multinational company for critical infrastructure assemblies used in data centers.
- The company has already received a ~INR350m prototype order in this segment, with a potential business opportunity estimated at ~INR4-5b over time.
- These data-center-related assemblies involve highly specialized manufacturing with nearly ~70% value addition and attractive profitability.
- Management highlighted increasing opportunities from customers involved in large-scale data center infrastructure buildouts.
- For the IAI program, first article completion is expected by Sep'26, followed by volume production beginning from Oct'26.

Oil & Gas (O&G) & Product Division Update

- The new O&G plant is expected to be commissioned by Sep'25.
- Management highlighted strong customer appreciation regarding product quality and execution capabilities at the O&G facility.
- A single O&G customer alone has the potential to generate ~USD35-40m revenue over time.

- Once major volume production begins, the company expects to onboard multiple additional customers in this segment.
- Management expects the O&G segment to reach its peak sales potential of ~INR4.5-5b over the next 2-3 years.
- In the Product Division, MTAR has already qualified to supply Ball Screws to several large multinational companies, which is expected to support future growth in this vertical.

Nuclear Segment Opportunity

- Management expects the Nuclear segment to contribute significantly higher revenues going forward and believes the company is currently in a "sweet spot" in this business.
- The company expects multiple reactor refurbishment opportunities in India as reactor upgrades and maintenance remain an ongoing process.
- MTAR, in collaboration with NTPC and NPCL under the Action Project, expects related tenders to be floated during the current year.
- Around INR2.5b worth of nuclear-related orders were deferred from the current quarter, and management remains confident of securing these orders.
- The company has already received orders related to five reactors and expects further per-reactor wallet share expansion with Calandria and related reactor assemblies.
- Management believes India's growing nuclear infrastructure pipeline provides strong long-term visibility for the segment.

Financials, Margins & Cash Flow

- Gross margins declined during the quarter due to elevated input costs arising from geopolitical issues.
- The company remains focused on improving working capital efficiency, capital allocation, and cash flow discipline.
- Working capital performance improved during the year primarily due to renegotiated payment terms with customers, which also supported strong operating cash flow generation.
- MTAR has been able to negotiate borrowings at more favorable terms given its healthy balance sheet position.
- Management indicated that debt funding will continue to be utilized prudently for future expansion.
- The company booked nearly INR250m forex gains under other income during FY26.
- On forex hedging, management indicated that discussions with banks suggest the USD is expected to remain relatively stable.

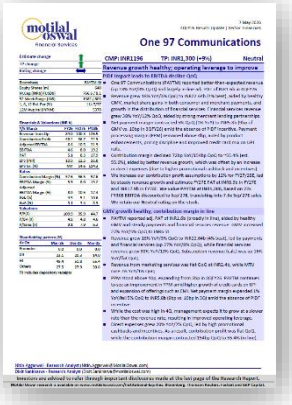
Other

- Fluence-related opportunities remain under deliberation due to tariffs and export-related issues impacting battery businesses.
- Although MTAR has already completed prototyping work for Fluence, the project has currently been deferred; however, the company remains ready whenever customer requirements revive.
- MTAR received an initial ~INR40m order from AMCA and is among eight qualified vendors participating in structural assembly tenders.

- Management stated that first-article development remains a continuous process and current FY27 guidance already factors in such developments.
- Nearly 90% of FY26 revenue was generated from existing products, highlighting strong execution and scaling of the current product portfolio.

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One 97 Communications — Neutral

Current Price INR 1,062

Revenue

- Payments contribute ~55% of total revenue, with the company witnessing tailwinds across both offline and online merchant segments.
- Marketing services revenue is expected to see stronger growth in FY27E compared to the muted performance in FY26.
- The payments business has evolved into a funnel for lending and cross-selling opportunities across multiple business lines. The company continues to expand payments as it supports growth in adjacent businesses.
- Payment processing margins remain above 4bp, supported by product enhancements, pricing discipline, and an industry shift toward credit instruments on UPI rails.
- The company has delivered healthy payment processing margins. Subscription revenue remained largely flat/slightly lower due to some PIDF-related impact, although merchant retention is improving payback periods. Management is comfortable earning lower subscription revenue as it creates opportunities for lending cross-selling.
- Credit card-on-UPI remains a small part of the overall card ecosystem, while GMV growth has been driven by high engagement from better-quality customers.

Costs

- In the marketing business, new growth avenues such as digital gold are emerging. Incremental customer additions are currently skewed toward lower-transacting users, prompting the company to focus on acquiring higher-quality customers without materially increasing costs. Spending will continue within guided limits.
- MTU growth has yet to fully reflect in operating metrics relative to costs, though management expects improving trends ahead.
- Indirect costs witnessed QoQ changes due to annual appraisals; however, these are expected to grow slower than revenue, resulting in operating leverage benefits.
- The company sees opportunities for incremental investments in AI, though it does not foresee any material capital investment requirements.
- Capex intensity is expected to remain lower relative to revenue growth going forward.

AI related

- Paytm remains committed to making incremental investments primarily in AI.
- AI initiatives are aimed at improving merchant experience and enhancing overall business efficiency.
- AI agent monetization is supporting the marketing business and also helping reduce customer churn.

Postpaid/wallet

- The company remains committed to the wallet business and is awaiting approval related to wallet operations.

Merchant business

- Online merchants faced headwinds last year due to restrictions on onboarding new merchants; however, both online and offline merchant businesses are now performing well.
- Merchants are categorized into exclusive and non-exclusive segments. Management remains confident on exclusive merchants, while competition intensity could be relatively higher in the non-exclusive segment.
- Personal loans and wealth products are expected to emerge as the next growth levers within the merchant ecosystem in FY27E.
- DLG levels remain broadly stable or marginally higher vs. 3Q.
- Online merchant GMCV growth has started improving, with management highlighting significant long-term opportunities in the online merchant segment, where the company already holds a meaningful presence.
- Key growth drivers in the merchant business include merchant base expansion, higher rate penetration, and improving ticket sizes.
- Merchant lending penetration as a percentage of subscription devices has increased to 7%, up 1% YoY.
- Higher merchant engagement is driving better penetration levels and improvement in ticket sizes.

Lending business

- Paytm continues to position itself as a pure technology company. The lending business is witnessing strong momentum, particularly in personal loan disbursements.
- Headwinds in the lending business are gradually turning into tailwinds, with growth trends improving.
- As the company does not intend to own the lending book, management indicated that asset quality trends cannot be meaningfully disclosed.

Paytm Money

- AI agents are transforming the business and helping customers through curated trading strategies and personalized experiences.
- New customer additions are primarily driven by mutual fund and SIP creation, with inflows largely coming through customer churn from other brokers.
- Management highlighted that the value lies in the product offering rather than pricing alone.

EBITDA margin

- The company expects EBITDA margins to improve further, supported by stronger operating leverage. FY27E EBITDA margins are expected to be better than FY26 levels.

PIDF scheme

- The PIDF-related impact is being partially offset through sales optimization and subscription revenues. Management expects to offset around 30-40% of the impact, with further improvement likely ahead.

Regulatory

- The PPBL ban has not had any material impact on the broader business.

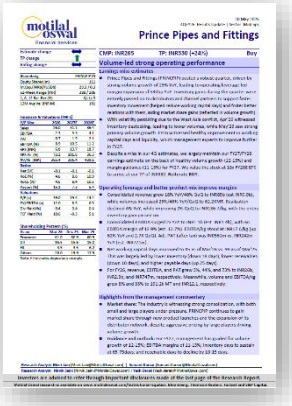
- Management is not keen on pursuing an NBFC license at this stage, as the company remains focused on its core strengths of distribution and technology platform development.

Prince Pipes — Buy

Current Price INR 274

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Prince Pipes and Fittings

Demand and Market Environment

- FY26 remained a challenging year for the industry, impacted by sharp volatility in raw material prices, prolonged unseasonal rainfall, and subdued demand across key end-user segments.
- Sharp fluctuations in PVC resin prices disrupted channel dynamics across the value chain during the year.
- Apr'26 remained challenging for the industry due to significant channel destocking, which impacted volumes; however, demand and volumes witnessed a healthy recovery in May.
- Despite a sharp cost escalation across building materials, management has not observed any slowdown in real estate construction activity, given the non-discretionary nature of pipes.
- The industry is witnessing strong consolidation, with both small and large players facing challenges. PRINCPIP continues to gain market share through new product launches and expansion of its distributor network.

Operational Update

- Despite external headwinds, the company delivered its highest-ever quarterly volume performance, with volume growth of 23% YoY in 4QFY26, while full-year volume growth stood at 8%.
- The strong volume performance highlights the resilience of the business model, strength of the company's market presence, and disciplined execution focused on operational efficiency, cost optimization, and targeted growth initiatives.
- Working capital efficiency improved significantly during the year, driven by a sharp reduction in inventory and receivable days, with working capital days reducing to 45 days from 98 days in the previous year.
- The company passed on inventory gains to channel partners during the quarter to support faster inventory movement (helped reduce working capital days) and foster better relations with them, resulting in no inventory gains being booked in 4QFY26.
- Volume growth remained robust across all three months of 4QFY26, with only a marginal impact in March due to war-related disruptions.
- The strong performance was supported by an aggressive pricing strategy and the passing on of inventory gains to channel partners, in line with the company's market share expansion strategy.
- CPVC continued to be the fastest-growing segment for the company during the quarter.
- Margin expansion during the quarter despite no inventory gain was led by the absence of inventory losses, strong volume growth, and a favorable product mix led by CPVC.
- CPVC volume growth outpaced overall volume growth of the company, reflecting increasing market acceptance of its products.

New Product Launches

- During the quarter, the company continued to strengthen its growth platform through innovation and strategic expansion.
- The company enhanced its product portfolio with the launch of 'DECILO', the low-noise polypropylene pipe system.

Guidance and Outlook

- Management remains optimistic about future growth prospects, supported by the improving PVC pricing environment.
- The company has guided for FY27 volume growth of 12–15%, with EBITDA margins expected to remain in the range of 11–13% on an annualized basis.
- Management highlighted that the share of value-added products will remain a key determinant of the margin trajectory going forward.
- Strong demand was witnessed across both plumbing and agriculture segments in May, and management expects demand momentum to remain favorable for large organized players amid accelerating industry consolidation and continued stress among smaller players due to the challenging macroeconomic environment.
- The company maintained its inventory guidance of 60–75 days and is currently operating well within this range.
- Further sustainable improvement in working capital is expected to come from lower debtor and inventory days, with the company targeting an additional reduction of 10–15 days in debtor days by the end of FY27.
- Growth in value-added products is expected to outpace growth in core products, with the segment's contribution expected to reach ~27% going forward.
- Gross margins are expected to expand going forward, driven by better pricing, a richer product mix, benefits from decentralization, and new product launches.
- In 1QFY27, inventory losses are expected due to price correction; however, the losses will be lower due to increasing control on inventory and working capital.

Capacity Additions and Capex

- The company has estimated ~INR700m of maintenance capex for FY27.
- Capacity utilization at the Begusarai plant remained healthy at ~65%. The company is focused on improving utilization levels at its South Indian plants, which is expected to be driven by gradual market share gains in the region.
- Overall FY26 capacity utilization stood at ~52%, with management expecting utilization to improve to ~58–60% by the end of FY27, subject to achieving the guided volume growth.
- South Indian plants are currently operating below optimal utilization levels. Management indicated that once utilization reaches ~65%, asset turnover could scale to nearly 2.5x of the gross block.

Others

- The company continued to expand its geographic reach to drive volume growth across markets.
- Despite the volatile industry environment, the company added distributors across the domestic market, benefiting from ongoing industry consolidation and onboarding multiple new channel partners.
- The agriculture segment remains relatively price-sensitive and contributes less than 30% of the overall volume mix, with customers being less brand conscious.

Management highlighted that the key demand tailwinds continue to remain in the plumbing segment.

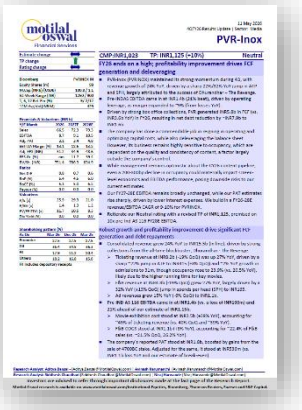
- FY27 capex guidance stands at ~INR2-2.1b, which will primarily be utilized toward maintenance capex, debottlenecking across 2–3 plants, and completion of the Aquel plant (~INR400m–420m).
- In both PVC and CPVC, the company's pricing remains broadly at par with the market leader at a pan-India level, although minor variations may persist across states.
- Management stated that the company has not lost market share and continues to focus on expanding its retailer and distributor network, strengthening its product portfolio through innovative launches, and increasing the share of value-added products.
- Contribution from the project business has increased to ~30% of revenue currently, compared to ~25% around 1–1.5 years ago.

PVR Inox — Neutral

Current Price INR 979

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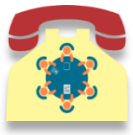

PVR-Inox

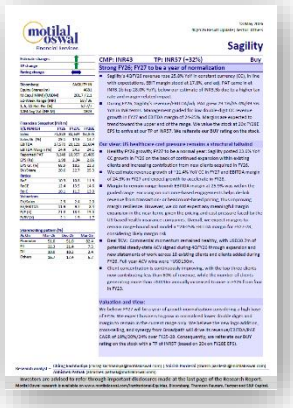
- **Box office trends:** Indian gross box office collections grew ~11% YoY to INR135.2b in FY26, marking the highest-ever collections for the industry. Growth was driven by resurgence in Bollywood (Hindi originals up 55% YoY), robust recovery in Hollywood (+54% YoY), and increasing contribution from mid-scale films (INR1-2b box office category share rose from 12% to 20%), indicating a broader and more resilient content ecosystem.
- **Operating momentum:** 4QFY26 witnessed the highest-ever fourth quarter collections for PVRINOX, supported by titles such as Dhurandhar - The Revenge, Border 2, and Project Hail Mary. Admits stood at 31m for 4Q (and ~150m+ for FY26, +10% YoY), while ATP and SPH jumped to an all-time high in 4QFY26, driven by traction for premium formats and robust content slate. Management noted that growth could have been higher if not for the deferral of a few big-ticket regional movies such as Toxic and Jana Nayagan.
- **Occupancy and margins:** FY26 occupancy stood at 26.2% despite a weak Feb'26 and a lacklustre performance of Diwali releases. Management remains confident of a steady rise in occupancy levels. Further, driven by post-merger cost synergies, management noted that company can achieve ~16-17% pre-IND AS EBITDA margins at ~27-28% occupancy levels (~350-400bp lower occupancy requirement for similar margins before COVID), with profitability set to improve sharply as occupancy rises further.
- **Capital light expansion:** PVRINOX added 93 new screens in FY26 (75 on net basis), of which ~55% were under capital-light formats, including asset-light and FoCo models. Further, ~44% of the new screen additions were in South India. Management aims to add 100+ screens in FY27, and believes the post-merger portfolio rationalization is complete (18 screen closures in FY26 vs. 72 YoY).
- **Capex:** Driven by a focus on asset-light model, PVRINOX's capex declined by ~24% to INR2.55b in FY26. For FY27, the company is targeting a capex of ~INR3.7b, with INR2-2.25b earmarked for new projects, INR0.8-1b for renovation of premium screen formats, and the rest for maintenance capex. The

company has signed 138 screens across 34 cinemas in capital-light mode, expected to be executed over the next 18 months.

- **Net debt** declined further to INR1.6b (~90% reduction since merger), reflecting strong free cash flow generation, and asset rationalisation and non-core divestments. Management targets to reduce gross debt to ~INR5b (vs. INR7.6b currently), and would firm up dividend/buyback plans after reaching a net cash level.
- **Content pipeline:** FY27 content pipeline remains broad-based across Hindi, regional, and Hollywood cinema with key titles including Cocktail 2, Dhamaal 4, Welcome to the Jungle, Ramayana Part 1, Toxic, Jailer 2, Spider-Man, Avengers Doomsday, Dune 3, and Jumanji. Management remains optimistic on occupancy improvement, supported by increasing theatrical-first releases and sustained investments by filmmakers toward big-screen content.
- **Inflation impact on PVRINOX:** Management noted that spends on cinema experience remains a small part of overall household budget (ATP of 280, ~2-2.5x annual frequency). Further, management indicated that going to a theatre typically emerges as a more economical entertainment avenue (vs. long distance travel, etc.) during challenging times and, therefore, does not expect inflation to materially impact demand trends for PVRINOX.
- **Advertising** revenue growth was softer in FY26 due to lower availability of highly marketable films, resulting in reduced inventory utilization, while pricing remained stable. With improving content visibility and enhanced data-led advertiser targeting, advertising remains a key lever, with recovery potential as content breadth normalizes, likely by 2HFY27.
- **Smart screen rollout:** The company expects to operationalize initial smart-screen pilot projects by mid-July FY27, with plans to add ~28-30 screens under this format during FY27. These screens are targeted at tier-2 and tier-3 markets, with a more affordable offering and ~30-40% lower capex per screen vs mainstream cinema formats.
- **IPL impact on PVRINOX:** Management indicated that several movies have released in the past few weeks and have done well at the box office. IPL and movies can co-exist, as has been proven over the past few years. In fact, PVRINOX will also screen IPL knock-out games in the coming weeks.
- **Industry outlook**: Management reiterated that theatrical-first has firmly emerged as the dominant release model, with producers and OTT platforms increasingly prioritizing cinemas as the primary monetization platform. The company believes OTT substitution concerns are largely behind the industry, while cinema consumption continues to benefit from India's structurally strong movie-going culture and improving content breadth.

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Sagility — Buy

Current Price INR 40

- Organic growth remained robust at 15.0% CC in FY26 and 19.4% in 4QFY26, driven by strong expansion within existing clients, healthy demand across payer and provider operations, and growing contribution from newly added clients.
- Seasonal demand during the Medicare Advantage Annual Enrollment Period (AEP) and open enrollment cycle was significantly stronger than expected, contributing ~6% of FY26 revenue vs. ~3% historically, with BroadPath and clinical operations being key contributors.
- Commercial momentum remained healthy, with USD30.7m of potential steady-state ACV signed during 4QFY26 through expansion and new statements of work across 18 existing clients and clients added earlier during FY26. Full-year ACV wins were approximately USD130m.
- The company added 17 new clients during FY26, including several regional health plans and Blue Cross Blue Shield organizations, strengthening the future growth pipeline and improving diversification across the client portfolio.
- Client concentration continued to improve, with the top three clients now contributing less than 60% of revenue, while the number of clients generating more than USD20m annually increased to nine in FY26 from four in FY23.
- Payer verticals continued to dominate the revenue mix, contributing 89.7% of FY26 revenue, while the provider business contributed 10.3%, with management remaining optimistic on long-term provider-side opportunities in revenue cycle management (RCM).
- Management highlighted increasing traction in AI- and technology-led transformation offerings, particularly through the “Sagility Synchrony” suite and outcome-based managed services focused on cost reduction, member engagement, care management, and operational transformation for healthcare payers.
- The company emphasized that healthcare clients are increasingly seeking strategic partners capable of delivering measurable business outcomes and AI-enabled transformation rather than traditional manpower-based outsourcing services.
- Sagility continued to invest in AI and technological capabilities, with multiple AI-led pilots and operational deployments already implemented across healthcare workflows, while ensuring solutions remain explainable, auditable, compliant, and regulator-ready.
- The BroadPath acquisition strengthened Sagility’s capabilities in seasonal and member-facing operations, particularly during peak enrollment periods, while also expanding the company’s client access and US delivery capabilities.
- Management highlighted a strong pipeline of transformational opportunities, with ~USD575m worth of proposals currently submitted to clients, primarily centered around multi-year managed services and AI-led cost optimization engagements.
- The company reiterated that its growth strategy remains focused on expanding wallet share within existing accounts, increasing penetration into mid-market healthcare plans, and scaling transformational managed services offerings.

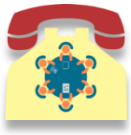
- Revenue visibility for FY27 remains strong, with management indicating that 7-8% growth is already embedded from existing contracts and prior deal wins, in addition to recurring seasonal revenue.
- Management guided for low double-digit CC revenue growth in FY27 and EBITDA margin at 24-25%, with margins expected to trend toward the upper end of the range if the current forex rates remain stable.
- Adjusted EBITDA margins for FY26 stood at 25.3%, exceeding earlier guidance despite the integration impact of BroadPath and increased investments in growth and delivery capabilities.
- 4Q EBITDA margins were impacted by a one-time employee bonus payout related to the transition of the salary hike cycle from a calendar-year basis to a financial-year basis, reducing quarterly margins by ~170bp.
- Management clarified that increasing onshore delivery exposure is largely driven by new clients and regulatory-sensitive engagements, while existing clients continue to prefer offshore delivery due to cost advantages.
- Operational efficiency remained a key focus area, with 4Q operating cash flow conversion at 104.6% supported by improved working capital management. DSO stood at 87 days, broadly stable sequentially despite accounting reclassification impacts.
- The company maintained a strong balance sheet, with a cash balance of INR9,038m at the end of FY26, providing flexibility for continued AI investments, inorganic growth opportunities, and debt repayment.
- Management reiterated its commitment to fully repay existing debt by the end of FY27 while preserving financial flexibility for strategic acquisitions focused on technology, AI capabilities, and client expansion opportunities.
- The company continues to evaluate both payer-side and provider-side acquisitions, with focus areas including technology-led capability enhancement, domain specialization, and client base expansion similar to the BroadPath acquisition.
- Industry conditions remain favorable for Sagility as healthcare payers continue to face profitability pressure from rising medical utilization, reimbursement challenges, and regulatory changes, increasing demand for cost takeout and operational efficiency initiatives.
- Management highlighted strong demand for Medicare Advantage-related services, including Star Ratings improvement programs, care management, member engagement, and AI-enabled administrative optimization solutions.
- The CMS ACCESS model and broader regulatory push toward outcome-based chronic care management align well with Sagility's strategy of combining healthcare expertise with AI-enabled care and operational transformation solutions.
- The company unveiled a significant brand evolution during the quarter, positioning Sagility as a healthcare-first, AI- and technology-led operations transformation partner focused on delivering measurable business outcomes through trusted collaboration and deep healthcare expertise.
- Sagility hosted its annual client summit with over 80 client participants, focusing on collaborative problem-solving around medical cost pressures, member experience enhancement, and AI adoption across healthcare operations.

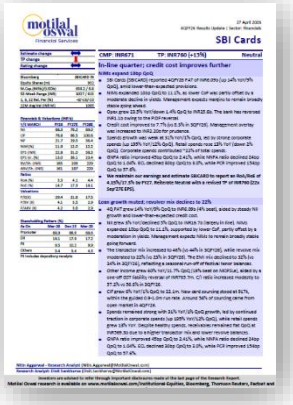
- Employee headcount stood at 46,860 at the end of FY26 after seasonal ramp-downs following the enrollment season, while attrition increased modestly due to higher seasonal hiring activity during the year.

SBI Cards & Payment Services — Neutral

Current Price INR 597

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Opening Remarks

- India's real GDP is projected to grow ~6.9% in FY27, remaining one of the fastest-growing major economies globally despite external uncertainties.
- Industry-wide credit card spends grew ~12% YoY to INR23.62t in FY26, while cards in force crossed 118.6m.
- SBICARD retained its position as the second-largest issuer, with 18.6% CIF market share and 18.1% spends market share in FY26.
- New account additions stood at 0.92m in 4QFY26, with sourcing mix of 54% open market and 46% bancassurance.
- Several new co-branded cards were launched during the year, including Tata Neu SBI Card, Flipkart SBI Card, IndiGo SBI Card, and PhonePe SBI Card.
- Total spends in 4QFY26 crossed INR1,153.5b, up 31% YoY, while FY26 spends reached a record INR4,303.6b.
- Retail spends in 4QFY26 stood at INR897.9b, up 13% YoY, while FY26 retail spends crossed INR3.54t.
- Online spends contributed 62.5% of retail spends in FY26, while UPI-linked credit card spends grew 10% QoQ in Q4FY26.
- Total revenue for 4QFY26 stood at INR51.9b, up 7% YoY, while FY26 revenue grew 11% YoY to INR207.1b.
- PAT for Q4FY26 stood at INR6.09b, up 14% YoY; FY26 PAT stood at INR21.67b, up 13% YoY.
- Receivables stood at INR569.3b, broadly flat QoQ and up ~2% YoY. Interest earning assets formed 54% of receivables.
- CoF declined to 6.4%, down 84bp YoY, while NIM expanded to 11.1% in 4QFY26 vs 11.0% in 3QFY26.
- Gross credit cost improved to 7.7%, while GNPA/NNPA stood at 2.41%/1.04%.
- Capital adequacy remained strong at 25.5%. RoA stood at 3.6% in 4QFY26, while RoE stood at 15.6%.
- Interim dividend of INR2.50/share was declared during the year.

Credit Cost and ECL

- Gross credit cost declined to 7.7% in 4QFY26 from 8.3% in 3QFY26 and 9.0% in 4QFY25, continuing the improving trend.
- Gross write-offs stood at INR11.45b, while net provision was negative INR470m due to provision write-backs amid lower Stage 2 and Stage 3 balances.
- Management overlay increased to INR2.20b as of Mar'26 from INR1.21b in Dec'25, reflecting prudence amid geopolitical uncertainty and ECL model refresh.
- Stage 2 balances declined INR1.49b QoQ to INR20.9b, while Stage 3 stock declined INR2.68b QoQ to INR13.7b.
- PCR improved to 57.6% from 56.1% in Q3FY26. ECL ratio declined to 3.0% from 3.3% QoQ.

- Recoveries improved to INR1.89b in Q4FY26, up 11% QoQ and 23% YoY.
- Management expects further moderation in credit cost during FY27, though pace will depend on macro and geopolitical developments.
- Adequate capital and provision buffers are available; management does not foresee any near-term material stress.

Opex and Other Income related

- Operating cost in 4QFY26 stood at INR25.61b, lower sequentially mainly due to lower spend-linked costs.
- FY26 opex grew 22% YoY, largely driven by higher corporate spend-related pass back expenses.

NIMs, Costs, and Yields

- Yield declined to 16.2% in 4QFY26 from 16.3% in 3QFY26 and 17.0%+ levels last year, driven by a lower revolver mix.
- CoF declined to 6.4%, down 15bp QoQ and 82bp YoY.
- Around 70-75% of borrowings are floating rate and reprice within 60-90 days, enabling faster transmission of lower rates.
- NIM expanded 5bp QoQ to 11.1% in 4QFY26; FY26 NIM stood at 11.2%, up 31bp YoY.
- Management expects NIMs to remain broadly stable in FY27, though any significant rise in CoF could pose risk.
- If rates remain stable, some borrowing repricing benefit may accrue in the coming quarters.

Spends; Loans, and Receivables

- Total spends in 4QFY26 grew 31% YoY to INR1.15t, while retail spends grew 13% YoY to INR897.9b.
- Corporate spends rose sharply to INR255.6b (up 195% YoY) and accounted for ~22% of total spends.
- Receivables stood at INR569.3b, flat QoQ.
- Portfolio mix comprised revolver balances of 22%, EMI balances of 32%, and transactors at 46%.
- Revolver mix has remained in the 22-24% band over two years and may trend slightly lower as newer vintages show lower revolving behavior.
- Management's key strategy to offset the lower revolver mix is to scale installment lending rather than reprice rewards or fees.
- EMI balances saw a seasonal decline in 4Q due to maturity of festival-season six-month tenors.
- Card acquisition guidance remains 0.9-1.0m accounts per quarter.
- Long-term sourcing mix target remains 50-55% bancassurance and 45-50% open market.
- Digital co-brand tie-ups such as PhonePe, Flipkart and Tata Neu are aiding open market sourcing momentum.
- Underwriting remains selective, with ~70% of new sourcing salaried customers.
- Spend per card and receivable per card remained broadly stable.
- Key performing categories included consumer durables, furnishing, hardware, apparel, jewelry, travel, and entertainment.

Others

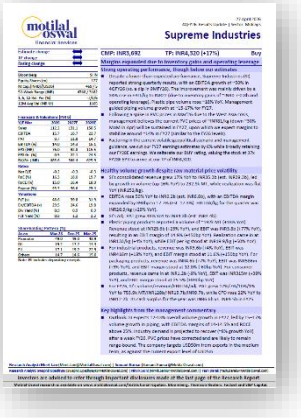
- Capital adequacy ratio improved to 25.5%, with Tier 1 at 20.0%.

- Credit ratings remain AAA (stable) long-term and A1+ short-term from CRISIL and ICRA.
- Management reiterated medium-term RoA target of 4-4.5%, with lower credit costs being the key driver.
- Interim dividend of INR2.50/share reflects confidence in asset quality and strong capital buffers.
- AI/ML and data analytics are being increasingly deployed across underwriting, fraud control, portfolio management, and customer engagement, with further scale-up planned in FY27.

Supreme
People who know plastics best

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motilal oswal
Supreme Industries

Supreme Inds — Buy

Current Price INR 3,571

Guidance and outlook

- The Company has guided for 12-13% overall growth in FY27, with 15–17% volume growth in the piping segment.
- EBITDA margins are expected in the range of 14–14.5%, with a target ROCE of over 25%.
- Industry demand, which declined ~9% in FY26, is expected to recover with ~8% growth in FY27.
- Agriculture demand is expected to improve in 1QFY27, supported by lower PVC prices and seasonal factors.
- Infrastructure drivers remain intact, led by initiatives such as Jal Jeevan Mission and PNG expansion, though execution remains slow due to state-level bottlenecks.
- PVC prices have corrected sharply (~30%) and are expected to remain range-bound, with limited downside and upside.
- The Company remains optimistic on export scale-up (from ~USD5m to ~USD50m over time), despite near-term geopolitical challenges.

Plastic Pipes

- The segment remains a core growth driver, with an estimated market share of ~12–13%.
- Growth is supported by an increasing contribution from value-added products, continuous SKU expansion, and a strong distribution network.
- The company has expanded into electrofusion and olefin fittings, enabling entry into industrial and gas pipeline applications.
- It is currently supplying electrofusion fittings for select gas pipeline projects, where competition remains limited.
- The CPVC segment recorded a robust ~38% YoY growth, reflecting ongoing premiumization trends.
- The Wavin business contributed approximately 48–50k MT in volumes, operating at ~70% utilization, with operations normalizing from February onward.

Capex and expansion plans

- The company has planned a capex of INR10b+ for FY27, to be fully funded through internal accruals.
- The investment will focus on a mix of greenfield and brownfield expansions.
- Greenfield projects include new plants at Patna, Jammu, Gadegaon (piping), and Malanpur (material handling).

- Brownfield initiatives will involve debottlenecking and efficiency enhancements across existing facilities.
- Total capacity is set to increase by ~110k MT, taking overall capacity to ~1.35m MT.
- The FY27 capacity addition includes ~100k MT in piping and ~10k MT in material handling.
- The company has a long-term aspiration to reach 2m MT in piping volumes.
- Strategic priorities include expanding new product systems and SKUs, upgrading to energy-efficient machinery, and strengthening sustainability initiatives such as renewable energy and water conservation.
- All investments are evaluated with a minimum RoCE threshold of 25%.

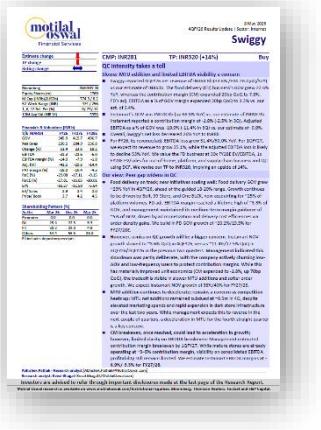
Other Business Segments & Developments

- Windows & Doors: The new Kanpur Dehat facility became operational in March 2026. It has received a strong initial response and is expected to reach full utilization in the coming year, supported by higher margins driven by product customization.
- Consumer & Packaging: The segment delivered a stable to encouraging performance. A new export-focused packaging facility is planned at JNPT to support future growth.
- Industrial Segment: The segment continues to face a demand slowdown, particularly from OEMs.
- Exports: Export performance remains subdued due to geopolitical and tariff-related challenges; however, the long-term growth outlook remains intact.

Others

- The company is operating at ~70–75% utilization levels, which are considered optimal for efficiency.
- It has added five plants over the past 12 months to enhance market reach and improve logistics efficiency.
- The product portfolio remains highly diversified, with 45 systems and over 15,600 SKUs, with further expansion underway.
- Electrofusion capacity stands at approximately ~1,000 MT per month.
- There are no raw material supply constraints, as India imports ~68% of its PVC requirements.
- Disruptions in West Asia have a greater impact on polyethylene than on PVC.
- Labor code changes are expected to have an annual impact of ~₹144 million.
- The company incurred a marketing spend of ~INR980m during the year.
- Outstanding dues of ~INR14m under the Jal Jeevan Mission have been fully recovered.
- Value-added product turnover grew ~15% YoY to INR46.77b.
- The company delivered strong volume growth across segments despite a weak macroeconomic environment.
- Inventory gains of ~INR700–800m were recorded in 4Q, with a negligible impact on full-year performance.
- The company continues to maintain a zero-debt balance sheet.

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Results Update



Swiggy — Buy

Current Price INR 252

Demand and growth outlook

- **FD:** Food delivery GOV grew ~23% YoY to ~INR 90b in Q4FY26, ahead of the guided 18–20% range; sequential growth was modest at ~0.5% QoQ.
- FD margin expansion was driven by ad-led take-rate expansion, delivery cost efficiency via order density gains, and a shift from discount-led to utility-led consumer proposition.
- Growth was driven by a 'selection-speed-affordability' framework with targeted product launches across convenience (Bolt, One BLCK), health (Eat Right), workplace (Desk Eats), and transit (Food on Train) segments.
- Swiggy One subscriber base expansion reduced average delivery fees; this was offset effectively via platform fee architecture, keeping total cost of service on a declining trend.
- Toing, a separate app targeting budget-conscious, infrequent food delivery users, is in early experimentation; management noted green shoots but refrained from quantifying impact or providing formal guidance.
- Snacc (micro-kitchen model) was shut down during the quarter; management cited unsustainable unit economics given the high demand density required at micro-market level.
- LPG supply disruptions in March caused minor restaurant-level cost pressure; platform managed through demand analytics and restaurant alternatives; impact on GOV and margins was contained.
- No near-term growth risk from new entrants per management; existing product innovations (Bolt, 99-Store, Eat Right, Desk Eats) are designed to pre-empt typical entry vectors used by new competitors.
- Gig workforce shortage due to harvest season and state elections has temporarily impacted delivery times; management expects normalization within a few weeks.
- **QC:** QC's NOV-to-GOV ratio improved ~330bp YoY to ~72%, driven by reduced consumer incentives and elimination of a low-AOV order mix.
- Quarterly order volume growth improved to ~8.2% QoQ in 4Q vs. ~5.5% in 3Q (adjusted for number of days), despite the rollback of the no-fee campaign in Jan'26.
- Management deliberately churned low-AOV, low-frequency users, halving their share in the order mix over the past year to protect contribution margin integrity.
- Store count grew 2.2x from 523 to 1,143 over two years; dark store footprint expanded 3.2x to ~4.8m sq ft, creating significant headroom for growth without near-term store additions.
- Current store utilization at ~40% implies the ability to ~2x business volumes without material incremental store additions; new store time-to-operationalize is under 90 days, enabling agile expansion.
- Medium-term NOV target set at over INR1,000b (~1 lakh crore) with 4–5% EBITDA margin, achievable at 35–50% CAGR over a 3.5–5 year horizon, according to management.

- Platform positioning anchored on convenience and lifestyle upgrades (not price-led); Noice (clean-label private brand) cited as an early example; broader rollout of differentiated assortment expected over the next 1–2 quarters.
- Management does not plan to buy growth post CM breakeven; any reinvestment will be directed toward structurally accretive opportunities rather than inducement-led volume gains.
- MTU net additions remained subdued at ~0.5m in Q4; management attributed this to active churn of low-quality cohorts and indicated this headwind should dissipate within ~2 quarters.
- Platform Innovations segment housed both Toing and Snacc; most of the segment losses in Q4 were attributable to Snacc wind-down costs rather than Toing operational burn.
- Dineout cross-sell flywheel from food delivery is creating compounding brand recognition for restaurant partners and consumer retention for the platform; under-penetrated market growing faster than core food delivery.

Margins

- Food delivery adjusted EBITDA margin hit a lifetime high of ~3.3% of GOV, reflecting ~120bp of contribution margin expansion and ~160bp of operating leverage over two years.
- FD margin expansion was driven by ad-led take-rate expansion, delivery cost efficiency via order density gains, and shift from discount-led to utility-led consumer proposition.
- Medium-term food delivery EBITDA margin guidance of ~5% of GOV remains unchanged; management expressed confidence in structural, competition-independent profitability drivers.
- Instamart contribution margin improved ~450 bps YoY to approximately -1.8% for 4QFY26, with March exit rate at ~-1.1%; management reiterated CM breakeven guidance for 1QFY27.
- Top decile of Instamart dark stores are already operating at +3–5% contribution margin; the most mature city is near ~3% CM at consolidated city level.
- Dineout reached ~0.6% EBITDA margin on a full-year FY26 basis, recovering from -12% in FY23; medium-term target set at ~5% adjusted EBITDA margin.
- Capex of ~INR 1.9b in 4Q was primarily warehousing and HQ relocation; management guided for a meaningful decline in capex through FY27 as infrastructure build-out is largely complete.

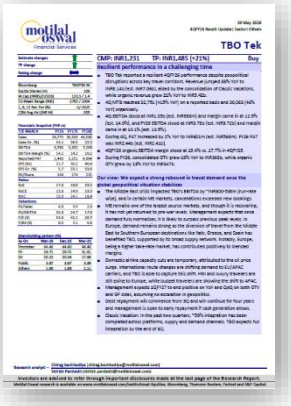
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TBO Tek — Buy

Current Price INR 1,194

- TBO delivered a resilient 4Q performance despite severe geopolitical disruptions in the Middle East, reporting growth in revenue and profit. Management highlighted that recovery trends improved sharply, whenever geopolitical conditions stabilized, including after the April ceasefire announcement.
- Management expects 1QFY27 to perform better QoQ and YoY, supported by improving travel demand across most geographies outside directly impacted war regions. While Middle East demand remains below pre-war levels, several pockets are already approaching normalized booking volumes.
- FY26 investments in market development activities are now beginning to scale meaningfully, with strong growth in monthly transacting buyers and improved



productivity from newly onboarded travel agents. Management reiterated that new agents generally take six to nine months to become materially productive.

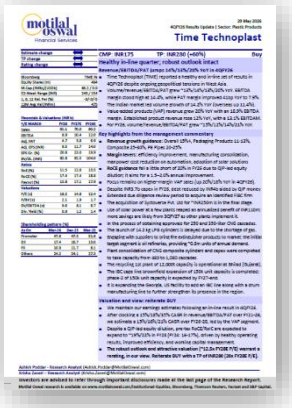
- The company front-loaded investments in sales team expansion, onboarding of travel agencies, and strengthening the T1 to T10 transaction journey during the first three quarters of FY26. Investment intensity started tapering in 4Q, supporting improving operating leverage trends.
- January and February witnessed strong EBITDA growth, operating leverage, and margin expansion before March disruptions linked to the war offset part of these gains. Management indicated that 4Q would have been materially stronger in the absence of geopolitical disruptions.
- TBO continues to strategically focus on premium, luxury, and ultra-luxury travel segments, which management believes are structurally more resilient during geopolitical disruptions, inflationary environments, and periods of airfare volatility.
- Management highlighted that premium and luxury travelers remain relatively less sensitive to elevated airfares and macro disruptions, while high-value bookings in affected geographies have already started recovering faster than lower-end travel categories.
- The company launched 'Voya,' an AI-first workflow platform designed for luxury travel advisors. The platform enables advisors to build complex itineraries using AI tools, access curated luxury inventory, and accelerate customer conversion through AI-led workflows.
- Management views Voya as an important long-term strategic adjacency that expands TBO beyond standalone hotel and flight bookings into integrated luxury travel experiences and itinerary management.
- The acquisition of Classic Vacations remains a key strategic priority for strengthening TBO's North American presence. Management stated that integration across platforms, supply, and demand channels is progressing steadily and is expected to complete by the end of 3Q.
- Internally, TBO North America and Classic Vacations are now being managed as a unified business platform, with management expecting significant long-term growth opportunities and strong operating leverage from the combined business.
- Management highlighted that Classic Vacations is already operationally optimized, implying that future revenue growth from the business is expected to translate meaningfully into profitability and margin expansion.
- Hotels and ancillary growth in 4Q was driven by market share gains, ramp-up in productivity from newly onboarded agents, and activation of several large partners during the quarter.
- The company stated that high airfares and airline capacity reductions impacted travel flows, particularly across Middle Eastern corridors. However, demand shifted to alternative destinations such as Europe and Asia Pacific, while short-haul and inter-regional travel remained strong.
- Management highlighted that higher airfare continues to support GTV growth even if ticket volumes moderate, while premium travelers continue to travel despite pricing pressure due to strong summer travel demand.

- In APAC, strong growth momentum continues to be driven by investments in Australia and expansion of large API partnerships. However, management acknowledged that the region remains highly competitive from a pricing standpoint.
- Management stated that operating leverage is expected to improve gradually as revenue growth begins to outpace cost growth. Margin expansion is expected to be supported by stronger growth in higher-margin hotel businesses and tapering market development investments.
- While sales force expansion remains core to TBO's market share-led strategy, management clarified that investment intensity in FY27 will be lower than FY26, which should support better margin expansion and operating leverage going forward.
- Operating cash flow and free cash flow in FY26 were impacted by temporary factors, including Brazil receivable experiments, delayed collections due to geopolitical disruptions, and timing-related working capital movements. Management expects cash conversion metrics to normalize in FY27.
- Management reiterated that the B2B travel market is currently growing faster than the B2C market globally and emphasized that TBO remains focused on market share gains, scaling North America operations, strengthening its luxury travel positioning, and driving long-term operating leverage through business mix improvements.
- The effective tax rate for FY27 is 18-18.5%. Debt repayment will begin in 3QFY27.

Time Technoplast — Buy

Current Price INR 171

Click below for Results Update


Time Technoplast

Business development & Outlook

- Management guided for overall revenue growth of 15%+, with Packaging Products at 11–13%, Composite at 25–30%, and PE Pipes at 20–25%.
- Key margin levers include efficiency improvements, manufacturing consolidation, manpower cost reduction through automation, and broader adoption of solar solutions.
- RoCE fell slightly short of 20% in FY26 due to QIP-led equity dilution; management targets a 1.5–2% annual improvement from here.
- VAP sales grew 20% YoY in 4QFY26 and 18% YoY in FY26; scaling this higher-margin segment remains a key focus.
- Despite INR3.7b of capex in FY26, debt declined by ~INR4b, supported by QIP proceeds and INR2.33b of CFO (FY25: INR4.3b); CFO was hit by the stretched working capital cycle, but it is expected to reverse.
- The due diligence review period for an identified FIBC acquisition target has been extended.
- Acquisition of Systoverse Pvt. Ltd for ~INR250m is in its final stage.
- Management sees a large addressable market opportunity in hydrogen and fire extinguisher composite cylinders.
- Solar power adoption at select plants delivered an annualized benefit of INR110m; incremental savings are expected from 3QFY27 as the rollout extends to other plants.

- The company is in the process of obtaining approvals for higher-capacity CNG cascade variants of 250L and 350L, against the currently manufactured 156L cylinders.
- The launch of 14.2 kg LPG cylinders is delayed on account of a gas shortage.
- The company is engaging with suppliers to bring fire extinguisher products to market, with oil refineries as the initial target segment, representing ~0.8m units of annual demand.

Capex

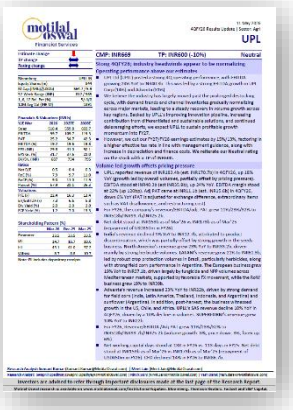
- CNG composite cylinder plant consolidation and associated capex are complete, expanding capacity from 480 to 1,080 cascades.
- The first recycling plant with a 12,000-tonne capacity is now operational at Bhilad, Gujarat.
- Phase-1 of plant automation is expected to be commissioned in FY27.
- PE Pipes' capacity is being expanded across multiple locations to meet strong demand.
- The IBC cage line brownfield expansion of 150k units capacity is complete; Phase-2, adding another 150k units, is expected by end-FY27.
- The company has received 3 acres of land from the Gujarat government for future packaging products capacity expansion.
- The Georgia, US, facility is being expanded to include an additional IBC line and a drum manufacturing line, further strengthening the company's regional presence.

UPL — Neutral

Current Price INR 646

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Outlook and guidance

- Management has guided for 1QFY27 revenue growth of 10–14% YoY and EBITDA growth of 14–18% YoY, despite 1Q being seasonally the weakest quarter.
- The company expects volume-led growth across UPL SAS, Advanta, and Superform, while UPL Corp i s expected to remain broadly stable in the near term.
- UPLL expects the global crop protection market recovery to continue as inventory destocking has largely normalized across regions.
- Management remains focused on contribution-led growth, margin expansion, working capital discipline, and improving quality of earnings.
- The company expects sustainable and natural crop protection businesses, along with differentiated products, to become key long-term growth drivers.

Debt

- UPLL reduced gross debt by ~USD850m during FY26, with Net Debt/EBITDA improving to ~1.6x from 2.1x in FY25.
- The USD400m maturity due in Sep'26 has been extended to Mar'29, while the company also arranged a USD300m secured revolving credit facility to enhance liquidity flexibility.
- Management highlighted that refinancing has been achieved at better terms than earlier borrowing structures despite industry challenges.
- The company generated strong cash flows during FY26 and aims to maintain Net Debt/EBITDA at around ~1.5x going ahead, despite higher capex.

- Management reiterated that deleveraging, liquidity management, and prudent capital allocation remain key priorities.

Operational performance

- UPLL delivered a strong 4QFY26 performance with broad-based growth across most platforms and geographies, supported by continued recovery in the global crop protection market and improving operational execution.
- Revenue growth during the quarter was primarily volume-led, driven by strong herbicide demand in Brazil and North America, field corn growth in Advanta, and robust fungicide and NPP performance across Europe.
- Contribution and EBITDA margins improved across all major platforms, aided by lower input costs, improved product mix, higher capacity utilization, sourcing efficiencies, and increasing share of differentiated products.
- Latin America growth was led by strong crop protection volumes in Brazil along with field corn performance in Argentina, while North America delivered robust herbicide-led growth despite continued tariff-related uncertainties.
- Europe witnessed strong growth driven by fungicide and NPP volumes across Mediterranean markets, while Rest of World growth was supported by recovery in China demand and strong execution across Asia Pacific and Africa.
- Innovation-led growth continued to gain traction, with products launched during the year witnessing strong adoption across Latin America and other key markets, further improving business quality and profitability trajectory.

UPL Corp

- UPL Corp delivered strong FY26 growth led by Brazil, North America, and Europe, with herbicides and fungicides driving the recovery.
- Innovation rate improved from 14% to 16%, while ~300 new products launched during FY26 generated ~USD160m revenue, exceeding internal targets.
- Sustainable portfolio revenue grew ~25%, supported by strong bio-control demand in Europe and increasing traction in natural crop protection solutions.
- Management highlighted that differentiated products, sustainable agriculture solutions, and innovation-led offerings are becoming increasingly important growth contributors.
- The company continues to focus on capacity utilization improvement, cost optimization, SKU rationalization, and AI-led productivity enhancement.

Advanta

- Advanta delivered strong growth during FY26, led by field corn performance across India, Latin America, Thailand, Indonesia, and Argentina.
- The business also witnessed strong growth in sunflower and post-harvest solutions across the Americas, Africa, and Europe.
- Advanta currently contributes ~20% of UPLL's consolidated revenue, and management expects its share to increase further over time.
- The company has over 8,000 hybrids under development, with 320+ hybrids nearing commercialization within the next 12–18 months.
- Management remains optimistic on long-term corn demand, supported by ethanol blending programs, rising corn acreage, and biofuel-linked opportunities globally.

Superform

- SUPERFORM's specialty chemicals business grew more than 20% during FY26, driven by lubricant additives, cyanide derivatives, and contract manufacturing opportunities.
- The agchem-to-specialty mix improved from 80:20 in FY25 to 72:28 in FY26, supporting overall margin expansion.
- Management highlighted that agchem margins are around 12–13%, while specialty chemicals operate at 18–20% margins, creating a favorable mix shift opportunity.
- Lubricant additive capabilities expanded nearly 3x YoY, while the company continues increasing focus on advanced chemistries and backward integration.
- Management sees significant long-term opportunities in specialty chemicals, contract manufacturing, battery chemicals, nutraceuticals, and other solution-led businesses.

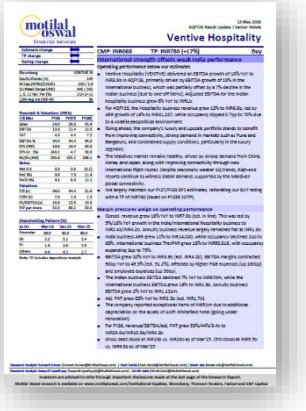
Others

- Management stated that global crop protection markets have stabilized after nearly three years of oversupply and pricing pressure following China's post-COVID reopening.
- UPLL is working on technologies capable of reducing fertilizer requirement by nearly 30%, which could become an important farmer solution amid elevated fertilizer prices.
- Natural crop protection remains a strategic priority, with management targeting ~12% CAGR between FY26 and FY31.
- The company remains conservative in recognizing deferred tax assets, and future DTA recognition could provide upside to reported profitability.
- Management believes UPLL is structurally stronger and better positioned to handle geopolitical disruptions, supply-chain volatility, and climate-related agricultural challenges.

Ventive Hospitality — Buy

Current Price INR 644

Click below for Results Update


Ventive Hospitality

India business

- Occupancy levels were impacted during certain periods of the year; however, the company continued to achieve double-digit ADR growth on an annual basis.
- Fourth-quarter performance was affected by the temporary shutdown of the Aloft Bengaluru Whitefield property, along with other operational disruptions.
- Pune continues to benefit from multiple structural demand tailwinds, while the luxury hospitality segment remains closely linked to commercial office activity through business travel, internal relocations, and MICE demand. The market also derives demand support from the automobile sector, particularly from Japanese and Korean companies, in addition to exposure to the US market.
- The company expects the Whitefield project to be completed by March 2027, while the Varanasi and The Ritz-Carlton projects are targeted for completion in FY28. Additionally, nearly 60% of demand contribution is expected from FTAs, with limited new supply anticipated in the market.

Sol de Goa

- The company has initiated a new hotel named Sol de Goa in Goa from 1st Apr'26.

- The transaction values the enterprise at INR300m, comprising equity consideration of INR167m and debt of INR80m, with funding supported through internal accruals. Post-transaction, VENTIVE will hold a 76% ownership stake in the asset.
- The asset is a premium 21-key luxury boutique resort located in Nerul/Candolim, North Goa, a prime leisure micro-market near Sinquerim Beach. Designed by Tarun Tahiliani, the resort reflects a distinctive Goan–Portuguese heritage aesthetic with experiential design and dual pool offerings.
- The acquisition aligns with VENTIVE's broader Hilton Goa platform strategy, with plans to reposition the property as a luxury boutique hotel focused on premium positioning and limited-key pricing power.
- The company expects operational and financial upside through RevPAR improvement driven by brand-led demand and pricing power, enhanced operating efficiencies leveraging Hilton systems and Ventive's scale, growth in F&B and experience-led revenues, and long-term asset value appreciation in supply-constrained Goa markets.

Yerawada Commercial Office Park, Pune CBD

- VENTIVE has acquired a 50.02% majority stake in Narmada Estates Pvt. Ltd. through an investment of INR940m, with the transaction funded through a mix of internal accruals and debt. The remaining stake will be held by the Talera Group as the joint venture partner.
- The project involves the development of a large-format Grade-A commercial office park in Yerawada, Pune, a prime CBD micro-market with strong metro connectivity. The freehold land parcel spans 11,635 sq. m and is planned to support approximately 0.63m sq. ft of leasable area.
- The development is expected to be completed over a 48–60 month period and is positioned to expand VENTIVE's footprint in Pune's high-demand commercial
- Key value creation drivers include the premium CBD location with limited Grade-A office supply, strong occupancy and rental growth potential in the Yerawada micro-market, and VENTIVE's majority control position, which enables capital discipline and phased project execution.
- The estimated project cost is approximately INR5b, with targeted rentals of around INR 110 psf per month and an expected project yield of nearly 15%, supported by strong visibility on stable, long-term leasing demand.

Mundra

- The company decided to keep the project on hold based on the current return profile.
- The opportunity was subsequently reassessed in line with evolving business and market considerations.
- Management may choose to implement the project at an appropriate time, depending on the attractiveness of returns and strategic priorities.

Industry

- Demand across corporate travel and MICE segments remained healthy, supporting continued strength in the hospitality sector.
- The company continues to witness strong growth momentum across categories, with the fourth quarter typically being the strongest period for both Indian and international markets.

- Geopolitical developments and travel restrictions impacted growth to some extent during the period; however, the company continued to deliver industry-leading performance across key financial metrics.
- Pune's demand drivers extend beyond GCCs and the IT sector, with additional support coming from manufacturing-related demand, particularly from Japanese and South Korean companies.

Guidance

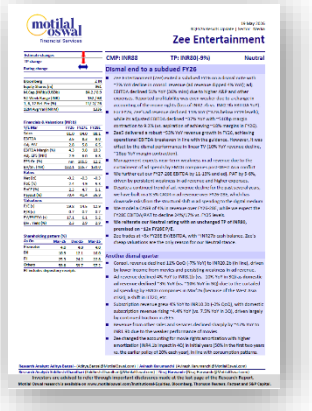
- VENTIVE's Indian portfolio has significant headroom for occupancy, coupled with sustained double-digit area growth. This positions the company well to deliver low-teen revenue growth and high-teen EBITDA growth in the medium-to-long term.
- A portion of the demand from March has shifted into the current quarter, providing additional support to near-term performance.
- A lower base effect from Sindhoor is expected to aid YoY growth comparisons.
- Despite continued geopolitical uncertainty, the company's diversified portfolio continues to demonstrate strong growth momentum.

Zee Entertainment — Neutral

Current Price INR 95

- **Ad revenue trends and outlook**: Advertising revenues declined 4% YoY in 4Q, impacted by cautious advertiser spending amid the ongoing Middle East conflict, particularly in March. Management highlighted that Jan-Feb witnessed healthy traction and adjusted for the weakness in March, ad revenues **would have reported low single-digit growth**. The company remains optimistic on medium-term recovery, supported by investments in omnichannel strategy, diversified advertiser base, and improved content performance.
- **Zee5:** Zee5 achieved EBITDA breakeven in FY26 and remained operationally profitable for the second consecutive quarter. Revenue grew 71% YoY in 4Q and 53% YoY for FY26, supported by enhanced content offerings across seven languages, revised pricing strategy, and growth in syndication revenues. Management expects continued momentum ahead without materially impacting EBITDA despite incremental investments.
- **Margins:** Adjusted 4Q EBITDA margin stood at 6.9%. Operating costs remained largely flat YoY, aided by lower programming costs due to the shift of ILT20 to 3Q and lower studio production costs, partly offset by higher marketing spends and expenses towards Zee Cine Awards. Management indicated that, excluding one-off legal costs and higher ad spends, margins **would have remained similar to 3QFY26**.
- **Subscription trends and outlook:** Subscription revenues grew 4% YoY, primarily driven by continued momentum in the digital business. Management highlighted stable trends in the linear TV industry, with weekly impressions remaining above 28b and weekly reach exceeding 740m.
- **Viewership trends:** Network share improved ~60bp YoY to 17.4% during 4Q, while March exit share crossed 18%. Flagship Hindi GEC Zee TV continued to witness robust traction with leadership during primetime. Regional language channels also strengthened market positions across key markets.

Click below for Detailed Concall Transcript & Results Update



- **Strategic initiatives:** The company approved strategic investments in Culture of Real Experiences (CORE) to strengthen its live events business and Phantom Digital Effects to enhance capabilities in animation, VFX, gaming, and comics. Management highlighted that these investments are aligned with the evolving entertainment landscape and will strengthen immersive content creation capabilities across platforms.
- **Bullet and live events business:** The micro-drama platform 'Bullet' continued to witness steady traction, supported by its gamified viewing model and growing consumer adoption of short-format content. Management highlighted that the micro-drama market has scaled meaningfully (~INR35b market size) and remains a segment that cannot be ignored. Additionally, the company is scaling its live events business to leverage synergies across content, advertising, and consumer engagement.
- **Z Music:** The music business continued to deliver healthy performance with over 217b video views and ~176m subscribers on YouTube, supported by a diversified catalogue of over 20,000 songs. Management reiterated its intent to continue investing in the music business to strengthen scale and market position, while also remaining open to evaluating strategic value-unlocking opportunities.
- **Z Studio:** The studio business released 13 movies during 4Q, including nine in-house productions and four distribution titles. The syndication vertical continued to deliver healthy traction; however, overall studio performance remained muted due to lower releases, resulting in a decline in other sales and services revenue.
- **Content investments and programming strategy:** Management highlighted continued investments towards strengthening content creation capabilities and enhancing consumer engagement across platforms. Zee TV's improved performance was driven by strong character-led storytelling and culturally rooted narratives, aiding higher engagement during prime-time slots.
- **Movie inventory amortization:** The company revised its movie rights amortization policy to better align with evolving monetization patterns and digital consumption trends. Under the revised approach, 50% amortization will be recognized over the first two years and the remaining over the next three years, resulting in an accelerated amortization impact during 4Q.
- **Cost optimization and employee rationalization**: Management highlighted continued efforts towards operational efficiencies and manpower optimization across businesses under the omnichannel strategy. Employee costs declined during 4Q due to role rationalization and increased operational responsibilities across teams, with the company targeting an employee cost-to-revenue ratio of ~9% (closer to pre-pandemic levels).
- **Cash position:** Cash and treasury investments stood at INR27.6b as of Mar'26. Management highlighted continued focus on maintaining liquidity and strengthening the balance sheet amid the uncertain macroeconomic environment.
- **VFX investment rationale**: Management indicated that the investment in Phantom Digital Effects is aimed at strengthening in-house content creation capabilities amid the evolving entertainment landscape. The company believes VFX and immersive content formats will increasingly become relevant across

television and digital platforms, making internal capabilities more cost-effective and strategically beneficial over the long term.

- **Zee5 investment outlook:** Management stated that Zee5 is currently operating at an optimum investment level, and any incremental investments going forward are unlikely to materially impact EBITDA. The company remains focused on scaling the digital business while maintaining profitability discipline.
- **Viewership monetization:** Management highlighted that those gains in network share typically translate into advertising revenue with a lag of ~13-16 weeks. The company expects recent improvements in viewership trends to gradually reflect in revenue performance over the coming quarters.

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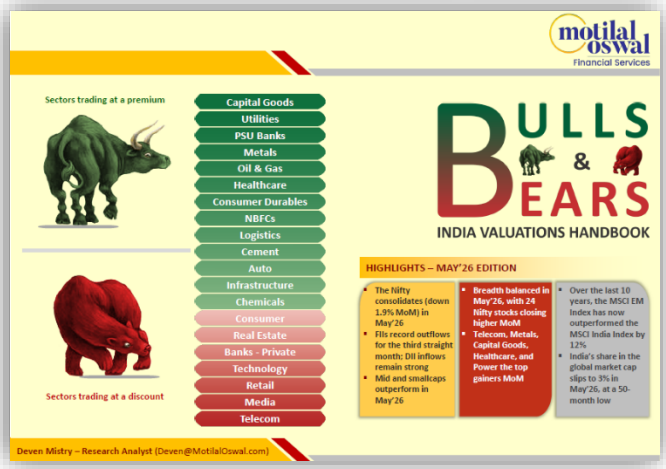
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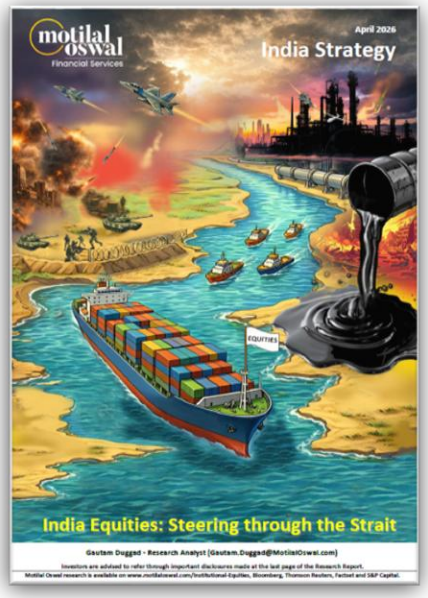

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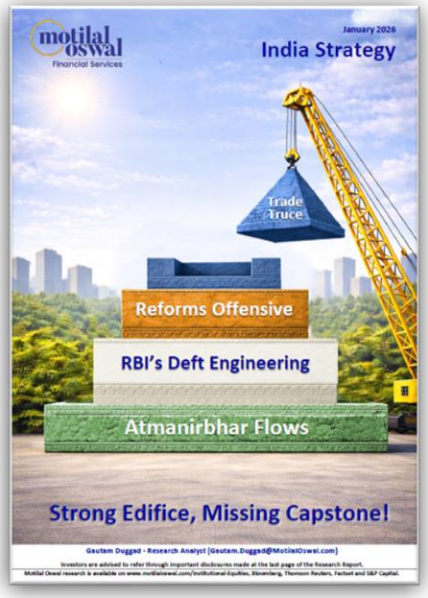

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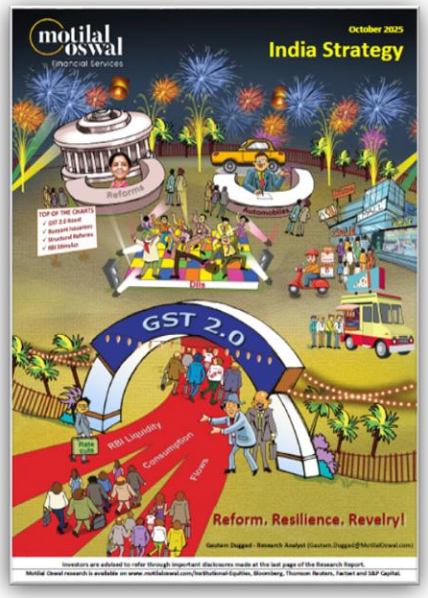

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FIIs record outflows for the third straight month; DII inflows remain strong
Mid and smallcaps outperform in May'26
Breadth balanced in May'26, with 24 Nifty stocks closing higher MoM
Telecom, Metals, Capital Goods, Healthcare, and Power the top gainers MoM
Over the last 10 years, the MSCI EM Index has now outperformed the MSCI India Index by 12%
India's share in the global market cap slips to 3% in May'26, at a 50-month low
Deven Mistry – Research Analyst (Deven@MotilalOswal.com)


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MF industry's AUM up 11.1% MoM
Amount garnered through SIPs
INR311.2b
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