

Market snapshot

Equities - India	Close	Chg. %	CY25.%
Sensex	80,239	-1.3	9.1
Nifty-50	24,866	-1.2	10.5
Nifty-M 100	58,181	-1.6	5.7
Equities-Global	Close	Chg. %	CY25.%
S&P 500	6,817	-0.9	16.4
Nasdaq	22,517	-1.0	20.4
FTSE 100	10,484	-2.7	21.5
DAX	23,791	-3.4	23.0
Hang Seng	8,609	-1.1	22.3
Nikkei 225	56,279	-3.1	26.2
Commodities	Close	Chg. %	CY25.%
Brent (US\$/Bbl)	78	9.7	-15.7
Gold (\$/OZ)	5,322	0.8	64.6
Cu (US\$/MT)	13,034	-2.0	43.9
Almn (US\$/MT)	3,184	1.8	17.5
Currency	Close	Chg. %	CY25.%
USD/INR	91.5	0.5	5.0
USD/EUR	1.2	-1.0	13.4
USD/JPY	157.4	0.9	-0.3
YIELD (%)	Close	1MChg	CY25 chg
10 Yrs G-Sec	6.7	0.01	-0.2
10 Yrs AAA Corp	7.4	0.03	0.1
Flows (USD b)	2-Mar	MTD	CYTD
FII	-0.36	1.93	-18.8
DII	0.94	5.17	90.1
Volumes (INRb)	2-Mar	MTD*	CYTD*
Cash	1,469	1469	1264
F&O	7,70,003	7,70,003	3,09,379

Note: Flows, MTD includes provisional numbers. *Average

Today's top research idea

LG Electronics India: Demand recovery in sight; margin poised to improve

- ❖ Our recent interaction with LG Electronics India (LGEIL) management suggests that LGEIL continues to gain market share across key categories despite mixed industry trends, with refrigerators growing marginally against a 1.5-2.0% industry decline and TVs delivering 6.4% growth vs. 3.8% growth for the industry. In RAC, LGEIL outperformed with a lower volume decline (~4% vs. ~6% industry). The strong growth is being driven by premiumization and deeper portfolio expansion, with the entry into five-star two-ton, sub-one-ton, and fixed-speed AC segments, significantly widening its addressable market across price and capacity bands. It has implemented calibrated price hikes across categories to offset cost pressure. The company is also scaling adjacencies - AMC, B2B and export businesses.
- ❖ We estimate LGEIL's revenue/EBITDA/PAT CAGR at 10%/22%/23% over FY26-28. The stock trades at 46x/39x FY27/FY28E EPS. We value LGEIL at 45x FY28E EPS to arrive at our TP of INR1,860. Reiterate BUY.

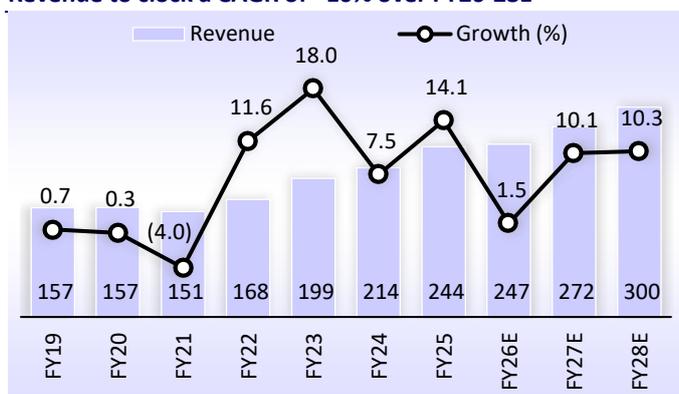


Research covered

Cos/Sector	Key Highlights
LG Electronics India	Demand recovery in sight; margin poised to improve
Suzlon Energy	The Corner Office: Suzlon 2.0 – New management, new strategy, new growth phase
Bulls & Bears	Demand environment remains strong
Consumer	Consumer price and commodity tracker
Financials	Fresh loan yields witnessing a healthy rise
EcoScope	Fiscal monthly: Center and states maintain strong capex growth Jan'26 IIP: Grew at a three-month low!
Aviation	Air traffic improves MoM in Jan'26; IndiGo's share declines YoY

Chart of the Day: LG Electronics India (Demand recovery in sight)

Revenue to clock a CAGR of ~10% over FY26-28E



Source: MOFSL, Company

Revenue break-up across product categories



Source: MOFSL, Company

Research Team (Gautam.Duggad@MotilalOswal.com)

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.



Kindly click on textbox for the detailed news link

1

JSW Infrastructure tank hit by drone debris at Fujairah terminal in UAE

JSW Infrastructure reported damage to a storage tank at its Fujairah facility. Debris from an intercepted drone fell within the terminal on March 3, 2026.

2

Dixon, Longcheer finalise JV pact to boost local electronics manufacturing

Dixon Technologies has finalized its joint-venture with Longcheer Intelligence. The new entity, Dixtel Infocomm, will manufacture smartphones, tablets, AI PCs, and smartwatches.

3

Fino Payments Bank says it's focused on SFB transition

Fino Payments Bank's interim head Ketan Merchant stated the arrest of CEO Rishi Gupta will not affect the bank's transition to a small finance bank.

4

Maruti Suzuki to rev up its capacity next fiscal to meet surge in demand

Maruti Suzuki is gearing up for a major leap in production, eyeing an additional 500,000 units per year to combat a swelling order backlog fueled by robust domestic sales.

5

Sony Pictures reorganising units to boost regional market growth

Sony Pictures Networks India is embarking on a transformative journey by integrating all regional TV and content ventures into a cohesive unit.

6

RBI tightens rules on NBFC lending to defaulting borrowers; seeks board-approved policy

Reserve Bank of India is scrutinizing shadow banks. Several non-banking finance companies face questions regarding their policy on lending to borrowers with existing defaults.

7

India says oil stocks enough to absorb short-term shocks

India has assured sufficient oil stocks to handle any short-term disruptions from the Gulf conflict. This comes after an Iranian drone attack impacted Qatar's LNG facility, India's top supplier.

LG Electronics India

BSE SENSEX 80,239 S&P CNX 24,866

CMP: INR1,592 TP: INR1,860 (+17%) Buy



Stock Info

	LGEL IN
Bloomberg	LGEL IN
Equity Shares (m)	679
M.Cap.(INRb)/(USD\$b)	1080.9 / 11.8
52-Week Range (INR)	1749 / 1300
1, 6, 12 Rel. Per (%)	12/-/-
12M Avg Val (INR M)	3393
Free float (%)	15.0

Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	247.3	272.3	300.5
EBITDA	25.6	32.8	38.3
Adj PAT	18.3	23.7	27.7
EBITDA Margin (%)	10.3	12.0	12.7
EPS (INR)	27.0	35.0	40.9
EPS Gr. (%)	(17.0)	29.7	16.9
BV/Sh (INR)	105.1	127.8	154.4

Ratios

Net D/E	(0.6)	(0.6)	(0.5)
RoE (%)	27.9	30.0	29.0
RoCE (%)	29.0	31.2	29.9
Payout (%)	35.0	35.0	35.0

Valuations

P/E (x)	59.1	45.5	39.0
P/BV (x)	15.1	12.5	10.3
EV/EBITDA (x)	40.5	31.5	26.8
Div Yield (%)	0.6	0.8	0.9
FCF Yield (%)	1.1	0.8	1.1

Shareholding pattern (%)

As On	Dec-25
Promoter	85
DII	3
FII	7.2
Others	4.9

FII Includes depository receipts

Demand recovery in sight; margin poised to improve

Category outperformance continues; scaling up new growth engines

- Our recent interaction with LG Electronics India (LGEIL) management suggests that LGEIL continues to gain market share across key categories despite mixed industry trends, with refrigerators growing marginally against a 1.5-2.0% industry decline and TVs delivering 6.4% growth vs. 3.8% growth for the industry. In RAC, LGEIL outperformed with a lower volume decline (~4% vs. ~6% industry). The strong growth is being driven by premiumization and deeper portfolio expansion, with the entry into five-star two-ton, sub-one-ton, and fixed-speed AC segments, significantly widening its addressable market across price and capacity bands. It has implemented calibrated price hikes across categories to offset cost pressure. The company is also scaling adjacencies – AMC, B2B and export businesses.
- We estimate LGEIL's revenue/EBITDA/PAT CAGR at 10%/22%/23% over FY26-28. The stock trades at 46x/39x FY27/FY28E EPS. We value LGEIL at 45x FY28E EPS to arrive at our TP of INR1,860. Reiterate BUY.

Sustained market share gains, demand momentum strong

- LGEIL continues to demonstrate resilient market share gains across key product categories despite mixed industry demand conditions. Refrigerator market declined 1.5-2.0%, yet LGEIL recorded marginal growth, supported by premium product expansion, including French door models in Nov'25 and an expanded bottom-freezer portfolio. The company holds a strong ~43% share in side-by-side refrigerators.
- In televisions, industry growth stood at 3.8%, whereas LG outperformed with 6.4% growth, leading to consistent share gains and narrowing the gap with Samsung Electronics to 4.3%. LGEIL market share in TV stood at 27.4%.
- In RAC, industry volumes declined ~6%, while LGEIL saw a relatively lower decline of ~4%, resulting in further share improvement. The gap with VOLT has narrowed to ~1% now.
- LGEIL indicated strong momentum across product categories, particularly televisions and washing machines, with likely double-digit growth aided by demand tailwinds such as GST rationalization and festive consumption. The company aims to complete ~55% of RAC seasonal targets during Jan-Mar'26, supported by early channel filling for new star-rated models and stable pricing from launch.

Portfolio expansion, premium mix, and distribution strength led growth

- Growth is being led by premiumization and expansion into new under-represented segments. It has strategically expanded RAC portfolio, entering into the five-star two-ton AC and sub-one-ton models under the Essential series to tap into compact-room demand and affordable premium segment. Further, recognizing that ~12% of the industry comprises fixed-speed ACs, LGEIL has now entered this segment as well, introducing energy-efficient three-star models. These launches meaningfully broaden its addressable market and enhance participation across key capacity and price bands.

- The Essential Series continues to gain traction, targeting first-time buyers and underpenetrated markets across refrigerators, washing machines, and RACs. The company is expanding refrigerator offerings from four models to 11, launching 10kg washing machines and introducing 0.9-ton inverter ACs for the affordable premium segment.
- Dealer preference remains strong given LGEIL's higher sell-through and stable pricing, supporting shelf visibility across its 36,000+ touchpoints and 800+ franchise-owned stores. Distribution reach remains a structural advantage, with ~500 distributors servicing 100–500 sub-dealers each, particularly strong in Tier-2 markets. Manufacturing continues to be segmented by product positioning, with premium categories (TV, WMs, side-by-side refrigerators) produced in Pune and mass products in Noida.

Calibrated price hike and cost-saving measures to drive margin expansion

- The company has implemented price increases across categories to offset cost pressures, with ~9% for 5-star ACs, ~7% for 3-star ACs, and ~2% hikes in refrigerators and washing machines from Oct'25, alongside reduced promotional intensity. The price hike was inevitable due to the cost pressure amid higher input material costs, rupee depreciation, regulatory changes in scrap procurement pricing (increased minimum price) mandated by government-approved vendors, and new energy efficiency norms.
- After near-term margin pressure, management expects structural margin gains through mix enrichment and premiumization. Premium products contribute ~28% of sales vs. industry levels of ~16-17%, with further upside expected. Product engineering initiatives such as simplified refrigerator components and motor technology optimization in washing machines are designed to maintain affordability without compromising margins. Its RAC portfolio is positioned at ~10% premium to Voltas and ~4% above Daikin, reflecting brand strength.
- Localization continues to strengthen with domestic sourcing rising from 45-46% three years ago to 57-58% currently, with a target of ~65% over 3-4 years. Key components, including compressors, PCBs, and heat exchangers, are increasingly manufactured in-house, while panel sourcing from TCL locally has risen from zero in FY22 to ~30% currently, with a 50% target. Compressor capacity expansion remains a strategic priority. It consumes 1.8m compressors annually, with 0.9m currently produced in-house. New compressor facility is targeted by Mar'27 (Phase-2 of Sri City expansion), which should meaningfully reduce cost dependence on external suppliers.
- Annual maintenance contracts are expected to grow from USD40m in CY24 and USD60m in CY25 to USD100m by CY26. The B2B segment (~10% of revenue) includes VRF systems, cassette ACs, Chillers, data-center cooling solutions, HVAC equipment and interactive displays. B2B segment was growing at ~20% over the past few years, while it is estimated to be flat YoY in FY26.
- LGEIL plans to significantly scale up its export contribution. It has commenced manufacturing side-by-side refrigerator models that meet US specifications and has already secured export orders for these products. In addition, it exports mid- and entry-level products to over 50 neighboring countries and is strengthening its distribution network in these markets to drive growth. LGEIL is also targeting an expansion of microwave exports to Europe going forward.

Valuation and view

- LGEIL has established itself as a strong player in various consumer electrical categories, such as TVs, refrigerators, washing machines, RACs, and microwave ovens. The industry outlook remains constructive, led by rising preference for premium, energy-efficient products, while low penetration levels continue to offer volume-led growth opportunities.
- We estimate a CAGR of ~10%/22%/23% in revenue/EBITDA/PAT over FY26-28. We estimate OPM to expand to 12.0%/12.7% by FY27/FY28 vs. 10.3% in FY26. It has consistently generated positive operating cash flows over the years. We estimate a cumulative OCF of INR72b during FY26-28; however, its capex plans for the Sri City plant (INR39b to be spent during FY26-28E) are expected to moderate its FCF. Cumulative FCF during FY26-28 is estimated at INR33b.
- The stock trades at 46x/39x FY27/FY28E EPS. We value LGEIL at 45x FY28E EPS to arrive at our TP of INR1,860. Reiterate BUY.

Suzlon 2.0 – New management, new strategy, new growth phase

We recently interacted with Mr. Girish Tanti (Executive Vice Chairman) and Mr. Rahul Jain (CFO) of Suzlon Energy Limited (SUEL) to discuss the recent leadership restructuring under its Suzlon 2.0 vision. The company has announced a new management framework, including the formation of a Group Executive Council (GEC). Mr. J. P. Chalasani has transitioned from Group CEO to a member of the GEC, while Mr. Ajay Kapur has been appointed as Group CEO and Mr. Rahul Jain continues as CFO. The revised structure is designed to support expansion into solar and battery energy storage systems (BESS), while retaining leadership in the core wind business.

- SUEL has launched DevCo, a dedicated project development vertical, to decouple early-stage development from EPC execution. This initiative strengthens pipeline visibility, enhances readiness for large long-term mandates, and positions the company as a full-stack renewable energy solutions provider.
- With an order book of ~6.5GW, SUEL has full coverage of our estimated WTG deliveries for 4QFY26/FY27 (0.9GW/3.4GW) and over 50% coverage of our estimated 4GW deliveries in FY28, providing strong medium-term visibility.
- We reiterate our BUY rating with a TP of INR66. We cut our valuation multiple to 27x (earlier: 30x), which is broadly in line with its historical average two-year forward P/E and reflects relatively weaker sentiment across the broader market and within the power and renewables sector.

New management to power SUEL into its new phase of growth

- SUEL has announced a leadership restructuring under its ‘Suzlon 2.0’ vision, including the formation of a GEC to steer its medium- to long-term strategy. Mr. J. P. Chalasani has been elevated from Group CEO to a member of the newly constituted GEC.
- The company appointed Mr. Ajay Kapur as Group CEO. He has served in leadership roles across several large listed entities, with his most recent role being Managing Director of Ambuja Cements.
- Mr. Rahul Jain has been appointed CFO and brings over 17 years of experience from SRF Limited, where he successfully led the company’s financial transformation journey.
- The strengthened leadership team underscores SUEL’s strategic shift to expand beyond wind power into solar and BESS.

DevCo to strengthen integrated RE project development capabilities

- SUEL has launched DevCo, a dedicated project development vertical aligned with its strategy to evolve into a full-stack RE solutions provider across wind, solar, and BESS.
- The initiative aims to decouple early-stage project development from EPC execution, enabling advanced groundwork for large, long-term client mandates and enhancing pipeline preparedness.
- DevCo will focus on identifying high-potential wind and hybrid sites 3–5 years in advance using proprietary resource data, securing land, obtaining regulatory approvals, and arranging grid connectivity. This separation is expected to reduce execution bottlenecks, contract timelines, and improve multi-year revenue visibility.
- Early project incubation allows customer engagement at the pre-construction stage (after ~25% of land aggregation is complete), lowering the interest during construction (IDC) burden and expediting financial closure, with projects subsequently transitioning to the EPC division for execution.

Suzlon Energy



Mr. Girish Tanti, Vice Chairman

Girish Tanti, SUEL’s founding member and technology-business specialist, has nearly three decades of experience in renewables. Leading multiple corporate functions, he played a pivotal role in positioning SUEL among the world’s top five wind energy companies.



Mr. Rahul Jain, CFO

Rahul Jain is a Chartered Accountant by qualification. He was associated with SRF Limited for 17 years, where he led financial transformation by streamlining systems and strengthening financial discipline.

- SUEL has identified over 23GW of potential sites, with land development underway for ~7GW currently being marketed to clients. Given the growing preference for FDRE solutions over standalone solar amid grid stability considerations, the company is well-positioned to reorient its wind pipeline toward FDRE offerings.

Expanding EPC scope; broadening OMS across RE assets

- Management had earlier shared its objective of expanding the share of EPC projects in the order book to 50% by FY28 from 27% (end-3QFY26). Suzlon 2.0 adds a new layer to this strategy, with the company broadening the scope of its EPC offerings beyond wind to include solar, BESS, and FDRE projects.
- The company also aims to scale its OMS portfolio (15.5GW of wind assets under management as of 3QFY26) by incorporating other forms of RE assets into its servicing capacity.
- These initiatives are currently at the preliminary stage, with greater strategic clarity expected to emerge by 1QFY27.

Actively exploring export markets; contribution expected from FY28 onwards

- SUEL has appointed Mr. Paulo Soares as President of its Europe business, with an aim to scale up exports. Export potential to Europe is further boosted through the Free Trade Agreement with EU announced this month.
- Export opportunities are being explored for Europe, Australia, South Africa, and the Middle East.
- Management expects to start receiving WTG export orders from FY27, which should contribute to the company's revenue by FY28.

Validation of incremental wind demand thesis

- We had highlighted that data centers, C&I consumers, and PSUs could together drive incremental wind demand of 20-24GW by 2030 (comprising ~20% from data centers, 45% from C&I consumers, and 35% from PSUs), over and above India's targeted 100GW wind capacity by FY30 ([Link](#)).
- Early signs of this trend are emerging, as PSUs advance their renewable energy plans—illustrated by GAIL India recently announcing an investment of INR17b to set up a 178.2MW wind power project in Maharashtra ([link](#)).

Rebidding/reconfiguration of ~40GW of projects pending PPAs to improve bidding trajectory

- Currently, there are still 40GW of RE projects in India pending Power Purchase Agreements (PPAs), as highlighted in our earlier report ([Link](#)). Of the 40GW pending PPAs, according to our industry channel checks, plain vanilla solar represents 17GW, while wind accounts for a negligible portion.
- Management highlighted that there is active engagement among state governments to have these projects rebid or reconfigured. Once this blockade is cleared, the bidding trajectory should scale up, with states also playing a role in building renewable capacity, leading to a broader revival.

SUEL now trading at multiples at par with leading cap goods players

- Based on our estimates, SUEL is currently trading at 9.9x FY28E EBITDA. This is in line with or below other cap goods players in the power sector (WEL: 9.7x, PEL: 9.9x, Thermax: 24.4x, ABB India: 42.3x).
- According to Bloomberg data, SUEL's FY28 EV/EBITDA multiple was ~21x in Mar'25. It has declined sharply to 12.5x based on Bloomberg estimates.

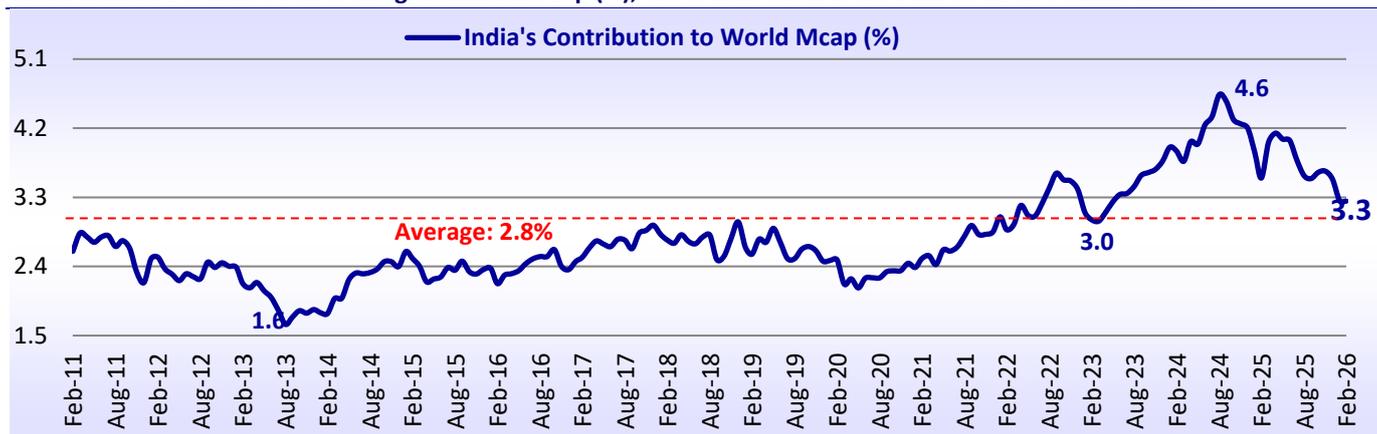
Bulls & Bears

India Valuations Handbook

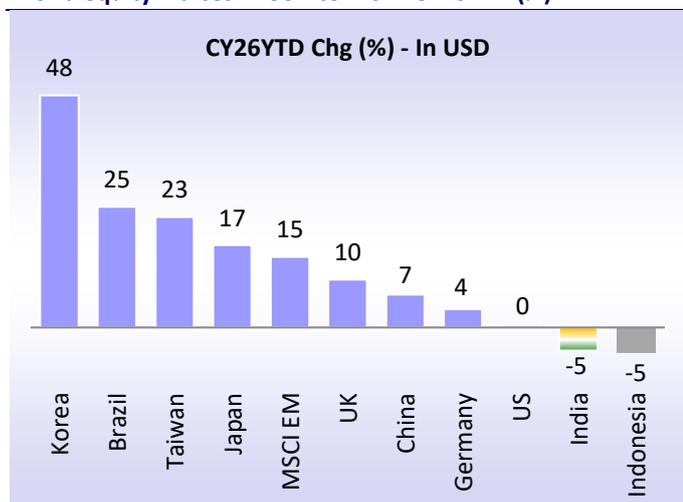
India Valuations Handbook — Consolidation amid volatility: Earnings anchor optimism

- **Markets experience elevated volatility and correct for the third consecutive month:** The Nifty ended 0.6% lower MoM at 25,179 in Feb'26 – the third consecutive month of a decline. Notably, with extreme volatility, the index hovered around ~1769 points before closing 142 points lower. The Nifty is down 3.6% in CY26YTD. The Nifty Midcap 100 (+1.2% MoM) and Nifty Smallcap 100 (+0.3% MoM) outperformed the Nifty-50 during the month. Over the last 12 months, largecaps have risen 14% YoY, underperforming midcaps and smallcaps, which have grown 23% and 15%, respectively. Over the last five years, midcaps (CAGR: 20.5%) have notably outperformed largecaps (CAGR: 11.6%) by 81%, while smallcaps (CAGR: 16%) have markedly outperformed largecaps by 37%.
- **FII clock inflows in Feb'26, while DII inflows the lowest since May'25:** In Feb'26, FIIs recorded inflows of USD1.7b, after two consecutive months of outflows. FII equity outflows stood at USD1.6b in CY26YTD vs. the highest ever equity outflows of USD18.8b recorded in CY25. DII inflows slowed in Feb'26 at USD4.2b in Feb'26 – lowest since May'25. DII equity inflows stood at USD11.8b in CY26YTD, down from the highest ever inflows of USD90.1b in CY25.
- **Breath positive in Feb'26:** All major sectors ended higher – Power (+9%), PSU Banks (+9%), Healthcare (+6%), Capital Goods (+6%), and Oil & Gas (+5%) were the top gainers. Conversely, Technology (-20%), Real Estate (-0.3%), and Consumer (-0.1%) were the only laggards MoM. The breadth was positive in Feb'26, with 30 Nifty stocks closing higher. Power Grid (+16%), Max Healthcare (+14%), Eicher Motors (+12%), Apollo Hospital (+12%), and SBI (+12%) were the top performers, while Tech Mahindra (-22%), Infosys (-21%), HCL Tech (-18%), TCS (-16%), and Wipro (-15%) were the key laggards.
- **India underperforms key global markets in Feb'26:** Among the key global markets, Korea (+20%), Taiwan (+10%), Japan (+10%), the UK (+7%), MSCI EM (+5%), Brazil (+4%), Germany (+3%), China (+1%) ended higher in local currency terms on a MoM basis in Feb'26. However, Indonesia (-1%), the US (-1%), and India (-1%) ended lower MoM. During the last 12 months in USD terms, the MSCI India Index (+12%) underperformed the MSCI EM Index (+47%). Over the last 10 years, the MSCI India Index notably outperformed the MSCI EM Index by 37%. In P/E terms, the MSCI India Index is trading at a 23% premium to the MSCI EM Index, below its historical average premium of 74%.
- **Valuations – two-thirds of the sectors trade at a premium to their historical averages:** The Nifty now trades at a 12-month forward P/E of 20.2x, near its LPA of 20.9x (3% discount). Conversely, the P/B ratio at 3x represents a 5% premium to its historical average of 2.9x. Market capitalization-to-GDP ratio is at its year-end high level of 129% of FY26E GDP (9% YoY), well above its long-term average of 87%. Automobiles, Consumer, Chemicals, and Logistics now trade near their long-period average (LPA) valuations, while Capital Goods, PSU Banks, Metals, and Utilities trade at a premium to their LPA.
- **Our view:** The 3QFY26 earnings have been in line with our expectations, with a beat-miss ratio for the MOFSL Universe remaining balanced – 34% of the companies exceeded our estimates, while 32% reported a miss at the PAT level. Importantly, the 3QFY26 earnings season reaffirms our analysis that the aggregate earnings revision trajectory has become more palatable. Clearly, with the heavy lifting by the RBI and GoI through a series of stimulative monetary and fiscal measures, the macro environment for earnings has improved and is somewhat reflected in an impressive 3QFY26 MOFSL PAT growth of 16% YoY – mildly ahead of our estimates of 14%. In this backdrop of stabilizing earnings, we believe that Indian markets appear poised for a better performance in CY26, especially after the sharp underperformance in CY25. A key overhang in the current environment has emerged in the form of ongoing disruptions in the IT services sector and their potential impact on other sectors, and remains a key near-term monitorable. We expect ~12% earnings growth for Nifty over FY25-27E. Valuations for Nifty at ~20.2x are near the LPA at 20.9x 12m forward earnings (at a 3% discount), while they remain stretched for broader markets. We are OW on Auto, PSU Banks, Diversified Financials, Technology, Consumer Discretionary, and Capital Goods + EMS, which are our key preferred investment themes. We are Neutral on Telecom, Cement, and Healthcare, while maintaining our UW stance on Private Banks, Consumer Staples, O&G, Utilities, and Metals within our [model portfolio](#).
- **Top Nifty-50 Ideas:** Bharti Airtel, SBI, ICICI Bank, L&T, Infosys, M&M, Titan, Bharat Electronics, Eternal, Tata Steel, and Interglobe Aviation. **Top Non-Nifty-50 Ideas:** TVS Motors, Groww, Indian Hotels, AU Small Finance, Dixon Tech, Suzlon Energy, Coforge, Radico Khaitan, Delhivery, and V-Mart Retail.

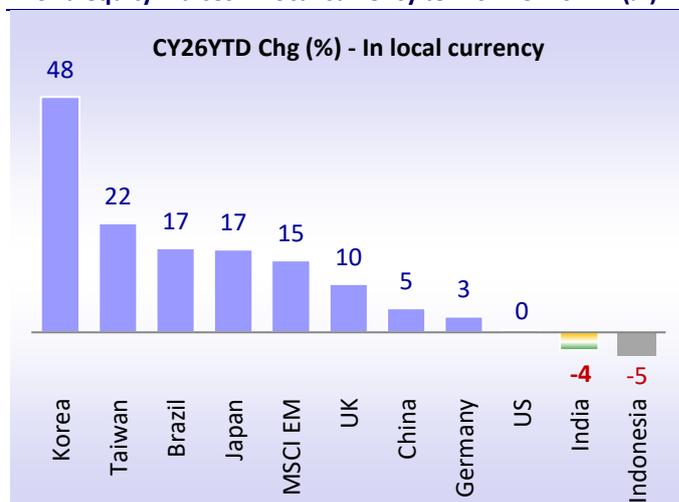
Trend in India's contribution to the global market cap (%); the contribution at 3.3% in Feb'26 at a 32-month low



World equity indices in USD terms in CY26YTD (%)



World equity indices in local currency terms in CY26YTD (%)



Please refer to our earlier report



Consumer price and commodity tracker

In our consumer price tracker, we cover over 100 SKUs across 15 consumer product sub-categories, ranging food, BPC, and home care. Food categories and the BPC segment were among the key beneficiaries of GST 2.0, witnessing double-digit price cuts. With commodities like palm oil, maize, wheat, cocoa beans, and copra witnessing a deflationary trend in recent months, pricing strategies have become an important tracker. Some companies have highlighted the possibility of price increases in the coming quarters as well.

- Following the GST 2.0 announcement, there was a temporary blip (Sep'25 to Oct'25) due to trade-related disruptions. However, the issue normalized in the subsequent month. Under our coverage universe, staple companies were the biggest beneficiaries of GST 2.0. Within staples, the foods category saw minimal channel disruption and double-digit effective price cuts across biscuits and noodles. This was driven by a combination of MRP reductions and grammage increases (especially in LUPs), which supported volume traction. Beverage pricing has largely remained steady despite cooling tea and coffee costs. Edible oil prices have been range-bound, with companies taking calibrated ml-age reductions to preserve affordability amid sunflower inflation. With macro indicators turning supportive, expectations of a stronger summer season (after two weak years), and a stable RM environment, we see improving earnings visibility across staples and discretionary consumption.
- Similar to the food categories, GST 2.0 also benefited BPC categories such as soaps, oral care, and shampoos. In BPC, we observed that most companies opted for direct MRP cuts rather than grammage adjustments. In soaps, leading players implemented INR5–6 price cuts on key 100g SKUs (e.g., HUL's Lifebuoy and Dove; GCPL's Cinthol; Reckitt's Dettol), translating into 5–13% portfolio-level reductions. A similar trend was evident in toothpaste, with double-digit MRP cuts across key SKUs of Colgate, Dabur, and HUL. Shampoos also saw comparable MRP-led price cuts. Within pure coconut hair oil (no GST 2.0 impact), pricing divergence persists: MRCO's Parachute remained stable, while Dabur's Anmol Gold witnessed a ~16% price hike over the last six months.
- In home care, laundry saw some price hikes over the last three months, with no GST benefits applicable to the category. We observed that most players incl. P&G, HUL and Jyothy implemented price hikes over the last three to six months.
- As of mid-4QFY26, prices of non-agricultural commodities, such as crude oil, TiO2, soda ash, and palm oil, continued to decline YoY. Agricultural commodities, which had witnessed elevated pricing over the last couple of quarters, are now seeing moderation on a YoY basis. Commodities such as mentha, copra, and cashew remained inflationary YoY, while prices of wheat, maize, and cocoa have cooled. Overall, agri commodity prices are a mixed bag at this stage. Meanwhile, the rising crude oil prices remain a key monitorable.

Trend in commodity prices

Commodity	Unit	CMP (INR)	Average prices of commodities					Change in prices (%)	
			4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	YoY	QoQ
Non- Agri Commodity									
Brent Crude	\$/barrel	72	76	68	69	64	69	-9	8
Titanium Dioxide	INR/kg	273	337	327	317	301	291	-14	-4
Titanium Dioxide China	CNY/MT	13,900	15,099	14,892	13,657	13,690	13,866	-8	1
VAM China	USD/MT	854	809	782	767	804	854	6	6
Soda Ash	INR/50kg	1,575	1,848	1,600	1,565	1,525	1,581	-14	4
Glass	India WPI Index	173	174	174	173	172	173	-1	0
Gold	MCX Gold (INR/10gm)	1,58,588	83,375	94,876	1,02,287	1,25,742	1,50,008	80	19
HDPE	INR/10kg	930	942	928	946	871	884	-6	1
Agri Commodity									
Wheat	INR/quintal	2,463	2,947	2,630	2,732	2,643	2,605	-12	-1
Sugar	INR/quintal	4,120	4,074	4,088	4,068	4,112	4,042	-1	-2
Mentha	INR/KG	1,115	1,021	1,007	1,062	1,103	1,168	14	6
Cashew	India WPI Index	177	168	172	172	179	177	6	-1
Maize	INR/quintel	1,777	2,377	2,262	2,357	1,902	1,852	-22	-3
Molasses	India WPI Index	160	158	161	163	162	160	1	-1
Barley	INR/quintel	2,250	2,391	2,276	2,304	2,295	2,269	-5	-1
Tea	India WPI Tea	181	173	194	176	184	181	4	-2
Cocoa beans	USD/MT	2,974	9,668	9,359	7,940	5,870	4,330	-55	-26
Coffee	India WPI Coffee	233	230	234	239	230	233	1	1
Tobacco	India WPI Tobacco	114	114	114	114	114	114	0	0
Milk	India WPI Milk	192	187	189	191	192	192	3	0
SMP	US\$/CWT	137	134	131	125	114	128	-4	13
Copra	Copra WPI Index	398	234	281	391	404	398	70	-2
Cotton	USD/LB	65	71	70	70	66	65	-8	-1
Yarn	NNS Cotton Yarn Hosiery Yarn Carded 30 price INR/kg India	232	231	233	228	225	236	2	5
Oil Commodities									
Palm Fatty acid	USD/MT	1,025	1,038	902	970	1,016	1,025	-1	1
Malaysia Palm oil	MYR/MT	4,015	4,712	4,071	4,275	4,164	4,055	-14	-3
Coconut Oil	INR/quintel	33,500	18,460	23,131	32,223	32,095	32,738	77	2
Rice Bran oil	Rice Bran oil Index	180	177	177	179	180	180	2	0
Sunflower oil	INR/MT	1,51,500	1,32,328	1,30,508	1,30,939	1,40,790	1,50,618	14	7

*till 27th February'26, Source: Company, MOFSL

Financials - Banks

Month	SCBs		
	WALR - O/s Loans	WALR - Fresh Loans	WATDR
Oct-24	9.88	9.54	7.04
Dec-24	9.86	9.25	7.08
Mar-25	9.75	9.35	7.11
Jun-25	9.44	8.62	7.00
Sep-25	9.26	8.39	6.82
Oct-25	9.24	8.61	6.78
Nov-25	9.21	8.71	6.73
Dec-25	9.06	8.28	6.68
Jan-26	9.04	8.67	6.64

Month	PSBs		
	WALR - O/s Loans	WALR - Fresh Loans	WATDR
Oct-24	9.19	8.71	7.08
Dec-24	9.18	8.54	7.12
Mar-25	9.09	8.66	7.16
Jun-25	8.76	7.82	7.07
Sep-25	8.63	7.80	6.91
Oct-25	8.60	7.89	6.87
Nov-25	8.58	8.05	6.82
Dec-25	8.43	7.61	6.78
Jan-26	8.41	8.05	6.74

Month	PVBs		
	WALR - O/s Loans	WALR - Fresh Loans	WATDR
Oct-24	10.83	10.35	7.13
Dec-24	10.82	10.16	7.15
Mar-25	10.71	10.32	7.16
Jun-25	10.43	9.74	7.10
Sep-25	10.17	9.14	6.91
Oct-25	10.17	9.44	6.86
Nov-25	10.13	9.44	6.80
Dec-25	10.00	9.14	6.74
Jan-26	9.97	9.32	6.71

Fresh loan yields witnessing a healthy rise

Pause in policy rates and repricing of TDs augur well for FY27E margins

- Yields on fresh loans rose 44bp for PSBs, 18bp for PVBs, and 39bp for SCBs in Jan'26. This early trend points to a favorable yield environment for banks in 4Q and thus augurs well for margins over FY27.
- WALR on O/S loans declined marginally by 2bp MoM, with a 2bp decline for PSBs and a 3bp decline for PVBs. With repo rates stable, the bulk of repo-linked repricing appears to be behind banks.
- PSU banks have reported a relatively lower decline in MCLR rates as deposit rates have been static though select large PVBs may face mild downward pressure due to repo repricing from 25bp cut in Dec'25 policy.
- The Weighted Average Term Deposit Rate (WATDR) for the system continued to decline at a calibrated pace by 4bp MoM in Jan'26 to 6.74%, with PSBs and PVBs reporting a 4bp and 3bp dip MoM, respectively.
- Systemic credit growth has recovered to 13.7% (11% YTD) and has remained above 13% YoY in recent fortnights, indicating a sustainable uptrend. The RBI's comfort on elevated CD ratios further eases funding concerns. We raise our systemic loan growth estimate to ~14% CAGR over FY26-28E.
- Top picks: ICICI Bank, HDFC Bank, SBI, and AUBANK.

Fresh loan yields expand 39bp MoM; O/S loan yields stable MoM

- Yields on fresh loans rose 44bp for PSBs, 18bp for PVBs, and 39bp for SCBs in Jan'26. This early trend points to a favorable yield environment for banks in 4Q and thus augurs well for margins over FY27.
- WALR on O/S loans declined marginally by 2bp MoM to 9.04% in Jan'26 following a dip of 15bp in Dec'25. PSBs O/S yield declined by 2bp MoM, and that of PVBs declined 3bp. With repo rates stable, the bulk of repo-linked repricing appears to be behind banks.
- One-year MCLR for PVBs dipped 30-275bp over the past year. Bandhan/KMB/HDFC reported a steeper decline of 275bp/115bp/100bp YoY, while IDFCB/IIB witnessed a lower decline of 55bp YoY. PSBs MCLR rate has witnessed a more calibrated decline at 30-40bp YoY.
- With repo rates now being stable, O/s yields becoming steady, and incremental fresh loan yields improving over the past three months, incremental yield decline is likely to be calibrated. The continuous repricing of TDs should thus augur well for FY27E NIMs.

Calibrated decline in WATDR continues; bodes well for CoF moderation

- WATDR is easing at a measured pace, declining 4bp MoM in Jan'26 following a 5bp MoM dip in Dec'25.
- With term deposit repricing progressing gradually, the WATDR spread over the repo rate remains at a four-year high of ~1.5% for both PVBs and PSBs, indicating that the impact of lower rates is likely to become evident in 4QFY26 and 1HFY27E.
- Consequently, the ongoing moderation in WATDR should translate into a reduction in the overall cost of funds, with a positive spillover to NIMs.

We expect credit growth estimate at +14% over FY26-28E vs. earlier expectation of +13% for FY27

Growth recoups to 13.7%; estimate ~14% loan CAGR over FY26-28E

- Systemic credit growth improved to 13.7% (11% YTD growth) and remained consistently above 13% YoY over the last four fortnights.
- This appears well positioned to sustain, supported by multiple growth engines – steady retail demand (anchored by reviving unsecured growth), and pickup in SME/corporate demand as well, and revival in consumption-led momentum.
- Importantly, RBI's indication that elevated CD ratios will not be a binding constraint alleviates funding concerns, especially as deposit repricing and liquidity measures ease system tightness.
- Further, strengthening corporate balance sheets, rising capacity utilization, and gradual rate moderation provide incremental tailwinds, suggesting the current momentum is sustainable toward mid-teens growth over the medium term.
- We expect earnings growth to lead loan CAGR over the medium term, as banks benefit from stable-to-improving NIMs, easing deposit cost pressures, and a favorable rate backdrop.
- **We estimate loan growth to be healthy and expect it to sustain a healthy ~14% CAGR over FY26-28E.**

Our view: Prefer ICICIB, HDFCB, SBI, and AUBANK

- The Indian banking sector has delivered resilient NIMs vs. our expectations in 3Q. Incremental data suggests that banks are generally well-positioned to sustain these NIMs, with a recovery expected over FY27E.
- With a positive growth outlook and systemic growth consistently exceeding 13% YoY over the past few fortnights, we anticipate steady growth trends led by retail, increased SME and corporate demand, and a revival in consumption. Thus, we expect credit growth to sustain at a healthy ~14% CAGR over FY26-28E.
- With asset quality remaining healthy and credit costs trending lower, incremental profitability will increasingly be driven by operating leverage, productivity gains, and tighter cost discipline across select franchises.
- **We estimate a PAT growth of 15.1% and 17.8% YoY in FY27E and FY28E, respectively.**
- **Our top picks remain ICICI Bank, HDFC Bank, SBI, and AUBANK.**

Fiscal monthly: Center and states maintain strong capex growth

Total states (INR5.2t) + center capex (INR8.4t) grow 12.4% YoY to INR13.6t in 10MFY26

Center's finances (Jan'26 and 10MFY26):

- Total receipts increased sharply in Jan'26, supported by higher tax collections as well as an improvement in non-debt capital receipts. Non-debt capital receipts saw a strong rise compared to last year, reflecting better realizations from disinvestment (INR93b in Jan'26; INR371.6b in 10MFY26, 312% YoY). (Exhibit 1). *The bulk of the proceeds has come from minority stake sales in CPSEs, such as BHEL, Mazagon Dock, Bank of Maharashtra, IRFC, and Indian Overseas Bank. The transactions have largely been executed through the Offer for Sale (OFS) route.*
- Gross tax revenue grew at a healthy pace in Jan'26, driven by strong expansion in direct taxes (33% YoY in Jan'26). Corporate tax collections rose sharply on a favorable base (180.8% YoY in Jan'26), while income tax posted steady growth of 12.6% YoY. In contrast, indirect taxes saw a mild contraction (-3.4% YoY in Jan'26), largely due to weaker GST collections (Exhibit 2).
- On the expenditure side, total spending declined 8.5% YoY in Jan'26, led by contraction in both revex (-4.2% YoY) as well as capex (-24.5% YoY). The decline in capex during the month needs to be viewed in the context of front-loaded spending earlier in the fiscal year. On a YTD basis, capex continues to grow at a healthy double-digit pace (11.2% YoY; Exhibits 3, 4, and 7). Although overall capital expenditure declined in Jan'26, spending continued in key priority areas. Transfers to states remained significant (37% of total capex in Jan'26), and allocations toward Defense, Railways, and Road Transport & Highways indicate that core infrastructure and strategic sectors continued to receive support during the month (Exhibit 5).
- As a result of restrained spending and better direct tax performance, the fiscal deficit narrowed sharply by 50.8% YoY in Jan'26.
- On a 10MFY26 basis, the Centre's revenues remain healthy. Gross tax revenue has grown 8.6% YoY in 10MFY26, led by steady growth in both direct and indirect taxes. Non-tax revenue has also risen strongly. Overall, total receipts are up 12.8% YoY and have achieved about 79.5% of REs in 10MFY26 (Exhibit 10).
- Expenditure growth has been contained at 3.4% YoY. Revenue spending has increased only marginally, while capital expenditure has grown at a strong pace of 11.2% YoY in 10MFY26. About 76.9% of the full-year capex target (REs) has already been utilized (Exhibits 6 and 12).
- The fiscal deficit stands at around 63% of the annual target. This suggests that the Center remains on track to meet its consolidation goal while maintaining a capex push (Exhibits 8 and 12). *In the context of the updated nominal GDP number of INR345t as against INR357t previously, the fiscal deficit target for FY26 is revised to 4.5% from the earlier level of 4.4%.*

Finances of 22 states for Jan'26 and 10MFY26:

- For the 22 states combined, Jan'26 revenue was mixed. Total receipts increased compared to last year, but revenue receipts declined mainly due to a sharp drop in states' share of Union taxes. Tax revenue contracted 14.9% YoY in Jan'26, although stamp duties and state excise collections remained strong. (Exhibit 13).
- On the expenditure side, total spending rose 11.5% YoY in Jan'26, driven primarily by a strong pickup in capital expenditure (23.5% YoY in Jan'26), while revenue expenditure rose at a more moderate pace.
- In 10MFY26, states' finances show steady growth. Total receipts have increased 9.7% YoY, while total expenditure has risen 9.4% YoY, keeping the overall fiscal position broadly stable. (Exhibit 13).
- Revenue expenditure has grown broadly in line with receipts. In contrast, capital expenditure has increased 17.2% YoY in 10MFY26, highlighting the continued infrastructure push at the state level. However, capex utilization stands at only 52.7% of BEs, suggesting likely acceleration in spending in Feb and Mar, the final quarter (Exhibit 13).

- **GST collections in Feb'26:** Gross GST collections stood at INR1.84t in Feb'26, registering healthy growth of 8.6% YoY, on a low base. This was primarily led by imported GST collections, which grew 14.7% YoY. Cumulatively, GST collections in FY26 have reached INR20.3t against the FY26BE of INR24.5t, thus reaching 83% of the full-year target, indicating that GST revenues are broadly on track going into the last month of the fiscal year (Exhibits 9 and 10).

Outlook:

- Overall, the combined fiscal stance of the Centre and states remains growth supportive. The Centre has maintained strong YTD capital expenditure growth despite a softer January reading, while states are also expanding capex at a healthy pace. Total states (INR5.2t) + center capex (INR8.4t) stood at INR13.6t in 10MFY26, growing 12.4% YoY. Fiscal consolidation is progressing through controlled revenue spending rather than cuts to productive capital outlays.
- On the disinvestment front, the government remains confident about its roadmap. According to the DIPAM Secretary, the combined disinvestment and asset monetization target of INR800b for FY27 is ambitious but achievable. The strategy includes greater use of OFS and QIP routes, along with efforts to unlock value from PSU land assets through structures such as REITs.
- A key transaction in focus is the strategic sale of IDBI Bank, which has progressed to an advanced stage. Technical and financial bids have been invited, and further clarity on the outcome is expected before the end of FY26, subject to bid evaluation and regulatory approvals. This marks an important step beyond incremental stake dilution toward a full strategic divestment.
- The key watchpoint for the remainder of the year remains revenue collection momentum. However, with capex growth intact and disinvestment providing supplementary fiscal support, the public investment cycle continues to underpin growth.

EcoSCOPE

The Economy Observer

Jan'26 IIP: Grew at a three-month low!

- India's industrial production grew 4.8% YoY in Jan'26, marking a three-month low. The moderation follows a strong 8% YoY growth in Dec'25 and reflects unfavorable base effects rather than a sharp deterioration in underlying activity.
- The manufacturing sector, which carries the highest weight in the index, expanded 4.8% YoY in Jan'26, slowing from 8.4% in the previous month. Despite the moderation, the expansion was broad-based: 14 out of 23 manufacturing sub-sectors registered growth, while nine contracted.
- Investment-oriented industries such as metals, machinery, and motor vehicles continued to show resilience, indicating that the capex cycle remains supportive of industrial activity.
- In contrast, consumption-linked segments exhibited weakness. Sectors such as leather, wearing apparel, and pharmaceuticals saw muted or negative growth, pulling down overall manufacturing momentum
- The divergence is clearly visible in use-based classification: infrastructure and construction goods grew 13.7% YoY, the fastest pace in 29 months, supported by strong steel and cement output.
- Consumer durables output remained healthy with 6.3% YoY growth in Jan'26, but consumer non-durables contracted 2.7% YoY and remain broadly flat in FYTD terms, highlighting continued softness in mass consumption demand.
- Electricity generation recorded a sharp acceleration, possibly reflecting stronger seasonal demand, and partially offset slower growth in mining and manufacturing.
- Geopolitical tensions in the Middle East pose near-term risks through potential oil price volatility and export disruptions, given that the region accounts for a meaningful share (15%) of India's goods exports.
- Overall, while industrial momentum has moderated, macro fundamentals remain consistent with GDP growth sustaining in the 7-7.5% range.

Exhibit 1: IIP growth at three-month low % in Jan'26

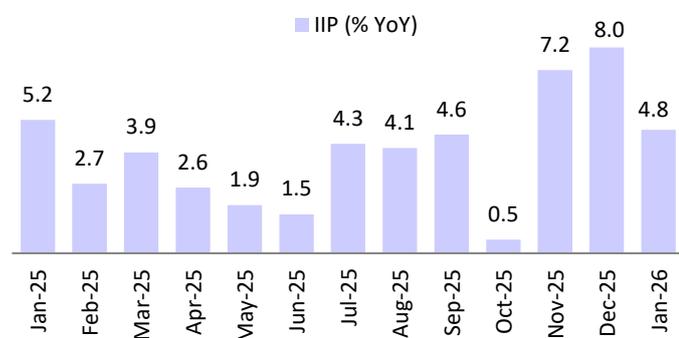


Exhibit 2: ...driven by mining and manufacturing sectors

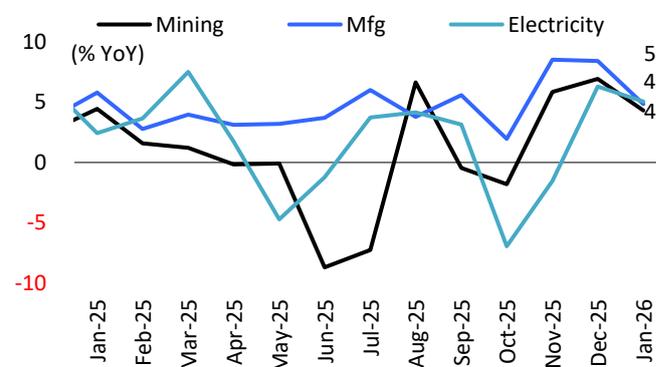


Exhibit 3: Infra/const. goods grew at a 29-month high in Jan'26

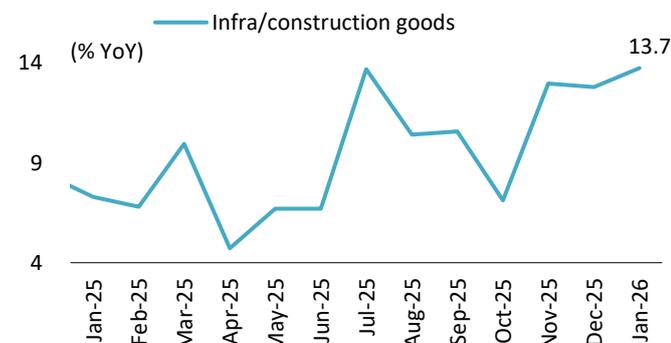
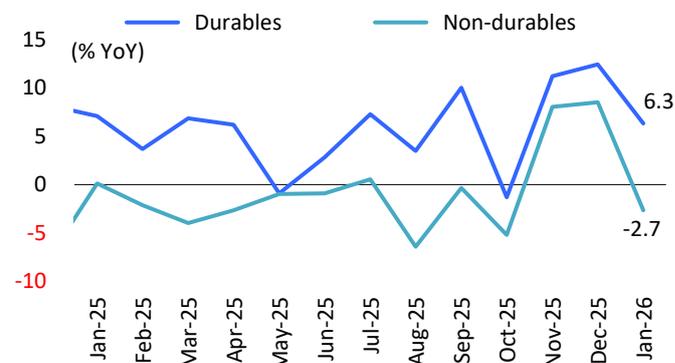


Exhibit 4: Consumer non-durables contracted while durables grew decently



Source: CSO, MOFSL

Exhibit 5: Share of consumer goods declined in Jan'26

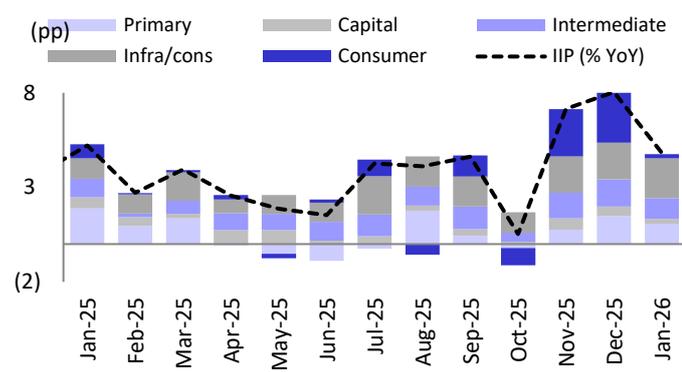
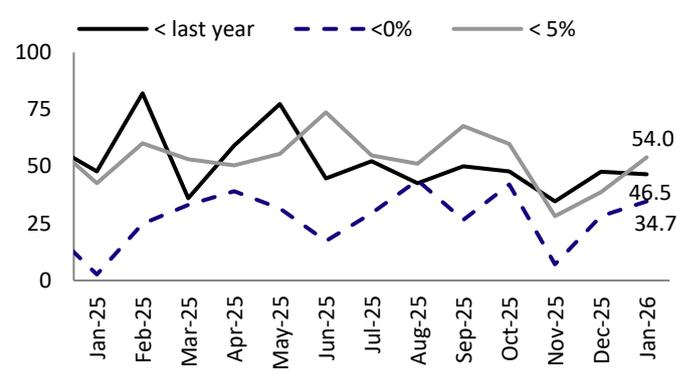


Exhibit 6: Share of mfg sub-sectors that contracted increased to 35% in Jan'26 vs. 28% in Dec'25



Source: CSO, MOFSL

Data highlights

IIP growth moderates to three-month low in Jan'26

- Industrial output grew 4.8% YoY in Jan'26, marking a three-month low. The print came on the back of an upwardly revised 8% YoY growth in Dec'25 and a relatively strong base of 5.2% YoY in January last year. On a sequential basis, growth momentum softened, largely reflecting unfavorable base effects and some moderation in key segments.
- For FYTD26, average IIP growth stands at 4.0% YoY, marginally lower than 4.2% YoY recorded in the corresponding period last year. While the overall trend remains stable, the January reading suggests that industrial activity is normalizing after the sharp acceleration seen in the previous month.
- Mining and manufacturing growth moderated compared to the same period last year, contributing to the overall deceleration in IIP. In contrast, electricity generation more than doubled on a YoY basis, likely reflecting stronger demand amid colder temperatures during the month. The surge in electricity output provided partial support to overall industrial growth.

Manufacturing growth eases but remain broad-based

- The manufacturing sector, which carries the highest weight in the IIP, expanded 4.8% YoY in Jan'26, almost halving from the strong 8.4% YoY growth recorded in Dec'25. Despite the moderation, the expansion was broad-based: 14 out of 23 manufacturing sub-sectors registered positive growth, while 9 contracted.
- Investment-linked industries such as metals, motor vehicles, and machinery continued to post robust growth, reflecting sustained capital expenditure momentum. However, consumption-oriented sectors showed weakness. Leather, textiles and apparel, and pharmaceuticals registered muted activity, weighing on overall manufacturing performance.
- The sharpest contractions were seen in wearing apparel, and leather & related products. That said, production of passenger vehicles and two-wheelers recorded double-digit growth during the month, indicating resilience within select discretionary segments.

Infra leads, consumption lags

- Use-based data reflects a clear divergence between infrastructure and consumption segments. Infrastructure and construction goods grew 13.7% YoY, the fastest pace in 29 months, supported by strong output in core sectors such as steel and cement. This underscores continued public and private investment activity and aligns with sustained capital expenditure trends.
- On the consumption side, performance was mixed. Consumer durables output grew 6.3% YoY, building on a healthy 7.1% YoY expansion a year ago. However, consumer non-durables contracted 2.7% YoY, even against a weak base of 0.1% YoY last year.
- In FYTD terms, consumer non-durables production remains broadly flat, highlighting subdued mass consumption demand. The relatively stronger 5.7% YoY growth in consumer durables remains a silver lining within the broader consumption basket.

External risks and outlook:

- Geopolitical tensions in the Middle East pose a near-term risk to industrial production, particularly through their impact on global oil prices and trade flows. With nearly 15% of India's goods exports directed toward Middle Eastern countries, prolonged conflict could disrupt shipments and delay export demand.
- Overall, while IIP growth has moderated from recent highs, the underlying trend remains constructive. Strong infrastructure activity, stable investment momentum, and improving external trade conditions should help anchor industrial performance. We expect India's GDP growth to sustain in the 7–7.5% range, even as IIP growth stabilizes at moderate levels in the near term.

Exhibit 7: IIP and its components

% YoY	Weight	FY24	FY25	FY25#	FY26#	Jan'25	Nov'25	Dec'25	Jan'26
Industry-based classification									
Mining	14.4	7.5	3.0	3.3	0.5	4.4	5.8	6.9	4.3
Manufacturing	77.6	5.5	4.1	4.2	4.9	5.8	8.5	8.4	4.8
Electricity	8.0	7.1	5.3	5.2	1.0	2.4	(1.5)	6.3	5.1
IIP	100.0	5.9	4.1	4.2	4.0	5.2	7.2	8.0	4.8
Use-based classification									
Primary Goods	34.0	6.1	3.9	4.0	1.1	5.5	2.2	4.4	3.1
Capital Goods	8.2	6.3	5.7	5.7	7.2	10.2	10.1	8.3	4.3
Intermediate Goods	17.2	6.3	4.2	4.6	5.6	5.3	7.4	7.8	6.0
Infrastructure/Construction	12.3	9.7	6.7	6.4	9.9	7.3	13.0	12.8	13.7
Consumer Goods	28.2	3.9	2.3	2.6	2.3	2.8	9.3	10.0	0.9
Durable Goods	12.8	3.6	8.1	8.7	5.7	7.1	11.2	12.4	6.3
Non-Durable Goods	15.3	4.1	(1.4)	(1.1)	(0.2)	0.1	8.0	8.5	(2.7)

Source: CSO, MOFSL

Aviation

** AIX Connect merged with Air India Express.*
*** Air India data includes Air India Express.*
**** Vistara data only up to 11th Nov'24. Effective 12th Nov, Vistara merged with Air India.*

Air traffic improves MoM in Jan'26; IndiGo's share declines YoY

- Domestic air passenger (PAX) traffic increased ~7% MoM in Jan'26 to 15.3m (up 4% YoY). Passenger growth increased for IndiGo, Air India (AI), Akasa, and SpiceJet on a YoY basis.
- Average domestic Passenger Load Factor (PLF) decreased 400bp MoM in Jan'26. PLF declined MoM for all airlines. On-Time Performance (OTP) increased 1,850bp MoM (low base MoM due to IndiGo's operational crisis) for airlines; the domestic average was 64.8% in Jan'26. The cancellation rate decreased ~10bp to 1.44% in Jan'26.
- IndiGo's market share declined following the surrender of flight slots due to FDTL implementation. Its domestic market share stood at 63.6% in Jan'26 (vs 59.6%/65.2% MoM/YoY).

India's domestic air PAX and market share

- India's domestic air PAX increased 7% MoM (increased 4% YoY) to 15.3m in Jan'26. Domestic PAX stood at 9.7m for IndiGo (up 2% YoY), 4m for the AI group (up 7% YoY), 0.7m for Akasa (up 6% YoY), and 0.6m for SpiceJet (up 27% YoY).
- Domestic market share stood at 63.6% for IndiGo (down 150bp YoY), 26.5% for the AI group (up 70bp YoY), 4.8% for Akasa (up 10bp YoY), and 3.9% for SpiceJet (up 70bp YoY).

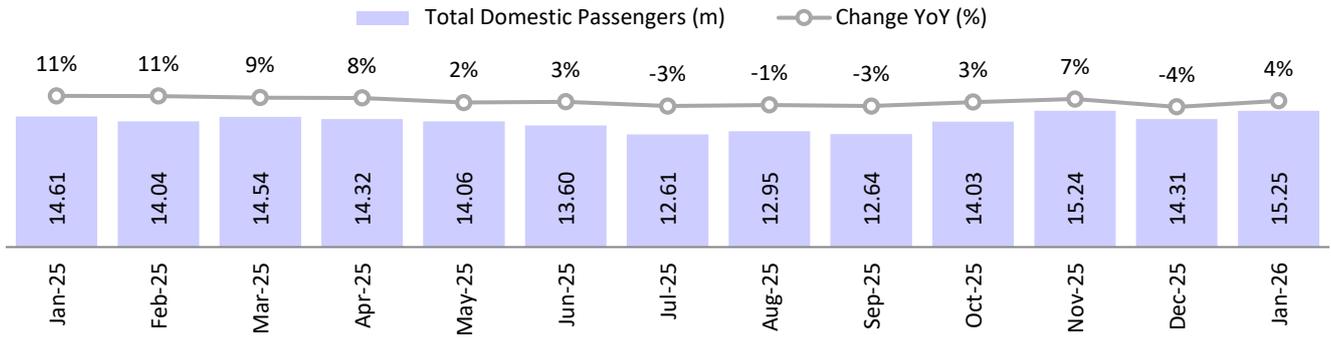
Domestic industry's PLF and OTP

- Domestic PLF stood at 80.7% in Jan'26 (84.7% in Dec'25 and 77.5% in Jan'25). PLF stood at 87.7% for IndiGo (down 210bp YoY), 86.5% for the AI group (up 210bp YoY), 93.2% for Akasa (down 50bp YoY), and 85.9% for SpiceJet (down 120bp YoY).
- The average OTP for domestic airlines across the top 10 airports stood at 64.8%. OTP stood at 70.9% for IndiGo, 69.6% for the AI group, 59.8% for Akasa, and 56.8% for SpiceJet.

Other highlights

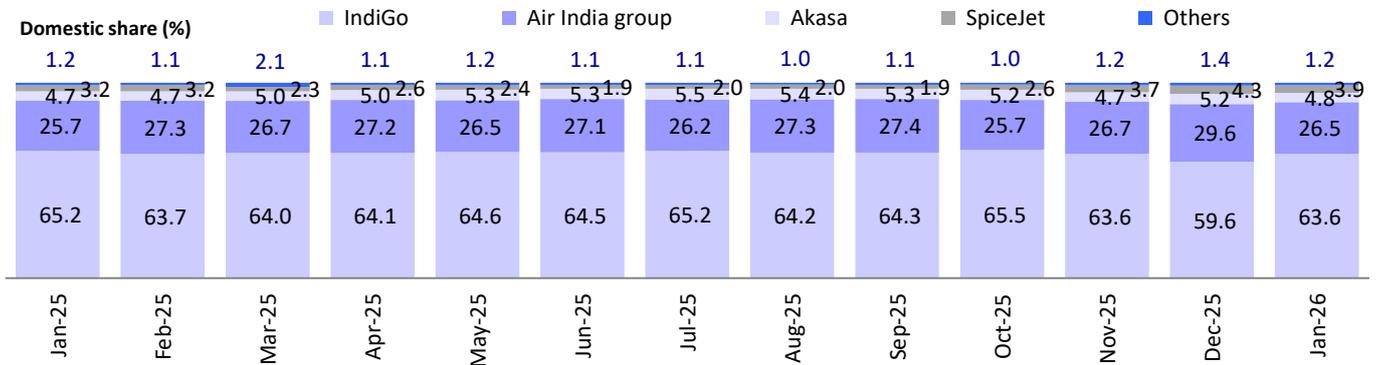
- The Air Turbine Fuel (ATF) price for Mar'26 stood at INR96,638/klit (up 1%/6% YoY/ MoM). For 4QFY26, the price stood at INR93,452/klit (down 3% QoQ and remained flat YoY).
- Brent crude averaged ~USD69.2/bbl in Feb'26. It rose to USD76.3/bbl on 2nd Mar'26, amid war-related tensions in the Middle East.

Domestic PAX grew 4%/7% YoY/MoM



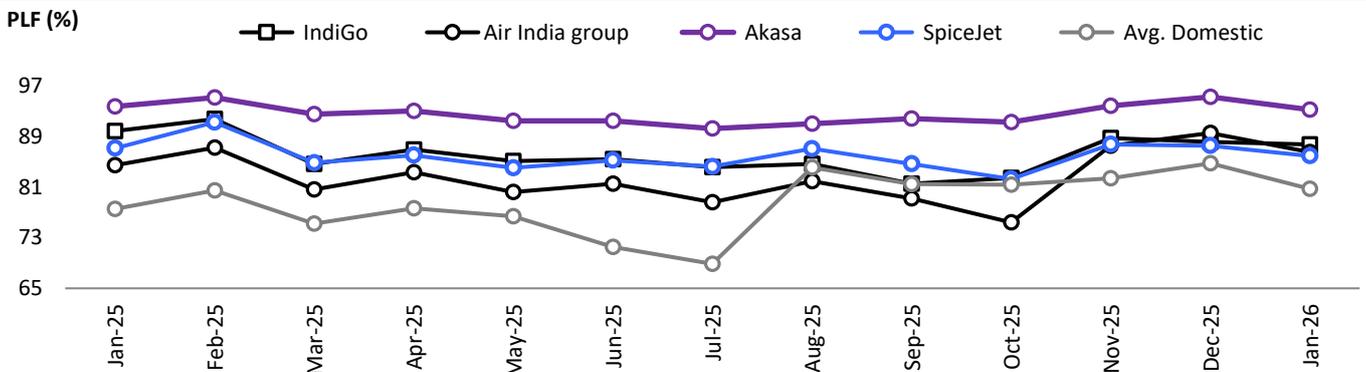
Source: DGCA, MOFSL

IndiGo's domestic market share was 63.6% in Jan'26, while it was 26.5% for the AI group



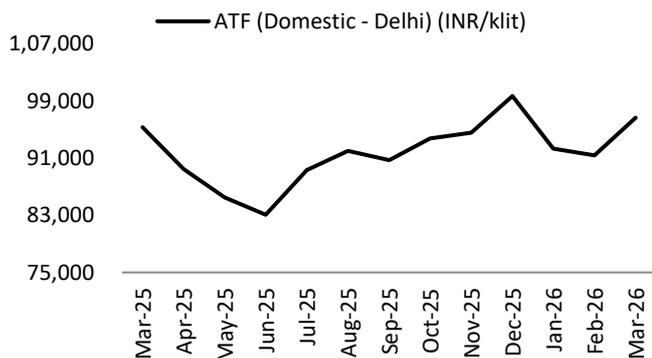
Source: DGCA, MOFSL

Average domestic PLF was 80.7%, with Akasa Air reporting the highest at 93.2%



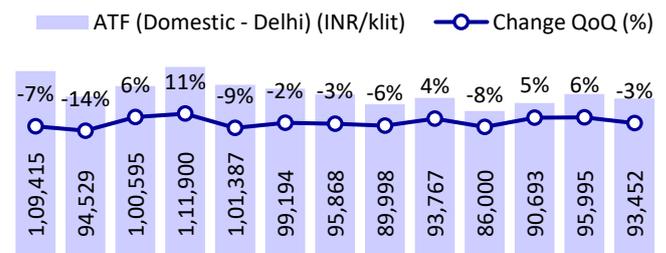
Source: DGCA, MOFSL

Decline in ATF prices MoM in Jan'26...



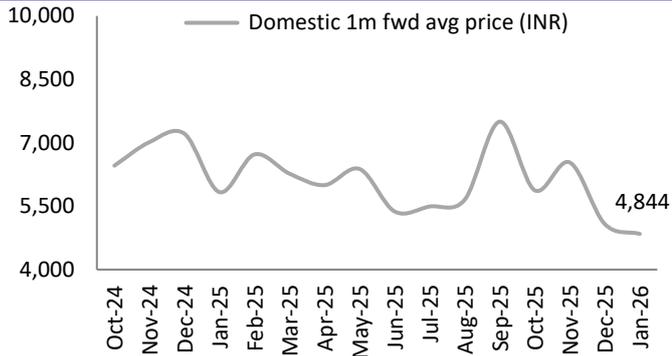
Source: HPCL, IOCL, MOFSL

...with the same decreasing 3% QoQ in 4QFY26



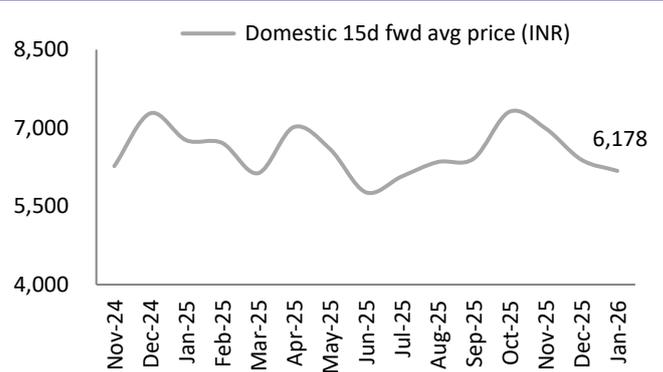
Source: HPCL, IOCL, MOFSL

Domestic fares on a one-month forward basis



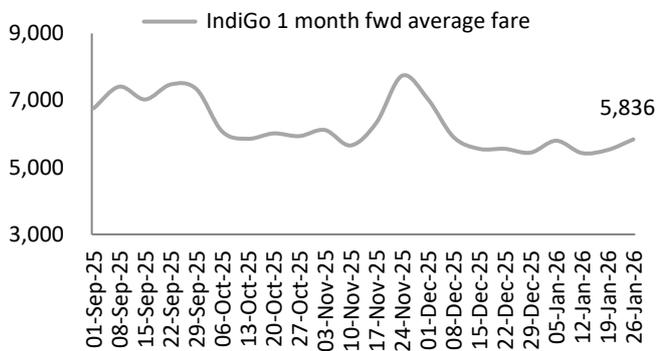
Source: MakeMyTrip, MOFSL

Domestic fares on a 15-day forward basis



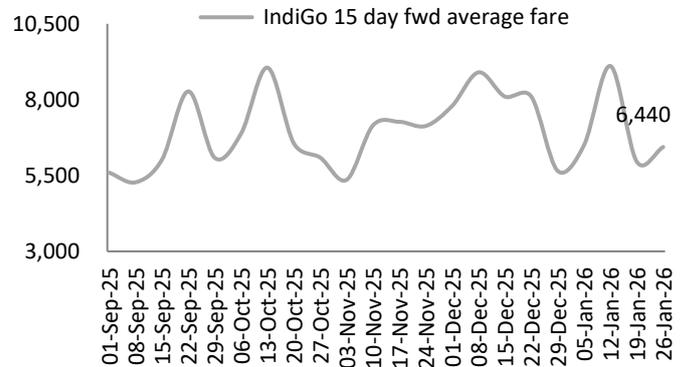
Source: MakeMyTrip, MOFSL

IndiGo's fares on a one-month forward basis



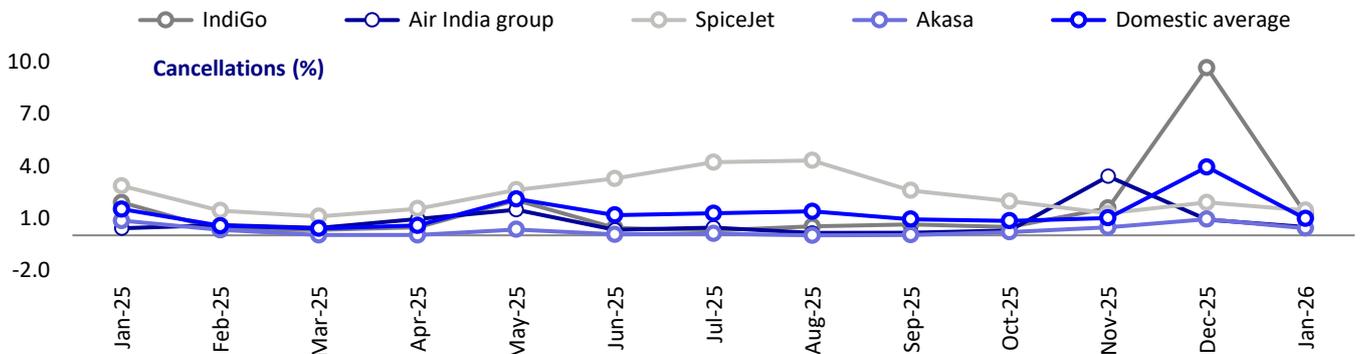
Source: MakeMyTrip, MOFSL

IndiGo's fares on a 15-day forward basis



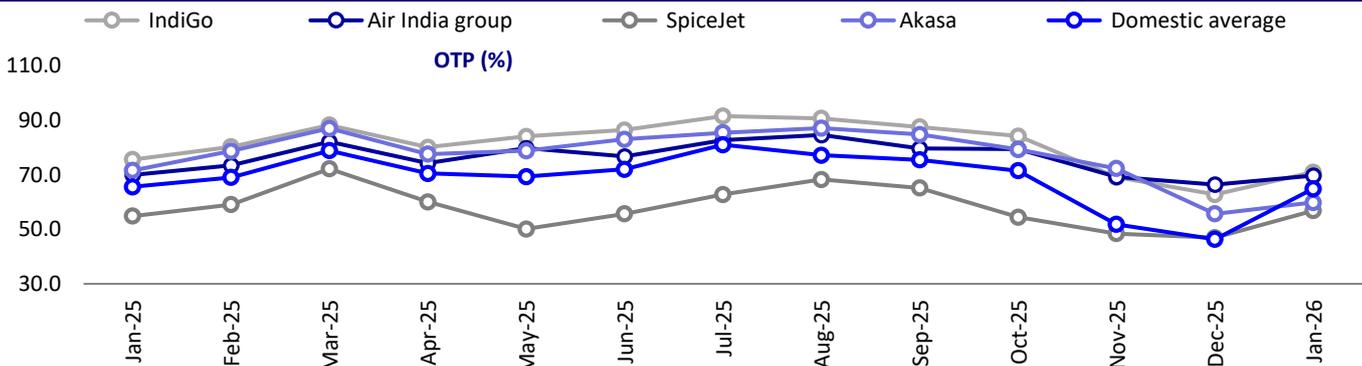
Source: MakeMyTrip, MOFSL

The cancellation rate decreased ~10bp to 1.44% in Jan'26



Source: DGCA, MOFSL

OTP increased 1,850bp MoM (low base due to IndiGo operational crisis) for airlines; the domestic average was 64.8% in Jan'26



Source: DGCA, MOFSL



M&M: Look Forward To A Strong March Month In EVs As Well; Nalinikanth Gollagunta CEO, Auto Division

- Outpaced the industry with 19% SUV growth in February; retail demand (VAHAN) surged 21.4%.
- Surpassed 6,500 monthly units for the first time; capacity expanding to 8,000 units by April.
- Confirmed the 35,000-unit Scorpio pickup order is active and shipping, with no scale-down.
- Views the commercial vehicle cycle in its early stages, driven by replacement and first-time buyers.

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KEC International: All Work Shut Down In UAE, Saudi; Work Underway In Oman; Vimal Kejriwal MD & CEO

- The Middle East accounts for ₹10,000 crore (25%) of the total order book; 50% is in Saudi Arabia.
- Operations and factories are fully shut down per government advisory; a month-long closure impacts revenue by ₹50 crore.
- Work continues as usual; brief pauses on the Saudi eastern border have already resumed.
- All employees are confirmed safe; UAE sites were closed as a precaution against falling missile debris.

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MTAR Technologies: Defence Contracts Are Typically Long-Term & Selective; Srinivas Reddy, MD

- Every 1 GW of Bloom Energy orders yields ₹900–1,100 crore for MTAR; management confirms 3–5 GW projections are a massive growth engine.
- 40% revenue CAGR (reaching ₹1,860 crore) and margin expansion to 24% are considered achievable.
- Targeting a ₹2,800 crore closing order book for the current year, with significantly higher inflows expected from non-defense verticals.
- Defense is now <5% of revenue; the company is intentionally avoiding long-term, R&D-heavy projects for more commercially viable ones.
- Aiming to cut the working capital cycle below 200 days next year, with a long-term goal of 180 days by FY28.

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Nitin Spinners: Sources Indicate RoDTEP Could Be Reversed Starting Next Financial Year; Dinesh Nolkha, CMD

- Negligible West Asia exposure; routing via Cape of Good Hope since mid-2025 has already baked in longer transit times and costs.
- RoDTEP cuts hit EBITDA by ~0.9%, but management expects rates to restore to normal in April 2026.
- US and Europe export discussions have restarted as trade policy uncertainty stabilizes around a 10% tariff base.
- New spinning and fabric capacities are slated to launch in H2 FY27, driving the next leg of top-line growth.

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UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

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

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