BOBCAPS
TRUST | INNOVATION | EXCELLENCE

FIRST LIGHT

23 February 2026

RESEARCH

BANKING | Q3FY26 REVIEW

Credit growth and improving AQ led to earnings momentum

REAL ESTATE (REITs) | Q3FY26 REVIEW

Improving utilisation, expansion of leasable area key for growth

RETAIL | Q3FY26 REVIEW

Growth Intact

SUMMARY

BANKING: Q3FY26 REVIEW

- Continued improvement in advances growth resulting in ATH LDR; aided by Retail & MSME demand with pickup in corporate credit
- AQ improved due to lower slippages; expect Pvt/PSU banks to report PAT CAGR of 15%/13% in FY25-FY28E
- Top picks: ICICIBC, KMB, HDFCB and SBIN in large caps, while FB and KVB in midcaps

Click here **for the full report.**

REAL ESTATE (REITs): Q3FY26 REVIEW

- Leasing by GCCs (~38% of total office leasing) and 'flight-to-quality' made for a structurally strong environment for REITs
- Leased ~3.4msf (-12.8% YoY); occupancy improved ~+373bps YoY to ~92% and avg. in-place rents improved to Rs 89.9psf/m (+4.8% YoY)
- Expect annualised DPU growth of 12.6% over FY26E-28E and REITs to trade at an avg. DPU multiple of 16.8x

Click here **for the full report.**

BOBCAPS Research
research@bobcaps.in

RETAIL: Q3FY26 REVIEW

- Jewellery retailers posted strong double-digit growth on festive and wedding demand, higher ticket sizes, and organised share gains
- Despite robust topline growth, gold volatility and shifting consumer trends are widening divergence in growth and margins
- Q3FY26 signalled early stabilisation in QSR, though recovery remains uneven and value driven

Click here for the full report.

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BANKING | Q3FY26 Review | 20 February 2026

Credit growth and improving AQ led to earnings momentum

- **Continued improvement in advances growth resulting in ATH LDR; aided by Retail & MSME demand with pickup in corporate credit**
- **AQ improved due to lower slippages; expect Pvt/PSU banks to report PAT CAGR of 15%/13% in FY25-FY28E**
- **Top picks: ICICIBC, KMB, HDFCB and SBIN in large caps, while FB and KVB in midcaps**

Niraj Jalan
Research Analyst
Vijiya Rao
Research Analyst
Kaustubh Shetye
Research Associate
research@bobcaps.in

Advances growth continues to improve, resulting in an all-time high LDR: Credit growth improved for our coverage banks to 13.3% YoY (Q3FY26) vs 11.6% YoY (Q2FY26). The growth was largely led by continued demand in Retail and MSME segments, along with a pick-up in corporate credit. However, deposit accretion remains challenging with growth of 10.8% YoY and 2.4% QoQ. System level LDR ratio reached an all-time high (ATH) of ~82%, as deposit growth lagged loan growth. IIB was the only bank under coverage to witness degrowth in both advances and deposits, as of Dec'25. We note that SBIN, with ~23% market share in system advances, raised loan growth guidance to 13-15% in FY26 from 12-14% guided earlier. We expect credit offtake for coverage banks to be ~13-14% YoY in FY26, largely backed by retail, MSME and uptick in corporate segments.

AQ improved, mainly on receding stress in unsecured segments: Asset quality (AQ) improved, with GNPA ratio decreasing for most banks under coverage sequentially, mainly driven by lower slippages. This is because the stress appears to have peaked out in MFI and PL, and plateaued in the credit cards. Most of the banks under coverage witnessed a decline in the SMA levels, indicating improvement in early delinquency buckets. Further, CE improved across most of the banks under coverage. Credit costs (CC) for PSU banks were lower at 0.4%-0.8% vs private banks (0.4%-3.4%) in our coverage — largely on the back of relatively lower share of unsecured loans. Also, most banks plan to increase the CGFMU cover in the MFI segment. Slippage and credit costs are expected to remain benign, given the signs of improvement in CE and SMA portfolio.

PAT improved, largely by credit growth and sequential uptick in NIMs: PAT for coverage banks was up by 10% YoY in Q3FY26, beating our estimates by 5.9%. This was mainly supported by a) uptick in loan growth b) higher sequential NIMs for most of the banks c) benign credit cost. The rise in NIMs was driven by lower CoF, aided by deposit repricing, CRR cut, high LDR and better liquidity management (as indicated by QoQ fall in LCR). Opex was marginally impacted due to new labour codes provisions (~0.4% of PPoP in FY26E). However, the opex growth (+9% YoY) was lower than credit growth across most banks thereby supporting profitability.

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

REAL ESTATE | Q3FY26 Review | 20 February 2026

Improving utilisation, expansion of leasable area key for growth

- **Leasing by GCCs (~38% of total office leasing) and 'flight-to-quality' made for a structurally strong environment for REITs**
- **Leased ~3.4msf (-12.8% YoY); occupancy improved ~+373bps YoY to ~92% and avg. in-place rents improved to Rs 89.9psf/m (+4.8% YoY)**
- **Expect annualised DPU growth of 12.6% over FY26E-28E and REITs to trade at an avg. DPU multiple of 16.8x**

Yashas Gilganchi
Research Analyst
research@bobcaps.in

Leasing activity was led by BLR, MUM and HYD as ~24.7msf was leased over Q3FY26. **Supply (~15.3msf) lagged demand,** and was delivered mostly in BLR, HYD and PUN. Leasing in Grade A office assets accounted for the majority (~90%) of the office space leased, leading to a **supportive environment for demand to consolidate into space in REIT managed properties.**

Leasing momentum (for REITs under our coverage) showed signs of moderation, as avg. committed occupancy reached an all-time high of ~92% (+287bps); driving in-place rents higher by ~+5% YoY to ~Rs 90psf/m. We believe that, **as committed occupancy in REIT portfolios exceeds 90%, growth in leasable area remains key to driving NOI growth.**

Leasable area expanded by ~8.2msf, driven mostly by BIRET's acquisition of Ecoworld in BLR (~7.7msf). **We continue to prefer REITs expanding leasable area via acquisition of operational office assets** over REITs resorting to growth via investments in under-construction office assets (longer duration – construction + lease-up).

REITs raised ~Rs 53.2bn of equity and ~Rs 43.0bn of debt capital over Q3FY26, as relatively higher yields made for a tough debt capital market. With the exception of BIRET, we expect REITs to continue relying predominantly on debt capital to fund expansion. However, we do not expect any material reduction in the avg. cost of debt over FY27E, as we believe rates have bottomed out.

Driven by the lease-up of vacant space, contractual lease escalations and incremental income from additional leasable area to the portfolio, we expect NOI to grow by 20.5% over FY26E-28E resulting in annualised DPU growth of 12.6%. We expect REITs under our coverage to trade at an avg. DPU multiple of 16.8x over the next one year.

Recommendation snapshot

Ticker	Price	Target	Rating
BIRET IN	355	416	BUY
EMBASSY IN	435	533	BUY
MINDSPCE IN	494	546	HOLD

Price & Target in Rupees | Price as of 19 Feb 2026

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

RETAIL | Q3FY26 Review | 20 February 2026

Growth Intact

- **Jewellery retailers posted strong double-digit growth on festive and wedding demand, higher ticket sizes, and organised share gains**
- **Despite robust topline growth, gold volatility and shifting consumer trends are widening divergence in growth and margins**
- **Q3FY26 signalled early stabilisation in QSR, though recovery remains uneven and value driven**

Lavita Lasrado
Research Analyst
research@bobcaps.in

Jewellery- strong topline momentum; Divergence due to Gold volatility: This sector delivered a robust performance in Q3'26, driven by a mix of festive demand, elevated ASP, and structural consumer preference for organised brands. Titan delivered a powerful quarter, with Jewellery revenue up 43.3% YoY, SSSG at 31%, and EBITDA margin expanded 124bps to 10.7%. Senco revenue growth of 50.1% YoY, with EBITDA margin expanding 927 bps YoY to 13.2% reflects a strong pricing power and effective festive/wedding season execution, even as gold costs climbed. Bluestone's (27.5% rev YoY) online-led model retains momentum, though overall scale remains smaller relative to traditional retail peers. Thangamayil's Rev (112% YoY) turnaround from the weaker periods in past underscores the reopening pent-up demand in regional markets, with improved operational performance and retail traction. Overall, the jewellery sector is growing with strong topline momentum, but sensitivity to global gold prices and discretionary spending cues keep consumer demand nuanced and uneven across segments and formats.

QSR – gradual stabilisation, recovery still patchy: Q3'26 showed early signs of stabilisation, though recovery remains uneven across players and formats. While demand improved sequentially, it stayed value-led with premium dine-in under pressure. JFL led the pack with resilient Domino's delivery, positive LFL growth (5%) and stable margins despite expansion. Sapphire India saw improvement in SSSG sequentially for KFC (1%), while PH lagged (-12%). Sri Lanka (11%) supported growth, though margins recovered gradually. WFL (-3%) and DIL (KFC: 2.9%), (PH: -9.10%) reported modest growth, though margins remained constrained by weak operating leverage and ongoing investments. Value-focused propositions and strong delivery ecosystems continue to outperform, while dine-in-heavy formats remain sensitive to discretionary demand. In coming quarters, recovery in margins will likely depend on sustained traffic improvement and operating leverage benefits

Top picks: We prefer Bluestone & PNG, both companies offer substantial growth potential, supported by expanding market demand, brand strength, and scalable business models.

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 valid till 01 February 2030**
Brand Name: **BOBCAPS**
Trade Name: **www.barodaetrade.com**
CIN: **U65999MH1996GOI098009**

Logo:

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Analyst certification

Each of the analysts mentioned in this research report certify, with respect to the sections of the report for which they are responsible, that (1) all of the views expressed in this report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

Important disclosures

This product is a compilation of previously published research notes. To view the complete report along with the associated Analyst certifications and Company-specific disclosures, please click on the hyperlink accompanying each excerpt.

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

Other disclosures

BOBCAPS does not have any financial interest in the subject company. BOBCAPS does not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS is not engaged in any market making activities for the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an “as is” basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the “**Losses**”) which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom (“UK”):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd) (“**MSL**”) who is authorised and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom (MSL and its affiliates are collectively referred to as **“MAYBANK**”). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the “Order”), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as “relevant persons”).

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.