

## Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	80,891	-0.7	3.5
Nifty-50	24,681	-0.6	4.4
Nifty-M 100	57,519	-0.8	0.6
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	6,389	0.00	8.6
Nasdaq	21,179	0.33	9.7
FTSE 100	9,081	-0.4	11.1
DAX	23,970	-1.0	20.4
Hang Seng	9,177	0.3	25.9
Nikkei 225	40,998	-1.1	2.8
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	70	1.0	-5.4
Gold (\$/OZ)	3,315	-0.7	26.3
Cu (US\$/MT)	9,793	0.8	13.2
Almn (US\$/MT)	2,631	-0.2	4.1
Currency	Close	Chg .%	CYTD.%
USD/INR	86.7	0.2	1.2
USD/EUR	1.2	-0.7	12.6
USD/JPY	148.4	0.5	-5.7
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.4	0.01	-0.4
10 Yrs AAA Corp	7.2	0.00	0.0
Flows (USD b)	28-Jul	MTD	CYTD
FII	-0.7	-1.72	-9.2
DII	0.78	6.19	46.9
Volumes (INRb)	28-Jul	MTD*	YTD*
Cash	997	1019	1074
F&O	1,59,205	2,06,987	2,10,288

Note: Flows, MTD includes provisional numbers.

\*Average



## Today's top research idea

### ACME Solar Holdings: Strong quarter; BESS rollout and timely execution to drive growth

- ❖ ACME Solar Holdings (ACME) reported a robust performance in 1QFY26, with EBITDA growth of 68% YoY/5% QoQ to INR4.6b (3% beat), driven by capacity additions and improved capacity utilization factor (CUF). Adj. PAT of INR1.5b was 27% above our estimate, supported by higher other income.
- ❖ The company has continued to execute well and remains on track to scale up its installed capacity to ~7GW by FY27, which is expected to drive an EBITDA CAGR of 68% over FY25-27E.
- ❖ Key monitorables include: 1) ACME expects to sign PPAs for majority of its remaining capacity by 2025 end, 2) early commissioning plan of BESS for the 2.3GW projects (under construction contracted), which will enable sales in the merchant market during peak hours to boost earnings, and 3) the company has outlined a phased BESS rollout—installing 3 GWh by end-2025, followed by an additional 3-3.5 GWh in the first half of 2026 and the remaining 3-3.5 GWh in the second half of 2026, which could pose upside risks to our current EBITDA estimates for 4QFY26 and FY27.
- ❖ Reiterate BUY with a TP of INR347, implying an 18% upside potential.



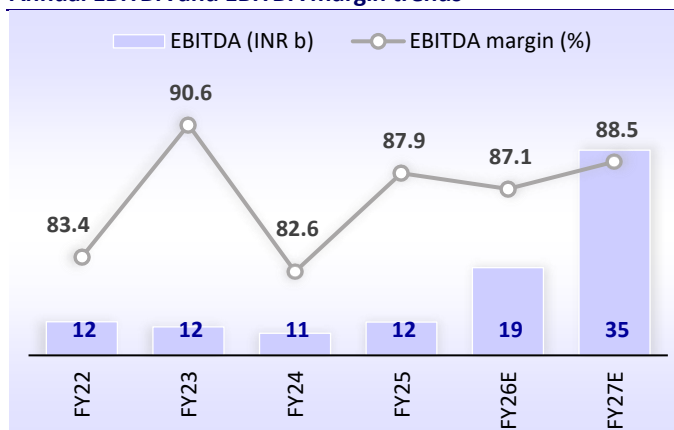
## Research covered

Cos/Sector	Key Highlights
ACME Solar Holdings	Strong quarter; BESS rollout and timely execution to drive growth
Lodha Developers	Result below est., but presales and BD momentum intact
Other Updates	Torrent Pharma   IndusInd Bank   SAIL   Balkrishna Industries   Nippon Life India AMC   Petronet LNG   Ajanta Pharma   CDSL   Motherson Wiring   Anant Raj   LT Foods   Zen Technologies   Home First Finance   Mahindra Lifespaces   EcoScope (a. Currency note; b. IIP)   Bharat Electronics   Gail (India)   Piramal Pharma   KEC International   Five Star Business Finance   Gravita India   Transport Corporation of India



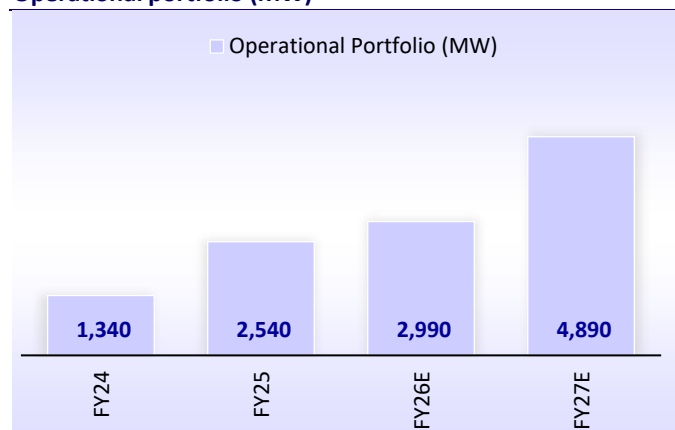
## Chart of the Day: ACME Solar Holdings (Strong quarter; BESS rollout and timely execution to drive growth)

Annual EBITDA and EBITDA margin trends



Source: Company, MOFSL

Operational portfolio (MW)



Source: Company, MOFSL

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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](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.



Kindly click on textbox for the detailed news link

1

### **Amber Group buys over 40% in Israel's Unitronics**

Amber Group is set to acquire a 40.24% controlling stake in Unitronics, an Israeli industrial automation firm, for over ₹400 crore. ILJIN Electronics, Amber's subsidiary, will purchase shares, resulting in a combined 45.13% ownership with Unitronics' joint chairman.

2

### **Falling ad spends, fewer subscribers spell trouble for TV**

India's television broadcasting sector is grappling with challenges as advertising and subscription revenues face pressure. FMCG companies, major TV advertisers, are reducing ad spends, impacting broadcasters.

3

### **Torrent Pharmaceuticals plans Semaglutide rollout post patent expiry**

Torrent Pharmaceuticals is gearing up to launch both oral and injectable versions of semaglutide, the weight loss drug, following the expiration of Novo Nordisk's patent. The company is currently in Phase 3 clinical trials for oral products and has partnered for injectables, anticipating a launch within the next 1-2 years.

4

### **Panasonic in talks to buy controlling stake in Focus Lighting and Fixtures**

Panasonic may acquire a controlling stake in Focus Lighting and Fixtures. This would be Panasonic's second electricals acquisition in India. The deal involves buying the Sheth family's shares and a public offer. Negotiations are advanced, but due diligence has revealed issues.

5

### **Tech sector at inflection point, workforce rationalisation likely: Nasscom**

Technology will continue to serve as a powerful catalyst for growth, making continuous skilling, upskilling, and cross-skilling, vital to developing future-ready and resilient workforces

6

### **US smartphone market sees slow growth as India-made phones surge: Canalys**

In response to tariffs, Apple earlier this year sought to make most of its iPhones sold in the United States at factories in India

7

### **Iconic Kinetic returns in electric avatar, bets big on EV scooter market**

Launched after a gap of 15 years, the company expects a market share of 6-8 per cent in next three years

# ACME Solar Holdings

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR294 TP: INR347 (+18%) Buy**

## Strong quarter; BESS rollout and timely execution to drive growth

- ACME Solar Holdings (ACME) reported a robust performance in 1QFY26, with EBITDA growth of 68% YoY/5% QoQ to INR4.6b (3% beat), driven by capacity additions and improved capacity utilization factor (CUF). Adj. PAT of INR1.5b was 27% above our estimate, supported by higher other income.
- The company has continued to execute well and remains on track to scale up its installed capacity to ~7GW by FY27, which is expected to drive an EBITDA CAGR of 68% over FY25-27E.
- Key monitorables include: 1) ACME expects to sign PPAs for majority of its remaining capacity by 2025 end, 2) early commissioning plan of BESS for the 2.3GW projects (under construction contracted), which will enable sales in the merchant market during peak hours to boost earnings, and 3) the company has outlined a phased BESS rollout—installing 3 GWh by end-2025, followed by an additional 3-3.5 GWh in the first half of 2026 and the remaining 3-3.5 GWh in the second half of 2026, which could pose upside risks to our current EBITDA estimates for 4QFY26 and FY27.
- **Reiterate BUY** with a TP of INR347, implying an 18% upside potential.

## Strong PAT beat; revenue in line

- Consol. revenue was in line with our est. at INR5.1b (+65% YoY, +5% QoQ), driven by capacity additions and improved CUF.
- EBITDA came in 3% higher than our est. at INR4.6b (+68% YoY, +5% QoQ), with an EBITDA margin of 90% vs. our est. of 86%, supported by favorable operating leverage and operational efficiency.
- Adj PAT was 27% higher than est. at INR1.5b (vs. INR1.4m in 1QFY25) on account of higher-than-expected other income. An exceptional loss of INR159m included ancillary costs of INR180.4m related to the prepayment of borrowings by subsidiaries and contingent consideration received related to investments disposed of in the previous year, amounting to INR39.6m.
- Net debt stood at INR78b. The net debt-to-net worth ratio remained at 1.7x, while net debt-to-EBITDA improved to 4.2x (4QFY25: 4.4x).

## Operational highlights:

- Generation stood at 1,636MUs in 1QFY26 (+107% YoY). The company recorded CUF of 28.5% (27% in 1QFY25).
- Operational capacity reached 2,890MW as the company commissioned 300MW solar and 50MW wind projects, up 115.7% from 1QFY25.
- Secured 550 MWh of standalone BESS projects contracted with NHPC at a weighted average tariff of INR2.20 lakhs/MW/month.
- PPAs have been signed for 250 MW of FDRE, 300 MW of solar, and 550 MWh of standalone battery projects, covering over 55% of the under-construction capacity.
- The company tied up INR10.7b in refinancing at a fixed interest rate of ~8.5% p.a. for five years for its 250 MW operational project in Rajasthan, resulting in a ~95bp reduction in interest cost. Standard Chartered Bank, Bank of America, and India Infradebt have been added as new lenders to the debt portfolio.

Bloomberg	ACMESOLA IN
Equity Shares (m)	605
M.Cap.(INRb)/(USDb)	178.1 / 2.1
52-Week Range (INR)	304 / 168
1, 6, 12 Rel. Per (%)	22/62/-
12M Avg Val (INR M)	445

## Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	14.1	22.4	39.3
EBITDA	12.4	19.5	34.8
Adj. PAT	2.7	4.5	6.2
EPS (INR)	4.5	7.5	10.3
EPS Gr. (%)	-563.2	65.5	37.2
BV/Sh.(INR)	74.6	82.0	92.3

## Ratios

ND/Equity	1.7	4.1	6.6
ND/EBITDA	6.1	10.5	10.5
RoE (%)	7.7	9.5	11.8
RoIC (%)	6.2	5.7	5.7

## Valuations

P/E (x)	65.2	39.4	28.7
EV/EBITDA (x)	21.4	20.2	16.0

## Shareholding Pattern (%)

As On	Jun-25	Mar-25
Promoter	83.4	83.4
DII	6.6	7.1
FII	5.8	4.7
Others	4.2	4.8

- ACME's recently commissioned 4x300 MW SECI ISTS solar projects have received a rating of CRISIL AA-/Stable rating, while the 250 MW Acme Aklera project (SECI offtake) has been upgraded to ICRA A+/Stable.

### Highlights of the 1QFY26 performance

- ACME commissioned 350MW of renewable projects, including its first 50MW wind project in Gujarat, taking the total operational capacity to 2890MW.
- PPAs have been signed for ~55% of the under-construction capacity, covering 2,240MW out of the total 4,080MW.
- Power generation increased by 107.1% to 1,636MUs, driven by higher CUF and additional new capacity.
- 1QFY26 net operational debt to EBITDA: 4.2x (within guided cap of 5.5x).
- Net debt to net worth improved to 1.7x.
- FY26/FY27 capex plan: INR120-140b annually. INR8b spent in 1Q.
- For Omega Urja project (300MW Solar project) with SJVN and ACME Renewtech (300MW Hybrid project SECI), PPA signing should happen by Aug'25. PPA for ACME Marigold (400MW FDRE project with NTPC) is also expected to be signed soon. Urja and Platinum Urja (FDRE projects with SECI), having respective unsigned capacity of 190MW and 200MW, are also in advanced stages for signing. ACME is positive to conclude PPA signing for this pipeline in the next four months.
- All FDRE projects signed before Dec'24 are scheduled to be commissioned by Dec'26.
- The company has ordered 3.1 GWh of battery storage, covering ~50% of its 2.3 GW contracted under-construction portfolio. Total requirement for the full 4GW pipeline is ~10 GWh, with additional orders planned soon.
- Approvals secured for **early commissioning of BESS** will enable **merchant market sales during peak hours**, enhancing near-term revenues. Since BESS is classified as a **storage asset (not generation)** under FDRE, early power dispatch is not restricted by PPA terms. In cases without explicit PPA provisions, **NOCs have been obtained** from offtakers.

### Valuation and view

- We reiterate our BUY rating on ACME. We assign 10x FY28E EV/EBITDA (discounted by 1 year). Adjusting for the net debt, we derive our TP of INR347, implying an 18% potential upside.

## Consolidated performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	%	(%)	(%)
<b>Net Sales</b>	<b>3,096</b>	<b>2,596</b>	<b>3,490</b>	<b>4,869</b>	<b>5,110</b>	<b>5,449</b>	<b>5,556</b>	<b>6,256</b>	<b>14,051</b>	<b>22,371</b>	<b>5,160</b>	<b>-1%</b>	<b>65%</b>	<b>5%</b>
YoY Change (%)	-0.2	-20%	5%	65%	65%	110%	59%	28%	7%	59%	67%			
<b>EBITDA</b>	<b>2,717</b>	<b>2,208</b>	<b>3,072</b>	<b>4,357</b>	<b>4,578</b>	<b>4,730</b>	<b>4,825</b>	<b>5,345</b>	<b>12,354</b>	<b>19,478</b>	<b>4,460</b>	<b>3%</b>	<b>68%</b>	<b>5%</b>
Margin (%)	88%	85%	88%	89%	90%	87%	87%	85%	88%	87%	86%			
Depreciation	556	599	697	1,022	1,076	1,181	1,234	1,234	2,873	4,725	1,063	1%	94%	5%
Interest	1,963	1,783	1,791	2,055	2,330	2,371	2,428	2,968	7,592	10,097	2,219	5%	19%	13%
Other Income	304	356	518	524	730	254	116	116	1,701	1,215	317	130%	140%	39%
<b>PBT before EO expense</b>	<b>503</b>	<b>181</b>	<b>1,103</b>	<b>1,803</b>	<b>1,903</b>	<b>1,431</b>	<b>1,278</b>	<b>1,259</b>	<b>3,590</b>	<b>5,871</b>	<b>1,495</b>			
Extra-Ord income/(exp.)	0	0	-69	-141	-159	0	0	159	-210	0	-			
<b>PBT</b>	<b>503</b>	<b>181</b>	<b>1,034</b>	<b>1,663</b>	<b>1,744</b>	<b>1,431</b>	<b>1,278</b>	<b>1,418</b>	<b>3,380</b>	<b>5,871</b>	<b>1,495</b>	<b>17%</b>	<b>247%</b>	<b>5%</b>
Tax	489	28	-87	442	436	357	319	238	872	1,350	344	27%		
Tax rate	97%	16%	-8%	27%	25%	25%	25%	17%	26%	23%	23%			
Minority Interest	0.0	0.0	0.0	-12.9	-0.1	0.0	0.0	0.0	-12.9	0.0	-			
<b>Reported PAT</b>	<b>14</b>	<b>153</b>	<b>1,121</b>	<b>1,234</b>	<b>1,308</b>	<b>1,073</b>	<b>959</b>	<b>1,180</b>	<b>2,521</b>	<b>4,520</b>	<b>1,151</b>	<b>14%</b>	<b>9319%</b>	<b>6%</b>
<b>Adj PAT</b>	<b>14</b>	<b>153</b>	<b>1,190</b>	<b>1,374</b>	<b>1,467</b>	<b>1,073</b>	<b>959</b>	<b>1,021</b>	<b>2,731</b>	<b>4,520</b>	<b>1,151</b>	<b>27%</b>	<b>10465%</b>	<b>7%</b>
YoY Change (%)	-1.0	LP	206%	LP	10465%	602%	-19%	-26%	LP	66%	82			
Margin (%)	0%	6%	34%	28%	29%	20%	17%	16%	19%	20%	22%			

## Valuation table for ACME

Particulars	Units	Amount
FY28 EBITDA discounted by 1 year	INR m	59,216
EV/EBITDA	INR m	10
EV	INR m	576,766
Net debt	INR m	366,661
<b>Market Cap</b>	<b>INR m</b>	<b>210,105</b>
Target Price	INR/sh	347
CMP	INR/sh	294
<b>Upside/(Downside)</b>		<b>18%</b>

Source: MOFSL

# Lodha Developers

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR1,203 TP: INR1,870 (+55%) Buy**

## Result below est., but presales and BD momentum intact

### Achieves 91% of guided BD for FY26 in 1Q itself

- In 1QFY26, Lodha Developers (LODHA)'s presales were up 10% YoY to INR44.5b (12% below our estimate).
- Collections rose 7% YoY to INR28.8b (34% below our estimates), and OCF improved 44% YoY to INR9.5b.
- Five new projects were added in MMR, Pune, and Bengaluru with a total GDV of INR227b. With these new projects, LODHA achieved 91% of its FY26 business development guidance in the first quarter itself.
- The company launched 3.9msf of projects with a GDV of INR83b.
- Net debt rose INR11b to INR51b in 1Q due to its notable investment in business development, though the Net Debt/Equity was below the ceiling of 0.5x.
- **Financial performance:** LODHA reported a revenue of INR34.9b, +23%/-17% YoY/QoQ (12% below our estimate).
- EBITDA (excl. other income) was +30% YoY/-19% QoQ to INR9.8b (13% below). The reported EBITDA margin was 28%. According to LODHA, the embedded presales EBITDA margin stood at ~33%. Adjusted EBITDA (excluding interest charge-off and capitalized interest) stood at INR12b, at a margin of 34.4%.
- Adjusted PAT came in at INR6.7b, up 42% YoY but down 27% QoQ (16% below), with a margin of 19.5%.

### Key highlights from the management commentary

- LODHA reported sustained demand due to the consumers' rising preference for quality housing; it targets a spurt in weekly sales to INR4b by FY26 (from INR2.5b in FY25), despite seasonal headwinds.
- In 1QFY26, the company launched projects worth INR84b across 3.9msf; it plans an additional 15 launches (13.3msf, INR170b GDV) through the rest of FY26, mostly in 2HFY26.
- Of INR44.5b in presales, INR15b came from new launches; the company guided ~5-6% price growth and INR50b average quarterly presales in FY26.
- It is transitioning to growth mode in Bangalore with significant BD activities (7msf, INR84b GDV), scaling the team to 400+ by 1QFY27, and targeting 15% sales contribution from the region over the next decade.
- The pilot phase in Delhi NCR would begin with team setup and land acquisition in FY26, with the first launch likely in FY27, marking its strategic northward expansion.
- Palava is expected to deliver INR80b in annual sales at a 50% EBITDA margin over the next decade; the infrastructure developments around the area (tunnel, airport, and bullet train) will boost sales further.
- Land acquisitions in NCR and Chennai (78 acres combined) have been completed; 0.2msf was leased in 1QFY26 to marquee tenants such as Tesla and DP World.
- LODHA is on track to generate INR5b in annuity income by FY26 and INR15b by FY31; a high-teen yield profile is expected, supporting the path to net debt-free status.

Bloomberg	LODHA IN
Equity Shares (m)	998
M.Cap.(INRb)/(USDb)	1201 / 13.9
52-Week Range (INR)	1534 / 1035
1, 6, 12 Rel. Per (%)	-12/-1/-13
12M Avg Val (INR M)	2052

### Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	137.8	181.1	189.3
EBITDA	39.9	51.6	53.9
EBITDA (%)	28.9	28.5	28.5
Net profit	27.6	36.5	38.7
EPS (INR)	28.7	37.9	40.2
EPS Growth (%)	70.4	32.1	6.2
BV/Share (Rs)	209.5	243.0	278.8

### Ratios

Net D/E	0.2	0.2	0.1
RoE (%)	14.6	16.7	15.4
RoCE (%)	12.1	13.8	13.3
Payout (%)	15.3	11.6	10.9

### Valuations

P/E (x)	41.9	31.7	29.9
P/BV (x)	5.7	4.9	4.3
EV/EBITDA (x)	30.3	23.2	21.8
Div Yield (%)	0.4	0.4	0.4

### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	71.9	71.9	72.1
DII	2.2	2.4	3.0
FII	24.9	24.7	24.2
Others	1.0	1.1	0.7



### Valuation and view

- The company has delivered steady performance across its key parameters, and as it prepares to capitalize on strong growth and consolidation opportunities, we expect this consistency in operational performance to continue.
- At Palava, LODHA has a development potential of 600msf. However, we assume a portion of this to be monetized through industrial land sales. We value 250msf of residential land to be monetized at INR637b over the next three decades.
- We use a DCF-based method for the ex-Palava residential segment and arrive at a value of ~INR549b, assuming a WACC of 12.5%. **Reiterate BUY with a TP of INR1,870.**

### Quarterly performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E 1Q Est.	1QE Var (%/bp)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Gross Sales	28,465	26,257	40,830	42,243	34,917	32,597	50,707	62,875	1,37,795	1,81,097	39,841	-12
YoY Change (%)	76	50	39	5	23	24	24	49	33.6	31.4	40.0	
Total Expenditure	20,897	19,211	27,771	30,036	25,073	23,307	36,256	44,849	97,915	1,29,484	28,487	
EBITDA	7,568	7,046	13,059	12,207	9,844	9,290	14,452	18,027	39,880	51,613	11,355	-13
Margins (%)	26.6	26.8	32.0	28.9	28.2	28.5	28.5	28.7	28.9	28.5	28.5	
Adj. EBITDA (as per co.)	9,600	9,600	15,900	14,600	12,000	9,290	14,452	15,871	49,700	52,100	11,355	6
Margins (%)	33.7	36.6	38.9	34.6	34.4	28.5	28.5	25.2	36.1	28.8	28.5	
Depreciation	604	665	672	778	659	579	901	1,078	2,719	3,216	708	
Interest	1,172	1,365	1,441	1,517	1,478	593	923	302	5,495	3,297	725	
Other Income	718	589	636	1,960	1,330	326	507	-352	3,903	1,811	398	
PBT before EO expense	6,510	5,605	11,582	11,872	9,037	8,444	13,135	16,294	35,569	46,910	10,320	-12
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	6,510	5,605	11,582	11,872	9,037	8,444	13,135	16,294	35,569	46,910	10,320	-12
Tax	1,747	1,368	2,137	2,637	2,284	1,873	2,913	3,334	7,889	10,404	2,289	
Rate (%)	26.8	24.4	18.5	22.2	25.3	22.2	22.2	20.5	0.2	0.2	22.2	
Minority Interest & Profit/Loss of Asso. Cos.	10	8	1	18	6	7	10	14	37	37	8	
Reported PAT	4,753	4,229	9,444	9,217	6,747	6,564	10,211	12,946	27,643	36,469	8,023	-16
Adj PAT (as per co.)	4,800	4,200	9,400	9,200	6,800	6,564	10,211	12,893	27,600	36,469	8,023	-15
YoY Change (%)	182	100	65	37	42	56	9	40	70.4	32.1	67.1	
Margins (%)	16.9	16.0	23.0	21.8	19.5	20.1	20.1	20.5	20.0	20.1	20.1	-66bp

E: MOFSL Estimates

### Key operational performance

Key metrics	FY25				FY26E				FY25	FY26E	FY26E 1Q Est.	1QE Var (%/bp)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Sale Volume (msf)	2.4	2.4	3.0	3.4	3.3	3.5	4.0	4.1	11	15	4	-6.4
Sale Value (INRb)	40.3	42.9	45.1	48.1	44.5	46.7	54.0	68.0	176	213	51	-11.9
Collections (INRb)	26.9	30.7	42.9	44.4	28.8	40.1	46.3	67.7	145	183	43	-33.5
Realization (INR/sft)	14,708	17,716	15,011	13,971	13,390	13,390	13,390	13,390	15,654	14,226	14,226	-5.9

# Torrent Pharma

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	TRP IN
Equity Shares (m)	338
M.Cap.(INRb)/(USDb)	1226.1 / 14.1
52-Week Range (INR)	3635 / 2886
1, 6, 12 Rel. Per (%)	12/3/15
12M Avg Val (INR M)	1409

## Financials & Valuations (INRb)

Y/E March	FY25	FY26E	FY27E
Sales	115.2	129.7	143.5
EBITDA	37.6	43.3	49.2
Adjusted PAT	19.6	23.7	29.4
EBIT Margin (%)	25.7	26.5	28.0
Cons. Adj EPS (INR)	57.8	70.1	86.8
EPS Gr. (%)	22.7	21.0	24.0
BV/Sh. (INR)	448.6	538.1	649.0

## Ratios

Net D-E	0.4	0.3	0.2
RoE (%)	27.1	28.4	29.3
RoCE (%)	20.1	22.7	24.6
Payout (%)	37.0	36.1	36.1

## Valuation

P/E (x)	55.9	51.7	41.7
EV/EBITDA (x)	29.8	28.5	24.5
Div. Yield (%)	0.5	0.6	0.7
FCF Yield (%)	1.6	2.2	3.2
EV/Sales (x)	10.9	9.5	8.4

## Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	68.3	68.3	71.3
DII	8.7	8.4	7.3
FII	16.1	16.3	14.2
Others	6.9	7.0	7.3

FII includes depository receipts

**CMP: INR3,623**      **TP: INR3,580 (-1%)**      **Neutral**

## Robust Brazil and DF growth drives earnings

### Valuation caps upside

- Torrent Pharma (TRP) delivered in-line revenue/EBITDA for the quarter. However, there was a miss on earnings due to lower other income. Despite geographic headwinds, the company has managed to maintain consistent profitability.
- TRP has shown robust, better-than-industry growth in the Brazilian market in FY25 as well as in 1QFY26, led by new launches and market share gains. However, part of the growth was offset by currency headwinds.
- The strong growth in the consumer health segment, supported by the addition of MRs and a focused approach on chronic therapies, has driven improved performance in the domestic formulation (DF) segment.
- The German business continues to face adverse factors, dragging constant currency growth in this segment.
- New launches are expected to drive the momentum of the US generics segment.
- We largely maintain our earnings estimate for FY26/FY27. We value TRP at 40x 12M forward earnings to arrive at a TP of INR3,580. We expect 10%/14% revenue/EBITDA CAGR over FY25-27, led by superior execution in the DF/Brazil/US market. The JB Chemicals & Pharma acquisition is expected to enhance TRP's chronic portfolio with limited overlap. It will also strengthen TRP's existing MR base, increasing reach and deepening presence.
- Having said that, we believe the current valuation factors in the earnings upside adequately. Hence, we reiterate our Neutral stance on the stock.

## Sales growth; stable margins; lower tax drives 19% YoY earnings growth

- Sales grew 11.2% YoY to INR31.8b (in-line).
- DF revenue grew 10.8% YoY to INR18.1b (57% of sales). US generics grew 19% YoY to INR3.1b (10% of sales).
- Germany sales grew 8.5% YoY to INR3.1b (10% of sales). In CC terms, sales were stable on a YoY basis.
- Brazil business grew 11.2% YoY to INR2.2b (7% of sales). In CC terms, sales grew 16% YoY for the quarter.
- US generics sales grew 19% YoY (+16% in CC terms) to INR3b (USD36m) in 1QFY26. RoW sales grew 10% YoY at INR5.3b (17% of sales).
- Gross margin was stable YoY at 75.6% for 1QFY26.
- There was a one-time impact of INR150m related to acquisition costs.
- Adj. for the same, EBITDA margin expanded 60bp YoY to 32.9% (our est: 33.3%), driven by an 11% YoY increase in gross profit, partially offset by a rise in employee costs and other expenses of 10%/9% YoY.
- Accordingly, EBITDA grew 13.3% YoY to INR10.5b (vs our est: INR10.7b).
- Adj. PAT grew 18.7% YoY to INR5.6b (our est: INR6b).



### Highlights from the management commentary

- TRP has guided to maintain its FY26 EBITDA margin at the 1QFY26 level.
- The company plans to add 800 MRs in FY26, bringing the total count to ~7,000.
- The acquisition process for JB Chem is largely on track, with CCI approval currently awaited.
- In the Brazilian market, TRP aims to launch 8-10 products annually.
- Approximately 10 launches are also planned for the US market, alongside market share gains in existing products to drive growth.
- Strict prescription guidelines for Ozempic are expected to keep off-label use in check in the Brazilian market. Annual Ozempic sales in Brazil stand at around USD150m and have declined 14-15% over the past year. Wegovy is currently tracking sales of USD150m per quarter. However, a generic version of this product is expected only after a couple of years.

### Quarterly performance (Consolidated)

Quarterly performance (Consolidated)										(INRm)		
Y/E March	FY25				FY26E				FY25	FY26	FY26E	Var.
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	vs Est
Net Revenues	28,590	28,890	28,090	29,590	31,780	32,410	32,498	33,030	1,15,160	1,29,718	32,103	-1.0
YoY Change (%)	10.3	8.6	2.8	7.8	11.2	12.2	15.7	11.6	7.3	12.6	12.3	
EBITDA	9,240	9,390	9,140	9,810	10,470	10,760	10,659	10,768	37,580	42,657	10,690	-2.1
YoY Change (%)	16.8	13.8	5.2	11.1	13.3	14.6	16.6	9.8	11.6	13.5	15.7	
Margins (%)	32.3	32.5	32.5	33.2	32.9	33.2	32.8	32.6	32.6	32.9	33.3	
Depreciation	1,970	1,980	1,990	2,010	2,010	2,223	2,229	2,265	7,950	8,727	2,196	
EBIT	7,270	7,410	7,150	7,800	8,460	8,537	8,430	8,503	29,630	33,931	8,494	-0.4
YoY Change (%)	21.2	18.8	9.0	14.7	16.4	15.2	17.9	9.0	15.7	14.5	16.8	
Margins (%)	25.4	25.6	25.5	26.4	26.6	26.3	25.9	25.7	25.7	26.2	26.5	
Interest	750	640	570	560	560	540	520	510	2,520	2,130	580	
Other Income	240	-160	330	-180	-370	175	182	171	230	158	172	
PBT before EO Expense	6,760	6,610	6,910	7,060	7,530	8,172	8,092	8,164	27,340	31,959	8,086	-6.9
One-off expenses	200	0	0	410	150	0	0	0	610	150	0	
PBT after EO Expense	6,560	6,610	6,910	6,650	7,380	8,172	8,092	8,164	26,730	31,809	8,086	
Tax	1,990	2,080	1,880	1,670	1,900	2,141	2,080	2,131	7,620	8,252	2,062	
Rate (%)	29.4	31.5	27.2	23.7	25.2	26.2	25.7	26.1	27.9	25.8	25.5	
Reported PAT	4,570	4,530	5,030	4,980	5,480	6,031	6,013	6,033	19,110	23,557	6,024	-9.0
Adj PAT	4,709	4,530	5,030	5,287	5,591	6,031	6,013	6,033	19,556	23,668	6,024	-7.2
YoY Change (%)	24.6	17.4	31.9	17.8	18.7	33.1	19.5	14.1	22.7	21.0	27.9	
Margins (%)	16.5	15.7	17.9	17.9	17.6	18.6	18.5	18.3	17.0	18.2	18.8	

# IndusInd Bank

Estimate change



TP change



Rating change



Bloomberg	IIB IN
Equity Shares (m)	779
M.Cap.(INRb)/(USD\$)	624.8 / 7.2
52-Week Range (INR)	1499 / 605
1, 6, 12 Rel. Per (%)	-3/-22/-42
12M Avg Val (INR M)	7017

## Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
NII	190.3	181.8	210.1
OP	106.6	98.4	115.4
NP	25.8	31.6	44.5
NIM (%)	3.6	3.2	3.4
EPS (INR)	33.1	40.6	57.1
EPS Gr. (%)	-71.4	22.7	40.8
BV/Sh. (INR)	830	865	912
ABV/Sh. (INR)	801	837	885

## Ratios

RoA (%)	0.5	0.6	0.7
RoE (%)	4.0	4.8	6.4

## Valuations

P/E (X)	24.1	19.7	14.0
P/BV (X)	1.0	0.9	0.9
P/ABV (X)	1.0	1.0	0.9

## Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	15.1	15.1	15.1
DII	32.0	35.0	27.8
FII	36.8	32.8	43.2
Others	16.2	17.1	13.9

FII includes depository receipts

CMP: INR802

TP: INR830 (+3%)

Neutral

## Operating metrics regaining stability after 4Q reset

### Asset quality deteriorates; Adjusted NIM declines 12bp QoQ

- IndusInd Bank (IIB) reported a 1QFY26 PAT of ~INR6b (72% YoY decline, 6% beat) led by better NII. Due to several one-offs in 4QFY25, the bank reported a loss; however, it has now returned to profitability.
- NII declined 14% YoY to INR46.4b (12% beat), as reported NIMs stood at 3.46% (down 79bp YoY/ and up 121bp QoQ). Adjusted for one-offs, NIM contracted by 12bp QoQ.
- IIB's other income declined 12% YoY (up 204% QoQ) to INR21.6b (11% miss). Operating expenses were up 8.5% YoY/flat QoQ at INR42.3b (in line). The C/I ratio stood at 62.2% for the quarter.
- Loan book declined 3.3% QoQ (down 4.1% YoY), while deposits also declined 3.3% QoQ (flat YoY). The CD ratio thus stood at 84%.
- Fresh slippages were INR25.7b vs. INR50b in 4QFY25 (due to one-offs) and INR15.4b in 1QFY25. Asset quality deteriorated, with the GNPA/NNPA ratio rising 51bp/17bp QoQ to 3.64%/1.12%. The PCR stood stable at 70.2%.
- **We marginally raise our earnings estimates by 2.6%/2.3% for FY26/FY27 and project IIB's RoA/RoE at 0.7%/6.4% for FY27. Reiterate NEUTRAL with a TP of INR830 (premised on 0.9x FY27E BV).**

### Business growth muted; retail mix rises to 60%

- IIB returned to profitability in 1QFY26, with a PAT of INR6b (72% YoY decline, 6% beat). NII declined 14% YoY to INR46.4b (12% beat). Adjusted for one-offs, NIM contracted 12bp QoQ. The bank delivered 11bp of positive impact on NIM due to the one-offs from interest reversal on IT refund and interest recovery in one account.
- Other income dipped 12% YoY to INR21.6b (11% miss) amid lower fee income. Treasury income stood at INR6.3b vs INR3.6b in 4QFY25. Operating expenses were up 8.5% YoY/flat QoQ at INR42.3b (in line). The C/I ratio stood at 62.2%. The PPop thus stood at INR25.7b (35% YoY decline; 13% above MOFSLe).
- On the business front, IIB's loans declined 4% YoY (down 3.3% QoQ), due to a sharp drop in the corporate and commercial books (down 16% YoY/7.7% QoQ), as the bank has run down certain corporate assets. Meanwhile, the consumer book remained flat QoQ, despite the MFI book declining 8% QoQ. Within the consumer business, the VF business grew 7.3% YoY/0.8% QoQ, while the cards business remained flat sequentially.
- Deposits declined 3.3% QoQ (flat YoY), while the CASA book declined 14.5% YoY/ 7.3% QoQ. IIB's CASA ratio declined 133bp QoQ to 31.5%. Retail deposits as per LCR increased to 46% for the quarter.
- Fresh slippages stood elevated at INR25.7b vs INR50b in 4QFY25 (due to one-offs) and INR15.4b in 1QFY25. Asset quality deteriorated, with the GNPA/NNPA ratio rising 51bp/17bp QoQ to 3.64% / 1.12%. The PCR stood stable at 70.2%. During the quarter, IIB's restructured book declined 2bp QoQ to 0.10%.

## Highlights from the management commentary

- The Board is focused on five key priorities: 1) The profitability-first approach (reduced deposit rates), 2) stringent cost management (implemented by all business units), working on containing opex to single digits, 3) heightened focus on recoveries, 4) building the One IndusInd franchise, and 5) effective engagement with stakeholders.
- IIB exited bulk and CD funding, resulting in higher retail and granular deposits.
- Bank book mix: Fixed stood at 55-58%, EBLR at 27%, and MCLR at 13%.
- MFI will take six months to stabilize and has come down to INR9b of slippages, although it is still elevated. Other slippages, ex-MFI, were quite stable.

## Valuation and view

IIB returned to profitability in 1QFY26 after reporting a loss in previous quarters due to several one-offs. Other income was hit by lower fee income, but treasury gains and NII led to a slight beat on earnings. Adj. NIM contracted 12bp QoQ.. The advances book declined as the bank strategically reduced its corporate lending. Management expects vehicle finance demand to remain subdued. Deposit growth remained muted as the bank exited bulk and CD funding, though the CD ratio remained comfortable at 84%. The asset quality deteriorated primarily due to MFI, and management expects it to take six months to stabilize. **We slightly raise our earnings estimates by 2.6%/2.3% for FY26/27 as the bank is focusing on containing costs and is adopting a profitability-first approach. We estimate an RoA/RoE of 0.7%/6.4% for FY27. Reiterate NEUTRAL with a TP of INR830 (premised on 0.9x FY27E BV). The appointment of a new CEO and the pace of business recovery will be the key near-term monitorables.**

## Quarterly performance

(INR b)

	FY25				FY26E				FY25	FY26E	FY26E	V/S our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Est
<b>Net Interest Income</b>	<b>54.1</b>	<b>53.5</b>	<b>52.3</b>	<b>30.5</b>	<b>46.4</b>	<b>43.1</b>	<b>45.9</b>	<b>46.4</b>	<b>190.3</b>	<b>181.8</b>	<b>41.6</b>	<b>12%</b>
% Change (YoY)	11.1	5.3	-1.3	-43.3	-14.2	-19.4	-12.2	52.2	-7.7	-4.5	-23.1	
Other Income	24.4	21.8	23.6	7.1	21.6	22.1	22.7	26.0	76.9	92.3	24.2	-11%
<b>Total Income</b>	<b>78.5</b>	<b>75.3</b>	<b>75.8</b>	<b>37.6</b>	<b>68.0</b>	<b>65.2</b>	<b>68.6</b>	<b>72.4</b>	<b>267.2</b>	<b>274.1</b>	<b>65.8</b>	<b>3%</b>
Operating Expenses	39.0	39.3	39.8	42.5	42.3	43.6	44.1	45.7	160.6	175.7	43.1	-2%
<b>Operating Profit</b>	<b>39.5</b>	<b>36.0</b>	<b>36.0</b>	<b>-4.9</b>	<b>25.7</b>	<b>21.6</b>	<b>24.5</b>	<b>26.6</b>	<b>106.6</b>	<b>98.4</b>	<b>22.7</b>	<b>13%</b>
% Change (YoY)	3.1	-7.9	-10.9	-112.0	-35.0	-40.0	-32.0	-642.5	-32.8	-7.7	-42.5	
Provisions	10.5	18.2	17.4	25.2	17.6	13.5	13.4	11.7	71.4	56.2	15.1	17%
<b>Profit before Tax</b>	<b>29.0</b>	<b>17.8</b>	<b>18.6</b>	<b>-30.1</b>	<b>8.1</b>	<b>8.1</b>	<b>11.1</b>	<b>14.9</b>	<b>35.3</b>	<b>42.2</b>	<b>7.6</b>	<b>6%</b>
Tax	7.3	4.5	4.5	-6.8	2.0	2.0	2.8	3.7	9.5	10.6	1.9	6%
<b>Net Profit</b>	<b>21.7</b>	<b>13.3</b>	<b>14.0</b>	<b>-23.3</b>	<b>6.0</b>	<b>6.1</b>	<b>8.3</b>	<b>11.2</b>	<b>25.8</b>	<b>31.6</b>	<b>5.7</b>	<b>6%</b>
% Change (YoY)	2.2	-39.5	-39.1	-199.1	-72.2	-54.4	-40.7	-148.0	-71.3	22.7	-73.7	
<b>Operating Parameters</b>												
Deposit (INR b)	3,985	4,124	4,094	4,109	3,971	4,135	4,256	4,376	4,109	4,376	4,002	
Loan (INR b)	3,479	3,572	3,669	3,450	3,337	3,486	3,583	3,692	3,450	3,692	3,354	
Deposit Growth (%)	14.8	14.7	11.0	6.8	-0.3	0.3	3.9	6.5	6.8	6.5	0.4	
Loan Growth (%)	15.5	13.2	12.2	0.5	-4.1	-2.4	-2.3	7.0	0.5	7.0	-3.6	
<b>Asset Quality</b>												
Gross NPA (%)	2.0	2.1	2.3	3.1	3.6	3.7	3.8	2.8	3.1	2.8	3.4	
Net NPA (%)	0.6	0.6	0.7	1.0	1.1	1.1	1.1	0.8	1.0	0.8	1.0	
PCR (%)	70.6	70.1	70.2	70.2	70.2	70.8	71.2	71.0	70.2	71.0	70.5	

E: MOFSL Estimates

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR126      TP: INR130 (+4%)      Neutral**

## Muted volume drags down earnings

Bloomberg	SAIL IN
Equity Shares (m)	4130
M.Cap.(INRb)/(USDb)	518.7 / 6
52-Week Range (INR)	156 / 99
1, 6, 12 Rel. Per (%)	-1/15/-14
12M Avg Val (INR M)	2424
Free float (%)	35.0

### Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	1,008	1,084	1,299
EBITDA	90	104	144
APAT	13	26	56
EBITDA Margin (%)	9	10	11
Cons. Adj. EPS (INR)	3	6	14
EPS Gr. (%)	24	92	118
BV/Sh. (INR)	143	148	159

### Ratios

Net D:E	0.6	0.5	0.5
RoE (%)	2.3	4.3	8.8
RoCE (%)	4.2	5.3	9.1
Payout (%)	49.4	15.0	20.0

### Valuations

P/E (x)	38.9	20.3	9.3
P/BV (x)	0.9	0.9	0.8
EV/EBITDA(x)	9.8	7.8	5.9
Div. Yield (%)	1.3	0.7	2.1
FCF Yield (%)	8.7	16.5	0.9

### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	65.0	65.0	65.0
DII	17.3	15.8	15.7
FII	3.7	3.2	3.0
Others	14.0	16.1	16.3

FII Includes depository receipts

- In 1QFY26, SAIL received a one-time revenue gain of INR1.7b related to rail price revisions for FY24. For a like-for-like comparison, we have adjusted its 1QFY26 financials by excluding this one-time gain.
- SAIL reported revenue of INR258b (+7% YoY and -12% QoQ) against our estimate of INR276b, primarily due to muted volumes in 1Q.
- Crude steel production stood at 4.85mt (+4% YoY and -5% QoQ), while sales volume stood at 4.55mt (+14% YoY and -15% QoQ) in 1QFY26 (incl. ~0.3mt of volume from NMDC steel products). ASP for the quarter stood at ~INR56,600/t (-5% YoY and +3% QoQ).
- EBITDA stood at INR26b (+17% YoY and -26% QoQ) against our estimate of INR33.4b, affected by muted volumes.
- EBITDA/t stood at ~INR5,700 (vs. our est. of INR6,967/t), up 3% YoY but down 12% QoQ due to a rise in royalty on iron ore (~INR1.73b) and one-time stock revaluation impact (INR10.5b).
- Adj PAT came in at INR5.7b (vs. our est. INR11.5b), up 76% YoY but down 55% QoQ in 1QFY26.

## Highlights from the management commentary

- In 1QFY26, the blended coking coal costs stood at INR16,920/t vs. INR17,650/t in 4QFY25. For 2QFY26, management expects coking coal costs to largely remain stable QoQ.
- Currently, the average realization for long steel stood at INR51,500/t, and flat at INR48,600/t.
- Guided to achieve ~18.5mt volume (excl. NMDC steel volume) in FY26.
- For FY26, SAIL has set a capex target of INR75b, to be spent on ongoing projects across various plants. The IISCO expansion will start contributing to capex from FY27 onward, and similar capacity enhancement plans are being considered for other facilities in the next phase.

## Valuation and view

- SAIL's 1QFY26 performance was affected by soft volumes and one-time costs related to inventory revaluation and a rise in royalty on iron ore. We trim our FY26 EBITDA/PAT estimates by 7%/13% to incorporate the 1Q performance miss; however, we maintain our FY27 estimates.
- SAIL plans to increase its capacity to 35mtpa. This plan is currently in the initial tendering phase and any notable development is expected to be visible after FY27.
- Considering the limited room for production, we estimate a modest volume CAGR of 6% over FY26-27. Any incremental earnings will be driven by healthy pricing and lower costs.

**We reiterate our Neutral rating on the stock with a TP of INR130 (premised on 6x EV/EBITDA on FY27E).**

# Quarterly performance (INR b)

Y/E March	FY25				FY26				FY25	FY26	FY26	Vs Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
<b>Sales (m tons)</b>	<b>4.0</b>	<b>4.1</b>	<b>4.4</b>	<b>5.3</b>	<b>4.6</b>	<b>4.6</b>	<b>4.8</b>	<b>5.1</b>	<b>17.9</b>	<b>19.1</b>	<b>4.8</b>	<b>(5.0)</b>
Change (YoY %)	3.4	(14.6)	16.6	16.9	13.5	13.0	8.2	(3.4)	4.9	7.0		
<b>Realization (INR per ton)</b>	<b>59,845</b>	<b>56,191</b>	<b>55,282</b>	<b>55,002</b>	<b>56,590</b>	<b>54,590</b>	<b>56,590</b>	<b>58,763</b>	<b>56,431</b>	<b>56,690</b>	<b>57,549</b>	<b>(1.7)</b>
Change (YoY %)	(4.7)	(3.5)	(10.0)	(4.4)	(5.4)	(2.8)	2.4	6.8	(5.6)	0.5		
<b>Net Sales</b>	<b>240.0</b>	<b>230.4</b>	<b>244.9</b>	<b>293.2</b>	<b>257.5</b>	<b>252.9</b>	<b>271.2</b>	<b>302.4</b>	<b>1,008.4</b>	<b>1,083.9</b>	<b>275.5</b>	<b>(6.6)</b>
Change (YoY %)	(1.5)	(17.6)	4.9	11.7	7.3	9.8	10.7	3.2	(1.1)	7.5		
Change (QoQ %)	(8.6)	(4.0)	6.3	19.7	(12.2)	(1.8)	7.2	11.5				
<b>Total Expenditure</b>	<b>217.8</b>	<b>217.6</b>	<b>224.6</b>	<b>258.3</b>	<b>231.5</b>	<b>230.8</b>	<b>245.3</b>	<b>272.0</b>	<b>918.3</b>	<b>979.7</b>		
<b>EBITDA</b>	<b>22.2</b>	<b>12.8</b>	<b>20.3</b>	<b>34.8</b>	<b>26.0</b>	<b>22.0</b>	<b>25.9</b>	<b>30.4</b>	<b>90.1</b>	<b>104.2</b>	<b>33.4</b>	<b>(22.2)</b>
Change (YoY %)	34.6	(40.0)	(5.3)	97.0	16.9	72.6	27.5	(12.8)	17.2	15.7		
Change (QoQ %)	25.5	(42.5)	59.1	71.6	(25.5)	(15.1)	17.5	17.4				
<b>EBITDA per ton (INR)</b>	<b>5,536</b>	<b>3,111</b>	<b>4,582</b>	<b>6,536</b>	<b>5,704</b>	<b>4,755</b>	<b>5,398</b>	<b>5,901</b>	<b>5,042</b>	<b>5,451</b>	<b>6,967</b>	<b>(18.1)</b>
Interest	6.9	7.6	6.8	6.6	5.9	6.2	6.4	7.0	27.9	25.5		
Depreciation	14.0	13.0	14.2	15.2	14.4	14.9	14.9	15.3	56.5	59.4		
Other Income	1.8	1.7	2.3	3.0	1.6	2.5	2.7	2.8	8.8	9.6		
Share of Asso/JVs	1.1	1.6	1.3	0.9	0.7	1.7	1.8	1.8	4.9	6.0		
<b>PBT (before EO Inc.)</b>	<b>4.1</b>	<b>(4.6)</b>	<b>2.9</b>	<b>16.9</b>	<b>7.9</b>	<b>5.1</b>	<b>9.1</b>	<b>12.7</b>	<b>19.3</b>	<b>34.8</b>		
EO Income(exp)	(3.1)	16.4	0.3	(0.3)	1.7	-	-	-	13.2	1.7		
<b>PBT (after EO Inc.)</b>	<b>1.0</b>	<b>11.7</b>	<b>3.2</b>	<b>16.6</b>	<b>9.7</b>	<b>5.1</b>	<b>9.1</b>	<b>12.7</b>	<b>32.5</b>	<b>36.6</b>		
Total Tax	0.2	2.8	1.8	4.1	2.2	1.3	2.3	3.4	8.8	9.1		
% Tax	16.6	23.5	56.1	24.5	23.1	25.0	25.0	26.5	27.1	25.0		
<b>Reported PAT</b>	<b>0.8</b>	<b>9.0</b>	<b>1.4</b>	<b>12.5</b>	<b>7.4</b>	<b>3.8</b>	<b>6.8</b>	<b>9.3</b>	<b>23.7</b>	<b>27.4</b>		
<b>Adjusted PAT</b>	<b>3.2</b>	<b>(3.8)</b>	<b>1.1</b>	<b>12.8</b>	<b>5.7</b>	<b>3.8</b>	<b>6.8</b>	<b>9.3</b>	<b>13.4</b>	<b>25.7</b>	<b>11.5</b>	<b>(50.2)</b>
Change (YoY %)	52.9	(219.3)	(69.1)	609.1	75.7	(201.3)	499.2	(27.0)	24.3	91.9		
Change (QoQ %)	80.0	(216.9)	(129.9)	1,029.5	(55.4)	(32.6)	76.5	37.6				

Source: MOFSL, Company

# Balkrishna Industries

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	BIL IN
Equity Shares (m)	193
M.Cap.(INRb)/(USD\$)	515.3 / 6
52-Week Range (INR)	3375 / 2152
1, 6, 12 Rel. Per (%)	13/-7/-17
12M Avg Val (INR M)	812

## Financials & valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	106.5	112.5	125.8
EBITDA	26.6	27.7	32.1
Adj. PAT	18.6	17.4	21.5
EPS (Rs)	96.4	90.2	111.4
EPS Growth (%)	26.0	-6.4	23.5
BV/Share (Rs)	537.4	607.6	694.0

## Ratios

RoE (%)	19.4	15.8	17.1
RoCE (%)	15.3	13.5	14.1
Payout (%)	16.6	22.2	22.4

## Valuations

P/E (x)	27.9	29.8	24.2
P/BV (x)	5.0	4.4	3.9
Div. yield (%)	0.6	0.7	0.9
FCF yield (%)	0.6	0.4	1.2

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter (%)	58.3	58.3	58.3
DII (%)	24.8	23.8	22.4
FII (%)	10.5	11.5	12.6
Others (%)	6.4	6.5	6.7

FII includes depository receipts

**CMP: INR2,693 TP: INR2,510 (-7%) Neutral**

## Demand weakness continues in global OHT market

### Favorable currency to provide some respite

- Balkrishna Industries' (BIL) 1Q earnings at INR2.9b were below our estimate of INR4.3b due to an adverse mix, the impact of US tariffs, and weak demand.
- BIL continues to face demand headwinds in its key global markets. Further, its foray into the PCR/TBR segments is likely to be closely monitored for: 1) the pace at which it gains material traction and 2) whether the margins and returns will be materially dilutive in the long run. While the stock has underperformed in the recent past and valuations at 29.8x FY26E and 24.2x FY27E are not too demanding, the future target multiple will likely depend on the company's ability to succeed in these new segments—not only by capturing market share, but by doing so without materially hurting core returns—which, in our view, remains a challenge. Reiterate Neutral with a TP of INR2,510.

### Weak 1Q due to subdued demand and adverse mix

- Volume declined 3.5% YoY to 80,664 MT (in-line), impacted by weak global demand.
- Revenue rose marginally 1% YoY at INR27.6b (in-line), despite weak volumes, aided by favorable forex movement that drove a 4.3% YoY growth in blended average ASP.
- Gross profit margin was impacted by a lower share of exports (India mix now at 35% of total volumes).
- EBITDA margin contracted 220bp YoY (-100bp QoQ) to 23.8% (below our estimate of 25%). Apart from the adverse mix, margin was impacted by: 1) the impact of tariffs on sales to the US (Americas now at 17% of the mix) and 2) lower sales volumes.
- As a result, EBITDA dipped 8% YoY to INR 6.56b (vs est. 7.05b).
- There was an MTM loss of INR 1.54b in 1QFY26 (vs a gain of INR0.06b in 1QFY25), which also hurt profitability.
- Overall, PAT declined 40% YoY to INR2.87b (vs est. INR4.3b), with PAT margins contracting to 10.4% (vs 17.4% in 1QFY25).
- The Board declared an interim dividend of INR4/share, maintaining payouts despite the decline in PAT.

### Highlights from the management commentary

- Europe volumes declined 20% YoY as the farm sentiment in Europe is currently weak.
- Input costs are likely to remain stable QoQ in Q2.
- The Euro-INR rate for 1Q stands at INR93.6, while the hedge rate for the remaining period is closer to the spot rate.



- Despite the benefit from currency depreciation, management has maintained its margin guidance of 24-25% for FY26, citing an uncertain demand environment. Accordingly, it has refrained from providing any volume growth guidance for FY26E.
- As part of its diversification into the PCR/TBR segments, the company plans to focus on niche premium segments, including radial. It aims to commence SOP for this project by Jun'26.

### Valuation and view

BIL continues to face demand headwinds in its key global markets. Further, its foray into the PCR/TBR segments is likely to be closely monitored for: 1) the pace at which it gains material traction and 2) whether the margins and returns will be materially dilutive in the long run. While the stock has underperformed in the recent past and valuations at 29.8x FY26E and 24.2x FY27E are not too demanding, the future target multiple is likely to depend on the company's ability to succeed in these new segments—not only by capturing market share, but by doing so without materially hurting core returns—which, in our view, remains a challenge. We have not changed our target multiple for BIL yet and continue to value it at 22x June'27E. However, this may warrant a reassessment going forward if BIL's returns plunge due to its foray. Reiterate Neutral with a TP of INR2,510

### Quarterly Earning Model (Standalone)

Y/E March	FY25				FY26E				FY25	FY26E	(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	VAR (%)
<b>Volumes (Ton)</b>	<b>83,570</b>	<b>73,298</b>	<b>76,343</b>	<b>82,062</b>	<b>80,664</b>	<b>79,895</b>	<b>80,160</b>	<b>84,019</b>	<b>315,273</b>	<b>324,737</b>	<b>81,063</b>	<b>-0.5</b>
YoY Change (%)	24.3	3.8	4.9	0.0	-3.5	9.0	5.0	2.4	7.7	3.0	-3.0	
<b>Realizations (INR '000/ton)</b>	<b>328.1</b>	<b>336.3</b>	<b>336.8</b>	<b>345.8</b>	<b>342.1</b>	<b>349.7</b>	<b>350.3</b>	<b>339.5</b>	<b>336.7</b>	<b>345.3</b>	<b>346.4</b>	<b>-1.3</b>
YoY Change (%)	4.2	5.6	5.8	5.2	4.3	4.0	4.0	-1.8	5.1	2.6	5.6	
<b>Net Revenues</b>	<b>27,415</b>	<b>24,648</b>	<b>25,716</b>	<b>28,376</b>	<b>27,594</b>	<b>27,941</b>	<b>28,082</b>	<b>28,521</b>	<b>106,150</b>	<b>112,138</b>	<b>28,082</b>	<b>-1.7</b>
YoY Change (%)	29.6	9.7	11.0	5.2	0.7	13.4	9.2	0.5	13.2	5.6	2.4	
<b>EBITDA</b>	<b>7,137</b>	<b>6,185</b>	<b>6,391</b>	<b>7,035</b>	<b>6,560</b>	<b>6,957</b>	<b>7,077</b>	<b>7,368</b>	<b>26,813</b>	<b>27,962</b>	<b>7,049</b>	<b>-6.9</b>
Margins (%)	26.0	25.1	24.9	24.8	23.8	24.9	25.2	25.8	25.3	24.9	25.1	<b>-130bp</b>
Depreciation	1,617	1,647	1,708	1,760	1,862	1,880	1,885	1,897	6,735	7,524	1,794	
Interest	143	404	150	490	290	260	240	224	1,252	1,014	350	
Forex loss/(gain)	-60	530	-1,120	580	1,540	0	0	0	-68	1,540	0	
Other Income	830	1,048	240	550	1,042	950	200	471	2,668	471	750	
<b>PBT before EI</b>	<b>6,267</b>	<b>4,653</b>	<b>5,894</b>	<b>4,755</b>	<b>3,910</b>	<b>5,767</b>	<b>5,152</b>	<b>5,718</b>	<b>21,562</b>	<b>20,547</b>	<b>5,655</b>	<b>-30.8</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>6,267</b>	<b>4,653</b>	<b>5,894</b>	<b>4,755</b>	<b>3,910</b>	<b>5,767</b>	<b>5,152</b>	<b>5,718</b>	<b>21,562</b>	<b>20,547</b>	<b>5,655</b>	<b>-30.8</b>
Rate (%)	23.8	24.9	25.4	23.8	26.6	26.5	26.5	26.7	24.5	24.0	24.2	<b>240bp</b>
<b>Adj PAT</b>	<b>4,773</b>	<b>3,496</b>	<b>4,398</b>	<b>3,622</b>	<b>2,869</b>	<b>4,239</b>	<b>3,786</b>	<b>4,190</b>	<b>16,283</b>	<b>15,085</b>	<b>4,286</b>	<b>-33.1</b>
YoY Change (%)	52.7	4.3	42.6	-25.8	-39.9	21.3	-13.9	15.7	12.6	-7.4	-10.2	

E: MOFSL Estimates

### Key Performance Indicators

Y/E March	FY25				FY26E				FY25	FY26E	1QE
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
<b>Volumes (Ton)</b>	<b>83,570</b>	<b>73,298</b>	<b>76,343</b>	<b>82,062</b>	<b>80,664</b>	<b>79,895</b>	<b>80,160</b>	<b>84,019</b>	<b>315,273</b>	<b>324,737</b>	<b>81,063</b>
YoY Change (%)	24.3	3.8	4.9	0.0	-3.5	9.0	5.0	2.4	7.7	3.0	-3.0
<b>Realizations (INR '000/ton)</b>	<b>328.1</b>	<b>336.3</b>	<b>336.8</b>	<b>345.8</b>	<b>342.1</b>	<b>349.7</b>	<b>350.3</b>	<b>339.5</b>	<b>336.7</b>	<b>345.3</b>	<b>346.4</b>
YoY Change (%)	4.2	5.6	5.8	5.2	4.3	4.0	4.0	-1.8	5.1	2.6	5.6
Gross Margins (%)	53.1	52.5	52.4	51.2	51.5	52.5	52.9	53.6	52.3	52.6	52.0
EBITDA Margins (%)	26.0	25.1	24.9	24.8	23.8	24.9	25.2	25.8	25.3	24.9	25.1
Gross Profit (INR '000/ton)	174.2	176.7	176.6	177.1	176.2	183.6	185.3	181.9	176.1	181.8	180.1
EBITDA (INR '000/ton)	85.4	84.4	83.7	85.7	81.3	87.1	88.3	87.7	85.0	86.1	87.0

# Nippon Life India AMC

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	NAM IN
Equity Shares (m)	635
M.Cap.(INRb)/(USD\$)	504.1 / 5.8
52-Week Range (INR)	878 / 456
1, 6, 12 Rel. Per (%)	6/34/25
12M Avg Val (INR M)	761

## Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
AAUM	5,400	6,389	7,660
MF Yield (bp)	40.9	38.9	37.6
Rev from Ops	22.3	25.2	29.2
Core PAT	10.7	12.0	14.3
PAT	12.9	15.1	17.1
PAT (bp as AAUM)	24	24	22
Core EPS	16.9	19.1	22.7
EPS	20.4	23.9	27.1
EPS Grw. (%)	16	17	13
BVPS	67	68	69
RoE (%)	31	35	39
Div. Payout (%)	94	95	95
<b>Valuations</b>			
Mcap/AUM (%)	9.3	7.8	6.5
P/E (x)	38.9	33.2	29.3
P/BV (x)	11.9	11.7	11.4
Div. Yield (%)	2.4	2.8	3.2

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	72.3	72.3	72.7
DII	13.5	12.8	14.3
FII	7.6	8.3	6.6
Others	6.7	6.5	6.4

FII Includes depository receipts

**CMP: INR793** **TP: INR940 (+18%)** **Buy**

## Higher other income drives PAT beat

- Nippon Life India AMC's (NAM) operating revenue grew 20%/7% YoY/QoQ to INR6.1b (in line) in 1QFY26. Yields declined to 39.6bp from 40.7bp in 4QFY25 and 41.8bp in 1QFY25.
- Total opex grew 16% YoY to INR2.2b (in line) in 1QFY26. As a result, EBITDA rose 23% YoY to INR3.9b (in line) for the quarter. This led to an EBITDA margin expansion to 64% from 62.7% in 1QFY25.
- PAT stood at INR4b in 1QFY26 (8% beat due to higher other income), up 19%/33% YoY/QoQ. PAT margin stood at 65.2% in 1QFY26 vs 65.8% in 1QFY25 and 52.7% in 4QFY25.
- Equity yield stood at 55bp, and management continues to expect a 2-3bp dip YoY going forward. Commission rationalizations have been implemented across three schemes, which together account for ~45% of AUM. Currently, there are no plans for further rationalization.
- We have broadly maintained our earnings estimates, with our AUM assumptions intact and higher other income offsetting the impact of a modest yield cut. We reiterate our BUY rating on the stock with a TP of INR940, based on 41x FY27E core EPS.**

## Market share across categories continues to expand

- Overall MF QAAUM was up 27% YoY/10% QoQ to INR6.1t. Equity/ETFs/Index /Debt Funds saw a YoY growth of 26%/34%/47%/33%.
- NAM's market share for QAAUM rose 29bp YoY to ~8.5%, with equity market share rising 19bp YoY to ~7%. ETF market share continues to surge, rising 197bp YoY at 19.8%, with NAM maintaining a dominant position in this space at 52% of overall industry folios.
- The share of equity remained relatively flat YoY in the range of 46-47%, while the share of ETFs improved to 28.4% from 26.8% in Jun'24. However, the share of Debt/Liquid declined to 14.7%/7.7% in 1QFY25 from 14.9%/8.5% in 1QFY25.
- SIP flows of INR97.7b were reported in 1QFY26 compared to INR75.3b in 1QFY25, reflecting a monthly SIP inflow of INR32.6b (+30% YoY). The SIP book grew to INR1.5t (+28% YoY).
- Operating expenses rose 16% YoY to INR2.2b, with opex as a % of AUM at 14.3% vs 15.6% in 1QFY25 and 14.5% in 4QFY25. Excluding ESOP costs, operating expenses rose 15.8% YoY, driven mainly by investments in talent for the non-MF business segment and enhancements in technology infrastructure.
- Employee costs rose 17%/11% YoY/QoQ to INR1.2b, with continued investments in headcount addition, while other expenses grew 18% YoY to INR772m. ESOP costs for the quarter stood at INR110m, of which INR40m pertained to the new scheme. ESOP costs are estimated at ~INR460m/INR260m-270m for FY26/FY27.
- Other income came in at INR1.5m (12% YoY).
- The distribution mix remained largely stable, with IFAs dominating the mix (56% share), followed by banks at 25% and national distributors at 19%.

- NAM's retail/HNI/corporate AUM mix stood at 29%/30%/41% for 1QFY26 vs 30%/28%/42% in 1QFY25.
- On the product front, the company launched four new products during the year: 1) Nippon India Nifty 500 Quality 50 Index Fund, 2) Nippon India Nifty 500 Low Volatility 50 Index Fund, 3) Nippon India BSE Sensex Next 30 ETF, and 4) Nippon India BSE Sensex Next 30 Index Fund.
- Under its AIF subsidiary, the company offers Category 2 and Category 3 AIFs, and has raised cumulative commitments of INR81b across various schemes, up 25% YoY. Notably, it raised INR7b in 1QFY26 (the highest ever in a quarter). The company recently launched a real estate scheme, Nippon India Yield Maximize Optimizer, with INR3b of commitments raised.
- GIFT City funds crossed AUM of USD13m across Nippon India Large Cap Fund GIFT and Nippon India Nifty 50 Bees GIFT (Fund).
- Digital transactions grew 27% YoY to 3.6m and contributed 75% to new purchases; 41 new digital purchases/SIPs were done every minute in Q1FY26.

#### Key takeaways from the management commentary

- NAM delivered the fastest growth among the top 10 AMCs on both QoQ and YoY basis, gaining market share across all investor segments. Its overall market share rose to 8.49%—the highest since Jun'19. The market shares for equity net sales (in double digits) and SIP (at >10%) were much higher than the overall equity market share.
- On the offshore front, the quarter saw active inflows from various geographies across Asia and Europe. The company also continued to expand its presence in the Japanese institutional and retail markets, while expanding footprints into new regions across Asia, Europe, and Latin America.
- The SIF team, led by Mr. Andrew Holland, is already in place and preparing to launch a product soon. Management views the SIF segment as a significant opportunity and is positioning it as a distinct business vertical.

#### Valuation and view

- NAM has continued to expand its market share, especially in the passive segment, supported by improved fund performance, sustained investor stickiness, and ongoing product innovation. While equity segment yields are expected to decline at a relatively moderate pace, strong net flows are likely to cushion the impact on overall yields.
- **We have broadly retained our earnings estimates, with our AUM assumptions intact and higher other income offsetting the impact of a modest yield cut. We reiterate our BUY rating on the stock with a TP of INR940, based on 41x FY27E core EPS.**

## Quarterly Performance

(INR m)

Y/E March	FY25				FY26				FY25	FY26E	1Q FY26E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE						
Revenue from Operations	5,050	5,713	5,879	5,665	6,066	6,207	6,351	6,577	22,307	25,202	6,112	-0.7	20.1	7.1
Change YoY (%)	42.6	43.7	38.9	21.0	20.1	8.6	8.0	16.1	35.8	13.0	21			
Fees & Commission	179	192	187	159	186	190	190	200	718	767	190.0	-1.9	4.0	17.3
Employee Expenses	1,051	1,069	1,065	1,105	1,226	1,229	1,225	1,227	4,290	4,907	1,209.0	1.4	16.7	11.0
Other expenses	655	708	770	750	772	810	840	864	2,883	3,286	770.0	0.3	17.9	3.0
Total Operating Expenses	1,886	1,969	2,022	2,014	2,185	2,229	2,255	2,292	7,891	8,960	2,169	0.7	15.9	8.5
Change YoY (%)	24	26	23	13	16	13	12	14	21.5	13.6	15			
EBITDA	3,164	3,744	3,857	3,652	3,881	3,978	4,097	4,286	14,416	16,241	3,943	-1.6	22.7	6.3
EBITDA Margin	62.7	65.5	65.6	64.5	64.0	64.1	64.5	65.2	64.6	64.4	64.5	53 bp	132bp	-47bp
Other Income	1,308	1,208	154	230	1,460	850	850	851	2,900	4,011	1,000	46.0	11.6	533.7
Depreciation	68	74	77	86	84	86	88	92	306	351	90	-6.2	23.6	-1.9
Finance Cost	16	17	17	18	18	18	18	18	67	72	18	0.0	10.4	0.0
<b>PBT</b>	<b>4,388</b>	<b>4,861</b>	<b>3,917</b>	<b>3,778</b>	<b>5,239</b>	<b>4,724</b>	<b>4,841</b>	<b>5,026</b>	<b>16,943</b>	<b>19,830</b>	<b>4,835</b>	<b>8.4</b>	19.4	38.7
Tax Provisions	1,066	1,261	965	795	1,282	1,156	1,185	1,136	4,086	4,759	1,160	10.5		
<b>Net Profit</b>	<b>3,322</b>	<b>3,600</b>	<b>2,953</b>	<b>2,983</b>	<b>3,957</b>	<b>3,568</b>	<b>3,656</b>	<b>3,890</b>	<b>12,857</b>	<b>15,070</b>	<b>3,675</b>	<b>7.7</b>	19.1	32.6
Change YoY (%)	41.1	47.4	4.0	-12.9	19.1	-0.9	23.8	30.4	16.2	17.2	10.6			
Core PAT	2,331	2,705	2,836	2,801	2,854	2,926	3,014	3,231	10,674	12,025	2,915	-2.1	22.4	1.9
Change YoY (%)	59.0	47.9	42.5	8.5	22.4	8.1	6.3	15.4	36	13	25.0			

## Key Operating Parameters (%)

Revenue / AUM (bps)	41.8	41.6	41.3	40.7	39.6	39.4	39.2	39.5	41.3	39.4	40.5	89 bp	-215bp	-107bp
Opex / AUM (bps)	15.6	14.3	14.2	14.5	14.3	14.2	13.9	13.8	14.6	14.0	14.4	11 bp	-133bp	-19bp
PAT / AUM (bps)	27.5	26.2	20.7	21.4	25.8	22.7	22.6	23.4	23.8	23.6	24.3	-149 bp	-163bp	442bp
Cost to Operating Income Ratio	37.3	34.5	34.4	35.5	36.0	35.9	35.5	34.8	35.4	35.6	35.5	-53 bp	-132bp	47bp
EBITDA Margin	62.7	65.5	65.6	64.5	64.0	64.1	64.5	65.2	64.6	64.4	64.5	53 bp	132bp	-47bp
Tax Rate	24.3	25.9	24.6	21.0	24.5	24.5	24.5	22.6	24.1	24.0	24.0	-47 bp	18bp	343bp
PAT Margin	65.8	63.0	50.2	52.7	65.2	57.5	57.6	59.1	57.6	59.8	60.1	-511 bp	-55bp	1257bp
Core PAT Margin	46.2	47.4	48.2	49.4	47.1	47.1	47.5	49.1	47.9	47.7	47.7	64 bp	88bp	-240bp

## Key Parameters

QAUM (INR b)	4,838	5,492	5,700	5,572	6,127	6,298	6,474	6,655	5,400	6,389	6,038	1.5	26.7	10.0
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## Financials & Valuation (INR b)

Y/E March	New estimates		Old estimates		Change in estimates	
	2026E	2027E	2026E	2027E	2026E	2027E
AAUM (INRb)	6,389	7,660	6,296	7,551	1%	1%
MF Yield (bps)	38.9	37.6	39.6	38.3	-7bps	-7bps
Rev from Ops	25.2	29.2	25.3	29.3	0%	0%
Core PAT	12.0	14.3	12.1	14.4	0%	-1%
PAT	15.1	17.1	14.8	17.2	2%	-1%
PAT margin(bp as AAUM)	24	22	24	23	1bps	-4bps
Core EPS	19.1	22.7	19.2	22.8	0%	-1%
EPS	23.9	27.1	23.5	27.2	2%	-1%
EPS Grw. (%)	17	13	15	16		
BVPS	68	69	68	69	0%	0%
RoE (%)	35	39	35	40	6bps	-2bps
Div. Payout (%)	95	95	95	95	0bps	0bps
<b>Valuations</b>						
Mcap/AUM (%)	7.8	6.5	8.4	7.0		
P/E (x)	33.2	29.3	35.8	30.9		
P/BV (x)	11.7	11.4	12.4	12.1		
Div. Yield (%)	2.8	3.2	2.6	3.1		

# Petronet LNG

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR301 TP: INR410 (+36%) Buy**

## Core business expansion to drive earnings

- PLNG's 1QFY26 revenue came in line, while EBITDA was 5% below our estimate at INR11.6b. Marketing margins missed our estimate as spot volumes were nil for the quarter, owing largely to muted power demand. PAT came in line with our estimate as other income was above estimate. EBITDA/PAT, adj. for UoP provisions (INR1.4b), stood at 6%/20% above our estimates.
- Total volumes came in 6% above our estimate, primarily due to higher third-party and service cargos. Dahej utilization was 8% above estimates, while Kochi utilization stood 18% below est. We note that Spot LNG prices remain elevated at USD13/mmbtu in Jul'25'td (INR12.4/mmbtu in 1QFY26).
- We recently upgraded PLNG to BUY (**Tide is turning, slowly**) with a DCF-based TP of INR410. According to our DCF analysis (WACC: 11.2%), at CMP, PLNG is pricing in an unrealistic scenario of a 20% decline in tariffs at both the Dahej and Kochi terminals in FY28, with no tariff hike thereafter and 0% terminal growth. Additionally, the street narrative that competing terminals are taking away market share has not played out so far, as utilization at competitor terminals continues to languish at 14-43%. Moreover, the narrative has overlooked PLNG's strong scale, historical capex, and connectivity advantages. While there are concerns around a potential tariff cut in FY28, we highlight that a sharp tariff cut at Dahej in FY28 can lead to industry-wide pressure, as competing terminals were built at ~2x the capital cost (Dahej capex/mmtpa = ~INR5b vs. ~INR9-11b for competitors). This would further increase the relative attractiveness of the Dahej terminal, especially as its expanded capacity comes online.
- At 9.7x FY27E P/E and 4% dividend yield, we believe valuations are at absolute rock-bottom levels. We now value PLNG using DCF-based TP (earlier 10x FY27E PE) and assume a 10% tariff cut in Dahej and Kochi in FY28, 4% escalation thereafter, 2% terminal growth, and 11.2% WACC, leading to a TP of INR410/share. While we build in full capex for the petchem venture, we value it at only 0.5x equity.

## Highlights from the management commentary

- Drop in 1Q volumes at Kochi was due to a 1.5-month shutdown at a consumer plant, which reduced volume off-take by ~1mmscmd.
- The company has provided a **capex guidance of INR50b for FY26**, primarily allocated toward the third jetty, the upcoming petrochemical complex, the Gopalpur LNG terminal (INR3b), the new corporate office (INR1b), and over 25 compressed biogas (CBG) plants (INR1b). Capex in FY27 is expected to exceed FY26 levels.
- In 1Q, inventory gain stood at INR420m. Trading gains were nil during the quarter. Regas contribution stood at INR6.4b.
- The Gopalpur terminal is **35km away from a major trunk pipeline (GAIL's Srikakulam Angul pipeline)**. Once connected, off-take will not be an issue.

## Beat on volumes; performance largely in line

- PLNG's 1QFY26 revenue was in line with our estimate at INR119b.
- EBITDA fell 26% YoY to INR11.6b (5% below our estimate).

Bloomberg	PLNG IN
Equity Shares (m)	1500
M.Cap.(INRb)/(USDb)	452.1 / 5.2
52-Week Range (INR)	385 / 270
1, 6, 12 Rel. Per (%)	4/-3/-16
12M Avg Val (INR M)	942

## Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	509.8	495.2	521.7
EBITDA	55.2	56.7	67.0
Adj. PAT	39.3	39.1	46.4
Adj. EPS (INR)	26.2	26.1	30.9
EPS Gr. (%)	11.0	-0.4	18.7
BV/Sh.(INR)	129.2	145.3	164.5

## Ratios

Net D:E	-0.5	-0.4	-0.3
RoE (%)	21.6	19.0	20.0
RoCE (%)	22.7	19.4	19.7
Payout (%)	38.2	38.2	38.2

## Valuation

P/E (x)	11.5	11.6	9.8
P/BV (x)	2.3	2.1	1.8
EV/EBITDA (x)	6.6	6.4	5.5
Div. Yield (%)	3.3	3.3	3.9

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	50.0	50.0	50.0
DII	10.9	11.2	12.9
FII	29.0	28.8	25.6
Others	10.1	10.1	11.6

FII Includes depository receipts



- The company booked additional provisions of INR1.4b against UoP dues during the quarter. No UoP trade receivables were waived off during 1Q.
  - Reported PAT was in line with our estimate at INR8.5b, down 25% YoY, supported by higher-than-expected other income. EBITDA/PAT, adj. for UoP provisions (INR1.4b), stood 6%/20% above our estimates.
  - Spot LNG prices fell QoQ in 1Q, averaging USD12.4/mmbtu (USD14 in 4Q).
- Operational performance:**
- Total volumes came in 6% above our estimates, primarily due to higher long-term and service volumes. No spot volumes were recorded during the quarter, mainly due to subdued power demand.
  - Dahej utilization was 8% above estimates, while Kochi utilization stood 18% below est.
  - As of Jun'25, provisions on UoP dues stood at INR6.1b.
  - UoP dues of INR14.2b (net provision INR8.1b) were included in trade receivables as of Jun'25. PLNG has obtained bank guarantees from customers to recover UoP charges. While some customers have not given balance confirmations toward these dues, management is confident of recovering such charges.
  - The board has approved an additional investment for setting up a 5mmtpa land-based LNG terminal at Gopalpur, Odisha, replacing the earlier approved 4mmtpa FSRU-based terminal. The revised project entails an overall investment of INR64b, including taxes and duties, with an incremental cost of INR40b over the previous plan, which will be financed through debt and equity. It is expected to be commissioned in the next three years.

### Valuation and view

- PLNG trades at 9.7x FY27E EPS, compared to its historical one-year forward P/E of 10.9x. Under a variety of bearish scenarios, our DCF-based valuation implies -4% to 21% upside from the current price. Our DCF-based TP of INR410 (WACC: 11.2%, TG = 2%) assumes a 10% tariff cut in FY28, followed by a 4% increase for both the terminals. While we have incorporated the full capex for the petchem plant, we value it conservatively at 0.5x FY29E P/B and discount this back to FY27.

### Standalone - Quarterly Earning Model

Standalone - Quarterly Earning Model												(INR b)
Y/E March	FY25				FY26				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	134.2	130.2	122.3	123.2	118.8	126.1	122.9	128.8	509.8	496.7	121.6	-2%
YoY Change (%)	15.1	3.9	-17.1	-10.7	-11.4	-3.2	0.5	4.6	-3.3	-2.6	-9.4	
EBITDA	15.6	12.0	12.5	15.1	11.6	14.9	14.3	15.7	55.2	56.5	12.2	-5%
Margin (%)	11.7	9.2	10.2	12.3	9.8	11.8	11.6	12.2	10.8	11.4	10.0	
Depreciation	1.9	2.0	2.1	2.1	2.1	2.0	2.1	2.0	8.1	8.2	2.2	
Interest	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	2.6	2.4	0.8	
Other Income	2.2	2.0	2.0	2.0	2.4	1.4	1.4	1.3	8.2	6.5	1.8	
PBT	15.2	11.4	11.7	14.5	11.4	13.7	13.0	14.4	52.8	52.4	11.0	3%
Rate (%)	24.9	25.7	25.8	26.0	25.1	25.2	25.2	24.9	25.6	25.7	25.2	
Reported PAT	11.4	8.5	8.7	10.7	8.5	10.2	9.7	10.8	39.3	38.9	8.2	4%
YoY Change (%)	44.5	3.6	-27.2	45.1	-25.5	20.6	11.8	0.8	11.0	-0.9	-28.1	
Margin (%)	8.5	6.5	7.1	8.7	7.2	8.1	7.9	8.4	7.7	7.8	6.8	
Key Assumptions												
Total Volumes (TBtu)	262.0	239.0	228.0	205.0	220.0	237.0	237.0	243.8	934.0	937.7	207.1	6%
Dahej utilization (%)	112%	102%	96%	85%	94%	100%	100%	75%	99%	92%	87%	8%
Kochi utilization (%)	22%	22%	24%	25%	21%	25%	25%	29%	23%	25%	25%	-18%



# Ajanta Pharma

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR2,767 TP: INR3,200 (+16%) Buy**

## Consistent growth ahead of industry in DF/Asia

### US generics shows revival in growth for two quarters

- Ajanta Pharma (AJP) delivered better-than-expected financial performance for the quarter. It recorded a 5%/8%/9% beat on revenue/EBITDA/PAT for 1QFY26 vs our estimates.
- AJP has consistently outperformed the domestic formulation (DF) market, led by the robust pace of new launches, including first-to-market, scaling up newer therapies, and increasing reach through additional MRs.
- After a moderate YoY growth in FY25, AJP has shown healthy improvement in the US generics segment for the second consecutive quarter.
- AJP is strengthening its presence in Asia by adding products in chronic therapies as well as enhancing its MR resources.
- We largely maintain our estimates for FY26/FY27. We value AJP at 34x 12M forward earnings to arrive at a TP of INR3,260. AJP is a differentiated play, with ~76% of its business in the branded generics segment. It follows a geographic-specific strategy to outpace industry growth in DF/Asia/Africa. It maintains a healthy pace of launches and offers better growth prospects in the US generics segment. Overall, we expect a 15% earnings CAGR over FY25-27. Reiterate BUY.

### Product mix benefit offset by higher opex YoY

- AJP's 1QFY26 revenue grew 14% to INR13b (our est: INR12.5b), led by growth across all key businesses.
- DF sales rose 16% YoY to INR4.1b (31% of sales). US generic sales rose 36% YoY to INR3.1b (24% of sales). Branded generics Asia sales rose 10% YoY to INR3b (23% of sales).
- Africa branded generic sales declined 1% YoY to INR2.3b (18% of sales). Africa Institutional sales declined 10% to INR380m (3% of sales).
- Gross margin expanded 220bp YoY to 78.8% due to a better product mix.
- However, EBITDA margin contracted ~260bp YoY to 29% (our est. 28%) as higher gross margins were offset by an increase in employee costs/other costs (up 110bp/390bp YoY as a % of sales).
- Operational costs (employee expense/other expense) have increased at a significantly higher rate than revenue over the past four quarters, driven by MR addition as well as increased marketing/promotional activities for newer therapies.
- Consequently, EBITDA grew 4.5% YoY to INR3.8b (our est. INR3.5b).
- Adjusting for the net forex loss impact of INR158m, Adj. PAT grew 2% YoY to INR2.7b (our est. INR2.5b).

### Highlights from the management commentary

- While no ANDA was filed in 1QFY26, AJP has maintained its guidance of 10-12 ANDA filings for the US market in FY26.
- The company aims to sustain a gross margin of 78% (+-1%) for FY26. It indicated maintaining FY26 EBITDA margin at similar levels to those in FY25.
- AJP guided for mid-to-high single-digit YoY growth in the domestic formulation segment in FY26.
- It aims to sustain the US sales run rate on the back of new launches, market share gains, and upcoming launches.

Bloomberg	AJP IN
Equity Shares (m)	125
M.Cap.(INRb)/(USDb)	345.6 / 4
52-Week Range (INR)	3486 / 2022
1, 6, 12 Rel. Per (%)	14/0/17
12M Avg Val (INR M)	470

### Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	46.5	52.4	59.6
EBITDA	13.2	14.8	17.7
Adj. PAT	9.4	10.5	12.3
EBIT Margin (%)	25.2	25.2	27.1
Cons. Adj. EPS (INR)	74.1	83.6	97.2
EPS Gr. (%)	18.9	11.9	16.2
BV/Sh. (INR)	299.6	362.5	434.9

### Ratios

Net D:E	-0.2	-0.2	-0.2
RoE (%)	25.5	25.0	24.4
RoCE (%)	25.9	25.5	24.7
Payout (%)	26.0	26.3	25.5

### Valuations

P/E (x)	37.4	33.1	28.5
EV/EBITDA (x)	26.5	23.6	19.3
Div. Yield (%)	0.7	0.8	0.9
FCF Yield (%)	2.5	0.9	2.7
EV/Sales (x)	7.5	6.6	5.7

### Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	66.3	66.3	66.3
DII	17.5	17.5	17.4
FII	8.9	8.9	8.4
Others	7.4	7.4	7.9

FII includes depository receipts

■ AJP has taken steps to revive YoY growth in cardiology therapy within the domestic formulation segment, with the impact expected to become visible in the coming quarters.

#### Consol. - Quarterly perf.

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
<b>Net Sales</b>	<b>11,449</b>	<b>11,866</b>	<b>11,461</b>	<b>11,704</b>	<b>13,027</b>	<b>13,272</b>	<b>13,103</b>	<b>13,007</b>	<b>46,481</b>	<b>52,408</b>	<b>12,454</b>	<b>4.6</b>
YoY Change (%)	12.1	15.4	3.7	11.0	13.8	11.8	14.3	11.1	10.4	12.8	8.8	
Total Expenditure	7,846	8,498	8,253	8,733	9,262	9,449	9,499	9,430	33,330	37,641	8,979	
<b>EBITDA</b>	<b>3,604</b>	<b>3,368</b>	<b>3,208</b>	<b>2,972</b>	<b>3,765</b>	<b>3,822</b>	<b>3,603</b>	<b>3,577</b>	<b>13,152</b>	<b>14,767</b>	<b>3,475</b>	<b>8.4</b>
YoY Change (%)	28.1	15.9	-0.3	6.8	4.5	13.5	12.3	20.4	12.2	12.3	-3.6	
Margins (%)	31.5	28.4	28.0	25.4	28.9	28.8	27.5	27.5	28.3	28.2	27.9	
Depreciation	340	344	360	398	413	380	376	373	1,441	1,542	356	
<b>EBIT</b>	<b>3,264</b>	<b>3,024</b>	<b>2,849</b>	<b>2,574</b>	<b>3,352</b>	<b>3,442</b>	<b>3,228</b>	<b>3,204</b>	<b>11,710</b>	<b>13,225</b>	<b>3,119</b>	
YoY Change (%)	31.5	17.7	-0.9	5.4	2.7	13.8	13.3	24.5	13.0	12.9	-4.4	
Margins (%)	28.5	25.5	24.9	22.0	25.7	25.9	24.6	24.6	25.2	25.2	25.0	
Interest	7	60	79	61	53	66	66	66	207	250	66	
Other Income	182	195	129	111	170	145	165	174	616	653	123	
<b>PBT before EO expense</b>	<b>3,439</b>	<b>3,159</b>	<b>2,898</b>	<b>2,624</b>	<b>3,469</b>	<b>3,521</b>	<b>3,327</b>	<b>3,312</b>	<b>12,119</b>	<b>13,629</b>	<b>3,176</b>	
Extra-Ord expense	-217	-257	176	71	-158	0	0	0	-227	-158	0	
<b>PBT</b>	<b>3,221</b>	<b>2,902</b>	<b>3,074</b>	<b>2,694</b>	<b>3,311</b>	<b>3,521</b>	<b>3,327</b>	<b>3,312</b>	<b>11,892</b>	<b>13,471</b>	<b>3,176</b>	
Tax	764	738	745	442	758	799	765	788	2,688	3,111	715	
Effective Rate (%)	23.7	25.4	24.2	16.4	22.9	22.7	23.0	23.8	22.6	23.1	22.5	
<b>Reported PAT</b>	<b>2,458</b>	<b>2,165</b>	<b>2,329</b>	<b>2,253</b>	<b>2,553</b>	<b>2,722</b>	<b>2,562</b>	<b>2,524</b>	<b>9,204</b>	<b>10,360</b>	<b>2,461</b>	<b>3.7</b>
<b>Adj PAT</b>	<b>2,624</b>	<b>2,356</b>	<b>2,196</b>	<b>2,194</b>	<b>2,675</b>	<b>2,722</b>	<b>2,562</b>	<b>2,524</b>	<b>9,369</b>	<b>10,482</b>	<b>2,461</b>	<b>8.7</b>
YoY Change (%)	30.8	26.5	3.3	16.4	2.0	15.5	16.7	15.0	18.9	11.9	-6.2	
Margins (%)	22.6	19.5	18.9	18.6	20.3	20.3	19.3	19.1	19.9	19.8	19.6	

#### Key performance Indicators (Consolidated)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE
<b>INRm</b>											
Domestic formulations	3,530	3,860	3,450	3,700	4,100	4,149	4,039	4,266	14,540	16,554	3,846
YoY Change (%)	10.7	8.7	12.0	13.5	16.1	7.5	17.1	15.3	11.2	13.9	8.9
Asia	2,770	2,960	3,160	3,030	3,040	3,315	3,444	3,454	11,944	13,254	3,102
YoY Change (%)	9.1	28.7	8.2	7.8	9.7	12.0	9.0	14.0	13.0	11.2	12.0
Africa (branded + Insti)	2,720	2,560	2,060	1,610	2,660	2,675	2,478	2,020	8,902	9,832	2,333
YoY Change (%)	21.4	31.5	(14.5)	(7.5)	(2.2)	4.5	20.3	25.5	6.7	9.9	(14.2)
US	2,280	2,320	2,630	3,250	3,100	3,016	3,025	3,185	10,205	12,326	3,055
YoY Change (%)	7.0	(2.1)	4.4	24.5	36.0	30.0	15.0	(2.0)	5.9	17.6	34.0
<b>Cost Break-up</b>											
RM Cost (% of Sales)	23.4	22.1	22.5	24.2	21.2	21.7	21.9	22.2	23.0	21.7	23.7
Staff Cost (% of Sales)	22.2	22.0	23.1	23.9	23.3	23.0	23.5	24.1	22.8	23.5	23.0
Other Cost (% of Sales)	18.5	22.8	21.8	21.1	22.4	22.0	22.7	22.0	21.1	22.3	20.8
Gross Margins(%)	76.6	77.9	77.5	75.8	78.8	78.3	78.1	77.8	77.0	78.3	76.3
EBITDA Margins(%)	31.5	28.4	28.0	25.4	28.9	28.8	27.5	27.5	28.3	28.2	27.9
EBIT Margins(%)	28.5	25.5	24.9	22.0	25.7	25.9	24.6	24.6	25.2	25.2	25.0
PBT Margins(%)	29.6	26.2	25.0	22.2	26.3	26.2	25.1	25.1	25.7	25.7	25.3
PAT Margins(%)	22.6	19.5	18.9	18.6	20.3	20.3	19.3	19.1	19.9	19.8	19.6

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	CDSL IN
Equity Shares (m)	209
M.Cap.(INRb)/(USD\$)	318.3 / 3.7
52-Week Range (INR)	1990 / 1047
1, 6, 12 Rel. Per (%)	-10/13/25
12M Avg Val (INR M)	6657

#### Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Revenue	10.8	12.1	13.9
EBITDA	6.2	6.8	7.9
EBITDA Margin (%)	57.7	55.8	56.5
PAT	5.2	5.3	6.5
PAT Margin (%)	48.4	44.0	46.4
EPS	25.1	25.5	31.0
EPS Grw. (%)	24.8	1.7	21.5
BVPS	84.2	97.2	112.2
RoE (%)	32.5	28.1	29.6
Div. Payout (%)	49.9	49.0	51.6

#### Valuations

P/E (x)	60.8	59.7	49.2
P/BV (x)	18.1	15.7	13.6
Div. Yield (%)	0.8	0.8	1.1

#### Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	15.0	15.0	15.0
DII	14.2	15.4	24.9
FII	12.9	11.3	14.0
Others	57.9	58.3	46.1

FII includes depository receipts

**CMP: INR1,523      TP: INR1,400 (-8%)      Neutral**

### Weak operating performance

- CDSL's operating revenue grew 1% YoY and 15% QoQ to INR2.6b (8% miss), primarily due to a 49%/31% YoY decline in IPO & corporate action charges/online data charges.
- EBITDA declined 16% YoY but rose 19% QoQ to INR1.3b, resulting in an EBITDA margin of 50.4% (vs. 60% in 1QFY25 and 48.7% in 4QFY25). Operating expenses surged 25% YoY to INR1.3b due to a 46%/17% YoY increase in employee costs/other expenses.
- PAT for the quarter declined 24% YoY but rose 2% QoQ to ~INR1b, a 28% miss due to: 1) lower-than-expected revenue and 2) higher-than-expected employee costs and tax rate. PAT margins came in at 39.6% vs 52.1% in 1QFY25 and 44.8% in 4QFY25.
- CDSL continues to invest in human resources and technology to support its expanding operations and reinforce its role as a key market infrastructure institution. These investments are aimed at enhancing service delivery, improving system scalability, and ensuring long-term operational resilience.
- We have cut our earnings estimates by 19%/11% for FY26/FY27 to factor in higher employee costs, increased taxes, a slowdown in IPO actions, and continued investments in tech and human resources. We expect CDSL to post a revenue/EBITDA/PAT CAGR of 14%/12%/11% over FY25-27. We reiterate our Neutral rating on the stock with a one-year TP of INR1,400 (premised on a P/E multiple of 45x on FY27E earnings).

### Higher employee costs impact EBITDA margins

- On the revenue front, transaction revenue declined 17% YoY to INR620m on account of lower cash delivery volumes during the quarter.
- Annual issuer charges rose 50% YoY and 31% QoQ to INR 1.1b, driven by a sharp increase in investor folios. The total includes a one-time application processing fee of INR52.3m. Unlisted revenue from issuer charges stood at INR63.9m for 1QFY26 vs INR52.3m in 1QFY25.
- Revenue from IPOs and corporate actions declined 22% YoY/16% QoQ due to a smaller number of IPOs. However, corporate actions now account for a higher proportion of income in this segment.
- Online data charges declined 42% YoY/16% QoQ due to subdued market conditions leading to fewer account openings. KYC revenue contributed ~33% to consolidated revenue.
- During FY25, the total income of its subsidiary, CVL, declined 32% YoY to INR420m, while total expenses remained flat YoY at INR264.3m. PAT declined 57% YoY to INR164m.
- Total expenses surged 25% YoY to INR1.3b, led by a 46%/34%/9% YoY increase in employee/IT/admin and other expenses.
- Employee costs increased 46% YoY and 24% QoQ, mainly due to variable payouts recorded in Q1 and new recruitments done in line with business growth. Bonus provisions made during the quarter were consistent with the company's longstanding policy.
- Demat account additions during the quarter reduced to 5.7m in 1QFY26 from 6.4m in 4QFY25 and 9.9m in 1QFY25.

### Key takeaways from the management commentary

- Tax rate was higher during the quarter at 32% compared to 23% in 1QFY25 and 21% in 4QFY25. The increase was due to tax adjustments on dividends received from the subsidiary company.
- In the insurance repository segment, CDSL crossed 1.8m policies and holds ~2m e-insurance accounts.
- CDSL has taken calibrated pricing actions with regulatory approvals, currently charging INR3.5 per transaction—50 paise lower than its competitor—while also offering a 25 paise discount for female investors for two years and for all investors transacting in bonds and mutual funds through demat accounts.

### Valuation and view

- A slowdown in demat additions and fewer IPO listings led to a reduction in revenue, and continued investments in human resources and technology for future growth could restrict gains from operating leverage.
- We have cut our earnings estimates by 19%/11% for FY26/FY27 to factor in higher employee costs, increased taxes, a slowdown in IPO actions, and continued investments in tech and human resources.
- We expect CDSL to post a revenue/EBITDA/PAT CAGR of 14%/12%/11% over FY25-27. **We reiterate our Neutral rating on the stock with a one-year TP of INR1,400 (premised on a P/E multiple of 45x on FY27E earnings).**

### Quarterly Performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	1Q FY26E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE						
Revenue from Operations	2,574	3,223	2,781	2,244	2,588	3,087	3,218	3,231	10,822	12,124	2,810	-7.9	1%	15%
Change YoY (%)	72.0	55.4	29.7	-6.8	0.6	-4.2	15.7	44.0	33.2	12.0	9.2			
Employee expenses	267	314	323	315	390	402	413	428	1,219	1,634	348	12.2	46%	24%
Other Expenses	762	910	852	836	894	918	939	970	3,360	3,721	895	-0.2	17%	7%
Total Operating Expenses	1,029	1,225	1,175	1,151	1,284	1,321	1,352	1,398	4,580	5,355	1,243	3.3	25%	12%
Change YoY (%)	49	57	41	24	25	8	15	22	42	17	21			
<b>EBITDA</b>	<b>1,544</b>	<b>1,998</b>	<b>1,606</b>	<b>1,094</b>	<b>1,305</b>	<b>1,766</b>	<b>1,866</b>	<b>1,833</b>	<b>6,242</b>	<b>6,769</b>	<b>1,567</b>	<b>-16.8</b>	<b>-16%</b>	<b>19%</b>
Other Income	295	362	200	313	364	378	393	269	1,171	1,404	326	11.6	23%	16%
Depreciation	98	119	130	143	152	155	163	142	490	612	146	4.3	55%	6%
<b>PBT</b>	<b>1,741</b>	<b>2,241</b>	<b>1,676</b>	<b>1,264</b>	<b>1,516</b>	<b>1,989</b>	<b>2,096</b>	<b>1,959</b>	<b>6,923</b>	<b>7,561</b>	<b>1,748</b>	<b>-13.2</b>	<b>-13%</b>	<b>20%</b>
Change YoY (%)	76	54	15	-24	-13	-11	25	55	24	9	0			
Tax Provisions	405	627	386	268	488	595	726	421	1,686	2,230	330	47.9	21%	82%
P&L from associate	5	6	7	8	-4	0	0	0	26	-4	0			
<b>Net Profit</b>	<b>1,342</b>	<b>1,620</b>	<b>1,298</b>	<b>1,004</b>	<b>1,025</b>	<b>1,394</b>	<b>1,370</b>	<b>1,539</b>	<b>5,264</b>	<b>5,327</b>	<b>1,418</b>	<b>-27.7</b>	<b>-24%</b>	<b>2%</b>
Change YoY (%)	82	49	21	-22	-24	-14	6	53	25	1	6			
<b>Key Operating Parameters (%)</b>														
Cost to Operating Income Ratio	40.0	38.0	42.2	51.3	49.6	42.8	42.0	43.3	42.3	44.2	44.2	537 bps	960bps	735bps
EBITDA Margin	60.0	62.0	57.8	48.7	50.4	57.2	58.0	56.7	57.7	55.8	55.8	-537 bps	-960bps	-735bps
PBT Margin	67.7	69.5	60.3	56.3	58.6	64.4	65.1	60.6	64.0	62.4	62.2	-361 bps	-908bps	-171bps
Tax Rate	23.2	28.0	23.0	21.2	32.2	29.9	34.6	21.5	24.3	29.5	18.9	1330 bps	894bps	917bps
PAT Margin	52.1	50.3	46.7	44.8	39.6	45.2	42.6	47.6	48.6	43.9	50.5	-1087 bps	-1255bps	-709bps

# Motherson Wiring

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	MSUMI IN
Equity Shares (m)	6632
M.Cap.(INRb)/(USDb)	265.3 / 3.1
52-Week Range (INR)	51 / 31
1, 6, 12 Rel. Per (%)	4/6/-17
12M Avg Val (INR M)	351

## Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	93.2	105.3	121.1
EBITDA	10.0	11.2	14.3
Adj. PAT	6.1	6.7	8.9
EPS (Rs)	0.9	1.0	1.3
EPS Growth (%)	-5.1	10.8	32.4
BV/Share (Rs)	2.6	3.0	3.7

## Ratios

Net D:E	0.0	0.0	0.0
RoE (%)	35.9	36.4	40.1
RoCE (%)	41.4	42.0	47.0
Payout (%)	62.0	65.8	62.2

## Valuations

P/E (x)	43.8	39.5	29.8
P/BV (x)	15.6	13.3	10.9
Div. Yield (%)	1.4	1.7	2.1
FCF Yield (%)	0.7	2.3	3.0

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	61.7	61.7	61.7
DII	16.3	16.2	16.2
FII	10.4	10.2	10.8
Others	11.7	11.9	11.3

FII Includes depository receipts

**CMP:INR40** **TP: INR46 (+16%)** **Buy**

## Start-up costs of new plants hurt profitability

### Continues to outperform industry growth

- MSUMI's 1QFY26 PAT at INR1.43b was below our estimate of INR1.6b, largely due to the impact of start-up costs of new greenfields, even as revenue growth was ahead of estimates.
- We believe MSUMI deserves rich valuations, given its strong competitive positioning, top-decile capital efficiency, and benefits of EVs and other megatrends in Autos. The stock trades at 39.5x/29.8x FY26E/FY27E EPS.

**Reiterate our BUY rating with a TP of INR46 (based on 34x Jun'27E EPS).**

### Margins impacted by start-up costs of new plants

- Revenue grew 14% YoY to INR24.9b in 1Q on the back of the commencement of two new greenfields, which contributed INR1.56b to revenues. Excl. these greenfields, revenue was up 7% YoY, ahead of PV industry growth of 3% YoY.
- Copper inflation remained moderate, with prices averaging INR883/kg in 1Q. Currency remained broadly stable, with INR/USD at 85.59.
- Reported EBITDA margin declined 110bp YoY to 9.8% (Vs estimate of 10.9%), primarily due to start-up costs of greenfields. EBITDA margin (excl. greenfields) remained stable YoY at 11.8%.
- Its greenfields reported a combined EBITDA loss of INR3.1b in 1Q.
- Other income was also lower than expected at INR8.6m in 1QFY26 vs. INR49.8m in 1QFY25.
- As a result, PAT declined 4% YoY to INR1.43b (below our estimate of INR1.6b). Adjusted for greenfields, PAT grew 4% YoY to INR1.7b.
- MSUMI remains net debt free.

### Highlights from the management commentary

- Revenue grew 14% YoY to INR24.9b on the back of the commencement of two new greenfields. Excl. these greenfields, revenue was up 7% YoY, ahead of PV industry growth of 3% YoY, reflecting strong content growth and presence in new model launches. Both PV and 2W segments saw weak demand in 1Q. However, management indicated that MUSMI has presence in several new upcoming launches even in the 2W and PV segments.
- Revenue contribution from greenfields stood at INR1.56b in 1Q. Of the three greenfields, the Maharashtra and Gujarat plants have commenced operations, while Haryana is expected to commence from 2Q onwards. The ramp-up of both Gujarat and Maharashtra greenfields has been delayed due to delays at customer end amid the shortage of supplies of rare earth magnets due to a delay in approvals from China.
- All three plants together are likely to have employee strength of ~7k at peak production.
- The jump in staff costs in 1Q was due to the addition of employees at these greenfields.
- The share of EVs in revenue increased to 5.4% in 1QFY26. In PVs, content increase in EVs is 1.5-1.7x higher than in ICE, as per management.
- Capex guidance for FY26 stands at INR2b.



### Valuation and view

- We believe MSUMI deserves rich valuations, given its strong competitive positioning, top-decile capital efficiency, and benefits of EVs and other mega-trends in autos. The stock trades at 39.5x/29.8x FY26E/FY27E EPS. **Reiterate our BUY rating with a TP of INR46 (based on 34x June-27E EPS).**

### Quarterly performance

Quarterly performance												(INR M)
Y/E March	FY25				FY26E				FY25	FY26E	Var.	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	21,848	23,256	23,003	25,095	24,940	26,047	26,453	27,878	93,203	105,319	24,033	4
YoY Change (%)	16.7	10.5	8.8	12.4	14.2	12.0	15.0	11.1	11.9	13.0	10.0	
RM Cost (% of sales)	65.1	64.9	64.9	65.7	64.7	64.7	64.6	64.1	65.2	64.5	65.2	
Staff Cost (% of sales)	17.2	17.3	17.9	16.5	19.1	18.5	18.4	17.7	17.2	18.4	17.5	
Other Expenses (% of sales)	6.7	7.1	6.8	7.0	6.4	6.3	6.3	6.7	6.9	6.5	6.4	
EBITDA	2,388	2,496	2,376	2,712	2,443	2,734	2,818	3,200	9,971	11,194	2,625	-7
Margins (%)	10.9	10.7	10.3	10.8	9.8	10.5	10.7	11.5	10.7	10.6	10.9	
Depreciation	399	444	470	476	492	520	550	585	1,789	2,147	490	0
Interest	55	72	66	55	63	58	55	54	248	230	60	5
Other Income	50	48	6	16	9	20	25	24	119	77	40	-79
PBT before EO expense	1,984	2,027	1,846	2,197	1,896	2,176	2,238	2,585	8,054	8,894	2,115	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT after EO Expense	1,984	2,027	1,846	2,197	1,896	2,176	2,238	2,585	8,054	8,894	2,115	-10
Tax Rate (%)	25	25	24	25	25	25	25	24	25	25	25	
Reported PAT	1,489	1,521	1,400	1,649	1,431	1,643	1,690	1,952	6,059	6,715	1,597	
Adj PAT	1,489	1,521	1,400	1,649	1,431	1,643	1,690	1,952	6,059	6,715	1,597	-10
YoY Change (%)	20.9	-2.4	-16.6	-13.8	-3.9	8.0	20.7	18.4	-5.1	10.8	7.3	

E: MOFSL Estimates



# Anant Raj

Estimate change

TP change

Rating change


**CMP: INR563**
**TP: INR807 (+43%)**
**Buy**
**RE on strong footing; DC business ramping up**
**Data center's 26MW IT load to be commissioned by 1HFY26**
**P&L performance: 1QFY26**

- Anant Raj (ARCP)'s revenue came in at INR5.9b, up 26% YoY/10% QoQ (35% above our estimate).
- EBITDA stood at INR1.5b, up 46% YoY/6% QoQ (in line). EBITDA margin was 25.4%, up 3.6pp YoY for the quarter.
- The company's adj. PAT came in at INR1.3b, up 38% YoY/6% QoQ (23% above our estimate). Its PAT margin was 21%, up 2pp YoY.

**Key operational highlights**

- **Real estate:** ARCP launched a new version of independent floors under the brand "The Estate Apartments" at Anant Raj Estate, Sector 63A, Gurugram. The offering received a strong customer response, reaffirming market confidence in the brand and its product.
- The company secured approvals and commenced development of a community center and commercial tower at its "Ashok Estate" project in Sector 63A, Gurugram, with a total area of 0.16msf.
- Preparations for the Group Housing-2 project at Anant Raj Estate, Sector 63A, Gurugram, with a planned area of 1.09msf, are in advanced stages, and the project is anticipated to be launched soon.
- **Data centers:** The second data center facility at Panchkula is being operationalized, with a special event titled "BHARAT BUILT: Soil to Server" scheduled for 1<sup>st</sup> -2<sup>nd</sup> Aug'25, to showcase the expanded capacities at both Manesar and Panchkula.
- This development enhances the company's presence in the data center space, with both sites capable of functioning as data centers and disaster recovery units for each other.
- The integration of cloud services across the Panchkula and Manesar facilities has commenced, in collaboration with Orange Business as the technical partner.
- The company has secured a major private sector client for co-location and cloud services at its Manesar facility, with an estimated IT load capacity of ~3 MW, supplementing its existing client base.

**Changes in data center capex plan; co-lo intact, but cloud bit deferred**

- ARCP initially planned to build the 28MW project by FY25, primarily with the help of fundraising. However, it now plans to incur capex through internal accruals. As per the current plan, ARCP will develop 63MW of IT load by FY26, wherein the earlier 49MW was co-location and 14MW was cloud services.
- ARCP decided to keep 49MW of co-location commissioning intact, while the 14MW cloud will take six more months. By 1HFY26, the company would commission and lease a 4MW IT load for cloud, wherein 3MW will be operationalized by 1<sup>st</sup> Aug'25. However, ARCP would keep 2MW vacant for future ramp-ups out of 6MW in the first phase.

Bloomberg	ARCP IN
Equity Shares (m)	343
M.Cap.(INRb)/(USDb)	193.3 / 2.2
52-Week Range (INR)	948 / 366
1, 6, 12 Rel. Per (%)	5/-2/6
12M Avg Val (INR M)	1433

**Financials & Valuations (INR b)**

Y/E Mar	FY25	FY26E	FY27E
Sales	20.6	21.7	27.3
EBITDA	4.9	7.7	8.7
EBITDA (%)	23.9	35.6	31.7
Adj PAT	4.3	5.0	4.5
Cons. EPS (INR)	12.4	14.7	13.0
EPS Growth (%)	59.4	18.2	-11.5
BV/Share (INR)	121.2	135.4	147.9

**Ratios**

Net D/E		0.1	0.5
RoE (%)	10.2	10.8	8.8
RoCE (%)	10.0	11.4	7.6
Payout (%)	5.9	3.4	3.9

**Valuations**

P/E (x)	45.4	38.4	43.4
P/BV (x)	4.6	4.2	3.8
EV/EBITDA (x)	38.9	25.8	25.4
Div Yield (%)	0.1	0.1	0.1

**Shareholding Pattern (%)**

As On	Jun-25	Mar-25	Jun-24
Promoter	60.1	60.2	60.0
DII	6.2	6.6	6.5
FII	10.6	12.9	13.1
Others	23.0	20.4	20.4

- For 2MW, the company will build the system until the rack and will not lease it until the company incurs the capex for the cloud.
- Similarly, for a total of 14MW until 1HFY27, ARCP has plans to commission 6MW of IT load for cloud service, while it will keep 8MW vacant until the racks.
- Changes in plans have been made to fund the capex from internal accruals, as 49MW of co-location will be operational by FY26 and start garnering strong cash flows. This will be redeployed in the vacant cloud capacity.
- ARCP initially had two clients, TCIL and Railtel, and onboarded BSNL and CSC for the newly commissioned capacity. Additionally, the company onboarded one big private client, which clearly reflects ARCP's product acceptability.

### Valuation and view

- ARCP's residential segment is expected to deliver 14msf over FY25-30, generating a cumulative NOPAT of INR72b.
- The residential business cash flow, discounted at an 11.6% WACC with a 5% terminal growth rate, accounts for INR2.5b in annual business development expenses, yielding a GAV of INR87b, or INR253/share.
- The annuity business cash flow is discounted at a capitalization rate of 9.5%, valuing it at INR10b or INR30/share.
- We expect ARCP's DC revenue to grow materially, with capacity increasing from 6 MW in FY24 to 307 MW by FY32, along with a shift towards cloud services, which will expand from 0.5 MW to 77 MW over the same period.
- We model the free cash flows for the data center business till FY32, using a discount rate of 11.6%, a rental escalation of 3%, and a terminal growth rate of 3%, resulting in an EV of INR149b or INR435/share post deferral of the cloud capex in initial years.
- **We reiterate our BUY rating on the stock with the revised TP of INR807 (earlier INR1,085) based on our SoTP valuation.**

### Quarterly Performance

Y/E March	FY25				FY26E				(INR m)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY25	FY26	FY26E 1Q Est.	1QE Var (%/bp)
<b>Net Sales</b>	<b>4,718</b>	<b>5,129</b>	<b>5,346</b>	<b>5,407</b>	<b>5,924</b>	<b>5,324</b>	<b>5,800</b>	<b>4,656</b>	<b>20,600</b>	<b>21,704</b>	<b>4,404</b>	<b>35%</b>
YoY Change (%)	49.2	54.3	36.3	22.2	25.6	3.8	8.5	-13.9	38.9	5.4	-6.7	
Total Expenditure	3,689	4,001	4,011	3,983	4,418	3,428	3,735	2,395	15,683	13,976	2,836	
<b>EBITDA</b>	<b>1,030</b>	<b>1,128</b>	<b>1,336</b>	<b>1,424</b>	<b>1,507</b>	<b>1,896</b>	<b>2,065</b>	<b>2,260</b>	<b>4,917</b>	<b>7,728</b>	<b>1,568</b>	<b>-4%</b>
Margins (%)	21.8	22.0	25.0	26.3	25.4	35.6	35.6	48.6	23.9	35.6	35.6	-1017bp
Depreciation	55	81	82	87	79	285	310	487	305	1,162	236	
Interest	36	15	29	30	24	65	70	104	110	263	53	
Other Income	98	109	93	103	100	104	113	106	403	423	86	
<b>PBT before EO expense</b>	<b>1,037</b>	<b>1,141</b>	<b>1,318</b>	<b>1,409</b>	<b>1,504</b>	<b>1,650</b>	<b>1,798</b>	<b>1,775</b>	<b>4,905</b>	<b>6,726</b>	<b>1,365</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>1,037</b>	<b>1,141</b>	<b>1,318</b>	<b>1,409</b>	<b>1,504</b>	<b>1,650</b>	<b>1,798</b>	<b>1,775</b>	<b>4,905</b>	<b>6,726</b>	<b>1,365</b>	<b>10%</b>
Tax	142	97	223	228	257	415	452	568	690	1,693	344	
Rate (%)	13.7	8.5	16.9	16.2	17.1	25.2	25.2	32.0	14.1	25.2	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	15	11	10	5	12	0	0	-12	41	0	0	
<b>Reported PAT</b>	<b>895</b>	<b>1,044</b>	<b>1,094</b>	<b>1,181</b>	<b>1,247</b>	<b>1,235</b>	<b>1,345</b>	<b>1,207</b>	<b>4,215</b>	<b>5,033</b>	<b>1,021</b>	
<b>Adj PAT</b>	<b>910</b>	<b>1,056</b>	<b>1,104</b>	<b>1,186</b>	<b>1,259</b>	<b>1,235</b>	<b>1,345</b>	<b>1,195</b>	<b>4,257</b>	<b>5,033</b>	<b>1,021</b>	<b>23%</b>
YoY Change (%)	79.7	75.7	53.7	38.2	38.3	16.9	21.8	0.7	60.1	18.2	12.2	
Margins (%)	19.3	20.6	20.7	21.9	21.2	23.2	23.2	25.7	20.7	23.2	23.2	-194bp

Source: Company, MOFSL

# LT Foods

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR481 TP: INR600 (+25%) Buy**

## Healthy volume growth drives revenue

### Earnings in line

- LT Foods (LTFOODS) reported a strong quarter with revenue growth of 19% in 1QFY26, led by 18% YoY growth in Basmati and Other Specialty Rice (branded business volume up 22% YoY) and 32% YoY growth in Organic Foods. Gross margin expanded 70bp YoY, aided by lower input prices, largely offset by higher other expenses (up 120bp YoY due to increased ad spending). Hence, its EBITDA margin contracted 90bp YoY.
- Demand remained strong across regions, with volume likely to grow in the lower double-digits for FY26. With basmati prices stabilizing, we expect its margins to improve despite higher brand spending. We broadly retain our EPS estimates for FY26/FY27. **We reiterate our BUY rating on the stock with a TP of INR600 (premised on 21x FY27E EPS).**

### Margins under pressure due to higher SG&A expenses

- In 1QFY26, LTFOODS's consolidated revenue stood at INR24.6b (19% YoY, +11% QoQ), in line with our estimate.
- EBITDA grew 10%/3% YoY/QoQ to INR2.7b (in line). EBITDA margin contracted 90bp/80bp YoY/QoQ, to 10.8% (est. 11.9%). Higher ad spending (+120bp YoY) was only partially offset by better gross margin (+70bp YoY) and lower freight costs (-90bp YoY).
- Adj. PAT grew 10% YoY/5% QoQ to INR1.7b (in line) for the quarter.
- The Basmati & Other Specialty Rice segment's revenue grew 18% YoY, led by strong growth in the branded business (up 22% YoY) and strong demand across geographies. Gross margin expanded 160bp YoY to 34%, and EBITDA margin expanded 10bp YoY to 13%. India business grew 10% YoY, while the International business grew 15% YoY (excl. Golden Star).
- Organic Foods' revenue grew 32% YoY, driven by enhanced distribution in Europe and the US. While gross margin contracted 680bp to 35% due to the change in product mix, EBITDA margin dipped 170bp YoY to 10%.
- The Convenience & Health segment's revenue declined 16% YoY, primarily due to the discontinuance of Daawat Sehat. Gross margin remained flat at 37%, and operating loss stood at INR24m.

### Highlights from the management commentary

- Basmati industry:** India leads the global basmati market with a 90% supply share, producing 10 MMT annually and exporting 6MMT (up 15% YoY). With an 80% share in global exports, India's position grows stronger each year. The global basmati market is just 12MMT vs. 500MMT for overall rice.
- International business:** The UK market outlook is robust, with the commercialization of the new plant and partnership with four top retailers. The North American business (ex-acquisition of Golden Star) is also performing well. Management expects a double-digit growth in this geography.
- Guidance:** The company is targeting an EBITDA margin of 12.5–13.0% and an RoCE of over 23%, with a strong focus on improving the same.

Bloomberg	LTFOODS IN
Equity Shares (m)	347
M.Cap.(INRb)/(USDb)	166.9 / 1.9
52-Week Range (INR)	519 / 284
1, 6, 12 Rel. Per (%)	3/27/69
12M Avg Val (INR M)	456

### Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	86.8	105.6	117.1
EBITDA	9.8	12.7	14.9
Adj. PAT	6.1	8.1	9.9
EBITDA Margin (%)	11.3	12.0	12.7
Cons. Adj. EPS (INR)	17.4	23.3	28.4
EPS Gr. (%)	2.0	33.6	22.1
BV/Sh. (INR)	111.0	129.3	152.7

### Ratios

Net D:E	0.1	0.1	0.0
RoE (%)	16.8	19.4	20.2
RoCE (%)	15.2	17.8	19.2

### Valuations

P/E (x)	28	21	17
EV/EBITDA (x)	18	14	11

### Shareholding pattern (%)

As on	Jun-25	Mar-25	Jun-24
Promoter	51.0	51.0	51.0
DII	7.2	6.2	5.7
FII	10.2	9.8	5.9
Others	31.6	33.1	37.4

Note: FII includes depository receipts

### Valuation and view

- LTFOODS reported a healthy start to FY26, fueled by growth in both India and International markets. We expect this momentum to continue, led by 1) India's leading position in the global basmati market (80% global export market share), 2) continued shift from unorganized to organized players in the domestic market, 3) margin expansion supported by stabilization in input prices, 4) new plant and partnerships with top four retail chains in the UK, and 4) the rising global adoption of basmati rice.
- We estimate a revenue/EBITDA/adj. PAT CAGR of 16%/23%/28% over FY25-FY27. **We reiterate our BUY rating** with a TP of INR600 (based on 21x FY27E EPS).

### Consolidated - Quarterly Earnings Model

(INRm)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
<b>Gross Sales</b>	<b>20,705</b>	<b>21,078</b>	<b>22,748</b>	<b>22,284</b>	<b>24,639</b>	<b>25,958</b>	<b>27,472</b>	<b>27,497</b>	<b>86,815</b>	<b>105,566</b>	<b>23,505</b>	<b>5%</b>
YoY Change (%)	16.4	6.6	17.2	7.4	19.0	23.2	20.8	23.4	11.7	21.6	13.5	
Total Expenditure	18,296	18,785	20,250	19,701	21,985	22,811	24,073	23,992	77,032	92,861	20,707	
<b>EBITDA</b>	<b>2,409</b>	<b>2,293</b>	<b>2,498</b>	<b>2,583</b>	<b>2,654</b>	<b>3,148</b>	<b>3,399</b>	<b>3,504</b>	<b>9,783</b>	<b>12,705</b>	<b>2,798</b>	<b>-5%</b>
Margins (%)	11.6	10.9	11.0	11.6	10.8	12.1	12.4	12.7	11.3	12.0	11.9	
Depreciation	420	448	458	531	523	530	540	550	1,857	2,143	489	
Interest	187	196	236	257	280	190	150	113	877	733	200	
Other Income	175	263	134	313	371	100	250	230	885	951	150	
<b>PBT before EO expense</b>	<b>1,977</b>	<b>1,911</b>	<b>1,938</b>	<b>2,107</b>	<b>2,221</b>	<b>2,528</b>	<b>2,959</b>	<b>3,071</b>	<b>7,934</b>	<b>10,779</b>	<b>2,259</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>1,977</b>	<b>1,911</b>	<b>1,938</b>	<b>2,107</b>	<b>2,221</b>	<b>2,528</b>	<b>2,959</b>	<b>3,071</b>	<b>7,934</b>	<b>10,779</b>	<b>2,259</b>	
Tax	530	494	525	554	598	636	745	773	2,102	2,752	569	
Rate (%)	26.8	25.8	27.1	26.3	26.9	25.2	25.2	25.2	26.5	25.5	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	-84	-66	-19	-52	-62	0	0	0	-222	-62	-26	
<b>Reported PAT</b>	<b>1,532</b>	<b>1,484</b>	<b>1,433</b>	<b>1,605</b>	<b>1,685</b>	<b>1,892</b>	<b>2,214</b>	<b>2,298</b>	<b>6,053</b>	<b>8,089</b>	<b>1,716</b>	
<b>Adj PAT</b>	<b>1,532</b>	<b>1,484</b>	<b>1,433</b>	<b>1,605</b>	<b>1,685</b>	<b>1,892</b>	<b>2,214</b>	<b>2,298</b>	<b>6,053</b>	<b>8,089</b>	<b>1,716</b>	<b>-2%</b>
YoY Change (%)	11.4	-7.2	-5.2	7.9	10.0	27.5	54.6	43.2	1.3	33.6	12.1	
Margins (%)	7.4	7.0	6.3	7.2	6.8	7.3	8.1	8.4	7.0	7.7	7.3	

### Key Operating Metrics

(INRm)

Y/E March	FY25				FY26	FY25	FY26
	1Q	2Q	3Q	4Q	1Q		
<b>Revenue (INRm)</b>							
Basmati & Other Specialty Rice	17,940	17,370	19,350	19,550	21,240	74,210	90,785
Domestic	6,030	5,396	6,330	6,099	6,633	23,855	25,563
International	11,910	11,975	13,020	13,451	14,607	50,356	65,222
Organic Foods	2,220	2,390	2,400	2,290	2,930	9,300	11,168
Convenience & Health Segment	560	440	430	450	470	1,880	2,015
<b>Revenue Growth %</b>							
Basmati & Other Specialty Rice	18.6	3.5	19.2	9.0	18.4	12	22
Domestic	31.1	9.0	14.1	7.0	10.0	15	7
International	13.1	1.1	21.9	10.0	22.6	11	30
Organic Foods	33.7	49.4	26.3	10.1	32.0	28	20
Convenience & Health Segment	36.6	-13.7	-15.7	-23.7	-16.1	-7	7
<b>Gross Profit Margin %</b>							
Basmati & Other Specialty Rice	32.4	31.0	32.4	36.0	34.0	33.0	35.5
Organic Foods	41.8	44.0	42.6	39.0	35.0	41.9	36.5
Convenience & Health Segment	36.9	42.0	41.1	38.0	37.0	39.3	38.1
<b>EBITDAM %</b>							
Basmati & Other Specialty Rice	12.9	12.0	11.7	14.0	13.0	12.7	13.2
Organic Foods	11.7	12.0	11.8	10.0	10.0	11.4	10.4
Convenience & Health Segment	-3.4	-9.0	-9.8	-5.0	-5.0	-6.6	-2.7

# Zen Technologies

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	ZEN IN
Equity Shares (m)	90
M.Cap.(INRb)/(USDb)	152.7 / 1.8
52-Week Range (INR)	2628 / 945
1, 6, 12 Rel. Per (%)	-8/-1/11
12M Avg Val (INR M)	1182

## Financials Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	8.1	13.1	18.2
EBITDA	3.0	4.9	6.7
EBITDA Margin (%)	37.0	37.0	37.0
PAT	2.7	4.2	5.5
EPS (INR)	29.8	46.7	61.2
EPS Growth (%)	2.3	56.7	31.1
BV/Share (INR)	216.8	263.5	324.7

## Ratios

Net D/E	-0.7	-0.6	-0.5
RoE (%)	14.7	19.4	20.8
RoCE (%)	14.7	19.4	20.8

## Valuations

P/E (x)	56.7	36.2	27.6
P/BV (x)	7.8	6.4	5.2
EV/EBITDA (x)	47.1	29.0	20.6

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	49.1	49.1	55.1
DII	8.8	9.5	3.4
FII	6.5	6.4	3.6
Others	35.7	35.1	37.9

FII Includes depository receipts

**CMP: INR1,691**      **TP: INR1,650 (-2%)**      **Neutral**

## Soft start to the year

ZEN posted weak numbers in 1QFY26, with a miss on revenue and PAT. ZEN's execution was impacted by design changes in an existing project and lower-than-expected order inflows so far in FY26. The company expects inflows to start ramping up from 2QFY26, thereby supporting execution. To bake in lower inflows and execution in 1QFY26, we cut our estimates by 22%/18% for FY26/FY27 and revise the TP to INR1,650 (from INR1,850), based on 30x Sep'27E EPS. The stock is currently trading at a P/E of 56.7x/36.2x/27.6x on FY26/27/28E EPS. Our estimates bake in a CAGR of 25%/28% in revenue/PAT over FY25-28 with strong EBITDA margin of 37%. We maintain our Neutral stance on the stock and would look for order inflow announcements for further sustainability of revenues going forward.

## Weak set of results

ZEN reported weak results in 1QFY26, with a miss on revenue and PAT. Revenue declined 56% YoY to INR1.1b, due to design modifications in a major equipment order, resulting in deferment of INR500-700m in revenue. Gross margins were 90bp below our expectation at 55.1% vs. our estimate of 56%. Absolute EBITDA fell by 63% YoY to INR380m, resulting in PAT of INR371m, which was aided by higher other income. PAT margin expanded 420bp YoY to 33.4% vs. our est. of 31.4%. As of Jun'25, the standalone order book stood at ~INR6.1b. During the quarter, ZEN acquired shares representing 76% of the total paid-up share capital of TISA Aerospace for a consideration of INR65.6m.

## Awaiting procurement normalization

The standalone order book stood at INR6.1b, while subsidiaries contributed INR1.5b to the consolidated order book. Within the standalone segment, INR2.6b was attributed to AMC and the remaining INR3.5b represented equipment orders, which included both simulators and anti-drone systems. Specifically, simulator orders were valued at ~INR2.8b and anti-drone systems at ~INR640m. Management highlighted the possibility of a simulator order worth INR6.5b in 2QFY26, which could materially enhance execution visibility in 2HFY26. However, the current moderation in order inflows reflects a temporary delay in standard procurement activity, as the government remains focused on emergency purchases after Operation Sindoor. While we remain constructive on ZEN's long-term positioning in high-impact defense domains, the near-term softness in order momentum and execution warrants a cautious stance. We await order inflow announcements over the next couple of quarters for greater visibility on earnings.



### Strengthening indigenous IP play with strategic acquisitions

In Jun'25, ZEN acquired a 76% stake in TISA Aerospace for INR65.6m, marking its entry into the high-growth loitering munitions (kamikaze drones) segment. TISA has previously delivered systems to DRDO and is currently developing multiple variants for the Indian Army. This acquisition complements ZEN's expertise in anti-drone systems and propulsion, enabling the company to accelerate the development of next-generation loitering munitions. ZEN is also actively investing in product upgrades, targeting commercialization within 12-18 months. The move aligns with ZEN's strategy of owning indigenous IP in critical defense technologies, enhancing its relevance in modern warfare and broadening its portfolio.

### Guidance and other updates

Despite a slow start to FY26, management maintains its previous guidance of 50% CAGR in revenue, achieving cumulative revenue of INR60b over FY26-28, with EBITDA margin/PAT margin of 35%/25% across the years. Management expects this to be supported by 1) pick-up of regular procurement cycle; 2) finalization of emergency procurement orders; 3) increased exports across Africa, the Middle East, the US & Latin America, CIS countries, Southeast Asia, and NATO-aligned countries; and 4) inorganic growth led by execution ramp-up of its subsidiaries (revenue of INR1.7b expected from US-based ARI and INR800m from other subsidiaries such as UTS).

### Financial outlook

We trim our estimates by 22%/18% for FY26/27 to factor in the impact of the current temporary slowdown on near-term execution. We expect a CAGR of 25%/29%/28% in revenue/EBITDA/PAT during FY25-28. This will be supported by 1) finalization of orders across simulators and anti-drones; 2) EBITDA margin of ~37% for FY26-FY28, and 3) control over working capital due to improved collections.

### Valuation and view

The stock currently trades at 56.7x/36.2x/27.6x P/E on FY26/27/28E earnings. While we remain positive about the company and its ability to capitalize on upcoming demand for simulators and anti-drones, our estimates and current valuations capture the positives related to upcoming orders and correspondingly a 28% PAT CAGR over FY25-28. We factor in 1Q performance and arrive at a **revised TP of INR1,650** (from INR1,850 earlier), **based on 30x Sep'27E earnings. Reiterate Neutral.**

### Key risks and concerns

Any slowdown in procurement from the defense industry, especially for simulators, can expose the company to the risk of reduced order inflows and hinder its growth. ZEN is also exposed to foreign currency risks for its export revenue. High working capital can also pose risks to cash flows, as historically, its working capital has remained high due to issues related to high debtors and high inventories. This is likely to come down due to improved collections and lower inventory, as per management. However, any delays in the same can affect cash flows for FY26-28.



# Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY25				FY26E				FY25	FY26	FY26E	Est
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE			1QE	Var (%)
<b>Net Sales</b>	<b>2,540</b>	<b>2,417</b>	<b>1,415</b>	<b>2,935</b>	<b>1,111</b>	<b>1,460</b>	<b>1,866</b>	<b>3,675</b>	<b>9,307</b>	<b>8,112</b>	<b>2,589</b>	<b>(57)</b>
YoY Change (%)	91.7	277.4	44.3	116.3	(56.3)	(39.6)	31.8	25.2	116.3	(12.8)	(39.8)	
Total Expenditure	1,508	1,623	1,048	1,991	730	942	1,166	2,272	6,169	5,110	1,657	(56)
<b>EBITDA</b>	<b>1,032</b>	<b>794</b>	<b>367</b>	<b>944</b>	<b>380</b>	<b>518</b>	<b>700</b>	<b>1,403</b>	<b>3,137</b>	<b>3,001</b>	<b>932</b>	<b>(59)</b>
Margins (%)	40.6	32.9	26.0	32.2	34.3	35.5	37.5	38.2	33.7	37.0	36.0	
Depreciation	22	23	26	29	31	32	32	35	101	130	31	(1)
Interest	10	21	27	36	14	25	26	39	94	104	25	(44)
Other Income	30	84	220	244	199	212	212	224	578	846	217	(8)
<b>PBT</b>	<b>1,030</b>	<b>835</b>	<b>534</b>	<b>1,122</b>	<b>535</b>	<b>673</b>	<b>853</b>	<b>1,553</b>	<b>3,520</b>	<b>3,614</b>	<b>1,094</b>	<b>(51)</b>
Tax	288	182	147	273	164	172	218	371	890	925	280	(42)
Rate (%)	28.0	21.8	27.6	24.3	30.6	25.6	25.6	23.9	25.3	25.6	25.6	
<b>Reported PAT</b>	<b>742</b>	<b>652</b>	<b>386</b>	<b>849</b>	<b>371</b>	<b>501</b>	<b>634</b>	<b>1,182</b>	<b>2,630</b>	<b>2,689</b>	<b>814</b>	<b>(54)</b>
<b>Adj PAT</b>	<b>742</b>	<b>652</b>	<b>386</b>	<b>849</b>	<b>371</b>	<b>501</b>	<b>634</b>	<b>1,182</b>	<b>2,630</b>	<b>2,689</b>	<b>814</b>	<b>(54)</b>
YoY Change (%)	57.4	276.1	21.9	177.3	(50.0)	(23.3)	64.3	39.2	107.3	2.3	(35.8)	
Margins (%)	29.2	27.0	27.3	28.9	33.4	34.3	34.0	32.2	28.3	33.1	31.4	

# Home First Finance

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR1,372 TP: INR1,600 (+17%)**
**Buy**

## Strong core business with passing weakness

### Disbursements slightly weak; asset quality deteriorates with 1+dpd up 90bp QoQ

- HomeFirst's 1QFY26 PAT grew 35% YoY to INR1.2b (in line). NII grew ~33% YoY to INR1.9b (in line). Other income jumped 60% YoY to INR609m (est. INR395m), aided by higher assignment income of INR247m (PY: ~INR195), higher fee income from insurance commissions, and higher investment income from the proceeds of the equity raise in Apr'25.
- Opex grew 33% YoY to INR868m (~8% higher than est.). PPoP rose ~41% YoY to INR1.7b (~5% beat). Credit costs stood at INR177m (est. INR90m), translating into annualized credit costs of ~36bp (PQ: ~25bp and PY: ~22bp).
- In Apr'25, HomeFirst successfully raised INR12.5b through QIP. After the capital raise, CRAR stood at ~49.6% and its credit rating was upgraded to AA (Stable) by ICRA, India Ratings and CARE.
- Management highlighted that disbursements were weak during the quarter, primarily due to a slower start in April. However, volumes picked up in May and June and have remained steady through July. The company expects to recover the INR50m shortfall in disbursements in the second half and has maintained its full-year disbursement guidance of INR56-58b.
- Asset quality saw seasonal deterioration, with an increase in 1+ dpd and 30+ dpd, largely due to stress in a few markets (mainly Surat, Tirupur and Coimbatore). However, the situation has improved in Jul'25, with a meaningful recovery in Surat, while Coimbatore is expected to stabilize over the next 2-3 months. The company further shared that these delinquencies are expected to normalize over the next couple of quarters.
- We believe HomeFirst is a resilient franchise, which is currently navigating turbulent weather with transitory headwinds. The company's execution track record has been consistently better than its peers, and it is well-positioned to capitalize on significant opportunities in the affordable housing segment. We estimate a CAGR of ~26%/~32% in AUM/PAT over FY25-27. While HomeFirst exhibited asset quality weakness in 1Q, we believe it will be able to pull back on these elevated delinquencies and report a gradual improvement in its asset quality in the subsequent quarters. **Reiterate BUY with a TP of INR1,600 (based on 3.4x Mar'27E BV).**

### Healthy AUM growth of ~29% YoY; BT-out rate dips YoY

- Disbursements grew 7% YoY to ~INR12.4b, and this led to AUM growth of 29% YoY to ~INR135b. 1QFY26 was the first quarter after Covid when disbursements saw a minor sequential decline.
- Management shared that over the past two years, HomeFirst has steadily increased its disbursement market share from around 1.5% to 2.3%. It aims to take this further to 4-5% over the next 4-5 years by focusing on key states like Madhya Pradesh, Rajasthan, Uttar Pradesh, and Uttarakhand.
- The BT-OUT rate (annualized) in 1Q declined to ~6% (PY ~6.3% and PQ: 7.5%), driven by benign competitive intensity in the first quarter of the fiscal year.

#### Stock Info

Bloomberg	HOMEFIRS IN
Equity Shares (m)	103
M.Cap.(INRb)/(USDb)	141.6 / 1.6
52-Week Range (INR)	1519 / 839
1, 6, 12 Rel. Per (%)	-3/36/30
12M Avg Val (INR M)	567
Free float (%)	87.6

#### Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	6.4	8.7	11.1
PPoP	5.3	7.4	9.3
PAT	3.8	5.3	6.7
EPS (INR)	42.4	51.2	64.6
EPS Gr. (%)	22.8	20.7	26.2
BV/Sh. (INR)	280	413	473
ABV/Sh. (INR)	269	401	460

#### Ratios

NIM (%)	5.7	6.0	6.1
C/I ratio (%)	35.6	33.8	32.6
RoAA (%)	3.5	3.9	4.0
RoAE (%)	16.5	15.6	14.6

#### Valuations

P/E (x)	32.4	26.8	21.3
P/BV (x)	4.9	3.3	2.9
P/ABV (x)	5.1	3.4	3.0
Div. Yield (%)	0.3	0.3	0.3

#### Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	12.4	14.3	23.5
DII	21.9	19.8	12.0
FII	37.2	36.0	24.7
Others	28.5	29.9	39.9

FII includes depository receipts

### Yields stable sequentially; reported NIM up ~10bp QoQ

- Reported yield was stable QoQ at 13.5% and reported CoF was steady QoQ at 8.4%. Reported spread (excl. co-lending) was flat QoQ at 5.1%. Management guided for spreads to be in the range of ~5.0%-5.25% in FY26.
- Incremental CoF and origination yield in 1QFY26 stood at 8.5% and 13.4%, respectively. Reported NIM rose ~10bp QoQ to 5.2%. Management shared that its marginal CoB in Jun-Jul'25 was below 8%, leading to expectations of a ~20bp decline in CoB to 8.2% in 2QFY26. Further, with banks reducing the MCLR, the company anticipates CoB to fall below 8% by 4QFY26. We model NIM of 6%/6.1% in FY26/FY27 (FY25: 5.7%).

### 1+dpd up ~90bp QoQ; minor increase in bounce rates

- GS3 rose ~15bp QoQ to 1.85%, and NS3 rose ~17bp QoQ to 1.4%. PCR declined ~3pp QoQ to ~22%. GS2 rose ~30bp QoQ to 1.6%.
- HomeFirst's 1+dpd rose ~90bp QoQ to 5.4%. Bounce rates increased ~40bp QoQ to ~16.8% in 1QFY26 (vs. ~16.4% in 4QFY25). However, in Jul'25, bounce rates declined to 15.8%.

### Highlights from the management commentary

- The company has not made any changes to its pricing or yields and does not plan to revise its PLR in 2QFY26. It will reassess its pricing strategy around mid-3Q.
- Management indicated that both ticket size and number of loans have seen strong growth in Madhya Pradesh. Maharashtra has also witnessed a turnaround, with AUM now growing at 30%. Additionally, leadership issues in Telangana and Tamil Nadu have been resolved, and the company expects its performance in these states to improve going forward.

### Valuation and view

- HomeFirst's performance during the quarter was a mixed bag, as AUM growth remained healthy, while asset quality saw seasonal deterioration (1+ dpd up ~90p QoQ), along with an increase in overall credit costs. Despite rising competition in a declining rate environment, reported yields have remained stable, reflecting a balanced pricing strategy.
- HomeFirst has invested in building a franchise, positioning itself well to capitalize on the significant growth opportunity in affordable housing finance. The company continues to expand its distribution network in a contiguous manner, covering Tier I and II cities within its existing states.
- We estimate HomeFirst to clock a ~26% AUM CAGR over FY25-FY27 and NIM (as % of average AUM) of 6%/6.1% in FY26/FY27. **Reiterate our BUY rating on the stock with a TP of INR1,600 (premised on 3.4x Mar'27E BVPS).**
- **Key downside risks:** a) higher BT-outs, leading to lower AUM growth; and b) deterioration in asset quality in its LAP product and self-employed customer segments, resulting in higher credit costs.

## Quarterly Performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	1Q FY26E	Act V/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	3,032	3,322	3,558	3,629	3,944	4,104	4,311	4,558	13,540	16,892	3,986	-1
Interest expenses	1,568	1,756	1,926	1,903	2,003	2,029	2,049	2,101	7,153	8,181	1,977	1
<b>Net Interest Income</b>	<b>1,464</b>	<b>1,566</b>	<b>1,631</b>	<b>1,726</b>	<b>1,941</b>	<b>2,075</b>	<b>2,262</b>	<b>2,457</b>	<b>6,388</b>	<b>8,711</b>	<b>2,009</b>	-3
YoY Growth (%)	17.5	18.6	21.4	26.2	32.6	32.5	38.6	42.4	21.0	36.4	37.2	
Other Income	382	421	517	533	609	600	612	640	1,852	2,461	395	54
<b>Net Income</b>	<b>1,846</b>	<b>1,987</b>	<b>2,148</b>	<b>2,259</b>	<b>2,550</b>	<b>2,675</b>	<b>2,874</b>	<b>3,098</b>	<b>8,239</b>	<b>11,172</b>	<b>2,404</b>	6
YoY Growth (%)	20.6	23.4	25.8	31.4	38.2	34.7	33.8	37.1	25.5	35.6	30.2	
Operating Expenses	655	726	752	803	868	911	975	1,021	2,936	3,775	807	8
<b>Operating Profit</b>	<b>1,191</b>	<b>1,261</b>	<b>1,396</b>	<b>1,456</b>	<b>1,682</b>	<b>1,764</b>	<b>1,899</b>	<b>2,077</b>	<b>5,304</b>	<b>7,397</b>	<b>1,596</b>	5
YoY Growth (%)	21.9	20.7	27.2	28.3	41.2	39.9	36.0	42.6	24.7	39.5	34.1	
Provisions and Cont.	56	57	98	77	117	110	110	111	288	448	90	30
<b>Profit before Tax</b>	<b>1,135</b>	<b>1,204</b>	<b>1,298</b>	<b>1,379</b>	<b>1,565</b>	<b>1,654</b>	<b>1,789</b>	<b>1,966</b>	<b>5,016</b>	<b>6,949</b>	<b>1,506</b>	4
Tax Provisions	258	281	324	332	376	389	429	474	1,195	1,668	354	6
<b>Net Profit</b>	<b>878</b>	<b>922</b>	<b>974</b>	<b>1,047</b>	<b>1,189</b>	<b>1,265</b>	<b>1,360</b>	<b>1,492</b>	<b>3,821</b>	<b>5,281</b>	<b>1,152</b>	3
YoY Growth (%)	27.0	24.1	23.5	25.4	35.5	37.2	39.6	42.5	25.0	38.2	31.3	
<b>Key Operating Parameters. %</b>												
Other income to Net Income Ratio	20.7	21.2	24.1	23.6	23.9	22.4	21.3	20.7				
Credit Cost	0.22	0.21	0.34	0.25	0.36	0.32	0.30	0.28				
Cost to Income Ratio	35.5	36.5	35.0	35.5	34.0	34.1	33.9	33.0				
Tax Rate	22.7	23.4	25.0	24.1	24.0	23.5	24.0	24.1				
<b>Balance Sheet Parameters</b>												
<b>AUM (INR b)</b>	<b>104.8</b>	<b>112.3</b>	<b>119.5</b>	<b>127.1</b>	<b>134.8</b>	<b>143.1</b>	<b>152.1</b>	<b>161.4</b>				
Change YoY (%)	34.7	34.2	32.6	31.1	28.6	27.5	27.3	27.0				
<b>Loans (INR b)</b>	<b>87.9</b>	<b>94.5</b>	<b>100.6</b>	<b>106.5</b>	<b>112.5</b>	<b>119.5</b>	<b>127.0</b>	<b>134.7</b>				
Change YoY (%)	34.9	34.5	33.3	30.8	27.9	26.5	26.2	26.5				
<b>Borrowings (INR b)</b>	<b>95.1</b>	<b>105.9</b>	<b>110.4</b>	<b>115.6</b>	<b>118.5</b>	<b>99.2</b>	<b>101.2</b>	<b>105.8</b>				
Change YoY (%)	39.4	45.4	33.8	31.4	24.6	-6.3	-8.3	-8.5				
Loans/Borrowings (%)	92.5	89.2	91.2	92.1	95.0	120.5	125.5	127.4				
<b>Asset Quality Parameters. %</b>												
GS 3 (INR m)	1,540	1,640	1,770	1,808	2,082							
Gross Stage 3 (% on Assets)	1.74	1.7	1.7	1.68	1.84							
NS 3 (INR m)	1,116	1,202	1,319	1,353	1,623							
Net Stage 3 (% on Assets)	1.26	1.26	1.30	1.26	1.43							
PCR (%)	27.5	26.7	25.5	25.2	22.0							
ECL (%)	0.83	0.80	0.80	0.77	0.77							
<b>Return Ratios (%)</b>												
ROAA (Rep)	3.6	3.4	3.4	3.9	3.6							
ROAE (Rep)	16.3	16.5	16.6	18.7	14.6							

E: MOFSL Estimates

# Mahindra Lifespaces

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR361**      **TP: INR382 (+6%)**      **Neutral**

## Lack of launch approvals impacts performance

### No completions in 1QFY26

- Mahindra Lifespaces (MLDL) achieved bookings of INR4.5b, down 56% YoY and 57% QoQ (35% below estimate), due to fewer launches during the quarter. Launches stood at INR4.5b.
- Sales volume in 1QFY26 stood at 0.6msf, down 50% YoY and 44% QoQ (11% below estimate).
- Blended realization in 1QFY26 declined 11% YoY and 24% QoQ to ~INR7,741 psf (27% below estimates).
- The company achieved quarterly collections of INR5.2b, down 4% YoY and up 11% QoQ.
- In 1QFY26, MLDL added a project with INR35b GDV, up 2.5x YoY.
- Revenue from the IC&IC business stood at INR1.2b, up 17% YoY. Total leased area stood at 18.7 acres.
- The INR15b rights issue approved in 4QFY25 was completed in 1QFY26. Post this, the company is in a net cash position, with a net cash-to-equity ratio of 0.23x.
- **P&L performance:** MLDL's revenue came in at INR320m, down 83% YoY and up ~3.5x QoQ (77% below estimate).
- For 1QFY26, MLDL reported an operating loss of INR550m against a loss of INR416m for 1QFY25.
- PAT was up 4x YoY at INR512m (3.5x above estimates) due to a higher share of profit realization from minority interest as compared to our estimates.

### Key highlights from the management commentary

- MLDL is exiting NCR to deepen its presence in MMR, Pune, and Bengaluru, focusing on large-scale projects like Bhandup and strengthening brand positioning and execution.
- The company has launched New Haven (Bangalore), Citadel (Pune), and Marina64 (MMR) in 1Q/2QFY26; upcoming launches include Project Pink (Jaipur), Citadel Phase 3, Saibaba redevelopment (Borivali), and Bhandup Phase 1.
- The company signed three BD projects in 1QFY26—Lokhandwala 2 (INR11.5b), Mulund (INR12.5b), and Navrat (INR11b)—adding INR35b GDV. Of the INR450b GDV target, INR410b has already been secured.
- Of the INR410b GDV pipeline, INR200b is in Bhandup/Thane, INR120b in redevelopment, INR30b in Rajasthan/Murud, and INR60b is outright, with outright projects expected to launch within 12 months.
- Post the rights issue, the company is net cash positive with D/E of -0.23x. Operating cash flow in 1QFY26 stood at INR1.96b, while land-related spends stood at INR2.25b.
- Bhandup spans ~6.4msf, expected to deliver 3,000+ units and INR120b sales over 8-9 years. Phase 1 is targeted for launch in FY26, with strong infrastructure connectivity.

Bloomberg	MAHLIFE IN
Equity Shares (m)	213
M.Cap.(INRb)/(USDb)	77.1 / 0.9
52-Week Range (INR)	574 / 254
1, 6, 12 Rel. Per (%)	7/-5/-34
12M Avg Val (INR M)	149

### Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	3.7	4.9	8.2
EBITDA	-1.7	-0.9	-0.1
EBITDA (%)	NM	NM	NM
Net profit	0.6	0.6	2.7
EPS (INR)	4.0	2.7	12.8
EPS Growth (%)	-37.7	-32.4	380.6
BV/Share (INR)	122.3	159.6	170.4

### Ratios

Net D/E	0.6	-0.2	-0.3
RoE (%)	3.3	2.1	7.8
RoCE (%)	-3.4	-2.8	-0.2
Payout (%)	70.6	75.9	15.8

### Valuations

P/E (x)	91.4	135.1	28.1
P/BV (x)	3.0	2.3	2.1
EV/EBITDA (x)	NM	NM	NM
Div Yield (%)	0.8	0.6	0.6

### Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	52.4	51.1	51.2
DII	21.8	20.1	21.3
FII	8.7	9.6	9.7
Others	17.1	19.2	17.8



- Project-level IRRs improved from 3% in FY18 to 26% across five projects worth INR50b by FY24; current IRR stands at ~20%.
- A structured distribution model across retail, institutional, and national partners supports scalable execution and sourcing strength.
- FY27 pre-sales guidance stands at INR45–50b, driven by an active launch pipeline and strong market presence.
- MLDL targets INR95b in sales over the next five years, supported by end-user demand and improved execution momentum.

#### Valuation and view

- MLDL posted strong booking growth and is well-positioned to improve this momentum, given the healthy project pipeline across its key markets.
- We have incorporated the recent rights issue proceeds of INR15b and accordingly adjusted equity, debt, and cash components.
- We value the Residential business on a DCF basis, with a WACC of ~14% translating into INR44b.
- We reiterate our **NEUTRAL** rating on the stock with a TP of INR382, implying a 6% upside.

#### Quarterly performance

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	1QE Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q Est.	(%/bp)
<b>Income from Operations</b>	<b>1,881</b>	<b>76</b>	<b>1,673</b>	<b>92</b>	<b>320</b>	<b>857</b>	<b>1,360</b>	<b>2,378</b>	<b>3,723</b>	<b>4,915</b>	<b>1,418</b>	<b>-77</b>
YoY Change (%)	91.9	-57.2	104.0	-35.3	-83.0	1,026.8	-18.7	2,473.2	75.5	32.0	-24.6	
Total Expenditure	2,297	554	1,927	644	870	1,020	1,617	2,338	5,422	5,845	1,687	
<b>EBITDA</b>	<b>-416</b>	<b>-478</b>	<b>-254</b>	<b>-552</b>	<b>-550</b>	<b>-162</b>	<b>-258</b>	<b>39</b>	<b>-1,699</b>	<b>-931</b>	<b>-269</b>	<b>N/A</b>
Margins (%)	-22.1	-627.5	-15.2	-597.2	-172.1	-18.9	-18.9	1.7	-45.6	-18.9	-18.9	
Depreciation	43	40	40	55	61	40	63	64	178	228	66	
Interest	60	70	42	21	40	32	50	61	194	182	70	
Other Income	186	84	185	462	86	34	54	21	916	197	57	
<b>PBT before EO expense</b>	<b>-334</b>	<b>-504</b>	<b>-151</b>	<b>-166</b>	<b>-564</b>	<b>-200</b>	<b>-317</b>	<b>-64</b>	<b>-1,155</b>	<b>-1,145</b>	<b>-348</b>	<b>N/A</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>-334</b>	<b>-504</b>	<b>-151</b>	<b>-166</b>	<b>-564</b>	<b>-200</b>	<b>-317</b>	<b>-64</b>	<b>-1,155</b>	<b>-1,145</b>	<b>-348</b>	<b>N/A</b>
Tax	-97	0	173	15	-97	16	25	146	92	91	28	
Rate (%)	28.9	0.0	-114.6	-8.9	17.1	-7.9	-7.9	-228.5	-7.9	-7.9	-7.9	
MI & P/L of Asso. Cos.	365	364	99	1,032	980	315	499	11	1,859	1,805	521	
<b>Reported PAT</b>	<b>127</b>	<b>-141</b>	<b>-225</b>	<b>851</b>	<b>512</b>	<b>99</b>	<b>158</b>	<b>-200</b>	<b>613</b>	<b>570</b>	<b>146</b>	<b>252</b>
<b>Adj PAT</b>	<b>127</b>	<b>-141</b>	<b>-225</b>	<b>851</b>	<b>512</b>	<b>99</b>	<b>158</b>	<b>-200</b>	<b>613</b>	<b>570</b>	<b>146</b>	<b>252</b>
YoY Change (%)	NM	NM	NM	19.0	NM	NM	NM	-123.5	-37.6	-7.0	NM	
Margins (%)	6.8	-184.6	-13.4	920.8	160.3	11.6	11.6	-8.4	16.5	11.6	10.3	
<b>Operational Performance</b>												
Area sold (msf)	1.2	0.5	0.5	1.0	0.6	0.5	0.9	1.3	<b>3.2</b>	<b>3.2</b>	0.7	<b>-11</b>
Booking value (INR b)	10.2	4.0	3.3	10.5	4.5	3.5	7.0	19.0	<b>28</b>	<b>34</b>	6.9	<b>-35</b>
Avg Realization (INR)	8718	7491	7422	10223	7741	7741	7741	14819	<b>8,818</b>	<b>10,566</b>	10566	<b>-27</b>

## India: A safe haven amid Tariff turbulence...

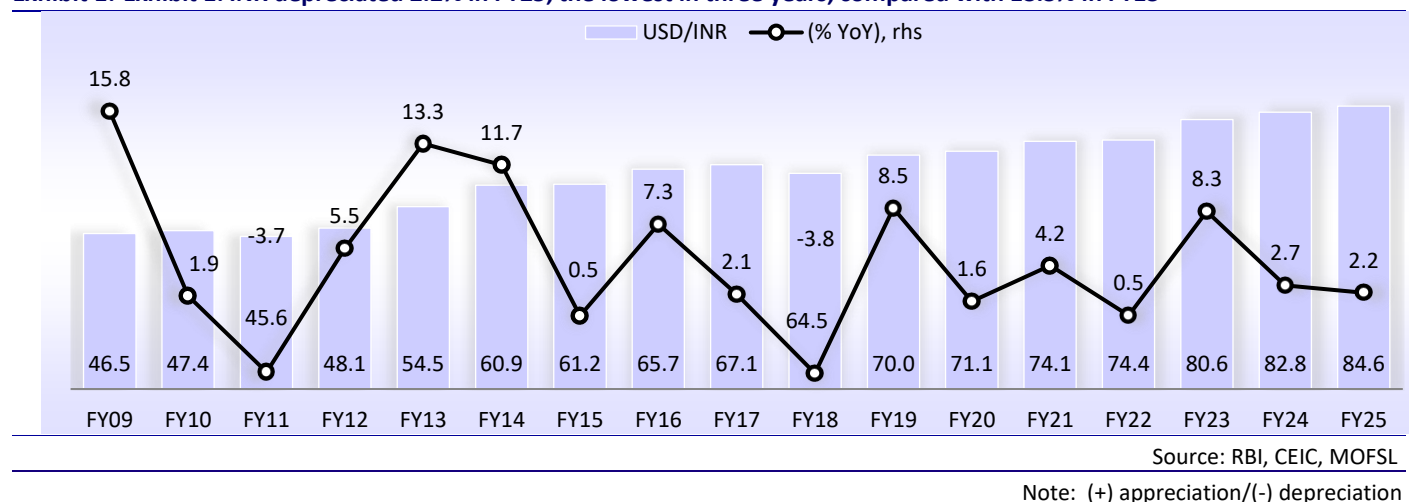
...with record reserves and a service-driven surplus from a wide CAD and rupee volatility earlier

- India's currency performance in recent years reflects a marked improvement in external resilience and macroeconomic management. Between FY22 and FY25, INR depreciation remained modest and well-contained, ranging between 0.5% and 2.7% YoY. This compares favorably with past periods of volatility, such as FY13 and FY14, when the currency weakened sharply by 13.3% and 11.7%, respectively, during the Taper Tantrum episode. Since FY22, the pace of rupee depreciation has been modest and well-contained, pointing to anchored market expectations and limited speculative pressure. This stability stems from a combination of factors: lower current account deficit (CAD), a rising surplus in services trade, record-high foreign exchange reserves, and proactive policy intervention by the RBI across spot and forward markets (*Exhibit 1*).
- Amid global tariff uncertainty and renewed volatility in capital markets, the Indian Rupee (INR) emerged as the most stable currency among both advanced economies (AEs) and emerging and developing economies (E&DEs) during the period from Dec'24 to Jul'25. The INR registered a modest 1.0% depreciation against the USD—the smallest among all depreciating currencies, and in stark contrast to the sharp appreciation or volatility seen elsewhere. This modest movement indicates low exchange rate volatility, anchored inflation expectations, and a well-managed external position despite rising global trade frictions.
- Among advanced economies, most currencies appreciated significantly against the USD. The Euro (–10.4%) and Taiwan Dollar (–10.4%) fueled the gains, likely due to portfolio inflows amid policy divergence with the U.S. Federal Reserve. The British Pound (–6.6%), Singapore Dollar (–5.2%), and Japanese Yen (–4.6%) also strengthened meaningfully. These large appreciations reflect heightened sensitivity to global liquidity, risk appetite, and interest rate differentials. Compared to these large movements, the INR's limited depreciation points to a remarkably stable macroeconomic backdrop and minimal speculative positioning (*Exhibit 2*).
- Within emerging and developing economies (E&DEs), the Indian Rupee's modest depreciation of +1.0% stood out as an exception. The vast majority of peer currencies appreciated against the USD during the same period. Notably, the Russian Ruble (–23.5%), Brazilian Real (–9.7%), and Mexican Peso (–7.7%) witnessed healthy appreciations, supported by either commodity windfalls, high interest rate differentials, or tactical capital inflows. Even within Asia, regional peers such as the Malaysian Ringgit (–5.0%), Thai Baht (–4.8%), and Philippine Peso (–3.1%) appreciated, reflecting stronger trade balances or alignment with the USD interest rate cycle.
- In this context, only four currencies among the 20 tracked in *Exhibit 2* depreciated: India (+1.0%), Indonesia (+1.4%), Turkey (+14.5%), and Hong Kong (+1.0%). Among them, Turkey's sharp depreciation reflects its domestic macroeconomic instability, while Indonesia and Hong Kong experienced minor declines. India's modest weakening—despite tariff tensions and global market volatility—demonstrates its exchange rate resilience, especially as most other currencies strengthened.
- In this report, we examine five key factors that have contributed to India's external stability amid a challenging global environment marked by tariff-related uncertainty, volatile capital flows, and tightening global financial conditions. Unlike previous episodes such as the 2013 taper tantrum, India's external sector today exhibits remarkable resilience, supported by a more diversified export mix, a contained CAD, robust foreign exchange reserves, limited exposure to tariff-sensitive sectors, and effective currency management by the Reserve Bank of India. Together, these elements have helped anchor investor confidence and shield the Indian economy from external shocks.

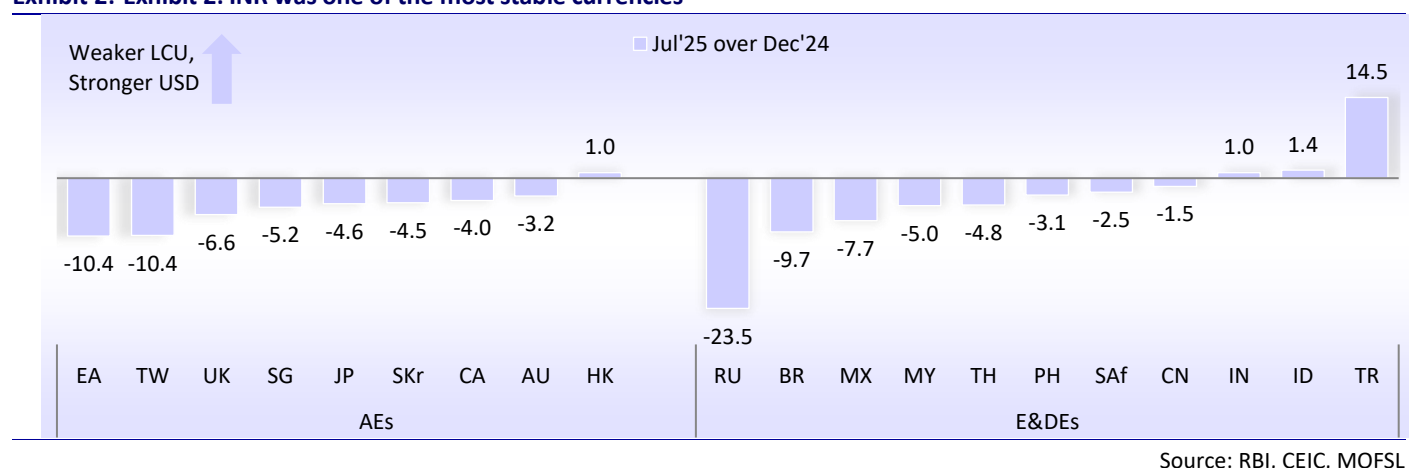
- 1) **Manageable CAD, aided by strong services exports:** India's external sector position in FY24 and FY25 reflects a phase of marked resilience and macroeconomic stability, even amid rising global tariff uncertainty and renewed stress in global capital markets. The CAD has narrowed significantly to just 0.7% and 0.6% of GDP in FY24 and FY25, supported by a robust services trade surplus, record inward remittances, and modest growth in merchandise imports. This stands in sharp contrast to the 2013 taper tantrum episode, when India's CAD had surged to unsustainable levels—4.3% and 4.6% of GDP in FY12 and FY13, respectively—driven by a wide merchandise trade gap and heavy reliance on oil and gold imports. At the time, India was among the “Fragile Five” economies most exposed to capital flight, and the rupee came under intense depreciation pressure. (*Exhibit 3*).
  - Importantly, India's export mix has become significantly more services-intensive, while its merchandise trade gap has moderated, strengthening the country's external position. During the taper tantrum period (FY13), India ran a large merchandise trade deficit of 10.2% of GDP, which, coupled with a relatively modest services trade surplus of 3.5% of GDP, resulted in a sharply negative current account balance. In contrast, by FY24 and FY25, the merchandise trade deficit has narrowed to 8.3% and 8.1% of GDP, respectively, reflecting import moderation and improved export competitiveness in sectors like chemicals, machinery, and petroleum products. At the same time, the services surplus has expanded to 4.5% and 4.8% of GDP, driven by strong global demand for India's IT, consulting, and financial services. This shift toward a more balanced and less tariff-sensitive trade structure has helped insulate India from the adverse effects of global tariff uncertainty, while also contributing to exchange rate stability and a sharply lower CAD (*Exhibit 4*).
- 2) **Robust foreign exchange reserves:** India's external buffers have strengthened significantly since the taper tantrum of 2013, providing a critical line of defense against renewed global volatility and tariff-related uncertainty. In FY13, India held just USD294b in foreign exchange reserves, equivalent to an import cover of only 7.2 months, leaving it vulnerable to capital flight and currency shocks. As of May'25, reserves have more than doubled to USD691b, and import cover has risen to 11.4 months, reflecting stronger balance of payments dynamics and proactive reserve accumulation by the RBI. Compared to other emerging market peers, India's reserve position is now among the most robust—exceeding Brazil (USD341b), Thailand (USD258b), and Indonesia (USD152b). Even in terms of import cover, India fares better than major peers like Mexico (4.5 months), Indonesia (7.0), and South Africa (6.2; *Exhibits 5 and 6*).
  - Overall, India's substantial foreign exchange reserves provide a strong safeguard against global financial tightening, exchange rate fluctuations, and trade disruptions. Consequently, the ongoing global tariff uncertainty poses no immediate threat to India's macroeconomic stability.
- 3) **Limited exposure to tariff-sensitive trade sectors:** India's export structure offers inherent insulation from tariff-induced shocks. Unlike economies heavily reliant on electronics, semiconductors, or auto components—such as Taiwan, South Korea, or Germany—India's exports are tilted toward software services, pharmaceuticals, and traditional goods (e.g., textiles, gems & jewelry). Services exports accounted for nearly 47% of India's total exports in FY25 (USD388b), up from only 32% in FY13 (USD146b), with software & IT exports alone reaching USD181b in FY25, up from USD66b in FY13 (*Exhibits 7 and 8*). This makes India less vulnerable to tariff escalation on physical goods, preserving export earnings even in a protectionist environment.
- 4) **A selectively liberalized capital account:** India maintains a partially open capital account, with calibrated controls on debt inflows and sensitive sectors. While foreign portfolio investments (FPIs) are permitted in government bonds and equities, short-term speculative flows are more regulated than in fully open economies like South Korea or Brazil. Moreover, growing participation in global bond indices (e.g., JPMorgan EM Bond Index inclusion) has helped diversify capital sources and reduce dependence on volatile flows. This structure lowers the risk of sudden stops, especially during risk-off episodes triggered by tariff news or Fed tightening.
- 5) **RBI's proactive and strategic FX management:** The RBI's foreign exchange management framework has become significantly more proactive since 2013. Back then, the central bank was compelled to implement emergency measures, such as capital flow restrictions and rate hikes, which temporarily stabilized the rupee but created broader uncertainty. Currently, the RBI actively manages the rupee using a non-disruptive, two-sided intervention strategy. During FY25, it intervened through both the spot and forward markets, smoothing excessive volatility without enforcing a rigid exchange rate level. RBI sold around USD34.5b in FY25 in net spot operations, the highest since the global financial crisis of FY09 (*Exhibit 9*). Its interventions are data-driven and often preemptive, helping to stabilize expectations. The RBI also maintains strong communication credibility, reinforcing confidence among global investors and domestic participants that rupee depreciation will remain contained and non-disruptive.

- India's external sector has undergone a notable structural transformation over the past decade, evolving into a far more resilient and stable component of the macroeconomy. The experience of the 2013 taper tantrum exposed India's vulnerabilities—most notably, a wide CAD, limited foreign exchange reserves, and heavy reliance on volatile capital flows. In contrast, the current landscape in FY24–FY25 reflects a far stronger footing: the CAD is low and manageable, foreign exchange reserves are at record highs, and the composition of exports has shifted decisively toward high-value, less tariff-sensitive services. Additionally, India's selective capital account liberalization and the RBI's proactive foreign exchange management have provided crucial buffers against global shocks, including those triggered by tariff uncertainty and monetary policy divergence.
- The Indian rupee has remained one of the most stable currencies across both advanced and emerging markets, showing that investors trust India's economic policies and strong external position. India has focused on diversifying its exports, managing its finances wisely, and opening its economy to global capital in a gradual and safe manner. This has helped the country stay strong even when global conditions are uncertain. Because India exports more services and fewer tariff-sensitive goods, it faces less risk from rising trade tensions around the world. Overall, India's external sector has become a solid foundation for its growth, not a weakness.

**Exhibit 1: INR depreciated 2.2% in FY25, the lowest in three years, compared with 13.3% in FY13**



**Exhibit 2: INR was one of the most stable currencies**

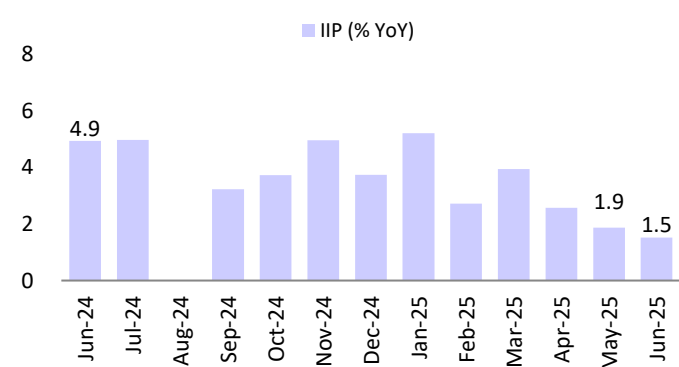


### IIP growth at 10-month low in Jun'25

Mainly due to slowdown in mining and electricity sectors

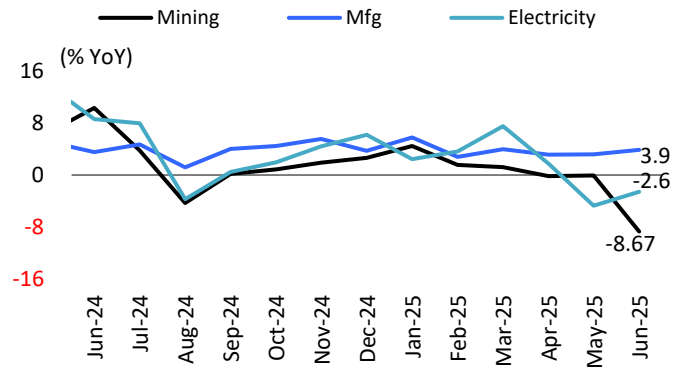
- Industrial output grew at a 10-month low rate of 1.5% YoY in Jun'25 (vs. 4.9%/1.9% in May'25/Jun'24). A slight improvement in manufacturing sector growth was offset by contractions in both the mining and electricity sector output. The output of consumer non-durable goods remained weak, while the output of consumer durable goods improved. IIP growth has remained relatively subdued in recent months, with 1QFY26 growth at 2%, lower than 5.5% seen in the same quarter last year.
- Electricity output shrank by 2.6% (compared to -4.7% in May'25, worst in 59 months), while mining output saw a sharper contraction of 8.7% (against -0.1% in May'25). (Exhibits 1 and 2)
- On the other hand, manufacturing output grew at a five-month high pace of 3.9% in Jun'25 vs. a growth of 3.2%/3.5% in May'25/Jun'24 (Exhibit 1). The details of the manufacturing sector suggest that 33.2% of the sub-sectors grew at a slower rate compared to Jun'24 (vs. 77.4% in May'25), 76% of the items grew by less than 5% (vs. 57% in May'25), and 21% of the items posted a contraction (vs. 32% in May'25). (Exhibit 3)
- Among manufacturing segments, 14 out of 23 manufacturing subcategories recorded an increase in output. Within the manufacturing sector, basic metals—the largest subcomponent with a 12.8% weight—registered strong growth of 9.6% in Jun'25, up from 7.8% in May'25. Among export-oriented segments, wearing apparel grew 4.2% (vs. 2.3% growth in May'25) and textiles grew 1.2% (vs. 3% drop in May'25). However, leather and related products continued to contract.
- According to the use-based classification, infrastructure and construction goods posted a strong performance, with output rising by 7.2% in Jun'25, up from 6.7% in May'25. While private capital expenditure has yet to gain significant momentum, public capex remains robust and supportive. Meanwhile, the output of consumer non-durable goods declined by 0.4% in Jun'25, marking the fifth consecutive month of contraction. In contrast, consumer durables registered a growth of 2.9% in Jun'25, reversing the previous month's decline of 0.9%. (Exhibit 4).
- Overall, demand recovery remains uneven, with urban consumption still lagging behind. This patchy demand is affecting private investment, which has been weak. Global uncertainties are also dampening investor confidence. However, falling inflation, a good monsoon, and interest rate cuts by the RBI are expected to support economic growth. Going forward, it will be important to closely monitor both consumption and investment trends.

**Exhibit 1: IIP growth hits 10-month low of 1.5% YoY in Jun'25...**



Source: CSO, MOFSL

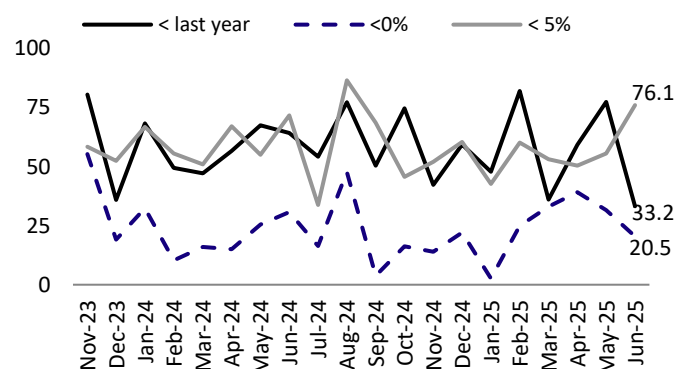
**Exhibit 2: ...affected by slowdown in mining and electricity sectors**



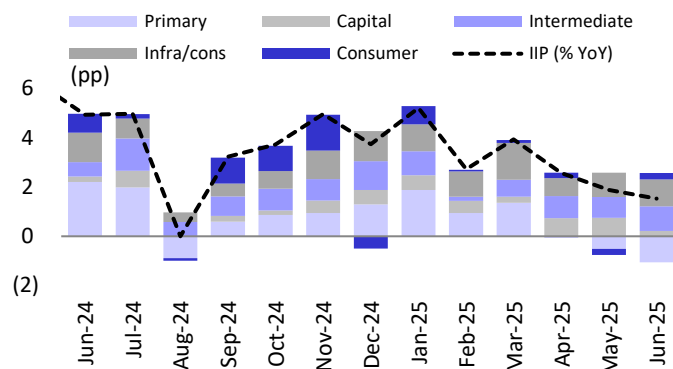
Source: CSO, MOFSL



**Exhibit 3: 33% of the manufacturing sector grew slower YoY in Jun'25 vs. 77% in May'25**



**Exhibit 4: Consumer non-durables goods output remained weak, while durables goods output improved**



Source: CSO, MOFSL

**Exhibit 5: Key components of IIP**

% YoY	Weight	FY24	FY25	FY25#	FY26#	Jun'24	Apr-25	May-25	Jun'25
<b>Industry-based classification</b>									
Mining	14.4	7.5	3.0	7.9	(3.0)	10.3	(0.2)	(0.1)	(8.7)
Manufacturing	77.6	5.5	4.1	4.3	3.4	3.5	3.1	3.2	3.9
Electricity	8.0	7.1	5.3	10.9	(1.8)	8.6	1.7	(4.7)	(2.6)
IIP	100.0	5.9	4.1	5.5	2.0	4.9	2.6	1.9	1.5
<b>Use-based classification</b>									
Primary Goods	34.0	6.1	3.9	6.9	(1.5)	6.3	(0.2)	(1.4)	(3.0)
Capital Goods	8.2	6.3	5.7	3.0	10.3	3.6	14.0	13.3	3.5
Intermediate Goods	17.2	6.3	4.2	3.5	5.0	3.2	4.9	4.7	5.5
Infrastructure/Construction	12.3	9.7	6.7	8.1	6.2	8.2	4.7	6.7	7.2
Consumer Goods	28.2	3.9	2.3	4.0	0.3	2.9	0.9	(1.0)	1.0
Durable Goods	12.8	3.6	8.1	10.7	2.7	8.8	6.2	(0.9)	2.9
Non-Durable Goods	15.3	4.1	(1.4)	(0.2)	(1.3)	(1.0)	(2.7)	(1.0)	(0.4)

#Apr'25-Jun'25 period; Source: CSO, MOFSL

# Bharat Electronics

BSE SENSEX  
80,891

S&P CNX  
24,681

**CMP: INR389**
**Buy**

## Conference Call Details


**Date:** 30<sup>th</sup> July 2025

**Time:** 03:00pm IST

**Dial-in details:**
[Diamond pass](#)

### Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	236.6	276.7	325.5
Sales Gr. (%)	17.3	17.0	17.6
EBITDA	67.7	77.4	91.0
EBITDA Margin (%)	28.6	28.0	28.0
Adj. PAT	52.9	60.1	72.6
Adj. EPS (INR)	7.2	8.2	9.9
EPS Gr. (%)	31.5	13.6	20.8
BV/Sh.(INR)	27.0	34.2	42.9
<b>Ratios</b>			
RoE (%)	26.8	24.0	23.1
RoCE (%)	29.5	26.9	25.8
Payout (%)	12.4	12.4	12.4
<b>Valuations</b>			
P/E (x)	53.8	47.4	39.2
P/BV (x)	14.4	11.4	9.1
EV/EBITDA (x)	40.7	34.6	28.8
Div. Yield (%)	0.2	0.3	0.3

### Earnings beat driven by margin outperformance

- BEL results came in ahead of our estimates on the EBITDA and PAT levels.
- 1QFY26 revenue grew 5% YoY to INR44.2b, missing our estimate of INR48.4b by 9%.
- Order book stood strong at INR748.6b, with an inflow of ~INR76.3b (+53% YoY) during the quarter.
- Gross margin was ahead of our estimates at 53.2% in 1QFY26 vs our estimate of 45.2%. Margin performance is dependent upon the project mix during the quarter.
- This led to an EBITDA growth of 32% YoY to INR12.4b, beating our estimate by 15%, while EBITDA margin expanded 580bp YoY to 28.1% vs. our estimate of 22.3%.
- Strong margin performance resulted in a 15%/16% beat to our PBT/PAT estimates. PAT stood at INR9.7b, up 25% YoY vs. our estimate of INR8.4b.
- During the quarter, a final dividend of INR0.90 per share for FY25 was recommended by the Board of Directors, in addition to the interim dividend amounting to INR1.5 per share.

### Standalone Quarterly Performance

(INR b)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
<b>Net Sales</b>	<b>42.0</b>	<b>45.8</b>	<b>57.6</b>	<b>91.2</b>	<b>44.2</b>	<b>52.6</b>	<b>66.4</b>	<b>113.6</b>	<b>236.6</b>	<b>276.7</b>	<b>48.4</b>	<b>(9)</b>
Change (%)	19.6	14.8	39.1	6.9	5.2	14.7	15.4	24.5	17.3	17.0	15.3	
<b>EBITDA</b>	<b>9.4</b>	<b>13.9</b>	<b>16.5</b>	<b>27.9</b>	<b>12.4</b>	<b>14.4</b>	<b>18.5</b>	<b>32.0</b>	<b>67.7</b>	<b>77.4</b>	<b>10.8</b>	<b>15</b>
Change (%)	41.0	38.2	57.5	22.3	32.4	3.8	12.1	14.9	35.4	14.3	15.3	
As of % Sales	22.3	30.3	28.7	30.6	28.1	27.4	27.9	28.2	28.6	28.0	22.3	
Depreciation	1.0	1.0	1.0	1.3	1.1	1.2	1.2	1.4	4.4	5.0	1.2	(5)
Interest	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.0	22
Other Income	2.0	1.7	2.1	1.9	1.6	1.8	2.5	2.3	7.7	8.2	1.6	(0)
<b>PBT</b>	<b>10.4</b>	<b>14.5</b>	<b>17.5</b>	<b>28.5</b>	<b>12.9</b>	<b>15.0</b>	<b>19.7</b>	<b>32.9</b>	<b>70.9</b>	<b>80.5</b>	<b>11.2</b>	<b>15</b>
Tax	2.6	3.6	4.4	7.4	3.2	3.8	5.0	8.4	18.0	20.5	2.9	
Effective Tax Rate (%)	25.2	24.8	25.0	26.1	24.8	25.4	25.4	25.6	25.4	25.4	25.4	
<b>Reported PAT</b>	<b>7.8</b>	<b>10.9</b>	<b>13.2</b>	<b>21.0</b>	<b>9.7</b>	<b>11.2</b>	<b>14.7</b>	<b>24.5</b>	<b>52.9</b>	<b>60.1</b>	<b>8.4</b>	<b>16</b>
Change (%)	46.2	34.3	47.3	18.0	24.9	2.4	11.8	16.3	31.5	13.6	8.1	
<b>Adj PAT</b>	<b>7.8</b>	<b>10.9</b>	<b>13.2</b>	<b>21.0</b>	<b>9.7</b>	<b>11.2</b>	<b>14.7</b>	<b>24.5</b>	<b>52.9</b>	<b>60.1</b>	<b>8.4</b>	<b>16</b>
Change (%)	46.2	34.3	47.3	18.0	24.9	2.4	11.8	16.3	31.5	13.6	8.1	

# Gail (India)

BSE SENSEX  
80,891

S&P CNX  
24,681

**CMP: INR181**
**Buy**

## Conference Call Details


**Date:** 29 July 2025

**Time:** 11:00 hrs IST

## Petchem and LPG segments weigh on overall performance

- In 1QFY26, GAIL's EBITDA was 7% below our estimate at INR33.3b. The EBIT of the NG transmission, NG marketing, and LPG transmission segments beat our estimates, while the EBIT of the LPG, LHC, and petrochemical segments came in below our estimates.
- Reported PAT was also 9% below our estimate at INR18.9b, as other income and depreciation stood below our estimates. Moreover, the tax rate was higher than our estimate.
- **Operational performance:**
  - Natural gas transmission volume stood below our estimate at 121mmscmd (our est. 124mmscmd). NG marketing volume stood in line with our estimate at 105mmscmd.
  - Petchem sales were above our estimate at 177tmt, while the petchem segment reported an EBIT loss of INR2.5b.
- GAIL's 1QFY26 capex stood at INR32.8b, spent primarily on pipelines, petrochemicals, and equity contribution to JVs, among others.
- GAIL has received PNGRB's authorization to expand the capacity of its Jamnagar-Loni LPG pipeline from 3.25mmtpa to 6.5mmtpa. The estimated capex for the project is INR50b, with completion targeted within three years.

## Standalone quarterly performance

(INR m)

Y/E March	FY25				FY26E				FY26E	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	1QE	(%)	(%)	(%)
<b>Net Sales</b>	<b>3,36,738</b>	<b>3,29,117</b>	<b>3,49,371</b>	<b>3,56,852</b>	<b>3,47,689</b>	<b>3,28,801</b>	<b>3,27,875</b>	<b>3,09,113</b>	<b>3,41,969</b>	<b>2%</b>	<b>3%</b>	<b>-3%</b>
Change (%)	3.9	3.4	2.0	10.4	3.3	-0.1	-6.2	-13.4	155%			
<b>EBITDA</b>	<b>45,281</b>	<b>37,450</b>	<b>28,378</b>	<b>32,164</b>	<b>33,337</b>	<b>32,139</b>	<b>32,195</b>	<b>34,902</b>	<b>35,861</b>	<b>-7%</b>	<b>-26%</b>	<b>4%</b>
% of Net Sales	13.4	11.4	8.1	9.0	9.6	9.8	9.8	11.3	10.5			
Depreciation	10,489	8,153	8,322	9,034	8,828	8,619	8,798	11,820	11,096			
Interest	2,092	1,901	1,666	1,783	2,094	1,703	1,493	1,379	1,875			
Other Income	3,716	7,135	7,497	5,664	2,919	7,599	7,984	7,071	3,958			
Extraordinary item	0	0	24,400	0	0	0	0	0	0			
<b>PBT</b>	<b>36,416</b>	<b>34,531</b>	<b>50,288</b>	<b>27,011</b>	<b>25,334</b>	<b>29,416</b>	<b>29,888</b>	<b>28,774</b>	<b>26,849</b>	<b>-6%</b>	<b>-30%</b>	<b>-6%</b>
Tax	9,176	7,812	11,614	6,520	6,471	6,824	6,934	6,082	6,229			
Rate (%)	25.2	22.6	23.1	24.1	25.5	23.2	23.2	21.1	23.2			
<b>PAT</b>	<b>27,240</b>	<b>26,719</b>	<b>38,674</b>	<b>20,490</b>	<b>18,863</b>	<b>22,591</b>	<b>22,954</b>	<b>22,692</b>	<b>20,620</b>	<b>-9%</b>	<b>-31%</b>	<b>-8%</b>
Change (%)	71.1	11.1	36.0	-5.9	-30.8	-15.4	-40.6	10.7	-24.3			
<b>Adj PAT</b>	<b>27,240</b>	<b>26,719</b>	<b>14,274</b>	<b>20,490</b>	<b>18,863</b>	<b>22,591</b>	<b>22,954</b>	<b>22,692</b>	<b>20,620</b>	<b>-9%</b>	<b>-31%</b>	<b>-8%</b>
Change (%)	71.1	11.1	-49.8	-5.9	-30.8	-15.4	60.8	10.7	-24.3			
<b>EPS (INR)</b>	<b>4.1</b>	<b>4.1</b>	<b>2.2</b>	<b>3.1</b>	<b>2.9</b>	<b>3.4</b>	<b>3.5</b>	<b>3.5</b>	<b>3.1</b>	<b>-9%</b>	<b>-31%</b>	<b>-8%</b>
<b>Operational details</b>												
Gas Trans. volume (mmsmd)	131.8	130.6	125.9	120.8	120.6	126.5	126.5	124.3	124.2	-3%	-8%	0%
Petchem sales ('000MT)	169.0	226.0	221.0	229.0	177.0	218.0	218.0	186.3	145.3	22%	5%	-23%
<b>Segmental EBIT Breakup (INR m)</b>												
Gas Transmission	14,469	14,028	13,703	12,684	15,576	15,914	15,824	13,052	14,082	11%	8%	23%
LPG Transmission	808	855	1,400	1,152	1,203	889	937	1,239	834	44%	49%	4%
Natural Gas Marketing	20,328	13,288	4,410	12,037	10,716	9,415	9,204	6,758	10,236	5%	-47%	-11%
Petrochemicals	-415	1,575	47	-1,580	-2,486	-471	-480	2,270	-1,195	Loss	Loss	Loss
LPG & Liq.HC (pre-subsidy)	2,299	2,489	3,785	2,920	2,050	3,634	4,145	3,736	3,018	-32%	-11%	-30%
Unallocated; GAILTEL	1,675	1,460	864	1,158	1,912	1,737	1,751	3,094	1,749	9%	14%	65%
<b>Total</b>	<b>39,163</b>	<b>33,695</b>	<b>24,207</b>	<b>28,370</b>	<b>28,970</b>	<b>31,119</b>	<b>31,381</b>	<b>30,149</b>	<b>28,724</b>	<b>1%</b>	<b>-26%</b>	<b>2%</b>

# Piramal Pharma

**BSE SENSEX** **S&P CNX**  
80,891 24,681

## Conference Call Details



**Date:** 29<sup>th</sup> Jul 2025

**Time:** 9:30 am IST

**Dial-in details:**

Zoom [Link](#)

### Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	91.5	92.7	108.2
EBITDA	14.4	13.9	17.6
Adj. PAT	0.9	1.2	3.0
EBIT Margin (%)	6.9	6.2	8.6
Cons. Adj. EPS (INR)	0.7	0.9	2.3
EPS Gr. (%)	62.5	33.6	148.6
BV/Sh. (INR)	68.1	69.1	71.6

### Ratios

Net D:E	0.5	0.4	0.4
RoE (%)	1.1	1.5	3.6
RoCE (%)	1.3	1.5	2.9
Payout (%)	17.6	17.6	17.6

### Valuations

P/E (x)	290.7	217.6	87.6
EV/EBITDA (x)	21.3	21.8	17.3
Div. Yield (%)	0.1	0.1	0.2
FCF Yield (%)	0.0	0.0	0.0
EV/Sales (x)	3.4	3.3	2.8

## CMP: INR204

### Misses estimate

- Piramal Pharma's (PPL) revenue was steady YoY at INR19.3b (our est: INR21.4b) for the quarter.
- The CDMO segment's (52% of total sales) revenue declined 6% YoY to INR10b.
- The complex hospital generics segment's (CHG; 33% of total sales) revenue was almost flat YoY at INR6.4b.
- The India consumer healthcare segment's (ICH; 15% of total sales) revenue grew 14% YoY to INR3b.
- Gross margin contracted 130bp YoY to 64%.
- However, EBITDA margin contracted 500bp YoY to 5.5% (our est: 9.5%), largely due to lower operating leverage (employee costs/other expenses up 230/135bp as a % of sales).
- EBITDA declined 48% YoY to INR1.1b (our est: INR2b).
- Adj. loss came in at INR1b (our est: loss of INR0.8b) for the quarter vs a loss of INR890m in 1QFY25.
- While there are near-term challenges, management is confident of achieving its FY30 target of USD2b revenue, 25% EBITDA margin, and high teen ROCE.

### Other highlights

- **CDMO:**
  - Excluding the impact of destocking of one large on-patent commercial product, the CDMO business delivered mid-teen YoY growth in revenue in 1QFY26.
  - The Nutrition Supplement and Generic API businesses delivered strong growth during the quarter, reflecting steady demand and operational efficiency.
  - The USFDA inspection at the Aurora (Canada) API facility was successfully completed with zero observations.
  - Construction has commenced for capacity expansion at the Lexington (US) site, which focuses on sterile injectables and will support the integrated ADC development and manufacturing program over the medium to long term.
- **CHG:**
  - Intrathecal Therapy sales were lower in Q1FY26 due to the timing of shipments at the end of June; however, growth is expected to recover in Q2FY26.
  - The company is taking steps to address supply constraints in its Injectable anesthesia and pain management segment, with benefits expected to materialize from FY2027 onwards.
  - Neoatrimon®1 was launched in select EU markets during Q1FY26, and additional launches are planned across more markets in Q2FY26. It is investing in Differentiated and Specialty Products, including 505(b)(2) applications, complex generics, differentiated generics, and branded products, to enable long-term growth.
- **ICH:**
  - The company added seven new products and 31 new SKUs in FY25.

# Consolidated - Quarterly Earning Model

INR m

PPL Income statement (INRm)	FY25				FY26E				FY25	FY26E	% var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		1Q	
<b>Revenues</b>	<b>19,511</b>	<b>22,418</b>	<b>22,042</b>	<b>27,541</b>	<b>19,337</b>	<b>22,877</b>	<b>24,283</b>	<b>26,233</b>	<b>91,511</b>	<b>21,397</b>	<b>-10%</b>
growth YoY(%)	11.6	17.3	12.5	7.9	-0.9	2.0	10.2	-4.7	12.0	9.7	
CDMO	10,570	13,240	12,780	17,880	9,970	12,578	13,802	15,198	54,470	11,416	
CHG	6,310	6,430	6,540	7,050	6,370	7,266	7,423	7,967	26,330	7,099	
ICH	2,640	2,770	2,780	2,740	3,020	3,033	3,058	3,069	10,930	2,883	
Expenses	17,467	19,001	18,665	21,931	18,270	19,903	20,107	20,541	77,064	19,364	
CDMO	10,570	13,240	12,780	17,880	9,970	12,578	13,802	15,198	54,470	11,416	
CHG	6,310	6,430	6,540	7,050	6,370	7,266	7,423	7,967	26,330	7,099	
ICP	2,640	2,770	2,780	2,740	3,020	3,033	3,058	3,069	10,930	2,883	
<b>EBITDA*</b>	<b>2,044</b>	<b>3,416</b>	<b>3,377</b>	<b>5,610</b>	<b>1,067</b>	<b>2,974</b>	<b>4,177</b>	<b>5,693</b>	<b>14,447</b>	<b>2,033</b>	<b>-48%</b>
margin (%)	10.5	15.2	15.3	20.4	5.5	13.0	17.2	21.7	15.8	9.5	
growth YoY(%)	54.5	28.6	25.8	5.9	-47.8	-12.9	23.7	1.5	20.8	-0.5	
Depreciation	1,846	1,922	1,968	2,428	1,973	2,045	2,089	2,100	8,163	2,020	
<b>EBIT</b>	<b>198</b>	<b>1,494</b>	<b>1,409</b>	<b>3,182</b>	<b>-906</b>	<b>929</b>	<b>2,088</b>	<b>3,593</b>	<b>6,284</b>	<b>13</b>	
Other income	195	611	121	420	584	415	425	440	1,348	410	
Interest expense	1,070	1,076	1,033	1,037	862	980	930	880	4,216	1,040	
Share from Asso. Co	224	173	171	162	186	180	195	210	729	175	
<b>PBT</b>	<b>-452</b>	<b>1,201</b>	<b>668</b>	<b>2,728</b>	<b>-998</b>	<b>544</b>	<b>1,778</b>	<b>3,363</b>	<b>4,145</b>	<b>-442</b>	
EO Expenses/(gain)	-	-	-	-	(207)	-	-	-	-	-	
<b>Taxes</b>	<b>436</b>	<b>975</b>	<b>631</b>	<b>1,193</b>	<b>27</b>	<b>392</b>	<b>1,102</b>	<b>1,950</b>	<b>3,235</b>	<b>354</b>	
Tax Rate (%)	-96.4	81.2	94.5	43.7	-3.4	72.0	62.0	58.0	78.0	-80.0	
<b>Reported PAT</b>	<b>-888</b>	<b>226</b>	<b>37</b>	<b>1,535</b>	<b>-817</b>	<b>152</b>	<b>676</b>	<b>1,412</b>	<b>910</b>	<b>-796</b>	<b>3%</b>
<b>Adj. PAT</b>	<b>-888</b>	<b>226</b>	<b>37</b>	<b>1,535</b>	<b>-1,031</b>	<b>152</b>	<b>676</b>	<b>1,412</b>	<b>910</b>	<b>-796</b>	<b>30%</b>
Change (%)	NA	348.2	-89.5	34.0	16.2	-32.6	1,735.7	-8.0	62.5	-10.3	



# KEC International

**BSE SENSEX**  
80,891

**S&P CNX**  
24,681

**CMP: INR864**
**Neutral**

## Conference Call Details


**Date:** 29<sup>th</sup> July 2025

**Time:** 10:00am IST

**Dial-in details:**
[Diamond pass](#)

### Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	218.5	254.7	299.3
EBITDA	15.0	20.6	24.3
Adj. PAT	5.7	9.3	11.8
Adj. EPS (INR)	21.4	35.1	44.4
EPS Gr. (%)	64.6	63.5	26.8
BV/Sh.(INR)	200.9	207.5	215.9

### Ratios

RoE (%)	12.1	17.2	21.0
RoCE (%)	12.9	15.5	17.8
Payout (%)	81.1	81.1	81.1

### Valuations

P/E (x)	40.3	24.6	19.4
P/BV (x)	4.3	4.2	4.0
EV/EBITDA (x)	17.3	12.5	10.9
Div. Yield (%)	2.0	3.3	4.2

## In-line revenue and EBITDA; beat on PAT

- KEC International's revenue and EBITDA were in line with our estimates, but PAT was higher than our expectations.
- Revenue grew 11% YoY to INR50.2b vs. our estimate of INR50.9b. Growth was primarily led by the T&D and Cables divisions, which grew 26% and 6% YoY, respectively.
- EBITDA grew 29% YoY to INR3.5b vs. our estimate of INR3.6b, while its margin stood at 7.0%, up 100bp YoY but down 80bp QoQ.
- PAT surged 42% YoY to INR1.2b, beating our estimate by 6%, mainly due to the lower-than-expected tax rate of 21.4% vs. our estimate of 25.6%.
- Order inflow declined 28% YoY to INR55.2b in 1QFY26, taking the closing order book (OB) to INR344b (+5% YoY). T&D/non-T&D mix stood at 60%/40%. OB + L1 position stood at INR400b.
- During the quarter, the company has 1) initiated capacity expansion at the Butibori tower manufacturing facility post successful expansions in Dubai, Jaipur, and Jabalpur; 2) commissioned the aluminum conductor plant and has initiated the process of doubling the capacity.

### Consolidated - Quarterly Earning Model

(INR m)

Y/E March - INR m	FY25				FY26E				FY25	FY26E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
<b>Net Sales</b>	<b>45,119</b>	<b>51,133</b>	<b>53,494</b>	<b>68,721</b>	<b>50,229</b>	<b>58,575</b>	<b>63,668</b>	<b>82,202</b>	<b>2,18,467</b>	<b>2,54,674</b>	<b>50,93</b>	<b>(1)</b>
YoY Change (%)	6.3	13.7	6.8	11.5	11.3	14.6	19.0	19.6	9.7	16.6	12.9	
Total Expenditure	42,415	47,931	49,749	63,333	46,728	53,889	58,448	75,024	2,03,428	2,34,088	47,36	(1)
<b>EBITDA</b>	<b>2,704</b>	<b>3,202</b>	<b>3,745</b>	<b>5,388</b>	<b>3,501</b>	<b>4,686</b>	<b>5,221</b>	<b>7,178</b>	<b>15,039</b>	<b>20,586</b>	<b>3,565</b>	<b>(2)</b>
Margins (%)	6.0	6.3	7.0	7.8	7.0	8.0	8.2	8.7	6.9	8.1	7.0	
Depreciation	465	453	453	465	459	508	521	596	1,837	2,084	496	(8)
Interest	1,550	1,681	1,702	1,703	1,511	1,676	1,634	1,716	6,636	6,538	1,634	(8)
Other Income	431	66	9	202	54	141	145	240	709	580	138	(61)
<b>PBT before EO expense</b>	<b>1,120</b>	<b>1,135</b>	<b>1,598</b>	<b>3,422</b>	<b>1,585</b>	<b>2,643</b>	<b>3,210</b>	<b>5,106</b>	<b>7,275</b>	<b>12,544</b>	<b>1,573</b>	<b>1</b>
Extra-Ord expense												
<b>PBT</b>	<b>1,120</b>	<b>1,135</b>	<b>1,598</b>	<b>3,422</b>	<b>1,585</b>	<b>2,643</b>	<b>3,210</b>	<b>5,106</b>	<b>7,275</b>	<b>12,544</b>	<b>1,573</b>	<b>1</b>
Tax	245	281	303	740	339	677	822	1,374	1,568	3,211	403	
Rate (%)	21.8	24.7	18.9	21.6	21.4	25.6	25.6	26.9	21.5	25.6	25.6	
<b>Reported PAT</b>	<b>876</b>	<b>854</b>	<b>1,296</b>	<b>2,682</b>	<b>1,246</b>	<b>1,966</b>	<b>2,388</b>	<b>3,732</b>	<b>5,707</b>	<b>9,333</b>	<b>1,170</b>	<b>6</b>
<b>Adj PAT</b>	<b>876</b>	<b>854</b>	<b>1,296</b>	<b>2,682</b>	<b>1,246</b>	<b>1,966</b>	<b>2,388</b>	<b>3,732</b>	<b>5,707</b>	<b>9,333</b>	<b>1,170</b>	<b>6</b>
YoY Change (%)	106.9	53.1	33.7	76.7	42.3	130.2	84.4	39.2	64.6	63.5	33.6	
Margins (%)	1.9	1.7	2.4	3.9	2.5	3.4	3.8	4.5	2.6	3.7	2.3	

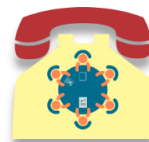
	FY25				FY26	FY25	FY26E
INR m	1Q	2Q	3Q	4Q	1Q		
Segmental revenue							
T&D (domestic + SAE)	24,990	28,310	31,750	43,280	31,570	1,28,330	1,62,528
Cables	3,630	4,410	4,060	5,940	3,830	18,040	22,535
Railways	4,710	5,030	4,560	6,810	4,710	21,110	23,562
Civil	12,580	14,250	14,160	16,020	11,360	57,010	53,078
Less intersegmental	(790)	(870)	(1,040)	(3,330)	(1,240)	(6,030)	(7,030)
Grand total	45,120	51,130	53,490	68,720	50,230	2,18,460	2,54,674

## Five Star Business Finance

**BSE SENSEX**  
80,891

**S&P CNX**  
24,681

### Conference Call Details



**Date:** 29<sup>th</sup> July 2025

**Time:** 10:00 AM IST

**Dial-in details:**

+91 22 6280 1366

+91 22 7115 8267

[Link for the call](#)

### Financials & Valuation (INR b)

Y/E March	FY25	FY26E	FY27E
NII	21.0	24.5	28.4
PPoP	15.2	17.3	19.7
PAT	10.7	12.2	13.8
EPS (INR)	36	41	47
EPS Growth (%)	27	13	14
BVPS (INR)	214	253	298
<b>Ratios (%)</b>			
NIM	19.6	18.6	17.1
C/I ratio	30.9	32.3	33.5
Credit Costs	0.8	0.8	0.8
RoAA	8.2	7.6	6.9
RoAE	18.7	17.7	17.0
Dividend Payout	5.5	6.1	6.4
<b>Valuation</b>			
P/E (x)	18.4	16.3	14.3
P/BV (x)	3.1	2.6	2.3
Div. Yield (%)	0.3	0.4	0.4

**CMP: INR671**

**Buy**

### Sharp deterioration in asset quality and elevated credit costs

**Earnings in line; disbursements weak, and AUM growth moderates to 20% YoY**

- FIVESTAR's 1QFY26 PAT grew 6% YoY to INR2.7b (in line). NII grew ~20% YoY to INR5.8b (in line), while PPoP rose ~14% YoY to INR4b (in line). Other income declined 6% YoY to INR265m (vs. MOFSLe of INR161m), primarily because of a decline in investment income.
- Opex grew 29% YoY to INR2b (in line). Credit costs stood at INR478m (~60% higher than MOFSLe). **Annualized credit costs rose sharply to ~1.3% (PY: ~74bp and PQ: ~73bp).**

### Reported spreads dip due to moderation in yields

- Reported yields declined ~20bp QoQ to 23.5%. CoB also dipped ~10bp QoQ to 9.55%. Reported spreads declined ~10bp QoQ to 14%. Reported NIM declined ~40bp QoQ to ~16.4%.
- Incremental CoF declined ~70bp QoQ to ~8.6%.

### Sharp deterioration in asset quality; cash collections decline

- GS3/NS3 rose ~70bp/40bp QoQ to ~2.45% and 1.25%, respectively. PCR declined ~125bp QoQ to ~50%.
- The current portfolio declined to 82.4% (PQ: 84.3%). Stage 2 rose ~1pp QoQ to ~8.9%. 30+ dpd rose ~165bp QoQ to 11.3%, and 1+dpd increased ~185bp QoQ to 17.6%. Cash proportion in collections declined to ~19% (PQ: ~20% and PY: ~35%) due to strong efforts made by the company to reduce cash collections.
- Overall Collection Efficiency (CE) stood at 96.3% (PQ: 97.7%). Unique loan collections (due one, collect one) stood at 95.1% (PQ: 96.2%).

### Disbursements decline ~2% YoY; AUM growth moderates to 20%

- Disbursements declined ~2% YoY and ~12% QoQ to ~INR12.9b; AUM grew 20% YoY/5% QoQ to ~INR125b.
- FIVESTAR's 1QFY26 RoA/RoE stood at 7.2%/16.6%, and capital adequacy was ~49.2% as of Jun'25.

### Valuation and View

- FIVESTAR reported a weak operational performance during the quarter, marked by muted disbursements and subdued AUM growth. Asset quality deteriorated sharply, as reflected in a significant rise in 30+ dpd, resulting in elevated credit costs of ~1.3%. Additionally, spreads and margins contracted further, primarily due to a decline in yields.
- The stock currently trades at 2.3x FY27E P/BV. Even though the company is navigating a relatively tough phase, we believe that FIVESTAR has a niche market position, strong growth potential, and superior underwriting practices, which will allow it to bounce back quickly (and strongly) from the current headwinds in asset quality and AUM growth. We will review our estimates after the earnings call on 29<sup>th</sup> Jul'25.

## Quarterly Performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	1Q FY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Interest Income	6,411	6,793	7,112	7,347	7,647	7,991	8,351	8,569	27,663	32,558	7,604	1
Interest Expenses	1,582	1,631	1,714	1,753	1,873	1,957	2,075	2,138	6,680	8,043	1,856	1
<b>Net Interest Income</b>	<b>4,829</b>	<b>5,161</b>	<b>5,399</b>	<b>5,594</b>	<b>5,774</b>	<b>6,034</b>	<b>6,276</b>	<b>6,431</b>	<b>20,983</b>	<b>24,514</b>	<b>5,748</b>	<b>0</b>
YoY Growth (%)	31.4	29.6	28.3	21.2	19.6	16.9	16.2	15.0	27.3	16.8	19.0	
Other Income	283	266	198	250	265	257	295	227	997	1,045	161	64
<b>Total Income</b>	<b>5,112</b>	<b>5,427</b>	<b>5,597</b>	<b>5,844</b>	<b>6,039</b>	<b>6,291</b>	<b>6,571</b>	<b>6,658</b>	<b>21,980</b>	<b>25,559</b>	<b>5,909</b>	<b>2</b>
YoY Growth (%)	32.0	30.3	26.8	21.4	18.1	15.9	17.4	13.9	27.3	16.3	15.6	
Operating Expenses	1,565	1,627	1,713	1,880	2,012	2,188	2,338	1,712	6,785	8,250	1,995	1
<b>Operating Profit</b>	<b>3,547</b>	<b>3,800</b>	<b>3,884</b>	<b>3,964</b>	<b>4,027</b>	<b>4,103</b>	<b>4,233</b>	<b>4,946</b>	<b>15,196</b>	<b>17,309</b>	<b>3,914</b>	<b>3</b>
YoY Growth (%)	35.9	36.9	29.4	19.2	13.5	8.0	9.0	24.8	29.7	13.9	10.3	
Provisions & Loan Losses	185	218	233	254	478	454	409	-261	890	1,079	299	60
<b>Profit before Tax</b>	<b>3,362</b>	<b>3,582</b>	<b>3,651</b>	<b>3,711</b>	<b>3,550</b>	<b>3,649</b>	<b>3,824</b>	<b>5,207</b>	<b>14,306</b>	<b>16,230</b>	<b>3,614</b>	<b>-2</b>
Tax Provisions	846	903	913	919	886	905	948	1,334	3,581	4,074	911	-3
<b>Net Profit</b>	<b>2,516</b>	<b>2,679</b>	<b>2,739</b>	<b>2,791</b>	<b>2,663</b>	<b>2,744</b>	<b>2,876</b>	<b>3,873</b>	<b>10,725</b>	<b>12,156</b>	<b>2,703</b>	<b>-1</b>
YoY Growth (%)	37	34	26	18	6	2	5	39	28.3	13.3	7.5	
<b>Key Parameters (%)</b>												
Yield on loans	25.7	25.5	25.7	25.5	25.1							
Cost of funds	9.7	9.6	9.6	9.2	9.5							
Spread	16.0	16.0	16.1	16.3	15.7							
NIM	19.3	19.4	19.5	19.41	18.98							
Credit cost	0.74	0.69	0.71	0.73	1.31							
Cost to Income Ratio (%)	30.6	30.0	30.6	32.2	33.3							
Tax Rate (%)	25.2	25.2	25.0	24.8	25.0							
<b>Performance ratios (%)</b>												
AUM/Branch (INR m)	189	165.6	153.3	158.8	162							
<b>Balance Sheet Parameters</b>												
<b>AUM (INR B)</b>	<b>103.4</b>	<b>109.3</b>	<b>111.8</b>	<b>118.8</b>	<b>124.6</b>							
Change YoY (%)	36.4	32.2	25.2	23.2	20.4							
<b>Disbursements (INR B)</b>	<b>13.2</b>	<b>12.5</b>	<b>9.4</b>	<b>14.6</b>	<b>12.9</b>							
Change YoY (%)	16.5	3.9	-22.2	9.2	-2.1							
<b>Borrowings (INR B)</b>	<b>67.2</b>	<b>68.8</b>	<b>73.6</b>	<b>79.2</b>	<b>78.7</b>							
Change YoY (%)	55.8	42.8	27.1	25.4	17.1							
Borrowings/Loans (%)	65.0	63.0	65.9	66.7	63.2							
Debt/Equity (x)	1.1	1.1	1.1	1.1	1.1							
<b>Asset Quality (%)</b>												
<b>GS 3 (INR M)</b>	<b>1,454</b>	<b>1,604</b>	<b>1,808</b>	<b>2,123</b>	<b>3,070</b>							
G3 %	1.41	1.5	1.6	1.8	2.46							
NS 3 (INR M)	697	773	901	1,034	1,534							
NS3 %	0.7	0.7	0.8	0.9	1.3							
PCR (%)	52.1	51.8	50.2	51.3	50.0							
ECL (%)	1.6	1.6	1.7	1.6	1.9							
<b>Return Ratios (%)</b>												
ROA (Rep)	8.2	8.4	8.1	8.0	7.2							
ROE (Rep)	18.95	19.0	18.5	18.4	16.57							

E: MOFSL Estimates

# Gravita India

BSE SENSEX  
80,891

S&P CNX  
24,681

**CMP: INR1,815**
**Buy**

## Conference Call Details



**Date:** 29<sup>th</sup> July'25  
**Time:** 12:00pm IST  
**Dial-in details:**  
[click here](#)

## Operating performance above our estimates

- Consolidated revenue grew 15% YoY to INR10.4b (in line).
- Gross margin contracted 60bp YoY to 19.1%.
- Adjusted EBITDA grew 22.4% YoY to INR1.1b (est. INR 1b).
- Adjusted EBITDA margin contracted 70bp YoY to 10.7% (est. 10.2%).
- Adj. PAT grew 39% YoY to INR933m (in line).
- Consolidated volumes rose 12% YoY to 53KMT in 1QFY26.

## Segmental performance

- Lead business revenue grew 12% YoY to INR9.3b, led by 10% YoY volume growth. Volume stood at 46.2KMT in 1QFY26. EBITDA/MT came in at INR21,790 (up 13% YoY) for the quarter.
- Aluminum business revenue jumped 96% YoY to INR944m. Volumes jumped 96% YoY to 4.8KMT, while EBITDA/MT declined 12% YoY to INR17,140.
- Plastic business revenue declined 20% YoY to INR164m, and its volume dipped 24% YoY to 2.4KMT. EBITDA/MT grew 1% YoY to INR10,213.

## Consolidated - Quarterly Earnings Model

(INR m)

Y/E March	FY25				FY26				FY25	FY26E	FY25E	Var %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
<b>Sales</b>	<b>9,079</b>	<b>9,274</b>	<b>9,964</b>	<b>10,371</b>	<b>10,399</b>	<b>11,039</b>	<b>12,366</b>	<b>13,336</b>	<b>38,688</b>	<b>47,140</b>	<b>10,313</b>	<b>1</b>
YoY Change (%)	29.1	10.9	31.5	20.1	14.5	19.0	24.1	28.6	22.4	21.8	13.6	
Total Expenditure	8,166	8,259	8,942	9,286	9,282	9,839	11,092	11,937	34,652	42,151	9,256	
<b>Adjusted EBITDA</b>	<b>912</b>	<b>1,015</b>	<b>1,023</b>	<b>1,085</b>	<b>1,117</b>	<b>1,199</b>	<b>1,274</b>	<b>1,399</b>	<b>4,036</b>	<b>4,989</b>	<b>1,057</b>	<b>6</b>
Margins (%)	10.1	10.9	10.3	10.5	10.7	10.9	10.3	10.5	10.4	10.6	10.2	
Depreciation	65	72	76	78	87	100	110	119	291	416	90	
Interest	130	120	128	56	61	55	55	60	434	231	60	
Other Income	33	23	73	194	190	170	160	150	324	670	180	
<b>PBT before EO expense</b>	<b>751</b>	<b>847</b>	<b>891</b>	<b>1,146</b>	<b>1,159</b>	<b>1,214</b>	<b>1,269</b>	<b>1,369</b>	<b>3,635</b>	<b>5,012</b>	<b>1,087</b>	
<b>PBT</b>	<b>751</b>	<b>847</b>	<b>891</b>	<b>1,146</b>	<b>1,159</b>	<b>1,214</b>	<b>1,269</b>	<b>1,369</b>	<b>3,635</b>	<b>5,012</b>	<b>1,087</b>	
Tax	71	128	111	197	229	134	140	134	506	636	186	
Rate (%)	9.4	15.1	12.4	17.2	19.7	11.0	11.0	9.8	13.9	12.7	17.1	
MI & Profit/Loss of Asso. Cos.	7	-1	1	-2	-2	1	1	2	5	2	1	
<b>Reported PAT</b>	<b>673</b>	<b>720</b>	<b>779</b>	<b>951</b>	<b>933</b>	<b>1,080</b>	<b>1,128</b>	<b>1,233</b>	<b>3,124</b>	<b>4,374</b>	<b>900</b>	
<b>Adj PAT</b>	<b>673</b>	<b>720</b>	<b>779</b>	<b>951</b>	<b>933</b>	<b>1,080</b>	<b>1,128</b>	<b>1,233</b>	<b>3,124</b>	<b>4,374</b>	<b>900</b>	<b>4</b>
YoY Change (%)	29.3	24.4	29.3	37.9	38.5	50.0	44.8	29.6	30.6	40.0	33.7	
Margins (%)	7.4	7.8	7.8	9.2	9.0	9.8	9.1	9.2	8.1	9.3	8.7	

# Transport Corporation of India

**BSE SENSEX**  
80,891

**S&P CNX**  
24,681

## Conference Call Details


**Date:** 29 July 2025

**Time:** 4:00 PM IST

**Dial-in details:**
[Link](#)

### Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	44.9	51.2	59.2
EBITDA	4.6	5.6	6.6
Adj. PAT	4.1	4.5	5.2
EBITDA Margin (%)	10.3	11.0	11.2
Adj. EPS (INR)	53.5	57.7	66.9
EPS Gr. (%)	16.8	7.9	15.8
BV/Sh. (INR)	279.5	329.2	388.1

### Ratios

Net D:E	0.0	0.0	0.0
RoE (%)	19.5	18.7	18.4
RoCE (%)	18.7	17.8	17.7
Payout (%)	13.1	13.9	12.0

### Valuations

P/E (x)	22.3	20.7	17.9
P/BV (x)	4.3	3.6	3.1
EV/EBITDA(x)	19.2	15.7	13.3
Div. Yield (%)	0.6	0.7	0.7
FCF Yield (%)	0.1	0.3	-0.5

**CMP: INR1,195**
**Buy**

## In-line performance

### Earnings snapshot – 1QFY26

- Revenue grew 9% YoY to ~INR11.4b in 1QFY26 (in-line), driven by the supply chain business, which grew ~23% YoY during the quarter. The manufacturing sector's revival, particularly in chemicals, engineering, and consumer goods, has positively impacted demand for reliable, scalable, and sustainable logistics solutions.
- EBITDA margin came in at 10.6% in 1QFY26 (+70 bp YoY and +30bp QoQ), against our estimate of 10.7%.
- EBITDA grew ~17% YoY to INR1.2b, while APAT grew 17% YoY to ~INR1.1b (in-line).
- Supply chain revenue grew ~23% YoY, while the freight and seaways divisions reported ~5% and 11% YoY growth, respectively.
- EBIT margins for the freight/supply chain/seaways divisions stood at 2.4%/5.6%/36.9%, respectively, in 1QFY26. While margins for the freight and supply chain businesses saw a marginally YoY contraction, the seaways business recorded a sharp ~1,050bp YoY expansion.

### Quarterly snapshot

Y/E March (INR m)	FY25				FY26				INR m
	1Q	2Q	3Q	4Q	1Q	FY25	FY26E	FY26 1QE	Var. vs Est
<b>Net Sales</b>	<b>10,451</b>	<b>11,208</b>	<b>11,471</b>	<b>11,788</b>	<b>11,393</b>	<b>44,918</b>	<b>51,173</b>	<b>11,955</b>	<b>(5)</b>
YoY Change (%)	10.0	12.8	14.5	9.3	9.0	11.6	13.9	14.4	
<b>EBITDA</b>	<b>1,038</b>	<b>1,171</b>	<b>1,185</b>	<b>1,217</b>	<b>1,210</b>	<b>4,611</b>	<b>5,620</b>	<b>1,279</b>	<b>(5)</b>
Margins (%)	9.9	10.4	10.3	10.3	10.6	10.3	11.0	10.7	
YoY Change (%)	3.0	16.6	18.6	11.2	16.6	12.3	21.9	23.2	
Depreciation	290	291	305	292	288	1,178	1,647	380	
Interest	42	46	59	55	54	202	145	30	
Other Income	109	106	68	184	113	467	514	130	
<b>PBT before EO expense</b>	<b>815</b>	<b>940</b>	<b>889</b>	<b>1,054</b>	<b>981</b>	<b>3,698</b>	<b>4,342</b>	<b>999</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>815</b>	<b>940</b>	<b>889</b>	<b>1,054</b>	<b>981</b>	<b>3,698</b>	<b>4,342</b>	<b>999</b>	
Tax	110	109	93	121	106	433	608	140	
Rate (%)	13.5	11.6	10.5	11.5	10.8	11.7	14.0	14.0	
Minority Interest	-6.0	-9.0	-12.0	-9.0	-7.0	-36.0	-30.0	-8.0	
Profit/Loss of Asso. Cos	211	242	225	218	197	896	747	190	
<b>Reported PAT</b>	<b>910</b>	<b>1,064</b>	<b>1,009</b>	<b>1,142</b>	<b>1,065</b>	<b>4,125</b>	<b>4,451</b>	<b>1,041</b>	
<b>Adj PAT</b>	<b>910</b>	<b>1,064</b>	<b>1,009</b>	<b>1,142</b>	<b>1,065</b>	<b>4,125</b>	<b>4,451</b>	<b>1,041</b>	<b>2</b>
YoY Change (%)	10.6	22.3	27.1	9.3	17.0	16.8	7.9	14.4	
Margins (%)	8.7	9.5	8.8	9.7	9.3	9.2	8.7	8.7	



	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
<b>Segment Revenue (INR m)</b>									
Freight	4,754	4,818	4,856	5,553	5,136	5,442	5,799	5,736	5,388
Supply chain	3,630	3,907	3,882	3,928	4,097	4,418	4,455	4,801	5,020
Seaways	1,254	1,354	1,426	1,492	1,415	1,633	1,554	1,597	1,575
Energy	16	21	7	11	13	20	4	8	14
<b>Net segment Revenue</b>	<b>9,654</b>	<b>10,100</b>	<b>10,171</b>	<b>10,984</b>	<b>10,661</b>	<b>11,513</b>	<b>11,812</b>	<b>12,142</b>	<b>11,997</b>
<b>Growth YoY(%)</b>									
Freight	2.6	2.7	0.6	10.1	8.0	13.0	19.4	3.3	4.9
Supply chain	20.1	9.0	16.4	13.4	12.9	13.1	14.8	22.2	22.5
Seaways	-17.7	9.0	-16.2	-1.9	12.8	20.6	9.0	7.0	11.3
Energy	1.3	11.7	-53.9	3.8	-18.8	-4.8	-42.9	-27.3	7.7
<b>Net segment Revenue</b>	<b>5.0</b>	<b>5.9</b>	<b>3.0</b>	<b>9.4</b>	<b>10.4</b>	<b>14.0</b>	<b>16.1</b>	<b>10.5</b>	<b>12.5</b>
<b>Revenue Share</b>									
Freight	49	48	48	51	48	47	49	47	45
Supply chain	38	39	38	36	38	38	38	40	42
Seaways	13	13	14	14	13	14	13	13	13
Energy	0	0	0	0	0	0	0	0	0
<b>Total Revenue Share</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Segmental EBIT Margin(%)</b>									
Freight	3.3	3.4	3.1	3.2	3.0	2.7	2.4	2.3	2.4
Supply chain	6.3	6.7	6.5	6.4	6.0	5.9	6.1	6.0	5.6
Seaways	29.2	22.9	22.1	26.4	28.6	31.2	32.7	36.4	36.9
Energy	50.0	57.1	0.0	36.4	46.2	70.0	-75.0	12.5	35.7
<b>Total</b>	<b>7.9</b>	<b>7.4</b>	<b>7.0</b>	<b>7.5</b>	<b>7.6</b>	<b>8.1</b>	<b>7.8</b>	<b>8.3</b>	<b>8.3</b>



### **Shriram Finance :Not Seeing Any Stress In Gold Msme Or Retail Commercial Vehicle Portfolio; Umesh Revanka, Executive Vice Chairman**

- AUM grew 17% YoY with credit cost falling below 2%.
- Strong rural recovery supported by rabi crop, MSP hikes, and good monsoon.
- NIMs expected to rise to 8.5% by year-end.
- ROA likely to improve to around 3% with cost control.
- No major stress observed in MSME, CV, or gold portfolios.

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### **eClerx : Expect Sequential Growth In July-September Quarter; Srinivasan Nadadthur, CFO**

- eClerx posted strong Q1 FY26 results with ~3% QoQ revenue growth and 26.9% YoY profit rise.
- Margins remained steady despite global expansion.
- Expects sequential growth in Q2.
- Attrition improved, headcount rose 15% YoY
- Generative AI is being integrated across services, enhancing efficiency and client value.

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### **Laurus Labs: Our CDMO Business Revenue Is Moving Towards ₹500 Crore Per Quarter; Satyanarayana Chava, Founder &CEO**

- CDMO share has scaled to 30%, targeting 50% long term
- FY26 gross margin guided at 55–60%, EBITDA margin at 25%
- CDMO run-rate seen at ₹2,000 crore
- Growth driven by late-stage/commercial projects
- Minimal exposure to US biotech slowdown; no major impact expected.

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### **Intellect Design Arena: Will Reach ₹800 Crore Run-Rate By The End Of FY26; Arun Jain, CMD**

- Q1 revenue at ₹700+ cr; target ₹800 cr/quarter by Q3–Q4.
- FY29 goal: ₹4,000 cr revenue and ₹1,000 cr PBT.
- Purple Fabric AI platform shows strong early traction; 400+ leads.
- Margins impacted by ongoing investments; FY26 margin guidance: 21–25%.
- Growth driven by US, Canada, and Europe.

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