

## Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	81,186	-0.4	3.9
Nifty-50	24,768	-0.3	4.8
Nifty-M 100	57,401	-0.9	0.4
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	6,339	-0.37	7.8
Nasdaq	21,122	-0.03	9.4
FTSE 100	9,133	0.0	11.7
DAX	24,065	-0.8	20.9
Hang Seng	8,883	-1.7	21.9
Nikkei 225	41,070	1.0	2.9
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	73	-1.3	-1.9
Gold (\$/OZ)	3,290	0.5	25.4
Cu (US\$/MT)	9,560	-0.9	10.5
Almn (US\$/MT)	2,562	-1.3	1.4
Currency	Close	Chg .%	CYTD.%
USD/INR	87.6	0.2	2.3
USD/EUR	1.1	0.1	10.2
USD/JPY	150.8	0.8	-4.1
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.4	0.00	-0.4
10 Yrs AAA Corp	7.2	0.01	0.0
Flows (USD b)	31-Jul	MTD	CYTD
FII	-0.6	-2.79	-10.3
DII	0.73	7.85	48.6
Volumes (INRb)	31-Jul	MTD*	YTD*
Cash	1,153	1022	1073
F&O	7,58,599	2,29,451	2,13,759

Note: Flows, MTD includes provisional numbers.

\*Average



## Today's top research idea

### Maruti Suzuki: Growth to pick up with upcoming launches

- ❖ For FY26, we see multiple launch tailwinds for MSIL, such as the e-Vitara, one new SUV and hybrid variants. Further, the company anticipates exports to continue its growth momentum and rise at least 20% in FY26. MSIL expects to deliver 70k units of e-Vitara in FY26E, the bulk of which would be in exports.
- ❖ Further, any favorable policy for hybrids by the govt. may drive a re-rating, as MSIL would be the key beneficiary of the same. However, we factor in 50bp margin pressure for MSIL in FY26E given the anticipated rise in input costs.
- ❖ Overall, we expect MSIL to deliver a 10% earnings CAGR over FY25-27E, driven by new launches and strong export growth. At 25.9x FY26E/23.4x FY27E EPS, MSIL's valuations appear attractive. Reiterate BUY with a TP of INR14,476, valued at 26x June-27E EPS.



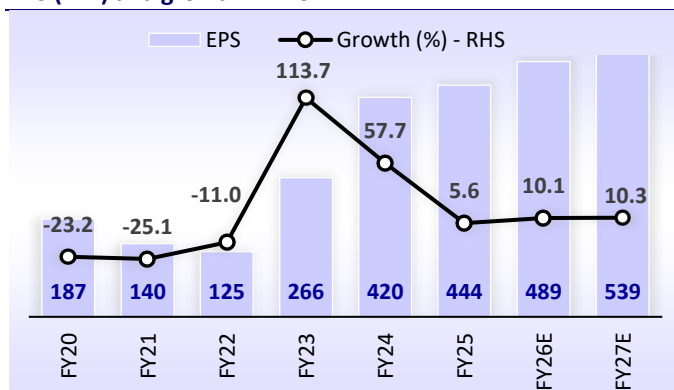
## Research covered

Cos/Sector	Key Highlights
Maruti Suzuki	Growth to pick up with upcoming launches
Hindustan Unilever	Growth aspirations falling in place; more to come!
Sun Pharma	Innovative/branded portfolio drives earnings
Adani Ports & SEZ	Annual Report   Navigating new frontiers with global expansion
Other Updates	Tata Motors   Coal India   Tata Steel   Vedanta   Ambuja Cements   Eicher Motors   TVS Motor Company   Rural Electrification Corp   Swiggy   Indus Towers   Dabur   JSW Energy   Kaynes Technologies   Indraprastha Gas   Emami   IIFL Finance   CAMS   Vedant Fashions   Niva Bupa   Prudent Corporate Advisory   Birla Corporation   SIS   Restaurant Brands Asia   DCB Bank   TeamLease   Barbeque Nation Hospitality   Technology   Utilities   Expert Speak - Midcaps   Cholamandalam Inv. & Finance   Mankind Pharma   Thermax   Radico Khaitan   R R Kabel   EcoScope - Fiscal



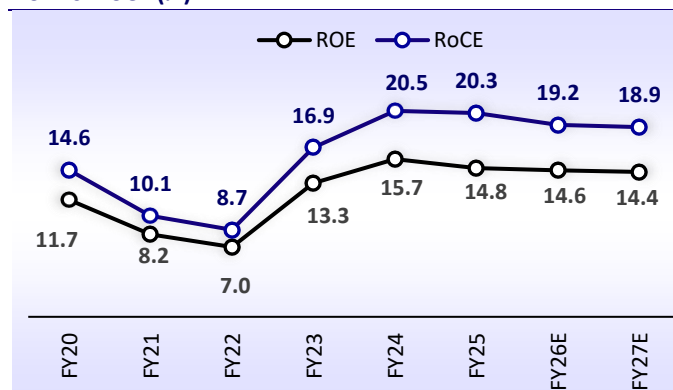
## Chart of the Day: Maruti Suzuki (Growth to pick up with upcoming launches)

EPS (INR) and growth in EPS



Source: MOFSL, Company

RoE vs. RoCE (%)



Source: MOFSL, Company

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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

**Bank credit growth to industry slows to 5.5% in June: RBI data**

RBI data indicates a slowdown in bank credit growth to industry, reaching 5.5% in the fortnight ending June 26, compared to 7.7% the previous year. Non-food bank credit experienced a moderated growth of 10.2%.

2

**Sun Pharmaceutical says it won't expand US manufacturing base amid tariff concerns**

Sun Pharmaceutical, India's largest drug maker, is not planning to expand its manufacturing base in the US, citing sufficient existing capacity.

3

**Unilever to step up investment in India, US: CEO**

Unilever will intensify its focus on beauty, well-being and personal care products, as well as make disproportionate investments in the US and India markets, its top two geographies, CEO Fernando Fernandez said on Thursday

4

**Apollo entities seek CCI nod for recast plan**

Apollo Group is seeking CCI's approval for a restructuring plan to list its omnichannel pharmacy and digital health businesses within 18-21 months. This involves merging Apollo's digital platforms and Keimed into Apollo Healthtech, creating a major player with ₹16,300 crore in FY25 revenues.

5

**Electronics firms bat for PLI as tariff fears loom**

India's ambitious \$21-billion smartphone export target to the US faces uncertainty as the US administration is poised to finalize tariffs under Section 232 in August. Industry experts emphasize the need for government support and enhanced competitiveness to maintain market share amidst potential tariffs.

6

**Tariffed, oil PSUs stop buying Russian crude in spot market**

Following US tariffs and penalties on India's trade relationship with Russia, state-run refiners like IOCL, BPCL, HPCL, and MRPL have ceased spot market purchases of Russian crude oil.

7

**Mumbai property market maintains steady pace in July on demand, infra boost**

Mumbai's property market remained robust in July, mirroring last year's momentum with 12,510 deals. Stamp duty collections increased by 5.4% to Rs 1,121 crore, driven by sustained end-user demand and a preference for larger, premium homes. Infrastructure upgrades...

# Maruti Suzuki

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR12,608      TP: INR14,476 (+15%)      Buy**

## Growth to pick up with upcoming launches

### Exports remain the key growth driver in 1Q

- MSIL's 1QFY26 PAT of INR37.1b was ahead of our estimate of INR29.5b, led by higher-than-expected other income, even as EBITDA margin was largely in line with estimates. Revenue growth was ahead of estimates, led by higher blended ASP, which was, in turn, driven by an improved mix.
- For FY26, we see multiple launch tailwinds for MSIL, such as the e-Vitara, one new SUV and hybrid variants. Further, MSIL anticipates that exports will sustain the growth momentum and grow by at least 20% in FY26. Overall, we expect MSIL to deliver a 10% earnings CAGR over FY25-27E, driven by new launches and strong export growth. At 25.9x FY26E/23.4x FY27E EPS, MSIL's valuations appear attractive. **Reiterate BUY with a TP of INR14,476, valued at 26x Jun'27E EPS.**

### Earnings beat led by higher other income

- Revenue grew 8% YoY to INR384b, above our estimate of INR359b. While volume growth was just 1%, the revenue beat was driven by improved mix (higher SUVs, CNG, exports and lower discounts). CNG mix improved 400bp QoQ to 35%, mainly driven by higher CNG sales in SUVs.
- Overall, EBITDA margin was largely in line with our estimate at 10.4%. Factors that hurt margins in 1Q included: Impact of Kharkhoda greenfield plant (30bp), adverse commodity prices - Steel (40bp), unfavorable operating leverage (60bp), forex (40bp) and higher employee expenses (50bp) on account of seasonality.
- On the other hand, factors that helped to partially offset the above impact included: favorable mix (30bp) and low advertisement cost (60bp). Further, lumpy costs in 4QFY25 (90bp) was reversed in 1Q as expected.
- Other income increased to INR18.2b, led by MTM gain on forex and commodity hedges and prudent treasury management.
- Overall, PAT grew 2% YoY to INR37.1b, above our estimate of INR29.5b.

### Highlights from the management commentary

- **Industry outlook:** Domestic PVs saw weak demand in 1Q, down 1.4% YoY. However, management is hopeful of a demand revival in PVs in 2Q-3Q, led by the festive season and positive rural sentiment. Management expects to outperform industry growth on the back of two new SUV launches coming up in 2Q.
- **Exports: MSIL posted strong 37% YoY growth in exports in 1Q, while the industry (excl. MSIL) posted a 2% decline.** Management expects its export momentum to improve further with the launch of its e-Vitara, which is slated to be launched in around 100 regions globally. Export revenue stood at INR65b in 1Q.

Bloomberg	MSIL IN
Equity Shares (m)	314
M.Cap.(INRb)/(USDb)	3964 / 45.3
52-Week Range (INR)	13680 / 10725
1, 6, 12 Rel. Per (%)	5/-3/-3
12M Avg Val (INR M)	5570

### Financials & valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	1,519	1,673	1,878
EBITDA	178	187	217
Adj. PAT	140	154	169
EPS (INR)*	444	489	539
EPS Gr. (%)	5.6	10.1	10.3
BV/Sh. (INR)	2,991	3,345	3,734

### Ratios

RoE (%)	14.8	14.6	14.4
RoCE (%)	20.3	19.2	18.9
Payout (%)	30.4	30.7	30.6

### Valuations

P/E (x)	28.5	25.9	23.4
P/BV (x)	4.2	3.8	3.4
EV/EBITDA (x)	18.3	17.1	14.4
Div. Yield (%)	1.1	1.2	1.3

\*Cons. Adj.

### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	58.3	58.3	58.2
DII	23.3	23.6	19.5
FII	15.2	15.0	19.0
Others	3.2	3.1	3.3

FII includes depository receipts

- The company has two launches lined up for FY26 in the SUV segment, of which one is the e-Vitara and the other in the ICE segment.
- **Inventory and discounts:** Dealer inventory by 1Q end for MSIL was normal at 33 days. Discounts remained flat QoQ, whereas peers saw a rise in discounting QoQ.
- Availability of rare earth magnets remains a challenge for the industry, including MSIL, though the company is managing its supplies so far.

### Valuation and view

- For FY26, we see multiple launch tailwinds for MSIL, such as the e-Vitara, one new SUV and hybrid variants. Further, the company anticipates exports to sustain the growth momentum and grow by at least 20% in FY26. MSIL expects to deliver 70k units of e-Vitara in FY26, the bulk of which would be in export markets.
- Further, any favorable policy for hybrids by the govt. may drive a re-rating, as MSIL would be the key beneficiary of the same. However, we factor in 50bp margin pressure for MSIL in FY26E given the anticipated rise in input costs.
- Overall, we expect MSIL to deliver a 10% earnings CAGR over FY25-27E, driven by new launches and strong export growth. At 25.9x FY26E/23.4x FY27E EPS, MSIL's valuations appear attractive. **Reiterate BUY with a TP of INR14,476, valued at 26x Jun'27E EPS.**

### S/A Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E	(INR b)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
<b>Financial Performance</b>												
Volumes ('000 units)	521.9	541.6	566.2	604.6	527.9	568.6	611.5	639.7	2,234.3	2,347.7	527.9	0.0
Change (%)	4.8	-1.9	13.0	3.5	1.1	5.0	8.0	5.8	4.9	10.3	1.1	
ASP (INR '000/car)	680.9	687.0	679.8	672.7	727.7	707.6	707.0	710.5	679.9	712.8	680.9	6.9
Change (%)	4.9	2.3	2.3	2.8	6.9	3.0	4.0	5.6	2.7	7.7	27.4	
<b>Net operating revenues</b>	<b>355.3</b>	<b>372.0</b>	<b>384.9</b>	<b>406.7</b>	<b>384.1</b>	<b>402.3</b>	<b>432.3</b>	<b>454.5</b>	<b>1,519</b>	<b>1,673</b>	359.4	6.9
Change (%)	9.9	0.4	15.6	6.4	8.1	8.2	12.3	11.7	7.8	10.2	1.1	
RM Cost (% of sales)	70.2	71.9	71.6	71.9	72.2	72.2	72.2	72.0	71.4	72.1	72.0	20BP
Staff Cost (% of sales)	4.4	3.9	4.0	3.9	4.6	4.1	3.9	3.8	4.0	4.1	4.5	20BP
Other Cost (% of sales)	12.8	12.3	12.8	13.8	12.8	12.8	12.6	12.3	12.8	12.6	13.0	-20BP
<b>EBITDA</b>	<b>45.0</b>	<b>44.2</b>	<b>44.7</b>	<b>42.6</b>	<b>40.0</b>	<b>43.9</b>	<b>48.9</b>	<b>54.4</b>	<b>178</b>	<b>187</b>	<b>37.9</b>	5.5
EBITDA Margins (%)	12.7	11.9	11.6	10.5	10.4	10.9	11.3	12.0	11.7	11.2	10.5	-10BP
Depreciation	7.3	7.5	8.1	8.7	9.4	9.4	9.5	9.8	31.6	38.1	8.8	
<b>EBIT</b>	<b>37.7</b>	<b>36.7</b>	<b>36.7</b>	<b>33.9</b>	<b>30.6</b>	<b>34.5</b>	<b>39.4</b>	<b>44.6</b>	<b>146</b>	<b>149</b>	<b>29.1</b>	5.0
EBIT Margins (%)	10.6	9.9	9.5	8.3	8.0	8.6	9.1	9.8	9.6	8.9	8.1	
Interest	0.6	0.4	0.5	0.5	0.5	0.5	0.5	0.5	1.9	1.8	0.5	
Non-Operating Income	9.8	14.8	9.9	14.5	18.2	12.5	10.5	13.7	47.5	54.9	10.2	
<b>PBT</b>	<b>46.9</b>	<b>51.0</b>	<b>46.0</b>	<b>47.9</b>	<b>48.3</b>	<b>46.6</b>	<b>49.5</b>	<b>57.8</b>	<b>191.8</b>	<b>202.1</b>	<b>38.8</b>	
Effective Tax Rate (%)	22.2	39.8	23.4	22.6	23.2	24.0	24.0	24.7	27.3	24.0	24.0	
<b>Adjusted PAT</b>	<b>36.5</b>	<b>30.7</b>	<b>35.3</b>	<b>37.1</b>	<b>37.1</b>	<b>35.4</b>	<b>37.6</b>	<b>43.5</b>	<b>139.6</b>	<b>153.6</b>	<b>29.5</b>	25.7
Change (%)	46.9	-17.4	12.6	-4.3	1.7	15.3	6.6	17.3	5.6	10.1	-19.1	

# Hindustan Unilever

Estimate changes



TP change



Rating change



**CMP: INR2,521**

**TP: INR3,000 (+19%)**

**Buy**

## Growth aspirations falling in place; more to come!

	HUVR IN
Bloomberg Equity Shares (m)	2350
M.Cap.(INRb)/(USD\$)	5923.8 / 67.6
52-Week Range (INR)	3023 / 2136
1, 6, 12 Rel. Per (%)	13/-3/-6
12M Avg Val (INR M)	4541

### Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	670.1	720.0	774.0
Sales Gr. (%)	6.2	7.5	7.5
EBITDA	153.7	170.4	182.2
EBITDA mrg. (%)	22.9	23.7	23.5
Adj. PAT	107.8	121.0	130.3
Adj. EPS (INR)	45.9	51.5	55.4
EPS Gr. (%)	3.4	12.3	7.7
BV/Sh.(INR)	214.1	220.6	228.0

### Ratios

RoE (%)	21.6	23.7	24.7
RoCE (%)	29.7	32.4	33.7
Payout (%)	91.6	87.4	86.6

### Valuations

P/E (x)	55.0	49.0	45.5
P/BV (x)	11.8	11.4	11.1
EV/EBITDA (x)	38.4	34.6	32.2
Div. Yield (%)	1.7	1.8	1.9

### Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	61.9	61.9	61.9
DII	16.1	15.6	14.2
FII	10.2	10.6	11.9
Others	11.9	11.9	12.1

FII includes depository receipts

- Hindustan Unilever's (HUVR) 1QFY26 consolidated revenue was up 5% at INR165.1b (in line), with underlying volume growth (UVG) of 4% (est. 3% and 2% in 4QFY25), led by a steady recovery in rural markets (~1/3 of portfolio) and a gradual improvement in urban demand. Growth improvement reflects positive outcomes of HUVR's recent growth aspiration initiatives.
- Home Care delivered high-single-digit volume growth, while revenue was up only 2% YoY. There was an adverse pricing impact as HUVR maintained a competitive price-value equation and passed on lower commodity costs to consumers. EBIT margin was down 50bp but up 70bp QoQ YoY at 19.5%.
- Beauty & Wellbeing (B&W) segment saw low-single-digit volume growth and revenue growth of 11%, supported by robust growth in Oziva and Minimalist acquisition. Standalone revenue grew by 7%, driven by various initiatives. Hair Care delivering mid-single-digit growth, driven by Future Core and Market Makers portfolio. Skin Care and Colour Cosmetics grew in low-single digit. EBIT margin contracted 300bp to 27.5% due to higher investments in **digital media and product innovation**.
- **Personal Care posted 7% revenue growth, supported by calibrated price hikes amid commodity inflation. Skin Cleansing and Oral Care grew in mid-single digits. EBIT margin expanded 90bp YoY to 18.7%, and EBIT rose 12%.**
- Food & Refreshment (F&R) revenue grew 4%, with mid-single digit UVG. Beverages grew in double digits, with Tea delivering high-single-digit growth on the back of pricing and volume, while Coffee maintained its strong double-digit growth, driven by pricing. Boost and Horlicks saw sequential improvements, and Ice Cream posted high-single-digit volume-led growth. However, EBIT declined 11% YoY.
- HUVR focuses on volume-driven earnings growth, for which the company is ready to compromise on the near-term margin, and the strategy looks outcome-oriented. 1Q performance hints at the beginning of a much better volume print delivery in the coming quarters. We believe the new CEO can further capitalize on the volume drive with her understanding of Indian consumers and the company's execution playbook. We reiterate our BUY rating on the stock with a TP of INR3,000 (55x on Jun'27E EPS).

## In-line performance; volume up 4% YoY

- Net sales grew 5.2% YoY to INR163.2b (est. INR162.3b), with UVG of 4% (est. 3% and 2% in 4QFY25). Total revenue rose 5% YoY to INR165.1b (est. INR164.2b). Home Care revenue grew 2%, B&W grew 10.7%, personal care grew 6.5%, and F&R declined 4.3% YoY.
- Gross margins contracted 190bp YoY to 50.1% (est. 50.6%), hit by price vs. cost gap. Employee/other expenses rose 11%/4% YoY, while ad spends fell 1.5% YoY. EBITDA margin contracted 130bp YoY to 22.5%. (est. 22.4%). Management expects gross margin to improve sequentially, aided by better price-cost dynamics, a favorable mix, and ongoing benefits from the Net Productivity Program. HUVR retained its EBITDA margin guidance of 22-23%.

- EBITDA was flat YoY at INR37.2b (est. INR36.9b), PBT was down 4% YoY at INR34.3b (est. INR34.8b), and PAT (bei) fell by 4.5% YoY to INR25.3b (est. INR26.0b).
- Reported PAT was up 5.6% YoY at INR27.6b. There was an exceptional item of INR1,270m related to restructuring expenses and the reversal of an indemnification asset on expiry of an underlying income tax provision. Moreover, the 1Q tax rate was lower on account of the impact of re-estimation of tax provisions pertaining to prior years.

### Management conference call highlights

- Rural-led recovery remains intact, with urban demand also picking up, albeit at a slower pace. Growth is being driven by smaller towns and channels like e-commerce and quick commerce. HUVR's rural business comprises ~1/3 of its overall portfolio.
- The combined digital-first B&W portfolio now stands at INR30b (Minimalist + Oziva at INR10b, existing B&W at INR20b). The portfolio is growing by over 25%.
- Glow & Lovely continues to decline, although the rate of decline has moderated sequentially. Management expects the brand to stabilize as macro demand revives and portfolio actions (like relaunches and repositioning) take effect. However, the brand is unlikely to be a major growth driver in the near to medium term.
- ETR stood at 16.2% in 1QFY26 due to a one-off deferred tax reversal; excluding this, the normalized rate remains at 26.4%.

### Valuation and view

- We largely maintain our estimates for FY26 and FY27.
- The company plans to focus aggressively on volume acceleration, alongside new launches and the reactivation of its value proposition, which is expected to drive better growth in FY26.
- We model a CAGR of 7%/7%/8% in revenue/EBITDA/APAT over FY25-28E. We believe the new CEO can further capitalize on the volume drive with her understanding of Indian consumers and the company's execution playbook. We have a BUY rating on the stock with a TP of INR3,000 (55x Jun'27E EPS).

**Quarterly performance (Consolidated)**
**(INR b)**

Y/E March	FY25				FY26E				FY25	FY26E	FY26 1QE	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Domestic volume growth (%)</b>	<b>4.0</b>	<b>3.0</b>	<b>0.0</b>	<b>2.0</b>	<b>4.0</b>	<b>4.5</b>	<b>5.5</b>	<b>6.0</b>	<b>2.0</b>	<b>5.0</b>	<b>3.0</b>	
<b>Net sales (INR b)</b>	<b>155.2</b>	<b>157.3</b>	<b>155.9</b>	<b>154.5</b>	<b>163.2</b>	<b>166.4</b>	<b>166.7</b>	<b>165.3</b>	<b>622.9</b>	<b>661.6</b>	<b>162.3</b>	0.6%
<i>YoY change (%)</i>	1.7	2.4	1.9	2.7	5.2	5.8	6.9	7.0	2.2	6.2	4.6	
Other operating income	1.8	2.0	2.3	2.2	1.9	2.0	2.3	2.2	8.3	8.4	1.9	
<b>Total revenue</b>	<b>157.1</b>	<b>159.3</b>	<b>158.2</b>	<b>156.7</b>	<b>165.1</b>	<b>168.4</b>	<b>169.0</b>	<b>167.5</b>	<b>631.2</b>	<b>670.1</b>	<b>164.2</b>	0.6%
<i>YoY change (%)</i>	1.4	1.9	1.6	3.0	5.1	5.7	6.8	6.9	2.0	6.2	4.5	
COGS	75.5	77.1	77.0	76.2	82.4	83.0	82.5	81.8	306	330	81.1	
<b>Gross Profit</b>	<b>81.6</b>	<b>82.2</b>	<b>81.2</b>	<b>80.5</b>	<b>82.7</b>	<b>85.4</b>	<b>86.5</b>	<b>85.7</b>	<b>325.4</b>	<b>340.4</b>	<b>83.1</b>	
<i>Margin %</i>	52.0	51.6	51.3	51.4	50.1	50.7	51.2	51.2	51.6	50.8	50.6	
<b>EBITDA</b>	<b>37.4</b>	<b>37.9</b>	<b>37.0</b>	<b>36.2</b>	<b>37.2</b>	<b>38.4</b>	<b>39.1</b>	<b>39.0</b>	<b>148.5</b>	<b>153.7</b>	<b>36.9</b>	0.9%
<i>YoY change (%)</i>	2.2	-0.1	0.8	2.4	-0.7	1.2	5.9	7.7	1.3	3.5	-1.6	
<i>Margins (%)</i>	23.8	23.8	23.4	23.1	22.5	22.8	23.2	23.3	23.5	22.9	22.4	
Depreciation	3.3	3.4	3.4	3.5	3.6	3.6	3.6	3.6	13.6	14.4	3.5	
Interest	0.9	1.1	1.1	0.8	1.3	1.0	1.1	0.7	4.0	4.0	1.0	
Other income	2.6	2.2	2.3	3.1	2.0	2.3	2.4	2.9	10.2	9.6	2.4	
<b>PBT</b>	<b>35.8</b>	<b>35.6</b>	<b>34.7</b>	<b>35.0</b>	<b>34.3</b>	<b>36.1</b>	<b>36.9</b>	<b>37.5</b>	<b>141.2</b>	<b>144.9</b>	<b>34.8</b>	-1.4%
Tax	9.2	9.5	9.9	8.9	5.4	9.1	9.3	9.6	37.4	33.3	8.8	
<i>Rate (%)</i>	25.6	26.6	28.6	25.3	15.6	25.2	25.2	25.5	26.5	23.0	25.2	
<b>PAT bei</b>	<b>26.5</b>	<b>26.0</b>	<b>26.0</b>	<b>25.7</b>	<b>25.3</b>	<b>27.0</b>	<b>27.6</b>	<b>27.9</b>	<b>104.2</b>	<b>107.8</b>	<b>26.0</b>	-2.8%
<i>YoY change (%)</i>	2.5	-2.1	2.9	2.6	-4.5	3.7	6.0	8.8	1.4	3.4	-1.7	
<b>Reported Profit</b>	<b>26.1</b>	<b>25.9</b>	<b>29.8</b>	<b>24.6</b>	<b>27.6</b>	<b>27.0</b>	<b>27.6</b>	<b>27.9</b>	<b>106.5</b>	<b>111.3</b>	<b>26.0</b>	

*E: MOFSL Estimates*

# Sun Pharma

Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR1,707      TP: INR1,960 (+15%)      Buy**

Bloomberg	SUNP IN
Equity Shares (m)	2399
M.Cap.(INRb)/(USDb)	4094.8 / 46.7
52-Week Range (INR)	1960 / 1553
1, 6, 12 Rel. Per (%)	5/-7/0
12M Avg Val (INR M)	3975

## Financials & valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	516.6	571.9	630.9
EBITDA	141.7	160.9	183.0
Adj. PAT	113.1	122.8	146.5
EBIT Margin (%)	22.4	23.4	24.6
Adj. EPS (INR)	47.1	51.2	61.1
EPS Gr. (%)	13.4	8.6	19.3
BV/Sh. (INR)	301.0	341.8	390.5
<b>Ratios</b>			
Net D:E	-0.4	-0.4	-0.5
RoE (%)	16.6	15.9	16.7
RoCE (%)	16.0	15.9	16.6
Payout (%)	27.1	23.2	20.2

## Valuations

P/E (x)	36.2	33.3	27.9
EV/EBITDA (x)	28.2	24.3	20.8
Div. Yield (%)	0.6	0.6	0.6
FCF Yield (%)	2.9	1.9	2.3
EV/Sales (x)	7.7	6.8	6.0

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	54.5	54.5	54.5
DII	19.5	18.7	19.3
FII	17.3	18.0	17.2
Others	8.8	8.9	9.0

FII includes depository receipts

## Innovative/branded portfolio drives earnings

### Leqselvi launch and Illumya filings to augment specialty portfolio

- Sun Pharmaceutical Industries' (SUNP) 1QFY26 revenue and EBITDA were 3%/9% better than our estimates. However, Adj. PAT was lower than expected (6% miss) due to lower other income and a higher tax rate.
- SUNP has exhibited eight consecutive quarters of healthy double-digit YoY revenue growth in the domestic formulation (DF) segment, led by new launches, market share gains, and increased reach.
- In addition to steady traction in the Global specialty (renamed as global innovative medicines) portfolio, SUNP continues to expand its portfolio through the launch of Leqselvi, thereby driving its dermatology offerings.
- SUNP has discontinued R&D related to SCD-044, resulting in a charge of INR2.9b in P&L for the quarter. It has completed Ph-III for Illumya related to psoriatic arthritis, with regulatory filing expected by end-CY25.
- SUNP continues to work on addressing USFDA regulatory issues at Halol, Mohali, and Dadra.
- We have reduced our earnings estimates by 5%/4% for FY26/FY27, factoring in: a) higher opex for the branded business and b) higher tax rate. We value SUNP at 32x 12M forward earnings to arrive at a TP of INR1,960.
- We await clarity on the US tariff implications on SUNP's innovative medicines portfolio. That said, SUNP is strengthening its innovative medicines franchise through portfolio expansion and marketing activities. The company is also reinforcing its branded portfolio while maintaining cost competitiveness in the generics business. We expect 14% earnings CAGR over FY25-27. Reiterate BUY.

## Better product mix to drive operational margins

- SUNP's sales grew 10% YoY to INR137.9b (vs our est: INR134.2b).
- DF sales grew 13.9% YoY to INR47b (34% of sales).
- US sales grew 4% YoY to INR40.4b (USD473m in CC terms; 29% of sales).
- EM sales grew 7.7% YoY to INR25.5b (19% of sales). ROW sales grew 18.5% YoY to INR18.7b (14% of sales).
- Gross margin expanded 90bp YoY to 79.6% for the quarter.
- EBITDA margin expanded 90bp to 29.1% (vs our est: 27.5%).
- Accordingly, EBITDA grew at 13.5% YoY to INR40.1b for the quarter (vs our est: INR36.9).
- SUNP had an exceptional item related to: a) the discontinuation of development work for SCD044 (INR2.9b) and b) settlement agreement of Taro/Sun with plaintiffs (INR5.3b)
- Adj. for the same and related tax, PAT was INR30b (our est: INR31.8b), up 9% YoY.

### Highlights from the management commentary

- With Ph-III completed for psoriatic arthritis, SUNP intends to file Illumya for this indication by the end of CY25.
- SUNP is planning to launch Unloxcyt in 2HFY26. The company has recently launched Leqselvi and seen encouraging prescriptions.
- 1QFY26 sales of G-Revlimid were slightly higher QoQ.
- SUNP launched 4/5 products in the US/India market in 1QFY26.
- The company maintained its guidance of R&D expenses at 6-8% of sales for FY26.

### Quarterly Performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26	FY26	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1Q	%	
<b>Net Sales</b>	<b>125,245</b>	<b>132,642</b>	<b>130,569</b>	<b>128,156</b>	<b>137,861</b>	<b>141,281</b>	<b>146,486</b>	<b>146,256</b>	<b>516,612</b>	<b>571,883</b>	<b>134,217</b>	<b>2.7</b>
YoY Change (%)	6.3	10.5	7.4	8.5	10.1	6.5	12.2	14.1	8.2	10.7	7.2	
<b>EBITDA</b>	<b>35,298</b>	<b>37,837</b>	<b>35,738</b>	<b>32,816</b>	<b>40,073</b>	<b>39,982</b>	<b>40,870</b>	<b>39,928</b>	<b>141,689</b>	<b>160,853</b>	<b>36,876</b>	<b>8.7</b>
Margins (%)	28.2	28.5	27.4	25.6	29.1	28.3	27.9	27.3	27.4	28.1	27.5	
Depreciation	6,551	6,259	6,306	6,638	7,006	6,496	6,735	6,724	25,754	26,961	6,276	
<b>EBIT</b>	<b>28,747</b>	<b>31,578</b>	<b>29,433</b>	<b>26,178</b>	<b>33,067</b>	<b>33,487</b>	<b>34,135</b>	<b>33,203</b>	<b>115,936</b>	<b>133,892</b>	<b>30,600</b>	
Interest	615	692	515	491	748	439	439	439	2,314	2,064	439	
Other Income	6,608	3,811	7,041	7,561	5,298	7,437	8,081	8,774	25,022	29,590	9,613	
<b>PBT before EO expense</b>	<b>34,740</b>	<b>34,697</b>	<b>35,959</b>	<b>33,248</b>	<b>37,617</b>	<b>40,485</b>	<b>41,777</b>	<b>41,539</b>	<b>138,644</b>	<b>161,419</b>	<b>39,775</b>	
Extra-Ord expense	505	-1,281	1,195	705	5,890	0	0	0	1,123	5,890	0.0	
<b>PBT</b>	<b>34,235</b>	<b>35,978</b>	<b>34,764</b>	<b>32,543</b>	<b>31,728</b>	<b>40,485</b>	<b>41,777</b>	<b>41,539</b>	<b>137,520</b>	<b>155,529</b>	<b>39,775</b>	
Tax	5,523	5,672	5,589	10,937	8,702	9,919	10,444	10,177	27,720	39,242	7,876	
Rate (%)	16.1	15.8	16.1	33.6	27.4	24.5	25.0	24.5	20.2	25.2	20	
Minority Interest & Profit/Loss of Asso. Cos.	356	-95	142	108	240	120	130	133	511	623	110	
<b>Reported PAT</b>	<b>28,356</b>	<b>30,401</b>	<b>29,034</b>	<b>21,498</b>	<b>22,786</b>	<b>30,446</b>	<b>31,203</b>	<b>31,229</b>	<b>109,289</b>	<b>115,664</b>	<b>31,790</b>	
<b>Adj PAT</b>	<b>27,494</b>	<b>29,052</b>	<b>27,637</b>	<b>28,891</b>	<b>29,961</b>	<b>30,446</b>	<b>31,203</b>	<b>31,229</b>	<b>113,075</b>	<b>122,839</b>	<b>31,790</b>	<b>-5.8</b>
YoY Change (%)	20.4	20.8	11.6	3.0	9.0	10.7	7.4	13.0	13.4	8.6	15.6	
Margins (%)	22.0	21.9	21.2	22.5	21.7	21.6	21.3	21.4	21.9	21.5	23.7	

### Key performance Indicators (Consolidated)

No of Shares (mn)	FY25				FY26				FY25	FY26	1QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Domestic formulations	41,445	42,652	43,004	42,129	47,211	47,770	48,680	47,816	169,229	191,477	46,211
YoY Change (%)	16.4	11.0	13.8	13.6	13.9	12.0	13.2	13.5	13.7	13.1	11.5
US sales	38,894	43,274	40,030	40,204	40,452	42,484	43,051	45,212	162,403	171,200	39,046
YoY Change (%)	0.5	21.9	0.7	1.7	4.0	-1.8	7.5	12.5	5.8	5.4	0.4
ROW+EM	39,509	41,152	41,424	39,901	44,267	45,030	48,159	46,684	161,986	184,141	42,906
YoY Change (%)	5.4	1.7	6.9	8.9	12.0	0.1	0.2	0.2	5.7	13.7	0.1
APIs	4,946	5,338	5,678	5,330	5,404	5,498	6,132	5,970	21,292	23,004	5,539
YoY Change (%)	-8.3	7.4	21.8	28.2	9.3	3.0	8.0	12.0	11.0	8.0	12.0
<b>Cost Break-up</b>											
RM Cost (% of Sales)	21.4	20.3	21.0	20.6	20.4	20.5	20.7	20.8	20.8	20.6	20.4
Staff Cost (% of Sales)	19.6	18.7	19.5	19.4	20.3	20.4	20.3	20.4	19.3	20.4	18.6
R&D Expenses(% of Sales)	6.3	6.0	6.5	6.4	5.6	6.3	7.1	7.0	6.3	6.5	6.2
Other Cost (% of Sales)	24.5	26.5	25.6	28.0	24.6	24.5	24.0	24.5	26.2	24.4	27.3
Gross Margins(%)	78.6	79.7	79.0	79.4	79.6	79.5	79.3	79.2	79.2	79.4	0.8
EBITDA Margins(%)	28.2	28.5	27.4	25.6	29.1	28.3	27.9	27.3	27.4	28.1	27.5
EBIT Margins(%)	23.0	23.8	22.5	20.4	24.0	23.7	23.3	22.7	22.4	23.4	22.8

# Adani Ports & SEZ

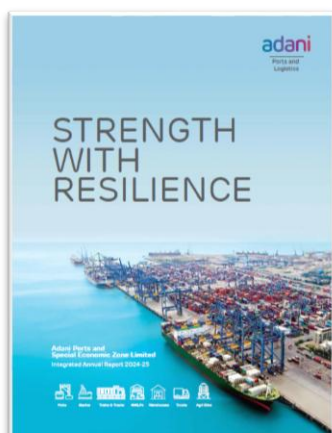
BSE SENSEX  
81,186

S&P CNX  
24,768

**CMP: INR1,373**

**TP: INR1,700 (+24%)**

**Buy**



## Stock Info

Bloomberg	ADSEZ IN
Equity Shares (m)	2160
M.Cap.(INRb)/(USD\$b)	2966.1 / 33.9
52-Week Range (INR)	1605 / 994
1, 6, 12 Rel. Per (%)	-2/20/-12
12M Avg Val (INR M)	4176
Free float (%)	34.1

## Financials Snapshot (INR b)

Y/E March	2025	2026E	2027E
Net Sales	305	364	409
EBITDA	184	220	249
Adj. PAT	108	135	157
EBITDA Margin (%)	60.4	60.4	61.0
Adj. EPS (INR)	50	62	73
EPS Gr. (%)	21.6	24.2	16.6
BV/Sh. (INR)	289	342	404

## Ratios

Net D/E (x)	0.5	0.5	0.4
RoE (%)	18.8	19.7	19.5
RoCE (%)	12.2	13.3	13.9
Payout (%)	14.0	11.2	9.6

## Valuations

P/E (x)	27.4	22.1	18.9
P/BV (x)	4.8	4.0	3.4
EV/EBITDA (x)	17.9	15.1	13.2
Div. Yield (%)	0.5	0.5	0.5
FCF Yield (%)	3.1	2.4	2.3

## Navigating new frontiers with global expansion

In this note, we present the key takeaways from the FY25 annual report of Adani Ports & SEZ (APSEZ).

- APSEZ ended FY25 with 7% growth in total volumes to 450MMT, supported by a network of 15 ports/terminals across the country's coastline, including India's largest port at Mundra that handled ~200MMT of cargo in FY25. In India, APSEZ handled 431MMT cargo. In FY25, APSEZ domestic ports portfolio witnessed ~6% YoY volume growth, outpacing India's cargo growth rate of 4%.
- In FY25, ~27% of all-India cargo volumes were routed through APSEZ ports. In FY26, the company is targeting cargo volumes of 505-515MMT.
- The company expanded both domestically and internationally by acquiring Gopalpur Port, commencing operations at Vizhinjam and Colombo ports, and securing long-term concessions at Dar es Salaam and Kolkata. It also approved the acquisition of North Queensland Export Terminal (NQXT) in Australia and saw strong progress at Haifa Port in Israel.
- APSEZ demonstrated strong operational momentum in FY25, marked by robust cargo growth, market share gains, and record volumes at key ports like Mundra. The company continued to expand its integrated infrastructure through strategic domestic and international acquisitions, including ports in Sri Lanka, Tanzania, and Australia. With plans to generate over INR1t in operating cash flow during FY26-30, APSEZ is well-positioned to scale up its cargo volumes to 1b tons by 2030. **We reiterate our BUY rating with a TP of INR1,700 (implying 21% potential upside).**

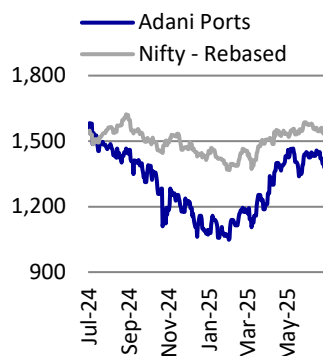
## Expansion across business segments

- APSEZ, India's largest integrated transport utility, has a strategically located pan-India port network of 15 domestic and four international ports. APSEZ handled 27% of India's total cargo and ~46% of container volumes in FY25, significantly outpacing national cargo growth. Mundra, its flagship port, became the first Indian port to surpass 200MMT in annual volumes.
- The company's vertically integrated logistics infrastructure—spanning 12 multi-modal logistics parks (MMLPs), 132 operational rakes, 3.1m sq. ft. of warehousing, and a trucking network—further supports seamless hinterland connectivity and value-added services, creating significant competitive moats.
- APSEZ is expanding its global presence through strategic port acquisitions and concessions, including operationalization of the Colombo terminal, a 30-year deal at Dar es Salaam, and the planned acquisition of NQXT. These initiatives are set to raise international contribution to 15% by 2030 from 5% in FY25 while reducing geographic concentration risk.

### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	65.9	65.9	65.9
DII	15.1	14.7	12.5
FII	13.5	13.4	15.2
Others	5.5	6.0	6.4

### Stock Performance (1-year)



### Targets to double port volumes by 2030

- APSEZ handled 450MMT (+7% YoY) of cargo volumes in FY25. The growth was supported by containers, which rose 20% YoY. Management has projected to handle 505-515MMT of cargo in FY26.
- Further, APSEZ targets to double its volumes handled to 1b tons by 2030. This would be mainly driven by domestic port volumes.
- APSEZ is expected to drive volume growth by market share gains and capacity expansion at existing ports. The logistics business will serve as a value addition to the domestic port business with a focus on enhancing last-mile connectivity.

### Integrated Logistics Business: Strong growth and network expansion in FY25

- In FY25, APSEZ's logistics business continued to scale up rapidly, driven by strong growth across container, bulk, and agri logistics. Container volumes at MMLPs rose 21% to 0.45m TEUs, while bulk cargo volumes increasing 9% YoY to ~22MMT.
- The company expanded its logistics infrastructure with 132 operational rakes (including container, GPWIS, agri, and AFTO rakes), 12 MMLPs, and warehousing capacity growing from 2.4 to 3.1m sq. ft. Agri-silo capacity stood at 1.2MMT, with plans to expand to 4MMT. These developments reflect APSEZ's integrated strategy to offer end-to-end, multimodal logistics solutions.

### Marine services as a scalable global platform

- APSEZ is aggressively scaling up its marine business through its marine division, comprising Ocean Sparkle Ltd., Astro Offshore, and The Adani Harbour International DMCC.
- The company operates 115 third-party vessels and 28 dredgers, making it India's largest marine services and private dredging provider. The acquisition of Astro Offshore extended APSEZ's presence across the Middle East, East Asia, and Africa, with expectations to triple the business within two years.
- Additionally, an order for eight tugboats from Cochin Shipyard under the Make-in-India initiative supports long-term capacity expansion and localization. Marine services are set to become a scalable global platform, contributing to earnings diversity and resilience.

### Strong financial performance and visibility

- APSEZ delivered robust financial performance in FY25, with 14%/16% growth in revenue/EBITDA, driven by efficiency gains, volume growth across key ports, and a growing contribution from its logistics and marine services businesses.
- With an EBITDA margin of 73% in its domestic ports segment, the company remains one of the most profitable port operators globally. It aims to generate over INR1t in operating cash flow over FY26-30, providing ample internal accruals to fund capex and international expansion without compromising balance sheet health.
- FY26 guidance includes cargo volumes of 505-515MMT and revenue of INR360-380b and EBITDA of INR210-220b, underpinned by full-year operations at Vizhinjam (India's first automated transshipment port) and the Colombo terminal, as well as improved efficiencies across the portfolio.

### Focus on ESG initiatives

- Environment: APSEZ targets Net Zero emissions by 2040 and is actively reducing Scope 1 and 2 emissions through enhanced operational efficiency, adoption of renewables (277MW commissioned), electric vehicles (400 deployed), and plans to scale renewable capacity to 50GW by 2030.
- The company is investing in social infrastructure through projects like the Adani Healthcare Temples and an INR20b skill university in Mundra while engaging in large-scale community service initiatives like the Mahaprasad Seva at the Maha Kumbh Mela.
- APSEZ maintains a balanced board with 50% independent directors and a 10% female representation. It declared a dividend of INR7 per share for FY25. APSEZ appointed statutory auditors for a five-year term ending in 2029.

### Valuation and view

- APSEZ is anticipated to outpace India's overall growth, driven by a balanced port mix along India's western and eastern coastlines and a diversified cargo mix. The company continues to invest heavily in the ports and logistics business to drive growth. The commencement of operations at the transshipment hubs will enable the company to further boost volumes.
- APSEZ's diversified cargo mix and ongoing infrastructure investments are expected to support its target of 505-515MMT cargo handling in FY26. **We expect APSEZ to report 10% growth in cargo volumes over FY25-27. This would drive a CAGR of 16%/16%/20% in revenue/EBITDA/PAT over FY25-27. We reiterate our BUY rating with a TP of INR1,700 (premised on 16x FY27E EV/EBITDA).**

# Tata Motors

BSE SENSEX  
81,186

S&P CNX  
24,768

**CMP: INR666**

**TP: INR668**

**Neutral**

## TATA MOTORS

### Stock Info

Bloomberg	TTMT IN
Equity Shares (m)	3682
M.Cap.(INRb)/(USDb)	2451.8 / 28
52-Week Range (INR)	1176 / 536
1, 6, 12 Rel. Per (%)	0/-12/-42
12M Avg Val (INR M)	11261
Free float (%)	57.4

### Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Net Sales	4,397	4,461	4,749
EBITDA	551.3	502.7	559.1
Adj. PAT	232.6	169.1	191.0
Adj. EPS (INR)	63.2	46.0	51.9
EPS Gr. (%)	8	-27	13
BV/Sh. (INR)	315.6	356.5	402.4

### Ratios

Net D/E (x)	0.1	0.1	0.1
RoE (%)	23.1	13.7	13.7
RoCE (%)	14.2	10.6	10.8
Payout (%)	9.6	11.0	11.6

### Valuations

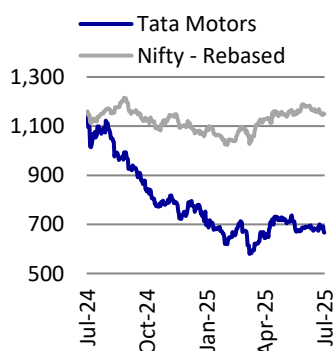
P/E (x)	10.5	14.5	12.8
P/BV (x)	2.1	1.9	1.7
EV/EBITDA (x)	4.1	4.4	3.8
Div. Yield (%)	0.9	0.8	0.9

### Shareholding pattern (%)

As of	Jun-25	Mar-25	Jun-24
Promoter	42.6	42.6	46.4
DII	17.2	17.2	16.1
FII	17.2	17.8	18.2
Others	23.0	22.4	19.4

FII includes depository receipts

### Stock Performance (1-year)



## Set to become a global CV player with the Iveco buyout

### May stretch the balance sheet if synergies do not play out as planned

Tata Motors (TTMT)'s Board has approved the acquisition of a 100% stake in IVECO Group NV, through an all-cash voluntary tender offer (ex-defense), subject to regulatory approvals. The transaction price offered is at an equity value of €3.8b, which translates to 2x TTM EV/EBITDA. Key synergies of this acquisition include 1) access to global technology, design, and global talent, 2) transformation of the combined entity as the fourth-largest truck OEM globally in terms of volumes, 3) leveraging each other's strengths through complementary products and regions, and 4) potentially optimizing the combined R&D spending by integrating planned investments in evolving technologies. With the planned funding strategy, TTMT expects to 1) remain FCF positive in both companies, 2) reach EPS breakeven in two years, and 3) repay the acquisition debt in four years. While there is no doubt that this acquisition will provide scale and tech access to TTMT's CV business, it comes with its own risks, such as: 1) uncertain macro backdrop in Europe that is reflected in the downward revision of Iveco's growth guidance for CY25, 2) the scale of the transaction may lead to unnecessary financial stress on the balance sheet until it is well integrated, and 3) Iveco's stock has doubled in the last 12M, which means that the acquisition is not inexpensive. We refrain from incorporating the Iveco financials into our numbers at this stage as we await more clarity on the deal. **We reiterate our Neutral rating on TTMT given the current headwinds at JLR.**

### Key highlights of the deal

- The business has three segments: Industrials (Truck, Bus, and Powertrain), Financial Services, and Defense.
- Transaction perimeter: €14.1b in revenue; €891m adjusted EBIT (6.3% margin) in CY24; defense excluded.
- The defense business would be sold/spun off before the settlement of the Voluntary Tender Offer.
- The price offered was €14.1/share, implying a total equity value of €3.8 billion (excluding defense).
- An irrevocable commitment was secured from Exor, which is the largest shareholder of Iveco, to tender all of its shares and support the transaction.
- Funding of €3.8b secured through the Bridge Financing Facility (Facility) committed by Morgan Stanley & MUFG.
- The facility is expected to be syndicated and then termed out with a mix of equity and long-term debt over the next 12 months from the closure of the transaction.
- The transaction is expected to close by Apr'26 after receiving all regulatory approvals.

## Key highlights of the IVECO business model

### Trucks (revenue EUR10b, EBIT margin 5.6%)

- A leader in the EU upper-end LCVs (6.01-7.49T), with ~65% market share
- LCV market share in the EU stands at 12.2% and 18% in LatAm.
- In MHCV, the share in the EU stands at 8.4% and in LatAm at 9.2%
- Perception of this business has undergone a drastic change in the recent past, with their MHCV trucks now emerging as leaders in terms of TCO for customers
- CY28 target set at 6.5-7.5% EBIT

### Buses (revenue €2.6b, EBIT margin 5.5%)

- A market leader in the EU intercity segment with a 50% share in CY24.
- The number 2 player in the City bus segment in the EU.
- Aims to reinforce its intercity leadership in this segment
- Plans to replicate its intercity success in the city bus segment, which is largely tender-driven
- CY28 target set at 8% EBIT

### Powertrain division (revenue €3.5b, EBIT margin 6.2%)

- Its entire portfolio is Euro 6 compliant, and it is now working on Euro 7
- The company has a strategy to be the last man standing for ICE powertrains
- CY28 target set at 9.5-10.5% EBIT

### Captive finance arm (revenue €0.5b, RoA 2%)

- Over 50 years of presence in this business
- Delinquencies on book well under control at 1.9% with RoA of 2%

### Strategic rationale for the acquisition

- TTMT gets access to Digital & Autonomous capabilities through integrated ADAS, SDVs, telematics, and connected fleet tech. It also gets access to a global talent pool and the famed Italian design and engineering capability.
- Creating a global player and a platform to compete on a truly global basis, unlocking the ability to invest boldly for long-term growth. Together, TTMT and Iveco would become the fourth-largest truck OEM globally, with players between 2 and 4 being placed very close to each other.
- Leveraging portfolio strength and geographical complementarity makes it easier to leverage each other's strengths. Iveco products start where TTMT products end, and hence the portfolio is complementary. With this transaction, TTMT will be able to market its products in Latin America by leveraging the established network of Iveco, which would have been very difficult to do on its own. It could also look to launch a few Iveco products in India that make business sense.
- Diversifies portfolio exposure across markets and segments, thereby reducing the impact of cyclicalities on group cash flows. The company can optimize combined R&D spending by integrating planned investments in EVs, alternate fuels, emissions, ADAS, SDV, etc. On the back of such synergy benefits, it expects to realize savings of 0.5% of combined revenues by CY28.

### What is in it for the shareholders?

- Provides a strategic, meaningful, and relatively lower risk avenue to invest and grow.
- The move expands the capabilities of the Indian business by providing access to technology in emerging areas.
- With revenue being 3x higher and robust returns, the combined entity is well-positioned to invest boldly in future growth.

- Both businesses are cash-generative, and the portfolio and geographical diversification significantly reduce cash flow volatility at the consolidated level.
- The complementary product portfolio and geographical footprint enable smooth and effective collaboration between the two companies.
- The transaction is financially prudent. With the planned funding strategy, TTMT expects to: 1) remain FCF positive in both companies, 2) reach EPS breakeven in 2 years, and 3) repay acquisition debt in four years. The combined entity is likely to deliver 20% RoCE over a period (TTMT's CV business generates 40% RoCE).
- Management has also indicated that the transaction per se has no impact on production sites, customer contracts (including with local transport authorities in Iveco's markets), or current employment levels, as there is no overlap in portfolio or geographical footprint. However, the Iveco Board would continue to drive decisions for long-term growth and competitiveness of the business.

#### Fund raising plans

- On an indicative basis, management has indicated that it would look to fund this acquisition through a mix of debt and equity, with 30-40% from equity and the balance from debt.
- Management would also look to monetize some non-core assets to minimize equity dilution.

#### Valuation and view

- With the planned funding strategy, TTMT expects to 1) remain FCF positive in both companies, 2) reach EPS breakeven in two years, and 3) repay the acquisition debt in four years.
- While there is no doubt that this acquisition will provide scale and tech access to TTMT's CV business, it comes with its own risks, such as: 1) uncertain macro backdrop in Europe that is reflected in the downward revision of Iveco's growth guidance for CY25, 2) the scale of the transaction may lead to unnecessary financial stress on the balance sheet until it is well integrated, and 3) Iveco's stock has doubled in the last 12M, which means that the acquisition is not inexpensive.
- We refrain from incorporating the Iveco financials into our numbers at this stage as we await more clarity on the deal.
- **We reiterate our Neutral rating on TTMT given the current headwinds at JLR.**

#### The combined entity – key financial snapshot

INR K Cr	TML (FY25)	IVG (CY24)	Aggregate (Memo)
Volume (#K), >6T Trucks	180	50	230
Volume (#K), Total	385	160	545
Revenue	70	137	207
EBITDA	8	16	25
<b>EBITDA %</b>	<b>11.9%</b>	<b>11.8%</b>	<b>11.8%</b>
EBIT	6	7	14
<b>EBIT %</b>	<b>9.0%</b>	<b>5.3%</b>	<b>6.6%</b>
Capex	3	9	12
FCF	7	3	9

Source: Company, MOFSL

# Coal India

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR376**      **TP: INR480 (+28%)**      **Buy**

## In-line performance

Bloomberg	COAL IN
Equity Shares (m)	6163
M.Cap.(INRb)/(USDb)	2319.3 / 26.5
52-Week Range (INR)	545 / 349
1, 6, 12 Rel. Per (%)	-1/-10/-27
12M Avg Val (INR M)	3361

## Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	1,434	1,544	1,726
Adj. EBITDA	430	472	549
Adj. PAT	354	356	415
EBITDA Margin (%)	30.0	30.6	31.8
Cons. Adj. EPS (INR)	57.4	57.7	67.3
EPS Gr. (%)	-5.5	0.6	16.5
BV/Sh. (INR)	161	189	222

## Ratios

Net D:E	-0.3	-0.3	-0.3
RoE (%)	35.7	30.6	30.3
RoCE (%)	36.8	31.4	31.3
Payout (%)	46.2	50.0	50.0

## Valuations

P/E (x)	6.8	6.8	5.8
P/BV (x)	2.4	2.1	1.8
EV/EBITDA(x)	4.9	4.3	3.5
Div. Yield (%)	6.8	7.4	8.6
FCF Yield (%)	6.6	9.6	10.2

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	63.1	63.1	63.1
DII	22.8	23.5	23.3
FII	8.2	7.7	8.4
Others	5.9	5.7	5.2

- 1QFY26 revenue came in at INR358b (-2% YoY and -5% QoQ) against our est. of INR372b.
- Adj. EBITDA (excluding OBR exp) stood at INR111b (-4% YoY and -1% QoQ) against our estimate of INR115b.
- EBITDA/t stood at INR582 (flat YoY and +4% QoQ) vs. our est. of INR600/t.
- APAT at INR87b (-20% YoY and -9% QoQ) was in line with our est.
- The company declared an interim dividend of INR5.5per share in 1Q.
- Production stood at 183.3mt (-3 YoY and -23% QoQ) and Offtake stood at 190.6mt (-4% YoY and -5% QoQ).
- FSA revenue stood at INR257b (-2% YoY) with a volume of 166mt (-4% YoY) and ASP of INR1,550/t (+2% YoY) during the quarter.
- E-auction revenue came in at INR49.7b (-11% YoY), volume stood at 21.3mt (-8% YoY) and realization at INR2,332/t (-3% YoY), translating into 50% premium (~58% in 1QFY25) during the quarter.
- In May'25, COAL signed an MoU with UPRVUNL for setting up a 500MW solar power project in Uttar Pradesh as part of green and renewable energy initiatives.
- A new mine Kotre-Basant Pur in CCL has started its operations w.e.f. 15th Apr'25 under MDO mode with a capacity of 5mtpa.
- On 30<sup>th</sup> Jun'25, the company signed an MoU with Hindustan Copper to collaborate in copper and critical minerals sectors.

## Valuation and view

- COAL delivered in-line performance in 1QFY26 as muted volume was offset by better realization. E-auction volumes accounted for ~11% of total volumes, with e-auction premium of 50% supporting the profitability.
- For FY26/FY27, we largely maintain our estimates and expect volumes to improve, which would boost earnings performance. The e-auction premium is expected to be at 70% going ahead.
- We expect COAL to clock an 8% volume CAGR during FY26-27. This would translate into a CAGR of 10% in revenue and 14% in EBITDA.
- The company's focus on increasing coal-washer capacity will improve its market share in domestic coking/non-coking coal. Further, management is focusing on coalmine expansions, which would be funded via internal accruals, or COAL might borrow to undertake certain strategic diversification projects, such as RE facilities and coal gasification, etc.
- At CMP, the stock is trading at 3.3x FY27E EV/EBITDA. We reiterate our BUY rating with a TP of INR480 (premised on 4.5x on FY27E EV/EBITDA).**

**Consolidated quarterly performance**
**(INR b)**

Y/E March	FY25				FY26				FY25	FY26E	FY26 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Sales</b>	<b>364.6</b>	<b>306.7</b>	<b>368.6</b>	<b>378.2</b>	<b>358.4</b>	<b>323.2</b>	<b>404.3</b>	<b>458.4</b>	<b>1,433.7</b>	<b>1,544.3</b>	<b>372</b>	<b>-3.8</b>
Change YoY (%)	1.3	(6.4)	1.9	(1.0)	(1.7)	5.4	9.7	21.2	(1.0)	7.7		
Change QoQ (%)	(4.6)	(15.9)	20.2	2.6	(5.2)	(9.8)	25.1	13.4				
<b>Adj. EBITDA</b>	<b>115.4</b>	<b>71.5</b>	<b>114.8</b>	<b>112.3</b>	<b>111.3</b>	<b>100.1</b>	<b>122.4</b>	<b>138.0</b>	<b>429.6</b>	<b>471.8</b>	<b>115</b>	<b>-3.0</b>
Change YoY (%)	3.4	(19.6)	(3.8)	5.5	(3.6)	40.0	6.6	22.9	(3.0)	9.8		
Change QoQ (%)	8.4	(38.0)	60.5	(2.2)	(0.9)	(10.0)	22.2	12.7				
<b>EBITDA per ton</b>	<b>581.5</b>	<b>425.6</b>	<b>591.5</b>	<b>557.6</b>	<b>582.4</b>	<b>567.4</b>	<b>573.3</b>	<b>639.9</b>	<b>563.7</b>	<b>592.5</b>	<b>603</b>	<b>-3.5</b>
Depreciation	19.5	19.0	25.1	27.8	23.1	24.0	24.5	25.2	91.5	96.7		
OBR	(28.0)	(14.6)	(8.3)	(5.6)	(14.0)	(9.7)	(10.5)	(10.5)	(41.1)	(44.7)		
Interest	2.1	2.1	2.3	2.4	2.7	3.1	3.2	3.4	8.8	12.4		
Other Income	18.8	15.1	21.4	39.4	16.2	15.0	15.0	15.8	94.7	62.0		
EO Inc/(Exp)	-	-	-	-	-	-	-	-	-	-		
<b>PBT after EO</b>	<b>140.6</b>	<b>80.2</b>	<b>117.2</b>	<b>127.0</b>	<b>115.6</b>	<b>97.8</b>	<b>120.2</b>	<b>135.8</b>	<b>465.0</b>	<b>469.3</b>	<b>114</b>	<b>1.3</b>
Tax	32.0	18.8	33.0	32.8	29.7	24.4	30.0	34.0	116.6	118.3		
Tax Rate (%)	22.8	23.4	28.2	25.8	25.7	25.0	25.0	25.1	25.1	25.2		
<b>PAT before MI &amp; Asso.</b>	<b>108.6</b>	<b>61.4</b>	<b>84.2</b>	<b>94.2</b>	<b>85.9</b>	<b>73.3</b>	<b>90.1</b>	<b>101.7</b>	<b>348.4</b>	<b>351.1</b>		
MI	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	-	-	-	(0.6)	(0.1)		
Sh. of Assoc.	0.9	1.4	0.7	1.7	1.4	1.2	1.0	1.1	4.6	4.7		
<b>PAT After MI &amp; Asso.</b>	<b>109.6</b>	<b>62.9</b>	<b>85.1</b>	<b>96.0</b>	<b>87.4</b>	<b>74.5</b>	<b>91.1</b>	<b>102.8</b>	<b>353.6</b>	<b>355.8</b>		
<b>Adjusted PAT</b>	<b>109.6</b>	<b>62.9</b>	<b>85.1</b>	<b>96.0</b>	<b>87.4</b>	<b>74.5</b>	<b>91.1</b>	<b>102.8</b>	<b>353.6</b>	<b>355.8</b>	<b>87</b>	<b>0.7</b>
Change YoY (%)	4.1	(21.9)	(17.0)	12.0	(20.2)	18.5	7.1	7.0	(5.5)	0.6		
Change QoQ (%)	27.8	(42.6)	35.2	12.9	(9.0)	(14.8)	22.3	12.8				

Source: MOFSL, Company

Note – Due to restatements mainly related to OBR accounting, the quarter financials may not add to annual financials for FY25

**Key Operational metrics**

Y/E March	FY25				FY26	FY25	FY26E	FY26 1QE	var. (%)
	1Q	2Q	3Q	4Q	1Q				
<b>Volume (m tons)</b>									
Production	189.3	152.0	202.0	237.7	183.3	781.0	796.2	189.3	-3
Sales/Offtake	198.5	168.1	194.1	200.7	190.6	761.5	796.2	190.1	0
- FSA	172.4	148.2	170.8	175.1	165.7	666.5	673.0	157.7	5
- E-auction	23.2	15.1	19.2	21.6	21.3	79.1	99.2	25.4	-16
- Washed Coal	1.4	3.4	2.6	2.5	3.6	9.9	24.0	5.5	-35
<b>Realization (INR/t)</b>									
- FSA	1,524	1,462	1,514	1,547	1,550	1,514	1,612	1,597	-3
- E-auction	2,412	2,472	2,671	2,615	2,332	2,542	2,741	2,715	-14
- E-Auction premium (%)	58	69	76	69	50	68	70	70	-28
<b>Per ton (INR)</b>									
Revenue	1,671	1,622	1,667	1,696	1,669	1,881	-	1,796	-7
Adj. EBITDA	581	426	592	558	582	564	-	603	-3
Adj. PAT	552	374	438	477	458	464	-	457	0
Costs	1,090	1,197	1,075	1,139	1,086	1,318	-	1,193	-9

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR158**      **TP: INR165 (+4%)**      **Neutral**

## EBITDA above estimates as Europe's performance improves; lower tax outgo drives sharp APAT beat

### Standalone performance largely as anticipated

- Revenue stood at INR310b (fell 6% YoY and 10% QoQ), in line with our estimates. The decline was largely driven by muted volumes during 1Q.
- Steel production stood at 5.07mt (+1% YoY and -3% QoQ), while deliveries were in line with our estimates at 4.75mt, declining 4% YoY and 15% QoQ. Production and deliveries were affected by maintenance shutdown in the Jamshedpur and NINL plants.
- ASP strongly rebounded to INR65,293/t in 1QFY26, rising 6% QoQ, but remained 2% lower YoY during the quarter. EBITDA in 1QFY26 stood at INR71.2b (+5% YoY and +2% QoQ), in line with our est., translating into an EBITDA/t of INR14,988/t (+9% YoY and +20% QoQ).
- APAT for the quarter stood at INR37b (+5% YoY and +1% QoQ), against our estimate of INR34b, led by a lower tax outgo and better operating profit.

### European operations report EBITDA improvement

- Consol. steel deliveries stood at 2.1mt (-2% YoY and -12% QoQ), in line with our estimates during the quarter.
- Revenue stood at INR207b (-1% YoY and flat QoQ), 8% above our estimates.
- EBITDA turned positive during the quarter at INR1.45b (our est. INR0.62b), against an EBITDA loss of INR5b in 1QFY25 and INR7.5b in 4QFY25.
- EBITDA/t stood at USD8/t in 1QFY26, against an EBITDA/t loss of USD28/t in 1QFY25 and USD38/t in 4QFY25.

### Consolidated performance — Lower tax outgo drives sharp APAT beat

- Revenue stood at INR532b (-3% YoY and -5% QoQ) and was 6% above our estimate. The decline was mainly due to muted volumes during the quarter.
- Sales volume stood at 7.12mt (-4% YoY and -15% QoQ), which was offset by a better ASP of INR74,688/t (+1% YoY and +11% QoQ) in 1QFY26.
- Adjusted EBITDA stood at INR74.3b (+11% YoY and +13% QoQ) against our estimate of INR69.6b, translating into an EBITDA/t of INR10,432 (+15% YoY and +32% QoQ) in 1QFY26.
- APAT for the quarter stood at INR21.3b (+62% YoY and +26% QoQ), against our estimate of INR15.8b, on account of a lower tax outgo.
- Net debt stood at INR848b as of 1QFY26, which includes cash of INR141b. This translates into net debt/EBITDA of 3.21x as of Jun'25.

### Highlights from the management commentary

- Despite the drop in 1Q volumes due to maintenance shutdown, TATA has maintained its ~1.5mt incremental volume guidance for India in FY26. This would be mainly driven by production ramp-up at Kalinganagar.

Bloomberg	TATA IN
Equity Shares (m)	12484
M.Cap.(INRb)/(USDb)	1971.7 / 22.5
52-Week Range (INR)	170 / 123
1, 6, 12 Rel. Per (%)	2/12/-4
12M Avg Val (INR M)	5703
Free float (%)	66.8

### Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	2,185	2,310	2,542
EBITDA	259	342	397
Adj. PAT	42	108	162
EBITDA Margin (%)	11.9	14.8	15.6
Adj. EPS (INR)	3.4	8.7	13.0
EPS Gr. (%)	41.5	157.3	50.0
BV/Sh. (INR)	68	70	76

### Ratios

Net D:E	1.0	1.0	0.9
RoE (%)	4.9	12.5	17.8
RoCE (%)	9.0	12.9	15.3
Payout (%)	136.7	80.9	53.9

### Valuations

P/E (x)	46.7	18.2	12.1
P/BV (x)	2.3	2.2	2.1
EV/EBITDA(x)	10.8	8.3	7.1
Div. Yield (%)	2.9	4.5	4.5
FCF Yield (%)	4.4	5.6	7.6

### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	33.2	33.2	33.2
DII	26.3	24.7	23.5
FII	17.7	18.8	20.3
Others	22.8	23.4	23.0

FII Includes depository receipts

- Management guided India NSR to be INR2,000/t lower in 2QFY26 compared to 1Q, due to seasonal weakness and domestic supply pressure.
- Coking coal consumption cost is projected to reduce by USD10/t in both India and the Netherlands during Q2 FY26. Iron ore cost in the Netherlands is expected to be lower by USD7-8/t in 2QFY26.
- Total cost savings target of INR115b will be achieved in 12-18 months, of which INR44b (INR15b in FY25 and INR29b in 1QFY26) has already been realized as of 1QFY26.

#### **Valuation and view – Long-term outlook remains strong for TATA**

- Overall, 1QFY26 posted a decent performance, primarily driven by EBITDA improvement at the European division. The Indian business continues to post healthy performance as anticipated, led by healthy NSR, which offset the muted volume caused by maintenance shutdown at the NINL and Jamshedpur capacities.
- EBITDA improvement in Europe operations is expected to continue steadily in the coming quarters on account of its cost-restructuring measures. The capacity ramp-up in the Netherlands and lower fixed costs should also support the overall EBITDA performance going forward.
- Though there are near-term uncertainties related to price volatility due to trade tension and recent correction in steel prices, the long-term outlook remains strong for TATA. We largely maintain our FY26/FY27 estimates, owing to decent performance during the quarter. **At CMP, TATA is trading at 7x FY27E EV/EBITDA and 2.1x FY27E P/B. We reiterate our Neutral rating with a revised SOTP-based TP of INR165 per share.**

**Standalone quarterly performance (INR b)**

Y/E March	FY25				FY26E				FY25	FY26E	FY26 1QE	Vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Sales Vol (kt)</b>	4,940	5,110	5,290	5,600	4,750	5,417	5,925	6,517	20,940	22,608	4,718	0.7
Change (YoY %)	3.1	6.0	8.4	3.3	-3.8	6.0	12.0	16.4	5.2	8.0		
<b>ASP (INR/t)</b>	66,720	63,404	61,929	61,427	65,293	62,056	63,282	64,181	63,284	63,670	63,882	2.2
Change (YoY %)	-9.9	-10.6	-12.9	-9.1	-2.1	-2.1	2.2	4.5	-10.6	0.6		
<b>Net Sales</b>	329.6	324.0	327.6	344.0	310.1	336.1	374.9	418.3	1,325.2	1,439.5	301.4	2.9
Change (YoY %)	-7.1	-5.2	-5.5	-6.1	-5.9	3.7	14.4	21.6	-6.0	8.6		
Change (QoQ %)	-10.0	-1.7	1.1	5.0	-9.8	8.4	11.5	11.6				
<b>Total Expenditure</b>	261.9	257.9	252.6	274.2	238.9	262.6	287.3	315.7	1,046.5	1,104.5		
As a % of net sales	79.4	79.6	77.1	79.7	77.0	78.1	76.6	75.5	79.0	76.7		
<b>EBITDA</b>	67.7	66.1	75.0	69.8	71.2	73.6	87.6	102.6	278.7	335.0	68.0	4.7
Change (YoY %)	1.6	-3.8	-9.1	-13.3	5.1	11.3	16.8	47.0	-6.6	20.2		
Change (QoQ %)	-15.8	-2.4	13.5	-6.9	2.0	3.3	19.1	17.0				
(% of Net Sales)	20.6	20.4	22.9	20.3	23.0	21.9	23.4	24.5	21.0	23.3		
<b>EBITDA(INR/t)</b>	13,711	12,935	14,179	12,463	14,988	13,583	14,790	15,738	13,307	14,816	14,413	4.0
Interest	9.2	11.3	10.8	11.0	12.7	10.8	10.8	10.9	42.4	45.2		
Depreciation	15.2	15.6	15.6	16.2	16.3	17.4	17.4	18.6	62.5	69.7		
Other Income	3.7	8.5	4.6	5.6	5.6	7.4	7.4	7.8	22.5	28.1		
<b>PBT (before EO Inc.)</b>	47.0	47.7	53.2	48.3	47.8	52.8	66.8	80.8	196.2	248.2		
EO Income(exp)	-2.4	0.1	-1.5	-5.3	-2.2				-9.0	-2.2		
<b>PBT (after EO Inc.)</b>	44.6	47.9	51.7	42.9	45.6	52.8	66.8	80.8	187.2	246.0	47.3	(3.7)
Total Tax	11.3	11.9	13.0	11.2	10.3	14.8	18.7	25.7	47.5	69.5		
% Tax	25.4	25.0	25.0	26.2	22.7	28.0	28.0	31.8	25.4	28.2		
<b>Reported PAT</b>	33.3	35.9	38.8	31.7	35.2	38.0	48.1	55.1	139.7	176.5		
<b>Adjusted PAT</b>	35.7	35.8	40.2	37.0	37.4	38.0	48.1	55.1	148.7	178.7	34.1	9.9
Change (YoY %)	-23.0	-20.1	-13.3	-21.1	5.0	6.3	19.6	48.9	-19.4	20.2		
Change (QoQ %)	-24.0	0.3	12.5	-8.0	1.1	1.6	26.6	14.6				

**Consolidated quarterly performance (INR b)**

Y/E March	FY25				FY26E				FY25	FY26E	FY26 1QE	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Sales (k tons)</b>	7,390	7,520	7,720	8,330	7,120	8,052	8,832	9,255	30,960	33,258	7,143	(0.3)
Change (YoY %)	2.6	6.4	8.0	4.4	-3.7	7.1	14.4	11.1	5.3	7.4		
<b>Avg Realization (INR/t)</b>	74,116	71,682	69,493	67,489	74,688	66,549	67,897	69,415	70,589	69,447	70,087	6.6
<b>Net Sales</b>	547.7	539.0	536.5	562.2	531.8	535.8	599.7	642.4	2,185.4	2,309.7	500.6	6.2
Change (YoY %)	-7.9	-3.2	-3.0	-4.2	-2.9	-0.6	11.8	14.3	-4.6	5.7		
Change (QoQ %)	-6.7	-1.6	-0.5	4.8	-5.4	0.8	11.9	7.1				
<b>EBITDA</b>	66.9	55.2	71.5	65.6	74.3	68.0	89.9	110.1	259.3	342.4	69.6	6.7
Change (YoY %)	29.4	29.4	24.6	-0.6	11.0	23.2	25.7	67.9	19.0	32.0		
Change (QoQ %)	1.4	-17.5	29.6	-8.3	13.2	-8.4	32.2	22.4				
<b>EBITDA (INR/t)</b>	9,059	7,343	9,268	7,874	10,432	8,450	10,184	11,898	8,376	10,294	9,746	7.0
Interest	17.8	19.7	18.0	17.9	18.5	18.9	19.3	20.6	73.4	77.3		
Depreciation	25.4	26.0	25.7	27.2	27.4	26.5	27.2	27.6	104.2	108.8		
Other Income	2.6	6.0	2.2	4.6	2.9	5.0	5.1	5.5	15.4	18.5		
<b>PBT (before EO Inc.)</b>	26.4	15.5	30.0	25.1	31.2	27.6	48.5	67.4	97.1	174.7		
EO Income(exp)	-3.6	6.4	-13.8	-3.9	-1.3				-14.9	-1.3		
<b>PBT (after EO Inc.)</b>	22.8	21.9	16.3	21.2	29.9	27.6	48.5	67.4	82.2	173.4		
Total Tax	14.6	14.1	13.8	10.0	10.6	11.6	18.9	29.4	52.4	70.6		
% Tax	55.2	90.5	45.8	39.8	34.0	42.0	39.0	43.7	54.0	40.4		
<b>PAT before MI and associate</b>	8.3	7.8	2.5	11.2	19.3	16.0	29.6	37.9	29.8	102.8		
Minority Interests	-0.4	-0.7	-0.3	-1.0	-0.7			0.7	-2.5			
Share of asso. PAT	0.9	-0.3	0.5	0.8	0.8	1.2	1.2	1.5	1.9	4.6		
<b>Reported PAT (After MI &amp; asso.)</b>	9.6	8.3	3.3	13.0	20.8	17.2	30.8	38.7	34.2	107.5		
<b>Adj. PAT (after MI &amp; asso)</b>	13.2	4.5	7.4	16.9	21.3	17.2	30.8	38.7	42.0	108.0	15.8	34.7
Change (YoY %)	112.3	-35.8	68.8	40.1	61.7	281.0	315.8	129.3	41.5	157.3		
Change (QoQ %)	9.3	-65.8	64.1	128.3	26.1	-19.3	79.1	25.9				

Source: MOFSL, Company

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR426      TP: INR480 (+13%)      Neutral**

## Operational performance in line; lower finance cost and higher other income drive APAT beat

Bloomberg	VEDL IN
Equity Shares (m)	3910
M.Cap.(INRb)/(USDb)	1664.5 / 19
52-Week Range (INR)	527 / 362
1, 6, 12 Rel. Per (%)	-5/-9/-5
12M Avg Val (INR M)	4785
Free float (%)	43.6

- Vedanta (VEDL) reported consolidated net sales of INR378b (+6% YoY and -7% QoQ), in line with our estimates. The QoQ growth was driven by softer output commodity prices and lower volumes.
- VEDL's consolidated EBITDA came in at INR99b (flat YoY and -14% QoQ), in line with our estimate of INR100b. EBITDA was driven by lower output commodity prices and volumes, partially offset by lower input costs. EBITDA margin for 1QFY26 stood at 26.2%, compared to 28.3% in 4QFY25 and 27.8% in 1QFY25.
- APAT for the quarter stood at INR32b (-12% YoY and -9% QoQ), beating our estimate of INR25b, led by lower finance cost and higher other income.
- Gross debt stood at INR803.6b, while net debt stood at INR582.2b, implying net debt/EBITDA of 1.3x in 1QFY26 vs 1.2x in 4QFY25.

### Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	1,530	1,563	1,639
EBITDA	423.4	478.9	514.3
EBITDA margin	27.7	30.6	31.4
APAT	135.9	158.1	185.1
Adj. EPS (INR)	34.8	40.4	47.3
EPS Gr (%)	162.2	16.3	17.1
BV/Sh. (INR)	105.4	124.4	150.3

### Ratios

Net D:E	1.3	0.9	0.5
RoE (%)	37.0	35.2	34.5
RoCE (%)	26.9	27.1	27.3
Payout (%)	98.8	53.0	45.3

### Valuations

P/E (x)	12.2	10.5	9.0
P/BV	4.0	3.4	2.8
EV/EBITDA (x)	6.5	5.7	5.0
Div. Yield (%)	8.1	5.0	5.0
FCF Yield (%)	13.6	14.4	17.5

### Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	56.4	56.4	59.3
DII	16.5	16.5	14.9
FII	10.7	11.3	10.4
Others	16.4	15.9	15.4

FII includes depository receipts

### Segment highlights

#### Aluminum:

- VEDL produced 605kt of Aluminum, registering +1% YoY growth and remaining flat QoQ, whereas Alumina production from the Lanjigarh refinery grew 9% YoY and 36% QoQ to 587kt in 1QFY26.
- Net sales stood at INR146b (+8% YoY and -9% QoQ), in line with our est.
- Reported EBITDA came in at INR44.6b (flat YoY and -4% QoQ), in line with our est. of INR44.1b during the quarter.
- The aluminum cost of production stood at USD1,765/t (+3% YoY and -12% QoQ).

#### Zinc India (HZL):

- Revenue stood at INR77.7b (-4% YoY and -15% QoQ), in line with our est. of INR75.7b in 1QFY26. The decline was driven by lower volumes and commodity prices, which were offset by higher silver and by-product prices with a stronger dollar.
- EBITDA came in line at INR38.6b (-2% YoY and -20% QoQ) during the quarter. EBITDA margin softened to 49.7% in 1QFY26 vs 53% in 4QFY25 and 48.5% in 1QFY25. The decline was primarily on account of weak volumes and softened commodity prices.
- Zinc COP for the quarter stood at USD1,010/t, declining 9% YoY (+2% QoQ), due to improved metal grades, better domestic coal, and renewable energy consumption.
- APAT stood at INR22.3b (-5% YoY and -25.6%) against our est. of INR21.5b.
- Mined metal for the quarter stood at 265kt (flat YoY and -15% QoQ), led by mine preparation activities being carried out.
- Refined metal production stood at 250kt (-5% YoY and -7% QoQ - Refined zinc/lead production of 202/48kt), in line with plant availability and attributed to maintenance activities.
- Saleable silver production declined 11% YoY and 16% QoQ to 149kt, majorly due to lower silver input from the SK mine and in line with lead production.

#### Zinc International:

- Mined metal production surged 54% YoY and 14% QoQ to 57 kt, driven by higher input treated at Gamsberg and higher BMM lead and zinc grades.
- In 1QFY26, revenue stood at INR11.5b, up 53% YoY and 4% QoQ; EBITDA came in at INR4b, up 128% YoY and 4% QoQ, led by CoP declining 21% YoY to USD1,269/t (flat QoQ) in 1QFY26.

#### Copper:

- Copper cathodes production stood at 44kt, up 120% YoY and 2% QoQ in 1QFY26.
- Revenue came in at INR64b (+34% YoY and +3% QoQ) in 1QFY26.
- EBITDA reported a loss of INR260m in 1QFY26, against the loss of INR570m in 1QFY25 and INR490m in 4QFY25.

#### Iron Ore:

- Saleable ore production stood at 1.8mt, up 38% YoY and down 14% QoQ; Pig Iron production was at 213kt, up 4% YoY and QoQ.
- Revenue stood at INR13.3b (+1% YoY and -13% QoQ), while EBITDA stood at INR2b (+11% YoY and -34% QoQ).

#### Highlights from the management commentary

- Despite soft global commodity prices, management remains optimistic over domestic pricing, led by strong domestic demand for aluminum and zinc.
- Power realizations at Meenakshi and Athena are expected to remain strong at INR5-5.7/unit, supported by short-term PPAs.
- Domestic market demand remains a key lever, with 75% of zinc and 65% of aluminum sales consumed within India, limiting the exposure to US tariffs.
- Vedanta expects aluminum CoP to fall below USD1,700/t in 2HFY26, aided by higher captive alumina share and low power costs. Alumina cost is likely to decline USD80-100/t over the next two quarters, driven by increased output from Lanjigarh. ~ 60% of the cost reduction will come from the increased captive mix at Lanjigarh, while the remaining 40% will be due to softer market alumina prices.
- Power cost is projected to remain at around USD500/t, though 2QFY26 may see a temporary rise due to planned maintenance at power plants.

#### Valuation and view

- VEDL's 1QFY26 performance came largely in line across segments. Capex plans are progressing well and will likely lead to further cost savings.
- Management targets to maintain strong growth in earnings, led by the upcoming capacity, which will produce higher VAP products. VEDL remains firm on its deleveraging plans, and going forward, higher cash flows will support both its expansion plans and deleveraging efforts. **The stock currently trades at 5x FY27E EV/EBITDA. We have maintained our estimates for FY26/27. We reiterate our Neutral rating on the stock with a SoTP-based TP of INR480.**

**Business-wise EBITDA (INR b)**

Y/E March	FY25				FY26E				FY25	FY26E	FY26 1QE	Vs. Est. %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>EBITDA</b>	<b>99.5</b>	<b>98.3</b>	<b>111.0</b>	<b>114.7</b>	<b>99.2</b>	<b>114.6</b>	<b>128.3</b>	<b>135.6</b>	<b>423.4</b>	<b>478.9</b>	<b>100.0</b>	-0.8
Copper	(0.6)	(0.1)	0.0	(0.5)	(0.3)	0.0	0.0	0.2	(1.1)	0.1	0.0	
Aluminum	44.4	41.6	45.4	46.6	44.6	58.1	53.8	54.0	178.0	210.5	44.1	
Iron ore	1.8	1.4	3.8	3.1	2.0	1.9	2.3	2.9	10.1	9.2	2.3	
Power	2.8	1.9	1.3	1.3	4.6	3.0	3.2	2.1	7.4	13.0	3.2	
Zinc-India	39.5	41.2	45.0	48.2	38.6	50.2	53.7	57.6	173.9	200.0	38.5	
Zinc-International	1.9	3.8	3.5	4.0	4.2	3.1	3.8	3.1	13.2	14.3	2.4	
Oil & Gas	10.8	11.7	12.0	12.1	12.7	6.6	6.1	6.4	46.6	32.9	9.0	
Steel	0.8	(0.1)	1.5	1.5	1.3	(0.3)	0.2	3.7	3.7	4.8	1.9	
Others	(2.0)	(3.1)	(1.5)	(1.7)	(8.6)	(8.0)	5.0	5.7	(8.3)	(5.9)	-1.5	
Change (YoY %)	54.9	46.3	30.2	30.8	(0.3)	16.6	15.5	18.3	39.1	13.1		
Change (QoQ %)	13.4	(1.2)	13.0	3.3	(13.5)	15.6	11.9	5.7				
<b>As % of Net Sales</b>	<b>27.8</b>	<b>26.1</b>	<b>28.4</b>	<b>28.3</b>	<b>26.2</b>	<b>30.7</b>	<b>32.5</b>	<b>32.7</b>	<b>27.7</b>	<b>30.6</b>		

Sources: MOFSL, Company

**Quarterly performance - Consolidated (INR b)**

Y/E March	FY25				FY26				FY25	FY26E	FY26 1QE	Vs. Est. %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Sales</b>	<b>357.6</b>	<b>376.3</b>	<b>391.2</b>	<b>404.6</b>	<b>378.2</b>	<b>373.9</b>	<b>394.2</b>	<b>415.3</b>	<b>1,529.7</b>	<b>1,562.9</b>	<b>370.7</b>	<b>2.0</b>
Change (YoY %)	6.0	10.1	10.1	13.9	5.8	(0.6)	0.8	2.6	10.1	2.2		
Change (QoQ %)	0.7	5.2	3.9	3.4	(6.5)	(1.1)	5.4	5.3				
<b>EBITDA</b>	<b>99.5</b>	<b>98.3</b>	<b>111.0</b>	<b>114.7</b>	<b>99.2</b>	<b>114.6</b>	<b>128.3</b>	<b>135.6</b>	<b>423.4</b>	<b>478.9</b>	<b>100.0</b>	<b>-0.8</b>
Change (YoY %)	54.9	46.3	30.2	30.8	(0.3)	16.6	15.5	18.3	39.1	13.1		
Change (QoQ %)	13.4	(1.2)	13.0	3.3	(13.5)	15.6	11.9	5.7				
As % of Net Sales	27.8	26.1	28.4	28.3	26.2	30.7	32.5	32.7	27.7	30.6		
Finance cost	22.2	26.7	24.4	25.8	20.3	23.5	24.8	25.6	99.1	94.2		
DD&A	27.3	27.0	26.8	29.9	28.2	29.5	29.5	30.8	111.0	118.1		
Other Income	9.3	13.0	6.8	7.6	9.9	6.1	6.2	6.5	36.8	28.7		
<b>PBT (before EO item)</b>	<b>59.3</b>	<b>57.7</b>	<b>66.6</b>	<b>66.6</b>	<b>60.5</b>	<b>67.7</b>	<b>80.2</b>	<b>85.7</b>	<b>250.1</b>	<b>295.3</b>	<b>54.1</b>	<b>11.9</b>
EO exp. (income)	-	(18.7)	-	-	-	-	-	-	(18.7)	-		
<b>PBT (after EO item)</b>	<b>59.3</b>	<b>76.3</b>	<b>66.6</b>	<b>66.6</b>	<b>60.5</b>	<b>67.7</b>	<b>80.2</b>	<b>85.7</b>	<b>268.8</b>	<b>270.0</b>		
Total Tax	8.3	20.3	17.9	17.0	16.0	19.6	22.9	24.3	63.4	82.7		
% Tax	14.0	26.6	26.8	25.5	26.4	29.0	28.5	28.3	23.6	30.6		
<b>PAT before MI and Asso.</b>	<b>51.0</b>	<b>56.0</b>	<b>48.8</b>	<b>49.6</b>	<b>44.6</b>	<b>48.0</b>	<b>57.3</b>	<b>61.4</b>	<b>205.3</b>	<b>212.6</b>		
Profit from Asso.	-	-	-	0.0	-	-	-	-	0.0	-		
Minority interest	14.9	12.5	13.3	14.8	12.7	13.6	13.6	14.6	55.5	54.6		
<b>PAT after MI and Asso.</b>	<b>36.1</b>	<b>43.5</b>	<b>35.5</b>	<b>34.8</b>	<b>31.9</b>	<b>34.4</b>	<b>43.7</b>	<b>46.9</b>	<b>149.9</b>	<b>158.1</b>		
<b>APAT</b>	<b>36.1</b>	<b>29.5</b>	<b>35.5</b>	<b>34.8</b>	<b>31.9</b>	<b>34.4</b>	<b>43.7</b>	<b>46.9</b>	<b>135.9</b>	<b>158.1</b>	<b>25.3</b>	<b>25.9</b>
Change (YoY %)	319.5	504.8	76.2	121.8	(11.7)	16.6	23.2	34.6	175.6	16.3		
Change (QoQ %)	129.8	(18.2)	20.2	(1.8)	(8.6)	8.0	27.0	7.3				

Sources: MOFSL, Company

# Ambuja Cements

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR593      TP: INR730 (+23%)      Buy**

## EBITDA above estimate; demand and pricing outlook positive

### Estimate industry demand growth at ~7-8% in FY26 (vs. ~6-7% earlier)

- Ambuja Cements (ACEM) posted higher-than-estimated EBITDA, driven by higher-than-estimated realization (3% above estimate). Consol. EBITDA increased 53% YoY to INR19.6b (~8% beat), and EBITDA/t surged 27% YoY to INR1,066 (estimated INR1,002). Adj. PAT after MI grew ~15% YoY to INR7.3b (in line).
- Management indicated strong demand and pricing outlook, with cement demand estimated to grow ~7-8% YoY in FY26 (vs. ~6-7% earlier). The cement price improved in 1Q, and it will continue to follow a good pricing discipline. It is committed to achieving a total cost reduction of INR530/ton, with ~35-40% of the target already realized. The capacity expansion remains on track, with grinding capacity standing at 104.5mtpa currently, and another ~13mtpa will be commissioned in the remaining 9MFY26.
- We maintain our earnings estimates for FY26/27 and introduce our estimates for FY28 with this note. The stock trades fairly at 21x/17x FY26E/FY27E EV/EBITDA. We value the stock at 20x Jun'27E EV/EBITDA to arrive at our TP of INR730. **Reiterate BUY.**

Bloomberg	ACEM IN
Equity Shares (m)	2463
M.Cap.(INRb)/(USDb)	1459.9 / 16.7
52-Week Range (INR)	687 / 453
1, 6, 12 Rel. Per (%)	6/10/-12
12M Avg Val (INR M)	1668
Free float (%)	32.5

### Consol. Financial Snapshot (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	406.9	461.5	522.4
EBITDA	74.8	94.2	111.3
Adj. PAT	26.4	36.7	44.2
EBITDA Margin (%)	18.4	20.4	21.3
Adj. EPS (INR)	10.7	14.9	17.9
EPS Gr. (%)	35.1	39.0	20.3
BV/Sh. (INR)	226	239	253

### Ratios

Net D:E	-0.0	-0.0	-0.1
RoE (%)	4.8	6.4	7.3
RoCE (%)	5.4	7.2	8.4
Payout (%)	18.6	20.1	22.3

### Valuations

P/E (x)	48.4	34.8	29.0
P/BV (x)	2.3	2.2	2.1
EV/EBITDA(x)	20.9	16.6	13.9
EV/ton (USD)	158	151	146
Div. Yield (%)	0.3	0.5	0.7
FCF Yield (%)	-0.9	1.5	2.3

### Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	67.5	67.5	70.3
DII	18.7	17.3	13.3
FII	7.5	8.7	9.6
Others	6.3	6.5	6.8

FII includes depository receipts

### Consolidated volume up 20% YoY; Realization/t up ~2% YoY

- Consol. revenue/EBITDA/adj. PAT stood at INR102.9b/INR19.6b/INR7.3b (up 23%/up 53%/up 15% YoY, and up 4%/up 8%/up 2% vs. our estimates) in 1QFY26. Consol. Cement volume rose ~20% YoY to 18.4mt (in line). Blended realization/t increased 2% YoY/QoQ (3% above estimates).
- Opex/t was down ~3% YoY (up ~2% QoQ), led by ~8%/4% decline in variable costs/freight expenses. However, other expenses/t increased ~14% YoY. EBITDA/t increased ~27% YoY to INR1,066, and OPM surged 3.8pp YoY to ~19% (est. ~18%).
- Depreciation increased ~81% YoY driven by inorganic expansion. Other income declined ~28% YoY. The ETR stood at 27.2% vs. 28.4% in 1QFY25.

### Highlights from the management commentary

- ACEM's sales volume grew ~20% YoY to 18.4mt, with market share rising by 2pp to 15.5%, aided by inorganic growth. Capacity utilization during the quarter was at ~77-78% (on a consolidated level).
- The share of premium products increased to ~33% vs. ~29% of total trade volumes in 4QFY25. Further, trade volumes share increased 2.4pp to ~74%.
- Green power share increased by 9.7pp to 28.1%, and the target is to reach ~60% by FY28. This will help reduce power costs to ~INR4.5/kwh from ~INR5.9/kwh now. It commissioned 57MW of renewable power capacity.

### Valuation and view

- ACEM's 1QFY26 operating performance was above our estimates, driven by higher-than-estimated realizations. Opex/t was above our estimate, mainly led by the integration of Orient Cement from 1Q, which had higher costs. Going forward, the key monitorables will be: the company's profitability trend (as in the past few quarters, except 4QFY25 and 1QFY26, its EBITDA/t has seen higher volatility), timely completion of its ongoing organic expansions, and the benefits from group synergies.

■ We estimate the company's consolidated revenue/EBITDA/PAT CAGR at ~15%/29%/31% over FY25-27, aided by robust expansions (both organic and inorganic). We estimate its EBITDA/t to increase to INR1,014/INR1,150/INR1,230 in FY26/FY27/FY28 vs. INR794 in FY25. ACEM (consol.) trades fairly at 21x/17x FY26E/FY27E EV/EBITDA and USD158/USD151 EV/t. We value the stock at 20x Jun'27E EV/EBITDA to arrive at our TP of INR730. **Reiterate BUY.**

### Consolidated quarterly performance

(INR b)

	FY25				FY26				FY25	FY26E	FY26 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Sales</b>	<b>83.9</b>	<b>73.8</b>	<b>85.0</b>	<b>99.8</b>	<b>102.9</b>	<b>88.6</b>	<b>99.2</b>	<b>116.2</b>	<b>342.5</b>	<b>406.9</b>	<b>98.5</b>	3
YoY Change (%)	-3.7	-0.6	4.6	12.2	22.6	20.1	16.7	16.4	10.0	18.8	18.5	
<b>EBITDA</b>	<b>12.8</b>	<b>9.7</b>	<b>8.9</b>	<b>18.7</b>	<b>19.6</b>	<b>14.5</b>	<b>17.7</b>	<b>22.9</b>	<b>50.1</b>	<b>74.8</b>	<b>18.1</b>	8
YoY Change (%)	-23.2	-25.2	-48.9	9.9	53.2	49.2	100.0	22.8	73.0	49.3	53.2	
Margins (%)	15.3	13.2	10.4	18.7	19.1	16.4	17.8	19.7	14.6	18.4	18.4	64
Depreciation	4.8	5.5	6.6	7.9	8.6	8.7	8.7	8.8	24.8	34.8	7.9	9
Interest	0.7	0.7	0.7	0.1	0.7	0.8	0.8	0.8	2.2	3.0	0.7	(4)
Other Income	3.5	3.7	2.4	2.7	2.6	2.7	2.8	2.9	12.4	10.9	2.8	(9)
<b>PBT before EO Item</b>	<b>10.9</b>	<b>7.3</b>	<b>4.0</b>	<b>13.4</b>	<b>12.9</b>	<b>7.8</b>	<b>11.0</b>	<b>16.2</b>	<b>35.6</b>	<b>47.9</b>	<b>12.3</b>	5
Share of profit of JVs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	-
Extraordinary Inc/(Exp)	0.0	-0.2	19.4	4.4	0.4	0.0	0.0	0.0	23.5	0.4	0.0	
<b>PBT after EO Exp/(Inc)</b>	<b>10.9</b>	<b>7.1</b>	<b>23.4</b>	<b>17.8</b>	<b>13.3</b>	<b>7.8</b>	<b>11.0</b>	<b>16.3</b>	<b>59.2</b>	<b>48.4</b>	<b>12.4</b>	8
Tax	3.1	2.4	5.2	4.6	3.9	1.9	2.6	4.2	15.3	12.6	3.2	
Prior period tax adj and reversal	0.0	0.1	-8.1	0.4	-0.3	0.0	0.0	0.0	-7.6	0.0	0.0	
Rate (%)	28.4	34.5	-12.2	27.9	27.2	23.9	23.9	26.0	25.9	26.1	25.5	
<b>Reported Profit</b>	<b>7.8</b>	<b>4.7</b>	<b>26.2</b>	<b>12.8</b>	<b>9.7</b>	<b>5.9</b>	<b>8.4</b>	<b>12.0</b>	<b>51.5</b>	<b>35.8</b>	<b>9.2</b>	5
Minority Interest	1.4	0.2	5.0	3.3	1.8	1.5	2.4	3.4	9.9	9.1	2.0	-
<b>Adj PAT</b>	<b>6.4</b>	<b>4.6</b>	<b>4.1</b>	<b>4.5</b>	<b>7.3</b>	<b>4.5</b>	<b>6.0</b>	<b>8.6</b>	<b>19.6</b>	<b>26.4</b>	<b>7.2</b>	2
YoY Change (%)	(29.3)	(42.4)	(49.7)	(16.1)	14.7	(2.5)	45.1	93.4	(30.6)	35.1	11.0	

### Per ton analysis

Y/E March	FY25				FY26				FY25	FY26E	FY26 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Volume	15.3	14.2	16.5	18.2	18.4	16.2	18.1	21.0	64.2	73.7	18.1	2
Change (YoY %)	(1)	9	17	10	20	14	10	15	16	15	15	
<b>Blended Realization</b>	<b>5,485</b>	<b>5,181</b>	<b>5,153</b>	<b>5,484</b>	<b>5,592</b>	<b>5,472</b>	<b>5,472</b>	<b>5,533</b>	<b>5,332</b>	<b>5,519</b>	<b>5,442</b>	3
Change (YoY %)	-3.1	-8.6	-10.6	2.2	1.9	5.6	6.2	0.9	-5.4	3.5	3.5	
Raw Material	963	997	1,082	1,004	829	932	912	935	1,013	902	1,012	(18)
Staff Cost	207	245	232	195	227	263	238	208	218	232	206	10
Power and fuel	1,419	1,276	1,262	1,263	1,366	1,260	1,280	1,289	1,303	1,300	1,282	7
Freight	1,370	1,282	1,239	1,284	1,317	1,310	1,315	1,321	1,352	1,316	1,300	1
Other expenditure	689	697	802	712	788	810	750	688	726	755	640	23
<b>Total cost</b>	<b>4,649</b>	<b>4,498</b>	<b>4,616</b>	<b>4,458</b>	<b>4,526</b>	<b>4,575</b>	<b>4,495</b>	<b>4,441</b>	<b>4,613</b>	<b>4,505</b>	<b>4,440</b>	2
<b>EBITDA</b>	<b>836</b>	<b>684</b>	<b>537</b>	<b>1,026</b>	<b>1,066</b>	<b>897</b>	<b>976</b>	<b>1,092</b>	<b>719</b>	<b>1,014</b>	<b>1,002</b>	6
Change (YoY %)	(23)	(31)	(56)	0	27	31	82	6	(3)	41	24	

# Eicher Motors

Estimate changes	↔
TP change	↔
Rating change	↔

Bloomberg	EIM IN
Equity Shares (m)	274
M.Cap.(INRb)/(USD\$)	1499.7 / 17.1
52-Week Range (INR)	5908 / 4500
1, 6, 12 Rel. Per (%)	0/0/11
12M Avg Val (INR M)	2670

## Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	188.7	211.5	237.9
EBITDA	47.1	50.8	57.3
Adj. PAT	47.3	49.1	53.6
Adj EPS (INR)	172.7	179.0	195.4
EPS Gr (%)	18.0	3.7	9.2
BV/Sh (INR)	777	884	997

### Ratios

RoE (%)	24.1	21.6	20.8
RoCE (%)	23.1	20.8	20.1
Payout (%)	40.5	40.2	42.0

### Valuations

P/E (x)	31.7	30.6	28.0
P/BV (x)	7.0	6.2	5.5
Div. Yield (%)	1.3	1.3	1.5
FCF Yield (%)	2.0	2.6	2.7

## Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	49.1	49.1	49.1
DII	15.8	16.6	12.0
FII	25.8	25.0	28.8
Others	9.3	9.3	10.1

FII includes depository receipts

**CMP: INR5,469**      **TP: INR4,698 (-14%)**      **Sell**

## Exports has been the key growth driver

### Focus on growth to continue

- Eicher Motors' (EIM) 1QFY26 consolidated PAT at INR12.1b was ahead of estimates of INR10.6b, supported by strong other income (INR 4.5bn, +58% YoY) and better-than-expected performance at VECV, even as standalone margins were in line with our estimates.
- We factor in a 10% volume CAGR for RE over FY25-27E, with management now prioritizing growth over margins. Hence, we expect margins to remain under pressure from here on, as any benefit from an improving mix (higher spares and apparel sales) is likely to be invested by RE in demand-generation activities. We expect RE to deliver a much slower 6% earnings CAGR over FY25-27E. Reiterate Sell with a TP of INR4,698. We value RE at 24x June-27E EPS and VECV at 10x EV EBITDA.

### PAT beat driven largely by higher other income

- EIM's 1QFY26 consolidated PAT at INR12.1b was ahead of estimates of INR10.6b, aided by higher-than-expected other income and improved VECV performance.
- On a standalone basis, revenue grew 16% YoY to INR48.2b, in line with our estimates. Revenue growth was driven by a 17% YoY growth in volumes
- EBITDA margin contracted 280bp YoY (+40bp QoQ) to 25.1%, marginally ahead of our estimate of 24.8%.
- Other income increased sharply to INR6.6b, largely due to MTM gains.
- As a result, standalone PAT came in at INR13b, ahead of our estimate of INR10.8b.
- EBITDA margin at VECV improved to 9%, expanding 140bp YoY on the back of a better product mix, lower discounts, and operating leverage benefits.
- PAT share of VECV has declined 10% YoY to INR1.6b, but was ahead of our estimate of INR1.2b.

### Highlights from the management commentary

- Royal Enfield reported a strong 14.7% YoY growth in volumes, supported by a 41% surge in exports. Domestic sales rose 11.8%, led by a broader portfolio appeal and distribution push into non-urban geographies. Rural sales' contribution has increased to 50% from 32% over last few years, underlining the success of deeper market penetration and tailored financing.
- In exports, RE continues to entrench itself in the mid-size segment. With Brazil and Argentina seeing rapid volume traction post CKD localization and channel ramp-up, RE is now among the top three players in key Latin American markets. The Himalayan 450 launch in Brazil has received an overwhelming response, supporting brand momentum overseas.
- Despite cost inflation, RE has taken limited price hikes (only a modest ~1.15% increase in Apr'25), preferring to absorb margin impact in favor of volume growth.
- VECV's EBITDA margin expanded to 9%, marking a 140bp YoY increase on the back of a better product mix, lower discounts, and improving operating leverage.

### Valuation and view

We factor in a 10% volume CAGR for RE over FY25-27E, with management now prioritizing growth over margins. Hence, we expect margins to remain under pressure from here on, as any benefit from an improving mix (higher spares and apparel sales) is likely to be invested by RE in demand-generation activities. This is clearly visible in the past few quarters, where volume has seen a healthy pick-up, albeit at the expense of margins. Hence, we expect RE to deliver a much slower 6% earnings CAGR over FY25-27E. Given the expected slower earnings growth, we see no reason for the stock to trade at premium valuations. Reiterate Sell with a TP of INR4,698. We value RE at 24x June-27E EPS and VECV at 10x EV EBITDA.

### Quarterly performance (Consolidated)

INR m	FY25				FY26E				FY25	FY26E	1QE	VAR (%)
Y/E March	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Operating income</b>	<b>43,931</b>	<b>42,631</b>	<b>49,731</b>	<b>52,411</b>	<b>50,418</b>	<b>47,916</b>	<b>56,522</b>	<b>56,655</b>	<b>188,704</b>	<b>211,511</b>	<b>49,657</b>	2
Growth (%)	10.2	3.6	19.0	23.1	14.8	12.4	13.7	8.1	14.1	27.9	13	
<b>EBITDA</b>	<b>11,654</b>	<b>10,877</b>	<b>12,012</b>	<b>12,577</b>	<b>12,028</b>	<b>11,441</b>	<b>13,691</b>	<b>13,594</b>	<b>47,120</b>	<b>50,754</b>	<b>11,681</b>	3
EBITDA Margins (%)	26.5	25.5	24.2	24.0	23.9	23.9	24.2	24.0	25.0	24.0	23.5	
<b>PAT</b>	<b>9,269</b>	<b>9,866</b>	<b>10,070</b>	<b>11,142</b>	<b>10,481</b>	<b>9,778</b>	<b>10,878</b>	<b>9,948</b>	<b>40,346</b>	<b>41,085</b>	<b>9,415</b>	11
Share of JV Loss/(PAT)/ Min. Int.	-1,746	-1,138	-1,635	-2,480	-1,571	-1,608	-1,742	-3,084	-6,998	-8,005	-1,223	
<b>Recurring PAT</b>	<b>11,015</b>	<b>11,003</b>	<b>11,705</b>	<b>13,622</b>	<b>12,052</b>	<b>11,386</b>	<b>12,620</b>	<b>13,032</b>	<b>47,344</b>	<b>49,090</b>	<b>10,638</b>	13
Growth (%)	19.9	8.3	17.5	27.3	9.4	3.5	7.8	-4.3	18.3	22.7	-3.4	

### Standalone (Royal Enfield)

(INR Million)	FY25				FY26E				FY25	FY26E	1QE	VAR (%)
Y/E March	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Royal Enfield ('000 units)</b>	<b>227</b>	<b>228</b>	<b>272</b>	<b>283</b>	<b>266</b>	<b>268</b>	<b>289</b>	<b>295</b>	<b>1,010</b>	<b>1,010</b>	<b>266</b>	0
Growth (%)	-0.4	-0.6	19.4	24.2	17.0	17.5	6.0	4.1	10.6	10.6	17.0	
<b>Net Realn (INR '000/unit)</b>	<b>186</b>	<b>185</b>	<b>180</b>	<b>181</b>	<b>185</b>	<b>185</b>	<b>185</b>	<b>186</b>	<b>183</b>	<b>185</b>	<b>183</b>	1
Change - YoY (%)	8.8	7.7	1.4	-1.9	-0.9	0.0	2.9	3.1	3.7	5.2	-2.0	
<b>Net operating income</b>	<b>42,313</b>	<b>42,054</b>	<b>49,081</b>	<b>51,066</b>	<b>49,084</b>	<b>47,368</b>	<b>55,905</b>	<b>54,489</b>	<b>184,515</b>	<b>206,846</b>	<b>48,524</b>	1
Growth (%)	8.5	7.0	21.1	21.8	16.0	12.6	13.9	6.7	43.5	60.8	14.7	
<b>EBITDA</b>	<b>11,786</b>	<b>11,049</b>	<b>12,237</b>	<b>12,609</b>	<b>12,313</b>	<b>11,749</b>	<b>13,919</b>	<b>13,558</b>	<b>47,680</b>	<b>51,539</b>	<b>12,039</b>	2
EBITDA Margins (%)	27.9	26.3	24.9	24.7	25.1	24.8	24.9	24.9	25.8	24.9	24.8	
<b>Recurring PAT</b>	<b>10,880</b>	<b>10,099</b>	<b>10,562</b>	<b>11,251</b>	<b>13,065</b>	<b>9,989</b>	<b>11,688</b>	<b>10,821</b>	<b>42,793</b>	<b>45,563</b>	<b>10,799</b>	21
Growth (%)	19.1	7.6	15.6	14.4	20.1	-1.1	10.7	-3.8	14.1	21.5	-0.7	

### VECV: Quarterly performance

(INR Million)	FY25				FY26E				FY25	FY26E	1QE	VAR (%)
Y/E March	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Total CV Volumes</b>	<b>19,702</b>	<b>20,774</b>	<b>21,010</b>	<b>28,675</b>	<b>21,610</b>	<b>21,961</b>	<b>22,203</b>	<b>30,516</b>	<b>90,161</b>	<b>96,290</b>	<b>21,610</b>	0
Growth (%)	0.7	6.3	1.5	11.4	9.7	5.7	5.7	6.4	5.4	12.5	9.7	
<b>Net Realn (INR '000/unit)</b>	<b>2,573</b>	<b>2,666</b>	<b>2,761</b>	<b>2,490</b>	<b>2,624</b>	<b>2,692</b>	<b>2,706</b>	<b>2,730</b>	<b>2,612</b>	<b>2,692</b>	<b>2,651</b>	-1
Change - YoY (%)	1.1	1.7	4.3	2.0	2.0	1.0	-2.0	9.6	2.2	5.3	3.0	
<b>Net Op. Income</b>	<b>50,700</b>	<b>55,380</b>	<b>58,010</b>	<b>71,392</b>	<b>56,711</b>	<b>59,130</b>	<b>60,076</b>	<b>83,302</b>	<b>235,482</b>	<b>259,219</b>	<b>57,278</b>	-1
Growth (%)	1.8	8.0	5.8	13.7	11.9	6.8	3.6	16.7	34.6	48.2	13.0	
<b>EBITDA</b>	<b>3,850</b>	<b>3,950</b>	<b>5,090</b>	<b>7,339</b>	<b>5,108</b>	<b>5,136</b>	<b>5,442</b>	<b>8,407</b>	<b>20,228</b>	<b>24,094</b>	<b>4,344</b>	18
EBITDA Margins (%)	7.6	7.1	8.8	10.3	9.0	8.7	9.1	10.1	8.6	9.3	7.6	
<b>Recurring PAT</b>	<b>2,307</b>	<b>2,090</b>	<b>3,010</b>	<b>4,559</b>	<b>2,890</b>	<b>2,956</b>	<b>3,202</b>	<b>5,667</b>	<b>12,864</b>	<b>14,714</b>	<b>2,249</b>	29
Growth (%)	27.4	11.8	42.6	86.9	25.3	41.4	6.4	24.3	56.3	78.8	-2.5	

E: MOFSL Estimates

# TVS Motor Company

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR2,802      TP: INR2,839 (+1%)      Neutral**

## Margins continue to expand

### TVS outperforms industry in both domestic and exports in 1Q

- TVS Motor Company's (TVS) 1Q PAT at INR7.8b was ahead of our estimate of INR7.4b, led by better-than-expected margins at 12.5%. Management is confident of sustaining its export momentum and is hopeful of a revival in domestic demand, led by improved rural sentiments and the upcoming festive season.
- Post the recent stock rally, we believe TVS at 41.7x/35.2x FY26E/FY27E EPS appears fairly valued. **Reiterate Neutral with a TP of ~INR2,839 (based on ~32x June'27E EPS and INR220/sh for the NBFC).**

Bloomberg	TVSL IN
Equity Shares (m)	475
M.Cap.(INRb)/(USDb)	1331.1 / 15.2
52-Week Range (INR)	2961 / 2170
1, 6, 12 Rel. Per (%)	-1/9/11
12M Avg Val (INR M)	2217

### Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	362.5	419.0	469.7
EBITDA	44.5	52.4	61.1
Adj. PAT	27.1	31.9	37.8
EPS (INR)	57.1	67.1	79.6
EPS Gr. (%)	30.1	17.7	18.6
BV/Sh (INR)	209.1	264.3	329.9

### Ratios

RoE (%)	30.7	28.4	26.8
RoCE (%)	36.0	34.3	32.9
Payout (%)	17.5	17.9	17.6

### Valuations

P/E (x)	49.1	41.7	35.2
P/BV (x)	13.4	10.6	8.5
Div. Yield (%)	0.4	0.4	0.5
FCF Yield (%)	1.9	2.1	2.3

### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	50.3	50.3	50.3
DII	18.8	19.7	20.1
FII	22.5	21.6	21.1
Others	8.4	8.5	8.6

FII Includes depository receipts

### Strong operational performance

- TVSL's standalone revenue/EBITDA/adj. PAT grew ~20%/32%/35% YoY in 1QFY26 to INR100.8b/~INR12.6b/INR7.8b (est. INR100.3b/12b/7.4b).
- Revenue growth of ~20% YoY was largely driven by strong volume growth (+17.5% YoY, the highest-ever quarterly unit sales). ASP was up 2.5% YoY at INR78.9k/unit, with limited pricing action.
- Gross margins largely remained stable YoY at 28.8% (est. 28.4%). RM costs were largely flat QoQ with minimal price increase.
- Other expenses were lower 90bp YoY.
- Consequently, **EBITDA margin expanded 100bp YoY** to 12.5% (estimate 12%). Adjusted for PLI accrual for Q1FY25, margins would have been up 50bp YoY.
- This has resulted in ~32% YoY growth in EBITDA at INR12.6b (in line with estimates).
- Adj. PAT came in at INR7.8b (+35% YoY, beating estimates of INR7.4b).

### Key takeaways from the management interaction

- **Domestic:** Management remains optimistic that domestic market growth momentum will continue in FY26. 1QFY26 witnessed **retail growth of ~9% YoY, with rural markets slightly outperforming at ~10% YoY**, supported by healthy reservoir levels, improving agricultural outlook, and continued infrastructure investments. **2W domestic ICE segment grew ~8% YoY.**
- **Exports:** Africa showed strong recovery, led by HLX 125 Five Gear and entry into Morocco which is expected to drive further growth. LATAM maintains consistent MoM growth; Nepal and Sri Lanka are performing well in Asia. Bangladesh remains challenged but a gradual recovery is expected. The Middle East is stable with sustained performance.
- **Capex:** Capex is expected to remain in the range of INR1.6b-1.7b, with investments in new products. TVS will continue to invest about INR20b in subsidiaries and associates.
- Management has iterated that it has sufficient stock of rare earth magnets to meet short-term demand.

### Valuation and view

- The recently launched Jupiter 110 has been well-received by customers and is likely to help TVS gain a share in scooters in the coming quarters. However, in motorcycles, for the first time in many years, TVS has underperformed the industry in FY25. More importantly, the company has underperformed in the 125cc segment, which has been its key growth driver in recent years. Further, post the recent stock rally, we believe TVS at 41.7x/35.2x FY26E/FY27E EPS appears fairly valued. **Reiterate Neutral with a TP of ~INR2,839 (based on ~32x June'27E EPS and INR220/sh for the NBFC).**

### S/A Quarterly Performance

Y/E March (INR m)	FY25				FY26E				FY25	FY26E	1QE
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
<b>Vols ('000 units)</b>	<b>1,087.2</b>	<b>1,228.2</b>	<b>1,212.0</b>	<b>1,216.3</b>	<b>1,277.0</b>	<b>1,325.9</b>	<b>1,342.7</b>	<b>1,355.4</b>	<b>4,744</b>	<b>5,301</b>	<b>1,277.2</b>
Growth (%)	14.1	14.3	10.1	14.2	17.5	8.0	10.8	11.4	13.2	26.5	17.5
<b>Realn (INR '000/unit)</b>	<b>77.0</b>	<b>75.1</b>	<b>75.1</b>	<b>78.5</b>	<b>78.9</b>	<b>78.9</b>	<b>79.2</b>	<b>79.1</b>	<b>76.4</b>	<b>79.0</b>	<b>78.6</b>
Growth (%)	1.7	(0.9)	0.2	2.4	2.5	5.0	5.5	0.7	0.8	4.2	2.0
<b>Net Sales</b>	<b>83,756</b>	<b>92,282</b>	<b>90,971</b>	<b>95,504</b>	<b>100,810</b>	<b>104,606</b>	<b>106,330</b>	<b>107,215</b>	<b>362,513</b>	<b>418,961</b>	<b>100,361</b>
Growth (%)	16.0	13.3	10.3	16.9	20.4	13.4	16.9	12.3	14.1	31.8	19.8
<b>Total RM Cost</b>	<b>59,804</b>	<b>66,018</b>	<b>65,112</b>	<b>66,672</b>	<b>71,754</b>	<b>74,793</b>	<b>76,132</b>	<b>76,459</b>	<b>257,607</b>	<b>299,138</b>	<b>71,859</b>
RM (% of sales)	71.4	71.5	71.6	69.8	71.2	71.5	71.6	71.3	71.1	71.4	71.6
Emp cost (% of sales)	5.7	5.4	5.5	5.2	5.8	5.4	5.3	4.8	5.4	5.3	5.4
Other exp (% of sales)	11.4	11.4	11.1	11.0	10.5	11.2	11.2	11.2	11.2	10.8	11.0
<b>EBITDA</b>	<b>9,602</b>	<b>10,798</b>	<b>10,815</b>	<b>13,326</b>	<b>12,630</b>	<b>12,873</b>	<b>13,272</b>	<b>13,595</b>	<b>44,540</b>	<b>52,370</b>	<b>12,043</b>
EBITDA Margin(%)	11.5	11.7	11.9	14.0	12.5	12.3	12.5	12.7	12.3	12.5	12.0
Interest	372	319	338	358	403	400	390	378	1,387	1,571	420
Depreciation	1,763	1,806	1,883	1,994	2,039	2,050	2,100	2,122	7,446	8,311	1,817
Other Income	363	299	-227	145	343	120	80	77	580	620	210
<b>PBT before EO Exp</b>	<b>7,829</b>	<b>8,972</b>	<b>8,367</b>	<b>11,120</b>	<b>10,531</b>	<b>10,543</b>	<b>10,862</b>	<b>11,173</b>	<b>36,288</b>	<b>43,108</b>	<b>10,016</b>
EO Exp	0	0	0	1,617	0	0	0	0			0
<b>PBT after EO Exp</b>	<b>7,829</b>	<b>8,972</b>	<b>8,367</b>	<b>12,737</b>	<b>10,531</b>	<b>10,543</b>	<b>10,862</b>	<b>11,173</b>	<b>36,288</b>	<b>43,108</b>	<b>10,016</b>
Tax	2,056	2,346	2,182	2,599	2,745	2,802	2,802	2,683	9,183	11,208	2,895
<b>Total Tax</b>	<b>2,056</b>	<b>2,346</b>	<b>2,182</b>	<b>2,599</b>	<b>2,745</b>	<b>2,802</b>	<b>2,802</b>	<b>2,683</b>	<b>9,183</b>	<b>11,208</b>	<b>2,895</b>
Tax rate (%)	26.3	26.1	26.1	20.4	26.1	25.0	25.0	23.9	25.3	26.0	26.0
<b>Reported PAT</b>	<b>5,773</b>	<b>6,626</b>	<b>6,185</b>	<b>10,139</b>	<b>7,786</b>	<b>7,741</b>	<b>8,060</b>	<b>8,490</b>	<b>27,105</b>	<b>31,934</b>	<b>7,412</b>
<b>Adjusted PAT</b>	<b>5,773</b>	<b>6,626</b>	<b>6,185</b>	<b>8,521</b>	<b>7,786</b>	<b>7,907</b>	<b>8,146</b>	<b>8,490</b>	<b>27,105</b>	<b>31,934</b>	<b>7,412</b>
Growth (%)	23.4	23.5	4.2	75.5	34.9	19.3	31.7	(0.4)	30.1	17.7	28.4

# Rural Electrification Corp

Estimate change	↑
TP change	↔
Rating change	↔

**CMP: INR395**                      **TP: INR460 (+16%)**                      **Buy**

## Provision write-backs drive earnings beat; NIM up 10bp QoQ

### Loan growth remained muted but asset quality continued to improve

Bloomberg	RECL IN
Equity Shares (m)	2633
M.Cap.(INRb)/(USDb)	1040.7 / 11.9
52-Week Range (INR)	648 / 357
1, 6, 12 Rel. Per (%)	1/-18/-38
12M Avg Val (INR M)	4234

#### Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	209	231	257
PPP	209	223	254
PAT	157	180	192
EPS (INR)	59.7	68.4	72.9
EPS Gr. (%)	12	15	7
BV/Shr (INR)	295	345	398
ABV/Shr (INR)	293	344	398
RoAA (%)	2.7	2.8	2.6
RoE (%)	21.5	21.4	19.6
Div. Payout (%)	30.1	29.2	30.3

#### Valuation

P/E (x)	6.6	5.8	5.4
P/BV (x)	1.3	1.1	1.0
Div. Yield (%)	4.6	5.1	5.6

#### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	52.6	52.6	52.6
DII	15.6	14.8	14.7
FII	19.2	20.5	20.4
Others	12.7	12.1	12.2

FII Includes depository receipts

- Rural Electrification Corp's (RECL) 1QFY26 PAT grew ~29% YoY to INR44.5b (~8% beat). NII grew ~19% YoY to ~INR55.7b (in line). Other income stood at ~INR3.4b (PY: INR3.5b) due to currency translation losses of INR6.4b.
- Opex declined ~12% YoY to ~INR1.9b and cost-income ratio stood at ~2.5% (PQ: 3.1% and PY: ~3.4%). The decline in opex was driven by lower CSR and other employee expenses during the quarter. PPop grew 5% YoY to INR50.3b (~5% miss), primarily because of higher currency translation losses.
- Yields (calc.) rose ~20bp QoQ to ~10%, while CoB rose ~5bp QoQ to ~7.2%, resulting in ~15bp QoQ growth in spreads (calc.) to 2.8%. Reported NIM rose 10bp QoQ to ~3.74% (PQ: 3.63%). Previous quarter's yield is not comparable as it included one-off interest income from recovery in KSK Mahanadi.
- GS3 improved ~30bp QoQ to ~1.05%, while NS3 improved ~15bp QoQ ~0.25%. PCR on Stage 3 rose ~5pp QoQ to ~77%.
- Provisions write-backs stood at INR6.2b (est. provision of INR1.1b). This translated into annualized credit costs of -11bp (PY: 9bp and PQ: 14bp). During the quarter, TRN Energy, with an outstanding loan amount of ~INR15b, was restructured. As part of the resolution, REC wrote off INR3.92b, accompanied by a corresponding reversal in ECL of INR2.7b.
- Management reiterated that REC aims to become a net zero NNPA company by the end of FY26. It indicated that most of the stressed assets are in advanced stages of resolution, and REC expects provision reversals of INR7-8b over the next three quarters as these exposures get resolved.
- AUM stood at INR5.85t, up 10.4% YoY and 3% QoQ. Management has guided for loan growth of ~12% in FY26, with expected spreads in the range of ~2.75-3.0% and NIMs of ~3.5-3.75% for the year.
- We raise FY26 EPS estimate by ~3% to factor in higher provision writebacks from stressed asset resolutions. We model a CAGR of 17%/13%/10% in disbursement/loans/PAT over FY25-27E. We estimate RoA/RoE of 2.6%/20% and a dividend yield of ~5.6% in FY27. **Reiterate BUY with a TP of INR460 (premised on 1.2x Mar'27E BVPS).**
- Key risks:** 1) weak loan growth from high pre-payments and business loss to peers from refinancing; 2) rising exposure to high-risk power projects without PPAs; and 3) compression in spreads and margins amid high competition.

### Key highlights from the management commentary

- Management shared that the resolution of Hiranmaye Power, Sinnar Thermal, and Bhadreshwar are in advanced stages and expected to be completed within FY26.
- Kaleshwaram Project, sanctioned in FY21-22, was funded by REC, based on state guarantees and budgetary allocations, with equal responsibility from the state governments. The account has remained in Stage 2 for the past 18 months, and REC does not anticipate it slipping into Stage 3.

### Valuation and view

- RECL delivered a decent performance, driven by strong disbursement during the quarter. However, as per management guidance, overall loan growth remained modest at ~10%. Asset quality continued to improve, aided by the resolution of TRN Energy during the quarter. Notably, the company reported a ~10bp expansion in NIMs, which was a positive.
- RECL trades at 1x FY27E P/ABV, and we believe that valuations are attractive for this franchise, which offers decent earnings growth and ~20% RoE.
- The company is well equipped to achieve a loan book CAGR of ~13% and a PAT CAGR of ~10% over FY25-FY27. We estimate RoA/RoE of 2.6%/20% and a dividend yield of ~5.6% in FY27. **Reiterate BUY with a TP of INR460 (premised on a target multiple of 1.2x Mar'27E P/BV).**

### Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E	1Q FY26E	INR m v/s Est.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Interest Income	1,26,904	1,34,744	1,39,704	1,49,350	1,45,022	1,48,503	1,52,364	1,55,264	5,50,701	6,01,153	1,43,559	1
Interest Expenses	80,212	85,065	88,373	87,699	89,351	91,674	93,874	95,568	3,41,350	3,70,468	89,453	0
<b>Net Interest Income</b>	<b>46,692</b>	<b>49,678</b>	<b>51,331</b>	<b>61,651</b>	<b>55,671</b>	<b>56,829</b>	<b>58,490</b>	<b>59,696</b>	<b>2,09,351</b>	<b>2,30,686</b>	<b>54,106</b>	<b>3</b>
YoY Gr (%)	28.3	22.9	19.6	37.4	19.2	14.4	13.9	-3.2	27	10	15.9	
Other Operational Income	469	483	757	2,228	1,442	0	0	0	8,410	1,682	0	
<b>Net Operational Income</b>	<b>47,161</b>	<b>50,161</b>	<b>52,088</b>	<b>63,879</b>	<b>57,113</b>	<b>56,829</b>	<b>58,490</b>	<b>59,696</b>	<b>2,15,680</b>	<b>2,30,368</b>	<b>54,106</b>	<b>6</b>
YoY Gr (%)	28.9	22.4	19.9	39.5	21.1	13.3	12.3	-6.5	27	7	14.7	
Other Income	2,998	731	1,266	163	-4,891	2,500	2,400	2,427	685	754	1,000	-589
<b>Total Net Income</b>	<b>50,159</b>	<b>50,892</b>	<b>53,354</b>	<b>64,042</b>	<b>52,222</b>	<b>59,329</b>	<b>60,890</b>	<b>62,123</b>	<b>2,16,365</b>	<b>2,31,121</b>	<b>55,106</b>	<b>-5</b>
YoY Gr (%)	28.1	20.0	22.7	34.9	4.1	16.6	14.1	-3.0	27	7	9.9	
<b>Operating Expenses</b>	<b>2,175</b>	<b>1,936</b>	<b>3,147</b>	<b>2,396</b>	<b>1,919</b>	<b>2,308</b>	<b>3,134</b>	<b>3,115</b>	<b>7,436</b>	<b>8,476</b>	<b>2,447</b>	<b>-22</b>
YoY Gr (%)	50.6	-0.1	78.2	-23.1	-11.8	19.2	-0.4	30.0	13	14	12.5	
% to Income	4.3	3.8	5.9	3.7	3.7	3.9	5.1	5.0	3	4	4.4	
<b>Operating Profit</b>	<b>47,984</b>	<b>48,955</b>	<b>50,206</b>	<b>61,646</b>	<b>50,303</b>	<b>57,021</b>	<b>57,756</b>	<b>59,007</b>	<b>2,08,929</b>	<b>2,22,645</b>	<b>52,658</b>	<b>-4</b>
YoY Gr %	27.3	21.0	20.4	39.0	4.8	16.5	15.0	-4.3	27	7	9.7	
Provisions	4,726	-1,441	-890	7,800	-6,166	1,357	1,456	-1,499	10,194	(4,852)	1,078	-672
<b>PBT</b>	<b>43,258</b>	<b>50,396</b>	<b>51,097</b>	<b>53,847</b>	<b>56,469</b>	<b>55,664</b>	<b>56,300</b>	<b>60,506</b>	<b>1,98,734</b>	<b>2,27,496</b>	<b>51,580</b>	<b>9</b>
YoY Gr (%)	16.5	4.8	24.2	4.6	30.5	10.5	10.2	12.4	12	14	19.2	
<b>Tax</b>	<b>8,834</b>	<b>10,342</b>	<b>10,806</b>	<b>11,485</b>	<b>11,959</b>	<b>11,411</b>	<b>12,104</b>	<b>11,845</b>	<b>41,466</b>	<b>47,319</b>	<b>10,316</b>	<b>16</b>
Tax Rate (%)	20.4	20.5	21.1	21.3	21.2	20.5	21.5	19.6	21	21	16.8	
<b>PAT</b>	<b>34,425</b>	<b>40,055</b>	<b>40,291</b>	<b>42,362</b>	<b>44,510</b>	<b>44,253</b>	<b>44,195</b>	<b>48,661</b>	<b>1,57,269</b>	<b>1,80,177</b>	<b>41,264</b>	<b>8</b>
YoY Gr (%)	16.3	6.2	23.2	5.5	29.3	10.5	9.7	14.9	12.2	14.6	19.9	
<b>Key Parameters (Calc., %)</b>												
Yield on loans	9.81	9.99	10.01	10.49	9.99	9.92	9.86	9.79				
Cost of funds	7.16	7.28	7.32	7.17	7.17	7.11	7.07	7.02				
Spread	2.65	2.7	2.7	3.3	2.82	2.8	2.8	2.8				
NIM	3.5	3.7	3.7	4.3	3.8	3.8	3.8	3.8				
C/I ratio	3.4	3.1	5.0	3.1	2.5	3.1	4.6	4.4				
Credit cost	0.09	0.0	-0.02	0.14	-0.11	0.0	0.02	-0.02				
<b>Balance Sheet Parameters</b>												
<b>Disbursements (INR b)</b>	<b>437</b>	<b>473</b>	<b>547</b>	<b>455</b>	<b>595</b>	<b>568</b>	<b>602</b>	<b>530</b>				
Growth (%)	27.9	13.7	18.0	15.7	36.3	20.0	10.0	16.4				
<b>AUM (INR b)</b>	<b>5,297</b>	<b>5,461</b>	<b>5,656</b>	<b>5,669</b>	<b>5,846</b>	<b>6,019</b>	<b>6,229</b>	<b>6,376</b>				
Growth (%)	16.6	15.1	13.7	11.3	10.4	10.2	10.1	12.5				
<b>Asset Quality Parameters</b>												
<b>GS 3 (INR B)</b>	138.1	138.2	110.5	76.5	61.5							
GS 3 (%)	2.6	2.5	2.0	1.4	1.05							
<b>NS 3 (INR B)</b>	43.5	48.2	42.1	21.6	14.11							
NS 3 (%)	0.82	0.9	0.7	0.4	0.24							
PCR (%)	68.5	65.1	61.9	71.7	77.05							

E: MOFSL Estimates

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR404      TP: INR450 (+11%)      Neutral**

## Improvement ahead of schedule

### Measured QC investments to aid margins, but competitive risk looms ahead

Bloomberg	SWIGGY IN
Equity Shares (m)	2494
M.Cap.(INRb)/(USDb)	1006.8 / 11.5
52-Week Range (INR)	617 / 297
1, 6, 12 Rel. Per (%)	4/-8/-
12M Avg Val (INR M)	6901

#### Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
GOV	287.8	340.7	410.1
Net Sales	152.3	223.3	305.6
Change (%)	35.4	46.6	36.9
EBITDA	-27.9	-33.7	-19.4
EBITDA margin (%)	-18.3	-15.1	-6.3
Adj. PAT	-31.1	-38.9	-25.7
PAT margin (%)	-20.5	-17.4	-8.4
RoE (%)	-34.58	-44.91	-41.14
RoCE (%)	-33.91	-42.41	-39.37
EPS	-13.63	-17.03	-11.22
EV/ Sales	6.0	4.0	3.0
Price/ Book	9.0	13.0	17.3

#### Shareholding Pattern (%)

As On	Jun-25	Mar-25
Promoter	0.0	0.0
DII	13.5	9.3
FII	15.1	4.9
Others	71.4	85.8

FII includes depository receipts

- Swiggy delivered a revenue of INR49.6b in 1QFY26 (up 12.5% QoQ) vs. our estimate of INR49b. The food delivery (FD) business's GOV grew 18.7% YoY, whereas the contribution margin (CM) contracted 50bp QoQ to 7.3%. FD's adjusted EBITDA as a % of GOV margin dipped 50bp QoQ to 2.4% vs. our estimate of 2.5%.
- Instamart's GOV was INR56.6b (up 107% YoY) vs. our estimate of INR 58b. The contribution margin expanded 100bp QoQ to -4.6%. Adjusted EBITDA as a % of GOV was -15.8% (-18% in 4Q), in line with our estimate of -16%.
- Overall, Swiggy posted a net loss of INR12b, marking an increase of 95% YoY.
- For 1QFY26, revenue/adj. EBITDA loss grew 54%/134% YoY. For 2QFY26, we expect revenue/adj. EBITDA loss to increase 50%/107% YoY. We believe execution has improved notably, with the improvement in QC AOV being an encouraging sign. We remain on the sidelines due to continued heightened competition in the sector. Our TP of INR450 implies an 11% upside from the current price. We reiterate our **NEUTRAL** rating on the stock.

### Our view: AOV catching up with close peers

- AOV increase a key positive surprise:** Instamart's AOV rose 26% YoY and 16% QoQ—well ahead of the internal guidance. This was driven by the removal of low-value, unprofitable orders, higher Maxx saver adoption, and increasing mix of non-grocery items (now 18.5% of GOV vs 6.6% a year ago). Management confirmed there was no seasonality in this surge—it was entirely structural. We expect AOV to continue trending up, albeit gradually, as assortment expands and ecosystem partnerships (brands, sellers) kick in to drive monetization and habit formation for Maxx saver.
- Contribution margin to improve faster, but strategy carries competitive risk:** Swiggy has paused further store expansion in quick commerce, indicating that its current footprint of 4.3m sq ft across 1,000+ dark stores can support 100% YoY growth. This should accelerate margin expansion, aided by operating leverage and reduced fixed costs. However, in a market where competitors are densifying aggressively, this more measured approach may leave Swiggy exposed if network reach or delivery speeds start to lag. We expect near-term margin gains, but the strategic trade-off adds medium-term competitive risk.
- FD GOV continues to surprise; 10-minute 'Bolt' gaining traction:** FD GOV rose 18.8% YoY—its second-best growth in nine quarters—despite a seasonally weak Q1. Swiggy's 10-minute format, Bolt, now continues to account for 10-12% of FD orders, with unit economics close to the platform average due to tighter delivery radius and lower delivery fees. We expect continued GOV momentum as Swiggy scales newer formats and penetrates deeper into Tier-2 cities.

- **No structural concern on FD margins; softness was seasonal:** FD's EBITDA margin contracted to 2.4% due to seasonal rider availability issues and one-off fixed cost increases tied to appraisals. Management emphasized this was temporary and reaffirmed its 5% medium-term margin target. We expect margins to rebound from 2Q onwards as operating costs normalize, GOV scales further, and platform innovations like Bolt deliver incremental efficiency without eroding profitability.

#### Valuation and view

- We now value FD on EV/EBITDA (FY27e) multiple vs DCF earlier; we ascribe Swiggy's FD business a 10% discount to Eternal. We acknowledge that Swiggy is growing faster, and once parity on EBITDA margin is achieved, this discount may not be warranted. We continue to value QC on DCF. We arrive at our revised price of INR450. We believe execution has improved notably, with the improvement in QC AOV being an encouraging sign. We remain on the sidelines due to continued heightened competition in the sector. Our TP of INR450 implies an 11% upside from the current price. We reiterate our NEUTRAL rating on the stock.

#### In-line FD GOV growth and Instamart adj. EBITDA margin

- Swiggy reported 1QFY26 net revenue of INR49.6b (+12.5% /54% QoQ /YoY) vs our estimate of INR 49b.
- FD's GOV stood at INR80.9b (up 10%/18.7% QoQ/YoY) vs our estimate of INR79.5b. The company remains confident of achieving high-teens growth in the near term.
- Instamart GOV came in at INR56.6b (up 107% YoY) vs our estimate of INR58b. Darkstore rollouts included 41 new active stores in 1Q (vs c300 stores in 4Q).
- For FD, adjusted EBITDA as a % of GOV margin declined 50bp QoQ at 2.4% vs our estimate of 2.5%.
- Instamart's adjusted EBITDA as a % of GOV was -15.8% (-18% in 1Q) vs. our estimate of -16%.
- Consol. Adj. EBITDA came in at negative at INR8.1b.
- Instamart reported a contribution margin of -4.6% (-5.6% in 1Q) vs. our estimate of -5.1%. Levers for 100bp improvement included higher advertising revenue, customer incentive rationalization, and operating leverage on other network costs (240bp), partially offset by headwinds from aggressive 4Q expansions (90bp) and take-rate dilution on non-groceries (~50bp).
- Swiggy reported a net loss of INR12b (est. INR11.2b), marking an increase of 95% YoY.

#### Key highlights from the management commentary

- **FD:** GOV stood at INR80.9b, rising 10% QoQ and 18.7% YoY. The company remains confident of maintaining high-teen growth in the near term.
- The resilient GOV performance was driven by a growing MTU base, enabled by better execution—particularly in Tier-2 cities—and improved consumer propositions, which also helped expand GOV per MTU.

- 'Bolt' now contributes over 10-12% of total orders. It has a minimal impact on AOV and is not dilutive at the platform level. Its economics are close to the platform average, despite no incremental monetization.
- **Instamart:** AOV increased 26% YoY, which is a key driver of profitability. Order growth was deliberately moderated by phasing out low-value orders that hurt P&L. The Maxxsaver basket-building program helped consolidate orders. Retention among Maxxsaver users is higher, supporting AOV growth. The company expects orders to rise going forward.
- Non-grocery penetration is still low, but the share of these products will continue to grow over the next few quarters. Increased assortment is planned across a wider coverage area.
- The company believes its current dark store network can support 2x growth. Future expansion will be need-based, not broad-based.

### Valuation and view

- We now value FD on EV/EBITDA (FY27e) multiple vs DCF earlier; we ascribe Swiggy's FD business a 10% discount to Eternal. We acknowledge that Swiggy is growing faster, and once parity on EBITDA margin is achieved, this discount may not be warranted. We continue to value QC on DCF. We arrive at our revised price of INR450. We believe execution has improved notably, with the improvement in QC AOV being an encouraging sign. We remain on the sidelines due to continued heightened competition in the sector. Our TP of INR450 implies an 11% upside from the current price. We reiterate our NEUTRAL rating on the stock.

### Consolidated - Quarterly Earning Model

(INR m)

Y/E march	FY25				FY26E				FY25	FY26 Estimate	Estimate	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Revenue (net of delivery)</b>	<b>32,222</b>	<b>36,015</b>	<b>39,931</b>	<b>44,100</b>	<b>49,620</b>	<b>54,071</b>	<b>58,212</b>	<b>61,378</b>	<b>1,52,268</b>	<b>2,23,281</b>	<b>49,063</b>	<b>1.1</b>
YoY Change (%)	34.8	30.3	31.0	44.8	54.0	50.1	45.8	39.2	35.4	46.6	52.3	170bp
Inventory of traded goods	11,954	13,874	15,650	18,538	20,640	23,207	24,944	26,811	60,015	95,601	20,522	0.6
Employee Expenses	5,892	6,073	6,568	6,956	6,860	6,832	7,558	8,114	25,489	29,364	6,241	9.9
Delivery expenses	10,460	10,949	11,269	11,614	13,130	16,978	17,901	18,341	44,292	66,351	16,716	-21.5
<b>Gross Profit</b>	<b>3,916</b>	<b>5,119</b>	<b>6,444</b>	<b>6,992</b>	<b>8,990</b>	<b>7,054</b>	<b>7,809</b>	<b>8,111</b>	<b>22,472</b>	<b>31,965</b>	<b>5,584</b>	<b>61.0</b>
Margins (%)	12.2	14.2	16.1	15.9	18.1	13.0	13.4	13.2	14.8	14.3	11	670bp
Advertisement and sales promotion	4,454	5,371	7,515	9,777	10,360	9,776	9,178	8,544	27,117	37,858	9,366	10.6
Others	4,905	5,290	6,185	6,833	8,160	6,326	6,469	6,893	23,213	27,848	6,841	19.3
<b>EBITDA</b>	<b>-5,442</b>	<b>-5,542</b>	<b>-7,257</b>	<b>-9,618</b>	<b>-9,530</b>	<b>-9,047</b>	<b>-7,837</b>	<b>-7,326</b>	<b>-27,858</b>	<b>-33,740</b>	<b>-10,622</b>	<b>NA</b>
Margins (%)	-16.9	-15.4	-18.2	-21.8	-19.2	-16.7	-13.5	-11.9	-18.3	-15.1	-21.7	240bp
Depreciation	1,217	1,309	1,540	2,057	2,880	1,892	2,037	2,148	6,123	8,958	1,717	67.7
Interest	198	231	256	322	410	200	200	200	1,006	1,010	200	105.0
Other Income	879	848	1,028	1,207	870	1,300	1,300	1,300	3,962	4,770	1,300	-33.1
<b>PBT before EO expense</b>	<b>-5,978</b>	<b>-6,233</b>	<b>-8,024</b>	<b>-10,790</b>	<b>-11,950</b>	<b>-9,840</b>	<b>-8,774</b>	<b>-8,375</b>	<b>-31,025</b>	<b>-38,939</b>	<b>-11,239</b>	<b>NA</b>
Tax	0	0	0	0	0	0	0	0	0	0	0	NA
Rate (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA	NA	0.0	0bp
<b>Adj PAT</b>	<b>-5,978</b>	<b>-6,233</b>	<b>-8,024</b>	<b>-10,790</b>	<b>-11,950</b>	<b>-9,840</b>	<b>-8,774</b>	<b>-8,375</b>	<b>-31,025</b>	<b>-38,939</b>	<b>-11,239</b>	<b>NA</b>
Extra-Ord expense	-132	-21	35	0	0	0	0	0	-118	0	0	
MI & Profit/Loss of Asso. Cos.	1	1	1	22	10	0	0	0	26	10	0	
<b>Reported PAT</b>	<b>-6,111</b>	<b>-6,255</b>	<b>-7,991</b>	<b>-10,812</b>	<b>-11,960</b>	<b>-9,840</b>	<b>-8,774</b>	<b>-8,375</b>	<b>-31,169</b>	<b>-38,949</b>	<b>-11,239</b>	<b>6.4</b>
YoY Change (%)	8%	-5%	39%	NA	NA	NA	NA	NA	33%	25%	NA	NA
Margins (%)	-19.0	-17.4	-20.0	-24.5	-24.1	-18.2	-15.1	-13.6	-20.5	-17.4	-22.9	NA

# Indus Towers

Estimate changes	↔
TP change	↓
Rating change	↔

**CMP: INR363      TP: INR390 (+7%)      Neutral**

## In-line 1Q; higher capex to weigh on dividends

Bloomberg	INDUSTOW IN
Equity Shares (m)	2638
M.Cap.(INRb)/(USDb)	957.7 / 10.9
52-Week Range (INR)	461 / 313
1, 6, 12 Rel. Per (%)	-11/-1/-15
12M Avg Val (INR M)	3234

### Financials & Valuations (INR b)

INR b	FY26E	FY27E	FY28E
Net Sales	329.2	345.7	363.0
EBITDA	177.8	168.6	175.4
Adj. PAT	70.0	79.3	80.2
EBITDA Margin (%)	54.0%	48.8%	48.3%
Adj. EPS (INR)	26.5	30.1	30.4
EPS Gr. (%)	44.4	13.3	1.1
BV/Sh. (INR)	146.9	150.3	152.1

### Ratios

Net D:E	-0.1	-0.1	-0.1
RoE (%)	19.4	19.8	19.7
RoCE (%)	22.3	19.0	19.3

### Valuations

EV/EBITDA (x)	5.0	5.4	5.2
P/E (x)	13.6	12.0	11.9
P/BV (x)	2.5	2.4	2.4
Div. Yield (%)	5.3	5.8	5.5

### Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	50.0	50.0	52.0
DII	18.2	18.4	17.0
FII	27.5	26.5	23.2
Others	4.3	5.1	7.8

FII includes depository receipts

- Indus Towers' (Indus) 1QFY26 was broadly in line with our estimates, with recurring EBITDA (excl. provision reversals) rising 4% QoQ to INR42.6b.
- Operationally, tower additions moderated QoQ likely due to tapering off rural rollouts from Bharti, while tenancy additions remained robust, primarily driven by continued rollouts by Vi.
- Despite lower tower additions, capex was high at INR19.5b due to continued higher maintenance capex for strengthening aging towers and energy conservation initiatives like solarization, battery upgrades, etc. Management indicated that capex could remain elevated in the near term.
- Indus generated FCF of ~INR15.7b in 1QFY26 (INR98.5b in FY25). After adjusting for buyback in 1HFY25 and Bharti's tower acquisition, we estimate Indus had surplus FCF of INR59b (or ~INR22/share) for distribution.
- However, Indus has decided to conserve cash in the near term, driven by factors such as elevated capex, inorganic opportunities and stability of customer. We view this decision as disappointing and believe it could lead to a sustained de-rating over the medium term.
- Our FY26-28 estimates are broadly unchanged. We continue to model bad debt provisions of ~INR20b (~25% of Vi's annual service rentals) from FY27 to FY32 on account of Vi's cash constraints (NPV impact of ~INR30/share).
- Further, we believe there are downside risks to our estimates of tenancy additions from delays in Vi's debt raise and, in turn, its capex spends.
- We reiterate our **Neutral rating** with a **revised TP of INR390**, premised on DCF based 7.5x Sep'27E EV/EBITDA.

## Adjusted for one-offs, core performance largely in line

- Adjusted for Bharti's tower acquisition, Indus' tower additions moderated QoQ to 2.75k (vs. 4.3k QoQ and our est. of 3.5k), while tenancy additions were still robust at ~6.1k (though lower than 8.2k QoQ and our est. of 7k).
- Reported average revenue per tenant (ARPT) at INR41.1k (flat YoY, 2% below) declined 2% QoQ (due to certain one-offs in 4Q).
- Consolidated revenue grew 4% QoQ at INR80.6b (+9% YoY, in line), as modest 1% QoQ growth in service revenue (+10% YoY, 2% below) was offset by higher energy reimbursements (+10% QoQ due to seasonal factors).
- Consolidated reported EBITDA was up 0.5% QoQ at INR43.5b (-3% YoY, 2.5% ahead), largely due to prior-period provision reversals.
- Adj. service EBITDA at INR43.8b (+12% YoY, inline) grew 3% QoQ.
- Energy spreads remained negative at INR1.2b (though lower vs. INR1.4b loss QoQ and our est. INR1.5b loss).
- Indus reversed bad debt provision of INR0.9b in 1QFY26 (vs. bad debt provision reversals of INR2.3b QoQ, our est. of NIL and INR7.6b YoY).

- Adjusted for bad-debt provision reversals, recurring EBITDA at INR42.6b (+4% QoQ, +14% YoY) was in line with our estimate.
- Reported PAT at INR17.4b (-3% QoQ, -10% YoY) was ~5% ahead of our estimate, primarily due to prior-period provision reversals. Adjusted PAT was broadly in line with our estimate.

#### High capex despite muted tower additions; decides to conserve cash in short term

- Despite muted tower additions, capex was relatively higher at ~INR19.5b, indicating ~INR5.7m growth capex per tower add. This was primarily driven by spends on improving energy efficiency and higher maintenance capex.
- Reported FCF came in at INR15.7b in 1Q (vs. INR98.5b in FY25). Adjusting for buyback in 1HFY25 and purchase of Bharti's towers, Indus has FCF surplus of ~INR59b (or ~INR22/share).
- However, Indus board has decided to conserve cash in the short term for meeting the needs for elevated capex, potential inorganic acquisition and stability of customer. We view this decision as disappointing.
- Indus' receivables declined further by ~INR4b QoQ to ~INR44b, indicating ~INR5b in surplus collection during 1QFY26.
- Net cash (excluding leases) improved to ~INR25b (vs. ~INR9b QoQ).

#### Key highlights from the management commentary

- **Capital allocation:** Indus' board has decided to conserve cash in the short term, in view of evolving industry landscape, stability of customer, elevated capex outlook and potential inorganic acquisitions. However, management remains committed to creating value for shareholders and will take a call on reinstating dividend payments at the end of FY26.
- **Higher capex:** Management indicated that despite lower tower addition capex remained elevated due to investments in energy efficiency initiatives, creating additional infra to support a second tenant on existing towers, and spends on certain towers, which could not be deployed in 1QFY26. Further, maintenance capex was elevated due to the strengthening of its ageing tower portfolio, battery replacement, etc. Management expects maintenance capex to remain elevated in the near term.
- **Tower additions and outlook:** Tower additions in 1QFY26 were impacted by certain seasonal factors. Despite a soft start to FY26, management indicated that order book remains robust and the focus remains on driving growth both organically (through higher market share in key customers' rollouts) and inorganically (through acquisition of smaller tower cos).

#### Valuation and view




- Indus generated significant FCF of ~INR98.5b in FY25, aided by the collection of past dues from Vi. However, Indus' board has decided to conserve cash in the near term as against earlier guidance of returning the same to shareholders.
- We view Indus' capital allocation decision as disappointing and believe it could lead to a sustained de-rating over the medium term.
- With the completion of the first phase of Bharti's pan-India 5G and rural rollouts, we believe tower additions will remain muted over the near term.

- Our FY26-28 estimates are broadly unchanged. We continue to model ~INR20b in bad debt provisions (~25% of Vi's annual service rentals) from FY27 to FY32 on account of Vi's cash constraints (NPV impact of ~INR30/share).
- Further, we believe there could be downside risks to tenancy additions (our estimate of 35k tenancies and ~50k loadings) from delays in Vi's debt raise and, in turn, its capex spends.
- We **reiterate our Neutral rating with a revised TP of INR390**, premised on DCF based 7.5x Sep'27E EV/EBITDA.

#### Quarterly Performance

Y/E March (Consolidated)	FY25				FY26				FY25	FY26E	FY26E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	
<b>Revenue from operations</b>	<b>74</b>	<b>75</b>	<b>75</b>	<b>77</b>	<b>81</b>	<b>82</b>	<b>83</b>	<b>84</b>	<b>301</b>	<b>329</b>	<b>80</b>	<b>0.3</b>
YoY Change (%)	4.3	4.7	4.8	7.4	9.1	9.9	9.7	8.4	5.3	9.3	8.8	
Total Expenditure	29	26	6	34	37	38	38	38	95	151	38	-2.2
Provisions / (reversals)	-8	-11	-30	-2	-1	0	0	0	-51		0	
<b>Recurring EBITDA</b>	<b>37</b>	<b>38</b>	<b>39</b>	<b>41</b>	<b>43</b>	<b>44</b>	<b>45</b>	<b>46</b>	<b>156</b>	<b>177</b>	<b>42</b>	<b>0.4</b>
<b>EBITDA</b>	<b>45</b>	<b>49</b>	<b>70</b>	<b>43</b>	<b>43</b>	<b>44</b>	<b>45</b>	<b>46</b>	<b>207</b>	<b>178</b>	<b>42</b>	<b>2.5</b>
YoY Change (%)	29.4	42.2	94.1	6.2	-3.4	-9.7	-35.8	5.6	41.9		-5.8	
Depreciation	16	16	16	17	17	18	18	18	64	71	17	-2.1
Interest	4	4	3	4	4	4	4	4	14	16	4	-1.5
Other Income	1	1	1	1	1	1	1	1	3	3	1	-17.0
<b>PBT before EO expense</b>	<b>26</b>	<b>30</b>	<b>52</b>	<b>24</b>	<b>23</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>132</b>	<b>95</b>	<b>22</b>	<b>6.0</b>
Extra-Ord expense	-8	-11	-30	-2	-1	0	0	0	-51	-1	0	
<b>PBT</b>	<b>18</b>	<b>19</b>	<b>22</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>81</b>	<b>94</b>	<b>22</b>	<b>1.9</b>
Tax	7	8	12	6	6	6	6	6	32	24	6	
Rate (%)	25.7	25.4	23.3	24.7	25.6	25.2	25.2	25.2	24.5		25.2	
<b>Reported PAT</b>	<b>19</b>	<b>22</b>	<b>40</b>	<b>18</b>	<b>17</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>99</b>	<b>71</b>	<b>16</b>	<b>5.4</b>
<b>Adj PAT</b>	<b>14</b>	<b>14</b>	<b>17</b>	<b>16</b>	<b>17</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>61</b>	<b>70</b>	<b>16</b>	<b>1.4</b>
YoY Change (%)	-3.9	1.7	9.6	1.7	23.1	22.1	2.4	14.0	2.4	61.6	21.4	

E: MOFSL Estimates

Estimate changes	
TP change	
Rating change	

**CMP: INR529      TP: INR600 (+13%)      Buy**

Bloomberg	DABUR IN
Equity Shares (m)	1774
M.Cap.(INRb)/(USDb)	938.3 / 10.7
52-Week Range (INR)	672 / 420
1, 6, 12 Rel. Per (%)	12/-6/-16
12M Avg Val (INR M)	1408

### Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	134.3	145.4	157.4
Sales Gr. (%)	6.9	8.3	8.2
EBITDA	25.1	27.9	30.5
EBITDA mrg. (%)	18.7	19.2	19.4
Adj. PAT	19.4	21.7	23.8
Adj. EPS (INR)	11.0	12.3	13.4
EPS Gr. (%)	7.9	11.9	9.5
BV/Sh.(INR)	65.5	67.4	68.9

### Ratios

RoE (%)	17.3	18.5	19.7
RoCE (%)	16.1	17.0	18.1
Payout (%)	86.7	89.7	93.1

### Valuation

P/E (x)	48.3	43.1	39.4
P/BV (x)	8.1	7.8	7.7
EV/EBITDA (x)	33.9	30.1	27.4
Div. Yield (%)	1.8	2.1	2.4

### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	66.2	66.3	66.3
DII	16.2	15.7	13.6
FII	11.8	12.7	15.0
Others	5.7	5.4	5.2

FII Includes depository receipts

## Steady quarter; consumption recovery underway

- Dabur's 1QFY26 performance was largely in line with our estimates. Cons. revenue increased ~2% YoY. Excluding the impact of seasonal portfolio, consol. sales grew by 7%. India business revenue grew by 4.3% YoY, excluding the seasonal portfolio. Domestic volume declined 1%; excluding the seasonal portfolio impact, volume grew ~3.5%.
- Home & Personal Care revenue was up 5%, backed by strong performance in oral care, home care and skin care. The healthcare portfolio declined by 4.4%; excluding glucose, it was up by 2.7%. In this portfolio, Dabur has increased prices by ~6%. F&B revenue declined 14.3% YoY given milder summers and unseasonal rains. The international business grew 13.7% YoY in cc terms and 12.7% in INR terms.
- GM contracted 75bp YoY to 47% (est. 47.2%), while EBITDA margin was flat YoY at 19.6% (est: 19.1%). EBITDA grew 2% YoY. Management said that there was ~7% inflation in the quarter, which was mitigated by price increases of ~4% and cost-saving initiatives.
- Dabur's growth trajectory is improving sequentially. Most of its initiatives were impacted by a high base, seasonality, weak consumption and high competitive intensity. We believe that with improving macros for consumption, Dabur can deliver a better print in FY26. It expects high single-digit growth with an improvement in operating profits in FY26. The stock has been under pressure after delivering a poor performance in FY25. However, with a positive consumption outlook for FY26, we expect that a gradual performance recovery will reflect in the stock accordingly. **We reiterate our BUY rating on the stock with a TP of INR600 (premised on 45x Jun'27E EPS).**

## In-line performance; volume growth at 3.5% ex-seasonal portfolio

- **In-line performance:** Dabur's 1QFY26 consolidated sales grew 1.7% YoY (in line) to INR34b (est. INR34.3b); excluding the seasonal portfolio, cons. sales grew by 7% in 1QFY26. The India business revenue grew by 4.3% YoY, excluding the seasonal portfolio. Volume declined 1%; excl. seasonal portfolio, volume grew 3.5%. EBITDA grew 2% to INR6.7b (est. INR6.5) and adj. PAT grew 3% YoY to INR5.2b (est. INR4.9).
- **HPC business grew 5% YoY:** Oral Care grew in mid-single digits YoY. The toothpaste business grew 7.3%, backed by Dabur Red and Meswak. Skin care grew in high single-digits, with robust double-digit growth in Gulabari.
- **Healthcare portfolio up 2.7% YoY:** Healthcare portfolio, excluding glucose, grew by 2.7%; Including glucose, it declined 4.4% YoY. Dabur has taken ~6% price increase in this portfolio. Glucose declined ~40% YoY on account of unseasonal rains and high growth in the base quarter (31% growth in 1QFY25). While Chyawanprash grew in strong double digits on account of early onset of monsoons, Honey saw healthy growth of ~11% in 1Q.

- **Foods and Beverages saw steep decline:** F&B revenue declined 14.3% YoY as Real portfolio was hit by milder summers and unseasonal rains. Badshah delivered 6.5% growth YoY, while volume grew in double digits YoY.
- International growth was at 13.7% in CC terms and 12.7% in INR terms, led by MENA, Turkey, UK, SSA and Bangladesh.
- **EBITDA margin flat:** Gross margin contracted 75bp YoY to 47% (est. 47.2%). As a percentage of sales, ad-spends declined 110bp YoY to 5.9%, other expenses were flat YoY at 11.6%, and staff costs increased 30bp YoY to 9.9%. EBITDA margin remained flat YoY at 19.6% (est. 19.1%).

#### Highlights from the management commentary

- For the last five consecutive quarters, rural markets have outperformed urban. In 1QFY26, rural growth was 390bp higher than urban growth, both in value and volume terms. That said, the urban markets witnessed sequential recovery.
- Management said that there was ~7% inflation in the quarter, which was mitigated by price increases of ~4% and cost-saving initiatives.
- For FY26, Dabur aspires to grow in high single digits, while given the low base for 2QFY26, it expects growth to be in double digits.
- NPD contributed more than 20% to consol sales.
- For FY26, the company expects GM improvement and operating margin to see significant improvement YoY.
- In 1QFY26, the toothpaste category grew 4%, while non-herbal grew 4.4% and herbal grew 8.8%.

#### Valuation and view




- We maintain our EPS estimates for FY26 and FY27.
- Despite taking price hikes, Dabur is unable to offset the impact of inflationary pressures. However, backed by disciplined cost control, operational efficiencies, and improving macro scenario, we expect things to improve gradually for Dabur. With a broader distribution reach (to ~0.13m villages and ~7.9m outlets), increased direct penetration (~1.5m outlets), and extensive presence/categorical leadership in the rural market, DABUR is better positioned to capitalize on both the rural and urban consumption trends compared to its peers.
- Operating margin, which has been hovering around the 20% band over the last 8-9 years (unlike its peers that have experienced expansions), has room for expansion in the medium term.
- **We reiterate our BUY rating on the stock with a TP of INR600 (premised on 45x P/E on Jun'27E).**

**Quarterly Performance (Consolidated)**
**(INR m)**

Y/E March	FY25				FY26				FY25	FY26E	FY26E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Domestic FMCG vol. growth (%)</b>	<b>5.2</b>	<b>-7.0</b>	<b>1.2</b>	<b>-5.0</b>	<b>-1.0</b>	<b>8.0</b>	<b>8.0</b>	<b>9.0</b>	<b>-1.4</b>	<b>6.0</b>	<b>3.0</b>	
<b>Net sales</b>	<b>33,491</b>	<b>30,286</b>	<b>33,553</b>	<b>28,301</b>	<b>34,046</b>	<b>33,055</b>	<b>36,299</b>	<b>30,911</b>	<b>125,631</b>	<b>134,310</b>	<b>34,302</b>	-0.7%
YoY change (%)	7.0	-5.5	3.1	0.6	1.7	9.1	8.2	9.2	1.3	6.9	2.4	
<b>Gross profit</b>	<b>16,005</b>	<b>14,943</b>	<b>16,124</b>	<b>13,211</b>	<b>16,013</b>	<b>16,032</b>	<b>17,786</b>	<b>15,041</b>	<b>60,282</b>	<b>64,872</b>	<b>16,191</b>	-1.1%
Margin (%)	47.8	49.3	48.1	46.7	47.0	48.5	49.0	48.7	48.0	48.3	47.2	
<b>EBITDA</b>	<b>6,550</b>	<b>5,526</b>	<b>6,819</b>	<b>4,269</b>	<b>6,678</b>	<b>6,049</b>	<b>7,514</b>	<b>4,875</b>	<b>23,163</b>	<b>25,116</b>	<b>6,552</b>	1.9%
Margins (%)	19.6	18.2	20.3	15.1	19.6	18.3	20.7	15.8	18.4	18.7	19.1	
YoY growth (%)	8.3	-16.4	2.1	-8.6	2.0	9.5	10.2	14.2	-3.5	8.4	0.0	
Depreciation	1,091	1,110	1,086	1,169	1,141	1,130	1,194	1,196	4,456	4,661	1,189	
Interest	327	474	442	393	346	375	350	354	1,635	1,425	375	
Other income	1,294	1,515	1,280	1,412	1,440	1,439	1,472	1,477	5,501	5,828	1,398	
<b>PBT</b>	<b>6,427</b>	<b>5,457</b>	<b>6,571</b>	<b>4,119</b>	<b>6,630</b>	<b>5,984</b>	<b>7,442</b>	<b>4,802</b>	<b>22,573</b>	<b>24,858</b>	<b>6,385</b>	3.8%
Tax	1,481	1,284	1,418	992	1,543	1,466	1,823	1,257	5,175	6,089	1,564	
Rate (%)	23.0	23.5	21.6	24.1	23.3	24.5	24.5	26.2	22.9	24.5	24.5	
<b>Adjusted PAT</b>	<b>5,084</b>	<b>4,333</b>	<b>5,306</b>	<b>3,284</b>	<b>5,222</b>	<b>4,680</b>	<b>5,781</b>	<b>3,743</b>	<b>18,006</b>	<b>19,426</b>	<b>4,983</b>	4.8%
YoY change (%)	7.7	-17.2	1.6	-8.2	2.7	8.0	8.9	14.0	-4.0	7.9	-2.0	

*E: MOFSL Estimates*

# JSW Energy

Estimate change   
TP change   
Rating change 

**CMP: INR515**      **TP: INR620 (+20%)**      **Buy**

## Strong 1Q amid higher-than-estimated generation

Bloomberg	JSW IN
Equity Shares (m)	1748
M.Cap.(INRb)/(USDb)	900.2 / 10.3
52-Week Range (INR)	805 / 419
1, 6, 12 Rel. Per (%)	2/-4/-29
12M Avg Val (INR M)	2187

### Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	117.5	204.6	237.8
EBITDA	52.2	99.3	126.2
Adj. PAT	18.6	22.0	29.5
Adj. EPS (INR)	10.7	12.6	16.9
EPS Gr. (%)	1.6	18.4	33.9
BV/Sh.(INR)	156.8	167.9	183.0

### Ratios

Net D:E	1.6	2.0	2.2
RoE (%)	7.7	7.8	9.6
RoCE (%)	6.1	7.9	7.7
Payout (%)	18.8	23.8	17.7

### Valuations

P/E (x)	48.5	41.0	30.6
P/BV (x)	3.3	3.1	2.8
EV/EBITDA (x)	25.5	15.1	12.6
Div. Yield (%)	0.4	0.6	0.6

### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	69.3	69.3	69.3
DII	11.4	10.9	9.2
FII	12.5	13.6	15.6
Others	6.8	6.2	5.9

FII Includes depository receipts

- JSW Energy's (JSWE) 1QFY26 revenue was 6% above our estimate at INR51.4b (+79% YoY), and EBITDA stood at INR27.9b (+97% YoY), beating our estimate by 24%. The strong beat was driven by higher than estimated contributions from recently acquired assets—KSK Mahanadi (1.8 GW) and O2 Power (1.3 GW)—alongside higher generation from the fully contracted Vijayanagar coal plant.
- In 1QFY26, the company commissioned 1.9GW (1.7GW from O2 Power and 200MW under its RE platform, JSW NEO) and reiterated its FY26 capacity addition target of 3-4 GW (excluding 1.3GW O2 Power). Capex for the quarter stood at INR24b, with full-year FY26 guidance maintained at INR150-180b. The 240MW Kutehr Hydro project is expected to be commissioned in the next few days.
- JSWE remains on track to reach 30 GW of generation and 40 GWh of storage capacity by FY30, targeting a 2.7x- 3x EBITDA increase over pro forma FY25 levels.
- We reiterate BUY with a TP of INR620/share.

## Robust beat led by acquisitions and generation upside

### Consolidated performance:

- JSWE's consolidated revenue was 6% above our estimate at INR51.4b (+79% YoY). EBITDA stood at INR27.9b (+97% YoY), beating our estimate by 24%. This strong beat was driven by higher-than-estimated generation on account of KSK Mahanadi (1.8GW) and O2 Power (1.3GW) additions, RE capacity additions, and higher generation at the Vijayanagar coal plant post long-term tie-up and incremental contributions from the same.
- Incremental EBITDA of INR8.67b was from KSK Mahanadi and INR2.19b from O2 Power (consolidated since 9 Apr'25).
- Adj. PAT was 31% above our estimate at INR7.4b (+42% YoY).

### Operational highlights:

- Total installed capacity stood at 12.8GW at the end of 1QFY26, up ~70% YoY, with 1.9GW added during the quarter.
- Net generation rose 71% YoY to 13.5 BUs. RE generation rose 54%YoY to 5BUs, driven by organic wind capacity additions and contribution from O2 Power.

### Other highlights:

- The KSK Mahanadi (1.8GW operational) plant generated 2.7BUs in 1QFY26, contributing INR8.67b to EBITDA, while the recently commissioned Utkal Unit-2 (350MW) ramped up operations during the quarter, generating 370 MUs.
- JSWE completed the acquisition of O2 Power, a 4.7GW renewable platform, on 9 Apr'25, with an operational capacity of 1,343MW as of 31 Mar'25.

- The company secured PPAs totaling 605MW during the quarter, comprising 250MW of wind and 355MW of hybrid capacity. Additionally, after the quarter-end, it signed PPAs for a 350MW FDRE project and a solar (100MW) + BESS (100MWh) project.
- JSW Neo secured a USD675m ECB, backed by strong credit ratings.
- Short-term thermal sales rose 63% YoY to 1,630 MUs in 1QFY26, driven by a shift toward domestic coal-based capacities at Utkal and KSK Mahanadi.
- The company secured storage agreements for 12.5GWh during the quarter, followed by an additional 680MWh after the quarter-end, bringing the total locked-in storage capacity to 29.4GWh.
- The company has commenced trial runs for its 3,800 TPA green hydrogen project located in Vijayanagar.

### Highlights of JSWE's 1QFY26 performance

- Total installed capacity rose to 12.8 GW, reflecting a 70% YoY increase, driven by recent acquisitions and organic capacity additions.
- Net generation stood at 13.5 BUs, up 71% YoY, led by the contribution from newly acquired and operational assets.
- The 1.8 GW KSK Mahanadi plant operated at full capacity during the quarter, generating 2.7 BUs (~20% of total generation) and contributing INR8.6b to consolidated EBITDA (~28% share). The plant is showing further upside potential, with plans to complete the partially built 600MW fourth unit (currently ~45% completed). While tariffs are expected to vary annually, management remains confident that annual EBITDA will not fall below INR24b.
- Capex for 1QFY26 stood at INR24b. The company has retained its full-year capex guidance at INR150-180b.
- O2 Power has achieved an installed capacity of 1.8 GW, with plans to scale up to 4.7 GW by Jun'27. Planned capex for this expansion is estimated at INR130-140b.
- As of 1QFY26, only 8% (974MW) of the total capacity remains untied. Of this, just 10% is linked to imported coal, with the remainder based on domestic coal.
- Notably, all 13 GW of under-construction capacity has been fully tied up under long-term PPAs, enhancing forward earnings stability.
- The company has reiterated its FY26 commissioning target of 3-4 GW (excluding the 1.3 GW of O2 Power acquired during the year).
- A 5 GWh/year battery assembly plant is under development in Pune, with an initial capex of INR1.65-1.8b. Trial runs are expected to commence by the end of 2QFY26. Battery cells will be imported from China for initial operations.
- A 3,800 TPA green hydrogen plant is expected to be commissioned in 2QFY26, marking JSWE's foray into clean fuels and energy diversification.

### Valuation and view

- The valuation of JSWE is based on SoTP:
- Thermal is valued at 8.5x FY27E EBITDA and renewable energy at 12x FY27E EBITDA (FY28E EBITDA discounted by one year).
- Hydro is at 2x FY27E book value and green hydrogen equity at a 2x multiple.
- Additionally, the company's stake in JSW Steel is valued at a 25% discount to the current market price, acknowledging the strategic significance of this holding while incorporating a conservative valuation approach.
- By aggregating the values from these different components, the total equity value of JSWE was determined, leading to a TP of INR620/share.

**Consolidated performance**
**(INR b)**

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE						
<b>Net Sales</b>	<b>28.8</b>	<b>32.4</b>	<b>24.4</b>	<b>31.9</b>	<b>51.4</b>	<b>57.4</b>	<b>47.5</b>	<b>48.2</b>	<b>117.5</b>	<b>204.6</b>	<b>48.5</b>	<b>6%</b>	<b>79</b>	<b>61</b>
YoY Change (%)	-1.7	4.8	-4.1	15.7	78.6	77.3	94.8	51.2	3.8	74.2	68.6			
Total Expenditure	14.6	15.5	15.3	19.8	23.5	27.0	25.8	28.9	65.2	105.2	26.0			
<b>EBITDA</b>	<b>14.2</b>	<b>16.8</b>	<b>9.1</b>	<b>12.0</b>	<b>27.9</b>	<b>30.4</b>	<b>21.7</b>	<b>19.3</b>	<b>52.2</b>	<b>99.3</b>	<b>22.5</b>	<b>24%</b>	<b>97</b>	<b>132</b>
Margin (%)	49.2	52.0	37.5	37.8	54.2	53.0	45.6	40.1	44.4	48.6	46.4			
Depreciation	3.8	3.9	4.1	4.8	7.4	6.5	6.7	6.9	16.5	27.5	6.2	<b>18%</b>	97	53
Interest	5.1	5.2	5.6	6.8	13.1	12.3	13.4	10.3	22.7	49.1	9.9	<b>31%</b>	155	93
Other Income	1.6	2.2	2.0	2.1	2.7	2.5	2.2	1.5	7.9	8.8	1.8	<b>48%</b>	64	29
<b>PBT before EO expense</b>	<b>6.9</b>	<b>10.0</b>	<b>1.4</b>	<b>2.6</b>	<b>10.1</b>	<b>14.1</b>	<b>3.8</b>	<b>3.7</b>	<b>20.9</b>	<b>31.6</b>	<b>8.1</b>	<b>24%</b>		
Extra-Ord income/(exp.)	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0			
<b>PBT</b>	<b>6.9</b>	<b>10.0</b>	<b>1.4</b>	<b>3.6</b>	<b>10.1</b>	<b>14.1</b>	<b>3.8</b>	<b>3.7</b>	<b>21.9</b>	<b>31.6</b>	<b>8.1</b>	<b>24%</b>	<b>46</b>	<b>185</b>
Tax	1.6	1.3	-0.1	-0.5	1.8	3.7	1.0	1.0	2.3	7.4	1.9	<b>-6%</b>		
Rate (%)	23.6	12.9	-5.1	-15.1	17.7	26.0	26.0	27.3	10.5	23.5	23.5			
Minority Interest	0.1	0.2	-0.1	0.1	0.9	1.0	0.2	0.2	0.3	2.4	0.6			
Share of JV & associates	0.0	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.2	0.2	0.0			
<b>Reported PAT</b>	<b>5.2</b>	<b>8.5</b>	<b>1.7</b>	<b>4.1</b>	<b>7.4</b>	<b>9.4</b>	<b>2.6</b>	<b>2.5</b>	<b>19.5</b>	<b>22.0</b>	<b>5.7</b>	<b>31%</b>	<b>42</b>	<b>82</b>
<b>Adj PAT</b>	<b>5.2</b>	<b>8.5</b>	<b>1.7</b>	<b>2.9</b>	<b>7.4</b>	<b>9.4</b>	<b>2.6</b>	<b>2.5</b>	<b>18.4</b>	<b>22.0</b>	<b>5.7</b>	<b>31%</b>	<b>42</b>	<b>154</b>
YoY Change (%)	80.0	19.0	-27.4	-16.6	42.4	10.6	56.4	-13.3	15.6	20.0	8.8			
Margin (%)	18.1	26.4	6.9	9.2	14.4	16.4	5.5	5.3	15.6	10.8	11.7			

# Kaynes Technologies

Estimate change	↑
TP change	↔
Rating change	↔

**CMP: INR6,172**      **TP: INR7,300 (+18%)**      **Buy**

## Favorable order mix boosts profitability

### Operating performance above our estimate

Bloomberg	KAYNES IN
Equity Shares (m)	67
M.Cap.(INRb)/(USDb)	413.3 / 4.7
52-Week Range (INR)	7825 / 3825
1, 6, 12 Rel. Per (%)	4/23/40
12M Avg Val (INR M)	3587

### Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	27.2	43.2	67.6
EBITDA	4.1	7.1	11.1
Adj. PAT	2.9	5.4	8.9
EBITDA Margin (%)	15.1	16.5	16.5
Cons. Adj. EPS (INR)	45.8	83.9	138.9
EPS Gr. (%)	59.6	83.3	65.5
BV/Sh. (INR)	443.2	776.8	915.7

### Ratios

Net D:E	-0.1	-0.3	-0.4
RoE (%)	11.0	13.8	16.4
RoCE (%)	11.5	13.3	16.2

### Valuations

P/E (x)	135	74	45
EV/EBITDA (x)	96	54	34

### Shareholding pattern (%)

As on	Jun-25	Mar-25	Jun-24
Promoter	53.5	57.8	57.8
DII	22.4	17.0	17.9
FII	10.7	11.2	14.3
Others	13.4	14.1	10.0

Note: FII includes depository receipts

- Kaynes Technologies (KAYNES) reported a robust 1QFY26 operating performance, with revenue growth of 34% YoY, while EBITDA grew at a much faster pace of 69% YoY. This was fueled by a gross/EBITDA margin expansion of 14pp/350bp YoY due to a favorable business mix and reduction in raw material costs.
- Despite lower-than-expected revenue growth in 1QFY26, the company maintains its full-year revenue guidance of INR45b, indicating an implied growth of ~73 YoY in 9MFY26. KAYNES further indicated a similar EBITDA margin trajectory of ~16.8%, achieved in 1Q, for the full year.
- Factoring in its strong performance in 1Q and improved guidance, we raise our FY27 Adj. PAT estimate by 5% while maintaining our FY26 estimates. We keep our EPS estimates unchanged for FY26/FY27 due to the QIP dilution. **We reiterate our BUY rating on the stock with a TP of INR7,300 (premised on 55x FY27E EPS).**

### Robust operating performance due to higher gross margin and operating leverage

- Consol. revenue grew 34% YoY to INR6.7b (est. INR7.6b) in 1QFY26, while EBITDA rose 69% YoY to INR1.1b (est. INR1b).
- EBITDA margin expanded 350bp YoY to 16.8% (est. 13.8%), led by a steep expansion in gross margin (up 14pp YoY) due to a favorable business mix and reduction in raw material cost, which was partly offset by higher employee cost (up 210bp YoY) and other expenses (up 830bp). Adjusted PAT grew 47% YoY to INR746m (est. of INR793m).
- Order inflows remained strong at INR14.8b in 1Q, boosting the order book by 47% YoY/12% QoQ to ~INR74b, anchored by high-margin sectors like Aerospace, Industrials, and Automotive.
- Net working capital days increased to 132 in 1QFY26 from 121 days in 1QFY25. Higher receivable days (up 65 days YoY) were on account of the increased sales in Jun'25, which are expected to normalize going forward. Net debt stood at ~INR9.9b as of 1QFY26 vs. INR5.8b as of 1QFY25.

### Highlights from the management commentary

- **Guidance:** Management retained its full-year revenue guidance of INR4.5b (with INR42.5b from the EMS business, INR1b from the OSAT business, and INR1.8b from the Canadian business). EBITDA margin is expected to be in a similar range to 1Q (it is revised upwards). Management guided a 'significantly positive' OCF and NWC days in the range of 70-80 for FY26.
- **OSAT business:** KAYNES has already secured two clients for this business (from India and the US), while it is on track to onboard one more client (from Germany). Both the OSAT/HDI PCB facilities are on track to be fully commissioned by 4QFY26.
- **Inorganic initiatives:** The company is targeting North America for further inorganic growth. Further, the company would like to focus on Europe for design and ODM (in railway, industrial, etc.) related business. Lastly, the company would like to deepen its technology footprint by suitably adding backward integration into niche areas.

### Valuation and view

- KAYNES exhibited a robust operating performance in 1QFY26 with an all-around performance. With a robust order book as of Jun'25 (INR74b), the company is likely to sustain strong revenue growth momentum going forward.
- The company appears well-positioned to sustain growth and profitability going ahead on the back of improving operating leverage, a favorable order mix, and continued investments in high-tech verticals.
- We estimate a revenue/EBITDA/adj. PAT CAGR of 58%/65%/74% over FY25-FY27. **Reiterate BUY with a TP of INR7,300 (premised on 55x FY27E EPS).**

### Consolidated - Quarterly Earnings Model

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE		
<b>Gross Sales</b>	<b>5,040</b>	<b>5,721</b>	<b>6,612</b>	<b>9,845</b>	<b>6,735</b>	<b>9,440</b>	<b>10,865</b>	<b>16,146</b>	<b>27,218</b>	<b>43,185</b>	<b>7,560</b>	<b>-11%</b>
YoY Change (%)	69.6	58.5	29.8	54.5	33.6	65.0	64.3	64.0	50.8	58.7	50.0	
Total Expenditure	4,371	4,900	5,671	8,166	5,604	7,963	9,116	13,387	23,108	36,071	6,518	
<b>EBITDA</b>	<b>669</b>	<b>821</b>	<b>940</b>	<b>1,679</b>	<b>1,130</b>	<b>1,477</b>	<b>1,748</b>	<b>2,758</b>	<b>4,109</b>	<b>7,114</b>	<b>1,042</b>	<b>8%</b>
Margins (%)	13.3	14.4	14.2	17.1	16.8	15.6	16.1	17.1	15.1	16.5	13.8	
Depreciation	84	86	108	169	156	160	165	170	447	651	100	
Interest	227	221	270	295	284	220	200	150	1,013	854	200	
Other Income	283	336	246	205	271	300	350	369	1,070	1,290	275	
<b>PBT before EO expense</b>	<b>641</b>	<b>849</b>	<b>808</b>	<b>1,419</b>	<b>961</b>	<b>1,397</b>	<b>1,733</b>	<b>2,807</b>	<b>3,718</b>	<b>6,898</b>	<b>1,017</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>641</b>	<b>849</b>	<b>808</b>	<b>1,419</b>	<b>961</b>	<b>1,397</b>	<b>1,733</b>	<b>2,807</b>	<b>3,718</b>	<b>6,898</b>	<b>1,017</b>	
Tax	133	247	144	257	215	307	381	618	782	1,521	224	
Rate (%)	20.8	29.1	17.8	18.1	22.3	22.0	22.0	22.0	21.0	22.0	22.0	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>508</b>	<b>602</b>	<b>665</b>	<b>1,162</b>	<b>746</b>	<b>1,089</b>	<b>1,352</b>	<b>2,190</b>	<b>2,936</b>	<b>5,377</b>	<b>793</b>	
<b>Adj PAT</b>	<b>508</b>	<b>602</b>	<b>665</b>	<b>1,162</b>	<b>746</b>	<b>1,089</b>	<b>1,352</b>	<b>2,190</b>	<b>2,936</b>	<b>5,377</b>	<b>793</b>	<b>-6%</b>
YoY Change (%)	106.0	86.4	47.1	43.0	46.9	81.0	103.4	88.4	60.1	83.1	56.2	
Margins (%)	10.1	10.5	10.1	11.8	11.1	11.5	12.4	13.6	10.8	12.5	10.5	

# Indraprastha Gas

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR205**      **TP: INR250 (+22%)**      **Buy**

## Steady 1Q performance

Bloomberg	IGL IN
Equity Shares (m)	1400
M.Cap.(INRb)/(USDb)	287.1 / 3.3
52-Week Range (INR)	285 / 153
1, 6, 12 Rel. Per (%)	-3/-4/-24
12M Avg Val (INR M)	1395

### Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	149.3	169.1	181.2
EBITDA	19.8	22.1	24.4
Adj. PAT	14.7	16.0	17.9
Adj. EPS (INR)	10.5	11.5	12.8
EPS Gr. (%)	-16.0	9.3	11.4
BV/Sh.(INR)	66.3	73.1	80.7

### Ratios

Net D:E	-0.2	-0.3	-0.3
RoE (%)	16.5	16.4	16.6
RoCE (%)	15.8	15.8	16.0
Payout (%)	40.5	40.5	40.5

### Valuation

P/E (x)	19.4	17.7	15.9
P/BV (x)	3.1	2.8	2.5
EV/EBITDA (x)	13.2	11.7	10.4
Div. Yield (%)	2.1	2.3	2.6
FCF Yield (%)	3.8	3.5	3.7

### Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	45.0	45.0	45.0
DII	29.0	31.2	30.1
FII	16.8	14.7	16.2
Others	9.2	9.2	8.7

FII includes depository receipts

- In 1QFY26, IGL's EBITDA margin of INR6.2/scm came in below our est. of INR6.8/scm. Volumes at 9.13mmscmd stood in line with our estimate. Adj. realization increased by ~INR0.7/scm QoQ, while gas cost/opex declined by INR0.4/INR0.5 per scm QoQ. Resulting EBITDA stood 10% below our estimate at INR5.1b (-12% YoY).
- **Our earnings assumptions are conservative:** We build in EBITDA/scm of INR6.3/INR6.5 in FY26/FY27 vs. medium-term guidance of INR7-8. Further, we estimate 7% YoY volume growth in both FY26/FY27 vs. 10% YoY growth guided by management. Upside risks: 1) strong growth in new GAs (growing at 30%+ YoY), 2) majority of the GAs now reaching EBITDA positive levels, and 3) margin expansion led by change in zonal tariff regulation.
- **Valuation at 15.9x FY27E SA P/E looks attractive:** IGL currently trades at par with its 1yr. fwd. mean – 1 S.D. P/E. However, we believe that earnings have bottomed out now. We now estimate a CAGR of 11%/10% in EBITDA/PAT over FY25-27E. We value IGL at 16x FY27E SA P/E, and add INR48/sh as value of JVs to arrive at our TP of INR250/sh. At 2.6% FY27E dividend yield and 10% EPS growth, we believe the valuation is attractive. Reiterate BUY.

### Guidance maintained; Margin expansion ahead

- In the 1QFY26 earnings call, IGL's management maintained its **EBITDA margin guidance of INR7-8 per scm in the long term**. Management believes that the change in taxation in Rajasthan and UP and the change in zonal tariff regulation will support margins. Moreover, management stated that IGL could hike prices if required. IGL has no exposure to spot LNG, which will reduce margin volatility. Additionally, the majority of its R-LNG term contracts are linked to HH prices, further enhancing stability.
- **Management expects an exit rate of 10mmscmd in FY26 and maintains its long-term volume growth target of 10% YoY**, driven by strong CNG PV sales, development of CNG infrastructure (102 CNG stations to be added in FY26) and augmentation of existing stations.
- **Other key takeaways from the 1Q earnings call:** 1) The company will incur a core capex of INR14-15b p.a. in FY26/FY27 (INR2.9b spent in 1Q). 2) CNG volume grew 8-9% YoY (excluding the impact of DTC buses), and Industrial/Commercial PNG volumes increased by 8%/14% YoY; 3) The 0.5mmscmd YoY increase in volumes for IGL was driven by a regional split of ~15%/45%/40% from Delhi/Noida, Ghaziabad, etc. /other GAs; 4) Currently, 87% of D-PNG and CNG volumes fall under Zone 2; the upcoming regulatory change is expected to result in an EBITDA margin benefit of INR0.7-1.3/scm. 5) Gas sourcing split stood at: APM/other domestic/RLNG: 3.1/1.8/4.2 mmscmd.

### Miss due to lower-than-estimated EBITDA/scm margin; volumes in line

- Total volumes were in line with our estimate at 9.13mmscmd (our est.: 9.16mmscmd), up 6% YoY.
- Both CNG and PNG volumes came in line.
- EBITDA/scm came in 10% below our est. at INR6.2.
- Adj. realization increased ~INR0.7/scm QoQ, while gas costs/opex declined INR0.4/INR0.5 per scm QoQ.
- Resulting EBITDA was 10% below our estimate at INR5.1b (-12% YoY).
- IGL's PAT came in 7% below our est. at INR3.6b (-11% YoY), as other income stood above estimate.

### Valuation and view

- IGL trades at 15.9x FY27E SA P/E, at par with its 1yr. fwd. mean – 1 S.D. P/E. However, we believe that earnings have bottomed out now. We estimate EBITDA margin to improve to INR6.3/INR6.5 per scm and volumes to grow 7% YoY in FY26/FY27. Resultant EBITDA/PAT are estimated to clock a CAGR of 11%/10% over FY25-27E.
- We value IGL at 16x FY27E consol. P/E, and add INR48/sh as a value of JVs to arrive at our TP of INR225/sh. At a 2.6% FY27E dividend yield and 10% EPS growth, we believe the valuation is attractive. Hence, we maintain our BUY rating on the stock, with a TP of INR250.

### Standalone quarterly performance

Y/E March	FY25				FY26E				FY25	FY26	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Sales</b>	<b>35,206</b>	<b>36,973</b>	<b>37,591</b>	<b>39,506</b>	<b>39,139</b>	<b>42,919</b>	<b>43,330</b>	<b>43,716</b>	<b>1,49,275</b>	<b>1,69,104</b>	<b>40,249</b>	<b>-3%</b>
Change (%)	3.3	6.9	5.9	9.8	11.2	16.1	15.3	10.7	6.6	13.3	14.3	
<b>EBITDA</b>	<b>5,819</b>	<b>5,359</b>	<b>3,636</b>	<b>4,972</b>	<b>5,118</b>	<b>5,728</b>	<b>5,665</b>	<b>5,573</b>	<b>19,786</b>	<b>22,083</b>	<b>5,680</b>	<b>-10%</b>
EBITDA (INR/scm)	7.4	6.5	4.3	6.0	6.2	6.4	6.3	6.3	6.0	6.3	6.8	-10%
Change (%)	-9.4	-18.4	-34.9	-4.8	-12.0	6.9	55.8	12.1	-16.4	11.6	-2.4	
Depreciation	1,143	1,184	1,216	1,198	1,238	1,248	1,281	1,229	4,741	4,996	1,187	4%
Interest	22	23	21	26	22	23	20	25	92	90	22	
Other Income	727	1,493	1,288	908	901	1,506	1,298	748	4,416	4,453	664	36%
<b>PBT before EO</b>	<b>5,380</b>	<b>5,645</b>	<b>3,687</b>	<b>4,656</b>	<b>4,758</b>	<b>5,964</b>	<b>5,662</b>	<b>5,066</b>	<b>19,369</b>	<b>21,450</b>	<b>5,135</b>	<b>-7%</b>
Tax	1,366	1,334	829	1,164	1,199	1,501	1,425	1,281	4,693	5,405	1,293	-7%
Rate (%)	25.4	23.6	22.5	25.0	25.2	25.2	25.2	25.3	24.2	25.2	25.2	
<b>PAT</b>	<b>4,015</b>	<b>4,311</b>	<b>2,858</b>	<b>3,492</b>	<b>3,559</b>	<b>4,463</b>	<b>4,237</b>	<b>3,786</b>	<b>14,676</b>	<b>16,045</b>	<b>3,843</b>	<b>-7%</b>
PAT (INR/scm)	5.1	5.2	3.4	4.2	4.3	5.0	4.7	4.3	4.3	4.1	4.6	-7%
Change (%)	-8.4	-19.4	-27.1	-8.8	-11.3	3.5	48.2	8.4	-16.0	9.3	-4.3	
<b>Gas volumes (mmscmd)</b>												
CNG	6.45	6.78	6.70	6.71	6.79	7.26	7.18	7.20	6.66	7.10	6.82	-1%
PNG	2.18	2.24	2.41	2.47	2.34	2.41	2.59	2.66	2.32	2.50	2.34	0%
<b>Total</b>	<b>8.63</b>	<b>9.02</b>	<b>9.11</b>	<b>9.18</b>	<b>9.13</b>	<b>9.66</b>	<b>9.76</b>	<b>9.85</b>	<b>8.98</b>	<b>9.60</b>	<b>9.16</b>	<b>0%</b>

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	HMN IN
Equity Shares (m)	439
M.Cap.(INRb)/(USDb)	263.7 / 3
52-Week Range (INR)	857 / 506
1, 6, 12 Rel. Per (%)	8/-3/-26
12M Avg Val (INR M)	400

### Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	40.1	43.3	46.8
Sales Gr. (%)	5.2	8.1	7.9
EBITDA	10.9	11.9	12.9
EBIT Margin (%)	27.2	27.4	27.5
Adj. PAT	9.3	9.9	10.8
Adj. EPS (INR)	21.2	22.8	24.7
EPS Gr. (%)	4.6	7.3	8.4
BV/Sh.(INR)	69.6	77.5	85.9
<b>Ratios</b>			
RoE (%)	32.3	30.9	30.2
RoCE (%)	36.2	34.1	33.0
Payout (%)	54.2	57.1	58.8
<b>Valuation</b>			
P/E (x)	28.3	26.4	24.3
P/BV (x)	10.5	9.4	8.5
EV/EBITDA (x)	28.0	25.4	23.2
Div. Yield (%)	1.9	2.2	2.4

### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	54.8	54.8	54.8
DII	24.1	23.7	21.6
FII	11.9	12.1	14.0
Others	9.2	9.4	9.5

FII Includes depository receipts

**CMP: INR600 TP: INR700 (+17%) Buy**

## Steady core performance; summer portfolio lags

- Emami reported a flat consolidated revenue in 1QFY26 (vs. an est. of -3%), as growth in the core portfolio was offset by a sharp decline in the summer-centric Talc and Heat powder. The overall domestic sales were flat in value terms and declined 3% in volume. The core domestic business (ex-Talc/Heat Powder) grew 6% YoY, led by 3% volume growth.
- The summer portfolio declined 17% YoY, impacted by an exceptionally high base (54% growth in 1QFY25) and early monsoons, with muted demand. International business grew 2% YoY (flat in constant currency), with softness in Bangladesh weighing on growth.
- Pain management grew 17% YoY, aided by monsoon-driven demand. The healthcare segment grew 4% YoY on the back of new launches and strong digital traction. The Boroplus range declined 5% YoY, while its antiseptic cream variant grew 60% YoY. The Navratna range and Dermicool dipped 5% YoY, while the Male grooming/Kesh King were down 9%/5%.
- Gross margin expanded 180bp YoY to 69.4% (vs. est. 67.2%), supported by a favorable product mix, while EBITDA margin contracted marginally by 20bp YoY to 23.7% due to higher investments and operating costs.
- With gradual demand recovery underway, Emami's initiatives related to distribution expansion, new launches, and focused marketing spending are expected to accelerate its revenue growth. Given benign RM costs and operational efficiencies, we expect its margins to be sustained at the current levels. **We reiterate our BUY rating on the stock with a TP of INR700 (premised on 30x Jun'27E EPS).**

## Performance above estimates; volume up 3% YoY (ex-Heat powder)

- **Talc and Heat powder drag revenue growth:** Consolidated net sales were flat YoY at INR9,041m (est. INR8,752m). Domestic business revenue declined 1% YoY, along with a volume decline of 3% (est. -3% and 5% in 4QFY25, respectively). Domestic business (excluding Talc and heat powder) grew by 6% with volume growth of 3%. Talc/Heat powders' revenue dipped 17% YoY on a significantly high base of 54% growth in 1QFY25. Growth was flat in the full season (Jan-Jun'25) despite weather-related headwinds. International business revenue grew 2% YoY (flat in CC terms).
- **GM improvement sustains:** Gross margin expanded 180bp YoY to 69.4% (est. 67.2%). Employee expenses/other expenses were up 8%/12%, while Ad spending declined 2% YoY. EBITDA margin contracted marginally by 20bp YoY to 23.7% (est. 22.4%).
- EBITDA was down 1% YoY to INR2,142m (est. INR1,965m). PBT grew 5% YoY to INR1,889m (est. INR1,632m). APAT rose 9% YoY to INR1,843m (est. INR1,560m).

### Highlights from the management commentary

- Urban discretionary consumption remained under pressure during the quarter, while rural demand showed early signs of recovery.
- Organized trade channels (modern trade and eCommerce) contributed 27% of domestic revenue in 1QFY26, up 190bp YoY.
- The international business, contributing 16% of total revenue, reported modest growth of 2% YoY. The Bangladesh business saw a sharp decline, while other international markets posted a robust growth of 13.6% YoY.
- The Fair and Handsome cream portfolio continues to face pressure despite a rebranding effort; the focus has now shifted to driving growth in the face wash category with category extensions planned in 2HFY26.

### Valuation and view

- We broadly maintain our FY26/FY27 EPS estimates.
- Emami's core categories are niche, and they have been witnessing slow user addition over the last five years. Although it commands a high market share in core categories, the share gain is no longer a catalyst for volume growth.
- With gradual demand recovery underway, Emami's initiatives related to distribution expansion, new launches, and focused marketing spending are expected to accelerate its revenue growth. Given benign RM costs and operational efficiencies, we expect its margins to be sustained at the current levels. **We reiterate our BUY rating on the stock with a TP of INR700 (premised on 30x Jun'27E EPS).**

### Consol. Quarterly performance

(INR m)

Y/E MARCH	FY25				FY26E				FY25	FY26E	FY26E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Domestic volume gr. (%)	8.7	1.7	4.0	5.0	-3.0	5.0	5.5	5.0	4.9	3.1	-3.0	
<b>Net Sales</b>	<b>9,061</b>	<b>8,906</b>	<b>10,495</b>	<b>9,631</b>	<b>9,041</b>	<b>9,525</b>	<b>11,173</b>	<b>10,348</b>	<b>38,092</b>	<b>40,087</b>	<b>8,752</b>	<b>3.3%</b>
YoY change (%)	9.7	3.0	5.3	8.1	-0.2	7.0	6.5	7.4	6.5	5.2	-3.4	
<b>Gross Profit</b>	<b>6,131</b>	<b>6,296</b>	<b>7,377</b>	<b>6,346</b>	<b>6,276</b>	<b>6,763</b>	<b>7,899</b>	<b>6,882</b>	<b>26,150</b>	<b>27,820</b>	<b>5,881</b>	<b>6.7%</b>
Gross margin (%)	67.7	70.7	70.3	65.9	69.4	71.0	70.7	66.5	68.6	69.4	67.2	
<b>EBITDA</b>	<b>2,165</b>	<b>2,505</b>	<b>3,387</b>	<b>2,194</b>	<b>2,142</b>	<b>2,693</b>	<b>3,618</b>	<b>2,450</b>	<b>10,251</b>	<b>10,903</b>	<b>1,965</b>	<b>9.0%</b>
Margins (%)	23.9	28.1	32.3	22.8	23.7	28.3	32.4	23.7	26.9	27.2	22.4	
YoY change	13.9	7.2	7.6	4.0	-1.1	7.5	6.8	11.6	8.0	6.4	-9.3	
Depreciation	444	447	456	435	445	445	445	473	1,782	1,808	445	
Interest	21	23	22	28	24	23	23	21	93	90	23	
Other Income	105	216	149	212	216	220	160	107	681	703	135	
<b>PBT</b>	<b>1,805</b>	<b>2,251</b>	<b>3,059</b>	<b>1,943</b>	<b>1,889</b>	<b>2,445</b>	<b>3,311</b>	<b>2,063</b>	<b>9,057</b>	<b>9,707</b>	<b>1,632</b>	<b>15.7%</b>
Tax	278	94	224	315	225	122	397	420	911	1,165	245	
Rate (%)	15.4	4.2	7.3	16.2	11.9	5.0	12.0	20.4	10.1	12.0	15.0	
<b>Adj. PAT</b>	<b>1,702</b>	<b>2,333</b>	<b>3,006</b>	<b>1,812</b>	<b>1,843</b>	<b>2,519</b>	<b>3,093</b>	<b>1,800</b>	<b>8,853</b>	<b>9,259</b>	<b>1,560</b>	<b>18.1%</b>
YoY change (%)	20.5	18.6	6.3	8.6	8.3	8.0	2.9	-0.7	12.4	4.6	-8.4	
<b>Reported PAT</b>	<b>1,506</b>	<b>2,110</b>	<b>2,790</b>	<b>1,622</b>	<b>1,643</b>	<b>2,300</b>	<b>2,891</b>	<b>1,612</b>	<b>8,027</b>	<b>8,445</b>	<b>1,365</b>	<b>20.4%</b>
YoY change (%)	10.1	17.2	7.0	10.5	9.1	9.0	3.6	-0.6	10.9	5.2	-9.4	

E: MOFSL Estimates

# IIFL Finance

## Estimate changes



TP change



Rating change



	IIFL IN
Bloomberg Equity Shares (m)	425
M.Cap.(INRb)/(USDb)	203.1 / 2.3
52-Week Range (INR)	561 / 280
1, 6, 12 Rel. Per (%)	4/29/9
12M Avg Val (INR M)	1076

## Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	53.3	60.3	73.0
Total Income	57.5	74.7	88.0
PPoP	27.9	40.7	48.4
PAT (pre-NCI)	5.8	18.5	25.6
PAT (post-NCI)	3.8	16.5	23.4
EPS (INR)	8.9	38.8	55.0
EPS Gr. (%)	-81	335	42
BV (INR)	292	327	377

## Ratios (%)

NIM	6.8	7.0	7.0
C/I ratio	51.5	45.4	45.1
Credit cost	2.8	2.7	2.1
RoA	0.9	2.5	3.0
RoE	3.3	12.5	15.6

## Valuations

P/E (x)	53.3	12.3	8.6
P/BV (x)	1.6	1.5	1.3

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	24.9	24.9	24.9
DII	8.1	5.5	7.4
FII	26.6	28.0	30.3
Others	40.4	41.5	37.4

FII Includes depository receipts

**CMP: INR476**

**TP: INR550 (+16%)**

**Buy**

## Strong growth in gold loans; credit cost guidance raised

- **Asset quality stress in MFI, unsecured MSME, and micro-LAP**
- IIFL Finance (IIFL)'s 1QFY26 NII was down 10% YoY and ~1% QoQ to ~INR12.9b (~10% miss), potentially due to higher interest income reversals. Other income stood at ~INR3.8b (PQ: INR810b). This included assignment income of ~INR2.3b (which was absent for the last six quarters).
- Net total income grew ~17% YoY to ~INR16.7b. Opex grew ~7% YoY to INR8b (~8% higher than MOFSLe), with the cost-to-income ratio declining to ~48% (PQ: 53% and PY: 52%). PPOP stood at INR8.7b and grew ~26% YoY (~7% miss). Consol. PAT (post-NCI) declined ~19% YoY to INR2.3b.
- Credit costs were slightly lower than our estimates and stood at INR5.1b. This translated into annualized credit costs of ~3.65% (PQ: ~2.7%/PY: ~2.1%). Credit costs were elevated in MFI, unsecured lending, and small-ticket LAP.

## Consol. AUM rises ~21% YoY; strong 30% QoQ growth in gold loans

- Consol. AUM grew 21% YoY and ~7% QoQ to INR839b. On-book loans grew ~26% YoY. Off-book formed ~32% of the AUM mix, with co-lending forming ~14% of the AUM mix.
- Gold loan AUM stood at ~INR273b and rose ~30% QoQ. Sequential growth in consol. AUM was driven by gold loans (+30%). Home loans grew 1% QoQ, MSME loans declined ~2% QoQ, and Microfinance declined ~10% QoQ.
- Gold loan AUM reached an all-time high, and management guided that the strong growth momentum in Gold Loans will continue over the next three quarters. Yields on gold loans improved sequentially, indicating that growth has been achieved without any trade-off in margins.
- IIFL shared that the robust growth in gold loans was attributed to the limited availability of MFI credit and a steady rise in gold prices over the past year. The company has guided for consolidated AUM growth of 20% in FY26, largely driven by the continued expansion in its gold loan portfolio.
- We estimate gold loans/consolidated AUM to grow ~49%/~21% YoY in FY26, resulting in a consol. AUM CAGR of ~20% over FY25-27E.

## NIM dips ~60bp QoQ; calc. yields decline ~55bp QoQ

- Consol. yields/CoB declined ~55bp/5bp QoQ to ~12.7%/~9.7%.
- Calculated NIM dipped ~60bp QoQ. The compression in NIMs was primarily due to interest income reversal from MFI, unsecured MSME, and micro-LAP segments.

### Asset quality stress in MFI, unsecured MSME, and micro-LAP segments

- GS3 (consol.) rose ~10bp QoQ to ~2.34%, while NS3 rose ~8bp QoQ to ~1.15%. PCR declined ~130bp QoQ to ~52.3%. NPAs during the quarter were impacted by macro trends in MFI, unsecured lending, and small-ticket LAP.
- Management guided for consolidated credit costs (as a % of avg. loan book) of ~3% (vs. ~2.5-2.7% guided earlier) in FY26.
- **IIFL has taken corrective actions for improving the asset quality, such as:**
- **MSME Loans:** IIFL discontinued small-ticket unsecured loans, and it has not been doing new disbursements in 1QFY26. Discontinued AUM (% of total) stood at 2.4%.
- **Housing Finance:** It discontinued the micro-LAP segment, and it is not doing any new disbursement in 1QFY26. Further, the company deployed a dedicated collection team of 300 for Micro LAP. Discontinued AUM (% of total) is 3.1%.
- **Microfinance:** Identified high-stress regions and deployed focused recovery teams. Reducing exposure to borrowers with more than three active lenders.

### Highlights from the management commentary

- The company has recalibrated its exposure, gradually exiting riskier segments within MSME and micro LAP to prioritize portfolio stability.
- Within micro-LAP, the company witnessed higher stress in the states of Andhra Pradesh and smaller cities in Maharashtra. Since the exposure of the company is higher in AP, the impact was more pronounced in AP.
- The company received RBI approval to open 10 new branches in Jammu & Kashmir on 23<sup>rd</sup> May'25 and 500 in locations across India on 28<sup>th</sup> Jul'25.

### Valuation and view

- IIFL reported an operationally weak quarter. Very strong growth in gold loans is the only positive. Loan growth remained tepid across all other segments. The company faced asset quality pressures in its MFI, unsecured business loans, and micro-LAP portfolios, which resulted in elevated credit costs. Additionally, NIMs declined further, potentially impacted by interest income reversals on fresh slippages in the quarter.
- We cut our FY26 EPS estimates by ~5% to factor in higher credit costs during the year. The stock trades at 1.3x FY27E P/BV and ~9x P/E for an estimated RoA/RoE of 3%/16% in FY27. **We have a BUY rating on the stock with a TP of INR550 (based on SoTP valuation; refer to the table below).**

#### IIFL: SoTP – Mar'27

Particulars	Stake	Value (INR b)	Value (USD b)	INR per share	% To Total	Target Multiple(x)	Basis
IIFL Finance (Standalone)	100	135	1.6	316	57	1.5	PBV
IIFL Home Finance (HFC)	80	91	1.1	214	39	1.5	PBV
IIFL Samasta Finance (MFI)	100	8	0.1	20	4	0.5	PBV
<b>Target Value</b>		<b>234</b>	<b>2.8</b>	<b>550</b>	<b>100</b>		
Current market cap.		202	2.4	476			
<b>Upside (%)</b>		<b>16</b>	<b>16</b>	<b>16</b>			

**IIFL (Consolidated): Quarterly Performance (INR m)**

Y/E March	FY25				FY26E				FY25	FY26E	1QFY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	24,721	23,181	22,308	24,833	25,835	27,902	30,134	30,996	95,043	1,14,867	27,067	-5
Interest Expenses	10,340	9,788	9,957	11,694	12,888	13,404	13,873	14,374	41,695	54,538	12,629	2
<b>Net Interest Income</b>	<b>14,381</b>	<b>13,394</b>	<b>12,352</b>	<b>13,139</b>	<b>12,947</b>	<b>14,498</b>	<b>16,261</b>	<b>16,623</b>	<b>53,348</b>	<b>60,329</b>	<b>14,438</b>	<b>-10</b>
YoY Growth (%)	9.7	-6.0	-21.6	-20.2	-10.0	8.2	31.7	26.5	-10.4	13.1	0.4	
Other Income	-43	2,467	1,051	810	3,758	3,243	3,500	3,831	4,202	14,333	3,070	22
<b>Total Income</b>	<b>14,338</b>	<b>15,861</b>	<b>13,402</b>	<b>13,949</b>	<b>16,705</b>	<b>17,742</b>	<b>19,761</b>	<b>20,454</b>	<b>57,550</b>	<b>74,662</b>	<b>17,508</b>	<b>-5</b>
YoY Growth (%)	-1	-2	-21	-10	17	12	47	47	-8.5	29.7	22.1	
Operating Expenses	7,461	7,329	7,478	7,367	8,017	8,348	8,539	9,028	29,634	33,931	7,448	8
<b>Operating Profit</b>	<b>6,878</b>	<b>8,531</b>	<b>5,925</b>	<b>6,582</b>	<b>8,688</b>	<b>9,275</b>	<b>10,710</b>	<b>12,058</b>	<b>27,916</b>	<b>40,731</b>	<b>9,363</b>	<b>-7</b>
YoY Growth (%)	-14.9	-8.9	-38.2	-16.6	26.3	8.7	80.8	83.2	-19.9	45.9	36.1	
Provisions & Loan Losses	2,516	4,063	4,914	3,487	5,125	4,356	3,703	3,228	14,980	16,411	5,929	-14
<b>Profit before Tax</b>	<b>4,362</b>	<b>4,468</b>	<b>1,011</b>	<b>3,095</b>	<b>3,563</b>	<b>4,919</b>	<b>7,008</b>	<b>8,830</b>	<b>7,070</b>	<b>24,319</b>	<b>3,434</b>	<b>4</b>
Exceptional items		-5,865				0						
Tax Provisions	980	-466	193	581	821	1,141	1,626	2,273	1,289	5,862	797	3
<b>PAT (Pre NCI)</b>	<b>3,382</b>	<b>-931</b>	<b>818</b>	<b>2,514</b>	<b>2,742</b>	<b>3,778</b>	<b>5,382</b>	<b>6,556</b>	<b>5,782</b>	<b>18,458</b>	<b>2,637</b>	<b>4</b>
NCI	501	646	410	437	408	429	463	700	1,994	2,000	437	-7
<b>PAT (Post NCI)</b>	<b>2,881</b>	<b>-1,577</b>	<b>408</b>	<b>2,077</b>	<b>2,334</b>	<b>3,349</b>	<b>4,919</b>	<b>5,856</b>	<b>3,788</b>	<b>16,458</b>	<b>2,201</b>	<b>6</b>
YoY Growth (%)	-32	-133	-92	-44	-19	-312	1,106	182	-79	335	-24	
<b>Key Parameters (%)</b>												
Yield on AUM	13.31	13.6	12.9	13.3	12.74							
Cost of funds	9.46	9.7	9.5	9.7	9.78							
Spread	3.8	3.9	3.4	3.5	3.0							
NIM (on AUM)	7.7	7.8	7.1	7.0	6.4							
Credit cost	2.1	3.6	4.2	2.67	3.65							
Cost to Income Ratio (%)	52.0	46.2	55.8	52.8	48.0							
Tax Rate (%)	22.5	-10.4	19.1	18.8	23.1							
<b>Balance Sheet Parameters</b>	-11.8	-3.8			7.1							
<b>Consol. AUM (INR B)</b>	<b>696</b>	<b>670</b>	<b>714</b>	<b>783</b>	<b>839</b>							
Change YoY (%)	2	-8	-8	-1	21							
<b>Disbursements - Core (INR B)</b>	<b>43</b>	<b>73</b>	<b>176</b>	<b>197</b>	<b>191</b>							
Change YoY (%)	-71	-54	6	21	345							
<b>Borrowings (INR B)</b>	<b>414</b>	<b>391</b>	<b>451</b>	<b>509</b>	<b>545</b>							
Change YoY (%)	8	-3	5	11	32							
Borrowings/AUM (%)	59.5	58.4	63.2	65.0	65.0							
Debt/Equity (x)	3.4	3.3	3.7	4.1	4.3							
<b>Asset Quality (%)</b>												
<b>GS 3 (INR M)</b>	<b>10,231</b>	<b>10,687</b>	<b>12,028</b>	<b>12,253</b>	<b>13,170</b>							
G3 %	2.25	2.40	2.42	2.23	2.34							
<b>NS 3 (INR M)</b>	<b>4,982</b>	<b>4,756</b>	<b>4,956</b>	<b>5,685</b>	<b>6,295</b>							
NS3 %	1.11	1.1	1.0	1.0	1.13							
<b>PCR (%)</b>	<b>51.3</b>	<b>55.5</b>	<b>58.8</b>	<b>53.6</b>	<b>52.3</b>							
ECL (%)	2.9	3.2	2.8	2.2	2.1							
<b>Return Ratios - YTD (%)</b>												
ROA (Rep)	2.3	0.8	0.8	0.9	1.6							
ROE (Rep)	10.3	2.3	2.0	3.4	7.6							

E: MOSL Estimates

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	CAMS IN
Equity Shares (m)	49
M.Cap.(INRb)/(USD\$)	184.9 / 2.1
52-Week Range (INR)	5368 / 3030
1, 6, 12 Rel. Per (%)	-10/-2/-17
12M Avg Val (INR M)	2058

### Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
AAUM (INR t)	44.1	50.3	58.0
Revenue	14.2	15.1	17.0
EBITDA	6.5	6.8	7.8
Margin (%)	45.9	45.1	46.1
PAT	4.6	4.8	5.7
PAT Margin (%)	33	32	34
EPS	94.8	98.6	116.4
EPS Grw. (%)	32.4	4.0	18.0
BVPS	228.4	267.8	314.3
Roe (%)	45.7	39.8	40.0
Div. Pay-out (%)	46.8	60.0	60.0

Valuations			
P/E (x)	39.4	37.9	32.1
P/BV (x)	16.4	14.0	11.9
Div. Yield (%)	1.2	1.6	1.9

### Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	0.0	0.0	0.0
DII	17.3	16.7	19.4
FII	52.0	55.0	56.5
Others	30.7	28.3	24.1

FII includes depository receipts

**CMP: INR3,737**      **TP: INR4,900 (+31%)**      **Buy**

## Yields largely reset; trajectory expected to stabilize

- CAMS reported operating revenue of INR3.5b in 1QFY26 (6% miss), up 7% YoY, driven by a 9% YoY growth in MF asset-based revenue to INR2.6b.
- Total operating expenses grew 10% YoY to INR2b (in-line). Employee expenses/other expenses rose 8%/13% YoY to ~INR1.2b/INR774m. EBITDA increased 3% YoY to INR1.5b, reflecting an EBITDA margin of 43.6% (vs. 45.2% in 1QFY25 and our estimate of 45.5%). Management guides for margins to sustain at over 45%.
- PAT grew 1% YoY to INR1.1b (10% miss) in 1QFY26, driven by the lower topline growth.
- Yield compression of ~4-4.5% in Q1FY26 was primarily driven by the repricing of a large client (75% of the impact). With ~90% of this repricing now factored into the base, management expects full-year yield decline to be at ~9% YoY, post which the trajectory should normalize to 3-3.5% due to the telescopic pricing impact. Management guides that no material repricing events are expected over the next 18-24 months. Further, newly onboarded AMCs are unlikely to exert meaningful pressure on yields, given their limited AUM contribution.
- We have cut our earnings estimates by 4%/3% for FY26/FY27 to factor in the decline in yields, as guided by the management. We expect revenue/EBITDA/PAT to post a CAGR of 9%/10%/11% over FY25-27. We reiterate a BUY rating on the stock with a one-year TP of INR4,900, premised at a P/E multiple of 42x on FY27E earnings.

## CAMSPay, CAMS Alternatives, and CAMSKRA driving non-MF growth

- MF QAUM grew 21% YoY and 7% QoQ to INR48.7t in 1QFY26, with a market share of ~68%. The share of Equity AUM grew to 54.8% in 1QFY26 from 53.3% in 1QFY25 and 54.4% in 4QFY25. Equity AUM rose 24% YoY to INR26.7t.
- Transaction volumes increased 28% YoY to 244.3m, with SIP transactions up 34% YoY to 203.3m. Live folios grew 24% YoY to 97.3m.
- **MF segment's revenue** grew 7% YoY to INR3.1b, contributing ~87% to total revenue. MF asset-based contributions accounted for ~74.3% of total MF revenue, while non-asset contributions made up ~12.7%.
- Management continues to guide scaling **non-MF revenue** contribution to ~20% over the next three years (vs ~13% currently), driven by a 25% YoY growth trajectory. Key growth levers include profit-accretive segments such as KRA, CAMSPay, and AIF, while the insurance business is approaching breakeven.
- Currently, non-MF EBITDA margins stand at ~12%, with scope to expand to 25-30% as the segment scales up. The MF business continues to deliver healthy margins of 45%+.
- **CAMS Alternatives** continued to solidify its leadership position, driven by strong signings (50 new mandates in 1Q—including three from the GIFT CITY). Revenue grew 11% YoY and services asset size stood at INR2.7t in 1QFY26.

- **CAMSPay** posted 26% YoY growth in volumes but experienced 18% QoQ decline due to seasonality in insurance volumes (4Q has a higher base), delays in the go-live of the payment gateway, and slower execution in client migration.
- Management guides a rebound in volumes for the payment's business from 2Q onwards, with revenue expected to pick up as the company focuses on diversifying its streams. The segment mix stands at 50-55% MF and 45-50% non-MF, with the MF share expected to decline to 40% as diversification progresses.
- CAMS KRA's revenue declined 39% YoY, in line with market trends, due to lower account openings. However, volumes picked up in Jul'25. The recent acquisition of NSE Data Analytics' KRA business added 1.3m KYC records. The KYC mix between brokers and AMCs stood at 30:70.
- CAMSRep witnessed strong momentum in policy additions, posting a 41% YoY growth to ~12m and maintaining a market share of >40%. LIC is expected to go live in 2QFY26, which should further accelerate the policy addition run rate.
- Other income came in at INR131m vs. INR117m in 1QFY25.
- Total expenses came in at INR2b vs. INR1.8b in 1QFY25. CIR stood at 56.4% vs. 54.8% in 1QFY25 and 54.4% in 4QFY25. Management expects overall expenses to grow at 10-11% YoY.
- Employee costs/other expenses rose 12%/27% YoY (in line) to INR1.2b/INR790m. Management guides that employee costs will remain in a similar range, as no major hirings are expected going forward, while other operating expenses were higher due to the recording of AMC renewals.

#### Key takeaways from the management commentary

- Management guides that no further impact on top-line, EBITDA, and PAT is expected, as the repricing of the major customer is 90% complete.
- CAMS plans ~INR600m in regular capex (INR150m spent in 1Q) to support transaction volume growth. Separately, ~INR500m has been spent on platform re-architecture (INR140m done in 1Q), with another INR1b guided for FY26 and ~INR1.25b in FY27. The first module is expected to go live by 4QFY26/1QFY27.
- Management plans to scale CAMSPay beyond mutual funds into education, hospitals, NBFCs, and card segments. The MF contribution, which stood at 50-55% (100% two years back), is expected to decline to ~40%.

#### Valuation and view




- Despite near-term revenue and margin pressures, the company continues to maintain a dominant position in the MF segment, benefiting from strong operating leverage and growing momentum in non-MF verticals such as CAMSPay, CAMSKRA, CAMS Alternatives, and CAMS REP. Margins are expected to revert to above 45% EBITDA levels, and non-MF profitability is expected to improve meaningfully.
- With ~90% of this repricing now absorbed and limited further downside expected, earnings trajectory and yields are likely to stabilize from FY27 onwards.
- We have cut our earnings estimates by 4%/3% for FY26/FY27 to factor in the decline in yields, as guided by the management. We expect revenue/EBITDA/PAT to post a CAGR of 9%/10%/11% over FY25-27. **We reiterate a BUY rating on the stock with a one-year TP of INR4,900, premised at a P/E multiple of 42x on FY27E earnings.**

**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	3,314	3,652	3,697	3,562	3,542	3,747	3,856	3,987	14,225	15,132	3,754	-5.7	6.9	(0.6)
Change YoY (%)	26.8	32.7	27.6	14.7	6.9	2.6	4.3	11.9	25.2	6.4	13.3			
Employee expenses	1,130	1,186	1,197	1,178	1,224	1,237	1,273	1,309	4,691	5,043	1,231.3	-0.6	8.4	3.9
Total Operating Expenses	1,816	1,950	1,969	1,968	1,999	2,042	2,102	2,164	7,703	8,307	2,046	-2.3	10.1	1.6
Change YoY (%)	20.1	27.5	22.8	17.8	10.1	4.8	6.7	10.0	21.9	7.8	12.7			
<b>EBITDA</b>	<b>1,498</b>	<b>1,702</b>	<b>1,728</b>	<b>1,594</b>	<b>1,543</b>	<b>1,705</b>	<b>1,755</b>	<b>1,823</b>	<b>6,522</b>	<b>6,825</b>	<b>1,708</b>	<b>-9.7</b>	<b>3.0</b>	<b>(3.2)</b>
Other Income	117	126	149	134	131	139	148	157	526	576	145	-9.3	12.3	(2.0)
Depreciation	170	184	195	228	208	215	221	236	777	881	235	-11.3	22.7	(8.8)
Finance Cost	21	22	21	20	19	19	19	19	85	77	21	-7.8	(9.2)	(4.7)
<b>PBT</b>	<b>1,424</b>	<b>1,622</b>	<b>1,661</b>	<b>1,479</b>	<b>1,444</b>	<b>1,610</b>	<b>1,662</b>	<b>1,725</b>	<b>6,187</b>	<b>6,444</b>	<b>1,597</b>	<b>-9.6</b>	<b>1.4</b>	<b>(2.4)</b>
Change YoY (%)	40.7	44.4	39.9	9.9	1.4	-0.7	0.0	16.6	32.5	4.2	12.2			
Tax Provisions	354	414	420	351	363	403	415	429	1,540	1,611	399	-9.0	2.6	3.5
<b>Net Profit</b>	<b>1,070</b>	<b>1,208</b>	<b>1,241</b>	<b>1,128</b>	<b>1,080</b>	<b>1,208</b>	<b>1,246</b>	<b>1,296</b>	<b>4,647</b>	<b>4,833</b>	<b>1,198</b>	<b>-9.8</b>	<b>1.0</b>	<b>(4.2)</b>
Change YoY (%)	41.3	44.2	40.2	9.5	1.0	0.0	0.4	14.9	32.4	4.0	12.0			
<b>Key Operating Parameters (%)</b>														
Cost to Operating Income Ratio	54.8	53.4	53.3	55.3	56.4	54.5	54.5	54.3	54.1	54.9	54.5	1.9	1.6	1.2
EBITDA Margin	45.2	46.6	46.7	44.7	43.6	45.5	45.5	45.7	45.9	45.1	45.5	-1.9	(1.6)	(1.2)
PBT Margin	43.0	44.4	44.9	41.5	40.8	43.0	43.1	43.3	43.5	42.6	42.5	-1.8	(2.2)	(0.8)
Tax Rate	24.9	25.5	25.3	23.7	25.2	25.0	25.0	24.9	24.9	25.0	25.0	0.2	0.3	1.4
PAT Margin	32.3	33.1	33.6	31.7	30.5	32.2	32.3	32.5	32.7	31.9	31.9	-1.4	(1.8)	(1.2)
<b>Key Parameters</b>														
QAUM (INR t)	40.3	44.8	46.3	45.6	48.7	49.9	51.2	51.2	44.1	50.3	48.5	0.3	20.8	6.8
Share of Equity AUM (%)	53.3	55.4	55.3	54.4	54.8	0.0	0.0	0.0	54.9	54.9	0.0		1.5	0.4

# Vedant Fashions

Estimate change	
TP change	
Rating change	

**CMP: INR754 TP: INR800 (+6%) Neutral**

## Growth revives on a weak base; consistent SSSG recovery key

Bloomberg	MANYAVAR IN
Equity Shares (m)	243
M.Cap.(INRb)/(USDb)	182.1 / 2.1
52-Week Range (INR)	1512 / 706
1, 6, 12 Rel. Per (%)	-5/-25/-34
12M Avg Val (INR M)	260

### Financials & Valuations Consol (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	13.9	14.9	16.1
EBITDA	6.4	6.9	7.5
Adj. PAT	3.9	4.2	4.6
EBITDA Margin (%)	46.3	46.2	46.4
Adj. EPS (INR)	16.0	17.5	19.1
EPS Gr. (%)	(6.2)	9.2	9.6
BV/Sh. (INR)	71.3	80.5	90.6

### Ratios

Net D:E	(0.3)	(0.5)	(0.6)
RoE (%)	22.9	21.0	20.5
RoCE (%)	19.9	19.7	19.5
Payout (%)	50.0	50.0	50.0

### Valuations

P/E (x)	47.1	43.2	39.4
EV/EBITDA (x)	29.2	26.6	24.3
EV/Sales (x)	13.5	12.3	11.3
Div. Yield (%)	1.1	1.2	1.3

### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	75.0	75.0	75.0
DII	11.1	10.6	11.9
FII	9.9	10.1	9.0
Others	4.1	4.3	4.1

FII Includes depository receipts

- Vedant Fashions (VFL) delivered 17%/23% YoY growth in reported/customer revenue in 1Q (albeit on a very low base), driven by ~17.6% SSSG and ~4% YoY net area additions. However, VFL's 1QFY26 revenue remains below 1QFY23 levels, driven by muted consumer demand sentiments.
- Margin pressures persisted with ~85bp/410bp YoY contraction in gross/EBITDA margins due to a shift in product mix, 330bp rise in A&P spends (on a low 1QFY25 base), and operating deleverage due to lease costs.
- Management is focused on boosting SSSG and improving the quality of the retail area to drive growth in FY26, as overall net retail area addition is likely to remain muted due to network consolidation.
- We slightly cut our FY26–27E EBITDA by 2-3% due to lower retail area expansions, but raise our FY26-27E PAT by ~1% due to higher other income.
- We model an 8-10% CAGR in revenue/EBITDA/PAT over FY25–28E. While the stock is currently trading ~37% below its average P/E, we await signs of demand recovery before we turn more constructive on VFL. **Reiterate Neutral with a revised TP of INR800**, premised on 40x Sep'27E P/E.

## Revenue growth picks up on a low base; higher opex hurts profitability

- Customer sales grew ~23% YoY to INR4.1b, led by ~17.6% SSSG (on a very weak base of -27.2% SSS decline in 1QFY25) and ~4% YoY area additions.
- Reported revenue rose ~17% YoY to INR2.8b (5% above our estimate, but in line with consensus), aided by a favorable base (-23% YoY in 1QFY25).
- However, we note that 1QFY26 revenue is still lower than revenue in 1QFY23 and 1QFY24 (INR3.1-3.25b).
- VFL **added six net new stores**, primarily led by the SIS count, which increased by 14, while it had **net closures of eight EBOs** (six in India and two internationally). As a result, net area declined 6.4k sqft QoQ to 1.78m sqft (though it grew 4% YoY).
- Gross profit (GP) increased 15% YoY to INR2b as gross margin contracted 140bp YoY to 72.4% (125bp miss).
- GP (including job work charges) grew 16% YoY with margins contracting ~85bp to 66.9%.
- Other expenses rose ~36% YoY (14% higher than our estimate), mainly due to 230bp YoY increase in A&P spends, while employee costs increased 7% YoY (2% above).
- **As a result, EBITDA grew ~7% YoY to INR1.2b** (2% below our estimate), due to operating deleverage as other expenses outpaced revenue.
- **EBITDA margin dipped ~410bp YoY to 42.9%** (~315bp miss).
- Depreciation/finance costs grew 7%/2% YoY, while other income jumped ~20% YoY (16% higher).
- Reported PAT grew ~12% YoY to INR0.7b (3% above us), driven mainly by higher other income.

### Highlights from the management commentary

- **Demand trends:** VFL continues to face weak consumer sentiment in the mid-premium segment, though regions such as AP and Telangana have rebounded in 1Q. While early trends for FY26 are positive, management remains cautious, expecting clearer visibility over the next 1–2 quarters.
- **Margins:** Gross margin contracted ~80bp YoY due to a higher mix from structurally lower-margin brands (Mohey, Twamev), but management isn't too bothered with quarterly fluctuations and is comfortable with gross margin above 65%. EBITDA margin fell ~410bp to 43.2%, largely due to a 230bp YoY increase in A&P spends (spends were curtailed in 1QFY25 due to a lack of wedding dates).
- **Store expansion:** Management is focused on improving the quality of the retail area in FY26 and is planning ~8-10% YoY increase in gross area. However, **net area growth is expected to be flat or slightly negative** due to the closure of certain underperforming stores and the right-sizing of some stores.
- **SSSG:** Improvement in SSSG remains the key focus area for FY26. Management indicated that ~3-4% category-wide ASP increases and ~70-80bp improvement in ASP driven by premiumization (higher growth in Twamev and Mohey), along with improvement in volume and ABV, are the key growth drivers.
- **Competitive intensity:** After 8–10 quarters of aggressive expansion by peers, the intensity on store openings by peers seems to be easing due to pressures on profitability.

### Valuation and view

- VFL's 1QFY26 witnessed a modest recovery (albeit on a low base), though overall customer sales still remain below the 1QFY23 levels. Management noted weak consumer demand in the mid-premium segment to be a key reason for relative underperformance. However, we believe that apart from the weaker consumer sentiments, rising competition, and slower-than-expected shift from unorganized to organized in the ethnic wear category have also been the key headwinds.
- Growth recovery in Manyavar (on a low base of the last few years), scale-up of Mohey (women's celebration wear) and Twamev (premium offering in celebration wear), along with improved traction in recent forays in the newer categories (Diwas, a value brand catering to festive wear) remain the key growth drivers for VFL.
- VFL's focus on boosting SSSG and improving the quality of the retail area is positive and remains key for the re-rating of the stock.
- We slightly cut our FY26–27E EBITDA by 2-3% due to lower retail area expansions, but raise our FY26-27E PAT by ~1% each due to higher other income.
- We model an 8-10% CAGR in revenue/EBITDA/PAT over FY25–28E. While the stock is currently trading ~37% below its average P/E, we await signs of demand recovery before we turn more constructive on VFL. **Reiterate Neutral with a revised TP of INR800**, premised on 40x Sep'27E P/E (vs. INR775 earlier).

### Quarterly Earnings Snapshot

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Revenue</b>	<b>2,398</b>	<b>2,679</b>	<b>5,113</b>	<b>3,674</b>	<b>2,812</b>	<b>2,877</b>	<b>5,436</b>	<b>3,804</b>	<b>13,865</b>	<b>14,928</b>	<b>2,686</b>	<b>4.7</b>
YoY Change (%)	-23.0	22.7	7.8	1.2	17.2	7.4	6.3	3.5	1.4	7.7	12.0	
<b>Total Expenditure</b>	<b>1,271</b>	<b>1,460</b>	<b>2,691</b>	<b>2,017</b>	<b>1,606</b>	<b>1,588</b>	<b>2,755</b>	<b>2,078</b>	<b>7,439</b>	<b>8,027</b>	<b>1,450</b>	<b>10.8</b>
<b>EBITDA</b>	<b>1,127</b>	<b>1,220</b>	<b>2,422</b>	<b>1,657</b>	<b>1,206</b>	<b>1,288</b>	<b>2,680</b>	<b>1,726</b>	<b>6,426</b>	<b>6,900</b>	<b>1,237</b>	<b>-2.5</b>
EBITDA margins (%)	47.0	45.5	47.4	45.1	42.9	44.8	49.3	45.4	46.3	46.2	46.0	
Change YoY (%)	-23.9	31.4	0.1	-5.3	7.0	5.6	10.7	4.1	63.2	183.9	9.7	
Depreciation	372	373	391	395	398	410	422	435	1,531	1,665	406	-2.1
Interest	139	137	139	136	141	141	144	122	552	549	143	-1.4
Other Income	215	192	224	221	258	221	251	249	852	979	223	15.7
<b>PBT before EO expense</b>	<b>831</b>	<b>902</b>	<b>2,115</b>	<b>1,347</b>	<b>925</b>	<b>958</b>	<b>2,366</b>	<b>1,417</b>	<b>5,195</b>	<b>5,666</b>	<b>910</b>	<b>1.6</b>
Tax	206	233	535	336	222	241	595	357	1,310	1,426	229	-2.9
Rate (%)	24.8	25.8	25.3	24.9	24.1	25.2	25.2	25.2	25.2	25.2	25.2	-4.4
<b>Reported PAT</b>	<b>625</b>	<b>669</b>	<b>1,580</b>	<b>1,011</b>	<b>703</b>	<b>717</b>	<b>1,770</b>	<b>1,061</b>	<b>3,885</b>	<b>4,240</b>	<b>681</b>	<b>3.2</b>
YoY Change (%)	-32	37	0	-13	12	7	12	5	-6	9	9	-32

E: MOFSL Estimates

### Valuation based on Sep'27E P/E

Valuation	Sep'27E
EPS	20.2
PE multiple (x)	40
<b>Target Price (INR)</b>	<b>800</b>
CMP (INR)	754
<b>Upside (%)</b>	<b>6%</b>

Source: MOFSL, Company

### Quarterly performance (INR m)

	1QFY25	4QFY25	1QFY26	YoY%	QoQ%	1QFY26E	v/s Est (%)
<b>Total Revenue</b>	<b>2,398</b>	<b>3,674</b>	<b>2,812</b>	<b>17</b>	<b>-23</b>	<b>2,686</b>	<b>5</b>
Raw Material cost	629	970	777	23	-20	709	10
<b>Gross Profit</b>	<b>1,769</b>	<b>2,704</b>	<b>2,035</b>	<b>15</b>	<b>-25</b>	<b>1,978</b>	<b>3</b>
<b>Gross margin (%)</b>	<b>73.8</b>	<b>73.6</b>	<b>72.4</b>	<b>-139.2</b>	<b>-121.7</b>	<b>73.6</b>	<b>-124.3</b>
Employee Costs	146	153	156	7	1	152	2
Other expenses	496	893	673	36	-25	589	14
<b>EBITDA</b>	<b>1,127</b>	<b>1,657</b>	<b>1,206</b>	<b>7</b>	<b>-27</b>	<b>1,237</b>	<b>-2</b>
<b>EBITDA margin (%)</b>	<b>47.0</b>	<b>45.1</b>	<b>42.9</b>	<b>-410.7</b>	<b>-221.9</b>	<b>46.0</b>	<b>-315.2</b>
Depreciation and amortization	372	395	398	7	1	406	-2
EBIT	755	1,263	808	7	-36	830	-3
EBIT margin (%)	31.5	34.4	28.7	NM	NM	30.9	-216.9
Finance Costs	139	136	141	2	4	143	-1
Other income	215	221	258	20	17	223	16
<b>Profit before Tax</b>	<b>831</b>	<b>1,347</b>	<b>925</b>	<b>11</b>	<b>-31</b>	<b>910</b>	<b>2</b>
Tax	206	336	222	8	-34	229	-3
Tax rate (%)	24.8	24.9	24.1	-2.9	-3.6	25.2	-4.4
<b>Profit after Tax</b>	<b>625</b>	<b>1,011</b>	<b>703</b>	<b>12</b>	<b>-31</b>	<b>681</b>	<b>3</b>
<b>Operating metrics</b>	<b>1QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>	<b>YoY%</b>	<b>QoQ%</b>	<b>1QFY26E</b>	<b>v/s Est (%)</b>
<b>SSSG (%)</b>	<b>-27.2%</b>	<b>-4.5%</b>	<b>17.6%</b>				
<b>Retail area (m sqft)</b>	<b>1.71</b>	<b>1.79</b>	<b>1.78</b>	<b>4</b>	<b>-1</b>		
<b>Total stores</b>	<b>662</b>	<b>678</b>	<b>684</b>	<b>3</b>	<b>1</b>	<b>678</b>	<b>1</b>
Net store adds	-14	12	6	NM	NM	0	
<b>EBOs</b>	<b>539</b>	<b>538</b>	<b>530</b>	<b>-2</b>	<b>-1</b>		
Domestic	522	522	516	-1	-1		
International	17	16	14	-18	-13		
<b>SIS</b>	<b>123</b>	<b>140</b>	<b>154</b>	<b>25</b>	<b>10</b>		

Source: MOFSL, Company

# Niva Bupa

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR88** **TP: INR101 (+15%)** **Buy**

## Elevated claims ratio hits profitability

- Niva Bupa posted a 20% YoY growth in NEP to INR12.2b (in line) in 1QFY26.
- The loss ratio at 77.9% (our est. of 72.3%) increased 1,390bp YoY due to: 1) the impact of 1/n, 2) higher reserving led by suspension of auto adjudication of claims, and 3) the 50:50 URR accounting impact of large group business written in 4QFY25. This was offset by a 330bp improvement in expense ratio, leading to a combined ratio of 117% (vs. est. of 115.4%), up 1,090bp YoY.
- The loss for 1QFY26 was INR914m vs. the loss of INR188m in 1QFY25 (vs our estimated loss of INR525m).
- The improvement in expense ratio was driven by tighter control on discretionary spending and operational leverage. The company remains confident about achieving the EoM regulatory threshold within FY26, while the claims ratio is expected to recover in subsequent quarters with the adjudication system back on track.
- Our IFRS estimates broadly remain unchanged, and we value the stock at 40x FY27E IFRS PAT to arrive at a fair value of INR101. **Reiterate BUY.**

## Operational leverage leads to a strong improvement in expense ratio

- GWP grew 11% YoY to INR16.3b, driven by 10%/16% YoY growth in retail health/ group health, while the PA business declined 15% YoY. On a pre-1/n basis, GWP grew 28% YoY with retail health growing 32% YoY.
- The underwriting loss for 1QFY26 came in at INR2,336m vs. the underwriting loss of INR1,180m in 1QFY25 (est. loss of INR2,147m). This was driven by 46% YoY growth in incurred claims on the back of higher reserving, while operational expenses declined 18% YoY.
- The commission ratio at 20.2% (est. 19.9%) grew 40bp YoY largely due to 1/n impact, while net commission grew 14% YoY to INR2.6b (in-line).
- The expense ratio at 18.9% (est. 23.2%) declined by 330bp YoY on account of lower discretionary spends as well as operational leverage.
- Without considering the impact of 1/n, the claims ratio increased to 72.3%, while the expense ratio (including commission) improved to 36.7% leading to a combined ratio of 109% (106.1% in 1QFY25).
- Investment assets stood at INR81.1b at the end of 1QFY26, with investment yield at 7.3%. The solvency ratio was 2.86x in 1QFY26.
- The IFRS claims ratio for 1QFY26 increased to 66.8% (63.9% in 1QFY25) owing to 1) higher reserving due to suspension of adjudication and 2) product mix shifting towards corporate business where loss ratios are higher. The combined ratio was at 103.2% (103.9% in 1QFY25).
- The company's hospital network increased slightly to 10,488 (10,421 at the end of FY25), while the preferred partner network increased to 681 (589 at the end of FY25).
- About 29.7%/19.4%/28.8% of the business was contributed by agents/banks/brokers. Average ticket size per policy, excluding the 1/n impact, was INR30,711 (INR30,419 in 1QFY25), while GWP per policy sold by agents was stable at INR24,889 (INR25,058 in 1QFY25).

Bloomberg	NIVABUPA IN
Equity Shares (m)	1845
M.Cap.(INRb)/(USDb)	161.5 / 1.8
52-Week Range (INR)	109 / 61
1, 6, 12 Rel. Per (%)	10/3/-
12M Avg Val (INR M)	596

### Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
GWP	67.6	86.5	112.6
NEP	48.9	61.4	79.6
U/W Profit	-2.5	-4.4	-2.6
PBT	2.1	1.8	4.4
PAT	2.1	1.1	3.3

### Ratios (%)

Claims	61.2	64.8	63.3
Commission	19.8	20.2	19.8
Expense	20.2	17.5	15.5
Combined	101.2	102.4	98.6
RoE	7.9	3.2	8.1
EPS (INR)	1.2	0.6	1.8
EPS Growth (%)	142.7	-48.0	195.5

### Valuations

P/E (x)	75.0	144.3	48.8
P/BV (x)	5.2	4.1	3.8

### Shareholding pattern (%)

As of	Jun-25	Mar-25
Promoter	55.4	56.0
DII	15.1	9.7
FII	10.8	8.9
Others	18.8	25.4

### Key takeaways from the management commentary

- A chronic condition management program was launched in 1QFY26 through the app, aimed at bending the cost curve on claims arising from chronic conditions by promoting better lifestyle and medication adherence to avoid hospitalization.
- Claims auto-adjudication was temporarily suspended, which impacted claims processing. The share of cashless claims settled within 30 minutes dropped to 76% (from 90%), resulting in a buildup of outstanding claims.
- High single-digit price hikes are expected, with a 7% increase already taken in one of the flagship products during 1QFY26.

### Valuation and view

- Niva witnessed an elevated claims ratio in 1QFY26, which can hurt its short-term profitability. However, a significant improvement was seen in the expense ratio with operational efficiency kicking in. We believe Niva has a strong position to harness the growth opportunity, with a strategic global partner, a growing customer base, a diversified channel mix, and innovative product offerings. Measures taken to mitigate claim inflation will continue to aid loss ratios, while operational efficiency will lead to expense ratio improvement going forward.
- Our IFRS estimates have broadly remained unchanged, and we value the stock at 40x FY27E IFRS PAT to arrive at a fair value of INR101. **Reiterate BUY.**

### Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E	1Q FY26E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE						
Gross premium	14,642	17,773	14,421	20,787	16,319	19,648	21,857	28,682	67,622	86,506	16,032	1.8	11%	-21%
Net written premium	11,516	13,933	11,524	16,721	12,879	15,719	17,485	22,946	53,694	69,029	12,826	0.4	12%	-23%
Net earned premium	10,180	12,132	11,358	15,274	12,200	14,826	14,505	19,833	48,945	61,364	12,187	0.1	20%	-20%
Investment Income	575	682	679	938	868	974	999	1,028	2,874	3,870	934	-7.0	51%	-7%
<b>Total Income</b>	<b>11,593</b>	<b>13,597</b>	<b>12,405</b>	<b>15,647</b>	<b>13,084</b>	<b>16,124</b>	<b>15,778</b>	<b>21,225</b>	<b>53,243</b>	<b>66,210</b>	<b>13,418</b>	<b>-2.5</b>	<b>13%</b>	<b>-16%</b>
Change YoY (%)	36.2	37.1	20.1	18.7	12.9	18.6	27.2	35.6	26.9	24.4	15.7			
Incurred claims	6,518	7,419	7,398	8,616	9,499	9,654	9,484	11,142	29,950	39,779	8,809	7.8	46%	10%
Net commission	2,280	2,803	2,608	2,955	2,598	3,171	3,527	4,629	10,646	13,925	2,552	1.8	14%	-12%
Operating expenses	2,563	2,791	2,365	3,127	2,439	3,238	2,743	3,628	10,846	12,048	2,973	-17.9	-5%	-22%
Total operating expenses	4,843	5,594	4,973	6,082	5,037	6,409	6,271	8,256	21,492	25,973	5,525			
Change YoY (%)	28.2	37.3	14.2	13.5	4.0	14.6	26.1	35.7	7.5	11.1	14.1			
<b>Underwriting profit</b>	<b>-1,180</b>	<b>-881</b>	<b>-1,013</b>	<b>576</b>	<b>-2,336</b>	<b>-1,237</b>	<b>-1,250</b>	<b>435</b>	<b>-2,498</b>	<b>-4,388</b>	<b>-2,147</b>			
Operating profit	232	585	34	949	-1,452	61	23	1,826	1,801	458	-916	58.6	-725%	-253%

### Shareholder's P/L

Transfer from														
Policyholder's	232	585	34	949	-1,452	61	23	1,826	1,801	458	-916	58.6	-725%	-253%
Investment income	494	401	544	615	642	620	635	654	2,054	2,552	594	8.2	30%	4%
<b>Total Income</b>	<b>726</b>	<b>986</b>	<b>578</b>	<b>1,564</b>	<b>-810</b>	<b>681</b>	<b>658</b>	<b>2,480</b>	<b>3,855</b>	<b>3,010</b>	<b>-322</b>	151.4	-212%	-152%
<b>Total Expenses</b>	<b>915</b>	<b>856</b>	<b>446</b>	<b>-497</b>	<b>105</b>	<b>392</b>	<b>343</b>	<b>431</b>	<b>1,720</b>	<b>1,271</b>	<b>378</b>	-72.3	-89%	-121%
<b>PBT</b>	<b>-188</b>	<b>130</b>	<b>132</b>	<b>2,061</b>	<b>-914</b>	<b>289</b>	<b>316</b>	<b>2,049</b>	<b>2,135</b>	<b>1,739</b>	<b>-700</b>	NA	NA	NA
Tax Provisions	-	-	-	-	-	72	79	512.31	-	663	-175			
<b>Net Profit</b>	<b>-188</b>	<b>130</b>	<b>132</b>	<b>2,061</b>	<b>-914</b>	<b>217</b>	<b>237</b>	<b>1,537</b>	<b>2,135</b>	<b>1,076</b>	<b>-525</b>	NA	NA	NA
Change YoY (%)	NA	NA	NA	31.2	NA	NA	NA	-25.4	160.9	-49.6	NA			

### Key Parameters (%)

Claims ratio	64.0	61.1	65.1	56.4	77.9	65.1	65.4	56.2	61.2	64.8	72.3	558bp	1384bp	2146bp
Commission ratio	19.8	20.1	22.6	17.7	20.2	20.2	20.2	20.2	19.8	20.2	19.9	27bp	37bp	250bp
Expense ratio	22.3	20.0	20.5	18.7	18.9	20.6	15.7	15.8	20.2	17.5	23.2	-424bp	-331bp	24bp
Combined ratio	106.1	101.3	108.3	92.8	117.0	105.9	101.2	92.2	101.2	102.5	115.4	162bp	1090bp	2419bp
Solvency	2.4	2.3	3.0	3.0	2.9	0.0	0.0	0.0	3.0	2.6	0.0			

# Prudent Corporate Advisory

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	PRUDENT IN
Equity Shares (m)	41
M.Cap.(INRb)/(USD\$)	121 / 1.4
52-Week Range (INR)	3741 / 1570
1, 6, 12 Rel. Per (%)	11/38/28
12M Avg Val (INR M)	216

## Financials & Valuations (INRm)

Y/E March	2025	2026E	2027E
Revenues	11,036	12,626	15,345
Opex	8,412	9,729	11,798
PBT	2,621	3,004	3,759
PAT	1,957	2,248	2,819
EPS (INR)	47.3	54.3	68.1
EPS Gr. (%)	41.1	14.9	25.4
BV/Sh. (INR)	32.3	41.9	53.7

## Ratios (%)

EBITDA Margin	23.8	22.9	23.1
PAT margin	17.7	17.8	18.4
RoE	34.1	29.3	28.5
Div. Payout	5.3	11.1	13.2

## Valuations

P/E (x)	62.1	54.1	43.1
P/BV (x)	91.0	70.0	54.6
Div. Yield (%)	0.1	0.2	0.3

## Shareholding Pattern (%)

As of	Jun-25	Mar-25	Jun-24
Promoter	55.3	55.7	58.4
DII	20.8	20.7	22.3
FII	17.5	17.6	12.9
Others	6.5	5.9	6.4

FII includes depository receipts

**CMP: INR2,922**      **TP: INR2,600 (-11%)**      **Neutral**

## Performance in-line across parameters

- Prudent Corporate Advisory (Prudent) posted an operating revenue of INR2.9b, +18% YoY (in line) in 1QFY26, fueled by a 17% YoY surge in commission & fees income.
- EBITDA grew 14% YoY to INR673m (in line), reflecting an EBITDA margin of 22.9% (vs 23.6% in 1QFY25 and our estimate of 23.2%). Operating expenses grew 19% YoY to INR2.3b (in line), with fees and commission expenses growing 22% YoY (in-line), employee expenses growing 16% YoY (8% above estimates), and other expenses growing 2% YoY (12% below estimates).
- Top-line and expenses meeting our expectation resulted in an in-line PAT of INR519m, growing 17% YoY.
- Management expected yields to be largely stable at 90bp for FY26. However, the recent repricing done by SBI MF will have a further impact of ~INR6-7m in 2QFY26 (~INR3.5m in 1QFY26), while Kotak MF repricing will have an impact of ~INR27m for FY26.
- We have largely maintained our earnings estimates, considering the in-line performance during the quarter. We expect Prudent to deliver a revenue/EBITDA/PAT CAGR of 18%/16%/20% over FY25-27, fueled by growing MF AUM and a focus on increasing the share of non-MF business in the overall mix. The company is expected to maintain an RoE of >28% for FY26/FY27. We reiterate our Neutral rating with a TP of INR2,600 (based on 38x EPS FY27E).

## QAAUM maintains growth momentum as SIP flows remain strong

- Prudent's QAAUM grew 23% YoY to INR1.1t, while the closing AUM stood at ~INR1.2t for the quarter. Monthly SIP flow grew to ~INR10b from INR7.8b in 1QFY25, reflecting a market share of 3.5%.
- Total insurance premium for the quarter came in at INR1.4b (+22% YoY), of which life insurance premium stood at INR1.1b (+19% YoY) and general insurance premium stood at INR376m (+33% YoY).
- Commission and fees income for the quarter rose 17% YoY to ~INR2.9b, of which INR2.5b (+21% YoY) was contributed by the distribution of MF products and INR291m (+11% YoY) by insurance products.
- Revenue from the distribution of MF grew 21% YoY and 8% QoQ, fueled by strong SIP inflows and active participation from MFDs.
- Revenue from the sale of insurance products increased 11% YoY, with the life insurance fresh book growing 3% YoY and the general insurance fresh book growing 57% YoY in 1QFY26.
- Revenue from the stockbroking segment dipped 35% YoY. Revenue from other financial and non-financial products declined 8% YoY.
- Commission payout grew 22% YoY to INR1.7b, with the number of MFD growing to 34,232 (30,349 in 1QFY25). This reflected 60.5% of consolidated distribution revenue (59.1% in 1QFY25), and management expects this to remain largely stable in the subsequent quarters, despite some impact from competitive pressure.
- Other income for 1QFY26 rose 47% YoY to INR103m (14% beat).

### Key takeaways from the management commentary

- A 15-16% fixed salary hike was implemented in Apr'25, and management expects overall employee cost to rise ~20% in FY26. Despite near-term pressure on RM costs from increasing competitive intensity, management remains confident of achieving 23-24% margins (excluding ESOP costs) in FY26.
- Prudent started 2QFY26 with a 7% sequential uptick in daily average AUM compared to 1QFY26 QAAUM.
- Life insurance distribution remained muted as the previous focus on traditional products is being scaled back. Contribution from guaranteed plans has reduced from 70-80% earlier to 40-45% now.

### Valuation and view

- We expect the revenue growth trajectory to remain in high teens during the medium to long term, primarily due to: 1) the rising MF AUM, mainly led by an improving SIP participation, 2) focus on a one-stop-shop solution, which should result in a rise in distribution revenue from higher-margin products such as insurance, and 3) healthy traction in AIF/PMS/FD segments.
- We have largely maintained our earnings estimates considering the in-line performance during the quarter. We expect Prudent to deliver a revenue/EBITDA/PAT CAGR of 18%/16%/20% over FY25-27, fueled by growing MF AUM and a focus on increasing the share of non-MF business in the overall mix. The company is expected to maintain an RoE of >28% for FY26/FY27. We reiterate our Neutral rating with a TP of INR2,600 (based on 38x EPS FY27E).

**Quarterly Performance**
**(INR m)**

Y/E March	FY25				FY26				FY25	FY26	1QFY26E	Act v/t Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q						
Commission and Fees Income	2,477	2,845	2,827	2,809	2,910	3,071	3,152	3,406	10,958	12,539	2,911	0.0	17%	4%
Other Operating revenue	17	15	23	20	28	21	21	17	76	87	21	31.0	59%	37%
<b>Revenue from Operations</b>	<b>2,494</b>	<b>2,861</b>	<b>2,850</b>	<b>2,829</b>	<b>2,938</b>	<b>3,092</b>	<b>3,173</b>	<b>3,423</b>	<b>11,034</b>	<b>12,626</b>	<b>2,932</b>	<b>0.2</b>	<b>18%</b>	<b>4%</b>
Change YoY (%)	50.8	50.5	35.8	18.0	17.8	8.1	11.3	21.0	37.1	14.4	17.5			
Operating Expenses	1,904	2,174	2,191	2,143	2,265	2,392	2,449	2,623	8,412	9,729	2,251	0.6	19%	6%
Change YoY (%)	50.8	48.0	37.0	19.8	18.9	10.0	11.8	22.4	37.5	15.7	18.2			
<b>EBIDTA</b>	<b>590</b>	<b>687</b>	<b>659</b>	<b>686</b>	<b>673</b>	<b>700</b>	<b>724</b>	<b>800</b>	<b>2,622</b>	<b>2,897</b>	<b>680</b>	<b>-1.2</b>	<b>14%</b>	<b>-2%</b>
Depreciation	62.9	67.2	73.7	74.8	72.5	75.0	75.0	78.3	279	301	75	-3.3	15%	-3%
Finance Cost	4.9	5.7	6.4	6.7	6.9	7.0	7.0	5.6	24	27	7	-1.4	40%	3%
Other Income	70	78	66	85	103	105	110	116	299	434	90	14.1	47%	21%
<b>PBT</b>	<b>592</b>	<b>693</b>	<b>645</b>	<b>690</b>	<b>696</b>	<b>723</b>	<b>752</b>	<b>833</b>	<b>2,619</b>	<b>3,004</b>	<b>688</b>	<b>1.1</b>	<b>18%</b>	<b>1%</b>
Change YoY (%)	57.9	70.6	34.7	15.4	17.5	4.4	16.6	20.7	41.1	14.6	16.3			
Tax Provisions	149.9	177.9	163.1	173.5	178.1	180.9	188.0	208.5	664	755	172	3.5	19%	3%
<b>Net Profit</b>	<b>442</b>	<b>515</b>	<b>482</b>	<b>516</b>	<b>518</b>	<b>543</b>	<b>564</b>	<b>624</b>	<b>1,955</b>	<b>2,248</b>	<b>516</b>	<b>0.3</b>	<b>17%</b>	<b>0%</b>
Change YoY (%)	58.3	69.2	35.0	15.9	17.1	5.4	17.0	20.9	40.9	15.0	16.8			

Key Operating Parameters (%)	FY25				FY26				FY25	FY26	1QFY26E	Act v/t Est. (%)	YoY	QoQ
EBIDTA Margin	23.6	24.0	23.1	24.3	22.9	22.7	22.8	23.4	23.8	22.9	23.2	-32bp	-75bp	-136bp
Cost to Income Ratio	19.5	18.9	17.8	17.6	18.2	18.3	18.2	17.5	18.4	18.0	18.4	-19bp	-131bp	62bp
PBT Margin	23.7	24.2	22.6	24.4	23.7	23.4	23.7	24.3	23.7	23.8	23.5	20bp	-5bp	-69bp
Tax Rate	25.3	25.7	25.3	25.2	25.6	25.0	25.0	25.0	25.4	25.1	25.0	59bp	26bp	44bp
PAT Margins	17.7	18.0	16.9	18.2	17.6	17.5	17.8	18.2	17.7	17.8	17.6	1bp	-10bp	-62bp
MF revenue / QAAUM (bps)	91.9	91.8	91.8	90.3	90.3	89.8	89.8	90.0	91.3	91.4	90.0	35bp		

**Revenue from Operations (INR Mn)**

Commission and Fees Income	FY25				FY26				FY25	FY26	1QFY26E	Act v/t Est. (%)	YoY	QoQ
Distribution of MF Products-Trail Revenue	2,052	2,343	2,421	2,297	2,489	2,549	2,626	2,690	9,113	10,354	2,450	1.6	21%	8%
Distribution of Insurance Products	261	339	286	402	291	373	358	527	1,288	1,549	313	-7.1	11%	-28%
Stock Broking and Allied Services	77	73	49	41	50	54	58	62	240	224	57	-12.9	-35%	22%
Other Financial and Non Financial Products	87	90	71	69	80	95	110	127	317	412	90	-11.1	-8%	16%

**Revenue from Operations Mix (%)**

As % of Commission and Fees Income	FY25				FY26				FY25	FY26	1QFY26E	Act v/t Est. (%)	YoY	QoQ
Distribution of MF Products-Trail Revenue	82.3	81.9	84.9	81.2	84.7	82.4	82.8	78.6	82.6	82.0	83.6	116bp	246bp	354bp
Distribution of Insurance Products	10.5	11.9	10.0	14.2	9.9	12.1	11.3	15.4	11.7	12.3	10.7	-78bp	-56bp	-430bp
Stock Broking and Allied Services	3.1	2.6	1.7	1.4	1.7	1.7	1.8	1.8	2.2	1.8	2.0	-26bp	-139bp	25bp
Other Financial and Non Financial Products	3.5	3.1	2.5	2.4	2.7	3.1	3.5	3.7	2.9	3.3	3.1	-35bp	-76bp	28bp

# Birla Corporation

Estimate change



TP change



Rating change



**CMP: INR1,352**

**TP: INR1,700 (+26%)**

**Buy**

## Weak profitability; but long-term outlook intact

### Strategic focus on value share improvement and expansion plans

Bloomberg	BCORP IN
Equity Shares (m)	77
M.Cap.(INRb)/(USDb)	104.1 / 1.2
52-Week Range (INR)	1556 / 902
1, 6, 12 Rel. Per (%)	4/10/-11
12M Avg Val (INR M)	163

### Financial Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	100.7	108.9	117.5
EBITDA	15.4	17.5	19.8
Adj. PAT	5.7	6.6	7.6
EBITDA Margin (%)	15.3	16.1	16.9
Adj. EPS (INR)	73.5	85.5	99.2
EPS Gr. (%)	74.1	16.2	16.1
BV/Sh. (INR)	974	1,050	1,139

### Ratios

Net D:E	0.4	0.5	0.4
RoE (%)	7.8	8.4	9.1
RoCE (%)	6.6	6.7	7.2
Payout (%)	14	12	10

### Valuations

P/E (x)	18.4	15.8	13.6
P/BV (x)	1.4	1.3	1.2
EV/EBITDA(x)	7.6	6.3	5.6
EV/ton (USD)	64	61	53
Div. Yield (%)	0.7	0.7	0.7

### Shareholding Pattern (%)

As of	Jun-25	Mar-25	Jun-24
Promoter	62.9	62.9	62.9
DII	15.6	15.6	16.3
FII	7.1	6.3	6.0
Others	14.5	15.2	14.9

FII includes depository receipts

- Birla Corporation (BCORP)'s 1QFY26 EBITDA increased ~34% YoY to INR3.5b (~8% miss due to lower-than-estimated realization). EBITDA/t was up ~23% YoY to INR725 (est. INR838), and OPM surged 2.3pp YoY to ~14% (est. ~16%). PAT rose 3.7x YoY to INR1.2b (~11% below estimate due to higher ETR).
  - Management highlighted that profitability was adversely impacted by the extended shutdown at the Maihar and Mukutban plants, forcing BCORP to make clinker purchases from the market. This resulted in increased costs and a lower margin. Another factor was subdued pricing in the central region (a core market; BCORP sold ~50% of its volumes in this market). It is focusing on improving value share through premiumization and stronger brand positioning rather than chasing volume share. It is also focusing on its next phase of growth plan (both brownfield and greenfield expansions), targeting stronger performance going forward.
  - We cut our EBITDA estimate by ~5% for FY26 while maintaining it for FY27. We also introduce our FY28 estimates with this note. The stock trades inexpensively at 8x/6x FY26E/FY27E EV/EBITDA and USD64/USD61 EV/t. We value the stock at 8x Jun'27E EV/EBITDA to arrive at our TP of INR1,700.
- Reiterate BUY.**

### Volume up 9% YoY (6% beat); cement realization/t up 1% YoY (5% miss)

- Consol. revenue/EBITDA/Adj. PAT stood at INR24.5b/INR3.5b/INR1.2b (up 12%/34%/3.7x YoY and +1%/-8%/-11% vs. our estimates) in 1QFY26. Sales volumes increased 9% YoY to 4.8mt (+6% vs. our estimate). Cement realization inched up 1% YoY (down 5% QoQ) at INR4,899 (-5% vs. estimate).
- Opex/t remained flat YoY (-3% below our estimates). Variable/freight cost per ton increased ~7%/2% YoY, while employee cost/other expenses per ton declined ~6%/12% YoY. OPM expanded 2.3pp YoY to ~14%, and EBITDA/t increased ~23% YoY to INR725.
- Depreciation/interest costs declined 10%/18% YoY, whereas 'Other income' increased ~87% YoY. ETR stood at 32.6% vs. 25.9% in 1QFY25.

### Highlights from the management commentary

- The temporary clinker shortfall will be resolved when the Maihar and Mukutban plants are back to normal operations. Further, debottlenecking initiatives and capacity optimization are likely to add incremental volumes.
- Fuel consumption costs were INR1.46/kcal vs. INR1.39/kcal in 4QFY2. The green power share was ~27% vs. ~25% in 4QFY25. It is doing some modernization works to increase the total WHRS capacity by 10MW.
- Capex of INR1.0b was incurred in 1QFY26, and capex is pegged at INR9.0-10.0b in the remaining 9MFY26 (guidance maintained).

### Valuation and view

- BCORP's 1QFY26 operating performance was below our estimates due to lower-than-estimated realization. The subdued realization growth was due to weak pricing in the company's core market (Central India). We estimate a moderate volume growth of ~6% YoY in FY26, focusing on increasing premium cement share to support realization improvement (estimated ~3% growth YoY). Progress on the company's capacity expansion plans needs to be closely monitored.
- We estimate BCORP's revenue/EBITDA/PAT CAGR of ~8%/18%/33% over FY25-28. Estimate EBITDA/t at INR803/INR853/INR903 in FY26/FY27/FY28 vs. INR672 in FY25 (five-year average INR820). BCORP trades inexpensively at 8x/6x FY26E/FY27E EV/EBITDA and EV/t of USD60/USD57. We value the stock at 8x Jun'27E EV/EBITDA to arrive at our TP of INR1,700. **Reiterate BUY.**

### Consolidated performance

Y/E March	(INR b)											
	FY25				FY26				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Cement Sales (MT)	4.4	4.0	4.5	5.2	4.8	4.2	4.8	5.5	18.1	19.2	4.5	6
YoY Change (%)	(0.7)	(5.0)	7.1	7.2	9.1	5.0	6.0	5.1	2.5	6.0	3.3	
Cement Realization	4,843	4,722	4,790	5,177	4,899	4,949	5,049	5,210	4,886	5,036	5,147	(5)
YoY Change (%)	(7.4)	(9.4)	(9.9)	(0.8)	1.2	4.8	5.4	0.6	(6.7)	3.1	6.3	
QoQ Change (%)	(7.2)	(2.5)	1.4	8.1	(5.4)	1.0	2.0	3.2			(0.6)	
<b>Net Sales</b>	<b>21.9</b>	<b>19.5</b>	<b>22.6</b>	<b>28.1</b>	<b>24.5</b>	<b>21.7</b>	<b>25.0</b>	<b>29.5</b>	<b>92.1</b>	<b>100.7</b>	<b>24.3</b>	<b>1</b>
YoY Change (%)	(9.1)	(14.6)	(2.4)	6.0	12.0	11.1	10.7	4.8	(4.6)	9.3	10.9	
Total Expenditure	19.3	17.8	20.1	22.8	21.1	19.0	21.3	23.9	80.0	85.3	20.5	3
<b>EBITDA</b>	<b>2.6</b>	<b>1.8</b>	<b>2.5</b>	<b>5.3</b>	<b>3.5</b>	<b>2.7</b>	<b>3.7</b>	<b>5.6</b>	<b>12.2</b>	<b>15.4</b>	<b>3.8</b>	<b>(8)</b>
Margin (%)	11.8	9.1	11.0	19.0	14.1	12.3	14.7	19.0	13.2	15.3	15.6	(147)
YoY Change (%)	-13.3	-38.7	-34.5	13.0	34.3	50.3	48.6	4.9	-15.3	26.6	-50.9	(9)
Depreciation	1.5	1.5	1.4	1.4	1.3	1.4	1.5	1.5	5.7	5.7	1.4	(4)
Interest	0.9	0.9	0.8	0.7	0.7	0.7	0.8	0.8	3.3	3.0	0.7	45
Other Income	0.2	0.2	0.2	0.5	0.3	0.2	0.3	0.3	1.0	1.1	0.2	(4)
<b>Profit before Tax</b>	<b>0.4</b>	<b>-0.4</b>	<b>0.4</b>	<b>3.7</b>	<b>1.8</b>	<b>0.8</b>	<b>1.7</b>	<b>3.6</b>	<b>4.2</b>	<b>7.8</b>	<b>1.8</b>	
EO (Income)/Expense	-	-	-	0.4	-	-	-	-	0.4	-	-	(4)
<b>Profit before Tax after EO</b>	<b>0.4</b>	<b>-0.4</b>	<b>0.4</b>	<b>3.3</b>	<b>1.8</b>	<b>0.8</b>	<b>1.7</b>	<b>3.6</b>	<b>3.8</b>	<b>7.8</b>	<b>1.8</b>	
Tax	0.1	-0.1	0.1	0.7	0.6	0.2	0.4	0.9	0.8	2.1	0.5	
Rate (%)	25.9	29.4	24.6	21.8	32.6	26.0	26.0	26.0	21.9	27.5	27.5	(11)
<b>Reported PAT</b>	<b>0.3</b>	<b>-0.3</b>	<b>0.3</b>	<b>2.6</b>	<b>1.2</b>	<b>0.6</b>	<b>1.3</b>	<b>2.6</b>	<b>3.0</b>	<b>5.7</b>	<b>1.3</b>	<b>(11)</b>
<b>Adj. PAT</b>	<b>0.3</b>	<b>-0.3</b>	<b>0.3</b>	<b>2.9</b>	<b>1.2</b>	<b>0.6</b>	<b>1.3</b>	<b>2.6</b>	<b>3.3</b>	<b>5.7</b>	<b>1.3</b>	<b>1</b>
Margin (%)	1.5	-1.3	1.4	10.2	4.9	2.7	5.0	8.9	3.5	5.6	5.5	
YoY Change (%)	(45.4)	NM	(71.4)	52.2	266.6	NM	302.1	(8.2)	(21.8)	74.1	309.9	

### Per tonne analysis (INR)

<b>Blended Realization</b>	<b>5,001</b>	<b>4,918</b>	<b>5,015</b>	<b>5,413</b>	<b>5,134</b>	<b>5,203</b>	<b>5,239</b>	<b>5,393</b>	<b>5,091</b>	<b>5,249</b>	<b>5,371</b>	<b>(4)</b>
YoY Change (%)	(8.4)	(10.1)	(8.9)	(1.2)	2.7	5.8	4.5	(0.4)	(7.0)	3.1	7.4	
Raw Material	666	719	749	905	965	815	765	740	765	818	895	8
Staff Cost	337	354	320	254	318	350	314	264	312	309	334	(5)
Power and Fuel	1,004	1,025	1,025	892	825	950	990	1,022	979	949	950	(13)
Transport and Forwarding	1,322	1,249	1,319	1,337	1,348	1,320	1,330	1,339	1,306	1,335	1,315	3
Other Exp.	1,082	1,126	1,051	999	953	1,129	1,067	1,004	1,065	1,034	1,040	(8)
<b>Total Expenditure</b>	<b>4,411</b>	<b>4,472</b>	<b>4,464</b>	<b>4,387</b>	<b>4,409</b>	<b>4,564</b>	<b>4,466</b>	<b>4,370</b>	<b>4,426</b>	<b>4,446</b>	<b>4,534</b>	<b>(3)</b>
<b>EBITDA</b>	<b>590</b>	<b>446</b>	<b>551</b>	<b>1,027</b>	<b>725</b>	<b>639</b>	<b>772</b>	<b>1,024</b>	<b>672</b>	<b>803</b>	<b>838</b>	<b>(13)</b>

Source: Company, MOFSL Estimates

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR387** **TP: INR450(+16%)** **Buy**

## Solid start to FY26

### Margin aspirations remain intact

Bloomberg	SECIS IN
Equity Shares (m)	145
M.Cap.(INRb)/(USDb)	56 / 0.6
52-Week Range (INR)	456 / 288
1, 6, 12 Rel. Per (%)	8/10/-8
12M Avg Val (INR M)	46

### Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	131.9	144.3	161.3
EBITDA Margin	4.6	4.7	4.9
Adj. PAT	3.2	4.6	5.6
EPS (INR)	22.0	31.6	38.4
EPS Gr. (%)	69.7	43.7	21.5
BV/Sh. (INR)	352.2	419.3	500.9

### Ratios

RoE (%)	13.2	17.4	17.7
RoCE (%)	10.9	12.8	13.8
Payout (%)	0.0	0.0	0.0

### Valuations

P/E (x)	17.6	12.2	10.1
P/BV (x)	1.1	0.9	0.8
EV/EBITDA (x)	9.8	8.9	6.7
EV/Sales (x)	0.4	0.4	0.3

### Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	72.1	72.0	71.7
DII	5.8	5.3	3.0
FII	12.4	13.0	16.6
Others	9.6	9.7	8.7

FII includes depository receipts

- SIS (SECIS)'s 1QFY26 revenue was up 13.4% YoY/3.5% QoQ at INR35.4b vs. our estimate of INR34.5b. Revenue growth was aided by 18.9% YoY CC growth in Facility Management, whereas India Security/International Security posted 9.2%/12.1% growth YoY. EBITDA margin came in at 4.3%, down 10bp YoY (vs. est. 4.6%). India Security margin was flat at 5.4%, while International Business margin was down 100bp QoQ at 3%.
- Adjusted PAT stood at INR929m (up 12.7%/ 44% QoQ/YoY). The net debt-to-EBITDA ratio stood at 0.87x (0.71x in 4Q). For 1QFY26, revenue/EBITDA/ adj. PAT grew by 13.4%/10.7%/44.7% YoY. We expect revenue/EBITDA/adj. PAT to grow 8.0%/13.4%/65% YoY in 2QFY26. SECIS remains the largest security solutions provider in India, leading the integration of technology in the traditionally manpower-driven industry. We reiterate our BUY rating on the stock with a TP of INR450, implying a 16% upside potential.

### Our view: International security margins to remain soft in near term

- SECIS reported robust growth across all three segments. The international security and facilities management businesses delivered double-digit growth, while the India business recorded high single-digit growth. Minimum wage escalation continues to be a key growth driver, with contracts aligned to prevailing wage rates. Rising economic activity, particularly in infrastructure and utilities, is further supporting the deployment of security personnel.
- **International business** growth was driven by new contract wins in the energy and airport sectors. These engagements will entail initial onboarding costs, which are expected to impact margins over the next few quarters. Additionally, the company is undergoing a restructuring exercise, including the exit of underperforming management in the SXP business — a move that will continue to weigh on margins through 3Q. After the restructuring, margins are expected to normalize to the 4-4.5% range. We believe this will address operational challenges in the segment, and current headwinds are likely to be short-term in nature.
- Clients in energy, automobile, construction, and manufacturing sectors drove growth in company's Facilities Management business. The company also rebranded its pest control business (INR500m ARR) and remains optimistic about its long-term potential, targeting ARR of INR1,000m over the next five years. That said, the business will continue to be offered as a complementary service within the broader Integrated Facility Management (IFM) portfolio.
- **Margins:** The company expects its India businesses (Security Solutions and Facilities Management) to return to ~6% EBITDA margin levels. Margin performance remained steady despite wage revisions for back-office employees. We expect a gradual improvement, with EBITDA margins reaching 5.7%/5.8% in FY26E/FY27E.

### Valuations and change in estimates

- We keep our estimates largely unchanged. We value SECIS at INR450 (16% potential upside), assigning a 7x forward EV/EBITDA multiple to its international business and DCF to its Indian business. Reiterate BUY.

### In-line revenues and margins; EBITDA cash conversion steady due to better WC management

- SECIS' revenue grew 13.4% YoY/3.5% QoQ to ~INR35.4b vs. our est. of INR34.5b.
- Revenue growth was aided by ~18.9% YoY CC growth in International Security, whereas India Security/Facilities Management posted a growth of 9.2%/ 12.1% YoY.
- EBITDA margin came in at 4.3%, down 10bp YoY (vs. est. 4.6%). India Security margin was 5.4%, while International Business margin was 3.0%, down 100bp QoQ.
- Consolidated adj. PAT stood at IN929m (up 12.7% QoQ).
- Net debt amounted to INR5.4b from INR4.28b in 4QFY25. Net debt/EBITDA stood at 0.87 vs. 0.71x in 4QFY25.
- OCF/EBITDA conversion was 105.7% owing to better working capital management in International and tax refunds.

### Key highlights from the management commentary

- The company is increasingly promoting technology-based solutions over traditional guarding services. However, customer adoption of technology remains limited, as manpower remains relatively inexpensive. The pace of wage increases has a direct bearing on tech adoption.
- **Security Solutions – India:** The segment reported new contract wins worth ~INR380m of monthly revenue during the quarter. Historically, the company has delivered EBITDA margins of around 6% and remains committed to returning to that level in the coming quarters. Despite the annual compensation review (ACR), the Security Solutions – India segment maintained a stable EBITDA margin at 5.4%.
- **Security Solutions – International:** International Security posted ~18.9% YoY CC growth. Initial onboarding costs for new contracts impacted margins temporarily and are expected to normalize over the next few quarters.
- Restructuring costs related to SXP also weighed on margins, as SIS exited underperforming management. Some margin volatility is expected through 3QFY26.
- **Facility Management Solutions:** Growth was primarily driven by clients in the energy, automobile, construction, and manufacturing sectors. Pest control remains a highly profitable but small-scale business. The company has set a five-year plan to double the scale of this business to INR1,000m in ARR.

### Valuation and view

- With the liberalization and formalization of labor markets and laws, SECIS should be among the biggest direct beneficiaries. It has managed to gain market share during the last few years, and the trend is expected to continue.
- We value SECIS using SOTP: 1) DCF for the India Security business (INR262), 2) an EV/EBITDA multiple of 7x (INR116) for the International Security business, and 3) DCF for the FM business (INR109) less net debt (INR38). **Consequently, we arrive at our TP of INR450. We reiterate our BUY rating on the stock.**




**Consolidated - Quarterly Earning Model**
**(INR Million)**

Y/E March	FY25				FY26E				FY25	FY26E	Est.	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Gross Sales</b>	<b>31,299</b>	<b>32,688</b>	<b>33,625</b>	<b>34,279</b>	<b>35,485</b>	<b>35,384</b>	<b>36,698</b>	<b>36,717</b>	<b>1,31,891</b>	<b>1,44,284</b>	<b>34,537</b>	<b>2.7</b>
YoY Change (%)	5.1	6.3	9.4	9.3	13.4	8.2	9.1	7.1	7.6	9.4	10.3	300bp
Total Expenditure	29,925	31,241	32,057	32,631	33,964	33,743	34,899	34,901	1,25,853	1,37,507	32,936	3.1
<b>EBITDA</b>	<b>1,374</b>	<b>1,447</b>	<b>1,568</b>	<b>1,648</b>	<b>1,521</b>	<b>1,641</b>	<b>1,798</b>	<b>1,816</b>	<b>6,037</b>	<b>6,776</b>	<b>1,601</b>	<b>-5.0</b>
Margins (%)	4.4	4.4	4.7	4.8	4.3	4.6	4.9	4.9	4.6	4.7	4.6	-30bp
Depreciation	427	420	407	384	416	420	439	446	1,638	1,721	392	6.1
Interest	422	404	405	376	409	188	188	188	1,606	973	243	68.0
Other Income	118	76	321	166	185	139	139	139	681	600	105	75.7
<b>PBT</b>	<b>643</b>	<b>699</b>	<b>1,076</b>	<b>1,055</b>	<b>881</b>	<b>1,171</b>	<b>1,310</b>	<b>1,320</b>	<b>3,474</b>	<b>4,682</b>	<b>1,070</b>	<b>-17.7</b>
Tax	70	72	122	291	27	105	118	119	556	369	96	-72.1
Rate (%)	10.9	10.3	11.3	27.6	3.1	9.0	9.0	9.0	16.0	7.9	9.0	-590bp
Minority Interest & Profit/Loss of Asso. Cos.	69	61	67	62	76	66	67	66	258	275	65	17
<b>Adjusted PAT</b>	<b>642</b>	<b>688</b>	<b>1,021</b>	<b>825</b>	<b>929</b>	<b>1,132</b>	<b>1,259</b>	<b>1,268</b>	<b>3,176</b>	<b>4,588</b>	<b>1,039</b>	<b>-10.5</b>
YoY Change (%)	-28.3	-8.6	176.5	NA	44.7	64.5	23.3	53.6	67.2	44.4	61.8	
Margins (%)	2.1	2.1	3.0	2.4	2.6	3.2	3.4	3.5	2.4	3.2	3.0	-40bp

**Key Performance Indicators**

Y/E March	FY25				FY26	FY25
	1Q	2Q	3Q	4Q	1Q	
<b>Segment Revenue (INR m)</b>						
India Security business	13,375	13,843	14,195	14,351	14,599	55,764
International Security business	12,760	13,473	13,829	14,236	15,125	54,299
Facilities Management	5,303	5,534	5,763	5,870	5,943	22,470
<b>EBITDA Margin (%)</b>						
India Security business	5.4	5.5	5.5	5.6	5.4	5.5
International Security business	3.4	3.3	3.8	4.0	3.0	3.7
Facilities Management	4.2	4.3	4.6	4.7	4.8	4.4

# Restaurant Brands Asia

Estimate change   
 TP change   
 Rating change 

**CMP: INR81 TP: INR135 (+66%) Buy**

## Exciting India print; Indonesia's progress awaits

Bloomberg	RBA IN
Equity Shares (m)	582
M.Cap.(INRb)/(USDb)	47.4 / 0.5
52-Week Range (INR)	117 / 59
1, 6, 12 Rel. Per (%)	2/7/-24
12M Avg Val (INR M)	196

### Financials & Valuations (INR b)

Y/E March (INR b)	FY26E	FY27E	FY28E
Sales	29.1	33.9	39.0
Sales growth (%)	14.0	16.6	15.0
EBITDA	3.9	5.6	7.0
Margins (%)	13.4	16.4	18.1
Adj. PAT	-1.1	-0.2	0.4
Adj. EPS (INR)	-1.9	-0.4	0.7
EPS Growth (%)	N/M	N/M	L/P
BV/Sh.(INR)	13.4	13.1	13.8

### Ratios

RoE (%)	-13.4	-2.7	5.3
RoCE (%)	1.8	5.7	8.3

### Valuations

P/E (x)	N/M	N/M	117.2
P/BV (x)	6.2	6.4	6.0
EV/EBITDA (x)	12.0	8.3	6.3
pre Ind-AS EV/EBITDA (x)	49.1	19.9	13.4
EV/Sales (x)	1.6	1.4	1.1

### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	11.3	11.3	15.3
DII	40.0	40.5	28.4
FII	20.5	20.4	18.8
Others	28.2	27.9	37.5

FII Includes depository receipts

- Restaurant Brands Asia (RBA) posted India revenue growth of 13% YoY (in-line), led by a 14% YoY rise in store additions. The same-store sales rose 2.6%, led by healthy traction across both the channels and value offerings. RBA's outperformance has continued at a time when peers have been struggling during the last 6-8 quarters. RBA plans to launch new limited-time offers every quarter to drive customer engagement and strengthen its premium offerings.
- In 1QFY26, India GM remained flat both YoY and QoQ at 67.7% (est. 68%). The RM inflation has been offset through supply chain efficiencies. We model ~68-68.5% GM for FY26 and FY27. RBA aspires to achieve a 70% GM level by FY29. India ROM (pre-Ind AS) increased 23% YoY to INR536m. Margins expanded 80bp YoY to 9.7%. EBITDA (Pre-Ind-AS) rose 29% YoY to INR225m. Margins expanded 50bp YoY to 4.1%. RBA plans to continue enhancing delivery profitability by optimizing pricing, improvising its menu, and cutting fixed costs such as utilities.
- Indonesia's revenue dipped 7% YoY, hit by geopolitical crises and store closures (4 BK store closures in 1QFY26). Indonesia BK ADS grew 2% YoY. Indonesia ROM (pre-IND AS) was INR2mn in 1QFY26 vs. a loss of INR27m in 4QFY25 and a profit of INR25m in 1QFY25. In Indonesia, the company has no store expansion plans for either Burger King or Popeyes.
- Consolidated revenue was up 8% YoY to INR6.97b led by a healthy India business, while the Indonesia business continued to be a laggard. Consol. reported EBITDA (post-IND-AS) rose 15% YoY to INR755m and the margin improved 60bp YoY to 10.8%. High operating costs and interest expenses led to a consolidated loss of INR454m.
- With its focus on improving store unit economics in India and sustaining store rollouts, the India story appears very promising. The company has outperformed other dine-in peers on all fronts in FY25, and we expect this trend to continue in FY26 as well. Indonesia is seeing early green shoots, and we need to monitor the trend in the near term to see the recovery. The company is taking several initiatives to control costs in Indonesia to cut down the losses. **We reiterate our BUY rating with a TP of INR135. We value India at 30x Jun'27E EV/EBITDA (pre-IND-AS) and Indonesia EV at INR5b (based on ~0.75x EV/sales FY27E).**

## India delivers ~3% SSSG; Indonesia continues to see store rationalization

### India business

- **India SSSG up 2.6%** - The India business revenue rose 13% YoY to INR5.5b (est. INR5.5b), led by 14% YoY store addition. Same-store sales growth was 2.6% (est. 2.5%), led by consistent growth across dine-in & delivery channels. The India business ADS rose 1% YoY to INR120k. The company added six stores in 1QFY26 in India, taking the total store count to 519 stores. The BK Café store count reached 482 stores (93% of total BK stores).

- **Margin expansion** – India GP was up 13% YoY to INR3.7b (est. INR3.7b), and the margin remained flat YoY and QoQ at 67.7%, backed by supply chain efficiencies. India ROM (pre-Ind-AS) increased 23% YoY to INR536m. The margin expanded 80bp YoY to 9.7% (est. 10.3%). EBITDA (Pre-Ind-AS) rose 29% YoY to INR225m; the margin expanded 50bp YoY to 4.1%. EBITDA (Post-Ind-AS) up 21% YoY to INR745m (est. INR772m) and the margin expanded 90bp YoY to 13.5% (est. 14.0%).
- Higher operating costs and interest led to a loss in the India business to INR116m in 1QFY26 (est. loss of INR 174m).

#### **Indonesia business continues to see store rationalization**

- Indonesia revenue declined by 7% YoY to INR1,454m due to store rationalization (6% YoY dip in BK store count) and geopolitical headwinds.
  - BK's ADS was up 2% YoY at IDR19.7m
  - The company closed four BK stores during the quarter (139 BK stores/25 Indonesia Popeyes stores).
- Indonesia GP declined 3% YoY to INR825m with gross margin expanding 210bp YoY to 56.7% (56.5% in 4QFY25).
- **EBITDA (post IND AS) was INR10m in 1QFY26 vs. a loss of INR5m in 4QFY25 and a profit of INR33m in 1QFY25.**
- **Indonesia ROM (pre-IND AS) was INR2m in 1QFY26 vs. a loss of INR27m in 4QFY25 and a profit of INR25m in 1QFY25.**
- **There was an operating loss (Pre-Ind-AS) of INR106m vs. a loss of INR89m in 1QFY25.**

#### **Consolidated business**

- Consol revenue increased 8% YoY to INR6.97b led by healthy India business performance, while Indonesia business continued to be a laggard.
- Consol GP was up 9% YoY to INR4.6b, and margin expanded 90bp YoY and 10bp QoQ to 65.4%.
- Consol reported EBITDA (post-IND-AS) rose 15% YoY to INR755m and margins improved 60bp YoY to 10.8%.
- High operating costs and interest costs led to a consolidated loss of INR454m.

#### **Key takeaways from the management commentary**

- In 2Q, RBA expects a vegetarian-skewed demand given Hindu festivities such as Shravan, Shradh, and Navratri, which they see positively as vegetarian offerings have higher margins.
- RBA plans on launching a new limited-time offer every quarter to drive customer engagement and strengthen its premium offering, as the Korean burgers are selling at INR200, and they continue to perform really well.
- BK plans to open 60-80 new restaurants every year and plans to have 800 restaurants by FY29, up from the current 519 restaurants.
- The company aspires to achieve a 70% gross margin level by FY29; the current GM stands at 67.7%.
- In Indonesia, the company has no plans for store expansion for either Burger King or Popeyes, instead prioritizing profitability by strengthening its dine-in business and optimizing the store portfolio.

### Valuation and view

- RBA's store addition during the quarter remained slow; however, it plans to open 60-80 new restaurants every year in India and plans to have 800 restaurants by FY29 (519 stores by 1QFY26), leading to strong store-led growth. BK Café and cost efficiencies are likely to be key growth and margin drivers over the medium term. EBITDA margin should also improve with the improvement in dine-in traffic, better traction/penetration of BK Café, and other cost-saving initiatives.
- As more and more stores mature, improving the contribution of new stores in the network would also support the margin recovery. The Indonesian business should also witness a healthy revenue growth and margin expansion in the medium term, as the company has rationalized its portfolio by closing the non-performing stores.
- **We reiterate BUY with a TP of INR135. We value India at 30x Jun'27E EV/EBITDA (pre IND AS) and Indonesia EV at INR5bn (~0.75x EV/sales FY27E).**

### Quarterly Standalone Performance

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE		
<b>SSSG (%)</b>	3.1%	-3.0%	-0.5%	5.1%	2.6%	3.5%	5.0%	5.7%	1.1%	4.2%	2.5%	
<b>No. of stores</b>	456	464	510	513	519	534	557	573	513	573	519	
<b>Net Sales</b>	4,905	4,921	4,954	4,898	5,523	5,725	5,749	5,988	19,678	22,985	5,502	0.4
YoY change (%)	16.2	8.5	11.2	11.6	12.6	16.3	16.1	22.3	11.8	16.8	12.2	
<b>Gross Profit</b>	3,318	3,322	3,361	3,322	3,739	3,876	3,909	4,106	13,322	15,630	3,741	-0.1
Margin (%)	67.6	67.5	67.8	67.8	67.7	67.7	68.0	68.6	67.7	68.0	68.0	
<b>EBITDA</b>	618	700	789	777	745	856	956	979	2,890	3,536	772	-3.4
EBITDA growth %	27.5	10.3	11.5	41.1	20.6	22.4	21.2	25.9	784.1	292.2	24.9	
Margin (%)	12.6	14.2	15.9	15.9	13.5	15.0	16.6	16.3	14.7	15.4	14.0	
Depreciation	633	611	632	670	663	689	710	736	2,546	2,797	680	
Interest	319	326	364	403	410	400	400	375	1,411	1,584	350	
Other Income	64	71	21	42	212	150	120	110	192	592	85	
<b>PBT</b>	-269	-166	-186	-254	-116	-83	-34	-21	-876	-253	-174	
Tax	0	0	0	0	0	0	0	0	0	0	0	
Rate (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Adjusted PAT</b>	-269	-166	-186	-254	-116	-83	-34	-21	-876	-253	-174	
YoY change (%)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	

E: MOFSL Estimates

### Quarterly Consolidated Performance

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE		
<b>No. of stores</b>	630	638	682	681	683	699	723	746	681	746	688	
<b>Net Sales</b>	6,467	6,324	6,391	6,325	6,977	7,254	7,301	7,553	25,508	29,085	7,033	-0.8
YoY change (%)	5.9	1.2	5.8	5.9	7.9	14.7	14.2	19.4	4.7	14.0	8.7	
<b>Gross Profit</b>	4,171	4,104	4,191	4,129	4,564	4,740	4,810	4,994	16,595	19,107	4,606	-0.9
Margin (%)	64.5	64.9	65.6	65.3	65.4	65.3	65.9	66.1	65.1	65.7	65.5	
Other expenses	3,513	3,492	3,465	3,357	3,809	3,825	3,716	3,855	13,858	15,204	3,791	
<b>EBITDA</b>	658	612	727	772	755	915	1,094	1,139	2,737	3,902	815	-7.5
EBITDA growth %	36.3	0.0	2.8	-11.4	14.7	49.4	50.5	47.5	2.9	42.6	23.9	
Margin (%)	10.2	9.7	11.4	12.2	10.8	12.6	15.0	15.1	10.7	13.4	11.6	
Depreciation	916	907	934	958	934	1,009	1,035	1,042	3,715	4,020	1,010	
Interest	374	380	397	457	468	420	420	293	1,609	1,601	375	
Other Income	145	21	57	38	193	150	120	110	259	592	85	
<b>PBT</b>	-488	-655	-547	-604	-454	-364	-241	-86	-2,328	-1,126	-485	
Tax	0	0	0	0	0	0	0	0	0	0	0	
Rate (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Adjusted PAT</b>	-488	-655	-547	-604	-454	-364	-241	-86	-2,328	-1,126	-485	
YoY change (%)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	

E: MOFSL Estimates

Estimate change



TP change



Rating change



Bloomberg	DCBB IN
Equity Shares (m)	315
M.Cap.(INRb)/(USDb)	42.3 / 0.5
52-Week Range (INR)	151 / 101
1, 6, 12 Rel. Per (%)	-4/7/7
12M Avg Val (INR M)	203

## Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
NII	21.1	24.2	30.1
OP	10.4	12.9	17.6
NP	6.2	7.1	10.0
NIM (%)	3.3	3.1	3.2
EPS (INR)	19.6	22.7	31.7
EPS Gr. (%)	14.3	15.8	39.7
BV/Sh. (INR)	176	194	223
ABV/Sh. (INR)	163	178	208

## Ratios

RoA (%)	0.9	0.8	1.0
RoE (%)	12.1	12.5	15.5

## Valuations

P/E (x)	6.9	6.0	4.3
P/BV (x)	0.8	0.7	0.6
P/ABV (x)	0.8	0.8	0.7

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	14.7	14.7	14.8
DII	31.8	29.2	27.6
FII	11.7	9.6	14.7
Others	41.8	46.5	43.0

FII Includes depository receipts

**CMP: INR135**

**TP: INR160 (+19%)**

**Buy**

## Weak quarter; accelerated provisions drag earnings

### NIM contracts 9bp QoQ

- DCB Bank (DCBB) reported an 11% QoQ decline in PAT to INR1.57b (20% YoY growth, 10% miss) due to higher provisions in 1QFY26.
- NII grew 16.9% YoY/4% QoQ to INR5.8b (in line), while NIM contracted 9bp QoQ to 3.2%. Provisions increased sharply by 71% QoQ (up 306% YoY) to INR 1.15b as the bank made accelerated provisions across MFI, unsecured DA, and secured DA portfolios.
- Business growth was muted with an advances growth of 21.4% YoY (flat QoQ) to INR512b, while deposits grew 20% YoY/3.3% QoQ to INR620.4b. CASA mix moderated 120bp QoQ to 23.3%.
- Fresh slippages increased to INR5.8b (from INR3.7b in 4QFY25). The GNPA ratio improved 1bp QoQ to 2.98%, while the NNPA ratio increased 10bp QoQ to 1.22%. PCR declined to 59.7% from 63.2% in 4QFY25.
- We cut our earnings estimates by 10%/4% for FY26/FY27 and project an FY27E RoA/RoE of 1.0%/15.5%. **Reiterate BUY with a TP of INR160 (based on 0.8x FY27E ABV).**

### Business growth muted; asset quality deteriorates

- DCBB reported an 11% QoQ decline in PAT to INR1.57b (20% YoY growth, 10% miss) due to higher provisions, partly offset by better other income.
- NII grew 16.9% YoY/4% QoQ to INR5.8b (in line), while NIM contracted 9bp QoQ to 3.2%. Other income grew 65% YoY/ 8% QoQ to INR2.36b (4% beat), resulting in 27.7% YoY/ 5.1% QoQ growth in total revenues (inline). Treasury gains stood at INR1b vs INR430m in 4QFY25.
- Opex grew 13% YoY/3.9% QoQ to INR4.9b (inline). PPop grew 59% YoY/ 7% QoQ to INR3.3b (6% beat). Provisions increased sharply by 71% QoQ (up 306% YoY) to INR 1.15b (53% higher than MOSLe).
- The advances growth was muted at 21.4% YoY (flat QoQ); however, adjusted for IBPCs, the growth was healthy at 25.1% YoY / 3.4% QoQ. MSME dipped 8% QoQ, while corporate grew 9% QoQ. Deposits grew 20% YoY/ 3.3% QoQ to INR620.4b. The CASA mix moderated 120bp QoQ to 23.3%.
- Fresh slippages increased to INR5.8b (vs. INR3.7b in 4QFY25) due to MFI and unsecured DA segments, with some stress also visible in secured DA loans in the INR0.2-0.6m range. The GNPA ratio improved 1bp QoQ to 2.98%, while the NNPA ratio rose 10bp QoQ to 1.22%. PCR declined ~350bp QoQ to 59.7%.

### Highlights from the management commentary

- RoA is guided to remain above 1% over the near term with the following details:
- 1) NIM is projected at 3.2%, 2) fee income is expected to contribute 1.1%, thus resulting in a total revenue yield of ~4.3%, 3) the cost-to-assets ratio stood at 2.5%, translating into a PPoP of 1.8%, 4) considering a credit cost of 45bp, PBT is expected to be in the range of 1.35%–1.4% thus supporting an RoA of ~1%+.
- The bank has submitted revised documents to the RBI following the demise of its promoter, Aga Khan. This is expected to increase the promoter's stake to above 15%.
- DCBB currently has 465 branches and aims for 480-490 branches by the end of FY26.

### Valuation and view

DCBB reported a weak quarter with a miss in earnings amid higher provisions, partly offset by treasury gains. Margin moderated by controlled 9bp QoQ, but the bank expects it to remain under pressure in the near term due to the lagged impact of repo rate cuts. Loan growth was muted while DCBB aims to grow its advances by ~20% over the medium term. Fresh slippages increased while PCR declined to 59.7%, though management expects credit cost to remain below 45bp over the coming quarters. We cut our earnings estimates by 10%/4% for FY26/FY27 and project an FY27E RoA/RoE of 1.0%/15.5%. **Reiterate BUY with a TP of INR160 (based on 0.8x FY27E ABV).**

### Quarterly Performance

	FY25				FY26E				FY25	FY26E	FY26E	V/s our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE		Est
<b>Net Interest Income</b>	<b>4.97</b>	<b>5.09</b>	<b>5.43</b>	<b>5.58</b>	<b>5.80</b>	<b>5.70</b>	<b>6.11</b>	<b>6.55</b>	<b>21.07</b>	<b>24.17</b>	<b>5.74</b>	<b>1%</b>
% Change (Y-o-Y)	5.49	7.03	14.53	9.95	16.89	12.02	12.54	17.47	9.27	14.75	15.59	
Other Income	1.43	2.05	1.84	2.19	2.36	2.22	2.12	2.45	7.51	9.16	2.27	4%
<b>Total Income</b>	<b>6.40</b>	<b>7.14</b>	<b>7.27</b>	<b>7.77</b>	<b>8.17</b>	<b>7.92</b>	<b>8.23</b>	<b>9.01</b>	<b>28.57</b>	<b>33.33</b>	<b>8.01</b>	<b>2%</b>
Operating Expenses	4.34	4.59	4.56	4.71	4.90	5.04	5.15	5.33	18.20	20.42	4.92	0%
<b>Operating Profit</b>	<b>2.05</b>	<b>2.55</b>	<b>2.71</b>	<b>3.05</b>	<b>3.27</b>	<b>2.87</b>	<b>3.09</b>	<b>3.67</b>	<b>10.37</b>	<b>12.91</b>	<b>3.10</b>	<b>6%</b>
% Change (Y-o-Y)	(1.58)	21.19	28.18	30.66	59.17	12.69	13.89	20.33	19.96	24.46	50.72	
Provisions	0.28	0.46	0.67	0.67	1.15	0.80	0.74	0.61	2.08	3.30	0.75	53%
<b>Profit before Tax</b>	<b>1.77</b>	<b>2.10</b>	<b>2.04</b>	<b>2.38</b>	<b>2.12</b>	<b>2.08</b>	<b>2.34</b>	<b>3.07</b>	<b>8.29</b>	<b>9.60</b>	<b>2.34</b>	<b>-10%</b>
Tax	0.46	0.54	0.52	0.61	0.54	0.54	0.60	0.79	2.13	2.48	0.60	-10%
<b>Net Profit</b>	<b>1.31</b>	<b>1.55</b>	<b>1.51</b>	<b>1.77</b>	<b>1.57</b>	<b>1.54</b>	<b>1.74</b>	<b>2.27</b>	<b>6.15</b>	<b>7.13</b>	<b>1.74</b>	<b>-10%</b>
% Change (Y-o-Y)	3.5	22.6	19.6	13.8	19.7	(0.9)	14.9	28.4	14.8	15.80	32.38	
<b>Operating Parameters</b>												
Deposit (INR b)	516.9	545.3	566.8	600.3	620.4	650.5	677.9	714.4	600.3	714.4	623.1	0%
Loan (INR b)	421.8	444.7	477.8	510.5	512.2	552.0	574.7	604.9	510.5	604.9	529.9	-3%
Deposit Growth (%)	20.2	19.9	20.3	21.6	20.0	19.3	19.6	19.0	21.6	19.0	20.5	
Loan Growth (%)	18.9	19.3	22.7	24.7	21.4	24.1	20.3	18.5	24.7	18.5	25.6	
<b>Asset Quality</b>												
Gross NPA (%)	3.33	3.29	3.11	2.99	2.98	2.87	2.88	2.88	3.00	2.88	2.97	
Net NPA (%)	1.18	1.17	1.18	1.12	1.22	1.18	1.17	1.15	1.12	1.15	1.10	
PCR (%)	65.2	65.2	62.9	63.2	59.7	59.6	60.1	60.9	63.2	60.9	63.6	

E: MOFSL Estimates

# TeamLease

Estimate change 

TP change

Rating change 

**CMP: INR1,833**

**TP: INR2,200 (+20%)**

**Buy**

## A mixed-bag quarter

### Steady GCC demand cushions overall softness

Bloomberg	TEAM IN
Equity Shares (m)	17
M.Cap.(INRb)/(USDb)	30.7 / 0.4
52-Week Range (INR)	3586 / 1641
1, 6, 12 Rel. Per (%)	-7/-30/-47
12M Avg Val (INR M)	123

### Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	111.6	126.1	141.7
EBIT Margin (%)	0.8	1.0	1.1
Adj. PAT	1.1	1.5	1.8
EPS (INR)	64.9	96.9	114.6
EPS Gr. (%)	0.1	49.4	18.3
BV/Sh. (INR)	539.8	629.4	735.3

### Ratios

RoE (%)	12.7	15.3	15.5
RoCE (%)	11.4	13.2	13.5
Payout (%)	0.0	0.0	0.0

### Valuations

P/E (x)	28.3	18.9	16.0
P/BV (x)	3.4	2.9	2.5
EV/EBITDA (x)	23.2	18.5	14.8
Div Yield (%)	0.0	0.0	0.0

### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	31.6	31.6	31.6
DII	50.3	47.6	31.8
FII	7.7	11.1	28.8
Others	10.4	9.7	7.8

FII Includes depository receipts

■ TeamLease (TEAM)'s 1QFY26 revenue growth of 12% YoY was below our estimate of 16% YoY growth. General Staffing grew by 2% QoQ, while Specialized Staffing grew 12% QoQ. HR services declined 41% QoQ. EBITDA margin of 1.1% was in line with our expectation. EBITDA declined by 35% QoQ. Adj. PAT at INR250m was up 29% YoY/down 34% QoQ. The company's revenue/EBITDA/PAT grew 12.1%/38%/29% YoY in 1QFY26. We expect revenue/EBITDA/PAT to grow 14.5%/36%/66% YoY in 2QFY26. **We reiterate our BUY rating with a TP of INR2,200.**

### Our view: Sluggish BFSI and IT hiring weigh on performance

- 1QFY26 performance was slightly muted, due to the impact of unseasonal rains on the Consumer segment and continued hiring softness in BFSI and IT Services. While open positions remain lower YoY, growth was supported by increased wallet share, formalization, and steady traction in Tier-2/3 cities (~65% of gross hiring). Management expects better volume growth in 2Q, which, along with operating leverage, should aid margins.
- Specialized Staffing continues to face pressure from weak IT hiring, leading to a decline in headcount and margin compression. However, steady GCC demand (46% of headcount, 64% of net revenue) and a shift toward higher-value mandates should support gradual margin recovery. Inorganic contributions also helped to deliver double-digit YoY revenue growth.
- The company expects HR Services and EdTech to clock strong revenue growth of 25-30%, though quarterly EBITDA was impacted by seasonality in EdTech. Degree Apprenticeship continues to gain momentum, with broader sectoral adoption and deeper client integration; 1,700 net apprentices were added during the quarter.
- Overall, while near-term demand remains patchy across select verticals, the company's disciplined focus on high-margin clients, formalization, and cost optimization should support a steady improvement in profitability. We expect EBITDA margins to recover to ~1.4% by FY27, with earnings compounding at a healthy pace over FY24-27E.

### Valuation and revisions to our estimates

- We remain positive on the medium- to long-term opportunities owing to gains from the formalization of the labor market. We keep our estimates largely unchanged. **We reiterate our BUY rating with a TP of INR2,200 (20x FY27E EPS).**

### Miss on revenue and in-line margins; 118 new logos secured

- Revenue growth of 1% QoQ/12% YoY was below our estimate of 16% YoY.
- General Staffing grew by 2% QoQ, while Specialized Staffing grew 12% QoQ. HR Services declined 41% QoQ.
- General Staffing associate addition was up 1% QoQ at ~295k. Specialized Staffing headcount was up 1.6% QoQ. **At the group level, net impact of ~5k headcount addition.**
- EBITDA margin of 1.1% was in line with our expectation of 1.1%. EBITDA declined by 35% QoQ.
- 118 new logos were added during the quarter.
- Adj. PAT at INR250m was up 29% YoY/down 34% QoQ.

### Key highlights from the management commentary

- FMCG and Telecom sectors expected to remain muted; BFSI likely to pick up pace.
- IT hiring remains cautious, with muted demand from traditional IT services. However, growth is visible in Tier-2 IT firms and product companies.
- Onboarded 11 new clients during the quarter, including five global capability centers (GCCs). GCCs continue to be a cornerstone of the business, especially across BFSI and Hi-Tech. Total GCC client count stands at 75. GCC hiring remains steady.
- **In General Staffing**, in PAPM (per associate per month) model, the enterprise segment has a larger revenue share, but at lower PAPM. Recent variable model signings will take time to reflect in metrics.
- Open positions are lower YoY due to softness in BFSI and Retail. Growth is currently coming from increasing wallet share.
- Headcount grew 5% YoY, while revenue rose 11% YoY. 44 new logos were added, over 60% under the variable model.
- Growth is being driven by both deeper penetration in existing accounts and formalization of clients.
- **In Specialized Staffing**, IT hiring remains cautious, with muted demand from traditional IT services. However, growth is visible in Tier-2 IT firms and product companies.
- Gross revenue grew by 22% on YoY basis, including inorganic contributions. Broad-based IT hiring is facing challenges due to evolving tech trends; It expects resilience to return in coming quarters.
- Organic YoY growth was 13%. Net headcount addition stood at 110, including 20 from TLD Singapore.

### Valuation and view

- As both the central and state governments look to liberalize and formalize the labor market, TEAM should be among the biggest direct beneficiaries in the medium term.
- Healthy growth and expected margin recovery should help TEAM deliver a CAGR of 13%/28% in revenue/earnings over FY25-27. **We reiterate our BUY rating with a TP of INR2,200 (20x FY27E EPS).**

**Consolidated Quarterly Performance**
**(INR M)**

	FY25				FY26E				FY25	FY26E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QFY26	(% / bp)
<b>Revenue</b>	<b>25,799</b>	<b>27,968</b>	<b>29,213</b>	<b>28,579</b>	<b>28,914</b>	<b>32,027</b>	<b>32,930</b>	<b>32,222</b>	<b>1,11,559</b>	<b>1,26,093</b>	<b>30,006</b>	<b>-4%</b>
YoY Change (%)	19%	23%	19%	18%	12%	15%	13%	13%	20%	13%	16%	
Total Expenditure	25,576	27,634	28,864	28,104	28,608	31,574	32,464	31,731	1,10,178	1,24,377	29,664	-4%
<b>Reported EBITDA</b>	<b>223</b>	<b>335</b>	<b>349</b>	<b>475</b>	<b>307</b>	<b>454</b>	<b>465</b>	<b>490</b>	<b>1,381</b>	<b>1,716</b>	<b>342</b>	<b>-10%</b>
Margins (%)	0.9%	1.2%	1.2%	1.7%	1.1%	1.4%	1.4%	1.5%	1.2%	1.4%	1.1%	-8bp
<b>Reported EBIT</b>	<b>91</b>	<b>196</b>	<b>216</b>	<b>341</b>	<b>171</b>	<b>329</b>	<b>340</b>	<b>365</b>	<b>844</b>	<b>1,205</b>	<b>217</b>	<b>-21%</b>
Margins (%)	0.4%	0.7%	0.7%	1.2%	0.6%	1.0%	1.0%	1.1%	0.8%	1.0%	0.7%	-13bp
Interest	30	44	32	42	37	20	20	20	148	97	20	87%
Other Income	141	107	102	97	126	120	120	120	447	486	120	5%
<b>PBT before EO expense</b>	<b>202</b>	<b>259</b>	<b>286</b>	<b>397</b>	<b>260</b>	<b>429</b>	<b>440</b>	<b>465</b>	<b>1,144</b>	<b>1,594</b>	<b>317</b>	<b>-18%</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PBT</b>	<b>202</b>	<b>259</b>	<b>286</b>	<b>397</b>	<b>260</b>	<b>429</b>	<b>440</b>	<b>465</b>	<b>1,144</b>	<b>1,594</b>	<b>317</b>	<b>-18%</b>
Tax	8	11	2	20	13	17	18	19	40	66	13	
Rate (%)	4%	4%	1%	5%	5%	4%	4%	4%	4%	4%	4%	82bp
<b>Adjusted PAT</b>	<b>194</b>	<b>249</b>	<b>284</b>	<b>379</b>	<b>250</b>	<b>412</b>	<b>423</b>	<b>447</b>	<b>1,105</b>	<b>1,531</b>	<b>304</b>	<b>-18%</b>
YoY Change (%)	-25%	-10%	3%	38%	29%	66%	49%	18%	2%	39%	57%	-2802bp
Margins (%)	0.8%	0.9%	1.0%	1.3%	0.9%	1.3%	1.3%	1.4%	1.0%	1.2%	1.0%	-15bp
<b>Reported PAT</b>	<b>194</b>	<b>249</b>	<b>284</b>	<b>379</b>	<b>250</b>	<b>412</b>	<b>423</b>	<b>447</b>	<b>1,105</b>	<b>1,531</b>	<b>304</b>	<b>-18%</b>
YoY Change (%)	-25%	-10%	-8%	38%	29%	66%	49%	18%	-1%	39%	57%	-2802bp
Margins (%)	0.8%	0.9%	1.0%	1.3%	0.9%	1.3%	1.3%	1.4%	1.0%	1.2%	1.0%	-15bp

**Key Perfor. Indicators**

Y/E March	FY25				FY26		FY25
	1Q	2Q	3Q	4Q	1Q		
<b>Headcount</b>							
General staffing associates	2,82,450	2,98,300	2,99,600	2,92,150	2,95,270	2,92,150	
Apprentices	42,350	45,270	47,200	47,300	49,000	47,300	
Specialised staffing	6,900	6,670	6,700	6,620	6,730	6,620	
<b>Revenue</b>							
General staffing	24,139	26,094	27,207	26,230	26,693	1,03,669	
Specialised staffing	1,446	1,425	1,472	1,581	1,770	5,924	
Other HR Services	214	450	533	768	451	1,965	
<b>Operating Margins</b>							
General staffing	0.9	0.9	1.0	1.0	0.9	1.0	
Specialised staffing	6.0	7.5	7.4	7.0	5.9	7.0	
Other HR Services	(44.8)	(1.8)	(2.9)	19.0	(23.5)	1.3	

# Barbeque Nation Hospitality

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR284**      **TP: INR325 (+14%)**      **Neutral**

## Muted quarter; recovery delay persists

Bloomberg	BARBEQUE IN
Equity Shares (m)	39
M.Cap.(INRb)/(USDb)	11.1 / 0.1
52-Week Range (INR)	712 / 247
1, 6, 12 Rel. Per (%)	-8/-18/-50
12M Avg Val (INR M)	73

### Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	12.8	14.0	15.3
Sales Gr. (%)	4.1	9.5	9.0
EBITDA	2.2	2.5	2.8
Margins (%)	17.5	18.1	18.1
Adj. PAT	-0.3	-0.2	-0.2
Adj. EPS (INR)	-7.1	-5.8	-5.2
EPS Gr. (%)	N/M	N/M	N/M
BV/Sh.(INR)	85.7	79.9	74.6

### Ratios

RoE (%)	-8.3	-7.3	-7.0
RoCE (%)	4.1	5.9	6.4

### Valuation

P/E (x)	N/M	N/M	N/M
EV/EBITDA (x)	5.2	4.5	4.0
Pre-IND AS EV/EBITDA (x)	13.0	10.4	8.7

### Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	33.7	33.7	33.7
DII	19.9	21.5	23.4
FII	10.2	10.5	17.5
Others	36.2	34.3	25.4

FII includes depository receipts

- Barbeque Nation Hospitality (BBQN)'s consolidated revenue declined 3% YoY to INR3.0b (in line), hit by competition in South India and sluggish demand. The **same-store sales growth** (SSSG) remained weak and dipped 3% YoY in 1QFY26 on a base of -7%. Dine-in revenue declined 3% YoY to INR2.5b, and delivery was down 1% to INR0.4b during the quarter.
- BBQ India's revenue declined 7% YoY to INR2.3b, led by negative SSSG and low store expansion. Same-store sales declined 5.2%. GP margin compressed 40bp YoY to 66.1%. GP down 8% YoY. RoM (Pre-Ind-AS) margin compressed 230bp YoY to 9.6% due to operating deleverage. Its RoM dipped 25% YoY. BBQ India added two net stores to 193 in 1QFY26.
- BBQ International's revenue was up 10% YoY to INR263m, supported by strong SSSG. The SSSG was at 8.5%. GP margin declined 190bp YoY to 72.6%. GP was up 7% YoY. RoM (Pre-Ind-AS) margin contracted 270bp YoY to 22.4%. RoM down 2% YoY. Mature stores delivered over 27% margins. It added two stores during the quarter, taking the total count to 11 stores.
- Premium **Casual Dining Restaurant's** (CDR) revenue up 19% YoY to INR431m, led by store additions. The same-store sales rose 1.6% YoY. GP margin contracted 170bp YoY to 73.5%. GP up 16% YoY. RoM (Pre-Ind AS) margin contracted 430bp YoY to 14.4% lower due to new restaurant additions. RoM declined 9% YoY at INR59m. The matured portfolio (restaurants older than two years) delivered over 20% Pre-IND-AS RoM.
- Consolidated GM contracted 40bp YoY to 67.7%. EBITDA margin contracted by 120bp YoY to 15.5% (est. 17.8%). EBITDA Pre-Ind AS margin down 240bp YoY to 4.6%. RoM (Pre Ind) contracted 230bp YoY to 11.5%.
- The company plans to open 20–25 BBQ India outlets annually, 4–6 new international stores across the Middle East and Southeast Asia in the near term, and 12–15 Premium CDR restaurants in FY26 as part of its calibrated expansion strategy. BBQN's current valuations at 13x FY26E and 10x FY26E pre-Ind AS EV/EBITDA are comfortably positioned. However, we are watchful of BBQN's demand recovery. **We reiterate our Neutral rating on the stock as we still await clarity on its earnings recovery.** Our TP of INR325 is based on 10x Jun'27E Pre-Ind-AS EV/EBITDA (low valuation due to weak RoCE profile and uncertainty in earnings recovery).

### Weakness persists; SSSG declines 3.4%

- **Muted trajectory continues:** BBQN reported a sales decline of 3% YoY at INR3.0b (est. INR 3.0b) in 1QFY26. Same-store sales were down 3.4% in 1QFY26 (est. -3%). Dine-in channel (85% of sales) declined 3% YoY to INR2.5b. Delivery channel (15% of sales) declined 1% YoY to INR0.4b.
- **Digital KPIs:** Cumulative app downloads were 7.9m in 1QFY26 vs. 6.8m in 1QFY25. Own digital asset contribution was at 30.8% vs. 29.6% in 1QFY25.

- **Store additions continue:** The company added seven stores and closed one store, which led to a total of 236 stores. Out of 236 stores, BBQN has 193 stores, 11 international BBQN stores, and 32 Toscano and Salt stores. Total metro and tier-1 accounted for 185 stores, and tier 2/3 accounted for 51 stores in 1QFY26.
- **Contraction in margins:** Gross margin dipped 340bp YoY to 67.7%. (est. 68.5%). EBITDA declined 10% YoY to INR460m (est. INR538m). EBITDA margin contracted 120bp YoY to 15.5% (est. 17.8%). Pre-Ind AS EBITDA dipped 36% YoY to INR136m in 1QFY26, and the margin contracted 240bp YoY to 4.6%. RoM (Pre-Ind-AS) was down 20% YoY, and the margin contracted 230p YoY to 11.5%.
- BBQN recorded a loss after tax of INR164m in 1QFY26 vs. a loss of INR48m in 1QFY25.

### Highlights from the management commentary

- Demand challenges were led by weak dine-out trends, price competition (especially in South India), and softer corporate footfalls in cities like Bangalore and Chennai.
- Despite pressure on SSSG in BBQ India, profitability impact remains limited, with only 3–4 stores currently loss-making.
- The company plans to open 20–25 BBQ India restaurants annually. Plans to open 4–6 additional outlets across the Middle East and Southeast Asia in the near term. Premium CDR is being scaled with a plan to add 12–15 new stores in FY26.
- The company continued to focus on the dine-in segment (~85% of revenue). The delivery business (15% of revenue) is improving, with Dum Safar Biryani posting positive SSSG.

### Valuation and view

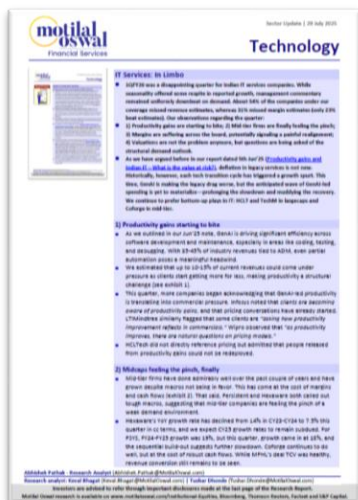
- We broadly maintain our EBITDA estimates for FY26 and FY27.
- BBQN's PBT margin profile is weaker than that of QSR players. Hence, despite a comfortable position on valuation, we are watchful of its operating margin delivery. A mid-single-digit RoCE profile is weak considering the fine dine-in format.
- BBQN's current valuations at 13x FY26E and 10x FY26E pre-Ind AS EV/EBITDA are comfortably positioned. However, we are watchful of BBQN's demand recovery. We reiterate our Neutral rating on the stock as we still await clarity on earnings recovery. We have a TP of INR325, based on 10x Jun'27E Pre-Ind-AS EV/EBITDA.

**Cons. Quarterly Performance**
**(INR m)**

Y/E March	FY25				FY26E				FY25	FY26E	FY26 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>SSSG (%)</b>	-7.4	-2.5	-2.0	-2.0	-3.4	-2.0	1.0	2.4	-3.8	-0.5	-3.0	
<b>No. of stores</b>	219	222	226	230	236	243	250	257	230	257	236	
<b>Net Sales</b>	3,057	3,057	3,289	2,928	2,970	3,164	3,466	3,236	12,330	12,836	3,020	-1.7
YoY change (%)	-5.6	1.3	-0.6	-1.8	-2.8	3.5	5.4	10.5	-1.7	4.1	-1.2	
<b>Gross Profit</b>	2,081	2,081	2,244	2,006	2,010	2,158	2,381	2,218	8,412	8,767	2,069	-2.8
Margin (%)	68.1	68.1	68.2	68.5	67.7	68.2	68.7	68.5	68.2	68.3	68.5	
<b>EBITDA</b>	509	456	615	533	460	503	659	625	2,113	2,246	538	-14.4
EBITDA growth %	8.8	2.7	-7.2	-2.6	-9.6	10.4	7.0	17.2	-0.4	6.3	5.6	
Margin (%)	16.6	14.9	18.7	18.2	15.5	15.9	19.0	19.3	17.1	17.5	17.8	
Depreciation	405	409	428	523	449	450	500	494	1,765	1,893	430	
Interest	186	189	195	209	200	205	210	220	779	835	198	
Other Income	27	43	55	34	19	50	50	46	158	165	30	
<b>PBT</b>	-55	-100	47	-165	-170	-102	-1	-43	-272	-317	-60	
Tax	-11	-28	-3	42	-3	-25	0	-11	-1	-39	0	
Rate (%)	20.9	28.4	-6.5	-25.2	1.8	25.0	0.0	25.0	0.5	12.4	0.0	
<b>Adjusted PAT</b>	-43	-71	51	-207	-167	-76	-1	-33	-271	-278	-60	
YoY change (%)	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	

*E: MOFSL Estimates*

# Technology



## Client watch: Readthroughs from client earnings

- This quarter's global earnings season signals a growing divergence in enterprise tech priorities. On one hand, compute infra—especially cloud, AI, and cybersecurity—is seeing steady-state CEO-mandated demand, with hyperscalers like Microsoft and Google guiding to record capex spends (MSFT: >USD30b; GOOGL: USD85b for CY25). On the other hand, software and service players like SAP and Snowflake flagged elongated sales cycles and macro-driven caution, particularly in the public sector and Europe.
- Meanwhile, US banks are holding the line on tech spend, despite geopolitical overhangs; investment in AI and automation remains core to productivity and client engagement.
- We believe tech spending may remain cautious in the near term as clients navigate ongoing macro uncertainty. However, BFSI continues to act as a haven. We continue to prefer bottom-up plays in IT: HCLT and TECHM in large caps and COFORGE in mid-tier.

## US hyperscalers: Capex intensity ramps up

- MSFT and GOOGL continue to witness strong demand in cloud & AI offerings. Both have guided for heavy capex to fund cloud services and data center capabilities. MSFT guided for capex of over USD30b in the upcoming quarter (+50% YoY), while Alphabet raised its full-year capex guidance to USD85b from USD75b.

### MSFT

- **On macro and demand trends:**
- Demand for Azure and AI infrastructure is higher than supply, with the company expecting to remain capacity-constrained through the first half of its fiscal year.
- **Guidance/Technology spending outlook:**
- The company expects double-digit revenue and operating margin growth in FY26.
- The focus is on investing in its AI platform and delivering capacity to support its significant USD368b contracted backlog.

### GOOGL (2QCY25)

- **On macro and demand trends:**
- Demand for Google Cloud products is high, with the backlog reaching USD106b (up 38% YoY), and the company expects to remain in a tight demand-supply environment through 2026.
- **Guidance/Technology spending outlook:**
- Overall business momentum remains strong, but the company notes that YoY advertising revenue comparisons in the second half of 2025 will be affected by lapping strong 2024 results in financial services and the US elections.

## US ERP service providers: Sales cycle elongated

- **Major highlights:** SAP reported 19% growth in cloud revenue and is seeing strong deals driven by AI use cases. Meanwhile, ServiceNow and Oracle are experiencing a reprioritization of budgets to AI investments. Oracle noted that its Oracle Cloud Infrastructure (OCI) platform is experiencing unprecedented demand. ServiceNow upgraded its full-year guidance; however, its commentary was cautious, as clients focus on optimizing existing workloads before pursuing expansion.

### SAP (2QCY25)

- **On macro and demand trends:**
- Continued uncertainty in global markets has led to elongated sales cycles, particularly in the US public sector and manufacturing.
- **Guidance/Technology spending outlook:**
- The company maintains its full-year 2025 outlook and is focused on disciplined execution amid an uncertain macro environment.
- Business AI adoption is set to accelerate, with over half of Q2 cloud order entries coming from deals that include AI use cases. SAP is launching numerous AI agents and expanding its Business Data Cloud offering to drive productivity.

### ServiceNow (2QCY25)

- **On macro and demand trends:**
- Despite macro uncertainties, ServiceNow continues to see resilient demand. The US federal market remains under pressure due to tighter budgets and shifting mission priorities.
- **Guidance/Technology spending outlook:**
- Subscription revenue guidance was **raised by USD125m**, representing **~20% YoY growth** (19.5-20% in constant currency).
- The company notes that **IT budgets** are increasingly **reprioritized toward strategic, mission-critical AI investments**. Enterprises are consolidating spend away from fragmented legacy stacks and toward integrated platforms that deliver measurable business outcomes.

### Oracle (4QFY25)

- **On macro and demand trends:**
- Demand for OCI services is outpacing supply. The company is actively scheduling customers for future onboarding due to capacity constraints, an unprecedented situation in its history.
- **Guidance/Technology spending outlook:**
- For FY26, total cloud revenue is expected to grow over 40%, and cloud infrastructure revenue over 70%. RPO is likely to grow more than 100%.
- GenAI workloads are expected to make up a meaningful portion of OCI revenue in FY25 and beyond.

### CrowdStrike (1QFY26)

- **On macro and demand trends:**
- CrowdStrike is capitalizing on accelerated demand through increasing win rates and platform consolidation. Cybersecurity remains critical in an AI-accelerated threat environment, and demand for the Falcon platform is strong.
- **Guidance/Technology spending outlook:**
- The proliferation of autonomous AI agents dramatically increases the enterprise attack surface in size, severity, and speed. The company launched **Charlotte AI for Security Analysts** and **Raptor AI for threat prevention**, both driving upsell potential and increasing platform stickiness.

### Snowflake (1QFY26)

- **On macro and demand trends:**
- Snowflake acknowledged ongoing macro uncertainty, particularly in Europe and within certain large enterprise segments. However, enterprises continue to prioritize **data and AI investments**.

## Local content on wind manufacturing comes into effect

- The Ministry of New and Renewable Energy (MNRE) on 31<sup>st</sup> July 2025 issued an amendment mandating use of major wind turbine components from the Approved List of Models and Manufacturers (Wind Turbine Components). The amendment also includes mandatorily locating Wind Turbine R&D Centre, Data Centre and/or Servers within India to strengthen the cybersecurity ecosystem. ***With this amendment, local content in wind turbine manufacturing is a reality now and a significant positive for domestic players such as Suzlon.***
- **Key details:** Major components here includes Blade, Tower, Gearbox, Generator and Special Bearings (Main, Pitch and Yaw Bearing).
- **Exemptions to the following:** To ensure continuity of project execution, the amendment will not apply on already bided wind projects provided such projects are commissioned within 3 years of issuance of this order. Further, Captive/Open Access/C&I/Third Party sale projects which are to be commissioned within 18 months from now will also be excluded. In an effort to promote new technology, local content rules will also not apply on new wind turbine manufacturer and / or new wind turbine models for a total capacity of 800 MW for a period of two years.

## Domestic sourcing norms to benefit Indian OEMs

- Earlier in March'24, NITI Aayog had proposed introducing a mandatory requirement of sourcing at least 60% of content by value from India which left room for interpretation and potential circumvention.
- However, the latest MNRE mandate for domestic sourcing of key components—blades, towers, gearboxes, generators and special bearings—closes this gap, discouraging companies that only assemble turbines in India and ensuring that only long-term players can operate in the Indian market. This move removes the pricing edge for Chinese players and is expected to benefit Indian OEMs.

## Alleviates concerns around market share loss / margins compression

- Two earlier concerns for Suzlon now might stand addressed with the new order:
  - **Market Share Pressure:** Apprehensions regarding potential market share loss due to the entry of new players should now get alleviated to some extent given restriction on importing key components and simply assembling domestically. We believe this limits participation in the wind turbine manufacturing space to long-term players who are committed to invest capital and time.
  - **Pricing and Margin Pressure:** Mandatory domestic sourcing largely removes the pricing advantage enjoyed by Chinese players who were till now importing key components from China. As per our channel checks, Chinese equipment pricing was at a 10-15% discount to pricing by Indian OEMs

## Suzlon key beneficiary of local content rules

**Suzlon, being a market leader with domestic manufacturing across all major components is well-positioned to gain market share** under the new framework in near to medium term. **We maintain a buy rating on Suzlon with a TP of INR82/share.**

# Expert Speak

## India's textile sector: Navigating tariff pressures with strategic resilience

We hosted an expert session to understand the implications of recent U.S. tariff hikes on the Indian textile market and to gain insights into the scope of policy changes. This session highlighted the following:

- Indian cotton-based exporters such as KPR Mill, Pearl Global, Kitex Garments, SP Apparels, and Gokaldas Exports are expected to benefit from the current tariff structure, as they compete directly with players from Bangladesh and China, which face tariffs of ~30% and ~35%, respectively.
- Alongside its strong capacity in cotton-based textiles, India is also expanding its production capacity of man-made fibers (MMF). Rising MMF capacities, coupled with a more favorable tariff structure compared to Vietnam (~40% tariff on transmodal), are expected to drive growth in this segment.
- In the home textiles segment, India holds a dominant ~63% market share in the US. Companies such as Indo Count and Welspun Living have established strong brand recognition and expanded their footprint through strategic acquisitions in the US market. This positions them well to sustain and grow their business despite prevailing tariff headwinds.
- Despite higher duties, the impact on Indian exports to the U.S. is expected to be modest due to stickiness in existing supply chains and strong relationships with major retailers.
- Larger Indian exporters with scale and diversified product portfolios are better positioned to absorb costs and maintain competitiveness
- Indian players need to focus on capacity expansion, move up the value chain, and explore alternative markets (e.g., UK, EU, Japan), especially as global trade patterns shift.
- India retains a structural edge in global textiles, supported by its broad capabilities, policy support (e.g., PLI), and reputation as a reliable sourcing destination, despite the evolving tariff and trade environment.

Following are the key takeaways from the expert session:

### India's textile advantage in a realigned global trade order

- US tariff rates on textile imports from India have increased materially, with average duties rising to ~25% from ~3%.
- While tariffs in India remain elevated, they remain relatively lower than those applied to countries like China (~30%) and Bangladesh (~35%). The new tariff schedule for Pakistan is yet to be announced.
- If Pakistan secures a more favorable tariff deal, it may gain a marginal share in the near term due to its historical cost competitiveness. However, limited manufacturing capacity and ongoing political instability are likely to constrain its long-term upside.
- The short-term impact on Indian exports to the US is expected to be modest, as shifting supply chains quickly is challenging. Moreover, large US retailers such as Walmart are likely to maintain supplier relationships with established Indian players.
- Larger Indian exporters, with scale and diversified product portfolios, are well-positioned to navigate the evolving landscape. However, SMEs may face challenges in adapting to higher costs and compliance requirements.
- Strategic response will be critical. Indian players should continue to invest in capacity expansion, focus on product diversification, and move into higher-value or niche segments to offset margin pressures.
- With tariffs expected to persist and the near-term outlook remaining uncertain, opportunities are likely to emerge in alternative markets such as the UK, EU, and Japan, aided by evolving trade agreements and stronger global buyer engagement.

### Expert Background



**Dr. Siddhartha Rajagopal, ED Texprocil**

The Cotton Textiles Export Promotion Council (TEXPROCIL) is the first council established in 1954 by the Government of India after independence. It is an autonomous, non-profit body dedicated to the promotion of exports. The council connects international buyers with appropriate suppliers and facilitates interactions that enable them to source their specific needs. It also provides information on India's competitive advantages, its export environment, and its updated position in the global marketplace.

- While some disruptions may dent the short-term demand, the medium-term impact is expected to be limited.

### India's competitive edge in global textiles

- Despite rising global tariff barriers, India maintains a strong competitive edge in the global textile trade. Countries like China (30% tariffs), Bangladesh (~35%), and Vietnam (~20%/ ~40% on transmodal) face steeper tariff burdens or product mix limitations.
- Indian cotton-based exporters such as KPR Mill, Pearl Global, Kitex Garments, SP Apparels, and Gokaldas Exports are expected to benefit from the current tariff structure, as they compete directly with players from Bangladesh and China, which face tariffs of ~35% and ~30%, respectively.
- Alongside its strong capacity in cotton-based textiles, India is also expanding its production of MMF. The combination of rising MMF capacities and a more favorable tariff structure compared to Vietnam (~40% tariff on transmodal) is expected to drive growth in this segment.
- In the home textiles segment, India holds a dominant ~63% market share in the US. Companies such as Indo Count and Welspun Living have established strong brand recognition and expanded their footprint through strategic acquisitions in the US market. This positions them well to sustain and grow their business despite prevailing tariff headwinds.
- The US imports ~USD10b worth of textile products from India, making it the third-largest textile exporter to the US market.
- India is also the second-largest producer of manmade fibers and holds a dominant position in cotton textiles, commanding a 63% market share in bed sheets in the US and maintaining a strong presence across high-volume export categories.
- Additionally, India's diversified economy, stable political environment, and integrated supply chain infrastructure offer resilience.
- The country's long-standing credibility as a stable sourcing destination, combined with evolving trade agreements and government support (e.g., PLI schemes), further enhances its position as a preferred supplier in the shifting global textile value chain.
- India remains a difficult sourcing destination to substitute, due to its integrated end-to-end supply chain, operational stability, and diverse product portfolio across textile categories.
- The recent developments underscore the need for companies to reassess long-term strategies, given that traditional norms of global trade are shifting.

### Evolving competitive landscape

- **China (share in US textile imports: ~30%)** continues to be a major exporter, particularly in raw materials and synthetic fibers, but faces steep US tariffs (~30%) and ongoing geopolitical tensions, pushing global buyers to diversify sourcing.
- **Bangladesh (share in US textile imports: ~6%),** with ~35% tariffs on exports to the US, is highly dependent on readymade garments (RMG). While cost competitiveness is strong, its over-reliance on a single category and weak home textile presence limit its ability to scale beyond RMG.
- **Vietnam (share in US textile imports: ~13%)** remains a strong competitor in manmade fiber-based garments. However, it lacks scale in cotton-based products, where India dominates with a 63% US market share in bed sheets. Moreover, shifting Vietnam's product mix to cotton is structurally difficult and time-intensive.
- **Pakistan (share in US textile imports: ~2.5%)** may gain a marginal share in the near term, particularly in low-end printed home textile segments, if preferential tariffs are announced. However, its limited manufacturing scale, narrow product portfolio, and political instability significantly constrain its long-term potential as a major sourcing hub.
- **Turkey** enjoys lower US tariff rates (~10%) but focuses largely on the UK and EU markets, limiting its relevance in the US home textiles space. It ranks 6th in US textile **imports with a modest 2.3% market share.**
- **India (share in US textile imports: ~8%)** stands out with an integrated end-to-end textile value chain, robust capacity across both cotton and manmade fiber segments, and political and macroeconomic stability. Its deep product mix, scale advantage, and reputation as a stable sourcing partner make it uniquely positioned to withstand near-term tariff disruptions and sustain long-term global market share.

# Cholamandalam Inv. & Finance

**BSE SENSEX** 81,186  
**S&P CNX** 24,768

**CMP: INR1,446**

**Buy**

## Conference Call Details



**Date:** 1<sup>st</sup> August 2025

**Time:** 10:30 AM IST

**Dial-in details:**

[Link for the call](#)

## Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Total Income	135.7	172.8	209.7
PPP	82.3	105.2	128.6
PAT	42.6	54.7	70.0
EPS (INR)	50.6	63.7	81.6
EPS Gr. (%)	24	26	28
BV (INR)	281	360	439

### Ratios

NIM (%)	6.9	7.1	7.2
C/I ratio (%)	39.3	39.1	38.7
RoAA (%)	2.4	2.5	2.7
RoE (%)	19.7	20.0	20.4
Payout (%)	4.0	3.1	3.1

### Valuations

P/E (x)	28.6	22.7	17.7
P/BV (x)	5.1	4.0	3.3
Div. Yield (%)	0.1	0.1	0.2

## Credit costs elevated; asset quality weakness across segments

### Earnings in line; disbursements flat YoY

- CIFIC's 1QFY26 PAT grew ~21% YoY to INR11.4b (in line). NII rose ~24% YoY to ~INR31.8b (in line). Other income increased ~48% YoY to ~INR6.8b (~16% above est.), primarily driven by upfront assignment income of ~INR1.5b (PQ: INR940m).
- Opex rose ~23% YoY to ~INR14.5b (in line) and the cost-income ratio declined ~40pp QoQ to ~37.6% (PQ: 38% and PY: ~39%). PPop grew ~30% YoY to INR24.1b (in line).
- Yields (calc.) declined ~10bp QoQ to ~14.4%, while CoF (calc.) declined ~10bp QoQ to ~7.8%. NIM declined ~5bp QoQ to ~6.75%.
- 1QFY26 credit costs stood at ~INR8.8b (8% higher than est). This translated into annualized credit costs of ~1.8% (PY: 1.45% and PQ: ~1.6%).

### AUM up 24% YoY; disbursements flat YoY

- Business AUM grew 23.6% YoY/4% QoQ to INR1.92t, with newer businesses now forming ~12.5% of the AUM mix.
- Total disbursements were flat YoY and declined ~8% QoQ to ~INR243b. Newer lines of businesses contributed ~17% to the disbursement mix (PQ: ~17% and PY: ~24%). VF disbursements grew ~7% YoY. Disbursements in CSEL further declined as the company is exiting the partnership CSEL business completely. Additionally, the company has slowed down certain low RoTA products in SME segment.

### Asset quality deterioration in newer businesses; GS3 rose ~35bp QoQ

- GS3/NS3 deteriorated ~35bp/25bp QoQ to 3.15%/1.8%, while PCR on S3 declined ~160bp QoQ to ~43.7%. ECL/EAD rose to 1.97% (PQ: ~1.84%). GS3 in newer businesses rose ~40bp QoQ to ~2.6% (PQ: 2.2% and PY: 1.3%).
- Stage 2 + Stage 3 (30+ dpd) rose ~85bp QoQ to ~6.2%. In 1QFY26, write-offs stood at ~INR5.1b, translating into ~1.3% of TTM AUM (PY: ~1.1% and PQ: 1.35%).
- CRAR stood at ~20% (Tier 1: ~14.4%) as of Jun'25.

### Valuation and view

- CIFIC reported a subdued quarter, with flat disbursements YoY and high credit costs. Notwithstanding the seasonality, asset quality weakness was pronounced across all segments, which resulted in significantly high credit costs. Additionally, reported NIMs declined, primarily due to a drop in yields and interest income reversals.
- Key monitorables include: 1) demand outlook for VF segment, 2) growth outlook for CSEL and SBPL and expectations on asset quality in these segments, and 3) the view on asset quality in VF and likely credit costs in this segment. We will revisit our estimates after the earnings call on 1<sup>st</sup> Aug'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	53,695	57,680	61,587	64,180	66,501	68,961	72,202	77,962	2,37,200	2,85,626	67,068	-1
Interest Expenses	27,957	30,551	32,718	33,623	34,663	35,356	36,416	37,295	1,24,849	1,43,729	34,632	0
<b>Net Interest Income</b>	<b>25,738</b>	<b>27,128</b>	<b>28,869</b>	<b>30,557</b>	<b>31,838</b>	<b>33,605</b>	<b>35,786</b>	<b>40,667</b>	<b>1,12,351</b>	<b>1,41,897</b>	<b>32,437</b>	-2
YoY Growth (%)	39.7	34.6	33.0	29.8	23.7	23.9	24.0	33.1	34.0	26.3	26.0	
Other Income	4,595	5,248	6,537	7,027	6,807	7,366	8,452	8,230	23,348	30,854	5,881	16
<b>Total Income</b>	<b>30,333</b>	<b>32,376</b>	<b>35,406</b>	<b>37,584</b>	<b>38,645</b>	<b>40,971</b>	<b>44,238</b>	<b>48,897</b>	<b>1,35,699</b>	<b>1,72,751</b>	<b>38,318</b>	1
YoY Growth (%)	42.6	36.8	37.2	29.0	27.4	26.5	24.9	30.1	35.9	27.3	26.3	
Operating Expenses	11,834	13,155	14,130	14,269	14,528	16,312	17,662	19,015	53,388	67,518	14,911	-3
<b>Operating Profit</b>	<b>18,499</b>	<b>19,221</b>	<b>21,276</b>	<b>23,315</b>	<b>24,117</b>	<b>24,659</b>	<b>26,575</b>	<b>29,882</b>	<b>82,311</b>	<b>1,05,234</b>	<b>23,407</b>	3
YoY Growth (%)	38.1	35.3	40.4	43.2	30.4	28.3	24.9	28.2	39.4	27.8	26.5	
Provisions & Loan Losses	5,814	6,235	6,640	6,253	8,821	8,400	7,700	6,656	24,943	31,577	8,200	8
<b>Profit before Tax</b>	<b>12,685</b>	<b>12,986</b>	<b>14,636</b>	<b>17,062</b>	<b>15,296</b>	<b>16,259</b>	<b>18,875</b>	<b>23,226</b>	<b>57,369</b>	<b>73,656</b>	<b>15,207</b>	1
Tax Provisions	3,263	3,355	3,771	4,395	3,937	4,195	4,870	5,979	14,783	18,981	3,923	0
<b>Net Profit</b>	<b>9,422</b>	<b>9,631</b>	<b>10,865</b>	<b>12,667</b>	<b>11,359</b>	<b>12,064</b>	<b>14,006</b>	<b>17,247</b>	<b>42,585</b>	<b>54,676</b>	<b>11,284</b>	1
YoY Growth (%)	29.8	26.3	24.0	19.7	20.6	25.3	28.9	36.2	24.4	28.4	19.8	
<b>Key Parameters (Calc., %)</b>												
Yield on loans	14.38	14.5	14.6	14.5	14.40				14.5	14.3		
Cost of funds	7.86	7.94	8.06	7.86	7.78				8.1	7.6		
Spread	6.5	6.6	6.6	6.6	6.6				6.5	6.6		
NIM	6.84	6.78	6.81	6.80	6.76				6.9	7.1		
C/I ratio	39.0	40.6	39.9	38.0	37.6				39.3	39.1		
Credit cost	1.55	1.56	1.57	1.39	1.87				1.5	1.5		
Tax rate	25.7	25.8	25.8	25.8	25.7				25.8	25.8		
<b>Balance Sheet Parameters</b>												
<b>Disbursements (INR b)</b>	<b>243</b>	<b>243</b>	<b>258</b>	<b>264</b>	<b>243</b>				<b>1,009</b>	<b>1,159</b>		
Growth (%)	21.6	12.9	15.3	6.6	0.0				13.7	14.9		
<b>AUM (INR b)</b>	<b>1,554</b>	<b>1,646</b>	<b>1,746</b>	<b>1,847</b>	<b>1,921</b>				<b>1,847</b>	<b>2,243</b>		
Growth (%)	35.4	32.5	30.5	26.9	23.6				26.9	21.4		
<b>AUM mix (%)</b>												
Vehicle finance	57.0	55.9	55.4	54.8	54.5				54.8	52.7		
Home Equity	20.7	21.2	21.5	22.4	22.9				22.4	24.7		
Home loans & Others	22.3	23.0	23.1	22.8	22.6				12.8	12.0		
<b>Borrowings (INR b)</b>	<b>1,499</b>	<b>1,578</b>	<b>1,671</b>	<b>1,749</b>	<b>1,813</b>				<b>1,749</b>	<b>2,023</b>		
Growth (%)	38.6	32.1	35.7	30.1	20.9				30.1	15.6		
<b>Asset Quality Parameters</b>												
GS 3 (INR B)	41.2	47.1	51.3	52.1	60.4				52.1	64.0		
GS 3 (%)	2.62	2.8	2.9	2.8	3.16				2.8	2.8		
NS 3 (INR B)	22.5	26.1	28.7	28.5	34.0				28.5	34.6		
NS 3 (%)	1.46	1.6	1.7	1.6	1.81				1.6	1.6		
PCR (%)	45.5	44.5	44.1	45.3	43.7				45.3	46.0		
<b>Vehicle finance AUM mix (%)</b>												
LCV	19.8	19.8	19.2	19.0	19.2				19.8	19.8		
Cars & MUV	22.8	23.1	23.7	24.1	24.5				22.8	23.1		
3W & SCV	3.6	3.6	3.6	3.5	3.5				3.6	3.6		
Used CV	27.4	27.6	27.6	27.7	27.6				27.4	27.6		
Tractor	6.5	6.2	6.0	5.6	5.3				6.5	6.2		
HCV	6.7	6.6	6.6	6.8	6.7				6.7	6.6		
CE	6.5	6.3	6.4	6.4	6.3				6.5	6.3		
Two wheeler	6.8	6.7	6.8	6.8	6.8				6.8	6.7		

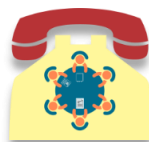
E: MOFSL estimates

# Mankind Pharma

**BSE SENSEX** 81,186  
**S&P CNX** 24,768

**CMP: INR2568**

## Conference Call Details



**Date:** 1<sup>st</sup> Aug 2025

**Time:** 12:00 pm IST

**Dial-in details:**

Zoom [Link](#)

## Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	122.5	145.2	164.7
EBITDA	30.8	36.8	44.8
Adj. PAT	20.6	19.2	26.7
EBIT Margin (%)	25.1	25.3	27.2
Cons. Adj. EPS (INR)	50.0	46.6	64.6
EPS Gr. (%)	7.9	-6.8	38.7
BV/Sh. (INR)	347.4	383.5	433.4
<b>Ratios</b>			
Net D:E	0.4	0.2	0.0
RoE (%)	17.4	12.8	15.8
RoCE (%)	14.9	10.9	13.9
Payout (%)	20.6	20.0	20.0
<b>Valuations</b>			
P/E (x)	50.7	54.4	39.2
EV/EBITDA (x)	33.6	30.6	24.5
Div. Yield (%)	0.4	0.4	0.5
FCF Yield (%)	2.8	6.0	5.6
EV/Sales (x)	8.5	7.7	6.7

## Revenue growth in line; higher interest and depreciation impact earnings

- Sales grew 23.4% YoY to INR35.7b for the quarter (vs est. INR35.6b).
- Domestic business (87% of sales) grew 19% YoY to INR31b for the quarter.
- ✓ Prescription business (Rx) (92% of domestic sales) grew 17.5% YoY to INR28.5b, supported by improved base business growth and the addition of the BSV portfolio.
- ✓ Consumer business (8% of domestic sales) grew 15% YoY to INR2.5b.
- Export (13% of sales) grew 81.1% YoY to INR4.7b, primarily due to the consolidation of BSV, supported by growth in the base business.
- Gross margin contracted 140bp to 70.5% due to an increase in raw material costs for the company.
- EBITDA margin contracted 130bp YoY to 24% due to higher raw material costs, while employee benefit costs and other expenses remained stable YoY as a % of sales.
- Accordingly, EBITDA grew 17% YoY to INR8.5b (vs our estimates of INR8.9b).
- PAT declined 24% YoY to INR4.3b (our est.: INR4.6b).
- Revenue/EBITDA/PAT missed the BBG estimate by 1%/6%/5%, respectively, for 1QFY26.

## Other highlights

- PAT margins in Q1FY26 were weighed down by elevated interest and depreciation expenses.
- Mankind outperformed IPM growth by 60bp in secondary sales for 1QFY26, driven by healthy volume growth of 2.5% compared to 1.4% IPM volume growth.
- Mankind continued its outperformance of 1.4x in chronic growth vs IPM chronic – 1.5x in Cardiac and 1.6x in Anti-Diabetics therapies.
- The company (excl. BSV) launched one product in Q1FY26, bringing the total launched products to 45 in the US.
- The Consumer Health segment has maintained stable growth since FY25, in contrast to previous years, where it faced challenges in sustaining momentum.
- Capex for 1QFY26 stood at ~INR1.27b.
- Net debt position as of Jun'25 was INR52.5b.

**Consolidated - Quarterly Earning Model**
**(INR m)**

Y/E March	FY25				FY26E				FY25	FY26E	Estimate	Var %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
<b>Gross Sales</b>	<b>28,934</b>	<b>30,765</b>	<b>31,988</b>	<b>30,794</b>	<b>35,704</b>	<b>38,763</b>	<b>37,213</b>	<b>33,576</b>	<b>1,22,481</b>	<b>1,45,256</b>	<b>35,611</b>	0.3
YoY Change (%)	12.2	13.6	22.7	26.1	23.4	26.0	16.3	9.0	18.5	18.6	23.1	
Total Expenditure	21,697	22,265	23,828	23,712	27,236	28,026	27,761	25,350	91,698	1,08,373	26,708	
<b>EBITDA</b>	<b>7,238</b>	<b>8,500</b>	<b>8,160</b>	<b>7,082</b>	<b>8,468</b>	<b>10,737</b>	<b>9,452</b>	<b>8,226</b>	<b>30,783</b>	<b>36,883</b>	<b>8,903</b>	-4.9
YoY growth %	10.5	24.5	34.5	19.8	17.0	26.3	15.8	16.2	21.4	19.8	23.0	
Margins (%)	25.0	27.6	25.5	23.0	23.7	27.7	25.4	24.5	25.1	25.4	25.0	
Depreciation	1,077	1,056	1,872	2,309	2,187	2,337	2,244	2,024	6,212	8,792	2,148	
Interest	109	71	2,209	1,905	1,707	1,447	1,447	1,447	4,294	6,046	1,447	
Other Income	1,006	1,094	770	1,013	799	420	420	420	5,368	2,057	420	
<b>PBT before EO expense</b>	<b>7,057</b>	<b>8,468</b>	<b>4,849</b>	<b>3,881</b>	<b>5,373</b>	<b>7,373</b>	<b>6,182</b>	<b>5,175</b>	<b>25,645</b>	<b>24,102</b>	<b>5,727</b>	-6.2
Extra-Ord expense	420	0	0	-1,250	0	0	0	0	-830	0	0	
<b>PBT</b>	<b>6,637</b>	<b>8,468</b>	<b>4,849</b>	<b>5,131</b>	<b>5,373</b>	<b>7,373</b>	<b>6,182</b>	<b>5,175</b>	<b>26,475</b>	<b>24,102</b>	<b>5,727</b>	
Tax	1,246	1,904	1,105	864	958	1,401	1,193	1,030	5,097	4,582	1,060	
Rate (%)	18.8	22.5	22.8	16.8	17.8	19.0	19.3	19.9	19.3	19.0	18.5	
Minority Interest & Profit/Loss of Asso. Cos.	26.7	28.4	8.5	15.6	94.7	30.0	30.0	46.6	79.2	201.3	30.0	
<b>Reported PAT</b>	<b>5,365</b>	<b>6,535</b>	<b>3,736</b>	<b>4,251</b>	<b>4,320</b>	<b>5,942</b>	<b>4,958</b>	<b>4,098</b>	<b>21,298</b>	<b>19,319</b>	<b>4,638</b>	-6.9
<b>Adj PAT</b>	<b>5,706</b>	<b>6,535</b>	<b>3,736</b>	<b>3,212</b>	<b>4,320</b>	<b>5,942</b>	<b>4,958</b>	<b>4,098</b>	<b>20,635</b>	<b>19,326</b>	<b>4,638</b>	-6.9
YoY Change (%)	17.2	30.4	-17.7	-31.8	-24.3	-9.1	32.7	27.6	7.9	-6.3	-18.7	
Margins (%)	19.7	21.2	11.7	10.4	12.1	15.3	13.3	12.2	16.8	13.3	13.0	
<b>EPS</b>	<b>14.2</b>	<b>16.3</b>	<b>9.3</b>	<b>8.0</b>	<b>10.8</b>	<b>14.8</b>	<b>12.4</b>	<b>10.2</b>	<b>50.0</b>	<b>46.6</b>	<b>11.6</b>	

E: MOFSL Estimates

# Thermax

**BSE SENSEX** 81,186  
**S&P CNX** 24,055

**CMP: INR3,939**

**Neutral**

## Conference Call Details



**Date:** 1<sup>st</sup> August 2025

**Time:** 11:15am IST

**Dial-in details:**

[Diamond pass](#)

### Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	103.9	115.9	128.9
EBITDA	9.1	11.3	13.3
Adj. PAT	6.3	7.4	8.8
Adj. EPS (INR)	56.4	65.7	77.8
EPS Gr. (%)	8.1	16.5	18.4
BV/Sh.(INR)	438.4	489.1	551.9
<b>Ratios</b>			
RoE (%)	13.5	14.2	14.9
RoCE (%)	11.5	12.1	12.9
Payout (%)	17.7	22.8	19.3
<b>Valuations</b>			
P/E (x)	69.9	60.0	50.7
P/BV (x)	9.0	8.1	7.1
EV/EBITDA (x)	49.5	39.5	33.3
Div. Yield (%)	0.3	0.4	0.4

## Operational efficiency leads to beat on EBITDA and PAT

- Thermax's 1QFY26 EBITDA/PAT grew 60.0%/38%/YoY, whereas revenue declined 2% YoY.
- Thermax's revenue of INR21.5b (-2% YoY) (MOFSL est. INR24.4b) was partly driven by delayed customer clearance and execution challenges.
- Gross margin expanded ~730bp QoQ and ~700bp YoY to 50.7%. Higher margins in the Industrial Infra segment led to an overall EBITDA margin expansion of ~400bp YoY to 10.5%, while EBITDA at INR2.3b (+59% YoY) beat our estimate by 12%.
- With a better operational performance and higher other income (25% above our estimate), adj. PAT at INR1.5b increased 38% YoY and was 19% above our estimates, while PAT margin expanded 200bp YoY to 7.0%.
- Revenue growth remained broadly flat across all segments.
- Segment-wise, the Industrial Infra segment's EBIT margin remained strong, expanding to 8.0% in 1QFY26 vs -2.0% in 1QFY25, mainly due to income from the Package Scheme of Incentives (PSI). EBIT margin for the Industrial Product segment stood at 8.1% (vs 9.0% in 1QFY25). The Chemical segment's EBIT margin was weak at 9.3% (vs 17.8%YoY). On the PBT level, Green Solutions' PBT margin expanded to 5.1% in 1QFY26 vs 3.3% in 1QFY25.
- Order inflow for the quarter stood at INR27.5b, marking a 7% YoY increase, and the overall order book stood at INR113.8b, rising 7% YoY.

### Consolidated - Quarterly Earning Model

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Sales</b>	<b>21,844</b>	<b>26,116</b>	<b>25,078</b>	<b>30,849</b>	<b>21,502</b>	<b>29,056</b>	<b>27,987</b>	<b>37,367</b>	<b>103,887</b>	<b>115,912</b>	<b>24,437</b>	<b>(12)</b>
YoY Change (%)	13.0	13.4	7.9	11.6	-1.6	11.3	11.6	21.1	11.4	11.6	11.9	
Total Expenditure	20,433	23,336	23,188	27,853	19,251	26,510	25,188	33,630	94,809	104,578	22,420	
<b>EBITDA</b>	<b>1,412</b>	<b>2,780</b>	<b>1,890</b>	<b>2,997</b>	<b>2,251</b>	<b>2,546</b>	<b>2,800</b>	<b>3,738</b>	<b>9,078</b>	<b>11,334</b>	<b>2,017</b>	<b>12</b>
Margins (%)	6.5	10.6	7.5	9.7	10.5	8.8	10.0	10.0	8.7	9.8	8.3	
Depreciation	360	421	351	453	489	467	491	467	1,585	1,913	456	
Interest	275	294	287	313	302	330	347	375	1,168	1,355	323	
Other Income	841	598	315	769	656	538	566	446	2,522	2,207	525	
<b>PBT before EO expense</b>	<b>1,617</b>	<b>2,663</b>	<b>1,568</b>	<b>3,000</b>	<b>2,117</b>	<b>2,287</b>	<b>2,528</b>	<b>3,342</b>	<b>8,847</b>	<b>10,273</b>	<b>1,765</b>	<b>20</b>
<b>PBT</b>	<b>1,617</b>	<b>2,663</b>	<b>1,568</b>	<b>3,000</b>	<b>2,117</b>	<b>2,287</b>	<b>2,528</b>	<b>3,342</b>	<b>8,847</b>	<b>10,273</b>	<b>1,765</b>	<b>20</b>
Tax	519	683	425	951	600	640	708	928	2,578	2,877	494	
Rate (%)	32.1	25.6	27.1	31.7	28.4	28.0	28.0	27.8	29.1	28.0	28.0	
<b>Reported PAT</b>	<b>1,094</b>	<b>1,980</b>	<b>1,137</b>	<b>2,056</b>	<b>1,515</b>	<b>1,647</b>	<b>1,820</b>	<b>2,416</b>	<b>6,268</b>	<b>7,397</b>	<b>1,271</b>	<b>19</b>
<b>Adj PAT</b>	<b>1,094</b>	<b>1,980</b>	<b>1,137</b>	<b>2,056</b>	<b>1,515</b>	<b>1,647</b>	<b>1,820</b>	<b>2,416</b>	<b>6,268</b>	<b>7,397</b>	<b>1,271</b>	<b>19</b>
YoY Change (%)	17.4	24.9	-19.0	5.3	38.4	-16.8	60.0	17.5	6.7	16.5	16.1	
Margins (%)	5.0	7.6	4.5	6.7	7.0	5.7	6.5	6.5	6.0	6.4	5.2	

# Radico Khaitan

**BSE SENSEX** 81,186  
**S&P CNX** 24,768

**CMP: INR2,730**
**Buy**

## Conference Call Details


**Date:** 1<sup>st</sup> Aug 2025

**Time:** 4:00pm IST

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

### Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	57.4	66.7	76.7
Sales Gr. (%)	18	16	15
EBITDA	8.5	10.4	12.4
EBITDA Margin (%)	14.8	15.5	16.2
PAT	4.9	6.3	7.9
EPS (INR)	36.4	47.1	59.0
EPS Gr. (%)	41	29	25
BV/Sh.(INR)	230	268	315
<b>Ratios</b>			
RoE (%)	15.8	17.6	18.7
RoIC (%)	16.1	18.8	21.5
Payout (%)	20.0	20.0	20.0
<b>Valuations</b>			
P/E (x)	75.1	58.0	46.3
P/BV (x)	11.9	10.2	8.7
EV/EBITDA (x)	43.3	35.3	29.2
Sales	57.4	66.7	76.7

## Robust volume growth; all-round beat

- Standalone net sales up 32% YoY to INR15.1b (est. INR13.8b) in 1QFY26.
- Total volume up 38%, with P&A volume rising 41% YoY (16% in 4Q) to 3.8m cases (est. 3.2m cases) and Regular volume rising 52% YoY to 5.4m cases.
- Royalty cases were down 40% YoY to 0.46m cases.
- Regular segment's growth was aided by a low base, resolution of state-specific issues, and route-to-market changes in Andhra Pradesh.
- Non-IMFL revenue remained muted due to lower bulk alcohol sales.
- Gross margin expanded 150bp YoY to 43%, driven by ongoing premiumization and a stable raw material environment.
- Management remains optimistic on the stability of ENA and grain prices in FY26.
- Employee costs rose 10%, S&D increased 48%, and other expenses increased 23% YoY.
- EBITDA margin rose 230bp YoY to 15.4%.
- EBITDA/PBT/APAT grew 56%/82%/84% YoY in 1QFY26.
- An exceptional item of INR699m relates to the settlement of a demand raised by the Municipal Council of Rampur for reassessed House and Water Tax for the period of Apr'19- Mar'31.

### New launches

- The company expanded its premium portfolio with two key launches: Morpheus Super Premium Whisky, marking its entry into the fast-growing super-premium whisky segment, and The Spirit of Kashmir, a luxury vodka positioned to become a leading global brand.

### Radico Khaitan (Standalone)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	VaR.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>IMFL volume growth %</b>	-4.1	-2.4	15.5	27.5	37.5	11.6	8.0	-4.3	9.2	11.8	22.6	
<b>P&amp;A volume growth (%)</b>	14.2	12.7	18.0	16.4	40.7	15.0	18.0	-0.7	15.5	17.1	17.0	
<b>Regular volume growth (%)</b>	-14.0	-11.9	13.5	78.1	51.8	15.0	5.0	-15.4	13.3	10.7	35.0	
<b>Total revenues</b>	11,365	11,163	12,942	13,041	15,060	13,173	15,022	14,150	48,512	57,405	13,830	9%
YoY change (%)	19.1	20.7	11.5	20.9	32.5	18.0	16.1	8.5	17.8	18.3	21.7	
<b>Gross Profit</b>	4,720	4,870	5,568	5,669	6,477	5,730	6,535	6,270	20,773	25,012	6,016	8%
Margin (%)	41.5	43.6	43.0	43.5	43.0	43.5	43.5	44.3	42.8	43.6	43.5	
<b>EBITDA</b>	1,490	1,632	1,840	1,776	2,322	2,042	2,253	1,872	6,737	8,488	1,978	17%
Margins (%)	13.1	14.6	14.2	13.6	15.4	15.5	15.0	13.2	13.9	14.8	14.3	
EBITDA growth (%)	24.7	34.6	28.8	45.0	55.8	25.1	22.5	5.4	33.1	26.0	32.7	
Depreciation	329	357	356	360	363	360	360	388	1,401	1,471	360	
Interest	185	167	195	215	159	175	150	137	738	621	180	
Other income	37	11	11	14	47	25	25	3	49	100	25	
<b>PBT</b>	1,014	1,118	1,299	1,215	1,846	1,532	1,768	1,350	4,646	6,496	1,463	26%
Tax	251	297	339	308	443	384	444	359	1,194	1,631	367	
Rate (%)	24.7	26.5	26.1	25.3	24.0	25.1	25.1	26.6	25.7	25.1	25.1	
Extraordinary inc/(Exp)	0	0	0	0	-70	0	0	0	0	0	0	
<b>Reported PAT</b>	763	822	960	907	1,473	1,147	1,324	991	3,452	4,866	1,096	34%
<b>Adj.PAT</b>	763	822	960	907	1,403	1,147	1,324	991	3,452	4,866	1,096	28%
YoY change (%)	20.7	32.8	30.0	59.7	83.9	39.6	38.0	9.2	35.0	41.0	43.5	

E: MOFSL Estimate

**Key operational metrics**

Revenue Split (INR M)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
P&A	2,989	3,611	4,025	4,336	4,195	4,897	5,197	5,035	4,995	5,780	6,479	6,148	7,132
Regular	2,944	2,411	2,250	2,175	2,783	2,014	1,997	1,715	2,363	1,766	2,294	3,440	3,499
Royalty	46	78	72	77	77	80	100	124	96	93	158	104	65
<b>IMFL</b>	<b>5,979</b>	<b>6,100</b>	<b>6,347</b>	<b>6,588</b>	<b>7,055</b>	<b>6,991</b>	<b>7,294</b>	<b>6,874</b>	<b>7,454</b>	<b>7,639</b>	<b>8,931</b>	<b>9,692</b>	<b>10,696</b>
<b>Non IMFL</b>	<b>1,596</b>	<b>1,513</b>	<b>1,575</b>	<b>1,729</b>	<b>2,484</b>	<b>2,260</b>	<b>4,315</b>	<b>3,912</b>	<b>3,911</b>	<b>3,523</b>	<b>4,011</b>	<b>3,349</b>	<b>4,364</b>
<b>Total</b>	<b>7,575</b>	<b>7,613</b>	<b>7,922</b>	<b>8,317</b>	<b>9,539</b>	<b>9,251</b>	<b>11,609</b>	<b>10,786</b>	<b>11,365</b>	<b>11,162</b>	<b>12,942</b>	<b>13,041</b>	<b>15,060</b>
<b>Rev Growth YoY (%)</b>													
P&A	37%	25%	19%	18%	40%	36%	29%	16%	19%	18%	25%	22%	43%
Regular	18%	-11%	-19%	-26%	-5%	-16%	-11%	-21%	-15%	-12%	15%	101%	48%
Royalty	318%	225%	177%	185%	67%	3%	39%	61%	25%	16%	58%	-16%	-32%
<b>IMFL</b>	<b>28%</b>	<b>9%</b>	<b>2%</b>	<b>-1%</b>	<b>18%</b>	<b>15%</b>	<b>15%</b>	<b>4%</b>	<b>6%</b>	<b>9%</b>	<b>22%</b>	<b>41%</b>	<b>43%</b>
<b>Non IMFL</b>	<b>23%</b>	<b>9%</b>	<b>15%</b>	<b>16%</b>	<b>56%</b>	<b>49%</b>	<b>174%</b>	<b>126%</b>	<b>57%</b>	<b>56%</b>	<b>-7%</b>	<b>-14%</b>	<b>12%</b>
<b>Total</b>	<b>27%</b>	<b>9%</b>	<b>5%</b>	<b>2%</b>	<b>26%</b>	<b>22%</b>	<b>47%</b>	<b>30%</b>	<b>19%</b>	<b>21%</b>	<b>11%</b>	<b>21%</b>	<b>33%</b>
<b>IMFL Volume details (M Cases)</b>													
Prestige & Above	1.88	2.33	2.59	2.55	2.39	2.84	3.11	2.92	2.73	3.2	3.67	3.4	3.84
Regular	4.47	3.82	3.53	3.8	4.15	3.19	3.12	2.97	3.57	2.81	3.54	5.29	5.42
Royalty	0.48	1.03	0.87	0.89	0.83	0.93	1.01	1.28	0.77	0.78	1.15	0.45	0.46
<b>Total</b>	<b>6.83</b>	<b>7.18</b>	<b>6.99</b>	<b>7.24</b>	<b>7.37</b>	<b>6.96</b>	<b>7.24</b>	<b>7.17</b>	<b>7.07</b>	<b>6.79</b>	<b>8.36</b>	<b>9.14</b>	<b>9.72</b>
<b>Chg YoY (%)</b>													
Prestige & Above	30%	22%	14%	17%	27%	22%	20%	15%	14%	13%	18%	16%	41%
Regular	9%	-13%	-23%	-23%	-7%	-16%	-12%	-22%	-14%	-12%	13%	78%	52%
Royalty	586%	587%	480%	493%	73%	-10%	16%	44%	-7%	-16%	14%	-65%	-40%
<b>Total</b>	<b>22%</b>	<b>11%</b>	<b>0%</b>	<b>-1%</b>	<b>8%</b>	<b>-3%</b>	<b>4%</b>	<b>-1%</b>	<b>-4%</b>	<b>-2%</b>	<b>15%</b>	<b>27%</b>	<b>37%</b>

**BSE SENSEX** 81,186 **S&P CNX** 24,768

**CMP: INR1,439** **Neutral**

**Conference Call Details**



**Date:** 1<sup>st</sup> August 2025

**Time:** 14:30 IST

**Dial-in details:**

+ 91 22 6280 1550

+ 91 22 7115 8378

[Link for the call](#)

**Consol. Financials Snapshot (INR b)**

Y/E MARCH	FY25	FY26E	FY27E
Sales	76.2	87.6	100.5
EBITDA	4.9	6.3	7.8
PAT	3.1	3.9	4.7
EBITDA Margin (%)	6.4	7.2	7.8
Adj. EPS (INR)	27.6	34.9	41.3
EPS Gr. (%)	4.5	26.8	18.3
BV/Sh. (INR)	190.4	216.3	248.6

**Ratios**

Net D:E	(0.0)	0.2	0.2
RoE (%)	15.7	17.2	17.8
RoCE (%)	15.8	16.1	16.3
Payout (%)	25.4	25.8	21.8

**Valuations**

P/E (x)	50.3	39.7	33.5
P/BV (x)	7.3	6.4	5.6
EV/EBITDA(x)	32.1	25.6	20.8
Div. Yield (%)	0.5	0.6	0.6
FCF Yield (%)	0.8	(2.8)	0.4

**Earnings in line; OPM expands 1.7pp YoY to ~7%**

- RRKABEL's 1QFY26 earnings were in line with our estimates. Consolidated revenue grew ~14% YoY to INR20.6b (in line). EBITDA increased ~50% YoY at INR1.4b (in line). EBITDA margin increased 1.7pp YoY to ~6.9% (in line). Adj. PAT increased 39% YoY to INR898m (in line).
- Revenue contribution from the domestic market was ~71% in 1QFY26 vs. 76% (each) in 1QFY25/4QFY25. Net working capital days stood at 52 days as of Jun'25 vs. 56 days as of Mar'25
- **We have a Neutral rating on the stock.** However, we will review our assumptions following the conference call on 1<sup>st</sup> Aug'25.

**Revenue up 14% YoY; losses in the FMEG segment reduce YoY**

- Consol. revenue/EBITDA/PAT stood at INR20.6b/INR1.4b/INR898m (up 14%/50%/39% YoY (in line with estimates). Gross margin increased 80bp YoY to ~18%. Employee cost increased 5% YoY (stood at 4.5% of revenue vs. 4.9% in 1QFY25). Other expenses increased 7% YoY (stood at 6.8% of revenue vs. 7.2% in 1QFY25). Depreciation/ Interest cost increased ~25%/30% YoY, whereas Other Income declined ~33% YoY
- Segmental highlights: a) Cables and Wires: Revenue increased ~16% YoY to INR18.3b, and EBIT increased ~23% YoY to INR1.4b. EBIT margin increased 45bp YoY to ~8%. b) FMEG business: Revenue declined marginally ~2% YoY at INR2.3b. The company reported a segment loss of INR71m vs. INR207m/INR91m in 1QFY25/4QFY25.

**Highlights from the management commentary**

- Revenue in the C&W segment improved, driven by strong demand, favorable copper price trends, improved realizations, and enhanced operational efficiencies.
- The FMEG segment reported a reduction in losses, supported by improved operating efficiencies and a favorable product mix, alongside modest volume-led growth.

**Valuation and view**

- The company's performance was in line with our estimates, primarily driven by improved demand in the C&W segment and favorable copper price movement.
- **We have a Neutral rating on the stock.** However, we will review our assumptions following the conference call on 1<sup>st</sup> Aug'25 ([Concall Link](#)).

**Quarterly Performance**

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	MOSL	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
<b>Sales</b>	<b>18,081</b>	<b>18,101</b>	<b>17,822</b>	<b>22,178</b>	<b>20,586</b>	<b>20,656</b>	<b>21,005</b>	<b>25,303</b>	<b>76,182</b>	<b>87,550</b>	<b>20,334</b>	<b>1</b>
YoY Change (%)	13.2	12.5	9.1	26.4	13.9	14.1	17.9	14.1	15.5	14.9	12.5	
<b>EBITDA</b>	<b>949</b>	<b>858</b>	<b>1,105</b>	<b>1,944</b>	<b>1,421</b>	<b>1,442</b>	<b>1,436</b>	<b>2,028</b>	<b>4,856</b>	<b>6,326</b>	<b>1,401</b>	<b>1</b>
YoY Change (%)	(15.9)	(29.1)	(1.8)	68.6	49.6	68.1	29.9	12.2	5.2	30.3	47.5	
Adj EBITDA margin (%)	5.3	4.7	6.2	8.8	6.9	7.0	6.8	8.0	6.4	7.2	6.9	1
Depreciation	162	175	178	190	203	207	218	221	705	848	200	2
Interest	116	156	162	155	151	175	180	195	589	702	160	(5)
Other Income	185	72	134	119	124	120	145	159	511	548	135	(8)
<b>PBT</b>	<b>857</b>	<b>599</b>	<b>900</b>	<b>1,718</b>	<b>1,190</b>	<b>1,180</b>	<b>1,183</b>	<b>1,771</b>	<b>4,074</b>	<b>5,324</b>	<b>1,176</b>	<b>1</b>
Tax	218	101	219	441	303	318	303	461	978	1,384	306	
Effective Tax Rate (%)	25.4	16.9	24.3	25.6	25.4	26.9	25.6	26.0	24.0	26.0	26.0	
JV share	5	(2)	4	14	10	1	2	(3)	21	10	4	
<b>Reported PAT</b>	<b>644</b>	<b>495</b>	<b>686</b>	<b>1,291</b>	<b>898</b>	<b>863</b>	<b>882</b>	<b>1,307</b>	<b>3,116</b>	<b>3,950</b>	<b>874</b>	<b>3</b>
Change (%)	(13.4)	(33.2)	(3.4)	64.0	39.4	74.2	78.1	14.7	4.5	513.5	36	
<b>Adj PAT</b>	<b>644</b>	<b>495</b>	<b>686</b>	<b>1,291</b>	<b>898</b>	<b>863</b>	<b>882</b>	<b>1,307</b>	<b>3,116</b>	<b>3,950</b>	<b>874</b>	<b>3</b>
YoY Change (%)	(13.4)	(33.2)	(3.4)	64.0	39.4	74.2	28.7	14.7	4.5	513.5	35.8	
Margins (%)	3.6	2.7	3.8	5.8	4.4	4.2	4.2	5.2	4.1	4.5	4.3	

**Segmental Performance (INR m)**

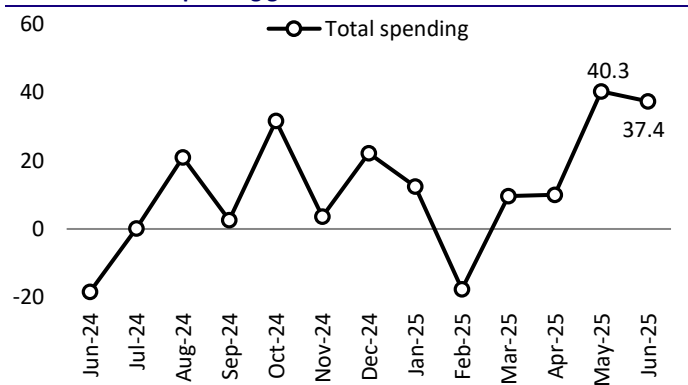
Y/E March	FY25				FY26E				FY25	FY26E	MOFSL	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
<b>Sales</b>												
Cables & Wires	15,782	16,118	15,425	19,562	18,335	18,375	18,202	22,234	66,888	77,146	18,149	1
FMEG	2,300	1,984	2,396	2,616	2,251	2,281	2,804	3,069	9,296	10,405	2,185	3
<b>EBIT</b>												
Cables & Wires	1,130	818	1,075	1,941	1,391	1,378	1,347	1,833	4,965	5,950	1,379	1
FMEG	(207)	(117)	(44)	(91)	(71)	(91)	(56)	11	(459)	(208)	(109)	(35)
<b>EBIT Margin (%)</b>												
Cables & Wires	7.2	5.1	7.0	9.9	7.6	7.5	7.4	8.2	7.4	7.7	7.6	(1)
FMEG	(9.0)	(5.9)	(1.8)	(3.5)	(3.2)	(4.0)	(2.0)	0.3	(4.9)	(2.0)	(5.0)	183

### Capital spending remains robust in Apr-Jun'25; grows by massive 52%

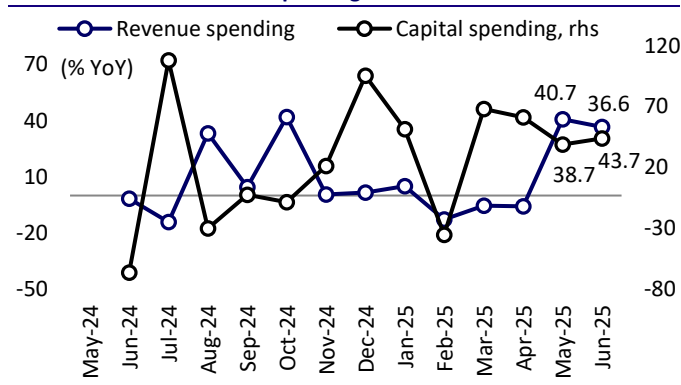
**Fiscal deficit widened to 18% of FY26BE in Apr-Jun'25 amid a surge in capex**

- Total spending growth by the central government remained robust at 37.4% in Jun'25 vs. 40.3% in May'25. The acceleration in total spending was broad-based. Capital spending growth remained robust, posting 43.7% in Jun'25 vs. a growth of 38.7% in May'25 and a contraction of 66.2% in Jun'24. Notably, capital spending excluding loans and advances grew 43.3% in Jun'25 (vs. 72.2% in May'25 and -63.9% in Jun'24). At the same time, total revenue spending grew 36.6% in Jun'25 (-1.6% YoY in Jun'24 and 40.7% in May'25) (*Exhibits 1 and 2*).
- The latest data reflects front-loaded expenditure in early FY26, particularly a resurgence in capital spending, which had slowed down during the first quarter of FY25 due to the national election. In Apr-Jun'25, capital outlay surged to INR2.75t (up 52% YoY) or 25% of FY26BE, a marked increase from INR1.8t in FY25. At the same time, revenue spending stood at INR9.5t (up 20% YoY) in Apr-Jun'25, representing 24% of FY26BE (vs. 21% of FY25BE or INR7.9t in Apr-Jun'24). Accordingly, the government's total spending in Apr-Jun'25 stood at INR12.2t, up 26% YoY (vs. a contraction of 7.7% in Apr-Jun'24) and accounting for 24% of FY26BE, the highest in the last three years (vs. INR9.7t in Apr-Jun'24; 20% of FY25BE).
- Total receipts contracted 20.2% YoY in Jun'25, the worst in the last five months (vs. 42.3%/26.2% growth in Jun'24/May'25) (*Exhibit 3*). While net tax revenue contracted 17.8% in Jun'25, which was the worst in five months (20.3% in May'25), non-tax receipts contracted at a sharper pace of 42.9%. The contraction in net tax revenue was broad-based. While direct taxes contracted 6.2% in Jun'25, indirect taxes contracted 2.5%. Within direct taxes, while corporate tax collections contracted 1.3% in Jun'25, income taxes contracted 12.2% in Jun'25 (worst in ten months). Within indirect tax collections, GST revenue collections growth slowed down to a three-month low of 1% in Jun'25, custom duty collections declined 30.6% in Jun'25, and excise duty collections grew decently by 8% during the month.
- For Apr-Jun'25, total receipts of the government rose 12.9% YoY (the highest in four quarters), led by the four-month highest growth of 11.3% in indirect taxes. On the other hand, direct taxes contracted 0.8% during Apr-Jun'25. Corporate tax collection contracted 1.2% YoY and income tax revenue declined 0.5% YoY. Total receipts stood at INR9.4t, representing 27% of FY26BE (vs. INR8.3t or 26% of FY25BE during Apr-Jun'24).
- Consequently, the Union government reported a fiscal deficit of INR2.8t for Apr-Jun'25, amounting to 18% of FY26BE vs. INR1.4t for Apr-Jun'24 (or 8% of FY26BE).
- Overall, India's fiscal deficit nearly doubled in the first quarter of FY26, compared to the same period of the previous year, driven by a sharp rise in capital expenditure, signaling the government's continued push to support economic growth through public investment.

**Exhibit 1: Total spending growth remained robust at 37.4% in Jun'25**

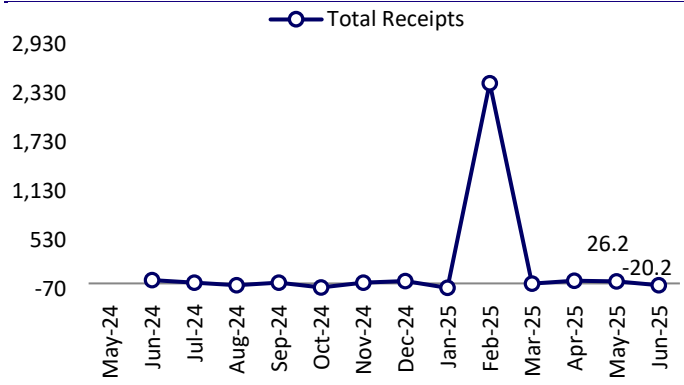


**Exhibit 2: Acceleration in spending was broad-based**

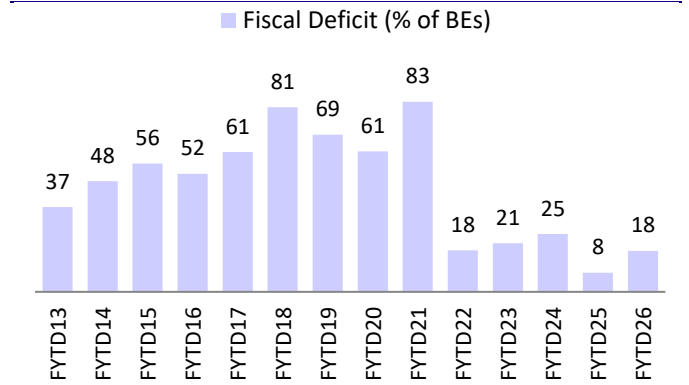


Source: Controller General of Accounts (CGA), MOFSL

**Exhibit 3: Total receipts contracted by 20.2% in Jun'25**



**Exhibit 4: Fiscal deficit stood at 18% of BEs in Apr-Jun'25 vs. 8% in Apr-Jun'24**



Apr-Jun for all years; Source: CGA, MOFSL



### **Kaynes Technology: Don't See Any Major Impact Of Tariffs & Have Factored In The Plausible Downtick; Jairam Sampath, Whole-time Director & CFO**

- Reaffirms FY26 revenue guidance of 60% with 15.6% EBITDA margin.
- Aims for \$1 billion revenue by FY28, despite global tariff risks.
- Tariff impact minimal due to diversified exports and local US factories.
- OSAT and PCB units to contribute ₹2,000+ crore by FY28.
- Strong order book of ₹7,400 crore; profitability improving across segments.

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### **SIS: India Business Is Doing Well In Terms Of Margin, And We Expect This To Continue; Dhiraj Singh, CEO**

- Q1 revenue grew ~14% YoY; double-digit growth guidance of 14–15% intact.
- Run-rate crosses ₹1,200cr for the first time; all segments at all-time highs.
- Margins stable; India security at ~5.5%, facility management improving to 4.8%.
- International margins impacted by grants expiry, setup costs, restructuring.

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### **PNB: Expect ₹700cr Additional Pft & 16 Bps Addition To ROA Due To Migrating To New Tax Regime; Ashok Chandra, MD & CEO**

- Q1 loan growth below guidance due to muted corporate book; MSME & retail grew ~18%.
- Net interest margins expected to hold at 2.7–2.8% despite pressure.
- Credit cost remains best-in-class at 14bps; FY26 recovery target ₹16,000cr.
- One-time ₹3,324cr DTA hit due to tax regime shift.
- ROA expected to improve by 16bps; no stress seen in corporate SMA loans.

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### **Sonata Software: Aspiration Is To Get Low 20s EBITDA Margins Over A Period Of Time; Samir Dhir, CEO & MD**

- International IT services revenue grew 6% YoY (USD), but declined 0.9% in CC
- BFSI, healthcare, and data/AI verticals drove growth; \$73mn deal ramped up.
- Retail and manufacturing verticals hit by tariff-related spend cuts.
- Margins impacted by sudden project pauses and cost stickiness.
- Outlook remains uncertain; Q2 expected to mirror Q1 trends.

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### **KPIT Technologies: Accelerating Our Transition From Services To Solutions Company; Sachin Tikekar, Joint MD**

- Q1 performance in line; margins stable at ~20% EBITDA and 17% PAT.
- H1 to remain soft; growth expected to pick up in H2FY26.
- Deal closures improving; strong pipeline across geographies and segments.
- Transitioning from services to AI-infused mobility solutions.
- Strategic focus on India, China, and new Sweden office for future growth.

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
<b>Automobiles</b>																
Amara Raja Ener.	Neutral	964	1049	9	48.2	49.4	56.8	-2.7	2.6	15.0	19.5	17.0	2.2	2.0	12.5	12.8
Apollo Tyres	Buy	450	547	22	19.6	25.5	30.4	-33.2	30.5	19.0	17.6	14.8	1.4	1.3	10.6	11.6
Ashok Ley.	Buy	121	145	20	5.5	5.7	7.0	20.2	3.8	22.5	21.2	17.3	5.5	4.8	27.4	29.5
Bajaj Auto	Neutral	8007	8671	8	299.5	319.4	361.1	11.8	6.6	13.1	25.1	22.2	6.5	6.0	26.7	28.1
Balkrishna Inds	Neutral	2673	2510	-6	96.4	90.2	111.4	26.0	-6.4	23.5	29.6	24.0	4.4	3.9	15.8	17.1
Bharat Forge	Neutral	1166	1230	6	21.4	29.4	38.9	8.5	37.4	32.4	39.6	29.9	5.4	4.8	14.4	17.0
Bosch	Neutral	40384	29657	-27	682.4	760.9	901.5	10.0	11.5	18.5	53.1	44.8	8.0	7.4	15.7	17.3
CEAT	Buy	3313	4393	33	122.1	169.3	229.8	-27.9	38.6	35.8	19.6	14.4	2.7	2.4	14.8	17.6
Craftsman Auto	Neutral	6709	6212	-7	92.1	156.2	237.6	-36.1	69.6	52.1	42.9	28.2	5.0	4.3	12.3	16.3
Eicher Mot.	Sell	5471	4698	-14	172.7	179.0	195.4	18.0	3.7	9.2	30.6	28.0	6.2	5.5	21.6	20.8
Endurance Tech.	Buy	2559	3275	28	58.8	73.4	87.0	21.5	24.8	18.6	34.9	29.4	5.5	4.8	16.8	17.4
Escorts Kubota	Neutral	3366	3327	-1	100.6	101.0	115.2	17.9	0.4	14.1	33.3	29.2	3.6	3.3	11.4	11.9
Exide Ind	Neutral	384	374	-3	12.7	14.3	15.6	2.3	13.1	8.7	26.8	24.7	2.1	2.0	7.9	8.1
Happy Forgings	Buy	946	1095	16	28.4	30.7	37.9	10.1	8.0	23.6	30.9	25.0	4.2	3.7	14.6	15.8
Hero Moto	Buy	4262	4839	14	230.3	239.1	263.2	12.6	3.8	10.1	17.8	16.2	4.0	3.8	23.4	24.1
Hyundai Motor	Buy	2153	2408	12	69.4	67.9	84.6	-6.9	-2.1	24.4	31.7	25.5	8.7	7.0	30.3	30.4
M&M	Buy	3204	3687	15	98.7	119.5	136.7	11.3	21.0	14.5	26.8	23.4	5.3	4.5	21.3	20.7
CIE Automotive	Buy	403	502	25	21.7	21.4	22.6	2.8	-1.2	5.3	18.8	17.9	2.1	1.9	11.8	11.4
Maruti Suzuki	Buy	12634	14476	15	443.9	489.0	539.0	5.6	10.2	10.2	25.9	23.4	3.8	3.4	14.5	14.6
MRF	Sell	147856	113397	-23	4,408.7	4,949.5	5,558.7	-11.7	12.3	12.3	29.9	26.6	3.1	2.8	10.8	10.9
Samvardh. Motherson	Buy	97	116	20	3.6	3.7	4.7	51.5	2.5	28.5	26.6	20.7	2.8	2.5	10.8	12.7
Motherson Wiring	Buy	37	46	24	0.9	1.0	1.3	-5.1	10.8	32.4	36.7	27.7	12.4	10.1	36.4	40.1
Sona BLW Precis.	Neutral	450	470	4	9.9	7.9	10.1	10.5	-19.7	27.9	56.8	44.4	4.8	4.5	8.6	10.5
Tata Motors	Neutral	666	668	0	63.2	46.0	51.9	7.7	-27.3	12.9	14.5	12.8	1.9	1.7	13.7	13.7
TVS Motor	Neutral	2802	2839	1	57.1	67.1	79.6	30.1	17.6	18.6	41.7	35.2	10.6	8.5	28.4	26.8
Tube Investments	Buy	2842	3658	29	38.6	41.8	47.1	1.6	8.2	12.8	68.0	60.3	9.3	8.1	14.5	14.4
<b>Aggregate</b>								<b>7.1</b>	<b>0.5</b>	<b>16.0</b>	<b>26.5</b>	<b>26.4</b>	<b>4.7</b>	<b>4.2</b>	<b>17.7</b>	<b>15.9</b>
<b>Banks - Private</b>																
AU Small Finance	Buy	741	875	18	29.8	35.5	48.3	33.9	19	35.9	20.9	15.4	3.0	2.6	15.0	18.3
Axis Bank	Neutral	1068	1250	17	85.3	80.5	101.3	5.7	-5.7	25.9	13.3	10.5	1.7	1.5	13.1	14.6
Bandhan Bank	Neutral	168	185	10	17.0	16.4	22.8	23.1	-4	39.1	10.3	7.4	1.1	1.0	10.6	13.9
DCB Bank	Buy	135	160	19	19.6	22.7	31.7	14.3	15.9	39.6	6.0	4.3	0.7	0.6	12.5	15.5
Equitas Small Fin.	Buy	59	80	35	1.3	3.2	7.8	-81.8	143.3	148.6	18.8	7.6	1.1	1.0	5.9	13.7
Federal Bank	Buy	202	250	24	16.6	17.0	21.5	1.8	2.4	26.2	11.9	9.4	1.3	1.2	11.9	13.4
HDFC Bank	Buy	2019	2300	14	88.0	94.3	113.9	9.9	7.1	20.8	21.4	17.7	2.8	2.5	13.7	14.9
ICICI Bank	Buy	1482	1670	13	66.8	72.6	84.4	14.4	8.7	16.3	20.4	17.6	3.3	2.8	17.0	17.3
IDFC First Bk	Neutral	69	80	16	2.1	3.3	5.5	-50.9	58.0	65.6	20.5	12.4	1.5	1.4	6.8	11.4
IndusInd	Neutral	799	830	4	33.1	40.6	57.1	-71.4	22.7	40.8	19.7	14.0	0.9	0.9	4.8	6.4
Kotak Mah. Bk	Buy	1979	2400	21	111.3	105.2	127.2	21.5	-5.4	20.8	18.8	15.6	2.3	2.0	12.2	13.4
RBL Bank	Buy	267	290	9	11.5	17.1	31.3	-40.5	48.4	83.5	15.6	8.5	1.0	0.9	6.5	11.4
<b>Aggregate</b>								<b>6.5</b>	<b>5.4</b>	<b>22.6</b>	<b>20.3</b>	<b>19.3</b>	<b>2.8</b>	<b>2.6</b>	<b>13.7</b>	<b>13.2</b>
<b>Banks - PSU</b>																
BOB	Neutral	238	260	9	37.8	36.5	45.6	10.1	-3.5	24.8	6.5	5.2	0.9	0.8	14.3	16.2
Canara Bank	Buy	107	135	26	18.8	21.0	23.4	17.0	12.0	11.3	5.1	4.6	0.9	0.8	19.2	19.0
Indian Bank	Buy	622	750	21	81.1	87.9	94.9	30.3	8.5	7.9	7.1	6.6	1.1	1.0	17.7	16.9
Punjab Natl.Bank	Buy	105	130	23	14.8	13.5	18.5	97.4	-8.6	37.0	7.8	5.7	0.9	0.8	12.4	15.2
SBI	Buy	796	925	16	86.9	88.6	101.5	15.6	2	14.5	9.0	7.8	1.3	1.1	15.8	15.6
Union Bank (I)	Neutral	131	155	18	23.6	21.7	24.7	24.9	-8	14.2	6.0	5.3	0.8	0.7	14.6	14.8
<b>Aggregate</b>								<b>23.4</b>	<b>1</b>	<b>17</b>	<b>8</b>	<b>7.7</b>	<b>1.3</b>	<b>1.1</b>	<b>16.2</b>	<b>14.7</b>
<b>NBFCs</b>																
AAVAS Financiers	Neutral	1723	2065	20	72.5	85.2	101.0	17.0	17.5	18.5	20.2	17.1	2.7	2.3	14.4	14.7
Aditya Birla Cap	Buy	257	250	-3	12.8	14.9	18.5	14.5	16.6	24.3	17.2	13.9	2.0	1.8	12.1	13.6
Bajaj Fin.	Neutral	881	1000	14	27.0	33.0	42.4	15.5	22.4	28.2	26.7	20.8	4.8	4.0	19.5	21.0
Can Fin Homes	Neutral	752	900	20	64.4	71.1	77.5	14.2	10.5	9.0	10.6	9.7	1.7	1.5	17.4	16.5



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Cholaman.Inv.&Fn	Buy	1446	-		50.6	63.7	81.6	24.3	25.9	28.0	22.7	17.7	4.0	3.3	20.0	20.4
CreditAccess	Buy	1248	1500	20	33.3	56.7	106.1	-63.3	70.4	87.2	22.0	11.8	2.5	2.1	12.2	19.5
Fusion Finance	Neutral	163	210	29	-121.7	3.8	18.3	-342.3	LP	379.2	42.6	8.9	1.3	0.9	2.7	12.1
Five-Star Business	Buy	594	800	35	36.4	38.6	46.5	27.4	6.0	20.4	15.4	12.8	2.4	2.0	16.6	17.0
IIFL Finance	Buy	476	550	16	8.9	38.8	55.0	-80.7	334.8	41.8	12.3	8.6	1.5	1.3	12.5	15.6
Home First Finan	Buy	1210	1600	32	42.4	51.2	64.6	22.8	20.7	26.2	23.6	18.7	2.9	2.6	15.6	14.6
IndoStar	Buy	289	360	25	3.9	8.0	13.5	-26.6	107.3	68.3	36.0	21.4	0.9	0.9	2.9	4.1
L&T Finance	Buy	203	250	23	10.6	12.5	16.5	13.8	17.7	32.4	16.2	12.3	1.8	1.6	11.6	13.9
LIC Hsg Fin	Neutral	586	670	14	98.6	95.7	102.7	13.9	-3.0	7.3	6.1	5.7	0.8	0.7	13.7	13.3
Manappuram Fin.	Neutral	252	290	15	14.2	12.6	23.8	-45.2	-11.4	89.0	20.0	10.6	1.5	1.3	8.3	13.8
MAS Financial	Buy	308	400	30	16.9	20.1	25.9	11.6	19.0	29.0	15.3	11.9	1.9	1.7	13.5	15.2
M&M Fin.	Buy	257	310	21	19.0	19.1	24.8	33.2	0.6	29.7	13.4	10.4	1.4	1.3	11.9	13.3
Muthoot Fin	Neutral	2613	2790	7	129.5	177.9	211.0	28.4	37.3	18.6	14.7	12.4	3.1	2.5	22.7	22.3
Piramal Enterp.	Neutral	1252	1315	5	21.5	63.7	105.4	-306.2	195.9	65.5	19.7	11.9	1.0	0.9	5.2	8.1
PNB Housing	Buy	986	1300	32	74.5	88.6	102.1	28.3	18.9	15.3	11.1	9.7	1.3	1.2	12.8	13.2
Poonawalla Fincorp	Buy	424	520	23	-1.3	9.6	22.4	-109.5	LP	133.8	44.3	18.9	3.3	2.8	8.3	16.1
PFC	Buy	410	490	20	52.6	56.9	60.1	20.8	8.3	5.6	7.2	6.8	1.3	1.1	19.3	17.9
REC	Buy	395	460	16	59.7	68.4	72.9	12.2	14.5	6.6	5.8	5.4	1.1	1.0	21.4	19.6
Repco Home Fin	Neutral	408	475	16	70.2	67.5	73.9	11.3	-3.9	9.5	6.0	5.5	0.7	0.6	12.0	11.8
Spandana Sphoorty	Buy	270	330	22	-145.2	-116.7	23.3	-306.7	Loss	LP	NM	11.6	1.1	1.0	-37.5	8.8
Shriram Finance	Buy	631	780	24	44.0	49.9	59.9	14.9	13.3	20.2	12.7	10.5	1.8	1.6	15.6	16.4
<b>Aggregate</b>								<b>6.9</b>	<b>20.9</b>	<b>22.5</b>	<b>17.8</b>	<b>14.7</b>	<b>2.6</b>	<b>2.2</b>	<b>14.4</b>	<b>15.0</b>
<b>NBFC-Non Lending</b>																
360 ONE WAM	Buy	1053	1450	38	25.8	32.3	37.1	15.3	25.1	15.0	32.6	28.4	5.2	4.3	17.1	17.1
Aditya Birla AMC	Buy	859	1050	22	32.3	35.5	39.1	19.3	9.9	10.2	24.2	22.0	5.9	5.4	25.9	25.8
Anand Rathi Wealth	Neutral	2646	2100	-21	36.2	46.2	59.2	33.7	27.6	28.2	57.3	44.7	22.6	16.0	46.5	41.8
Angel One	Buy	2599	3200	23	129.8	98.4	156.8	-3.1	-24.2	59.2	26.4	16.6	3.5	3.0	15.0	21.3
BSE	Neutral	2427	2400	-1	32.4	46.7	53.9	67.2	43.9	15.4	52.0	45.1	16.8	13.0	32.2	29.0
Cams Services	Buy	3745	4900	31	94.8	98.6	116.4	32.4	4.0	18.1	37.9	32.1	14.0	11.9	39.8	40.0
CDSL	Neutral	1481	1400	-5	25.1	25.5	31.0	24.8	1.7	21.5	58.1	47.8	15.2	13.2	28.1	29.6
HDFC AMC	Buy	5648	6400	13	115.2	133.8	152.3	26.6	16.1	13.8	42.2	37.1	13.6	12.5	33.7	35.1
KFin Technologies	Neutral	1083	1200	11	19.5	21.4	26.8	33.9	9.9	25.0	50.5	40.4	12.9	11.2	26.7	29.7
MCX	Neutral	7695	8500	10	110.1	174.2	212.3	573.8	58.3	21.8	44.2	36.2	19.0	17.2	44.9	49.8
Nippon Life AMC	Buy	812	940	16	20.4	23.9	27.1	16.2	17.2	13.2	33.9	30.0	11.9	11.7	35.5	39.4
Nuvama Wealth	Buy	7229	9600	33	276.9	340.0	401.4	64.5	22.8	18.1	21.3	18.0	6.2	5.3	31.9	32.0
Prudent Corp.	Neutral	2908	2600	-11	47.3	54.3	68.1	41.1	14.9	25.4	54.1	43.1	70.0	54.6	29.3	28.5
UTI AMC	Buy	1329	1650	24	63.9	68.8	79.8	1.4	7.7	16.1	19.3	16.6	3.1	3.0	16.5	18.2
<b>Aggregate</b>								<b>31.3</b>	<b>16.4</b>	<b>19.5</b>	<b>44.7</b>	<b>38.4</b>	<b>11.2</b>	<b>9.9</b>	<b>25.1</b>	<b>25.8</b>
<b>Insurance</b>																
HDFC Life Insur.	Buy	756	910	20	8.4	9.8	11.4	14.9	17.1	16.7	77.0	66.0	2.5	2.2	16.3	16.5
ICICI Lombard	Buy	1929	2400	24	50.9	62.7	71.9	30.7	23.2	14.6	30.7	26.8	5.7	4.9	20.0	19.7
ICICI Pru Life	Buy	617	780	27	8.2	9.9	11.1	38.6	20.4	12.7	62.4	55.4	1.6	1.5	12.9	13.2
Life Insurance Corp.	Buy	895	1150	28	76.1	82.5	93.4	18.8	8.3	13.3	10.9	9.6	0.7	0.6	11.7	11.5
Max Financial	Neutral	1505	1750	16	9.4	11.4	13.9	24.7	21.0	21.7	132.0	108.4	2.2	1.8	19.6	19.6
Niva Bupa Health	Buy	88	101	15	1.2	0.6	1.8	142.7	-48.7	200.0	144.3	48.8	4.1	3.8	3.2	8.1
SBI Life Insurance	Buy	1839	2140	16	24.1	27.6	32.1	27.4	14.5	16.2	66.6	57.3	2.2	1.8	19.4	19.0
Star Health Insu	Buy	445	520	17	11.0	13.4	17.9	-23.9	21.6	33.9	33.3	24.8	3.3	2.9	10.6	12.6
<b>Chemicals</b>																
Alkyl Amines	Neutral	2347	2285	-3	36.3	44.7	50.8	24.8	23.1	13.4	52.4	46.2	7.7	6.8	15.4	15.6
Atul	Buy	6635	8975	35	169.3	233.9	256.4	53.9	38.2	9.6	28.4	25.9	3.2	2.9	11.7	11.6
Clean Science	Neutral	1221	1350	11	24.9	31.8	40.1	8.3	28.0	25.9	38.4	30.5	7.6	6.3	21.7	22.7
Deepak Nitrite	Sell	1843	1660	-10	51.1	61.9	66.4	-7.3	21.1	7.3	29.8	27.7	4.1	3.7	14.7	13.9
Fine Organic	Sell	5303	3640	-31	127.1	119.3	121.4	5.9	-6.1	1.7	44.4	43.7	6.4	5.6	15.3	13.7
Galaxy Surfact.	Buy	2657	3155	19	86.0	92.0	105.1	1.1	7.0	14.3	28.9	25.3	3.6	3.3	13.1	13.6
Navin Fluorine	Neutral	5043	5100	1	58.2	88.5	112.4	26.2	52.0	27.1	57.0	44.8	6.9	6.2	14.2	14.5



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
NOCIL	Neutral	186	210	13	6.4	6.4	8.5	-18.3	-0.8	32.7	29.0	21.9	1.7	1.6	6.0	7.5
PI Inds.	Buy	4254	4830	14	109.2	108.5	130.5	-1.3	-0.6	20.2	39.2	32.6	5.6	4.9	15.2	16.0
SRF	Buy	3038	3650	20	46.1	68.7	92.6	-3.0	49.2	34.7	44.2	32.8	6.4	5.5	15.3	18.0
Tata Chemicals	Neutral	982	970	-1	16.5	35.8	54.8	-54.4	117.4	53.0	27.4	17.9	1.1	1.1	4.2	6.2
Vinati Organics	Buy	1827	2505	37	40.0	53.6	62.6	28.4	33.9	16.8	34.1	29.2	5.8	5.0	18.3	18.4
<b>Aggregate</b>								<b>9.6</b>	<b>22.5</b>	<b>13.6</b>	<b>46.0</b>	<b>37.6</b>	<b>5.5</b>	<b>4.8</b>	<b>12.0</b>	<b>12.8</b>
<b>Capital Goods</b>																
ABB India	Buy	5511	6700	22	88.5	94.4	103.6	50.2	6.7	9.7	58.4	53.2	14.5	12.9	26.4	25.6
Bharat Electronics	Buy	383	490	28	7.2	8.2	9.8	31.5	13.6	19.6	46.6	39.0	11.2	8.9	24.0	22.9
Bharat Dynamics	Buy	1619	1900	17	15.0	28.2	37.8	-10.3	88.4	34.0	57.3	42.8	12.3	10.0	21.5	23.3
Cummins India	Buy	3556	4200	18	71.7	83.3	97.9	16.6	16.2	17.6	42.7	36.3	12.5	11.0	30.9	32.1
Hind.Aeronautics	Buy	4534	5750	27	125.0	141.2	161.2	38.4	13.0	14.2	32.1	28.1	7.3	6.1	22.6	21.8
Hitachi Energy	Sell	20095	16500	-18	77.5	177.4	238.4	100.5	129.1	34.3	113.2	84.3	17.1	14.1	15.9	17.6
Kalpataru Proj.	Buy	1146	1450	27	39.3	55.4	74.1	20.3	40.8	33.9	20.7	15.5	2.4	2.1	12.4	14.7
KEC International	Neutral	862	950	10	21.4	34.9	44.2	64.6	62.6	26.9	24.7	19.5	3.8	3.2	16.2	17.9
Kirloskar Oil	Buy	905	1150	27	28.8	33.6	40.9	15.1	16.7	21.8	26.9	22.1	3.9	3.4	15.3	16.4
Larsen & Toubro	Buy	3636	4200	16	106.8	130.5	155.1	13.0	22.2	18.9	27.9	23.4	4.5	4.0	17.3	18.2
Siemens	Neutral	3034	3450	14	56.8	52.1	66.1	3.0	-8.2	26.9	58.2	45.9	6.3	5.5	10.8	12.0
Siemens Energy	Buy	3238	3300	2	19.6	32.8	38.9		67.3	18.8	98.8	83.2	26.3	20.0	26.6	24.0
Thermax	Sell	3939	-		56.4	65.7	77.8	8.1	16.5	18.4	60.0	50.7	8.1	7.1	14.2	14.9
Triveni Turbine	Buy	599	700	17	11.3	12.8	16.0	33.2	13.8	25.0	46.7	37.3	12.6	10.1	29.9	30.1
Zen Technologies	Neutral	1463	1650	13	29.1	29.8	46.7	107.3	2.3	56.7	49.1	31.4	6.7	5.6	14.7	19.4
<b>Aggregate</b>								<b>24.9</b>	<b>19.6</b>	<b>19.2</b>	<b>46.9</b>	<b>39.2</b>	<b>8.4</b>	<b>7.2</b>	<b>17.9</b>	<b>18.5</b>
<b>Cement</b>																
Ambuja Cem.	Buy	593	730	23	8.0	10.7	14.9	-42.6	34.2	39.3	48.4	34.8	2.3	2.2	4.8	6.4
ACC	Neutral	1789	2040	14	71.2	91.3	116.2	-28.3	28.3	27.2	19.6	15.4	1.7	1.5	9.0	10.5
Birla Corp.	Buy	1354	1700	26	42.2	73.5	85.5	-21.8	74.0	16.3	18.4	15.8	1.4	1.3	7.8	8.4
Dalmia Bhar.	Buy	2234	2660	19	37.1	73.2	69.6	-9.0	97.4	-4.9	30.5	32.1	2.3	2.1	7.6	6.9
Grasim Inds.	Buy	2748	3280	19	74.1	85.4	106.6	-22.5	15.2	24.9	32.2	25.8	3.3	3.2	-4.6	-1.4
India Cem	Sell	370	280	-24	-24.0	-1.4	3.8	216.9	Loss	LP	NM	98.1	1.2	1.2	-0.5	1.2
J K Cements	Buy	6652	7300	10	103.5	160.4	199.8	0.8	55.0	24.6	41.5	33.3	7.2	6.0	18.7	19.7
JK Lakshmi Ce	Buy	969	1150	19	26.3	45.2	48.3	-33.2	72.0	6.9	21.4	20.1	2.9	2.6	14.4	13.6
Ramco Cem	Neutral	1180	1050	-11	3.9	22.3	30.8	-76.6	469.4	38.2	52.9	38.3	3.5	3.3	6.8	8.8
Shree Cem	Neutral	30818	32400	5	337.9	407.5	552.4	-50.6	20.6	35.6	75.6	55.8	5.0	4.7	6.8	8.7
Ultratech	Buy	12238	14600	19	207.6	305.6	382.8	-15.1	47.2	25.3	40.0	32.0	4.7	4.3	12.2	14.0
<b>Aggregate</b>								<b>-27.2</b>	<b>44.4</b>	<b>25.9</b>	<b>57.9</b>	<b>40.1</b>	<b>3.7</b>	<b>3.4</b>	<b>6.4</b>	<b>8.6</b>
<b>Consumer</b>																
Asian Paints	Neutral	2396	2500	4	42.5	45.4	54.1	-26.7	6.8	19.2	52.8	44.3	11.6	11.0	22.2	25.6
Britannia	Neutral	5775	5900	2	91.9	102.8	117.8	3.6	11.9	14.6	56.2	49.0	28.0	23.6	53.1	52.3
Colgate	Neutral	2244	2550	14	51.4	51.8	56.7	4.4	0.8	9.4	43.3	39.6	38.7	39.6	86.9	98.9
Dabur	Buy	529	600	13	10.2	11.0	12.3	-4.0	8.3	12.0	48.3	43.1	8.1	7.8	17.3	18.5
Emami	Buy	601	700	17	20.3	21.2	22.8	12.4	4.5	7.5	28.3	26.4	10.5	9.4	32.3	30.9
Godrej Cons.	Buy	1258	1450	15	18.5	23.0	26.9	-4.3	24.1	17.0	54.7	46.8	10.1	9.7	19.0	21.2
HUL	Buy	2522	3000	19	44.3	45.9	51.5	1.4	3.5	12.2	55.0	49.0	11.8	11.4	21.6	23.7
ITC	Buy	412	515	25	16.0	17.0	18.4	-2.5	6.7	7.9	24.2	22.4	7.1	6.8	29.9	31.1
Indigo Paints	Buy	1199	1350	13	29.8	34.0	39.5	-3.8	13.9	16.2	35.3	30.4	4.9	4.2	14.8	15.0
Jyothy Lab	Neutral	333	375	13	10.2	10.9	12.1	4.0	7.3	10.9	30.4	27.4	5.8	5.2	19.3	20.0
L T Foods	Buy	487	600	23	17.4	23.3	28.4	2.0	33.6	22.1	20.9	17.1	3.8	3.2	19.4	20.2
Marico	Buy	709	825	16	12.4	14.4	15.7	7.9	16.0	9.0	49.4	45.3	21.7	20.4	45.2	46.4
Nestle	Neutral	2249	2400	7	32.0	33.7	38.8	-22.1	5.5	14.9	66.7	58.0	48.0	42.5	76.3	77.8
Page Inds	Buy	48831	57500	18	652.9	749.1	877.2	27.9	14.7	17.1	65.2	55.7	31.9	26.5	48.9	47.5
Pidilite Ind.	Neutral	2870	3000	5	41.3	46.9	53.8	16.7	13.5	14.7	61.2	53.4	13.3	11.8	23.0	23.5
P&G Hygiene	Neutral	13732	15000	9	195.9	269.5	297.0	-11.1	37.6	10.2	51.0	46.2	48.9	40.3	106.2	95.7
Radico Khaitan	Buy	2732	-		25.8	36.6	47.2	34.9	41.9	28.9	74.6	57.9	11.9	10.2	15.9	17.6
Tata Consumer	Buy	1073	1270	18	14.0	16.8	19.8	-2.4	20.2	17.4	63.7	54.3	4.7	4.5	8.1	9.1



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
United Brew	Neutral	1946	2000	3	17.7	23.8	33.4	13.6	34.6	40.4	81.9	58.3	11.0	10.0	13.9	17.9
United Spirits	Neutral	1340	1500	12	19.8	21.7	24.4	25.8	9.6	12.4	61.8	55.0	10.3	8.7	16.6	15.7
Varun Beverages	Buy	523	620	19	7.7	9.5	11.4	26.2	23.9	20.1	55.0	45.8	9.3	8.0	18.1	18.8
<b>Aggregate</b>								<b>-1.8</b>	<b>9.8</b>	<b>12.3</b>	<b>48.3</b>	<b>43.9</b>	<b>11.3</b>	<b>10.6</b>	<b>23.4</b>	<b>24.2</b>
<b>Consumer Durables</b>																
Havells India	Neutral	1501	1680	12	23.5	25.6	31.9	15.7	9.1	24.8	58.6	47.0	10.0	8.8	17.1	18.8
KEI Industries	Neutral	3842	4200	9	72.9	90.1	106.3	13.2	23.6	18.0	42.6	36.1	5.6	4.9	13.9	14.4
Polycab India	Buy	6820	8130	19	134.3	169.6	193.6	13.1	26.3	14.1	40.2	35.2	8.7	7.3	21.5	20.8
R R Kabel	Neutral	1439	-		27.6	34.9	41.3	4.5	26.8	18.3	41.2	34.8	6.7	5.8	17.2	17.8
Voltas	Neutral	1330	1350	2	25.4	25.8	33.5	251.5	1.6	29.6	51.5	39.7	6.1	5.5	11.9	13.8
<b>Aggregate</b>								<b>27.9</b>	<b>17.4</b>	<b>19.8</b>	<b>55.7</b>	<b>47.4</b>	<b>9.1</b>	<b>7.9</b>	<b>16.4</b>	<b>16.8</b>
<b>EMS</b>																
Amber Enterp.	Buy	7959	9000	13	72.0	116.2	181.4	82.6	61.4	56.1	68.5	43.9	10.0	8.2	15.8	20.6
Avalon Tech	Buy	845	1030	22	9.6	14.9	22.9	125.2	55.1	54.1	56.9	36.9	7.9	6.5	14.9	19.3
Cyient DLM	Buy	450	600	33	9.3	13.2	20.3	20.8	41.9	53.2	34.1	22.2	3.4	2.9	10.5	14.2
Data Pattern	Neutral	2642	2700	2	39.6	49.7	64.5	22.1	25.5	29.7	53.1	41.0	8.3	6.9	16.9	18.4
Dixon Tech.	Buy	16839	22100	31	117.2	169.3	265.1	90.5	44.5	56.6	99.4	63.5	25.5	18.3	29.2	33.6
Kaynes Tech	Buy	6175	7300	18	45.8	81.5	132.9	59.6	78.0	63.1	75.8	46.4	7.9	6.7	13.9	16.4
Syrma SGS Tech.	Buy	756	820	8	9.7	15.7	23.3	57.6	63.0	47.9	48.1	32.5	6.7	5.6	14.9	18.9
<b>Aggregate</b>								<b>66.8</b>	<b>53.1</b>	<b>52.7</b>	<b>113.5</b>	<b>74.1</b>	<b>15.5</b>	<b>12.9</b>	<b>13.7</b>	<b>17.4</b>
<b>Healthcare</b>																
Alembic Phar	Neutral	978	970	-1	29.1	35.5	44.0	-7.4	21.7	24.2	27.6	22.2	3.3	2.9	12.6	13.9
Alkem Lab	Neutral	5032	4930	-2	181.1	188.3	189.4	13.4	4.0	0.6	26.7	26.6	4.4	4.0	17.7	15.9
Ajanta Pharma	Buy	2751	3200	16	74.1	83.6	97.2	18.9	12.9	16.2	32.9	28.3	7.6	6.3	25.0	24.4
Apollo Hospitals	Buy	7495	8720	16	100.6	120.5	153.8	61.1	19.8	27.7	62.2	48.7	10.6	8.7	19.2	20.2
Aurobindo	Buy	1141	1365	20	61.0	69.1	83.3	7.9	13.2	20.6	16.5	13.7	1.8	1.6	11.6	12.5
Biocon	Buy	391	430	10	2.0	4.4	9.3	13.2	116.6	109.5	88.4	42.2	2.1	2.0	2.4	4.9
Blue Jet Health	Buy	806	1100	36	17.6	25.3	32.2	78.5	43.6	27.2	31.9	25.1	9.1	6.8	32.8	31.0
Cipla	Neutral	1554	1580	2	62.8	61.8	65.8	19.6	-1.6	6.6	25.2	23.6	3.5	3.1	13.9	13.1
Divis Lab	Neutral	6601	7045	7	81.2	101.1	124.3	35.3	24.6	22.9	65.3	53.1	10.4	9.2	16.9	18.4
Dr Reddy's	Neutral	1271	1190	-6	67.3	66.9	63.1	6.1	-0.6	-5.7	19.0	20.1	2.7	2.4	15.3	12.7
Dr Agarwal's Hea	Buy	458	510	11	2.6	3.8	5.1	0.0	44.2	34.0	119.9	89.5	7.2	6.7	6.2	7.8
ERIS Lifescience	Neutral	1802	1520	-16	25.6	38.1	54.5	-12.4	48.8	43.0	47.3	33.1	7.5	6.2	17.0	20.6
Gland Pharma	Buy	2066	2215	7	42.4	50.9	66.5	-10.9	20.2	30.5	40.5	31.1	3.4	3.1	8.8	10.4
Glenmark	Buy	2133	2430	14	47.7	57.9	72.6	1,821.0	21.3	25.5	36.8	29.4	5.8	4.9	17.0	18.1
GSK Pharma	Neutral	3158	3150	0	54.7	61.8	69.8	26.4	12.9	12.9	51.1	45.3	21.1	16.5	41.4	36.4
Global Health	Buy	1311	1380	5	19.8	22.4	31.2	11.1	13.3	39.0	58.5	42.1	9.1	7.7	16.6	19.8
Granules India	Buy	475	570	20	19.7	23.8	31.0	13.6	20.7	30.3	20.0	15.3	2.7	2.3	14.5	16.3
IPCA Labs	Buy	1473	1710	16	36.0	44.1	54.2	44.8	22.7	22.9	33.4	27.2	4.7	4.1	15.1	16.2
Laxmi Dental	Buy	423	540	28	4.8	9.0	12.5	4.9	88.9	38.6	47.0	33.9	9.0	7.1	21.2	23.4
Laurus Labs	Buy	874	970	11	5.8	12.2	15.4	92.4	109.8	26.6	71.8	56.7	9.1	8.0	13.4	15.1
Lupin	Neutral	1929	2140	11	71.6	89.2	95.0	72.4	24.6	6.4	21.6	20.3	4.1	3.4	20.9	18.2
Mankind Pharma	Buy	2568	-		49.2	47.6	64.8	2.9	-3.2	36.3	54.0	39.6	6.7	5.9	13.0	15.9
Max Healthcare	Buy	1244	1380	11	15.1	21.0	25.0	10.0	38.7	19.4	59.3	49.7	9.7	8.3	17.7	18.0
Piramal Pharma	Buy	197	240	22	0.7	1.1	2.5	62.5	59.6	127.2	179.6	79.0	2.8	2.7	1.8	3.9
Sun Pharma	Buy	1706	1960	15	47.1	51.2	61.1	13.4	8.6	19.3	33.3	27.9	5.0	4.4	15.9	16.7
Torrent Pharma	Neutral	3742	3580	-4	57.8	70.1	86.8	22.7	21.2	24.0	53.4	43.1	7.0	5.8	28.4	29.3
Zydus Lifesciences	Neutral	970	990	2	46.0	43.6	41.3	22.3	-5.3	-5.4	22.2	23.5	3.5	3.1	16.9	14.0
<b>Aggregate</b>								<b>21.1</b>	<b>12.5</b>	<b>15.3</b>	<b>39.6</b>	<b>35.2</b>	<b>5.7</b>	<b>5.0</b>	<b>14.5</b>	<b>14.3</b>
<b>Infrastructure</b>																
G R Infraproject	Buy	1218	1520	25	74.7	78.0	107.3	2.4	4.5	37.5	15.6	11.4	1.4	1.2	9.1	11.3
IRB Infra	Neutral	45	50	11	1.1	2.0	2.8	11.7	77.9	38.3	22.6	16.4	1.3	1.2	5.9	7.7
KNR Constructions	Neutral	214	220	3	14.0	10.8	14.2	-8.1	-22.7	30.9	19.7	15.1	1.4	1.3	7.4	9.0
<b>Aggregate</b>											<b>25.6</b>	<b>20.3</b>	<b>1.4</b>	<b>1.4</b>	<b>5.7</b>	<b>6.7</b>
<b>Logistics</b>																



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Adani Ports	Buy	1373	1700	24	50.2	62.0	73.0	21.6	23.6	17.7	22.1	18.9	4.0	3.4	19.7	19.5
Blue Dart Express	Buy	5993	7900	32	103.1	163.6	208.9	-15.2	58.7	27.7	36.6	28.7	7.3	6.0	21.7	22.8
Concor	Buy	579	760	31	17.0	19.7	23.7	4.9	15.7	20.1	29.4	24.5	3.3	3.1	11.7	13.1
Delhivery	Buy	425	480	13	2.2	3.8	5.5	-173.1	69.7	43.1	111.6	78.0	3.3	3.1	3.0	4.1
JSW Infra	Buy	305	380	25	7.0	7.9	9.4	20.5	13.2	19.3	38.6	32.3	5.8	5.0	16.1	16.5
Mahindra Logistics	Neutral	336	400	19	-5.0	5.6	23.1	-38.8	LP	310.9	59.7	14.5	5.2	4.0	8.7	30.1
Transport Corp.	Buy	1171	1420	21	53.5	61.5	66.9	16.8	14.9	8.8	19.1	17.5	3.5	3.0	19.8	18.2
TCI Express	Neutral	703	750	7	22.4	28.2	34.2	-34.8	26.0	21.3	24.9	20.5	3.2	2.9	13.5	14.7
VRL Logistics	Buy	622	700	13	20.9	26.5	29.2	106.5	26.9	10.0	23.4	21.3	4.6	4.2	20.5	20.6
<b>Aggregate</b>											<b>32.4</b>	<b>25.8</b>	<b>4.7</b>	<b>4.1</b>	<b>14.6</b>	<b>15.9</b>
<b>Media</b>																
PVR Inox	Neutral	999	1080	8	-15.4	12.9	24.0	-232.4	LP	85.4	77.3	41.7	1.4	1.3	1.8	3.2
Sun TV	Neutral	563	625	11	43.4	45.2	47.6	-8.8	4.0	5.5	12.5	11.8	1.8	1.6	14.2	13.7
Zee Ent.	Neutral	118	135	14	8.2	8.6	10.2	80.8	5.5	18.1	13.7	11.6	0.9	0.9	7.0	7.8
<b>Aggregate</b>								<b>-3.3</b>	<b>16.6</b>	<b>13.0</b>	<b>18.4</b>	<b>15.8</b>	<b>1.4</b>	<b>1.4</b>	<b>7.8</b>	<b>8.6</b>
<b>Metals</b>																
Coal India	Buy	376	480	28	57.4	57.7	67.3	-5.5	0.6	16.6	6.8	5.8	2.1	1.8	35.4	35.4
Hindalco	Buy	683	800	17	74.8	69.6	73.7	63.9	-6.9	5.9	9.8	9.3	1.4	1.2	14.9	13.8
Hind. Zinc	Neutral	425	465	10	24.7	28.8	31.0	34.5	16.5	7.8	14.8	13.7	8.8	6.3	72.1	53.6
JSPL	Buy	965	1090	13	41.4	54.4	93.1	-29.1	31.3	71.2	17.7	10.4	1.9	1.6	11.1	16.7
JSW Steel	Buy	1048	1200	15	15.6	49.0	75.0	-57.7	214.6	53.3	21.4	14.0	2.8	2.4	14.0	18.4
Jindal Stainless	Buy	694	810	17	30.5	36.2	44.5	-3.9	18.7	22.8	19.2	15.6	3.0	2.5	15.4	16.1
Nalco	Neutral	185	190	3	28.7	17.9	20.4	215.8	-37.7	14.1	10.4	9.1	1.7	1.4	17.2	17.0
NMDC	Buy	71	83	17	7.4	8.3	9.3	13.3	11.6	12.0	8.5	7.6	1.8	1.6	22.7	21.9
SAIL	Neutral	124	130	5	3.2	6.2	13.5	24.3	92	117.7	19.9	9.2	0.8	0.8	4.3	8.8
Tata Steel	Neutral	158	165	5	3.4	8.7	13.0	41.5	158	49.7	18.2	12.1	2.2	2.1	12.5	17.8
Vedanta	Neutral	425	480	13	34.8	40.4	47.3	162.2	16	17.2	10.6	9.0	3.4	2.8	35.2	34.5
<b>Aggregate</b>								<b>16.4</b>	<b>18.9</b>	<b>24.8</b>	<b>14.4</b>	<b>12.1</b>	<b>2.4</b>	<b>2.2</b>	<b>16.8</b>	<b>17.8</b>
<b>Oil &amp; Gas</b>																
Aegis Logistics	Neutral	719	807	12	18.9	20.9	23.0	16.5	10.7	10.1	34.4	31.2	4.9	4.5	15.1	15.1
BPCL	Neutral	329	300	-9	31.8	36.5	27.5	-49.7	14.6	-24.6	9.0	12.0	1.5	1.4	17.9	12.1
Castrol India	Buy	218	258	18	9.4	9.6	9.9	7.3	2.0	3.8	22.8	22.0	8.7	8.1	39.8	38.3
GAIL	Buy	178	210	18	14.4	13.1	14.9	4.8	-9.1	14.0	13.6	11.9	1.5	1.3	11.7	12.3
Gujarat Gas	Buy	441	555	26	16.6	18.3	21.3	4.0	10.2	16.2	24.1	20.7	3.3	3.0	14.2	15.0
Gujarat St. Pet.	Neutral	316	356	13	14.3	12.6	13.6	-37.1	-12.0	7.8	25.0	23.2	1.6	1.5	6.4	6.6
HPCL	Buy	419	505	21	31.6	57.0	44.1	-57.9	80.0	-22.6	7.3	9.5	1.5	1.4	22.0	15.2
IOC	Buy	146	167	15	7.8	13.6	11.1	-73.6	75.8	-18.4	10.7	13.1	1.0	1.0	9.7	7.5
IGL	Buy	205	250	22	10.5	11.5	12.8	-16.0	9.7	11.3	17.7	15.9	2.8	2.5	16.4	16.8
Mahanagar Gas	Buy	1359	1700	25	105.8	108.9	111.9	-18.9	3.0	2.8	12.5	12.1	2.1	1.9	17.3	16.1
MRPL	Sell	126	100	-21	0.3	6.5	11.0	-98.6	2,150.7	70.0	19.4	11.4	1.6	1.4	8.5	13.2
Oil India	Buy	440	521	18	37.6	34.3	36.6	-22.7	-8.8	6.7	12.8	12.0	1.5	1.3	11.8	11.6
ONGC	Buy	241	275	14	30.6	31.4	33.5	-31.9	2.8	6.6	7.7	7.2	0.8	0.8	11.1	11.0
PLNG	Buy	288	410	42	26.2	26.1	30.9	11.0	-0.4	18.7	11.1	9.3	2.0	1.8	19.0	20.0
Reliance Ind.	Buy	1390	1700	22	51.5	57.7	63.5	0.0	12.1	10.0	24.1	21.9	2.1	1.9	8.9	9.0
<b>Aggregate</b>								<b>-31.7</b>	<b>15.2</b>	<b>2.2</b>	<b>18.5</b>	<b>16.1</b>	<b>1.8</b>	<b>1.6</b>	<b>9.7</b>	<b>10.3</b>
<b>Real Estate</b>																
Anant Raj	Buy	565	807	43	12.4	14.7	13.0	59.4	18.2	-11.5	38.5	43.5	4.2	3.8	10.8	8.8
Brigade Enterpr.	Buy	1008	1580	57	33.6	44.9	64.2	51.9	34.0	42.7	22.4	15.7	3.2	2.6	15.1	18.3
DLF	Buy	784	1005	28	17.6	19.1	15.6	60.3	8.2	-18.5	41.1	50.4	3.0	2.8	10.6	8.0
Godrej Propert.	Buy	2103	2843	35	50.0	89.2	86.7	86.0	78.4	-2.8	23.6	24.3	3.0	2.6	13.4	11.5
Kolte Patil Dev.	Buy	415	489	18	14.0	41.6	38.6	-253.7	196.7	-7.2	10.0	10.8	2.3	1.9	30.2	19.1
Oberoi Realty	Neutral	1628	1878	15	61.2	79.9	101.4	15.5	30.5	26.9	20.4	16.0	3.2	2.7	17.1	18.4
Lodha Developers	Buy	1232	1870	52	28.7	37.9	40.2	70.4	32.1	6.2	32.5	30.6	5.1	4.4	16.7	15.4
Mahindra Lifespace	Neutral	372	382	3	4.0	2.7	12.8	-37.7	-32.4	380.6	139.4	29.0	2.3	2.2	2.1	7.8
SignatureGlobal	Buy	1145	1760	54	7.2	55.7	125.3	511.9	674.8	124.7	20.5	9.1	10.7	4.9	70.0	73.6



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sunteck Realty	Buy	393	540	37	10.3	12.2	26.1	111.9	18.4	114.8	32.4	15.1	1.7	1.5	5.3	10.6
Sobha	Buy	1599	1935	21	8.9	33.7	50.6	71.0	281.0	49.9	47.4	31.6	3.5	3.2	7.6	10.5
Prestige Estates	Buy	1627	2000	23	13.6	22.6	25.9	-28.2	65.7	14.7	72.1	62.9	3.8	3.6	5.3	5.8
Phoenix Mills	Neutral	1484	1646	11	27.5	49.7	62.1	-10.6	80.6	24.8	29.8	23.9	4.4	3.7	15.8	16.8
<b>Aggregate</b>								<b>42.8</b>	<b>41.0</b>	<b>12.9</b>	<b>47.6</b>	<b>33.8</b>	<b>4.6</b>	<b>4.1</b>	<b>9.7</b>	<b>12.0</b>
<b>Retail</b>																
Aditya Birla Fashion	Neutral	73	85	17	-6.1	-4.5	-3.4	-18.5	Loss	Loss	NM	NM	1.2	1.3	-8.4	-6.8
Aditya Birla Lifestyle	Neutral	144	170	18	1.3	2.1	3.0	-7.5	62.3	41.6	68.4	48.3	11.4	9.2	18.2	21.2
Avenue Supermarts	Buy	4267	4950	16	41.6	46.4	55.6	6.7	11.6	19.8	91.9	76.7	11.4	9.9	13.2	13.8
Barbeque-Nation	Neutral	285	325	14	-6.9	-7.1	-5.2	142.4	Loss	Loss	NM	NM	3.3	3.6	-8.3	-7.3
Bata India	Neutral	1193	1150	-4	19.4	23.7	27.6	-14.7	21.8	16.5	50.4	43.2	8.9	8.0	18.4	19.5
Campus Activewe.	Buy	268	325	21	4.0	5.1	6.7	35.5	29.2	31.5	52.4	39.8	9.0	7.3	17.1	18.4
Devyani Intl.	Buy	163	210	29	0.2	0.5	1.3	-75.7	158.4	170.0	338.1	125.2	29.4	37.5	6.6	26.3
Go Fashion (I)	Buy	824	1077	31	17.3	19.1	23.9	13.0	10.5	25.3	43.1	34.4	8.3	7.4	13.2	14.7
Jubilant Food.	Neutral	656	750	14	3.6	6.1	9.2	-9.6	71.5	50.3	107.1	71.3	20.4	19.5	19.0	27.3
Kalyan Jewellers	Buy	595	660	11	7.8	10.7	13.0	34.9	37.4	20.8	55.4	45.8	11.0	9.5	21.3	22.3
Metro Brands	Buy	1242	1375	11	13.9	16.2	19.7	9.4	16.1	21.4	76.7	63.2	16.6	14.1	23.8	24.7
P N Gadgil Jewellers	Buy	584	825	41	17.4	21.4	27.5	32.5	22.7	28.6	27.4	21.3	4.3	3.6	17.1	18.4
Raymond Lifestyle	Buy	1149	1500	31	16.5	48.8	68.7	-79.4	195.7	40.8	23.6	16.7	0.7	0.7	6.6	8.7
Restaurant Brand	Buy	81	135	66	-4.0	-1.9	-0.4	-6.7	Loss	Loss	NM	NM	6.2	6.4	-13.4	-2.7
Relaxo Footwear	Sell	454	410	-10	6.8	8.2	9.5	-15.0	20.4	15.0	55.1	48.0	5.0	4.7	9.4	10.1
Sapphire Foods	Buy	317	400	26	1.0	1.2	2.8	-38.9	20.6	136.4	263.8	111.6	7.1	6.7	2.7	6.2
Senco Gold	Neutral	313	400	28	12.4	14.2	16.7	6.2	14.6	18.0	22.1	18.7	2.4	2.1	11.2	11.9
Shoppers Stop	Neutral	520	510	-2	0.6	1.1	1.9	-88.9	85.1	66.9	458.7	274.8	12.3	11.6	3.6	5.7
Titan Company	Buy	3346	4250	27	42.3	53.9	63.3	7.6	27.5	17.4	62.1	52.9	19.9	15.7	36.1	33.2
Trent	Buy	5019	6650	32	43.2	53.2	65.0	47.7	23.3	22.1	94.3	77.2	23.3	18.0	30.0	28.2
Vedant Fashions	Neutral	749	800	7	16.0	17.5	19.1	-6.2	9.4	9.1	43.2	39.4	9.4	8.3	21.0	20.5
Vishal Mega Mart	Buy	140	165	18	1.4	1.7	2.1	34.2	23.8	25.6	82.0	65.3	8.9	7.9	11.5	12.8
V-Mart Retail	Buy	791	1035	31	2.6	13.4	22.5	-121.3	415.7	67.9	59.1	35.2	6.9	5.7	12.3	17.7
Westlife Foodworld	Neutral	729	750	3	0.8	1.9	4.6	-82.4	136.9	149.6	392.7	157.3	17.4	15.7	4.6	10.5
<b>Aggregate</b>								<b>15.4</b>	<b>31.1</b>	<b>25.7</b>	<b>101.9</b>	<b>79.1</b>	<b>12.7</b>	<b>11.5</b>	<b>12.5</b>	<b>14.5</b>
<b>Technology</b>																
Cyient	Sell	1207	1120	-7	55.4	63.6	76.1	-17.2	14.9	19.6	19.0	15.9	2.4	2.2	12.0	13.6
HCL Tech.	Buy	1467	2000	36	63.9	67.0	75.9	10.3	4.9	13.2	21.9	19.3	5.8	5.9	26.4	30.1
Hexaware Tech.	Buy	704	930	32	19.3	23.5	27.5	17.6	22.0	16.9	29.9	25.6	7.0	6.2	25.4	26.1
Infosys	Neutral	1509	1750	16	63.8	68.6	72.6	0.8	7.5	5.8	22.0	20.8	6.5	6.5	29.7	31.3
LTI Mindtree	Buy	5108	6000	17	155.3	174.4	200.1	0.3	12.3	14.7	29.3	25.5	5.9	5.2	21.3	21.6
L&T Technology	Neutral	4306	4300	0	119.0	129.8	155.8	-3.2	9.0	20.1	33.2	27.6	6.6	5.7	21.0	22.0
Mphasis	Neutral	2787	2900	4	89.3	99.8	111.8	9.2	11.8	12.1	27.9	24.9	5.1	4.7	19.0	19.7
Coforge	Buy	1747	2240	28	25.2	46.4	58.9	-8.7	84.3	26.9	37.6	29.6	8.1	7.2	17.1	20.7
Persistent Sys	Buy	5161	6800	32	90.2	114.5	140.1	20.2	26.9	22.3	45.1	36.8	10.8	9.2	26.1	27.2
TCS	Buy	3037	3850	27	134.2	142.7	152.6	6.3	6.3	6.9	21.3	19.9	11.1	10.7	53.4	54.9
Tech Mah	Buy	1464	2000	37	47.9	61.3	78.3	17.1	27.9	27.7	23.9	18.7	4.6	4.4	19.6	24.2
Wipro	Sell	248	230	-7	12.5	12.6	13.1	22.8	1.0	3.9	19.6	18.9	3.1	3.0	15.9	16.2
Zensar Tech	Neutral	806	750	-7	28.4	32.3	34.6	-2.5	13.8	7.2	25.0	23.3	4.1	3.8	17.4	17.2
<b>Aggregate</b>								<b>8.7</b>	<b>7.8</b>	<b>9.2</b>	<b>24.6</b>	<b>22.8</b>	<b>6.9</b>	<b>6.7</b>	<b>28.1</b>	<b>29.4</b>
<b>Telecom</b>																
Bharti Airtel	Buy	1913	2200	15	30.3	48.1	63.7	54.2	58.7	32.4	39.8	30.0	8.1	6.3	22.7	25.7
Bharti Hexacom	Neutral	1850	1950	5	25.6	38.3	55.5	58.7	49.4	44.8	48.3	33.4	12.6	10.1	28.8	33.7
Indus Towers	Neutral	363	390	8	18.4	26.5	30.1	-18.0	44.3	13.6	13.6	12.0	2.5	2.4	19.4	19.8
Vodafone Idea	Sell	7	7	-6	-3.8	-2.9	-2.9	-39.9	Loss	Loss	NM	NM	-0.3	-0.2	NM	NM
Tata Comm	Neutral	1725	1675	-3	28.7	46.9	63.7	-32.0	63.3	35.7	36.7	27.1	13.7	10.4	40.6	44
<b>Aggregate</b>								<b>Loss</b>	<b>LP</b>	<b>215.0</b>	<b>-521</b>	<b>234</b>	<b>17.6</b>	<b>12.7</b>	<b>-3.4</b>	<b>5.4</b>
<b>Utilities</b>																
Acme Solar	Buy	278	347	25	4.5	7.5	10.3	-563.2	65.5	37.2	37.2	27.1	3.4	3.0	9.5	11.8



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Indian Energy Exchange	Neutral	135	135	0	4.7	5.1	4.9	21.4	10.1	-4.1	26.4	27.5	9.4	8.3	38.4	32.0
Inox Wind	Buy	151	210	39	3.5	5.8	8.4	-	66.8	44.3	25.8	17.9	3.4	2.8	14.0	17.3
JSW Energy	Buy	515	620	20	10.7	12.6	16.9	1.6	18.4	33.9	41.0	30.6	3.1	2.8	7.8	9.6
NTPC	Neutral	334	380	14	20.3	25.8	28.0	6.2	26.7	8.8	13.0	11.9	1.7	1.5	13.6	13.6
Power Grid Corpn	Buy	291	370	27	16.7	18.8	19.9	-0.3	12.6	6.1	15.5	14.6	2.7	2.5	18.2	17.9
Suzlon Energy	Buy	62	82	33	1.1	1.7	2.3	105.5	55.0	40.2	36.9	26.3	10.0	7.3	31.5	32.0
Tata Power Co.	Buy	398	476	20	12.3	15.0	17.1	11.7	22.4	13.8	26.5	23.3	3.1	2.8	12.6	13
<b>Aggregate</b>								<b>8.1</b>	<b>22.4</b>	<b>11.4</b>	<b>22</b>	<b>18</b>	<b>2.7</b>	<b>2.5</b>	<b>12.5</b>	<b>14.0</b>
<b>Others</b>																
APL Apollo Tubes	Buy	1600	2000	25	27.3	41.9	56.6	3.4	53.5	35.0	38.2	28.3	8.5	6.7	24.7	26.6
Astral	Buy	1401	1800	29	19.5	23.8	30.4	-4.1	22.2	27.6	58.9	46.1	6.8	5.9	16.5	18.3
Cello World	Buy	595	720	21	15.3	16.5	21.9	-1.7	7.5	32.6	36.1	27.2	5.0	4.4	14.5	17.6
Coromandel Intl	Buy	2692	2930	9	61.3	76.2	97.4	9.8	24.4	27.8	35.3	27.6	6.1	5.2	18.7	20.3
Dreamfolks Services	Buy	138	280	103	11.9	15.2	19.0	-5.0	28.0	24.8	9.0	7.2	1.9	1.5	24.3	23.8
EPL	Buy	223	290	30	11.3	14.1	16.7	39.9	24.3	18.5	15.8	13.3	2.7	2.4	18.0	18.8
Eternal	Buy	308	330	7	0.6	1.2	3.9	44.2	101.5	228.6	259.8	79.1	8.8	7.9	3.4	10.5
Godrej Agrovet	Buy	847	980	16	22.4	29.7	36.7	19.5	32.6	23.8	28.6	23.1	8.9	7.0	27.1	34.1
Gravita India	Buy	1873	2300	23	42.3	57.7	73.4	22.2	36.2	27.3	32.5	25.5	5.6	4.6	18.7	19.7
Indiamart Inter.	Buy	2587	3050	18	91.7	84.2	95.1	66.1	-8.2	12.9	30.7	27.2	5.9	5.2	21.0	20.3
Indian Hotels	Buy	741	900	21	11.8	13.4	16.1	33.4	13.0	20.8	55.4	45.9	8.1	7.0	15.7	16.3
Info Edge	Neutral	1392	1350	-3	11.9	16.8	20.2	-7.4	40.9	20.3	82.9	68.9	3.2	3.1	3.9	4.5
Interglobe	Buy	5909	6900	17	188.1	269.7	262.0	-11.2	43.4	-2.9	21.9	22.6	11.8	7.9	73.2	42.2
Kajaria Ceramics	Buy	1174	1430	22	21.8	30.4	34.9	-21.9	39.3	14.7	38.6	33.7	6.2	5.6	16.6	17.2
Lemon Tree Hotel	Buy	150	185	23	2.5	3.7	4.5	32.4	46.4	22.1	40.7	33.3	8.1	6.5	22.0	21.6
MTAR Tech	Buy	1469	1900	29	17.2	32.7	53.7	-5.8	90.3	64.2	44.9	27.3	5.4	4.5	12.9	18.1
One 97	Neutral	1086	1025	-6	-10.4	6.1	14.8	-53.1	LP	141.8	177.6	73.5	4.6	4.6	2.6	6.4
Prince Pipes	Buy	337	500	48	3.9	9.6	15.8	-73.8	144.7	64.6	35.1	21.3	0.9	0.8	6.5	10.0
Qess Corp	Neutral	294	340	16	15.2	15.6	17.7	63.3	2.9	13.4	18.9	16.6	3.5	4.2	22.9	30.2
SBI Cards	Neutral	808	950	18	20.2	27.8	37.9	-20.5	37.8	36.3	29.1	21.3	4.8	3.9	17.7	20.2
SIS	Buy	386	450	16	22.0	31.6	38.4	69.7	43.5	21.5	12.2	10.1	0.9	0.8	17.4	17.7
Supreme Inds.	Buy	4307	5350	24	75.6	85.0	119.6	-10.2	12.4	40.7	50.7	36.0	8.7	7.4	18.0	22.2
Swiggy	Neutral	404	450	11	-13.6	-17.0	-11.2	27.4	Loss	Loss	NM	NM	13.0	17.3	-44.9	-41.1
Team Lease Serv.	Buy	1835	2200	20	64.9	96.9	114.6	0.1	49.4	18.3	18.9	16.0	2.9	2.5	15.3	15.5
Time Technoplast	Buy	467	578	24	17.1	21.4	26.3	25.0	25.2	22.7	21.8	17.8	3.2	2.8	15.7	16.8
Updater Services	Buy	289	370	28	17.7	21.0	24.8	56.2	18.4	17.9	13.8	11.7	1.8	1.5	13.6	13.9
UPL	Neutral	703	700	0	25.0	39.7	57.5	583.6	58.5	44.9	17.7	12.2	1.1	1.0	10.1	13.4
VA Tech Wabag	Buy	1584	1900	20	47.6	60.0	73.2	20.2	26.0	22.0	26.4	21.6	4.0	3.4	15.0	15.8



Index	1 Day (%)	1M (%)	12M (%)
<b>Sensex</b>	-0.4	-2.9	-0.7
<b>Nifty-50</b>	-0.3	-2.9	-0.7
<b>Nifty Next 50</b>	-0.5	-2.8	-10.3
<b>Nifty 100</b>	-0.4	-2.9	-2.5
<b>Nifty 200</b>	-0.5	-3.1	-2.5
Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>	<b>-0.4</b>	<b>-0.9</b>	<b>-11.4</b>
Amara Raja Ener.	-1.7	-0.1	-40.7
Apollo Tyres	-2.2	0.2	-19.1
Ashok Leyland	-0.7	-3.5	-5.8
Bajaj Auto	-0.4	-4.4	-17.1
Balkrishna Inds	-3.0	9.4	-19.5
Bharat Forge	-1.6	-10.6	-32.6
Bosch	0.8	23.6	15.5
CEAT	-2.5	-10.1	23.2
Craftsman Auto	-1.6	21.2	20.8
Eicher Motors	-0.2	-3.3	10.2
Endurance Tech.	-1.2	-7.9	-1.9
Escorts Kubota	-2.1	0.7	-19.5
Exide Inds.	-1.7	-0.9	-26.6
Happy Forgings	-0.1	-1.6	-24.9
Hero Motocorp	0.2	0.6	-22.4
Hyundai Motor	3.1	-3.1	
M & M	-0.2	0.6	10.2
CIE Automotive	-1.3	-9.2	-31.7
Maruti Suzuki	-0.1	1.7	-3.9
MRF	-1.5	3.9	3.9
Sona BLW Precis.	-2.5	-6.6	-33.8
Motherson Sumi	-1.8	-5.9	-25.9
Motherson Wiring	-1.8	-6.8	-24.7
Tata Motors	-0.4	-3.2	-42.4
TVS Motor Co.	0.3	-4.0	10.7
Tube Investments	-0.5	-8.6	-31.4
<b>Banks-Private</b>	<b>-0.1</b>	<b>-4.1</b>	<b>5.3</b>
AU Small Fin. Bank	-0.6	-9.3	14.8
Axis Bank	-0.5	-10.9	-8.4
Bandhan Bank	-0.1	-11.4	-22.9
DCB Bank	-5.2	-7.3	6.4
Equitas Sma. Fin	-1.5	-11.7	-26.6
Federal Bank	-1.1	-5.0	0.5
HDFC Bank	-0.4	0.8	24.9
ICICI Bank	-0.1	2.5	21.9
IDFC First Bank	-0.7	-5.6	-9.5
Indusind Bank	-0.4	-8.4	-44.0
Kotak Mah. Bank	1.0	-8.5	9.4
RBL Bank	1.9	7.4	13.4
SBI Cards	-0.9	-15.3	11.1
<b>Banks-PSU</b>	<b>-0.8</b>	<b>-4.9</b>	<b>-7.4</b>
BOB	-0.8	-4.4	-6.2
Canara Bank	-0.9	-6.1	-6.5
Indian Bank	1.2	-3.4	2.1
Punjab Natl.Bank	-2.5	-4.6	-15.0
St Bk of India	-0.6	-2.9	-8.7

Index	1 Day (%)	1M (%)	12M (%)
<b>Nifty 500</b>	<b>-0.5</b>	<b>-3.0</b>	<b>-2.6</b>
<b>Nifty Midcap 100</b>	<b>-0.9</b>	<b>-3.9</b>	<b>-2.7</b>
<b>Nifty Smallcap 100</b>	<b>-1.0</b>	<b>-5.8</b>	<b>-6.1</b>
<b>Nifty Midcap 150</b>	<b>-0.8</b>	<b>-2.9</b>	<b>-2.3</b>
<b>Nifty Smallcap 250</b>	<b>-0.9</b>	<b>-3.7</b>	<b>-4.5</b>
Union Bank (I)	0.2	-14.7	-2.8
<b>NBFCs</b>	<b>-0.2</b>	<b>-1.9</b>	<b>13.8</b>
Aditya Birla Capital Ltd	1.7	-5.2	-11.4
AAVAS Financiers	-2.1	-17.6	2.8
Bajaj Fin.	0.7	3.2	-6.0
Cholaman.Inv.&Fn	-4.3	-12.1	16.5
Can Fin Homes	-1.8	-17.9	-61.0
CreditAcc. Gram.	-5.1	1.1	8.1
Fusion Microfin.	-0.8	-19.6	10.8
Five-Star Bus.Fi	-0.4	-1.7	12.6
Home First Finan	-0.7	-5.3	-23.6
Indostar Capital	-1.4	-8.1	18.2
IIFL Finance	-0.1	-4.6	-12.7
L&T Finance	0.0	0.0	7.0
LIC Housing Fin.	-0.8	-0.4	42.1
MCX	-1.4	-7.6	-23.0
M & M Fin. Serv.	-0.1	-11.1	22.4
Muthoot Finance	-1.1	-1.8	-38.7
Manappuram Fin.	2.0	-9.4	14.4
MAS Financial Serv.	-0.5	-4.1	-26.4
PNB Housing	-0.9	-7.4	-26.7
Power Fin.Corp.	-0.6	2.0	-57.7
REC Ltd	-0.7	-11.9	-7.0
Repco Home Fin	-2.5	7.3	21.5
Shriram Finance	-1.0	22.5	40.0
Spandana Sphoort	-1.5	-11.0	20.1
Nippon Life Ind.	-2.1	-17.5	18.4
UTI AMC	-0.4	8.8	37.3
Nuvama Wealth	-2.4	-19.6	23.8
Prudent Corp.	-1.2	-14.0	79.3
<b>NBFC-Non Lending</b>			
360 One	3.2	-7.2	13.1
Aditya AMC	-3.9	-12.9	-17.6
Anand Rathi Wea.	-1.4	1.5	25.9
Angel One	-2.4	-11.4	1.9
BSE	-1.4	-7.4	-7.7
C D S L	-2.3	-12.0	14.2
Cams Services	-2.7	-23.1	-21.6
HDFC AMC	-1.2	-12.4	184.9
KFin Technolog.	-0.4	-5.9	29.5
MCX	-1.4	-7.6	-23.0
Nippon Life Ind.	-2.1	-17.5	18.4
Nuvama Wealth	-2.4	-19.6	23.8
Prudent Corp.	-1.2	-14.0	79.3
UTI AMC	-0.4	8.8	37.3
<b>Insurance</b>			
HDFC Life Insur.	-0.3	-7.2	5.6
ICICI Pru Life	-0.5	-6.4	-16.3



Company	1 Day (%)	1M (%)	12M (%)
ICICI Lombard	0.3	-5.5	-4.0
Life Insurance	-0.8	-8.0	-23.9
Max Financial	-0.5	-8.8	35.0
Niva Bupa Health	2.8	7.1	
SBI Life Insuran	0.1	0.1	5.0
Star Health Insu	-0.7	5.2	-26.6
<b>Chemicals</b>			
Alkyl Amines	3.9	-0.8	10.5
Atul	-1.6	-11.3	-16.8
Clean Science	-1.9	-16.6	-24.6
Deepak Nitrite	-2.6	-7.4	-40.5
Fine Organic	0.5	8.2	-4.2
Galaxy Surfact.	-1.1	1.9	-10.2
Navin Fluor.Intl.	-2.7	4.7	32.8
NOCIL	-0.1	-6.3	-43.8
P I Inds.	-1.7	3.6	-4.1
SRF	-1.5	-6.2	15.0
Tata Chemicals	-1.9	4.9	-12.2
Vinati Organics	-1.4	-7.4	-17.0
<b>Capital Goods</b>	<b>-0.7</b>	<b>-5.7</b>	<b>-9.8</b>
A B B	-0.8	-9.4	-30.2
Bharat Dynamics	-0.1	-16.7	10.9
Bharat Electron	-0.9	-9.1	21.2
Cummins India	-0.7	4.6	-7.7
Hind.Aeronautics	-0.2	-6.9	-7.9
Hitachi Energy	-3.5	0.4	73.1
K E C Intl.	-1.3	-6.2	-6.9
Kalpataru Proj.	2.1	-6.5	-16.3
Kirloskar Oil	-1.5	6.2	-26.7
Larsen & Toubro	-0.8	-0.9	-4.7
Siemens	-1.2	-6.7	-14.5
Siemens Ener	0.3	8.8	
Thermax	2.7	15.2	-22.3
Triveni Turbine	-1.7	-2.1	0.8
Zen Technologies	-4.1	-26.1	-14.1
<b>Cement</b>			
Ambuja Cem.	-4.1	2.6	-12.8
ACC	-1.3	-6.7	-31.0
Birla Corp.	-2.4	0.7	-11.6
Dalmia Bhar.	-0.2	1.3	20.8
Grasim Inds.	-0.4	-3.4	-1.1
India Cem	-0.6	7.0	1.3
J K Cements	0.7	8.3	50.8
JK Lakshmi Cem.	0.7	8.0	9.5
The Ramco Cement	-2.0	9.5	42.5
Shree Cement	0.7	-0.7	11.1
UltraTech Cem.	-0.2	1.3	3.0
<b>Consumer</b>	<b>1.4</b>	<b>1.7</b>	<b>-10.1</b>
Asian Paints	-0.8	2.3	-22.3
Britannia Inds.	0.4	-1.4	-0.2
Colgate-Palm.	0.4	-6.7	-34.2
Dabur India	1.3	9.0	-16.8
Emami	6.3	5.1	-26.5

Company	1 Day (%)	1M (%)	12M (%)
Godrej Consumer	3.5	6.8	-12.6
Hind. Unilever	3.4	9.9	-6.8
ITC	1.1	-1.1	-12.1
Indigo Paints	-0.2	3.3	-19.9
Jyothy Lab.	0.6	-4.0	-36.9
L T Foods	-2.9	0.0	66.1
Marico	1.0	-1.7	5.3
Nestle India	0.7	-8.8	-8.5
Page Industries	1.0	-1.2	15.1
Pidilite Inds.	-0.1	-6.0	-9.9
P & G Hygiene	-0.6	2.7	-18.8
Radico Khaitan	0.8	4.5	58.7
Tata Consumer	0.0	-2.3	-9.7
United Breweries	-0.3	-0.3	-3.4
United Spirits	1.9	-6.2	-5.2
Varun Beverages	0.1	14.2	-17.2
<b>Consumer Durables</b>	<b>-0.8</b>	<b>-0.5</b>	<b>-2.4</b>
Polycab India	-1.8	-3.3	-18.9
R R Kabel	-1.5	1.4	-11.2
Havells	-1.6	4.1	-0.5
Voltas	1.7	6.8	-19.8
KEI Industries	-0.6	1.0	-13.7
<b>EMS</b>			
Amber Enterp.	-1.0	17.6	83.7
Avalon Tech	2.7	0.3	62.1
Cyient DLM	0.1	-5.2	-44.2
Data Pattern	1.9	-9.0	-17.2
Dixon Technolog.	0.5	12.4	39.1
Kaynes Tech	9.5	1.3	39.0
Syrma SGS Tech.	-0.9	33.3	52.9
<b>Healthcare</b>	<b>-1.3</b>	<b>3.3</b>	<b>4.6</b>
Ajanta Pharma	-1.8	6.9	2.1
Alembic Pharma	-2.9	-5.9	-17.1
Alkem Lab	-1.3	1.9	-5.2
Apollo Hospitals	0.6	3.5	13.3
Aurobindo	-1.6	0.4	-20.5
Biocon	-1.5	10.0	8.0
Blue Jet Health	1.2	-8.2	70.3
Cipla	-0.3	3.2	0.7
Divis Lab	-0.8	-3.1	34.0
Dr Agarwals Health	0.4	12.9	
Dr Reddy's	-1.7	-1.0	-5.9
ERIS Lifescience	-1.0	6.8	58.8
Gland Pharma	0.2	12.6	-3.6
Glenmark	0.4	15.3	5.6
Global Health	-3.5	-4.1	-24.6
Granules	-1.1	-6.7	15.8
GSK Pharma	-0.9	21.7	45.3
IPCA Labs	-3.6	6.1	12.7
Laurus Labs	-0.8	20.6	88.5
Laxmi Dental	-2.1	-2.9	
Lupin	-2.8	-0.5	0.9
Mankind Pharma	-1.5	-2.4	35.1



Company	1 Day (%)	1M (%)	12M (%)
Max Healthcare	-0.3	10.7	26.6
Piramal Pharma	-2.2	-3.1	11.9
Sun Pharma	-1.6	1.8	-0.7
Torrent Pharma	0.3	9.8	18.0
Zydus Lifesci.	-2.5	-2.0	-22.2
<b>Infrastructure</b>	<b>-0.9</b>	<b>-3.6</b>	<b>-4.6</b>
G R Infraproject	-2.2	-7.6	-31.5
IRB Infra.Devl.	-2.1	-9.2	-32.1
KNR Construct.	1.0	-3.9	-47.2
<b>Logistics</b>			
Adani Ports	-1.5	-5.3	-12.5
Blue Dart Exp.	-2.8	-6.2	-26.7
Delhivery	3.9	11.1	5.3
Container Corpn.	-1.2	-4.9	-30.5
JSW Infrast	-0.4	-2.7	-10.1
Mahindra Logis.	-4.0	9.5	-28.4
Transport Corp.	-1.8	3.8	15.6
TCI Express	1.5	-7.6	-41.7
VRL Logistics	1.6	7.6	7.9
<b>Media</b>	<b>0.1</b>	<b>-7.3</b>	<b>-24.3</b>
PVR INOX	1.2	3.1	-33.4
Sun TV	-0.9	-5.9	-37.5
Zee Ent.	1.3	-19.2	-20.5
<b>Metals</b>	<b>-1.2</b>	<b>-2.6</b>	<b>-3.1</b>
Hindalco	-0.8	-1.4	2.0
Hind. Zinc	-1.9	-5.9	-34.4
JSPL	-1.8	2.5	-2.4
JSW Steel	1.0	2.7	12.9
Jindal Stainless	1.9	-1.6	-6.3
Nalco	-1.1	-4.0	-4.7
NMDC	-1.8	1.1	-12.1
SAIL	0.0	-5.9	-18.8
Tata Steel	-2.1	-1.1	-4.5
Vedanta	-2.1	-7.6	-5.6
<b>Oil &amp; Gas</b>	<b>-1.5</b>	<b>-3.8</b>	<b>-17.7</b>
Aegis Logistics	-4.6	7.8	27.3
BPCL	-1.7	3.0	28.2
Castrol India	-0.4	-7.2	-13.2
GAIL	-2.3	-0.8	-5.9
Gujarat Gas	-1.6	-6.9	-26.3
Gujarat St. Pet.	-1.0	-1.6	-16.8
HPCL	-1.8	-7.2	-35.1
IOCL	-2.5	-4.3	-7.1
IGL	-1.8	-4.5	6.7
Mahanagar Gas	-2.3	-0.9	-19.8
MRPL	0.9	-5.9	-25.2
Oil India	-2.9	-12.0	-42.8
ONGC	-3.8	-8.4	-27.4
PLNG	-1.1	1.3	-23.8
Reliance Ind.	-0.3	-1.3	-27.9
<b>Real Estate</b>	<b>-0.6</b>	<b>-7.5</b>	<b>-16.6</b>
Anant Raj	-2.6	-0.3	1.7
Brigade Enterpr.	2.1	-9.2	-19.9

Company	1 Day (%)	1M (%)	12M (%)
DLF	-0.6	-6.4	-11.8
Godrej Propert.	-1.2	-10.3	-34.7
Kolte Patil Dev.	-1.4	-10.6	7.3
Mahindra Life.	2.7	3.1	-33.0
Macrotech Devel.	-0.5	-11.0	-5.9
Oberoi Realty Ltd	-1.1	-14.5	-12.5
SignatureGlobal	1.4	-7.5	-23.1
Sobha	0.9	9.1	-11.1
Sunteck Realty	-1.8	-11.8	-34.6
Phoenix Mills	-1.2	-5.0	-17.5
Prestige Estates	0.1	-1.9	-10.4
<b>Retail</b>			
Aditya Bir. Fas.	-2.4	-2.8	-41.8
A B Lifestyle	-0.3	-8.6	
Avenue Super.	-0.3	-2.4	-13.5
Barbeque-Nation	-4.5	-10.5	-50.5
Bata India	-0.7	-2.4	-25.4
Campus Activewe.	-1.2	-4.3	-14.8
Devyani Intl.	-1.1	-2.8	-9.1
Go Fashion (I)	-1.8	-6.9	-28.8
Jubilant Food	-0.1	-6.6	9.5
Kalyan Jewellers	-2.0	7.0	2.6
Metro Brands	1.7	8.1	-8.0
P N Gadgil Jewe.	-0.5	0.6	
Raymond Lifestyl	2.1	-12.3	
Relaxo Footwear	-6.0	4.3	-47.8
Restaurant Brand	-1.7	-1.4	-24.6
Sapphire Foods	-1.4	-3.7	-4.2
Senco Gold	1.8	-8.9	-35.5
Shoppers St.	-1.5	3.6	-33.4
Titan Co.	-0.9	-9.3	-3.2
Trent	-0.5	-19.3	-14.1
Vedant Fashions	-5.0	-7.6	-34.9
V-Mart Retail	-1.8	-8.0	-7.7
Vishal Mega Mart	1.2	4.1	
Westlife Food	-3.1	-2.3	-12.2
<b>Technology</b>	<b>-0.5</b>	<b>-9.4</b>	<b>-13.6</b>
Cyient	-1.5	-6.4	-31.4
HCL Tech.	-0.6	-15.1	-10.6
Hexaware	-1.1	-17.2	
Infosys	-0.7	-5.8	-19.2
LTIMindtree	-0.7	-4.0	-9.8
L&T Technology	0.0	-2.1	-17.4
Mphasis	-0.6	-1.9	-3.5
Coforge	-0.1	-9.2	38.6
Persistent Sys	0.0	-14.6	6.8
TCS	-0.6	-12.3	-30.8
Tech Mah	0.0	-13.2	-5.8
Wipro	-0.8	-6.6	-4.9
Zensar Tech	-0.5	-4.3	1.6



<b>Telecom</b>	<b>-1.8</b>	<b>-7.8</b>	<b>-10.3</b>
Bharti Airtel	-0.9	-4.7	28.3
Indus Towers	-5.4	-13.8	-16.2
Idea Cellular	-1.3	-7.0	-57.5
Tata Comm	-1.9	2.0	-13.4
<b>Utilities</b>	<b>-0.6</b>	<b>-3.5</b>	<b>-20.7</b>
ACME Solar Hold.	-0.2	11.7	
Coal India	-0.9	-4.0	-27.9
Indian Energy Ex	-0.6	-29.9	-29.6
Inox Wind	-3.5	-12.8	-16.7
JSW Energy	-2.2	-1.4	-29.3
NTPC	-1.3	-0.2	-19.7
Power Grid Corpn	0.7	-3.0	-16.4
Suzlon Energy	0.6	-9.0	-11.2
Tata Power Co.	-0.9	-1.9	-12.3
<b>Others</b>			
APL Apollo Tubes	-1.3	-4.5	-21.8
Astral	-2.1	-7.0	-36.0
Cello World	2.2	-7.9	7.8
Coromandel Intl	-0.2	-3.8	3.4
Dreamfolks Servi	0.6	-5.3	-37.0
EPL Ltd	-1.1	-7.9	-6.8
Eternal Ltd	1.4	16.5	34.1
Godrej Agrovet	-0.9	-8.5	-1.2
Gravita India	1.0	8.4	-0.5
Havells	-1.6	4.1	-0.5
Indiamart Inter.	-1.3	-0.4	14.2
Indian Hotels	0.2	-0.3	-12.1
Info Edge	-0.6	-2.6	15.4
Interglobe	-0.2	-6.5	-0.9
Kajaria Ceramics	3.0	-1.1	32.2
Lemon Tree Hotel	-4.9	-19.2	191.2
MTAR Technologie	0.2	6.9	-0.5
One 97	2.0	17.9	120.4
Piramal Enterp.	-2.8	9.4	20.2
Prince Pipes	-1.5	-8.3	-50.0
Qess Corp	-1.1	-2.5	-15.8
SIS	0.6	4.3	-9.4
Supreme Inds.	0.6	-1.9	-19.6
Swiggy	0.7	0.8	
Time Technoplast	-1.0	5.3	38.6
Team Lease Serv.	-2.3	-9.7	-47.8
Updater Services	0.3	-1.2	-8.4
UPL	-2.5	6.4	28.3
Voltas	1.7	6.8	-19.8
Va Tech Wab.	-2.0	6.9	18.2

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Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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