

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	82,187	0.0	5.2
Nifty-50	25,061	-0.1	6.0
Nifty-M 100	59,103	-0.6	3.3
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	6,310	0.06	7.3
Nasdaq	20,893	-0.39	8.2
FTSE 100	9,024	0.1	10.4
DAX	24,042	-1.1	20.8
Hang Seng	9,076	0.4	24.5
Nikkei 225	39,775	-0.1	-0.3
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	70	-1.0	-5.8
Gold (\$/OZ)	3,431	1.0	30.7
Cu (US\$/MT)	9,851	0.6	13.9
Almn (US\$/MT)	2,660	0.4	5.3
Currency	Close	Chg .%	CYTD.%
USD/INR	86.4	0.1	0.9
USD/EUR	1.2	0.5	13.5
USD/JPY	146.6	-0.5	-6.7
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.3	0.01	-0.5
10 Yrs AAA Corp	7.2	0.01	-0.1
Flows (USD b)	22-Jul	MTD	CYTD
FII	-0.4	-1.19	-8.9
DII	0.61	4.18	45.1
Volumes (INRb)	22-Jul	MTD*	YTD*
Cash	1,082	1014	1075
F&O	1,16,804	1,96,641	2,09,192

Note: Flows, MTD includes provisional numbers.

*Average



Today's top research idea

Dixon Technology: Spreading wings

- ❖ Dixon's 1QFY26 revenue/EBITDA/PAT came in ahead of our estimates, with the mobile segment registering a strong growth of 125% YoY. Ismartu integration, improved volumes from existing clients and higher exports led to a YoY jump in mobile volumes.
- ❖ The company is following a two-pronged strategy for growth: 1) deepening relationships with existing clients via JVs for enhanced volumes for the long term, and 2) focusing on tie-ups and partnerships with players across components for backward integration.
- ❖ This strategy will provide revenue visibility and improve margin in the coming years. A display facility with HKC, a camera module with Qtech and precision components with Chongqing will help Dixon address a larger portion of BoM of smartphone. Along with this, a JV with Longcheer and Vivo will add incremental volumes on a sustainable basis. We raise our FY27 estimates by 10% to factor in higher mobile volumes and maintain BUY with a revised PT of INR22,100, based on DCF.



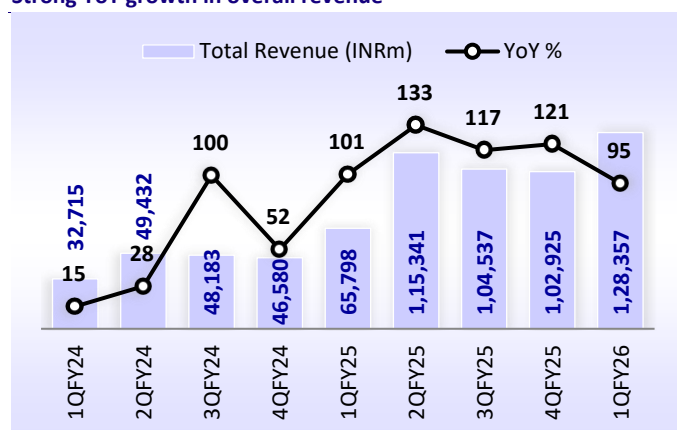
Research covered

Cos/Sector	Key Highlights
Dixon Technology	Spreading wings
HCL Technologies	Becoming future ready
One 97 Communications	Cost control drives maiden operational profits
Other Updates	<p>Oberoi Realty JSW Infrastructure Colgate Mahindra & Mahindra Financial PNB Housing CreditAccess Grameen Kajaria Ceramics Zensar CIE Automotive India Kirloskar Oil Engines Annual Report Update Zee Entertainment Cyient DLM Mahindra Logistics United Breweries Dalmia Bharat KEI Industries Mahanagar Gas</p>



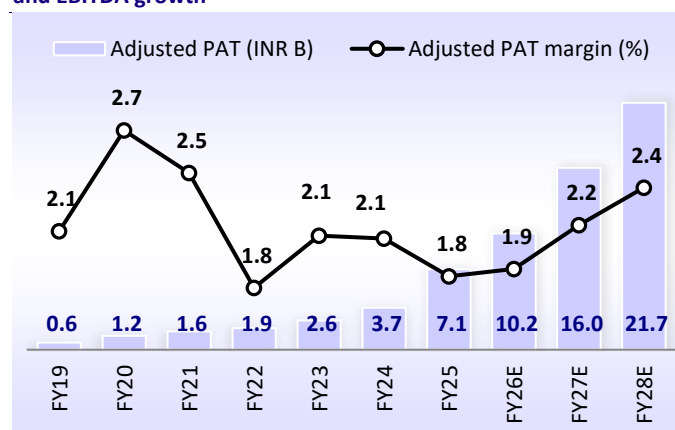
Chart of the Day: Dixon Technology (Spreading wings)

Strong YoY growth in overall revenue



Source: Company, MOFSL

We expect PAT CAGR of 45% over FY25-28 led by strong revenue and EBITDA growth



Source: Company, MOFSL

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

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



In the news today



Kindly click on textbox for the detailed news link

1

Hero Motorcorp launches HF Deluxe Pro

Hero MotoCorp has launched the feature-rich HF Deluxe Pro across India, priced at Rs 73,550. This model boasts segment-first LED headlamp, digital console, and refreshed design.

2

Dressed to chill: EQT, Bain Capital emerge as final bidders for 31% controlling stake in Whirlpool India

EQT and Bain Capital are now the frontrunners in acquiring a 31% controlling stake in Whirlpool of India, as TPG, KKR, Havells, and Reliance Industries have reportedly withdrawn from the race.

3

Birla Opus becomes third-largest player by revenue in six months of pan-India operations

Birla Opus, Aditya Birla Group's paints venture, has rapidly become the third-largest player in India's decorative paints sector within six months. Grasim Industries highlights this unprecedented achievement, fueled by rising incomes and real estate growth.

4

Blinkit, Zepto and other q-comm players throw light on dark stores

Quick-commerce platforms like Bigbasket, Blinkit, and Swiggy Instamart are intensifying hygiene and storage checks in their dark stores due to rising regulatory scrutiny and concerns raised by food companies.

5

Hotels revamp services and offerings in a bid to resonate better with guests

Hotels are evolving to meet modern traveler expectations by offering curated, personalized experiences. Properties are introducing innovative concepts like cocktail bar check-ins, smart laundry closets, and AI-enabled gyms. Chains are also partnering with literary companies, offering spiritual concierge services, and extending spa timings to cater to diverse guest preferences and enhance their overall stay.

6

IBJA asks Bureau of Indian Standards to implement mandatory self-hallmarking of silver products by jewellers

India Bullion and Jewellers Association requests Bureau of Indian Standards for self-hallmarking. IBJA suggests jewellers assign unique codes to silver items. They highlight high logistic costs of moving bulky items to hallmarking centers.

7

Credit card growth slows in June 2025, new additions drop at top banks

Credit card issuers in India experienced a decline in new card additions in June 2025. Reserve Bank of India data indicates overall industry growth turned negative for the first time since Covid-19. Credit card spending also decreased.

Dixon Technology

Estimate change



TP change



Rating change



Bloomberg	DIXON IN
Equity Shares (m)	61
M.Cap.(INRb)/(USDb)	974.8 / 11.3
52-Week Range (INR)	19150 / 10613
1,6,12 Rel. Per (%)	15/1/40
12M Avg Val (INR M)	7995

Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	538.8	739.4	906.4
EBITDA	20.5	29.4	37.7
EBITDA Margin (%)	3.8	4.0	4.2
PAT	10.2	16.0	21.7
EPS (INR)	169.3	265.1	359.3
EPS Growth (%)	44.5	56.6	35.5
BV/Share (INR)	661.0	918.1	1,269

Ratios

Net D/E	-0.2	-0.3	-0.4
RoE (%)	29.2	33.6	32.9
RoCE (%)	35.9	39.2	37.7
Payout (%)	4.7	3.0	2.2

Valuations

P/E (x)	95.1	60.8	44.8
P/BV (x)	24.4	17.5	12.7
EV/EBITDA (x)	47.2	32.7	25.1
Div Yield (%)	0.0	0.0	0.0

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	32.3	32.4	33.4
DII	23.1	22.6	27.0
FII	21.8	23.2	17.8
Others	22.9	21.7	21.7

FII includes depository receipts

CMP: INR16,112
TP: INR22,100 (+37%)
Buy

Spreading wings

Dixon's 1QFY26 revenue/EBITDA/PAT came in ahead of our estimates, with the mobile segment registering a strong growth of 125% YoY. Ismartu integration, improved volumes from existing clients and higher exports led to a YoY jump in mobile volumes during the quarter. The company is following a two-pronged strategy for growth: 1) deepening relationships with existing clients via JVs for enhanced volumes for the long term, and 2) focusing on tie-ups and partnerships with players across components for backward integration. This strategy will provide revenue visibility and improve margin in the coming years. A display facility with HKC, a camera module with Qtech and precision components with Chongqing Yuhai Precision Manufacturing will help Dixon address a larger portion of BoM of smartphone, which should improve margins and customer stickiness for Dixon in the long run. Along with this, a JV with Longcheer and Vivo will add incremental volumes on a sustainable basis for the company. We raise our FY27 estimates by 10% to factor in higher mobile volumes and maintain BUY with a revised PT of INR22,100, based on DCF.

Beat across all parameters

Consolidated revenue grew 95% YoY to INR128.4b (7% beat). Absolute EBITDA rose 95% YoY to INR4.8b (8% beat), while margins were flat YoY at 3.8% (vs. our estimate of 3.7%). Adj. PAT increased 68% YoY to INR2.3b, broadly in line (+4%) with our estimate of INR2.2b. The benefit of lower-than-expected interest cost was more than offset by higher depreciation and lower other income. Among the segments, the mobile and EMS segment registered 125% YoY growth. The consumer electronics segment's performance was driven by a sharp ramp-up in refrigerators, while LED TV remained weak. Lighting products revenue declined 17% YoY, while home appliances revenue inched up only 3% YoY.

Recent tie-ups reinforce the strategy of backward integration

Since the beginning of FY26, Dixon has announced several JVs and partnerships to enhance the scope of backward integration. These include 1) JV with Taiwan-based Inventec named Dixon IT Devices Pvt Ltd to be owned 60% by Dixon and 40% by Inventec for the manufacturing of notebook PC products, servers, desktops and PC components in India, along with access to Inventec's global list of customers; 2) JV agreement with Signify to form a JV company for OEM business of lighting products and corresponding transfer of lighting business of Dixon to the JV company; 3) Agreement with Eureka Forbes for assembly, manufacturing and supply of robotic vacuum cleaners; 4) a binding term sheet with Qtech India and its shareholders for acquiring a 51% stake in Qtech India for a collaboration in manufacturing and distribution of camera and fingerprint modules, IoT and automotive applications; and 5) a binding term sheet with Chongqing Yuhai Precision Manufacturing Co. Ltd. to form a prospective 74:26 JV in India to carry on the business of manufacturing and supply of precision components for laptop, mobile phones, IoT, automotive and any other products, subject to government approvals. With these transactions, Dixon will be able to address a larger BoM across components.

Mobile segment continues to outperform

Mobile volumes for Dixon stood at 9.7m units during 1QFY26 and are expected to grow to 10m-11m in 2QFY26. The company is witnessing improved volume traction from existing clients and is targeting volumes of 42-43m smartphones during the year. During the quarter, Dixon also entered into a contract manufacturing agreement with NxtCell India to manufacture smartphones for the French tech brand Alcatel in the Indian market. Dixon has a capacity of 60m smartphones and has an addressable market of 100m smartphones (excluding Apple, Samsung and in-house volumes of One plus, Oppo and Vivo). Once the approval for Vivo also comes in, the company would scale up its capacity to 80m smartphones. As a result, the scale-up in mobile volumes is expected to be around 60m in FY27. Additional upside to volumes will come from Longcheer JV, which is currently being explored. Longcheer has a large customer base with 25m smartphones in India, and Dixon can potentially benefit from those volumes in a post-PLI scenario. Hence, it is present with almost all the mobile OEMs, except Apple. We expect Dixon to continuously work toward increasing its wallet share with existing clients and improve customer stickiness with backward integration for sustainable volume growth in future too even when mobile PLI gets over.

Targeting increased export volumes

The company recorded export volumes of 1.5m phones for Motorola during FY25 and expects to scale up this number to 8-9m smartphones in FY26. It expects export revenue of nearly INR70b in FY26.

Display facility to become operational in 4QFY26

Dixon's display facility with HKC is expected to commence trial production from 1QFY27. Gradually, the company will target increased volumes for in-house customers from this facility on account of duty arbitrage on components as well as component PLI. With improved acceptance of customers, we expect the display facility to more than offset the decline in mobile segment margins after PLI incentives end. From the display facility capacity, the company expects healthy double-digit margin. Along with this, Q-tech India already supplies camera modules to large mobile players and hence can subsequently add to overall margins once the transaction is completed. In future, precision components will also drive margin improvement.

Other non-mobile segments performance

In 1QFY26, **Consumer Electronics** revenue declined 21% YoY to INR6.7b, primarily due to a drop in LED TV volumes, although this was partially offset by strong performance in the refrigerator business, which more than doubled to INR3.3b (+129% YoY). Despite the revenue drop, the segment's EBITDA grew 38% YoY to INR400m, aided by an improved product mix, a higher share of refrigerator, and a higher contribution from ODM sales, leading to a 260bp margin expansion to 6.0%. **Home Appliances** maintained stable performance with a 3% YoY revenue increase to INR3.13b, driven by steady washing machine demand and new product launches. EBITDA rose 13% YoY to INR360m, with margins improved 90bp to 11.5%, supported by operating leverage. On the other hand, the **Lighting** segment saw a 17% YoY decline in revenue to INR1.9b, as pricing pressures and commoditization impacted demand. This resulted in a 27% YoY fall in EBITDA to INR110m and 80bp contraction in margins to 6.0%.

Planned capex focusing on organic and inorganic growth

Dixon is executing a focused capex strategy of INR11.5b-12b in FY26 to support expansion across key segments. Around INR7.5b-8.0b is allocated to component manufacturing, including the Q Tech JV for camera modules and the HKC JV for display modules, and the balance INR3b-4b would be for capacity expansion, among other things. A 1m sq. ft. mobile plant in Noida is under construction for anchor clients like Vivo, while the display facility will produce 2m mobile and 2m laptop displays monthly, with future expansion planned. In IT hardware, production for HP, Asus, and Lenovo is underway, and the Inventec JV, starting in 4QFY26, is expected to generate INR20b in revenue over two years. With capex funded through internal cash flows and government schemes, Dixon is well-positioned to scale up operations and deepen integration across its value chain.

Financial outlook

We revise our estimates to factor in higher mobile volumes and increased capex, and expect a CAGR of 33%/36%/45% in revenue/EBITDA/PAT over FY25-FY28. Revenue growth would be mainly driven by mobile segment, while consumer electronics will remain under pressure for some more time. We expect an EBITDA margin of 3.8%/4.0%/4.2% for FY26/FY27/FY28, led by increased focus on backward integration post PLI. This will result in a PAT CAGR of 45% over FY25- FY28E.

Valuation and view

The stock is currently trading at 60.8x/44.8x P/E on FY27/28E earnings. We maintain our BUY rating on the stock with a revised DCF-based TP of INR22,100 (earlier INR20,500). **Reiterate BUY.**

Key risks and concerns

The key risks to our estimates and recommendation would come from the lower-than-expected growth in the market opportunity, loss of relationships with key clients, increased competition, and limited bargaining power with clients.

Consolidated - Quarterly Earning Model

												(INR m)
Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Est
INR m	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
Gross Sales	65,798	1,15,34	1,04,53	1,02,92	1,28,35	1,58,82	1,27,64	1,24,01	3,88,60	5,38,84	1,19,98	7
YoY Change (%)	101.1	133.3	117.0	121.0	95.1	37.7	22.1	20.5	119.7	38.7	82.4	
Gross Profit	5,629	8,736	7,736	8,172	9,607	12,071	9,956	10,343	30,273	41,977	9,599	-15
Total Expenditure	63,319	1,11,07	1,00,63	98,498	1,23,53	1,52,82	1,22,82	1,19,14	3,73,52	5,18,32	1,15,50	7
EBITDA	2,479	4,264	3,905	4,428	4,824	6,004	4,817	4,875	15,076	20,520	4,480	8
Margins (%)	3.8	3.7	3.7	4.3	3.8	3.8	3.8	3.9	3.9	3.8	3.7	
Depreciation	545	660	746	859	927	913	936	968	2,810	3,745	858	8
Interest	293	379	409	463	326	406	417	518	1,544	1,667	397	-18
Other Income	82	-57	65	113	17	187	202	381	202	786	204	-92
PBT before EO expense	1,723	3,167	2,816	3,219	3,588	4,871	3,666	3,770	10,924	15,894	3,429	
Extra-Ord expense	0	2,096	0	2,504	0	0	0	0	4,600	0	0	
PBT	1,723	5,263	2,816	5,723	3,588	4,871	3,666	3,770	15,524	15,894	3,429	5
Tax	400	1,172	689	1,111	855	1,180	891	951	3,372	3,877	835	2
Rate (%)	23.2	22.3	24.5	19.4	23.8	24.2	24.3	25.2	21.7	24.4	24.4	
MI & P/L of Asso. Cos.	-14	193	415	604	483	444	455	433	1,197	1,815	427	13
Reported PAT	1,337	3,899	1,712	4,008	2,250	3,247	2,320	2,386	10,955	10,203	2,167	4
Adj PAT	1,337	2,143	1,712	1,845	2,250	3,247	2,320	2,386	7,059	10,203	2,167	4
YoY Change (%)	94.3	99.7	77.5	93.9	68.3	51.5	35.5	29.3	92.0	44.5	62.1	
Margins (%)	2.0	1.9	1.6	1.8	1.8	2.0	1.8	1.9	1.8	1.9	1.8	

HCL Technologies

BSE SENSEX 82,187
S&P CNX 25,061

CMP: INR1,520 TP: INR2,000 (+32%) Buy

HCLTech

Stock Info

Bloomberg	HCLT IN
Equity Shares (m)	2714
M.Cap.(INRb)/(USDb)	4125 / 47.8
52-Week Range (INR)	2005 / 1303
1, 6, 12 Rel. Per (%)	-12/-25/-6
12M Avg Val (INR M)	5046
Free float (%)	39.2

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	1,171	1,278	1,375
EBIT Margin (%)	18.3	17.8	18.2
PAT	174	182	206
EPS (INR)	63.9	67.0	75.9
EPS Gr. (%)	10.3	4.9	13.2
BV/Sh. (INR)	256	254	250

Ratios

RoE (%)	25.2	26.4	30.1
RoCE (%)	22.9	24.5	27.5
Payout (%)	93.9	90.0	90.0

Valuations

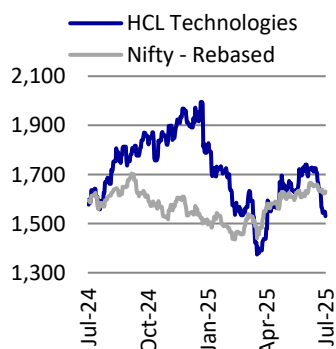
P/E (x)	23.8	22.7	20.0
P/BV (x)	5.9	6.0	6.1
EV/EBITDA (x)	15.9	14.7	13.4
Div Yield (%)	3.9	4.0	4.5

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	60.8	60.8	60.8
DII	15.5	15.2	15.0
FII	19.3	19.5	19.9
Others	4.4	4.4	4.3

FII Includes depository receipts

Stock performance (one-year)



Becoming future ready

Takeaways from the NDR

We hosted the management of HCL Technologies (HCLT) for a two-day NDR in London on 16th-17th Jul'25. Discussions focused heavily on GenAI, delivery model evolution, and margin outlook. Management clearly outlined its strategy of investing in GenAI without sacrificing its financial discipline. It expects margins to recover to its earlier run rate by FY27. Utilization pressures from delayed ramp-ups should ease soon, whereas restructuring-linked costs are expected to fade in FY27. The company believes GenAI tools are not usable without enterprise-level customization, and its "AI force" platform helps enterprises do exactly that. GenAI adoption is still building up toward boardroom-level urgency, and HCLT sees this happen over the next 12-24 months.

We continue to like HCLT for its best-in-class cash conversion, consistent organic CC revenue growth, and the highest quality of revenue mix in the sector, with the lowest exposure to pass-through and BPO-linked deflation. The company's all-weather portfolio gives it stability during tech transitions and better margin resilience as GenAI disruption accelerates. Reiterate **BUY** with a TP of INR2,000 (based on 26x FY27E EPS).

Key takeaways from our meetings

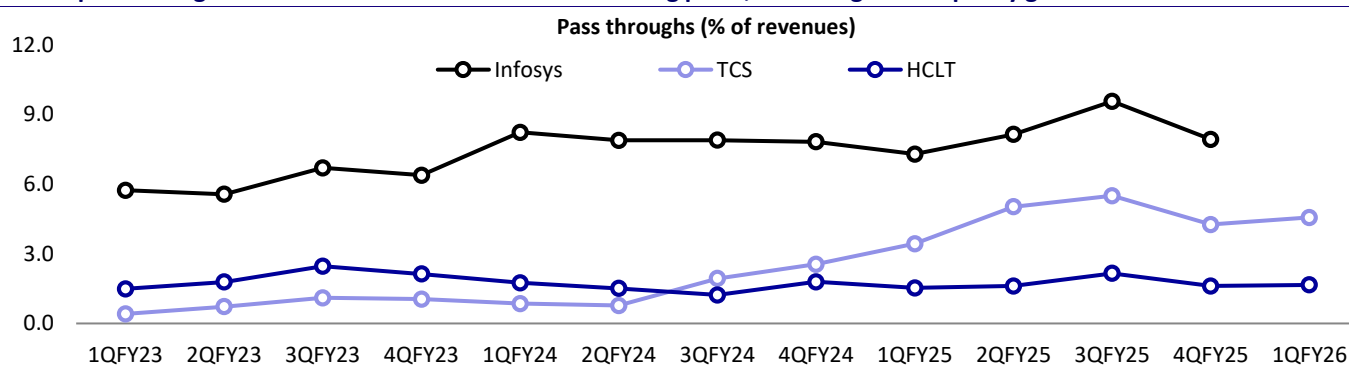
- **Margin headwinds should moderate in FY27:** The 1Q margin drag was partly due to proactive hiring for a large deal that did not ramp up on time — this is expected to be resolved. Additionally, restructuring costs tied to consolidating onsite delivery centers (from past acquisitions) should taper during FY26.
- **GenAI SG&A spends being front-ended:** Management remains clear that GenAI-linked costs are strategic, not reactive. Training and reskilling are being absorbed upfront, and while SG&A expenses remain elevated due to sales (e.g., OpenAI partnership), management expects them to moderate over the next 12-18 months. Importantly, HCLT is not chasing revenue at the cost of margin, as visible from its low pass-through revenue.
- **Enterprise GenAI tools require system integrators:** Technologies like GitHub Copilot or OpenAI's tools improve developer productivity, but enterprises need partners to embed them across operations, integrate governance/compliance layers, and train teams. HCLT and other vendors will be an integral part of this implementation, just as seen in earlier cycles.
- **AI Force deployment:** HCLT's "AI Force" serves exactly this purpose — it has already deployed this for 35 clients and aims to deploy it for 100 accounts by FY26 end.
- **GenAI deflation is real but varies significantly across service lines — HCLT is relatively better positioned:** BPO and testing are seeing 40-70% productivity potential, while infra and application support are at ~10-25%. For app development, most enterprises with some level of machine learning/AI already implemented should have limited gains (10-15%), whereas enterprises starting from scratch could see slightly higher gains. HCLT's limited exposure to BPO (unlike peers) cushions the deflation.

- **Client budgets not shrinking despite productivity pass-through:** HCLT argued that despite productivity gains, client budgets are not shrinking and are tracking GDP growth. Eight out of nine renewal deals for HCLT had higher revenue as compared to the earlier contract value, validating the point that gains are being immediately reinvested in the business.
- **Board-level urgency for GenAI is still building up, but full-scale adoption is seen as inevitable:** Current deployments are at the POC-stage or department-led. A broad transformation is likely to follow once boardrooms start asking: "What is our AI strategy?" HCLT expects this tipping point over the next 12-24 months.
- **Financial Services and Hi-Tech are strong demand verticals:** These verticals are showing the strongest demand momentum for AI-led transformation. In Hi-Tech, GenAI spend is linked to new capex. In Financial Services, it is tied to legacy modernization and efficiency mandates.
- **Legacy modernization cycles are compressing, now within CTO time horizons:** Mainframe and infra transformation projects that earlier took 7-8 years are now executable in 3-4 years, thanks to automation and GenAI. This makes modernization more feasible for clients, and HCLT expects a pick-up in demand here.

Valuations and View

- **We continue to like HCLT for its best-in-class cash conversion, consistent organic CC revenue growth, and the highest quality of revenue mix in the sector,** with the lowest exposure to pass-through and BPO-linked deflation. The company's all-weather portfolio gives it stability during tech transitions and better margin resilience as GenAI disruption accelerates. Reiterate **BUY** with a TP of INR2,000 (based on 26x FY27E EPS).

HCLT's pass-through revenue contribution is the lowest among peers, indicating better-quality growth



Source: Company, MOFSL; Note: Infosys is yet to report 1QFY26 results.

One 97 Communications

Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR1051 TP: INR1025 (-2%) Neutral

Cost control drives maiden operational profits

Revenue in line; contribution profit expands sharply

- One 97 Communications (PAYTM) reported a net profit of INR1.2b in 1QFY26 (vs. our estimate of INR24m). PAT came in higher than our estimate owing to lower expenses related to default loss guarantee (DLG), collections, and ESOP. Payment revenue stood flat QoQ at INR10.4b, while financial services revenue increased by 3% QoQ to INR5.6b.
- Total revenue was flat QoQ (up 28% YoY) at INR19.1b (in line), while GMV grew by 6% QoQ to INR5.4t (up 27% YoY). Payment devices grew 5% QoQ (19% YoY) to 13m, while registered merchants increased by 2% QoQ (9% YoY), leading to healthy subscription and payment revenue.
- Net payment margin declined 8% QoQ (up 38% YoY) to INR5.3b/10bp of GMV vs. 11bp in 4QFY25. Lower DLG-related costs led to 7% QoQ growth in contribution profit to INR11.5b (up 53% YoY).
- We maintain our contribution profit estimates and project PAYTM to turn EBITDA positive by FY26. **We value PAYTM at INR1,025 based on 21x FY27E EBITDA, which corresponds to 6.8x FY27E sales. We reiterate our NEUTRAL rating on the stock.**

Merchant expansion on track; focus remains on cost optimization

- PAYTM reported a net profit of INR1.2b in 1QFY26 (vs. our est. of INR24m), aided by lower costs related to DLG, collections and ESOP. GMV increased by a healthy 6% QoQ (up 27% YoY) to INR5.4t.
- For FY26E, we expect EBITDA to break even at INR0.6b and PAT at INR4b.
- For 1Q, PAYTM's DLG business had a trail revenue, whereas DLG-related costs were absent as DLG-related loan disbursements were low.**
- Total revenue was flat QoQ (up 28% YoY) at INR19.1b (in line). Payment revenue was flat QoQ/up 18% YoY, while financial services revenue grew 3% QoQ. As a result, payment and financial services revenue grew 1% QoQ (up 38% YoY).
- Marketing services revenue declined 7% QoQ/23% YoY to INR2.5b.
- Payment processing margin stood comfortably above the guided range of 3bp. Net payment margin declined 8% QoQ (up 38% YoY) to INR5.3b/10bp of GMV vs. 11bp in 4QFY25.
- Going ahead, the company expects a higher share of non-DLG disbursements, which will reduce the upfront DLG cost and lifetime revenue by corresponding amount, thus growth in financial services will be lower sequentially.
- Direct expenses declined 9% QoQ (up 3% YoY), due to the absence of DLG-related cost. Contribution profit rose 7% QoQ (up 53% YoY), with contribution profit margin up 60.1% (vs. 56.1% in 4QFY25) due to the absence of DLG-related cost. EBITDA stood at INR0.7b (vs. our est. loss of INR0.7b). ESOP costs of INR300m came in below our est. of INR955m.
- PAYTM has stopped giving the loan disbursement data. In 1Q, the company saw robust growth in ML disbursements under the non-DLG model. In personal loans, the company saw early signs of recovery in the credit cycle, leading to higher disbursements sequentially.

Bloomberg	PAYTM IN
Equity Shares (m)	638
M.Cap.(INRb)/(USD\$)	670.9 / 7.8
52-Week Range (INR)	1063 / 437
1, 6, 12 Rel. Per (%)	21/17/130
12M Avg Val (INR M)	6734

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Revenue from Op	69.0	83.7	101.5
Contribution Profit	36.8	46.8	58.6
Adjusted EBITDA	(6.9)	2.7	9.0
EBITDA	(15.1)	0.6	7.5
PAT	(6.6)	4.0	9.9
EPS (INR)	(10.4)	6.1	14.8
EPS Gr. (%)	NM	NM	141.8

Ratios

Contribution Margin (%)	53.3	55.9	57.7
EBITDA Margin (%)	(21.8)	0.7	7.4
Adj. EBITDA Margin (%)	(10.0)	3.3	8.8
RoE (%)	(4.7)	2.6	6.4
RoA (%)	(3.6)	1.9	4.3

Valuations

P/E(X)	NA	172.3	71.2
P/BV (X)	4.5	4.5	4.5
P/Sales (X)	9.7	8.2	6.9

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	0.0	0.0	0.0
DII	15.8	14.0	7.2
FII	54.9	55.4	58.2
Others	29.3	30.6	34.6

FII Includes depository receipts

Highlights from the management commentary

- Contribution margin stood at 60% in 1QFY26, which PAYTM expects to maintain in the high-50s in FY26.
- In consumer lending, the company has faced challenges, though it expects better monetization in the next 6-12 months.
- AUM of its partner portfolio business was down by 40%, as there was a reduction in FLDG disbursements.
- The company expects better retention in the soundbox segment amid increasing features and offerings. PAYTM continues to focus on refurbishments, which will help in cost rationalization going ahead.

Valuation and view

- PAYTM reported a steady quarter with in-line revenue, while tighter cost control led to a healthy profit for the company.
- Disbursement commentary was steady, while MTU witnessed a steady-state recovery. GMV recovery too was better than expected.
- PAYTM is making steady progress toward profitability, underpinned by its strategic shift toward financial services and disciplined cost management.
- Contribution margin expanded to 60.1% thanks to cost control. Disbursement growth is expected to remain healthy going ahead given improving tailwinds in unsecured lending. We estimate a 35% CAGR in disbursements over FY25-28, with healthy take rates expected.
- PAYTM's INR161b cash cushion offers comfort; consistent delivery is critical for sustainable shareholder returns.
- We maintain our contribution profit estimates and project PAYTM to turn EBITDA positive by FY26. **We value PAYTM at INR1,025 based on 21x FY27E EBITDA, which corresponds to 6.8x FY27E sales. We reiterate our Neutral rating on the stock.**

Quarterly Performance

(INR b)

	FY25				FY26E				FY25	FY26E	FY26E	V/s our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Est
Payment Services to Consumers	0.8	0.9	0.9	1.0	1.0	1.2	1.3	1.5	4.0	4.9	1.0	-0.0
Payment Services to Merchants	8.0	8.6	9.1	9.5	9.5	9.5	10.4	11.2	34.8	40.5	8.9	0.1
Financial Services and Others	2.8	3.8	5.0	5.5	5.6	5.7	5.8	5.9	17.0	23.0	5.7	-0.0
Payment and Financial Services	11.6	13.2	15.1	15.9	16.1	16.3	17.5	18.6	55.8	68.5	15.6	0.0
% Change (Y-o-Y)	-39.3	-36.2	-34.2	-14.4	37.9	23.5	16.1	16.9	-31.3	22.6	34.2	0.1
Commerce and Cloud Services	3.2	3.0	2.7	2.7	2.5	3.2	3.5	4.1	11.6	13.3	2.9	-0.1
% Change (Y-o-Y)	-20.7	-28.8	-48.1	-32.4	-23.1	7.2	30.7	54.4	-33.4	15.0	-10.4	1.2
Revenue from Operations	15.0	16.6	18.3	19.1	19.2	20.0	21.5	23.0	69.0	83.7	19.0	0.0
% Change (Y-o-Y)	-35.9	-34.1	-35.9	-15.7	27.7	20.6	17.4	20.6	-30.8	21.3	26.3	0.1
Direct Expenses	7.5	7.7	8.7	8.4	7.7	8.8	9.4	11.1	32.2	37.0	8.4	-0.1
Contribution Profit	7.5	8.9	9.6	10.7	11.5	11.2	12.1	12.0	36.8	46.8	10.5	0.1
% Change (Y-o-Y)	-42.1	-37.3	-36.9	-16.7	52.5	25.1	26.1	11.5	-33.6	27.2	39.6	0.3
Indirect Expenses	13.0	10.8	10.0	9.9	10.5	10.7	11.3	11.5	43.7	44.0	10.3	0.0
Adjusted EBITDA	-5.5	-1.9	-0.4	0.8	1.0	0.5	0.8	0.4	-6.9	2.7	0.3	2.7
EBITDA	-7.9	-4.0	-2.2	-0.9	0.7	0.0	0.2	-0.4	-15.1	0.6	-0.7	
PAT	-8.4	-4.2	-2.1	-0.2	1.39	0.7	1.1	0.8	-6.6	4.0	0.0	
% Change (Y-o-Y)	134.7	45.5	-5.5	-96.1	-116.6	-116.1	-151.1	-487.2	-53.0	-159.9	-100.3	0.2
Adj. PAT	-8.4	9.3	-2.1	-5.4	1.23	0.7	1.1	0.8			0.0	
Operating Parameters												
GMV (INRt)	4.3	4.5	5.0	5.1	5.4	5.7	6.1	5.9	18.8	23.0	5.3	0.0
Disbursements (INR b)	50.1	52.8	55.8	57.4	0.0	0.0	0.0	295.1	216.2	295.1	62.5	-1.0
GMV Growth (%)	5.2	-0.7	-1.2	8.7	26.8	26.8	20.4	14.9	3.0	22.0	23.3	
Disbursements Growth (%)	-66.3	-67.4	-64.1	-1.1	-100.0	-100.0	-100.0	414.3	-58.7	36.5	24.9	
Profitability												-
Contribution Margin (%)	50.3	53.9	52.5	56.1	60.1	55.9	56.3	51.9	53.3	55.9	55.6	
Adjusted EBITDA Margin (%)	-36.4	-11.2	-2.2	4.2	5.3	2.5	3.6	1.9	-10.0	3.3	1.5	
EBITDA Margin (%)	-52.8	-24.3	-12.2	-4.6	3.7	-0.2	1.1	-1.5	-21.8	0.7	-3.6	

E: MOFSL Estimates

Oberoi Realty

Estimate change



TP change



Rating change



Bloomberg	OBER IN
Equity Shares (m)	364
M.Cap.(INRb)/(USDb)	664 / 7.7
52-Week Range (INR)	2350 / 1440
1, 6, 12 Rel. Per (%)	-4/-5/2
12M Avg Val (INR M)	1791

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	52.9	65.4	92.7
EBITDA	31.0	41.2	50.4
EBITDA (%)	58.7	63.0	54.4
Net profit	22.3	29.1	36.9
EPS (INR)	61.2	79.9	101.4
EPS Growth (%)	15.5	30.5	26.9
BV/Share (INR)	431.9	503.8	597.3

Ratios

Net D/E	0.1	0.0	(0.2)
RoE (%)	15.1	17.1	18.4
RoCE (%)	13.7	15.5	17.1
Payout (%)	13.1	10.0	7.9

Valuations

P/E (x)	30.0	23.0	18.1
P/BV (x)	4.2	3.6	3.1
EV/EBITDA (x)	22.2	16.3	12.5
Div Yield (%)	0.4	0.4	0.4

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	67.7	67.7	67.7
DII	10.8	10.2	12.3
FII	19.4	20.0	18.1
Others	2.1	2.1	2.0

CMP: INR1,826
TP: INR1,878 (+3%)
Neutral
Lower-than-est. collections hit revenue despite stable presales

Operational highlights – 1QFY26

- Oberoi Realty (OBER) delivered pre-sales of INR16.4b in 1QFY26, up 56% YoY and 92% QoQ (in line), fueled by the launch of Elysian Tower D. Total units booked during 1Q jumped 30%/132% YoY/QoQ to 181.
- Collections were INR10b, down 1% YoY/up 30% QoQ (42% below our est.).
- Net debt-to-equity during the quarter was 0.01x (flat QoQ).
- OBER, along with Shree Naman Developers and JM Financial, has been selected as the successful bidder for HHPL under the insolvency process with a resolution plan of INR9.2b approved by creditors on 14th Jul'25. The plan involves the acquisition of ~0.08msf of sea-facing land in Juhu, Mumbai, through a new or existing SPV, which will subscribe to INR10m of fresh equity for 100% ownership of HHPL, subject to NCLT and regulatory approvals.
- **P&L performance:** In 1QFY26, its revenue declined 30%/14% YoY/QoQ to INR9.9b (31% below our estimate).
- The company reported an EBITDA of INR5.2b, down 36%/16% YoY/QoQ (39% below our estimate), and its margin contracted 5.3% YoY to 53%.
- Consequently, OBER's PAT declined 28%/3% YoY/QoQ to INR4.2b, which was 30% below our estimate.

Annuity portfolio to be fully leased out by the end of FY26

- OBER's overall annuity portfolio rose 70% YoY in revenue to INR2.6b, with an EBITDA margin of 92%.
- **Office:** Occupancy at Commerz I and II was stable at 96%. Following the augmentation of Commerz-3 in 1QFY25, occupancy improved to 83% in 1QFY26 from 54% in 1QFY25, resulting in a revenue growth of 88% YoY to INR1.2b. This brought the total office revenue to INR1.7b (+60% YoY), leading to an EBITDA margin of 91%.
- **Retail:** Oberoi Mall delivered an 8% YoY increase in revenue to INR507m at an EBITDA margin of 96%, while the newly opened Sky City mall delivered revenue of INR404m with an EBITDA margin of 89%. Oberoi Mall was 99% occupied, while Sky City was 50% occupied.
- **Hospitality:** In 1QFY26, The Westin hotel witnessed a flat YoY growth in revenue to INR426m, although ARR increased 22% YoY at INR14,858. The flat revenue growth was due to a decline in occupancy to 72% during the quarter from 83% YoY and 79% QoQ. EBITDA came in at INR160m with a margin of 38%.

Key highlights from the management call

- **Launches:** OBER's 1QFY26 witnessed the launch of Elysian Tower D, Goregaon, which propelled sales. In FY26, management expects to launch one tower in Borivali and two towers in Forestville (Thane), Peddar Road, and Gurugram. Additionally, it may also launch projects such as Adarsh Nagar, Worli, and Tardeo in the year. One more tower in Goregaon and Alibaug to be launched in FY27.

- **Annuity portfolio:** The company is witnessing strong leasing traction across all three office assets and the newly launched Sky City mall. Commerz I and Commerz II are fully leased out following an increase in occupancy in Commerz III to 83% in 1QFY26. Both Commerz III and Sky City Mall are likely to be fully leased out by the end of FY26.
- **Gurugram project:** Demolition work has commenced at the site, and an office has been set up in Gurugram. The design has been completed, with contract negotiations nearly finalized and issuance expected shortly. The land and license are in the company's name, with all licensing approvals in place.
- The private equity transaction in I-Ven Realty Limited was completed, and INR12.5b of investment was received in the joint venture entity.

Valuation and view

- While OBER's current valuation does not suggest significant near-term gains, we foresee a strong 48% CAGR in its presales over FY25-27. The key to a future re-rating lies in the company's ability to reinvest the substantial cash flow derived from its completed and near-completion projects.
- OBER's residential segment is presently valued at INR295b. This valuation accounts for recent business development activities and incorporates a future outlay of INR30b towards prospective land acquisitions. **Reiterate Neutral** with an NAV of INR683b or INR1,878 per share (vs. INR673 or INR1,850 per share earlier).

Quarterly performance

												(INRm)
Y/E March	FY25				FY26E				FY25	FY26E	FY26E	1QE Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		1Q Est.		(%/bp)
Net Sales	14,052	13,199	14,111	11,501	9,876	14,638	19,075	21,776	52,863	65,365	14,363	-31%
YoY Change (%)	54.4	8.4	33.9	-12.5	-29.7	10.9	35.2	89.3	17.6	23.6	2.2	
Total Expenditure	5,901	5,061	5,549	5,321	4,672	5,414	7,055	7,035	21,832	24,176	5,826	
EBITDA	8,151	8,138	8,561	6,181	5,203	9,224	12,020	14,742	31,030	41,189	8,537	-39%
Margins (%)	58.0	61.7	60.7	53.7	52.7	63.0	63.0	67.7	58.7	63.0	59.4	-675bp
Depreciation	202	208	233	242	316	348	453	436	885	1,553	325	
Interest	589	517	745	801	750	625	815	602	2,652	2,792	583	
Other Income	368	387	492	632	864	366	477	-73	1,879	1,634	359	
PBT before EO expense	7,728	7,800	8,076	5,769	5,002	8,617	11,229	13,630	29,373	38,478	7,988	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	7,728	7,800	8,076	5,769	5,002	8,617	11,229	13,630	29,373	38,478	7,988	-37%
Tax	1,905	1,930	1,919	1,439	857	2,110	2,750	3,706	7,194	9,424	1,956	
Rate (%)	24.7	24.7	23.8	24.9	17.1	24.5	24.5	27.2	24.5	24.5	24.5	
Minority Interest & P/L of Asso. Cos.	23	25	27	2	68	0	0	0	76	0	0	
Reported PAT	5,845	5,894	6,184	4,332	4,213	6,506	8,479	9,924	22,255	29,054	6,032	-30%
Adj. PAT	5,845	5,894	6,184	4,332	4,213	6,506	8,479	9,924	22,255	29,054	6,032	-30%
YoY Change (%)	81.7	29.0	71.7	-45.0	-27.9	10.4	37.1	129.1	15.5	30.5	3.2	
Margins (%)	41.6	44.7	43.8	37.7	42.7	44.4	44.4	45.6	42.1	44.4	42.0	
Operational metrics												
Residential												
Sale Volume (msf)	0.21	0.28	0.66	0.14	0.35	0.30	1.20	1.04	1.3	2.9	0.39	-9%
Sale Value (INRm)	10,519	14,425	19,183	8,533	16,387	14,000	35,000	33,843	52,658	99,229	16,000	2%
Collections (INRm)	10,114	12,112	13,950	7,653	9,971	20,743	23,891	20,458	43,829	75,063	17,050	-42%
Realization (INR/sft)	49,903	52,305	29,081	62,135	46,389	46,667	29,167	32,664	41,027	34,343	41,026	13%

JSW Infrastructure

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR317 TP: INR380 (+20%) Buy

In-line quarter; project expansion underway, aided by a strong balance sheet

Bloomberg	JSWINFRA IN
Equity Shares (m)	2100
M.Cap.(INRb)/(USD\$)	666.1 / 7.7
52-Week Range (INR)	355 / 218
1, 6, 12 Rel. Per (%)	5/4/-2
12M Avg Val (INR M)	804

Financial Snapshot (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	44.8	54.1	66.5
EBITDA	22.6	27.0	34.4
Adj. PAT	14.5	16.8	20.0
EBITDA Margin (%)	50.5	50.0	51.8
Adj. EPS (INR)	7.0	7.9	9.4
EPS Gr. (%)	20.5	13.2	19.3
BV/Sh. (INR)	46.8	52.8	61.2

Ratios

Net D:E	0.2	0.2	0.2
RoE (%)	16.3	16.1	16.5
RoCE (%)	12.7	12.7	13.2
Payout (%)	11.5	12.7	10.6

Valuations

P/E (x)	45.4	40.1	33.6
P/BV (x)	6.8	6.0	5.2
EV/EBITDA(x)	29.9	25.7	20.1
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	1.4	10.1	17.4

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	85.6	85.6	85.6
DII	2.7	2.7	3.6
FII	6.0	5.4	4.7
Others	5.7	6.3	6.2

FII includes depository receipts

Outlook remains bright

- JSW Infrastructure (JSWINFRA)'s consolidated revenue grew 21% YoY to INR12.2b (in line). During 1QFY26, the company handled cargo volumes of 29.4m tons (+6% YoY). Growth was driven by strong coal handling at Ennore, PNP, and Paradip, along with solid performance at South West and Dharamtar Ports. Interim operations at Tuticorin and JNPA terminals also aided volumes, though lower iron ore volumes at Paradip partially offset the gains.
 - EBITDA grew 13% YoY to INR5.8b. EBITDA margins stood at 47.5% (our estimate was 50.4%). The margins were lower by ~350bp YoY and ~250bp QoQ. APAT grew ~20% YoY to INR3.6b (in-line).
 - JSWINFRA reported steady growth in 1QFY26, supported by improving third-party cargo share and solid logistics growth through Navkar. The company is executing multiple expansion projects across ports and logistics, with INR55b capex planned in FY26. Backed by a strong balance sheet and rising cargo diversity, JSWINFRA aims to scale port capacity to 400MTPA and logistics revenue to INR80b by FY30, positioning it well for long-term growth. We broadly retain our FY26 and FY27 estimates. We estimate a volume/revenue/EBITDA/APAT CAGR of 13%/22%/23%/18% over FY25-27.
- Reiterate BUY with a TP of INR380 (premised on 23x FY27 EV/EBITDA).**

Cargo volumes up 6% YoY, driven by third-party cargo; strong balance sheet to support capex in the ports and logistics business

- JSWINFRA posted healthy cargo volumes of 29.4MT in 1QFY26, up 5% YoY, led by robust performance at Ennore, PNP, Paradip, South West Port, and Dharamtar, along with interim operations at the Tuticorin and JNPA terminals.
- The port business contributed INR10.8b in revenue (+8% YoY), while the logistics segment recorded INR1.4b. Third-party cargo volumes grew 8% YoY, improving their contribution to 52% in 1Q FY26 (vs. 50% in 1Q FY25), reflecting ongoing customer diversification efforts.
- JSW Steel's plant maintenance shutdown at the Dolvi unit impacted cargo volumes for JSWINFRA during the quarter.
- Navkar delivered strong growth, with EXIM container volumes rising 31% YoY and domestic cargo growing 11% YoY.
- The company maintains a healthy balance sheet with net debt at INR12.5b and cash and equivalents of INR43.6b as of Jun'25, supporting its expansive capex program.

Highlights from the management commentary

- JSWINFRA is aggressively scaling its logistics footprint through an asset-light model, targeting pan-India multimodal integration. The logistics segment is likely to generate INR7–8b in revenue and ~INR1b in EBITDA in FY26, aided by synergies from Navkar and operational ramp-up of the recently added infrastructure.

- For FY26, management expects a minimum of 10% growth in port volumes despite the slow growth in 1QFY26.
- JSWINFRA is executing multiple brownfield and greenfield expansion projects, including the Tuticorin (7MTPA) and JNPA Liquid Terminal (4.5MTPA), with completion timelines over FY26–27. Strategic capacity upgrades are ongoing at Mangalore, South West Port, Dharamtar, and Jaigarh, with a combined expansion of over 40MTPA. Landmark greenfield projects such as the Keni Port (30MTPA), Jatadhar Port (30MTPA), and a 302km slurry pipeline in Odisha are progressing well, all scheduled for commissioning by FY28–30.
- Execution continues to be on track across major port and logistics infrastructure projects, with recent wins such as the Netaji Subhas Dock concession (Kolkata) and Lol for NCR Rail Infra in Khurja further strengthening its multimodal logistics play. The total planned capex stands at INR55b for FY26 (INR40b for ports and INR15b for logistics).

Valuation and view

- Management reiterated its FY26 cargo volume growth guidance of 10%, expecting stronger traction in 2HFY26. Long-term vision includes expanding port capacity to 400MTPA by FY30 and building a logistics platform delivering INR80b in revenue and a 25% EBITDA margin. Backed by aggressive yet disciplined capex, customer diversification, and multimodal infrastructure expansion, JSWINFRA remains well-positioned for structural growth across India's maritime and logistics value chain.
- We expect JSWINFRA to strengthen its market dominance, leading to a 13% volume CAGR over FY25-27. This, along with a sharp rise in logistics revenues, is expected to drive a 22% CAGR in revenue and a 23% CAGR in EBITDA over the same period. **We reiterate our BUY rating on the stock with a TP of INR380 (based on 23x FY27 EV/EBITDA).**

Quarterly snapshot

Y/E March (INR m)	INR m											
	FY25				FY26E				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	vs Est
Net Sales	10,098	10,014	11,818	12,832	12,239	12,896	14,178	14,794	44,761	54,107	12,243	(0)
YoY Change (%)	15.0	18.0	25.7	17.0	21.2	28.8	20.0	15.3	19.0	20.9	21.2	
EBITDA	5,146	5,205	5,861	6,409	5,812	6,500	7,174	7,548	22,622	27,034	6,171	(6)
Margins (%)	51.0	52.0	49.6	49.9	47.5	50.4	50.6	51.0	50.5	50.0	50.4	
YoY Change (%)	14.0	15.1	22.1	10.3	12.9	24.9	22.4	17.8	15.1	19.5	19.9	
Depreciation	1,346	1,339	1,376	1,405	1,435	1,460	1,480	1,487	5,466	5,862	1,700	
Interest	740	747	974	940	913	920	940	935	3,401	3,707	820	
Other Income	939	868	835	887	899	910	870	886	3,530	3,565	890	
PBT before EO expense	3,999	3,988	4,346	4,952	4,363	5,030	5,624	6,013	17,285	21,029	4,541	
Extra-Ord expense	83	-1,551	1,586	-862	-363	0	0	0	-744	-363	0	
PBT	3,916	5,539	2,759	5,814	4,726	5,030	5,624	6,013	18,028	21,392	4,541	
Tax	951	1,802	-597	658	830	1,006	1,125	1,211	2,814	4,171	908	
Rate (%)	24.3	32.5	-21.6	11.3	17.6	20.0	20.0	20.1	15.6	19.5	20.0	
Minority Interest	-41.1	-22.2	-58.6	-62.1	-48.9	-50.0	-48.0	-37.1	-184.0	-184.0	-40.0	
Profit/Loss of Asso. Cos	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	2,924	3,715	3,298	5,094	3,847	3,974	4,451	4,765	15,031	17,036	3,593	
Adj PAT	2,987	2,629	4,408	4,447	3,575	3,974	4,451	4,765	14,471	16,764	3,593	(0)
YoY Change (%)	16.9	4.7	43.2	18.9	19.7	51.1	1.0	7.1	21.8	15.8	20.3	
Margins (%)	29.6	26.3	37.3	34.7	29.2	30.8	31.4	32.2	32.3	31.0	29.3	

Estimate change

TP change

Rating change



Bloomberg	CLGT IN
Equity Shares (m)	272
M.Cap.(INRb)/(USD)	647.2 / 7.5
52-Week Range (INR)	3893 / 2312
1, 6, 12 Rel. Per (%)	-1/-22/-26
12M Avg Val (INR M)	1509

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	61.4	65.9	70.5
Sales Gr. (%)	1.6	7.3	7.0
EBITDA	19.8	21.5	23.3
EBITDA Margin (%)	32.2	32.7	33.1
Adj. PAT	14.1	15.4	16.7
Adj. EPS (INR)	51.8	56.7	61.5
EPS Gr. (%)	0.8	9.4	8.5
BV/Sh.(INR)	58.0	56.6	57.1

Ratios

RoE (%)	86.9	98.9	108.1
RoCE (%)	86.6	98.6	107.7
Payout (%)	106.2	102.4	99.2

Valuation

P/E (x)	45.9	42.0	38.7
P/BV (x)	41.0	42.0	41.6
EV/EBITDA (x)	32.2	29.6	27.3
Div. Yield (%)	2.3	2.4	2.6

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	51.0	51.0	51.0
DII	8.1	6.8	6.1
FII	22.2	23.7	24.5
Others	18.7	18.4	18.4

FII includes depository receipts

CMP: INR2,380
TP: INR2,550 (+7%)
Neutral

All-round weak performance

- Colgate's (CLGT) 1QFY26 performance remained weak as its revenue fell 4% YoY to INR14.3b (miss), affected by a low-single-digit volume decline in toothpaste (est. +1.5%). The demand environment remained challenging amid soft urban demand and elevated competitive intensity. For CLGT, rural markets continued to outperform urban markets. CLGT continued to focus on premiumization and investing in its brands, resulting in the premium portfolio delivering better revenue growth.
- Gross margin contracted 170bp both YoY and QoQ to 68.9% (est. 71.0%). EBITDA margin contracted 240bp YoY and 250bp QoQ to 31.6% (est. 32.6%). EBITDA declined by 11% YoY to INR4.5b.
- In line with CLGT's strategic focus, product innovations and marketing efforts continued during the quarter. It will be important to monitor the volume growth trajectory going ahead as the company expects a gradual recovery 2HFY26 onwards.
- 1Q was a weak quarter for CLGT, and its near-term commentary remains muted. The company expects a gradual recovery from 2HFY26 onward. We model a 7% revenue CAGR over FY26-28E and steady EBITDA margins at ~33%. The current valuations at 46x/42x P/E on FY26E/FY27E capture most of the near-term triggers. **We reiterate our Neutral rating on the stock with a TP of INR2,550 (based on 45x Jun'27E EPS).**

Miss across parameters

- Volumes declined in low-single digit:** Sales declined 4% YoY to INR14.3b (est. INR15.2b) on a high base of 13% growth, soft urban demand and elevated competitive intensity. CLGT has been facing high competition from the top players in toothpaste. Toothbrush performance was still relatively resilient.
- Miss on margins:** Gross margins contracted by 170bp both YoY and QoQ to 68.9% (est. 71%). Gross profit fell 6.5% YoY. In operating costs, employee expenses rose 5% YoY, whereas ad-spends and other expenses were down by 5% and 4%, respectively. EBITDA margin contracted by ~240bp YoY and 250bp QoQ to 31.6% (est. 32.6%).
- Decline in profitability:** EBITDA declined 11% YoY to INR4.5b (est. INR4.9b). PBT fell 12% YoY to INR4.3b (est. INR4.7b). APAT was down 12% YoY at INR3.2b (est. INR3.5b).

Key highlights from management commentary

- CLGT continued to focus on premiumization, resulting in the premium portfolio delivering better revenue growth.
- Toothbrush performance was still relatively resilient compared to toothpaste.
- The company continued to invest in brands, in line with its strategy.
- It has introduced Colgate Kids Squeezy Toothpaste in Strawberry and Watermelon flavors for children aged 3-6. Its easy-to-squeeze bottle and fun grip are ideal for small hands.
- CLGT has also launched MaxFresh Mouthwash Sachet Stick in fresh tea flavor, catering to on-the-go freshness needs.
- The company expects a gradual recovery 2HFY26 onwards.

Valuation and view

- Given the weaker-than-expected performance in 1QFY26, we cut our EPS estimates for FY26/FY27 by 7%/6%.
- Over the last couple of quarters, CLGT has reported subdued volume growth, as seen in its historical trends, barring the improvement seen in 2-3 quarters of FY25. Given the continued softness in urban demand, monitoring the volume trajectory will be key in the upcoming quarters.
- Moreover, we believe that it will be challenging for CLGT to sustain the current high operating margins amid rising competitive intensity and increasing promotional spending.
- **We reiterate our Neutral rating on the stock with a TP of INR2,550 (based on 45x Jun'27E EPS).**

Quarterly Performance

											(INR m)	
Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Volume Gr %	7.0	8.0	4.0	0.0	-3.0	-2.0	3.5	5.0	4.8	0.9	1.5	
Net Sales (inclgd. OOI)	14,967	16,191	14,618	14,625	14,341	16,056	15,228	15,732	60,402	61,357	15,190	-5.6%
YoY change (%)	13.1	10.1	4.7	-1.8	-4.2	-0.8	4.2	7.6	6.3	1.6	1.5	
Gross Profit	10,574	11,098	10,220	10,327	9,884	11,079	10,660	11,020	42,219	42,643	10,785	-8.4%
Gross margin (%)	70.6	68.5	69.9	70.6	68.9	69.0	70.0	70.1	69.9	69.5	71.0	
EBITDA	5,083	4,974	4,544	4,980	4,526	5,050	4,782	5,400	19,581	19,757	4,952	-8.6%
Margins (%)	34.0	30.7	31.1	34.1	31.6	31.5	31.4	34.3	32.4	32.2	32.6	
YoY growth (%)	21.6	3.2	-3.0	-6.4	-11.0	1.5	5.2	8.4	3.0	0.9	-2.6	
Depreciation	415	417	411	384	375	444	448	498	1,627	1,766	440	
Interest	10	12	11	11	10	13	12	12	43	48	11	
Financial other Income	234	195	204	191	179	219	220	260	824	878	218	
PBT	4,893	4,740	4,325	4,776	4,320	4,811	4,541	5,149	18,734	18,822	4,719	-8.5%
Tax	1,253	1,354	1,097	1,226	1,113	1,212	1,144	1,267	4,930	4,737	1,189	
Rate (%)	25.6	28.6	25.4	25.7	25.8	25.2	25.2	24.6	26.3	25.2	25.2	2.3%
Adj PAT	3,640	3,555	3,228	3,550	3,206	3,599	3,397	3,882	13,973	14,084	3,530	-9.2%
YoY change (%)	26.2	4.6	-2.2	-6.5	-11.9	1.2	5.2	9.4	4.4	0.8	-3.0	
Reported PAT	3,640	3,951	3,228	3,550	3,206	3,599	3,397	3,882	14,368	14,084	3,530	

E: MOFSL Estimates

Mahindra & Mahindra Financial

Estimate change

TP change

Rating change



Bloomberg	MMFS IN
Equity Shares (m)	1390
M.Cap.(INRb)/(USDb)	369.1 / 4.3
52-Week Range (INR)	334 / 232
1, 6, 12 Rel. Per (%)	1/-6/-9
12M Avg Val (INR M)	764

Financials & valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	81.8	96.8	111.8
PPP	47.7	58.4	68.7
PAT	23.5	26.5	34.4
EPS (INR)	19.0	19.1	24.8
EPS Gr. (%)	33	1	30
BV/Sh.(INR)	160	177	196

Ratios

NIM (%)	6.7	6.8	6.9
C/I ratio (%)	41.7	39.7	38.6
RoA (%)	1.9	1.9	2.2
RoE (%)	12.4	11.9	13.3
Payout (%)	34.2	35.1	30.3

Valuations

P/E (x)	14.0	13.9	10.7
P/BV (x)	1.7	1.5	1.4
Div. Yield (%)	2.4	2.5	2.8

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	52.2	52.2	52.2
DII	31.3	31.2	28.6
FII	10.7	10.5	12.1
Others	5.8	6.1	7.2

FII Includes depository receipts

CMP: INR266

TP: INR310 (+17%)

Buy

Operationally weak quarter; growth outlook remains clouded

Earnings in line despite elevated credit costs; NIM rises ~10bp QoQ

- Mahindra & Mahindra Financial's (MMFS) 1QFY26 PAT rose ~3% YoY to ~INR5.3b (in line). NII in 1QFY26 stood at INR20.1b (in line) and grew ~13% YoY. Other income rose ~85% YoY to ~INR2.7b, driven by healthy fee income and dividend income of INR464m received during the quarter from Mahindra Insurance Brokers (MIBL; 100% subsidiary of MMFS).
- NIM (calc.) rose ~10bp QoQ to ~6.7%. Opex stood at ~INR9.3b (up ~17% YoY) and the cost-income ratio stood at ~41% (PQ: ~44% and PY: ~41%). PPOP stood at ~INR13.5b (in line) and grew ~19% YoY.
- Credit costs stood at ~INR6.6b (~9% higher than MOFSL). Annualized credit costs stood at ~2.2% (PQ: ~1.6% and PY: ~1.7%). Collection efficiency improved marginally to ~95% (PY: 94%) in 1QFY26. CRAR stood at ~20.6% (Tier 1: 17.9%) as of Jun'25, after incorporating the Rights Issue concluded in the quarter.
- Management indicated that while the tractor segment continues to benefit from strong tailwinds, there is visible softness in entry-level PV and certain pockets of the CV segment. To support overall growth in FY26, the company plans to capitalize on opportunities in used vehicle and tractor financing.
- MMFS shared that NIMs have bottomed out and will continue to exhibit gradual improvement, supported by a steady decline in the CoB. Additionally, a strategic shift in the product mix, particularly an increased focus on the Refinance segment, is expected to aid margin expansion on incremental disbursements.
- Given that the current cycle in Vehicle Finance is not particularly benign, management emphasized the need to maintain heightened collection intensity to manage asset quality proactively. We cut our FY26 PAT estimates by 5% to factor in higher credit costs and keep our FY27 estimates largely unchanged. We estimate a ~21% PAT CAGR over FY25-FY27E, with FY27E RoA/RoE of 2.2%/13%. **Reiterate BUY with a TP of INR310 (based on 1.6x Mar'27E BVPS).**
- **Key risks:** a) yield compression due to higher competitive intensity from banks, b) weakening of auto demand resulting in muted loan growth, and 3) any volatility in PCR and credit costs.

NIM rises ~10bp QoQ; sequential rise in yields by ~10bp

- Yields (calc.) rose ~10bp QoQ to ~14.2%, while CoF (calc.) was stable QoQ at 7.7%, leading to a ~10bp expansion in spreads. NIM (calc.) rose ~10bp QoQ to ~6.7%.
- We expect the company's NIM to improve in the current declining interest rate environment, with an estimated expansion of ~10bp each in FY26/FY27 to ~6.8%/6.9%.

Key takeaways from the management commentary

- Management highlighted that competitive intensity remains high, with mainstream banks increasingly entering and intensifying competition in the vehicle finance segment.
- While SME disbursements witnessed a temporary slowdown due to the company's recalibrated geographic strategy, the overall SME loan book registered a healthy growth. Management remains confident of a rebound in SME disbursements going forward.
- The company successfully raised INR30b through a rights Issue, boosting its Tier-1 capital to 17.9%. With this strengthened capital position, MMFS is now well-equipped to pursue growth opportunities across its core segments.

Valuation and view

- MMFS reported an operationally soft quarter, marked by muted disbursements and loan growth. Asset quality exhibited seasonal deterioration, marked by elevated credit costs, higher slippages, and continued higher levels of write-offs. On a positive note, NIM expanded ~10bp QoQ, and management remains confident that NIM has bottomed out and is likely to expand going forward.
- MMFS currently trades at 1.3x FY27E P/BV. The outlook on loan growth and credit cost still remains partly clouded for MMFS. With a projected PAT CAGR of ~21% over FY25-FY27E and RoA/RoE of 2.2%/13% in FY27E, **we reiterate our BUY rating with a TP of INR310 (based on 1.6x Mar'27E BV).**

Quarterly Performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	1Q FY26E	v/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest income	36,122	37,448	39,572	40,172	41,646	42,604	44,223	45,329	153,314	173,801	41,458	0
Interest Expenses	18,286	19,343	20,459	20,896	21,524	21,718	22,239	22,122	78,983	87,603	21,408	1
NII	17,836	18,106	19,113	19,276	20,122	20,886	21,984	23,207	74,331	86,198	20,050	0
YoY Growth (%)	12.6	14.1	12.5	6.4	12.8	15.4	15.0	20.4	11.2	16.0	12.4	
Other income	1,480	1,802	1,872	2,279	2,732	2,455	2,590	2,851	7,433	10,627	2,132	28
Net Total Income	19,316	19,908	20,985	21,555	22,853	23,341	24,573	26,057	81,764	96,825	22,182	3
YoY Growth (%)	15.3	18.9	15.6	9.4	18.3	17.2	17.1	20.9	14.6	18.4	14.8	
Operating Expenses	7,970	7,947	8,768	9,427	9,323	9,219	9,645	10,207	34,113	38,394	9,006	4
Operating Profit	11,345	11,961	12,217	12,128	13,530	14,122	14,929	15,850	47,651	58,431	13,176	3
YoY Growth (%)	13.5	26.9	15.0	3.4	19.3	18.1	22.2	30.7	14.0	22.6	16.1	
Provisions	4,482	7,035	91	4,571	6,597	6,232	5,460	4,760	16,179	23,048	6,035	9
Profit before Tax	6,864	4,927	12,126	7,557	6,933	7,890	9,469	11,090	31,473	35,383	7,141	-3
Tax Provisions	1,734	1,232	3,131	1,925	1,638	2,020	2,424	2,763	8,022	8,846	1,828	-10
Net Profit	5,130	3,695	8,995	5,631	5,295	5,870	7,045	8,327	23,450	26,537	5,313	0
YoY Growth (%)	45.5	57.1	62.7	-9.0	3.2	58.9	-21.7	47.9	33.3	13.2	3.6	
Key Operating Parameters (%)												
Yield on loans (Cal)	14.3	14.2	14.4	14.1	14.2	14.1	14.2	14.2	14.2	14.1		
Cost of funds (Cal)	7.8	7.8	7.9	7.7	7.7	7.6	7.5	7.3	8.0	8.0		
Spreads (Cal)	6.5	6.4	6.5	6.4	6.5	6.5	6.7	6.9	6.2	6.1		
Credit Cost (Cal)	1.7	2.6	0.03	1.56	2.2	2.0	1.70	1.44	1.5	1.8		
Cost to Income Ratio	41.26	39.9	41.8	43.7	40.80	39.5	39.2	39.2	41.7	39.7		
Tax Rate	25.3	25.0	25.8	25.5	23.6	25.6	25.6	24.9	25.5	25.0		
Balance Sheet Parameters												
Loans (INR B)	1028	1085	1116	1162	1183	1232	1255	1303	1162	1303		
Change YoY (%)	30.4	20.6	19.5	17.2	15.1	13.5	12.4	12.1	17.2	12.1		
Borrowings (INR B)	953	1032	1046	1129	1109	1177	1193	1229	1129	1229		
Change YoY (%)	30.7	21.6	21.0	22.4	16.3	14.1	14.0	8.9	20.1	8.9		
Loans/Borrowings (%)	107.8	105.1	106.7	103.0	106.7	104.6	105.2	106.0	103	106		
Debt/Equity (x)	5.1	5.6	5.5	5.7	4.7				5.7	5.0		
Asset Quality Parameters (%)												
GS 3 (INR B)	37.9	43.1	45.3	44.1	47.0				44.1	50.4		
Gross Stage 3 (% on Assets)	3.6	3.8	3.9	3.7	3.8				3.7	3.8		
NS 3 (INR B)	15.2	17.5	22.6	21.6	22.8				21.6	23.7		
Net Stage 3 (% on Assets)	1.5	1.6	2.0	1.8	1.9				1.8	1.8		
PCR (%)	73.5	59.5	50.1	51.2	51.4				51.2	53.0		
ECL (%)	3.3	3.5	3.0	2.9	3.0				3.2	3.3		
Return Ratios (%)												
ROAA	1.8	1.2	2.8	1.7	1.6				1.9	1.9		
ROAE	11.1	8.0	19.2	11.6	9.8				12.4	11.9		

E: MOFSL estimates

PNB Housing

Estimate changes



TP change



Rating change



Bloomberg	PNBHOUSI IN
Equity Shares (m)	260
M.Cap.(INRb)/(USDb)	282.7 / 3.3
52-Week Range (INR)	1202 / 741
1, 6, 12 Rel. Per (%)	4/11/35
12M Avg Val (INR M)	2020

Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	27.2	31.5	39.5
PPP	23.3	27.5	35.9
PAT	19.4	23.0	26.5
EPS (INR)	74	89	102
EPS Gr. (%)	28	19	15
BV/Sh. (INR)	649	732	819

Ratios

NIM (%)	3.9	3.8	4.0
C/I ratio (%)	25.9	25.1	22.7
RoAA (%)	2.5	2.5	2.5
RoE (%)	12.2	12.8	13.2

Valuations

P/E (x)	14.6	12.3	10.6
P/BV (x)	1.7	1.5	1.3
Div. Yield (%)	0.5	1.4	1.6

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	28.1	28.1	28.1
DII	38.0	29.9	10.9
FII	24.2	21.4	17.9
Others	9.7	20.6	43.0

FII Includes depository receipts

CMP: INR1,087
TP: INR1,300 (+20%)
Buy

Tracking well on guidance; stable NIM a positive

Retail loan growth of ~18% YoY; NIM guidance revised upward to ~3.7%

- PNB Housing (PNBHF) kicked off FY26 on a strong note with a well-rounded performance, marked by: 1) a healthy retail loan growth of ~18% YoY, 2) stable NIM of ~3.74% in a declining rate environment, 3) minor improvement in asset quality despite a weak seasonality in 1Q, and 4) sustained recoveries from its retail and corporate written-off pool, which resulted in continued provision write-backs. PNBHF's 1QFY26 PAT grew 23% YoY to ~INR5.3b (~5% beat).
- NII in 1QFY26 rose ~16% YoY to ~INR7.5b (in line). Other income grew 9% YoY to INR1b. Opex rose ~12% YoY/2% QoQ to ~INR2.2b (in line). PPOP grew ~17% YoY to INR6.3b (in line). Credit costs, net of recoveries, resulted in a write-back of ~INR562m (vs. estimated write-backs of INR162m), which led to net credit costs of -30bp (PQ: -35bp and PY: -7bp).
- PNBHF is steadily shifting towards higher-yielding products by moderating growth in the prime segment and intensifying focus on affordable and emerging segments. The company also revised its NIM guidance upward to ~3.7% (from 3.6-3.65% earlier). It remains focused on keeping NIM steady (in the near term), with subsequent expansion to 4.0-4.1% in FY27. Management also anticipates a credit rating upgrade to AAA over the next 4-5 quarters.
- Total GNPA/NNPA stood at ~1.06%/0.7% (% of loan assets) and exhibited a minor improvement despite a weak seasonality in the first quarter of the fiscal year. Retail GNPA also exhibited a minor improvement to 1.07%, while corporate GNPA has been NIL for the past five quarters.
- We continue to believe in our thesis of a transformation at PNBHF and in the management's ability to drive profitability improvement, supported by: 1) healthy retail loan CAGR of 18%; 2) NIM expansion from FY27 onwards; and 3) benign credit costs on the back of sustained recoveries from the written-off pool. We expect PNBHF to resume corporate disbursements later this year, which will also provide some support to yields and NIM.
- We expect PNBHF to post a CAGR of 19%/17% in loans/PAT over FY25-27 and ~2.5%/13.2% RoA/RoE in FY27. **Reiterate BUY with an unchanged TP of INR1,300 (based on 1.6x Mar'27E BVPS).**

Highlights from the management commentary

- The affordable portfolio is maturing well and outperforming industry benchmarks. In steady state, management has guided for credit costs in the affordable segment at around ~25bp, with minimal variation between credit costs in the prime (19-20bps) and emerging (20-23bps) segments.
- Management highlighted that a dedicated NHL team has been established across 10 key markets to drive growth in NHL, with management guiding for quarterly disbursements of INR1.0-1.5b going forward.
- The company implemented a 10bp reduction in its PLR, effective Jul'25.
- PNBHF targets to reach ~14% RoE in the next three years, supported by a rising share of high-margin products.

Valuation and view

- PNBHF reported a strong all-round performance in 1QFY26, supported by solid execution that translated into healthy loan growth, minor improvement in asset quality, stable margin, and robust profitability. PNBHF is strategically focused on maintaining profitability through disciplined margin management, driven by a strategic shift toward higher-yielding affordable and emerging housing segments, coupled with a cautious resumption of corporate disbursements. Its commitment to controlled growth and prudent asset quality management has positioned it favorably for sustained execution.
- The stock trades at 1.3x FY27E P/BV, with a favorable risk-reward profile that could support a re-rating in the valuation multiple as investor confidence grows in the company's consistent execution in the Retail segment (across emerging and affordable segments). **Reiterate BUY with a TP of INR1,300 (based on 1.6x Mar'27E BVPS).**
- **Key risks:** a) the inability to drive NIM expansion in FY27 amid aggressive competition in mortgages, b) subsequent seasoning in the affordable/emerging loan book leading to asset quality deterioration and elevated credit costs, and c) while not imminent, RBI's October 4 draft circular on bank ownership in group NBFCs could potentially lead to a further reduction in PNB's stake in PNBHF.

Quarterly performance

(INR M)

	FY25				FY26E				FY25	FY26E	1Q FY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Interest Income	17,391	17,803	18,484	19,059	19,804	20,279	20,948	21,902	72,737	82,932	19,479	2
Interest Expenses	10,969	11,185	11,579	11,781	12,344	12,628	12,981	13,503	45,514	51,456	12,063	2
Net Interest Income	6,421	6,618	6,905	7,279	7,460	7,651	7,967	8,398	27,223	31,476	7,415	1
YoY Growth (%)	3.66	2.5	16.5	16.8	16.17	15.6	15.4	15.4	9.7	15.6	15.5	
Other income	930	994	947	1,309	1,015	1,137	1,296	1,840	4,179	5,288	1,178	-14
Total Income	7,352	7,612	7,852	8,587	8,475	8,788	9,263	10,238	31,402	36,764	8,593	-1
YoY Growth (%)	11.3	5.4	17.3	15.4	15.3	15.5	18.0	19.2	12.3	17.1	16.9	
Operating Expenses	1,929	2,020	2,057	2,124	2,158	2,266	2,334	2,469	8,130	9,226	2,187	-1
YoY Growth (%)	26.1	18.7	21.0	19.4	11.9	12.2	13.5	16.3	21.2	13.5	13.4	
Operating Profits	5,422	5,591	5,795	6,464	6,317	6,522	6,929	7,769	23,272	27,538	6,406	-1
YoY Growth (%)	6.9	1.3	16.0	14.1	16.5	16.7	19.6	20.2	9.5	18.3	18.1	
Provisions	-120	-456	-361	-648	-562	-573	-516	-327	-1,585	-1,979	-162	247
Profit before Tax	5,542	6,047	6,157	7,112	6,879	7,096	7,445	8,097	24,858	29,517	6,568	5
Tax Provisions	1,214	1,351	1,324	1,608	1,544	1,582	1,638	1,729	5,496	6,494	1,511	2
Profit after tax	4,328	4,697	4,833	5,504	5,335	5,513	5,807	6,367	19,361	23,023	5,057	5
YoY Growth (%)	24.6	22.6	42.8	25.3	23.3	17.4	20.2	15.7	28.4	18.9	16.8	

Key Operating Parameters (%)

Rep. Yield on loans	10.03	10.05	10.12	10.03	9.99			
Rep. Cost of funds	7.92	7.84	7.83	7.84	7.76			
Spreads	2.11	2.21	2.29	2.19	2.23			
Net Interest Margins	3.65	3.68	3.70	3.75	3.74			
Cost to Income Ratio	26.2	26.5	26.2	24.7	25.5			
Credit Cost	-0.07	-0.27	-0.20	-0.35	-0.29			
Tax Rate	21.9	22.3	21.5	22.6	22.4			

Balance Sheet Parameters

Loans (INR B)	670	695	719	758	777			
Change YoY (%)	15.1	14.2	15.4	15.9	16.04			
AUM (INR B)	725	747	768	804	821			
Change YoY (%)	11.0	10.8	12.1	12.8	13.2			
Borrowings (Ex Assgn.) (INR B)	557	570	599	623	648			
Change YoY (%)	8.2	6.5	12.8	13.2	16.3			
Loans /Borrowings (%)	120.2	121.9	120.1	121.6	119.9			
Off BS loans/AUM (%)	10.7	7.0	6.4	5.8	5.3			
Debt/Equity (x)	3.6	3.6	3.7	3.7	3.7			

Asset Quality Parameters (%)

GS 3 (INR Mn)	9,060	8,650	8,570	8,160	8,250			
Gross Stage 3 (% on loans)	1.35	1.24	1.19	1.08	1.06			
NS 3 (INR Mn)	6,120	5,820	5,720	5,220	5,330			
Net Stage 3 (% on loans)	0.92	0.84	0.80	0.69	0.69			
PCR (%)	32.45	32.7	33.3	36.0	35.39			

E: MOFSL Estimates

CreditAccess Grameen

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	CREDAG IN
Equity Shares (m)	160
M.Cap.(INRb)/(USD\$)	204.4 / 2.4
52-Week Range (INR)	1355 / 750
1, 6, 12 Rel. Per (%)	15/25/-1
12M Avg Val (INR M)	1200

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	36.0	38.8	45.2
Total Income	38.1	41.9	48.6
PPoP	26.4	28.0	32.8
PAT	5.3	9.1	16.9
EPS (INR)	33	57	106
EPS Gr. (%)	-63	70	87
BV (INR)	436	492	598

Ratios (%)

NIM	14.6	15.0	14.7
C/I ratio	30.7	33.1	32.4
Credit cost	7.5	5.8	3.2
RoA	1.9	3.1	4.9
RoE	7.9	12.2	19.5

Valuations

P/E (x)	38.5	22.6	12.1
P/BV (x)	2.9	2.6	2.1

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	66.4	66.4	66.6
DII	12.8	12.7	16.3
FII	12.1	11.4	10.9
Others	8.7	9.5	6.3

FII Includes depository receipts

CMP: INR1,280 TP: INR1,500 (+17%) Buy

Profitability set to improve in 2H

Broad-based improvement in new PAR accretion

- CreditAccess Grameen's (CREDAG) 1QFY26 PAT stood at INR602m (vs. est. INR842m). NII declined ~2% YoY to ~INR9b (in line). PPOP fell ~8% YoY to INR6.5b (in line). Cost-income ratio rose ~160bp QoQ to ~33.5% (PY: ~29% and PQ: ~32%).
- Reported yields declined ~10bp QoQ to ~20.3% and CoF was down ~10bp QoQ at 9.7%. Reported NIM rose ~10bp QoQ to ~12.8%. We model NIM (calc.) of 15%/14.7% in FY26/FY27 (vs. ~14.6% in FY25).
- Disbursements rose ~22% YoY to ~INR55b. AUM was flat QoQ but down ~1% YoY at ~INR261b (PY: ~INR263b). The borrower base declined ~5% QoQ to ~4.56m (PQ: ~4.7m). CREDAG added 51 branches during the quarter to reach 2,114 branches.
- Management indicated a broad-based improvement in PAR accretion across all key geographies, including Karnataka, reflecting enhanced on-ground execution and borrower discipline. The company highlighted that credit costs are expected to remain at similar levels in 2QFY26 due to accelerated write-offs, with a sharp decline anticipated from 3Q onward. It remains focused on balance sheet normalization, with conservative provisioning and continued portfolio clean-up through write-offs.
- The company plans to open 200 new branches in FY26, with a majority of them expected to be operational by 1HFY26. While this front-loaded expansion is expected to temporarily push up the opex ratios, management remains confident that operating leverage and improved productivity from 2HFY26 onward will drive efficiencies. As a result, CREDAG expects to bring down opex/avg. AUM to <5% by end-FY26.
- We cut our FY26E PAT by ~2% to factor in slightly higher credit costs, while we keep our FY27E EPS unchanged. We estimate a CAGR of 19%/79% in AUM/PAT over FY25-27E, leading to RoA/RoE of ~4.9%/19.5% in FY27E.
- We do acknowledge that the residual stress from Karnataka slippages and incremental stress from the implementation of MFIN guardrails 2.0 will have to be provided for, which will keep credit costs elevated in 2QFY26 as well. However, we believe that there is a trend reversal on the horizon in the microfinance sector, which will play itself out over the next one-two quarters and get the sector to **near-normalization (operationally) in 2HFY26**. That said, we strongly believe that the coming three months present an opportunity to separate high-quality franchises from weaker ones, with performance divergence across the MFI sector expected to be increasingly evident.
- CREDAG trades at 2.1x FY27E P/BV and its premium valuations over its MFI peers should be sustained, given its ability to bounce back to normalcy, much ahead of its peers. Reiterate BUY with an unchanged TP of INR1,500 (based on 2.5x Mar'27E P/BV).

Asset quality broadly stable; credit costs remain elevated

- GNPA declined ~5bp QoQ to 4.7%, while NNPA rose ~5bp QoQ to ~1.8%. Stage 3 PCR declined ~160bp QoQ to ~63.2%. Annualized credit costs declined to ~8.9% (PQ: ~9.3% and PY: ~2.6%).
- Total write-offs in 1Q stood at INR6.9b (including INR6b of accelerated write-offs). The company highlighted that credit costs arising from new PAR accretion have moderated, while overall credit costs have remained elevated primarily due to accelerated write-offs taken by the company.
- Collection efficiency, including arrears, rose to 93.4% in 1Q (PQ: 92.2%) and to 94.1% in Jun'25. Collection efficiency, excluding arrears, increased to 93.2% (PQ: 91.9%) in 1Q and to ~93.5% in Jun'25.
- CREDAG has guided for credit costs of ~5.5-6.0% in FY26 and expects it to normalize to 3.0-3.5% from FY27 onward. We model credit costs of ~5.8%/3.2% (as % of loan assets) in FY26/FY27.

Highlights from the management commentary

- The company had moderated disbursements in Bihar owing to elevated credit costs, primarily driven by higher employee attrition. With a strengthened people strategy and increased manpower deployment, the company expects an improved growth trajectory in the region going forward.
- Management highlighted that collections in Jul'25 have improved, and the company expects this momentum to sustain through Aug'25 and Sept'25. Notably, collections are also improving in Karnataka.
- The company's retail finance portfolio is currently skewed toward unsecured loans, which constitute ~70% of the mix, with the balance being secured. Over the medium term, the company aims to achieve a more balanced mix of 50:50 between secured and unsecured loans. Additionally, it plans to increase the contribution of retail finance in the overall GLP to ~12-15% by FY28.

Valuation and view

- CREDAG has successfully navigated a period of industry-wide challenges, demonstrating remarkable resilience and a return to normal operational efficiency. New stress formation (including in Karnataka) has normalized, supported by robust internal processes, including rigorous daily collection monitoring, detailed audit reports, and consistent tracking of center attendance.
- The company will continue to prioritize balance sheet normalization through accelerated write-offs and prudent provisioning. With structural levers such as branch network expansion and strengthening collection efficiency across key geographies (including Karnataka) firmly in motion, it is well-positioned to deliver a strong improvement in loan growth and profitability from 2HFY26 onward.
- CREDAG trades at 2.1x FY27 P/BV. With a strong capital position (Tier-1 of ~25%), it will embark on a strong loan growth trajectory once there are signs of further normalization in the delinquency trends. **Reiterate BUY with an unchanged TP of INR1,500 (based on 2.5x Mar'27E P/BV).**

CREDAG: Quarterly Performance
(INR M)

Y/E March	FY25				FY26E				FY25	FY26E	1Q FY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	14,372	14,177	13,376	13,543	13,881	14,122	14,660	15,908	55,468	58,571	13,858	0
Interest Expenses	5,103	4,846	4,749	4,778	4,822	4,826	4,933	5,154	19,476	19,735	4,811	0
Net Interest Income	9,268	9,331	8,628	8,765	9,060	9,295	9,727	10,754	35,992	38,836	9,047	0
YoY Growth (%)	28.7	22.2	7.5	-0.5	-2.3	-0.4	12.7	22.7	13.6	7.9	-2.4	
Other Income	754	362	443	535	755	814	877	640	2,094	3,087	725	4
Total Income	10,023	9,693	9,071	9,299	9,815	10,110	10,605	11,394	38,086	41,923	9,772	0
YoY Growth (%)	27.5	17.7	6.2	-4.8	-2.1	4.3	16.9	22.5	10.7	10.1	-2.5	
Operating Expenses	2,929	2,972	2,841	2,959	3,285	3,423	3,495	3,700	11,702	13,893	3,222	2
Operating Profit	7,093	6,721	6,229	6,340	6,530	6,687	7,110	7,694	26,384	28,030	6,550	0
YoY Growth (%)	30	19	4	-7	-8	-1	14	21	10	6	-8	
Provisions & Loan Losses	1,746	4,202	7,519	5,829	5,719	5,318	2,659	2,262	19,295	15,958	5,421	5
Profit before Tax	5,347	2,520	-1,289	511	811	1,369	4,451	5,432	7,089	12,072	1,129	-28
Tax Provisions	1,371	659	-294	39	209	348	1,131	1,331	1,775	3,018	287	-27
Net Profit	3,977	1,861	-995	472	602	1,021	3,320	4,101	5,314	9,054	842	-29
YoY Growth (%)	14.1	-46.4	-128.2	-88.1	-84.9	-45.1	-433.6	768.7	-63.2	70.4	-78.8	
AUM Growth (%)	20.6	11.8	6.1	-2.9	-0.9	4.8	12.0	16.2	(3.3)	14.0	(0.9)	
NIM (%)	14.0	14.5	13.8	13.8	13.9	14.2	14.4	14.8	14.6	15.0	13.9	
Cost to Income Ratio (%)	29.2	30.7	31.3	31.8	33.5	33.9	33.0	32.5	30.7	33.1	33.0	
Tax Rate (%)	25.6	26.2	22.8	7.6	25.4	25.4	25.4	25.4	25.0	25.0	25.4	
Key Parameters (%)												
Yield on loans	21.0	21.1	20.2	20.4	20.3							
Cost of funds	9.8	9.8	9.8	9.8	9.7							
Spread	11.2	11.3	10.4	10.6	10.6							
NIM	13.0	13.5	12.5	12.7	12.8							
Credit cost	2.6	6.7	12.3	9.3	8.9							
Cost to Income Ratio (%)	29.2	30.7	31.3	31.8	33.5							
Tax Rate (%)	25.6	26.2	22.8	7.6	25.4							
Performance ratios (%)												
GLP/Branch (INR m)	133	124	120	126	123							
GLP/Loan Officer (INR m)	19.6	18.8	19.3	18.4	18.2							
Borrowers/Branch	2,522	2,429	2,334	2,275	2,158							
Borrowers/Loan Officer	372	369	374	333	318							
Balance Sheet Parameters		-4.5										
Gross loan portfolio (INR B)	263.0	251.3	248.1	259.5	260.6							
Change YoY (%)	20.6	11.8	6.1	-2.9	-0.9							
Disbursements (INR B)	44.8	44.0	50.9	64.7	54.6							
Change YoY (%)	-6.2	-11.3	-4.8	-19.6	21.9							
Borrowings (INR B)	203.9	192.7	202.3	204.5	200.8							
Change YoY (%)	21.2	8.6	6.0	-6.8	-1.5							
Borrowings/Loans (%)	82.7	81.9	87.7	84.2	82.6							
Debt/Equity (x)	2.9	2.8	2.9	2.9	2.9							
Asset Quality (%)												
GS 3 (INR M)	3,710	6,002	9,780	12,291	12,080							
G3 %	1.5	2.4	4.0	4.8	4.7							
NS 3 (INR M)	1,144	1,832	3,061	4,326	4,445							
NS3 %	0.5	0.8	1.3	1.8	1.8							
PCR (%)	69.2	69.5	68.7	64.8	63.2							
ECL (%)	2.3	3.5	5.1	5.1	4.7							
Return Ratios - YTD (%)												
ROA (Rep)	5.4	2.7	-1.4	0.7	0.9							
ROE (Rep)	23.5	10.7	-5.7	2.7	3.4							

E: MOFSL Estimates

Kajaria Ceramics

Estimate change



TP change



Rating change



Bloomberg	KJC IN
Equity Shares (m)	159
M.Cap.(INRb)/(USDb)	197.8 / 2.3
52-Week Range (INR)	1579 / 745
1, 6, 12 Rel. Per (%)	22/12/-13
12M Avg Val (INR M)	365
Free float (%)	52.5

Financial Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	50.0	55.8	61.8
EBITDA	8.1	9.1	10.3
Adj. PAT	4.8	5.5	6.3
EBITDA Margin (%)	16.2	16.4	16.6
Cons. Adj. EPS (INR)	30.4	34.9	39.7
EPS Gr. (%)	39.3	14.7	13.9
BV/Sh. (INR)	190	211	234

Ratios

Net D:E	(0.8)	(0.9)	(1.1)
RoE (%)	16.6	17.2	17.7
RoCE (%)	19.5	20.4	21.1
Payout (%)	39.5	40.1	40.3

Valuations

P/E (x)	40.8	35.6	31.2
P/BV (x)	6.5	5.9	5.3
EV/EBITDA(x)	23.6	20.6	18.1
EV/Sales (x)	3.8	3.4	3.0

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	47.5	47.5	47.5
DII	27.7	27.9	24.9
FII	15.8	16.0	19.2
Others	9.1	8.6	8.4

FII Includes depository receipts

CMP: INR1,240
TP: INR1,430 (+15%)
Buy
Muted revenue growth; cost optimization fuels margin expansion
Unified sales framework to drive efficiency and dealer servicing

- Kajaria Ceramics (KJC)'s 1QFY26 EBITDA was above our estimate, led by cost optimization efforts. Revenue inched up ~1% YoY to INR11.0b (in line), while EBITDA increased ~9% YoY to INR1.9b (~24% beat), and OPM surged 1.3pp YoY to ~17% (vs. ~13% est.). PAT increased ~17% YoY to INR1.1b (~33% beat).
- Management indicated that demand continues to be soft in the near term; however, it anticipates volume growth in 9MFY26, aided by improvement in export markets. The company is undertaking unification initiatives to integrate its tile sales and marketing functions. This will drive cost efficiency, resource optimization, and long-term volume growth. KJC believes margins will remain stable due to its continued focus on cost optimization and operating efficiency. Notably, promoters are forgoing salary for FY26 (INR170m in FY25).
- We raise our EPS estimates by ~24%/10% for FY26/FY27 to factor in strong margin expansion fueled by cost optimization. We also introduce our FY28 estimates with this note. We value KJC at 40x Jun'27E EPS to arrive at our revised TP of INR1,430. **Reiterate BUY.**

Volumes inch up ~1% YoY; tile realization dips ~1% YoY

- Consol. revenue/EBITDA/PAT stood at INR11.0b/INR1.9b/INR1.1b (+1%/+9%/+17% YoY and -4%/+24%/+33% v/s our estimates). Tiles volume inched up ~1% YoY to 27.2msm, while realization declined ~1% YoY to INR363/sqm. Sanitaryware revenue remained flat YoY at INR915m, while revenue from adhesives increased ~64% YoY to INR249m. It closed the plywood business.
- Gross margin improved 75bp YoY to ~40%. Employee costs increased ~1% YoY (12.3% of revenue and similar to 1QFY25). Other expenses declined 5%/32% YoY/QoQ (10.3% of revenue vs. 10.9% in 1QFY25). OPM increased 1.3pp YoY to ~17%. Depreciation/interest expenses increased ~4%/57% YoY, while other income grew ~31% YoY. ETR was 24.8% vs. 24.0% in 1QFY25.

Highlights from the management commentary

- Management is prioritizing cost rationalization and better utilization of existing capacity. Further, government spending has also started to improve and will help in overall growth.
- Average gas prices were INR37/scm, with the North at INR38/scm, the South at INR39/scm, and the West at INR36/scm. KJC is focusing on optimizing input costs, including packaging material, raw material sourcing, and other overheads.
- Capex is pegged at **INR1.0-1.5b for FY26, mainly towards maintenance and the new corporate office.**

Valuation and view

- KJC's earnings in 1Q were significantly above our estimates, led by strong cost control initiatives. Though the near-term demand outlook remains subdued, management expects margins to be sustained due to the cost rationalization efforts. Its strategic decisions, like the transition in the marketing team and efficiency improvement, are likely to fuel profitable growth going forward.

- We estimate KJC to post a revenue/EBITDA/PAT CAGR of 10%/18%/22% over FY25-28. We estimate ~9% CAGR in the tile volume over FY25-28. We factor in a margin improvement of 2.6pp YoY in FY26E to 16.2% and a marginal improvement of 20bp in FY27/28E (each). Valuations at 41x/36x FY26E/27E EPS appear reasonable, and we believe demand recovery would be the key trigger for stock price performance. We **reiterate our BUY rating** with a revised TP of INR1,430, based on 40x Jun'27E EPS.

Quarterly summary

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	10,958	11,793	11,556	12,219	11,027	12,579	12,853	13,541	46,351	50,017	11,516	(4)
YoY Change (%)	3.0	5.1	0.3	1.1	0.6	6.7	11.2	10.8	3.6	7.9	3.4	
Total Expenditure	9,248	10,204	10,023	10,835	9,159	10,592	10,822	11,358	40,089	41,931	10,008	(8)
EBITDA	1,710	1,589	1,533	1,384	1,869	1,988	2,031	2,183	6,262	8,086	1,509	24
Margins (%)	15.6	13.5	13.3	11.3	16.9	15.8	15.8	16.1	13.5	16.2	13.1	385
Depreciation	419	406	397	434	436	445	455	467	1,654	1,803	440	(1)
Interest	33	47	74	60	52	55	60	72	200	239	55	(6)
Other Income	101	99	103	125	132	100	115	117	427	464	110	20
PBT before EO Expense	1,359	1,235	1,166	1,014	1,513	1,588	1,631	1,761	4,835	6,507	1,124	35
Extra-Ord expense	0	0	59	308	0	0	0	0	-483	0	0	
PBT after EO Expense	1,359	1,235	1,107	706	1,513	1,588	1,631	1,761	5,318	6,507	1,124	35
Tax	327	341	300	311	375	421	432	417	1,360	1,666	280	
Rate (%)	24.0	27.6	25.7	30.7	24.8	26.5	26.5	23.7	28.1	25.6	24.9	
Reported PAT (pre minority)	953	843	777	425	1,112	1,156	1,187	1,334	2,944	4,789	834	33
Minority + associate	48	42	22	-63	4	11	12	26	49	53	10	
PAT Adj. for EO items and post MI	953	843	836	733	1,112	1,156	1,187	1,334	3,426	4,789	834	33
YoY Change (%)	-11.4	-21.9	-19.7	-30.3	16.8	37.2	41.9	81.9	-21.0	39.8	(7.2)	
Margins (%)	8.7	7.1	7.2	6.0	10.1	9.2	9.2	9.9	7.4	9.6	7.2	

Note: Sum of four quarters and full year in FY25 number does not match due to restatement of full year numbers, giving effect of exclusion of discontinued operations

	FY25				FY26				YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales Volumes-mn sqm:										
Own Manufacturing	14.9	15.6	15.4	15.8	14.8	16.9	16.7	21.0	(1)	(7)
JVs	5.5	5.4	5.9	6.5	5.7	5.9	6.3	6.8	4	(11)
Trading	6.6	7.6	7.6	7.9	6.7	8.2	8.2	6.6	2	(15)
Total sales volumes	27.0	28.7	28.9	30.1	27.2	31.0	31.2	34.5	1	(10)
Revenue Mix (INR m)										
Own Manufacturing	5,585	5,873	5,688	5,855	5,439	6,229	6,211	7,822	(3)	(7)
JVs	1,999	1,945	2,067	2,273	2,044	2,088	2,280	2,360	2	(10)
Trading	2,312	2,717	2,651	2,755	2,381	2,932	2,946	2,154	3	(14)
Sanitaryware / faucets	910	901	945	1,105	915	1,127	1,181	1,025	0	(17)
Plywood	179	175	81	47	16	-	-	-	(91)	(66)
Adhesives	152	182	205	230	249	203	235	196	64	8
Total	11,137	11,793	11,637	12,266	11,027	12,579	12,853	13,557	(1)	(10)
Realization/sqm (INR)										
Own Manufacturing	375	376	368	371	369	369	372	372	(2)	(0)
JVs	362	358	352	352	356	356	360	346	(2)	1
Trading	352	356	349	351	356	356	359	326	1	1
Blended Realization	367	367	360	361	363	363	366	358	(1)	0
Growth (% YoY)	-4.1%	-2.8%	-3.7%	-2.1%	-1.1%	-1.1%	1.8%	-1.0%		
Growth (% QoQ)	-0.7%	0.1%	-1.9%	0.4%	0.4%	0.0%	1.0%	-2.4%		

Note: The Company discontinued plywood business however plywood revenue was shown for ease of comparison

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR811 **TP: INR750 (-8%)** **Neutral**

In-line quarter

Mid-teens margins guidance maintained

- ZENT) reported a good 1QFY26, with revenue growth of 1.9% QoQ CC (est. growth 1.0% CC). TMT/HLS grew 5.5%/5.2% QoQ CC, while MCS declined 4.1% QoQ CC. Deal TCV: bookings came in at USD172m (down 19.4% QoQ/up 11% YoY), and the book-to-bill stood at 1.1x. EBIT margin was 13.5% (est. 13.3%), down 40bp QoQ. The company's PAT of INR1,820m (3.2% QoQ/15.3% YoY) was above our estimate of INR1,689m.
- For 1QFY26, ZENT's revenue/EBIT/PAT grew 7.5%/9.4%/15.3% YoY. For 2QFY26, we expect its revenue/EBIT/PAT to grow 10.1%/11.8%/12.8% YoY. Our TP of INR750 is based on 21x FY27E EPS. **Reiterate Neutral.**

Our view: TMT recovery and deal TCV growth remain key monitorables

- **Macro uncertainty weighs on budgets, but the TMT vertical shows signs of stabilization:** Management flagged continued macro uncertainty, with the MCS vertical still under pressure. However, it indicated that the worst appears to be over for the TMT vertical (~22% of revenue). The company has added new logos and is also unlocking fresh areas of spending with a large TMT client. A sustained recovery in TMT through 2HFY26 will be a key monitorable. While near-term caution persists, management remains optimistic that FY26 overall growth will be better than FY25. We forecast a 6.0%/6.3% YoY growth in CC terms for FY26E/FY27E.
- **Deal win trend softens sequentially:** ZENT's deal TCV declined 19% QoQ, reflecting macro challenges and falling below the USD200m run-rate seen over the past three quarters. The company noted a growing share of managed services in net new wins, with longer deal durations. We believe this might hamper the ACV trajectory in the upcoming quarters.
- **Mid-teens margin guidance maintained; 2QFY26 to witness headwinds:** ZENT retained its guidance for mid-teen margins for FY26; however, roll-out of wage hikes and ESOPs will weigh on 2Q. While cost optimization initiatives are underway, the realization will have a lead-lag effect. In our view, a rising offshore mix should offer some margin support. We estimate EBITDA margins at 15.5%/15.6% for FY26E/FY27E.

Valuation and revisions to our estimates

- We believe macro headwinds and deal softness may weigh on ZENT's near-term growth. While the TMT vertical is showing early signs of recovery, we await sustained traction before turning constructive. We broadly maintain our estimates. We expect FY26/FY27 EBITDA margin estimates at 15.5%/15.6%, resulting in a PAT CAGR of 10% over FY25–27E. Our TP of INR750 is based on 21x FY27E EPS. **Reiterate Neutral.**

Bloomberg	ZENT IN
Equity Shares (m)	227
M.Cap.(INRb)/(USDb)	184.3 / 2.1
52-Week Range (INR)	985 / 536
1, 6, 12 Rel. Per (%)	-4/0/6
12M Avg Val (INR M)	1073

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	52.8	57.8	61.6
EBIT Margin (%)	13.5	13.7	13.8
PAT	6.5	7.4	7.9
EPS (INR)	28.4	32.3	34.6
EPS Gr. (%)	-2.5	13.8	7.2
BV/Sh. (INR)	179.4	194.7	211.1

Ratios

RoE (%)	17.0	17.4	17.2
RoCE (%)	13.4	13.4	13.4
Payout (%)	45.8	45.8	45.8

Valuations

P/E (x)	28.6	25.1	23.4
P/BV (x)	4.5	4.2	3.8
EV/EBITDA (x)	20.1	18.1	16.4
Div Yield (%)	1.6	1.8	2.0

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	49.1	49.1	49.2
DII	20.5	19.9	19.1
FII	14.6	15.0	15.7
Others	15.9	16.1	16.1

FII includes depository receipts

In-line revenue and margins; growth driven by TMT and HLS

- ZENT's revenue stood at USD162m, up 1.9% QoQ in CC terms, in line with our estimates of USD160m. Reported USD revenue was up 3.3% QoQ.
- Growth was driven by TMT and HLS (up 5.5%/5.2% QoQ CC), and BFSI grew 2.9% QoQ CC, while Manufacturing and Consumer declined 4.1% QoQ CC.
- Deal TCV: bookings came in at USD173m (down 19.4% QoQ/up 11% YoY), and the book-to-bill was 1.1x.
- EBIT margin stood at 13.5% (est. 13.3%), down 40bp QoQ.
- In 1Q, total headcount reached 10,620 (down 0.8% QoQ). LTM attrition was 9.8% (down 10bp QoQ). Utilization was down 30bp QoQ to 84.3%.
- ZENT's PAT of INR1,820m (up 3.2% QoQ/15.3% YoY) was above our estimate of INR1,689m for the quarter.

Key highlights from the management commentary

- The company anticipates some macro-driven variability in planned budgets.
- Despite ongoing political unrest and macroeconomic uncertainties, it remains cautiously optimistic about performance for the rest of the year.
- The right-shifting of demand highlighted in 4Q continues. Deal TCV was impacted sequentially due to this. Clients are focusing on cost-takeout projects.
- Large deals won earlier have started contributing to revenue.
- The company is committed to showing growth every quarter, although double-digit growth for the full year remains uncertain.
- AI-driven deals account for ~20% of the pipeline. The average order book value is increasing.
- Large deals are increasingly driven by innovation and solutioning, rather than cost competitiveness.
- Vendor consolidation deals are won by a low-cost provider. The company has an adequate client share and is not proactively pursuing such deals.
- The onshore-offshore mix is driven more by client requirements than internal strategies. While offshoring supports margins, it can weigh on revenues.
- 2QFY26 will reflect the impact of wage hikes and ESOP-related expenses. The company maintains mid-teens margin guidance for FY26.

Valuation and view

- We believe macro headwinds and deal softness may weigh on ZENT's near-term growth. While the TMT vertical is showing early signs of recovery, we await sustained traction before turning constructive. We broadly maintain our estimates. We expect FY26/FY27 EBITDA margin estimates at 15.5%/15.6%, resulting in a PAT CAGR of 10% over FY25–27E. Our TP of INR750 is based on 21x FY27E EPS. **Reiterate Neutral.**

Quarterly Performance

(INR Million)

Y/E March	FY25				FY26E				FY25	FY26E	Est. 1QFY26	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Revenue (USD m)	154	156	157	157	162	166	169	172	624	669	160	1.3
QoQ (%)	4.3	1.2	0.5	-0.1	3.3	2.5	1.5	2.0	5.4	7.1	2.0	136bp
Revenue (INR m)	12,881	13,080	13,256	13,589	13,850	14,403	14,619	14,911	52,806	57,783	13,678	1.3
YoY (%)	5.0	5.4	10.1	10.5	7.5	10.1	10.3	9.7	7.7	9.4	6.2	134bp
GPM (%)	30.4	28.1	30.1	30.3	30.5	28.6	29.8	30.8	29.7	29.9	30.1	39bp
SGA (%)	15.2	12.7	14.5	14.7	15.3	13.5	14.5	14.5	14.3	14.4	15.0	29bp
EBITDA	1,961	2,011	2,069	2,125	2,106	2,175	2,237	2,431	8,166	8,948	2,065	2.0
EBITDA Margin (%)	15.2	15.4	15.6	15.6	15.2	15.1	15.3	16.3	15.5	15.5	15.1	11bp
EBIT	1,714	1,714	1,832	1,887	1,875	1,916	1,959	2,147	7,147	7,897	1,821	3.0
EBIT Margin (%)	13.3	13.1	13.8	13.9	13.5	13.3	13.4	14.4	13.5	13.7	13.3	22bp
Other income	383	366	270	411	531	403	410	506	1,430	1,847	410	29.4
ETR (%)	24.7	25.1	24.0	23.2	24.4	24.2	24.0	23.9	24.2	24.1	24.3	
Adj. PAT	1,579	1,558	1,597	1,764	1,820	1,758	1,800	2,018	6,498	7,393	1,689	7.8
QoQ (%)	-8.9	-1.3	2.5	10.5	3.2	-3.4	2.4	12.1			-4.3	
YoY (%)	1.1	-10.4	-1.2	1.8	15.3	12.8	12.7	14.4	-2.3	13.8	6.9	
EPS (INR)	6.9	6.8	7.0	7.7	7.9	7.6	7.8	8.8	28.4	32.3	7.4	7.7

Key Performance Indicators

Y/E March	FY25				FY26	FY25
	1Q	2Q	3Q	4Q	1Q	
Revenue (QoQ CC %)	4.3	0.3	0.7	0.9	1.9	
Margins						
Gross Margin	30.4	28.1	30.1	30.3	30.5	29.7
EBIT Margin	13.3	13.1	13.8	13.9	13.5	13.5
Net Margin	12.3	11.9	12.0	13.0	13.1	12.3
Operating metrics						
Headcount	10,396	10,240	10,517	10,702	10,620	10,702
LTM Attrition (%)	10.6	10.1	10.0	9.9	9.8	10
Offshore Rev	48.6	50.3	50.5	51.0	52.6	51.0
Key Geographies (YoY USD %)						
North America	2.4	6.4	10.6	8.1	4.3	6.8
UK	6.6	1.6	7.5	5.9	8.6	5.3
Africa	4.3	(4.5)	(0.2)	(3.8)	2.2	(1.2)

CIE Automotive India

Estimate change



TP change



Rating change



Bloomberg	CIEINDIA IN
Equity Shares (m)	379
M.Cap.(INRb)/(USD\$)	160.5 / 1.9
52-Week Range (INR)	608 / 357
1, 6, 12 Rel. Per (%)	-6/-17/-31
12M Avg Val (INR m)	126

Financials & Valuations (INR b)

INR b	CY24	CY25E	CY26E
Sales	89.6	92.6	97.2
EBITDA (%)	15.1	14.5	14.7
Adj. PAT	8.2	8.1	8.5
EPS (INR)	21.7	21.4	22.6
EPS Growth (%)	2.8	-1.2	5.3
BV/Share (Rs)	174	190	207

Ratio

RoE (%)	13.1	11.8	11.4
RoCE (%)	12.1	11.0	11.0
Payout (%)	32.4	20.0	20.0

Valuations

P/E (x)	19.5	19.7	18.7
P/BV (x)	2.4	2.2	2.0
Div. Yield (%)	1.7	1.0	1.1
FCF Yield (%)	3.1	2.3	4.0

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	65.7	65.7	65.7
DII	21.5	21.0	19.5
FII	4.2	4.4	5.0
Others	8.6	9.0	9.8

FII includes depository receipts

CMP: INR423
TP: INR502 (+19%)
Buy

India business likely to be the key growth driver

Earnings beat driven by improved operational performance

- CIE India (CIEINDIA)'s consolidated PAT at INR2b came in ahead of our estimate of INR1.9b, fueled by better-than-expected performance at both India and Europe and favorable currency movement. With the EU demand remaining uncertain, management continues to focus on driving growth in India through capacity expansion, deeper customer engagements, and leveraging its existing product and segment diversification.
- The Indian business is projected to be the primary growth driver for the company even in CY25. CIEINDIA remains focused on sustaining profitability through operational efficiencies. The stock trades at 19.7x/18.7x CY25E/CY26E consolidated EPS. **Reiterate BUY with a TP of INR502 (based on ~21x Jun'27E consolidated EPS).**

India continues to be the key growth driver

- CIEINDIA's consolidated PAT at INR2b came in ahead of our estimate of INR1.9b, led by better-than-expected performance at both India and Europe and favorable currency movement.
- **Consolidated revenue grew ~3% YoY to INR23.7b (est. INR21.9b) in 2QCY25.** Growth was largely led by the India business (+6% YoY) and positive exchange rate impact, while the EU business continued to remain subdued (-1% YoY). 1HCY25 revenue/EBITDA declined ~2%/7% YoY, while Adj. PAT declined ~8% YoY.
- **EBITDA stood at ~INR3.4b (est. INR3.2b)** and was down ~6% YoY. EBITDA margin came in at 14.2% (est. 14.5%), down 150bp YoY and 60bp QoQ. This included a 100bp impact of restructuring at Metalcastello.
- **Adj. PAT stood at INR2b (est. INR1.9b)** and was down ~6% YoY.
- **India business performance:** Revenue grew 6% YoY to INR15.2b (est. INR14.7b), ahead of blended average market growth of ~5% YoY. India EBITDA margin remained stable QoQ at 15.7% (est. 15.5%, flat YoY). PBT grew 3% YoY to INR2.1b.
- **EU business performance:** Revenue declined ~1% YoY to ~INR8.5b (est. ~INR7.2b). This was led by a 4% dip in revenue in euro terms and a 4% reduction in input costs, which was offset by a 7% benefit due to forex fluctuation. EBITDA margin contracted 140bp QoQ/400bp YoY to 11.7% (est. 12.5%). 2Q included a 120bp impact of restructuring costs at Metalcastello. Adjusted for this, the EBITDA margin would have been ~14.5%.
- CIEINDIA's 1HCY25 CFO/FCF declined ~10%/5% YoY to INR5.5b/INR4.8b. Operating cash flow was INR5.5b (~76% of EBITDA) but was offset by high working capital needs (INR5.9b) and dividend payout of INR2.65b.

Highlights from the management commentary

- The order book at the end of 1HCY26 stands at INR6b (was INR3.5b at the end of 1Q). Management expects a steady improvement in the India business in the coming quarters on the back of its healthy order backlog and stable domestic growth in core segments.
- Management has guided for a 17.5-18.0% margin range for the India business.
- The PV and CV markets in Europe are likely to remain weak in the near term. OEMs are now indicating they expect the market to recover by Jan'26. However, the management is not as optimistic on the same, as the outlook continues to be highly uncertain.
- Given the weak demand in Europe, supply is much higher than demand, and a lot of companies are undergoing financial stress. This is likely to drive industry consolidation, and CIE is likely to emerge as a key beneficiary of the same.
- Management has given a recurring margin guidance of about 14-15% for Europe in the long run.

Valuation and view

- The Indian business is projected to be the primary growth driver for the company even in CY25. However, the weak outlook for the EU business and Metalcastello is likely to weigh on the overall performance in the near term. CIEINDIA possesses some of the financial attributes unique to a global ancillary player including being net debt-free, having strict capex/inorganic expansion guidelines, generating positive FCF, and tracking an improving return trajectory.
- On account of a better-than-expected performance in 2QCY25, we raise our CY25/CY26 EPS estimates by 6%/2%. However, CIEINDIA remains focused on sustaining profitability through operational efficiencies. The stock trades at 19.7x/18.7x CY25E/CY26E consolidated EPS. **Reiterate BUY with a TP of INR502 (based on ~21x Jun'27E consolidated EPS).**

Quarterly performance (Consol.)

(INR m)	CY24				CY25				CY24	CY25E	CY25	Var.
Y/E December	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Net Sales	24,268	22,927	21,346	21,100	22,726	23,690	21,607	16,997	89,641	85,021	21,911	8.1
YoY Change (%)	-0.5	-1.2	-6.4	-5.8	-6.4	3.3	1.2	-19.4	-3.4	-5.2	-4.4	
EBITDA	3,606	3,600	3,306	2,993	3,355	3,368	3,116	2,587	13,506	12,426	3,184	5.8
Margins (%)	14.9	15.7	15.5	14.2	14.8	14.2	14.4	15.2	15.1	14.6	14.5	-30bp
Depreciation	863	836	798	809	864	871	862	888	3,306	3,485	820	6.2
Interest	220	211	169	175	126	16	120	254	776	510	120	-86.3
Other Income	513	306	243	336	361	221	235	846	1,396	1,662	270	-18.2
Share of profit from associates	4	6	19	-2	5	7	7	9	27	28	7	
PBT	3,035	2,859	2,581	2,344	2,725	2,701	2,369	2,292	10,820	10,094	2,514	7.4
Tax Rate (%)	24.3	24.5	25.3	23.6	24.6	25.1	24.6	25.8	24.4	25.0	24.6	
Adj. PAT	2,302	2,164	1,947	1,790	2,060	2,030	1,794	1,709	8,203	7,599	1,904	6.6
YoY Change (%)	4.5	1.3	4.3	1.1	-10.5	-6.2	-7.9	-4.5	2.8	-7.4	-12.0	
Revenues												
India	14,275	14,293	15,270	14,430	14,658	15,154	14,935	13,116	59,079	57,862	14,718	3.0
Growth (%)	-1	0	-1	-3	3	6	-2	-9	0	-1	-2.2	
EU	9,994	8,660	6,077	6,670	8,069	8,536	6,673	3,881	29,098	27,159	7,193	18.7
Growth (%)	0	-2	-18	-12	-19	-1	10	-42	-14	-7	-8.7	
EBITDA Margins												
India	15.1	15.2	15.6	14.6	15.7	15.7	15.3	14.6	15.5	15.3	15.5	0.8
EU	14.6	15.7	15.2	13.2	13.1	11.7	12.5	17.4	15.0	13.1	12.5	-6.6

E: MOFSL Estimates

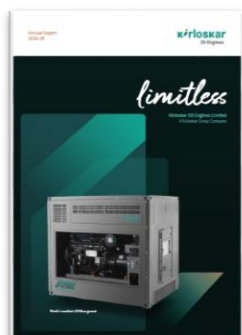
Kirloskar Oil Engines

BSE SENSEX

82,187

S&P CNX

24,968



Bloomberg	KOEL IN
Equity Shares (m)	145
M.Cap.(INRb)/(USD\$)	132 / 1.5
52-Week Range (INR)	1405 / 544
1, 6, 12 Rel. Per (%)	8/-11/-28
12M Avg Val (INR M)	413

Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Net Sales	51.1	58.4	67.5
EBITDA	6.5	7.6	9.1
PAT	4.2	4.9	5.9
EPS (INR)	28.8	33.6	40.9
GR. (%)	15.1	16.7	21.8
BV/Sh (INR)	205.6	232.4	265.0

Ratios

ROE (%)	14.9	15.3	16.4
RoCE (%)	14.3	15.0	16.1

Valuations

P/E (X)	31.6	27.0	22.2
P/BV (X)	4.4	3.9	3.4
EV/EBITDA (X)	19.8	16.8	13.7
Div Yield (%)	0.7	0.7	0.9

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	41.2	41.2	41.2
DII	26.6	25.0	25.2
FII	9.1	11.0	9.8
Others	23.1	22.8	23.9

FII includes depository receipts

CMP: INR909

TP: INR1,150 (+27%)

Buy

Focus remains on improving scale and margins

- Kirloskar Oil Engines (KOEL)'s 2025 Annual Report highlighted the company's strategy to grow its business across divisions with new product launches and a focus on profitability.
- With the genset market now nearing stabilization, we expect KOEL to concentrate on volume growth and high-horsepower (HHP) product sales in the powergen space. KOEL remains committed to its industrial segment, particularly during the transition to Construction Equipment Vehicle (CEV) norms, while also focusing on securing larger orders. The company is continuously increasing its distribution touchpoints. We would wait for a broad-based recovery in exports in the future, which have been weak until FY25.
- We incorporate details of the Annual Report in this note and maintain our TP of INR1,150, based on 25x P/E for the core business and the remaining value from subsidiaries. Reiterate BUY.

Powergen segment: Strengthening control and focus on the HHP market

KOEL is actively deepening its technological capability in the Powergen segment, particularly with a strategic pivot toward the HHP market through the Optiprime range of generators, providing the company the ability to cater to sectors such as data centers, hospitality, and commercial spaces. The in-house development of genset controllers reflects its intent to move up the value chain and reduce dependency on external technologies. This shift is not just about cost optimization but also about gaining greater integration and customization flexibility across its product portfolio. We expect the powergen segment to clock a CAGR of 15% over FY25-27, as these initiatives are likely to drive growth by capturing higher-value projects and strengthening KOEL's position in premium genset markets. For the portfolio below 750kVa, we expect the growth to be largely driven by volumes, as pricing would remain broadly stable.

Industrial segment: Bolstering capabilities by expanding into high-value orders

The Industrial segment continues to be a growth engine for KOEL, with strong traction from construction and infrastructure demand. The timely launch of CEV BS V-compliant engines underscores KOEL's regulatory preparedness. The engines are available in power ranges of 49HP, 74.5HP, and 110HP for applications in the construction sector. Additionally, the company has completed the development of 130HP CEV BS V engines. Moreover, KOEL is also developing the HHP series engines and 400 HP engines for rail maintenance. It also initiated the supply of 500kVA CPCB4+ diesel alternating sets for power car applications. Going forward, KOEL is likely to benefit from demand in the construction, concrete handling, railways, mining, and defense sectors. We also expect incremental revenue to flow from the execution of NPCIL orders and marine orders from the MoD. We thus expect the Industrial segment to clock a CAGR of 16% over FY25-27.

Distribution: Deepening customer touchpoints

The distribution segment provides services through service, direct, and retail channels. Through the service channel, KOEL provides remote monitoring services and diagnostic support. The company's innovative service offerings, such as Bandhan (branded AMCs for retail customers) and extended warranties, are developed to ensure long-term customer retention. KOEL now has around 450+ touch points, 400+ distributors, and 3,000+ trained service engineers. For the direct channel, KOEL has introduced a remanufactured line of products, known as Kirloskar Nulife. This Nulife brand helps the company to upgrade its genset to the current emission norms without having to invest heavily in a new genset. In the retail channel, the company intends to focus on strengthening its distributor network. We expect distribution to record a CAGR of 15% over FY25-27.

Exports: Gaining momentum through a wider reach

KOEL's export performance was hit in FY25 due to a lack of orders during FY24. However, the company is expanding its footprint across Southeast Asia, Europe, the Middle East, and Africa. KOEL has ventured into the UAE market too, along with appointing marine business dealers in these regions. A larger portion of exports originates from the powergen business, particularly in the Middle East and Northern Africa (MENA), Sub-Saharan Africa, and Asia-Pacific (APAC) regions. KOEL is now executing the HHP orders also in the international markets. We believe that the export market opportunity is quite large, and KOEL has to channelize resources to expand its presence in exports. We project exports to clock a CAGR of 15% over FY25-27.

Roadmap to achieving the USD2b revenue target by FY30

KOEL has laid out a clearly phrased long-term growth strategy aimed at becoming a USD2b company by FY30. Rather than relying solely on topline expansion, the company plans to optimize manufacturing and improve B2C capacity utilization in FY26. Followed by a shift in FY27 toward a technology roadmap and expanding Arka's retail contribution, indicating a push toward innovation and retail penetration. By FY28, the focus shifts to inorganic growth and international market expansion. FY29 marks a strategic step towards diversification into defense and rail, reducing dependence on legacy segments. The final phase in FY30 integrates these layers of transformation.

Financial outlook

We expect a revenue CAGR of 15% over FY25-27. Over FY25-27E, we bake in a 70bp improvement in margins to build in better product mix and operating leverage benefits. We expect an EBITDA/PAT CAGR of 18%/19% over the same period.

Valuation and view

The stock is currently trading at 27.0x/22.2x FY26/27E earnings. Adjusted for the subsidiary valuation, KOEL is trading at 23.2x/19.1x on FY26/27E EPS, which is still at a significant discount to the market leader. We reiterate our **BUY** rating on KOEL with a TP of INR1,150, based on 25x P/E for the core business and the remaining value from subsidiaries.

Key risks and concerns

A slowdown in order inflows, geopolitical issues, delays in the completion of mega and ultra-mega projects, a sharp rise in commodity prices, an increase in working capital, and increased competition are a few downside risks to our estimates.

Zee Entertainment

Estimate changes

TP change

Rating change



Bloomberg	Z IN
Equity Shares (m)	961
M.Cap.(INRb)/(USDb)	128.5 / 1.5
52-Week Range (INR)	155 / 89
1, 6, 12 Rel. Per (%)	1/5/-3
12M Avg Val (INR M)	2015

Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	84.7	89.1	93.7
EBITDA	12.2	14.0	16.2
Adj. PAT	8.3	9.8	11.5
EBITDA Margin (%)	14.5	15.8	17.3
Adj. EPS (INR)	8.6	10.2	12.0
EPS Gr. (%)	5.5	18.1	17.9
BV/Sh. (INR)	126.2	133.9	143.4

Ratios

Net D:E	-0.3	-0.3	-0.3
RoE (%)	7.0	7.8	8.7
RoCE (%)	7.0	7.9	8.7
Payout (%)	29.0	24.5	20.8

Valuations

P/E (x)	15.4	13.0	11.1
P/B (x)	1.1	1.0	0.9
EV/EBITDA (x)	8.0	6.4	5.1
Div. Yield (%)	1.9	1.9	1.9

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	4.0	4.0	4.0
DII	16.0	18.0	35.6
FII	22.8	20.1	19.2
Others	57.2	58.0	41.3

FII Includes depository receipts

CMP: INR134

TP: INR135 (+1%)

Neutral

Weak 1Q; ad revenue recovery remains key

- Zee Entertainment (Zee) reported a weak 1QFY26, with revenue declining 14% YoY (~7% miss), primarily due to continued weakness in domestic ad revenue (-19% YoY) and weak subscription revenue (-1% YoY).
- Zee maintained robust cost controls, with further reduction in Zee5 losses (down to ~INR660m from INR1.8b YoY). However, due to operating deleverage, consol EBITDA declined ~16% YoY (9% miss).
- Zee continues to aim for: 1) 8-10% revenue growth through its re-entry into Free-to-Air (FTA), expansion into new genres, and increased focus on regional languages; 2) Zee5 breakeven by FY26-end; and 3) EBITDA margins of 18-20% in FY26E.
- We cut our FY26E EBITDA/PAT by 7-8% and FY27E EBITDA/PAT by 3-4%, driven by persistent weakness in ad revenue.
- We build in a CAGR of 4%/11%/14% in revenue/EBITDA/PAT over FY25-28E. However, we see downside risks to our estimates due to the structural shift in ad revenue to digital medium (Zee's ad revenue has declined 30% since FY19).
- Zee's valuations remain attractive (13x FY27E EPS). However, a sustained recovery in domestic advertisement revenue and a favorable outcome in ongoing litigation for ICC rights with Star remain key for rerating. **We reiterate our Neutral rating with a TP of INR135 (earlier INR150).**

Weak 1Q as ad revenue decline continues

- 1QFY26 consolidated revenue declined ~14% YoY (-17% QoQ) to INR18.2b (~7% miss) due to a broad-based weakness across key revenue streams.
 - Advertisement revenue declined 17% YoY to INR8.3b (-25% YoY in 4Q), as **domestic ad revenue dipped ~19% YoY (vs. ~27% YoY decline in 4Q)**, impacted by a slowdown in FMCG spending and an extended sports calendar (IPL).
 - Subscription revenue declined ~1% YoY to INR9.8b (-1% QoQ), with a modest ~1% YoY growth in domestic subscription revenue (vs 4.5% YoY in 4Q) as higher digital subscriptions was offset by a decline in linear subscriptions.
 - Revenue from other sales and services tumbled 64% YoY to INR0.8b (-77% QoQ), due to a decline in movie and syndication revenue.
- Zee maintained robust cost controls, with total operating expenses declining ~14% YoY to INR16b (-16% QoQ), coming in 6% below our estimates due to lower movie production and content costs.
 - Selling and other expenses declined 11% YoY, while operational costs declined ~18% YoY (10% below).
- EBITDA declined 16% YoY to INR2.3b (-20%QoQ, 9% miss), as margin contracted ~25bp YoY to 12.5% (-55bp QoQ and 30bp miss).
- Adj. PAT declined 7% YoY to INR1.4b (-24% QoQ, 11% miss), as lower EBITDA and other income were partly offset by lower D&A and finance charges.

Zee5: 30% revenue growth leads to lower operating losses

- Zee5's revenue grew 30% YoY to INR2.9b (~6% QoQ), driven by healthy trends in usage and engagement metrics.
- Operating losses reduced further to INR658m (vs. ~INR750m loss QoQ and ~INR1.8b loss YoY).
- Adjusted for Zee5, linear TV business revenue declined 19.5% YoY, while EBITDA declined ~35% YoY to INR2.9b as margins **contracted ~450bp** YoY to 19.1%.

Key highlights from the management commentary

- **Ad revenue trends and outlook:** Domestic advertising revenue was impacted by continued macroeconomic headwinds, extended sports calendar (IPL), and lower ad spending by FMCG companies. However, management remains cautiously optimistic about an ad revenue recovery in the coming quarters, citing early signs of recovery supported by a healthy monsoon and the onset of the festive season. The company maintained its guidance of 8% ad revenue growth, driven by Zee's re-entry in the FTA segment, rising viewership share, launch of new genres, and a focus on regional languages.
- **Subscription trends and outlook:** Digital subscription growth was supported by the introduction of language packs in Zee5. However, this was offset by a decline in linear subscriptions due to a drop in Pay TV subscribers. Management indicated that the company remains in negotiations with DPOs and expects subscription revenue to grow in line with inflation.
- **Guidance and outlook:** Management reiterated its commitment to: 1) accelerating growth (8-10% annually); 2) improving margins (18-20%); and 3) driving Zee5 to breakeven by FY26-end. Management highlighted that all new investments are already factored into the margin guidance (18-20%), and there is no change in plans despite shareholders not approving the recent promoter infusion.

Valuation and view

- Zee aspires to deliver a revenue CAGR of 8-10% with its current portfolio and improve EBITDA margins to an industry-leading range of 18-20% by FY26. We believe that a sustainable recovery in ad revenue remains the key to achieving these aspirations and driving a potential re-rating of multiples.
- We cut our FY26E EBITDA/PAT by 7-8% and FY27E EBITDA/PAT by 3-4%, driven by persistent weakness in ad revenue.
- Despite the continued decline in ad revenue (~30% decline from FY19 levels), we have built in ~4% CAGR in ad revenue over FY25-28. However, there could be downside risks from the structural shift in advertising spends toward the digital.
- We build in a CAGR of 4%/11%/14% in revenue/EBITDA/PAT over FY25-28E.
- Zee's valuations remain attractive (13x FY27E EPS). However, a sustained recovery in domestic advertisement revenue and a favorable outcome in ongoing litigation for ICC rights with Star remain key for rerating. **We reiterate our Neutral rating with a TP of INR135 (earlier INR150), premised on ~12x Sep'27 P/E.**

Consolidated - Quarterly Earnings

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	v/s
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Est (%)
Revenue	21,305	20,007	19,788	21,841	18,248	21,496	21,124	23,798	82,941	84,665	19,515	-6.5
YoY Change (%)	7.4	-17.9	-3.3	0.7	-14.3	7.4	6.8	9.0	-4.0	2.1	-8.4	
Total Expenditure	18,589	16,797	16,604	18,989	15,968	17,996	17,766	20,695	70,979	72,424	17,020	-6.2
EBITDA	2,717	3,210	3,184	2,852	2,280	3,500	3,358	3,103	11,963	12,241	2,495	-8.6
EBITDA Margin (%)	12.8%	16.0%	16.1%	13.1%	12.5%	16.3%	15.9%	13.0%	14.4%	14.5%	12.8%	29 bp
Depreciation	756	732	658	639	591	654	664	728	2,785	2,637	705	-16.1
Interest	55	83	108	81	77	81	78	89	327	325	91	-15.6
Other Income	190	337	345	362	250	450	450	650	1,234	1,800	450	-44.4
Fair Value through P&L gain/(loss)	-11	22	23	125	109	0	0	0	159	0	0	
PBT before EO expense	2,084	2,754	2,786	2,619	1,971	3,214	3,066	2,936	10,243	11,079	2,149	-8.3
Extra-Ord expense	286	-109	809	0	0	0	0	0	986	0	0	
PBT	1,798	2,863	1,977	2,619	1,971	3,214	3,066	2,936	9,257	11,079	2,149	-8.3
Tax	542	769	342	734	535	809	772	739	2,387	2,789	541	-1.1
Rate (%)	30.2	26.9	17.3	28.0	27.1	25.2	25.2	25.2	25.8	25.2	25.2	
MI & P/L of Asso. Cos.	-1	-1	-1	-1	-1	0	0	0	-4	0	0	
Reported PAT	1,257	2,095	1,636	1,886	1,437	2,405	2,294	2,197	6,874	8,290	1,608	-10.6
Adj PAT	1,543	1,986	2,445	1,886	1,437	2,405	2,294	2,197	7,860	8,290	1,608	-10.6
YoY Change (%)	211	15	130	78	-6.8	21.1	-6.2	16.5	81	5	4	

E: MOFSL Estimates

Cyient DLM

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	CYIENTDL IN
Equity Shares (m)	79
M.Cap.(INRb)/(USD\$)	38.2 / 0.4
52-Week Range (INR)	873 / 350
1, 6, 12 Rel. Per (%)	6/-15/-39
12M Avg Val (INR M)	244

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	15.2	16.7	21.0
EBITDA	1.5	2.0	2.6
Adj. PAT	0.7	1.0	1.6
EBITDA Margin (%)	9.6	12.0	12.5
Cons. Adj. EPS (INR)	9.3	13.2	20.3
EPS Gr. (%)	20.8	41.9	53.2
BV/Sh. (INR)	119.7	132.9	153.2

Ratios

Net D:E	-0.0	-0.3	-0.4
RoE (%)	8.0	10.5	14.2
RoCE (%)	9.1	10.7	14.0

Valuations

P/E (x)	52	36	24
EV/EBITDA (x)	26	18	13

Shareholding pattern (%)

As on	Mar-25	Dec-24	Mar-24
Promoter	52.2	52.2	66.7
DII	28.7	29.4	12.6
FII	2.4	3.6	7.0
Others	16.8	14.8	13.7

Note: FII includes depository receipts

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

Improved business mix aids margin expansion

Operating performance beats estimates

- Cyient DLM's (CYIENTDL) 1QFY26 consolidated revenue/EBITDA grew ~8%/25% YoY to INR2.8b/INR251m. EBITDA beat our estimates as margins expanded 120bp YoY to 9% (est. 7%), led by a better business mix (higher Aerospace mix of 40%).
- The order book rose 12% QoQ to INR21b (flat YoY). The growth was fueled by an order intake of INR5b (the highest quarterly order intake in the past 10 quarters). 50% of this inflow is executable in FY26. With this addition, the company's book-to-bill ratio stands at ~2x, and it aims to maintain the ratio over 1x for FY26.
- Factoring in better-than-expected operating performance, we increase our EBITDA estimates by 12%/9% for FY26/FY27, driven by an improving margin scenario and a favorable business mix. However, we largely maintain our earnings estimates for FY26/FY27 due to lower other income (utilization of IPO proceeds) and higher depreciation (integration of Altek). We reiterate our BUY rating on the stock with a TP of INR600 (30x FY27E EPS).

Strong order inflow improves growth visibility

- Consol. revenue grew 8% YoY to INR2.8b (est. in line) in 1QFY26, led by the integration of Altek from 3QFY25 (base effect), which was partly offset by the completion of a large order in FY25.
- Excluding the defense segment (declined 83% YoY due to the completion of BEL orders), other segments showcased strong growth. Aerospace grew 63% YoY, while the inclusion of Altek drove ~5x/2.4x YoY growth in the Industrial/Medtech segments.
- EBITDA margin expanded 120bp YoY to 9% (est. 7%). EBITDA grew 25% YoY to INR251m (est. INR194m). The expansion of EBITDA margin was largely led by a favorable business mix. Gross margin expanded 14.9pp to 40.2%.
- Adjusted PAT declined 29.6% YoY to INR75m (est. INR85m), led by higher depreciation YoY (integration of Altek) and lower other income (utilization of IPO proceeds).
- CYIENTDL generated healthy free cash flow of INR802m, reflecting an improving business scenario.

Highlights from the management commentary

- **Outlook:** With a current book-to-bill ratio of ~2x, the company aims to maintain a ratio above 1x by the end of FY26. It has also guided for a revenue CAGR of ~30% over the next five years.
- **Order flows:** The company plans to maintain continued strategic focus on the defense sector. It is working closely with a key customer to secure repeat business and anticipates fresh order inflows from clients in geopolitically sensitive (war-prone) regions.
- **Inorganic acquisitions:** Early-stage discussions are underway with several potential acquisition targets. The company will continue to explore inorganic growth opportunities within similar business segments.

Valuation and view

- We expect the growth momentum to continue, supported by macro tailwinds in the form of the China + 1 strategy, significant opportunities in the renewable energy space, and new customer additions in the industrial and med tech segments.
- With an increased order book size and improving visibility of its execution over the medium term, we expect the company to show healthy growth going forward.
- We estimate CYIENTDL to report a CAGR of 18%/34%/47% in revenue/EBITDA/adj. PAT over FY25-27. We reiterate our BUY rating on the stock with a TP of INR600 (30x FY27E EPS).

Consolidated - Quarterly Earning Model

												(INR m)
Y/E March	FY25				FY26E				FY25	FY26E	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	%
Gross Sales	2,579	3,895	4,442	4,281	2,784	4,323	4,753	4,794	15,196	16,655	2,759	1
YoY Change (%)	18.8	33.4	38.4	18.3	8.0	11.0	7.0	12.0	27.5	9.6	7.0	
Total Expenditure	2,379	3,578	4,081	3,706	2,534	3,821	4,132	4,173	13,745	14,659	2,566	
EBITDA	200	316	361	574	251	502	621	621	1,452	1,995	194	29
Margins (%)	7.8	8.1	8.1	13.4	9.0	11.6	13.1	13.0	9.6	12.0	7.0	
Depreciation	67	69	100	105	105	107	109	110	341	431	95	
Interest	80	110	100	86	86	82	75	70	375	313	70	
Other Income	89	71	69	33	42	40	35	35	262	152	85	
PBT before EO expense	142	209	230	417	101	353	472	476	997	1,403	114	
Extra-Ord expense	0	0	80	0	0	0	0	0	80	0	0	
PBT	142	209	150	417	101	353	472	476	917	1,403	114	
Tax	36	54	40	106	26	89	119	120	236	354	29	
Rate (%)	25.2	26.0	26.8	25.5	26.1	25.2	25.2	25.2	25.8	25.2	25.2	
Reported PAT	106	155	110	310	75	264	353	357	681	1,049	85	
Adj PAT	106	155	168	310	75	264	353	357	739	1,049	85	-12
YoY Change (%)	97.7	5.5	-8.7	36.5	-29.6	71.1	109.8	14.9	20.8	41.9	-19.7	
Margins (%)	4.1	4.0	3.8	7.3	2.7	6.1	7.4	7.4	4.9	6.3	3.1	

Mahindra Logistics

Estimate change



TP change



Rating change


CMP: INR408
TP: INR400 (-2%)
Neutral

High operating expenses weigh on earnings

- Mahindra Logistics' (MLL) revenue grew ~14% YoY to INR16.2b in 1QFY26, in line with our estimate.
- EBITDA margin came in at 4.7% (flat YoY and down 30bp QoQ) vs. our estimate of 5%. EBITDA grew ~15% YoY to INR763m (8% below estimate).
- Adjusted net loss decreased to INR108m in 1QFY26 from INR93m in 1QFY25 (our estimate of INR93m profit).
- Supply Chain management recorded revenue of INR15.4b (+15% YoY) and EBIT loss of ~INR103m. Enterprise Mobility Services (EMS) reported revenue of INR819m (+2% YoY) and EBIT of INR46m.
- MLL appointed Mr. Hemant Sikka as MD & CEO for a tenure of five years, effective May'25.
- MLL reported decent revenue growth in 1QFY26, driven by strong performance in Contract Logistics, Express, and Warehousing. The Express segment crossed INR1b in revenue with healthy volume growth, though yields remained under pressure. New facilities in Pune and Agartala supported network expansion, while the Mobility business improved profitability through better operational efficiency. While we reduce our FY26 APAT estimates by 44% to factor in higher depreciation and finance costs, we increase our FY27 estimates by 9%. We estimate a CAGR of 21%/30% in revenue/EBITDA over FY25-27. Reiterate Neutral with a revised TP of INR400 (premised on 17x FY27E EPS).

Warehousing and Contract Logistics remain strong; volumes pick up in B2B Express, though challenges persist

- MLL reported 14% YoY growth in consolidated revenue in 1QFY26, aided by strong performance in the Contract Logistics (up 18% YoY) and Express segments (up 11% YoY) and improved profitability in the Mobility business.
- Express business crossed the INR1b revenue mark for the first time, with volumes rising 10% QoQ, though yields remained under pressure, affecting profitability.
- Warehousing operations continued to scale up, with new facilities going live in Pune and Agartala and revenue rising 18% YoY in 1Q to INR3.1b. MLL remains focused on optimizing existing capacity before expanding further.
- To strengthen its balance sheet, MLL launched a rights issue of INR7.5b, with INR5.6b allocated for debt repayment, aiming to become debt-free.
- Strategically, MLL is sharpening its execution through a vertical-led business structure, ROCE-focused capex decisions, and leadership changes, including the integration of Whizzard with Last Mile Delivery under a new head.

Bloomberg	MAHLOG IN
Equity Shares (m)	72
M.Cap.(INRb)/(USDb)	29.4 / 0.3
52-Week Range (INR)	549 / 238
1, 6, 12 Rel. Per (%)	26/4/-25
12M Avg Val (INR m)	67

Financial Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	61.0	72.7	88.7
EBITDA	2.8	3.7	4.8
Adj. PAT	-0.4	0.4	1.7
EBITDA Margin (%)	4.7	5.1	5.4
Adj. EPS (INR)	-5.0	5.6	23.1
EPS Gr. (%)	NA	LP	310.9
BV/Sh. (INR)	61.2	64.3	84.9

Ratios

Net D:E	0.8	0.6	0.2
RoE (%)	-7.5	8.7	30.1
RoCE (%)	32.8	11.1	23.5
Payout (%)	-49.9	44.4	10.8

Valuations

P/E (x)	-81.9	72.9	17.7
P/BV (x)	6.7	6.4	4.8
EV/EBITDA(x)	11.5	8.7	6.4
Div. Yield (%)	0.6	0.6	0.6
FCF Yield (%)	5.3	4.4	7.6

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	58.0	58.0	58.0
DII	13.9	15.9	17.4
FII	5.2	5.0	5.8
Others	23.0	21.0	18.8

FII Includes depository receipts

Highlights from the management commentary

- B2B business saw strong volume growth, but yields were soft. Going forward, MLL focuses on increasing yields even if it has to let go of certain volumes.
- The company continues to expand its warehousing footprint, with new sites in Pune and Agartala going live during the quarter. A 3.4m sqft facility for Cummins was also inaugurated.
- Consumer and manufacturing remain the key end-markets, with the company planning to appoint dedicated vertical heads for a sharper business focus.
- As part of its deleveraging strategy, MLL launched a rights issue of INR7.5b, of which INR5.6b will be used for debt repayment. As of Jun'25, total borrowings stood at INR6b. The remaining fund of INR1.9b will be used for general corporate purposes.
- The recently signed warehousing contract with Mahindra & Mahindra (0.3m sqft in Nashik) is expected to go live in Sep'25.
- Capex discipline remains strong, and future investments will be ROI-led, with normalized capex targeted at 1.5% of revenue.

Valuation and view

- MLL reported revenue growth in 1QFY26, driven by strong performance in Contract Logistics, Express, and Warehousing. Looking ahead, the company remains focused on strengthening execution, optimizing existing capacity, and improving profitability in Express business.
- With a sharper vertical-led structure and plans to become debt-free after the INR7.5b rights issue, MLL aims to sustain growth momentum and enhance returns through disciplined capex and margin expansion. While we reduce our FY26 APAT estimates by 44% to factor in higher depreciation and finance costs, we increase our FY27 estimates by 9%. We estimate a CAGR of 21%/30% in revenue/EBITDA over FY25-27. Reiterate Neutral with a revised TP of INR400 (premised on 17x FY27E EPS).

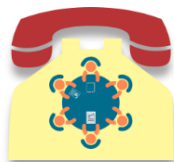
Quarterly snapshot

Y/E March (INR m)	FY25				FY26E				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	vs Est
Net Sales	14,200	15,211	15,942	15,695	16,246	17,366	19,534	19,586	61,048	72,732	16,398	(1)
YoY Change (%)	9.8	11.5	14.1	8.2	14.4	14.2	22.5	24.8	10.9	19.1	15.5	
EBITDA	663	664	737	777	763	886	1,026	1,025	2,841	3,699	828	(8)
Margins (%)	4.7	4.4	4.6	5.0	4.7	5.1	5.2	5.2	4.7	5.1	5.0	
YoY Change (%)	-0.5	23.9	41.1	37.3	15.0	33.4	39.2	32.0	24.0	30.2	24.9	
Depreciation	550	540	590	584	646	650	658	656	2,263	2,610	570	
Interest	195	191	221	206	225	208	205	202	812	840	175	
Other Income	57	17	63	22	51	70	105	107	158	332	39	
PBT before EO Items	-25	-50	-11	9	-58	98	268	274	-77	581	122	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	-25	-50	-11	9	-58	98	268	274	-77	581	122	
Tax	53	46	61	62	36	25	67	69	223	197	31	
Rate (%)	NA	NA	NA	NA	NA	25.2	25.2	25.2	NA	33.9	25.2	
PAT before MI, Associates	-78	-96	-72	-53	-94	73	200	205	-300	384	91.4	
Share of associates/ Minority Interest	-15	-11	-18	-14	-14	2	2	2	-59	-9	2	
Reported PAT	-93	-107	-90	-68	-108	75	202	207	-359	376	93	
Adj PAT	-93	-107	-90	-68	-108	75	202	207	-359	376	93	NA
YoY Change (%)	NA	NA	NA	NA	NA	LP	LP	LP	NA	LP	NA	
Margins (%)	-0.7	-0.7	-0.6	-0.4	-0.7	0.4	1.0	1.1	-0.6	0.5	0.6	

United Breweries

BSE SENSEX 82,187
S&P CNX 25,061

Conference Call Details



Date: 23 July 2025

Time: 3:00 PM

Dial-in details:

+91 22 6280 1260 /

+91 22 7115 8197

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Financials & Valuations (INR b)

Y/E MAR	FY25	FY26E	FY27E
Net Sales	89.1	99.6	112.4
Sales Gr. (%)	9.7	11.8	12.8
EBITDA	8.4	11.0	14.3
Margin (%)	9.4	11.1	12.7
Adj. PAT	4.7	6.7	9.2
Adj. EPS (INR)	17.7	25.4	34.8
EPS Gr. (%)	13.6	44.0	36.7
BV/Sh. (INR)	164.9	178.5	197.1
Ratios			
RoE (%)	10.9	14.8	18.5
RoCE (%)	11.0	15.0	18.7
Valuations			
P/E (x)	115.3	80.1	58.6
P/BV (x)	12.3	11.4	10.3
EV/EBITDA (x)	63.6	47.3	37.2

CMP: INR2,036

Strong volume growth despite seasonal headwinds; miss on margin

- UBBL's standalone net sales grew 16% YoY to INR28.6b (est. INR27.2b).
- Volume growth stood at 11% YoY (est. 4%), with premium segment's volume posting a sharp 46% YoY growth.
- The North, West, and South regions posted 8%, 13%, 16% growth, while East reported a 1% decline.
- Volume growth, mainly driven by Andhra Pradesh, Assam, and Uttar Pradesh, was partially offset by declines in Karnataka and West Bengal.
- The positive price mix was driven by price increases in Telangana, Uttar Pradesh, Orissa, and Rajasthan, coupled with a favorable mix, mainly from premiumization.
- Gross margin contracted 50bp YoY to 42.5% (est. 43.7%; 42.1% in 4QFY25).
- Employee expenses grew 9% YoY and other expenses were up 19% YoY.
- EBITDA margin contracted 70bp YoY to 10.8% (est. 12.1%, 8% in 4QFY25).
- EBITDA increased 9% YoY to INR3.1b (est. INR3.3b).
- Interest cost was up ~600% YoY to INR112m (est. INR24m).
- APAT was up 6% YoY to INR1.8b (est. INR2.1b).

Other key highlights

- Volume grew 11% in 1Q, despite a strong base last year due to elections during the peak season.
- The company gained market share during the quarter.
- The premium portfolio grew 46% faster than the overall market. Strong growth was seen in Kingfisher Ultra, Amstel Grande, and Heineken Silver.
- Amstel Grande was launched in Karnataka, following a favorable response in Maharashtra, West Bengal, and Uttar Pradesh.
- Capex stood at INR1,360m, primarily focused on sales and the supply chain.
- The Mangalore unit was shut down to improve efficiency, with the focus shifted to the Mysore brewery, which was expanded to boost supply capacity.
- The company remains optimistic about future growth, supported by rising incomes, young population, and increasing consumer preference for premium beers.

Standalone Quarterly Performance

(INRm)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Variance
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Volume growth (%)	5	5	8	5	11	4	5	-2	6	7	4	
Net Sales	24,730	21,147	19,984	23,214	28,624	23,684	22,382	24,907	89,074	99,598	27,202	5.2%
YoY Change (%)	8.8	12.0	9.6	8.9	15.7	12.0	12.0	7.3	9.7	11.8	10.0	
Gross Profit	10,642	9,272	8,619	9,772	12,176	10,540	9,915	11,193	38,305	43,823	11,887	2.4%
Margin (%)	43.0	43.8	43.1	42.1	42.5	44.5	44.3	44.9	43.0	44.0	43.7	
EBITDA	2,847	2,268	1,411	1,862	3,105	2,842	1,992	3,067	8,390	11,006	3,291	-5.7%
YoY Change (%)	27.8	22.9	-3.0	31.2	9.1	25.3	41.1	64.7	20.5	31.2	15.6	
Margins (%)	11.5	10.7	7.1	8.0	10.8	12.0	8.9	12.3	9.4	11.1	12.1	
Depreciation	577	571	613	567	628	594	613	570	2,327	2,405	582	
Interest	16	22	32	59	112	26	26	-64	129	100	24	
Other Income	73	105	101	79	110	116	119	120	357	464	109	
PBT before EO expense	2,327	1,781	867	1,316	2,475	2,338	1,472	2,680	6,291	8,965	2,794	
Tax	595	458	227	342	638	584	368	651	1,622	2,241	699	
Rate (%)	25.5	25.7	26.2	26.0	25.8	25.0	25.0	24.3	26.9	25.0	25.0	
Reported PAT	1,733	1,322	383	974	1,837	1,753	1,104	2,029	4,412	6,723	2,096	-12.3%
Adj PAT	1,733	1,322	640	974	1,837	1,753	1,104	2,029	4,669	6,723	2,096	-12.3%
YoY Change (%)	27.3	22.9	-24.5	20.5	6.0	32.6	72.5	108.3	13.6	44.0	20.9	
Margins (%)	7.0	6.3	3.2	4.2	6.4	7.4	4.9	8.1	5.2	6.8	7.7	

E: MOFSL Estimates

Volume growth (%)

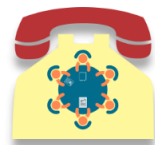
Y/E March	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
UB Volume Growth (%)	121.0	23.0	4.0	3.1	-12.4	7.0	8.0	10.9	5.0	5.0	8.0	5.0	11.0
UB Premium Volume Growth (%)	N/A	48.0	13.0	18.6	-21.1	10.0	14.0	21.0	44.0	27.0	33.0	24.0	46.0
Regional volume													
North	87.0	15.0	13.0	14.0	-15.0	1.0	-1.0	3.0	7.0	12.0	16.0	3.0	8.0
East	88.0	52.0	3.0	29.0	-8.0	11.0	22.0	10.0	2.0	-6.0	3.0	0.0	-1.0
West	167.0	22.0	2.0	10.0	2.0	2.0	9.0	0.0	6.0	12.0	4.0	11.0	13.0
South	162.0	21.0	0.0	-10.0	-18.0	11.0	10.0	21.0	6.0	1.0	8.0	5.0	16.0

Dalmia Bharat

BSE Sensex
82,187

S&P CNX
25,061

Conference Call Details



Date: 23 July 2025

Time: 10:00 IST

Dial-in details:

+91 22 6280 1536,

+91 22 7115 8344

[Link for the call](#)

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	139.8	156.8	172.0
EBITDA	24.1	33.0	38.8
Adj. PAT	7.0	12.8	13.3
EBITDA Margin (%)	17.2	21.0	22.6
Adj. EPS (INR)	37.1	68.5	70.8
EPS Gr. (%)	-9.0	84.8	3.4
BV/Sh. (INR)	927	983	1,039
Ratios			
Net D:E	0.0	0.1	0.1
RoE (%)	4.1	7.2	7.0
RoCE (%)	4.8	7.0	7.3
Payout (%)	24.3	17.5	21.2
Valuations			
P/E (x)	62.6	33.8	32.7
P/BV (x)	2.5	2.4	2.2
EV/EBITDA(x)	17.3	13.0	11.4
EV/ton (USD)	102	100	92
Div. Yield (%)	0.4	0.5	0.6
FCF Yield (%)	-1.2	-1.8	0.5

CMP: INR2,320

Buy

Lower cost leads to EBITDA beat

- Dalmia Bharat's (DALBHARA) 1QFY26 EBITDA grew ~32% YoY to INR8.8b and was ~9% above our estimates, led by lower-than-estimated opex/t (~3% below estimates). Sales volume declined ~5% YoY to 7.0mt (~3% vs. our estimates; however, adjusted for the JPA volume of 0.4mt in the base, sales volume remained flat YoY). Realization increased ~6%/9% YoY/QoQ (in line). OPM expanded 5.8pp/4.9pp YoY/QoQ at ~24% (+2.5pp vs our estimate), and EBITDA/t stood at INR1,261 (up 40% YoY; 12% above our estimates). Adjusted profit (adjusted for reversal of provisions) was up ~66% YoY to INR3.7b (+15% vs. estimates).
- The company announced a new capacity expansion plan of 3.6mtpa (clinker) and 6.0mtpa (grinding) at its existing Kadapa plant in Andhra Pradesh, with an estimated capex of INR32.9b. The project is likely to be commissioned by 2QFY28. This expansion will enable the company to tap into underserved markets of Northern Tamil Nadu, while further strengthening its presence in Andhra Pradesh and Southern Karnataka.
- Additionally, the company commissioned 26MW of renewable energy under a group captive model, taking its total operational renewable energy (RE) capacity to 294MW. RE consumption stood at ~41% (including third-party purchases) vs. ~36% in 4QFY25. Its power capacity is expected to be increased to 576MW in FY26 from 294MW in Q1FY26.

EBITDA/t stands at INR1,261 (vs. estimate of INR1,126)

- Consolidated revenue/EBITDA/adj. PAT stood at INR36.4b/INR8.8b/INR3.7b (flat/+32%/+66% YoY and -3%/+9%/+15% vs our estimates) in 1QFY26. Sales volumes declined 5% YoY to 7.0mt (however, adjusted for the JPA volume, sales volume remained flat YoY). Realization increased ~6%/9% YoY/QoQ to INR5,194/t.
- Opex/t declined 1% YoY (-3% vs estimates), led by ~7% reduction in variable costs/t (~10% below estimate). Other expenses/Staff cost/Freight cost per ton increased ~7%/5%/1% YoY. OPM expanded 5.8pp YoY to ~24% and EBITDA/t increased 40% YoY to INR1,261. Depreciation/interest cost increased ~2%/14% YoY, whereas other income declined ~2% YoY.
- The company divested 4.1% stake in IEX for INR7.4b, bringing its holding in IEX down to 10.8%. The company's net debt (including investment in IEX of INR18.6b vs. INR23.4b as of Mar'25) increased to INR8.7b from INR7.2b as of Mar'25. The net debt-to-EBITDA ratio stood at 0.33x vs. 0.30x as of Mar'25.

Valuation and view

- DALBHARA reported strong operating performance, driven by improved realizations and lower variable costs, although volumes were marginally lower than our estimates. The company announced another capacity expansion in the southern region to strengthen its footprint in its core region. Additionally, the company liquidated a portion of its IEX investment (non-core assets), strengthening its balance sheet to support future growth plans.
- We have a **BUY** rating on the stock; however, we would review our assumptions after the concall on 23rd Jul'25 at 10:00 IST ([Link to the call](#)).

Quarterly performance (Consolidated)

(INR b)

Y/E March	FY25				FY26				FY26	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	1QE	(%)
Net Sales	36.2	30.9	31.8	40.9	36.4	34.6	34.3	51.6	37.4	-3
YoY Change (%)	-0.3	-2.0	-11.7	-5.0	0.4	12.1	7.7	26.1	3.3	
Total Expenditure	29.5	26.5	26.7	33.0	27.5	27.8	28.2	40.3	29.3	-6
EBITDA	6.7	4.3	5.1	7.9	8.8	6.8	6.1	11.3	8.1	9
Margins (%)	18.5	14.1	16.1	19.4	24.3	19.6	17.8	21.9	21.7	254
YoY Change (%)	8.4	-26.3	-34.4	21.3	32.0	56.1	19.1	42.3	-75.3	
Depreciation	3.2	3.4	3.6	3.1	3.2	3.3	3.4	3.4	3.2	1
Interest	1.0	1.0	1.0	1.1	1.1	1.2	1.3	1.4	1.1	-2
Other Income	0.5	0.7	0.4	0.9	0.5	0.9	0.4	1.0	0.6	-18
PBT before EO Expense	3.1	0.7	0.8	4.7	5.0	3.1	1.8	7.5	4.4	13
Extra-Ordinary items	1.1	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	0.0	
PBT after EO Expense	1.9	0.7	0.8	4.7	5.2	3.1	1.8	7.5	4.4	17
Tax	0.5	0.2	0.2	0.3	1.2	0.8	0.5	1.9	1.1	
Prior period tax adjustment	0.0	0.1	0.0	-0.8	0.0	0.0	0.0	0.0	0.0	
Rate (%)	16.0	20.5	22.9	22.9	24.5	25.6	25.6	25.9	25.6	
Reported PAT (pre-minority)	1.5	0.5	0.7	4.4	4.0	2.3	1.3	5.5	3.3	20
Minority + associate	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.1	
PAT Adj for EO items (post-MI)	2.3	0.6	0.6	3.6	3.7	2.3	1.3	5.5	3.2	15
YoY Change (%)	82.9	-53.8	-78.1	40.7	65.8	317.8	122.7	53.5	44.3	
Per ton analysis (blended) INR/t										
Sales Volumes (m ton)	7.4	6.7	6.7	8.6	7.0	6.8	6.9	10.3	7.2	-3
YoY Change (%)	6.2	8.1	-2.0	-2.3	-5.4	1.3	2.9	20.2	-2.4	
Net realisation	4,893	4,607	4,773	4,757	5,194	5,094	4,994	4,990	5,176	0
YoY Change (%)	-6.1	-9.3	-9.9	-2.8	6.2	10.6	4.6	4.9	5.8	
RM Cost	818	664	768	891	667	930	930	1,113	920	-27
Employee Expenses	308	327	335	250	324	321	324	262	327	-1
Power, Oil & Fuel	1,023	1,055	999	899	1,036	930	910	869	970	7
Freight and Handling Outward	1,122	1,099	1,122	1,130	1,136	1,100	1,120	1,119	1,120	1
Other Expenses	719	815	782	665	770	816	822	536	713	8
Total Expenses	3,989	3,960	4,006	3,835	3,933	4,097	4,107	3,899	4,050	-3
EBITDA	904	648	767	922	1,261	997	887	1,091	1,126	12

Source: Company, MOFSL Estimates

KEI Industries

BSE SENSEX 82,187
S&P CNX 25,061

Conference Call Details



Date: 22 July 2025

Time: 12:00 IST

Dial-in details:

+91 22 6280 1123

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[Link for the call](#)

Consol. Financials Snapshot (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	97.4	111.1	130.4
EBITDA	9.9	11.7	14.4
PAT	7.0	8.3	9.9
EBITDA Margin (%)	10.2	10.5	11.0
Adj. EPS (INR)	72.9	86.6	103.2
EPS Gr. (%)	13.2	18.8	19.2
BV/Sh. (INR)	605	686	783
Ratios			
Net D:E	(0.3)	(0.3)	(0.3)
RoE (%)	15.6	13.4	14.0
RoCE (%)	15.9	13.6	14.5
Payout (%)	6.0	6.9	5.8
Valuations			
P/E (x)	54.7	46.1	38.7
P/BV (x)	6.6	5.8	5.1
EV/EBITDA(x)	36.7	31.0	25.1
Div. Yield (%)	0.1	0.1	0.1
FCF Yield (%)	(1.9)	0.4	0.2

CMP: INR3,989

Neutral

Performance above estimates; robust growth in C&W

- KEII's 1QFY26 revenue increased ~26% YoY to INR25.9b (~9% beat), led by higher-than-estimated revenue in C&W (~12% beat). EBITDA grew ~20% YoY to INR2.6b (~12% beat). OPM dipped 45bp YoY to ~10% (+20bp vs. our estimates). PAT grew ~30% YoY to INR2.0b (~12% beat).
- Revenue from EHV/HT cables increased 56%/50% YoY, while revenue from LT cables/Housing wires rose 23%/30% YoY. Exports contributed 13.4% to total revenues vs. 7.9%/16% in 1Q/4QFY25. The order book rose 9% YoY/13% QoQ to INR39.2b.
- C&W sales through dealers rose 22% YoY during the quarter (~53% of total revenue vs. ~57% in 1QFY25). Further, its active working dealer count increased to 2,094 vs. 2,015/2,082 in 1QFY25/4QFY25.

C&W revenue rises ~32% YoY; EBIT margin dips 30bp YoY to 10.8%

- KEII's revenue/EBITDA/Adj. PAT stood at INR25.9b/INR2.6b/INR2.0b (+26%/+20%/+30% YoY and +9%/+12%/+12% vs. estimates) in 1QFY26. OPM declined 45bp YoY to 10.0%. Depreciation rose ~28% YoY, whereas interest costs increased marginally by ~2% YoY. Other income increased ~122% YoY.
- Segmental highlights: a) **C&W** revenue was up ~32% YoY at INR24.8b, EBIT rose ~29% YoY to INR2.7b, and EBIT margin declined 30bp YoY to 10.8%. b) **EPC business** revenue declined ~56% YoY to INR994m, EBIT declined 73% YoY to INR79m, and EBIT margin contracted 5.2pp YoY to 8.0%. c) **Stainless steel wires (SSW)** revenue declined ~3% YoY to INR521m, EBIT increased 312% YoY to INR42m, and EBIT margin surged 6.2pp YoY at 8.1%.
- The company's gross debt stood at INR2.0b vs. INR1.8b as of Mar'25. Cash & bank balance (including unutilized QIP proceeds of INR11.1b) stood at INR17.0b vs. INR19.2b as of Mar'25. Net cash balance (ex-acceptances) stood at INR10.5b vs. INR14.9b as of Mar'25.

Valuation and view

- KEII's 1QFY26 EBITDA was above our estimates. It reported robust revenue growth in the C&W segment; however, revenue declined in other segments. The C&W margin remained range-bound. The Sanand expansion project Phase 1 (LT/HT cables) will get commissioned by Sep'25, while EHV cable production will start by 1QFY27.
- We have a Neutral rating on the stock.** However, we will review our assumptions after the concall on 22nd Jul'25 ([Concall Link](#)).

Quarterly Performance

(INR m)

Y/E March	FY25				FY26				FY25	FY26E	MOSL 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Sales	20,605	22,796	24,673	29,148	25,903	25,433	27,823	31,927	97,359	1,11,086	23,685	9
Change (%)	15.6	17.1	19.8	25.7	25.7	11.6	12.8	9.5	20.1	14.1	15	
Adj EBITDA	2,146	2,206	2,408	3,013	2,580	2,588	3,082	3,419	9,910	11,669	2,311	12
Change (%)	20.4	8.2	12.3	23.2	20.3	17.3	28.0	13.5	18.3	17.8	8	
Adj EBITDA margin (%)	10.4	9.7	9.8	10.3	10.0	10.2	11.1	10.7	10.2	10.5	9.8	20
Depreciation	155	163	190	193	199	220	236	393	701	1,047	195	2
Interest	142	133	143	139	145	130	135	126	556	536	120	21
Other Income	178	169	136	371	396	250	220	183	718	1,049	350	13
Extra-ordinary Items	-	-	-	-	-	-	-	-	-	-	-	
PBT	2,027	2,079	2,212	3,052	2,632	2,488	2,932	3,084	9,370	11,135	2,346	12
Tax	525	531	564	786	675	639	753	791	2,406	2,859	603	
Effective Tax Rate (%)	25.9	25.5	25.5	25.8	25.6	25.7	25.7	25.7	25.7	25.7	25.7	
Reported PAT	1,502	1,548	1,648	2,265	1,957	1,848	2,178	2,292	6,964	8,276	1,743	12
Change (%)	23.8	10.4	9.4	34.4	30.3	19.4	32.2	1.2	19.9	18.8	16.0	
Adj PAT	1,502	1,548	1,648	2,265	1,957	1,848	2,178	2,292	6,964	8,276	1,743	12
Change (%)	23.8	10.4	9.4	34.2	30.3	19.4	32.2	1.2	19.9	18.8	16.0	

Segmental Performance (INR m)

Y/E March	FY25				FY26				FY26 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales										
Cables (Power + HW)	18,757	21,402	23,517	27,968	24,771	24,827	28,221	29,926	22,133	12
Stainless steel wires	538	598	551	462	521	628	598	564	581	(10)
EPC Business	2,261	1,309	759	2,234	994	1,178	1,214	2,520	1,922	(48)
Growth (% YoY)										
Cables (Power + HW)	16.4	20.5	26.0	35.2	32.1	16.0	20.0	7.0	18.0	
Stainless steel wires	(8.9)	1.3	19.4	(19.3)	(3.0)	5.0	8.5	22.2	8.0	
EPC Business	22.4	(58.2)	(79.9)	(34.4)	(56.0)	(10.0)	60.0	12.8	(15.0)	
EBIT										
Cables (Power + HW)	2,067	2,241	2,372	3,069	2,665	2,632	3,076	3,263	2,412	10
Stainless steel wires	10	29	30	25	42	30	30	13	32	32
EPC Business	298	121	19	170	79	130	134	189	202	(61)
EBIT Margin (%)										
Cables (Power + HW)	11.0	10.5	10.1	11.0	10.8	10.6	10.9	10.9	10.9	(14bp)
Stainless steel wires	1.9	4.8	5.5	5.4	8.1	4.8	5.0	2.4	5.5	259bp
EPC Business	13.2	9.2	2.5	7.6	8.0	11.0	11.0	7.5	10.5	(254bp)

Mahanagar Gas

BSE SENSEX
82,187

S&P CNX
25,061

CMP: INR1,486
Buy

Conference Call Details


Date: 23 Jul'25

Time: 1630 hours IST

Dial-in details:

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Provision reversal drives beat; volumes in-line

- Total **volumes were in-line with our estimate at 4.2mmscmd** (+10% YoY).
- Both CNG and D-PNG volumes came in line with estimates. I/C PNG volumes stood 11% above our estimate.
- **EBITDA/scm came in above our estimate at INR12.6**. However, adjusted EBITDA/scm came in at **INR9.7 (our est. INR10.6)**.
- Beat on margins was on account of the reversal of provisions amounting to INR1.1b (impact of INR2.9/scm), based on negotiations with OMCs with respect to the trade margins.
- On a QoQ basis, **adj. EBITDA/scm margin expanded INR1.3 (lower than our est. of INR2.2)**, as adj. realization improved 0.6/scm and opex decreased INR0.7/scm. **Gas cost remained similar QoQ at INR32.1/scm**.
- Reported EBITDA came 20% above our est. at INR4.9b (+16% YoY).
- MAHGL's PAT also came 18% above our est. at INR3.2b (+14% YoY).
- Depreciation stood above our est., while other income came in below our est.

Standalone - Quarterly Earning Model

(InR m)

Y/E March	FY25				FY26E				FY25		FY26E		Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE		
Net Sales	15,896	17,116	17,576	18,649	19,759	19,395	19,751	18,215	69,237	77,121	18,294		8%
YoY Change (%)	3.4	9.0	12.0	19.0	24.3	13.3	12.4	-2.3	10.9	11.4	15.1		
EBITDA	4,185	3,985	3,144	3,784	4,854	4,018	4,092	3,336	15,098	16,300	4,057		20%
EBITDA/SCM	11.9	10.7	8.3	10.0	12.6	9.9	9.9	8.2	10.2	10.1	10.6		19%
Margins (%)	26.3	23.3	17.9	20.3	24.6	20.7	20.7	18.3	21.8	21.1	22.2		
Depreciation	719	735	791	818	826	786	847	819	3,063	3,277	769		
Interest	31	31	34	39	37	34	38	41	134	150	35		
Other Income	402	512	463	464	387	526	476	504	1,840	1,893	413		
PBT	3,837	3,731	2,782	3,391	4,378	3,724	3,684	2,980	13,741	14,765	3,667		19%
Tax	992	903	529	869	1,135	937	927	717	3,292	3,716	923		
Rate (%)	25.8	24.2	19.0	25.6	25.9	25.2	25.2	24.1	24.0	25.2	25.2		
Reported PAT	2,845	2,828	2,254	2,522	3,243	2,787	2,757	2,263	10,449	11,049	2,744		18%
YoY Change (%)	-22.8	-16.5	-28.9	-4.8	14.0	-1.5	22.3	-10.3	-18.9	5.7	-3.6		
Margins (%)	17.9	16.5	12.8	13.5	16.4	14.4	14.0	12.4	15.1	14.3	15.0		
Sales Volumes (mmscmd)													
CNG	2.8	2.9	2.9	2.9	3.0	3.1	3.2	3.2	2.9	3.1	3.0		-1%
PNG - Domestic	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6		-1%
PNG - Industrial/ Commercial	0.5	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.6	0.7	0.6		11%
PNG - Total	1.1	1.2	1.2	1.3	1.2	1.3	1.3	1.3	1.2	1.3	1.2		5%
Total Volumes	3.9	4.0	4.1	4.2	4.2	4.4	4.5	4.5	4.1	4.4	4.2		1%



Bansal wire : Market Share Is Projected To Reach 10% From The Current 7.1%; Pranav Bansal, MD & CEO

- 650 Crs investment by wholly owned subsidiary in sanand, Gujrat
- Aims for 1.8lk tonne steel plant + 60,000 tonne stainless steel wire facility, Target to complete by 2027
- Backward integration via steel scrap import and in house production
- Market Share Is Projected To Reach 10% From The Current 7.1%

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Latent View : Consumer Goods & Generative AI Seeing Good Traction; Rajan Sethuraman, Chief Executive Officer

- In Q1 Core Biz was Yad lower due to delayed large deals
- Larger deals have taken time to fructify, these deals have come through now in Q2
- Huge growth to be driven BY Fintech
- Overall Consumer Goods & Generative AI Seeing Good Traction

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Angel One : Haven't Seen Any Signs From SEBI w.r.t Changing Index Expiries From Weekly To Fortnightly; Ambarish Kenghe, Group CEO

- Solid Execution seen in Q1
- Macro Fundamentals haven't changed and overall equities aims to be very supportive ahead as well
- 45% of revenues came from F&O Broking
- Regulators are trying to balance the trust of retail investors & growth of MRKT

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UCO Bank : Working To Bring NPAs Lower; Improve Productivity of Branches; Ashwani Kumar, MD & CEO

- Started looking at deposit growth after achieving CD Ratio of 75%
- Retail, Agri & MSME leading growth in loans
- Due to small base, Expect to surpass loan growth Guidance
- Working To Bring NPAs Lower; Improve Productivity of Branches

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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

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