31 July 2025

MORNING INDIA

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	81,482	0.2	4.3
Nifty-50	24,855	0.1	5.1
Nifty-M 100	57,942	-0.1	1.3
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	6,363	-0.12	8.2
Nasdaq	21,130	0.15	9.4
FTSE 100	9,137	0.0	11.8
DAX	24,248	0.1	21.8
Hang Seng	9,038	-1.2	24.0
Nikkei 225	40,655	0.0	1.9
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	71	0.0	-3.5
Gold ($/OZ)	3,328	0.1	26.8
Cu (US$/MT)	9,699	-0.5	12.1
Almn (US$/MT)	2,601	-0.1	2.9
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	87.4	0.7	2.1
USD/EUR	1.2	0.0	11.5
USD/JPY	148.2	-0.2	-5.8
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.4	0.01	-0.4
10 Yrs AAA Corp	7.2	0.00	-0.1
Flows (USD b)	**30-Jul**	**MTD**	**CYTD**
FIIs	-0.1	-1.80	-9.9
DIIs	0.21	6.39	47.7
Volumes (INRb)	**30-Jul**	**MTD***	**YTD***
Cash	957	1016	1073
F&O	2,30,671	2,05,398	2,10,001

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Bharat Electronics: Strong margin performance

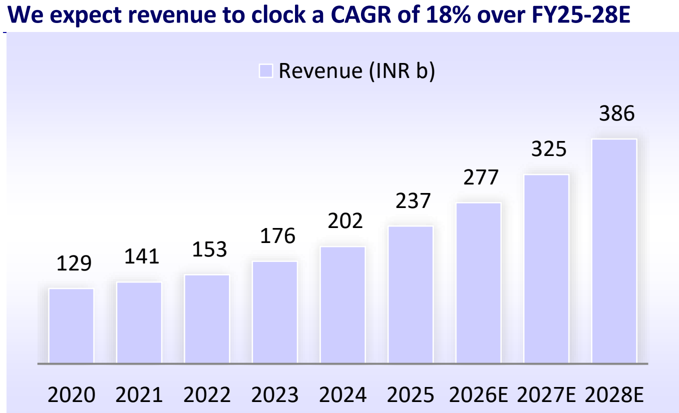
- BHE's 1QFY26 PAT exceeded our estimate, driven by better-than-expected margins. Revenue growth was aided by a strong order book, though it was affected to some extent by geopolitical issues. The order book was strong at INR749b and order inflows stood at INR76b.
- The company has maintained its guidance on revenue and order inflows and expects margins to remain strong at 27%. We expect the company to benefit from emergency procurement and the finalization of larger platform orders from the Army, Navy and Air Force.
- We also expect BHE to benefit from incremental opportunities in exports as defense spending increases globally. We marginally tweak our estimates and maintain BUY with a TP of INR490 based on 45x Sep'27E EPS.

Research covered

Cos/Sector	Key Highlights
Bharat Electronics	Strong margin performance
NSE	New product launches to drive volume growth
Avenue Supermarts	Pressing the growth pedal
Mahindra & Mahindra	FES performance continues to impress
InterGlobe Aviation	Muted performance; forward-looking guidance remains intact
Hyundai Motor	Margins remain resilient despite adverse factors
Other Updates	Punjab National Bank | Hitachi Energy | P&G Hygiene and Healthcare | Navin Fluorine International | Amber Enterprises | Star Health | Craftsman Automation | Relaxo Footwears | Kolte Patil Developers | Power Grid | Tata Steel | Indus Towers | Kaynes Technologies | IGL | IIFL Finance | CAMS | Vedant Fashions | Prudent Corporate Advisory | Birla Corporation

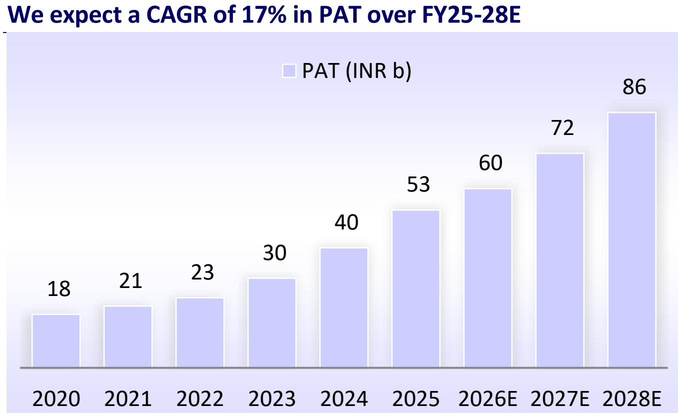
Chart of the Day: Bharat Electronics (Strong margin performance)

We expect revenue to clock a CAGR of 18% over FY25-28E



Source: MOFSL, Company

We expect a CAGR of 17% in PAT over FY25-28E



Source: MOFSL, Company

Research Team (Gautam.Duggad@MotilalOswal.com)

Kindly click on textbox for the detailed news link

1

Indian Overseas Bank engages an advisor to help sell over Rs 12k crore NPAs

The bank has engaged Navi Mumbai-based Special Situation Advisors India to find a buyer for 67 large corporate accounts within the next four months. These accounts include Videocon Industries, Frost International, Rotomac Global, Lanco Infratech and ABG Shipyard aggregating ...

2

Smartphone sales up 18% by value in June quarter

India's smartphone market rebounded strongly in Q2 2025, growing 8% in volume and 18% in value, driven by new launches and summer sales. An improved macroeconomic environment, including lower inflation and repo rate cuts, boosted consumer spending.

3

Second list of solar models & manufacturers likely in 10 days

The Indian government will soon release ALMM-II for solar cells. This list specifies manufacturers for solar cells in India. It aims to promote local solar module and cell usage in projects. The ALMM-I already supports domestic capacity and restricts imports.

4

Tata Motors' Iveco takeover to fuel global CV ambitions but not without risks

Tata Motors offer is aimed at acquiring 100% of Iveco's common shares with a subsequent delisting of Iveco Group from the Euronext Milan stock exchange. The all-cash offer valued Iveco at about Rs 3.8 billion ($4.4 billion).

5

Schneider to buy remaining 35% in India JV from Temasek

Schneider Electric will acquire the remaining 35% stake in Schneider Electric India from Temasek for €2.5 billion, gaining full ownership of its Indian operations. This move underscores India's strategic importance as a key domestic market, manufacturing hub, and R&D center for Schneider Electric. The acquisition aims to enhance decision-making speed and capitalize on India's growth potential.

6

Entertainment Network India Ltd Q1 revenue up 3% as digital, events drive growth

Entertainment Network India Ltd witnessed a 3% year-on-year increase in consolidated revenue, reaching ₹117 crore for the quarter ending June 30. Domestic revenue grew by 3.2%, driven by events, solutions, and digital segments.

7

Medtech firms flag inflated MRPs on imported devices

Indian medical device manufacturers have raised concerns that private hospitals and retailers are favoring imported devices with inflated prices or missing MRPs to gain higher margins. This practice disadvantages domestic manufacturers, who offer similar products at lower costs.

Bharat Electronics

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	BHE IN
Equity Shares (m)	7310
M.Cap.(INRb)/(USDb)	2825.2 / 32.3
52-Week Range (INR)	436 / 240
1, 6, 12 Rel. Per (%)	-6/33/23
12M Avg Val (INR M)	7768

Financials Snapshot (INR b)

Y/E March	2026E	2027E	2028E
Sales	276.7	325.5	386.4
Sales Gr. (%)	17.0	17.6	18.7
EBITDA	77.4	91.0	108.1
EBITDA Margin	28.0	28.0	28.0
Adj. PAT	60.1	71.8	85.6
Adj. EPS (INR)	8.2	9.8	11.7
EPS Gr. (%)	13.6	19.6	19.2
BV/Sh.(INR)	34.2	42.8	53.1
Ratios			
RoE (%)	24.0	22.9	22.1
RoCE (%)	26.9	25.5	24.4
Payout (%)	12.4	12.4	12.4
Valuations			
P/E (x)	47.0	39.3	33.0
P/BV (x)	11.3	9.0	7.3
EV/EBITDA (x)	34.3	28.5	23.4
Div. Yield (%)	0.3	0.3	0.4

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	51.1	51.1	51.1
DII	20.6	20.9	20.6
FII	18.6	17.6	17.4
Others	9.7	10.4	10.8

FII Includes depository receipts

CMP: INR387 TP: INR490 (+27%) Buy

Strong margin performance

BHE's 1QFY26 PAT exceeded our estimate, driven by better-than-expected margins. Revenue growth was aided by a strong order book, though it was affected to some extent by geopolitical issues. The order book was strong at INR749b and order inflows stood at INR76b. The company has maintained its guidance on revenue and order inflows and expects margins to remain strong at 27%. We expect the company to benefit from emergency procurement and the finalization of larger platform orders from the Army, Navy and Air Force. We also expect BHE to benefit from incremental opportunities in exports as defense spending increases globally. We marginally tweak our estimates and maintain BUY with a TP of INR490 based on 45x Sep'27E EPS.

Earnings beat driven by margin outperformance

1Q EBITDA and PAT came in ahead of our estimates. Revenue grew 5% YoY to INR44.2b, missing our estimate of INR48.4b by 9%. The order book stood strong at INR748.6b, with an inflow of ~INR76.3b (+53% YoY) during the quarter. Gross margin at 53.2% was ahead of our estimate of 45.2%, aided by a better project mix. This led to EBITDA growth of 32% YoY to INR12.4b, beating our estimate by 15%. EBITDA margin expanded 580bp YoY to 28.1% vs. our estimate of 22.3%. Strong margin performance resulted in a 15%/16% beat to our PBT/PAT estimates. PAT was up 25% YoY at INR9.7b vs. our estimate of INR8.4b.

Prospect pipeline remains strong

BHE has a robust pipeline of upcoming orders across multiple high-value programs, providing strong revenue visibility beyond FY26. Key expected orders are: 1) QRSAM order estimated at INR250b, for which DAC approval has been received in July and it is expected to be finalized by 4QFY26; 2) multiple subsystem orders for the MF-STAR radar program, which are currently under configuration and pricing discussions with shipyards and are likely to be awarded in 2HFY26, with some spill-over into 1QFY27; 3) Shatrughat and Samaghat electronic warfare (EW) systems with a combined opportunity size of INR65b are also progressing well and RFP for one program has already been issued; 4) follow-on order for 97 LCA Mk1A aircraft (excluding Uttam AESA radar) worth INR30b; and 5) drone and loitering munition programs (e.g., Archer UAV, MALE-class drones) expected in the next 12-18 months. If timely converted, these opportunities could not only bolster the INR270b inflow guidance but also support 15-17% annual growth over the medium term, aided by BHE's rising share in indigenous and strategic systems.

Key order inflows announced so far

Key orders won during YTDFY26 worth INR100b include – 1) EW suite worth INR22.1b from IAF; 2) maintenance service for Akash missile worth INR5.9b from IAF; 3) orders worth INR5.7b for integrated drone detection and software defined radio; 4) orders worth INR5.4b for communication systems for ships, jammers, simulator upgrades, etc.; 5) order worth INR23.2b for supply of base and depot spares for missile systems on Indian naval ships; 6) order for fire control and sighting system for missile for INR5.85b; 7) radars and communication equipment etc. worth INR5.3b; 8) navigation system for guns, jammers, seekers, active antenna array unit worth INR5.6b; 9) air defense fire control radar (Atulya) worth INR16.4b from Indian Army; 10) optronic systems, IFMIS software, communication and control terminal, low band receive unit and communication equipment worth INR5.5b. We bake in order inflows of INR270b/INR584b for FY26/27E.

Key orders to be executed in FY26

In the remaining nine months of FY26, BHE plans to execute several large-scale programs contributing to its revenue growth target of over 15%. Key among these are: 1) LRSAM worth INR30b, 2) Himshakti EW system worth INR17b, and 3) Akash missile system of INR13b. Other notable contributors include the D-29 upgrade, LRU supplies for LCA, Arudhra radar, and Link II communication systems, each estimated to contribute INR6b-8b. Additionally, systems like Shakti EW and BMP-2 upgrades will add around INR5b. The company has aligned its execution schedule with user readiness and internal capacities, providing high confidence in achieving the targeted delivery. We have estimated a revenue CAGR of 18% over FY25-28E.

Expanding global reach with indigenous sonar solutions

BHE continues to strengthen its leadership in the sonar domain, positioning itself as the primary production partner for NPOL, DRDO’s designated sonar development lab. The company is actively involved in the development and supply of a wide range of sonar systems, including side-scan sonar and integrated sonar suites for naval platforms. BHE is also working on export-ready variants and enhancing capabilities by embedding AI/ML-based features for higher performance and autonomy. With strategic investments, in-house R&D, and close user collaboration, BHE is set to deepen its role in the indigenous underwater warfare ecosystem. The company indicated minimal dependence on foreign suppliers for sonar systems, underscoring its readiness to address growing domestic and export demand in this segment.

Financial outlook

Our estimates factor in large-sized order inflows from QRSAM and next-generation corvettes to materialize between FY26 and FY27. We also bake in longer gestation period for these orders and expect a sales/EBITDA/PAT CAGR of 18%/17%/17% over FY25-28. We expect OCF/FCF to remain strong over FY26-28, led by control over working capital. Further, the company had a cash surplus of INR94b (as of FY25), providing scope for further capacity expansion.

Valuation and view

BHE is currently trading at 47.0x/39.3x/33.0x on FY26E/FY27E/FY28E EPS. We maintain our two-year forward TP of INR490 based on 45x Sep’27E earnings and maintain BUY rating on BHE.

Key risks and concerns

A slowdown in order inflows from the defense and non-defense segments, intensified competition, further delays in the finalization of large tenders, a sharp rise in commodity prices, and delays in payments from the MoD can adversely impact our estimates on revenue, margins, and cash flows.

Standalone Quarterly Performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
Net Sales	**41,988**	**45,834**	**57,561**	**91,197**	**44,168**	**52,580**	**66,417**	**1,13,572**	**2,36,580**	**2,76,738**	**48,429**	**-9**
Change (%)	19.6	14.8	39.1	6.9	5.2	14.7	15.4	24.5	17.3	17.0	15.3	
EBITDA	**9,367**	**13,885**	**16,533**	**27,890**	**12,399**	**14,408**	**18,530**	**32,048**	**67,676**	**77,386**	**10,801**	**15**
Change (%)	41.0	38.2	57.5	22.3	32.4	3.8	12.1	14.9	35.4	14.3	15.3	
As of % Sales	22.3	30.3	28.7	30.6	28.1	27.4	27.9	28.2	28.6	28.0	22.3	
Depreciation	997	1,032	1,029	1,298	1,129	1,212	1,242	1,386	4,356	4,968	1,183	-5
Interest	12	13	13	58	14	13	13	55	96	96	12	22
Other Income	2,015	1,668	2,051	1,942	1,636	1,803	2,213	2,545	7,676	8,198	1,640	-0
PBT	**10,373**	**14,509**	**17,542**	**28,476**	**12,892**	**14,987**	**19,489**	**33,152**	**70,900**	**80,520**	**11,246**	**15**
Tax	2,612	3,596	4,381	7,428	3,201	3,809	4,953	8,500	18,017	20,462	2,858	
Effective Tax Rate (%)	25.2	24.8	25.0	26.1	24.8	25.4	25.4	25.6	25.4	25.4	25.4	
Reported PAT	**7,761**	**10,913**	**13,161**	**21,048**	**9,691**	**11,178**	**14,536**	**24,652**	**52,883**	**60,058**	**8,388**	**16**
Change (%)	46.2	34.3	47.3	18.0	24.9	2.4	10.5	17.1	31.5	13.6	8.1	
Adj PAT	**7,761**	**10,913**	**13,161**	**21,048**	**9,691**	**11,178**	**14,536**	**24,652**	**52,883**	**60,058**	**8,388**	**16**
Change (%)	46.2	34.3	47.3	18.0	24.9	2.4	10.5	17.1	31.5	13.6	8.1	

NSE

BSE SENSEX	S&P CNX
81,482	24,855

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Net Sales	171.4	169.1	193.8
EBITDA	133.2	132.1	151.6
PAT	111.1	119.4	136.2
EPS (INR)	44.9	48.2	55.0
EPS Gr (%)	33.8	7.5	14.1
BV / Sh (INR)	122.6	144.8	173.8
Ratios (%)			
RoE	42.9	36.1	34.5

Not Rated

New product launches to drive volume growth

- NSE reported operating revenue of INR40.3b in 1QFY26, down 11% YoY, mainly due to a 14% YoY decline in transaction charges.
- Total expenditure rose 11% YoY to INR9b, supported by a 34%/5% YoY growth in employee expenses/other expenses. EBITDA declined 15% YoY to INR31.3b in 1QFY26, reflecting an EBITDA margin of 77.6% vs 81.9% in 1QFY25 and 74.3% in 4QFY25.
- Reported PAT for the quarter stood at INR29.3b, an increase of 14% YoY and 10% QoQ. YoY growth was driven by higher other income and no contribution to SGF, despite a weaker top line.
- Looking ahead, growth is expected to be driven by the scaling up of electricity derivatives and introduction of futures contracts across other commodities, potential launch of VIX futures based on market feedback, and continued product development for NSE's international exchange.
- **From Sep'25, NSE's Nifty expiry will shift to Tuesday from Thursday. According to our estimates, this change could lead to a 300-400bp increase in market share on a premium turnover basis, potentially offsetting the near-term weakness in volumes. Transaction revenue is projected to post an 11% CAGR over FY25-27. Overall, we expect a 6%/7%/11% CAGR in revenues/EBITDA/reported PAT over FY25-27.**

ADTO improves sequentially across segments

- The revenue mix was dominated by transaction charges (78%), which declined 14% YoY. Income from data center & connectivity (8%) grew 17% YoY. Operating investment income (6%) declined 10% YoY. Data feed and terminal charges (3%) rose 6% YoY, while listing services (1%) rose 16% YoY.
- Income from transaction charges increased sequentially 7% QoQ to INR31.2b, driven by a 7%/3%/12% rise in charges from equity options/equity futures/cash market.
- On the subsidiaries front, the total income reported by Clearing /Indices/Data Analytics/GIFT City stood at INR5.2b/INR490m/INR920m/INR300m.
- Cash market ADTO declined 12% YoY but increased 14% QoQ to INR1.1t. Equity Futures ADTO dipped 20% YoY but rose 5% QoQ to INR1.7t. Equity Options ADTO (based on premium value) declined 23% YoY but increased 9% QoQ to INR555b.
- Market share in Cash/Equity Futures/Equity Options/Currency Derivatives for 1QFY26 stood at 93.8%/99.8%/78.6%/100% vs 94.6%/ 99.8%/ 81.2%/ 93.9% in 4QFY25.
- On the product front, the company recently launched the monthly electricity futures contract, which aligns with its strategic vision. It plans to launch more contracts in the commodities space soon.

- Total expenses rose 11% YoY to INR9b. The cost-to-income Ratio (CIR) stood at 22.4%, compared to 18.1% in 1QFY25 and 25.7% in 4QFY25.
- Employee expenses rose 34% YoY to ~INR2b, mainly due to the impact of incremental hiring in the previous quarter (~3%) and annual increments (~10%). Other expenses rose 5% YoY, primarily due to NSE IT being treated as a third-party company and ongoing technology upgrades across other subsidiaries. Additionally, the company incurred an INR400m settlement related to a SEBI inspection report dating back to FY23-24.
- The unique registered investor base grew to 116m, with total investor accounts at 220m+.
- In the equity segment, 33 companies raised INR150.8b through IPOs on both SME and mainboard platforms. Of these, nine companies (mainboard) raised INR138.5b and the remaining 24 SME companies raised INR12.3b. Total SME IPOs on the NSE platform stood at 634.
- Total fund mobilization for the quarter stood at INR5.2t. Of this, INR4.2t/INR1t/INR0.2t was raised through debt/equity/IPOs.
- The total contribution to exchequer stood at INR143.3b, of which INR123.4b/INR8.5b/INR8.8b/INR2.7b was from STT or CTT/income tax and GST/stamp duty/SEBI fees.

Key takeaways from the management commentary

- The company plans to add ~200 racks this month, with 189/189/93/188 racks to be added in Aug/Sept/Oct/Nov, totaling 660. These will be added to the ~1,200 racks currently operational, taking the total count to ~1,860 racks. Management believes this capacity will be sufficient to meet current demand. Any further rack expansion will depend on future demand and supply dynamics.
- NSE Data and Analytics is engaged in a deal to sell its KRA business through a business transfer arrangement. The transaction is expected to close shortly.
- Regarding the IPO launch, NSE has replied to all SEBI queries and is awaiting a response.

Quarterly Performance (INR m)

Y/E March	FY25				FY26		YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	FY25	(%)	(%)
Gross Sales	**45,097**	**45,102**	**43,494**	**37,714**	**40,322**	**1,71,407**	**-11**	**7**
YoY Change (%)	51.0	23.5	23.7	-18.4	-10.6	16.0		
Employee Expense	1,477	1,942	1,627	1,672	1,976	6,718	34	18
Other Expenses	6,689	13,985	7,200	8,005	7,049	35,879	5	-12
Total Expenditure	8,166	15,927	8,827	9,677	9,025	42,597	11	-7
EBITDA	**36,931**	**29,175**	**34,667**	**28,037**	**31,297**	**1,28,810**	**-15**	**12**
Margins (%)	81.9	64.7	79.7	74.3	77.6	75.1		
Depreciation	1,261	1,370	1,324	1,511	1,501	5,466	19	-1
Other Income	4,406	5,131	4,571	6,253	7,662	20,362	74	23
PBT before EO expense	**40,077**	**32,936**	**37,914**	**32,779**	**37,458**	**1,43,705**	**-7**	**14**
Contribution to SGF	5,873	-4,265	684	49	0	2,341	**-100**	**-100**
PBT	**34,203**	**37,201**	**37,230**	**32,731**	**37,458**	**1,41,365**	**10**	**14**
Tax	8,492	10,226	10,993	8,980	9,642	38,690		
Rate (%)	21	31	22	27	26	27		
Exceptional Item	0	0	11,549	545	0	12095		
Minority Interest & Profit/Loss of Asso. Cos.	246	298	367	378	302	1,289		
PAT	**25,957**	**27,273**	**38,154**	**24,674**	**28,118**	**1,16,058**	**8**	**14**
YoY Change (%)	37.9	35.6	89.6	-1.3	8.3	38.1		
Margins (%)	57.6	60.5	87.7	65.4	69.7	67.7		
Reported PAT	**25,667**	**31,373**	**38,336**	**26,501**	**29,239**	**1,21,877**		
YoY Change (%)	39.2	57.0	94.1	6.5	13.9			
Margins (%)	56.9	69.6	88.1	70.3	72.5			

30 July 2025

Company Update | Sector: Retail

Avenue Supermarts

BSE SENSEX	S&P CNX
81,482	24,855

DMart

Bloomberg	DMART IN
Equity Shares (m)	651
M.Cap.(INRb)/(USDb)	2786 / 31.9
52-Week Range (INR)	5485 / 3337
1, 6, 12 Rel. Per (%)	1/13/-15
12M Avg Val (INR M)	2866
Free float (%)	25.4

Financials & Valuations (INR b)

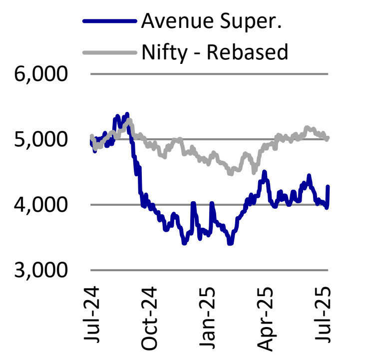
Y/E March	FY26E	FY27E	FY28E
Sales	706	838	1,003
EBITDA	52	62	77
Adj. PAT	30	36	45
EBITDA Margin (%)	7.3	7.4	7.6
Adj. EPS (INR)	46	56	69
EPS Gr. (%)	12	20	24
BV/Sh. (INR)	376	431	500
Ratios			
Net D:E	0.0	0.0	0.0
RoE (%)	13.2	13.8	14.8
RoCE (%)	13.0	13.6	14.4
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	91.9	76.8	62.1
EV/EBITDA (x)	53.7	44.8	36.5
EV/Sales (X)	3.9	3.3	2.8
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	0.1	0.0	0.0

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	74.7	74.7	74.7
DII	9.3	9.2	8.0
FII	8.3	8.2	9.2
Others	7.8	8.0	8.1

FII includes depository receipts

Stock Performance (1-year)



CMP: INR4,269 TP:INR4,950 (+16%) Buy

Pressing the growth pedal

We attended Avenue Supermarts (DMart)'s FY25 analyst meet, wherein the management indicated acceleration in store additions as the utmost priority. Further, management believes the margin contraction due to improving service levels over the past several quarters is largely behind.

- Management acknowledged that store additions could have been accelerated in the last few years. While management continues to aim for 10-20% net area additions annually (~14% YoY in FY25), acceleration of store additions is the utmost priority and seen as the best way to tackle the rising competition from Quick Commerce (QC).
- DMart's LFL growth moderated ~150bp YoY, primarily due to the impact from QC on its high-throughput metro stores. However, despite competition from QC in FMCG, gross margins were stable YoY in FY25.
- DMart indicated that ~40bp EBITDA margin compression was primarily driven by the company's efforts to improve the service levels in high-throughput stores. However, it believes the impact on margin is likely baked in now, and there is some room to calibrate these investments.
- DMart Ready is not looking to get into <1 hour delivery. However, it will look to shrink the order fulfilment timelines to about six hours, while continuing to focus on achieving breakeven over the next few years.
- Acceleration in store addition remains the key growth trigger for DMart. We model ~60 store additions in FY26 (vs. 9/50 store additions in 1QFY26/FY25).
- We raise our FY26-28E EBITDA and PAT by ~2-4% as the increase in CoR (primarily related to staff costs to improve service levels) normalizes.
- We build in a consol. revenue/EBITDA/PAT CAGR of 19%/20%/18% over FY25-28E, driven by ~14-15% CAGR in retail store/area and a high single-digit LFL growth.
- We assign a ~46x Sep'27 EV/EBITDA multiple (implying ~80x Sep'27 P/E) to arrive at our revised TP of INR4,950 (earlier INR4,500). **We reiterate our BUY rating on the stock.**

Pressing the growth pedal by accelerating store additions

- DMart acknowledged that store additions could have been accelerated in the last few years, and it should have had ~600-625 stores by now (vs. ~425 currently).
- However, with more management bandwidth available now, accelerating store additions would be the utmost priority, especially in North India and UP clusters, where DMart is under-indexed.
- Further, management believes that acceleration in DMart's physical stores is the best way to tackle the rising competition from QC.
- Over the long term, management remains bullish on the long growth runway for the efficient brick-and-mortar value retailer and pegged the long-term potential at ~2,200-2,300 stores for DMart.

QC impact limited to metro cities; DMart's gross margin a key moat

- DMart's LFL growth moderated ~150bp YoY, primarily due to the impact from QC (and also DMart Ready scale-up) on its high-throughput metro stores. However, the company didn't witness any significant impact on growth due to QC on its non-metro stores.
- However, despite intense pricing competition from QC in the FMCG category, DMart's gross margins were stable YoY in FY25.
- Management believes that DMart's superior value proposition, operational efficiency, and localized customer understanding provide it a competitive moat against the emerging formats.
- Improvement in the share of private labels (though it would take a reasonably longer time) and forays into other horizontal categories (aligned with DMart's model) could act as potential levers for margin improvement.

Margin impact mainly due to the focus on improving service levels

- Driven by intensifying competition from QC, DMart focused on improving service levels (improved product availability, faster checkout) in its Metro stores over the past few quarters.
- DMart's 40bp margin contraction in FY25 was mainly due to higher employee and contract labor costs as a result of its focus on improving service levels, inflation in warehouse employee costs, and planned hirings for its headquarter, considering the impending management transition.
- However, management believes that margin contraction due to improvement in service levels is now largely behind, and there is some room to calibrate these investments going forward.

DMart Ready: Looking to reduce delivery timelines to ~6 hours

- Overall, management remains content with the progress of the DMart Ready business (revenue up ~20% YoY in FY25).
- DMart Ready has pivoted its business model to focus primarily on home delivery (vs. a mix of pickup and home delivery earlier).
- DMart Ready continues to position itself as a superior value offering with convenience and has been working on shrinking the order fulfillment timelines further to about six hours.
- However, management noted that there is no plan to shift to <1 hour delivery timelines, and focus would continue to remain on achieving breakeven in DMart Ready over the medium term.

Valuation and view

- With the entry of large offline/online retailers into quick commerce and recent fundraising by the top 3 QC players, the competitive intensity for a share of customer wallets is likely to remain elevated in the near term.
- We believe DMart's value-focused model and superior store economics would ensure its competitiveness and customer relevance despite QC's convenience-focused model over the longer term. However, intense pricing competition could continue to weigh on DMart's growth and margins in the near term.
- Acceleration in store addition remains the key growth trigger for DMart. We model ~60 store additions in FY26 (vs. 9/50 store additions in 1QFY26/FY25).

- We raise our FY26-28E EBITDA and PAT by ~2-4% as the increase in CoR (primarily related to staff costs to improve service levels) normalizes.
- We model a consol. revenue/EBITDA/PAT CAGR of 19%/20%/18% over FY25-28E, driven by ~14-15% CAGR in retail store/area and a high single-digit LFL growth.
- We assign a ~46x Sep'27 EV/EBITDA multiple (implying ~80x Sep'27 P/E) to arrive at our revised TP of INR4,950 (earlier INR4,500). The increase in our TP is primarily driven by a modest EBITDA increase and roll-forward to Sep'27 (from Jun'27 earlier). **We reiterate our BUY rating on the stock.**

Valuation based on Sep'27E EBITDA

	Methodology	Driver (INR b)	Multiple	Value (INR b)	Value/sh (INR)
EBITDA	**Sept'27 EV/EBITDA**	**69**	**46**	**3,222**	**4,963**
Less Net debt				8	13
Equity value				**3,214**	**4,950**
Shares o/s (m)				651	
CMP (INR)					4,269
Upside (%)					**16.0**

Source: MOFSL, Company

Summary of revisions to our consolidated estimates

	FY26E	FY27E	FY28E
Revenue (INR b)			
Old	701	823	964
Actual/New	706	838	1,003
Change (%)	*0.7*	*1.8*	*4.0*
Gross Profit (INR b)			
Old	103	122	144
Actual/New	104	125	151
Change (%)	*1.3*	*2.6*	*4.8*
Gross margin (%)			
Old	14.6	14.8	14.9
Actual/New	14.7	14.9	15.1
Change (bp)	*9bps*	*12bps*	*11bps*
EBITDA (INR b)			
Old	51	60	72
Actual/New	52	62	77
Change (%)	*2.3*	*3.7*	*6.5*
EBITDA margin (%)			
Old	7.2	7.3	7.5
Actual/New	7.3	7.4	7.6
Change (bp)	*12bps*	*14bps*	*18bps*
Net Profit (INR b)			
Old	29	35	42
Actual/New	30	36	45
Change (%)	*2.6*	*4.2*	*6.8*
EPS (INR)			
Old	45.3	53.4	64.3
Actual/New	46.4	55.6	68.7
Change (%)	*2.6*	*4.2*	*6.8*

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1QFY26 Results Update | Sector: Automobile

Mahindra & Mahindra

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	MM IN
Equity Shares (m)	1244
M.Cap.(INRb)/(USDb)	3990.4 / 45.6
52-Week Range (INR)	3303 / 2360
1, 6, 12 Rel. Per (%)	4/2/11
12M Avg Val (INR m)	9162

Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	1,165	1,360	1,537
EBITDA	171.2	192.6	221.7
Adj. PAT	118.5	143.4	164.2
Adj. EPS (INR)	98.7	119.5	136.7
EPS Gr. (%)	11.3	21.0	14.5
BV/Sh. (INR)	513	606	713
Ratios			
RoE (%)	20.8	21.3	20.7
RoCE (%)	19.9	20.5	20.0
Payout (%)	23.7	21.7	21.8
Valuations			
P/E (x)	32.5	26.8	23.4
P/BV (x)	6.3	5.3	4.5
Div. Yield (%)	0.7	0.8	0.9
FCF Yield (%)	3.1	2.0	3.7

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	18.1	18.1	18.1
DII	29.2	29.4	25.7
FII	43.1	42.9	46.8
Others	9.6	9.6	9.4

FII Includes depository receipts

CMP: INR3,209 TP: INR3,687 (+15%) Buy

FES performance continues to impress

Well-positioned to outperform in both the Auto and FES segments

- Mahindra & Mahindra (MM)’s 1QFY26 PAT at INR34.4b was ahead of our estimate of INR30.7b due to higher other income even as EBITDA margin came in line. While the FES segment’s margin improved 140bp YoY to 19.8%, the auto segment’s margin remained steady at 8.9%, affected by the contract manufacturing margin for its e-SUVs.
- While MM has outperformed its own targets of earnings growth and RoE of 18%, management remains committed to delivering 15-20% EPS growth and 18% RoE. This ensures sustained profitability and shareholder value. **Reiterate BUY with a TP of INR3,687 (based on Jun’27E SoTP).**

Margins in line

- MM’s revenue grew 26% YoY to INR341b, in line with our estimate.
- EBITDA margin also came in line with our estimate at 14.3% in 1QFY26.
- However, MM reported higher-than-expected other income at INR6.4b (est. of INR3.7b). This led to a strong 32% YoY growth in PAT to INR34.4b.
- On a segmental basis, the auto segment’s margin was in line with our estimate at 8.9%. However, this included margin dilution on account of contract manufacturing of EVs for MEAL. While the core auto ICE margin came in at 10%, e-SUV contract manufacturing delivered a 0.2% PBIT margin.
- At the MEAL level, MM has delivered a 2.9% EBITDA margin but a -3.5% EBIT margin. MM could deliver a positive EBITDA margin on EVs as it is: 1) currently selling only the top-end variants, and 2) leveraging its existing capacity, which helps absorb cost overheads.
- MM’s tractor margin remained healthy and was up 140bp YoY to 19.8% (ahead of our estimate of 18.8%). Core tractor PBIT margin (ex-farm machinery and power) improved 100bp to 20.7% for the quarter.
- While the Auto segment PAT grew 32% YoY to INR17.6b, the FES segment PAT rose 7% YoY to INR13.2b during the quarter.
- RoE for 1Q stood at 20.6%, well ahead of its target of 18%.

Highlights from the management commentary

- In the auto segment, MM’s revenue market share improved 570bp to 27.3% in 1Q. Further, its LCV share (<3.5T segment) improved 340bp YoY to 54.2%.
- MM’s tractor share also improved by 50bp to 45.2% for the quarter.
- The company continued to maintain its growth guidance of mid-to-high teens for UVs in FY26E, aided by healthy traction seen for most of its models.
- It expects rising steel prices to drive cost inflation in the coming quarters.
- MM has an adequate rare earth inventory, at least for the next two quarters, and hence it does not expect any production disruption. It has explored substitutes such as light earths and ferrites as the alternates for rare earth materials.

Valuation and view

- We believe MM is well-positioned to outperform across its core businesses, fueled by a healthy recovery in rural areas and new product launches in both UVs and tractors. We estimate MM to post a CAGR of ~15%/14%/18% in revenue/ EBITDA/PAT over FY25-27.
- While MM has outperformed its own targets of earnings growth and RoE of 18% in FY24, management remains committed to delivering 15-20% EPS growth and 18% RoE. This ensures sustained profitability and shareholder value. **Reiterate BUY with a TP of INR3,687 (based on Jun'27E SoTP).**

Quarterly Performance (INR b)

Y/E March	FY25				FY26				FY25	FY26	1QE	Var.
INR b	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				(%)
Total Volumes ('000 units)	315	301	344	319	361	333	376	352	1,280	1,424	361	0.0
Growth YoY (%)	4.7	-0.5	17.8	15.3	14.4	10.4	9.5	10.1	14.0	11.3	14.4	
Net Realization (INR '000/unit)	857	914	889	981	945	950	929	1,005	910	955	916	3.1
Growth YoY (%)	7.0	13.5	2.2	8.0	10.2	3.9	4.5	2.4	3.1	4.9	6.9	
Net Op. Income	**270.4**	**275.5**	**305.4**	**313.5**	**340.8**	**316.2**	**349.5**	**353.4**	**1,165**	**1,360**	**330.6**	**3.1**
Growth YoY (%)	12.0	12.9	20.3	24.5	26.1	14.7	14.4	12.7	17.5	16.7	22.3	
RM Cost (% of sales)	73.7	74.2	74.4	74.1	74.5	75.5	75.0	71.6	74.1	74.5	74.5	0bp
Staff (% of sales)	4.3	4.2	4.2	4.0	4.5	4.8	5.1	4.0	4.2	4.0	4.5	0bp
Oth. Exp. (% of Sales)	7.0	7.3	6.7	6.9	8.3	8.5	8.8	10.3	7.0	7.4	8.3	0bp
EBITDA	**40.2**	**39.5**	**44.7**	**46.8**	**48.8**	**44.4**	**49.6**	**49.8**	**171.2**	**193**	**47.3**	**3.2**
EBITDA Margins (%)	14.9	14.3	14.6	14.9	14.3	14.0	14.2	14.1	14.7	14.2	14.3	0bp
Other income	3.5	20.0	6.1	0.5	6.4	21.0	4.1	0.8	30.0	32.3	3.7	
Interest	0.5	0.6	0.6	0.8	0.6	0.5	0.4	0.4	2.5	1.9	0.4	
Depreciation	9.1	9.6	10.5	13.1	10.0	10.5	10.9	11.2	42.3	42.6	11.2	
PBT after EO	**34.1**	**49.3**	**39.7**	**33.5**	**44.7**	**54.3**	**42.4**	**39.0**	**156.5**	**180.4**	**39.4**	**13.5**
Tax	7.9	10.9	10.0	9.1	10.2	10.9	8.3	7.7	38.0	37.0	8.7	
Effective Tax Rate (%)	23.3	22.1	25.3	27.1	22.0	20.0	19.5	19.6	24.3	20.5	22.0	
Reported PAT	**26.1**	**38.4**	**29.6**	**24.4**	**34.5**	**43.5**	**34.2**	**31.3**	**118.5**	**143.4**	**30.7**	**12.2**
Adj PAT	**26.1**	**38.4**	**29.6**	**24.4**	**34.5**	**43.5**	**34.2**	**31.3**	**118.5**	**143.4**	**30.7**	**12.2**
Change (%)	23.2	13.2	19.1	21.9	32.0	13.2	15.2	28.5	11.4	21.0	17.6	

Y/E March	FY25				FY26				FY25	FY26E	1QE
Segmental (M&M + MVML)	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
Realizations (INR '000/unit)											
Auto	977	1,015	1,010	1,079	1,101	1,055	1,061	1,090	1,022	1074	1,026
Farm Equipment	670	696	671	730	685	717	691	777	689	713	684
Blended	**857**	**914**	**889**	**981**	**945**	**950**	**929**	**1,005**	**910**	**957**	**916**
Segment PBIT Margins (%)											
Auto	9.5	9.5	9.7	9.2	8.9	9.2	9.2	9.5	9.5	9.2	8.8
Farm Equipment	18.5	17.5	18.1	19.4	19.8	18.0	18.5	20.5	18.4	19.2	18.8

Key Performance Indicators	FY25				FY26E				FY25	FY26E	1QE
Y/E March	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
Tractors ('000 units)	121.5	93.4	121.8	88.0	134.1	101.3	132.1	95.3	424.6	462.9	134.1
Change (%)	5.6	3.7	19.8	22.9	10.4	8.5	8.5	8.3	12.2	9.0	10.4
Total UV ('000 units)	183.4	190.6	209.7	223.9	223.1	227.9	240.9	255.5	842.2	947.5	223.1
Change (%)	17.3	7.2	15.4	15.5	17.1	15.0	10.0	8.9	14.7	12.5	17.1
Cost Break-up											
RM Cost (% of sales)	73.7	74.2	74.4	74.1	74.5	75.5	75.0	71.6	74.1	74.5	74.5
Staff Cost (% of sales)	4.3	4.2	4.2	4.0	4.5	4.8	5.1	4.0	4.2	4.0	4.5
Other Cost (% of sales)	7.0	7.3	6.7	6.9	8.3	8.5	8.8	10.3	7.0	7.4	8.3
Gross Margins (%)	26.3	25.8	25.6	25.9	25.5	24.5	25.0	28.4	25.9	25.5	25.5
EBITDA Margins (%)	14.9	14.3	14.6	14.9	14.3	14.0	14.2	14.1	14.7	14.2	14.3
EBIT Margins (%)	11.5	10.8	11.2	10.8	11.4	10.7	11.1	10.9	11.1	11.0	10.9

E:MOFSL Estimates

InterGlobe Aviation

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	INDIGO IN
Equity Shares (m)	387
M.Cap.(INRb)/(USDb)	2218.6 / 25.4
52-Week Range (INR)	6019 / 3779
1, 6, 12 Rel. Per (%)	-1/29/28
12M Avg Val (INR M)	6322
Free float (%)	56.5

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	808.0	867.3	959.9
EBITDA	180.1	227.8	258.7
NP	72.5	104.2	101.2
EPS (INR)	188.1	269.7	262.0
Growth (%)	10.0	14.9	13.8
BV/Sh (INR)	242.1	498.8	748.1
Ratios			
Net D:E	4.1	1.8	1.1
RoE (%)	129.1	73.2	42.2
RoCE (%)	22.5	24.4	25.4
Payout (%)	5.3	5.3	5.3
Valuations			
P/E (x)	30.5	21.3	21.9
P/BV (x)	23.7	11.5	7.7
Adj.EV/EBITDAR(x)	12.4	10.7	9.6
Div. Yield (%)	0.2	0.3	0.2
FCF Yield (%)	9.9	2.6	2.1

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	43.5	49.3	55.3
DII	24.1	20.7	15.4
FII	27.3	25.1	24.4
Others	5.1	4.9	4.8

FII Includes depository receipts

CMP: INR5,740 TP: INR6,900 (+20%) Buy

Muted performance; forward-looking guidance remains intact

Earnings below our estimate

- InterGlobe Aviation (INDIGO) reported a 1% YoY decline in EBITDAR at INR56.9b (est. INR61.4b) and a PAT of INR21.6b (est. INR23.8b) in 1QFY26. Revenue passenger kilometers (RPK) stood at 35.7b. Passenger load factor (PLF) was 84.4% with available seat kilometers (ASK) at 42.3b (est. 41.7b), while yield stood at INR4.98 (est. INR5.04, -1% YoY).
- For 2QFY26, INDIGO expects ASK growth in mid-to-high single digits due to seasonality and maintenance, with PRASK likely to be flat YoY. We expect a stronger recovery in 2H, driven by new aircraft inductions, international ramp-ups, increasing MICE activities, and more wedding dates compared to last year.
- We broadly retain our earnings estimates and expect its revenue/ EBITDAR/Adj. PAT to clock a CAGR of 9%/13%/18% over FY25-27. We value the stock at 11xFY27E EBITDAR to arrive at our TP of INR6,900. **Reiterate BUY**.

Lower yield and reduced load factor hurt operating performance

- INDIGO's yield stood at INR4.98 vs. our estimate of INR5.04 (down 1% YoY). RPK came in at 35.7b (vs. our est. of 35.6b, +13% YoY), with PLF at 84.4%. ASK was 42.3b (our est. of 41.7b, +17% YoY) for the quarter.
- Consequently, revenue stood at INR205.0b (est. of INR23.8b, +5% YoY).
- EBITDAR was INR56.9b (est. of INR61.4b, -1% YoY) with EBITDA at INR52.0b (our est. of INR52.7b, +1% YoY). The EBITDAR miss was revenue-driven due to weak yields and load factors, while EBITDA held up owing to lower fuel costs. PAT stood at INR21.6b (est. of INR23.8b, -21% YoY).

Highlights from the management commentary

- **Guidance:** Management reaffirmed its early double-digit ASK growth guidance for FY26. The ASK moderation in 2Q is seasonal and planned, with no change in the overall annual outlook, and a strong ramp-up is expected in 3Q and 4Q.
- **MRO strategy:** INDIGO is shifting to finance leases to enhance asset control and enable end-of-term ownership, aligning with its MRO (Maintenance, Repair, and Overhaul) strategy. Its partnership with BIAL for a dedicated maintenance facility will improve aircraft availability and drive cost efficiency.
- **Costs and profitability drivers:** INDIGO continues to benefit from easing fuel prices and a shift away from high-cost damp leases, which supported EBITDA despite weaker yields.

Valuation and view

- Despite geopolitical disruptions and operational headwinds in recent quarters, INDIGO has demonstrated resilience through cost control, strong network execution, and steady passenger growth. Stabilizing fuel costs, the return of grounded aircraft to service, and improved demand are expected to drive performance in the coming quarters.
- Backed by early double-digit capacity growth, stable yields, a rising international mix (currently ~30% of ASKs), and improving operating leverage (from reduced damp leases and expanding wide-body routes), INDIGO is well-positioned to sustain healthy profitability. We broadly retain our earnings estimates and expect its revenue/ EBITDAR/Adj. PAT to clock a CAGR of 9%/13%/18% over FY25-27. We value the stock at 11xFY27E EBITDAR to arrive at our TP of INR6,900. **Reiterate BUY.**

Standalone quarterly performance (INR b)

Y/E March	FY25				FY26				FY25	FY26E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**195.7**	**169.7**	**221.1**	**221.5**	**205.0**	**196.8**	**227.2**	**238.3**	**808.0**	**867.3**	**213.5**	**-4%**
YoY Change (%)	*17.3*	*13.6*	*13.7*	*24.3*	*4.7*	*16.0*	*2.8*	*7.6*	*17.3*	*7.3*	*9.1*	
EBITDAR	**57.7**	**23.8**	**59.2**	**69.5**	**57.0**	**46.5**	**75.3**	**81.7**	**210.2**	**260.4**	**61.4**	**-7%**
Margin (%)	*29.5*	*14.0*	*26.8*	*31.4*	*27.8*	*23.6*	*33.1*	*34.3*	*26.0*	*30.0*	*28.8*	
Net Rentals	6.2	7.6	7.6	8.6	4.9	9.1	9.2	9.5	30.1	32.7	8.8	-44%
EBITDA	**51.5**	**16.2**	**51.6**	**60.8**	**52.0**	**37.4**	**66.1**	**72.3**	**180.1**	**227.8**	**52.7**	**-1%**
Margin (%)	*26.3*	*9.5*	*23.3*	*27.5*	*25.4*	*19.0*	*29.1*	*30.3*	*22.3*	*26.3*	*24.7*	
Depreciation	18.7	20.8	22.2	24.8	25.5	25.7	26.0	26.8	86.4	104.1	25.4	
Interest	11.6	12.4	13.1	13.8	14.0	14.3	14.8	15.5	50.9	58.7	13.9	
Other Income	6.8	7.9	8.8	9.5	10.5	11.9	12.1	12.1	33.1	46.5	11.3	
PBT	**28.0**	**-9.1**	**25.2**	**31.8**	**23.0**	**9.2**	**37.4**	**42.0**	**75.9**	**111.6**	**24.6**	**-7%**
Tax	0.8	0.8	0.8	1.0	1.3	0.6	2.2	3.7	3.3	7.8	0.8	
Rate (%)	*2.7*	*-8.7*	*3.1*	*3.2*	*5.9*	*6.0*	*6.0*	*8.8*	*4.4*	*7.0*	*3.2*	
Reported PAT	**27.3**	**-9.9**	**24.4**	**30.7**	**21.6**	**8.7**	**35.1**	**38.3**	**72.5**	**103.7**	**23.8**	**-9%**
EPS	**70.6**	**-25.6**	**63.2**	**79.5**	**55.9**	**22.5**	**90.9**	**99.1**	**187.7**	**268.4**	**61.7**	**-9%**
YoY Change (%)	*-11.7*	*PL*	*-18.6*	*62.3*	*-20.7*	*LP*	*43.9*	*24.6*	*-11.2*	*43.0*	*-12.5*	
Operational Data												
ASK (b)	36.3	38.2	40.8	42.1	42.3	43.1	44.0	45.0	157.4	174.5	41.7	1%
YoY Change (%)	*11%*	*8%*	*12%*	*21%*	*17%*	*13%*	*8%*	*7%*	*13%*	*11%*	*15%*	
Load factor (%)	*86.8*	*82.7*	*87.0*	87.4	*84.4*	*87.0*	*90.4*	90.0	86.0	88.0	*85.5*	-1.1
RPK (b)	31.5	31.6	35.5	36.8	35.7	37.5	39.8	40.5	135.4	153.5	35.6	0%
YoY Change (%)	*9%*	*7%*	*13%*	*23%*	*13%*	*19%*	*12%*	*10%*	*13%*	*13%*	*13%*	
Yield (INR/RPK)	5.24	4.55	5.43	5.32	4.98	4.41	4.80	4.94	5.14	4.78	5.04	-1%
RASK (Reve. per Available Seat Kilometer)	5.39	4.44	5.42	5.26	4.85	4.56	5.16	5.29	5.13	4.97	5.12	-5%
CASK (Cost per Available Seat Kilometer)	4.62	4.68	4.80	4.51	4.30	4.35	4.31	4.36	4.65	3.49	4.53	-5%
RASK less CASK	0.77	-0.24	0.62	0.75	0.54	0.21	0.85	0.93	0.48	1.48	0.59	-8%
CASK ex-Fuel	2.83	2.93	3.20	2.88	2.90	2.98	2.98	3.02	2.96	2.34	2.94	-1%
Fuel Cost	1.79	1.75	1.60	1.63	1.40	1.37	1.34	1.34	1.69	1.15	1.59	-12%

Hyundai Motor

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	HYUNDAI IN
Equity Shares (m)	813
M.Cap.(INRb)/(USDb)	1695.5 / 19.4
52-Week Range (INR)	2265 / 1542
1, 6, 12 Rel. Per (%)	-3/22/-
12M Avg Val (INR m)	2478

Financials & valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	692	711	852
EBITDA	90	89	111
Adj. PAT	56	55	69
EPS (INR)	69	68	85
EPS Gr. (%)	(7)	(2)	24
BV/Sh. (INR)	201	249	308
Ratios			
RoE (%)	41.8	30.3	30.4
RoCE (%)	38.2	27.0	27.0
RoIC (%)	35.5	24.1	24.9
Valuations			
P/E (x)	30.0	30.7	24.7
P/BV (x)	10.4	8.4	6.8
EV/EBITDA (x)	18.3	18.6	14.6
Div. Yield (%)	1.0	1.0	1.2

Shareholding pattern (%)

As of	Jun-25	Mar-25
Promoter	82.5	82.5
DII	7.8	7.0
FII	7.1	7.2
Others	2.7	3.3

CMP: INR2,087 TP: INR2,408 (+15%) Buy

Margins remain resilient despite adverse factors

Guidance on new launches provides improved earnings visibility

- Hyundai Motor India (HMI)'s 1Q earnings at INR13.7b were ahead of our estimate of INR12.1b due to better-than-expected margins. The margins remained healthy in 1Q despite weak demand and higher discounts, led by improved mix in both domestic and export markets and lower input costs.
- HMI targets to launch 26 products (including variants) by FY30, of which eight would be launched over FY26-27E. Considering its launch pipeline, we now factor in an 8% volume CAGR over FY25-27E, which is largely back-ended. We also factor in the startup costs of the new Pune plant to impact earnings in the near term and normalize in FY27E. Overall, we expect HMI to deliver 10% earnings CAGR over FY25-27E. We believe HMI remains well-positioned to benefit from the premiumization trend in India, given its mix in favor of SUVs. **Reiterate BUY with a TP of INR2,408, valued at 27x Jun'27E.**

Earnings beat driven by better-than-expected margins

- HMI's revenue declined 5% YoY to INR164b (in-line) and was largely due to the 6% YoY decline in volumes in 1Q.
- Avg. ASP rose 0.7% YoY due to improved mix. However, exports ASP was down QoQ, as HMI received a few fleet orders for Aura/Verna, for which the company had to offer some discounts.
- Gross margin improved 120bp YoY (+50bp QoQ) to 29.3%.
- However, due to higher-than-expected employee costs and higher other expenses, margin was broadly flat YoY at 13.3%, though ahead of our estimate of 12%.
- HMI was able to maintain margins despite weak volumes and higher discounts, which is commendable. Margin resilience was driven by improved mix both in domestic and export markets and lower input costs.
- Driven by better-than-expected margins, PAT stood at INR13.7b (-8% YoY).

Highlights from the management commentary

- The export growth guidance has been maintained at 6-7% for FY26E.
- Domestic PV demand remains challenging. June has been the lowest TIV month for the last 30 months (excluding December). Management is hopeful of a pickup in demand due to the 100bp interest rate cut, the upcoming festive season, and healthy monsoons.
- SUVs have continued to gain traction and stood at 69% of total sales. SUV penetration, even in rural regions, stood at 68.8% for HMI.
- The increase of CNG and EVs in the product mix has helped the company achieve CAFÉ norms. HMI's CAFÉ target for 1Q was 117.286, and the company managed to achieve 112.856.
- **Localization:** The localization levels have reached 82% currently (localized sunroof last year) from 78% in 2024. Management will continue to work on several localization opportunities, especially in EVs.

Valuation and view

- Considering its launch pipeline, we now factor in an 8% volume CAGR over FY25-27E, which is largely back-ended. We also factor in the startup costs of the new Pune plant to impact earnings in the near term and normalize in FY27E. Overall, we expect HMI to deliver 10% earnings CAGR over FY25-27E. We believe HMI remains well-positioned to benefit from the premiumization trend in India, given its mix in favor of SUVs. **Reiterate BUY with a TP of INR2,408, valued at 27x Jun'27E**.

Consol Quarterly Performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	1QE
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
Volumes ('000 units)	192.1	191.9	186.4	191.6	180.4	190.0	192.0	208.7	762.1	771.1	180.4
Change (%)	4.7	-8.5	-2.4	-1.1	-6.1	-1.0	3.0	8.9		1.2	-6.1
Realizations (INR/car)	9,03,087	8,99,264	8,93,094	9,36,101	9,09,810	9,17,249	9,19,887	9,37,957	9,07,982	9,21,771	9,21,147
Change (%)	-0.4	1.1	1.1	2.6	0.7	2.0	3.0	0.2		1.5	2
Net operating revenues	**1,73,442**	**1,72,604**	**1,66,480**	**1,79,403**	**1,64,129**	**1,74,295**	**1,76,619**	**1,95,780**	**6,91,929**	**7,10,823**	**1,66,174**
Change (%)	4.3	-7.5	-1.3	1.5	-5.4	1.0	6.1	9.1		2.7	-4.2
RM Cost (% of sales)	71.9	72.5	73.1	71.2	70.7	71.5	73.0	71.9	72.2	71.8	72.5
Staff Cost (% of sales)	3.2	3.2	3.6	3.4	3.8	3.5	3.7	3.4	3.3	3.6	3.6
Other Cost (% of sales)	11.5	11.5	12.0	11.3	12.2	12.0	12.2	12.0	11.5	12.1	11.9
EBITDA	**23,403**	**22,053**	**18,755**	**25,327**	**21,852**	**22,716**	**19,583**	**24,701**	**89,538**	**88,853**	**19,953**
EBITDA Margins (%)	13.5	12.8	11.3	14.1	13.3	13.0	11.1	12.6	12.9	12.5	12.0
Depreciation	5,290	5,185	5,274	5,304	5,281	5,400	6,100	6,578	21,053	23,359	5,800
EBIT	**18,113**	**16,868**	**13,482**	**20,023**	**16,571**	**17,316**	**13,483**	**18,124**	**68,485**	**65,494**	**14,153**
EBIT Margins (%)	10.4	9.8	8.1	11.2	10.1	9.9	7.6	9.3	9.9	9.2	8.5
Interest	316	292	299	365	247	260	240	273	1,272	1,020	280
Non-Operating Income	2,238	1,923	2,445	2,096	2,148	2,200	2,500	2,785	8,700	9,632	2,400
PBT	**20,034**	**18,498**	**15,627**	**21,754**	**18,472**	**19,256**	**15,743**	**20,635**	**75,913**	**74,106**	**16,273**
Tax	5,137	4,744	4,020	5,611	4,780	4,910	4,014	5,193	19,511	18,897	4,150
Effective Tax Rate (%)	25.6	25.6	25.7	25.8	25.9	25.5	25.5	25.2	25.7	25.5	25.5
PAT	**14,897**	**13,755**	**11,607**	**16,143**	**13,692**	**14,346**	**11,728**	**15,443**	**56,402**	**55,209**	**12,124**
Adjusted PAT	**14,897**	**13,755**	**11,607**	**16,143**	**13,692**	**14,346**	**11,728**	**15,443**	**56,402**	**55,209**	**12,124**
Change (%)	12.1	-15.5	-18.6	-3.7	-8.1	4.3	1.0	-4.3		-2.1	-18.6

Punjab National Bank

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	PNB IN
Equity Shares (m)	11493
M.Cap.(INRb)/(USDb)	1242.4 / 14.2
52-Week Range (INR)	128 / 85
1, 6, 12 Rel. Per (%)	0/8/-11
12M Avg Val (INR M)	3133

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	427.8	439.1	511.7
OP	268.3	281.5	332.2
NP	166.3	155.3	212.9
NIM (%)	2.7	2.4	2.6
EPS (INR)	14.8	13.5	18.5
EPS Gr. (%)	97.4	-8.6	37.0
BV/Sh. (INR)	107	118	133
ABV/Sh. (INR)	101	112	126
Ratios			
RoA (%)	1.0	0.8	1.0
RoE (%)	15.3	12.4	15.2
Valuations			
P/E(X)	7.4	8.1	5.9
P/BV (X)	1.0	0.9	0.8
P/ABV (X)	1.1	1.0	0.9

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	70.1	70.1	73.2
DII	15.1	14.7	10.8
FII	5.5	5.7	5.5
Others	9.3	9.5	10.6

FII Includes depository receipts

CMP: INR108 TP: INR130 (+20%) Buy

NII in-line; transition to new tax regime drags earnings

Margin contracted 11bp QoQ

- **Punjab National Bank (PNB) reported 1QFY26 PAT of INR16.7b (48% YoY decline, 60% miss) amid higher taxes. The bank opted for the new tax regime, incurring a one-time charge of INR33.24b.**
- **NII remained broadly flat YoY/declined 1.7% QoQ to INR105.8b (in-line), while NIMs contracted 11bp QoQ to 2.7% (2.84% domestic NIMs).**
- **Other income grew 46% YoY (11.7% QoQ) to INR52.7b (21% beat) amid better fee income and robust treasury gains.**
- **Loan book grew 11% YoY (1.3% QoQ), while deposits grew 12.9% YoY (1.5% QoQ). As a result, the CD ratio stood broadly stable at 68.7%.**
- **Slippages stood at INR18.9b vs INR17.6b in 1QFY25. GNPA/NNPA ratios improved 17bp/2bp to 3.78%/0.38%. PCR ratio stood at 90.3%.**
- **We cut our earnings estimates by 12% for FY26 and estimate RoA/RoE at 1.0%/15.2% in FY27. Reiterate BUY with a TP of INR130 (1.0x FY27E ABV).**

Business growth modest; asset quality improves further

- PNB reported a PAT of INR16.7b (48% YoY decline, 60% miss) amid higher taxes. Adj. PAT stood at INR49.9b (54% YoY growth).
- NII remained broadly flat YoY/declined 1.7% QoQ to INR105.8b (in-line), while NIMs contracted 11bp QoQ to 2.7%. Other income grew 46% YoY (11.7% QoQ) to INR52.7b (21% beat). Treasury income stood at INR16b vs INR9.2b in 4QFY25.
- Opex increased 17% YoY/remained flat QoQ at INR87.6b (6% higher than MOFSLe), driven by the bank's purchase of PSLCs for the priority sector. C/I ratio moderated 90bp QoQ to 55.3%.
- PPoP, thus, grew 7.6% YoY to INR70.8b (6% beat). Provisions declined 75% YoY/10% QoQ to INR3.2b (65% lower than MOFSLe).
- Loan book grew 11% YoY (1.3% QoQ) to INR10.9t, led by better growth in MSME advances (4% QoQ), while Retail and Corporate grew 1.1% QoQ each.
- Deposits grew 12.9% YoY/1.5% QoQ to INR15.9t. CASA ratio stood at 37% (down 96bp QoQ). CD ratio remained broadly stable at 68.7%.
- On the asset quality front, slippages stood at INR18.9b vs INR17.6b in 1QFY25. GNPA/NNPA ratios improved 17bp/2bp to 3.78%/0.38%. PCR ratio stood at 90.3%. SMA-2 (above INR50m) stood at 0.15% of loans vs 0.02% in 4QFY25.

Highlights from the management commentary

- With the adoption of the new tax regime, the bank expects to save INR7b every quarter, resulting in a total net profit accretion of INR21b for FY26.

- Bulk deposits stood at INR2.8t. The bank has reduced rates on bulk deposits by 100bp, bringing them down to ~6.7%. These deposits will be repriced in 2Q, with the full impact expected to be visible from 3Q onwards.
- In 2QFY26, the bank expects NIMs to remain at 1Q levels, supported by the shedding of low-yielding advances and the benefit from lower deposit costs beginning to reflect.
- 56% of the loan book is EBLR-linked, 30% is MCLR-linked, and the remaining comprises fixed-rate and other instruments.

Valuation and view: Reiterate BUY with a TP of INR130

PNB has transitioned to the new tax regime, resulting in a one-time impact on earnings. However, this shift will be beneficial from 2Q onwards, with the effective tax rate moderating to 25%. NIMs contracted 11bp QoQ, though the bank expects improvement from 3Q onwards. Business growth remained modest, with management guiding for 11-12% growth for FY26. Asset quality improved sequentially, with slippages moderating; however, the SMA book (with loans over INR50m) increased to 0.15% of domestic loans. We cut our earnings estimates by 12% for FY26 and estimate RoA/RoE at 1.0%/15.2% in FY27. **Reiterate BUY with a TP of INR130 (1.0x FY27E ABV).**

Quarterly performance (INR b)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	V/s our
	1Q	2Q	3Q	4Q	1QA	2QE	3QE	4QE			1QE	Est
Net Interest Income	**104.8**	**105.2**	**110.3**	**107.6**	**105.8**	**104.1**	**109.8**	**119.5**	**427.8**	**439.1**	**105.9**	**0%**
% Change (YoY)	10.2	6.0	7.2	3.8	1.0	-1.0	-0.5	11.1	6.7	2.6	1.0	
Other Income	36.1	45.7	34.1	47.2	52.7	45.8	40.1	52.3	163.1	190.8	43.6	21%
Total Income	**140.9**	**150.9**	**144.4**	**154.7**	**158.5**	**149.9**	**149.8**	**171.7**	**590.9**	**629.9**	**149.5**	**6%**
Operating Expenses	75.0	82.4	78.2	87.0	87.6	84.0	86.0	90.7	322.6	348.4	82.5	6%
Operating Profit	**65.8**	**68.5**	**66.2**	**67.8**	**70.8**	**65.9**	**63.8**	**81.0**	**268.3**	**281.5**	**66.9**	**6%**
% Change (YoY)	10.3	10.2	4.6	5.6	7.6	-3.8	-3.6	19.6	7.6	4.9	1.7	
Provisions	13.1	2.9	-2.9	3.6	3.2	6.7	7.1	9.9	16.7	26.9	9.4	-65%
Profit before Tax	**52.7**	**65.7**	**69.1**	**64.2**	**67.6**	**59.2**	**56.7**	**71.1**	**251.6**	**254.7**	**57.6**	**17%**
Tax	20.2	22.6	24.0	18.5	50.8	14.8	14.2	19.5	85.3	99.3	16.1	215%
Net Profit	**32.5**	**43.0**	**45.1**	**45.7**	**16.8**	**44.4**	**42.5**	**51.6**	**166.3**	**155.3**	**41.4**	**-60%**
% Change (YoY)	159.0	145.1	102.8	51.7	-48.5	3.2	-5.6	13.1	101.7	-6.6	27.5	
Operating Parameters												
Deposits	14,082	14,583	15,297	15,666	15,894	16,374	16,905	17,437	15,666	17,437	15,985	
Loans	9,840	10,196	10,700	10,775	10,920	11,318	11,725	12,132	10,775	12,132	11,019	
Deposit Growth (%)	8.5	11.3	15.6	14.4	12.9	12.3	10.5	11.3	14.4	11.3	13.5	
Loan Growth (%)	13.9	14.6	16.8	15.3	11.0	11.0	9.6	12.6	15.3	12.6	12.0	
Asset Quality												
Gross NPA (%)	5.0	4.5	4.1	4.0	3.8	3.5	3.3	3.1	4.0	3.1	3.7	
Net NPA (%)	0.6	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.3	0.4	
PCR (%)	88.4	90.2	90.2	90.3	90.3	90.4	90.5	90.3	90.3	90.3	90.2	

E: MOFSL Estimates

Hitachi Energy

Estimate changes	↑
TP change	↑
Rating change	↔

Bloomberg	POWERIND IN
Equity Shares (m)	45
M.Cap.(INRb)/(USDb)	928.2 / 10.6
52-Week Range (INR)	21350 / 8738
1, 6, 12 Rel. Per (%)	7/63/75
12M Avg Val (INR M)	1477

Financials Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Net Sales	86.0	115.2	142.1
EBITDA	11.2	16.2	21.5
PAT	7.9	10.6	14.3
EPS (INR)	177.4	238.4	319.9
GR. (%)	129.1	34.3	34.2
BV/Sh (INR)	1,176.3	1,422.8	1,754.9
Ratios			
ROE (%)	15.9	17.6	19.2
RoCE (%)	16.8	18.4	19.8
Valuations			
P/E (X)	117.4	87.4	65.1
P/BV (X)	17.7	14.6	11.9
EV/EBITDA (X)	79.3	54.1	40.1
Div Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	71.3	71.3	75.0
DII	10.3	12.3	8.6
FII	7.2	5.0	5.0
Others	11.2	11.4	11.4

FII Includes depository receipts

CMP: INR20,825 TP: INR16,500 (-21%) Sell

Inflow boost; pricey valuations

Hitachi Energy's 1QFY26 revenue and EBITDA margin came in below our estimates, whereas PAT beat our estimates on the back of higher other income. Order inflow was healthy for the quarter, driven by the second HVDC order win of Bhadla-Fatehpur and a bulk order from Powergrid for the supply of transformers. Hitachi Energy has been a key beneficiary of renewable and T&D capex in both domestic and international markets. The company's capacity expansion will help meet the upcoming demand across segments. However, its execution and margin performance are taking time to reflect its current strong order book as well as cost control measures compared to other players in the T&D industry. We expect these to reflect in the coming quarters. We marginally cut our estimates to bake in 1QFY26 performance and roll forward our TP to Sep'27 estimates to INR16,500. The stock is currently trading at 117x/87x/65x P/E on FY26E/27E/28E earnings. We reiterate our Sell rating on the stock as we already bake in 31% revenue CAGR and 60% PAT CAGR over FY25-28 and an implied target multiple of 60x on two-year forward earnings.

In-line PAT; miss on revenue and EBITDA level

Hitachi Energy's revenue/EBITDA for 1QFY26 was 22%/29%, lower than our estimates as execution remained weaker-than-expected during the quarter. However, with higher other income and lower tax rate, reported PAT came in line with our estimates. Revenue grew 11% YoY to INR14.8b (vs. our estimate of INR18.9b). EBITDA at INR1.5b (vs. our estimate of INR2.2b) grew 223% YoY, even on a high base, while EBITDA margin at 10.5% was 100bp below our expectation of 11.5%. PAT increased 8% YoY to INR1.3b, which was broadly in line with our estimate. Order inflow surged 365% YoY to INR113.4b, bringing the order book to INR291b. Growth in inflows was led by a large project win of the Bhadla-Fatehpur HVDC link. The company also received a bulk order from POWERGRID to supply 30 units of 765kV 500 MVA single-phase transformers. In terms of segment, transmission continues to lead the order book, followed by orders from the rail & metro and data center segments.

Strong inflows skewed by HVDC concentration

Hitachi Energy reported healthy order inflows of INR113.4b in 1QFY26, marking a sharp 365% YoY increase. However, growth was largely front-loaded by a single large HVDC project from Adani Energy Solutions. Excluding this, the underlying order growth moderates to +20% YoY, supported by steady momentum in segments like rail, metro, and data centers. The composition of orders also changes notably when adjusted for HVDC. Excluding HVDC, the mix is more balanced, with products forming the largest portion, followed by projects and services. This indicates a healthier profile of shorter-cycle orders, with potentially faster conversion to revenue. In contrast, with HVDC included, the mix becomes heavily project-driven, skewing the backlog toward longer-duration orders. Over 55% of the total order book now relates to HVDC, where execution spans 4-5 years.

Export sustainability supported by diverse geographies and industries

Exports continued to play a meaningful role in Hitachi Energy India's order book in 1QFY26, contributing nearly 25% (excluding HVDC). The company secured export orders from Europe, South America, and Asia. Hitachi Energy follows a three-pronged strategy for exports: 1) building on four globally competitive products, 2) deepening presence in allocated international markets with growing traction, and 3) supplying components to group feeder factories.

Key export orders received by the company in 1QFY26 are:

- Common Apparatus & Devices, Capacitors & Filters, USA
- Common Apparatus & Devices, Capacitors & Filters, Sweden
- 420 kV, 123 kV & 72.5kV Circuit Breakers for Dynamic Balancing Reserve projects, Hungary
- 36 Nos. DTB for KPTL Guyana Power
- 245kV & 72.5kV Disconnectors for GPL, Guyana
- Grid Automation Products, Australia

Favorable sectoral tailwinds to support long-term opportunity pipeline

India's ongoing infrastructure push presents a multi-year opportunity across key verticals where Hitachi Energy has a meaningful presence. According to industry reports, 1) the renewable energy segment is expected to see investments of INR3.1t by CY30, with 50% of this directed toward transmission and storage; 2) transmission spending alone is projected at over INR1t in the next two years on the ISTS network to meet NEP 2027 targets; 3) India's data center market is estimated to attract INR1.7t-2.1t over the next six years; and 4) the expansion of the metro rail budget from INR58b in FY13 to INR348b in FY25 offers scope for project orders in the transport sector, especially around traction power and SCADA systems. With active exposure to these segments, Hitachi Energy stands to benefit from the sustained infrastructure momentum, particularly as it scales capacity to match rising demand.

Ongoing expansion to address growing demand

Hitachi Energy has committed to a sizable INR20b capex program over the next few years, spanning key business areas such as transformers, high voltage equipment, grid automation, and HVDC systems. These investments are intended to reduce capacity bottlenecks and prepare the company to handle the scale-up in execution, particularly as its record order book begins to convert into revenue. Management has indicated that asset turns could range between 3x and 4x once the full capacity comes online, offering meaningful operating leverage. However, the benefits of this expansion are back-ended, with most incremental capacities likely to be commissioned only by FY27 or later.

Financial outlook

For FY26 and FY27, we revise our revenue estimates downward and other income upward to bake in 1QFY26 performance. Our estimates currently bake in nearly 1 HVDC win for the company every year and consistent expansion in margins. This results in EBITDA margin expansion to 13.0%/14.1%/15.2% for FY26/27/28.

Valuation and view

The stock is currently trading at 117.4x/87.4x/65.1x P/E on FY26E/27E/28E earnings. **We reiterate our Sell rating** with a revised two-year forward TP of INR16,500 (vs. INR14,200 earlier), implying a target multiple of 60x Sep'27E EPS, as current valuations factor in most of the positives related to inflow and margin expansion.

Quarterly performance (Standalone) **(INR m)**

Y/E March	FY25 1Q	FY25 2Q	FY25 3Q	FY25 4Q	FY26E 1Q	FY26E 2QE	FY26E 3QE	FY26E 4QE	FY25	FY26E	FY26E 1QE	Est Var (%)
Net Sales	**13,272**	**15,537**	**16,203**	**18,837**	**14,789**	**20,931**	**21,827**	**28,466**	**63,849**	**86,012**	**18,931**	**(22)**
Change (%)	27.6	26.5	27.2	11.1	11.4	34.7	34.7	51.1	21.9	34.7	42.6	
Gross profit	4,935	5,946	6,305	7,007	6,566	7,954	8,294	12,873			7,383	**(5)**
EBITDA	**479**	**1,097**	**1,669**	**2,713**	**1,549**	**2,512**	**2,837**	**4,252**	**5,958**	**11,150**	**2,177**	**(29)**
Change (%)	42.3	68.0	145.5	49.1	223.4	128.9	70.0	56.8	70.7	87.1	354.5	
As % of Sales	3.6	7.1	10.3	14.4	10.5	12.0	13.0	14.9	9.3	13.0	11.5	
Depreciation	221	228	230	235	250	282	282	313	914	1,126	282	31
Interest	109	164	120	60	40	113	116	184	452	452	105	66
Other Income	1	1	2	182	509	450	300	117	186	1,376	1	(508)
PBT	**150**	**706**	**1,322**	**2,600**	**1,769**	**2,567**	**2,740**	**3,872**	**4,778**	**10,948**	**1,791**	**(1)**
Tax	46	183	467	628	453	711	759	1,111	1,324	3,034	496	
Effective Tax Rate (%)	30.8	25.9	35.3	24.1	25.6	27.7	27.7	28.7	27.7	27.7	27.7	
Extra-ordinary Items			519	(134)					386			
Reported PAT	**104**	**523**	**1,374**	**1,839**	**1,316**	**1,856**	**1,981**	**2,761**	**3,840**	**7,914**	**1,295**	**2**
Change (%)	332.4	111.4	498.1	61.8	1,163.0	254.9	44.2	50.2	110.9	129.1	1,142.7	
Adj PAT	**104**	**523**	**855**	**1,973**	**1,316**	**1,856**	**1,981**	**2,761**	**3,454**	**7,914**	**1,295**	**2**
Change (%)	332.4	111.4	272.1	73.5	1,163.0	254.9	131.8	40.0	110.9	129.1	1,142.7	
As % of Sales	2.5	0.7	1.7	0.4	7.9	1.2	0.6	0.1	0.2	0.2	6.0	

P&G Hygiene and Healthcare

Estimate changes	⟷
TP change	⟷
Rating change	⟷

Bloomberg	PG IN
Equity Shares (m)	32
M.Cap.(INRb)/(USDb)	448.1 / 5.1
52-Week Range (INR)	17499 / 12106
1, 6, 12 Rel. Per (%)	6/-10/-18
12M Avg Val (INR M)	130

Financials & valuations (INR b)

Y/E June	FY26E	FY27E	FY28E
Sales	45.5	49.0	52.5
Sales Gr. (%)	34.8	7.6	7.3
EBITDA	11.9	13.0	14.5
Margin (%)	26.1	26.6	27.6
Adj. PAT	8.8	9.7	10.7
Adj. EPS (INR)	269.5	297.0	330.7
EPS Gr. (%)	37.6	10.2	11.4
BV/Sh.(INR)	281.0	340.5	406.7
Ratios			
RoE (%)	106.2	95.7	88.6
RoCE (%)	120.0	106.8	98.0
Valuations			
P/E (x)	51.5	46.8	42.0
P/BV (x)	49.4	40.8	34.1
EV/EBITDA (x)	37.4	34.0	30.3
Div. Yield (%)	1.6	1.7	1.9

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	70.6	70.6	70.6
DII	15.5	15.5	15.2
FII	1.4	1.3	1.6
Others	12.5	12.5	12.7

FII Includes depository receipts

CMP: INR13,805 TP: INR15,000 (+9%) Neutral

Cost rationalization aids margin expansion

- P&G Hygiene and Healthcare (PGHH)'s 1QFY26 revenue was lower than our expectations, while its profitability beat our estimates. We have noted such a performance anomaly in the past quarters, too. PGHH posted a flat YoY revenue growth at INR9.4b (a miss) in 1QFY26 vs. ~10% growth in the base quarter. Revenue growth was weak in the last four quarters as well.
- Gross margin expanded 440bp YoY and 340bp QoQ to 63.6% (est. 61.9%). GM volatility between quarters has always been high. Employee costs dipped 28% YoY, and A&P spending was down 55% YoY, as PGHH had invested heavily on the A&P front last year. EBITDA doubled YoY to INR2.7b on a weak base. EBITDA margin surged 1,430bp YoY/730bp QoQ to 28.4% (est. 18.2%), much ahead of expectations. This was fueled by various cost rationalization initiatives undertaken by the company across parameters.
- PGHH is less predictable on a quarterly basis, but its annual performance remains highly stable. We model a 26.0-27.5% EBITDA margin during FY26-28E, implying ~7% EBITDA CAGR during FY26-28E.
- The stock trades at rich valuations of 52x/47x FY26E/FY27E P/E. **Reiterate Neutral with a TP of INR15,000 (based on 50x Jun'27E EPS).**

Revenue remains flat while EBITDA margin surges

- **Miss on revenue:** PGHH's sales were flat YoY at INR9.4b (est. INR9.9b), after posting a 1% dip in the preceding quarter and 9.7% growth in the base quarter. We have noted such a performance anomaly in the past quarters, too.
- **Sharp margin expansion:** Gross margin expanded 440bp YoY and 340bp QoQ to 63.6% (est. 61.9%). Employee costs dipped 28% YoY, and A&P spending was down 55% YoY, while other expenses rose 7% YoY. EBITDA margin surged 1,430bp YoY and 730bp QoQ to 28.4% (est. 18.2%).
- **Beat on profitability:** EBITDA doubled YoY to INR2.7b (est. INR1.8b). EBITDA grew on a weak base (-38% YoY in 4QFY24). Similarly, adj. PAT jumped 111% YoY to INR1.9b. (est. INR1.5b).

Valuation and view

- We broadly retain our EPS estimates for FY26/FY27.
- Two factors make PGHH an attractive long-term core holding: 1) high growth potential for the feminine hygiene segment (65-68% mix of FY24 sales), coupled with the potential for market share gains; this is aided by strategic initiatives, including the fortification of significant market advantages; and 2) the potential to sustain high operating margins from the long-term premiumization trend in the feminine hygiene segment.
- With a portfolio of essentials and healthcare, PGHH remained focused on product innovation-led customer acquisition. Penetration play would continue but at a stable pace, despite the high scope of user additions. The stock trades at rich valuations of 52x/47x FY26E/FY27E P/E. Further, we do not see any medium-term trigger. **Reiterate Neutral with a TP of INR15,000, based on 50x Jun'27E EPS.**

Standalone - Quarterly Earnings (INR m)

Y/E June	FY24	FY25				FY26E			FY24	FY25*	FY26E		Var.
	4Q	1Q	2Q	3Q	1Q	2QE	3QE	4QE				1QE	(%)
Net Sales	**9,318**	**11,352**	**12,476**	**9,916**	**9,370**	**12,146**	**13,225**	**10,739**	**42,057**	**33,744**	**45,480**	**9,857**	**-4.9%**
YoY Change (%)	9.7	-0.3	10.1	-1.1	0.6	7.0	6.0	8.3	7.5	-19.8	34.8	5.8	
Gross profit	**5,514**	**7,139**	**8,085**	**5,969**	**5,959**	**7,713**	**8,398**	**6,720**	**25,915**	**21,193**	**28,789**	**6,101**	**-2.3%**
Margin (%)	59.2	62.9	64.8	60.2	63.6	63.5	63.5	62.6	61.6	62.8	63.3	61.9	
EBITDA	**1,313**	**2,905**	**3,709**	**2,097**	**2,662**	**3,255**	**3,412**	**2,541**	**9,833**	**8,711**	**11,870**	**1,797**	**48.1%**
Growth	-37.9	2.0	19.8	-18.5	102.7	12.1	-8.0	21.2	13.2	-11.4	36.3	36.9	
Margins (%)	14.1	25.6	29.7	21.1	28.4	26.8	25.8	23.7	23.4	25.8	26.1	18.2	
Depreciation	134	117	99	104	91	105	109	275	565	319	580	116	
Interest	-1	19	66	58	1	27	26	81	268	143	135	12	
Other Income	73	85	97	191	77	111	126	240	523	373	554	194	
PBT	**1,253**	**2,854**	**3,641**	**2,127**	**2,647**	**3,234**	**3,403**	**2,426**	**9,522**	**8,622**	**11,710**	**1,863**	**42.1%**
PBT after EO expense	**1,123**	**2,854**	**3,641**	**2,127**	**2,647**	**3,234**	**3,403**	**2,426**	**9,082**	**8,622**	**11,710**	**1,863**	**42.1%**
Tax	345	735	955	566	726	815	858	552	2,674	2,256	2,951	386	
Rate (%)	30.7	25.7	26.2	26.6	27.4	25.2	25.2	22.8	29.4	26.2	25.2	20.7	
Adj PAT	**908**	**2,119**	**2,686**	**1,561**	**1,921**	**2,419**	**2,545**	**1,874**	**7,159**	**6,366**	**8,759**	**1,477**	**30.1%**
YoY Change (%)	-38.5	0.6	17.3	-15.8	111.4	14.1	-5.2	20.0	15.3	-11.1	37.6	62.6	
Margins (%)	9.7	18.7	21.5	15.7	20.5	19.9	19.2	17.5	17.0	18.9	19.3	15.0	

E: MOFSL Estimates *FY25 have 9M as company changed Jun year ended to Mar

Navin Fluorine International

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	NFIL IN
Equity Shares (m)	51
M.Cap.(INRb)/(USDb)	265.7 / 3
52-Week Range (INR)	5245 / 3160
1, 6, 12 Rel. Per (%)	10/26/38
12M Avg Val (INR M)	816

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	23.5	32.0	38.3
EBITDA	5.3	8.2	10.0
PAT	2.9	4.5	5.8
EPS (INR)	58.2	88.5	112.4
EPS Gr. (%)	26.2	52.0	27.1
BV/Sh.(INR)	529.5	729.6	818.9
Ratios			
Net D:E	0.5	0.2	0.2
RoE (%)	11.5	14.2	14.5
RoCE (%)	8.8	11.8	12.8
Payout (%)	20.6	20.6	20.6
Valuations			
P/E (x)	89.2	58.7	46.2
P/BV (x)	9.8	7.1	6.3
EV/EBITDA (x)	50.9	33.7	27.7
Div. Yield (%)	0.2	0.4	0.4
FCF Yield (%)	0.0	-0.2	0.4

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	28.0	28.4	28.8
DII	28.7	30.0	27.4
FII	21.6	20.2	18.0
Others	21.7	21.4	25.8

FII includes depository receipts

CMP: INR5,190 TP: INR5,100 (-2%) Neutral

Better pricing and operating leverage drive operating performance

Earnings in line with our estimate

- 1QFY26 was a strong quarter for Navin Fluorine International (NFIL), with revenue rising 39% YoY, supported by strong performance across all three business segments. Revenue in HPP/specialty chemicals/CDMO grew 45%/ 35%/22% YoY. EBITDA grew 2x YoY, driven by operating efficiencies and a better pricing environment.
- We expect this momentum to sustain, supported by the successful commercialization of the R32 project in Mar'25, along with the stable pricing environment of refrigerant gases. Moreover, the launch of three new molecules in specialty chemicals—expected to commence in 2QFY26—and the commissioning of new capacities in 2HFY26 (in HPP and CDMO) are expected to further reinforce growth going forward.
- With new capacities expected to commercialize and the visibility of a strong order book, we broadly maintain our FY26/FY27 earnings estimates and reiterate our Neutral rating on the stock with a TP of INR5100 (45x FY27E EPS)

HPP and specialty chemicals key growth drivers in 1QFY26

- NFIL reported revenue of INR7.3b (est. INR7.8b), up 39% YoY, driven by growth across all three segments.
- Gross margin stood at 57.6% (up 160bp), while EBITDA margin expanded 930bp YoY to 28.5%, driven by operational efficiencies and a better pricing environment.
- EBITDA stood at INR2.1b (est. in line), up 2.06x YoY, and PAT grew 2.3x YoY to INR1.2b in 1QFY26 (est. in line).
- Revenue in the HPP segment (up 45%) was driven by higher volumes and improved realizations in 1Q, supported by the successful commercialization of the R32 project in Mar'25.
- Revenue in the Specialty Chemicals segment grew 35% YoY to INR2.2b, driven by 37% growth in the international business, while the CDMO business continued its growth trajectory in 1QFY26, with revenue growing 23% YoY to INR990m.
- India's revenue grew 28% YoY, while revenue from the International business grew 44% YoY.

Highlights from the management commentary

- **High-purity electronic grade**: The company has announced an exclusive partnership with Buss ChemTech AG, Switzerland, to commercialize high-purity electronic grade HF. It is progressing well in engaging with global electronics customers, supporting the development of its broader product portfolio.
- **HPP**: The company successfully commercialized the R32 project in Mar'25 and is currently running it at optimal capacity. With global demand for R32 accelerating, the company is actively working with international partners to further capitalize on this opportunity.

- **Capacity allocation:** The AHF capex for INR4.5b at Dahej is expected to be commissioned by the end of 2QFY26, while the Phase 1 capex of INR1.6b for cGMP4 remains on track for commissioning by the end of 3QFY26.

Valuation and view

- We believe the company is well-positioned to sustain its growth momentum in FY26, supported by the commercialization of three new molecules in 2QFY26 and material contributions expected from the Fluoro Specialty unit at Dahej, which commenced operations in Dec'24.
- The medium-term outlook is further supported by: 1) a strategic partnership with Chemours to foray into high-growth advanced materials and 2) the approval of a key molecule by both the US and EU, enabling expanded applications in the CDMO segment.
- We expect a revenue/EBITDA/adj. PAT CAGR of 28%/37%/41% over FY25-27. The stock is trading at ~46x FY27E EPS of INR112.4. and 27.7x FY27E EV/EBITDA. We value the company at 45x FY27E EPS to arrive at our TP of INR5,100. Valuations remain expensive; thus, **we reiterate our Neutral rating.**

Consolidated - Quarterly Snapshot (INR m)

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Gross Sales	**5,237**	**5,186**	**6,062**	**7,009**	**7,254**	**7,986**	**8,184**	**8,528**	**23,494**	**31,952**	**7,788**	**-7%**
YoY Change (%)	*6.6*	*9.9*	*21.2*	*16.4*	*38.5*	*54.0*	*35.0*	*21.7*	*13.8*	*36.0*	*48.7*	
Gross Margin (%)	*56.0%*	*56.8%*	*56.6%*	*54.2%*	*57.6%*	*54.4%*	*57.0%*	*57.4%*	*55.8%*	*56.6%*	*56.7%*	*0.8%*
EBITDA	**1,004**	**1,074**	**1,473**	**1,787**	**2,068**	**1,711**	**2,101**	**2,272**	**5,337**	**8,151**	**2,026**	**2%**
Margin (%)	*19.2*	*20.7*	*24.3*	*25.5*	*28.5*	*21.4*	*25.7*	*26.6*	*22.7*	*25.5*	*26.0*	*2.5*
Depreciation	267	279	296	353	352	371	410	420	1,194	1,553	361	
Interest	156	139	202	283	304	291	290	279	779	1,164	286	
Other Income	103	112	105	118	139	123	125	109	437	496	121	
PBT before EO expense	**683**	**768**	**1,080**	**1,270**	**1,551**	**1,172**	**1,526**	**1,682**	**3,801**	**5,931**	**1,499**	**3%**
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**683**	**768**	**1,080**	**1,270**	**1,551**	**1,172**	**1,526**	**1,682**	**3,801**	**5,931**	**1,499**	**3%**
Tax	171	179	244	320	379	295	385	433	915	1,493	377	
Rate (%)	*25.0*	*23.4*	*22.6*	*25.2*	*24.5*	*25.2*	*25.2*	*25.8*	*24.1*	*25.2*	*25.2*	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**512**	**588**	**836**	**950**	**1,172**	**877**	**1,141**	**1,249**	**2,886**	**4,438**	**1,122**	**4%**
Adj. PAT	**512**	**588**	**836**	**950**	**1,172**	**877**	**1,141**	**1,249**	**2,886**	**4,438**	**1,122**	**4%**
YoY Change (%)	*-16.8*	*-2.9*	*131.2*	*35.0*	*128.8*	*49.1*	*36.5*	*31.4*	*26.3*	*53.8*	*119.2*	
Margin (%)	*9.8*	*11.3*	*13.8*	*13.6*	*16.2*	*11.0*	*13.9*	*14.6*	*12.3*	*13.9*	*14.4*	*1.7*
Segmental Revenue (INR m)												
High Performance Products (HPP)	2,810	2,930	3,060	3,260	4,070	3,633	3,580	3,351	12,060	9,250	3,807	7%
Specialty Chemicals	1,620	1,580	2,210	2,590	2,190	2,923	3,094	3,270	8,000	6,380	2,688	-19%
CDMO	810	680	790	1,150	990	1,414	1,493	1,570	3,430	2,620	1,290	-23%

Amber Enterprises

Estimate changes	↑
TP change	↑
Rating change	↔

Bloomberg	AMBER IN
Equity Shares (m)	34
M.Cap.(INRb)/(USDb)	272.4 / 3.1
52-Week Range (INR)	8177 / 3964
1, 6, 12 Rel. Per (%)	21/20/85
12M Avg Val (INR M)	3888

Financials Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	127.6	156.3	190.6
EBITDA	10.1	13.5	17.4
EBITDA Margin (%)	7.9	8.6	9.1
PAT	3.9	6.1	8.9
EPS (INR)	116.2	181.4	262.9
EPS Growth (%)	61.4	56.1	44.9
BV/Share (INR)	792.0	973.5	1,236.3
Ratios			
Net D/E	0.3	0.1	-0.1
RoE (%)	15.8	20.6	23.8
RoCE (%)	13.3	16.3	19.0
Valuations			
P/E (x)	69.1	44.3	30.6
P/BV (x)	10.1	8.3	6.5
EV/EBITDA (x)	27.8	20.6	15.5

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	39.7	39.7	39.9
DII	17.8	19.4	15.7
FII	28.6	27.1	28.4
Others	13.9	13.8	16.0

FII Includes depository receipts

CMP: INR8,041 TP: INR9,000 (+12%) Buy

Strong performance on RAC and electronics

Amber Enterprises (AMBER) posted better-than-expected performance in 1QFY26. Revenue outperformance was driven by continued strong growth in consumer durables—particularly in RAC, despite weak demand faced by RAC players in 1QFY26—as well as sustained growth in the electronics division. AMBER is continuously increasing the share of components in RAC, adding more clients across the AC and overall consumer durables divisions, and focusing on increasing wallet share with clients. This, we believe, will offer sustainable growth in the consumer durable division, despite seasonality in RAC demand. With increased capex, acquisitions in niche electronics areas, and diversification across new segments in electronics, we expect strong growth in the electronics segment to continue. This momentum is expected to be further supported by the commissioning of the company's capacity in JV with Korea Circuit. We expect the railway segment's performance to remain subdued in the near term. We increase our estimates by 10%/12% each for FY26/27 to factor in 1QFY26 performance. Reiterate BUY with a revised TP of INR8,950 (INR7,700 earlier).

Outperformance in revenue, EBITDA, and PAT

AMBER posted a strong set of numbers with a beat across all parameters. Consolidated revenue grew 44% YoY to INR34.5b, beating our estimates by 35%, mainly due to higher-than-expected revenue in the consumer durables and electronics segments. Gross margins contracted 190bp YoY to 15.7% vs our estimate of 18.0%. Absolute EBITDA grew 31% YoY to INR2.6b, indicating a beat to our estimates by 29%, while margins contracted 80bp YoY to 7.4% vs our estimate of 7.8%. The company's PAT at INR1b grew 44% YoY and beat our estimates by 52%. PAT margins stood at 3.0% vs our estimates of 2.7%.

Consumer durables outperform seasonal headwinds

The consumer durables segment's revenue grew 33% YoY to INR25.6b in 1QFY26 despite a challenging season, outperforming the RAC industry. This was driven by: 1) a robust product mix across RAC, CAC, and components; 2) increasing wallet share; and 3) converting gas-charging customers to full ODM. Margin contracted 30bp YoY to 7.5%, mainly due to an increased share of finished goods in revenue. Commercial ACs scaled up sharply, aided by new launches (cassette, tower ACs) and a new MNC client set to contribute from 4QFY26 onwards. However, the company is reassessing its washing machine strategy due to the upcoming Quality Control Order (QCO), effective Oct'25, which would require substantial capex to meet compliance norms. While washing machines remain a long-term opportunity, AMBER is adopting a cautious approach, rightly prioritizing high-visibility and scalable segments like RAC and CAC, where margin profiles and growth dynamics are more favorable. With prudent capital allocation and continued product expansion, AMBER remains confident of outperforming the RAC industry by 10-12%. We, thus, expect a revenue CAGR of 19% over FY25-28, with margins remaining at around 8% over the same period.

Electronics segment to benefit from inorganic expansion and backward integration

AMBER's electronics division posted a strong YoY growth of 97% in revenue during 1QFY26, reaching INR7.7b, backed by broad-based demand across PCBA and bare PCB segments. However, EBITDA grew 62%, indicating margin contraction despite strong top-line momentum. The key reason lies in the revenue mix, which remained skewed toward consumer durables, contributing 58-60% of the segment's revenue. Since consumer appliance PCBA is typically a low-margin, high-volume business, this dilutes the division's overall profitability, especially in 1Q, which is a seasonally strong quarter for durables. Management acknowledged this issue and outlined a shift in strategy to focus on reducing consumer durables' share to 45% by FY26-end and ~25% over the next three years, while scaling high-margin verticals like automotive, telecom, defense electronics, power electronics, and smart meters. Importantly, acquisitions such as Power One Microsystems and Unitronics (both with 17%-20% range margins) are expected to further lift profitability as their integration ramps up. Additionally, backward integration through Ascent Circuits (MLPCBs) and the Korea Circuits JV (HDI/Flex PCBs) will offer AMBER greater value capture and cost efficiency. The company aims to reach USD1b in electronics revenue within three years, with EBITDA margins expanding to 11.5-12%. We expect the electronics segments' revenue/EBITDA to clock a CAGR of 38%/58% over FY25-28, with margins of 10.2%/10.9%/11.6% over FY26/27/28E.

Railways segment's margin dip driven by metro mix, but structure remains intact

The railways segment reported revenue of INR1.2b (+29% YoY) and EBITDA of INR220m (+8% YoY), reflecting a margin contraction of 320bp YoY to 17.9%. The decline in margin was primarily due to a temporary change in the product mix, where a higher share of execution was for lower-margin projects such as metro and bus HVAC systems, compared to other parts of the portfolio, such as defense contracts, AMC services, and railway HVAC systems, where the margins are higher. Management expects some improvement in 2HFY26 as higher-margin segments like defense and AMC scale up. However, execution timelines and product ramp-ups (Yujin JV trials, Sidwal's new plant) remain key monitorables. With margin normalization likely to be gradual and near-term pressures continuing, the segment's contribution to overall profitability may remain limited in the short term. We expect the railways segment to post a revenue/EBITDA CAGR of 23%/23%, with a margin of 18.5% for FY26E-28E.

Financial outlook

We increase our estimates by 10%/12% each for FY26/27 to factor in 1QFY26 performance. We, thus, expect revenue/EBITDA/PAT to post a CAGR of 24%/32%/54% over FY25-28 for AMBER.

Valuation and recommendation

The stock currently trades at 69.1x/44.3x/30.6x P/E on FY26/27E/28E earnings. We increase our estimates and **reiterate our BUY rating** on the stock with a DCF-based TP of INR9,000 (earlier INR7,700).

Key risks and concerns

Key risks and concerns include lower-than-expected demand growth in the RAC industry; change in BEE norms making products costlier; change in announced capex policy; and increased competition across the RAC, mobility, and electronics segments.

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
Gross Sales	**24,013**	**16,847**	**21,333**	**37,537**	**34,491**	**25,908**	**26,910**	**40,283**	**99,730**	**1,27,591**	**25,474**	**35**
YoY Change (%)	41.1	81.7	64.8	33.8	43.6	53.8	26.1	7.3	48.2	27.9	6.1	
Total Expenditure	22,051	15,710	19,746	34,590	31,924	24,135	24,836	36,567	92,096	1,17,463	23,480	36
EBITDA	**1,962**	**1,137**	**1,587**	**2,947**	**2,567**	**1,773**	**2,075**	**3,715**	**7,634**	**10,128**	**1,994**	**29**
Margins (%)	8.2	6.8	7.4	7.9	7.4	6.8	7.7	9.2	7.7	7.9	7.8	
Depreciation	549	566	588	580	618	596	611	618	2,283	2,443	582	6
Interest	518	486	537	546	634	586	601	583	2,087	2,403	572	11
Other Income	207	178	160	191	297	203	198	134	736	832	189	57
PBT before EO expense	**1,101**	**263**	**623**	**2,013**	**1,612**	**794**	**1,061**	**2,648**	**3,999**	**6,114**	**1,029**	**57**
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	NM
PBT	**1,101**	**263**	**623**	**2,013**	**1,612**	**794**	**1,061**	**2,648**	**3,999**	**6,114**	**1,029**	**57**
Tax	298	26	162	702	484	234	283	899	1,188	1,899	274	77
Rate (%)	27.0	10.1	26.1	34.9	30.0	29.5	26.7	33.9	29.7	31.1	26.6	
MI & P/L of Asso. Cos.	79	44	102	151	90	69	70	55	376	284	72	25
Reported PAT	**724**	**192**	**359**	**1,160**	**1,039**	**491**	**708**	**1,694**	**2,436**	**3,931**	**683**	**52**
Adj PAT	**724**	**192**	**359**	**1,160**	**1,039**	**491**	**708**	**1,694**	**2,436**	**3,931**	**683**	**52**
YoY Change (%)	58.6	NM	NM	22.6	43.5	155.3	97.4	46.0	83.3	61.4	-5.7	
Margins (%)	3.0	1.1	1.7	3.1	3.0	1.9	2.6	4.2	2.4	3.1	2.7	

Y/E March	FY25				FY26E				FY25	FY26E
INR m	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Segmental revenue										
Consumer Durables Division	19,180	10,690	15,550	27,870	25,600	17,104	18,660	29,588	73,290	90,952
Electronics Division	3,880	4,920	4,720	8,420	7,660	7,626	7,080	9,447	21,940	31,813
Railway Sub-systems & Mobility division	950	1,240	1,064	1,250	1,230	1,178	1,170	1,248	4,500	4,826
Total Revenues	**24,013**	**16,847**	**21,333**	**37,537**	**34,491**	**25,908**	**26,910**	**40,283**	**99,730**	**1,27,591**
Operating EBITDA										
Consumer Durables Division	1,500	620	1,160	2,340	1,920	1,026	1,306	2,569	5,620	6,821
Margin (%)	*7.8*	*5.8*	*7.5*	*8.4*	*7.5*	*6.0*	*7.0*	*8.7*	*7.7*	*7.5*
Electronics Division	300	370	340	500	490	610	623	1,076	1,510	2,800
Margin (%)	*7.7*	*7.5*	*7.2*	*5.9*	*6.4*	*8.0*	*8.8*	*11.4*	*6.9*	*8.8*
Railway Sub-systems & Mobility division	200	210	120	300	220	200	193	277	830	890
Margin (%)	*21.1*	*16.9*	*11.2*	*24.0*	*17.9*	*17.0*	*16.5*	*22.2*	*18.4*	*18.4*
Total EBITDA (Pre ESOP and other exp)	**2,000**	**1,200**	**1,619**	**3,140**	**2,630**	**1,837**	**2,122**	**3,922**	**7,960**	**10,511**
Margin (%)	*8.3*	*7.1*	*7.6*	*8.4*	*7.6*	*7.1*	*7.9*	*9.7*	*8.0*	*8.2*
ESOP/Other op exp	38	63	32	193	63	64	48	207	326	383
Total EBITDA	**1,962**	**1,137**	**1,587**	**2,947**	**2,567**	**1,773**	**2,075**	**3,715**	**7,634**	**10,128**
Margin (%)	*8.2*	*6.8*	*7.4*	*7.9*	*7.4*	*6.8*	*7.7*	*9.2*	*7.7*	*7.9*

Star Health

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	STARHEAL IN
Equity Shares (m)	588
M.Cap.(INRb)/(USDb)	263.2 / 3
52-Week Range (INR)	648 / 327
1, 6, 12 Rel. Per (%)	9/-4/-27
12M Avg Val (INR M)	616

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
NEP	148.2	171.9	198.0
U/W Profit	-3.8	-2.6	-0.5
PBT	8.6	10.5	14.0
PAT	6.5	7.9	10.5
Ratios (%)			
Claims	70.3	69.5	69.0
Commission	14.4	15.0	15.0
Expense	16.4	15.4	14.6
Combined	101.1	99.9	98.6
RoE	9.5	10.6	12.6
EPS (INR)	11.0	13.4	17.9
EPS Growth (%)	-23.9	21.6	33.9
Valuations			
P/E (x)	40.6	33.4	24.9
P/BV (x)	3.7	3.4	3.0

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	58.0	57.7	57.9
DII	21.1	15.4	15.1
FII	13.9	18.7	21.6
Others	7.0	8.2	5.4

FII Includes depository receipts

CMP: INR448 | TP: INR520 (+16%) | Buy

In-line underwriting performance

- Star Health's (STARHEAL) net earned premium rose 12% YoY to INR39.4b (in line) during 1QFY26.
- Claims ratio at 69.5% (in line) grew 190bp YoY, driven by a 15% YoY increase in net claims incurred to INR27.4b (in line). Commission ratio at 14.7% (est. 14.5%) rose 120bp YoY, while net commission grew 18% YoY to INR5.1b (in line). Expense ratio at 17.9% (est. 17%) declined 20bp YoY, with employee expenses growing 6% YoY and other expenses rising 13% YoY.
- Higher-than-expected expense and commission ratios led to a combined ratio of 102.2% (up 300bp YoY), which was 120bp above our estimates. Excluding 1/n impact, combined ratio was at 100.8%.
- While underwriting profit at INR0.7b was in line with our estimate, lower-than-expected investment income at INR3b (10% below est.) resulted in a 10% PAT beat at INR2.6b (-18% YoY).
- STARHEAL's pricing actions, underwriting strategy, and reducing pressure from claim frequency and severity will drive an improvement in the company's loss ratio trajectory in the coming quarters.
- Considering the in-line underwriting performance, we have kept our estimates unchanged. **We reiterate our BUY rating with a TP of INR520 (based on 29x FY27E EPS).**

Lower investment yield impacts PAT

- Gross written premium at INR36.1b grew 4%YoY (in line) in 1QFY26, driven by 9% YoY growth in retail health premium, which was offset by 48% YoY decline in group health premium.
- The underwriting profit for 1QFY26 came in at INR0.7b (in line) vs. INR1.4b in 1QFY25.
- Total investment income was flat YoY at INR3b (10% below est.), with investment yield declining to 6.5% (7.5% in 1QFY25). AUM grew 15% YoY to INR182.5b.
- Renewal premium ratio was at 98% (vs. 93% in 1QFY25). Fresh business in the retail health segment grew 25% YoY (excluding 1/n impact).
- Solvency ratio was largely stable at 2.22x, while investment leverage improved to 2.5x (2.3x in 1QFY25).
- IFRS PAT was INR4.4b in 1QFY26, up from INR3b in 1QFY25. Management maintains its target of tripling FY24 IFRS PAT by FY28.
- Retail health market share was stable at 31% during 1QFY26, while the overall sum insured increased 10% YoY to INR1.2m. Sum insured of fresh business increased 11% YoY to INR1.6m.
- Agency dominates the channel mix, contributing 82%, followed by digital/banca/corporate at 9%/7%/2%. Agency productivity improved 13% YoY to INR130,000 during 1QFY26. Banca channel witnessed 20%+ growth in the preferred business, which contributed 92% to banca fresh GWP. Digital channel witnessed strong 73% YoY growth in fresh business during the quarter.

Key takeaways from the management commentary

- The equity proportion in AUM increased from 10% to 15% in Mar'25 and currently stands at 17.5%. Management expects this to result in stronger investment yields over a rolling three-year horizon.
- While the earlier guidance of doubling IFRS revenue may be impacted by the strategic realignment of the corporate portfolio, the guidance of tripling the IFRS profitability remains unchanged.
- Over 65% of the book underwent price correction last year, and annual price increases are expected to continue, especially in low-profitability segments.

Valuation and view

- STARHEAL continues to witness the impact of 1/n accounting framework on growth and profitability ratios. Price hikes, along with improving trends in claim frequency and severity, may provide some relief from rising medical inflation and hospitalization trends, bringing the claims ratio down gradually over the next few quarters. Scale benefits will help to reduce the expense ratio, while the commission ratio is expected to remain in the current range.
- Considering the in-line underwriting performance, we have kept our estimates unchanged. **We reiterate our BUY rating with a TP of INR520 (based on 29x FY27E EPS).**

Quarterly Performance (INR b)

Y/E March	FY25				FY26E				FY25	FY26E	1Q	Act v/s	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			FY26E	Est. (%)		
Gross premium	34.8	43.7	38.0	51.4	36.1	46.3	45.0	61.1	167.8	188.5	36.3	-0.7	4%	-30%
Net written premium	31.7	39.8	35.6	48.2	34.6	44.5	43.2	58.7	155.3	180.9	34.9	-0.9	9%	-28%
Net earned premium	35.2	37.0	38.0	38.0	39.4	41.6	45.3	45.6	148.2	171.9	38.4	2.7	12%	-4%
Investment Income	1.7	2.1	2.0	1.9	1.8	2.0	2.0	2.4	7.7	8.2	2.0	-9.6	3%	6%
Total Income	**36.9**	**39.1**	**40.0**	**39.9**	**41.2**	**43.6**	**47.4**	**47.9**	**155.9**	**180.1**	**40.3**	**2.1**	**11%**	**-3%**
Change YoY (%)	15.7	16.6	15.8	11.5	11.5	11.4	18.4	20.3	14.8	15.5	9.2			
Incurred claims	23.8	27.0	27.1	26.3	27.4	29.5	31.7	30.8	104.2	119.5	26.7	2.7	15%	-4%
Net commission	4.3	5.5	5.0	7.6	5.1	6.7	6.5	8.9	22.4	27.1	5.1	0.4	18%	50%
Employee expense	3.7	4.5	4.1	4.6	3.9	4.4	4.5	5.2	16.9	18.1	3.8	2.9	6%	16%
Other expenses	2.0	2.0	2.2	2.3	2.3	2.2	2.6	2.7	8.5	9.8	2.1	7.6	13%	0%
Total Operating Expenses	33.8	39.0	38.5	40.7	38.7	42.9	45.3	47.6	152.0	174.5	37.6	2.7	14%	5%
Change YoY (%)	16.6	18.7	21.1	16.8	14.4	10.0	17.8	16.9	18.3	14.8	11.4			
Underwriting profit	**1.4**	**-1.9**	**-0.5**	**-2.8**	**0.7**	**-1.3**	**-**	**-2.0**	**-3.8**	**-2.6**	**0.7**	**0.3**	**-49%**	**-484%**
Operating profit	3.1	0.2	1.5	-0.9	2.5	0.7	2.0	0.3	3.9	5.6	2.7	-6.9	-20%	-135%
Shareholder's P/L														
Transfer from Policyholder's	3.1	0.2	1.5	-0.9	2.5	0.7	2.0	0.3	3.9	5.6	2.7	-6.9	-20%	-135%
Investment income	1.3	1.5	1.5	1.0	1.2	1.3	1.4	1.5	5.2	5.4	1.3	-9.7	-6%	-15%
Total Income	4.4	1.6	3.0	0.1	3.7	2.1	3.4	1.9	9.1	11.0	4.0		-16%	-96%
Total Expenses	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.5	0.5	0.1	32.3	38%	-1%
PBT	**4.3**	**1.5**	**2.9**	**-0.0**	**3.5**	**1.9**	**3.3**	**1.8**	**8.6**	**10.5**	**3.9**	**-9.0**	**-17%**	**-100%**
Change YoY (%)	10.9	-11.0	-26.0	.	-17.4	28.4	13.5	.	-23.7	21.7	-9.2			
Tax Provisions	1.1	0.4	0.7	-0.0	0.9	0.5	0.8	0.4	2.2	2.6	1.0	-7.5	-17%	-102%
Net Profit	**3.2**	**1.1**	**2.2**	**0.0**	**2.6**	**1.4**	**2.4**	**1.3**	**6.5**	**7.9**	**2.9**	**-9.6**	**-18%**	**-100%**
Change YoY (%)	10.8	-11.2	-25.7	-99.6	-17.7	28.8	13.6	na	-24%	22%	-9.0			
Key Parameters (%)														
Share in GWP														
Health-Retail	89.2	90.0	93.0	94.4	93.9	0.0	0.0	0.0	92.2	94.0	0.0		-1.9	5.2
Health-Group	9.5	8.0	5.7	4.0	4.8	0.0	0.0	0.0	6.6	4.8	0.0		1.4	-5.6
PA	1.3	2.0	1.3	1.6	1.0	0.0	0.0	0.0	1.1	1.2	0.0		0.5	0.4
Claims ratio	67.6	72.8	71.4	69.2	69.5	71.0	70.0	67.6	70.3	69.5	69.5	5bp	197bp	-31bp
Commission ratio	13.5	13.8	14.1	15.8	14.7	15.0	15.0	15.2	14.4	15.0	14.5	19bp	116bp	108bp
Expense ratio	18.1	16.4	17.7	14.2	17.9	15.0	16.5	13.4	16.4	15.4	17.0	92bp	-13bp	-374bp
Combined ratio	99.2	103.0	103.3	99.2	102.2	101.0	101.5	96.2	101.1	99.9	101.0	116bp	301bp	-297bp
Solvency	2.3	2.2	2.2	2.2	2.2	-	-	-	2.1	2.2	-			

Key Performance Indicators

INRb	FY24	FY25	Change	1QFY25	1QFY26	Change
Without 1/n						
GWP	152.5	175.5	15.1	34.8	39.4	13.2
Retail health retention	98.4%	97.0%	-1.4%	92.8%	97.7%	4.9%
Expense ratio	30.2%	29.9%	-0.3%	31.6%	31.2%	-0.4%
Combined ratio	96.7%	100.2%	3.5%	99.2%	100.8%	1.6%
IGAAP						
GWP	152.5	167.8	10.0	34.8	36.1	3.7
Expense ratio	30.2%	30.8%	0.6%	31.6%	32.6%	1.0%
Combined ratio	96.7%	101.1%	4.4%	99.2%	102.2%	3.0%
IFRS						
Loss ratio	66.5%	70.7%	4.2%	68.1%	69.5%	1.4%
Expense ratio	30.7%	30.4%	-0.3%	31.1%	30.1%	-1.0%
Combined ratio	97.2%	101.1%	3.9%	99.2%	99.6%	0.4%
Underwriting P/L	3.5	-1.7		0.3	0.2	
Investment income	11.7	12.6	7.6	3.9	5.9	51.0
PAT	11.0	7.9	-28.6	3.0	4.4	44.1
RoE (non-annualised)	15.2%	9.5%	-5.7%	3.8%	4.9%	1.1%

Source: MOFSL, Company

Craftsman Automation

Estimate changes	↑
TP change	↑
Rating change	↔

Bloomberg	CRAFTSMA IN
Equity Shares (m)	24
M.Cap.(INRb)/(USDb)	163.7 / 1.9
52-Week Range (INR)	7121 / 3700
1, 6, 12 Rel. Per (%)	26/62/25
12M Avg Val (INR M)	357

Consol. Financials & Valuations (INR b)

INR b	FY25E	FY26E	FY27E
Sales	56.9	74.4	84.5
EBITDA	8.3	11.4	13.9
Adj. PAT	2.2	3.7	5.7
EPS (INR)	92.1	156.2	237.6
EPS Gr. (%)	-36.1	69.6	52.1
BV/Sh. (INR)	1,197	1,344	1,566
Ratios			
RoE (%)	9.7	12.3	16.3
RoCE (%)	8.6	10.1	12.5
Payout (%)	5.4	6.4	6.3
Valuations			
P/E (x)	74.4	43.9	28.8
P/BV (x)	5.7	5.1	4.4
Div. Yield (%)	0.1	0.1	0.2
FCF Yield (%)	-4.3	-0.2	3.6

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	48.7	48.7	48.7
DII	22.7	22.7	21.5
FII	15.8	15.6	15.8
Others	12.8	13.0	14.1

FII Includes depository receipts

CMP: INR6,864 TP: INR6,212 (-9%) Neutral

Earnings beat driven by healthy improvement in key segments

Maintains growth guidance for FY26

- Craftsman Automation's 1QFY26 performance was ahead of our estimates, led by improved performance across all its segments, particularly in the aluminum and powertrain segments.
- Management has maintained its FY26 revenue/EBITDA guidance of INR70b/INR11b. Given the better-than-expected performance in 1Q and an improved outlook, we have raised our earnings estimates by ~4%/8% for FY26/FY27. However, after the recent run-up, the stock at 43.9x FY26E and at 28.8x FY27E appears fairly valued. We maintain Neutral with a TP of INR6,212 (based on 24x Jun'27E EPS).

Earnings beat driven by better-than-expected revenue growth

Consolidated financials:

- Craftsman's 1QFY26 results included the full impact of the recently acquired subsidiaries. Hence, YoY growth rates are not comparable. **Consolidated revenue grew 55% YoY** to INR17.8b (above our est. of INR17b). **Revenue grew 2% QoQ** and was supported by the aluminum segment ramp-up.
- Segment-wise consolidated revenue mix stood at 28%/60%/12% for powertrain/aluminum products/industrial & engineering.
- **Gross margin** inched **up 30bp QoQ to 46.1%**.
- **EBITDA rose 34.3% YoY** (8.8% QoQ) to INR2.6b (vs. est. INR 2.5b). EBITDA margin improved 100bp QoQ to 14.9% (ahead of our estimate of 14.5%).
- Craftsman reported **an exceptional loss of INR82m** due to **relocation-related costs** for the Gurugram facility of **Sunbeam**.
- Overall, PAT was stable QoQ at INR757m and was ahead of our estimate of INR659m.

Segmental performance:

- Standalone revenue stood at INR10.44b, up 21% YoY (in line).
- Reported gross profit margin stood at a five-quarter high of 48.7%. However, given higher employee costs and other expenses, EBITDA margin remained largely stable YoY at 17% (+300bp QoQ) and was ahead of our estimate of 15%. On a segmental basis, sequential margin improvement was driven by: 1) 130bp gain to 17.3% in the powertrain segment, and 2) 340bp gain in the aluminum segment to 12.9%.
- At a consolidated level, the revenue beat was primarily driven by a **7% QoQ increase in revenue in the aluminum segment** due to a ramp-up in both its standalone business and subsidiaries. Consolidated margin improvement QoQ was driven by a 200bp improvement in the powertrain segment and a 130bp improvement in the aluminum segment.

Highlights from the management interaction

- Management has reiterated its earlier guidance for FY26 — revenue target of INR70b, EBITDA of INR11b, and EBIT of INR6.5-7b — despite industry headwinds and geopolitical uncertainties.
- Powertrain segment is expected to showcase high single-digit growth in FY26; 4Q may see double-digit growth.
- Sunbeam reported revenue of INR2.91b in 1QFY26. It is expected to turn EBIT positive by the end of FY26, with improved profitability from 4QFY26 onward.
- Standalone aluminium revenue grew 56% YoY. Even after adjusting for alloy wheel contribution, core business grew 34% YoY. The company continues to expect a 20-25% CAGR over the next 3-4 years, with increased global customer engagement.
- Storage automation segment is expected to grow 15% YoY, albeit at modest ~4% EBITDA margins.
- German operations posted INR670m in revenue. While growth is expected to be modest, cross-collaboration with Craftsman is yielding long-term strategic benefits.

Valuation and view

- Given the better-than-expected performance in 1Q and an improved outlook, we have raised our earnings estimates by ~4%/8% for FY26/FY27.
- After the recent run-up, the stock at 43.9x FY26E and at 28.8x FY27E appears fairly valued. We maintain Neutral with a TP of INR6,212 (based on 24x Jun'27E EPS).

Quarterly (Consol) (INR m)

	FY25				FY26E				FY25	FY26E	1QE	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				(%)
Net operating income	**11,512**	**12,140**	**15,761**	**17,493**	**17,840**	**18,319**	**18,824**	**19,395**	**56,905**	**74,379**	**17,026**	**4.8**
Change (%)	10.9	3.0	39.5	58.3	55.0	50.9	19.4	10.9	27.8	30.7	47.9	
RM/Sales (%)	56.3	55.6	52.7	54.2	53.9	53.9	54.0	54.2	54.5	54.0	54.5	-60bp
Staff Cost (% of Sales)	6.4	6.9	8.5	8.3	8.1	8.0	8.0	8.1	7.7	8.1	8.2	-10bp
Other Exp. (% of Sales)	20.1	21.6	26.2	23.6	23.2	23.0	22.6	21.9	23.2	22.6	22.8	40bp
EBITDA	**1,973**	**1,928**	**1,990**	**2,436**	**2,649**	**2,766**	**2,899**	**3,058**	**8,327**	**11,373**	**2,469**	**7.3**
EBITDA Margins (%)	17.1	15.9	12.6	13.9	14.9	15.1	15.4	15.8	14.6	15.3	14.5	40bp
Non-Operating Income	48	64	86	52	50	55	58	50	251	213	40	
Interest	492	413	583	679	663	600	550	440	2166	2253	650	
Depreciation	725	762	1035	949	1019	1100	1150	1223	3470	4492	980	
Minority Int/Share of Profit	61	-4	-2	-2	-2	0	0	0	-10	0	0	
PBT after EO items	**744**	**821**	**313**	**755**	**937**	**1,121**	**1,257**	**1,446**	**2,951**	**4,841**	**879**	**6.6**
Eff. Tax Rate (%)	28.5	24.9	58.6	11.6	25.7	23.0	23.0	22.5	23.3	23.0	25.0	
Rep. PAT	**532**	**617**	**129**	**668**	**696**	**863**	**968**	**1,120**	**2,263**	**3,728**	**659**	**5.6**
Change (%)	-28.6	-34.7	-82.3	7.1	30.9	39.9	648.5	67.8	-25.7	64.7	23.9	
Adj. PAT	**532**	**617**	**242**	**750**	**757**	**863**	**968**	**1,120**	**2,263**	**3,728**	**659**	**14.9**
Change (%)	-28.6	-34.7	-66.9	20.3	42.3	39.9	299.3	49.5	-25.7	64.7	23.9	

E: MOFSL Estimates

Relaxo Footwears

Estimate change	
TP change	
Rating change	

Bloomberg	RLXF IN
Equity Shares (m)	249
M.Cap.(INRb)/(USDb)	120.2 / 1.4
52-Week Range (INR)	888 / 375
1, 6, 12 Rel. Per (%)	14/-18/-44
12M Avg Val (INR M)	115

Financials & Valuations (INR b)

INRb	FY25	FY26E	FY27E
Net Sales	27.9	28.2	30.1
Gross Profit	16.4	16.5	17.8
EBITDA	3.8	4.2	4.7
Adj. PAT	1.7	2.0	2.4
Gross Margin (%)	58.8	58.8	59.0
EBITDA Margin (%)	13.7	15.0	15.5
Adj. EPS (INR)	6.8	8.2	9.5
EPS Gr. (%)	-15.0	20.4	15.0
BV/Sh. (INR)	84.3	90.5	97.6
Ratios			
Net D:E	0.0	-0.1	-0.2
RoE (%)	8.3	9.4	10.1
RoCE (%)	8.1	9.2	9.8
RoIC (%)	8.5	10.4	12.3
Valuations			
P/E (x)	70.7	58.7	51.1
EV/EBITDA (x)	31.2	27.8	24.7
EV/Sales (X)	4.3	4.2	3.8
Div. Yield (%)	0.6	0.4	0.5

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	71.3	71.3	71.3
DII	10.0	10.5	9.6
FII	2.9	3.1	3.4
Others	15.9	15.1	15.8

FII includes depository receipts

CMP: INR483 TP: INR410 (-15%) Sell

Subdued demand trends continued

- Relaxo Footwears' (RLXF) 1QFY26 results reflect persistent volume pressure amid restructuring of distribution, muted demand and heightened competition. However, margins remained resilient, with EBITDA margin expanding ~200bp to 15.2% on the back of robust cost controls.
- Management remains cautious on near-term revenue recovery but expects profitability to improve through the streamlining of backend process and operational efficiencies.
- We cut our FY26-28 revenue estimates by ~5% each, though EBITDA margin assumptions are raised by 60-80bp, driven by cost controls, resulting in broadly unchanged EBITDA estimates over FY26-28E.
- Overall, we build in a CAGR of 5%/11%/17% in revenue/EBITDA/PAT over FY25-28E, but note downside risks from prolonged demand weakness.
- The recent ~10% run-up in RLXF's stock price over the past month appears to fully price in the near-term margin optimization. At ~56x 1-year forward P/E, valuations remain rich for modest growth.
- **We maintain Sell rating with a revised TP of INR410 (**based on 40x Sep'27E P/E) and await signs of demand recovery before we turn more constructive.

Volume decline continues; better cost controls drive beat on profitability

- Revenue declined ~12% YoY to INR6.5b (16% miss), due to continued impact from the restructuring of its distribution model, subdued demand trends, and rising competitive intensity.
- Volume fell ~14% to 43m pairs.
- ASP was, however, up ~1% YoY at INR151.
- Gross profit declined 13% YoY to INR4b (14% miss) as gross margin declined ~20bp YoY to 61.8% (~185bp beat).
- Employee/other expenses declined 4%/22% YoY, with overheads as a % of sales declining to 47% (vs. 49% YoY).
- EBITDA at INR1b was flat YoY (3% beat) due to better cost controls and higher gross margins.
- EBITDA margin improved 200bp YoY to 15.2% (~280bp ahead), driven by better gross margin and robust cost controls preventing operating deleverage.
- Depreciation/finance costs grew 1%/7%. Other income more than doubled to INR113m (significantly ahead of our est. of INR71m).
- PBT at INR659m grew 9% YoY (13% beat), largely due to higher other income and slightly higher EBITDA.
- Reported PAT at INR489m was up 10% YoY (13% beat), with margins at 7.5% (up 155bp YoY).

Key highlights from the management commentary

- RLXF witnessed a challenging 1QFY26, due to muted consumer demand in the mass and mid-market segments and intensifying regional competition in general trade from smaller players.
- Despite these headwinds, the company consciously avoided deep discounting to protect its profitability.
- RLXF continues to benefit from the streamlining of backend process, robust cost controls, and operational efficiency.
- Management reaffirmed its strategic focus on sustainable and profitable growth, noting that **near-term revenue recovery may take some time**.
- However, it believes that ongoing productivity measures are laying the foundation for improved financial performance over the medium term.

Valuation and view

- RLXF's operating performance remained subdued due to weak demand in the mass and mid-market segments and intensifying regional competition, particularly in general trade.
- Additionally, ongoing distribution restructuring continued to weigh on volume visibility. However, the company's steady focus on backend efficiencies and cost optimization should support operating margins going forward.
- While the company is focused on improving its product mix (higher share of closed footwear) to boost growth in the near term, the volume revival in open footwear is equally crucial for growth and profitability.
- We cut our FY26-28 revenue estimates by ~5% each, though EBITDA margin assumptions are raised by 60-80bp, driven by cost controls, resulting in broadly unchanged EBITDA estimates over FY26-28.
- Overall, we build in a CAGR of 5%/11%/17% in revenue/EBITDA/PAT over FY25-28E, but note downside risks from prolonged demand weakness.
- The recent ~10% run-up in RLXF's stock price over the past month appears to fully price in the near-term margin optimization. At ~56x 1-year forward P/E, valuations remain rich for modest growth. **We maintain Sell rating with a revised TP of INR410,** based on 40x Sep'27E P/E.
- We await signs of demand recovery before we turn more constructive.

Consolidated - Quarterly Earnings Summary (INR m)

Y/E March	FY25				FY26E				FY25	FY26	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	Var (%)
Gross Sales	**7,482**	**6,794**	**6,669**	**6,952**	**6,545**	**7,151**	**7,078**	**7,389**	**27,896**	**28,163**	**7,803**	**-16**
YoY Change (%)	1.3	-5.0	-6.4	-7.0	-12.5	5.3	6.1	6.3	-4.3	1.0	4.3	
Total RM Cost	2,847	2,648	2,861	3,134	2,498	2,789	3,029	3,301	11,489	11,617	3,121	-20
Gross Profit	**4,635**	**4,146**	**3,808**	**3,818**	**4,047**	**4,362**	**4,049**	**4,088**	**16,407**	**16,546**	**4,682**	**-14**
Margins (%)	62.0	61.0	57.1	54.9	61.8	61.0	57.2	55.3	58.8	58.8	60.0	184 bps
Total Expenditure	6,493	5,917	5,835	5,831	5,550	6,168	6,094	6,140	24,076	23,953	6,835	-19
EBITDA	**989**	**877**	**834**	**1,121**	**995**	**983**	**984**	**1,249**	**3,820**	**4,210**	**968**	**3**
Margins (%)	13.2	12.9	12.5	16.1	15.2	13.8	13.9	16.9	13.7	15.0	12.4	280 bps
Depreciation	391	398	402	394	397	404	413	414	1,584	1,628	406	-2
Interest	49	50	54	54	52	52	52	50	207	206	52	1
Other Income	54	66	68	81	113	91	91	69	270	364	71	60
PBT before EO expense	**603**	**496**	**446**	**754**	**659**	**618**	**610**	**854**	**2,299**	**2,741**	**581**	**13**
PBT	**603**	**496**	**446**	**754**	**659**	**618**	**610**	**854**	**2,299**	**2,741**	**581**	**13**
Tax	160	128	116	192	170	156	154	211	596	691	146	16
Rate (%)	26.5	25.9	26.0	25.4	25.8	25.2	25.2	24.7	25.9	25.2	25.2	
Reported PAT	**444**	**367**	**330**	**562**	**489**	**462**	**456**	**642**	**1,703**	**2,050**	**435**	**12**
YoY Change (%)	-21.2	-16.9	-14.4	-8.4	10.2	25.8	38.3	14.3	-15.0	20.4	-2.0	
Margins (%)	5.9	5.4	4.9	8.1	7.5	6.5	6.4	8.7	6.1	7.3	5.6	190 bps

E: MOFSL Estimates

Kolte Patil Developers

Estimate change	⟷
TP change	↓
Rating change	⟷

Bloomberg	KPDL IN
Equity Shares (m)	89
M.Cap.(INRb)/(USDb)	37.3 / 0.4
52-Week Range (INR)	498 / 235
1, 6, 12 Rel. Per (%)	-7/42/9
12M Avg Val (INR M)	151

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	17.2	28.6	26.3
EBITDA	1.8	5.9	5.4
EBITDA (%)	10.2	20.5	20.3
PAT	1.1	3.7	3.4
EPS (INR)	14.0	48.5	45.0
EPS Gr. (%)	-253.7	246.1	-7.2
BV/Sh. (INR)	109.2	212.6	257.7
Ratios			
Net D/E	0.0	-0.6	-0.8
RoE (%)	13.6	30.2	19.1
RoCE (%)	6.9	18.6	14.8
Payout (%)	28.5	0.0	0.0
Valuations			
P/E (x)	30.0	8.7	9.3
P/BV (x)	3.8	2.0	1.6
EV/EBITDA (x)	22.0	5.8	5.1
Div Yield (%)	1.0	0.0	0.0

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	69.5	69.5	69.5
DII	4.5	5.6	5.0
FII	8.1	4.2	4.5
Others	17.9	20.8	21.1

CMP: INR421 TP: INR489 (+16%) Buy

Underwhelming quarter due to slower launches and completions

2Q to witness significant completions

- Kolte Patil Developers' (KPDL) bookings declined 13% YoY/2% QoQ to INR6.2b (42% below our estimates) in 1QFY26, primarily due to the absence of new launches. Sales were mainly driven by sustenance inventory.
- Volumes declined 13% YoY but rose 5% QoQ to 0.8msf (32% below our estimates). Of these, 63% (0.53msf) was driven by KPDL's flagship project, Life Republic Integrated Township.
- Average realization declined 1% YoY/7% QoQ to INR7,337 (15% below our estimates).
- Collections stood at INR5.5b, down 10%/22% YoY/QoQ (33% below our estimates).
- On 23rd Jun'25, BREP Asia III India Holding Co VII Pte. Ltd. acquired a 14.3% stake in the company through a preferential allotment of equity shares.
- There were no material launches, land acquisitions, or completions in the quarter.
- KPDL continues to increase its presence in Mumbai and Bangalore and targets to achieve a 30% contribution cumulatively from these cities, with the remaining 70% from Pune.
- Operating cash flow stood at INR1.6b, down 34% YoY.
- KPDL's debt-to-equity ratio stood at 0.19x at the end of 1QFY26. Excluding zero-coupon bond NCDs, the company was net cash at 0.26x.
- **P&L performance:** For 1QFY26, revenue declined 76%/89% YoY/QoQ to INR824m, which was a 90% miss from our estimates. Revenue was weak due to no completions during the period.
- EBITDA loss was at INR260m vs a profit of INR278m YoY (vs estimated EBITDA profit of INR1.8b).
- PAT loss stood at INR170m vs. a profit of INR62m in 1QFY25 (vs estimated PAT of INR1.1b).

Key concall highlights

- **Demand:** India's GDP is projected to grow at a robust 6.5%, with economic momentum expected to remain steady. Demand trends continued to show resilience across KPDL's core markets.
- **Business development:** Business development activity has gained strong traction, and the momentum is expected to accelerate further in FY26, with deal closures and land acquisitions likely to surpass the achievements of FY25.
- **Guidance:** Management expects a 30% YoY growth in pre-sales in FY26.
- **Completions** were muted during the quarter; however, with steady progress, 2QFY26 is expected to see significant completions, leading to stable revenues.
- **Margin:** KPDL's margin threshold is 25-28% for outright acquisition deals and 16-18% for JV/JDA/redevelopment projects.

- **Launches:** There were no new launches during the quarter due to approval delays. The launch of Laxmi Ratan - Versova in Mumbai is expected in FY26. In Pune, NIBM and Wadgaon project (divided into three to four phases), with Phase 1 of 1.5msf scheduled to be launched this year. Overall, Pune is expected to see 5-5.5msf of launches (INR40b). In total, 6-7msf of area is planned for launch during this year (INR50-52b). Other Mumbai projects—Jal Mangal Deep Goregaon, Vishwakarma Nagar, and Jal Nidhi project—are currently in approval stages.
- Unsold inventory currently stands at 3.5msf, of which Life Republic contributes 1.6msf.
- Moreover, Life Republic contributed 57% to total pre-sales for 1QFY26.

Valuation and view

- KPDL has reported stagnant pre-sales over the last few quarters.
- Yet, we expect the company to post a 31% CAGR in pre-sales over FY25-27.
- Additionally, we have incorporated the 14.3% stake buyout by Black Stone through KPDL issuing preference shares. Accordingly, we have increased the share capital and number of shares, leading to a revised TP of INR489 (INR571 earlier). **We reiterate our BUY rating with a potential upside of 16%**.

Quarterly Performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q	(%/bp)
Gross Sales	**3,408**	**3,083**	**3,497**	**7,187**	**824**	**5,710**	**6,853**	**15,166**	**17,174**	**28,552**	**8,555**	**-90**
YoY Change (%)	-40	56	361	37	-76	85	96	111	25.2	66.3	151.0	
Total Expenditure	3,130	2,921	3,241	6,123	1,083	4,537	5,445	11,622	15,415	22,687	6,797	
EBITDA	**278**	**162**	**256**	**1,064**	**-260**	**1,173**	**1,408**	**3,544**	**1,759**	**5,865**	**1,757**	**NA**
Margins (%)	8.2	5.2	7.3	14.8	-31.5	20.5	20.5	23.4	10.2	20.5	20.5	
Depreciation	42	24	34	43	42	32	39	48	143	161	48	
Interest	187	107	61	64	67	66	79	116	419	328	98	
Other Income	95	127	196	45	145	93	111	115	464	464	139	
PBT before EO expense	**144**	**157**	**357**	**1,003**	**-225**	**1,168**	**1,402**	**3,495**	**1,661**	**5,840**	**1,750**	**NA**
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**144**	**157**	**357**	**1,003**	**-225**	**1,168**	**1,402**	**3,495**	**1,661**	**5,840**	**1,750**	**NA**
Tax	104	69	96	350	-53	435	522	1,271	618	2,175	652	
Rate (%)	72.2	44.0	26.8	34.9	23.7	37.2	37.2	36.4	0.4	0.4	37.2	
MI & Profit/Loss of Asso. Cos.	-22	-10	8	0	-2	-5	-6	-12	-24	-24	-7	
Reported PAT	**62**	**97**	**253**	**653**	**-170**	**738**	**885**	**2,235**	**1,066**	**3,689**	**1,105**	**NA**
Adj PAT	**62**	**97**	**253**	**653**	**-170**	**738**	**885**	**2,235**	**1,066**	**3,689**	**1,105**	**NA**
YoY Change (%)	-86	-138	-140	-342	-373	657	250	242	-253.9	246.1	1,673.9	
Margins (%)	1.8	3.2	7.2	9.1	-20.6	12.9	12.9	14.7	6.2	12.9	12.9	-3355bp

Key operational performance

Key metrics	FY25				FY26E				FY25	FY26E	FY26E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q	(%/bp)
Sale Volume (msf)	1.0	1.0	0.8	0.8	0.8	1.6	1.4	1.0	3.6	4.8	1.23	**-32**
Sale Value (INR m)	7,110	7,700	6,800	6,310	6,160	11,435	10,099	13,770	27,920	41,465	10559	**-42**
Collections (INR m)	6,120	5,500	5,670	7,040	5,500	7,391	7,620	12,186	24,330	32,697	8225	**-33**
Realization (INR/sft)	7,406	7,476	8,395	7,888	7,333	7,333	7,333	7,333	7,756	8,597	8,597	**-15**

Power Grid

BSE SENSEX	S&P CNX
81,482	24,855

Financials & Valuations (INRb)

Y/E March	FY25	FY26E	FY27E
Sales	460.7	498.5	530.6
EBITDA	393.4	423.3	444.5
Adj. PAT	155.2	174.8	185.4
Adj. EPS (INR)	16.7	18.8	19.9
EPS Gr. (%)	-0.3	12.6	6.1
BV/Sh.(INR)	99.6	107.0	115.2
Ratios			
Net D:E	1.4	1.3	1.1
RoE (%)	17.3	18.2	17.9
RoCE (%)	9.7	10.6	11.0
Payout (%)	53.9	51.1	50.2
Valuations			
P/E (x)	17.4	15.4	14.5
P/BV (x)	2.9	2.7	2.5
EV/EBITDA (x)	9.9	9.0	8.6
Div. Yield (%)	3.1	3.3	3.4
FCF Yield (%)	4.5	12.6	6.2

CMP: INR290 Buy

Miss on EBITDA; higher other income supports PAT

- **Standalone (SA) performance:**
  - In 1QFY26, PWGR reported SA revenue of INR99.3b (-1% YoY), 6% below our estimate. EBITDA was 12% below our estimate at INR81.2b (-7% YoY), hit by a 66% YoY surge in other expenses.
  - Adj. SA PAT was only 6% below our estimate at INR34.7b, supported by higher-than-expected other income and lower tax expenses. The weakness in PAT was likely attributable to lower-than-guided capitalization levels.
  - The net movement in regulatory deferral account balances stood at INR2.1b during the quarter.
- **Consolidated performance:**
  - The company reported an EBITDA of INR 93.6b (-2% YoY), while PAT declined ~2% YoY to INR 36.3b.
  - The transmission segment remained the primary revenue driver, contributing 97.31% of consolidated EBIT (INR62.2b). The telecom segment contributed 2.21%, with an EBIT of INR1.4b.
  - In 1QFY26, its JVs reported a loss of INR0.44b (vs. a loss of INR0.3b in 4QFY25 and a profit of INR0.29b in 1QFY25).
- **The Board of Directors approved the following:**
  - Enhancement of the borrowing limit from INR160b to INR250b for FY25-26, through various sources, including private placement of non-convertible debentures (NCDs).
  - Fundraising of up to INR300b during FY26-27 via domestic bonds (secured/unsecured, non-convertible, redeemable, taxable/tax-free) under private placement, in one or more tranches.
  - In-principle approval for participation in up to two TBCB projects, with a cumulative estimated cost of INR5b, through a consortium of PWGR and PGInvIT.
- The Analyst Meet is scheduled to be held on Friday, 1st Aug'25.

Standalone Quarterly Performance (INRb)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	%	%	%
Sales	**100.7**	**102.6**	**101.2**	**109.8**	**99.3**	**107.3**	**105.9**	**120.9**	**414.3**	**433.4**	106	-6%	-1%	-10%
YoY Change (%)	-1.7	5.3	-5.2	-0.6	-1.4	4.6	4.6	10.1	-0.9	4.6	5.1			
EBITDA	**87.4**	**87.9**	**85.2**	**92.2**	**81.2**	**92.7**	**90.1**	**108.2**	**352.8**	**372.2**	93	-12%	-7%	-12%
YoY Change (%)	-2.9	3.0	-9.3	0.9	-7.2	5.5	5.7	17.3	-2.5	5.5	5.9			
As of % Sales	86.8	85.6	84.2	84.0	81.8	86.4	85.1	89.5	85.1	85.9	87.5			
Depreciation	30.7	31.6	30.7	30.4	29.7	33.2	32.3	34.6	123.5	129.8	32	-8%	-3%	-2%
Interest	21.6	26.0	21.3	25.9	23.0	26.3	21.5	24.9	94.8	95.8	22	6%	7%	-11%
Other Income	7.8	11.2	14.9	15.0	13.3	11.6	15.4	10.4	48.9	50.7	8	64%	70%	-11%
Regulatory/Extraordinary Items	-0.6	2.5	0.4	0.5	2.1	0.0	0.0	0.0	2.8	2.1	0			
PBT	**42.3**	**43.9**	**48.5**	**51.4**	**43.9**	**44.8**	**51.8**	**59.1**	**186.2**	**199.6**	47	-6%	4%	-15%
Tax	8.2	6.8	9.6	8.1	7.3	8.0	11.4	11.9	32.7	38.6	10	-24%	-11%	-9%
Effective Tax Rate (%)	19.4	15.5	19.8	15.7	16.7	17.9	21.9	20.1	17.5	19.4	20.8			
Reported PAT	**34.1**	**37.1**	**38.9**	**43.4**	**36.5**	**36.8**	**40.4**	**47.2**	**153.5**	**160.9**	37	-1%	7%	-16%
YoY Change (%)	-3.7	-3.2	-1.9	5.0	7.1	-0.9	3.8	8.9	-0.8	4.8	8.1			
Adjusted PAT	**34.6**	**35.0**	**38.6**	**42.9**	**34.7**	**36.8**	**40.4**	**47.2**	**151.2**	**159.1**	37	-6%	0%	-19%
YoY Change (%)	-8.7	4.8	-0.4	0.5	0.4	5.0	4.7	10.0	-1.1	5.3	6.6			

Tata Steel

BSE SENSEX	S&P CNX
81,482	24,855

Conference Call Details

Date: 31 July 2025
Time: 12:00 pm IST
Webinar via Webex: Link

ID: 2514 181 8610
Password: web@2025
Webinar via YouTube:

Link

CMP: INR161 **Neutral**

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

Highlights of standalone results:

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

Highlights of consolidated results:

- Revenue stood at INR532b (-3% YoY and -5% QoQ) and was 6% above our estimate. The decline was mainly due to muted volumes during the quarter.
- Sales volume stood at 7.12mt (-4% YoY and -15% QoQ), which was offset by a better ASP of INR74,688/t (+1% YoY and +11% QoQ) in 1QFY26.
- Adjusted EBITDA stood at INR74.3b (+11% YoY and +13% QoQ) against our estimate of INR69.6b, translating into an EBITDA/t of INR10,432 (+15% YoY and +32% QoQ) in 1QFY26.
- APAT for the quarter stood at INR21.3b (+62% YoY and +26% QoQ), against our estimate of INR15.8b, on account of a lower tax outgo.

Highlights of European operations:

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

Other highlights:

- Net debt stood at INR848b as of 1QFY26, which includes cash of INR141b. This translates into net debt/EBITDA of 3.21x as of Jun'25.
- TATA has spent INR38.3b on capex during the quarter. The 5mtpa BF at Kalinganagar is ramping up well and has successfully commissioned one of the two Galvanising lines in the 2.2mtpa CRM complex.
- Construction is currently underway for the EAF in Ludhiana.

Quarterly Performance (Standalone) – INR b

Y/E March	FY25				FY26	FY25	FY26E	FY26	vs Est
	1Q	2Q	3Q	4Q	1Q			1QE	(%)
Sales Vol (kt)	**4,940**	**5,110**	**5,290**	**5,600**	**4,750**	**20,940**	**22,608**	**4,718**	**0.7**
Change (YoY %)	3.1	6.0	8.4	3.3	-3.8	5.2	8.0		
Change (QoQ %)	-8.9	3.4	3.5	5.9	-15.2				
ASP (INR/t)	**66,720**	**63,404**	**61,929**	**61,427**	**65,293**	**63,284**	**63,670**	**63,882**	**2.2**
Abs Change (QoQ)	-872	-3,316	-1,475	-503	3,867	-7,528	386		
Change (YoY %)	-9.9	-10.6	-12.9	-9.1	-2.1	-10.6	0.6		
Net Sales	**329.6**	**324.0**	**327.6**	**344.0**	**310.1**	**1,325.2**	**1,439.5**	**301.4**	**2.9**
Change (YoY %)	-7.1	-5.2	-5.5	-6.1	-5.9	-6.0	8.6		
Change (QoQ %)	-10.0	-1.7	1.1	5.0	-9.8				
Total Expenditure	**261.9**	**257.9**	**252.6**	**274.2**	**238.9**	**1,046.5**	**1,104.5**		
As a % of net sales	79.4	79.6	77.1	79.7	77.0	79.0	76.7		
EBITDA	**67.7**	**66.1**	**75.0**	**69.8**	**71.2**	**278.7**	**335.0**	**68.0**	**4.7**
Change (YoY %)	1.6	-3.8	-9.1	-13.3	5.1	-6.6	20.2		
Change (QoQ %)	-15.8	-2.4	13.5	-6.9	2.0				
(% of Net Sales)	20.6	20.4	22.9	20.3	23.0	21.0	23.3		
EBITDA(INR/t)	**13,711**	**12,935**	**14,179**	**12,463**	**14,988**	**13,307**	**14,816**	**14,413**	**4.0**
Interest	9.2	11.3	10.8	11.0	12.7	42.4	43.2		
Depreciation	15.2	15.6	15.6	16.2	16.3	62.5	69.7		
Other Income	3.7	8.5	4.6	5.6	5.6	22.5	30.1		
PBT (before EO Inc.)	**47.0**	**47.7**	**53.2**	**48.3**	**47.8**	**196.2**	**252.2**		
EO Income(exp)	-2.4	0.1	-1.5	-5.3	-2.2	-9.0	-2.2		
PBT (after EO Inc.)	**44.6**	**47.9**	**51.7**	**42.9**	**45.6**	**187.2**	**250.0**	**47.3**	**(3.7)**
Current Tax	10.8	11.1	3.8	12.0	10.2	37.7	65.6		
Current Tax Rate%	24.3	23.1	7.3	27.9	22.4	20.1	26.2		
Deferred Tax	0.5	0.9	9.2	-0.7	0.1	9.8	5.0		
Total Tax	11.3	11.9	13.0	11.2	10.3	47.5	70.6		
% Tax	25.4	25.0	25.0	26.2	22.7	25.4	28.2		
Reported PAT	**33.3**	**35.9**	**38.8**	**31.7**	**35.2**	**139.7**	**179.4**		
Adjusted PAT	**35.7**	**35.8**	**40.2**	**37.0**	**37.4**	**148.7**	**181.6**	**34.1**	**9.9**
Change (YoY %)	-23.0	-20.1	-13.3	-21.1	5.0	-19.4	22.1		
Change (QoQ %)	-24.0	0.3	12.5	-8.0	1.1				

E: MOFSL Estimates; t=ton of steel sales

Quarterly Performance (Consolidated) - INR b

Y/E March	FY25				FY26	FY25	FY26E	FY26E	vs Est
	1Q	2Q	3Q	4Q	1Q			1Q	(%)
Sales (k tons)	**7,390**	**7,520**	**7,720**	**8,330**	**7,120**	**30,960**	**33,258**	**7,143**	**(0.3)**
Change (YoY %)	2.6	6.4	8.0	4.4	-3.7	5.3	7.4		
Avg Realization (INR/t)	**74,116**	**71,682**	**69,493**	**67,489**	**74,688**	**70,589**	**69,447**	**70,087**	**6.6**
Net Sales	**547.7**	**539.0**	**536.5**	**562.2**	**531.8**	**2,185.4**	**2,309.7**	**500.6**	**6.2**
Change (YoY %)	-7.9	-3.2	-3.0	-4.2	-2.9	-4.6	5.7		
Change (QoQ %)	-6.7	-1.6	-0.5	4.8	-5.4				
EBITDA	**66.9**	**55.2**	**71.5**	**65.6**	**74.3**	**259.3**	**342.4**	**69.6**	**6.7**
Change (YoY %)	29.4	29.4	24.6	-0.6	11.0	19.0	32.0		
Change (QoQ %)	1.4	-17.5	29.6	-8.3	13.2				
EBITDA (INR/t)	**9,059**	**7,343**	**9,268**	**7,874**	**10,432**	**8,376**	**10,294**	**9,746**	**7.0**
Interest	17.8	19.7	18.0	17.9	18.5	73.4	75.3		
Depreciation	25.4	26.0	25.7	27.2	27.4	104.2	108.8		
Other Income	2.6	6.0	2.2	4.6	2.9	15.4	18.5		
PBT (before EO Inc.)	**26.4**	**15.5**	**30.0**	**25.1**	**31.2**	**97.1**	**176.7**		
EO Income(exp)	-3.6	6.4	-13.8	-3.9	-1.3	-14.9	-1.3		
PBT (after EO Inc.)	**22.8**	**21.9**	**16.3**	**21.2**	**29.9**	**82.2**	**175.4**		
Total Tax	14.6	14.1	13.8	10.0	10.6	52.4	72.4		
% Tax	55.2	90.5	45.8	39.8	34.0	54.0	41.0		
PAT before MI and Sh. of associate	**8.3**	**7.8**	**2.5**	**11.2**	**19.3**	**29.8**	**103.0**		
Adj. PAT (after MI & asso)	**13.2**	**4.5**	**7.4**	**16.9**	**21.3**	**42.0**	**108.2**	**15.8**	**34.7**
Change (YoY %)	112.3	-35.8	68.8	40.1	61.7	41.5	157.7		
Change (QoQ %)	9.3	-65.8	64.1	128.3	26.1				

E: MOFSL Estimates; t=ton of steel sales

Indus Towers

BSE SENSEX	S&P CNX
81,482	24,855

We will revisit our estimates post earnings call/management interaction.

Conference Call Details

Date: 31st July 2025
Time: 02:30pm IST

Financials & Valuations (INR b)

INR b	FY26E	FY27E	FY28E
Net Sales	328.3	344.4	360.6
EBITDA	175.2	166.8	174.8
Adj. PAT	68.6	76.8	77.1
EBITDA Margin (%)	53.4%	48.4%	48.5%
Adj. EPS (INR)	26.0	29.1	29.2
EPS Gr. (%)	41.7	11.9	0.5
BV/Sh. (INR)	146.1	129.0	129.6
Ratios			
Net D:E	-0.2	0.0	0.0
RoE (%)	19.1	20.7	22.1
RoCE (%)	21.9	19.9	21.7
Valuations			
EV/EBITDA (x)	5.4	6.0	5.7
P/E (x)	14.7	13.2	13.1
P/BV (x)	2.6	3.0	3.0
Div. Yield (%)	10.2	5.5	5.7

CMP: INR383 | **Neutral**

In line results; tower/tenancy additions moderate

- Indus' 1QFY26 results were broadly in line with our estimates, with recurring EBITDA (excl. provision reversals) rising 4% QoQ to INR42.6b.
- Operationally, **tower additions moderated QoQ** likely due to tapering off rural rollouts by Bharti, while tenancy additions were resilient, primarily driven by continued rollouts by Vi.
- Indus generated FCF of INR15.7b in 1Q (INR98.5b in FY25). After adjusting the buyback in 1HFY25 and Bharti's tower acquisition, we estimate Indus has FCF of ~INR59b (or ~INR22/share) for distribution. However, the decision on the mode of cash distribution to shareholders is still pending.
- Further, driven by the clearance of past dues by Vi, Indus' financial position has improved significantly, with net cash (excl. leases) of ~INR25b and further moderation in receivables by ~INR4b QoQ to ~INR44b.

Adjusted for one-offs, core performance largely in line with our estimates

- Consolidated reported revenue was up ~4% QoQ at INR80.6b (+9% YoY) and was in line with our estimate.
  - Service revenue at INR51b (+1% QoQ, +10% YoY) was ~**2% below** our estimate on account of lower tenancy additions and 2% QoQ decline in ARPT.
  - Energy reimbursements at INR29.5b (+10% QoQ, +7% YoY) were ~4% ahead of our estimate due to higher energy costs.
- Consolidated reported EBITDA was up 0.5% QoQ at INR43.5b (-3% YoY, 2.5% ahead), largely due to prior-period provision reversals.
  - Adjusted service EBITDA at INR43.8b (+3% QoQ, +12% YoY) was in line with our estimate.
  - Energy spreads remained negative at INR1.2b (though lower vs. INR1.4b loss QoQ and our est. INR1.5b loss).
  - Indus **reversed bad debt provision of INR0.9b** in 1QFY26 (vs. bad debt provision reversals of INR2.3b QoQ and INR7.6b YoY). We did not build in any bad debt provision reversal for 1QFY26.
- **Adjusted for bad-debt provision reversals**, **recurring EBITDA at INR42.6b (+4% QoQ, +14% YoY) was in line with our estimate.**
- Reported PAT at INR17.4b (-3% QoQ, -10% YoY) was ~5% ahead of our estimate, primarily due to prior-period provision reversals. Adjusted PAT was broadly in line with our estimate.

Tower/tenancy additions moderate QoQ; ARPT down ~2% QoQ

- Adjusted for Bharti's tower acquisitions, net macro tower adds moderated further to 2,755 QoQ (lower vs. our estimate of 3,500 and 4,282 net adds in 4Q, adjusted for Bharti's tower acquisitions); EoP macro tower count stood at ~251.8k.
- Similarly, adjusted for Bharti's tower acquisitions, Indus added 104 net leaner towers QoQ (vs. 160 QoQ, excluding acquired towers), taking the overall leaner tower count to ~13.94k.

- For the fifth successive quarter, **net macro tenancy additions were higher than tower adds** at 6,064 (though lower vs. our estimate of 7,000; vs. 8,236 net adds in 4Q excluding acquisitions), taking total tenants to ~411.2k.
- Indus finally acquired ~10.1k macro towers (earlier reported 10.38k) and ~2.18k leaner towers (earlier reported 2.23k) from Bharti Airtel in 4QFY25.
- End-period tenancy ratio was stable QoQ at 1.63x, driven by robust ~2.3x incremental tenancy ratio.
- Reported sharing revenue per macro tenant (ARPT) declined ~2% QoQ to INR41.1k (flat YoY) and was **2% below** our estimate (INR41.8k).

Other highlights: Receivables and capex moderate; net cash position strengthens with ~INR59b FCF potentially available for distribution

- Indus' receivables declined by ~INR4b QoQ to INR43.6b. Indus also reversed ~INR0.9 in bad debt provisions, implying a net surplus collection of ~INR5b during 1QFY26.
- Over the past few quarters, Indus has recovered INR55.7b in past dues from Vi, with prior-period bad debt provisions now at modest ~INR2.1b (vs. INR3b/INR53.9b as of Mar'25/Mar'24).
- Capex moderated ~13% QoQ to INR19.5b (vs. INR22.4b QoQ), driven by muted tower additions.
- Reported adjusted fund from operations (EBITDA net of lease payment and maintenance capex) at INR28.4b was largely stable QoQ, lower YoY primarily due to lower prior-period provision reversals.
- Net debt, including lease liabilities, declined ~7% QoQ to INR167b (vs. ~INR180b QoQ). Excluding lease liabilities, the company's net cash increased to ~INR24.6b (vs. ~INR8.7b net cash QoQ).
- Indus' reported **1Q FCF stood at INR15.7b (vs. INR98.5b in FY25)**. We note that Indus had **used ~INR27.5b for buyback** and ~INR18b for acquiring Bharti's towers in FY25. These leaves Indus with FCF of **~INR59b FCF (~INR22/share)** for distribution to shareholders through either a dividend or a buyback.
- The decision on modalities of returning cash to the shareholders is yet to be firmed up.

Indus Towers - quarterly results (INR m)	1QFY25	4QFY25	1QFY26	QoQ	YoY	1QFY26	vs est
Service revenues	**46,366**	**50,365**	**51,068**	***1.4***	***10.1***	**51,925**	***(1.6)***
Energy reimbursements	27,464	26,851	29,474	*9.8*	*7.3*	28,413	*3.7*
Exit / one-off revenue	-	55	34			-	
Reported revenue	**73,830**	**77,271**	**80,576**	***4.3***	***9.1***	**80,338**	***0.3***
Power and fuel	(29,006)	(28,266)	(30,687)	*8.6*	*5.8*	(29,913)	*2.6*
Employee expenses	(1,971)	(2,203)	(2,133)	*(3.2)*	*8.2*	(2,119)	*0.7*
Other costs	(5,409)	(5,788)	(5,144)	*(11.1)*	*(4.9)*	(5,865)	*(12.3)*
Bad debt provision reversals	**7,597**	**2,264**	**883**	***(61.0)***		**-**	
Total operating costs	(28,789)	(33,993)	(37,081)	*9.1*	*28.8*	(37,897)	*(2.2)*
EBITDA	**45,041**	**43,278**	**43,495**	***0.5***	***(3.4)***	**42,441**	***2.5***
Service EBITDA	**38,986**	**42,374**	**43,791**	***3.3***	***12.3***	**43,941**	***(0.3)***
Energy EBITDA	(1,542)	(1,415)	(1,213)	*(14.3)*	*(21.3)*	(1,500)	*(19.1)*
One-offs (Exit revenue/ provision write-offs)	**7,597**	**2,319**	**917**			**(0)**	
D&A	(15,605)	(16,930)	(17,043)	*0.7*	*9.2*	(17,414)	*(2.1)*
EBIT	**29,436**	**26,348**	**26,452**	***0.4***	***(10.1)***	**25,027**	***5.7***
Net finance costs and other income	(3,518)	(2,680)	(3,114)	*16.2*	*(11.5)*	(3,000)	*3.8*
PBT	**25,918**	**23,668**	**23,338**	***(1.4)***	***(10.0)***	**22,027**	***6.0***
Provision for taxes	(6,659)	(5,839)	(5,970)			(5,544)	
Recurring PAT	**13,574**	**16,149**	**16,716**	***3.5***	***23.1***	**16,483**	***1.4***
EO items	7,597	2,264	883			-	
Reported PAT	**19,259**	**17,829**	**17,368**	***(2.6)***	***(9.8)***	**16,483**	***5.4***
Recurring EPS (INR/share)	**5.1**	**6.1**	**6.3**	***3.5***	***23.1***	**6.2**	***1.4***

Core operational performance analysis	1QFY25	4QFY25	1QFY26	QoQ	YoY	1QFY26	vs est
Revenue	**73,830**	**77,216**	**80,542**	***4.3***	***9.1***	**80,338**	***0.3***
EBITDA	**37,444**	**40,959**	**42,578**	***4.0***	***13.7***	**42,441**	***0.3***
EBIT	21,839	24,029	25,535	*6.3*	*16.9*	25,027	*2.0*
PBT	18,321	21,349	22,421	*5.0*	*22.4*	22,027	*1.8*
PAT	**13,574**	**16,094**	**16,682**	***3.7***	***22.9***	**16,483**	***1.2***
Key operating metrics	**1QFY25**	**4QFY25**	**1QFY26**	**QoQ**	**YoY**	**1QFY26**	**vs est**
Total towers (#)	**2,25,910**	**2,49,305**	**2,51,773**	***1.0***	***11.4***	**2,52,805**	***(0.4)***
Total tenants (#)	**3,74,928**	**4,05,435**	**4,11,212**	***1.4***	***9.7***	**4,12,435**	***(0.3)***
Tenancy ratio (end-period)	1.66	1.63	1.63			1.63	
Sharing revenue per operator (INR/month)	**41,094**	**41,893**	**41,132**	***(1.8)***	***0.1***	**41,793**	***(1.6)***
Sharing revenue per tower (INR/month)	68,562	68,582	67,036	*(2.3)*	*(2.2)*	69,745	*(3.9)*
Margins (%)							
Overall EBITDA	**61.0**	**56.0**	**54.0**	**(203)bps**	**(703)bps**	**52.8**	**115 bps**
Service EBITDA (inc. one-offs)	**84.1**	**84.2**	**85.8**	**157 bps**	**173 bps**	**84.6**	**119 bps**
EBIT	39.9	34.1	32.8	(127)bps	(704)bps	31.2	168 bps
PAT	18.4	20.9	20.7	(15)bps	236 bps	20.5	23 bps
Effective tax rate	25.7	24.7	25.6			25.2	

Kaynes Technologies

BSE SENSEX	S&P CNX
81,482	24,855

Conference Call Details

Date: 31st July 2025
Time: 10:30 am IST
Dial-in details:
Click Here

CMP: INR5,638 Buy

Operating performance beats our estimates

1QFY26 First Cut: Earnings below expectations due to higher depreciation and finance costs

- Consolidated revenue grew 34% YoY to INR6.8b (est. INR7.6b).
- Gross margins expanded 14pp YoY to 41%.
- EBITDA rose 69% YoY to INR1.1b (est. INR1b). EBITDA margins expanded 350bp YoY to 16.8% (est. 13.8%).
- Adj. PAT grew 47% YoY to INR746m (est. INR793m).

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	**5,040**	**5,721**	**6,612**	**9,845**	**6,735**	**8,401**	**10,865**	**16,087**	**27,218**	**42,088**	**7,560**	**-11%**
YoY Change (%)	69.6	58.5	29.8	54.5	33.6	46.8	64.3	63.4	50.8	54.6	50.0	
Total Expenditure	4,371	4,900	5,671	8,166	5,604	7,186	9,212	13,278	23,108	35,280	6,518	
EBITDA	**669**	**821**	**940**	**1,679**	**1,130**	**1,215**	**1,652**	**2,810**	**4,109**	**6,808**	**1,042**	**8%**
Margins (%)	13.3	14.4	14.2	17.1	16.8	14.5	15.2	17.5	15.1	16.2	13.8	
Depreciation	84	86	108	169	156	150	165	170	447	641	100	
Interest	227	221	270	295	284	150	75	75	1,013	584	200	
Other Income	283	336	246	205	271	300	350	369	1,070	1,290	275	
PBT before EO expense	**641**	**849**	**808**	**1,419**	**961**	**1,215**	**1,762**	**2,934**	**3,718**	**6,872**	**1,017**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**641**	**849**	**808**	**1,419**	**961**	**1,215**	**1,762**	**2,934**	**3,718**	**6,872**	**1,017**	
Tax	133	247	144	257	215	267	388	645	782	1,515	224	
Rate (%)	20.8	29.1	17.8	18.1	22.3	22.0	22.0	22.0	21.0	22.0	22.0	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**508**	**602**	**665**	**1,162**	**746**	**948**	**1,375**	**2,288**	**2,936**	**5,357**	**793**	
Adj PAT	**508**	**602**	**665**	**1,162**	**746**	**948**	**1,375**	**2,288**	**2,936**	**5,357**	**793**	**-6%**
YoY Change (%)	106.0	86.4	47.1	43.0	46.9	57.4	106.8	96.9	60.1	82.4	56.2	
Margins (%)	10.1	10.5	10.1	11.8	11.1	11.3	12.7	14.2	10.8	12.7	10.5	

IGL

BSE SENSEX	S&P CNX
81,482	24,855

CMP: INR203 Buy

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

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

Conference Call Details

Date: 31 Jul'25
Time: 1600 hours IST
Dial-in details:
+91 22 6280 1143
+91 22 7115 8044

Standalone Quarterly performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**35,206**	**36,973**	**37,591**	**39,506**	**39,139**	**42,919**	**43,330**	**43,716**	**1,49,275**	**1,69,104**	**40,249**	**-3%**
Change (%)	3.3	6.9	5.9	9.8	11.2	16.1	15.3	10.7	6.6	13.3	14.3	
EBITDA	**5,819**	**5,359**	**3,636**	**4,972**	**5,118**	**5,728**	**5,665**	**5,573**	**19,786**	**22,083**	**5,680**	**-10%**
EBITDA (INR/scm)	7.4	6.5	4.3	6.0	6.2	6.4	6.3	6.3	6.0	6.3	6.8	**-10%**
Change (%)	-9.4	-18.4	-34.9	-4.8	-12.0	6.9	55.8	12.1	-16.4	11.6	-2.4	
Depreciation	1,143	1,184	1,216	1,198	1,238	1,230	1,262	1,194	4,741	4,923	1,187	4%
Interest	22	23	21	26	22	23	20	25	92	90	22	
Other Income	727	1,493	1,288	908	901	1,365	1,177	594	4,416	4,037	664	36%
PBT before EO	**5,380**	**5,645**	**3,687**	**4,656**	**4,758**	**5,841**	**5,559**	**4,948**	**19,369**	**21,107**	**5,135**	**-7%**
Rate (%)	25.4	23.6	22.5	25.0	25.2	25.2	25.2	26.9	24.2	25.2	25.2	
PAT	**4,015**	**4,311**	**2,858**	**3,492**	**3,559**	**4,371**	**4,160**	**3,617**	**14,676**	**15,788**	**3,843**	**-7%**
PAT (INR/scm)	5.1	5.2	3.4	4.2	4.3	4.9	4.6	4.1	4.3	4.1	4.6	-7%
Change (%)	-8.4	-19.4	-27.1	-8.8	-11.3	1.4	45.5	3.6	-16.0	7.6	-4.3	
Gas volumes (mmscmd)												
CNG	6.45	6.78	6.70	6.71	6.79	7.26	7.18	7.20	6.66	7.10	6.82	-1%
PNG	2.18	2.24	2.41	2.47	2.34	2.41	2.59	2.66	2.32	2.50	2.34	0%
Total	**8.63**	**9.02**	**9.11**	**9.18**	**9.13**	**9.66**	**9.76**	**9.85**	**8.98**	**9.60**	**9.16**	**0%**

IIFL Finance

BSE Sensex	S&P CNX
81,482	24,855

Conference Call Details

Date: 31st July 2025
Time: 02:30 PM IST
Dial-in details:
Link

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	53.3	58.9	69.2
Total Income	57.5	73.5	84.7
PPoP	27.9	41.0	46.7
PAT (pre-NCI)	5.8	19.3	25.2
PAT (post-NCI)	3.8	17.3	23.0
EPS (INR)	8.9	40.8	54.2
EPS Gr. (%)	-81	357	33
BV (INR)	292	329	378
Ratios (%)			
NIM	6.8	6.7	6.5
C/I ratio	51.5	44.2	44.8
Credit cost	2.8	2.6	1.9
RoA	0.9	2.6	2.9
RoE	3.3	13.1	15.3
Valuations			
P/E (x)	56.4	12.3	9.3
P/BV (x)	1.7	1.5	1.3

CMP: INR503 — Buy

NII & PPOP lower than est.; strong growth in gold loans

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

- IIFL Finance's (IIFL) 1QFY26 NII was down 10% YoY and ~1% QoQ to ~INR12.9b (~10% miss), potentially due to higher interest income reversal on MFI loans. Other income stood at ~INR3.8b (PQ: INR810m). This included assignment income of ~INR2.3b (which was absent for the last six quarters).
- Net total income grew ~17% YoY to ~INR16.7b. Opex grew ~7% YoY to INR8b (~8% higher than MOFSLe), with the cost-income ratio declining to ~48% (PQ: 53% and PY: 52%). PPoP stood at INR8.7b and grew ~26% YoY (~7% miss).
- Credit costs were lower than our estimate and were INR5.1b. This translated into annualized credit costs of ~3.65% (PQ: ~2.7% and PY: ~2.1%). Credit costs were elevated in microfinance, unsecured lending, and small-ticket LAP.
- PAT (post-NCI) declined ~19% YoY to INR2.3b (6% beat) in 1QFY26.

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

- Consol. AUM grew 21% YoY and ~7% QoQ to INR839b. On-book loans rose ~26% YoY. Off-book formed ~32% of the AUM mix, with co-lending forming ~14% of the AUM mix.
- Gold loan AUM stood at ~INR273b and rose ~30% QoQ. Sequential growth in AUM was driven by gold loans (+30%). Home loans grew only +1% QoQ, MSME loans declined ~2% QoQ, while Microfinance dipped ~10% QoQ.

NIM down ~60bp QoQ; calc. yields decline ~55bp QoQ

- Consol. yields/CoB declined ~55bp/5bp QoQ to ~12.7%/~9.7%.
- Calculated NIM contracted ~60bp QoQ.

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

- GS3 rose ~10bp QoQ to ~2.34%, while NS3 rose ~8bp QoQ to ~1.15%. PCR declined ~130bp QoQ to ~52.3%. NPAs during the quarter were impacted by macro trends in microfinance, unsecured lending, and small-ticket LAP.
- The company received RBI approval to open 10 new branches in Jammu & Kashmir on 23rd May'25 and 500 in locations across India on 28th Jul'25.
- IIFL's (Standalone) CRAR stood at ~18.3%.

Other highlights from the presentation

IIFL has taken corrective actions for improving the asset quality, such as:

- **MSME Loans:** Discontinued small-ticket unsecured loans. No new disbursements in 1QFY26. Discontinued AUM (% of Total) is 2.4%.
- **Housing Finance:** Discontinued micro-LAP segment – No new disbursement in 1QFY26. Further, the company deployed a dedicated collection team of 300 for Micro LAP and Andhra BLC. Discontinued AUM (% of total) - 3.1%.
- **Microfinance:** Identified high-stress regions and deployed focused recovery teams. Reducing exposure to borrowers with >3 active lenders.

Valuation & View

- IIFL reported an opertionally weak quarter. Very strong growth in gold loans being the only positive. Loan growth remained tepid across all other segments. The company faced asset quality pressures in its MFI, unsecured business loans, and micro-LAP portfolios, which resulted in elevated credit costs. Additionally, NIMs declined further, potentially impacted by interest income reversals on fresh slippages in the quarter.

- The stock trades at 1.3x FY27E P/BV and ~9x P/E. We might revise our estimates after the earnings call on 31st Jul'25.

IIFL (Consolidated): Quarterly Performance (INR m)

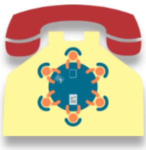
Y/E March	FY25				FY26E				FY25	FY26E	1Q FY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Interest Income	24,721	23,181	22,308	24,833	25,835	27,127	28,483	26,520	95,043	1,07,964	27,067	-5
Interest Expenses	10,340	9,788	9,957	11,694	12,888	13,532	14,074	8,591	41,695	49,085	12,629	2
Net Interest Income	**14,381**	**13,394**	**12,352**	**13,139**	**12,947**	**13,594**	**14,409**	**17,929**	**53,348**	**58,879**	**14,438**	**-10**
YoY Growth (%)	*9.7*	*-6.0*	*-21.6*	*-20.2*	*-10.0*	*1.5*	*16.7*	*36.5*	*-10.4*	*10.4*	*0.4*	
Other Income	-43	2,467	1,051	810	3,758	3,224	3,448	4,196	4,202	14,625	3,070	22
Total Income	**14,338**	**15,861**	**13,402**	**13,949**	**16,705**	**16,818**	**17,857**	**22,124**	**57,550**	**73,505**	**17,508**	**-5**
YoY Growth (%)	*-1*	*-2*	*-21*	*-10*	*17*	*6*	*33*	*59*	*-8.5*	*27.7*	*22.1*	
Operating Expenses	7,461	7,329	7,478	7,367	8,017	8,529	8,669	7,244	29,634	32,459	7,448	8
Operating Profit	**6,878**	**8,531**	**5,925**	**6,582**	**8,688**	**8,125**	**8,960**	**15,273**	**27,916**	**41,046**	**9,363**	**-7**
YoY Growth (%)	*-14.9*	*-8.9*	*-38.2*	*-16.6*	*26.3*	*-4.8*	*51.2*	*132.0*	*-19.9*	*47.0*	*36.1*	
Provisions & Loan Losses	2,516	4,063	4,914	3,487	5,125	4,356	2,178	4,030	14,980	15,688	5,929	-14
Profit before Tax	**4,362**	**4,468**	**1,011**	**3,095**	**3,563**	**3,770**	**6,782**	**11,243**	**7,070**	**25,358**	**3,434**	**4**
Exceptional items		**-5,865**				**0**						
Tax Provisions	980	-466	193	581	821	875	1,573	2,790	1,289	6,059	797	3
PAT (Pre NCI)	**3,382**	**-931**	**818**	**2,514**	**2,742**	**2,895**	**5,208**	**8,453**	**5,782**	**19,298**	**2,637**	**4**
NCI	501	646	410	437	408	429	463	700	1,994	2,000	437	*-7*
PAT (Post NCI)	**2,881**	**-1,577**	**408**	**2,077**	**2,334**	**2,466**	**4,746**	**7,753**	**3,788**	**17,298**	**2,201**	*6*
YoY Growth (%)	*-32*	*-133*	*-92*	*-44*	*-19*	*-256*	*1,063*	*273*	*-79*	*357*	*-24*	
Key Parameters (%)												
Yield on AUM	13.31	13.6	12.9	13.3	12.74	12.5	12.4	11.1				
Cost of funds	9.46	9.7	9.5	9.7	9.78	9.6	9.5	5.6				
Spread	3.8	3.9	3.4	3.5	3.0	2.8	2.8	5.5				
NIM (on AUM)	7.7	7.8	7.1	7.0	6.4	6.2	6.2	7.7				
Credit cost	2.1	3.6	4.2	2.67	3.65	2.9	1.4	2.4				
Cost to Income Ratio (%)	52.0	46.2	55.8	52.8	48.0	51.2	49.2	32.2				
Tax Rate (%)	22.5	-10.4	19.1	18.8	23.1	23.2	23.2	24.8				
Balance Sheet Parameters	-11.8	-3.8			7.1	7.8						
Consol. AUM (INR B)	**696**	**670**	**714**	**783**	**839**	**904**	**938**	**977**				
Change YoY (%)	2	-8	-8	-1	21	35	31	25				
Disbursements - Core (INR B)	**43**	**73**	**176**	**197**	**210**	**170**	**150**	**176**				
Change YoY (%)	-71	-54	6	21	392	134	-15	-10				
Borrowings (INR B)	**414**	**391**	**451**	**509**	**545**	**579**	**600**	**623**				
Change YoY (%)	8	-3	5	11	32	48	33	22				
Borrowings/AUM (%)	59.5	58.4	63.2	65.0	65.0	64.0	64.0	63.7				
Debt/Equity (x)	3.4	3.3	3.7	4.1	4.3	3.5	3.4	4.0				
Asset Quality (%)												
GS 3 (INR M)	**10,231**	**10,687**	**12,028**	**12,253**	**13,170**							
G3 %	2.25	2.40	2.42	2.23	2.34							
NS 3 (INR M)	**4,982**	**4,756**	**4,956**	**5,685**	**6,295**							
NS3 %	1.11	1.1	1.0	1.0	1.13							
PCR (%)	**51.3**	**55.5**	**58.8**	**53.6**	**52.3**							
ECL (%)	2.9	3.2	2.8	2.2	2.1							
Return Ratios - YTD (%)												
ROA (Rep)	2.3	0.8	0.8	0.9	1.6							
ROE (Rep)	10.3	2.3	2.0	3.4	7.6							

E: MOFSL Estimates

CAMS

BSE Sensex	S&P CNX
81,482	24,855

Conference Call Details



Date: 31st July 2025
Time: 11:00 AM IST
Link for the call

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
AAUM	44.1	50.3	58.0
Revenue	14.2	15.5	17.4
EBITDA	6.5	7.1	8.1
Margin (%)	45.9	46.0	46.3
PAT	4.6	5.0	5.9
PAT Margin (%)	33	32	34
EPS	94.8	103.0	119.8
EPS Grw. (%)	32.4	8.6	16.3
BVPS	228.4	269.5	317.4
RoE (%)	45.7	41.4	40.8
Div. Payout (%)	46.8	60.0	60.0
Valuations			
P/E (x)	44.2	40.7	35.0
P/BV (x)	18.4	15.6	13.2
Div. Yield (%)	1.1	1.5	1.7

CMP: INR3,890 **Buy**

Lower revenue growth leads to a miss on PAT

- CAMS' AAUM grew 21% YoY and 7% QoQ to INR48.7t in 1QFY26 with a market share of ~68%. Equity mix stood at 54.8% vs 53.3% in 1QFY25 and 54.4% in 4QFY25. Equity AUM rose 24% YoY to INR26.7t.
- The transaction volume grew 28% YoY and 3% QoQ to 244.3m in 1QFY26.
- CAMS reported operating revenue of INR3.5b in 1QFY26 (6% miss), reflecting 7% YoY growth driven by 9% YoY growth in MF asset-based revenue of INR2.6b.
- The non-MF segment contributed 13% of the overall revenue vs 13.3% in 1QFY25 and 13.7% in 4QFY25.
- Total operating expenses grew 10% YoY to INR2b (in-line). Employee expenses/other expenses grew 8%/13% YoY to ~INR1.2b/INR774m.
- EBITDA came in at INR1.5b (+3% YoY), reflecting an EBITDA margin of 43.6% (vs. 45.2% in 1QFY25 and our est. of 45.5%).
- Other income at INR131m grew 12% YoY.
- PAT was up 1% YoY to INR1.1b (10% miss) in 1QFY26, mainly due to lower revenue growth.

Valuation and view

- Structural tailwinds in the MF industry are expected to drive absolute growth in MF revenue. With favorable macro triggers and the right investments, the non-MF share of revenues for CAMS is expected to increase in the next three to five years.
- We will revise our estimates after the conference call scheduled for 31st Jul'25.

Quarterly Performance (INR m)

Y/E March	FY25				FY26	FY25	FY26E	1Q	Act v/s	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q			FY26E	Est. (%)		
Revenue from Operations	3,314	3,652	3,697	3,562	3,542	14,225	15,536	3,754	-5.7	6.9	(0.6)
Change YoY (%)	26.8	32.7	27.6	14.7	6.9	25.2	9.2	13.3			
Employee expenses	1,130	1,186	1,197	1,178	1,224	4,691	5,066	1,231.3	-0.6	8.4	3.9
Total Operating Expenses	1,816	1,950	1,969	1,968	1,999	7,703	8,389	2,046	-2.3	10.1	1.6
Change YoY (%)	20.1	27.5	22.8	17.8	10.1	21.9	8.9	12.7			
EBITDA	**1,498**	**1,702**	**1,728**	**1,594**	**1,543**	**6,522**	**7,147**	1,708	-9.7	3.0	(3.2)
Other Income	117	126	149	134	131	526	655	145	-9.3	12.3	(2.0)
Depreciation	170	184	195	228	208	777	987	235	-11.3	22.7	(8.8)
Finance Cost	21	22	21	20	19	85	85	21	-7.8	(9.2)	(4.7)
PBT	**1,424**	**1,622**	**1,661**	**1,479**	**1,444**	**6,187**	**6,730**	**1,597**	-9.6	1.4	(2.4)
Change YoY (%)	40.7	44.4	39.9	9.9	1.4	32.5	8.8	12.2			
Tax Provisions	354	414	420	351	363	1,540	1,682	399	-9.0	2.6	3.5
Net Profit	**1,070**	**1,208**	**1,241**	**1,128**	**1,080**	**4,647**	**5,047**	**1,198**	-9.8	1.0	(4.2)
Change YoY (%)	41.3	44.2	40.2	9.5	1.0	32.4	8.6	12.0			
Key Operating Parameters (%)											
Cost to Operating Income Ratio	54.8	53.4	53.3	55.3	56.4	54.1	54.0	54.5	1.9	1.6	1.2
EBITDA Margin	45.2	46.6	46.7	44.7	43.6	45.9	46.0	45.5	-1.9	(1.6)	(1.2)
PBT Margin	43.0	44.4	44.9	41.5	40.8	43.5	43.3	42.5	-1.8	(2.2)	(0.8)
Tax Rate	24.9	25.5	25.3	23.7	25.2	24.9	25.0	25.0	0.2	0.3	1.4
PAT Margin	32.3	33.1	33.6	31.7	30.5	32.7	32.5	31.9	-1.4	(1.8)	(1.2)
Key Parameters											
QAUM (INR t)	40.3	44.8	46.3	45.6	48.7	44.1	50.3	48.5	0.3	20.8	6.8
Share of Equity AUM (%)	53.3	55.4	55.3	54.4	54.8	54.9	54.9	0.0		1.5	0.4

Results Flash | Sector: Departmental Retail

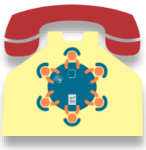
30 July 2025

RESULTS FLASH

Vedant Fashions

BSE SENSEX	S&P CNX
81,482	24,855

Conference Call Details



Date: 31st Jul 2025

Time: 4pm IST

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	13.9	15.1	16.4
EBITDA	6.4	7.0	7.7
Adj. PAT	3.9	4.2	4.6
EBITDA Margin (%)	46.3	46.5	46.7
Adj. EPS (INR)	16.0	17.4	18.9
EPS Gr. (%)	(6.2)	8.5	9.0
BV/Sh. (INR)	71.3	80.4	90.3
Ratios			
Net D:E	(0.3)	(0.5)	(0.5)
RoE (%)	22.9	20.9	20.3
RoCE (%)	19.9	19.4	19.0
Payout (%)	50.0	50.0	50.0
Valuations			
P/E (x)	49.2	45.4	41.6
EV/EBITDA (x)	30.5	27.4	24.8
EV/Sales (X)	14.1	12.7	11.6

CMP: INR787 — Neutral

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

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

Quarterly earnings (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY25	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	Var (%)
Revenue	**2,398**	**2,679**	**5,113**	**3,674**	**2,812**	**2,775**	**5,436**	**4,073**	**13,865**	**15,096**	**2,686**	**4.7**
YoY Change (%)	-23.0	22.7	7.8	1.2	17.2	3.6	6.3	10.8	1.4	8.9	12.0	
Total Expenditure	1,271	1,460	2,691	2,017	1,606	1,532	2,826	2,119	7,439	8,084	1,450	10.8
EBITDA	**1,127**	**1,220**	**2,422**	**1,657**	**1,206**	**1,243**	**2,610**	**1,954**	**6,426**	**7,012**	**1,237**	**-2.5**
EBITDA margins (%)	**47.0**	**45.5**	**47.4**	**45.1**	**42.9**	**44.8**	**48.0**	**48.0**	**46.3**	**46.5**	**46.0**	
Change YoY (%)	-23.9	31.4	0.1	-5.3	7.0	1.9	7.8	17.9	63.2	188.5	9.7	
Depreciation	372	373	391	395	398	410	422	523	1,531	1,753	406	-2.1
Interest	139	137	139	136	141	141	144	140	552	566	143	-1.4
Other Income	215	192	224	221	258	216	251	212	852	937	223	15.7
PBT before EO expense	**831**	**902**	**2,115**	**1,347**	**925**	**907**	**2,295**	**1,503**	**5,195**	**5,630**	**910**	**1.6**
Tax	206	233	535	336	222	228	578	378	1,310	1,417	229	-2.9
Rate (%)	24.8	25.8	25.3	24.9	24.1	25.2	25.2	25.2	25.2	25.2	25.2	-4.4
Reported PAT	**625**	**669**	**1,580**	**1,011**	**703**	**679**	**1,717**	**1,125**	**3,885**	**4,213**	**681**	**3.2**
Adj PAT	**625**	**669**	**1,580**	**1,011**	**703**	**679**	**1,717**	**1,125**	**3,885**	**4,213**	**681**	**3.2**
YoY Change (%)	-32	37	0	-13	12	1	9	11	-6	8	9	

Consol P&L (INR m)

	1QFY25	4QFY25	1QFY26	YoY%	QoQ%	1QFY26E	v/s Est (%)
Total Revenue	**2,398**	**3,674**	**2,812**	**17**	**-23**	**2,686**	**5**
Raw Material cost	629	970	777	23	-20	709	10
Gross Profit	**1,769**	**2,704**	**2,035**	**15**	**-25**	**1,978**	**3**
Gross margin (%)	**73.8**	**73.6**	**72.4**	**-139.2**	**-121.7**	**73.6**	**-124.3**
Employee Costs	146	153	156	7	1	152	2
Other expenses	496	893	673	36	-25	589	14
EBITDA	**1,127**	**1,657**	**1,206**	**7**	**-27**	**1,237**	**-2**
EBITDA margin (%)	**47.0**	**45.1**	**42.9**	**-410.7**	**-221.9**	**46.0**	**-315.2**
Depreciation and amortization	372	395	398	7	1	406	-2
EBIT	755	1,263	808	7	-36	830	-3
EBIT margin (%)	31.5	34.4	28.7	NM	NM	30.9	-216.9
Finance Costs	139	136	141	2	4	143	-1
Other income	215	221	258	20	17	223	16
Exceptional item	0	0	0	NM	NM	0	NM
Profit before Tax	**831**	**1,347**	**925**	**11**	**-31**	**910**	**2**
Tax	206	336	222	8	-34	229	-3
Tax rate (%)	24.8	24.9	24.1	-2.9	-3.6	25.2	-4.4
Profit after Tax	**625**	**1,011**	**703**	**12**	**-31**	**681**	**3**
Adj Profit after Tax	**625**	**1,011**	**703**	**12**	**-31**	**681**	**3**

Operating metrics	1QFY25	4QFY25	1QFY26	YoY%	QoQ%
SSSG (%)	**-27.2%**	**-4.5%**	**17.6%**		
Retail area (m sqft)	**1.71**	**1.79**	**1.78**	**4**	**-1**
Total stores	**662**	**678**	**684**	**3**	**1**
Net store adds	-14	12	6	NM	NM
EBOs	**539**	**538**	**530**	**-2**	**-1**
Domestic	522	522	516	-1	-1
International	17	16	14	-18	-13
SIS	**123**	**140**	**154**	**25**	**10**

Prudent Corporate Advisory

BSE Sensex	S&P CNX
81,482	24,855

Conference Call Details

Date: 31st July 2025
Time: 12:00 PM IST
Link for the call

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Revenues	11,036	12,635	15,467
Opex	8,412	9,754	11,832
PBT	2,621	2,964	3,847
PAT	1,957	2,223	2,886
EPS (INR)	47.3	53.7	69.7
EPS Gr. (%)	41.1	13.6	29.8
BV/Sh. (INR)	32.3	41.8	53.9
Ratios (%)			
EBITDA Margin	23.8	22.8	23.5
PAT margin	17.7	17.6	18.7
RoE	34.1	29.0	29.1
Div. Payout	5.3	11.2	12.9
Valuations			
P/E (x)	63.0	55.5	42.7
P/BV (x)	92.4	71.3	55.2
Div. Yield (%)	0.1	0.2	0.3

CMP: INR3,034 **Neutral**

Performance in-line

- Prudent reported operating revenue of ~INR2.9b, marking an 18% YoY increase (in line) in 1QFY26.
- Commission and fees income for the quarter rose 17% YoY to ~INR2.9b, of which INR2.5b (+21% YoY) was contributed by the distribution of MF products and INR291m (+11% YoY) by insurance products.
- QAAUM grew 23% YoY to INR1.1t, while the closing AUM stood at ~INR1.2t for the quarter. Monthly SIP flow grew to ~INR10b from INR7.8b in 1QFY25, reflecting a market share of 3.5%.
- Total insurance premium for the quarter came in at INR1.4b (+22% YoY), of which life insurance premium stood at INR1.1b (+19% YoY) and general insurance premium stood at INR376m (+33% YoY).
- Other income for 1QFY26 rose 47% YoY to INR103m (14% beat).
- Operating expenses grew 19% YoY to INR2.3b (in line), with fees and commission expenses growing 22% YoY (in-line), employee expenses growing 16% YoY (8% above estimates), and other expenses growing 2% YoY (12% below estimates).
- EBITDA grew 14% YoY to INR673m (in line), reflecting an EBITDA margin of 22.9% (vs 23.6% in 1QFY25 and our est. of 23.2%).
- PAT at INR519m, marking a 17% YoY increase (in line).

Quarterly Performance **(INR m)**

Y/E March	FY25				FY26	FY25	FY26	1Q FY26E	Act v/t Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q						
Commission and Fees Income	2,477	2,845	2,827	2,809	2,910	10,958	12,551	2,911	0.0	17%	4%
Other Operating revenue	17	15	23	20	28	76	84	21	31.0	59%	37%
Revenue from Operations	**2,494**	**2,861**	**2,850**	**2,829**	**2,938**	**11,034**	**12,635**	**2,932**	0.2	18%	4%
Change YoY (%)	50.8	50.5	35.8	18.0	17.8	37.1	14.5	17.5			
Operating Expenses	1,904	2,174	2,191	2,143	2,265	8,412	9,754	2,251	0.6	19%	6%
Change YoY (%)	50.8	48.0	37.0	19.8	18.9	37.5	16.0	18.2			
EBITDA	**590**	**687**	**659**	**686**	**673**	**2,622**	**2,880**	**680**	**-1.2**	14%	-2%
Depreciation	62.9	67.2	73.7	74.8	72.5	279	301	75	-3.3	15%	-3%
Finance Cost	4.9	5.7	6.4	6.7	6.9	24	27	7	-1.4	40%	3%
Other Income	70	78	66	85	103	299	411	90	14.1	47%	21%
PBT	**592**	**693**	**645**	**690**	**696**	**2,619**	**2,964**	**688**	**1.1**	18%	1%
Change YoY (%)	57.9	70.6	34.7	15.4	17.5	41.1	13.1	16.3			
Tax Provisions	149.9	177.9	163.1	173.5	178.1	664	741	172	3.5	19%	3%
Net Profit	**442**	**515**	**482**	**516**	**518**	**1,955**	**2,223**	**516**	**0.3**	17%	0%
Change YoY (%)	58.3	69.2	35.0	15.9	17.1	40.9	13.7	16.8			
Key Operating Parameters (%)											
EBITDA Margin	23.6	24.0	23.1	24.3	22.9	23.8	22.8	23.2	-32bp	-75bp	-136bp
Cost to Income Ratio	19.5	18.9	17.8	17.6	18.2	18.4	18.9	18.4	-19bp	-131bp	62bp
PBT Margin	23.7	24.2	22.6	24.4	23.7	23.7	23.5	23.5	20bp	-5bp	-69bp
Tax Rate	25.3	25.7	25.3	25.2	25.6	25.4	25.0	25.0	59bp	26bp	44bp
PAT Margins	17.7	18.0	16.9	18.2	17.6	17.7	17.6	17.6	1bp	-10bp	-62bp
MF revenue / QAAUM (bps)	91.9	91.8	91.8	90.3	90.3	91.3	91.4	90.0	35bp		
Revenue from Operations (INR Mn)											
Commission and Fees Income											
Distribution of MF Products-Trail Revenue	2,052	2,343	2,421	2,297	2,489	9,113	10,287	2,450	1.6	21%	8%
Distribution of Insurance Products	261	339	286	402	291	1,288	1,587	313	-7.1	11%	-28%
Stock Broking and Allied Services	77	73	49	41	50	240	265	57	-12.9	-35%	22%
Other Financial and Non Financial Products	87	90	71	69	80	317	412	90	-11.1	-8%	16%
Revenue from Operations Mix (%)											
As % of Commission and Fees Income											
Distribution of MF Products-Trail Revenue	82.3	81.9	84.9	81.2	84.7	82.6	81.4	83.6	116bp	246bp	354bp
Distribution of Insurance Products	10.5	11.9	10.0	14.2	9.9	11.7	12.6	10.7	-78bp	-56bp	-430bp
Stock Broking and Allied Services	3.1	2.6	1.7	1.4	1.7	2.2	2.1	2.0	-26bp	-139bp	25bp
Other Financial and Non Financial Products	3.5	3.1	2.5	2.4	2.7	2.9	3.3	3.1	-35bp	-76bp	28bp
OpexMix (%)											
Fees and commission	74.4	75.1	76.9	76.8	76.4	75.8	75.6			195bp	-40bp
Employees expenses	14.2	13.6	13.7	11.3	13.9	13.2	13.4			-36bp	254bp
Other expenses	11.3	11.3	9.5	11.9	9.7	11.0	11.0			-159bp	-214bp

Birla Corporation

BSE Sensex	S&P CNX
81,482	24,855

Conference Call Details

Date: 31 July 2025
Time: 14:00 IST
Dial-in details:
+91 22 6280 1458,
+91 22 7115 8846
Link for the call

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	92.1	100.9	107.1
EBITDA	12.2	16.2	17.5
Adj. PAT	3.3	5.7	6.3
EBITDA Margin (%)	13.2	16.0	16.3
Adj. EPS (INR)	42.2	74.6	82.4
EPS Gr. (%)	-21.8	76.7	10.4
BV/Sh. (INR)	911	976	1,048
Ratios			
Net D:E	0.4	0.4	0.5
RoE (%)	4.8	7.9	8.1
RoCE (%)	5.1	6.8	6.6
Payout (%)	26	13	12
Valuations			
P/E (x)	32.7	18.5	16.8
P/BV (x)	1.5	1.4	1.3
EV/EBITDA(x)	9.7	7.3	6.4
EV/ton (USD)	69	64	61
Div. Yield (%)	0.7	0.7	0.7

CMP: INR1,381 **Buy**

Performance below estimates on weak cement realization

- Birla Corporation's (BCORP) 1QFY26 performance was below our estimates due to lower-than-estimated cement realization (~5% miss). EBITDA increased ~34% YoY to INR3.5b (~8% below our estimates and ~17% below consensus). OPM expanded 2.3pp YoY (dipped 4.8pp QoQ) to ~14% (est. ~16%). EBITDA/t increased ~23% YoY to INR725 (est. INR838). PAT surged 3.7x YoY to INR1.2b (~11% below our estimate due to higher ETR at 32.6% vs. our estimate of 27.5%).
- During the quarter, the company witnessed mixed regional trends, with strong demand and improved pricing in the western and eastern markets, while the central and north regions remained subdued. Profitability was partly impacted by extended maintenance shutdown, resulting in clinker purchases from third parties (clinker production declined ~17% YoY to 2.44mt; clinker capacity utilization stood at ~75% vs. ~91% in 1QFY25).

Volumes rise 9% YoY; EBITDA/t at INR725 (estimate INR838)

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

Highlights from management commentary

- The company witnessed higher volume growth of ~15-18% YoY in the east and west regions, while in its core markets central and north, volume grew ~7-8%.
- The blended cement share increased to 89% from 84% in 1QFY25, while trade volume increased to 78% from 72% in 1QFY25. Its green power share stood at ~27% in 1QFY26.
- The premium cement share (as % of trade volume) stood at ~58% vs. ~59% in 1QFY25. The volume of its flagship brand, Perfect Plus, increased ~19% YoY in 1QFY26, led by healthy sales in Rajasthan, Madhya Pradesh, Uttar Pradesh, Maharashtra, and West Bengal. The volume of Unique Plus, another premium brand, grew ~37% YoY in 1QFY26, albeit on a lower base.

Valuation and view

- BCORP's 1QFY26 operating performance was below our estimates due to lower-than-estimated realization. The company's core market (central region) has underperformed due to depressed pricing and an early monsoon, which hurt volumes. It is currently focusing on its next phase of capacity expansion and timely completion.
- We have a **BUY** rating on the stock. We will review our assumptions after the concall on 31st July'25 at 14:00 (IST) (Link for the Call).

Consolidated performance (INR b)

Y/E March	FY25				FY26				FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	1QE	(%)
Cement Sales (MT)	4.4	4.0	4.5	5.2	4.8	4.2	4.8	5.3	4.5	6
YoY Change (%)	(0.7)	(5.0)	7.1	7.2	9.1	5.0	6.0	1.7	3.3	
Cement Realization	4,843	4,722	4,790	5,177	4,899	4,989	5,109	5,364	5,147	(5)
YoY Change (%)	(7.4)	(9.4)	(9.9)	(0.8)	1.2	5.7	6.7	3.6	6.3	
QoQ Change (%)	(7.2)	(2.5)	1.4	8.1	(5.4)	1.8	2.4	5.0	(0.6)	
Net Sales	**21.9**	**19.5**	**22.6**	**28.1**	**24.5**	**22.0**	**25.2**	**29.2**	**24.3**	**1**
YoY Change (%)	(9.1)	(14.6)	(2.4)	6.0	12.0	12.4	11.8	3.8	10.9	
Total Expenditure	19.3	17.8	20.1	22.8	21.1	19.2	20.9	23.6	20.5	5
EBITDA	**2.6**	**1.8**	**2.5**	**5.3**	**3.5**	**2.8**	**4.4**	**5.6**	**3.8**	**(8)**
Margin (%)	11.8	9.1	11.0	19.0	14.1	12.7	17.3	19.1	15.6	(147)
YoY Change (%)	-13.3	-38.7	-34.5	13.0	34.3	57.0	75.6	4.3	-50.9	
Depreciation	1.5	1.5	1.4	1.4	1.3	1.4	1.5	1.8	1.4	(9)
Interest	0.9	0.9	0.8	0.7	0.7	0.7	0.8	1.1	0.7	(4)
Other Income	0.2	0.2	0.2	0.5	0.3	0.2	0.2	0.3	0.2	45
Profit before Tax	**0.4**	**-0.4**	**0.4**	**3.7**	**1.8**	**0.8**	**2.4**	**2.9**	**1.8**	**(4)**
EO (Income)/Expense	-	-	-	0.4	-	-	-	-	-	
Profit before Tax after EO	**0.4**	**-0.4**	**0.4**	**3.3**	**1.8**	**0.8**	**2.4**	**2.9**	**1.8**	**(4)**
Tax	0.1	-0.1	0.1	0.7	0.6	0.2	0.7	0.7	0.5	
Rate (%)	25.9	29.4	24.6	21.8	32.6	28.0	28.0	23.8	27.5	
Reported PAT	**0.3**	**-0.3**	**0.3**	**2.6**	**1.2**	**0.6**	**1.7**	**2.2**	**1.3**	**(11)**
Adj. PAT	**0.3**	**-0.3**	**0.3**	**2.9**	**1.2**	**0.6**	**1.7**	**2.2**	**1.3**	**(11)**
Margin (%)	1.5	-1.3	1.4	10.2	4.9	2.7	6.8	7.7	5.5	
YoY Change (%)	(45.4)	NM	(71.4)	52.2	266.6	NM	450.5	(21.7)	309.9	
Per ton analysis (INR)										
Blended Realization	**5,001**	**4,918**	**5,015**	**5,413**	**5,134**	**5,266**	**5,290**	**5,525**	**5,371**	**(4)**
YoY Change (%)	(8.4)	(10.1)	(8.9)	(1.2)	2.7	7.1	5.5	2.1	7.4	
Raw Material	666	719	749	905	965	865	815	625	895	8
Staff Cost	337	354	320	254	318	350	314	273	334	(5)
Power and Fuel	1,004	1,025	1,025	892	825	940	950	1,209	950	(13)
Transport and Forwarding	1,322	1,249	1,319	1,337	1,348	1,315	1,315	1,285	1,315	3
Other Exp.	1,082	1,126	1,051	999	953	1,129	983	1,079	1,040	(8)
Total Expenditure	**4,411**	**4,472**	**4,464**	**4,387**	**4,409**	**4,599**	**4,377**	**4,471**	**4,534**	**(3)**
EBITDA	**590**	**446**	**551**	**1,027**	**725**	**667**	**913**	**1,053**	**838**	**(13)**

Source: Company, MOFSL Estimates

International Gemmological Institute: Continue To Remain Leaders In The Lab-Grown Diamond Space; Tehmasp Nariman Printer, Managing Director

- IGI reported strong Q1 with 16% revenue, 37% EBITDA, and 67% PAT growth.
- Lab-grown diamonds now form ~45% of volumes; certification demand remains strong.
- IGI maintains global leadership in lab-grown certification.
- Margins supported by volume growth, especially in lab-grown.
- Management eyes ₹1,000 Cr PAT in 2–3 years.

Read More

Arvind: H1 Will Have An Overhang Of The Tariff Uncertainty, H2 Likely To Be Much Better; Punit Lalbhai, Vice Chairman

- Revenue grew ~9% YoY; PAT up 35% despite global trade uncertainty.
- Management expects low double-digit revenue growth for FY26.
- Advanced Materials to scale to ₹450–500 Cr quarterly by Q2; margins to return to double digits in H2.
- Garments now 20% of fabric conversion; target 40%.
- UK FTA seen as big opportunity; cautious on US tariff volatility.

Read More

Mazagon Dock Shipbuilders: Expect Orderbook To Double From The Current ₹30,000 Crore By FY26-End; Biju George

- Q1 margins declined due to one-time provisions amid rising subcontracting and equipment costs.
- EBITDA margin guidance remains steady at 15–20%; recovery expected from Q2 onward.
- FY26 revenue growth guided at 8–10%; ₹30,000 Cr order book in hand.
- Strong order inflow expected from submarines, frigates, and destroyers.
- Export and ship repair businesses gaining traction; acquisition of dry dock to aid growth.

Read More

Allied Blenders & Distillers : Prestige & Above Contributes Approx 60% To Overall Sales In FY26; Alok Gupta, Managing Director

- Premium & Above (P&A) segment contributed 55% of revenue; target 50% volume share and 60% value share in FY26.
- High double-digit growth expected in P&A; Iconic remains key growth brand.
- FY26 guidance: double-digit volume growth, mid-teens value growth.
- Margin improvement driven by ENA backward integration and cost control.
- Legal dispute over Mansion House/Savo Club brands ongoing; projections exclude impact.

Read More

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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