INSTITUTIONAL RESEARCH

HSIE Results Daily

Contents

Results Reviews

- **Zydus Lifesciences:** EBITDA grew only 8% YoY despite 29% YoY sales growth, as higher operating costs offset revenue growth and GM expansion. Sales growth was led by 6% QoQ growth in the US, 18% YoY growth in India, Amplitude sales, and 76% growth in consumer (largely M&A-led). GM improved to 72.8% (+37bps YoY), but higher staff costs, SG&A and R&D expenses (up 31%/36%/51% YoY) weighed on profitability, causing the EBITDA margin decline of 441bps YoY to 22.3%. Zydus expects: (1) strong double-digit revenue growth in FY27; (2) single-digit growth in the US in FY27, driven by launches, meaningful traction from gMyrbetriq despite competitive entry and scale-up of specialty portfolio. It expects stability in the US business in FY28, led by new launch opportunities, including Palbociclib (gIbrance) and other FTFs, as well as the scale-up of specialty business; (3) mid-teen growth in India, outpacing IPM growth by 100–200bps, led by specialty brands and focused therapies; and (4) strong traction in EMs/EU, driven by launches. It expects margin to stay above 24%, vs 27.1% in FY26, factoring in cost escalation, generic competition in gMyrbetriq, and launch-related spending for Saroglitazar. Specialty assets remain a key growth driver, with visibility across many opportunities: (a) traction from Zycubo (CUTX101) in the US; (b) traction from the in-licensed products Beizray and Nufymco (bRanibizumab); (c) Saroglitazar for PBC, with the USFDA's TAD expected in Nov-26, launch in Mar-27 and scale-up in FY29; (d) traction from Assertio's brand Rolvedon (Eflapegrastim); (e) launch of Desidustat in China, where it has been approved for renal anaemia; and (f) FYB206 (Pembrolizumab, a biosimilar to Keytruda), with launch visibility in CY28/29. Zydus may explore strategic bolt-on M&As but not large-sized ones. Factoring in Q2, we cut EPS estimates by 6%/1% for FY27/28E and revise the TP to INR 1,280 (26x Q2FY29E). ADD stays, as broader thesis of steady growth in India and US, R&D asset monetization, and Medtech scale-up remains intact.
- **BSE:** BSE's revenue declined 8.5% QoQ (+34% YoY) to INR 14.3bn in Q2FY27, its first sequential decline after 12 quarters of growth, as CAS implementation weighed on expiry-day activity. Notional and options premium ADTV fell 22/24% QoQ to INR 185trn/INR 225bn, the sharpest sequential declines since the derivatives relaunch, taking options revenue down 17.6% QoQ and its share of revenue to 66% from 74%. Services to corporates (+65% QoQ), cash (+12% QoQ), and colocation (+4% QoQ) partly cushioned the decline. Cost discipline was the standout; expenses fell faster than revenue, as volume-linked regulatory and clearing charges eased with lower activity and the exchange kept a tight lid on employee costs, technology, and other overheads. As a result, EBITDA margin expanded to 68.7% even as revenue contracted and PAT came in ahead of our estimate. SEBI has decoupled expiry settlement from the auction, restoring last 30-minute VWAP for index and stock derivatives, removing a key overhang. October volumes are already above pre-CAS levels, aided by volatility, and we expect volumes to hold up even as P/N normalizes, once the new CAS rules apply from Dec-26. We estimate options premium market share of 32/32/33% in FY27/28/29E vs 25% in FY26, raise FY27/28/29E EPS by 6.6/5.4/5.3% and project FY26–29E EPS CAGR of 23.3%. We maintain ADD with a revised TP of INR 4,180 (from INR 3,900),

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based on 40x core Sep-28E PAT plus the CDSL stake value and net cash (ex-SGF); the stock is trading at 43x/37x FY27/28E EPS.

- **FSN E-commerce Ventures (Nykaa):** Nykaa's Q2 topline grew 28.1% YoY to INR30.1bn (in-line), driven by sustained customer acquisition across both verticals (BPC/fashion AUTC grew 26.3/37.8% YoY). BPC revenue grew 26.6% YoY to INR27bn (HSIE: INR27.3bn), led by strong execution across channels (early-20s retail SSSG) and House of Nykaa brands (NSV +39% YoY). Fashion delivered a robust 42.8% YoY revenue growth to INR2.87bn (in-line), aided by strong customer acquisition, new brand launches, and encouraging traction from Nike/H&M partnership. GM expanded by 106bps YoY to 46% (HSIE: 45%), led by higher salience of owned brands. Consequently, EBITDAM rose by 196bps YoY to 8.7% (HSIE: 8%) due to better operating leverage. BPC EBITDAM (as % of NSV) expanded by ~150bps YoY to 10.5%, while fashion sustained breakeven profitability (at 0.2% vs -3.5% in Q2FY26), led by better marketing efficiency and operating leverage. We have raised FY27/28 EBITDA estimates by 1-2% but maintain SELL (given heady valuations; ~80x Sep-28 EV/EBITDA), with a DCF-based TP of INR 240/sh, implying ~53x Sep-28 EV/EBITDA.

- **Lupin:** EBITDA declined by 8% YoY despite 11% YoY sales growth (US: -13% QoQ; India: +15% YoY) and gross margin (GM) expansion of 24bps YoY to 74.3%, as gains were offset by higher costs (staff/R&D/SG&A expenses up 29%/18%/25% YoY), resulting in a 530bps YoY EBITDA margin contraction to 25%. LPC expects: (1) single-digit FY27 revenue growth, 24-25% EBITDA margin (factoring in competition from Tolvaptan and Mirabegron and visible cost headwinds across raw materials and logistics), R&D at ~8% of sales, and 27-28% ETR; (2) the US business to sustain revenues of USD 1.1-1.2bn in FY27 (quarterly sales run rate of USD 210-260mn). Further, the US business is expected to remain stable at ~USD 1bn in FY28, led by FTFs, injectables, 505(b)(2) launches (Apixaban in FY28), and biosimilar launches. LPC is aiming for 100+ launches by FY32, with ~70% of its US portfolio comprising complex products; and (3) the India business to outperform IPM by 1.2-1.3x, led by field force additions, improving productivity, and 80 new launches over the next few years. It is aiming for novel proprietary products (developed in-house and in-licensed late-stage assets) to form one-third of India sales over the next decade. Factoring in Q2 performance, we have tweaked the FY27/28E EPS estimates and revised the TP to INR 2,250 (21x Q2FY29E EPS). ADD stays.

- **MCX:** MCX delivered a strong Q2FY27, with revenue/EBITDA up 13.9/23.7% QoQ (+114/151% YoY) as volumes recovered and the RBI bank guarantee impact faded. Options premium ADTV rose 13.3% QoQ to INR102.9bn, notional options ADTV 21.3% to INR12.0trn and futures ADTV 5.4% to INR628bn. Premium growth was led by bullion (+24.6% QoQ) and crude (+12.2%), partly offset by natural gas (-3.0%). Participation continued to broaden, with options traded UCCs up 103% YoY (+11% QoQ) to 1.3mn and active UCCs up 46% YoY to 53.7mn, aided by digital brokers. EBITDA margin expanded 607bps QoQ to 76.4% (EBITDA 5% above our estimate), aided by lower SGF contribution vs INR323mn in Q1; following regulatory changes, we now assume SGF contribution at 2% of transaction revenue. APAT grew 9.9% QoQ to INR4.5bn (5% below our estimate), as the tax rate rose to 28.9% from 21.0%. With the bank-guarantee impact behind, volume growth will be underpinned by widening retail participation, product innovation, improved expiry frameworks, domestic price discovery, and growing hedging by SMEs and corporates. FPI participation in non-cash-settled contracts is on track and should progressively lift volumes and liquidity, particularly in bullion and metal contracts (index options). We estimate options notional/premium

ADTV CAGR of 53/30% over FY26-29E. We have raised FY27/28E EPS by 0.6/2.2%, factoring in lower SGF, and maintain BUY with a TP of INR 4,000, based on 45x Sep-28E core PAT plus net cash ex-SGF.

- **Anthem Biosciences:** EBITDA (+25% YoY) was in line with our/consensus estimates as moderate sales growth (+8% YoY; CRDMO grew 9% YoY) and higher costs (staff/SG&A were up 20%/38 YoY) were nullified by 952bps YoY expansion in gross margin to 68.9%, leading to a higher EBITDA margin of 45.7% (+609 bps YoY). The decline in the CRDMO business in Q1FY27, driven by timing shifts in deliveries to key customers, normalized in Q2, with sales growing 49% QoQ. The company expects this momentum to continue in H2, led by strong demand visibility and scheduled deliveries. It reiterated its double-digit revenue CAGR for the next few years. It expects EBITDA margin to remain above 39% in the near term. It expects growth in CRDMO to remain strong, led by commercial manufacturing (across 15 molecules) with continued traction from the existing 10 molecules and incremental sales from five recently launched molecules, led by strong order book visibility. The company has nine late-phase clinical projects and expects update on these in the next 18-24 months. While its early-stage work continues across peptides (both GLP-1 and non-GLPs), oligonucleotides, ADCs, RNAi and lipids, revenue timing is uncertain. It expects specialty ingredient business to remain at ~20% of sales in near- to mid-term with stable margin visibility. Strong cash position of ~INR 15.34bn as of Sep-26 provides headroom for M&As. The company retains its capex guidance of INR 12bn for Phase 1 of Unit-4, which is expected to be commissioned by Mar 2028. Factoring in Q2, we have tweaked EBITDA estimates and revised TP to INR 960, based on 39x Q2FY29E EV/E (implying 58x PE). Maintain ADD.
- **Sundaram Finance:** Sundaram Finance (SUF) reported a mixed operating performance with strong AUM growth (+19% YoY) and NIM reflation offset by higher-than-expected credit costs (1%). Business momentum remained strong across segments, with disbursements growth of 28% YoY. SUF's product/geographic diversification strategy, along with industry tailwinds, has aided in driving healthy AUM/disbursements CAGR of 19%/25% over FY22-FY26, along with strong growth in H1FY27. We expect SUF to maintain its market share in core CV segments, along with gradual product diversification. Asset quality deteriorated sequentially, largely due to seasonality, as per management. However, global headwinds (higher fuel prices) and monsoon deficit remain a key monitorable. We have revised FY27-FY29E estimates to factor in marginally higher loan growth and compression in NIM and maintain ADD with a revised SoTP-based TP of INR 4,985 (standalone entity at implied 3.1x Sep-28 ABVPS).
- **Dr. Lal Pathlabs:** EBITDA (+25% YoY) was 3/5% ahead of our/consensus estimates, led by a 20% YoY increase in sales, supported by 10/13% YoY growth in patient/sample volumes as well as 9/5% in patient/sample realization (better test mix and CGHS price revision benefits). This led to 139bps YoY expansion in EBITDA margin to 32.1% in Q2. SwasthFit continues to sustain a strong momentum with 20% YoY growth in Q2FY27 (contributes 26% of sales). The company revised its guidance for FY27 to high teens (earlier early- to mid-teens) and margins slightly higher than the 28.3% in FY26 as the company looks to re-invest in the business to support future growth. The key growth driver is geographic expansion (core markets and tier 2/3 regions) and plans to open 15-18 additional labs in FY27, portfolio innovation (broadening its high-complexity testing in genomics, oncology, and auto-immunity), and digital enablement. It is looking to expand its portfolio offering and presence (with focus on tier 2 and 3 region) to sustain the growth momentum. The company expects to sustain long-term organic revenue growth in mid-teens.

The company's initiatives in genomics, digital pathology, radiology, and international markets are to build long-term growth drivers. With net cash at INR 17.5bn, management is exploring decent-sized platform acquisitions, including outside India. No price hike has been taken in the last four years. The company is open to increasing test prices but will act only on cost pressure or market price benchmarking, with a decision over the next 1-2 quarters and any hike will below inflation. Factoring in Q2 beat, we raised EPS by 3% for FY27/28E and revised TP to INR 2,330, based on 47x Q2FY29E EPS. We reiterate BUY.

- **Niva Bupa Health Insurance:** NIVABUPA delivered a strong performance under the IND-AS reporting framework, delivering a sharp doubling of profitability (INR1.35bn), driven by a ~27% topline expansion and a notable improvement in underwriting metrics. CISR (underwriting discipline proxy) moderated 430bps to ~99%, primarily led by a 200bps improvement in loss ratio (LR). We believe NIVABUPA continues to enjoy sustainable competitive moats around its use of analytics for risk selection and product pricing, translating into superior profitability metrics. Given the IRDAI's proposed commission distribution reforms, we anticipate a regulatory overhang on NIVABUPA's growth trajectory (10% GWP CAGR over FY26-29E) as we build in full-year FY27 CISR at 99.6% and PAT growth at 39%; we maintain BUY with a NOPAT-based TP of INR95 (23.2x Sep-28 EPS; ~8% growth discount over STARHEAL's implied valuation of 25.3x).

- **Metropolis Healthcare:** EBITDA grew 24% YoY to INR 1.34bn, ~3% ahead of ours and consensus estimates, as sales increased 16% YoY, led by 10/11% YoY growth in patient/test volumes and 6/5% YoY realization per patient/test. Metropolis lifts its growth and margin guidance to 15-16% (from 14-15% earlier) and 175-200bps EBITDA margin expansion (125-150bps earlier), largely led by volume growth, better mix, rising share of specialty and wellness, and operating leverage. Moreover, it is targeting 27-28% EBITDA margin over the next 2-3 years, supported by steady growth and cost optimization. The company referred to certain focus areas for overall profitable growth in FY27: (1) accelerating network expansion to cover peripheral areas around newer labs with focus on tier 2/3 markets and deeper penetration in existing markets; (2) B2B partner addition with focus on specialty testing; (3) increasing specialty mix in the next couple of years, led by Core Diagnostic; (4) genomics scale-up, high-end testing expansion in oncology, reproductive health, and rare and inherited disorders; (5) increasing TruHealth share; (6) adding allied services such as basic radiology, doctor consultations, and vital checks across network, with focus on increasing customer wallet share; and (7) having a disciplined approach for inorganic growth with strategic focus on growth, market expansion, and testing portfolio. The company is evaluating price increase in early CY27 considering multiple factors like cost escalation (raw material and logistics), competitive price dynamics, micro-market focus, and insulating volume growth. Having completed its investment phase, Metropolis is focusing on execution and margin expansion. Initiatives like network expansion, diversification of test portfolios, wellness packages, genomics scale-up, M&As, enhancing tier 2/3 cities' share, and boosting B2C presence are expected to drive sales and margin. Factoring in Q2, we have raised EPS by 3% for FY27E with minor change for FY28E. We have revised the TP to INR 660 (41x Q2FY29E EPS). ADD stays.

- **Aptus Value Housing Finance India:** APTUS reported a mixed set of results, with reflation in NIM offset by moderation in disbursement growth (+20% YoY) and higher delinquencies. Asset quality deteriorated in the NBFC subsidiary (credit costs of 169bps), driving tighter underwriting norms and

subsequently moderating loan growth. APTUS continues to take multiple initiatives to drive loan growth, including customer diversification (floor of INR 0.7mn ticket size), accelerated branch additions (58 in H1), diversification of sourcing mix and geographical diversification (10% of branches in non-core states), with LIG, self-employed, and rural-based customers remaining the core customer segment. While profitability metrics remained superior, scaling up among non-core geographies, customers, and products is a key monitorable. We maintain ADD with an unchanged RI-based TP of INR 315 (implying 2.2x Sep-28 ABVPS).

- **Bata India:** Bata India's Q2 revenue grew by 7.5% YoY to INR 8.6bn (in-line). Growth was fueled by premiumization-led ASP growth of ~5-6% YoY, while volume growth remained marginal. LFL growth was in single digits. E-com delivered ~5% YoY growth in Q2. Management took a calibrated price hike from Q1 to offset RM inflation, with full benefits expected to reflect from Q3FY27 onward. GM remained largely flat YoY at 55.5% (HSIE: 55.1%), as benefits from higher full-price sales and lower inventory markdowns was partly diluted by an adverse channel mix shift toward franchise/e-com (58bps impact). Adj. EBITDAM declined 59bps YoY to 17.5% (HSIE: 17.6%) due to minimum-wage hikes and higher ad spends. Q2FY27 PAT was impacted by one-off items: (1) non-cash forex loss on license fees of INR30mn due to continued currency devaluation and (2) one-time fixed asset write-off of INR39mn. Adj. EBITDA/APAT grew by 4/12.9% YoY to INR 1.51bn/250mn (HSIE: in-line/INR232mn). New MD & CEO Sanjay Rao aims to double turnover by FY30. We await execution and, hence, maintain FY27/28 EPS estimates and REDUCE rating with a DCF-based TP of INR610/sh, implying ~22x Sep-28 P/E.
- **Balaji Amines:** We maintain SELL on Balaji Amines (BAL) with a TP of INR 1,746, owing to (1) chronically underutilized capex platforms such as DME, electronic grade DMC, EDA, and downstream derivatives, which remain dependent on slow regulatory approvals and limited domestic adoption; (2) profitability could remain under pressure by a domestic methylamines supply glut, continued Chinese dumping, and lack of antidumping duties on products like EDA limiting the scope for margin expansion. Currently, the stock is trading at 31.9/25.0/18.4x FY27/28/FY29E. Q2 EBITDA/APAT were 10/25% above our estimates.
- **V-MART Retail:** V-Mart delivered a topline growth of 18.1% YoY to INR 9.53bn in Q2 (in-line), with core V-Mart operations up 17% YoY to INR 7.75bn and Unlimited up 24.7% YoY to INR 1.7bn. Q2 SSSG was muted at 3% as the festive season shifted from Q2 to Q3 (festive-adjusted: 11%). Unlimited continued to outperform, with SSSG of 11% in Q2 and new stores (now ~55% of the format's network) are ramping up with better productivity and lower rentals than legacy stores. Sales density (annualized) was up ~3% YoY. Management indicated that it is taking ~5-6% price hikes to offset RM inflation, while sustained crude prices at current levels could necessitate further hikes. GM contracted by 16bps YoY to 33.5% (HSIE: 33%), but Pre-IND-AS EBITDAM stood flat YoY at 0.6% (HSIE: 0.1%), courtesy employee cost efficiencies, better operating leverage, and ebbing Limeroad losses. The company added 22 stores (net) in Q2FY27. Management has reiterated 90-100 store additions (gross) and 17-20% revenue growth guidance in FY27. We have maintained FY27/28 EBITDA estimates and ADD rating, with a DCF-based TP of INR 850/sh, implying ~19x Sep-28 EV/EBITDA.
- **Stylam Industries:** Stylam's revenue grew 16% YoY to INR 3.4bn, supported by price hikes. Export revenue rose 27% YoY, led by better product value, price increases, and higher ocean-freight rates, while domestic revenue declined 12% YoY due to the reduction in liner-laminate sales. Gross margin

(GM) expanded 160bps YoY and 60bps QoQ; however, EBITDA margin contracted 250bps YoY and 430bps QoQ, owing to elevated ocean freight and energy costs. EBITDA increased 1% YoY, while APAT grew 13% YoY, aided by higher other income as export incentives are now classified under other income rather than revenue. The company commissioned its brownfield laminates plant at the end of Sep-26 at a cost of ~INR 3bn. Two presses are currently operational, with the remaining two expected to come on stream in the coming days. As per management, the plant is expected to generate INR 2.5–3bn in FY27 and ramp up to INR 6–7bn in FY28 as utilization improves. Given the geopolitical backdrop, management finds it difficult to reaffirm its earlier EBITDA margin outlook of 19-20%. It expects domestic revenue to begin recovering next quarter, with a stronger pick-up by Q4. Considering Q2 performance, we retain estimates with a BUY rating and an unchanged target price of INR 4,065/sh (30x Mar-28E EPS).

- **Prince Pipes and Fittings:** Prince Pipes' Q2 revenue grew by 38% YoY, led by strong plumbing volume growth of 22% YoY and 13% YoY NSR expansion. EBITDA margin expanded by 300bps YoY (-40bps QoQ) to 12.2%. EBITDA grew by 82% YoY on a low base, while PAT stood at INR 478mn vs INR 146mn YoY (3.3x YoY). The company maintains its FY27 volume growth guidance of 12–15% and is targeting an 11–13% EBITDA margin, aided by a stronger value-added product mix. October volume remains strong, in line with Q2 trends, aided by the previous year's favorable base. Factoring in a strong Q2 and continued surge in PVC prices (which has led to higher NSR), we have raised revenue estimates for FY27/28/29 by 7/3/3%. Given the upward trend in PVC prices, which typically results in inventory gains, we have increased the FY27E EBITDAM estimate by 90bps while retaining FY28/29E estimates. Consequently, we have raised EBITDA and APAT estimates for FY27/28/29E by 16/3/3% and 30/5/6%. We retain REDUCE, with a revised TP of INR 290/share (22x Sep-28E EPS).

- **HG Infra:** HG Infra (HG) reported Q2FY27 revenue/EBITDA/APAT of INR 8.8/1/0.3bn, a 7.5/22.4/29.3% miss vs. our estimates. This is largely on account of delays in appointment dates for projects in the order book (OB), with only INR 65bn (47%) of the OB under execution. The OB as of Sep'26 stood at INR 137bn (~2.4x FY26 revenue). The balance INR 72bn of projects are expected to move into execution from Dec-26. Hence, the company has revised FY27 revenue guidance to INR 60bn, the lower end of the earlier guidance of INR 60-65bn, and EBITDA margin guidance to 13-13.5% for H2FY27. This guidance moderation factors in underwhelming H1FY27 performance. It has maintained its commitment to diversify into new business segments, as is also evident from its OB, which now includes roads, rails, solar, T&D, and BESS. This will reduce segmental concentration risk, and is particularly important since the company has seen muted awarding and intense competition in the road infrastructure sector. We have cut our estimates to factor in the delay in project appointed dates and lowered margin assumptions on high commodity prices. Given a stable OB, expected pick-up in execution, and a healthy balance sheet, we maintain BUY, with a reduced TP of INR 701 (9x Sep-28E EPS).

Zydus Lifesciences

Margin pressure; specialty assets key to growth

EBITDA grew only 8% YoY despite 29% YoY sales growth, as higher operating costs offset revenue growth and GM expansion. Sales growth was led by 6% QoQ growth in the US, 18% YoY growth in India, Amplitude sales, and 76% growth in consumer (largely M&A-led). GM improved to 72.8% (+37bps YoY), but higher staff costs, SG&A and R&D expenses (up 31%/36%/51% YoY) weighed on profitability, causing the EBITDA margin decline of 441bps YoY to 22.3%. Zydus expects: (1) strong double-digit revenue growth in FY27; (2) single-digit growth in the US in FY27, driven by launches, meaningful traction from gMyrbetriq despite competitive entry and scale-up of specialty portfolio. It expects stability in the US business in FY28, led by new launch opportunities, including Palbociclib (gIbrance) and other FTFs, as well as the scale-up of specialty business; (3) mid-teen growth in India, outpacing IPM growth by 100–200bps, led by specialty brands and focused therapies; and (4) strong traction in EMs/EU, driven by launches. It expects margin to stay above 24%, vs 27.1% in FY26, factoring in cost escalation, generic competition in gMyrbetriq, and launch-related spending for Saroglitazar. Specialty assets remain a key growth driver, with visibility across many opportunities: (a) traction from Zycubo (CUTX101) in the US; (b) traction from the in-licensed products Beizray and Nufymco (bRanibizumab); (c) Saroglitazar for PBC, with the USFDA's TAD expected in Nov-26, launch in Mar-27 and scale-up in FY29; (d) traction from Assertio's brand Rolvedon (Eflapegrastim); (e) launch of Desidustat in China, where it has been approved for renal anaemia; and (f) FYB206 (Pembrolizumab, a biosimilar to Keytruda), with launch visibility in CY28/29. Zydus may explore strategic bolt-on M&As but not large-sized ones. Factoring in Q2, we cut EPS estimates by 6%/1% for FY27/28E and revise the TP to INR 1,280 (26x Q2FY29E). ADD stays, as broader thesis of steady growth in India and US, R&D asset monetization, and Medtech scale-up remains intact.

- **Q2 highlights**: Sales grew 29% YoY to INR 70.09bn as the US sales (43% of sales) at USD 347mn were up 6% QoQ (+11% YoY). This was because competitive impact in Mirabegron was offset by new launches, base business volume growth, and incremental sales from Rolvedon. India (24%) grew 18% YoY. Wellness (14%) grew 76% YoY. EMs/EU (13%) grew 33% YoY, and Medtech sales were at INR 2.24bn. Higher GM (+37bps YoY to 72.8%) and higher staff/SG&A/R&D (31%/36%/51%) led to EBITDA of INR 17.6bn (+8% YoY) and 22.3% margin (-441 bps). PAT^ was at INR 7.96bn (-21% YoY).
- **Con call takeaways:** The company's biosimilar sales crossed ~INR 10bn in India with minor contribution from international markets; it expects to expand business with fresh launch visibility. Saroglitazar-related costs have started already and will increase in H2FY27, given the expected launch in FY28; recent queries related to labelling have been addressed with no major pending queries. Depreciation should remain above INR 6bn per quarter.

Quarterly financial summary

(INR mn)	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	79,096	61,232	29	80,170	(1)	232,415	271,484	328,562	352,285	377,425
EBITDA	17,672	16,382	8	18,717	(6)	69,134	72,776	76,640	84,548	92,469
APAT	7,969	10,076	(21)	9,003	(11)	45,972	45,231	39,530	45,863	52,365
EPS (INR)	8.0	10.1	(21)	9.0	(11)	46.1	45.3	39.6	46.0	52.5
P/E (x)						25.8	26.3	30.0	25.9	22.7
EV/EBITDA (x)						16.9	17.4	16.9	14.9	13.2
RoCE (%)						22	17	13	13	14

Source: Company, HSIE Research, ^PAT adjusted for forex gain of INR 1.27bn, INR 13mn one-offs

ADD

CMP *(as on 4 Nov 2026)*	INR 1,188
Target Price	INR 1,280
NIFTY	23,961

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1240	INR 1280
	FY27E	FY28E
EPS %	(6.5)	(0.6)

KEY STOCK DATA	
Bloomberg code	ZYDUSLIF IN
No. of Shares (mn)	998
MCap (INR bn) / ($ mn)	1,237/13,050
6m avg traded value (INR mn)	1,881
52 Week high / low	INR 1,259/836

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	10.1	39.1	27.3
Relative (%)	13.2	40.7	37.1

SHAREHOLDING PATTERN (%)	Jun-26	Sep-26
Promoters	75.01	75.01
FIs & Local MFs	11.27	11.28
FPIs	6.88	7.05
Public & Others	6.84	6.66
Pledged Shares	-	-

Source: BSE

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BSE

CAS blip behind; rebound underway

BSE's revenue declined 8.5% QoQ (+34% YoY) to INR 14.3bn in Q2FY27, its first sequential decline after 12 quarters of growth, as CAS implementation weighed on expiry-day activity. Notional and options premium ADTV fell 22/24% QoQ to INR 185trn/INR 225bn, the sharpest sequential declines since the derivatives relaunch, taking options revenue down 17.6% QoQ and its share of revenue to 66% from 74%. Services to corporates (+65% QoQ), cash (+12% QoQ), and colocation (+4% QoQ) partly cushioned the decline. Cost discipline was the standout; expenses fell faster than revenue, as volume-linked regulatory and clearing charges eased with lower activity and the exchange kept a tight lid on employee costs, technology, and other overheads. As a result, EBITDA margin expanded to 68.7% even as revenue contracted and PAT came in ahead of our estimate. SEBI has decoupled expiry settlement from the auction, restoring last 30-minute VWAP for index and stock derivatives, removing a key overhang. October volumes are already above pre-CAS levels, aided by volatility, and we expect volumes to hold up even as P/N normalizes, once the new CAS rules apply from Dec-26. We estimate options premium market share of 32/32/33% in FY27/28/29E vs 25% in FY26, raise FY27/28/29E EPS by 6.6/5.4/5.3% and project FY26–29E EPS CAGR of 23.3%. We maintain ADD with a revised TP of INR 4,180 (from INR 3,900), based on 40x core Sep-28E PAT plus the CDSL stake value and net cash (ex-SGF); the stock is trading at 43x/37x FY27/28E EPS.

- **Q2FY27 highlights**: Revenue declined 8.5% QoQ while growing 34.1% YoY to ~INR 14.33bn (vs our estimates of ~INR 14.08bn), led by 15.1% QoQ decline (+42% YoY) in transaction income, partially offset by 64.9/19.7% QoQ/YoY increase in services to corporates, aided by strong traction in primary markets along with a 5/10% QoQ/YoY growth in data feed services. The transaction revenue decline was led by the derivatives segment and MF segment (-17.6/-1.2% QoQ), partially offset by growth in cash segment (11.6% QoQ). The EBITDA margin stood at 68.7% vs 68.4% in Q1. Margin expansion was led by 13.9/11.4/5.3/4.5/2.7% decrease in SEBI regulatory expenses/clearing and settlement expenses/tech expenses/other expenses/employee costs respectively. SGF contribution in the quarter stood at INR 0.11bn and reported PAT stood at INR 8.09bn vs our estimate of INR 7.29bn.
- **Outlook:** We expect revenue growth of +32/17/18% and EBITDA margins of 68.8/69.7/70.2% in FY27/28/29E. Revenue CAGR of 22.1% over FY26-29E assumes derivatives revenues of INR 45/53/64bn on options premium ADTV of INR 280/332/396bn in FY27/28/29E. Core PAT CAGR over FY26-29E is at 25.2%.

Quarterly financial summary

YE March (INR mn)	2Q FY27	2Q FY26	YoY (%)	1Q FY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	14,327	10,684	*34.1*	15,660	*-8.5*	29,742	48,344	63,903	74,676	88,081
EBITDA	9,840	6,909	*42.4*	10,719	*-8.2*	15,929	31,559	43,943	52,064	61,862
APAT	8,091	5,584	*44.9*	8,740	*-7.4*	13,259	24,970	34,291	39,761	46,796
Diluted EPS (Rs)	20	14	*44.9*	22	*-7.4*	32.7	61.5	84.5	97.9	115.2
P/E (x)							58.6	42.6	36.8	31.3
EV/EBITDA							44.8	31.8	26.3	21.6
ROE (%)						34.3	45.0	37.4	33.0	30.4

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

YE March (INR mn)	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %	FY29E Old	FY29E Revised	Change %
Revenue	61,460	63,903	*4.0*	71,860	74,676	*3.9*	84,784	88,081	*3.9*
EBITDA	41,496	43,943	*5.9*	49,168	52,064	*5.9*	58,470	61,862	*5.8*
EBITDA margin (%)	67.5	68.8	125bps	68.4	69.7	130bps	69.0	70.2	127bps
APAT	32,171	34,291	*6.6*	37,735	39,761	*5.4*	44,433	46,796	*5.3*
EPS (INR)	79.2	84.5	*6.6*	92.9	97.9	*5.4*	109.4	115.2	*5.3*

Source: Company, HSIE Research

ADD

CMP *(as on 4 Nov 2026)*	**INR 3,602**
Target Price	**INR 4,180**
NIFTY	**23,961**

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 3,900	INR 4,180
EPS %	FY27E	FY28E
	+6.6%	+5.4%

KEY STOCK DATA

Bloomberg code	BSE IN
No. of Shares (mn)	408
MCap (INR bn) / ($ mn)	1,424/15,013
6m avg traded value (INR mn)	14,852
52 Week high / low	INR 4,447/2,377

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(4.3)	(4.1)	40.8
Relative (%)	(1.2)	(2.5)	50.6

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	0.00	0.00
FIs & Local MFs	24.15	25.89
FPIs	21.32	17.1
Public & Others	54.54	57.02
Pledged Shares	0.00	0.00

Source : NSE

Pledged shares as % of total shares

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FSN E-commerce Ventures (Nykaa)

Margin beats expectations; priced for perfection

Nykaa's Q2 topline grew 28.1% YoY to INR30.1bn (in-line), driven by sustained customer acquisition across both verticals (BPC/fashion AUTC grew 26.3/37.8% YoY). BPC revenue grew 26.6% YoY to INR27bn (HSIE: INR27.3bn), led by strong execution across channels (early-20s retail SSSG) and House of Nykaa brands (NSV +39% YoY). Fashion delivered a robust 42.8% YoY revenue growth to INR2.87bn (in-line), aided by strong customer acquisition, new brand launches, and encouraging traction from Nike/H&M partnership. GM expanded by 106bps YoY to 46% (HSIE: 45%), led by higher salience of owned brands. Consequently, EBITDAM rose by 196bps YoY to 8.7% (HSIE: 8%) due to better operating leverage. BPC EBITDAM (as % of NSV) expanded by ~150bps YoY to 10.5%, while fashion sustained breakeven profitability (at 0.2% vs -3.5% in Q2FY26), led by better marketing efficiency and operating leverage. We have raised FY27/28 EBITDA estimates by 1-2% but maintain SELL (given heady valuations; ~80x Sep-28 EV/EBITDA), with a DCF-based TP of INR 240/sh, implying ~53x Sep-28 EV/EBITDA.

- **Q2FY27 highlights**: Revenue grew 28.1% YoY to INR30.1bn. BPC/fashion revenue grew 26.6/42.8% to INR27/2.87bn respectively. BPC/fashion AUTC grew 26.3/37.8% YoY to 22.1/5.1mn. BPC orders grew 28% YoY to 20.1mn (HSIE: 21.3mn), while fashion orders are estimated to have grown 37.5% YoY to 3.3mn (HSIE: 3.7mn). BPC/Fashion AOV grew ~5/-6% YoY to INR 2,149/4,378 (HSIE: in-line/INR4,500). Nykaa's owned brands' BPC/fashion NSV grew ~39/6% YoY to INR5.35/0.4bn in Q2FY27. Retail presence expanded to 338 beauty stores (+26% retail space YoY) with early-20s SSSG in Q2FY27, while Nykaa Now expanded to 15 cities and expects to reach 25+ cities by Q4FY27. GM expanded by 106bps YoY to 46% (HSIE: 45%), driven by higher salience of owned brands. Consequently, EBITDAM expanded 196bps YoY to 8.7% (HSIE: 8%) due to better operating leverage. Fulfillment costs (as % of sales) increased 47bps YoY to 10.1% due to investments in delivery infrastructure, but this was more than offset by lower marketing and S&D expense (down 50bps YoY to 15.2%), driven by efficiency in performance marketing spends across verticals. Note: BPC EBITDAM (as % of NSV) expanded by ~150bps YoY to 10.5%, while fashion sustained near breakeven profitability. EBITDA/APAT grew 65.2/197% YoY to INR2.63/1.01bn (HSIE: INR2.42/0.95bn). H1FY27 OCF declined to -INR286mn (vs INR1.29bn in H1FY26) due to festive-led inventory build.
- **Outlook**: Nykaa's strong customer acquisition-backed growth and the fashion turnaround is encouraging, but sustaining this momentum in the medium term will be critical to watch. We have raised FY27/28 EBITDA estimates by 1-2% but maintain SELL (given heady valuations; ~80x Sep-28 EV/EBITDA), with a DCF-based TP of INR 240/sh, implying ~53x Sep-28 EV/EBITDA.

Quarterly financial summary

(INR mn)	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ(%)	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	30,060	23,460	28.1	27,820	8.1	79,498	1,00,224	1,27,563	1,56,660	1,89,596
EBITDA	2,626	1,590	65.2	2,361	11.2	4,739	7,523	11,001	15,293	20,036
Pre-IND-AS EBITDA						2,517	4,775	7,504	11,014	14,875
APAT	1,012	340	197.4	798	26.9	721	2,039	4,627	7,260	10,483
EPS (Rs)	0.4	0.1	206.5	0.3	26.8	0.3	0.7	1.6	2.5	3.7
P/E (x)						1,408.4	498.4	219.7	140.1	97.0
EV/EBITDA (x)						406.3	213.8	135.9	92.0	67.7
Core RoCE(%)						4.0	10.8	20.6	26.8	31.1

Change in estimates

(INR mn)	FY27E			FY28E			FY29E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	1,27,563	1,27,563	-	1,56,660	1,56,660	-	1,89,596	1,89,596	-
Gross Profit	57,205	57,353	*(0.3)*	70,292	70,233	*0.1*	84,932	84,865	*0.1*
Gross Profit Margin (%)	44.8	45.0	***(12 bps)***	44.9	44.8	***4 bps***	44.8	44.8	***4 bps***
Reported EBITDA	11,001	10,967	*0.3*	15,293	15,065	*1.5*	20,036	19,814	*1.1*
Reported EBITDA margin(%)	8.6	8.6	***3 bps***	9.8	9.6	***15 bps***	10.6	10.5	***12 bps***
Pre-IND AS EBITDA	7,504	7,470	*0.5*	11,014	10,786	*2.1*	14,875	14,654	*1.5*
EBITDA margin (%)	5.9	5.9	***3 bps***	7.0	6.9	***15 bps***	7.8	7.7	***12 bps***

Source: Company, HSIE Research, Note: EBITDAM are on Pre-IND-AS 116 basis

SELL

CMP*(as on 04 Nov 2026)*	**INR 355**
Target Price	**INR 240**
NIFTY	**23,961**

KEY CHANGES	OLD	NEW
Rating	SELL	SELL
Price Target	INR 240	INR 240
EBITDA%	FY27E	FY28E
	+0.5	+2.1

KEY STOCK DATA

Bloomberg code	NYKAA IN
No. of Shares (mn)	2,865
MCap (INR bn) / ($ mn)	1,013/10,684
6m avg traded value (INR mn)	2,092
52 Week high / low	INR 357/219

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	6.1	33.6	42.6
Relative (%)	9.1	35.2	52.5

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	52.08	52.07
FIs & Local MFs	24.08	22.35
FPIs	13.73	15.65
Public & Others	10.11	9.93
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Lupin

Margin pressure in H2FY27; recovery in FY28

EBITDA declined by 8% YoY despite 11% YoY sales growth (US: -13% QoQ; India: +15% YoY) and gross margin (GM) expansion of 24bps YoY to 74.3%, as gains were offset by higher costs (staff/R&D/SG&A expenses up 29%/18%/25% YoY), resulting in a 530bps YoY EBITDA margin contraction to 25%. LPC expects: (1) single-digit FY27 revenue growth, 24-25% EBITDA margin (factoring in competition from Tolvaptan and Mirabegron and visible cost headwinds across raw materials and logistics), R&D at ~8% of sales, and 27-28% ETR; (2) the US business to sustain revenues of USD 1.1-1.2bn in FY27 (quarterly sales run rate of USD 210-260mn). Further, the US business is expected to remain stable at ~USD 1bn in FY28, led by FTFs, injectables, 505(b)(2) launches (Apixaban in FY28), and biosimilar launches. LPC is aiming for 100+ launches by FY32, with ~70% of its US portfolio comprising complex products; and (3) the India business to outperform IPM by 1.2-1.3x, led by field force additions, improving productivity, and 80 new launches over the next few years. It is aiming for novel proprietary products (developed in-house and in-licensed late-stage assets) to form one-third of India sales over the next decade. Factoring in Q2 performance, we have tweaked the FY27/28E EPS estimates and revised the TP to INR 2,250 (21x Q2FY29E EPS). ADD stays.

- **Q2 highlights**: Sales grew 11% YoY to INR 78.27bn, as US sales (39% of sales) were down 13% QoQ to USD 317mn (+1% YoY), given that competitive pressure in key products was offset by new launches and volume growth. India (31%) was up 14% YoY to INR 23.83bn. Higher GM at 74.3% (+24 bps) and higher staff/R&D/SG&A (+29%/18%/25%) led to an EBITDA of INR 19.57bn (-8% YoY) and a margin of 25% (-532 bps YoY). Adjusted for one-offs^, PAT was at INR 10.91bn (-18% YoY).
- **Key takeaways from con call: gSpiriva**: market share at 36%; no visible competition. **gMyrbetriq and gJynarque**: gMyrbetriq market share at 16%; both the drugs have seen generic competition leading to price erosion. **Albuterol**: market share at 15%. The company is planning 60+ launches in the US, including 25 injectables and respiratory, 5 biosimilars, and two 505(b)(2), over the next few years. **Key growth drivers include**: (a) Respiratory: a pipeline of 20+ inhalation products, including Dulera, Spiriva Respimat (filing in FY27), Symbicort, Advair HFA, the Ellipta franchise (filing in H1CY27), green propellant, and a couple of MDIs (filings by FY27-end); and (b) Biosimilars: plans to launch six biosimilars in the US by FY32, including Pegfilgrastim in FY27 (with Valorum Biologics as US front-end partner), Ranibizumab in FY28, Aflibercept, Pegfilgrastim Onpro, and Etanercept in CY29. Lupin also aims to expand its specialty portfolio (Xopenex, NaMuscla, Zaxine, etc.) over the next 3-5 years and is exploring M&As and partnerships to drive growth in this segment. **India business**: Field force at ~11,400 (MRs at ~8,800); in-licensing portfolio contribution at 6% of sales.

Quarterly financial summary

(INR mn)	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	78,273	70,475	11	82,769	(5)	227,079	279,580	312,681	319,405	346,101
EBITDA	19,574	21,376	(8)	24,635	(21)	54,718	81,595	78,796	76,977	85,141
APAT	10,916	13,272	(18)	14,248	(23)	35,364	53,441	44,164	45,504	52,504
EPS (INR)	23.9	29.0	(18)	31.2	(23)	77.3	116.9	96.6	99.5	114.8
P/E (x)						26.1	17.2	20.9	20.3	17.6
EV/EBITDA (x)						17.1	11.0	11.3	11.1	9.6
RoCE (%)						22	27	20	18	19

Source: Company, HSIE Research, ^ forex gain of INR 870mn

ADD

CMP *(as on 4 Nov 2026)*	INR 2,009
Target Price	INR 2,250
NIFTY	23,961

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2630	INR 2250
EPS %	FY27E	FY28E
	(2.5)	(2.0)

KEY STOCK DATA

Bloomberg code	LPC IN
No. of Shares (mn)	457
MCap (INR bn) / ($ mn)	913/9,628
6m avg traded value (INR mn)	2,262
52 Week high / low	INR 2,530/1,893

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(17.3)	(13.4)	1.7
Relative (%)	(14.3)	(11.8)	11.5

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	46.85	46.84
FIs & Local MFs	24.65	23.66
FPIs	22.42	23.16
Public & Others	6.08	6.34
Pledged Shares	-	-

Source: BSE

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MCX

Recovery with widening participation

MCX delivered a strong Q2FY27, with revenue/EBITDA up 13.9/23.7% QoQ (+114/151% YoY) as volumes recovered and the RBI bank guarantee impact faded. Options premium ADTV rose 13.3% QoQ to INR102.9bn, notional options ADTV 21.3% to INR12.0trn and futures ADTV 5.4% to INR628bn. Premium growth was led by bullion (+24.6% QoQ) and crude (+12.2%), partly offset by natural gas (-3.0%). Participation continued to broaden, with options traded UCCs up 103% YoY (+11% QoQ) to 1.3mn and active UCCs up 46% YoY to 53.7mn, aided by digital brokers. EBITDA margin expanded 607bps QoQ to 76.4% (EBITDA 5% above our estimate), aided by lower SGF contribution vs INR323mn in Q1; following regulatory changes, we now assume SGF contribution at 2% of transaction revenue. APAT grew 9.9% QoQ to INR4.5bn (5% below our estimate), as the tax rate rose to 28.9% from 21.0%. With the bank-guarantee impact behind, volume growth will be underpinned by widening retail participation, product innovation, improved expiry frameworks, domestic price discovery, and growing hedging by SMEs and corporates. FPI participation in non-cash-settled contracts is on track and should progressively lift volumes and liquidity, particularly in bullion and metal contracts (index options). We estimate options notional/premium ADTV CAGR of 53/30% over FY26-29E. We have raised FY27/28E EPS by 0.6/2.2%, factoring in lower SGF, and maintain BUY with a TP of INR 4,000, based on 45x Sep-28E core PAT plus net cash ex-SGF.

- **Q2FY27 highlights:** MCX revenue stood at INR 8.00bn, 13.9/+113.7% QoQ/YoY (vs our estimate of INR 8.05bn). Futures/options revenue stood at INR 1.74/5.68bn, 8.7/16.8% QoQ. Future ADTV increased 5.4% QoQ to INR 628.19bn, led by a 11.5% QoQ rise in the bullion segment, partly offset by a sequential decline of 9.3/4.3% in metals/energy. Options notional ADTV increased 21.3% QoQ, while premium increased by 13.3% QoQ. P/N declined 6bps QoQ to 0.86% from 0.92% in Q1FY27; EBITDA margin expanded by 607bps QoQ to 76.4%. Options notional/premium ADTV stood at INR 12,001/102.91bn and options contributed ~76.5% to transaction revenue vs 75.2% in Q1FY27. Crude/natural gas/bullion contributed 26/6/67% to options notional and 58/13/29% to premium.
- **Outlook:** We expect +1/30% futures/premium CAGRs over FY26-29E, resulting in +22/24% revenue/APAT CAGRs over FY26-29E. The options notional assumptions are INR 11.8/14.0/16.8trn; premium is at INR 105.38/121.93/144.99bn, and P/N is at 0.89%/0.87/0.86% for FY27/28/29E. Futures ADTV is at INR 595.87/609.41bn for FY27/28E.

Quarterly financial summary

YE March (INR mn)	2Q FY27	2Q FY26	YoY (%)	1Q FY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	7,997	3,742	*113.7*	7,020	*13.9*	11,127	23,020	31,561	35,781	41,703
EBITDA	6,112	2,436	*150.9*	4,940	*23.7*	6,653	16,466	23,368	26,605	31,320
APAT	4,546	1,975	*130.2*	4,134	*9.9*	5,600	13,316	18,605	21,635	25,432
Diluted EPS (INR)	17.8	7.7	130.2	16.2	9.9	22.0	52.2	73.0	84.8	99.7
P/E (x)						150.3	63.2	45.2	38.9	33.1
EV / EBITDA (x)						122.9	48.5	34.3	29.9	25.2
RoE (%)						34.3	56.3	59.3	57.4	56.4

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

INR mn	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %	FY29E Old	FY29E Revised	Change %
Revenue	31,298	31,561	*0.8*	35,572	35,781	*0.6*	41,402	41,703	*0.7*
EBITDA	22,482	23,368	*3.9*	25,762	26,605	*3.3*	30,329	31,320	*3.3*
EBITDA Margin (%)	71.8	74.0	221bps	72.4	74.4	193bps	73.3	75.1	185bps
APAT	18,501	18,605	*0.6*	21,164	21,635	*2.2*	24,875	25,432	*2.2*
EPS (INR)	72.6	73.0	*0.6*	83.0	84.8	*2.2*	97.6	99.7	*2.2*

Source: HSIE Research

BUY

CMP *(as on 4 Nov 2026)*	**INR 3,312**
Target Price	**INR 4,000**
NIFTY	**23,961**

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 3,900	INR 4,000
EPS %	FY27E	FY28E
	+0.6%	+2.2%

KEY STOCK DATA

Bloomberg code	MCX IN
No. of Shares (mn)	255
MCap (INR bn) / ($ mn)	828/8,737
6m avg traded value (INR mn)	8,673
52 Week high / low	INR 3,481/1,761

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	20.7	9.3	75.7
Relative (%)	23.8	10.9	85.6

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	0.00	0.00
FIs & Local MFs	50.80	55.16
FPIs	29.85	27.06
Public & Others	19.15	17.57
Pledged Shares	0.00	0.00

Source: BSE

Pledged shares as % of total shares

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Anthem Biosciences

Margin to remain strong; CRDMO recovery key

EBITDA (+25% YoY) was in line with our/consensus estimates as moderate sales growth (+8% YoY; CRDMO grew 9% YoY) and higher costs (staff/SG&A were up 20%/38 YoY) were nullified by 952bps YoY expansion in gross margin to 68.9%, leading to a higher EBITDA margin of 45.7% (+609 bps YoY). The decline in the CRDMO business in Q1FY27, driven by timing shifts in deliveries to key customers, normalized in Q2, with sales growing 49% QoQ. The company expects this momentum to continue in H2, led by strong demand visibility and scheduled deliveries. It reiterated its double-digit revenue CAGR for the next few years. It expects EBITDA margin to remain above 39% in the near term. It expects growth in CRDMO to remain strong, led by commercial manufacturing (across 15 molecules) with continued traction from the existing 10 molecules and incremental sales from five recently launched molecules, led by strong order book visibility. The company has nine late-phase clinical projects and expects update on these in the next 18-24 months. While its early-stage work continues across peptides (both GLP-1 and non-GLPs), oligonucleotides, ADCs, RNAi and lipids, revenue timing is uncertain. It expects specialty ingredient business to remain at ~20% of sales in near- to mid-term with stable margin visibility. Strong cash position of ~INR 15.34bn as of Sep-26 provides headroom for M&As. The company retains its capex guidance of INR 12bn for Phase 1 of Unit-4, which is expected to be commissioned by Mar 2028. Factoring in Q2, we have tweaked EBITDA estimates and revised TP to INR 960, based on 39x Q2FY29E EV/E (implying 58x PE). Maintain ADD.

- **Q2 highlights:** Sales grew 8% YoY to INR 5.94bn. CRDMO (86% of sales) was up 9% YoY to INR 5.09bn (+49% QoQ). Specialty ingredients (14%) were flat YoY at INR 848mn (+9% QoQ). Higher GM at 68.9% (+952 bps YoY and +387 bps QoQ) and higher staff (+20%) and lower SG&A (+38% YoY) led to an EBITDA of INR 2.71bn (+25% YoY) and margin was at 45.7% (+609bps YoY). Higher other income (+198% YoY) and lower depreciation (-8%) led to a PAT^ of INR 2.05bn (+44% YoY).
- **Con call takeaways:** The company expects long runway of growth from commercial molecules, given the first product expiry is in 2032 and other patent expiries are from 2037 to 2047. It indicates that GM improvement was supported by backward integration for intermediates and better product mix. It also indicated that biotech funding was reviving but is a mixed bag due to geopolitical uncertainty, though Anthem has seen better RFP/RFQ inflows in the last few quarters. The company aspires for asset turnover of 1.4-1.5x in the a few years and expects Unit-4 to take further time to build following commissioning. As of Sep-26, total CDMO capacity in H1 was 425KL, fermentation capacity was 142KL, commercial molecules contributed 65.3%, and R&D service contribution was 8.1% of sales.

Quarterly financial summary

(INR mn)	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	5,940	5,500	8	4,182	42	18,446	21,243	23,889	28,583	34,542
EBITDA	2,715	2,179	25	1,506	80	6,708	8,338	10,224	12,376	14,784
APAT	2,057	1,430	44	1,186	73	4,439	5,578	7,413	8,510	10,186
EPS (INR)	3.6	2.5	44	2.1	73	7.9	9.9	13.2	15.1	18.1
P/E (x)						112.7	89.7	67.5	58.8	49.1
EV/EBITDA (x)						74.0	59.2	48.2	39.8	33.1
RoCE (%)						28	28	29	28	28

Source: Company, HSIE Research. ^Adjusted for one-offs gain of INR 58mn

ADD

CMP *(as on 4 Nov 2026)*	INR 888
Target Price	INR 960
NIFTY	23,961

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 850	INR 960
EBITDA %	FY27E 3.0	FY28E (0.0)

KEY STOCK DATA	
Bloomberg code	ANTHEM IN
No. of Shares (mn)	564
MCap (INR bn) / ($ mn)	468/4,933
6m avg traded value (INR mn)	666
52 Week high / low	INR 978/579

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	2.6	9.2	16.9
Relative (%)	5.6	10.8	26.7

SHAREHOLDING PATTERN (%)	Jun-26	Sep-26
Promoters	71.42	71.40
FIs & Local MFs	13.48	12.10
FPIs	2.58	3.79
Public & Others	12.52	12.71
Pledged Shares	-	-

Source: BSE

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Sundaram Finance

Sustaining growth momentum amidst headwinds

Sundaram Finance (SUF) reported a mixed operating performance with strong AUM growth (+19% YoY) and NIM reflation offset by higher-than-expected credit costs (1%). Business momentum remained strong across segments, with disbursements growth of 28% YoY. SUF's product/geographic diversification strategy, along with industry tailwinds, has aided in driving healthy AUM/disbursements CAGR of 19%/25% over FY22-FY26, along with strong growth in H1FY27. We expect SUF to maintain its market share in core CV segments, along with gradual product diversification. Asset quality deteriorated sequentially, largely due to seasonality, as per management. However, global headwinds (higher fuel prices) and monsoon deficit remain a key monitorable. We have revised FY27-FY29E estimates to factor in marginally higher loan growth and compression in NIM and maintain ADD with a revised SoTP-based TP of INR 4,985 (standalone entity at implied 3.1x Sep-28 ABVPS).

- **Steady P&L outcomes, driven by healthy loan growth:** NIM (calculated) increased to 4.45% (7bps QoQ), driven by reflation in yields. Opex ratios remained steady (opex to AUM at 2.10%; C/I at 30.2%) amidst distribution expansion (~48/929 net new branches/employees added in H1). AUM growth (+19.1% YoY) was led by CE/commercial lending and others growing by 20.2%/47% YoY, while M&HCV segment grew by 15.6% YoY. H1FY27 disbursements included INR 7.3bn of loans acquired from SHUF.
- **Sequential deterioration in asset quality:** GS-III/NS-III increased QoQ to 1.8%/0.9% (Q1FY27: 1.7%/0.9%), driving credit costs of 101bps (annualized) vs 71bps in Q1FY27 (Q2FY26: 86bps). As per management, higher credit costs were largely due to seasonality impact, although global headwinds and monsoon deficit remain a key monitorable for asset quality.
- **Robust franchise; mixed performance by subsidiaries:** SHUF's AUM growth increased to 14.2% YoY, with improvement in RoA/RoE to 2%/14.8%. The AMC entity's AUM growth remained muted at 10% YoY amidst muted capital markets. The general insurance entity continued to grapple with high COR (119%), partly due to additional provisions of INR 0.7bn for motor TP claims. SUF remains a robust franchise, delivering strong profitability (core RoE of ~17.5% in H1FY27) and steady loan growth. Further, current valuation (~2.4x Sep-28 ABVPS) provides improving risk-reward.

Financial summary (Standalone)

Y/E Mar (INR bn)	2Q FY27	2Q FY26	YoY (%)	1Q FY27	QoQ (%)	FY26	FY27E	FY28E	FY29E
NII	8.4	7.1	17.9	7.9	6.3	29.3	33.0	38.7	44.9
PPOP	7.8	6.3	23.5	7.9	-1.0	28.3	32.0	36.6	42.4
PAT	4.8	3.9	20.5	5.2	-8.9	18.3	21.2	24.1	27.8
EPS (INR)	42.8	35.5	20.5	47.0	-8.9	165.1	190.9	217.0	250.3
ROAE (%)	13.9	12.5		15.9		15.4	15.7	15.8	16.2
ROAA (%)	2.6	2.5		3.0		2.9	2.9	2.9	2.9
ABVPS (INR)						927	1,053	1,206	1,393
P/ABV (x)						3.3	2.9	2.6	2.2
P/E (x)						18.7	16.2	14.3	12.4

Change in estimates

INR bn	FY26E			FY27E			FY28E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
AUM	693	703	1.5%	804	816	1.5%	932	947	1.5%
NIM (%)	4.5	4.5	2 bps	4.6	4.6	-4 bps	4.7	4.6	-6 bps
NII	32.7	33.0	1.0%	38.5	38.7	0.5%	44.7	44.9	0.5%
PPOP	31.7	32.0	0.8%	36.6	36.6	0.0%	42.5	42.4	-0.2%
PAT	21.0	21.2	0.8%	24.1	24.1	-0.1%	28.0	27.8	-0.5%
ABVPS (INR)	1,052	1,053	0.1%	1,206	1,206	0.0%	1,395	1,393	-0.1%

Source: Company, HSIE Research

ADD

CMP *(as on 04 Nov 2026)*	INR 4,002
Target Price	INR 4,985
NIFTY	23,961

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 5000	INR 4985
EPS %	FY27E	FY28E
	0.8%	-0.1%

KEY STOCK DATA	
Bloomberg code	SUF IN
No. of Shares (mn)	111
MCap (INR bn) / ($ mn)	441/4,656
6m avg traded value (INR mn)	317
52 Week high / low	INR 5,642/3,816

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(14.8)	(12.4)	(13.5)
Relative (%)	(11.8)	(10.8)	(3.7)

SHAREHOLDING PATTERN (%)	Jun-26	Sep-26
Promoters	37.2	37.2
FIs & Local MFs	8.0	8.9
FPIs	22.4	21.8
Public & Others	32.4	32.1
Pledged Shares	0.0	0.0

Source: Company

Pledged shares as % of total shares

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Dr. Lal Pathlabs

Strong Q2; volume/realization-led growth to stay

EBITDA (+25% YoY) was 3/5% ahead of our/consensus estimates, led by a 20% YoY increase in sales, supported by 10/13% YoY growth in patient/sample volumes as well as 9/5% in patient/sample realization (better test mix and CGHS price revision benefits). This led to 139bps YoY expansion in EBITDA margin to 32.1% in Q2. SwasthFit continues to sustain a strong momentum with 20% YoY growth in Q2FY27 (contributes 26% of sales). The company revised its guidance for FY27 to high teens (earlier early- to mid-teens) and margins slightly higher than the 28.3% in FY26 as the company looks to re-invest in the business to support future growth. The key growth driver is geographic expansion (core markets and tier 2/3 regions) and plans to open 15-18 additional labs in FY27, portfolio innovation (broadening its high-complexity testing in genomics, oncology, and auto-immunity), and digital enablement. It is looking to expand its portfolio offering and presence (with focus on tier 2 and 3 region) to sustain the growth momentum. The company expects to sustain long-term organic revenue growth in mid-teens. The company's initiatives in genomics, digital pathology, radiology, and international markets are to build long-term growth drivers. With net cash at INR 17.5bn, management is exploring decent-sized platform acquisitions, including outside India. No price hike has been taken in the last four years. The company is open to increasing test prices but will act only on cost pressure or market price benchmarking, with a decision over the next 1-2 quarters and any hike will below inflation. Factoring in Q2 beat, we raised EPS by 3% for FY27/28E and revised TP to INR 2,330, based on 47x Q2FY29E EPS. We reiterate BUY.

- **Q2 highlights:** Sales grew 20% YoY to INR 8.74bn as patient volume grew 10% YoY to 9mn, and sample volume grew 13% YoY to 28.8mn (realization per patient and sample grew 9% and 5% YoY). Higher GM at 81.5% (+88 bps YoY), higher SG&A (+30%) and fees to franchise (+21%), and moderate staff cost (+5%) led to EBITDA of INR 2.8bn (+25% YoY) and 32.1% margin (+139 bps YoY). Higher other income (+38% YoY), depreciation (+16%), and interest (+46%) led to PAT of INR 1.92bn (+28% YoY).
- **Key con call takeaways:** It was broad-based across regions, driven by market buoyancy and the lab/collection-center expansion of the last 2-3 years. Suburban is back to double-digit growth, and the company is investing to improve the growth in Suburban brand. The tier 3+ towns contribute ~39% of revenue. Management sees mid-teen organic growth as sustainable (6-7% volume + 6-7% price/mix). The 2-3% CGHS tailwind fades after about one more quarter. International (<5% of revenue), radiology and rural outreach are long-term bets, with no meaningful contribution likely within 2-3 years.

Quarterly financial summary

(INR mn)	2Q FY27	2Q FY26	YoY (%)	1Q FY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	8,739	7,306	20	7,977	10	24,614	27,629	32,995	38,434	43,998
EBITDA	2,802	2,241	25	2,475	13	6,956	7,825	9,667	11,300	12,979
APAT	1,923	1,506	28	1,695	13	4,464	5,048	6,544	7,660	8,976
EPS (INR)	11.5	9.0	28	10.1	13	26.6	30.1	39.0	45.7	53.5
P/E (x)						76.2	67.3	52.0	44.4	37.9
EV/EBITDA (x)						47.5	42.0	33.8	28.5	24.3
RoCE (%)						29	28	31	31	31

Source: Company, HSIE Research

BUY

CMP *(as on 04 Nov 2026)*	**INR 2,029**
Target Price	**INR 2,330**
NIFTY	**23,961**

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2220	INR 2330
	FY27E	FY28E
EPS %	3.4	2.7

KEY STOCK DATA	
Bloomberg code	DLPL IN
No. of Shares (mn)	168
MCap (INR bn) / ($ mn)	317/3,341
6m avg traded value (INR mn)	871
52 Week high / low	INR 2,039/1,272

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(0.9)	38.0	20.4
Relative (%)	2.1	39.6	30.2

SHAREHOLDING PATTERN (%)	Jun-26	Sep-26
Promoters	53.19	52.93
FIs & Local MFs	21.59	21.58
FPIs	17.36	18.73
Public & Others	7.86	6.76
Pledged Shares	-	-

Source: BSE

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Niva Bupa Health Insurance

Controlled claims cost drives strong profitability

NIVABUPA delivered a strong performance under the IND-AS reporting framework, delivering a sharp doubling of profitability (INR1.35bn), driven by a ~27% topline expansion and a notable improvement in underwriting metrics. CISR (underwriting discipline proxy) moderated 430bps to ~99%, primarily led by a 200bps improvement in loss ratio (LR). We believe NIVABUPA continues to enjoy sustainable competitive moats around its use of analytics for risk selection and product pricing, translating into superior profitability metrics. Given the IRDAI's proposed commission distribution reforms, we anticipate a regulatory overhang on NIVABUPA's growth trajectory (10% GWP CAGR over FY26-29E) as we build in full-year FY27 CISR at 99.6% and PAT growth at 39%; we maintain BUY with a NOPAT-based TP of INR95 (23.2x Sep-28 EPS; ~8% growth discount over STARHEAL's implied valuation of 25.3x).

- **Retail franchise drives outperformance:** The retail health engine continues to power NIVABUPA's trajectory, delivering 47% YoY growth and lifting retail market share to 11% in H1FY27, underscoring its strong standing among high-growth standalone health insurers.
- **CISR breaks below 100% on mix upgrade and cost control:** NIVABUPA posted insurance service revenue at INR1.26bn, a ~2.8x YoY outperformance on the underwriting front. This was driven by 200bps improvement in loss ratio (63.1%), assisted by a 700bps increase in the share of retail health within the overall GWP mix and lower expense ratio at 35.7% (-230bps YoY).
- **Proposed distribution norms to handicap retail growth engine**: Given the IRDAI's IDE commission ceilings are materially below current take-rates, the norms pose a structural challenge to NIVABUPA's retail health franchise, underpinned by ~52% IDE-sourced GWP. Reflecting its high IDE dependence, we cut our FY28E growth forecasts by 28%.

Financial summary

(INR bn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	FY27E	FY28E	FY29E
Insurance revenue	24.1	19.0	27	22.7	98.1	93.2	102.6
Insurance service result	1.3	0.5	177	1.0	3.7	5.1	8.0
PAT	1.4	0.6	124	1.4	5.1	6.7	8.5
EPS	0.7	0.3	124	0.7	2.8	3.6	4.6
CISR (excl. other exp)	93%	97%		93.6%	94.8%	93.0%	91.0%
CISR (incl. other expenses)	100.2%	103.2%		100.9%	100%	99%	97%
P/E (x)					28	21.2	16.7
RoE (%)					13%	15%	16%

Source: Company, HSIE Research

Change in estimates

(INR bn)	FY27 E			FY28 E		
	New	Old	% chg	New	Old	% chg
Insurance Revenue	98.1	102.0	-4%	93.2	129.5	-28%
Insurance Service Result	3.7	2.7	38%	5.1	3.5	47%
PAT	5.1	4.4	16%	6.7	5.7	18%
RoE (%)	13.3			15.2		

Source: Company, HSIE Research

BUY

CMP *(as on 04 Nov 2026)*	INR 77
Target Price	INR 95
NIFTY	23,961

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR105	INR95
EPS %	FY27E	FY28E
	16%	18%

KEY STOCK DATA	
Bloomberg code	NIVABUPA IN
No. of Shares (mn)	1,851
MCap (INR bn) / ($ mn)	137/1,446
6m avg traded value (INR mn)	207
52 Week high / low	INR 91/68

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(14.8)	(5.4)	(1.3)
Relative (%)	(11.8)	(3.8)	8.5

SHAREHOLDING PATTERN (%)	June-26	Sept-26
Promoters	55.3	55.3
FIs & Local MFs	16.17	15.89
FPIs	12.09	12.95
Public & Others	16.44	15.88
Pledged Shares	*Nil*	Nil

Source : BSE

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Metropolis Healthcare

Growth, margins to rise; CY27 price hikes likely

EBITDA grew 24% YoY to INR 1.34bn, ~3% ahead of ours and consensus estimates, as sales increased 16% YoY, led by 10/11% YoY growth in patient/test volumes and 6/5% YoY realization per patient/test. Metropolis lifts its growth and margin guidance to 15-16% (from 14-15% earlier) and 175-200bps EBITDA margin expansion (125-150bps earlier), largely led by volume growth, better mix, rising share of specialty and wellness, and operating leverage. Moreover, it is targeting 27-28% EBITDA margin over the next 2-3 years, supported by steady growth and cost optimization. The company referred to certain focus areas for overall profitable growth in FY27: (1) accelerating network expansion to cover peripheral areas around newer labs with focus on tier 2/3 markets and deeper penetration in existing markets; (2) B2B partner addition with focus on specialty testing; (3) increasing specialty mix in the next couple of years, led by Core Diagnostic; (4) genomics scale-up, high-end testing expansion in oncology, reproductive health, and rare and inherited disorders; (5) increasing TruHealth share; (6) adding allied services such as basic radiology, doctor consultations, and vital checks across network, with focus on increasing customer wallet share; and (7) having a disciplined approach for inorganic growth with strategic focus on growth, market expansion, and testing portfolio. The company is evaluating price increase in early CY27 considering multiple factors like cost escalation (raw material and logistics), competitive price dynamics, micro-market focus, and insulating volume growth. Having completed its investment phase, Metropolis is focusing on execution and margin expansion. Initiatives like network expansion, diversification of test portfolios, wellness packages, genomics scale-up, M&As, enhancing tier 2/3 cities' share, and boosting B2C presence are expected to drive sales and margin. Factoring in Q2, we have raised EPS by 3% for FY27E with minor change for FY28E. We have revised the TP to INR 660 (41x Q2FY29E EPS). ADD stays.

- **Q2 highlights:** Sales grew 16% YoY to INR 4.96bn, with patient/test volume growth of 10/11% YoY and realization per patient/test up 6/5% YoY. Higher GM at 79.2% (+85 bps YoY) and higher staff (+11%) and SG&A (+16%) led to EBITDA of INR 1.34bn (+24% YoY) and 27% margin (+176 bps YoY). PAT was at INR 753mn (+43% YoY). TruHealth revenue (17% of sales) grew by 20% YoY to INR 860mn, specialty (40%) grew by 20% YoY to INR 1.98bn, B2C (58%) grew 17%, and B2B (42%) grew 15% YoY.
- **Key takeaways from con call:** In Q2FY27, Core Diagnostic saw steady sales growth and double digits margin. Regulatory update: (1) no impact of trade margin on oncology drug prices, (2) test price display is a welcome move for organized peers; Metropolis already practicing this, (3) digital authorization of reports by a registered medical practitioner will help organized peers with a team of qualified pathologist help expand in tier 2/3 cities.

Quarterly financial summary

(INR mn)	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	4,968	4,292	16	4,502	10	13,312	16,458	19,050	21,727	24,828
EBITDA	1,340	1,082	24	1,112	21	3,030	4,008	4,972	5,779	6,728
APAT	753	527	43	567	33	1,610	1,922	2,600	3,065	3,612
EPS (INR)	3.6	2.5	43	2.7	33	7.8	9.3	12.5	14.8	17.4
P/E (x)						74.9	62.8	46.4	39.4	33.4
EV/EBITDA (x)						40.1	30.2	24.0	20.2	17.0
RoCE (%)						14	16	19	19	19

Source: Company, HSIE Research

ADD

CMP *(as on 4 Nov 2026)*	INR 581
Target Price	INR 660
NIFTY	23,961

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 650	INR 660
	FY27E	FY28E
EPS %	2.6	0.4

KEY STOCK DATA	
Bloomberg code	METROHL IN
No. of Shares (mn)	207
MCap (INR bn) / ($ mn)	116/1,225
6m avg traded value (INR mn)	219
52 Week high / low	INR 609/412

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(3.9)	17.5	13.7
Relative (%)	(0.8)	19.1	23.5

SHAREHOLDING PATTERN (%)	Jun-26	Sep-26
Promoters	48.86	47.82
FIs & Local MFs	35.12	35.49
FPIs	11.03	11.67
Public & Others	4.99	5.02
Pledged Shares	1.18	1.21

Source: BSE

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Aptus Value Housing Finance India

Moderation in growth amidst asset quality hiccups

APTUS reported a mixed set of results, with reflation in NIM offset by moderation in disbursement growth (+20% YoY) and higher delinquencies. Asset quality deteriorated in the NBFC subsidiary (credit costs of 169bps), driving tighter underwriting norms and subsequently moderating loan growth. APTUS continues to take multiple initiatives to drive loan growth, including customer diversification (floor of INR 0.7mn ticket size), accelerated branch additions (58 in H1), diversification of sourcing mix and geographical diversification (10% of branches in non-core states), with LIG, self-employed, and rural-based customers remaining the core customer segment. While profitability metrics remained superior, scaling up among non-core geographies, customers, and products is a key monitorable. We maintain ADD with an unchanged RI-based TP of INR 315 (implying 2.2x Sep-28 ABVPS).

- **Higher opex, credit costs moderate earnings growth:** NIM (calculated) increased by 28bps QoQ to 11.1%. Yields moderated due to calibrated loan pricing, slower loan growth at the NBFC subsidiary, and a shift in customer mix toward ticket sizes of >0.7mn. Margins could decline with rising cost of funds amidst repo rate hike and high share of fixed-rate loans (~80%). Opex ratios deteriorated QoQ (opex-to-AUM at 2.85%; C/I at 21.4%) due to investments in distribution (58 branches added in H1). However, they remain superior to peers, driven by fully-optimized cost structure and astronomical NIM.
- **Marginal moderation in loan growth**: AUM grew by 20.5% YoY (FY26: 20.6% YoY), primarily led by quasi home loans (+37% YoY), while small business loan (NBFC subsidiary) growth moderated to 22% YoY. As per management, loan growth is likely to be led by higher ticket size, distribution expansion (~70 branches in FY27), and uptick in home loans.
- **Deterioration in asset quality**: GS-II/GS-III deteriorated to 5.4%/1.7% (Q1FY27: 5.2%/1.7%) and early delinquencies inched up (30+ dpd at 7.08% vs. 6.87% in Q1FY27), driving higher credit costs of 74bps (FY26: 54bps). As per management, uptick in delinquencies was mainly led by NBFC subsidiary (credit costs of 1.7%) driving investments in collections and tighter underwriting norms.
- **Multiple initiatives to revive growth; execution key monitorable**: APTUS' profitability metrics remained best-in-class among peers, driven by astronomical NIM, higher assignment income, and best-in-class opex ratios. However, loan growth has remained relatively sub-par, along with increasing delinquencies. APTUS's initiatives to drive higher loan growth, along with sustaining the superior profitability in non-core states, remains a key monitorable. However, current valuation (1.4x Sep-28 ABVPS) provides improving risk-reward.

Financial summary (consolidated)

Y/E Mar (INR bn)	2Q FY27	2Q FY26	YoY (%)	1Q FY27	QoQ (%)	FY26	FY27E	FY28E	FY29E
NII	3.8	3.1	23.3	3.6	5.5	13.0	15.4	18.5	22.1
PPOP	3.6	3.1	16.6	3.5	3.9	12.7	14.8	17.0	20.3
PAT	2.7	2.3	18.0	2.6	2.5	9.4	10.7	12.2	14.7
EPS (INR)	5.3	4.5	18.4	5.2	2.5	18.8	21.4	24.5	29.3
ROAE (%)	20.1	20.0		20.3		20.1	19.5	19.2	19.8
ROAA (%)	7.8	7.7		7.8		7.8	7.5	7.2	7.1
ABVPS (INR)						98	115	132	154
P/ABV (x)						2.1	1.8	1.6	1.3
P/E (x)						11.0	9.7	8.4	7.0

Source: Company, HSIE Research

ADD

CMP *(as on 04 Nov 2026)*	INR 206
Target Price	INR 315
NIFTY	23,961

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 315	INR 315
	FY27E	FY28E
EPS %	0.0%	0.0%

KEY STOCK DATA

Bloomberg code	APTUS IN
No. of Shares (mn)	501
MCap (INR bn) / ($ mn)	101/1,056
6m avg traded value (INR mn)	427
52 Week high / low	INR 323/190

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(23.5)	(23.2)	(37.1)
Relative (%)	(20.4)	(21.6)	(27.3)

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	23.9	23.9
FIs & Local MFs	29.9	27.8
FPIs	30.0	30.5
Public & Others	16.3	17.8
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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Bata India

Growth remains premiumization-led

Bata India's Q2 revenue grew by 7.5% YoY to INR 8.6bn (in-line). Growth was fueled by premiumization-led ASP growth of ~5-6% YoY, while volume growth remained marginal. LFL growth was in single digits. E-com delivered ~5% YoY growth in Q2. Management took a calibrated price hike from Q1 to offset RM inflation, with full benefits expected to reflect from Q3FY27 onward. GM remained largely flat YoY at 55.5% (HSIE: 55.1%), as benefits from higher full-price sales and lower inventory markdowns was partly diluted by an adverse channel mix shift toward franchise/e-com (58bps impact). Adj. EBITDAM declined 59bps YoY to 17.5% (HSIE: 17.6%) due to minimum-wage hikes and higher ad spends. Q2FY27 PAT was impacted by one-off items: (1) non-cash forex loss on license fees of INR30mn due to continued currency devaluation and (2) one-time fixed asset write-off of INR39mn. Adj. EBITDA/APAT grew by 4/12.9% YoY to INR 1.51bn/250mn (HSIE: in-line/INR232mn). New MD & CEO Sanjay Rao aims to double turnover by FY30. We await execution and, hence, maintain FY27/28 EPS estimates and REDUCE rating with a DCF-based TP of INR610/sh, implying ~22x Sep-28 P/E.

- **Q2FY27 highlights**: Bata's revenue grew by 7.5% YoY to INR 8.62bn in Q2 (in-line), largely ASP-led with marginal volume growth. LFL growth was in single digits in Q2. E-com grew 5.4% YoY, with digital sales contributing ~10/32/58% from Bata.in/B2C/B2B respectively in Q2. The company rolled out ZBM across 850 stores, covering ~80% of COCO retail contribution. Total store count stood at 2,043 stores (DOS + franchise). GM remained largely flat YoY at 55.5% (HSIE: 55.1%), as benefits from higher full-price sales and lower inventory markdowns were partly diluted by an adverse channel mix shift toward franchise/e-commerce (58bps impact). Adj. EBITDAM declined 59bps YoY to 17.5% (HSIE: 17.6%) due to minimum-wage hikes (employee cost up 22bps to 14.1% of sales) and step-up in advertising spends (up 4% YoY in H1FY27) leading to higher other expense (up 45bps to 23.9% of sales). Adj. EBITDA/APAT grew by 4/12.9% YoY to INR 1.51bn/250mn (HSIE: in-line/INR232mn). Inventory declined by 7% YoY in H1FY27, while stock turns improved to 2.6x in Q2FY27 from 2.2x in Q2FY26. Net WC cycle remained steady at 60 days YoY in H1FY27.
- **Outlook**: Bata continues to lag its footwear peers, constrained by persistent softness in its core portfolio. We await execution and, hence, maintain FY27/28 EPS estimates and REDUCE rating with a DCF-based TP of INR610/sh, implying ~22x Sep-28 P/E.

Quarterly financial summary

(INR mn)	Q2 FY27	Q2 FY26	YoY (%)	Q1 FY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	8,618	8,013	7.5	9,789	(12.0)	34,888	35,155	37,639	41,125	44,825
EBITDA	1,507	1,449	4.0	2,091	(27.9)	3,821	3,647	3,951	4,621	5,260
APAT	250	222	12.9	691	(63.8)	2,075	2,056	2,134	3,050	3,923
EPS (Rs)	1.9	1.7	12.9	5.4	(63.8)	16.1	16.0	16.6	23.7	30.5
P/E (x)						40.3	40.6	39.1	27.4	21.3
EV/EBITDA (x)						20.2	21.4	19.2	15.7	13.1
Core RoCE(%)						15.3	12.9	12.8	16.5	19.3

Source: Company, HSIE Research

Change in estimates

(INR mn)	FY27E			FY28E			FY29E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	37,639	37,639	-	41,125	41,125	-	44,825	44,825	-
Gross Profit	20,783	20,783	-	22,577	22,577	-	24,394	24,394	-
Gross Profit Margin(%)	55.2	55.2	-	54.9	54.9	-	54.4	54.4	-
EBITDA	3,951	3,951	-	4,621	4,621	-	5,260	5,260	-
EBITDA margin (%)	10.5	10.5	-	11.2	11.2	-	11.7	11.7	-
APAT	2,134	2,134	-	3,050	3,050	-	3,923	3,923	-
APAT margin (%)	5.7	5.7	-	7.4	7.4	-	8.8	8.8	-
Post IND-AS 116 EPS	16.6	16.6	-	23.7	23.7	-	30.5	30.5	-

Source: Company, HSIE Research

REDUCE

CMP *(as on 04 Nov 2026)*	INR 633
Target Price	INR 610
NIFTY	23,961

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 610	INR 610
EPS %	FY27E	FY28E
	-	-

KEY STOCK DATA	
Bloomberg code	BATA IN
No. of Shares (mn)	129
MCap (INR bn) / ($ mn)	82/865
6m avg traded value (INR mn)	286
52 Week high / low	INR 1,081/600

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(8.4)	(11.2)	(40.4)
Relative (%)	(5.3)	(9.6)	(30.6)

SHAREHOLDING PATTERN (%)	Jun-26	Sep-26
Promoters	50.16	50.16
FIs & Local MFs	27.23	26.17
FPIs	6.38	5.75
Public & Others	16.23	17.92
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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Balaji Amines

Underutilized capex; intensifying competitive pressure

We maintain SELL on Balaji Amines (BAL) with a TP of INR 1,746, owing to (1) chronically underutilized capex platforms such as DME, electronic-grade DMC, EDA, and downstream derivatives, which remain dependent on slow regulatory approvals and limited domestic adoption; (2) profitability could remain under pressure by a domestic methylamines supply glut, continued Chinese dumping, and lack of antidumping duties on products like EDA limiting the scope for margin expansion. Currently, the stock is trading at 31.9/25.0/18.4x FY27/28/FY29E. Q2 EBITDA/APAT were 10/25% above our estimates.

- **Financial performance:** Revenue came in at INR 4,676mn (+37.3/+2.6% YoY/QoQ). Gross margin changed by (-379/-117 bps) YoY/QoQ to 43.3%. Total volumes changed by -8.5/13.5% YoY/QoQ to 24,491 MT. EBITDA margin changed by (-391/-200 bps YoY/QoQ) to 24.4%.
- **Key takeaways**: **(1) DME:** BAL commissioned India's first commercial-scale 100 KTPA DME plant at Solapur in Q1 FY27, positioning itself as the country's sole domestic producer for aerosol propellants, LPG blending and clean-fuel applications. Regulatory progress has been strong, with PESO valve clearance obtained, road-tanker approvals expected shortly, and cylinder-based supplies already underway. Export momentum has begun through 7-8 ISO tank shipments, while domestic seeding continues via targeted deliveries to aerosol and heating-application customers. Product pricing remains in the INR 90-100/kg range, with competitiveness tied to methanol costs. Utilization can scale to >90% upon BPCL's government clearance for LPG blending; without it, utilization is expected at 50–55%, supported by aerosols, heating, and export demand. **(2) Acetonitrile** Commercial production at its expanded 1,440 TPM has begun at Unit-III, incorporating upgraded technology and process efficiencies to strengthen long-term cost competitiveness. The facility is in active ramp-up and is expected to reach full capacity within 2-3 weeks, supported by strong domestic demand. Realizations remain healthy at INR 230-240/kg, though closely tied to volatile global feedstock prices. **(3) Capex and future outlook:** BAL will complete all major capex projects by end-FY27, enabling full commercial benefits from Q1FY28, including the new 5,000 TPA N-Methyl Morpholine (NMM) unit. Its 55% subsidiary BSCL is commissioning large brownfield and greenfield expansions — adding 57,000 TPA of EDA-derivatives capacity and new HCN, NaCN, EDTA plants by Jan–Mar 2027, with TEOF next in the R&D pipeline. These projects collectively support the medium-term revenue goal of INR 35-40bn by FY28–29, backed by margin expansion to 22–23% EBITDA and rising utilization across DME and ACN.
- **Change in estimates**: We tweak our FY27/28E EPS estimates by +14.2/+0.1% to INR 55.5/70.8.

Financial summary

Year Ending March (Rs mn)	Q2 FY27	Q1 FY27	QoQ (%)	2Q FY26	YoY (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	4,676	4,559	2.6	3,406	37.3	13,971	14,250	18,431	21,845	25,844
EBITDA	1,016	1,159	(12.3)	598	69.8	2,322	2,654	3,259	4,057	5,202
APAT	675	781	(13.6)	367	83.8	1,586	1,692	1,798	2,295	3,118
Diluted EPS (Rs)	20.8	24.1	(13.6)	11.3	83.8	48.9	52.2	55.5	70.8	96.2
P/E (x)						36.2	33.9	31.9	25.0	18.4
EV/EBITDA(x)						23.2	21.1	18.0	14.5	11.2
RoE (%)						8.6	8.6	8.5	10.0	12.2

Source: Company, HSIE Research

Change in estimates

Y/E Mar	FY27E Old	FY27E New	% Ch	FY28E Old	FY28E New	% Ch
EBITDA (INR mn)	2,897	3,259	12.5	4,053	4,057	0.1
Adj. EPS (INR/sh)	48.6	55.5	14.2	70.8	70.8	0.1

SELL

CMP *(as on 04 Nov 2026)*	INR 1,771
Target Price	INR 1,746
NIFTY	23,961

KEY CHANGES	OLD	NEW
Rating	SELL	SELL
Price Target	INR 1,708	INR 1,746
EPS %	FY27E +14.2%	FY28E +0.1%

KEY STOCK DATA

Bloomberg code	BLA IN
No. of Shares (mn)	32
MCap (INR bn) / ($ mn)	59/619
6m avg traded value (INR mn)	792
52 Week high / low	INR 2,630/905

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(15.1)	35.8	28.5
Relative (%)	(12.0)	37.4	38.3

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	54.56	54.56
FIs & Local MFs	1.59	1.50
FPIs	3.17	3.25
Public & Others	40.68	40.69
Pledged Shares	17.68	17.68

Source : BSE

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V-MART Retail

In-line quarter; Unlimited shines

V-Mart delivered a topline growth of 18.1% YoY to INR 9.53bn in Q2 (in-line), with core V-Mart operations up 17% YoY to INR 7.75bn and Unlimited up 24.7% YoY to INR 1.7bn. Q2 SSSG was muted at 3% as the festive season shifted from Q2 to Q3 (festive-adjusted: 11%). Unlimited continued to outperform, with SSSG of 11% in Q2 and new stores (now ~55% of the format's network) are ramping up with better productivity and lower rentals than legacy stores. Sales density (annualized) was up ~3% YoY. Management indicated that it is taking ~5-6% price hikes to offset RM inflation, while sustained crude prices at current levels could necessitate further hikes. GM contracted by 16bps YoY to 33.5% (HSIE: 33%), but Pre-IND-AS EBITDAM stood flat YoY at 0.6% (HSIE: 0.1%), courtesy employee cost efficiencies, better operating leverage, and ebbing Limeroad losses. The company added 22 stores (net) in Q2FY27. Management has reiterated 90-100 store additions (gross) and 17-20% revenue growth guidance in FY27. We have maintained FY27/28 EBITDA estimates and ADD rating, with a DCF-based TP of INR 850/sh, implying ~19x Sep-28 EV/EBITDA.

- **Q2FY27 highlights:** V-Mart's revenue grew 18.1% YoY to INR 9.53bn. Reported SSSG for Q2 stood at 3% (festive-adjusted SSSG: 11%). Core V-Mart grew 17% to INR 7.75bn, with 2% SSSG, while Unlimited grew 24.7% to INR 1.7bn, with 11% SSSG. Annualized sales density for core VMART/Unlimited was up 1.9/14.3% YoY to INR 7.61/7.65k per sq. ft. respectively. Transaction size improved by 2.1% YoY to INR 1,002. GM contracted by 16bps YoY to 33.5% (HSIE: 33%), but pre-IND-AS EBITDAM stood flat YoY to 0.6% (HSIE: 0.1%), courtesy employee cost efficiencies, better operating leverage, and ebbing Limeroad losses (down to 8% of NMV from 18% in Q2FY26). Core-Vmart/Unlimited EBITDAM stood at 8.8/11.6% (HSIE: 8.5/10.5%). The company opened 19/3 VMART/Unlimited stores (net) respectively in Q2. Management has guided for 90-100 store additions (gross) and 17-20% revenue growth in FY27. Pre-IND-AS 116 EBITDA/net loss stood at INR 59/163mn (HSIE: INR11mn/-INR151mn). H1FY27 capex/FCFF stood at INR846/-INR1.14bn and net debt rose to INR1.77bn due to festive inventory stocking, higher capex, and faster vendor payments. As a consequence, core cash conversion cycle moved from 18 days in H1FY26 to 52 in H1FY27.
- **Outlook**: Improving sales density across both formats (core Vmart and Unlimited), coupled with strengthening unit economics, is encouraging. We have maintained our FY27/28 EBITDA estimates and ADD rating, with a DCF-based TP of INR 850/sh, implying ~19x Sep-28 EV/EBITDA.

Quarterly financial summary

(INR mn)	Q2 FY27	Q2 FY26	YoY (%)	Q1 FY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	9,530	8,069	18.1	10,888	(12.5)	32,539	37,894	44,650	51,378	59,473
EBITDA	59	45	29.9	832	(93.0)	1,424	2,358	2,664	3,196	3,889
APAT	(163)	(89)	84.2	472	(134.6)	216	1,252	1,524	2,079	2,890
EPS (Rs)	(2.1)	(1.1)	83.8	5.9	(134.6)	5.8	15.6	19.2	26.1	36.3
P/E (x)						262.3	45.4	37.3	27.4	19.7
EV/EBITDA (x)						40.5	24.4	20.8	16.6	12.6
Core RoCE(%)						10.9	7.9	8.6	11.0	14.2

Source: Company, HSIE Research

Change in estimates

(INR mn)	FY27E			FY28E			FY29E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	44,650	44,650	-	51,378	51,378	-	59,473	59,473	-
Gross Profit	15,132	15,132	-	17,463	17,463	-	20,214	20,214	-
Gross Profit Margin (%)	33.9	33.9	*0 bps*	34.0	34.0	*0 bps*	34.0	34.0	*0 bps*
EBITDA	2,664	2,664	-	3,196	3,196	-	3,889	3,889	-
EBITDA margin (%)	6.0	6.0	*0 bps*	6.2	6.2	*0 bps*	6.5	6.5	*0 bps*

Source: Company, HSIE Research, Pre IND AS 116 financials

ADD

CMP *(as on 04 Nov 2026)*	**INR 734**
Target Price	**INR 850**
NIFTY	**23,961**

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 850	INR 850
EBITDA %	FY27E	FY28E
	-	-

KEY STOCK DATA

Bloomberg code	VMART IN
No. of Shares (mn)	80
MCap (INR bn) / ($ mn)	59/621
6m avg traded value (INR mn)	133
52 Week high / low	INR 882/458

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(5.0)	20.0	(10.8)
Relative (%)	(1.9)	21.6	(1.0)

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	44.15	44.14
FIs & Local MFs	30.90	30.64
FPIs	16.47	16.40
Public & Others	8.48	8.82
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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Stylam Industries

Weak margins; new plant boosts outlook

Stylam's revenue grew 16% YoY to INR 3.4bn, supported by price hikes. Export revenue rose 27% YoY, led by better product value, price increases, and higher ocean-freight rates, while domestic revenue declined 12% YoY due to the reduction in liner-laminate sales. Gross margin (GM) expanded 160bps YoY and 60bps QoQ; however, EBITDA margin contracted 250bps YoY and 430bps QoQ, owing to elevated ocean freight and energy costs. EBITDA increased 1% YoY, while APAT grew 13% YoY, aided by higher other income as export incentives are now classified under other income rather than revenue. The company commissioned its brownfield laminates plant at the end of Sep-26 at a cost of ~INR 3bn. Two presses are currently operational, with the remaining two expected to come on stream in the coming days. As per management, the plant is expected to generate INR 2.5–3bn in FY27 and ramp up to INR 6–7bn in FY28 as utilization improves. Given the geopolitical backdrop, management finds it difficult to reaffirm its earlier EBITDA margin outlook of 19-20%. It expects domestic revenue to begin recovering next quarter, with a stronger pick-up by Q4. Considering Q2 performance, we retain estimates with a BUY rating and an unchanged target price of INR 4,065/sh (30x Mar-28E EPS).

- **Q2FY27 highlights:** Revenue grew 16% YoY to INR 3.4bn, supported by price hikes. Export revenue grew strongly by 27% YoY to INR 2.72bn, led by higher volume, better realization, and higher ocean freight rates. Domestic revenue, on the other hand, declined 12% YoY to INR 0.68bn, owing to reduction in liner-laminate sales. GM expanded 160/60bps YoY/QoQ, albeit employee costs and other expenses surged 18% and 41% YoY. Other expenses rose mainly due to increase in ocean freight cost and loss on fixed assets. Hence, EBITDA margin declined 250/430bps YoY/QoQ to 16.8%. Consequently, EBITDA grew by a mere 1% YoY. This quarter's other income grew 362% YoY, driven by ~INR 30mn of export incentives that were earlier booked under revenue; adjusting for this, EBITDA margin growth was ~90bps to 17.7%. Depreciation rose 7/17% YoY/QoQ, owing to write-off of fixed assets, while other income rose sharply, owing to export incentives. Consequently, APAT rose 13% YoY.
- **Outlook and valuation:** The company has discontinued liner-laminate sales in the domestic market, which has reduced overall volumes but is expected to strengthen brand perception. Domestic revenue is likely to begin recovering next quarter, with a more pronounced pick-up by Q4. Given the geopolitical backdrop, management finds it difficult to reaffirm its earlier EBITDA margin outlook of 19-20%. Management does not expect any significant increase in employee or operating costs from the new plant, apart from higher energy expenses. Considering the Q2 performance, we maintain estimates and reiterate BUY with an unchanged TP of INR 4,065/sh, valuing the stock at 30x Mar-28E EPS.

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q2 FY27	Q2 FY26	YoY (%)	Q1 FY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	3,405	2,924	16.5	3,265	4.3	10,251	11,293	14,026	16,452	18,979
EBITDA	572	566	1.2	688	(16.9)	1,852	2,206	2,683	3,158	3,637
EBITDAM (%)	16.8	19.4		21.1		18.1	19.5	19.1	19.2	19.2
APAT	423	373	13.4	482	(12.1)	1,219	1,499	1,808	2,128	2,463
AEPS (INR)	25.0	22.0	13.4	28.4	(12.1)	71.9	88.4	106.7	125.6	145.3
EV/EBITDA (x)						26.7	22.3	18.5	15.6	13.4
P/E (x)						40.7	33.1	27.4	23.3	20.1
RoE (%)						20.4	20.5	20.7	20.8	20.6

Source: Company, HSIE Research

BUY

CMP *(as on 4 Nov 2026)*	INR 2,980
Target Price	INR 4,065
NIFTY	23,961

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 4,065	INR 4,065
EPS revision %	FY27E -	FY28E -

KEY STOCK DATA

Bloomberg code	SYIL IN
No. of Shares (mn)	17
MCap (INR bn) / ($ mn)	48/510
6m avg traded value (INR mn)	238
52 Week high / low	INR 4,160/1,851

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(15.7)	27.6	38.7
Relative (%)	(12.6)	29.2	48.5

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	56.86	56.86
FIs & Local MFs	12.14	10.79
FPIs	2.62	2.62
Public & Others	28.38	28.73
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Prince Pipes and Fittings

Healthy quarterly performance

Prince Pipes' Q2 revenue grew by 38% YoY, led by strong plumbing volume growth of 22% YoY and 13% YoY NSR expansion. EBITDA margin expanded by 300bps YoY (-40bps QoQ) to 12.2%. EBITDA grew by 82% YoY on a low base, while PAT stood at INR 478mn vs INR 146mn YoY (3.3x YoY). The company maintains its FY27 volume growth guidance of 12–15% and is targeting an 11–13% EBITDA margin, aided by a stronger value-added product mix. October volume remains strong, in line with Q2 trends, aided by the previous year's favorable base. Factoring in a strong Q2 and continued surge in PVC prices (which has led to higher NSR), we have raised revenue estimates for FY27/28/29 by 7/3/3%. Given the upward trend in PVC prices, which typically results in inventory gains, we have increased the FY27E EBITDAM estimate by 90bps while retaining FY28/29E estimates. Consequently, we have raised EBITDA and APAT estimates for FY27/28/29E by 16/3/3% and 30/5/6%. We retain REDUCE, with a revised TP of INR 290/share (22x Sep-28E EPS).

- **Q2FY27 performance:** Revenue grew by 38% YoY, led by strong plumbing volume growth of 22% YoY and 13% YoY NSR expansion. Q2 plumbing volume stayed robust, led by healthy underlying demand, restocking and industry consolidation, with CPVC volume outperforming overall growth. EBITDA margin rose by 300bps YoY (-40bps QoQ) to 12.2%. Employee cost/other expenses surged by 22/25% YoY. EBITDA grew by 82% YoY on a low base, while PAT stood at INR 478mn vs INR 146mn YoY (3.3x YoY).
- **Con call KTAs and outlook:** October volume tracked in line with Q2, aided by a favorable low base, since previous year's Diwali was in October. Management expects H1FY27 GM to be sustained, going forward. Bathware break-even is deferred by a quarter to Q4FY27, and is contingent on achieving a quarterly revenue run rate of INR 240-250mn. The company has earmarked INR 2bn capex for FY27, of which INR 0.7bn was incurred in H1. The planned spending is toward the Aquel acquisition of Apr 2025; debottlenecking of 2-3 plants; and routine maintenance. We maintain REDUCE, with revised TP of INR 290/share, valuing the company at 22x Sep-28E EPS.

Quarterly/annual financial summary

YE Mar (INR mn)	Q2 FY27	Q2 FY26	YoY (%)	Q1 FY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Pipes sales (K MT)	52.1	42.8	21.8	40.7	27.9	177.2	191.2	204.6	221.0	234.3
NSR (INR/kg)	158	139	13.3	150	5.3	142	136	156	148	151
EBITDA (INR/kg)	19	13	49.7	19	1.9	9	12	17	15	16
Net Sales	8,208	5,946	38.1	6,094	34.7	25,239	25,983	31,972	32,803	35,467
EBITDA	1,005	551	82.4	772	30.2	1,618	2,316	3,568	3,361	3,634
EBITDAM (%)	12.2	9.3		12.7		6.4	8.9	11.2	10.2	10.2
APAT	478	146	226.4	338	41.5	431	752	1,603	1,406	1,530
Diluted EPS (INR)	4.3	1.3	226.4	3.1	41.5	3.9	6.8	14.5	12.7	13.8
EV / EBITDA (x)						21.3	13.6	9.0	9.2	8.2
P/E (x)						76.1	43.7	20.5	23.4	21.5
RoE (%)						2.8	4.7	9.4	7.6	7.8

Source: Company, HSIE Research

REDUCE

CMP *(as on 04 Nov 2026)*	INR 297
Target Price	INR 290
NIFTY	23,961

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 275	INR 290
EPS revision %	FY27E *30.1*	FY28E *5.1*

KEY STOCK DATA

Bloomberg code	PRINCPIP IN
No. of Shares (mn)	111
MCap (INR bn) / ($ mn)	30/314
6m avg traded value (INR mn)	107
52 Week high / low	INR 328/205

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	1.9	3.7	(16.0)
Relative (%)	5.0	5.3	(6.2)

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	60.95	60.95
FIs & Local MFs	15.33	15.10
15.96FPIs	3.06	3.22
Public & Others	20.66	20.73
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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HG Infra

Muted performance; H2FY27 recovery expected

HG Infra (HG) reported Q2FY27 revenue/EBITDA/APAT of INR 8.8/1/0.3bn, a 7.5/22.4/29.3% miss vs. our estimates. This is largely on account of delays in appointment dates for projects in the order book (OB), with only INR 65bn (47%) of the OB under execution. The OB as of Sep'26 stood at INR 137bn (~2.4x FY26 revenue). The balance INR 72bn of projects are expected to move into execution from Dec-26. Hence, the company has revised FY27 revenue guidance to INR 60bn, the lower end of the earlier guidance of INR 60-65bn, and EBITDA margin guidance to 13-13.5% for H2FY27. This guidance moderation factors in underwhelming H1FY27 performance. It has maintained its commitment to diversify into new business segments, as is also evident from its OB, which now includes roads, rails, solar, T&D, and BESS. This will reduce segmental concentration risk, and is particularly important since the company has seen muted awarding and intense competition in the road infrastructure sector. We have cut our estimates to factor in the delay in project appointed dates and lowered margin assumptions on high commodity prices. Given a stable OB, expected pick-up in execution, and a healthy balance sheet, we maintain BUY, with a reduced TP of INR 701 (9x Sep-28E EPS).

- **Q2FY27 financial highlights:** Revenue of INR 8.8bn (-23.4/-2.6% YoY/QoQ, a miss by 7.5%). EBITDA: INR 1bn (-28.5/+36% YoY/QoQ, a miss by 22.4%). EBITDA margin came in at 11.9% (-85/+337bps YoY/QoQ, vs. our estimate of 14.1%). APAT: INR 337mn (-49.9/+394% YoY/QoQ, a miss by 29.3%).
- **Well-diversified OB:** Sector-wise, the OB is spread across BESS, road, rail, solar, and transmission at 4/64/21/1/10% respectively. Segment-wise, OB is spread across EPC and HAM (road) at 70/30% respectively. HG continues to guide OI of INR 100-110bn for FY27 with OI as of H1FY27 at INR 55bn.
- **Balance sheet:** The standalone gross debt as of Sep'26 stood at INR 16bn (June'26/Mar'26 stood at INR 18.3/16.3bn). The total pending equity requirement is INR 12.6bn (total equity investment: INR 30.5bn), with balance expected to be infused in H1FY27/FY28/FY29 at INR 3.9/5.6/2.5bn. HG's plan to monetize assets is in progress with four out of five completed, having received INR 8.34bn to date. The balance INR 5.5bn should be monetized by FY27, which will reduce its standalone debt to INR 9bn by FY27, from INR 16bn as of Sep'26.

Standalone Financial Summary (INR mn)

Particulars	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ (%)	FY26	FY27E	FY28E	FY29E
Revenue	8,832	11,537	(23.4)	9,072	(2.6)	56,667	59,704	65,675	73,227
EBITDA	1,047	1,466	(28.5)	770	36.0	7,334	7,457	8,341	9,227
APAT	337	673	(49.9)	57	492.9	3,891	3,599	4,759	5,387
EPS (INR)	5.2	10.3	(49.9)	0.9	492.9	59.7	55.2	73.0	82.7
P/E (x)						6.4	6.9	5.2	4.6
EV/EBITDA (x)						5.6	4.3	4.0	3.6
RoE (%)						12.7	11.0	14.4	16.3

Source: Company, HSIE Research

Change in Estimates (INR mn)

Particulars	FY27E			FY28E			FY29E		
	New	Old	% Chg. / Bps	New	Old	% Chg. / Bps	New	Old	% Chg. / Bps
Revenue	59,704	60,067	(0.6)	65,675	67,875	(3.2)	73,227	77,378	(5.4)
EBIDTA	7,457	7,628	(2.2)	8,341	8,824	(5.5)	9,227	10,446	(11.7)
EBIDTA (%)	12.5	12.7	(21.0)	12.7	13.0	(30.0)	12.6	13.5	(90.0)
APAT	3,599	4,096	(12.1)	4,759	5,000	(4.8)	5,387	5,965	(9.7)

Source: HSIE Research

BUY

CMP (*as on 04 Nov 2026*)	**INR 384**
Target Price	**INR 701**
NIFTY	**23,961**

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 852	INR 701
	FY27E	FY28E
EPS Change %	-12.1	-4.8

KEY STOCK DATA

Bloomberg code	HGINFRA IN
No. of Shares (mn)	65
MCap (INR bn) / ($ mn)	26/272
6m avg traded value (INR mn)	163
52 Week high / low	INR 929/374

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(26.7)	(33.6)	(57.2)
Relative (%)	(23.6)	(32.0)	(47.4)

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	71.78	71.78
FIs & Local MFs	10.11	9.74
FPIs	1.37	1.44
Public & Others	16.74	17.03
Pledged Shares	-	-

Source: BSE

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Jay Shah
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Rating Criteria

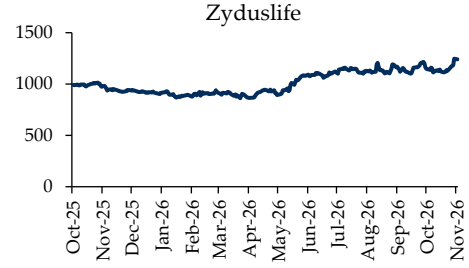
BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

Disclosure:

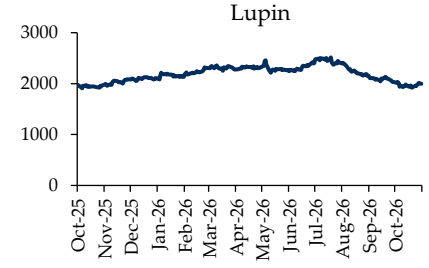
Analyst	Company Covered	Qualification	Any holding in the stock
Mehul Sheth	Zydus Lifesciences, Lupin, Anthem Biosciences, Dr. Lal Pathlabs, Metropolis Healthcare	MBA	NO
Virti Shah	Zydus Lifesciences, Lupin, Anthem Biosciences, Dr. Lal Pathlabs, Metropolis Healthcare	BFM	NO
Jay Gandhi	FSN E-commerce Ventures (Nykaa), Bata India, V-MART Retail	MBA	NO
Vedant Mulik	FSN E-commerce Ventures (Nykaa), Bata India, V-MART Retail	CA	NO
Amit Chandra	MCX, BSE	MBA	NO
Arjun Savla	MCX, BSE	CA	NO
Deepak Shinde	Sundaram Finance, Aptus Value Housing Finance India	PGDM	NO
Krishnan ASV	Sundaram Finance, Niva Bupa Health Insurance, Aptus Value Housing Finance India	PGDM	NO
Ayush Pandit	Sundaram Finance, Aptus Value Housing Finance India	CA	NO
Samarth Desai	Niva Bupa Health Insurance	MSc	NO
Nilesh Ghuge	Balaji Amines	MMS	NO
Aditya Iyer	Balaji Amines	PGDM	NO
Priya Gupta	Balaji Amines	MSc	NO
Keshav Lahoti	Stylam Industries, Prince Pipes and Fittings	CA, CFA	NO
Rajesh Ravi	Stylam Industries, Prince Pipes and Fittings	MBA	NO
Mahesh Nagda	Stylam Industries, Prince Pipes and Fittings	CA	NO
Kartikey	Stylam Industries, Prince Pipes and Fittings	CA	NO
Parikshit Kandpal	HG Infra	CFA	NO
Aditya Sahu	HG Infra	MBA	NO
Jay Shah	HG Infra	CA	NO

Price movement

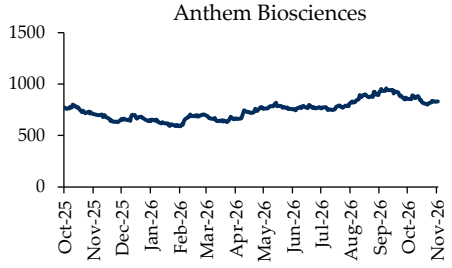
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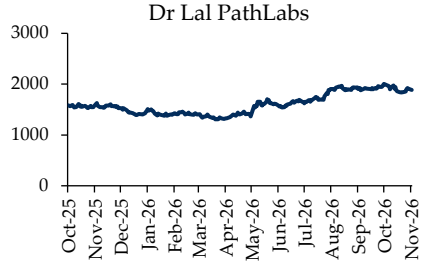
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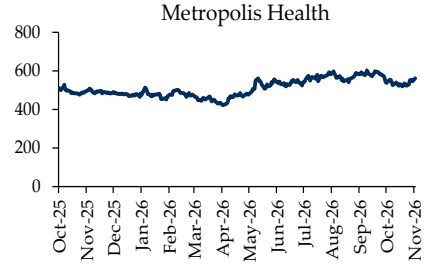
Anthem Biosciences



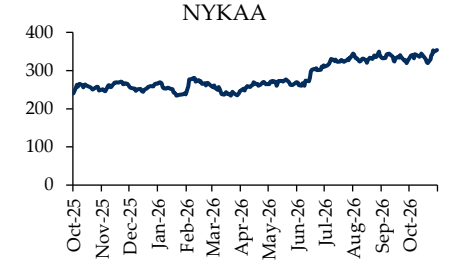
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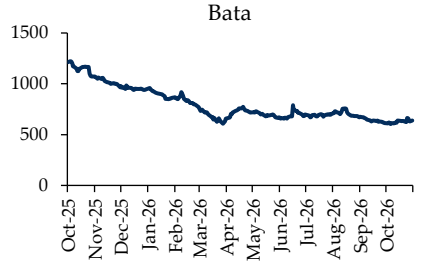
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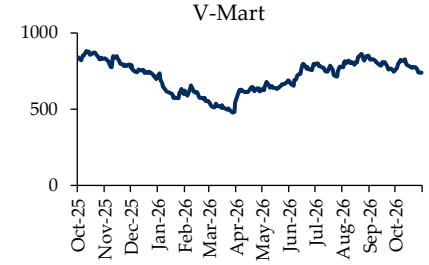
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Bata



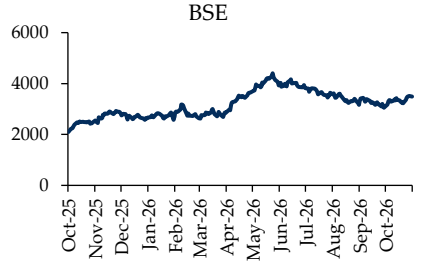
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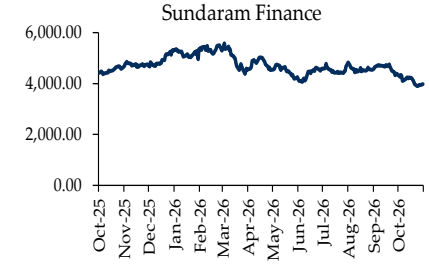
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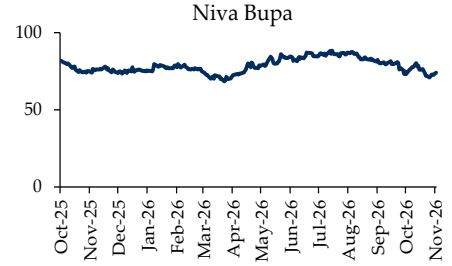
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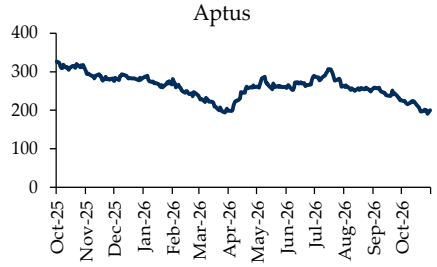
Sundaram Finance



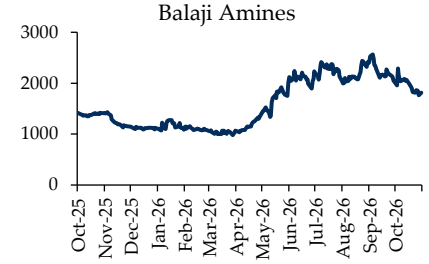
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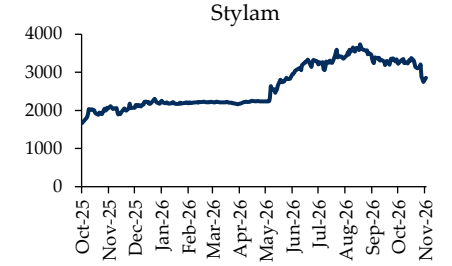
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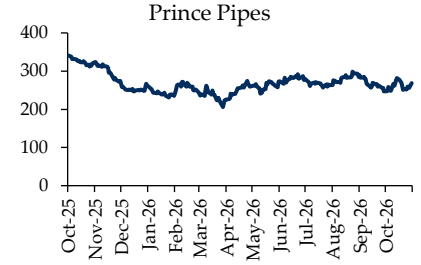
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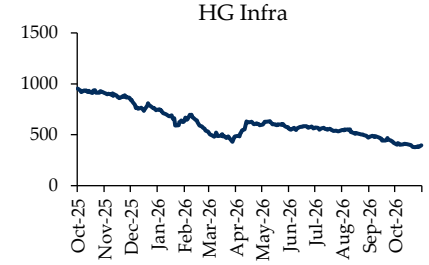
Stylam



Prince Pipes



HG Infra



Disclosure:

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