INSTITUTIONAL RESEARCH

HSIE Results Daily

Contents

Results Reviews

- **General Insurance Corporation:** General Insurance Corporation (GICRE) reported a 2% decline in net earned premium (NEP), materially missing our topline estimates amid intensified competition. PAT clocked in at INR17.4 bn (-29% YoY), driven by an elevated claims ratio (87.9%) and the COR at 107.4% (365bps YoY deterioration). GICRE, India's leading re-insurer with domestic market share at 52%, benefits from the 4% mandatory re-insurance cessation, and right-of-first refusal (ROFR), which offers preferential access to domestic re-insurance placements. Armed with the rating upgrade to A-, we are more constructive on GICRE's overseas business, given enhanced qualifying criteria for participation in the re-insurance market. We flag the inherent risk to GICRE's topline from potential end of obligatory cessation, and moderation in domestic market share on account of rising competition from foreign re-insurer branches (FRBs), cross-border re-insurers, and insurers' risk retention strategy. We expect 5% NEP/PAT CAGR over FY26-28E, given signs of softness in property premia and sustainable float income from the investment book (INR1.5tn). Our earnings forecasts have undergone minor changes as we factor in FY26 annual report disclosures. We maintain ADD with a TP of INR500 (0.8x Mar-28 BV).

- **Ahluwalia Contracts:** Ahluwalia Contracts (AHLU) reported a revenue/EBITDA/APAT of INR 11.3/0.5/0.1bn, a beat/miss of +4.7/-49.7/-79.9% respectively. Heightened labor cost witnessed in Q1FY27 is expected to be the new normal, while billing dispute of INR 290mn for AIIMS Jammu project has also put a dent on EBITDA. ~11% of the order book (OB) is fixed price while balance is variable price, indicating price increases can be negotiated by AHLU with its customers and are already under discussions. The OB as of Jun'26 stood at INR 206.6bn (~4.5x FY26 revenue). FYTD order inflow (OI) stood at INR 5.1bn (excl. GST). For FY27, AHLU guides revenue at +12-15% YoY (earlier: +15-20% YoY), EBITDA margin guidance is removed owing to multiple level of uncertainties viz. elevated labour costs, commodity pressures, NGT ban, etc. We have cut our margins/EPS estimates to factor in the delayed project start and weak profitability. Given that there is limited upside to the CMP, we maintain ADD, with a reduced TP of INR 764 (14x Jun-28E EPS).

HSIE Research Team
hdfcsec-research@hdfcsec.com

General Insurance Corporation

Softer Q1FY27; likely headwinds in FY27E

General Insurance Corporation (GICRE) reported a 2% decline in net earned premium (NEP), materially missing our topline estimates amid intensified competition. PAT clocked in at INR17.4 bn (-29% YoY), driven by an elevated claims ratio (87.9%) and the COR at 107.4% (365bps YoY deterioration). GICRE, India's leading re-insurer with domestic market share at 52%, benefits from the 4% mandatory re-insurance cessation, and right-of-first refusal (ROFR), which offers preferential access to domestic re-insurance placements. Armed with the rating upgrade to A-, we are more constructive on GICRE's overseas business, given enhanced qualifying criteria for participation in the re-insurance market. We flag the inherent risk to GICRE's topline from potential end of obligatory cessation, and moderation in domestic market share on account of rising competition from foreign re-insurer branches (FRBs), cross-border re-insurers, and insurers' risk retention strategy. We expect 5% NEP/PAT CAGR over FY26-28E, given signs of softness in property premia and sustainable float income from the investment book (INR1.5tn). Our earnings forecasts have undergone minor changes as we factor in FY26 annual report disclosures. We maintain ADD with a TP of INR500 (0.8x Mar-28 BV).

- **Change in product mix:** Overall NEP declined 2% as competitive intensity from FRBs weighed on commercial pricing. GICRE proactively realigned its business mix, driving a 500-bps uplift in the health segment to 25% of GWP, providing a buffer against fire portfolio softness seen during the quarter. The life segment also gained traction (10% mix contribution), supporting GICRE's strategic diversification efforts.
- **Ratings upgrade yet to provide overseas scale benefits**: GICRE secured a rating upgrade to A-, which under normal market conditions, would have materially enhanced its competitiveness in global reinsurance markets. However, persistent global volatility and uncertainty from the Middle East conflict, have tempered the anticipated uplift, with the pricing environment too soft for GICRE to aggressively deploy reinsurance capacity. Despite these headwinds, we build overseas premium contribution to rise to ~28% by FY28E (FY26: 25%), supported by gradual normalization in risk appetite.
- **Overhang from potential end to obligatory cessation:** With the Indian re-insurance market maturing, grant of approval to domestic re-insurer Value attics, and the increasing presence of global re-insurers such as Swiss Re and Munich Re, the industry has been lobbying for an end to the obligatory cessation. Our analysis suggests a 15-20% adverse knock to GICRE's domestic premium, in case the IRDAI removes the 4% mandatory cessation.

Financial summary

(INR bn)	1QFY27	1QFY26	% chg	4QFY26	FY26	FY27E	FY28E
Net earned premium	110.9	112.7	-1.6	99.1	397.4	410.0	438.7
Combined ratio (%)	*107.4*	*103.8*	*365bps*	*98.4*	*105.1*	*104.9*	*104.6*
APAT	19.0	26.7	-28.8	27.7	104.0	99.2	112.6
AEPS	10.9	15.2	-28.8	15.8	59.3	56.6	64.2
ABVPS					476.1	584.8	662.3
P/E (x)					6.4	6.7	5.8
P/ABV (x)					0.7	0.61	0.53
ROE (%)					*12.8*	*10.7*	*10.3*

Source: Company, HSIE Research

ADD

CMP *(as on 17 Aug 2026)*	INR 356
Target Price	INR 500
NIFTY	24,288

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR500	INR 500
EPS%	FY27E	FY28E
	-1.9%	-1.9%

KEY STOCK DATA	
Bloomberg code	GICRE IN
No. of Shares (mn)	1,754
MCap (INR bn) / ($ mn)	624/6,523
6m avg traded value (INR mn)	313
52 Week high / low	INR 418/347

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(8.2)	(8.7)	(8.0)
Relative (%)	(11.6)	(1.8)	(4.4)

SHAREHOLDING PATTERN (%)	Mar-26	June-26
Promoters	82.4	77.4
FIs & Local MFs	13.5	17.73
FPIs	2.05	2.43
Public & Others	2.0	2.45
Pledged Shares	Nil	Nil

Source: BSE

Krishnan ASV
venkata.krishnan@hdfcsec.com
+91-22-6171-7314

Samarth Desai
samarth.desai@hdfcsec.com
+91-22-6171-7325

Ahluwalia Contracts

Weak profitability; multiple headwinds

Ahluwalia Contracts (AHLU) reported a revenue/EBITDA/APAT of INR 11.3/0.5/0.1bn, a beat/miss of +4.7/-49.7/-79.9% respectively. Heightened labor cost witnessed in Q1FY27 is expected to be the new normal, while billing dispute of INR 290mn for AIIMS Jammu project has also put a dent on EBITDA. ~11% of the order book (OB) is fixed price while balance is variable price, indicating price increases can be negotiated by AHLU with its customers and are already under discussions. The OB as of Jun'26 stood at INR 206.6bn (~4.5x FY26 revenue). FYTD order inflow (OI) stood at INR 5.1bn (excl. GST). For FY27, AHLU guides revenue at +12-15% YoY (earlier: +15-20% YoY), EBITDA margin guidance is removed owing to multiple level of uncertainties viz. elevated labour costs, commodity pressures, NGT ban, etc. We have cut our margins/EPS estimates to factor in the delayed project start and weak profitability. Given that there is limited upside to the CMP, we maintain ADD, with a reduced TP of INR 764 (14x Jun-28E EPS).

- **Q1FY27 financial highlights:** Revenue: INR 11.3bn (+12/-14.9% YoY/QoQ, a 4.7% beat). EBITDA: INR 0.5bn (-44.1/-61% YoY/QoQ, a 49.7% miss). EBITDA margin: 4.3% (-430/-506bps YoY/QoQ, vs. our estimate of 8.9%). EBIDTA was impacted by INR 290mn (260bps), owing to disallowed cost in AIIMS Jammu final bill by client and balance by Haryana (50% of order book) minimum labor wages hike of 35-40% effective 1 Apr 2026 and employee ramp-up owing to scale of business. RPAT: INR 114mn (-77.7/85.8% YoY/QoQ, a miss of 79.9%).
- **Strong OB, execution monitored:** The OB as of Jun'26 certainly provides visibility on execution for next three years. Management's ability to renegotiate labor and commodity costs amid inflationary environment remains monitorable on future revenue growth and profitability. Segment-wise OB stands at 39.7/18.3/18.2/17.4/5.8/0/6% toward residential, institutional, infrastructure, commercial/industrial, hospital, and hotels respectively. Sector-wise the OB stands at 61.7/28.3/9.3/0.7%, spread across private, center, state, and overseas (govt.) respectively. Geographically, the OB is exposed to north, west, east, south, and overseas (Nepal) at 52/23.5/16.3/7.5/0.7% respectively.
- **Robust net cash position:** AHLU is debt-free, with INR 22mn gross debt and total cash and cash equivalents of over INR 9.2bn, as of June'26. Q1FY27 capex was at INR 0.6bn (FY27/28 targeted at INR 2.2-2.5bn respectively). NWC stood stable at 119 days as of Q1FY27 (Q4/Q3FY26: 104/103 days).

Standalone Financial Summary (INR mn)

Particulars	1QFY27	1QFY26	YoY (%)	4QFY26	QoQ (%)	FY26	FY27E	FY28E	FY29E
Revenue	11,258	10,049	12.0	13,223	(14.9)	45,652	50,784	57,894	65,073
EBITDA	482	863	(44.1)	1,236	(61.0)	4,345	3,910	5,268	6,182
APAT	114	511	(77.7)	801	(85.8)	2,643	2,306	3,400	3,981
Diluted EPS (INR)	1.7	7.6	(77.7)	12.0	(85.8)	39.5	34.4	50.8	59.4
P/E (x)						20.1	23.1	15.6	13.4
EV / EBITDA (x)						10.5	12.8	9.7	8.2
RoE (%)						13.7	11.0	14.8	15.0

Source: Company, HSIE Research

Change in estimates (INR mn)

Particulars	FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)
Revenue	50,784	51,759	(1.9)	57,894	59,782	(3.2)
EBIDTA	3,910	5,124	(23.7)	5,268	5,918	(11.0)
EBIDTA (%)	7.7	9.9	(220.0)	9.1	9.9	(80.0)
APAT	2,306	3,214	(28.3)	3,400	3,880	(12.4)

Source: HSIE Research

ADD

CMP (*as on 17 Aug 2026*)	INR 794
Target Price	INR 764
NIFTY	24,288

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target (INR)	INR 824	INR 764
EPS Change %	FY27E	FY28E
	28.3	-12.4

KEY STOCK DATA	
Bloomberg code	AHLU IN
No. of Shares (mn)	67
MCap (INR bn) / ($ mn)	53/556
6m avg traded value (INR mn)	56
52 Week high / low	INR 1,078/645

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(0.1)	(1.7)	(16.4)
Relative (%)	(3.4)	5.1	(12.9)

SHAREHOLDING PATTERN (%)

	Mar-26	Jun-26
Promoters	55.32	55.32
FIs & Local MFs	22.32	22.32
FPIs	13.74	14.05
Public & Others	8.61	8.32
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

Parikshit D Kandpal, CFA
parikshitd.kandpal@hdfcsec.com
+91-22-6171-7317

Aditya Sahu
aditya.sahu@hdfcsec.com
+91-22-6171-7338

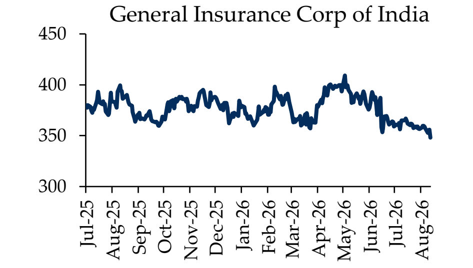
Jay Shah
jay.shah1@hdfcsec.com
+91-22-6171-7353

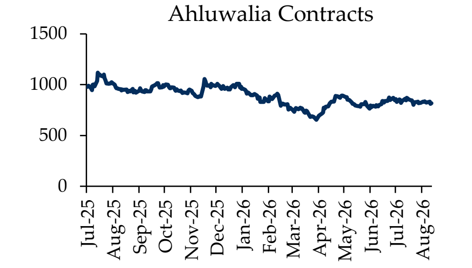
Rating Criteria
BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Krishnan ASV	General Insurance Corporation	PGDM	NO
Samarth Desai	General Insurance Corporation	MSc	NO
Parikshit Kandpal	Ahluwalia Contracts	CFA	NO
Aditya Sahu	Ahluwalia Contracts	MBA	NO
Jay Shah	Ahluwalia Contracts	CA	NO

Price movement





Disclosure:
Authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.
Research Analyst or his/her relative or HDFC Securities Ltd. does not have any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate does have/does not have any material conflict of interest.

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

Disclaimer:
This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. “This report may have been refined using AI tools to enhance clarity and readability.”
Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.
This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.
If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.
Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.
This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.
HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.
HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

Please note that HDFC Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg(East), Mumbai 400 042 Tel.: +91-22-30753400 Fax: +91-22-30753435 www.hdfcsec.com

Compliance Officer: Murli V Karkera, Contact: +91 022-69151436, Email: complianceofficer@hdfcsec.com, For any complaints / grievance: services@hdfcsec.com

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475. BSE Enlistment Number: 5159; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

SEBI Registration & Disclaimer https://www.hdfcsec.com/article/disclaimer-1795.

HDFC Securities
Institutional Equities
Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
Board: +91-22-6171-7330 www.hdfcsec.com