

HSIE Results Daily

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Results Reviews

- **Kotak Mahindra Bank:** Kotak Mahindra Bank's (KMB) Q2FY27 earnings met expectations, driven by an improved volume growth (~13% QoQ), offset by NIM compression. Loan growth was strong (+25% YoY), aided by advances against FCNR(B) deposits (~INR161bn) and the transfer from KMIL (~INR89bn). Adjusted for these, loan growth remained healthy at ~19% YoY, on the back of strong deposit growth (+23% YoY). Asset quality improved further, with lower slippages (85bps) and credit costs (35bps). KMB remains focused on loan growth in RoA-accretive segments and improving efficiency. However, sub-optimal capital deployment drives lower RoE (~12%), which is a concern. We upgrade our FY27E/FY28E forecasts by 7%/8%, introduce our FY29E estimates and maintain BUY with a revised SOTP-based TP of INR480 (standalone bank at 1.9x Sep-28 ABVPS).
- **JSW Steel:** We maintain BUY on JSW Steel (JSTL) with an unchanged TP of INR 1,410/share (SOTP based). JSWS reported robust 13% YoY like to like (LTL) consolidated volume growth in Q2FY27 (excluding BPSL assets) as its BF-3 plant ramped up (~90% utilization). Margin contracted by INR 1.4k/MT QoQ to INR 13.6k/MT owing to lower realization and rising coking coal prices. While coking coal price is expected to rise further by USD 25/MT in Q3, JSWS is hopeful of better margin driven by steel price increase and efficiency gains. It has maintained 8% LTL volume growth guidance for FY27E. Ongoing expansions will increase its total steel capacity to 44/65mn MT by FY28/31E vs 38mn MT in FY26.
- **Jindal Steel:** We maintain a BUY rating on Jindal Steel, with an unchanged TP of INR 1,210/share (7.5x FY28E consolidated EBITDA). In Q2FY27, Jindal maintained strong volume offtake (+27% YoY) on expansion ramp up. Blended NSR rose 1% QoQ (+12% YoY) on a higher share of flats and lower TMT volumes. However, unit EBITDA declined by ~INR 1.1k/MT QoQ to INR 10.8k/MT, as opex rose on higher coking coal and freight costs. It also commissioned the slurry pipeline during the quarter, which is expected to drive opex reduction by ~INR 500/MT from Q3FY27 onwards. Coking coal costs rose ~USD 12–14/MT in Q2, and Jindal expects a further rise of ~USD 20–25/MT in Q3. However, firmer steel prices, improving product mix, and cost optimization should drive margin recovery. Jindal reiterated its 25% YoY volume growth target on continued production ramp up. We expect Jindal's consolidated volume/EBITDA to increase at 22/33% CAGRs over FY26–28E.
- **Shree Cement:** We raise our rating on Shree Cement (SRCM) to BUY from ADD earlier with a revised TP of INR 28,400/share (SOTP: 16x Sep'28E standalone EBITDA, UAE subsidiary at 2.5x BV). Continued robust volume and margin performance, along with the recent correction in the stock price, make us turn bullish on the stock. In Q2FY27, SRCM delivered its third consecutive quarter of solid volume growth (+18/14% YoY standalone/consolidated). Standalone/consolidated margin fell by INR 112/115 per MT YoY to INR 912/966 per MT on elevated energy prices, but remained healthy and among the best in the industry. We estimate SRCM will deliver 9/10% standalone volume/EBITDA CAGRs during FY26–29E. It commissioned a 3mn MT cement mill in the UAE in Q2FY27, and the 1mn MT IU in Meghalaya remains on track for commissioning by Mar'28E.

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- **AU Small Finance Bank:** AUBANK's Q2FY27 earnings beat our estimates on the back of healthy growth on both sides of the balance sheet, coupled with lower provisioning. Loan growth (+28% YoY) was led by secured retail and commercial assets (+26% YoY). Deposit growth (+29% YoY) was strong, led by traction in CA balances (+55% YoY), leading to improvement in CASA ratio to 29.5% (+72bps QoQ), even as the loan-deposit ratio stayed stubborn at 87%. With yields under pressure from a changing loan mix, we expect margins (Q2FY27: 5.8%) to remain under check. We upgrade our FY27E/FY28E earnings by 2%/4%, introduce FY29E forecasts and maintain REDUCE with a revised TP of INR900 (2.4x Sep-28 ABVPS).
- **Nuvoco Vistas Corporation:** We maintain BUY on Nuvoco Vistas with an unchanged target price of INR 445/share (9x its consolidated Sep-28E EBITDA). In Q2FY27, Nuvoco delivered strong 9% YoY volume growth. Unit EBITDA fell INR 151/MT QoQ to INR 871/MT on subdued pricing, higher energy costs, and op-lev loss. While management guided for further rise in variable costs by ~INR 100-120/MT QoQ (rising energy and packing costs), recent uptick in cement prices are expected to more than offset the same, leading to a margin uptick. Nuvoco maintained its west and east expansion timelines, leading to 33.5mn MT capacity by Mar'28E. These should drive consolidated volume/EBITDA CAGRs of 9/9% over FY26-29E. EBITDA CAGR appears subdued due to lower margin for Vadraj assets over the next three years.

Kotak Mahindra Bank

First signs of volume growth; sustainability remains key

Kotak Mahindra Bank's (KMB) Q2FY27 earnings met expectations, driven by an improved volume growth (~13% QoQ), offset by NIM compression. Loan growth was strong (+25% YoY), aided by advances against FCNR(B) deposits (~INR161bn) and the transfer from KMIL (~INR89bn). Adjusted for these, loan growth remained healthy at ~19% YoY, on the back of strong deposit growth (+23% YoY). Asset quality improved further, with lower slippages (85bps) and credit costs (35bps). KMB remains focused on loan growth in RoA-accretive segments and improving efficiency. However, sub-optimal capital deployment drives lower RoE (~12%), which is a concern. We upgrade our FY27E/FY28E forecasts by 7%/8%, introduce our FY29E estimates and maintain BUY with a revised SOTP-based TP of INR480 (standalone bank at 1.9x Sep-28 ABVPS).

- **Healthy loan growth; dip in NIMs:** Loan growth was strong, driven by SME (+27% YoY), corporate banking (+25% YoY) and mortgages (+14% YoY), along with a sharp uptick in credit substitutes (+44% YoY). Unsecured retail picked up, led by microcredit. NIMs moderated 22bps QoQ, of which ~15bps was attributable to FCNR deposits and related advances, with core margins stable QoQ. Operating efficiency improved, with C/I at 45.2% (-35bps QoQ).
- **Asset quality continues to improve:** Gross slippages eased to 0.85% (Q1FY27: 1.03%). GNPA/NNPA improved to 1.0%/0.2% (-14bps/-3bps QoQ), with PCR stable at 78% on the back of continued improvement in unsecured retail and stabilizing delinquencies in retail CV. We build in average credit costs of 51bps over FY27-29E. The management expects ECL transition on net worth at <2% and 12-15bps on credit costs on a steady-state basis.
- **Sustaining growth critical:** KMB has laid out its deposit mobilization strategy (HNI, core India, SME, and Institutional), which is critical to driving strong loan growth (C/D ratio at 88.6%). However, a cautious approach to loan growth amidst elevated competitive intensity and excess capital (sub-optimal leverage) continue to weigh on RoE.

Financial summary (Standalone)

(INR bn)	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ (%)	FY26	FY27E	FY28E	FY29E
NII	84.6	73.1	15.7%	79.3	6.7%	300.1	356.4	391.5	484.0
PPOP	63.8	52.7	21.1%	61.3	4.1%	220.7	264.5	286.5	361.4
PAT	42.1	32.5	29.5%	41.2	2.2%	140.1	176.6	195.8	237.3
EPS (INR)	4.2	3.3	29.3%	4.1	2.2%	14.1	17.8	19.7	23.9
ROAE (%)						11.1	12.1	11.7	12.6
ROAA (%)						1.9	2.1	2.0	2.1
ABVPS (INR)						131.4	153.3	172.0	194.3
P/ABV (x)						2.3	2.0	1.8	1.6
P/E (x)						21.6	17.1	15.4	12.7

Source: Company, HSIE Research

Change in estimates

(INR bn)	FY27E			FY28E		
	New	Old	Δ	New	Old	Δ
Net advances	5,760	5,714	0.8%	6,701	6,632	1.0%
NIM (%)	4.7	4.7	2 bps	4.5	4.6	-1 bps
NII	356.4	353.1	0.9%	391.5	387.8	1.0%
PPOP	264.5	258.3	2.4%	286.5	280.2	2.2%
PAT	176.6	165.5	6.7%	195.8	181.3	8.0%
Adj. BVPS (INR)	153.3	153.3	0.0%	172.0	171.3	0.4%

Source: Company, HSIE Research

BUY

CMP (as on 23 Oct 2026)	INR 431
Target Price	INR 480
NIFTY	22,600

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR460	INR 480
	FY27E	FY28E
EPS %	+6.7%	+8.0%

KEY STOCK DATA

Bloomberg code	KMB IN
No. of Shares (mn)	9,948
MCap (INR bn) / (\$ mn)	4,283/45,107
6m avg traded value (INR mn)	7,395
52 Week high / low	INR 453/345

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	12.3	16.2	(3.3)
Relative (%)	16.6	22.1	10.2

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	25.9	25.9
FIs & Local MFs	37.7	38.5
FPIs	25.2	24.7
Public & Others	11.2	10.9
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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JSW Steel

Healthy volume growth; Expansion plans stepped up

We maintain BUY on JSW Steel (JSTL) with an unchanged TP of INR 1,410/share (SOTP based). JSWS reported robust 13% YoY like to like (LTL) consolidated volume growth in Q2FY27 (excluding BPSL assets) as its BF-3 plant ramped up (~90% utilization). Margin contracted by INR 1.4k/MT QoQ to INR 13.6k/MT owing to lower realization and rising coking coal prices. While coking coal price is expected to rise further by USD 25/MT in Q3, JSWS is hopeful of better margin driven by steel price increase and efficiency gains. It has maintained 8% LTL volume growth guidance for FY27E. Ongoing expansions will increase its total steel capacity to 44/65mn MT by FY28/31E vs 38mn MT in FY26.

- **Q2FY27 performance:** JSWS' reported consolidated sales volume grew 2% YoY. On LTL basis, adjusted for BPSL, its volume rose 13/19% YoY/QoQ on strong Vijayanagar BF 3 ramp up amid healthy demand. Blended NSR fell by INR 2.7k/MT QoQ on a sharper decline in long steel prices. Higher coking coal cost (+USD 10/MT QoQ) impacted input prices, though blended opex declined sequentially by INR 1.3k/MT due to op lev gains. Subsequently, unit EBITDA declined INR 1.4k/MT QoQ to INR 13.6k/MT. On a YoY basis, margin expanded by INR 3.9k/MT on robust pricing, which more than offset cost inflation. JSWS spent ~INR 62/111bn in capex in Q2/H1FY27 toward ongoing expansions. Net debt fell to INR 485bn as of Sep'26.
- **Con call KTAs and outlook:** JSWS maintained its FY27E sales volume guidance of 28.6mn MT (LTL +8% YoY). Variable cost will rise further in Q3FY27 as coking coal prices have spiked by ~USD 25/MT QoQ and even iron ore prices have increased marginally. Despite these pressures, margin should expand as both long and flat steel prices have also gone up. The board approved fresh expansions, including Utkal phase-2 (5mn MT), a 1.8mn MT CRM complex at Vasind, and a 5mn MT JJSL JV expansion. JSWS guided annual capex of INR 220–240bn in FY27E and INR 1.48trn over the next 5–6 years, taking its total capacity to 78mn MT. We raise our FY27/28E EBITDA estimates (excluding BPSL assets) by 7/1% respectively, factoring in robust steel pricing and demand outlook. We have also raised our capex outgo estimates for FY27–28E by ~10% as per recent guidance. We value JSWS at 8.5x FY28E EBITDA and its 50% stake in the JSWS–JFE JV at ~1x BV, leading to an unchanged SOTP value of INR 1,410/share.

Quarterly/annual financial summary (consolidated)

YE Mar	Q2 FY27	Q2 FY26	YoY (%)	Q1 FY27	QoQ (%)	FY24	FY25	FY26	FY27E	FY28E
Sales (mn MT)	7.5	7.3	1.6	6.3	19.4	24.8	26.5	29.6	28.7	31.6
NSR (INR/MT)	73,038	61,515	18.7	75,782	(3.6)	70,624	63,828	62,472	74,341	73,598
EBITDA (INR/MT)	13,566	9,693	39.9	15,013	(9.6)	11,395	8,659	9,941	13,566	13,048
Net Sales	544.9	451.5	20.7	473.6	15.0	1,750.1	1,688.2	1,851.0	2,136.7	2,326.8
EBITDA	101.2	71.2	42.2	93.8	7.9	282.4	229.0	294.6	389.9	412.5
APAT	52.8	16.2	225.3	46.5	13.5	83.7	38.7	98.1	192.0	208.0
AEPS (INR)	21.6	6.7	224.2	19.0	13.5	34.4	15.9	40.1	78.5	85.1
EV/EBITDA (x)						10.4	13.1	9.6	6.9	6.4
P/E (x)						27.5	59.4	23.4	12.0	11.1
RoCE (%) pretax						12.5	7.6	10.2	14.8	14.8
RoE (%)						11.4	4.8	10.5	16.8	15.7

Source: Company, HSIE Research

BUY

CMP (as on 23 Oct 2026)	INR 1,186
Target Price	INR 1,410
NIFTY	22,600

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,410	INR 1,410
EBITDA revision %	FY27E 7.7	FY28E 0.5

KEY STOCK DATA

Bloomberg code	JSTL IN
No. of Shares (mn)	2,445
MCap (INR bn) / (\$ mn)	2,899/30,535
6m avg traded value (INR mn)	2,286
52 Week high / low	INR 1,351/1,073

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(4.9)	(5.7)	4.2
Relative (%)	(0.6)	0.2	17.7

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-26
Promoters	44.29	44.29
FIs & Local MFs	11.49	11.34
FPIs	25.92	25.92
Public & Others	18.30	18.45
Pledged Shares	11.60	12.25

Source : BSE

Pledged shares as % of total shares

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Jindal Steel

Strong volumes growth; Higher costs drag margin QoQ

We maintain a BUY rating on Jindal Steel, with an unchanged TP of INR 1,210/share (7.5x FY28E consolidated EBITDA). In Q2FY27, Jindal maintained strong volume offtake (+27% YoY) on expansion ramp up. Blended NSR rose 1% QoQ (+12% YoY) on a higher share of flats and lower TMT volumes. However, unit EBITDA declined by ~INR 1.1k/MT QoQ to INR 10.8k/MT, as opex rose on higher coking coal and freight costs. It also commissioned the slurry pipeline during the quarter, which is expected to drive opex reduction by ~INR 500/MT from Q3FY27 onwards. Coking coal costs rose ~USD 12–14/MT in Q2, and Jindal expects a further rise of ~USD 20–25/MT in Q3. However, firmer steel prices, improving product mix, and cost optimization should drive margin recovery. Jindal reiterated its 25% YoY volume growth target on continued production ramp up. We expect Jindal's consolidated volume/EBITDA to increase at 22/33% CAGRs over FY26–28E.

- **Q2FY27 performance:** Sales volume rose 27/7% YoY/QoQ driven by strong demand, ramp up of the newly commissioned facility, and inventory liquidation. The share of flat products continues to rise: 61% in Q2 vs 49/53% YoY/QoQ. NSR rose 0.9% QoQ to INR 70.1k/MT, driven by a higher share of flats and lower TMT sales within longs. Unit opex rose 3/15% QoQ/YoY, mainly owing to a ~USD 10/MT rise in blended coking coal cost and higher freight costs. Consequently, unit EBITDA declined by ~INR 1.1k/MT QoQ to INR 10.8k/MT. Jindal spent ~INR 12/32bn in capex in Q2/H1FY27. Net debt declined by INR 11bn QoQ to ~INR 150bn, aided by working capital release.
- **Con call KTAs and outlook:** Jindal noted that both flats/longs prices have firmed up in Q3FY27. This, along with improvement in product mix and savings from the new slurry pipeline (~INR 500/MT), should drive margin recovery despite an expected surge of USD 20–25/MT in coking coal cost in Q3. Jindal maintained its FY27 sales guidance of 11mn MT (+25% growth), alongside a shifting product mix toward 65% value added flats (including plates and niche HRC) and 35% longs. Jindal is targeting an increase in its captive coal sourcing to 65–70% from 50–55% currently. Jindal maintained its FY27 capex guidance of INR 75–100bn, focusing on value added expansions and reducing net debt/EBITDA ratio to <1.5x. We estimate volume/EBITDA CAGRs of 22/33% over FY26–28E.

Quarterly/annual financial summary (consolidated)

YE Mar	Q2 FY27	Q2 FY26	YoY (%)	Q1 FY27	QoQ (%)	FY24	FY25	FY26	FY27E	FY28E
Sales (mn MT)	2.4	1.9	27.3	2.2	6.7	7.7	7.7	8.7	10.9	13.0
NSR (INR/MT)	70,078	62,491	12.1	69,427	0.9	65,643	62,897	61,584	66,203	66,203
EBITDA (INR/MT)	10,808	11,129	(2.9)	11,930	(9.4)	13,298	12,202	11,128	12,072	13,051
Net Sales	166.8	116.9	42.7	154.8	7.7	503.5	501.3	534.5	718.3	862.0
EBITDA	25.7	20.8	23.6	26.6	-3.3	102.0	97.3	96.6	131.0	169.9
APAT	7.7	6.4	21.3	8.4	-8.3	59.4	39.1	40.2	52.0	79.1
AEPS (INR)	7.6	6.3	21.3	8.3	-8.3	59.2	38.6	39.5	51.1	77.7
EV/EBITDA (x)						10.2	10.3	12.1	8.6	6.5
P/E (x)						16.3	24.7	25.9	19.9	13.1
RoCE (%) pre-tax						11.8	10.1	8.8	11.5	14.7
RoE (%)						14.2	8.5	8.1	9.6	13.0

Source: Company, HSIE Research

BUY

CMP (as on 23 Oct 2026) INR 1,016

Target Price INR 1,210

NIFTY 22,600

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,210	INR 1,210
EBITDA revision %	FY27E 0.0	FY28E (2.5)

KEY STOCK DATA

Bloomberg code	JINDALST IN
No. of Shares (mn)	1,020
MCap (INR bn) / (\$ mn)	1,036/10,915
6m avg traded value (INR mn)	1,354
52 Week high / low	INR 1,306/977

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(2.5)	(19.0)	0.7
Relative (%)	1.8	(13.2)	14.2

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	62.71	62.71
FIs & Local MFs	19.52	19.70
FPIs	8.84	8.75
Public & Others	8.93	8.85

Pledged Shares	-	-
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Source : BSE

Pledged shares as % of total shares

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Shree Cement

Robust volume offtake continues

We raise our rating on Shree Cement (SRCM) to BUY from ADD earlier with a revised TP of INR 28,400/share (SOTP: 16x Sep'28E standalone EBITDA, UAE subsidiary at 2.5x BV). Continued robust volume and margin performance, along with the recent correction in the stock price, make us turn bullish on the stock. In Q2FY27, SRCM delivered its third consecutive quarter of solid volume growth (+18/14% YoY standalone/consolidated). Standalone/consolidated margin fell by INR 112/115 per MT YoY to INR 912/966 per MT on elevated energy prices, but remained healthy and among the best in the industry. We estimate SRCM will deliver 9/10% standalone volume/EBITDA CAGRs during FY26–29E. It commissioned a 3mn MT cement mill in the UAE in Q2FY27, and the 1mn MT IU in Meghalaya remains on track for commissioning by Mar'28E.

- Q2FY27 performance:** Standalone sales volume soared 18% YoY, delivering a third consecutive quarter of solid growth (9% QoQ due to monsoon). Robust offtake in non-trade drove this growth. Both trade sales/blended cement share fell to multi quarter lows of 61/58%. Grey cement NSR fell 1% QoQ on seasonal weakness and competitive pressure. Other non-cement revenues led to a +1% QoQ rise in blended NSR. Blended opex rose 5.5% QoQ on elevated fuel cost (INR 2.09/mnCal vs INR 1.95 QoQ), op lev loss, and other non-cement costs. Logistics cost normalized to ~INR 1,100/MT, cushioning inflation. Thus, blended EBITDA fell by INR 112/MT QoQ to INR 912/MT (down INR 194/MT YoY on higher costs). On a consolidated basis, total volume grew +14% YoY. Unit EBITDA contracted INR 115/MT YoY to INR 966/MT. RMC business: number of plants increased to 35 vs 24/33 YoY/QoQ. Revenue rose to INR 1.29bn from 1.1/0.5bn QoQ/YoY. SRCM spent ~INR 4.4/9bn in capex in Q2/H1FY27.
- Con call KTAs and outlook:** SRCM maintained its earlier guidance of ~12–13% volume growth in FY27E. It expects fuel cost to rise further by ~INR 0.1/mnCal QoQ in Q3. During Q2, it commissioned a 3mn MT cement mill in the UAE, and noted its 1mn MT IU in Meghalaya is on track for completion by end FY28E, while other expansions remain on track. SRCM will incur another INR 7–8bn capex in H2FY27E. While we maintain our volume/EBITDA estimates (9/10% CAGRs over FY26–29E), we have recalibrated our capex and working capital estimates, leading to a slight increase in our SOTP based target price. We estimate standalone volume/EBITDA CAGRs at 9/10% respectively.

Quarterly/annual financial summary (standalone)

YE Mar (INR bn)	Q2 FY27	Q2 FY26	YoY (%)	Q1 FY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Sales (mn MT)	9.3	7.9	17.7	10.5	(11.2)	35.6	36.4	39.8	43.0	47.3
NSR (INR/MT)	5,486	5,440	0.8	5,360	2.3	5,050	5,309	5,469	5,534	5,590
EBITDA (INR/MT)	912	1,106	(17.5)	1,024	(10.9)	1,086	1,174	1,104	1,182	1,210
Net Sales	51.07	43.03	18.7	56.23	(9.2)	179.77	193.11	217.79	238.04	264.46
EBITDA	8.49	8.75	(2.9)	10.74	(20.9)	38.67	42.71	43.97	50.83	57.23
APAT	2.05	2.95	(30.4)	4.38	(53.1)	12.19	17.66	16.77	25.57	23.65
AEPS (INR)	58.9	81.7	(27.9)	121.4	(51.5)	337.9	489.5	464.9	708.7	655.5
EV/EBITDA (x)						18.5	15.8	15.0	13.0	11.5
EV/MT (INR bn)						12.5	9.6	9.4	9.3	8.6
P/E (x)						67.3	46.4	48.9	32.1	34.7
RoE (%)						5.9	8.1	7.3	10.5	9.1

Source: Company, HSIE Research, EBITDA (INR/MT) is blended and includes merchant power

ADD

CMP (as on 23 Oct 2026)	INR 22,735
Target Price	INR 28,400
NIFTY	22,600

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 27,000	INR 28,400
EBITDA	FY27E	FY28E
Change %	-	-

KEY STOCK DATA

Bloomberg code	SRCM IN
No. of Shares (mn)	36
MCap (INR bn) / (\$ mn)	820/8,640
6m avg traded value (INR mn)	768
52 Week high / low	INR 29,434/21,355

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(15.2)	(10.7)	(21.5)
Relative (%)	(11.0)	(4.9)	(8.0)

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	62.56	62.56
FIs & Local MFs	16.42	16.49
FPIs	8.21	8.45
Public & Others	12.81	12.50
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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AU Small Finance Bank

Strong growth; stress moderated

AUBANK's Q2FY27 earnings beat our estimates on the back of healthy growth on both sides of the balance sheet, coupled with lower provisioning. Loan growth (+28% YoY) was led by secured retail and commercial assets (+26% YoY). Deposit growth (+29% YoY) was strong, led by traction in CA balances (+55% YoY), leading to improvement in CASA ratio to 29.5% (+72bps QoQ), even as the loan-deposit ratio stayed stubborn at 87%. With yields under pressure from a changing loan mix, we expect margins (Q2FY27: 5.8%) to remain under check. We upgrade our FY27E/FY28E earnings by 2%/4%, introduce FY29E forecasts and maintain REDUCE with a revised TP of INR900 (2.4x Sep-28 ABVPS).

- **Healthy growth; yields softening:** Loan growth was dominated by wheels (+28% YoY), gold loans (+102% YoY), and commercial banking (+39% YoY), while unsecured business grew 23% YoY, led by MFI and PL. Our forecasts build ~24% loan CAGR over FY26-29E, lower than management guidance. NIMs moderated to 5.8% (Q1FY27: 5.9%) due to a higher share of investments in total assets, and a 9bps QoQ decline in yields led by mix change.
- **Moderation of unsecured stress:** Slippages clocked in at INR9.06bn (flat on a YoY basis) as the slippage ratio improved to 2.6% (Q2FY26: 3.3%) on the back of normalization in unsecured stress. Provisions declined 25% YoY (-3% QoQ) to INR3.59bn, and credit costs (incl. CGFMU premium) were at 0.8% (Q2FY26: 1.2%). We expect credit costs to average 1% over FY27-29E (15bps higher than the bank's guidance), on the likely impact of macro and geopolitical risks.
- **Priced to perfection:** While AUBANK has invested in AI-based initiatives, we believe that productivity gains from the tech remain a key monitorable. While we acknowledge AUBANK's core strengths in its home territory and secured segments, we believe that the bank is likely to face a medium-term challenge, replicating these moats into newer geographies and unsecured segments. We build in a steady-state 1.6% RoA for FY27E/FY28E.

Financial summary

(INR bn)	2Q FY27	2Q FY26	YoY (%)	1Q FY27	QoQ (%)	FY26	FY27E	FY28E	FY29E
NII	28.2	21.4	31.5%	27.0	4.6%	91.1	113.4	138.6	167.8
PPOP	15.1	12.1	25.1%	14.4	5.4%	50.9	61.7	78.5	97.7
PAT	8.6	5.6	52.9%	8.0	7.8%	26.4	33.7	43.2	53.4
EPS (INR)	11.3	7.5	51.1%	10.5	7.5%	35.3	45.1	57.7	71.4
ROAE (%)						14.2	15.7	17.1	17.8
ROAA (%)						1.5	1.6	1.6	1.6
ABVPS (INR)						253.2	296.7	344.0	409.5
P/ABV (x)						3.7	3.1	2.7	2.3
P/E (x)						26.4	20.7	16.2	13.1

Change in estimates

(INR bn)	FY27E			FY28E		
	New	Old	Δ	New	Old	Δ
Net advances	1,684	1,665	1.1%	2,072	2,029	2.1%
NIM (%)	5.6	5.8	-14 bps	5.6	5.7	-13 bps
NII	113.4	116.3	-2.5%	138.6	140.3	-1.2%
PPOP	61.7	65.0	-5.1%	78.5	79.4	-1.2%
PAT	33.7	33.4	1.1%	43.2	41.8	3.2%
Adj. BVPS (INR)	296.7	296.2	0.2%	344.0	347.2	-0.9%

Source: Company, HSIE Research

REDUCE

CMP (as on 23 Oct 2026)	INR 933
Target Price	INR 900
NIFTY	22,600

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR850	INR905
	FY26E	FY27E
EPS %	+1.1%	+3.2%

KEY STOCK DATA

Bloomberg code	AUBANK IN
No. of Shares (mn)	752
MCap (INR bn) / (\$ mn)	701/7,387
6m avg traded value (INR mn)	1,998
52 Week high / low	INR 1,145/832

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(4.7)	(11.7)	7.1
Relative (%)	(0.4)	(5.8)	20.7

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	22.7	22.7
FIs & Local MFs	32.8	32.8
FPIs	36.0	36.1
Public & Others	8.5	8.4
Pledged Shares	0.0	0.0

Source: BSE

Pledged shares as % of total shares

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Nuvoco Vistas Corporation

Continued strong performance

We maintain BUY on Nuvoco Vistas with an unchanged target price of INR 445/share (9x its consolidated Sep-28E EBITDA). In Q2FY27, Nuvoco delivered strong 9% YoY volume growth. Unit EBITDA fell INR 151/MT QoQ to INR 871/MT on subdued pricing, higher energy costs, and op-lev loss. While management guided for further rise in variable costs by ~INR 100-120/MT QoQ (rising energy and packing costs), recent uptick in cement prices are expected to more than offset the same, leading to a margin uptick. Nuvoco maintained its west and east expansion timelines, leading to 33.5mn MT capacity by Mar'28E. These should drive consolidated volume/EBITDA CAGRs of 9/9% over FY26-29E. EBITDA CAGR appears subdued due to lower margin for Vadraj assets over the next three years.

- **Q2FY27 performance:** Nuvoco delivered healthy 9% YoY volume growth, aided by better growth in its north markets, while it fell seasonally by 12% QoQ. Trade sales share stood flattish QoQ at 75%. CC ratio improved sequentially from 1.73x to 1.75x. Reported NSR declined ~INR 19/MT QoQ amid seasonal weakness (monsoon quarter) and elevated competition. Opex jumped INR 151/MT QoQ on higher fuel costs and op-lev loss. Fuel cost rose to INR 1.59/mnCal (vs INR 1.52 QoQ). Thus, unit EBITDA declined INR 170/MT QoQ to INR 871/MT.
- **H1FY27 performance:** Volume rose 7% YoY and margin too improved by INR 39/MT YoY to INR 962/MT, leading to 9.8bn of EBITDA (+10% YoY). OCF fell 10% YoY to INR 5.4bn on higher working capital. In Q2/H1FY27, it spent ~INR 4.1/7.9bn in capex and net debt rose to INR 52.5bn in Sep'26.
- **Con call KTAs and outlook:** Nuvoco maintained its FY27E volume guidance of 7-8% growth. For Q3, it expects fuel cost to rise to INR 1.8/mnCal and variable cost to rise by ~INR 100-120/MT QoQ (fuel INR 70-80, packing ~INR 20, raw material ~INR 10). Cement prices have increased by ~INR 20-25/bag over Sep-Oct'26. Nuvoco guided for a capex outgo of ~INR 12/8-9bn over FY27/28E toward ongoing expansion in the west (CoD by H1FY28) and east (CoD end of FY28), leading to 33.5mn MT by Mar'28E. We maintain FY27/28/29E estimates, whereby we build in core volume CAGR of 5.4% (of our total estimate of 9% CAGR) over FY26-29E along with a steady margin of >INR 850/MT while we expect Vadraj unit to deliver margin EBITDAs of ~INR (400)/300/600 in FY27/28/29E.

Quarterly/annual financial summary

YE Mar (INR bn)	Q2 FY27	Q2 FY26	YoY (%)	Q1 FY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Sales (mn MT)	4.70	4.31	9.0	5.34	(12.0)	19.43	20.38	21.81	23.99	26.38
NSR (INR/MT)	5,341	5,146	3.8	5,359	(0.3)	4,853	5,067	5,320	5,373	5,400
EBITDA (INR/MT)	871	828	5.3	1,041	(16.3)	683	889	841	851	881
Net Sales	27.90	24.58	13.5	31.29	(10.8)	103.57	113.38	127.15	141.14	155.96
EBITDA	4.08	3.67	11.3	5.68	(28.1)	13.72	18.57	18.83	20.96	23.86
APAT	0.65	0.36	77.8	1.60	(59.4)	0.22	3.96	4.19	4.80	6.61
Diluted EPS (Rs)	1.81	1.02	77.8	4.47	(59.4)	0.6	11.1	11.7	13.4	18.5
EV / EBITDA (x)						11.3	8.8	9.0	7.7	6.7
EV/MT (Rs bn)						6.19	6.50	5.81	4.81	4.62
P/E (x)						539.7	29.8	28.1	24.6	17.8
RoE (%)						0.2	4.1	4.0	4.4	5.8

Source: Company, HSIE Research

BUY

CMP (as on 23 Oct 2026)	INR 330
Target Price	INR 445
NIFTY	22,600

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 445	INR 445
EBITDA revision %	FY27E	FY28E
	-	-

KEY STOCK DATA

Bloomberg code	NUVOCO IN
No. of Shares (mn)	357
MCap (INR bn) / (\$ mn)	118/1,244
6m avg traded value (INR mn)	417
52 Week high / low	INR 430/276

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(8.6)	10.3	(21.7)
Relative (%)	(4.4)	16.2	(8.2)

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	72.02	72.02
FIs & Local MFs	18.00	17.65
FPIs	4.71	4.63
Public & Others	5.27	5.70
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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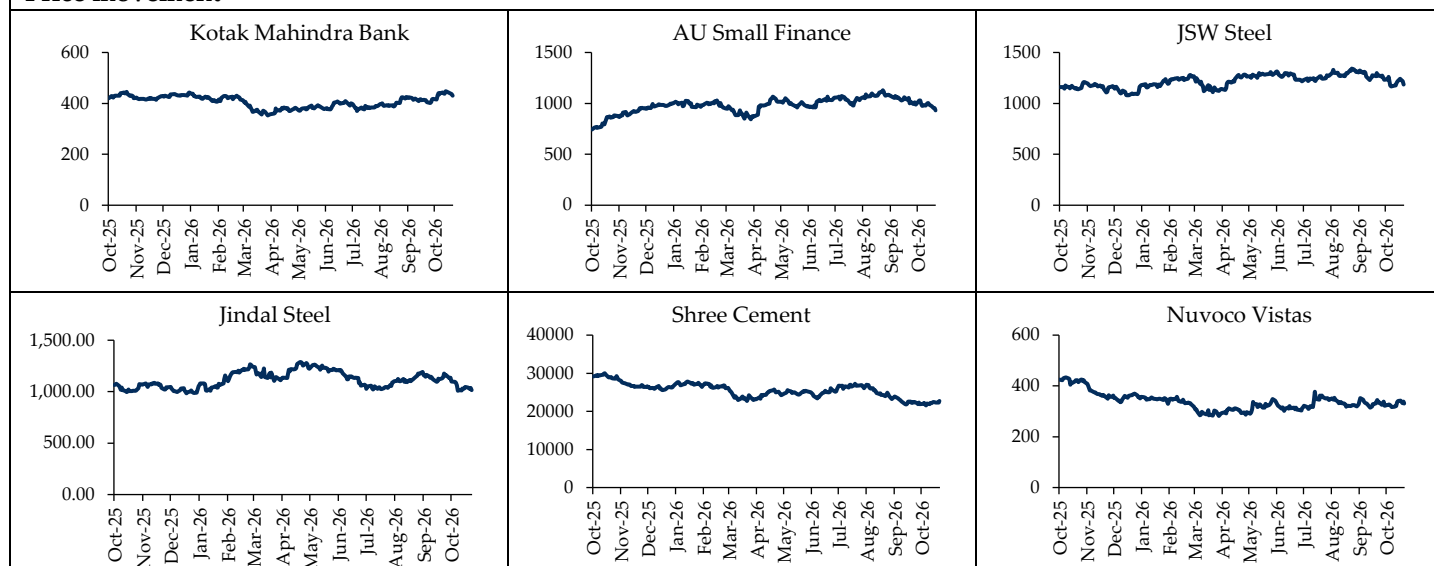
Rating Criteria

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
Krishnan ASV	Kotak Mahindra Bank, AU Small Finance Bank	PGDM	NO
Shweta Upadhyay	Kotak Mahindra Bank, AU Small Finance Bank	MBA	NO
Rajesh Ravi	JSW Steel, Jindal Steel, Shree Cement, Nuvoco Vistas Corporation	MBA	NO
Keshav Lahoti	JSW Steel, Jindal Steel, Shree Cement, Nuvoco Vistas Corporation	CA, CFA	NO
Kartikey	JSW Steel, Jindal Steel, Shree Cement, Nuvoco Vistas Corporation	CA	NO
Mahesh Nagda	JSW Steel, Jindal Steel, Shree Cement, Nuvoco Vistas Corporation	CA	NO

Price movement



Disclosure:

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