HSIE Results Daily

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Results Reviews

- **Sun Pharmaceutical Industries:** EBITDA grew 14% YoY as sales growth of 12% YoY (US: +7% QoQ; innovative medicine: +7% YoY; India: +17% YoY), higher gross margin (+148 bps at 80.9%), and muted R&D (-1% YoY) were offset by higher costs (staff/SG&A +18/+14%). The company retains its FY27 guidance of high-single-digit revenue growth and R&D at 6-7% of sales. Its innovative medicine business saw moderate growth in H1, largely due to execution-related issue leading to muted Ilumya sales, which is expected to see recovery in following quarters with intervention plan, label expansion for psoriatic arthritis, gradual market shift toward IL-23, and HCP administration. It expects other key products to remain steady (Odomzo, Cequa, and Winlevi), gradual scale-up in Leqselvi, and growth in Unloxcyt (NCCN Category 2A recommendation). It expects to see steady growth in the India business, led by traction in key therapies, new launches, volume increase, and price growth. Organon transaction is on track and Q4FY27 closure timeline is intact. EM/RoW growth visibility will improve, with Semaglutide launch (Brazil and S. Africa) and EU launch for Lerodalcibep (PCSK9 inhibitor). We expect the scale-up in specialty (Ilumya, Winlevi, Cequa, Unloxcyt, and Leqselvi) and India business (new launches, in-licensing) to offset the soft US generics business. Factoring in Q2, we have cut EPS by 4/2% for FY27E/28E. We retain BUY and a revised TP of INR 2,180 (31x Q2FY29E EPS).
- **Bank of Baroda:** Bank of Baroda's (BOB) Q2FY27 earnings were flattered by a one-off treasury gain from the NSE stake sale, which lifted operating profit to 51% YoY. Balance sheet growth was strong at ~7% QoQ on both sides and was driven largely by FCNR(B) deposits that weighed on the domestic CASA ratio slipping to 36.4%. Loan growth (+18.3% YoY) was led by the international book. Credit costs were higher sequentially, albeit this was driven by prudential buffers even as asset quality remained intact. The NMC settlement (provided in Q1FY27) removes a key overhang. Despite relatively softer NIMs, BOB has consistently delivered better cross-cycle return ratios than peers, largely on the back of a superior customer franchise. We remain cautious on retail and MSME portfolio quality and flag the elevated credit-to-deposit ratio (85%), higher than most other PSBs. We have tweaked FY27E/FY28E earnings by -15%/-4%, introduced FY29E estimates, and reiterate BUY with a revised TP of INR325 (0.9x Sep-28 ABVPS).
- **Gail (India):** We maintain ADD on GAIL (India), with a revised target price of INR 203, underpinned by (1) a sustained ramp-up in NG transmission volumes, aided by demand from CGD, refinery customers and commissioning of key pipelines in coming quarters; (2) healthy NG marketing margins on favorable spreads; (3) petrochemical losses narrowing, led by a cheaper Henry Hub-heavy gas mix, with the upcoming PTA and PDH-PP plants adding scale; and (4) resilient LPG/LHC segment backed by the Gandhar plant restart and secured domestic gas allocation. Q2FY27 standalone EBITDA came in at INR64.1bn (+101.0% YoY, +0.6% QoQ) and APAT at INR 46.5bn (+109.7% YoY, +8.7% QoQ). The beat was owing to higher-than-expected marketing margin, transmission volumes and tariffs, partly offset by weaker LHC realizations.

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- **Aditya Birla Capital:** ABCAP sustained strong headline growth across lending (NBFC AUM up by 26.5% YoY; HFC AUM up by 50% YoY) and non-lending businesses (ABSLI individual FYP up by 47% YoY; ABHI GWP up by 46% YoY) except ABSLAMC (MF QAAUM up by 4% YoY). NBFC business reported healthy P&L outcomes, with steady profitability (RoA of 2.5%). ABHFL maintained its growth momentum, with aspiration of INR 1trn by FY28E, although profitability remains a key monitorable. Insurance businesses reported strong premium growth, although IRDAI's expected distribution commission guidelines remain a key overhang. We tweak our earnings estimates marginally for the lending businesses and maintain ADD with a revised SOTP-based TP of INR 421 (standalone entity at 2.3x Sep-28 ABVPS; ABSLI at 1.5x Sep-28 IEV; ABHFL at 1.8x Sep-28 ABVPS).
- **PB Fintech:** PBFINTECH posted 35% YoY growth in its core operating revenue, driven by strong traction in the flagship Policybazaar business (+42% YoY), supported by the Paisabazaar business (+19% YoY). PAT grew 46% YoY (INR 1.92bn), assisted by an improvement in cost-to-income ratio to ~95% (Q2FY26: 96.6%), which we expect will sustain for FY27. Policybazaar, the company's flagship platform, offers insurers a data-rich, efficient channel with measurable outcomes, which has singularly reshaped India's insurance distribution landscape by solving critical industry-wide challenges. The IRDAI's proposed commission resets, currently under discussion, heighten the adverse risk to PBFINTECH's digital franchise. With the management flagging a notable potential revenue hit, the framework calls for PBFINTECH to monetize more of its profit pools to defend the company's valuable Right-To-Win (RTW). While we downgrade our FY28 revenue estimate by ~15%, we expect PBFINTECH to likely recalibrate some of its semi-fixed costs (advertising and employee) to protect profitability in FY28; we maintain BUY with a TP of INR1,390 (implying 48x Sep-28 annualized EPS).
- **Aether Industries:** We maintain ADD on Aether Industries (AIL), with a target price of INR 1,617. The company's growth will be led by (1) ramp-up in exclusive manufacturing for Milliken Chemical and Baker Hughes; (2) ramp-up of recently-commissioned Block 1 and Block 2 at the company's site Magnum (site 5, Panoli); (3) commissioning and ramp-up of the other 14 blocks at Magnum site over FY27-29 in phases; (4) doubling of R&D capacity and capabilities at site Catalyst (site 1, Sachin); (5) partnership with Dow Chemicals targeting the ~USD 1bn import substitution opportunity in the domestic silicone market; and (6) rapid commercialization and scale-up of high-value low-volume electronic chemicals with limited competition, which will be manufactured at site 3 and site 5 under the CEM model. We expect revenue/EBITDA/PAT CAGRs of 32/ 34/33% over FY26-FY29E while the RoE is expected to improve from 9.7% in FY26 to 15.7% in FY29. EBITDA/APAT were 2/5% above our estimates.
- **Brigade Enterprises:** Brigade Enterprises' (BEL) sales volume 1.3msf (-31.6%/+75.7% YoY/QoQ), valued at INR 18.3bn (-10.2%/+72.2% YoY/QoQ, in line with the estimate of INR 18.5bn), with average realization of INR 14,054psf (+31.3%/-2.0% YoY/QoQ). BEL reaffirmed its FY27 presales guidance of INR 90bn and laid out a sizeable launch pipeline of about 13msf over the next four quarters, including two major township projects in Bengaluru expected in Q3FY27. It is also planning a capex of INR 33.5bn to expand its commercial development pipeline. In Q2FY27, BEL launched 2.4msf of residential projects at an estimated GDV of about INR 30bn. For H2FY27, BEL cited about 7msf, or INR 76bn in GDV of launches planned. Two large Bengaluru township launches are targeted for Q3FY27, one of which may slip into Q4FY27, with two together worth ~INR 38bn of GDV. Key launches are planned across Bengaluru, Hyderabad, Chennai, and Mysore,

alongside hospitality expansion of ~1,700 keys. On the risk side, achieving H2FY27 sales targets depends on timely approvals of proposed launches. BEL acknowledged industry debate on AI's impact on IT sector employment, though it currently sees stable, premium-focused demand. The commercial pipeline stands at ~10msf of land already secured, slated for launch across FY27-28, backed by INR 60bn of capex over four years (~INR 12-17bn p.a.). To support expansion, including a Hyderabad office/mall and a hotel portfolio targeting 1,700 keys, capex is projected at INR 8bn for FY27 resp. Moreover, the recognition of premium projects is anticipated to help maintain residential EBITDA margin at 20%+. We reiterate BUY, with a TP of INR 940/sh to account for (1) inclusion of new projects in Hyderabad, Bengaluru, and Chennai, (2) expansion in the office/hospitality segment, and (3) presales growth of 20%.

- **V-Guard Industries:** V-Guard revenue grew by 38% YoY to INR 18.5bn, led by strong growth in electronics and electricals segment. Gross margins declined 320/260bps YoY/QoQ to 34.3%, owing to input cost inflation, while EBITDAM expanded 90bps YoY to 9.1%, owing to a decline in fixed cost. Consequently, EBITDA/APAT grew by 54/71% YoY. The company has implemented ~10% blended price hikes (apart from wires ~40% hike) to offset inflation, though a residual 2–3% gross margin impact may warrant further pricing action. Channel inventory remains normal, while demand trends ahead of Diwali are encouraging. On a strong Q2 and a constructive outlook, we have upgraded revenue estimates by 7%/8%/9% for FY27/28/29E and APAT estimates by 14%/8%/6%. We maintain BUY with a revised TP of INR 430/sh, valuing the stock at 35x Sep-28E EPS. The stock has corrected by ~20% over the past two months, making valuations more attractive while the business outlook remains constructive. With the risk-reward turning favorable, we are adding V-Guard to our top picks list.
- **NOCIL:** We maintain ADD on NOCIL with a target price of INR 201, which is premised on (1) ~9% CAGR volume growth, owing to imposition of anti-dumping duties on sulphenamide accelerators CBS and NS; (2) improvement in per unit margins given ramp-up in capacity utilization, steps taken on overhead rationalization, addition of new products, and backward integration. NOCIL is the largest domestic producer of CBS, NS, and PX-13 and these products constitute ~30% of overall revenues. Q2 EBITDA/APAT were 23/5% above our estimates, owing to pricing-led revenue growth.

Sun Pharmaceutical Industries

India to outshine; Innovative meds recovery key

EBITDA grew 14% YoY as sales growth of 12% YoY (US: +7% QoQ; innovative medicine: +7% YoY; India: +17% YoY), higher gross margin (+148 bps at 80.9%), and muted R&D (-1% YoY) were offset by higher costs (staff/SG&A +18/+14%). The company retains its FY27 guidance of high-single-digit revenue growth and R&D at 6-7% of sales. Its innovative medicine business saw moderate growth in H1, largely due to execution-related issue leading to muted Ilumya sales, which is expected to see recovery in following quarters with intervention plan, label expansion for psoriatic arthritis, gradual market shift toward IL-23, and HCP administration. It expects other key products to remain steady (Odomzo, Cequa, and Winlevi), gradual scale-up in Leqselvi, and growth in Unloxcyt (NCCN Category 2A recommendation). It expects to see steady growth in the India business, led by traction in key therapies, new launches, volume increase, and price growth. Organon transaction is on track and Q4FY27 closure timeline is intact. EM/RoW growth visibility will improve, with Semaglutide launch (Brazil and S. Africa) and EU launch for Lerodalcibep (PCSK9 inhibitor). We expect the scale-up in specialty (Ilumya, Winlevi, Cequa, Unloxcyt, and Leqselvi) and India business (new launches, in-licensing) to offset the soft US generics business. Factoring in Q2, we have cut EPS by 4/2% for FY27E/28E. We retain BUY and a revised TP of INR 2,180 (31x Q2FY29E EPS).

- **Q2 highlights**: Sales grew 12% YoY to INR 161.98bn; the US grew 7% QoQ to USD 455mn (-8% YoY). India sales grew 17% YoY. Global innovative medicines sales grew 7% YoY to USD 356mn (+1% QoQ). GM stood at 80.9% (+148 bps YoY). Higher staff (+18% YoY) and SG&A (+14% YoY) and muted R&D (-1% YoY; at 4.8% of sales) led to an EBITDA of INR 46.65bn (+14% YoY); margin at 28.8% (+51 bps YoY). Adjusted for forex gain and one-offs^, PAT stood at INR 30.83bn (+10% YoY).
- **Key con call takeaways: Unloxcyt:** It expects NCCN Category 2A recommendation to accelerate access to patients and recent efficacy and tolerability data presentation at European Society for Medical Oncology to build clinician confidence. **Leqselvi:** Gradual improvement in prescriptions. **Ilumya**: It plans a soft launch in Nov-26 with label including psoriasis arthritis treatment and scale-up from Q4FY27. It is focusing on increasing its call coverage and expanding its reach to rheumatologists. **Lerodalcibep (PCSK9 inhibitor)**: In-licensed from LIB Therapeutics; it has started pre-launch activities across the EU. It plans to launch in select markets where it has a field force to promote the product to cardiologists, while exploring potential partnerships in a few other markets. **MFN deal**: It plans to extend MFN pricing to state Medicaid programs, delay Section 232 tariffs for over two years, and exempt Sun from the GLOBE/ GARD Medicare models. In Q2FY27, launched five products in the US, India volumes grew by 6.7%. Innovative medicine R&D was at 32.4% of total R&D, and net cash at USD 3.3bn.

Quarterly financial summary

(INR mn)	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	161,987	144,783	12	152,999	6	525,784	584,620	652,405	740,224	830,830
EBJTDA	46,654	40,966	14	42,957	9	150,862	164,912	185,935	219,106	250,911
APAT	30,836	27,939	10	29,437	5	117,988	110,425	128,536	157,153	180,319
EPS (INR)	12.9	11.6	10	12.3	5	49.2	46.0	53.6	65.5	75.2
P/E (x)						36.2	38.6	33.2	27.1	23.7
EV/EBJTDA (x)						26.8	24.2	21.3	17.8	15.2
RoCE (%)						20	19	19	21	22

Source: Company, HSIE Research. ^Organon M&A related INR 3.4bn and Taro's litigation settlement related INR 9.22bn costs, Tax benefits of INR 953mn, and forex gain of INR 785mn

BUY

CMP *(as on 30 Oct 2026)*	**INR 1,778**
Target Price	**INR 2,180**
NIFTY	**23,053**

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2320	INR 2180
EPS %	FY27E	FY28E
	(4.0)	(2.4)

KEY STOCK DATA	
Bloomberg code	SUNP IN
No. of Shares (mn)	2,399
MCap (INR bn) / ($ mn)	4,265/44,916
6m avg traded value (INR mn)	4,338
52 Week high / low	INR 2,948/1,584

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(11.2)	(1.7)	4.4
Relative (%)	(6.7)	1.5	16.1

SHAREHOLDING PATTERN (%)	Jun-26	Sep-26
Promoters	54.48	52.68
FIs & Local MFs	22.18	22.27
FPIs	14.53	14.36
Public & Others	8.81	10.69
Pledged Shares	1.65	0.01

Source: BSE

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Bank of Baroda

Core performance critical to sustain quality of earnings

Bank of Baroda's (BOB) Q2FY27 earnings were flattered by a one-off treasury gain from the NSE stake sale, which lifted operating profit to 51% YoY. Balance sheet growth was strong at ~7% QoQ on both sides and was driven largely by FCNR(B) deposits that weighed on the domestic CASA ratio slipping to 36.4%. Loan growth (+18.3% YoY) was led by the international book. Credit costs were higher sequentially, albeit this was driven by prudential buffers even as asset quality remained intact. The NMC settlement (provided in Q1FY27) removes a key overhang. Despite relatively softer NIMs, BOB has consistently delivered better cross-cycle return ratios than peers, largely on the back of a superior customer franchise. We remain cautious on retail and MSME portfolio quality and flag the elevated credit-to-deposit ratio (85%), higher than most other PSBs. We have tweaked FY27E/FY28E earnings by -15%/-4%, introduced FY29E estimates, and reiterate BUY with a revised TP of INR325 (0.9x Sep-28 ABVPS).

- **FCNR-led growth; lower margins:** Loan growth was led by the global book (+22% QoQ), largely on the back of self-leverage and growth in RAM portfolio (+5.5% QoQ). The rise in loan yields (+4bps QoQ) was offset by an uptick in cost of funds, leading to lower NIMs (-3bps QoQ) to 2.7%. We expect NIMs to average ~2.62% over FY27E-29E.
- **Benign asset quality; prudent buffers:** Slippages eased to 0.69% (Q1FY27: 0.91%), with GNPA/NNPA improving -21bps/-13bps QoQ. Credit costs rose to 55bps (Q1FY27: 29bps), as BoB made ~INR13bn of prudential provisions to absorb the recurring ECL impact. We expect credit costs to average 54bps over FY27E-29E.
- **Core operating performance essential to sustainable earnings profile:** Given the growth trajectory of the retail portfolio and a relatively mature customer franchise, we argue that BOB needs to exercise better pricing power in this segment to achieve sustainably higher operating profitability.

Financial summary

(INR bn)	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ (%)	FY26	FY27E	FY28E	FY29E
NII	130.3	119.5	9.0%	125.3	4.0%	476.8	546.4	582.2	646.5
PPOP	114.3	75.8	50.9%	81.3	40.6%	322.6	374.6	396.0	447.5
PAT	65.3	48.1	35.8%	12.8	410.8%	200.2	183.1	228.5	247.4
EPS (INR)	10.9	9.3	16.7%	2.5	339.4%	38.7	35.4	44.1	47.8
ROAE (%)						13.8	11.5	13.1	12.8
ROAA (%)						1.1	0.9	1.0	0.9
ABVPS (INR)						272.9	292.5	325.1	361.2
P/ABV (x)						0.9	0.8	0.7	0.7
P/E (x)						6.2	6.7	5.4	5.0

Change in estimates

(INR bn)	FY27E			FY28E		
	New	Old	% chg	New	Old	% chg
Net advances	16,101	15,808	1.9%	18,195	17,729	2.6%
NIM (%)	2.7	2.8	-4 bps	2.6	2.7	-14 bps
NII	546.4	545.1	0.3%	582.2	602.8	-3.4%
PPOP	374.6	367.8	1.9%	396.0	404.3	-2.1%
PAT	183.1	216.3	-15.3%	228.5	237.3	-3.7%
Adj. BVPS (INR)	292.5	296.1	-1.2%	325.1	330.8	-1.7%

Source: Company, HSIE Research

BUY

CMP *(as on 30 Oct 2026)*	INR 239
Target Price	INR 325
NIFTY	23,053

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR310	INR315
	FY26E	FY27E
EPS %	-15.3%	-3.7%

KEY STOCK DATA

Bloomberg code	BOB IN
No. of Shares (mn)	5,171
MCap (INR bn) / ($ mn)	1,234/12,994
6m avg traded value (INR mn)	2,790
52 Week high / low	INR 326/224

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(1.3)	(9.4)	(12.5)
Relative (%)	3.2	(6.2)	(0.7)

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	64.0	64.0
FIs & Local MFs	18.4	17.8
FPIs	10.1	10.4
Public & Others	7.5	7.8
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

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Gail (India)

Strong performance by NG marketing

We maintain ADD on GAIL (India), with a revised target price of INR 203, underpinned by (1) a sustained ramp-up in NG transmission volumes, aided by demand from CGD, refinery customers and commissioning of key pipelines in coming quarters; (2) healthy NG marketing margins on favorable spreads; (3) petrochemical losses narrowing, led by a cheaper Henry Hub-heavy gas mix, with the upcoming PTA and PDH-PP plants adding scale; and (4) resilient LPG/LHC segment backed by the Gandhar plant restart and secured domestic gas allocation. Q2FY27 standalone EBITDA came in at INR64.1bn (+101.0% YoY, +0.6% QoQ) and APAT at INR 46.5bn (+109.7% YoY, +8.7% QoQ). The beat was owing to higher-than-expected marketing margin, transmission volumes and tariffs, partly offset by weaker LHC realizations.

- **Q2 segment performance: (1) NG transmission:** Q2 volumes came in at 130.1 mmscmd (+5.3% YoY, +6.3% QoQ), driven by fertilizer, petchem restarts, and power. Tariff stood at INR 2,727/'000 scm (+13.3% YoY, -0.2% QoQ). **(2) NG marketing:** Volume stood at 97.2 mmscmd (-7.8%YoY, +3.6%QoQ) as demand returned to pre-crisis levels and spot cargoes rose to 18 (vs 8 in Q1). Margin: INR 4,009/'000 scm (+150.8% YoY, -9.1% QoQ). Wider Henry Hub spreads and spot gains drove the YoY rise, while easing JCC-lag gains caused the QoQ dip. **(3) Petchem:** EBITDA turned positive at INR 0.9bn (vs a loss of INR 1.4bn in Q2FY26) on sequential higher volumes, better realizations, and a cheaper gas mix (~40–50% Henry Hub at ~USD 9/MMBtu). Polymer sales: 188 kT (-10.0% YoY, +268.6% QoQ). Realization: INR 134.0/kg (+39.9% YoY, +5.8% QoQ).
- **Conference call takeaways: (1) Capex:** INR 129bn guided for FY27E. **(2) GAIL Gas:** PNGRB approved the transfer of six GAIL GAs. IPO planned in FY28E. Targets ~275 CNG stations and ~3.7 lakh PNG connections over two years. **(3) Marketing margin:** INR 90-95bn guided for FY27E and INR 45–50bn for FY28E (normalized conditions). **(4) Petrochemicals:** To hold breakeven through FY28E if prices normalize to INR 90–95k/t and gas costs to USD 9–10/MMBtu. The 500 KTA PDH-PP plant is expected to be commissioned by Dec'27. **(5) Transmission volume** is expected to be 126-127 mmscmd in FY27E and 134-135 mmscmd in FY28E, led by demand from CGD, fertilizer, power plants, and ~5 mmscmd demand from refineries.
- **Valuation:** We raised EPS estimates by +53.7% for FY27E and +35.7% for FY28E on (1) strong performance in NG marketing, NG transmission and petchem business and (2) strong outlook for FY27/FY28E by the company. Our SOTP-based target price is revised to INR 203/sh, valuing NG transmission at 10x Dec'28E EV/EBITDA, LPG transmission, domestic gas marketing at 12x, non-domestic gas marketing at 5x, and petchem and LPG/LHC at 6x, with investments valued at INR 50/sh.

Standalone financial summary

YE March (INR bn)	Q2 FY27	Q1 FY27	QoQ (%)	Q2 FY26	YoY (%)	FY24	FY25	FY26	FY27E	FY28E
Revenues	458.9	389.5	*17.8*	350.1	*31.1*	1,332.3	1,419.0	1,416.0	1,677.0	1,665.4
EBITDA	64.1	63.8	*0.6*	31.9	*101.0*	143.0	154.3	115.1	215.7	145.8
APAT	46.5	42.8	*8.7*	22.2	*109.7*	99.0	124.5	75.8	147.8	92.2
AEPS (Rs)	7.1	6.5	*8.7*	3.4	*109.7*	15.1	18.9	11.5	22.5	14.0
P/E (x)						11.2	8.9	14.6	7.5	12.0
EV/EBITDA (x)						9.1	8.4	11.6	6.0	8.9
RoE (%)						13.9	15.4	8.7	15.3	8.5

Source: Company, HSIE Research | *Consolidated

Changes in estimates

YE March	FY27E			FY28E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	140.3	215.7	53.7	107.4	145.8	35.7%
EPS	13.9	22.4	61.6	9.7	14.0	44.2

Source: HSIE Research

ADD

CMP *(as on 30 Oct 2026)*	INR 168
Target Price	INR 203
NIFTY	23,053

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 183	INR 203
	FY27E	FY28E
EPS change	+61.6%	+44.2%

KEY STOCK DATA

Bloomberg code	GAIL IN
No. of Shares (mn)	6,575
MCap (INR bn) / ($ mn)	1,104/11,626
6m avg traded value (INR mn)	1,624
52 Week high / low	INR 187/134

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(3.3)	2.9	(8.3)
Relative (%)	1.2	6.1	3.5

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	51.7	51.8
FIs & Local MFs	19.0	17.9
FPIs	15.0	16.6
Government	7.6	7.6
Public & Others	6.5	6.1
Pledged Shares	0.0	0.0

Source : BSE

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Aditya Birla Capital

Sustained growth momentum across businesses

ABCAP sustained strong headline growth across lending (NBFC AUM up by 26.5% YoY; HFC AUM up by 50% YoY) and non-lending businesses (ABSLI individual FYP up by 47% YoY; ABHI GWP up by 46% YoY) except ABSLAMC (MF QAAUM up by 4% YoY). NBFC business reported healthy P&L outcomes, with steady profitability (RoA of 2.5%). ABHFL maintained its growth momentum, with aspiration of INR 1trn by FY28E, although profitability remains a key monitorable. Insurance businesses reported strong premium growth, although IRDAI's expected distribution commission guidelines remain a key overhang. We tweak our earnings estimates marginally for the lending businesses and maintain ADD with a revised SOTP-based TP of INR 421 (standalone entity at 2.3x Sep-28 ABVPS; ABSLI at 1.5x Sep-28 IEV; ABHFL at 1.8x Sep-28 ABVPS).

- **Flagship NBFC – steady performance:** AUM growth (+26.5% YoY) was driven by personal & consumer (+37% YoY) and unsecured (+53% YoY) segments, now contributing to ~26% of AUM. Disbursements growth moderated to 12% YoY amidst calibrated approach in retail segment and muted growth in corporate segment. Asset quality improved QoQ with GS-II/GS-III at 1.0%/1.28% (Q1FY27: 1.1%/1.30%) and credit costs at 0.9%. Opex ratios improved with opex to AUM/cost-to-income at 1.8%/28%, driving core profitability of 2.45%. ABCAP has launched gold loans in Q2FY27, targeting an addition of ~1K branches over the next three years.
- **HFC – not letting up on growth; RoE key monitorable:** ABHFL's AUM/disbursements grew by 50%/55% YoY. NIM remained steady QoQ with reflation in yields, along with operating efficiency (opex to AUM/cost-to-income at 2.0%/43%). However, RoE remained muted at ~11.5% and remains a key monitorable, amidst elevated competitive intensity, pressure on NIMs, as well as rising CoF and portfolio seasoning.
- **Insurance businesses – strong growth; key regulations an overhang:** ABSLI's VNB margin for H1FY27 improved to 16.1%, driven by improving product mix toward annuity. Management has reiterated its guidance of 20%+ CAGR in Individual FYP in three years and VNB margin above 20%. ABHI continued its growth momentum (GWP: +48% YoY), driven by the proprietary channel. However, the profitability journey remains soft, with elevated CoR at 106.5% as per IFRS. IRDAI's expected insurance distribution commission guidelines remain a major overhang for both ABSLI and ABHI.
- **AMC business – weak growth amidst muted capital markets:** ABSLAMC reported muted equity MF QAAUM growth (+9% YoY) amidst subdued capital markets in Q2. However, the share of equity MF AUM continued to increase steadily to 47.4% in Q2, aiding margins. While ABSLAMC's MF equity market share (within QAAUM) has been on a decline for a prolonged period, improving performance of schemes is gradually likely to arrest the market share loss.

Financial summary (Standalone)

Y/E Mar (INR bn)	2Q FY27	2Q FY26	YoY (%)	1Q FY27	QoQ (%)	FY26	FY27E	FY28E	FY29E
NII	21.5	17.3	23.9	19.9	8.2	70.4	87.0	107.8	132.2
PPOP	20.2	16.1	25.8	15.8	28.1	57.4	71.4	88.0	105.8
PAT	12.4	9.2	35.0	8.9	38.5	31.1	40.1	48.3	57.5
EPS (INR)	4.5	3.5	28.7	3.4	33.3	11.9	15.3	18.4	22.0
ROAE (%)*						11.5%	13.1%	13.8%	14.4%
ROAA (%)*						2.0%	2.1%	2.1%	2.0%
ABVPS (INR)						71.1	84.5	100.2	118.8
P/ABV (x)						2.8	2.3	2.0	1.7
P/E (x)						17.9	13.7	11.4	9.5

Source: Company, HSIE Research

ADD

CMP *(as on 30 Oct 2026)*	INR 369
Target Price	INR 421
NIFTY	23,053

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 416	INR 421
EPS %	FY27E	FY28E
	+0.3%	-1.2%

KEY STOCK DATA

Bloomberg code	ABCAP IN
No. of Shares (mn)	2,738
MCap (INR bn) / ($ mn)	1,012/10,652
6m avg traded value (INR mn)	1,550
52 Week high / low	INR 431/288

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(6.2)	6.9	13.1
Relative (%)	(1.8)	10.1	24.8

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	68.8	68.8
FIs & Local MFs	13.5	13.4
FPIs	8.6	8.9
Public & Others	9.1	8.9
Pledged Shares	0.0	0.0

Source: BSE

Pledged shares as % of total shares

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PB Fintech

Mitigants at play to defend the Right-To-Win

PBFINTECH posted 35% YoY growth in its core operating revenue, driven by strong traction in the flagship Policybazaar business (+42% YoY), supported by the Paisabazaar business (+19% YoY). PAT grew 46% YoY (INR 1.92bn), assisted by an improvement in cost-to-income ratio to ~95% (Q2FY26: 96.6%), which we expect will sustain for FY27. Policybazaar, the company's flagship platform, offers insurers a data-rich, efficient channel with measurable outcomes, which has singularly reshaped India's insurance distribution landscape by solving critical industry-wide challenges. The IRDAI's proposed commission resets, currently under discussion, heighten the adverse risk to PBFINTECH's digital franchise. With the management flagging a notable potential revenue hit, the framework calls for PBFINTECH to monetize more of its profit pools to defend the company's valuable Right-To-Win (RTW). While we downgrade our FY28 revenue estimate by ~15%, we expect PBFINTECH to likely recalibrate some of its semi-fixed costs (advertising and employee) to protect profitability in FY28; we maintain BUY with a TP of INR1,390 (implying 48x Sep-28 annualized EPS).

- **Flagship business sustains momentum:** PBFINTECH delivered solid revenue momentum, anchored by robust health and term performance, with POSP-led initiatives adding incremental support. Insurance yields rose to 19.4% (+60bps YoY), consistent with our FY27 forecast band of 19-20%.
- **Policybazaar's RTW meets regulatory headwinds:** PBFINTECH is building a wider financial ecosystem, with PB Health (~₹5000 Mn yearly revenue uplift), Paisabazaar's MF foray, and new platforms including PB Pay, PB Wheels, and PensionBazaar, where management expects these verticals to ramp up after three years of groundwork, offering partial offset to the proposed regulatory resets.
- **Commission reforms to squeeze distribution economics:** The IRDAI's paper tightens the commission ceilings for insurance distribution entities (IDEs), posing meaningful regulatory risk to PBFINTECH's business. Despite prior resilience through GST-led commission reductions, management's indication of ~30% FY28 revenue hit under the proposed framework signals a tougher reset. Adjacencies (such as the ones mentioned earlier) have not yet matured to offset the full impact of the regulatory changes - as a result, we believe that PBFINTECH will need to recalibrate its semi-fixed costs to absorb the same.

Financial summary

(INR bn)	Q2FY27	Q2FY26	YoY%	Q1FY27	FY26	FY27E	FY28E	FY29E
Revenues	21.8	16.1	35.0	18.9	67.9	87.5	94.7	109.9
Operating profits	1.7	1.0	69.2	1.4	5.1	12.0	12.8	17.2
OP margin (%)	*7.6%*	*6.1%*	*200bps*	*7.4%*	*7.5%*	*13.8%*	*13.5%*	*15.6%*
APAT	1.9	1.3	45.7	1.6	6.7	11.5	11.9	14.8
EPS	4.2	2.9	41.5	3.5	14.5	24.8	25.8	32.0
P/E (x)					69.0	40.3	38.8	31.3

Change in estimates

(INR bn)	FY27E			FY28E		
	New	Old	% chg	New	Old	% chg
Revenues	87.5	87.5	0.0%	94.7	110.3	-14.1%
Operating profit	12.0	11.4	5.7%	12.8	18.4	-30.7%
OP margin (%)	13.8%	13.0%	100bps	13.5%	16.7%	-300bps
APAT	11.5	10.9	4.8%	11.9	16.4	-27.3%
EPS	24.8	23.8	4.2%	25.8	35.7	-27.7%

Source: Company, HSIE Research

BUY

CMP *(as on 30 Oct 2026)*	**INR 1,000**
Target Price	**INR 1,390**
NIFTY	**23,053**

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR2,180	INR1,390
	FY27E	FY28E
EPS %	4.2%	-27.7%

KEY STOCK DATA

Bloomberg code	POLICYBZ IN
No. of Shares (mn)	463
MCap (INR bn) / ($ mn)	463/4,874
6m avg traded value (INR mn)	4,438
52 Week high / low	INR 1,964/945

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(37.2)	(40.0)	(45.8)
Relative (%)	(32.8)	(36.8)	(34.0)

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	0.0	0.0
FIs & Local MFs	40.42	44.85
FPIs	37.30	27.12
Public & Others	22.8	28.03
Pledged Shares	Nil	Nil

Source : BSE

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Aether Industries

Mix progressively shifting toward CEM and CRAMS

We maintain ADD on Aether Industries (AIL), with a target price of INR 1,617. The company's growth will be led by (1) ramp-up in exclusive manufacturing for Milliken Chemical and Baker Hughes; (2) ramp-up of recently-commissioned Block 1 and Block 2 at the company's site Magnum (site 5, Panoli); (3) commissioning and ramp-up of the other 14 blocks at Magnum site over FY27-29 in phases; (4) doubling of R&D capacity and capabilities at site Catalyst (site 1, Sachin); (5) partnership with Dow Chemicals targeting the ~USD 1bn import substitution opportunity in the domestic silicone market; and (6) rapid commercialization and scale-up of high-value low-volume electronic chemicals with limited competition, which will be manufactured at site 3 and site 5 under the CEM model. We expect revenue/EBITDA/PAT CAGRs of 32/ 34/33% over FY26-FY29E while the RoE is expected to improve from 9.7% in FY26 to 15.7% in FY29. EBITDA/APAT were 2/5% above our estimates.

Financial performance: Revenue grew by +24.0/+6.3% YoY/QoQ to INR 3,472mn. EBITDA increased by +25.5/+7.5% YoY/QoQ to INR 1,104mn. Segmental revenue breakdown for Q2FY27: 33.21% from LSM, 8.96% from CRAMS, and 56.74% from CEM.

Key con call takeaways

- **(1) Baker Hughes contract:** AIL delivered a strong Q2 FY27 performance under the Baker Hughes contract, generating INR 720mn from Site 4 plus INR 150mn from new pilot-plant products, making oil & gas its largest segment. The company has commercialized a completely new series of oil-field chemicals, expanding the Baker Hughes revenue opportunity from INR 4bn to INR 7.5-8bn. This entire scale-up has been achieved without any new capex, fully leveraging existing Strata (Site 4) infrastructure.
- **(2) Milliken contract:** Continued to scale smoothly at the Ascend site (Site 3), with utilization rising to 70% and strong growth in the material science vertical, which is on track to become AIL's second-largest segment.
- **(3) Semiconductor chemicals:** AIL has formally entered the semiconductor-chemicals space, starting pilot-scale commercial shipments to global customers, and preparing a dedicated manufacturing block at the Magnum site for full-scale production from Q4FY27. The portfolio comprises high-value specialty molecules used in critical PCB, laminate and 5G applications, with premium realizations of USD 45–50/kg. With targeted volumes of 300-400 tons annually, the segment is expected to scale to INR 3-4bn within 2-2.5 years, driving strong growth in AIL's material science vertical.
- **4) Magnum, Site 5:** Phase 2 of Site 5 will begin in Q4FY27, with dedicated semiconductor and agrochemical blocks, including a long-term CEM contract for a patented NCE scaling from 200-250 tons/year to ~600 tons/year, driving a major recovery in AIL's agrochemicals business. With civil work already underway for six additional blocks and customer visibility for 14 of 16 blocks, management expects a sharp acceleration in revenue and EBITDA as these high-turnover CEM and specialty-chemical blocks ramp up through FY28-FY29.

Financial summary (consolidated)

INR mn	Q2 FY27	Q1 FY27	QoQ (%)	2Q FY26	YoY (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	3,472	3,266	*6.3*	2,801	*24.0*	8,405	11,601	14,143	19,765	26,762
EBITDA	1,104	1,028	*7.5*	880	*25.5*	2,430	3,636	4,542	6,415	8,664
APAT	680	627	*8.4*	559	*21.7*	1,672	2,262	2,648	3,761	5,325
AEPS (INR)	5.1	4.7	*8.4*	4.2	*21.7*	12.6	17.1	20.0	28.4	40.2
P/E (x)						127.9	94.6	80.9	57.0	40.2
EV/EBITDA(x)						87.9	60.1	49.0	35.2	26.1
RoE (%)						7.8	9.7	10.2	12.8	15.7

Source: Company, HSIE Research

Change in estimates (consolidated)

Y/E Mar	FY27E Old	FY27E New	%Ch	FY28E Old	FY28E New	%Ch
EBITDA (INR mn)	4,535	4,542	0.2	6,405	6,415	0.2
Adj. EPS (INR/sh)	19.9	20.0	0.2	28.3	28.4	0.2

Source: Company, HSIE Research

ADD

CMP *(as on 30 Oct 2026)*	**INR 1,616**
Target Price	**INR 1,617**
NIFTY	**23,053**

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,617	INR 1,617
EPS %	**FY27E**	**FY28E**
	+0.2%	+0.2%

KEY STOCK DATA	
Bloomberg code	AETHER IN
No. of Shares (mn)	133
MCap (INR bn) / ($ mn)	215/2,259
6m avg traded value (INR mn)	574
52 Week high / low	INR 1,814/723

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	8.4	37.9	118.2
Relative (%)	12.9	41.1	130.0

SHAREHOLDING PATTERN (%)	Jun-26	Sep-26
Promoters	74.93	74.92
FIs & Local MFs	10.49	9.70
FPIs	7.42	8.49
Public & Others	7.16	6.90
Pledged Shares	0.00	0.00

Source: BSE

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Brigade Enterprises

Launches awaited

Brigade Enterprises' (BEL) sales volume 1.3msf (-31.6%/+75.7% YoY/QoQ), valued at INR 18.3bn (-10.2%/+72.2% YoY/QoQ, in line with the estimate of INR 18.5bn), with average realization of INR 14,054psf (+31.3%/-2.0% YoY/QoQ). BEL reaffirmed its FY27 presales guidance of INR 90bn and laid out a sizeable launch pipeline of about 13msf over the next four quarters, including two major township projects in Bengaluru expected in Q3FY27. It is also planning a capex of INR 33.5bn to expand its commercial development pipeline. In Q2FY27, BEL launched 2.4msf of residential projects at an estimated GDV of about INR 30bn. For H2FY27, BEL cited about 7msf, or INR 76bn in GDV of launches planned. Two large Bengaluru township launches are targeted for Q3FY27, one of which may slip into Q4FY27, with two together worth ~INR 38bn of GDV. Key launches are planned across Bengaluru, Hyderabad, Chennai, and Mysore, alongside hospitality expansion of ~1,700 keys. On the risk side, achieving H2FY27 sales targets depends on timely approvals of proposed launches. BEL acknowledged industry debate on AI's impact on IT sector employment, though it currently sees stable, premium-focused demand. The commercial pipeline stands at ~10msf of land already secured, slated for launch across FY27-28, backed by INR 60bn of capex over four years (~INR 12-17bn p.a.). To support expansion, including a Hyderabad office/mall and a hotel portfolio targeting 1,700 keys, capex is projected at INR 8bn for FY27 resp. Moreover, the recognition of premium projects is anticipated to help maintain residential EBITDA margin at 20%+. We reiterate BUY, with a TP of INR 940/sh to account for (1) inclusion of new projects in Hyderabad, Bengaluru, and Chennai, (2) expansion in the office/hospitality segment, and (3) presales growth of 20%.

- **Q2FY27 financial highlights:** Revenue came in at INR 11.9bn (-13.5%/+7.2% YoY/QoQ, a beat by 3.1%); revenue from real estate was at INR 7.6bn (+8.1%/-20.2% YoY/QoQ), hospitality was at INR 1.6bn (+11.1%/+16.2% YoY/QoQ) and leasing was at INR 3.3bn (0.1%/-4.1%YoY/QoQ). EBITDA: INR 4.2bn (+29.4%/+17.4% YoY/QoQ, a beat by 14.3%). EBITDA margin: 35.5% (+1177bps/+308bps YoY/QoQ). RPAT/APAT: 1.9bn (+19.1%/+15% YoY/QoQ, beat by 17.1%).
- **H2FY27 launches shall boost presales momentum:** For Q2FY27, sales volume was 1.3msf (-31.6%/+75.7% YoY/QoQ), valued at INR 18.3bn (-10.2%/+72.2% YoY/QoQ). With an average realization of INR 14,054psf (+31.3%/-2% YoY/QoQ), BEL said two-thirds of Q2FY27 presales came from sustenance sales, with the balance contributed by new launches. Brigade Barcelona in Hyderabad recorded launch-quarter sales of INR 4.8bn, while Brigade Misty Greens in Mysuru was almost sold out of available inventory. Azalea Brigade Meadows in Bengaluru was also sold out.
- **Balance sheet comfortable:** The consolidated gross/net debt stood at INR 54.4/26.7bn (INR 53.1/22.0bn as of Jun-26). The net debt/equity stood at 0.31x (vs. 0.26x as of Jun-26). The total collection was INR 16.3bn (-18.5% QoQ). Commercial capex commitments total INR 33.5bn.

Consolidated Financial Summary (INR mn)

YE Mar(INR mn)	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ (%)	FY26	FY27E	FY28E	FY29E
Net Sales	11,963	13,834	(13.5)	11,156	7.2	56,972	62,387	69,732	74,867
EBITDA	4,245	3,281	29.4	3,614	17.4	14,273	17,499	20,355	22,064
APAT	1,936	1,625	19.1	1,683	15.0	6,444	8,439	10,658	12,635
EPS (INR)	7.9	6.6	19.1	6.9	15.0	26.4	34.5	43.6	51.7
P/E (x)						28	22	17	14
EV/EBITDA (x)						14	11	9	8
RoE (%)						10.9	12.9	14.4	14.9

Source: Company, HSIE Research

BUY

CMP *(as on 30 Oct 2026)*	INR 527
Target Price	INR 940
NIFTY	23,053

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 940	INR 940
EPS Change %	FY27E	FY28E
	-	-

KEY STOCK DATA

Bloomberg code	BRGD IN
No. of Shares (mn)	326
MCap (INR bn) / ($ mn)	172/1,811
6m avg traded value (INR mn)	381
52 Week high / low	INR 802/451

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(6.7)	(11.0)	(32.4)
Relative (%)	(2.3)	(7.8)	(20.6)

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	41.10	41.09
FIs & Local MFs	25.46	26.90
FPIs	15.63	14.46
Public & Others	17.80	17.57
Pledged Shares*	-	-

Source: BSE

**Pledged shares as % of total shares*

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V-Guard Industries

Another strong quarter; attractive valuation

V-Guard revenue grew by 38% YoY to INR 18.5bn, led by strong growth in electronics and electricals segment. Gross margins declined 320/260bps YoY/QoQ to 34.3%, owing to input cost inflation, while EBITDAM expanded 90bps YoY to 9.1%, owing to a decline in fixed cost. Consequently, EBITDA/APAT grew by 54/71% YoY. The company has implemented ~10% blended price hikes (apart from wires ~40% hike) to offset inflation, though a residual 2–3% gross margin impact may warrant further pricing action. Channel inventory remains normal, while demand trends ahead of Diwali are encouraging. On a strong Q2 and a constructive outlook, we have upgraded revenue estimates by 7%/8%/9% for FY27/28/29E and APAT estimates by 14%/8%/6%. We maintain BUY with a revised TP of INR 430/sh, valuing the stock at 35x Sep-28E EPS. The stock has corrected by ~20% over the past two months, making valuations more attractive while the business outlook remains constructive. With the risk-reward turning favorable, we are adding V-Guard to our top picks list.

- **Q2FY27 highlights:** Revenue grew by 38% YoY to INR 18.5bn, driven by a strong 60% YoY growth in electronics segment (27% revenue mix) and 41% YoY in electricals segment (43% revenue mix). Consumer durables (26% revenue mix) and Sunflame (4% revenue mix) grew by 20% each. Gross margin declined 320/260bps YoY/QoQ to 34.3%. However, EBITDAM expanded 90bps YoY to 9.1% (-150 bps QoQ), owing to 270bps YoY decline in other expenses and 150bps YoY decline in employee cost in relative terms. So, EBITDA grew 54% YoY. APAT grew 71% YoY, led by EBITDA, further supported by higher other income and lower depreciation growth.
- **Earnings call KTAs and outlook:** Management indicated strong summer demand supported growth in South India, while intermittent rainfall in northern and eastern markets dampened seasonal sales. Channel inventory remains normal, while demand trends ahead of Diwali are encouraging. Management expects growth momentum to sustain, supported by expansion into northern and eastern markets. The solar rooftop business is nascent, operating largely in south India, with expansion planned for north and east. Lighting is currently in the test-market phase, with a full portfolio slated for launch by April-May and meaningful revenue contribution expected from Q1FY28, while Sunflame's product refresh is underway. On a strong Q2 and a constructive outlook, we upgrade revenue by 7%/8%/9% for FY27/28/29E and APAT by 14%/8%/6% respectively. We maintain BUY with a revised TP of INR 430/sh, valuing the stock at 35x Sep-28E EPS. The stock has corrected by ~20% over the past two months, making valuations more attractive while the business outlook remains constructive. With the risk-reward turning favorable, we are adding V-Guard to our top picks list.

Financial summary

(INR mn)	Q2 FY27	Q2 FY26	YoY (%)	Q1 FY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	18,529	13,409	38.2	18,107	2.3	55,778	59,658	74,628	83,082	93,652
EBITDA	1,679	1,093	53.7	1,910	(12.1)	5,132	5,268	6,993	7,674	8,660
APAT	1,117	653	71.0	1,303	(14.3)	3,137	3,305	4,573	5,013	5,681
EPS (INR)	2.6	1.5	71.0	3.0	(14.3)	7.2	7.6	10.5	11.5	13.0
P/E (x)						38.2	36.3	26.3	24.0	21.1
EV / EBITDA (x)						23.2	22.4	16.7	14.9	12.9
RoE (%)						16.0	14.8	17.8	16.8	16.5

Source: Company, HSIE Research

BUY

CMP *(as on 30 Oct 2026)*	INR 280
Target Price	INR 430
NIFTY	23,053

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 400	INR 430
EPS %	FY27E	FY28E
	14.3	7.5

KEY STOCK DATA	
Bloomberg code	VGRD IN
No. of Shares (mn)	437
MCap (INR bn) / ($ mn)	122/1,289
6m avg traded value (INR mn)	342
52 Week high / low	INR 385/252

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(11.5)	(15.1)	(24.1)
Relative (%)	(7.1)	(12.0)	(12.3)

SHAREHOLDING PATTERN (%)	Jun-26	Sep-26
Promoters	53.22	53.22
FIs & Local MFs	23.24	21.62
FPIs	12.01	13.02
Public & Others	11.53	12.14
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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NOCIL

Guidance maintained in a challenging scenario

We maintain ADD on NOCIL with a target price of INR 201, which is premised on (1) ~9% CAGR volume growth, owing to imposition of anti-dumping duties on sulphenamide accelerators CBS and NS; (2) improvement in per unit margins given ramp-up in capacity utilization, steps taken on overhead rationalization, addition of new products, and backward integration. NOCIL is the largest domestic producer of CBS, NS, and PX-13 and these products constitute ~30% of overall revenues. Q2 EBITDA/APAT were 23/5% above our estimates, owing to pricing-led revenue growth.

- **Financial performance**: Revenue changed by +33.2/+5.9% YoY/QoQ to INR 4,269mn due to improvement in realizations. Volumes changed by -2.2/-6.9% YoY/QoQ, and the sequential degrowth was due to supply side constraints and logistical challenges amidst the US-Iran war. Estimated EBITDA/kg changed by +73.5/-14.1% YoY/QoQ to INR 27/kg while EBITDA changed by +69.7/-20.0% YoY/QoQ to INR 355mn.
- **Key concall takeaways: (1) Anti-dumping duty:** Anti-dumping duties on sulfenamides continue to support pricing, though the benefit is limited as they form only a small share of NOCIL's largely antioxidant-driven portfolio, while ADD on Pilflex 13 was not approved. The industry has now filed for ADD on 4-ADPA, which if implemented would raise input costs for competitors dependent on imported precursors, giving NOCIL a structural cost advantage even though finished Pilflex 13 imports remain duty-free. **(2) Capex:** The INR 2.5bn TDQ brownfield expansion at Dahej has been completed ahead of schedule, entered trial production, and is set for Q3FY27 capitalization, while the INR 1.3bn integrated rubber-chemicals project in Navi Mumbai is targeting H1FY28 commissioning with backward-integrated efficiencies. Together with captive boiler and turbine upgrades kicking in from H2FY27, these capex initiatives will expand capacity and materially improve power-cost efficiency as volumes ramp up. **(3) Guidance:** Domestic tire demand remains strong, and NOCIL is well-positioned to benefit from global China+1 sourcing shifts, given its wide product basket and lengthy customer-approval barriers. With Q2 supply disruptions now resolved, volumes are expected to rebound sharply in H2FY27, management maintains their earlier guidance for FY27 and a realistic medium-term volume growth outlook of ~10% for FY28.
- **Change in estimates:** We increase our FY27/FY28E EPS estimates by -1.9/+10.6% to INR 4.9/6.4.

Financial summary (consolidated)

INR mn	2Q FY27	1Q FY27	QoQ (%)	2Q FY26	YoY (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	4,269	4,030	5.9	3,206	33.2	13,927	13,030	16,393	17,693	19,606
EBITDA	355	444	(20.0)	209	69.7	1,374	1,008	1,391	1,732	2,246
APAT	238	273	(12.7)	173	38.1	1,029	610	810	1,064	1,396
AEPS (INR)	1.4	1.6	(12.7)	1.0	38.1	6.2	3.7	4.9	6.4	8.4
P/E (x)						22.2	37.4	28.2	21.5	16.4
EV/EBITDA(x)						14.6	19.3	14.9	11.9	9.0
RoE (%)						5.9	3.5	4.5	5.8	7.3

Source: Company, HSIE Research

Change in estimates (consolidated)

Y/E Mar	FY27E Old	FY27E New	%Ch	FY28E Old	FY28E New	%Ch
EBITDA (INR mn)	1,306	1,391	6.5	1,600	1,732	8.2
Adj. EPS (INR/sh)	5.0	4.9	(1.9)	5.8	6.4	10.6

Source: Company, HSIE Research

ADD

CMP *(as on 30 Oct 2026)*	**INR 137**
Target Price	**INR 201**
NIFTY	**23,053**

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 201	INR 201
	FY27E	**FY28E**
EPS %	-1.9%	+10.6%

KEY STOCK DATA

Bloomberg code	NOCIL IN
No. of Shares (mn)	167
MCap (Rs bn) / ($ mn)	23/241
6m avg traded value (Rs mn)	240
52 Week high / low	Rs 211/125

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(14.1)	(23.6)	(26.4)
Relative (%)	(9.7)	(20.4)	(14.7)

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	33.76	33.76
FIs & Local MFs	7.47	6.96
FPIs	4.78	5.28
Public & Others	53.99	54.00
Pledged Shares	21.26	22.86

Source: BSE

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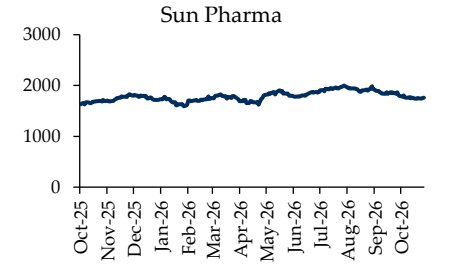
Rating Criteria

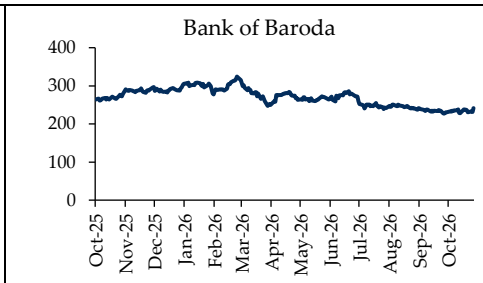
BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

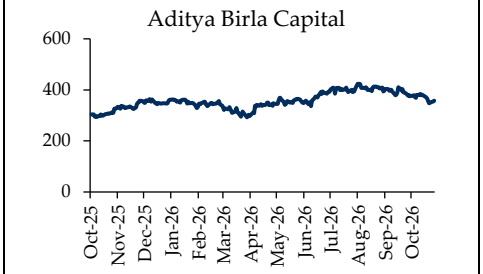
Disclosure:

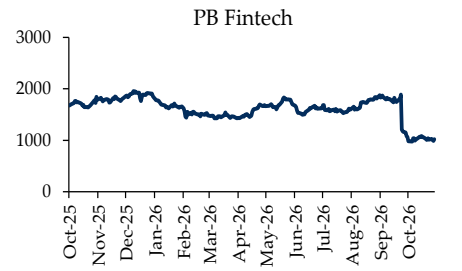
Analyst	Company Covered	Qualification	Any holding in the stock
Mehul Sheth	Sun Pharmaceutical Industries	MBA	NO
Virti Shah	Sun Pharmaceutical Industries	BFM	NO
Krishnan ASV	Bank of Baroda, Aditya Birla Capital, PB Fintech	PGDM	NO
Shweta Upadhyay	Bank of Baroda	MBA	NO
Deepak Shinde	Aditya Birla Capital	PGDM	NO
Ayush Pandit	Aditya Birla Capital	CA	NO
Samarth Desai	Aditya Birla Capital, PB Fintech	MSc	NO
Nilesh Ghuge	Gail (India), Aether Industries, NOCIL	MMS	NO
Aditya Iyer	Gail (India), Aether Industries, NOCIL	PGDM	NO
Priya Gupta	Gail (India), Aether Industries, NOCIL	MSc	NO
Parikshit Kandpal	Brigade Enterprises	CFA	NO
Aditya Sahu	Brigade Enterprises	MBA	NO
Jay Shah	Brigade Enterprises	CA	NO
Keshav Lahoti	V-Guard Industries	CA, CFA	NO
Rajesh Ravi	V-Guard Industries	MBA	NO
Mahesh Nagda	V-Guard Industries	CA	NO
Kartikey	V-Guard Industries	CA	NO

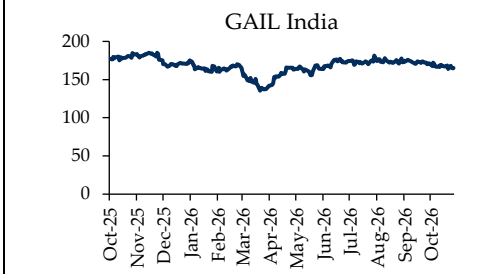
Price movement

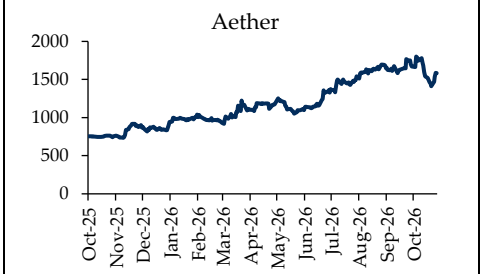


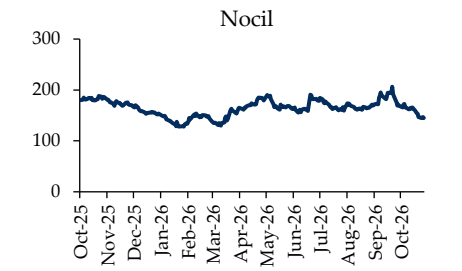


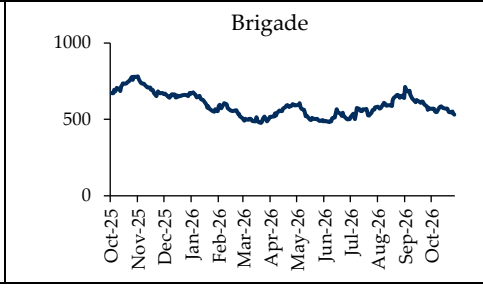














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