INSTITUTIONAL RESEARCH

HSIE Results Daily

Contents

Results Reviews

- **Persistent Systems:** Persistent Systems delivered a strong start to FY27, with Q1 revenue of USD 452.4mn, representing 4.1% QoQ and 16.5% YoY CC growth and extending its impressive growth streak to 25 consecutive quarters. EBIT margin remained resilient at 16.0% (-30bps QoQ), and despite the July 2026 wage hikes carrying a gross impact of 180–200bps, management remains confident of sustaining margins within the 16–17% range in FY27E. The quarter underscores the success of Persistent's sharpened positioning as an AI-led engineering partner, with large deal wins spanning vendor-consolidation and proactively originated outsourcing opportunities. Record TCV of USD 1.15bn, anchored by a landmark USD 650mn+ engagement with a global technology leader, reflects growing client preference for its differentiated, AI-driven delivery model. Proprietary platforms such as SASVA and iAURA are facilitating enterprise-wide AI adoption, strengthening technical differentiation and improving win rates across verticals. A robust pipeline, strong balance sheet, and the proposed Nagarro acquisition, which should materially expand European scale and accelerate growth in emerging verticals, position Persistent well for sustained profitable growth. We reiterate ADD with a TP of INR 5,700, based on 32x Jun-28E EPS (vs 30x earlier).
- **APL Apollo Tubes:** We maintain our ADD rating on APL Apollo Tubes Ltd (APAT) with unchanged target price of INR 2,070 (35x FY28E adj EPS). In Q1FY27, APAT's volume fell 6/20% YoY/QoQ, impacted by increased competition and west Asia turmoil. However, APAT negated the op-lev loss impact through strong focus on premium sales. Thus, margin remained robust and flattish at INR 5.5k/MT (+0.8k/MT YoY), leading to revenue/EBITDA/Adj PAT growth of 9/11/11% YoY. Management remains optimistic of delivering ~15% volume growth along with ~20% EBITDA growth in FY27E, driven by dealers restocking, UAE/exports normalization, and upcoming expansions in the east (0.2/0.3mn MT in Gorakhpur/Siliguri by Q4FY27). We maintain our estimates of 14/14/17% volume/EBITDA/PAT CAGR for FY26-28E. We estimate the RoE/RoCE will remain buoyant at ~25/30% respectively.
- **Sundaram Finance:** Sundaram Finance's (SUF) Q1FY27 earnings were below our estimates, largely due to moderation in NIM and lower other income. Business momentum remained strong with disbursement growth of 22% YoY, although driven by non-vehicle segments (vehicle segments up by 8% YoY). SUF's product/geographic diversification strategy, along with industry tailwinds, had aided in driving healthy AUM/disbursements CAGR of 19%/25% over FY22-FY26, along with robust profitability. We expect SUF to maintain its market share in core CV segments, along with gradual product diversification. Asset quality deteriorated in a seasonally weak quarter, with improvement in credit costs on a YoY basis. However, global uncertainties could provide a downside risk to our AUM and credit costs estimates over FY27-FY28E. We maintain ADD with an unchanged SoTP-based TP of INR4,835 (standalone entity at 3.3x Mar-28 ABVPS; 16% discount to CIFC).

HSIE Research Team
hdfcsec-research@hdfcsec.com

- **Ather Energy:** The company continues to impress with its move toward profitability, inching even closer, despite the commodity headwinds and lack of PLI benefit. We believe this has been possible due to management's deep focus on profitability leading to an improving cost structure, and value engineering benefits on the back of its R&D prowess. The upcoming capacity and launch of the EL platform (for lower priced products) coinciding with improving customer sentiment toward EVs should lead to another inflection point, which will receive support from the recently ramped-up dealer base. We value the company at 6.0x Jun-28 EV/sales for a TP of INR 1,362; maintain BUY. It continues to be our top pick.

- **CDSL:** CDSL delivered a strong Q1FY27, with revenue rising 11.4% QoQ and 13.1% YoY, broadly in line with estimates, while PAT of INR 1.18bn exceeded our estimate of INR 1.13bn. The growth was led by recovery in IPO/corporate action, higher transaction revenue, annual issuer charges reset, offset by decline in online data charges (price cut). EBITDA margin expanded 270bps QoQ to 47.1%, supported by growth and flat technology expenditure (eight-quarter CQGR of ~10%). We believe major technology upgrades are now behind, and technology cost will grow in line with revenue growth. Demat account additions moderated to 5.8mn in Q1 vs 7.4mn last quarter, but CDSL maintained its leadership position with 80.3% market share. However, the incremental share normalized to 82% vs >90% earlier as the competition is gradually catching up. Growth will be supported by steady increase in annuity revenue, e-voting and e-CAS, alongside a recovery in transaction and IPO and corporate action revenue. The annual issuer charges (annuity), ~44% of revenue, grew 12.3% YoY, led by a 16% YoY increase in the number of folios to 0.39bn for FY26. We raise revenue estimates by ~1% to factor in the recovery in transaction and IPO/corporate action revenue and increase EPS estimates by ~2% due to moderation in technology cost. We expect revenue/EPS CAGRs of 15/20% over FY26–29E. Maintain ADD with a TP of INR 1,450, based on 45x Mar-28E EPS; CDSL trades at 54/44x FY27E/FY28E EPS.

- **Aditya Birla Lifestyle Brands:** ABLBL's topline grew by 11.1% YoY to INR20.5bn (in-line), supported by 8% retail LTL growth in Q1. Lifestyle brands (LB)/emerging business (EB) grew ~10/19% YoY to INR 17.2/3.3bn (HSIE: in-line/INR3.4bn). Management indicated that cost pressure remained manageable in Q1, but expects a 3-4% cost increase in Q2 and Q3, led by rising RM prices, higher logistics costs, and minimum wage hike. To offset this impact, management has implemented a modest price hike, which alongside ongoing productivity gains and cost rationalization, should help protect margins. The company added 14 stores (net) in Q1FY27 and plans to add 150-200 stores (net) in FY27. Segment-wise, LB/EB EBITDAM expanded by ~40/240bps to 18.5/4.3% (vs HSIE: 17.8/5%) respectively. Overall EBITDAM expanded by 76bps YoY to 15.1% (HSIE: 14.5%), driven by strong operating leverage and lower A&P spends. EBITDA/APAT grew by 17.1/20.6% YoY to INR 3.08bn/290mn (HSIE: INR 2.96bn/79mn). We have largely maintained our FY28/29 EBITDA estimates and maintain BUY with an SOTP-based TP of INR150/sh (including ~18x Jun-28 EV/EBITDA for LB and 1x Jun-28 EV/sales for EB).

Persistent Systems

Consistent performer; record deal bookings

Persistent Systems delivered a strong start to FY27, with Q1 revenue of USD 452.4mn, representing 4.1% QoQ and 16.5% YoY CC growth and extending its impressive growth streak to 25 consecutive quarters. EBIT margin remained resilient at 16.0% (-30bps QoQ), and despite the July 2026 wage hikes carrying a gross impact of 180–200bps, management remains confident of sustaining margins within the 16–17% range in FY27E. The quarter underscores the success of Persistent's sharpened positioning as an AI-led engineering partner, with large deal wins spanning vendor-consolidation and proactively originated outsourcing opportunities. Record TCV of USD 1.15bn, anchored by a landmark USD 650mn+ engagement with a global technology leader, reflects growing client preference for its differentiated, AI-driven delivery model. Proprietary platforms such as SASVA and iAURA are facilitating enterprise-wide AI adoption, strengthening technical differentiation and improving win rates across verticals. A robust pipeline, strong balance sheet, and the proposed Nagarro acquisition, which should materially expand European scale and accelerate growth in emerging verticals, position Persistent well for sustained profitable growth. We reiterate ADD with a TP of INR 5,700, based on 32x Jun-28E EPS (vs 30x earlier).

- **Q1FY27 highlights: (**1) PSYS's revenue at USD 452.4mn was up 4.1% QoQ CC (higher than our estimate of USD 449.5mn), with growth led by tech and BFSI vertical. (2) Within the verticals, tech grew 7.7% QoQ, followed by BFSI+2.3% QoQ while Healthcare & Lifesciences remained flat sequentially (-0.2% QoQ). (3) The total TCV was up 91% QoQ to USD 1,146mn (highest-ever booking) including a 6.5-year strategic services agreement with a leading global technology company and a TCV of more than USD 650mn; total ACV was also up 21% QoQ to USD 537mn. (4) EBITM came in below our estimate at 16% (-29bps QoQ), impacted by lower utilization (-60bps) and higher purchase cost (-20bps), which were offset by forex tailwind (+30bps) and lower provision for doubtful debts (+20bps). (5) OCF/PAT on a TTM basis was down to 76.2% in Q1 (vs 94.7% in Q4), led by delayed collection and delayed tax refund; however, the aspiration is to keep it ~100%.
- **Outlook:** We have factored in USD revenue growth of 15.3/15.1/14.7% and EBITM of 16.1/16.3/16.7% for FY27/28/29E respectively, translating into 17% EPS CAGR over FY26-29E.

Quarterly Financial summary

YE Mar (INR bn)	Q1 FY27	Q1 FY26	*YoY (%)*	Q4 FY26	*QoQ (%)*	FY25	FY26	FY27E	FY28E	FY29E
Revenue (USD mn)	452	390	*16.1*	436	*3.8*	1,409	1,654	1,907	2,194	2,518
Net Sales	43.03	33.34	*29.1*	40.56	*6.1*	119.39	147.48	181.38	208.45	241.69
EBIT	6.87	5.18	*32.7*	6.59	*4.2*	17.51	23.03	29.21	34.03	40.42
APAT	4.83	4.25	*13.7*	5.29	*(8.7)*	14.00	19.34	22.64	26.96	31.41
Diluted EPS (INR)	30.6	27.6	*10.9*	33.6	*(8.7)*	91.0	124.9	143.5	170.9	199.1
P/E (x)						61.3	44.6	38.8	32.6	28.0
EV / EBITDA (x)						40.7	30.6	24.8	20.7	17.1
RoE (%)						24.8	26.3	26.5	26.8	26.4

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (INR bn)	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %	FY29E Old	FY29E Revised	Change %
Revenue (USD mn)	1,895	1,907	*0.6*	2,181	2,194	*0.6*	2,503	2,518	*0.6*
Revenue	179.48	181.38	*1.1*	207.19	208.45	*0.6*	240.24	241.69	*0.6*
EBIT	28.82	29.21	*1.4*	33.61	34.03	*1.2*	40.07	40.42	*0.9*
EBIT margin (%)	16.1	16.1	*5bps*	16.2	16.3	*10bps*	16.7	16.7	*4bps*
APAT	22.53	22.64	*0.5*	26.64	26.96	*1.2*	31.14	31.41	*0.9*
EPS (INR)	142.8	143.5	*0.5*	168.9	170.9	*1.2*	197.4	199.1	*0.9*

Source: Company, HSIE Research

ADD

CMP *(as on 3 Aug 2026)*	INR 5,575
Target Price	INR 5,700
NIFTY	24,774

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 5,280	INR 5,700
EPS %	FY27E	FY28E
	+0.5	+1.2

KEY STOCK DATA	
Bloomberg code	PSYS IN
No. of Shares (mn)	158
MCap (INR bn) / ($ mn)	879/9,224
6m avg traded value (INR mn)	4,388
52 Week high / low	INR 6,599/4,243

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	16.1	(11.2)	10.1
Relative (%)	13.9	(5.1)	12.6

SHAREHOLDING PATTERN (%)	Mar-26	Jun-26
Promoters	30.29	30.29
FIs & Local MFs	30.47	30.24
FPIs	22.11	20.79
Public & Others	17.13	18.68
Pledged Shares	0.00	0.00

Source: BSE

Pledged shares as % of total shares

Vinesh Vala
vinesh.vala@hdfcsec.com
+91-22-6171-7332

Amit Chandra
amit.chandra@hdfcsec.com
+91-22-6171-7345

APL Apollo Tubes

Healthy margin sustained despite weak volumes

We maintain our ADD rating on APL Apollo Tubes Ltd (APAT) with unchanged target price of INR 2,070 (35x FY28E adj EPS). In Q1FY27, APAT's volume fell 6/20% YoY/QoQ, impacted by increased competition and west Asia turmoil. However, APAT negated the op-lev loss impact through strong focus on premium sales. Thus, margin remained robust and flattish at INR 5.5k/MT (+0.8k/MT YoY), leading to revenue/EBITDA/Adj PAT growth of 9/11/11% YoY. Management remains optimistic of delivering ~15% volume growth along with ~20% EBITDA growth in FY27E, driven by dealers restocking, UAE/exports normalization, and upcoming expansions in the east (0.2/0.3mn MT in Gorakhpur/Siliguri by Q4FY27). We maintain our estimates of 14/14/17% volume/EBITDA/PAT CAGR for FY26-28E. We estimate the RoE/RoCE will remain buoyant at ~25/30% respectively.

- **Q1FY27 performance**: APAT's sales volume fell 6/20% YoY/QoQ to 745K MT. Its core *APL Apollo* brand volume fell 11/18% YoY/QoQ, impacted by competition and increased spreads vs secondary materials. Primary sales were adversely impacted as dealers went lean. The West Asia turmoil led to a sharp fall in UAE sales and energy crisis slowed the roofing product growth. However, blended NSR jumped 11/16% QoQ/YoY as APAT could fully pass on steel price hikes and focus on value-added sales. Thus, despite the op-lev loss, margin was flattish QoQ to INR 5.5k/MT. On a YoY basis, it expanded by INR 0.8k/MT due to premiumization gain. Consolidated revenue /EBITDA/adj PAT rose 9/11/11% YoY. APAT spent INR 2.2bn on ongoing expansion. Net cash moderated slightly to INR14bn vs INR15bn QoQ.
- **Con call KTAs and outlook**: While APAT missed its Q1FY27 expectations of 10% YoY growth, it aspires to deliver 15/15-20% in Q2/FY27 respectively. It expects dealers restocking, UAE/exports normalization and upcoming expansion in the east (0.2/0.3mn MT in Gorakhpur/Siliguri by Q4FY27). Despite strong volume expectations, APAT remains confident of delivering margin in the range of INR 5-5.5k/MT. It lowered its FY27E EBITDA growth guidance to ~20% YoY (from 20-25% range guided earlier). We maintain our earnings estimates: 14/14/17% volume/EBITDA/APAT CAGRs for FY26-28E.

Quarterly/annual financial summary (consolidated)

YE Mar	Q1 FY27	Q1 FY26	*YoY (%)*	Q4 FY26	*QoQ (%)*	FY24	FY25	FY26	FY27E	FY28E
Sales (mn MT)	0.74	0.79	*(6.2)*	0.93	*(19.5)*	2.62	3.16	3.49	3.91	4.54
NSR (INR/MT)	75,275	65,082	*15.7*	67,767	*11.1*	69,209	65,508	66,110	69,944	68,825
EBITDA(INR/MT)	5,522	4,683	*17.9*	5,524	*(0.0)*	4,554	3,796	5,161	5,164	5,142
Net Sales	56.1	51.7	*8.5*	62.7	*(10.6)*	181.2	206.9	230.8	273.5	312.2
EBITDA	4.1	3.7	*10.6*	5.1	*(19.5)*	11.9	12.0	18.0	20.2	23.3
APAT	2.6	2.4	*10.9*	3.5	*(25.7)*	7.3	7.6	12.0	13.8	16.4
AEPS (INR)	9.5	8.5	*10.9*	12.8	*(25.7)*	26.4	27.3	43.3	49.8	59.3
EV/EBITDA (x)						35.2	34.7	26.8	25.8	22.1
P/E (x)						57.45	55.58	41.51	38.97	32.77
RoCE (%) pre-tax						22.2	19.4	25.3	24.1	24.4
RoE (%)						*23.8*	*21.4*	*29.7*	*29.8*	*30.2*

Source: Company, HSIE Research

ADD

CMP *(as on 3 Aug 2026)*	INR 1,942
Target Price	INR 2,070
NIFTY	24,774

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2,070	INR 2,070
EPS	FY27E	FY28E
revision %	*(0.3)*	*0.4*

KEY STOCK DATA	
Bloomberg code	APAT IN
No. of Shares (mn)	278
MCap (INR bn) / ($ mn)	539/5,654
6m avg traded value (INR mn)	1,506
52 Week high / low	INR 2,301/1,548

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	1.9	(9.2)	21.8
Relative (%)	(0.3)	(3.1)	24.2

SHAREHOLDING PATTERN (%)	Mar-26	Jun-26
Promoters	28.25	28.25
FIs & Local MFs	16.05	18.58
FPIs	37.52	35.12
Public & Others	18.18	18.04
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

Rajesh Ravi
rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Keshav Lahoti
Keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Kartikey
kartikey@hdfcsec.com
+91-22-6171-7359

Mahesh Nagda
mahesh.nagda@hdfcsec.com
+91-22-6171-7319

Sundaram Finance

Mixed core performance

Sundaram Finance's (SUF) Q1FY27 earnings were below our estimates, largely due to moderation in NIM and lower other income. Business momentum remained strong with disbursement growth of 22% YoY, although driven by non-vehicle segments (vehicle segments up by 8% YoY). SUF's product/geographic diversification strategy, along with industry tailwinds, had aided in driving healthy AUM/disbursements CAGR of 19%/25% over FY22-FY26, along with robust profitability. We expect SUF to maintain its market share in core CV segments, along with gradual product diversification. Asset quality deteriorated in a seasonally weak quarter, with improvement in credit costs on a YoY basis. However, global uncertainties could provide a downside risk to our AUM and credit costs estimates over FY27-FY28E. We maintain ADD with an unchanged SoTP-based TP of INR4,835 (standalone entity at 3.3x Mar-28 ABVPS; 16% discount to CIFC).

- **NIM compression, lower other income drives muted PPoP growth:** NIM (calculated) declined to 4.4% (-13bps QoQ), driven by compression in yields and marginal uptick in cost of funds (by 4bps QoQ). SUF's cost of funds (~7%) remains best-in-class, driven by strong credit rating and proactive liabilities management. Opex ratios remained steady (opex to AUM at 2.14%; C/I at 29.3%) amidst distribution expansion (~74 net new branches added in last 4 quarters). SUF reported a strong core RoE of 18.2% in Q1 (Q1FY26: 15.3%).
- **Strong disbursements growth, driven by non-vehicle segments:** SUF's loan growth improved marginally to +16.9% YoY, with cars/CE/commercial lending and others growing by 16.9%/14.7%/44% YoY, while CV segment grew by 10.2% YoY. Disbursement growth was mainly led by commercial lending and others segment (+228.9% YoY), contributing to 21.5% of disbursements (Q1FY26: 11.3%; FY26: 15.3%). Disbursements in CV segment grew by 2% YoY, indicating loss of market share as industry CV sales volumes remained robust in Q1.
- **Improving trends in credit costs:** GS-III/NS-III deteriorated QoQ to 1.7%/0.9% (Q4FY26: 1.4%/0.7%), driving credit costs of 71bps (annualized) vs 55bps in Q4FY26 (Q1FY26: 1.2%). SUF's credit costs are likely to improve in FY27 (FY26: 85bps), driven by improving credit environment. While fuel price inflation has been lower than expectations, sustained global uncertainties remain a key monitorable.
- **Muted performance by subsidiaries:** SHUF's AUM growth continued to moderate to 13% YoY (FY26: 24% YoY), although RoE improved to 14.5%. The AMC entity's AUM growth remained muted at 12% YoY. The general insurance entity continued to grapple with high COR (116%), with muted growth in GWP (+7% YoY). While SUF remains a robust franchise, delivering strong profitability (core RoE of ~18.4% for FY26) and maintaining pristine asset quality (cross-cycle credit costs of ~50bps), current valuation (~3.3x Mar-28 ABVPS) provides little margin of safety.

Financial summary (Standalone)

Y/E Mar (INR bn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	FY26	FY27E	FY28E
NII	7.9	6.8	*16.6*	7.8	*0.9*	29.3	32.5	38.3
PPOP	7.9	7.2	*9.9*	8.5	*(7.3)*	28.3	31.5	36.8
PAT	5.2	4.3	*21.7*	6.1	*(14.3)*	18.3	20.8	24.4
EPS (INR)	47.0	38.6	*21.7*	54.8	*(14.3)*	165.1	187.5	219.2
ROAE (%)						15.4	15.4	16.0
ROAA (%)						2.9	2.9	2.9
ABVPS (INR)						927	1,051	1,206
P/ABV (x)						4.3	3.8	3.3
P/E (x)						24.0	21.1	18.1

Source: Company, HSIE Research

ADD

CMP *(as on 3 Aug 2026)*	INR 4,829
Target Price	INR 4,835
NIFTY	24,774

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 4835	INR 4835
EPS %	FY27E	FY28E
	0.0%	0.0%

KEY STOCK DATA	
Bloomberg code	SUF IN
No. of Shares (mn)	111
MCap (INR bn) / ($ mn)	536/5,627
6m avg traded value (INR mn)	387
52 Week high / low	INR 5,642/4,000

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	6.5	(10.1)	5.7
Relative (%)	4.2	(4.0)	8.1

SHAREHOLDING PATTERN (%)	Mar-26	Jun-26
Promoters	37.2	37.2
FIs & Local MFs	7.7	8.0
FPIs	22.8	22.4
Public & Others	32.3	32.4
Pledged Shares	0.0	0.0

Source: Company

Pledged shares as % of total shares

Deepak Shinde
deepak.shinde@hdfcsec.com
+91-22-6171-7323

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

Ayush Pandit
ayush.pandit@hdfcsec.com
+91-22-6171-7366

Ather Energy

Accelerating toward profitability

BUY

CMP *(as on 3 Aug 2026)*	INR 1,273
Target Price	INR 1,362
NIFTY	24,774

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,268	INR 1,362
Revenue %	FY28E +5.8%	FY29E +10.4%

KEY STOCK DATA	
Bloomberg code	ATHERENE IN
No. of Shares (mn)	394
MCap (INR bn) / ($ mn)	502/5,261
6m avg traded value (INR mn)	4,219
52 Week high / low	INR 1,345/349

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	36.1	88.3	266.5
Relative (%)	33.9	94.4	268.9

SHAREHOLDING PATTERN (%)	Mar-26	Jun-26
Promoters	40.77	40.72
FIs & Local MFs	28.98	29.29
FPIs	17.22	16.23
Public & Others	13.03	13.76
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

The company continues to impress with its move toward profitability, inching even closer, despite the commodity headwinds and lack of PLI benefit. We believe this has been possible due to management's deep focus on profitability leading to an improving cost structure, and value engineering benefits on the back of its R&D prowess. The upcoming capacity and launch of the EL platform (for lower priced products) coinciding with improving customer sentiment toward EVs should lead to another inflection point, which will receive support from the recently ramped-up dealer base. We value the company at 6.0x Jun-28 EV/sales for a TP of INR 1,362; maintain BUY. It continues to be our top pick.

- **Quarterly performance:** EBITDA margin at -2.7% improved by 1,810bps YoY and 319bps QoQ, a beat to our estimate of -7.8% and Bloomberg consensus estimate of -6.6%. EBITDA margin improvement was led by operating leverage, increase in non-vehicle revenue contribution, product mix management, and cost reductions, though partially negated by lower gross margin on the back of elevated raw material costs.
- **Demand outpacing supply:** Management highlighted that better total cost of ownership (aided by the fuel price hike), improving customer sentiment toward EVs, and better availability of retail financing is accelerating EV adoption, leading to a ramp-up of capacity and supply on a war footing basis. While pre-orders have touched 50k on a monthly basis, dealers in many states have stopped accepting further pre-orders as the waiting period has crossed two months. It indicated that the company could have sold another 13-15k units per month across Q1, if not restricted for supply. Dealer stock has fallen from 14 days (the end of Q4FY26) to just three days (the end of Q1FY27).
- **New platform and additional capacity:** The phase 1 at AURIC, with a capacity of 500,000 units p.a. will be operational from Q4FY27 though a complete ramp-up would happen only over 4-5 months. While the product on the new EL platform will be launched at the end of August 2026, it will initially be produced from the existing plant, with a major ramp-up happening only from the new facility. Considering that the new plant will cater exclusively to the EL platform and that the existing plant has some fungibility across both platforms, the available capacity for EL would be 60k units per month. Additionally, it hinted that Phase 2 at AURIC (500,000 units p.a.) may get materially fast-tracked if the good demand scenario continues.
- **Profitability:** While it expects another 1-2% impact on account of higher raw material costs in Q2FY27, it believes that the impact will be negated by better ASP (higher ASP in June 2026 will lead to a better average in Q2), and the continuing structural tailwinds of better skew management, higher non-vehicle revenue, and cost reduction.

Quarterly/Annual financial summary

YE Mar (INR mn)	1QFY27	1QFY26	YoY (%)	4QFY26	QoQ (%)	FY26	FY27E	FY28E	FY29E
Net Sales	12,169	6,446	88.8	11,747	3.6	36,718	53,464	76,531	1,10,879
EBITDA	-333	-1,343	-75.2	-696	-52.2	-4,084	-2,796	2,471	7,544
EBITDA %	-2.7	-20.8	1810bps	-5.9	319bps	-11.1	-5.2	3.2	6.8
APAT	-511	-1,782	-71	-1,002	-49	-5,121	-4,756	-326	4,043
EPS (INR)	-1.3	-4.8	-72.2	-2.6	-49.1	-13.4	-12.4	-0.9	10.6
EV/Sales (x)						13.1	9.0	6.3	4.3

Source: Company, HSIE Research

Hitesh Thakurani
hitesh.thakurani@hdfcsec.com
+91-22-6171-7350

CDSL

Returning to growth trajectory

CDSL delivered a strong Q1FY27, with revenue rising 11.4% QoQ and 13.1% YoY, broadly in line with estimates, while PAT of INR 1.18bn exceeded our estimate of INR 1.13bn. The growth was led by recovery in IPO/corporate action, higher transaction revenue, annual issuer charges reset, offset by decline in online data charges (price cut). EBITDA margin expanded 270bps QoQ to 47.1%, supported by growth and flat technology expenditure (eight-quarter CQGR of ~10%). We believe major technology upgrades are now behind, and technology cost will grow in line with revenue growth. Demat account additions moderated to 5.8mn in Q1 vs 7.4mn last quarter, but CDSL maintained its leadership position with 80.3% market share. However, the incremental share normalized to 82% vs >90% earlier as the competition is gradually catching up. Growth will be supported by steady increase in annuity revenue, e-voting and e-CAS, alongside a recovery in transaction and IPO and corporate action revenue. The annual issuer charges (annuity), ~44% of revenue, grew 12.3% YoY, led by a 16% YoY increase in the number of folios to 0.39bn for FY26. We raise revenue estimates by ~1% to factor in the recovery in transaction and IPO/corporate action revenue and increase EPS estimates by ~2% due to moderation in technology cost. We expect revenue/EPS CAGRs of 15/20% over FY26–29E. Maintain ADD with a TP of INR 1,450, based on 45x Mar-28E EPS; CDSL trades at 54/44x FY27E/FY28E EPS.

- **Q1FY27 highlights**: CDSL revenue was up 11.4/13.1% QoQ/YoY. Total revenue of INR 2.93bn was in line with our estimate of INR 2.94bn and was mainly driven by 58.8% QoQ increase in IPO revenue supported by 12.3/12.2/11.9% QoQ growth in Annual issuer revenue/e-voting CAS income/transaction revenue offset by an 8.2% QoQ decline in online data revenue. On the cost side, employee costs increased by 30.1% QoQ while technology expenses stagnated and operating expenses decreased by 3.5% QoQ. CDSL's EBITDA margin expanded sharply by 269bps QoQ to 47.1% because of the flat tech spending and increase in revenue. Other income increased sharply QoQ due to M2M impact and stood at INR 0.48bn. ETR for the quarter stood at 29.4% vs 22.4% in Q4FY26 and APAT stood INR 1.18bn, up 46.5% QoQ.
- **Outlook:** We expect revenue growth of +11/18/17% and an EBITDA margin of 50.1/53.3/56.3 for FY27/28/29E. The 15% CAGR over FY26-29E assumes 20/19/3/10/13% CAGRs in annual issuer/transaction/IPO/online data charges/e-CAS & e-voting revenue. Core PAT CAGR over FY26-28E is at ~20%.

Quarterly financial summary

YE March	1Q	1Q	YoY	4Q	QoQ	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	2,928	2,588	*13.1*	2,628	*11.4*	8,123	10,822	11,449	12,729	15,053	17,600
EBITDA	1,379	1,305	*5.7*	1,168	*18.1*	4,894	6,243	5,858	6,376	8,027	9,904
APAT	1,175	1,024	*14.8*	802	*46.5*	4,191	5,266	4,561	5,150	6,357	7,803
Diluted EPS (INR)	5.6	4.9	*14.8*	3.8	*46.5*	20.1	25.2	21.8	24.6	30.4	37.3
P/E (x)								60.6	53.7	43.5	35.4
EV / EBITDA (x)								44.5	40.5	31.8	25.4
RoE (%)						31.3	32.7	24.5	25.0	27.7	30.3
Cash/Mcap (%)						3.5	4.4	4.3	5.1	5.9	6.9

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

INR Mn	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %	FY29E Old	FY29E Revised	Change %
Revenue	12,664	12,729	*0.5*	14,980	15,053	*0.5*	17,518	17,600	*0.5*
EBITDA	6,321	6,376	*0.9*	7,875	8,027	*1.9*	9,577	9,904	*3.4*
EBITDA margin (%)	49.9	50.1	18bps	52.6	53.3	76bps	54.7	56.3	161bps
APAT	5,061	5,150	*1.7*	6,243	6,357	*1.8*	7,556	7,803	*3.3*
EPS (INR)	24.2	24.6	*1.7*	29.9	30.4	*1.8*	36.2	37.3	*3.3*

Source: Company, HSIE Research

ADD

CMP *(as on 3 Aug 2026)*	**INR 1,322**
Target Price	**INR 1,450**
NIFTY	**24,774**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 1,420	INR 1,450
EPS %	FY27E	FY28E
	1.7%	1.8%

KEY STOCK DATA	
Bloomberg code	CDSL IN
No. of Shares (mn)	209
MCap (INR bn) / ($ mn)	276/2,898
6m avg traded value (INR mn)	2,628
52 Week high / low	INR 1,674/1,116

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	3.9	(1.5)	(10.6)
Relative (%)	1.7	4.5	(8.2)

SHAREHOLDING PATTERN (%)	**Mar-26**	**Jun-26**
Promoters	15.00	15.00
FIs & Local MFs	14.42	15.19
FPIs	11.36	8.24
Public & Others	59.22	61.57
Pledged Shares	0.00	0.00

Source : NSE

Pledged shares as % of total shares

Amit Chandra
amit.chandra@hdfcsec.com
+91-22-6171-7345

Arjun Savla
arjun.savla@hdfcsec.com
+91-22-6171-7339

Aditya Birla Lifestyle Brands

Growth recovery intact; margin pressure ahead

ABLBL's topline grew by 11.1% YoY to INR20.5bn (in-line), supported by 8% retail LTL growth in Q1. Lifestyle brands (LB)/emerging business (EB) grew ~10/19% YoY to INR 17.2/3.3bn (HSIE: in-line/INR3.4bn). Management indicated that cost pressure remained manageable in Q1, but expects a 3-4% cost increase in Q2 and Q3, led by rising RM prices, higher logistics costs, and minimum wage hike. To offset this impact, management has implemented a modest price hike, which alongside ongoing productivity gains and cost rationalization, should help protect margins. The company added 14 stores (net) in Q1FY27 and plans to add 150-200 stores (net) in FY27. Segment-wise, LB/EB EBITDAM expanded by ~40/240bps to 18.5/4.3% (vs HSIE: 17.8/5%) respectively. Overall EBITDAM expanded by 76bps YoY to 15.1% (HSIE: 14.5%), driven by strong operating leverage and lower A&P spends. EBITDA/APAT grew by 17.1/20.6% YoY to INR 3.08bn/290mn (HSIE: INR 2.96bn/79mn). We have largely maintained our FY28/29 EBITDA estimates and maintain BUY with an SOTP-based TP of INR150/sh (including ~18x Jun-28 EV/EBITDA for LB and 1x Jun-28 EV/sales for EB).

- **Q1FY27 highlights**: ABLBL's revenue grew by 11.1% YoY to INR20.5bn (in-line), led by 8% retail LTL growth in Q1. LB grew ~10% YoY to INR 17.2bn (in-line), supported by broad-based performance across brands. LB's growth was driven by 7% retail LTL growth, with the small-town network recording another double-digit LTL quarter. While LB wholesale performance was impacted by lower primary sales, secondary sales remained healthy. EB revenue grew ~19% YoY to INR3.32bn (HSIE: INR3.41bn), driven by strong retail LTL of 11% and e-com performance (up +30% YoY) in Q1. On segmental margins, LB/EB EBITDAM were up ~40/240bps to 18.5/4.3% (vs HSIE: 17.8/5%) respectively. The company added 14 stores (net) in Q1 and plans to add 150-200 stores (net) in FY27. Although GM contracted by 155bps YoY to 61% (HSIE: 62.4%) due to a channel mix and higher inventory provisioning, overall EBITDAM expanded by 76bps YoY to 15.1% (HSIE: 14.5%), driven by strong operating leverage and lower A&P spends. EBITDA/APAT grew by 17.1/20.6% YoY to INR 3.08bn/290mn (HSIE: INR 2.96bn/79mn).
- **Outlook**: While ABLBL's sustained growth recovery is encouraging, navigating input cost pressures will be crucial. The turnaround in EB, particularly the path toward profitability in the innerwear segment, remains a key monitorable. We have largely maintained our FY28/29 EBITDA estimates and maintain BUY with an SOTP-based TP of INR150/sh (including ~18x Jun-28 EV/EBITDA for LB and 1x Jun-28 EV/sales for EB).

Quarterly financial summary

(INR mn)	Q1 FY27	Q1 FY26	YoY (%)	Q4 FY26	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	20,457	18,406	11.1	21,742	(5.9)	78,300	83,958	94,044	1,05,370	1,17,414
EBITDA	3,081	2,631	17.1	3,523	(12.6)	5,508	6,439	7,915	9,418	10,886
APAT	290	241	20.6	622	(53.4)	1,579	2,201	3,139	4,175	5,359
EPS (Rs)	0.24	0.20	20.6	0.45	(46.8)	0.5	1.4	2.6	3.4	4.4
P/E (x)						78.8	56.6	39.7	29.8	23.2
EV/EBITDA (x)						24.0	20.5	15.7	12.5	10.1
Core RoCE(%)						9.0	10.2	10.4	11.8	13.2

Source: Company, HSIE Research

Change in estimates

(INR mn)	FY27E			FY28E			FY29E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	94,044	95,722	(1.8)	1,05,370	1,07,069	(1.6)	1,17,414	1,18,417	(0.8)
Gross Profit	56,202	57,396	(2.1)	63,445	64,575	(1.7)	70,872	71,537	(0.9)
Gross Profit Margin (%)	59.8	60.0	**-20 bps**	60.2	60.3	**-10 bps**	60.4	60.4	**-5 bps**
EBITDA	7,915	8,080	(2.0)	9,418	9,497	(0.8)	10,886	10,895	(0.1)
EBITDA margin (%)	8.4	8.4	**-2 bps**	8.9	8.9	**7 bps**	9.3	9.2	**7 bps**

Source: Company, HSIE Research, *Pre-IND AS EBITDA

BUY

CMP *(as on 3 Aug 2026)*	INR 96
Target Price	INR 150
NIFTY	24,774

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 150	INR 150
EBITDA *%	FY28E	FY29E
	-0.8	-0.1

*Pre-IND AS EBITDA

KEY STOCK DATA	
Bloomberg code	ABLBL IN
No. of Shares (mn)	1,221
MCap (INR bn) / ($ mn)	117/1,228
6m avg traded value (INR mn)	186
52 Week high / low	INR 151/88

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(6.7)	(15.1)	(30.5)
Relative (%)	(8.9)	(9.0)	(28.0)

SHAREHOLDING PATTERN (%)

	Mar-26	Jun-26
Promoters	46.60	46.60
FIs & Local MFs	20.25	20.81
FPIs	12.79	12.69
Public & Others	20.36	19.90
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

Jay Gandhi
jay.gandhi@hdfcsec.com
+91-22-6171-7320

Vedant Mulik
vedant.mulik@hdfcsec.com
+91-22-6171-7348

Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

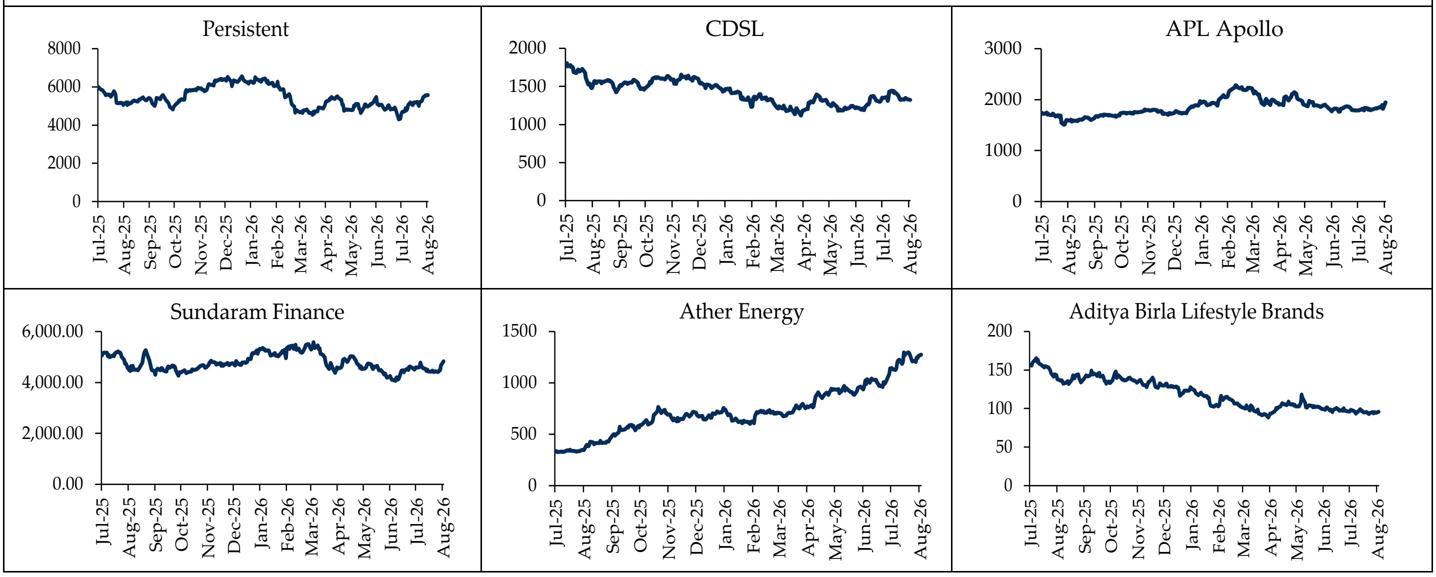
REDUCE: -10% to +5% return potential

SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Amit Chandra	Persistent Systems, CDSL	MBA	NO
Vinesh Vala	Persistent Systems	MBA	NO
Arjun Savla	CDSL	CA	NO
Rajesh Ravi	APL Apollo Tubes	MBA	NO
Keshav Lahoti	APL Apollo Tubes	CA, CFA	NO
Karitikey	APL Apollo Tubes	CA	NO
Mahesh Nagda	APL Apollo Tubes	CA	NO
Deepak Shinde	Sundaram Finance	PGDM	NO
Krishnan ASV	Sundaram Finance	PGDM	NO
Ayush Pandit	Sundaram Finance	CA	NO
Hitesh Thakurani	Ather Energy	MBA	NO
Jay Gandhi	Aditya Birla Lifestyle Brands	MBA	NO
Vedant Mulik	Aditya Birla Lifestyle Brands	CA	NO

Price movement



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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

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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