INSTITUTIONAL RESEARCH

HSIE Results Daily

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Results Reviews

- **Hyundai Motor India:** Hyundai Motor India's (HMI) EBITDA margin of 13.9% beat estimates, driven by a 54 bps QoQ improvement in gross margins, supported by improving localization and value engineering efforts. Management has highlighted higher near-term costs related to labor and manufacturing overheads until the new plant ramps up production. We believe this could partially reverse the recent EBITDA margin improvement over the next 2–3 quarters. While we remain positive on the PV industry over the medium term, led by GST rate rationalization, we are concerned about the company's lack of aggression in the Indian market in terms of volumes and market share. We value the company at 25x Sep-27 EPS, with a target price of INR 2,247, and maintain a REDUCE rating.
- **Canara Bank:** Canara Bank's (CBK) Q2FY26 earnings beat estimates on the back of healthy growth on both sides of the balance sheet coupled with continued traction in other income, stable margins, and in-line asset quality. Loan growth (~15% YoY; +5% QoQ) was strong, largely driven by retail and overseas segments. Deposit growth (+13% YoY, +4% QoQ) was healthy, with CASA ratio improving to 28% (+106 bps QoQ). While CBK witnessed a pick-up in core earnings, we flag the bank's structural challenges around a weak deposit franchise, high dependence on non-core earnings (recovery from written-off accounts, PSLC commission), and higher NPA concentration. We raise FY26E/FY27E estimates by ~12%/~6%, factoring in higher other income from stake sale in subsidiaries (to be booked during Q3FY26). We introduce a sum-of-the-parts (SOTP) valuation with listed subsidiaries adding ~INR10 (Can Fin Homes valued at 1.7x Sep-25 ABVPS, Canara Robeco AMC and Canara HSBC Life are valued at CMP). We maintain ADD, with a revised SOTP-based TP of INR140 (0.9x Sep-27 ABVPS).
- **Aditya Birla Capital:** Aditya Birla Capital (ABCAP) reported a steady quarter across businesses with the flagship NBFC business delivering healthy AUM growth (+22% YoY) and steady profitability (2.2% RoA) while also improving its asset quality. ABHFL continued to clock astronomical AUM growth (+65% YoY) even as profitability improved on the back of operating leverage. ABSLAMC reported modest equity AUM growth (+7% YoY) on the back of continued market share erosion. ABSLI witnessed 420bps YoY improvement in VNB margin, benefiting from a lower share of group business and a favorable product mix. The insurance businesses are likely to see near-term profitability headwinds from lower GST rates in life and health insurance, while ABSLAMC is likely to witness regulatory overhang from the proposed TER draft guidelines. We revise our earnings estimates for the lending businesses; maintain ADD with revised SOTP-based TP of INR325 (standalone entity at 1.9x Sep-27 ABVPS; ABSLI at 1.6x Sep-27 IEV; ABHFL at 1.7x Sep-27 ABVPS).
- **Steel Authority of India:** We maintain ADD on Steel Authority of India (SAIL), with a revised target price of INR 135/share (5.5x Sep'27E standalone EBITDA). In Q2FY26, SAIL's total/own sales volume firmed up 20/12% YoY. Weak pricing across longs/flats pulled down adjusted margin by INR 0.5k/MT QoQ to INR 5.1k/MT. On a YoY basis, adjusted margin improved by ~INR 1.4k/MT, given strong op-lev gains. We expect SAIL's volume to grow by 11%

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YoY in FY26E, supported by NMDC Steel's traded sales. SAIL also expects steel prices to recover Nov onwards.

- **Bandhan Bank:** Bandhan Bank's (BANDHAN) earnings missed estimates again, on the back of sustained elevated credit costs (3.5% annualized), led by continued stress in the micro-banking portfolio, sub-par loan growth (7% YoY), and shrinking margins (-55bps QoQ). Deposit growth was soft (~10% YoY/ 2.2% QoQ), while the CASA ratio clocked in at 28% (+90bps QoQ). With the MFIN's tighter guardrails now at play, industry-wide MFI stress has remained elevated, reflecting in muted growth and higher slippages/credit costs. BANDHAN continues to guide for a shift in its loan mix toward secured loans, improving the quality of its deposit franchise and further tightening its underwriting/compliance practices. We believe the path to regain regulatory credibility and achieve portfolio stability is likely to be protracted. We hack our FY26E/FY27E EPS estimates by 29%/16%, largely reflecting softer NIMs (higher mix of secured loans) and longer road to asset quality normalization. Despite the non-linearity inherent in the bank's MFI-heavy business model, we expect ROEs to stay sub-par; maintain REDUCE with a revised TP of INR145 (implied 0.8x Sep-27 ABVPS).
- **Navin Fluorine International:** We retain a BUY on Navin Fluorine International (NFIL), with a target price of INR 5,709 on the back of (1) earnings visibility, given long-term contracts; (2) robust pipeline in the CDMO business; and (3) ramp-up in recently commissioned plants. EBITDA was 30% above our estimates while APAT was 42% above our estimates owing to lower-than-expected raw material cost and other expenses while revenue remain in line with estimates.
- **Brigade Enterprises:** Brigade Enterprises Ltd (BEL) sales volume was 1.9msf (13.1%/+100.1% YoY/QoQ), valued at INR 20.3bn (+11.7%/+81.9% YoY/QoQ, inline with our estimates) with average realization of INR 10,705psf (-1.2%/-9.0% YoY/QoQ). BEL has an active launch pipeline of 7msf/INR 80bn over the H2FY26 and is targeting 15–20% pre-sales growth in FY26. BEL is also seeing steady office leasing traction and healthy demand across segments despite macro concerns. Furthermore, despite strong growth plans, BEL faces execution risks, particularly potential delays in launching large mixed-use projects, which could impact FY26 sales targets. Margin pressures from project mix, marketing expenses, and conservative ground rent accounting are expected to be temporary. Regulatory hurdles, such as BBMP approval delays in Bengaluru are being managed effectively, while Chennai projects have secured all necessary approvals. BEL is expanding its footprint beyond Bengaluru, strengthening its presence in Chennai and Hyderabad to drive South-India growth. Hence given BEL's strong cash position of INR 25.7bn, a robust business development pipeline, and a healthy balance sheet, we remain constructive. We reiterate BUY, with unchanged TP of INR 1,400/sh to account for (1) inclusion of new projects in Hyderabad, Bengaluru, and Chennai, (2) expansion in the office/hospitality segment, and (3) incorporation of a 5-10% price hike across projects, along with supply side headwinds.
- **V-Guard Industries:** V-Guard (VGRD) reported revenue of INR 13.41bn, up 4% YoY, owing to sub-par performance across all segments, impacted by high rainfall. Electronics/electrical segments grew 5% YoY each, while consumer durables segment posted a modest 1% YoY growth. EBITDAM contracted 40 bps YoY to 8.1% impacted by higher other expenses (up 15% YoY). Therefore, EBITDA remained flat YoY. While APAT grew 3% YoY, mainly owing to lower interest expense. Electronics/consumer durables segment EBIT margins were down 240bps YoY each to 17.2/1.7%. Electricals/Sunflame witnessed strong margin expansion of 240/510bps YoY to 11.6/6.5%. In the previous

quarter, company had guided for revenue growth of 11–13% and an EBITDA margin of 8.5–9.5% for FY26. However, it refrained from providing any guidance in the current quarter. The board has approved a merger of Sunflame with the company and expects it to unlock significant synergies and operational efficiencies with expected EBIT margin of 12% in next 2-3 years. We introduce FY28E financials and roll forward our valuation to Sep-27E from Mar-27E. We maintain a REDUCE rating with a revised TP of INR 345/sh, by valuing the company at 35x Sep-27 EPS.

- **Mahanagar Gas:** Our BUY recommendation on Mahanagar Gas (MGL) with a target price of INR 1,880, is premised on a strong 10% volume CAGR over FY25-27E, led by accelerated addition of retail outlets, customer additions in the industrial segment, and continued firm CNG vehicle registration. The Q2FY26 consolidated EBITDA came in at INR 3.3bn (-18.3% YoY, -32.5% QoQ) and consolidated PAT was at INR 1.91bn (-33.3% YoY, -40.1% QoQ). The decline in profitability was owing to reduced price realization and higher raw material cost.

- **Quess Corp:** Quess delivered a strong second quarter with a revenue growth of 5% QoQ and EBITDA growth of 10/11% QoQ/YoY. The general staffing (GS) business demonstrated a substantial revival in net additions (21K vs 15K YoY), marking its best performance in the last five quarters. This strong momentum was driven by seasonal demand and festive hiring across verticals like manufacturing, BFSI, consumer retail, and telecom. The growth strategy relies on scaling the sourcing engine and going beyond metros, ~67% of requirements are originating from Tier 2/3 locations. GS segmental margins remained stable at ~1.4%, with long-term margin improvement expected through a shift in the business mix toward manufacturing/apprenticeship ecosystem (growing 30%+ YoY). Conversely, the professional staffing (PS) segment saw an 8% QoQ revenue decline resulting from the rationalization of low-margin, pass-through managed service provider (MSP) contracts. This focus on profitable growth allowed PS to report its highest ever EBITDA of INR 0.27bn (up 37% YoY), achieving double-digit margins at 12.2% (target is maintain ~11-12% margins). Overall, the company is strategically focused on growth revival, margin expansion and improving the mix. Management expects sustaining overall growth momentum in 2H and will add ~10-15K net headcount in the GS segment. We marginally change our estimates and maintain our BUY rating with a target price of INR 355, valuing it at 18x Sep-27E EPS.

Hyundai Motor India

New plant to keep margins under check in the near term

Hyundai Motor India's (HMI) EBITDA margin of 13.9% beat estimates, driven by a 54 bps QoQ improvement in gross margins, supported by improving localization and value engineering efforts. Management has highlighted higher near-term costs related to labor and manufacturing overheads until the new plant ramps up production. We believe this could partially reverse the recent EBITDA margin improvement over the next 2–3 quarters. While we remain positive on the PV industry over the medium term, led by GST rate rationalization, we are concerned about the company's lack of aggression in the Indian market in terms of volumes and market share. We value the company at 25x Sep-27 EPS, with a target price of INR 2,247, and maintain a REDUCE rating.

- **Quarterly performance:** Revenue at INR 174.6bn grew 1.2% YoY and 6.4% QoQ, 1.3% below our estimate and 1.0% below the Bloomberg consensus estimate. Realization remained flat QoQ, despite the better product mix. Gross margin improved to 241bps YoY and 54bps QoQ on the back of localization and value engineering efforts.
- **Call takeaways:** (1) Management highlighted that focus and efforts on channel expansion with deeper penetration has led to highest ever rural contribution at 23.6%. (2) Exports is witnessing strong demand in key markets, with YoY growth in Middle East and Africa at 35% and Mexico at 11%. (3) It mentioned that it will leverage the new capacity and models to maintain growth momentum in the exports market. (4) It highlighted that retails grew by 23% YoY during the festive season, with hatchbacks growing 16%, sedans growing 47%, SUVs growing 21% (both Exter and Venue combined grew 28%). (5) It indicated that both the urban and rural markets witnessed good SUV demand, while there was strong traction in the diesel and CNG segment with mix reaching 23% and 15% respectively. (6) It cautioned that margins are expected to witness near term pressure on account of incremental cost from the new plant, led by higher depreciation, labor and manufacturing overheads, that it estimates to be 20-25% higher vs the current HMI plant. (7) Discounts in Q2 stood at 3.2% of ASP, while management expects discount moderation, going forward as, it focusses on profitable growth, and as new model launches come in. (8) It continues to carry out product interventions (20+ in the last 6 months), which it believes helps in market competitiveness and catering to evolving customer preferences. (9) It indicated constraints in the availability of the Venue model ahead of the launch of the all-new Venue on 4Th Nov 2025; post the launch it expects the company to grow with the industry on the back of commencement of the new model cycle and model interventions. (10) It targets to reach 90% localization level by FY30 (vs 82% currently), which will also be aided by deep localization up to the Tier 3 level.

Quarterly/annual financial summary

YE Mar (INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	1,74,608	1,72,604	1.2	1,64,129	6.4	6,91,929	7,23,742	8,09,742	9,10,198
EBITDA	24,289	22,053	10.1	21,852	11.2	89,538	95,534	1,09,315	1,24,697
EBITDA %	13.9	12.8	114bps	13.3	60bps	12.9	13.2	13.5	13.7
APAT	15,723	13,755	14.3	13,693	14.8	56,402	60,071	68,253	77,817
Diluted EPS (INR)	19.3	16.9	14.3	16.9	14.8	69.4	73.9	84.0	95.8
P/E (x)						34.9	32.7	28.8	25.3
EV / EBITDA (x)						21.1	19.9	17.2	14.9
RoE (%)						41.8	32.9	30.4	28.7

Source: Company, HSIE Research

REDUCE

CMP *(as on 30 Oct 2025)*	INR 2,414
Target Price	INR 2,247
NIFTY	25,878

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 2,212	INR 2,247
EPS %	FY27E	FY28E
	+1.4	+1.8

KEY STOCK DATA	
Bloomberg code	HYUNDAI IN
No. of Shares (mn)	813
MCap (INR bn) / ($ mn)	1,961/22,109
6m avg traded value (INR mn)	2,262
52 Week high / low	INR 2,890/1,542

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	15.7	41.4	31.7
Relative (%)	12.1	36.2	26.2

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	82.50	82.50
FIs & Local MFs	7.76	7.74
FPIs	7.08	7.35
Public & Others	2.66	2.41
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Canara Bank

Strong Q2; quality of deposit franchise key monitorable

Canara Bank's (CBK) Q2FY26 earnings beat estimates on the back of healthy growth on both sides of the balance sheet coupled with continued traction in other income, stable margins, and in-line asset quality. Loan growth (~15% YoY; +5% QoQ) was strong, largely driven by retail and overseas segments. Deposit growth (+13% YoY, +4% QoQ) was healthy, with CASA ratio improving to 28% (+106 bps QoQ). While CBK witnessed a pick-up in core earnings, we flag the bank's structural challenges around a weak deposit franchise, high dependence on non-core earnings (recovery from written-off accounts, PSLC commission), and higher NPA concentration. We raise FY26E/FY27E estimates by ~12%/~6%, factoring in higher other income from stake sale in subsidiaries (to be booked during Q3FY26). We introduce a sum-of-the-parts (SOTP) valuation with listed subsidiaries adding ~INR10 (Can Fin Homes valued at 1.7x Sep-25 ABVPS, Canara Robeco AMC and Canara HSBC Life are valued at CMP). We maintain ADD, with a revised SOTP-based TP of INR140 (0.9x Sep-27 ABVPS).

- **Healthy loan growth; strong other income:** Loan growth clocked in at ~15% YoY, led by retail (~29% YoY) and overseas segments (~20% YoY). NII growth (-2% YoY) was sluggish, offset by strong other income driven by core fees, and recoveries from written-off accounts.
- **Asset quality in line:** Gross slippages (0.8%) and credit costs (0.7%) were flat with improvement in NPA ratios across asset classes. CBK made additional provision (INR3.8bn) towards a state government irrigation project exposure.
- **Deposit handicap fix key to improving core earnings:** CBK has the weakest deposit franchise amongst PSBs, which we believe is the toughest to fix, given the intense competition for retail granular deposits. While asset quality and core earnings have shown early signs of improvement, the deposit granularity remains a key monitorable for potential reflation in risk-adjusted returns.

Financial summary

(INR bn)	Q2FY26	Q2FY25	YoY(%)	Q1FY25	QoQ(%)	FY25	FY26E	FY27E	FY28E
NII	91.4	93.2	-1.9%	90.1	1.5%	370.7	375.5	444.4	517.8
PPOP	85.9	76.5	12.2%	85.5	0.4%	313.9	347.9	387.1	417.7
PAT	47.7	40.1	18.9%	47.5	0.5%	170.3	187.9	200.2	213.7
EPS (INR)	5.3	4.4	18.7%	5.2	0.4%	18.8	20.7	22.1	23.6
ROAE (%)						18.2	17.5	16.2	15.2
ROAA (%)						1.1	1.1	1.0	1.0
ABVPS (INR)						100.4	118.1	135.3	153.0
P/ABV (x)						1.3	1.1	1.0	0.9
P/E (x)						7.1	6.4	6.0	5.6

Source: Company, HSIE Research

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	11,867	11,844	0.2%	13,427	13,402	0.2%
NIM (%)	2.3	2.5	-17 bps	2.4	2.6	-13 bps
NII	375.5	402.7	-6.8%	444.4	467.4	-4.9%
PPOP	347.9	341.8	1.8%	387.1	384.1	0.8%
PAT	187.9	168.2	11.7%	200.2	188.2	6.4%
Adj. BVPS (INR)	118.1	115.6	2.1%	135.3	131.7	2.8%

Source: Company, HSIE Research

ADD

CMP *(as on 30 Oct 2025)*	INR 133
Target Price	INR 140
NIFTY	25,878

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR110	INR140
EPS %	FY26E	FY27E
	11.7%	6.4%

KEY STOCK DATA	
Bloomberg code	CBK IN
No. of Shares (mn)	9,071
MCap (INR bn) / ($ mn)	1,205/13,589
6m avg traded value (INR mn)	3,160
52 Week high / low	INR 134/79

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	22.8	36.4	28.6
Relative (%)	19.2	31.2	23.0

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	62.9	62.9
FIs & Local MFs	11.4	12.2
FPIs	11.4	11.9
Public & Others	14.3	12.9
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

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Aditya Birla Capital

Steady quarter; near-term headwinds ahead

Aditya Birla Capital (ABCAP) reported a steady quarter across businesses with the flagship NBFC business delivering healthy AUM growth (+22% YoY) and steady profitability (2.2% RoA) while also improving its asset quality. ABHFL continued to clock astronomical AUM growth (+65% YoY) even as profitability improved on the back of operating leverage. ABSLAMC reported modest equity AUM growth (+7% YoY) on the back of continued market share erosion. ABSLI witnessed 420bps YoY improvement in VNB margin, benefiting from a lower share of group business and a favorable product mix. The insurance businesses are likely to see near-term profitability headwinds from lower GST rates in life and health insurance, while ABSLAMC is likely to witness regulatory overhang from the proposed TER draft guidelines. We revise our earnings estimates for the lending businesses; maintain ADD with revised SOTP-based TP of INR325 (standalone entity at 1.9x Sep-27 ABVPS; ABSLI at 1.6x Sep-27 IEV; ABHFL at 1.7x Sep-27 ABVPS).

- **Flagship NBFC - steady quarter:** AUM growth was steady at 22% YoY on the back of sharp traction in disbursals (+39% QoQ) led by personal, consumer and unsecured segments. NIMs were steady (6.1%), led by lower funding costs. Asset quality improved QoQ with GS-II/GS-III at 1.35%/1.68% (Q1FY26: 1.43%/2.27%), and credit costs at 1.1%, translating into a steady RoA (2.2%).
- **HFC business - strong growth; operating leverage at play:** ABHFL reported another quarter of strong growth (AUM/disbursals growth of 65%/44% YoY). Operating efficiency improved significantly with opex-to-AUM at 2.2% (Q2FY25: 2.9%; Q1FY26: 2.4%) and C/I at 47%, driving RoA/RoE of 1.8%/14%.
- **Life insurance - improving performance:** ABSLI's VNB margin improved significantly sequentially (+420bps) due to lower share of the group business and shift in the product mix towards non-ULIPs, driving VNB growth of 74% YoY in H1FY26. Though ABSLI has revised the channel partner payouts, we believe margins are likely to remain rangebound at 18-20% for FY26E.
- **HI business sustains growth momentum; muted quarter for ABSLAMC:** ABHI continued its growth momentum (GWP growth at 31% YoY) gaining market share (13.9%). H1 profitability improved at 112% (H1FY25: 113%). ABSLAMC posted a muted quarter with core sequential revenue growth of 3% and market share erosion in equity MF AUM.

Financial summary (Standalone)

Y/E Mar (INR bn)	Q2FY26	Q2FY25	*YoY (%)*	Q1FY26	*QoQ(%)*	FY25	FY26E	FY27E	FY28E
NII	17.3	14.7	*18.3*	16.2	*7.0*	60.5	71.3	85.9	102.2
PPOP	16.1	16.8	*(4.6)*	13.1	*22.9*	53.7	60.1	72.0	84.3
PAT	9.2	10.3	*(11.2)*	6.8	*35.6*	29.6	32.9	39.6	46.8
EPS (INR)	3.5	3.9	*(11.5)*	2.6	*35.4*	11.3	12.6	15.2	18.0
ROAE (%)						14.6%	12.3%	13.1%	13.6%
ROAA (%)						2.4%	2.2%	2.2%	2.1%
ABVPS (INR)						65.4	78.0	91.6	107.3
P/ABV (x)						3.0	2.5	2.1	1.8
P/E (x)						19.8	16.4	13.7	11.5

Change in estimates

INR bn	FY26E			FY27E			FY28E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
AUM	1,529	1,529	0.0%	1,831	1,831	0.0%	2,189	2,189	0.0%
NIM (%)	4.8	4.7	-9 bps	4.7	4.7	-3 bps	4.7	4.7	1 bps
NII	72.1	71.3	-1.2%	85.3	85.9	0.7%	100.7	102.2	1.4%
PPOP	61.1	60.1	-1.5%	71.4	72.0	0.9%	82.9	84.3	1.8%
PAT	32.5	32.9	1.3%	39.0	39.6	1.5%	45.5	46.8	2.9%
ABVPS (INR)	76	78	2.4%	90	92	1.5%	106	107	1.0%

Source: Company, HSIE Research

ADD

CMP *(as on 30 Oct 2025)*	INR 327
Target Price	INR 325
NIFTY	25,878

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR315	INR325
EPS %	FY24E	FY25E
	1.3%	1.5%

KEY STOCK DATA	
Bloomberg code	ABCAP IN
No. of Shares (mn)	2,613
MCap (INR bn) / ($ mn)	854/9,625
6m avg traded value (INR mn)	1,624
52 Week high / low	INR 329/149

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	31.4	66.4	51.7
Relative (%)	27.8	61.2	46.2

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	68.8	68.7
FIs & Local MFs	12.1	12.8
FPIs	7.2	6.8
Public & Others	12.0	11.7
Pledged Shares	0.0	0.0

Source: BSE

Pledged shares as % of total shares

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Steel Authority of India

Strong volume offtake

We maintain ADD on Steel Authority of India (SAIL), with a revised target price of INR 135/share (5.5x Sep'27E standalone EBITDA). In Q2FY26, SAIL's total/own sales volume firmed up 20/12% YoY. Weak pricing across longs/flats pulled down adjusted margin by INR 0.5k/MT QoQ to INR 5.1k/MT. On a YoY basis, adjusted margin improved by ~INR 1.4k/MT, given strong op-lev gains. We expect SAIL's volume to grow by 11% YoY in FY26E, supported by NMDC Steel's traded sales. SAIL also expects steel prices to recover Nov onwards.

- **Q2FY26 performance**: The company reported sales volume of 4.91mn MT, posting 20/8% YoY/QoQ growth. Adjusted for the 0.3mn MT traded sales from NMDC Steel, own sales volume rose 12/10% YoY/QoQ. NSR (adjusted for prior period rail-price revision gain) declined ~INR 2.2k/MT QoQ. The fall was lower than steel price correction owing to ~INR 0.5k/MT QoQ higher income from scrap and by-product sales. Adj unit EBITDA fell INR 550/MT QoQ to INR 5.1k/MT, as the impact of lower realization got moderated by op-lev gains. SAIL spent INR 17.33 bn in capex in Q2 vs INR 16.42bn QoQ.
- **Con call KTAs and outlook**: SAIL maintained its own steel sales volume guidance of 18.5mn MT for FY26E. It is also selling ~0.3-0.4mn MT of traded steel from NSL at a nominal marketing margin, every quarter. Thus, we expect SAIL's FY26 total volume to rise ~11% YoY (like-to-like 5% growth) and it expects 5% volume growth in FY27E. While flats prices are further down in Oct'25, management expects steel prices to recover Nov onwards on better demand. Coal prices are expected to rise by USD 6-8/MT in Q3. The company is working on a 4.5mn MT capacity expansion at IISCO (West Bengal) as well as debottlenecking at its Durgapur, Rourkela, Bhillai and IISCO plants. It plans to spend INR 75/100bn to support ongoing expansions during FY26/27E. It is aiming to increase crude steel capacity by 15mn MT by FY31E, which includes 3mn MT increase through debottlenecking by FY28. In the first phase (after FY28E), it will add 7mn MT across its IISCO, Bokaro, and Durgapur plants. In the second phase, it will expand capacities at Rourkela and Durgapur by ~8mnMT (expected by FY31). It will also add a 1mn MT downstream TMT Mill in Durgapur (post-FY28E) to convert its semis. We maintain our FY26/27E EBITDA estimates and introduce FY28E estimates in this note. We also roll forward valuations to Sep'27E (from Mar'27E earlier).

Quarterly/annual financial summary (standalone)

YE Mar	Q2 FY26	Q2 FY25	*YoY (%)*	Q1 FY25	*QoQ (%)*	FY24	FY25	FY26E	FY27E	FY28E
Sales vol (mn MT)	4.6	4.1	12.5	4.2	10.4	17.0	17.9	19.9	21.0	22.1
NSR (INR/MT)	57,901	60,182	(3.8)	62,058	*(6.7)*	61,919	57,266	55,835	55,835	55,835
EBITDA (INR/MT)	5,476	7,084	(22.7)	6,618	*(17.3)*	6,541	5,940	5,674	6,135	6,570
Adj EBITDA (INR/MT)	5,476	3,757	45.8	6,198	*(11.6)*	4,508	4,794	5,674	6,135	6,570
Net Sales (INR bn)	267.04	246.75	8.22	259.21	*3.02*	1,053.75	1,024.78	1,112.13	1,171.76	1,234.77
EBITDA (INR bn)	25.26	29.04	-13.04	27.65	*-8.64*	111.32	106.29	113.02	128.74	145.29
APAT (INR bn)	6.81	8.34	-18.34	6.85	*-0.71*	35.74	24.61	29.45	41.36	55.63
AEPS (INR)	1.6	2.0	(18.3)	1.7	*(0.7)*	8.7	6.0	7.1	10.0	13.5
EV/EBITDA (x)						8.0	8.4	7.4	6.2	5.2
P/E (x)						15.8	23.0	19.2	13.7	10.2
RoCE (%)						6.9	5.8	6.1	7.5	9.2
RoE (%)						*6.7*	*4.5*	*5.2*	*7.0*	*8.8*

Source: Company, HSIE Research; Adj EBITDA: ex of gains from revision of provisional rail price

ADD

CMP *(as on 30 Oct 2025)*	**INR 137**
Target Price	**INR 135**
NIFTY	**25,878**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 120	INR 135
EBITDA revision %	FY26E *(0.0)*	FY27E *(0.0)*

KEY STOCK DATA	
Bloomberg code	SAIL IN
No. of Shares (mn)	4,130
MCap (INR bn) / ($ mn)	566/6,381
6m avg traded value (INR mn)	1,999
52 Week high / low	INR 143/99

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	10.4	20.5	18.1
Relative (%)	6.8	15.3	12.5

SHAREHOLDING PATTERN (%)	**Jun-25**	**Sep-25**
Promoters	65.00	65.00
FIs & Local MFs	17.31	18.09
FPIs	3.65	3.76
Public & Others	14.04	13.15
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Bandhan Bank

Difficult tightrope sustains; long road to credibility

Bandhan Bank's (BANDHAN) earnings missed estimates again, on the back of sustained elevated credit costs (3.5% annualized), led by continued stress in the micro-banking portfolio, sub-par loan growth (7% YoY), and shrinking margins (-55bps QoQ). Deposit growth was soft (~10% YoY/ 2.2% QoQ), while the CASA ratio clocked in at 28% (+90bps QoQ). With the MFIN's tighter guardrails now at play, industry-wide MFI stress has remained elevated, reflecting in muted growth and higher slippages/credit costs. BANDHAN continues to guide for a shift in its loan mix toward secured loans, improving the quality of its deposit franchise and further tightening its underwriting/compliance practices. We believe the path to regain regulatory credibility and achieve portfolio stability is likely to be protracted. We hack our FY26E/FY27E EPS estimates by 29%/16%, largely reflecting softer NIMs (higher mix of secured loans) and longer road to asset quality normalization. Despite the non-linearity inherent in the bank's MFI-heavy business model, we expect ROEs to stay sub-par; maintain REDUCE with a revised TP of INR145 (implied 0.8x Sep-27 ABVPS).

- **MFI stress stays elevated:** GNPA/NNPA stayed nearly flat at 5.0%/1.4% on the back of continued elevated slippages (INR11.9bn) from the EEB portfolio (Q1FY26: INR10.9bn), and lower write-offs (~2.6% of loans). While credit costs were elevated at 3.5%, we expect average credit costs at 2.6% over FY26E-27E.
- **Margins under pressure:** Loan growth stayed soft (~7% YoY), with continued de-growth and lower disbursements in the EEB portfolio, offset by traction in secured segments. Shift in portfolio mix towards secured loans and sharper transmission in loan yields are likely to erode NIMs by ~35bps over FY26-28E.
- **Essential to regain stakeholder confidence:** Near-term RoAs are likely to stay muted, given the stubborn stress in the micro-banking portfolio, rising mix of secured loans, and elevated opex intensity towards addressing compliance gaps. We argue that the road to portfolio stability and predictability is likely to be protracted, but crucial to BANDHAN regaining stakeholder credibility.

Financial summary

(INR bn)	Q2FY26	Q2FY25	YoY (%)	Q1FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	25.9	29.5	*-12.2%*	27.6	*-6.1%*	114.9	116.9	140.7	157.6
PPOP	13.1	18.6	*-29.4%*	16.7	*-21.5%*	73.9	68.1	82.1	89.4
PAT	1.1	9.4	*-88.1%*	3.7	*-69.9%*	27.5	21.8	31.6	36.9
EPS (INR)	0.7	5.8	*-88.1%*	2.3	*-70.1%*	17.0	13.5	19.6	22.9
ROAE (%)						11.9	8.6	11.5	12.0
ROAA (%)						1.5	1.1	1.4	1.4
ABVPS (INR)						142.2	149.0	166.8	187.0
P/ABV (x)						1.2	1.1	1.0	0.9
P/E (x)						10.0	12.6	8.7	7.4

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	1,478	1,505	-1.8%	1,691	1,719	-1.7%
NIM (%)	6.3	6.8	-53 bps	6.8	6.8	0 bps
NII	116.9	127.9	-8.6%	140.7	143.4	-1.8%
PPOP	68.1	80.8	-15.6%	82.1	87.4	-6.1%
PAT	21.8	30.8	-29.2%	31.6	37.6	-16.0%
Adj. BVPS (INR)	149.0	157.3	-5.3%	166.8	177.6	-6.1%

Source: Company, HSIE Research

REDUCE

CMP *(as on 30 Oct 2025)*	INR 171
Target Price	INR 145
NIFTY	25,878

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 155	INR 145
	FY26E	FY27E
EPS %	-3.0%	-2.6%

KEY STOCK DATA	
Bloomberg code	BANDHAN IN
No. of Shares (mn)	1,611
MCap (INR bn) / ($ mn)	275/3,098
6m avg traded value (INR mn)	1,309
52 Week high / low	INR 192/128

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	1.4	3.0	(3.9)
Relative (%)	(2.2)	(2.2)	(9.5)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	40.9	40.3
FIs & Local MFs	16.6	17.9
FPIs	24.3	23.4
Public & Others	18.1	18.4
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

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Navin Fluorine International

CDMO business drives growth

We retain a BUY on Navin Fluorine International (NFIL), with a target price of INR 5,709 on the back of (1) earnings visibility, given long-term contracts; (2) robust pipeline in the CDMO business; and (3) ramp-up in recently commissioned plants. EBITDA was 30% above our estimates while APAT was 42% above our estimates owing to lower-than-expected raw material cost and other expenses while revenue remain in line with estimates.

- **Financial performance:** In Q2FY26, revenue increased by +46.3/+4.5% YoY/QoQ% to INR 7,584mn, owing to improved performance in all businesses. EBITDA margin improved by (+1175/+395 bps YoY/QoQ bps) to 32.5%, owing to a) change in product mix and cost optimization; b) operating leverage; and c) strong pricing traction in refrigerant gases. EBITDA came in at INR 2,462mn (+129/+19% YoY/QoQ).
- **Specialty chemical (29% of revenue):** Revenue during the quarter changed by +39.2/+0.5% YoY/QoQ to INR 2,200mn. Fluoro-specialty plant commissioned last year has started contributing meaningfully and is currently running at optimal utilization. NFIL has received firm order to manufacture key intermediate in CY26. It will undergo the de-bottlenecking of MPP capacity at Dahej with a capex of INR 0.75bn. At peak utilization, it has revenue potential of INR1.4-1.6bn. The segment maintains a strong outlook for H2, supported by visible order flow.
- **HPP business (53% of revenue):** Revenue in the quarter changed by +37.9/-0.7% YoY/QoQ% to INR 4,040mn. It was driven by higher realizations and improved volumes in both domestic and international markets. The AHF capex is expected to commission by Q3FY26. R32 plants are operating at optimal capacity. NFIL announced a new capex of INR2.36bn for additional HFC capacity of R32 of capacity 15,000 MTPA and it is expected to be commissioned by Q3FY27 with balanced offtake. At peak utilization, it has revenue potential of INR 6-8bn. The Chemours project remains on track for completion in Q1FY27.
- **CDMO business (18% of revenue):** Revenue changed by +97.1/+35.4% YoY/QoQ% to INR 1,340mn. Supplies were concluded for one EU major in Q2FY26, and discussions are ongoing for future orders. Another EU major has provided scale-up orders for 2HFY26. Following successful deliveries of last stage pipeline molecules, the plant was audited by three global pharma innovators. Under the European CDMO MSA, validation batches have started in cGMP4, with supplies targeted by January 2026.
- **Other highlights:** NFIL has revised margin guidance for FY26 to be in the range of ~30% considering strong performance in H1FY26. It will incur a capex of INR 7bn in FY26 of which it incurred capex of INR 3bn in 1HFY26. We change our FY26/FY27/FY28E EPS estimates by +12.3/-3.2/-2.5% to INR 104/141.8/182.7x.

Financial summary (consolidated)

INR mn	2Q FY26	1Q FY26	QoQ (%)	2Q FY25	YoY (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	7,584	7,254	4.5	5,186	46.3	20,650	23,494	30,010	37,483	45,716
EBITDA	2,462	2,068	19.0	1,074	129.3	3,983	5,337	8,966	10,607	13,684
APAT	1,484	1,173	26.5	588	152.2	2,706	2,887	5,323	7,261	9,355
AEPS (INR)	29.0	22.9	26.5	11.5	152.2	52.9	56.4	104.0	141.8	182.7
P/E (x)						95.8	89.8	48.7	35.7	27.7
EV/EBITDA(x)						66.0	49.5	28.7	24.3	18.5
RoE (%)						11.8	11.5	16.6	17.9	20.0

Source: Company, HSIE Research

Change in estimates (consolidated)

Y/E Mar	FY26E Old	FY26E New	%Ch	FY27E Old	FY27E New	%Ch	FY28E Old	FY28E New	%Ch
EBITDA (INR mn)	7,595	8,966	*18.1*	10,607	10,607	-	13,684	13,684	-
Adj. EPS (INR/sh)	92.6	104.0	*12.3*	146.5	141.8	*(3.2)*	187.4	182.7	*(2.5)*

Source: Company, HSIE Research

BUY

CMP *(As on 30 Oct 2025)*	**INR 4,977**
Target Price	**INR 5,709**
NIFTY	**25,878**

KEY CHANGES	**OLD**	**NEW**
Rating	BUY	BUY
Price Target	INR 5,698	INR 5,709
EPS %	FY26E	FY27E
	+12.3%	-3.2%

KEY STOCK DATA	
Bloomberg code	NFIL IN
No. of Shares (mn)	51
MCap (INR bn) / ($ mn)	255/2,874
6m avg traded value (INR mn)	618
52 Week high / low	INR 5,444/3,180

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	(4.1)	10.1	49.2
Relative (%)	(7.7)	4.9	43.7

SHAREHOLDING PATTERN (%)	**Jun-25**	**Sept-25**
Promoters	27.14	27.14
FIs & Local MFs	29.88	29.57
FPIs	21.98	22.15
Public & Others	21.00	21.16
Pledged Shares		

Source : BSE

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Brigade Enterprises

Muted show, presales recovery key for re-rating

BUY

CMP *(as on 30 Oct 2025)*	INR 1,039
Target Price	INR 1,400
NIFTY	25,878

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,400	INR 1,400
EPS Change %	FY26E -	FY27E -

KEY STOCK DATA	
Bloomberg code	BRGD IN
No. of Shares (mn)	244
MCap (INR bn) / ($ mn)	254/2,863
6m avg traded value (INR mn)	434
52 Week high / low	INR 1,341/813

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	5.2	1.0	(13.2)
Relative (%)	1.7	(4.2)	(18.8)

SHAREHOLDING PATTERN (%)

	Jun25	Sept25
Promoters	41.14	41.13
FIs & Local MFs	23.44	23.28
FPIs	19.33	18.67
Public & Others	16.09	16.95
Pledged Shares*	-	-

Source: BSE

**Pledged shares as % of total shares*

Brigade Enterprises Ltd (BEL) sales volume was 1.9msf (13.1%/+100.1% YoY/QoQ), valued at INR 20.3bn (+11.7%/+81.9% YoY/QoQ, inline with our estimates) with average realization of INR 10,705psf (-1.2%/-9.0% YoY/QoQ). BEL has an active launch pipeline of 7msf/INR 80bn over the H2FY26 and is targeting 15–20% pre-sales growth in FY26. BEL is also seeing steady office leasing traction and healthy demand across segments despite macro concerns. Furthermore, despite strong growth plans, BEL faces execution risks, particularly potential delays in launching large mixed-use projects, which could impact FY26 sales targets. Margin pressures from project mix, marketing expenses, and conservative ground rent accounting are expected to be temporary. Regulatory hurdles, such as BBMP approval delays in Bengaluru are being managed effectively, while Chennai projects have secured all necessary approvals. BEL is expanding its footprint beyond Bengaluru, strengthening its presence in Chennai and Hyderabad to drive South-India growth. Hence given BEL's strong cash position of INR 25.7bn, a robust business development pipeline, and a healthy balance sheet, we remain constructive. We reiterate BUY, with unchanged TP of INR 1,400/sh to account for (1) inclusion of new projects in Hyderabad, Bengaluru, and Chennai, (2) expansion in the office/hospitality segment, and (3) incorporation of a 5-10% price hike across projects, along with supply side headwinds.

- **Q2FY26 financial highlights:** Revenue came in at INR 13.8bn (+29%/+8.0% YoY/QoQ, a beat by 5.9%); revenue from real estate at INR 9.5bn (+7.1%/+43.0% YoY/QoQ), hospitality at INR 1.4bn (-2.1%/+10.7% YoY/QoQ) and leasing at INR 3.4bn (+14.2%/+14.9%YoY/QoQ). EBITDA: INR 3.2bn (+12.4%/+1.4% YoY/QoQ, a miss by 1.8%). EBITDA margin: 23.7% (-352bps/-155bps YoY/QoQ). RPAT/APAT: 1.6bn (+36.6%/+8.4% YoY/QoQ, a beat by 3.0%).
- **H2FY26 launch pipeline to drive presales guidance:** For Q2FY26, sales volume was 1.9msf (13.1%/+100.1% YoY/QoQ), valued at INR 20.3bn (+11.7%/+81.9% YoY/QoQ) with average realization of INR 10,705psf (-1.2%/-9.0% YoY/QoQ). Q2FY26 presales was largely driven by new launches contributing 55% and sustenance at 45%. H2FY26 may see INR 80bn of new launches with 7msf saleable area. BEL has an unsold inventory of 4.44msf as of Sept'25. On the commercial leasing front, IT/ITES contributed 40% to gross leasing, followed by GCCs (26%) and BFSI (24%), with management highlighting that on-ground momentum is better than media-reported slowdown concerns. BEL intends to add 6msf of office space to strengthen its leasing portfolio, signalling a balanced approach between residential and commercial segments. BEL continues to prioritize the acquisition of high-quality land parcels in strategic locations to enhance and diversify its land bank.
- **Balance sheet comfortable:** The consolidated gross/net debt stood at INR 42.9/17.2bn (INR 47.4/22.7bn as of Jun-25). The net debt/equity stood at 0.22x (vs. 0.34x as of Jun-25). The total collection was INR 20.0bn (+15.6% QoQ).

Consolidated Financial Summary (INR mn)

YE Mar(INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	13,834	10,722	29%	12,811	8%	50,742	56,818	60,255	67,312
EBITDA	3,281	2,919	12%	3,237	1%	14,142	17,681	19,062	21,412
APAT	1,625	1,190	37%	1,499	8%	6,858	8,552	9,859	11,392
EPS (INR)	6.6	4.9	37%	6.1	8%	28.1	35.0	40.3	46.6
P/E (x)						32.5	26.0	22.6	20
EV/EBITDA (x)						17.2	13.4	12.1	10
RoE (%)						14.8	14.2	14.4	14.6

Source: Company, HSIE Research

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V-Guard Industries

Another muted quarter

V-Guard (VGRD) reported revenue of INR 13.41bn, up 4% YoY, owing to sub-par performance across all segments, impacted by high rainfall. Electronics/electrical segments grew 5% YoY each, while consumer durables segment posted a modest 1% YoY growth. EBITDAM contracted 40 bps YoY to 8.1% impacted by higher other expenses (up 15% YoY). Therefore, EBITDA remained flat YoY. While APAT grew 3% YoY, mainly owing to lower interest expense. Electronics/consumer durables segment EBIT margins were down 240bps YoY each to 17.2/1.7%. Electricals/Sunflame witnessed strong margin expansion of 240/510bps YoY to 11.6/6.5%. In the previous quarter, company had guided for revenue growth of 11–13% and an EBITDA margin of 8.5–9.5% for FY26. However, it refrained from providing any guidance in the current quarter. The board has approved a merger of Sunflame with the company and expects it to unlock significant synergies and operational efficiencies with expected EBIT margin of 12% in next 2-3 years. We introduce FY28E financials and roll forward our valuation to Sep-27E from Mar-27E. We maintain a REDUCE rating with a revised TP of INR 345/sh, by valuing the company at 35x Sep-27 EPS.

- **Q2FY26 highlights:** Revenue stood at INR 13.41bn, up 4% YoY, owing to sub-par performance across all segments impacted by high rainfall. Electronics/electrical segments (24/42% of revenue mix) grew 5% YoY each, while consumer durables segment (30% of revenue mix) posted modest 1% YoY growth. The Sunflame business (5% of revenue mix) recorded 3% YoY growth following two consecutive quarters of decline. Gross margins expanded 170bps YoY to 37.6% (+70bps QoQ). EBITDAM contracted 40 bps YoY to 8.1% (-30 bps QoQ) impacted by higher other expenses (up 15% YoY). Therefore, EBITDA remained flat YoY. While APAT grew 3% YoY, mainly owing to lower interest expense. Electronics/consumer durables segment EBIT margin were down 240bps YoY each to 17.2/1.7%. Electricals/Sunflame witnessed strong margin expansion of 240/510bps YoY to 11.6/6.5%.
- **Earnings call takeaways and outlook:** The electronics segment was affected by weak demand for stabilizers used in cooling products, while the inverter and solar categories delivered healthy performance. Company highlighted that growth in the electrical segment was driven by value growth in wires, although volume declined YoY. The consumer durables segment continues to face sluggishness due to elevated fan channel inventory. Sunflame saw good traction in the general trade channel, though demand in the CSD channel remained subdued. The company plans to enter the consumer and residential lighting market within its electrical segment, leveraging a 95% overlap with its wire retail channels for distribution synergies. Factoring muted Q2 results, we cut our revenue estimates by 3/4% for FY26/27E and APAT estimates by 9/7%. We have introduced FY28E financials and roll forward our valuation to Sep-27E from Mar-27E. We maintain a REDUCE rating with a lower TP of INR 345/sh, by valuing the company at 35x Sep-27 EPS.

Financial summary

(INR mn)	Q2 FY26	Q2 FY25	YoY (%)	Q1 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	13,409	12,940	3.6	14,661	(8.5)	48,567	55,778	58,622	66,114	74,042
EBITDA	1,093	1,103	(0.9)	1,236	(11.6)	4,267	5,132	4,959	6,173	7,085
APAT	653	634	3.0	738	(11.6)	2,576	3,137	3,024	3,925	4,628
EPS (INR)	1.5	1.5	3.0	1.7	(11.6)	5.9	7.2	6.9	9.0	10.6
P/E (x)						62.2	51.3	53.2	41.0	34.7
EV / EBITDA (x)						38.0	31.2	31.9	25.3	21.8
RoE (%)						15.1	16.0	13.6	15.8	16.6

Source: Company, HSIE Research

REDUCE

CMP *(as on 30 Oct 2025)*	INR 369
Target Price	INR 345
NIFTY	25,878

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 340	INR 345
EPS %	FY26E	FY27E
	-8.7	-7.0

KEY STOCK DATA	
Bloomberg code	VGRD IN
No. of Shares (mn)	436
MCap (INR bn) / ($ mn)	161/1,814
6m avg traded value (INR mn)	165
52 Week high / low	INR 455/300

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(5.2)	2.4	(12.7)
Relative (%)	(8.7)	(2.8)	(18.3)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	54.28	52.68
FIs & Local MFs	21.61	22.59
FPIs	13.43	12.30
Public & Others	11.65	12.43
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Mahanagar Gas

Higher gas cost impacts margins

Our BUY recommendation on Mahanagar Gas (MGL) with a target price of INR 1,880, is premised on a strong 10% volume CAGR over FY25-27E, led by accelerated addition of retail outlets, customer additions in the industrial segment, and continued firm CNG vehicle registration. The Q2FY26 consolidated EBITDA came in at INR 3.3bn (-18.3% YoY, -32.5% QoQ) and consolidated PAT was at INR 1.91bn (-33.3% YoY, -40.1% QoQ). The decline in profitability was owing to reduced price realization and higher raw material cost.

- **Standalone volume growth at 9.5%YoY:** MGL's quarterly standalone volume (incl. UEPL) grew by 9.5% YoY to 4.59mmscmd. CNG/PNG volume came in at 3.25/1.34mmscmd (+7.2/15.8% YoY). Industrial and commercial segment and DPNG volume stood at 0.76/0.58mmscmd (+20.5/10.2% YoY).
- **Margins decline sequentially:** Standalone per unit gross margin declined to INR 14.8/scm (-13.7% YoY, -22.4% QoQ). Per unit opex stood at INR 6.8/scm (+5.9% YoY, +1.5% QoQ) and standalone EBITDA decreased to INR 8.0/scm (-25.4% YoY, -35.3% QoQ). Owing to increased raw material cost impacting Q2FY26 profitability, we revise our standalone per unit EBITDA estimates downwards to INR 9.7/9.7 per scm for FY26/27E (previous estimate INR11.7/11.4 per scm).
- **Conference call takeaways:** (1) Profitability during the quarter was impacted due to following factors – (a) lower price realization from I&C customers as the gas price is linked to alternate fuel prices which remained benign during the quarter, (b) discounts provided to consumers on bulk purchases (impact of INR 2/scm), (c) reduction in share of APM and NWG gas replaced by spot RLNG and HPHT gas (impact of INR 0.75/scm), unfavorable forex movement (impact of INR 0.5/scm), increase in effective price of APM to USD 6.99/mmbtu on account of CBG blending (impact of INR 0.22/scm). To mitigate further cost escalation, some share of RLNG and HPHT gas to be replaced by term contracts, cautious price hikes to be undertaken in CNG and I&C PNG segments while focus still remains on driving volume growth. (2) Q2FY26 GA-wise volume split (in mmscmd) stood as follows: GA1/GA2/GA3 was 2/2/0.35/0.25, up ~6/10/15% YoY. (3) Source-wise gas sourcing split of MGL (excl. UEPL) was 1.7/0.6/0.3/1.45/0.29mmscmd from APM/HPHT/NWG/HH/Spot. (4) Now that UEPL has been amalgamated with MGL, the merged entity will see (a) tax savings of ~INR 350mn on depreciation of license costs for FY24 and FY25 and (b) reduction in effective tax rate on account of ~INR 150mn worth of UEPL's loss being recognized every year for the next four years. (5) Guidance – MGL expects H2FY26 volume growth to be better than Q2FY26 as MGL will now run the 'CNG Mahotsav' for the full year (previously used to run it for three months) and hence has guided for a volume growth of 10% for FY26. Given the decline in margins during the quarter, MGL has revised margin guidance from INR 8.5-9.5/scm to INR 8.5-9/scm for FY26.
- **DCF-based valuation:** Factoring in the margin decline recorded in Q2FY26, we trim our EPS estimates for FY26/27E by 13.7/11.3% respectively to INR 118.3/128.8. We maintain BUY with target price of INR 1,880/sh based on Dec-26E free cash flow (WACC 10.5%, terminal growth rate 2%). The stock is currently trading at 10.1x Dec-26E EPS.

Financial Summary

YE March (INR bn)	*Q2 FY26	*Q1 FY26	QoQ (%)	Q2 FY25	YoY (%)	FY23*	FY24*	FY25*	FY26E*	FY27E*
Revenue	20.5	20.8	(1.5)	17.9	14.7	62.99	62.45	69.24	84.29	104.03
EBITDA	3.4	5.0	(32.5)	4.1	(18.3)	11.84	18.43	15.10	17.31	19.37
APAT	1.9	3.2	(39.5)	2.9	(32.6)	7.90	13.38	10.92	11.68	12.72
AEPS (INR)	19.6	32.4	(39.5)	29.0	(32.6)	79.98	135.39	110.54	118.26	128.80
P/E (x)						15.9	9.4	11.5	10.8	9.9
EV / EBITDA (x)						9.3	6.0	7.4	6.3	5.4
RoE (%)						20.4	28.8	19.8	18.7	18.2

Source: Company, HSIE Research | *Including UEPL numbers

Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	19.8	17.3	-12.8	21.6	19.4	-10.2
EPS	137.1	118.3	-13.7	145.2	128.8	-11.3

Source: HSIE Research

BUY

CMP *(as on 30 Oct 2025)*	INR 1,272
Target Price	INR 1,880
NIFTY	25,878

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,981	INR 1,880
EPS %	FY26E	FY27E
	-13.7%	-11.3%

KEY STOCK DATA	
Bloomberg code	MAHGL IN
No. of Shares (mn)	99
MCap (INR bn) / ($ mn)	126/1,416
6m avg traded value (INR mn)	721
52 Week high / low	INR 1,587/1,075

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(10.0)	(5.5)	(11.8)
Relative (%)	(13.5)	(10.7)	(17.4)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	32.50	32.50
FIs & Local MFs	22.52	22.89
FPIs	25.48	23.60
Public & Others	19.50	21.01
Pledged Shares	0.0	0.0

Source : BSE

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Quess Corp

Growth revival, net hiring improving

BUY

CMP *(as on 30 Oct 2025)*	INR 246
Target Price	INR 355
NIFTY	25,878

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 360	INR 355
EPS %	FY26E	FY27E
	-1.7	-1.3

KEY STOCK DATA	
Bloomberg code	QUESS IN
No. of Shares (mn)	149
MCap (INR bn) / ($ mn)	37/413
6m avg traded value (INR mn)	101
52 Week high / low	INR 379/232

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(17.4)	(25.7)	(28.1)
Relative (%)	(21.0)	(30.9)	(33.7)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	56.98	56.92
FIs & Local MFs	8.73	9.78
FPIs	14.58	14.11
Public & Others	19.71	19.19
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

Quess delivered a strong second quarter with a revenue growth of 5% QoQ and EBITDA growth of 10/11% QoQ/YoY. The general staffing (GS) business demonstrated a substantial revival in net additions (21K vs 15K YoY), marking its best performance in the last five quarters. This strong momentum was driven by seasonal demand and festive hiring across verticals like manufacturing, BFSI, consumer retail, and telecom. The growth strategy relies on scaling the sourcing engine and going beyond metros, ~67% of requirements are originating from Tier 2/3 locations. GS segmental margins remained stable at ~1.4%, with long-term margin improvement expected through a shift in the business mix toward manufacturing/apprenticeship ecosystem (growing 30%+ YoY). Conversely, the professional staffing (PS) segment saw an 8% QoQ revenue decline resulting from the rationalization of low-margin, pass-through managed service provider (MSP) contracts. This focus on profitable growth allowed PS to report its highest ever EBITDA of INR 0.27bn (up 37% YoY), achieving double-digit margins at 12.2% (target is maintain ~11-12% margins). Overall, the company is strategically focused on growth revival, margin expansion and improving the mix. Management expects sustaining overall growth momentum in 2H and will add ~10-15K net headcount in the GS segment. We marginally change our estimates and maintain our BUY rating with a target price of INR 355, valuing it at 18x Sep-27E EPS.

- **Q2FY26 highlights:** Revenue stood at INR 38.32 bn, with GS, IT Staffing, and Overseas contributing 86.6%, 5.8%, and 7.6%, respectively. General Staffing revenue was INR 33.17 bn, up 6.2% QoQ and 3.0% YoY. EBITDA margin contracted 7 bps QoQ to 1.39%. The associate/core ratio deteriorated to 286 from 307 in Q1 due to sourcing investments, while the collect-to-pay ratio remained stable at 76%. **IT Staffing** revenue was INR 2.24 bn, down 8.3% QoQ but up 10.8% YoY, driven by the exit from low-margin business, with GCCs contributing 69% of revenue versus 73% in Q1. **Overseas Staffing** revenue stood at INR 2.84 bn, up 2.1% QoQ and 2.6% YoY. Growth in the Middle East, Malaysia, and the Philippines was partially offset by challenges in Singapore. EBITDA margin declined 5 bps QoQ to 6.16%. Consolidated finance cost increased 32.0% QoQ and 34.3% YoY to INR 131 mn, driven by higher working capital requirements from the Professional Staffing and Overseas businesses.
- **Outlook:** We expect revenue growth of 6/13/10% and an EBITDA margin of 1.9/1.9/2.1% in FY26/27/28E respectively, leading to revenue and EPS CAGRs of 10% and 15% over FY25-28E.

Quarterly financial summary

YE March (INR bn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	38.32	37.05	*3.4*	36.51	*4.9*	136.95	149.67	158.69	179.47	197.89
EBITDA	0.77	0.69	*10.7*	0.70	*10.0*	2.34	2.62	3.08	3.49	4.07
APAT	0.52	0.51	*2.0*	0.53	*-1.5*	1.34	2.10	2.26	2.66	3.22
Diluted EPS (Rs)	3.49	3.43	*1.8*	3.55	*-1.6*	9.0	14.2	15.2	17.9	21.6
P/E (x)						26.0	16.6	15.5	13.1	10.9
EV / EBITDA (x)						14.1	12.3	11.2	9.5	7.8
RoE (%)						5.0	19.4	19.5	19.8	20.4

Source: Company, HSIE Research

Change in estimate

YE March (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue	159.44	158.69	*-0.5*	181.23	179.47	*-1.0*	198.77	197.89	*-0.4*
EBITDA	3.05	3.08	*1.0*	3.52	3.49	*-0.6*	4.08	4.07	*-0.3*
EBITDA margin (%)	1.9	1.9	3bps	1.9	1.9	1bps	1.9	1.9	0bps
APAT	2.30	2.26	*-1.7*	2.70	2.66	*-1.3*	3.24	3.22	*-0.8*
EPS (INR)	15.4	15.2	*-1.7*	18.1	17.9	*-1.3*	21.8	21.6	*-0.8*

Source: Company, HSIE Research

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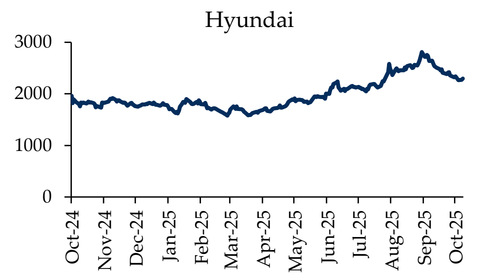
Rating Criteria

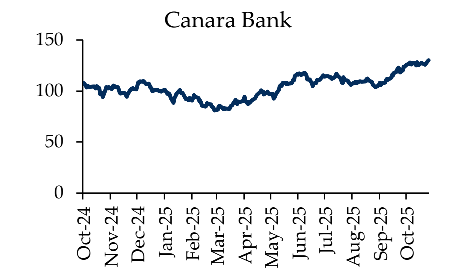
BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

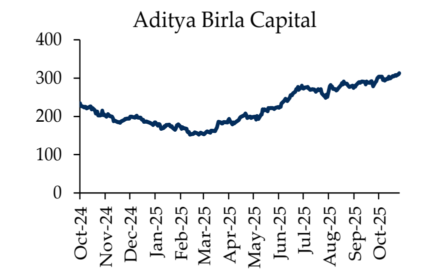
Disclosure:

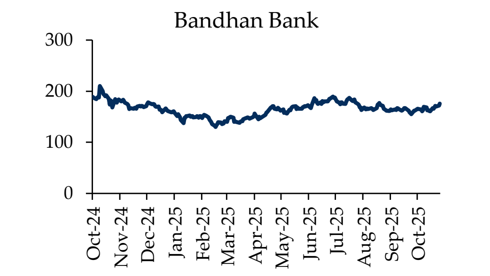
Analyst	Company Covered	Qualification	Any holding in the stock
Hitesh Thakurani	Hyundai Motor India	MBA	NO
Shubhangi Kejriwal	Hyundai Motor India	MSc	NO
Krishnan ASV	Canara Bank, Aditya Birla Capital, Bandhan Bank	PGDM	NO
Akshay Badlani	Canara Bank	CA	NO
Akshay Badlani	Bandhan Bank	CA	YES
Deepak Shinde	Aditya Birla Capital	PGDM	NO
Shobhit Sharma	Aditya Birla Capital	CA	NO
Ayush Pandit	Aditya Birla Capital	CA	NO
Rajesh Ravi	Steel Authority of India, V-Guard Industries	MBA	NO
Keshav Lahoti	Steel Authority of India, V-Guard Industries	CA, CFA	NO
Riddhi Shah	Steel Authority of India, V-Guard Industries	MBA	NO
Mahesh Nagda	Steel Authority of India, V-Guard Industries	CA	NO
Nilesh Ghuge	Navin Fluorine International, Mahanagar Gas	MMS	NO
Prasad Vadnere	Navin Fluorine International, Mahanagar Gas	MSc	NO
Dhawal Doshi	Navin Fluorine International, Mahanagar Gas	CA	NO
Parikshit Kandpal	Brigade Enterprises	CFA	NO
Jay Shah	Brigade Enterprises	CA	NO
Aditya Sahu	Brigade Enterprises	MBA	NO
Amit Chandra	Quess Corp	MBA	NO
Dhananjay Jain	Quess Corp	CA	NO
Arjun Savla	Quess Corp	CA	NO

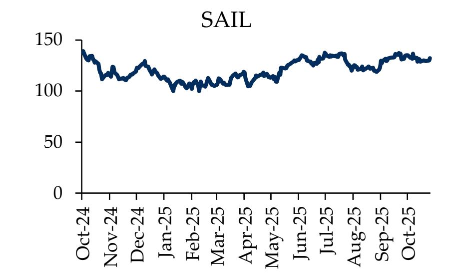
1 Yr Price movement

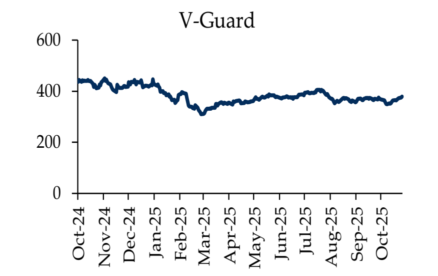


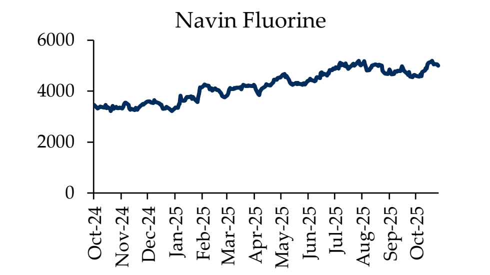


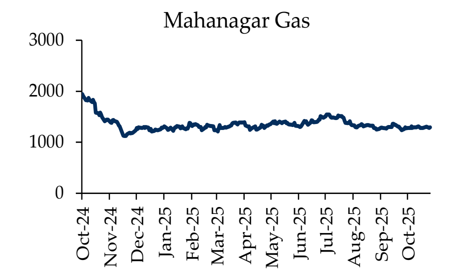


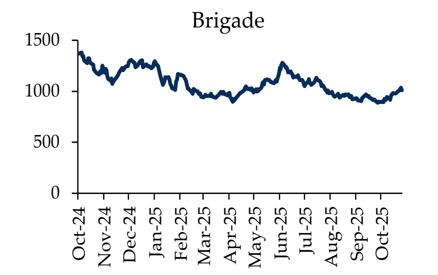


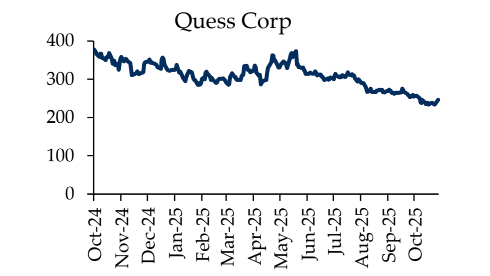












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